

REGIONAL
CHILDCARE
FEASIBILITY STUDY
AND BUSINESS PLAN
ASSESSMENT

Center for Economic and Community Engagement

August 26th, 2024

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Introduction

In response to the critical need for quality childcare services in the Danville-Pittsylvania region, the Center of Early Success engaged the Virginia Tech Center of Economic and Community Engagement to conduct a feasibility study and business plan. This initiative is dedicated to addressing gaps in childcare availability and enhancing the services offered to families within the community.

The Danville-Pittsylvania region, like many areas, faces challenges in providing adequate and affordable childcare options. As the community continues to grow and evolve, so does the need for a robust infrastructure that supports the developmental and educational needs of children while enabling parents to participate fully in the workforce. Recognizing these pressing needs, the Center of Early Success has taken a proactive approach to ensure that every child in the region has access to high-quality childcare services.

This project seeks to establish synergies and cooperative partnerships with existing childcare providers, educational institutions, and community organizations. Our objectives include:

- **Determining the Feasibility of Enhanced Childcare Services in the Danville-Pittsylvania Region**
 - Conduct a market analysis to identify the specific needs of families and childcare providers in the region.
 - Review key characteristics and best practices from successful childcare programs.
 - Envision facilities and programs that enhance the quality and accessibility of childcare services in the region.
- **Setting the Foundation for a Business Plan**
 - Build on existing activities and programs in workforce training and early childhood education within the region and beyond.
 - Quantify the financial opportunities to support childcare
 - Present options for childcare services that can be used to gain further support within the region and at the state level.

Through this study, we aim to create a sustainable framework that not only meets the current demands for childcare services but also anticipates future growth and development in the region. This report will serve as the foundation for a strategic business plan, outlining the financial feasibility and concrete vision necessary to secure support and funding for the establishment of enhanced childcare facilities and programs in the Danville-Pittsylvania region.

Market Analysis

A market analysis is meant to examine a given geographic region and assess demand for a good or service amongst consumers in that region. This market analysis assessed the demand for childcare services among residents of the City of Danville and Pittsylvania County. In 2024, the region's population of 103,865 represents a steady growth of 3.0 percent over the past five years, mirroring state and national trends. **A distinctive trend emerges in the under-five population, which has increased by 2.0 percent, contrasting sharply with the statewide decline of 4.0 percent and the national decline of 6.0 percent. Currently, the population under 5 years of age is 4,762. This demographic shift forecasts a significant 7.0 percent rise in the under-five cohort by 2029, indicating a pressing need for expanded childcare infrastructure.**¹

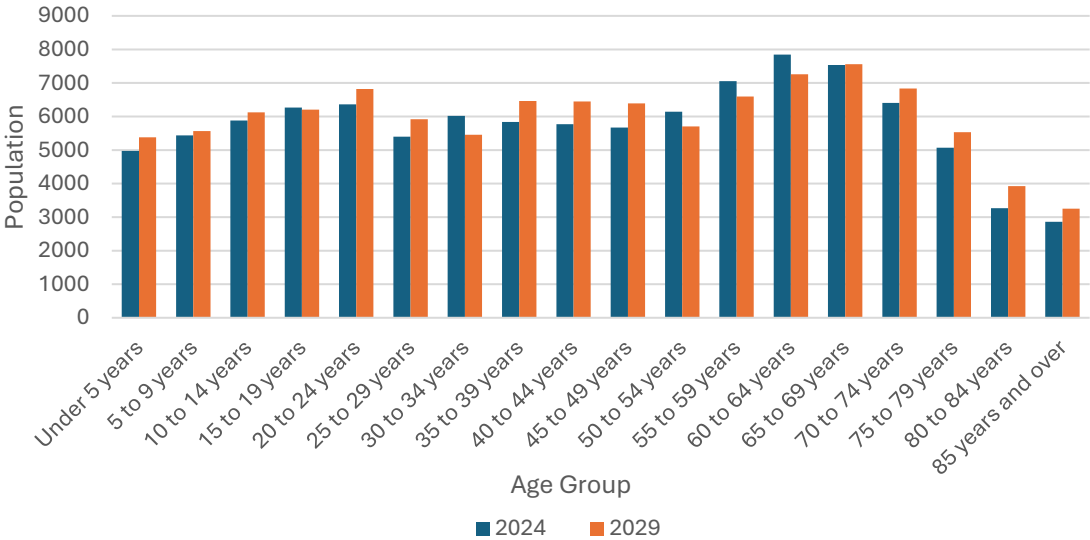


Figure 1: Current and Projected Regional Population by Age
Source: Lightcast, 2024.1 Data Run, Demographic Population Report

Pittsylvania County’s median age is nearly nine years older than the state and national averages. The median age in Danville is only two years older. Danville’s median age is 40 and Pittsylvania County’s is nearly 48. While both localities have relatively older populations, one of their largest age groups are children 5 to 9 years. In Danville, the intergenerational connection is particularly strong compared to Pittsylvania, the state, and nation, with twice as many elderly grandparents (or 16.5 percent) serving as caretakers for

¹ Lightcast. Data run (2024.1). Economic Overview Report.

their younger grandchildren.² The percentage of grandparents responsible for their grandchildren is just 7.4 percent in Pittsylvania County, which is lower than Virginia and the rest of the country.³ This may be in part attributed to cultural differences between racial groups as highlighted in the next paragraph.

The racial and ethnic makeup of the respective localities vary greatly. All neighborhoods in Pittsylvania County have majority white populations (74.9 percent on average) while nearly all neighborhoods in the City of Danville have majority black or African American populations (50.5 percent on average). In Pittsylvania County, there seems to be a strong correlation between race and the percentage of children under 5 in a neighborhood. Danville neighborhoods have much higher concentrations of individuals who speak a foreign language, most commonly Spanish. Additionally, over 90.0 percent of these individuals identified themselves as speaking English less than “very well,” possibly highlighting a community that may require additional aid and services in securing childcare.⁴ This may include a translator for the parent or guardian and additional accommodations or changes to the curriculum if the child has limited language skills.

Current Childcare Infrastructure

Currently, the region supports 56 formal childcare sites serving ages 6 weeks to 5 years, encompassing a variety of providers such as licensed child day care centers, religious exempt providers, and Virginia Preschool Initiative sites embedded within elementary schools. There is likely more informal childcare in the region, from unregistered family day homes to families and friends that watch over children; these are more difficult to quantify. Figure 1 illustrates the complete distribution of all formal childcare provider sites by provider category.

² U.S. Census Bureau. (2021). Age and Sex. *American Community Survey, ACS 5-year Estimates Data Profiles, Table S0101*. Retrieved from <https://data.census.gov>.

³ U.S. Census Bureau. (2021). Grandparents. *American Community Survey, ACS 5-year Estimates Data Profiles, Table S1002*. Retrieved from <https://data.census.gov>.

⁴ U.S. Census Bureau. (2021). Language Spoken at Home. *American Community Survey, ACS 5-year Estimates Data Profiles, Table S1601*. Retrieved from <https://data.census.gov>.

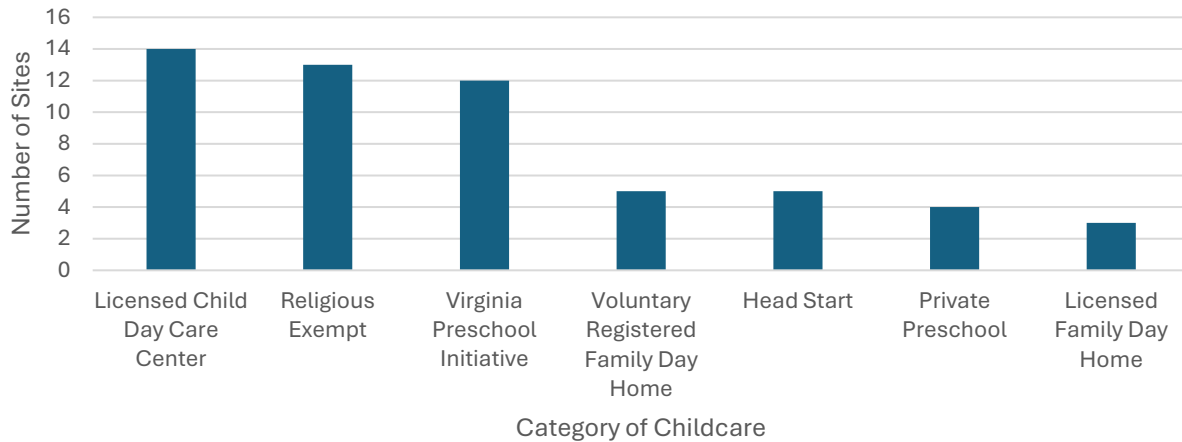


Figure 1: Current Number of Childcare Providers Across Danville-Pittsylvania Categories
Source: The Center for Early Success

Licensed Child Day Care Centers have the highest capacity in the Danville-Pittsylvania region, offering 1,122 slots, followed by Religious Exempt providers with 815 slots. In contrast, Licensed Family Day Homes have 22 slots, and Voluntary Registered Family Day Homes have the fewest, with only 16 slots available.

Table 1: Total Capacity by Childcare Category	
Capacity of Care	Number of Slots
Licensed Child Day Care Center	1,122
Religious Exempt	815
Virginia Preschool Initiative	230
Voluntary Registered Family Day Home	16
Head Start	251
Private Preschool	133
Licensed Family Day Home	22
Total	3,068

Source: The Center for Early Success

When accounting for shift work, such as in manufacturing or food services, 89.2 percent of childcare providers in the region only offer first-shift care to children under the age of 5. Seven sites in total provide second-shift care, with the majority being Voluntary Registered Family Day Homes. **Notably, no childcare providers offer third-shift care in the region.** Figure 10 provides an overview of the types of care offered by each childcare provider category.

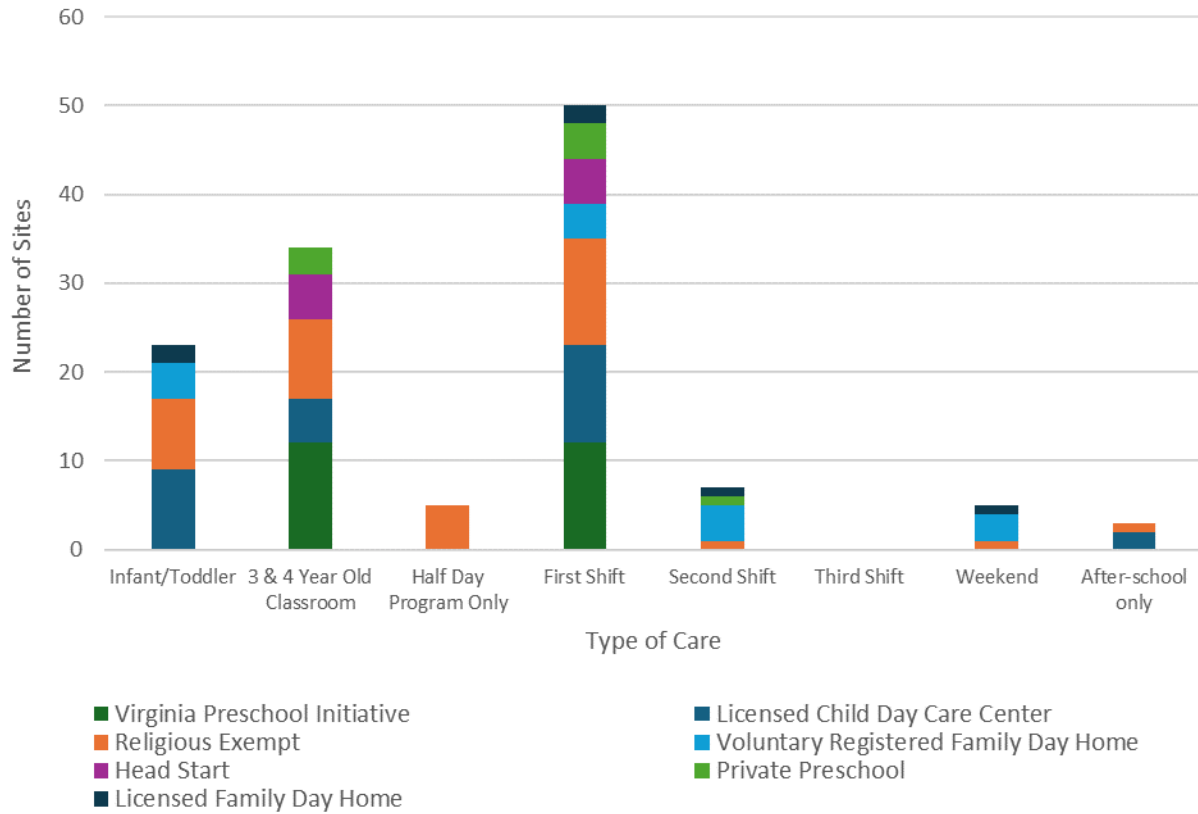


Figure 2: Current Type of Care Offered by Childcare Provider Category
Source: The Center for Early Success

Figure 3 provides a detailed breakdown of the prevalent hours of operation in the region. Again, most childcare providers offer primarily first-shift services between 8am and 5pm, with some extending their hours to include early mornings or later evenings.

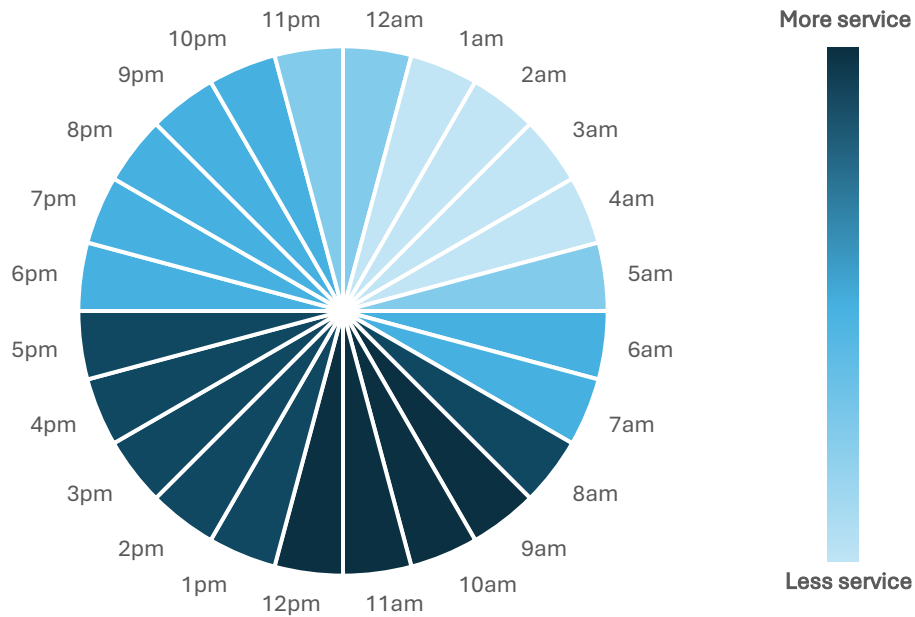


Figure 3: Concentration of Childcare Provider Service Hours
Source: The Center for Early Success

As part of this market analysis, Virginia Tech CECE gathered survey responses from 695 parents living in Danville and Pittsylvania. **Parent survey responses illustrated parents' greatest need being after-school care at 31.8 percent. Full-time care was the second greatest need with 19.7 percent of responses. Nearly 90.0 percent of parents expressed a willingness to utilize after-school services within the school if made available.**

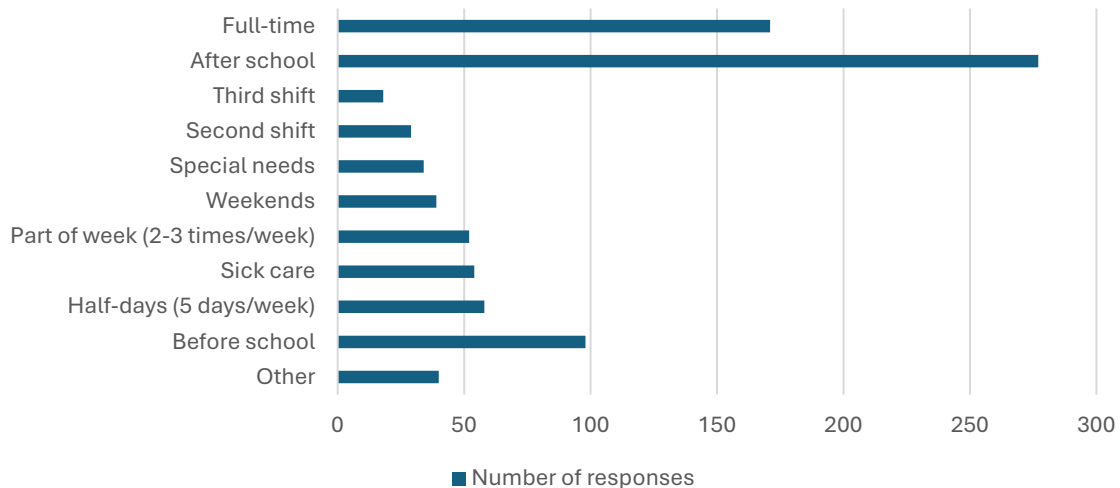


Figure 4: Parents Responses to Types of Services Needed
Source: Danville-Pittsylvania Needs Assessment Childcare Parent Survey, n-695

Providers in the region disproportionately provide care to children aged three and above. Less than half of providers offer care for infants and toddlers, which is likely due to these younger age groups requiring more staff and resources. Infants and toddlers need more attentive care, specialized support, and low child to caregiver ratios. Many childcare providers struggle to meet these demands due to limited funding.

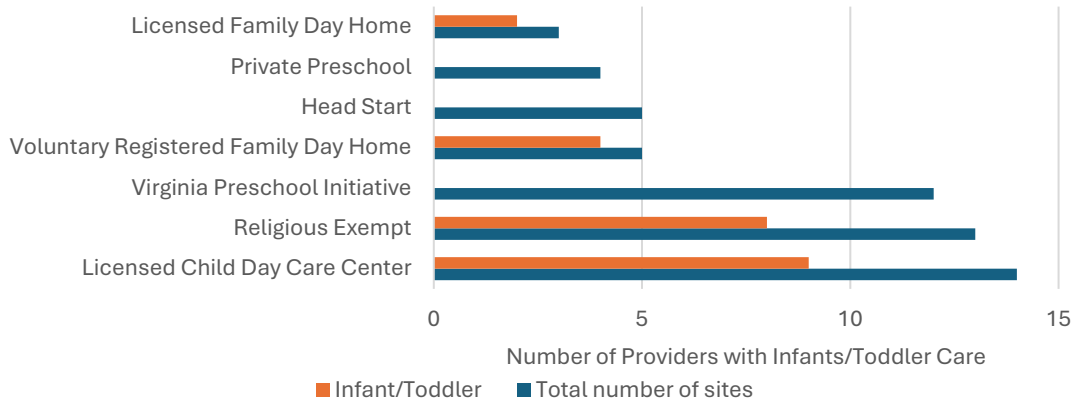


Figure 5: Infant/Toddler Enrollment Numbers by Type of Childcare Provide
Source: The Center for Early Success

The Center for Early Success provided the most recent child enrollment data from childcare providers in the region. Although available enrollment data is incomplete, overall observations about enrollment hold true.⁵ **When examining early childcare services, ages 5 and under, enrollment is highest among 4-year-olds, and lowest among infants (0-15 months).**

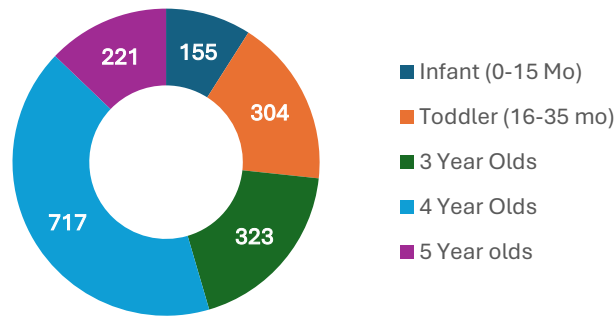


Figure 6: Childcare Enrollment by Age Group

⁵ Virginia Tech Center for Economic and Community Engagement, Childcare Provider Focus Group, May 2024.

Source: The Center for Early Success

Half of survey respondents, spanning all age groups, indicated that their childcare needs were met either by their spouse/partner (18.0 percent) or other relatives or friends (32.1 percent). This highlights a **prevalent reliance on informal childcare arrangements within the region, influenced by a preference for familiar caregivers, flexible scheduling, and affordability, as expressed in some survey responses.**

Funding for childcare poses significant challenges for parents and providers

Due to low earnings, a significant segment of the population experienced incomes falling below the poverty threshold. These figures surpass both state and national averages for all families, particularly those with children under five years of age. In Pittsylvania County, the poverty rate for such families is twice as high as the state average (19.1 percent), while in Danville, it is five times higher (51.6 percent). Percent of families headed by a single female with children under five is 68.1 percent, more than double the state average.

When surveyed about their childcare expenses relative to their household income, parents in the Danville-Pittsylvania region revealed varying spending patterns. Among respondents, 34 percent indicated spending significantly less than the recommended 7 percent of household income on childcare, with an additional 10 percent reporting expenditures just below this threshold. These individuals predominantly relied on informal childcare arrangements, such as care provided by parents, grandparents, or friends.

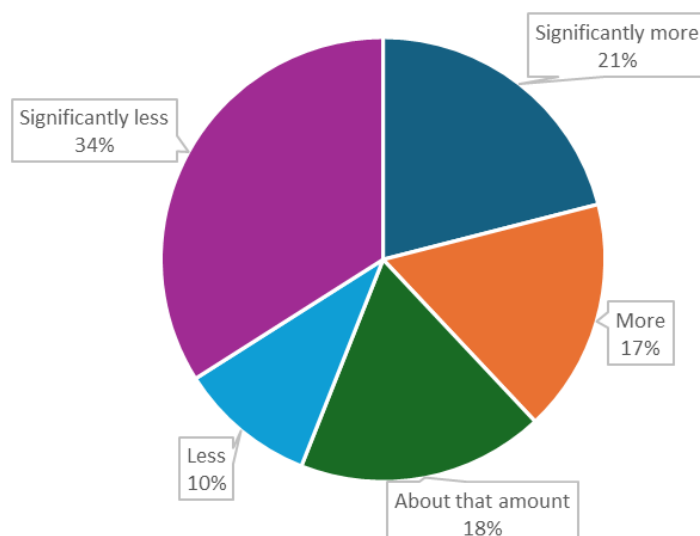


Figure 7: Proportional of Household Spending Dedicated to Childcare
Source: Danville-Pittsylvania Parent Childcare Survey, 2024

Conversely, respondents who utilized formal childcare services indicated paying at or above 7 percent of their household income. Twenty-one percent of parents paid significantly more than the recommended amount, while 17 percent paid more, and 18 percent paid approximately the recommended amount. Notably, only 10 percent of survey respondents reported actively using a childcare subsidy, predominantly federal government childcare vouchers. Considering the median household income for the Danville-Pittsylvania region is \$47,051, the cost of regional childcare is nearly 25 percent of most household incomes, not accounting for additional support. For more information, please see the Parent Survey Analysis, located in the Appendix.

Spouse quit job to stay home with children. Could not afford childcare. 3 children in childcare was over 30percent of our annual income

Parents were asked to rank several factors that impede access to their desired childcare service. Many parent survey respondents cited limited availability and high costs as key factors influencing their childcare preferences. Cost was identified as the most limiting factor, followed by availability of slots and location.

Transitioning to the perspective of businesses, it was found that while few offered childcare tuition assistance programs, many provided alternative support services such as employee assistance programs, which could aid employees in accessing counseling, identifying childcare options, and managing doctors' appointments.

In Danville-Pittsylvania, childcare providers rely heavily on government subsidy reimbursements and tuition fees to sustain their operations, covering overhead costs like rent, insurance, licensing fees, and utilities. Any remaining expenses are typically covered through private loans or capital. Occasionally, small grants from regional organizations like the Danville Pittsylvania County Chamber of Commerce can be used for specific needs, such as playground upgrades.

Of the 56 childcare providers located in the Danville-Pittsylvania region, 68 percent of sites offer publicly funded care. Subsidy reimbursed care, offered through the Department of Social Services has the greatest representation at 20 sites, 14 of those sites being Licensed Child Day Care Centers. Religious Exempt sites and Family Day Homes also have

There is no competition for childcare centers therefore they can set their cost to whatever they see fit. Also, I've seen first hand the daycare exceeding the amount of kids they should have and not enough teachers to monitor the children. That leads to an unsafe environment. I was forced to leave the workforce because I was working to pay for daycare. Which made no sense.

some representation, 3 and 4 locations, respectively. Other publicly funded care includes three Head Start sites and 12 Virginia Preschool Initiative sites. There is only one mixed delivery site in the region. The Virginia Early Childhood Foundation's Mixed Delivery program funds full-day, year-round early childhood education services in licensed private settings, excluding faith-based institutions, for eligible children. It supports diverse family needs by providing state-funded childcare slots that allow parents to enroll their infants, toddlers, and preschoolers at no cost if they meet eligibility criteria.

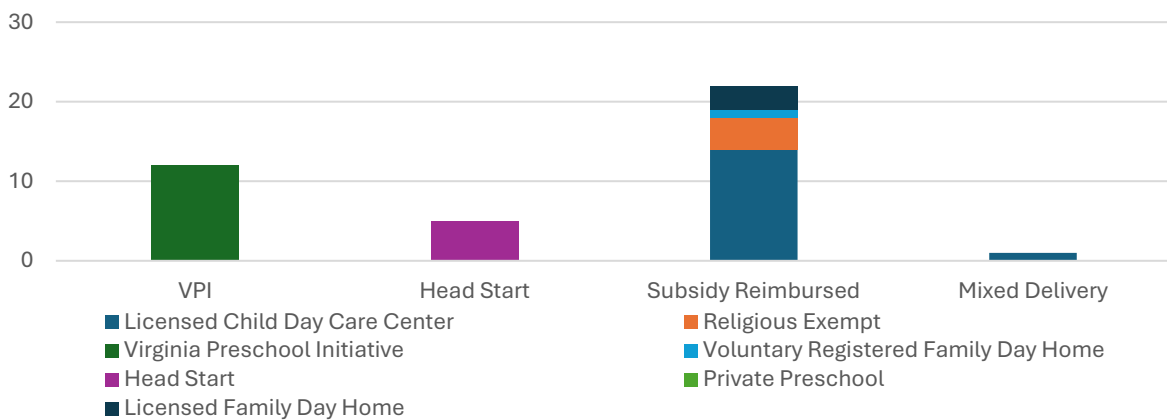


Figure 8: Regional Childcare Service Hours
Source: Center for Early Success

According to the Ready Region Southside initiative, annual full-time rates for mixed delivery slots range from \$22,100 for infant care to \$13,520 for preschool.⁶ Subsidy

⁶ Ready Regions ECCE Access Dashboard [PowerPoint Slides]. Ready Region Southside. <https://vecf.org/resource-library/>

reimbursement rates are slightly lower, at \$16,640 for infant care and \$10,140 for preschool. Private pay rates are \$10,400 for infant care and \$9,360 for preschool, designed to remain competitive with other facilities in the region and typically do not exceed subsidy rates. **More specifically, the most recently available tuition rates for Danville-Pittsylvania childcare providers show that infant care is the most expensive, with an annual cost of \$8,100.⁷ Among those offering infant care, Licensed Day Care Centers are the priciest at \$165 per week, while Family Day Homes are the least expensive at \$100 per week. The cost of early childhood care tends to decrease slightly as children age, with an estimated annual cost of \$7,000 for older children.**

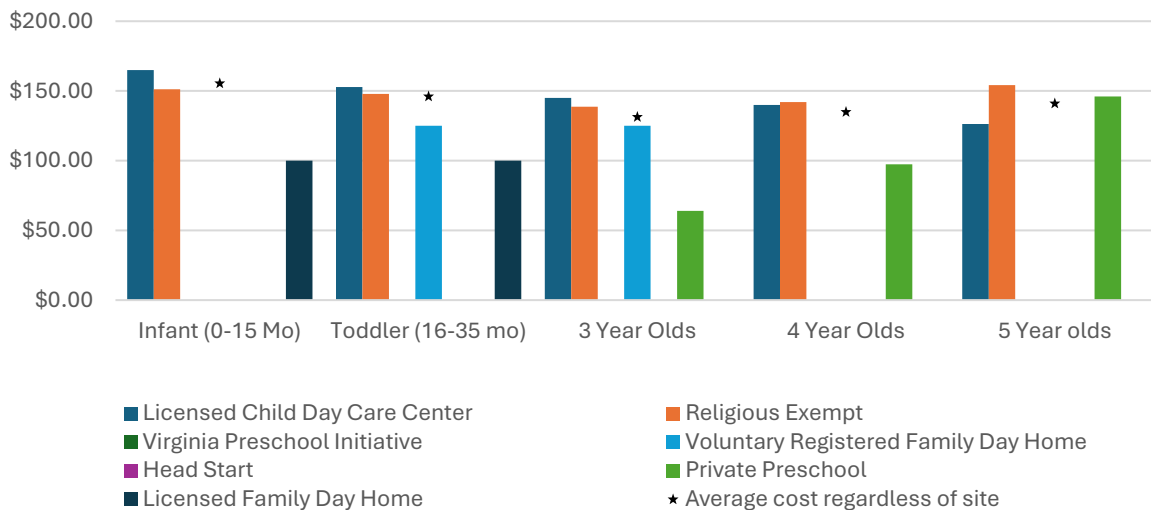


Figure 9: Cost of Childcare by Age Group and Childcare Provider Category
Source: Available Childcare Provide Tuition Rates, The Center of Early Success

Childcare providers express a significant need for additional funding to adequately support their operations and staff. Many providers highlight the demand for resources to navigate funding sources, as they often face challenges in identifying all available options and understanding the necessary paperwork for qualification. Focus group discussions revealed that certain providers, particularly those classified as for-profit businesses, struggle to qualify for various funding opportunities. This business classification restricts their access to essential grants and financial aid programs, exacerbating financial strain and hindering their ability to maintain services. Providers emphasize the importance of alternative funding mechanisms and clearer guidance on funding qualifications to address these challenges effectively.

⁷ Word, Lakisha. "The Center for Early Success." May 2024.

Location affects access and demand for childcare

Over half of Danville-Pittsylvania residents (52.1 percent) live in a "childcare desert."⁸

Although children under 5 make up less than 5 percent of the regional population, their distribution varies significantly across neighborhoods, highlighting the uneven accessibility to childcare services.

Figure 10 highlights areas with the highest proportions of children under 5, including Stony Mill, Hurt, Java, and Mount Airy in Pittsylvania, as well as Tanglewylde and areas along the Virginia/North Carolina state line in Danville. These areas would benefit greatly from strategically placed childcare providers, underscoring the urgent need for targeted interventions in these regions.

To further understand this issue, the location of childcare providers was compared to concentrations of residential, business, and educational hotspots. The analysis reveals a stark contrast between Danville and Pittsylvania County. Danville has concentrations of Licensed Child Day Care Centers (9 sites) and Voluntary Registered Day Homes (5 sites), and 1 Family Day Home. However, Pittsylvania County has far fewer options.

Although Pittsylvania has some Licensed Child Day Care Centers along major highways (4 sites) and more Virginia Preschool Initiative programs (10 sites) due to the larger number of public elementary schools, many neighborhoods still lack nearby childcare options, especially for infant and toddler care. This comparison illustrates that while Danville's smaller area makes childcare more physically accessible, significant geographical gaps remain in Pittsylvania, emphasizing the need for strategic placement of providers in underserved neighborhoods to ensure equitable access for all families.

⁸ U.S. Census Bureau. (2021). Population and Housing. *American Community Survey, ACS 5-year Estimates Data Profiles, Table DP05*. Retrieved from <https://data.census.gov>.

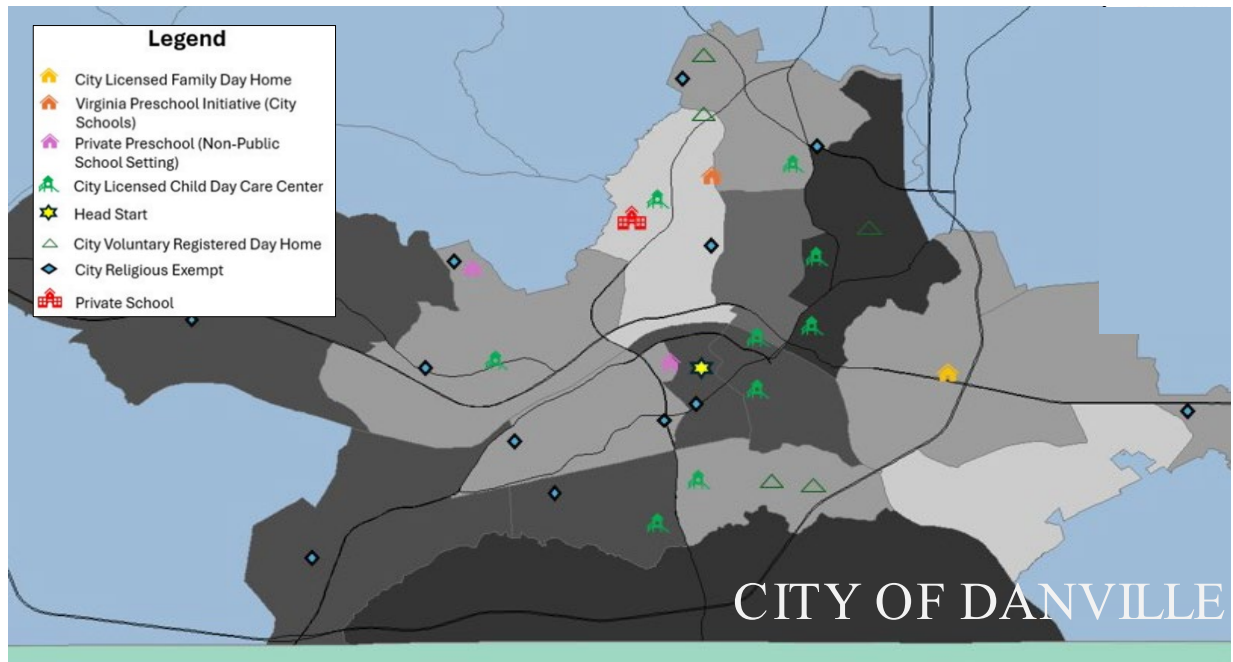
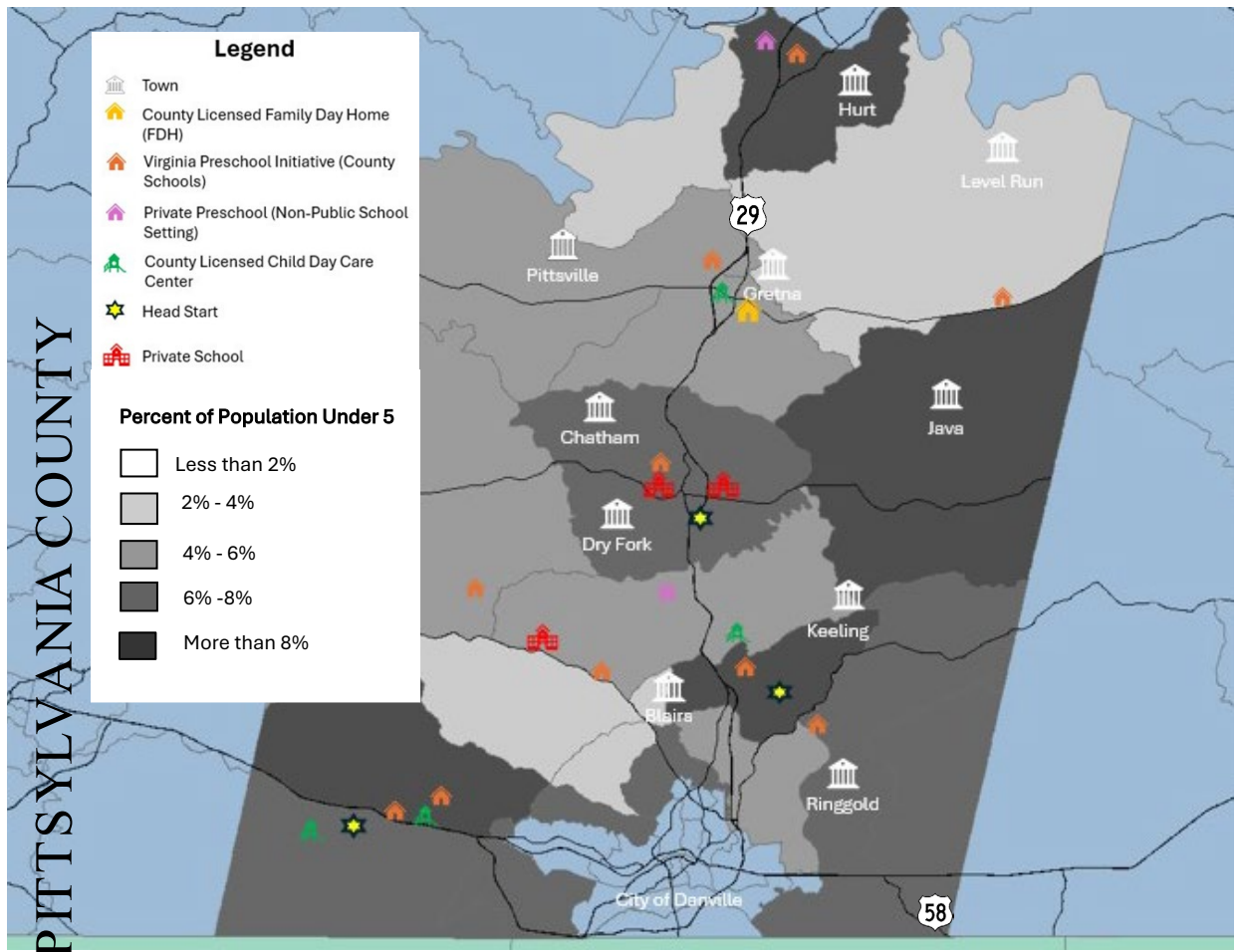


Figure 10: Childcare Asset Map
Source: Center for Early Childhood Success, U.S. Census Bureau, VGIN

Over half of Danville residents find employment within a 10-mile radius of their homes, reflecting a local workforce that largely remains close to its residential base. In contrast, 65 percent of Pittsylvania residents commute to jobs located more than 10 miles away, a trend driven by the county's expansive rural areas and the concentration of job opportunities in more distant locations. Moreover, a notable proportion of jobs for residents in both areas are situated over 50 miles away, highlighting the extensive commuting distances faced by many workers.⁹

The commuting dynamics between Danville and Pittsylvania further illustrates these disparities. Danville attracts approximately 2,000 net commuters from Pittsylvania, indicating a flow of workers seeking opportunities in the city. Conversely, Pittsylvania experiences a net loss of around 1,800 commuters to Campbell County, underscoring the challenge of local job retention and commuting patterns.¹⁰

Figures 9 provide insights into the regional distribution of employment centers, emphasizing areas where job opportunities are concentrated. For parents and caretakers in both Danville and Pittsylvania, securing affordable childcare within reasonable proximity to their homes or workplaces is a critical concern. This necessity arises from the practicalities of balancing work responsibilities with childcare needs, highlighting the importance of accessible childcare solutions in supporting local workforce participation and family well-being.

⁹ Lightcast™.(2022). [Danville-Pittsylvania Regional Commuter Map]. Retrieved from <https://analyst.lightcast.io/>

¹⁰ Retrieved from U.S. Census Bureau OnTheMap. <https://onthemap.ces.census.gov/>

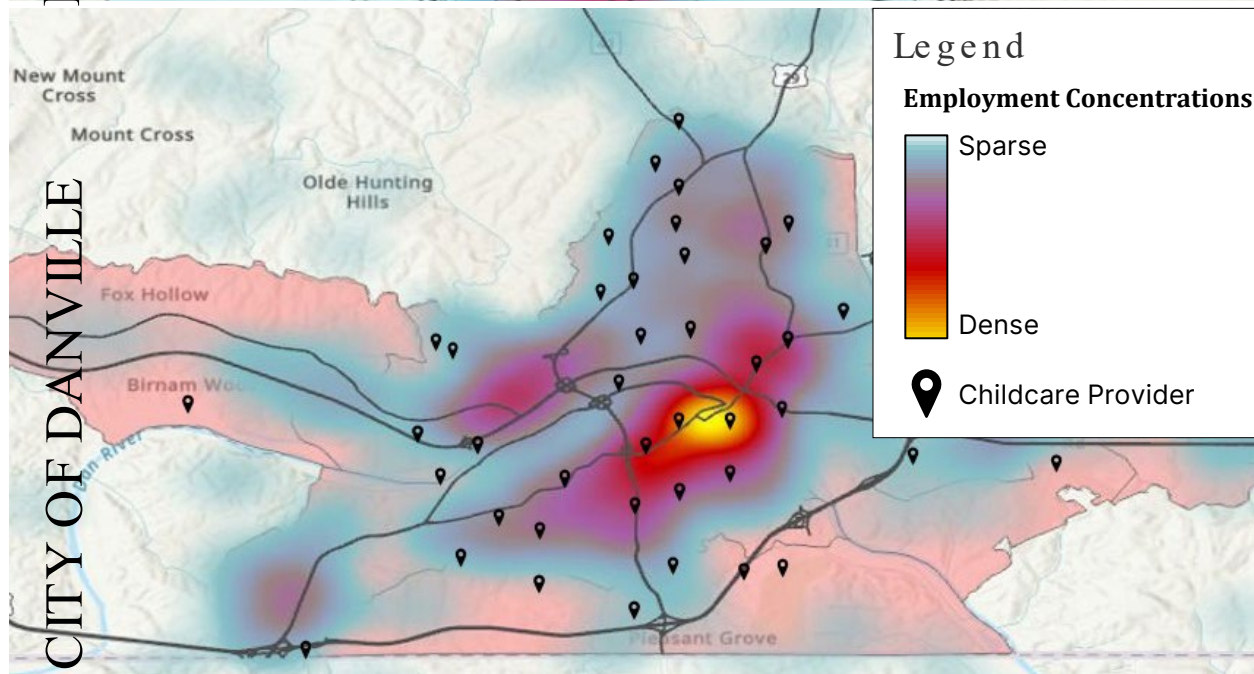
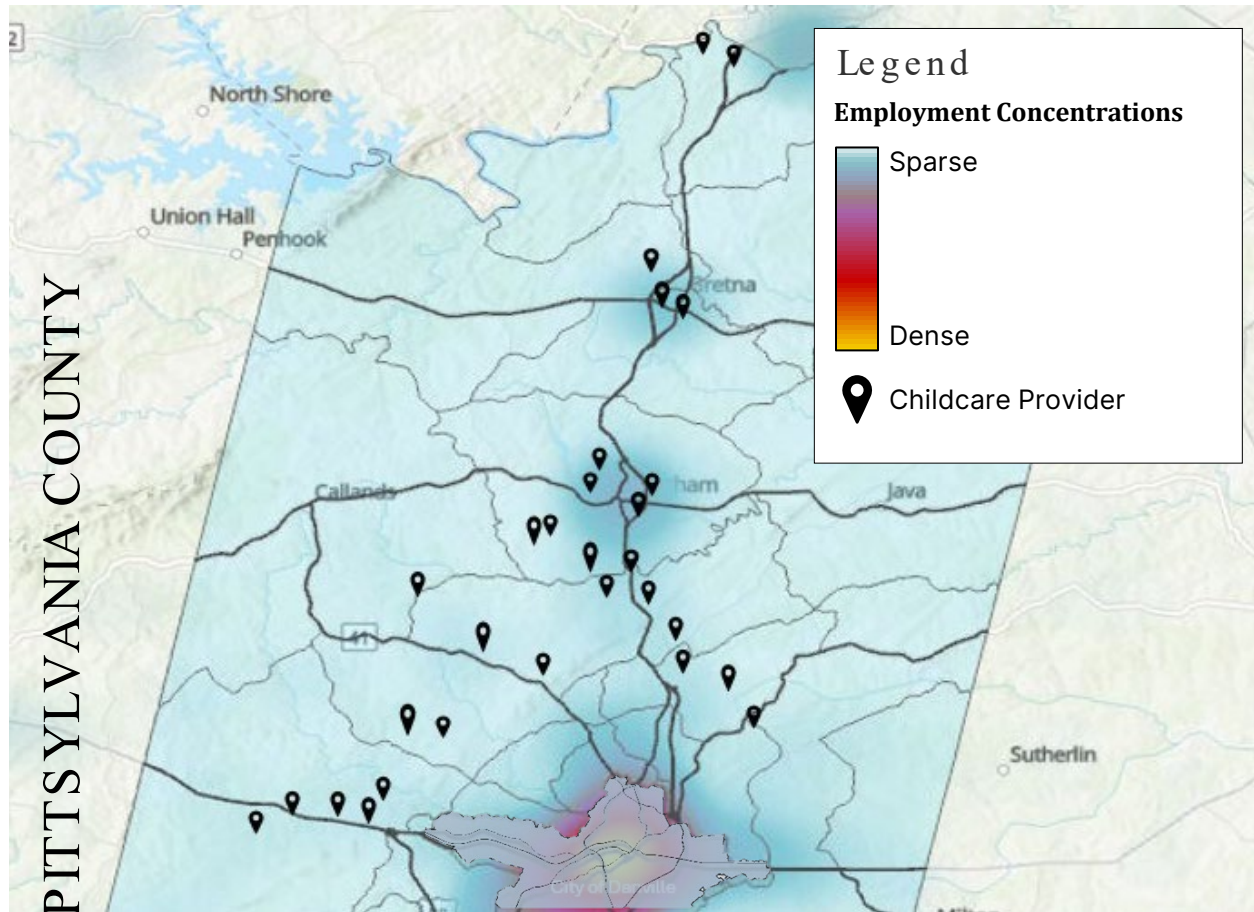
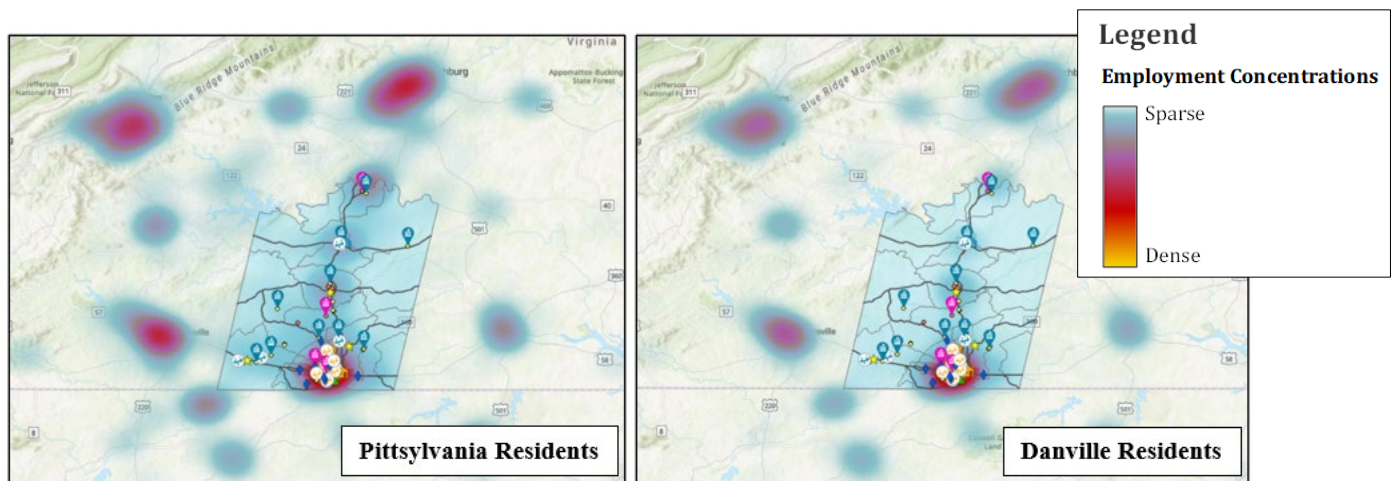


Figure 11: Childcare Asset Map with Employment Concentrations
 Source: Center for Early Childhood Success, U.S. Census Bureau, VGIN

When ranking factors that impede their access to childcare services, parents identified the childcare provider’s location as the second most significant, following closely behind cost. Both the survey and focus group discussions highlighted a notable concentration of childcare providers in Danville, making options considerably limited for those residing or working in Pittsylvania County who are reluctant to commute to Danville. Moreover, when asked about the most crucial factor in selecting a childcare provider, location emerged once again as pivotal. Specifically, 12 percent of respondents expressed a preference for the facility to be close to their residence, 9 percent favored a childcare provider in proximity to their workplace, and 5 percent sought a provider near the school attended by their older children.



*Figure 12: Childcare Asset Map with Employment Concentration by Residence
Source: Center for Early Childhood Success, U.S. Census Bureau, VGIN*

Figure 12 specifically highlights the highest concentrations of employment. The primary neighborhoods with concentrated employment include Wyndover Woods, Windsor Heights, Woodbury Hills, Downtown Danville, and those south of Interstate 58 along the Virginia/North Carolina state line. Notably, workers residing in Danville are prominently employed in Southside Pittsylvania, particularly in businesses along State Route 29. Conversely, around 30 percent of Danville workers live in Pittsylvania County, with significant residence concentrations in neighborhoods surrounding Olde Hunting Hills, Afton Hills, Brosville, Southside Pittsylvania, Mount Cross, Laurel Grove, Sutherlin, Whitfield, Kentuck, and Buford. Unsurprisingly, there are more dense concentrations of employment in nearby Roanoke, Lynchburg, and Martinsville for Pittsylvania County residents due to closer proximity. The city of Danville is a hotspot for employment for residents of both localities.

Demand for quality childcare

Childcare providers across the region adhere to Virginia's quality measurement system, ensuring the delivery of fundamental standards of care. Virginia's quality measurement system, known as the Virginia Quality Birth to Five System (VQB5), rates early childhood programs on a scale of 800 points. The rating is composed of two main components: Interactions and Curriculum.¹¹

Interactions Points: This component can contribute up to 700 points. It is calculated as the average of all local CLASS (Classroom Assessment Scoring System) scores from both fall and spring evaluations, multiplied by 100.

Curriculum Points: This component can add up to 100 points. Programs using an approved curriculum in at least one classroom will receive 100 points. Danville-Pittsylvania childcare providers consistently meet the established expectations, each scoring within the range of 400 to 699 points. These scores signify providers' commitment to maintaining a high level of quality in services, encompassing aspects such as safety, hygiene, child-staff ratios, curriculum, and overall environment.

The cost for childcare is insane. My wife is considering quitting working and just having to stay home with the kids because it cost \$19,000 a year just for 2 children and goes up every 6 months. There aren't many places to choose from, only a small amount and it's always a very long waiting list

Danville-Pittsylvania childcare providers consistently meet the established expectations, each scoring within the range of 400 to 699 points. These scores signify providers' commitment to maintaining a high level of quality in services, encompassing aspects such as safety, hygiene, child-staff ratios, curriculum, and overall environment. When asked about their satisfaction with childcare options in the region, however, 47 percent of participants chose "slightly or completely dissatisfied". The second largest number of participants (34.5 percent) were neither satisfied nor dissatisfied. Dissatisfaction could be attributed to cost, as childcare expenses can pose a significant financial burden. Additionally, availability is a concern, with over half of childcare sites having waitlists.

¹¹ "VQB5 - Virginia's Quality Measurement and Improvement System." Virginia Department of Education, 2024, www.doe.virginia.gov/teaching-learning-assessment/early-childhood-care-education/quality-measurement-and-improvement-vqb5.

Quality is another critical factor, as parents seek the best possible care for their children, and any deficiencies in this area can result in dissatisfaction.

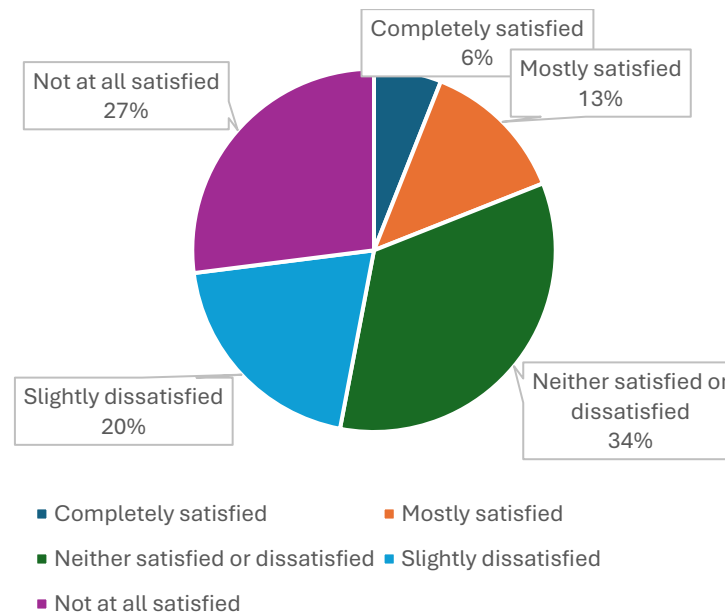


Figure 13: Parents Satisfaction with Current Regional Childcare Services
Source: Danville-Pittsylvania Parent Childcare Survey, n=695

One resource that can contribute to better quality childcare and prepare children for future engagement in society and the workforce is technology. In the region, childcare providers primarily rely on basic technology tools to manage their facilities. While some utilize record-keeping software and maintain a minimal online presence through websites or social media, the adoption of apps for parent communication and child activity tracking remains limited, with paper-based methods prevailing. Concerns were raised by providers regarding the potential distraction of technology from direct interaction with children, particularly given the already demanding nature of teaching responsibilities. However, one common observation is that children today are far more comfortable with technology and interfacing with it, so some centers use I-pads with education apps like ABC Mouse to support learning and curiosity. Cost and the perceived complexity of integrating technology pose additional barriers to its widespread adoption among childcare providers in the region.

An even greater factor contributing to quality is a well-trained workforce. Growing demand for qualified childcare professionals has prompted providers to concentrate primarily on fulfilling the basic skill criteria necessary for upholding optimal student-teacher ratios. However, this approach has left parents questioning the quality of care their children

receive and whether it aligns with their expectations. During focus groups conducted by Virginia Tech CECE with parents, providers, and businesses, a recurring theme emerged: parents strongly preferred childcare facilities that offer structured activities to support their children's social and intellectual development. Numerous parents underscored the importance of ensuring their children are adequately prepared for school and exposed to fundamental concepts. Many indicated their willingness to invest more in childcare providers that provide an engaging curriculum, prioritizing such facilities for their childcare needs. It is important to note, however, that these focus groups were voluntary and likely attracted the most engaged parents with flexible schedules and the ability to participate.

A limited childcare workforce hinders access and quality

Overall, the trend of declining childcare industry jobs in the Danville-Pittsylvania region aligns with the national shift in job numbers. The percentage breakdown of business types is very different in the region compared to the nation. As seen in Table 2 and Table 3, childcare industry employment in Danville-Pittsylvania is proportionally greater among Child Daycare Service businesses (52.3 percent of total employment), compared to national proportions (31.0 percent). Nationally, a larger portion of private households are responsible for industry employment. This greater dependence on large-scale center-based childcare compared to the nation may have contributed to the Danville-Pittsylvania region experiencing proportionally greater workforce shortages and childcare effects from the COVID pandemic.¹²

Table 2: Number of Childcare Workers in Danville-Pittsylvania by NAICS Childcare Provider Category						
NAICS	Description	2014 Jobs	2023 Jobs	2014 - 2023 Change	2014 - 2023 % Change	% of Total Jobs in Industry
814110	Private Households	154	145	(9)	(5.8%)	31.3%
624410	Child Day Care Services	198	128	(76)	(35.3%)	52.3%
903611	Elem. & Sec. School (Local Government)	26	19	(8)	(26.9%)	0.7%
813110	Religious Organizations	18	17	(1)	(5.6%)	2.6%
611110	Elem. & Sec Schools	<10	<10	Insf. data	Insf. data	1.5%
		396	309	(87)	(22.0%)	

¹² Sullivan, Emily Tate. "The Pandemic Was Disastrous for Early Childhood Education-and Both Kids and Adults Are Feeling It - Edsurge News." EdSurge, 14 July 2021, www.edsurge.com/news/2021-07-02-the-pandemic-was-disastrous-for-early-childhood-education-and-both-kids-and-adults-are-feeling-it.

Source: Lightcast, 2014-2023 Danville-Pittsylvania Regional Industry Report

Table 3: National Childcare Industry						
NAICS	Description	2014 Jobs	2023 Jobs	2014 - 2023 Change	2014 - 2023 % Change	% of Total Jobs in Industry
814110	Private Households	590K	471K	(121K)	(20.2%)	41%
624410	Child Day Care Services	634K	474K	(165K)	(25.2%)	31%
903611	Elem. & Sec. School (Local Government)	95K	71K	(23K)	(25.2%)	1.0%
813110	Religious Organizations	47K	40K	(7K)	(14.9%)	3.0%
611110	Elem. & Sec Schools	22K	23K	2K	4.5.0%	1.8%
		1.4M	1.1M	(314K)	(21.4%)	

Source: Lightcast, 2014-2023 United States Industry Report

When examining all childcare occupations found in the childcare industry, the Danville-Pittsylvania region employed 394 jobs in 2023, marking a decrease of 93 jobs since 2014.¹³ Preschool teachers account for the second largest occupation within the childcare industry with 58 jobs in the region in 2023.

“Childcare worker” is the primary occupation identified in the childcare industry by the North American Industry Classification System (NAICS). They are responsible for supervising, caring for, and fostering the development of infants and children, typically under the age of five, in various settings such as daycare centers, preschools, and private households. As of 2023, the Danville-Pittsylvania region has a total of 309 childcare workers in the industry, marking a 22.0 percent decrease (87 jobs) since 2014.¹⁴ Table 4 illustrates the decline in the number of childcare workers over the past ten years regionally. This may be due to several factors including federal funding streams, the implications of the Coronavirus Pandemic, and common barriers to workforce attraction and retention.

¹³ Lightcast™.(2022). [2014-2023 Danville-Pittsylvania Regional Occupation Report]. Retrieved from <https://analyst.lightcast.io/>

¹⁴ Lightcast™.(2022). [2014-2023 Danville-Pittsylvania Regional Inverse Staffing Patterns Report]. Retrieved from <https://analyst.lightcast.io/>

Table 4: All Childcare Industry Occupations in Danville-Pittsylvania					
SOC	Description	2014 Jobs	2023 Jobs	2014 - 2023 Change	2014 - 2023 % Change
39-9011	Childcare Workers	396	309	(87)	(22.05%)
25-2011	Preschool Teachers, Except Special Ed.	59	58	(1)	(1.7%)
25-9045	Teaching Assistants, Except Postsec.	19	17	(2)	(10.5%)
11-9031	Education and Childcare Admin., Preschool & Daycare	13	10	(3)	(23.1%)
		487	394	(93)	(19.1%)

Source: Lightcast, 2014-2023 Danville-Pittsylvania Regional Occupation Report

Despite the importance of their crucial role in early childhood development, providing essential care and education to young children, many childcare workers often face low wages. Childcare workers, the primary occupation within childcare, earn a median annual income of \$23,585.86, or median hourly earnings of \$11.32-\$20.24.¹⁵ This salary along with the remaining industries (except Education and Childcare Administration) is below the living wage for a single Virginia resident, \$39,603.¹⁶ Similarly, this salary is below the weighted regional median wage of \$39,250.87. The Massachusetts Institute of Technology (MIT) Living Wage Calculator indicates that an adult without children in Danville needs to earn \$16.79 per hour to cover basic needs such as food, medical care, housing, and transportation, ensuring a relatively comfortable standard of living. In Pittsylvania, this amount increases to \$18.11 per hour, reflecting the varying cost of living requirements for childcare workers within the same region.

Table 5: Danville-Pittsylvania Regional Childcare Occupations						
SOC	Description	Median Hourly Earnings	Median Annual Earnings	2022 Hires	Average Annual Openings	Turnover Rate
39-9011	Childcare Workers	\$11.32	\$23,585.86	157	70	49%
25-2011	Preschool Teachers, Except Special Ed.	\$16.16	\$33,667.55	52	16	42%
25-9045	Teaching Assistants, Except Postsec.	\$13.14	\$27,320.31	124	40	37%
11-9031	Education and Childcare Admin., Preschool & Daycare	\$20.24	\$42,173.34	<10	3	Insf. Data

Source: Lightcast, 2014-2023 Danville-Pittsylvania Regional Occupation Report

¹⁵Lightcast™. (2022). [2014-2023 Danville-Pittsylvania Regional Occupation Report]. Retrieved from <https://analyst.lightcast.io/>

¹⁶Nadeau, C. A. (2023, February 1). Living Wage. Living Wage - Living Wage Calculation for Virginia. <https://livingwage.mit.edu/states/51>

In 2022, the Danville-Pittsylvania region saw a total of 157 childcare worker hires and 70 average annual openings, suggesting significant demand.¹⁷ However, this demand is accompanied by high turnover rates (as large as 49 percent) due to several potential factors, including low wages and limited benefits, high-stress levels, burnout, lack of job growth opportunities, and workplace conditions and environment. Providers cited insurance, retirement, training allowances, and educational support as the most frequent benefits potential employees inquire about.

Typical entry-level education required of childcare workers in the Danville-Pittsylvania region is the same as state and national levels. However, there are several growing skills that are required for the job. These skills are used as building blocks to perform more complex tasks in the future. CPR, first-aid certification, working with children, and caregiving were all classified as growing relative to the market.¹⁸

The Center for Early Success is a key regional organization that connects childcare providers and their staff to the required training certifications and licensures. There are multiple active funding sources that ensure workers do not incur a cost for childcare training. Nevertheless, there is minimal incentive to engage in further professional development, primarily due to the absence of tangible rewards such as increased compensation or career advancement opportunities.

My child has Down Syndrome and we have not found a facility that takes children with her amount of need.

Providers voiced the need for ways to develop their staff's professional portfolios without incurring a cost or additional time commitments, especially on topics of behavioral health. Parents voiced the need for similar support in behavioral health services. Parents emphasized the necessity for assistance in addressing mental health challenges and developmental disabilities.

[We need] trained professionals that understand mood disorders, ADHD, and childhood trauma and mental health disorders.

¹⁷ Lightcast™. (2022). [2014-2023 Danville-Pittsylvania Regional Occupation Report]. Retrieved from <https://analyst.lightcast.io/>

¹⁸ Lightcast, 2024. [Childcare Worker Occupation Skills Transferability Reports]

Key Takeaways from Market Analysis

- Approximately 810 children could benefit from additional childcare spots priced around \$4,000 annually, aligning with 7% of the median household income. There is a pressing demand for more childcare facilities, particularly in communities like Hurt or Java where higher densities of children aged 5 and under reside
- In addition to access, quality remains a priority for parents. Survey responses indicate a strong preference for structured activities supporting children's social and intellectual development. Parents also highlighted the need for behavioral health services and support for developmental disabilities.
- Funding is a critical concern for childcare facilities striving to provide affordable, quality services. While subsidies can provide some relief, they come with significant challenges and limitations. Limited funding often results in challenges in accessing trained childcare workers, exacerbating the region's childcare shortage.
- The childcare industry in the region faces high turnover rates, low wages, and limited benefits. Childcare workers earn a median annual income of \$23,585.86, significantly below the living wage for a single Virginia resident, which is \$39,603. There is little incentive for childcare workers to pursue professional development.
- The region supports 56 formal childcare sites serving ages 6 weeks to 5 years, with licensed child day care centers having the highest capacity. Despite this, there is a pronounced demand for infant and toddler care, with less than half of providers offering services for these age groups.
- Childcare costs represent nearly 25% of most household incomes in the region, significantly impacting families. The median household income is \$47,051, with many families experiencing incomes below the poverty threshold, particularly those headed by single females with children under five.
- Childcare is a driver of workforce productivity. Manufacturing and healthcare workers account for 33% of employment in the region, indicating a need for 2nd and 3rd shift childcare options.
- Economic forces impede the region from offering above baseline quality care

Best Practices

Establishing and operating a successful childcare business, whether center-based or home-based, requires adherence to best practices that ensure quality care, compliance, and efficiency. These practices include regulatory compliance, staff training, curriculum development, appropriate funding and financial management, health and safety protocols, parent engagement, facility or space management, financial oversight, and effective marketing. By following these guidelines, providers can create safe, nurturing, and educational environments that support children's development and maintain a thriving operation.

Need for a champion

Although best practices typically do not address the importance of a champion, the establishment of a new childcare provider site greatly benefits from the presence of a sparkplug. This individual plays a pivotal role in driving the project forward, bringing passion, vision, and effective leadership to the endeavor. A champion's commitment ensures the successful navigation of regulatory compliance, securing necessary funding, and engaging the community.¹⁹ Their ability to build and maintain relationships with key stakeholders, including parents, staff, and local authorities, fosters trust and collaboration. Additionally, a champion's unwavering dedication to maintaining high standards in early childhood education and care inspires confidence and sets a positive tone for the entire operation. By rallying support, addressing challenges proactively, and maintaining a clear focus on the mission, a champion significantly enhances the likelihood of a new childcare provider site thriving and making a meaningful impact on the community it serves.

¹⁹ Shaw, Eric K, et al. "The Role of the Champion in Primary Care Change Efforts: From the State Networks of Colorado Ambulatory Practices and Partners (Snocap)." *Journal of the American Board of Family Medicine : JABFM*, U.S. National Library of Medicine, 2012, www.ncbi.nlm.nih.gov/pmc/articles/PMC3535479/.

Case Study Application

Kingdom Kare

In the case of Kingdom Kare Childcare Center, the curriculum is a dynamic and evolving educational framework developed in-house. Director G, who holds a master's degree in early childhood development and has extensive teaching experience, leads this approach. Driven by a desire to make a difference in her community and understanding the importance of educating its youngest residents, Director G saw a need and committed to leading a childcare center using her expertise.

Director G's involvement in curriculum design ensures it is tailored to meet the developmental needs of each child. Unlike many programs that rely on pre-packaged content and technology, Kingdom Kare emphasizes experiential learning and social skill development. The curriculum fosters a nurturing and stimulating environment where children can explore, learn, and grow at their own pace. This personalized and expert-led approach highlights Kingdom Kare's commitment to providing developmentally appropriate education

Center-based daycare

Center-based daycare is defined as a dedicated facility specifically designed to care for and educate children. These facilities are typically licensed and regulated by local or state authorities to ensure compliance with health, safety, and educational standards.²⁰ Center-based daycare settings often accommodate multiple age groups, offering structured learning programs, play areas, and facilities tailored to children's developmental needs. They may also provide meals, snacks, and nap times, as well as employ trained staff who oversee educational activities and ensure a safe and nurturing environment for children. In this section, VT CECE outlines key components to consider in center-based daycares including:

- Franchised versus grow-your-own centers
- Revenue streams
- Quality classroom environments and programming
- Parental involvement

²⁰ "Child Care Centers." Child Care Centers | Childcare.Gov, childcare.gov/consumer-education/child-care-centers. Accessed 15 July 2024.

Franchised versus grow-your-own centers

Franchises provide a structured framework for operating daycare centers, covering curriculum, policies, procedures, and marketing strategies. Franchise companies offer training and ongoing support, including regular meetings, conferences, webinars, and online resources for continuous professional development. Being part of a franchise also fosters networking and collaboration among franchise owners, facilitating the exchange of insights and best practices.²¹

Case Study Application

Kiddie Academy

Franchisees need to meet specific financial qualifications, including liquid capital of \$250,000 if leasing or \$600,000 to \$900,000 if purchasing, a net worth of \$750,000 to \$1 million, and a credit score of 650 or higher.²² These can be met individually or with business partners. Kiddie Academy supports franchisees with a finance manager to help secure funding with favorable terms and alternative financing options, such as reinvesting 401(k) or IRA funds.

The franchisee of Kiddie Academy, Cypress Texas consists of three couples and longtime friends motivated to become entrepreneurs. Kiddie Academy assists with financing by contacting lending institutions, providing consultation on obtaining third-party financing, and helping prepare applications to lending institutions at no cost. Kiddie Academy franchisees are eligible for expedited and streamlined Small Business Administration (SBA) loan processing through the SBA's Franchise Registry Program (FRANdata). The company can help franchisees find a suitable SBA lender, and they may qualify for various SBA loan guaranty programs.²³

Although less common, some franchised, for-profit centers operate in rural areas, addressing essential childcare needs in underserved communities despite unique challenges. A franchise model could potentially meet the demand for childcare services in the Danville-Pittsylvania area, considering current availability, waitlists, and population growth trends. Another attractive aspect of a franchise model is its potential to streamline the daunting process of starting a childcare facility. However, the large start-up costs and restrictive eligibility criteria for franchise ownership raise concerns about feasibility in this

²¹ Brightwheel. "How to Start a Daycare Franchise: The Ultimate Guide." How to Start a Daycare Franchise | The Ultimate Guide, 6 Feb. 2024, mybrightwheel.com/blog/daycare-franchise.

²² "Qualification Requirements." Kiddie Academy Franchising, 3 Apr. 2024, kiddieacademy.com/franchising/qualification-requirements/.

²³ "Kiddie Academy Franchise Disclosure." Kiddie Academy Domestic Franchising, 2014, fddexchange.com/wp-content/uploads/2014/10/Kiddie-Academy-FDD-2013.pdf.

region. In order to accommodate a franchise model in the region, several economic shifts would be necessary. There would need to be an increase in median household income to support the affordability of services offered by the franchise. Additionally, a robust pipeline of skilled staffing would be crucial to meet the franchise's employment needs. Ensuring adequate tuition enrollment at market rate prices would also be essential to sustain the business model and ensure long-term viability. Therefore, the overall fit of a franchise model in this region is not recommended due to economic constraints.

Grow-your-own daycare facilities differ from franchises in that they are independently established and operated, often by individuals or organizations without the backing of a franchise company. In a grow your own model, owners have the freedom to develop their own curriculum, policies, and procedures tailored to their specific community and educational philosophies. While they may lack the structured support and resources provided by franchises, grow-your-own facilities benefit from greater autonomy and flexibility in decision-making. Owners can directly shape their center's culture and programming without adhering to corporate guidelines, allowing for more personalized approaches to childcare and education. However, this independence also requires owners to independently manage all aspects of the business, including training, networking, and marketing, which can present both challenges and opportunities for innovation and local adaptation.

Case Study Application

Red Rooster Coffee

Red Rooster Coffee faced a shortage of affordable, high-quality childcare in their area, leading the owners to establish their own childcare center, Yellow Hen. Driven by necessity and a commitment to community support, they connected with Ella Zander, a former Montessori school teacher, who became the program director.²⁴ Zander swiftly secured the necessary licensing, enabling Yellow Hen to operate with a Montessori-style academic structure for children up to age five. The center currently enrolls 10 children, with a maximum capacity of 16.

Red Rooster covers 70% of the childcare costs for their employees, who pay \$2 an hour, while non-employees can enroll for a fee. Despite the substantial financial burden, the owners view childcare as an essential benefit, like health insurance, which they also provide. Their holistic benefits system aims to invest in employee well-being, aiding in the retention of talented and dedicated staff. The center's flexible hours accommodate

²⁴ Hull, Lindsey. "When Its Employees Struggled to Find Child Care, a Small-Town Coffee Company Opened Its Own Center." Cardinal News, 9 Jan. 2024, cardinalnews.org/2024/01/09/when-its-employees-struggled-to-find-child-care-a-small-town-coffee-company-stepped-in-to-help/.

employees' schedules, and revenue from the coffee shop sustains the childcare operations.

Revenue streams

Traditional financing methods have led to a clear market failure in the childcare system, limiting access to childcare for many families. The primary revenue stream for maintaining ongoing childcare operations typically comes from parent tuition fees, supplemented by registration fees, late pickup fees, and optional enrichment programs.²⁵ While subsidies are available as a potential solution to alleviate childcare costs, they do not fully address the challenges faced by parents and providers.

Subsidies for parents only partially work due to several issues. Many providers are hesitant to participate in subsidy programs because of the administrative burden, which includes extensive paperwork and delays in payment. Unlike regular parent payments, which might be received weekly, subsidy payments can be delayed by 30 to 60 days, causing cash flow problems for providers. Additionally, subsidy funds can fluctuate or run out due to budgetary constraints, economic conditions, and high demand, impacting the availability of financial assistance for families in need of childcare support.

There are typically two primary options for navigating childcare subsidy programs: mixed delivery and subsidy reimbursement.

1. Subsidy Reimbursement flows through the Department of Social Services. Parents apply for subsidies to cover their childcare costs. If they qualify, the subsidy helps reduce their out-of-pocket expenses.
2. Mixed Delivery funding is state funding that flows through the Center for Early Success to the childcare providers. Providers can apply to become a mixed delivery site, which allows them to receive funding for a set number of childcare slots. Once approved, these slots are funded by the state, and parents who meet the eligibility criteria can enroll their children for free.

When parents were asked if they utilized subsidies, a significant 89.9% said no. Among those, 54.1% mentioned they don't qualify, while 30.8% said they either didn't know what was available or how to access it.

²⁵ Workman, Simon. "Where Does Your Child Care Dollar Go?" Center for American Progress, 9 Nov. 2021, www.americanprogress.org/article/child-care-dollar-go/.

Some of the more successful centers today tend to rely on financial support from community groups and businesses employing the parents of the children being served. While subsidies can provide some relief, they come with significant challenges and limitations. Therefore, it is essential to explore alternative financing methods and community support to ensure broader access to affordable childcare.

As demonstrated by Red Rooster and KinderCare at Tyson Foods, childcare providers established within businesses often receive primary funding support from the businesses themselves through subsidized tuition fees. **These corporate-supported childcare facilities may operate at a financial loss, but the businesses benefit significantly from the reliable childcare services provided to their employees.** This arrangement enhances productivity and employee satisfaction, as parents can focus on their work knowing their children are in a safe and nurturing environment. Reliable childcare services reduce absenteeism and turnover, translating into improved business performance and employee morale.²⁶

Employers considering childcare benefits should explore the tax benefits. Employers can receive a federal tax credit of up to 25 percent of qualified childcare expenditures and 10 percent of qualified childcare resource and referral expenditures.²⁷ The credit is capped at \$150,000, so employers would need to spend about \$430,000 total to receive the full credit. Additional investments beyond the cap are not deductible.

Case Study Application

KinderCare at Tyson Foods

Tyson Foods faced significant staffing shortages due to the lack of accessible childcare for its employees. In response, the Tennessee Department of Human Services (TDHS) partnered with Tyson and KinderCare to develop on-site childcare facilities. This initiative, which took several years to materialize, required substantial investment and strategic planning.²⁸

To build these facilities from the ground up, the project typically spans 18-24 months and necessitates an investment between \$2 to \$4 million. However, Tyson invested \$5 million

²⁶ "Why Assistance with Childcare Is so Important to Employees." National Fund for Workforce Solutions, 26 June 2024, nationalfund.org/why-assistance-with-childcare-is-so-important-to-employees/.

²⁷ "On-Site/Consortium Sponsored Child Care." Family Forward NC, 3 Jan. 2023, familyforwardnc.com/family-forward-policies/on-site-or-consortium-sponsored-child-care/.

²⁸ "Tennessee Department of Human Services Develops Innovative Partnership with Tyson Foods to Expand Access to Affordable Childcare in Humboldt, TN." Tennessee State Government - TN.Gov, July 2023, www.tn.gov/humanservices/news/2023/7/18/-tennessee-department-of-human-services-develops-innovative-partnership-with-tyson-foods-to-expand-access-to-affordable-childcare-in-humboldt--tn-.html.

into this project, supplemented by a \$150,000 small establishment grant. The primary objective was not to generate direct revenue from the childcare centers but to enhance overall productivity and maintain operational efficiency at the manufacturing plant. This approach was rooted in the understanding that while the childcare facilities themselves might not be profitable—given that tuition is the primary revenue source and Tyson covers 90% of the childcare costs for employees—the indirect benefits in terms of workforce stability and productivity would justify the investment.

The operating hours of the childcare centers are aligned with the manufacturing plant’s schedule, ensuring that employees have access to childcare during their working hours. While Tennessee provides federally funded childcare payment assistance through the TDHS Smart Steps Child Care Payment Assistance program for families earning up to 85% of the state median income, many Tyson employees fall into the middle-income bracket and require additional support to afford childcare. To address this, Tyson Foods subsidizes up to \$6,500 per year, per child for its employees, significantly lowering the average hourly cost of childcare to less than \$2 for those enrolled. This subsidy is a strategic move, as the cost of finding and hiring a new manufacturing laborer is equivalent to the childcare subsidy provided per child.

Tyson's decision to implement this initiative in Tennessee was influenced by the state’s favorable subsidy programs and regulations, which made it feasible for employees earning median manufacturing wages to access state funds for childcare. This thoughtful approach not only addressed the immediate childcare needs of Tyson employees but also contributed to overall workforce retention and satisfaction, creating a sustainable model for supporting employee welfare while ensuring business productivity.

Building on this model of business-supported childcare, a childcare consortium offers a collaborative approach where nearby businesses—including private companies, nonprofit organizations, and public agencies—join forces to provide near-worksite childcare for their employees. In this model, the businesses, not the parents, are the cooperative members. This structure allows smaller businesses or those with fewer parent employees to offer childcare benefits. The consortium's board comprises representatives from the member businesses, who may also be parents and can include worker representation. Member businesses share the costs and benefits of the program and typically charge fees to employee-parents utilizing the center.²⁹

²⁹ Nunez, Ricardo, et al. “California Cooperative: Today’s Landscape of Childcare Cooperatives.” California Center for Cooperative Development, Oct. 2021, www.cccd.coop/sites/default/files/resources/CA%20Landscape-Childcare%20Coops.pdf.

Case Study Application

Energy Capital Cooperative Childcare

In 2016, eight businesses in Mercer County, ND, recognized the childcare struggles faced by their employees. Led by Basin Electric, they took the initiative to form a new entity to own and operate a childcare facility in the county. This effort resulted in the creation of the 501(c)3 nonprofit Energy Capital Cooperative Child Care to address the childcare gap in Mercer County.³⁰

A council member of New Bethel Congregational Church approached Energy Capital Cooperative Child Care with an opportunity to purchase the soon-to-be-vacated church building. The cooperative purchased the building and select contents (office furniture, appliances, etc.) at a very reasonable price, seeing it as a way to continue the church's legacy of ministering to families while meeting a dire need in the community. The facility was named "New Bethel" to reflect this goodwill.

In May 2017, the New Bethel Center opened in Hazen. The facility was established through the collaborative efforts of various local businesses, each contributing to the startup activities: Basin Electric Power Cooperative and subsidiary Dakota Gasification Company, Sakakawea Medical Center, North American Coal Corporation (representing The Coteau Properties Company and Coyote Creek Mining Company), Union State Bank, Knife River Care Center, Coal Country Community Health Centers, Hazen Public Schools, and Coyote Station. Technical support was provided by the North Dakota Association of Rural Electric Cooperatives' Rural Development Finance Corporation.

Board meetings are held monthly, and documentation such as meeting dates, times, agendas, minutes, and conflict of interest policy documents are available upon request by contacting the center's director. The board consists of representatives from supporting organizations: Erin Laverdure, President (Basin Electric Power Cooperative); KayLa Lindemann, Vice President (Union State Bank); Ken Miller, Secretary (Hazen Public Schools); Melissa Dillman, Treasurer (Sakakawea Medical Center); Brooke Borlaug (Coal Country Community Health Centers); Blake Kragnes (Knife River Care Center); Brad Zimmerman (Coyote Station); Nigel Schmitz (Dakota Gasification Company); Mark Pierce (North American Coal Corporation); and Darrold Bertsch (Sakakawea Medical Center/Coal Country Community Health Centers, retired).

The formation of Energy Capital Cooperative Child Care and the establishment of the New Bethel Center exemplify how local businesses can collaborate to solve community challenges. By pooling resources and expertise, these businesses have created a

³⁰ "Our Story." Energy Capital Cooperative Child Care, 2024, energycapitalcooperativechildcare.com/about/.

sustainable solution that supports working parents, enhances employee satisfaction, and strengthens the community.

Quality classroom environments and programming

The facilities must be carefully chosen for safety, accessibility, and compliance with zoning regulations, ideally near residential areas, workplaces, and schools.³¹ The facility design should promote safety and learning, with separate areas for different age groups, secure outdoor play areas, and adequate restroom facilities. Adhering to health and safety regulations, including childproofing, sanitation protocols, and emergency preparedness plans, is essential. Investing in high-quality, age-appropriate toys, learning materials, furniture, and technology ensures a conducive learning environment.³²

In center-based programs, appropriate group sizes should be maintained to ensure children interact with a limited number of adults and peers. A group typically consists of several children and adults within a defined space.³³ Virginia regulations state:

Ages	Teacher: Child Ratio
Birth to 16 months	1:4
16 months to 2 years	1:5
2 years	1:8
3 to 5 years	1:10

A proven curriculum must cover various developmental areas like cognitive, social, emotional, and physical.³⁴ Offering programs for different age groups such as infants, toddlers, preschoolers, and pre-kindergarten, along with enrichment activities like music, art, language, and physical education, can enhance the daycare’s appeal. Regular assessment of child development and seeking feedback from parents will help continuously improve the program. Parents may participate in activities such as reading stories, planning field trips, sharing cultural traditions, cooking family foods, and presenting cultural elements like dance and music. Adults within the program are trained

³¹ “Program Quality Dimensions and Best Practices for Center-Based Programs and Family Child Care Home Education Networks.” California Department of Education, 2007, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/www.desiredresults.us/sites/default/files/docs/resources/drsystem/qualitydimension sv0507.pdf.

³² “Opening a Quality Child Care Center.” State of Utah | Department of Workforce Services, 2012, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/familyenrichment.org/~familyen/editor_files/qualitycenter.pdf.

³³ “Types of Care.” Childcare Aware of Virginia, vachildcare.com/find-quality-childcare/child-care-types-of-care/. Accessed 15 July 2024.

³⁴ “Principles of Child Development and Learning and Implications That Inform Practice.” NAEYC, www.naeyc.org/resources/position-statements/dap/principles. Accessed 15 July 2024.

to facilitate meaningful dialogues with parents, holding regular meetings to address mutual concerns and integrate parental perspectives into curriculum and child development strategies.

Each child should be assigned a designated primary caregiver upon entering a program.³⁵ This primary caregiver becomes a consistent point of contact for the family, fostering strong relationships and promoting a sense of attachment and security in the child. To ensure continuity of care, a team of caregivers should be responsible for the same group of children daily, with overlapping schedules. This approach provides stability and consistency, which are essential for the children's emotional and social development. It is also crucial to avoid inappropriate mixed-age grouping solely to meet staffing ratio requirements, as this can undermine the effectiveness of the primary caregiving model and the quality of care provided.

Center-based programs should adhere to minimal staff turnover to ensure stability. The staffing pattern should prioritize consistent adult caregivers, keeping children in the same group for extended periods, ideally from year to year. This helps foster strong, reciprocal relationships between children and their primary caregivers. Children should retain their primary caregiver for over a year and have opportunities to visit former caregivers after transitioning to new groups, supporting emotional stability and security. Additionally, maintaining stable peer groups helps children build strong social connections and a sense of community.³⁶

Workforce development in the childcare sector is pivotal for maintaining high standards of care. Implementing comprehensive training programs that cover child development, safety protocols, health regulations, and educational methodologies ensures that childcare professionals are well-prepared and equipped with the necessary skills.³⁷ Continuous learning opportunities through workshops, seminars, and online courses are essential. These activities not only enhance the knowledge base of staff but also keep them updated on evolving best practices in childcare. First aid and CPR certifications are crucial components of this training, ensuring that staff can respond effectively to emergencies. By

³⁵ "Program Quality Dimensions and Best Practices for Center-Based Programs and Family Child Care Home Education Networks." California Department of Education, 2007, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/www.desiredresults.us/sites/default/files/docs/resources/drsystem/qualitydimension sv0507.pdf.

³⁶ "Supporting the Head Start Workforce and Consistent Quality Programming." Federal Register, Nov. 2023, www.federalregister.gov/documents/2023/11/20/2023-25038/supporting-the-head-start-workforce-and-consistent-quality-programming.

³⁷ "Training and Professional Development ." Childcare Virginia Department of Education, 2023, www.childcare.virginia.gov/providers/training-and-professional-development.

investing in ongoing professional development, childcare centers not only meet regulatory requirements but also foster a culture of continuous improvement, ultimately enhancing the quality of care provided to children and families.

Case Study Application

Partnership for Children of Wayne County and Wayne Community College

In January 2022, Partnership for Children of Wayne County successfully launched its innovative Child Care Academy in collaboration with Wayne Community College. The academy addressed the critical shortage of childcare workers by offering a two-week intensive training program at no cost to participants. Led by Valerie Wallace, Executive Director of the Partnership, and supported by the college's esteemed early childhood education department, the initiative aimed to equip newcomers with essential skills and certifications necessary for careers in childcare.³⁸

The academy's inaugural session, held from January 22 to February 2, saw a robust turnout, with 20 enthusiastic participants completing comprehensive training in child development, safety protocols, CPR, and first aid. This initiative was a direct response to the local childcare sector's struggle to fill vacancies, ensuring that trained professionals were available to maintain high standards of care in facilities across Wayne County.

Valerie Wallace emphasized the academy's role in not only meeting immediate workforce demands but also fostering long-term career growth within the childcare profession. Participants were encouraged to explore opportunities for further education and apprenticeships, supported by the partnership's commitment to ongoing professional development.

Building a robust workforce for the childcare industry involves not only initial training but also providing opportunities for on-the-job learning and development. By setting clear expectations and standards through comprehensive training, childcare providers can ensure consistent quality of care. Offering apprenticeships and internships allows new entrants to gain practical experience under supervision, preparing them for the responsibilities and challenges of working with children. These initiatives not only attract talented individuals to the profession but also contribute to the long-term sustainability and quality improvement of childcare services.

³⁸ Moore, Phyllis. "Child Care Academy Addresses Wayne County Worker Shortage." EducationNC, 11 Jan. 2024, www.ednc.org/child-care-academy-addresses-wayne-county-worker-shortage/.

Case Study Application

Colorado Mesa University Tech

In Colorado, the childcare landscape is currently strained by high demand, exacerbated further by the introduction of Universal Preschool Colorado during the 2023-2024 school year. This initiative has underscored existing staffing shortages, with many childcare facilities unable to fully utilize their classrooms due to insufficient qualified personnel.³⁹

To address these challenges, CMU Tech has launched an innovative early childhood educator apprenticeship program, modeled after the National Early Childhood Educator Apprenticeship Program developed by the Child Care Services Association (CCSA) in collaboration with the U.S. Department of Labor. This structured program offers a pathway for early childhood educators to enhance their skills through a combination of on-the-job training, college coursework, mentoring, and financial support.⁴⁰

Participants in the CMU Tech apprenticeship program work under supervision, completing 2,000 hours of on-the-job training and pursuing debt-free college education in early childhood coursework. Funded by a two-year grant from Colorado's Early Childhood Education Department, this initiative aims to bolster the local workforce by providing flexible learning opportunities tailored to meet the needs of aspiring educators. It is part of a broader effort across states like Arkansas, Minnesota, Ohio, Pennsylvania, and Wisconsin to improve the quality of early childhood education through enhanced training and compensation strategies.

Key benefits of the program include financial incentives such as monetary bonuses and grant-funded pay raises as apprentices reach program milestones. Participating childcare businesses benefit by receiving wage reimbursements for apprentices, with support often supplemented by local partnerships to cover costs.

Moreover, CMU Tech's program emphasizes building supportive relationships with apprentices, offering mentorship and wraparound services to ensure each student's success. This approach aims to overcome barriers to education, including language support for English language learners and assistance with tuition and scholarships.

³⁹ Walters, Giff. "Excellence in Early Childhood Education through Apprenticeships." Colorado Mesa University, 9 Aug. 2023, www.coloradomesa.edu/now/2023/08/excellence-in-early-childhood-education-through-apprenticeships.html.

⁴⁰ Basloe, Marsha. "Early Childhood Educator Apprenticeship Program: A Pathway to Build Competencies and Pay." Child Care Services Association, 10 Aug. 2023, www.childcareservices.org/2022/09/15/early-childhood-educator-apprenticeship-program-a-pathway-to-build-competencies-and-pay/.

Since its inception, the program has enrolled 26 students, with the first completers celebrated for their achievements, including bilingual certification. Retention rates have been excellent, highlighting the program's effectiveness in preparing students for careers in early childhood education. Looking ahead, Child Care Services Association (CCSA) plans to expand the program to additional states interested in adopting the apprenticeship model, thereby fostering a robust and stable early childhood workforce nationwide.

Case Study Application

Helping Hands at Danville Community College

In 2001, Danville Community College established a childcare building through community donations. The facility has been under the management of Helping Hands since 2019, the successful applicant to a Request for Proposal (RFP) issued by Danville Community College (DCC) to solicit qualified offerors for a contract established through competitive negotiation. The contract term is one year, with four one-year renewal options or as negotiated.

The 4,480-square-foot center, licensed for up to 87 children, serves ages 6 weeks to 12 years and offers both full-time and part-time enrollment. The center operates under a financially supportive model with DCC, featuring reduced rental fees. Comprehensive maintenance managed by DCC includes HVAC updates, roof maintenance, and exterior care. Safety systems such as the fire alarm and sprinklers are regularly tested, ensuring compliance and safety.

Helping Hands is responsible for all labor, materials, supervision, equipment, services, incidentals, and related items necessary for childcare services. The staff, consisting of 15 dedicated professionals, enjoys a supportive work environment that significantly contributes to the center's low turnover rate. The center prioritizes creating a positive and collaborative atmosphere, fostering open communication and mutual support among team members. Small but meaningful perks are provided such as soft toilet paper, snacks, and drinks to enhance daily comfort and morale. All lead teachers at the center hold at least an Associate Degree in Early Childhood Education, and most assistant teachers either have or are working towards their Associate Degree. This ensures the staff meets and exceeds state requirements, aligning with the center's mission of providing high-quality educational support.

The primary purpose of the childcare center is to provide comprehensive childcare services to DCC students. The center prioritizes children of DCC students, followed by children of DCC faculty and staff, children of employees at state or local public agencies, and then others. Helping Hands accepts subsidies from the Department of Social Services, and the DCC Educational Foundation provides scholarships for current DCC students enrolled at the center. In the past, the foundation has contributed approximately \$25,000 in scholarships, supporting the educational and childcare needs of DCC students.

The center collaborates closely with DCC's Early Childhood Education program, serving as the laboratory setting for students. This partnership provides students with hands-on experience in a developmentally appropriate setting, enhancing their learning. Most childhood development classes are taught either on campus or online, with observation and participation activities assigned in every class. Students are required to complete two 40-hour internships, logging most of their hours in the on-campus childcare center.

Currently, the center operates from 7:30 AM to 5:30 PM, with aspirations to extend hours in the future to accommodate more families. The center has had difficulty contacting the Child Care Food Program for participation in food programs over the past three years, impacting its ability to increase revenues.

An RFP (Request for Proposal) sample, successful proposal submission, and contract can be found at:

https://procure.cgieva.com/page.aspx/en/ctr/contract_manage_public/26592

Parental involvement

Communication with parents should be prioritized in their primary or preferred language. Effective communication between staff and families is essential to enhance caregiving practices and ensure consistent support for the child's development.⁴¹ When possible, staff members should share linguistic and cultural backgrounds with the community they serve. Additionally, enrollment information and the parent handbook may be published in languages commonly used by the community.

⁴¹ Smith, Linda. "Rural Child Care Policy Framework." Bipartisan Policy Center, Oct. 2023, bipartisanpolicy.org/download/?file=%2Fwp-content%2Fuploads%2F2023%2F10%2FBPC_ECI-Rural-Child-Care-Framework_R05.pdf.

Case Study Application

Kindercare Learning Centers

Kindercare Learning Centers, serving diverse communities implements a comprehensive communication strategy. They use a dedicated mobile app that allows real-time updates, photos, and direct messaging between parents and teachers, ensuring transparent and timely communication. Monthly newsletters, available in multiple languages, are distributed to inform parents about upcoming events, educational themes, and center updates. Bi-annual parent-teacher conferences are scheduled to provide detailed progress reports and discuss individualized learning plans for each child.⁴²

Staff training sessions and regular team meetings ensure all educators are aligned with communication protocols and best practices. These initiatives aim to strengthen teamwork, improve consistency in educational approaches, and foster a supportive environment that values cultural diversity.

The implementation of these strategies results in parent satisfaction and engagement, evidenced by positive feedback and reviews.

Home-based daycare

Home-based daycare is defined by its operation within a caregiver's home, providing a familiar and comfortable setting for children.⁴³ This type of childcare typically caters to smaller groups, allowing for individualized attention and personalized care. It offers greater flexibility in terms of hours and routines, making it easier to accommodate the needs of families. Home-based daycare must comply with specific licensing and regulatory requirements set by local and state authorities, which can vary widely. Care is often provided to children of different ages within the same group, fostering a family-like atmosphere. With lower overhead costs compared to center-based care, home-based daycare benefits from utilizing the caregiver's home and potentially requiring fewer staff.⁴⁴ This model is deeply community-based, serving local families and establishing

⁴² "The Family Handbook." Kindercare Learning Centers, 2023, www.kindercare.com/-/media/kindercare/documents/kclc_2023-family-handbook.pdf.

⁴³ "Child Care Centers." Family Child Care Centers | Childcare.Gov, childcare.gov/consumer-educationfamily-child-care-homes. Accessed 15 July 2024.

⁴⁴ Wonderschool. "Center-Based VS in-Home Daycare: Wonderschool." Wonderschool Resources Hub, 15 Nov. 2023, www.wonderschool.com/p/child-care-provider-resources/center-based-or-in-home-childcare-what-is-best-for-your-child/.

strong, personal relationships with parents and children. VT CECE outlines key components to consider in home-based daycares including:

- Administrative management
- Holistic workforce support
- Quality classroom environments and programming

Best practices in home-based childcare are vital for providers to uphold quality over time, especially for those running small businesses from their homes. These foundational elements pave the way for quality practices, fostering relationships and interactions that support families and enhance children's learning and development.

Administrative management

Managing business and finances effectively is paramount for providers. This involves not only budgeting and financial planning but also navigating the administrative tasks required to run a childcare business, such as record-keeping, tax preparation, and contractual agreements with parents.⁴⁵ These practices not only ensure financial stability but also contribute to the overall professionalism and sustainability of the childcare operation.

Case Study Application

Little People Family Child Care Network

Little People FCCN operates as a shared service alliance providing administrative and business support to childcare programs. Its mission promotes the emotional, social, and intellectual development of children in high-quality family childcare (FCC) homes. The network currently supports 92 state-licensed FCC educators, offering home visits, training, peer support, business assistance, and financial aid. It also functions as a state licensing agency, handling regulatory compliance. Families using the network's services pay privately, with most revenue coming from parent fees. The organization employs five staff specialists who manage caseloads of 17 to 24 educators, four childcare specialists who conduct licensing and monthly visits, and one quality specialist who supports state and federal program participation. Additionally, a workforce development coordinator oversees onboarding and training for new educators.⁴⁶

⁴⁵ Hartwig, Eric. "Childcare Needs Assessment & Feasibility Study." Cropp Cooperative, Dec. 2015, www.7riversalliance.org/wp-content/uploads/2019/05/Childcare-Needs-Assessment-and-Feasibility-Study-V.I.pdf.

⁴⁶ Bromer, J., Ragonese-Barnes, M., & Porter, T. (2020). Inside family child care networks: Supporting quality and sustainability. Chicago, IL: Herr Research Center, Erikson Institute.

Revenue primarily comes from childcare fees, which should be competitively priced based on local market rates and the services offered. Ensuring a clear, transparent fee structure helps build trust with parents.⁴⁷ In an attempt to enhance potential profitability, childcare providers in Yadkin County are exploring innovative approaches to reduce building operation costs, which constitute a significant portion of their overall expenses.

Case Study Application

EarlyEd FlexPlex in Yadkin County, NC

In February 2023, Yadkin County petitioned for a rule change to create the EarlyEd FlexPlex childcare model, aimed at expanding childcare access in rural areas. Designed by Business of Child Care, this model allows multiple small early childcare programs to operate within a single facility outside of providers' residences, enabling shared use of the facility and creating a support network among six providers. This arrangement removes financial barriers such as mortgage or rent concerns and renovation costs, promoting financial sustainability by reducing operational costs through shared administrative support. The model is designed to offer higher wages for providers and accept subsidies from the state and local employers, making care more affordable for parents. The facility will support multiple age groups, enhancing its appeal and utility.

The North Carolina Department of Health and Human Services' Division of Child Development and Early Education conducted an impact analysis, hosted a public hearing, and opened a 60-day public comment period. By September 2023, the NC State Child Care Commission approved the rule change.⁴⁸

One year later, local leaders in K-12 education, philanthropy, and industry have rallied behind the EarlyEd FlexPlex model, viewing it as a solution for families and businesses. They have raised 40% of the necessary funds to build the facility, totaling \$590,000, and are seeking an additional \$2 million from local and state sources. The land for the facility, donated by community members Marion and Jewell Welborn, is strategically located near the county's major employers.⁴⁹

The model predicts that childcare providers, who will also own their programs, will earn \$55,000 a year, while other employees will make \$15 an hour. The Economic Development

⁴⁷ Hartwig, Eric. "Childcare Needs Assessment & Feasibility Study." Cropp Cooperative, Dec. 2015, www.7riversalliance.org/wp-content/uploads/2019/05/Childcare-Needs-Assessment-and-Feasibility-Study-V.1.pdf.

⁴⁸ Bell, Liz. "Yadkin County Innovation Could Relieve Rural Child Care Shortages." EducationNC, 7 Feb. 2023, www.ednc.org/2023-02-07-yadkin-county-innovation-model-relieve-rural-child-care-shortages/.

⁴⁹ Bell, Liz. "Yadkin Leaders Changed State Rules to Enable a New Kind of Child Care. Now They're Trying to Build It." EducationNC, 18 Mar. 2024, www.ednc.org/yadkin-county-leaders-new-kind-child-care-model-raise-funding-build/.

Partnership (EDP) will own the facility and lease it to the local Smart Start partnership, which will manage the providers and offer quality-enhancing supports. The program will also offer on-the-job training and observation for prospective early childhood teachers in partnership with Yadkin-Surry Works, an apprenticeship program with a specific early childhood pathway.

This model hopes to meet the urgent need for high-quality early learning (both social and emotional skills) that many kindergartners in the county lack, especially among children from poverty-stricken backgrounds. The business community shares this concern, with local manufacturers unable to fill positions due to the childcare shortage. Many families seek childcare in neighboring counties, contributing to a declining local population. Establishing sufficient childcare could help retain young families and support the local workforce.

Accessing community resources and networks is another critical foundation. Providers who are aware of and can utilize external supports, such as developmental screenings, social services, and professional networks, enhance their ability to meet the diverse needs of children and families in their care.⁵⁰ These resources not only supplement caregiving practices but also strengthen providers' capacity to navigate challenges and promote positive outcomes.

Holistic workforce support

Promoting providers' self-health and wellness is essential, as the emotional and physical well-being of caregivers directly influences their interactions with children and families. Given the often-solitary nature of home-based childcare work and the potential for isolation and stress, providers benefit from access to resources that support their physical and mental health.⁵¹ This includes opportunities for self-care, professional development, and peer support networks.

Case Study Application

Infant Toddler Family Day Care

A 501-(c)(3) non-profit corporation established in 1983 to be an early childcare and education resource for families. The program is a shared consortium of providers located in Fairfax, Virginia that receive a wide range of supports and services including marketing,

⁵⁰ Morris, Suzann. "Best Practices for Family Child Care Facilities: Supporting Our Youngest Learners." Bipartisan Policy Center, Sept. 2021, bipartisanpolicy.org/explainer/best-practices-for-family-child-care-facilities-supporting-our-youngest-learners/.

⁵¹ "Program Quality Dimensions and Best Practices for Center-Based Programs and Family Child Care Home Education Networks." California Department of Education, 2007, [chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/www.desiredresults.us/sites/default/files/docs/resources/drsystem/qualitydimension_sv0507.pdf](https://efaidnbmnnnibpcajpcglclefindmkaj/www.desiredresults.us/sites/default/files/docs/resources/drsystem/qualitydimension_sv0507.pdf).

training, monthly billing and collections, professional networking, support to parents, and a substitute pool.⁵²

Seeking professional supports for caregiving and teaching further enhances quality in home-based childcare. This includes participating in coaching, consultation, and training programs tailored to childcare providers. Such supports offer opportunities for continuous learning, skill development, and implementation of evidence-based practices that benefit children’s development and school readiness.⁵³ Reflective practices among providers, where they regularly assess and adapt their caregiving approaches based on observation and feedback, are crucial for maintaining and improving quality over time. This includes reflecting on interactions with children, evaluating the effectiveness of educational activities, and adjusting routines to better support individual developmental needs. Providers who engage in reflective practices are better equipped to provide responsive care that promotes positive relationships and fosters children’s overall development.

Quality classroom environments and programming

Program planning in a home-based setting includes developing age-appropriate curricula and activities tailored to children’s developmental stages.⁵⁴ Equally important is creating and maintaining a safe environment that complies with local regulations and safety standards. Providers must implement rigorous safety protocols, including childproofing measures, emergency preparedness plans, and adherence to health and sanitation guidelines. This foundational element not only ensures the physical well-being of children but also fosters trust and confidence among parents.

⁵² “Program Basics/Rates.” Infant Toddler Family Day Care, Sept. 2018, www.infanttoddler.com/what-we-do/our-programs/program-basicsrates/.

⁵³ Smith, Linda. “Rural Child Care Policy Framework .” Bipartisan Policy Center, Oct. 2023, bipartisanpolicy.org/download/?file=%2Fwp-content%2Fuploads%2F2023%2F10%2FBPC_ECI-Rural-Child-Care-Framework_R05.pdf.

⁵⁴ “Program Quality Dimensions and Best Practices for Center-Based Programs and Family Child Care Home Education Networks.” California Department of Education , 2007, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/www.desiredresults.us/sites/default/files/docs/resources/drssystem/qualitydimension sv0507.pdf.

Childcare Proforma Development

This section presents the financial framework and projections crucial for assessing the viability and long-term sustainability of childcare operations. It comprehensively examines revenue streams, operating expenses, and investment needs, offering a detailed financial plan. Through financial modeling and scenario analysis, stakeholders can achieve a clear understanding of economic feasibility and develop strategic plans to foster quality childcare services within the Danville-Pittsylvania region.

Startup Costs

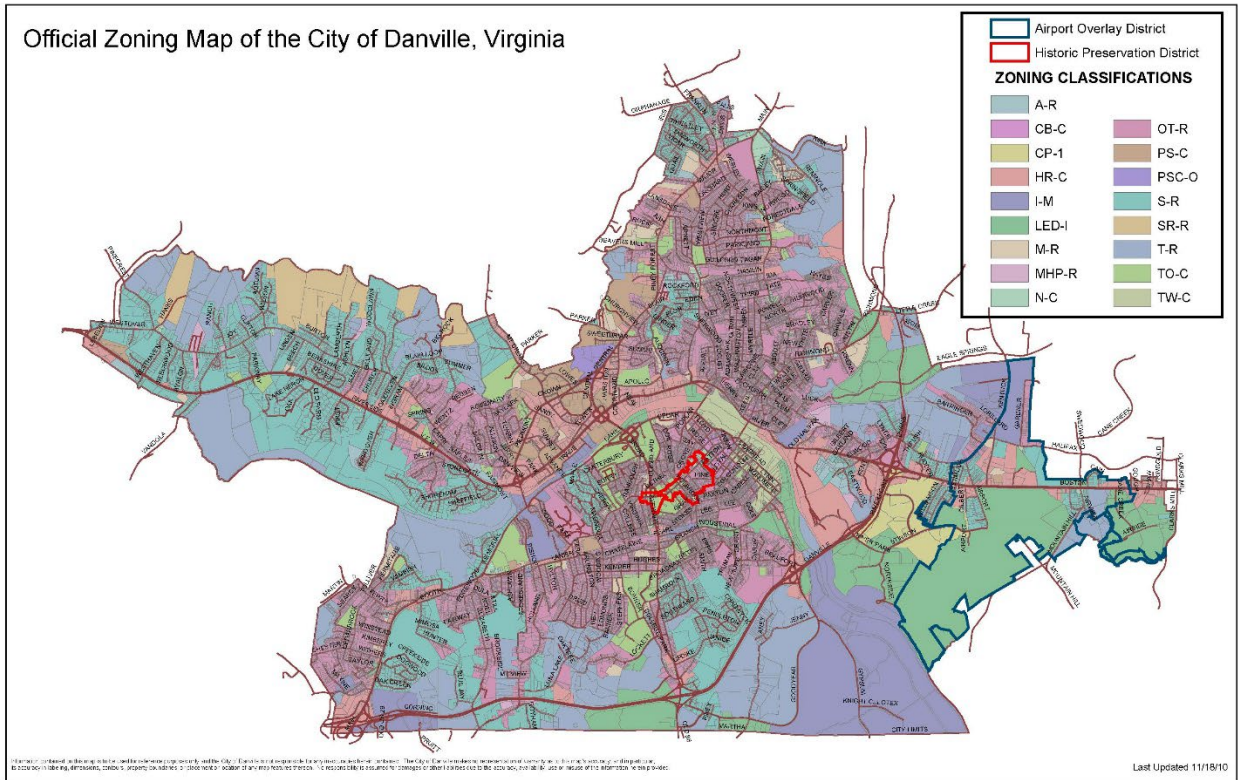
Starting a childcare business involves various startup costs that can vary significantly depending on the location, scale, and type of childcare provided. These costs fall into broad categories including licensing and permits, facility costs, equipment and supplies, staffing, marketing, and insurance.

Land and Zoning

Danville

Zoning Districts and Permitted Uses

Childcare facilities are generally permitted in certain zoning districts. It is essential to confirm that the property you intend to use is appropriately zoned. This information can be found through the city's zoning map and detailed zoning ordinances.



Source: Danville Zoning Districts Map. City of Danville, Virginia. (n.d.). Zoning. Retrieved July 9, 2024, from <https://www.danville-va.gov/488/Zoning>

Zoning Clearances

Before commencing, business owners must secure zoning clearance from the Danville Planning & Zoning Department. This process entails confirming compliance with local zoning regulations and acquiring requisite permits. A \$20 fee is required for obtaining the zoning clearance.

The average price of land in Danville, VA fluctuates based on property size and location. As of 2024, land prices average around \$33,365 per acre. Smaller residential lots in Danville generally range from \$30,000 to \$50,000 for parcels spanning 0.2 to 0.6 acres.⁵⁵

⁵⁵ Landsearch.

Pittsylvania County

Zoning Requirements

The property must be in a zoning district that permits childcare. These districts are specified in the county's zoning ordinance, and childcare facilities may require a special use permit depending on the district.

Special Use Permits

To operate a childcare facility in a zoning district requiring a special use permit, applicants must initiate the permit application process. This process entails a thorough review by the Planning Commission and the Board of Zoning Appeals, which incorporates a public review phase.

The average price per acre for land in Pittsylvania County averages around \$5,700, mirroring typical farmland values across Virginia.

Building

Choosing between building new, leasing, or buying a childcare facility involves weighing several factors. Building new allows for customization and long-term investment potential but comes with high initial costs and construction complexities. Leasing offers lower upfront expenses, flexibility in relocation, and faster occupancy, yet limits control over modifications and long-term stability due to lease terms. Buying provides stability, equity buildup through mortgage payments, and customization freedom but requires substantial upfront investment and ongoing maintenance responsibilities. Each option presents unique opportunities and risks, depending on financial capacity, business goals, and the desired level of control over the facility's operations and future growth.

Due to the space requirements, liability, and ongoing costs of operating a unique environment like a childcare center, reduction, or elimination of occupancy costs like rent are enough to impact the bottom line significantly and help make the difference between 2 and 10 years of operation.⁵⁶ The childcare facility must comply with the Virginia Uniform Statewide Building Code (VUSBC), which includes regulations on building safety, fire prevention, and health standards. The Pittsylvania County Building Inspections department oversees the permitting and inspection process to ensure compliance with these codes. More details can be found on the county's website.

⁵⁶ Brown, Chris, et al. "The Growing Strain on the Child Care Business Model." Common Sense Institute, 8 Mar. 2023, commonsenseinstitute.org/growing-strain-on-child-care-business-model/.

Facility Requirements

For a high-quality childcare center in Virginia, it is generally advised to allocate about 125 square feet per child for the interior space, including both assignable and non-assignable areas. This typically results in at least 45 to 50 net square feet of classroom space per child, as recommended by most experts. The remaining space should be used for circulation, offices, storage, bathrooms, gross motor areas, a kitchen, and common areas. This recommendation exceeds the Virginia state requirement of 35 square feet of usable floor space per child per classroom by 10 to 15 square feet. The Virginian State regulations require 75 square feet of outdoor space per child over two years old who is outdoors at any given time, and for children less than two years old, 35 square feet.⁵⁷

A well-designed center considers the developmental stages of each age group it serves, emphasizing children’s freedom to explore and fostering a nurturing atmosphere. The facility should include designated spaces where parents can quietly engage with their children, meet privately with caregivers, or store car seats. Addressing the needs of adult caregivers and staff enhances operational efficiency and job effectiveness. When planning the center's design, it is crucial to align with the target demographic, anticipate future growth, and adhere to the Americans with Disabilities Act (ADA).

The Danville Inspections Division oversees childcare facilities in Danville to ensure compliance with the Virginia Uniform Statewide Building Code (VUSBC).⁵⁸ Similarly, the Pittsylvania County Building Inspections Department oversees the permitting and inspection process to ensure compliance with codes in Pittsylvania county.⁵⁹

Before opening, a childcare facility must undergo an inspection by the VDOE, including bi-annual unannounced visits to ensure continuous compliance with health and safety standards.⁶⁰

Equipment and Supplies

In addition to the construction costs of building a center, it is essential to consider the expenses for equipment and supplies.

⁵⁷ “Opening a Quality Child Care Center.” State of Utah | Department of Workforce Services, 2012, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/familyenrichment.org/~familyen/editor_files/qualitycenter.pdf.

⁵⁸ “Inspections.” Danville Virginia, www.danville-va.gov/424/Inspections. Accessed 15 July 2024.

⁵⁹ “Building Inspections.” Pittsylvania County, VA, www.pittsylvaniacountyva.gov/government/departments/community-development/building-inspections. Accessed 16 July 2024.

⁶⁰ “Become a Licensed Provider.” Childcare Virginia, www.childcare.virginia.gov/providers/become-a-licensed-provider. Accessed 16 July 2024.

Appliances: The cost of all appliances will be in addition to space costs. If the center provides meals, an industrial kitchen must be included in the design plan. If meals are not provided, a residential-style kitchen with a refrigerator, sanitizing dishwasher, stove, and oven will be necessary. The center will also need a washer and dryer.

Child furnishings: Furnishing costs are estimated at approximately \$18,000–\$20,000 per classroom. Additional funds will be needed if multi-purpose rooms are available. Additionally, materials for learning areas such as math, science, literacy, art, and music will cost around \$5,000 per classroom.⁶¹

Playground equipment: At least two playgrounds are necessary: one for infants and toddlers and another for preschoolers and school-aged children. The cost for two playgrounds will range from \$150,000 to \$250,000, depending on the equipment and design.⁶²

Franchising

Owning a franchise presents both opportunities and challenges. Franchises offer immediate access to established brand recognition, facilitating quicker customer trust and market penetration compared to independent startups.⁶³ They also provide proven business models and operational frameworks, which can mitigate the inherent risks of starting a new business. Support from the franchisor in the form of comprehensive training, marketing campaigns, and ongoing operational guidance further enhances the chances of success. Furthermore, bulk purchasing and centralized supply chains often lead to lower costs for goods and services, which can increase profitability.

Conversely, owning a franchise involves substantial financial commitments and operational constraints. Initial investments, such as franchise fees and ongoing royalties, can impact profitability significantly, especially in the early stages of business development. Franchisees are bound by strict franchisor guidelines encompassing branding, product offerings, operational procedures, and marketing strategies, limiting flexibility in decision-making tailored to local market dynamics or personal business preferences. Furthermore, the success of a franchise is closely tied to the overall performance and decisions of the franchisor, leaving franchisees with little control over critical aspects affecting their business outcomes.

⁶¹ Opening a Quality Child Care Center.” State of Utah | Department of Workforce Services, 2012, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/familyenrichment.org/~familyen/editor_files/qualitycenter.pdf.

⁶² Opening a Quality Child Care Center.” State of Utah | Department of Workforce Services, 2012, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/familyenrichment.org/~familyen/editor_files/qualitycenter.pdf.

⁶³ Brightwheel. “How to Start a Daycare Franchise: The Ultimate Guide.” How to Start a Daycare Franchise | The Ultimate Guide, 6 Feb. 2024, mybrightwheel.com/blog/daycare-franchise.

Franchise or corporate childcare models are strategically placed in urban and suburban areas, business districts, and high-growth regions to meet the demand of working parents and provide a competitive yet profitable market for these businesses. Initial funding for start-up should ideally derive from a mix of sources, including personal savings, and small business loans. Additionally, franchisees can incorporate funds from federal, state, and local grants specifically for childcare services. Franchise fees, which vary depending on the brand and the size of the business, are typically the primary costs and are required upfront. Initial franchise fees can range from \$20,000 - \$200,000.⁶⁴ Additionally, ongoing royalty fees, ranging from 5-10% or a percentage of monthly revenue may be required.⁶⁵ It is advised that sufficient working capital must be available to cover the first 6-12 months of operations, including rent, salaries, utilities, supplies, and marketing expenses.

Operational Costs

Analyses of early childhood program budgets find that the workforce is the largest expense, accounting for 60 percent to 80 percent of total program expenses.⁶⁶ The remaining 20 percent to 40 percent of expenses for a childcare program fall broadly into three categories:

- Occupancy: including rent, utilities, and maintenance
- Office and administrative: including things such as supplies and equipment, internet and phone service, and fees and permits
- Classroom expenses: including educational supplies, observation tools and food

Associated Business Taxes and Licenses

Establishing a childcare center in Virginia involves navigating a structured framework of licenses, permits, and tax requirements, each associated with specific costs. Prospective operators must first secure a general business license, typically ranging from \$50 to \$200 depending on the locality. Acquiring a childcare facility license from the Virginia Department of Social Services (VDSS) incurs an application fee based on capacity, ranging from \$70 to \$1,400, with additional costs for pre-licensure training (approximately \$100 to \$200) and background checks (about \$50 to \$100 per staff member).

⁶⁴ Brightwheel. "How to Start a Daycare Franchise: The Ultimate Guide." How to Start a Daycare Franchise | The Ultimate Guide, 6 Feb. 2024, mybrightwheel.com/blog/daycare-franchise.

⁶⁵ Brightwheel. "How to Start a Daycare Franchise: The Ultimate Guide." How to Start a Daycare Franchise | The Ultimate Guide, 6 Feb. 2024, mybrightwheel.com/blog/daycare-franchise.

⁶⁶ Workman, Simon. "Where Does Your Child Care Dollar Go?" Center for American Progress, 9 Nov. 2021, www.americanprogress.org/article/child-care-dollar-go/.

Ensuring compliance with local zoning ordinances may involve fees ranging from \$100 to \$500, while building permits, necessary for construction or renovations, can range significantly from \$500 to \$2,000 or more based on project scope. Business taxes, including ongoing obligations for sales tax (if applicable) and withholding tax, have no initial registration cost but are significant ongoing considerations.

Other financial considerations include personal property taxes on business assets, variables based on property value and locality, and mandatory insurance coverage. Annual costs for liability insurance typically range from \$500 to \$2,000, while workers' compensation insurance, based on payroll, can vary widely. Compliance with health and safety regulations, crucial for maintaining a secure environment, may involve costs ranging from a few hundred to several thousand dollars for necessary modifications and equipment.

In summary, the total initial investment to start a childcare center in Virginia can range from \$8,000 to \$36,500 or more, depending on factors such as location, facility size, and specific operational requirements. These costs encompass licensing, permits, insurance, and compliance with regulatory standards essential for establishing and maintaining a successful childcare operation.

Salaries and Wages

In a high-quality center, a large percentage of the overall budget expense is in the staff salaries. A full-time director, a part-time administrative assistant, three teachers per classroom and one full-time floater teacher.

A typical staffing schedule for each classroom would include one teacher working from 7 a.m. to 2 p.m., one aide from 9 a.m. to 4 p.m., and one teacher assistant from 11 a.m. to 6 p.m.

Note that there will be pre-opening staffing costs not covered by revenues. For instance, the director may start three to five months before opening, the administrative assistant two months before opening, and teachers one-and-a-half weeks before opening.

Benefits

Employee benefits account for a significant portion of total compensation, often representing a substantial percentage of an employee's overall remuneration package.

According to data from the U.S. Bureau of Labor Statistics (BLS), as of March 2024, benefits typically account for approximately 30-35% of total compensation.⁶⁷

This percentage can vary based on several factors, including the size of the childcare provider, location, and the specific benefits offered. For instance, benefits might include health insurance, retirement plans, paid time off, bonuses, and other perks, each of which can impact the overall percentage differently.

Payroll Taxes

In Virginia, payroll taxes represent a significant portion of total compensation, typically around 9.25%. This includes federal taxes such as Social Security (6.2% for employers), Medicare (1.45% for employers), and Federal Unemployment Tax Act (FUTA) at 0.6% after credits.⁶⁸ Additionally, the Virginia State Unemployment Tax Act (SUTA) varies but averages around 1%.⁶⁹

Insurance

Insurance costs for childcare providers in Virginia vary depending on whether they operate center-based facilities or family day homes. For center-based childcare providers, annual premiums typically range from \$500 to \$2,000 for general liability insurance, which covers risks like bodily injury and property damage. Professional liability insurance, necessary for errors and omissions coverage, incurs additional costs based on policy terms and coverage limits. Property insurance costs depend on the value of the facility and its contents. Family day home providers generally face lower insurance costs, with general liability premiums ranging from \$300 to \$1,000 annually, depending on the home size and number of children cared for. Professional liability and property insurance considerations are also relevant but tend to be less extensive compared to center-based operations. Other insurance considerations include workers' compensation if employees are hired, vehicle insurance if transportation services are provided, and umbrella liability insurance for additional coverage. To obtain precise insurance quotes, it's advisable for childcare providers to consult with insurance providers specializing in childcare coverage, ensuring compliance with Virginia's regulatory requirements while safeguarding against potential risks specific to childcare operations.

⁶⁷ "Employer Costs for Employee Compensation." U.S. Bureau of Labor Statistics, U.S. Bureau of Labor Statistics, 5 July 2024, <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/www.bls.gov/news.release/pdf/ecec.pdf>.

⁶⁸ Miranda, Dana, and Cassie Bottorff. "Payroll Tax Rates (2024 Guide)." Forbes, Forbes Magazine, 4 May 2024, www.forbes.com/advisor/business/payroll-tax-rates/#:~:text=In%20most%20cases%2C%20the%20federal,to%20as%20self%2Demployment%20tax.

⁶⁹ Towson, Tom. "Outlook for State Unemployment Insurance (SUI) Tax Rates in 2024 and Beyond." Equifax Workforce Solutions, Mar. 2024, workforce.equifax.com/all-blogs/-/post/outlook-for-state-unemployment-insurance-sui-tax-rates-in-2024-and-beyond.

Utilities

The cost of utilities for childcare providers in Virginia varies based on factors such as facility size, number of children served, and local utility rates. For center-based childcare providers, expenses typically include electricity and heating, which can vary widely depending on facility size and HVAC usage.⁷⁰ Water and sewer costs are also significant, determined by usage levels in bathrooms and kitchen facilities. Trash and recycling services incur additional costs based on collection frequency and provider fees. Internet and phone services are essential for administrative purposes and communication with parents, with costs varying based on service plans. Family day home providers generally have lower utility costs compared to centers, with scaled-down expenses for electricity, heating, water, and sewer, reflective of smaller-scale operations. Managing utility expenses through energy-efficient practices can help minimize costs, but providers should budget carefully and monitor actual usage to maintain operational efficiency and financial stability.

Maintenance and Repairs

The operational expenses for maintenance and repairs for childcare providers, whether center-based or home-based, encompass a range of costs essential for ensuring safe and functional environments. For center-based providers, these expenses typically include regular facility maintenance such as cleaning services, HVAC system inspections, and general repairs, amounting to approximately \$500 to \$1,500 per month depending on the facility size and service agreements. Home-based providers similarly face expenses for household maintenance like landscaping and exterior repairs, estimated at around \$200 to \$500 monthly.

Costs also extend to maintaining playground equipment, educational materials, and furniture, which can vary widely but generally amount to several hundred to a few thousand dollars annually. Additionally, periodic renovations and upgrades to comply with regulatory standards and improve functionality can incur significant one-time costs.

⁷⁰ Calbert, Rebecca. "What Does It Cost to Pay Utilities on Daycare Center." Childcare Design Studio, 5 June 2024, childcaredesign.com/what-does-it-cost-to-pay-utilities-on-a-6000-sq-ft-daycare-center/.

Materials, Equipment, and Software

The operating expenses for childcare materials, equipment, and software depend significantly on the size of the facility and the number of children served. Typical annual costs include \$500 to \$2,000 for toys and educational materials, necessary for various age groups, and about \$300 to \$1,000 for arts and crafts supplies such as paper, paints, and markers. Allocating approximately \$200 to \$500 annually for books and learning resources further supports educational activities. Equipment expenses primarily involve computers and tablets with educational software, averaging \$500 to \$2,000 per device, plus additional costs for software licenses. Software expenses encompass educational programs and administrative systems, budgeted at approximately \$500 to \$1,500 and \$1,000 to \$5,000 annually, respectively.

Food

The operational expense for food at a childcare provider site varies based on factors such as meal programs, menu choices, dietary requirements, and the number of children served. Providers may participate in government meal programs like the Child and Adult Care Food Program (CACFP) or independently plan and prepare meals. Participation in CACFP can provide financial assistance and nutritional guidelines but requires adherence to specific meal requirements and reporting standards.

Menu planning plays a significant role in determining food expenses. Providers must consider the nutritional needs of children, cultural preferences, and any dietary restrictions or allergies. Typical expenses range from \$3 to \$6 per child per day, covering breakfast, lunch, snacks, and potentially dinner for extended care. Each meal involves not only the cost of food but also labor expenses for kitchen staff responsible for meal preparation and cleanup. Additionally, expenses related to food storage equipment, containers, utensils, and cleaning supplies contribute to the total operational budget.

Training

The operating expense for training childcare providers can be partially subsidized by various educational institutions or child support agencies, which offer grants, scholarships, or subsidized training programs to offset costs. Mandatory pre-service training, covering topics like child development and safety, typically ranges from \$50 to \$200 per staff member. Ongoing professional development, crucial for skill enhancement and staying updated, costs between \$50 to \$300 per session per staff member. Specialized training, such as first aid and CPR certification or behavior management, averages \$50 to \$150 per staff member, depending on certification requirements. Administrative and leadership training, essential for management and compliance,

generally ranges from \$100 to \$500 per session. These expenses can often be partially covered through partnerships with educational institutions or grants from child support agencies, ensuring that childcare providers can maintain staff qualifications and deliver high-quality services efficiently.

Background Checks

The cost of background checks for employees in childcare centers typically ranges from \$50 to \$100 per person, depending on the depth and type of check required. Basic background checks, which include Social Security number verification, criminal history, and sex offender registry checks, generally cost between \$20 and \$50. Comprehensive background checks, which also verify employment history and education, range from \$50 to \$100. Fingerprint-based checks, often required for positions involving children, cost about \$50 to \$80. Additionally, child abuse and neglect registry checks, necessary for ensuring staff members have no history of abuse or neglect, cost around \$10 to \$20 per check. These thorough checks are essential for maintaining the safety and security of children in a childcare setting and are often mandated by state regulations.⁷¹

Accrued Debt and Interest

The operating expense for accrued debt and interest for a childcare provider varies based on the loan amount, interest rates, and loan terms. Typically, small business loans for such providers range from 4% to 13% interest and can span 3 to 10 years, with real estate loans potentially extending to 25 years. For example, a \$100,000 loan at 6% interest over 10 years would result in monthly payments of approximately \$1,110, totaling \$132,680 over the loan's duration, with \$32,680 paid in interest. These monthly payments are an essential operating expense that must be budgeted for accurately. Consulting with a financial advisor is recommended to get precise estimates and ensure proper financial planning.

Operational Revenue

Childcare providers generate revenue through multiple streams, ensuring financial stability and the ability to offer comprehensive services. The primary income source is tuition and fees charged for full-time, part-time, and after-school care. Full-time care typically brings in the most consistent revenue, with weekly or monthly fees ranging from \$150 to \$400 per child. Part-time care and after-school programs also contribute significantly, with fees adjusted based on the hours and days of service. Providers often implement registration fees for new enrollments and miscellaneous fees for services like

⁷¹ "Staff Background Checks." Childcare.Gov, childcare.gov/consumer-education/staff-background-checks. Accessed 11 July 2024.

late payment processing, or special events. These fees, although smaller individually, contribute to the overall revenue. **For instance, a center with 50 full-time children at \$200 per week generates \$10,000 weekly. Part-time care, with rates from \$100 to \$250 per week per child, and after-school care, with rates from \$50 to \$150 per week, also contribute significantly. If a center has 20 part-time children at \$150 per week, it earns an additional \$3,000 weekly, and with 10 after-school children at \$75 per week, it adds another \$750 weekly.**

Additional services provide another crucial revenue stream. Childcare providers often offer extended hours for early drop-offs and late pick-ups, charging extra fees for this convenience. Providing meals and snacks, either included in the tuition or as a separate charge, can further increase income. Many centers offer enrichment programs such as music, art, language classes, and sports activities for an additional fee, attracting parents looking for comprehensive developmental opportunities for their children. Seasonal programs, like summer camps, can also boost revenue during school holidays. **For a center with 80 children using these services at \$30 per week, this could mean an extra \$2,400 weekly. Combining these revenue streams would total \$16,150 in weekly revenue. Annually, this sums to approximately \$839,800, assuming year-round operation.**

Government funding and subsidies play a vital role, especially for providers serving low-income families. These subsidies can offset operational costs. Additionally, childcare providers may benefit from various tax credits and incentives aimed at supporting early childhood education. For childcare providers and employers interested in patterning together can qualify for the federal employer-provided childcare credit, formally known as the Employer-Provided Childcare Credit. This tax credit is offered to businesses that provide childcare facilities or services for their employees. This credit, available under Section 45F of the Internal Revenue Code, allows employers to receive a tax credit equal to 25% of their expenditures on childcare facilities and 10% of their expenditures on resource and referral services, up to a maximum credit of \$150,000 per year. The goal of the credit is to encourage businesses to invest in childcare infrastructure, making it easier for employees to balance work and family responsibilities and ultimately enhancing employee productivity and retention.

Fundraising activities and donations from parents and the community are common practices to raise additional funds. Some providers also receive direct donations, which can be used for facility improvements, new equipment, or scholarship programs for families in need.

Financial Resources

The following financial resources would support startup capital costs of a childcare center and perhaps possible focused programs within a center. Ongoing operational costs are often not included in these grants; at most, grants will allow for 10% of the funding to cover operational costs. As such, operational costs and anything that helps subsidize those costs must come from Child Care & Development Block Grant or similar, community groups, and supporting businesses.

Federal

Rural Community Development Initiative

USDA's Rural Community Development Initiative is an annual federal grant program seeking to improve housing, community facilities, and community and economic development projects in rural areas. RCDI grants are awarded to help non-profit housing and community development organizations, low-income rural communities and federally recognized tribes support housing, community facilities and community and economic development projects in rural areas.

Eligible grant recipients are public bodies, non-profit organizations, and other qualified private (for-profit) organizations. Grant recipients may receive awards ranging from \$50,000-\$500,000 with a match requirement. The application window closes on July 15, 2024.

Small Business Administration 7(a) Loans

The Small Business Administration (SBA) offers 7(a) loans to small businesses by SBA requirements. It allows small businesses to use the loan for acquiring, refinancing, or improving real estate and/or buildings. This loan can also focus on short-term and long-term working capital, refinancing current business debt, purchasing and installation of machinery and equipment, purchasing furniture, fixtures, and supplies, and changes of ownership.

The loan program is open year-round with a maximum loan of \$5 million. However, 7(a) loans made under the SBA Express and Export Express delivery methods have maximum loan amounts of \$500,000. The term of the loan will be a maximum of 25 years, including extensions, with variable rates negotiable between the borrower and the lender. There is a maximum interest rate as well based on the size of the loan.

Community Facilities Direct Loan and Grant Program

The USDA provides funding to states to administer the Community Facilities Direct Loan and Grant Program. The program consists of low-interest direct loans, grants, or a

combination of the two, which can be used to purchase, construct, and/or improve essential community facilities, purchase equipment and pay related project expenses. Examples of essential community facilities include community support services such as child care centers, community centers, fairgrounds, and transitional housing.

Applications for the program are accepted year-round. The amount of funding varies, as the grants are authorized on a graduated scale. Applicants located in small communities with low populations and low incomes will receive a higher percentage of grants.

Grants are available to public entities such as municipalities, counties, and special-purpose districts, as well as nonprofit corporations and tribal governments. Loans are also available to public entities such as municipalities, counties, and special-purpose districts, as well as to nonprofit corporations and tribal governments.

Community Facilities Guaranteed Loan Program

The USDA Community Facilities Guaranteed Loan Program is a loan program which provides loan guarantees to eligible lenders to develop essential community facilities (CF) in rural areas. An essential community facility is defined as a public improvement, operated on a non-profit basis, needed for the orderly development of a rural community where the rural community is a city or town, or its equivalent county or multi-county area. The term “facility” refers to both the physical structure financed, and the resulting service provided to rural residents or rural businesses. Funds can be used to construct, enlarge, extend or otherwise improve essential community facilities. Guarantee funds can also be used for refinancing the debt of an essential community facility.

This program is open year-round with a maximum loan of \$100 million. Interest rates are negotiated between the lender and borrower and may be fixed or variable. The lender is responsible for servicing the loan prudently and must analyze credit factors.

Community Economic Development Program

Office of Community Services Community Economic Development (CED) Program is a federal grant program funding Community Development Corporations (CDC) that address the economic needs of individuals and families with low income through the creation of sustainable business development and employment opportunities. CED's projects create employment opportunities through a variety of activities, such as capital expenditures for equipment or real property, allowable operating expenses, and loans or equity investments.

The grant is a competitive discretionary grant with no match required. Eligible applicants include private, non-profit CDCs that are governed by a tripartite board of community residents, business leaders, and civic leaders. CDCs must have their primary purpose

planning, developing, or managing low-income housing or community development projects.

In 2020, Piedmont Housing Alliance in Charlottesville applied for an \$800,000 CED grant for the construction of an Early Childhood Education Center. The funds will be used for hard costs associated with construction. The Center will be located at the Friendship Court redevelopment, a 150-unit multi-family Section 8 housing complex located in a severely economically distressed neighborhood. The jobs include over 30 teaching jobs and will help to provide needed child care to the community. The project will leverage nearly \$5M additional funds. This project will create 41 full-time jobs, 31 of which will be filled by individuals with low incomes.

Intermediary Relending Program

The USDA Intermediary Relending Program is a federal low-interest loan program. This program provides 1 percent low-interest loans to local lenders or “intermediaries” that re-lend to businesses to improve economic conditions and create jobs in rural communities.

The maximum loan is up to \$1 million with a quarterly application period. The loan term will not exceed 40 years with a negotiable or fixed interest rate. Ultimate recipients may be individuals, public or private organizations or other legal entities, according to eligibility.

Intermediary lenders must have: The legal authority to operate a Revolving Loan Fund (RLF); a record of successfully assisting rural businesses and communities, normally including experience making and servicing commercial loans; the ability to provide adequate assurance of repayment of the loan; capitalization or equity sufficient to sustain its lending and business operations; majority outstanding interest or membership must be composed of U.S. citizens; intermediary and principals must have no Federal delinquent debt; unable to finance the fund through its own sources or other conventional financing; the ability to close the IRP loan within six months of loan approval; and a board consisting of business and civic leaders.

Business and Industry Loan Guarantees

The USDA Business and Industry Loan Guarantees program is a loan program that offers loan guarantees to lenders for their loans to rural businesses. The program is open for applications year-round.

Eligible applicants will be lenders with the legal authority, financial strength, and sufficient experience to operate a successful lending program. This includes lenders that are subject to supervision and credit examination by the applicable agency of the United States or a State including: federal and state-chartered banks, savings and loans, farm credit banks with direct lending authority, and credit unions.

Eligible uses include (but are not limited to): Business conversion, enlargement, repair, modernization, or development, the purchase and development of land, buildings, and associated infrastructure for commercial or industrial properties, debt refinancing when such refinancing improves cash flow and creates jobs, and business and industrial acquisitions when the loan will maintain business operations and create or save jobs.

Rural Business Development Grants

USDA Rural Business Development Grants (RDBG) promote economic development and job creation projects through the awarding of grant funds to eligible entities. Applications compete in two separate categories used in funding various business and community projects that serve rural areas.

There is no maximum grant amount; however, smaller requests are given higher priority. There is no cost sharing requirement. Eligible applicants are non-profit organizations and approved local government entities. The application deadline was February 28, 2024, but there may be another application period in 2025.

There are two types of RDBG projects, Opportunity grants and Enterprise grants. Opportunity type grants are limited to up to 10 percent of the total Rural Business Development Grant annual funding. Opportunity funds may be used for community economic development. Enterprise type grants must be used on projects to benefit small and emerging businesses in rural areas as specified in the grant application. Enterprise funds may be used for acquisition or development of land, easements, or rights of way; construction, conversion, renovation of buildings; plants, machinery, equipment, access for streets and roads; parking areas and utilities. While both have broader applications, these uses are the most applicable to childcare businesses.

State

Community Development Block Grant Community Improvement Grant

The Community Development Block Grant Community Improvement Grant program is a Section 4 Capacity Building for Community Development and Affordable Housing Program grant authorized under HUD and disbursed by community development organization (CDC) Local Initiatives Support Corporation (LISC). This grant allows CDCs to carry out affordable housing and community development activities that benefit low-income communities. CDBG Community Improvement Grants are competitive grants, which aid eligible localities in implementing projects that will most directly impact the greatest needs of the community. The development of childcare facilities falls into the Community Service Facilities project category.

Eligible grant recipients are non-entitlement units of local government, but these units may contract with Planning District Commissions, nonprofit organizations, and other eligible entities to participate in project activities. Applications are reviewed yearly in the spring with announcements of grant offers made in the fall (up to \$1,250,000 with no match requirement).

Virginia Small Business Financing Authority Child Care Financing Program

The Virginia Small Business Financing Authority Child Care Financing Program is a low-interest loan program that offers low-cost loans to eligible childcare programs through the Virginia Small Business Financing Authority (VSBFA). This financing can be used to enhance the Early Care and Education learning environment, improve quality, and support business components of a childcare program. It can also be used for start-up childcare programs for approved entities.

The financing program offers different loans for different types of childcare providers. Family Day Home Operators may borrow up to \$15,000 for repayment up to 7 years and Child Care Centers may borrow up to \$150,000 for repayment up to 7 years or up to \$250,000 for repayment up to 10 years, both without fees or interest.

Applicants eligible for loans include childcare centers and family day homes programs participating in the Child Care Subsidy Program or the USDA Child and Adult Care Food Program. Eligible uses are Items that enhance the early learning environment, early childhood curriculum, child care management systems, technology (such as computers, tablets, printers), minor facility upgrades to comply with health and safety standards or to meet requirements to serve children with special needs or those who need accommodations, and passenger vans and buses (childcare centers only).

Invest Appalachia

Invest Appalachia (IA) is a blended capital fund, primarily providing long-term flexible loans for Community Development Financial Institutions (CDFIs). IA offers loans ranging from \$100,000 to \$2,500,000, but all funding must be repaid. Requests for non-repayable grants will not be considered. Applications are open year-round.

Applicants must be located in or primarily serving the Central Appalachian Region, create positive social, environmental, and economic impacts for communities in the region (not financially or environmentally extractive), align with one of IA's sectors of focus, or otherwise contribute to quality jobs, local ownership, and community wealth, and be financially viable (demonstrate meaningful revenue and repayment potential).

Local

Childcare Business Challenge

Endless Opportunity's Childcare Business Challenge participants received expert coaching, training, and resources to create business plans that expand services, strengthen operations, or even launch a new childcare business. The training culminated with participants submitting business plans for the opportunity to win additional funding. Three grantees received a total of \$30,000 with no match requirement.

This grant opportunity began in spring 2024 to encourage Southwest Virginia childcare providers to get involved with the EO Shared Services Alliance. The Shared Services Alliance is part of a broader Virginia Shared Services Network; it acts as a resource hub and shares the cost of back-office services for providers.

Freedom First Credit Union Gives

Freedom First Credit Union Gives is a grant program supported by Freedom First to further the work being done by non-profit community organizations. The program will award fund requests up to \$5,000. The requesting organization must demonstrate capacity to use the awarded funds in their application, as well as be located within the Freedom First field of membership.

Recommendations

When promoting the development and growth of childcare organizations to help address the childcare gap, there are many components addressed in this report that one should consider. These include but are not limited to:

- Begin by identifying champions in the community who are interested in owning and/or operating childcare facilities as well as advocating businesses and community organizations who can support start-up costs of the centers and help to subsidize the operational funding.
- While accounting for local zoning ordinances, try to support the growth of facilities that are in “childcare deserts”, those areas that have little to no services but are near homes with higher proportions of children 5 years of age and under. Some areas identified in this analysis included the communities of Hurt and Java.
- Facilitate access to different funding streams other than tuition. For example, groups who want to help childcare providers should:
 - Coordinate marketing campaigns to teach parents about and how to access the Department of Social Services childcare subsidy.
 - Pool more resources to support concierge services for current and potential providers to qualify for public and private funding, including the mixed delivery program that offers subsidies directly to providers who accommodate a set number of childcare slots for qualifying families.
 - Coordinate likeminded, local businesses to donate proportions of their operation proceeds to childcare providers in the region, or at least those that may support their workforce. Or support larger businesses in developing in-house childcare facilities.
 - Consider and promote other ways that community groups and businesses could subsidize childcare providers including donating free space, furniture, materials, technology, and other items that lessen major startup and operational costs as well as improve overall quality of childcare services.
 - Special attention would need to be made to funding providers who offer infant and toddler care, as they are the age groups most in need of childcare slots.
- Engage potential and existing childcare providers in business support services to better run their operations. Services can include workshops and one-on-one counselling for record keeping, tax preparation, and contractual agreements with parents.

The following explores different scenarios by childcare services composition. Already, the regional composition of childcare services is about 52% private center-based daycare, 31% home-based daycares, and 17% religious organizations, before- and after-school programs at elementary and secondary schools, and other miscellaneous organizations. Scenario 1 offers recommendations for a non-profit supported center-based approach. Scenario 2 examines an all-home-based approach. Scenario 3 explores an employer consortium.

According to Ready Region Southside, Danville-Pittsylvania needs as many as 810 additional childcare slots if the region is to provide childcare for every child who is 5 years of age and under.⁷² If the parents of at least half of those children have voluntarily left their children with friends or relatives, and they would not enroll their children in formal childcare services regardless of whether slots were available, then let us assume the region would want to promote approximately 400 new childcare slots.

In all scenarios, it is assumed that upfront capital costs can be effectively covered by leveraging a combination of grants and loans. As outlined in the financial resources, grants are a crucial source of funding significant expenses such as facility renovations, purchasing equipment and supplies, obtaining necessary licenses and certifications, and providing comprehensive training for staff.

Funding could also likely support the piloting phase of summer and enrichment programs at their inception. Grants can provide the necessary resources to launch and test these programs, covering initial costs such as curriculum development, temporary staff hiring, marketing, and program-specific supplies. This funding allows the childcare center to assess the viability and impact of the summer program without significant financial risk. If the pilot program proves successful, the center can then explore additional funding sources, partnerships, and tuition models to sustain the program in subsequent years.

Scenario 1: Center-based approach

- Providing childcare services to 400 additional children would require as many as 4-10 new childcare centers.

In a community facing a gap in quality childcare, a non-profit organization and a childcare provider collaborate to support this critical need. The non-profit organization, dedicated to enhancing community and economic resources, provides substantial financial support, while the childcare provider contributes expertise in early childhood education and care. This partnership aims to create a sustainable solution that benefits both working parents

⁷² Ready Regions ECCE Access Dashboard [PowerPoint Slides]. Ready Region Southside. <https://vecf.org/resource-library/>

and the local economy. In the case of the Danville-Pittsylvania region, this could be multiple partnerships between individual nonprofits and childcare providers.

The non-profit organization would secure a suitable plot of land and funds the construction of a state-of-the-art childcare facility. This significant investment includes the costs of acquiring the land and constructing the center, designed to offer a safe and stimulating environment for young children. By covering these major expenses, the non-profit ensures the childcare provider can focus on delivering high-quality services without the burden of substantial initial capital costs. This foundational support from the non-profit organization is crucial in addressing one of the most expensive aspects of establishing a new childcare center. With the building complete, the childcare provider manages the operational aspects. They are responsible for furnishing and equipping the center, hiring qualified educators, implementing educational programs, and handling day-to-day operations. As demonstrated by the partnership between Helping Hands and Danville Community College, a request for proposals can be initiated by the non-profit organization to select and manage the childcare provider that will operate within the facility.

Below are preliminary estimates of possible startup and operating costs between a non-profit organization and a childcare provider partnership.

Initial capital expenditures are addressed during the first year of operation and can often be funded through grant opportunities matched with private and local funding. Ongoing operational costs are often not included in these grants; at most, grants will allow for 10% of the funding to cover operational costs. As such, operational costs and anything that helps subsidize those costs must come from Child Care & Development Block Grants or similar, community groups, and supporting businesses. VTCECE estimated a 2% annual increase in operational expenses due to inflation and other market demands, though some costs may be offset through community partnerships. For example, Danville Community College as well as the Center for Early Success offer resources such as training and professional development programs and educational materials that can support staff development.

The operational revenue streams are diverse, with tuition fees projected to grow over the first five years, supplemented by sponsorship and grants. The center accommodates 100 children from birth to 5 years old, organized into different classrooms based on age groups. In this childcare program, 75% of slots are reserved for employees of participating employers, while the remaining 25% are available to the community. In Year 1, the tuition structure for the childcare center is set as follows: Full-time tuition is \$155 per week for children from birth to 16 months, \$145 per week for children aged 16 months to 2 years, and \$130 per week for children aged 3 years and up. Afterschool programming is available

at \$60 per week. Additionally, summer programming is offered at \$125 per week for infants from birth to 16 months, \$120 per week for children aged 16 months to 2 years, and \$115 per week for children aged 3 to 5 years old.

- 24 spots available for children aged birth to 16 months,
- 30 spots for children aged 16 months to 2 years spread across 3 classrooms,
- 24 spots for 2-year-olds across 3 classrooms, and
- 22 spots for 3-5-year-olds in 2 classrooms.

Year 1 enrollment is at 70% capacity, growing to 90% enrollment by year 5. In Year 3, once the childcare center is well-established and positioned for growth, the expansion of summer programming will be implemented. This growth will contribute to an increase in tuition revenue, driven by targeted marketing efforts and funding dedicated to enrichment programs.

The center employs 22 staff members, including 10 lead teachers (earning \$28,000) 8 teacher aides (earning \$24,000), 2 floaters (earning \$24,000), a director (earning \$44,000), and an assistant director (earning \$38,000). Standard benefits, including health insurance, employee assistance programs (EAPs), paid time off, and childcare discounts for their own children are offered.

Operating model of a single grow-your-own childcare center supported by a non-profit entity

	Year 1		Year 2		Year 3		Year 4		Year 5	
	70% capacity	80% capacity	85% capacity	90% capacity	90% capacity	90% capacity	90% capacity	90% capacity	90% capacity	90% capacity
Enrollment	70	80	85	90	90	90	90	90	90	90
Infants (Birth to 16 months)	16	20	20	24	24	24	24	24	24	24
Toddler (16 months to 2 years)	22	24	24	28	28	28	28	28	28	28
Pre-K (2 years)	16	20	20	20	20	20	20	20	20	20
Preschool (3-5 years)	16	16	20	18	18	18	18	18	18	18
Upfront Capital Expenditures										
Land (non-profit funded)	\$100,000									
Building (non-profit funded)	\$500,000									
Furniture and Fixtures	\$225,000	75,000								

Machinery and Equipment	\$200,000	125,000			
Safety equipment	\$10,000				
TOTAL	\$435,000	\$200,000			
<u>Operational Expenses</u>					
Associated Taxes and Licenses	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Salaries and Wages (22)	\$602,000	\$614,040	\$626,332	\$639,128	\$651,150
Lead Teacher (10)	\$28,000	\$28,560	\$29,132	\$29,714	\$30,308
Teacher Aid (8)	\$24,000	\$24,480	\$24,970	\$25,470	\$25,980
Floater (2)	\$24,000	\$24,480	\$24,970	\$25,470	\$25,980
Director (1)	\$44,000	\$44,880	\$45,777	\$46,693	\$47,626
Assistant Director (1)	\$38,000	\$38,760	\$39,535	\$40,325	\$41,135
Benefits	\$140,000	\$142,800	\$145,656	\$148,569	\$151,540
Payroll Taxes	\$70,000	\$71,400	\$72,828	\$74,284	\$75,770
Insurance	\$10,000	\$10,000	\$10,000	\$10,200	\$10,200
Utilities	\$10,500	\$10,500	\$10,500	\$11,000	\$11,000
Materials, Equipment, and Software	\$50,000	\$50,000	\$50,000	\$60,000	\$60,000
Staff Training and Development	\$2,500	\$2,500	\$2,500	\$2,000	\$2,000
Background Checks	\$1,000	\$750	\$750	\$750	\$700
TOTAL	\$906,000	\$921,990	\$938,566	\$962,931	\$982,360
<u>Revenue</u>					
Tuition	\$734,552	\$876,993	\$1,099,072	\$1,157,728	\$1,196,052
Full-time	\$497,432	\$590,928	\$644,722	\$684,268	\$707,772
After-school care	\$79,560	\$95,940	\$98,280	\$107,640	\$107,640
Summer programming	\$157,560	\$190,125	\$356,070	\$365,820	\$380,640
Employer-Provided Childcare Credit	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000

Grants and Private Donations	\$500,000	\$200,000	\$100,000	\$50,000	\$50,000
TOTAL	\$1,384,552	\$1,226,993	\$1,349,072	\$1,357,728	\$1,396,052
Expenses	\$1,341,000	\$1,121,990	\$938,566	\$962,931	\$982,360
Revenue	\$1,384,552	\$1,226,993	\$1,349,072	\$1,357,728	\$1,396,052
Carryover	N/A	\$43,552	\$148,555	\$551,061	\$945,858
(Remainder)	\$43,552	\$148,555	\$551,061	\$945,858	\$1,359,550

If the champions supporting this childcare center model wish to pursue franchised programs, they must understand the pros and cons of franchising. Without strong local financial support, it is unlikely that a national childcare business will be financially persuaded to place a franchise in Danville, given the region's relatively lower population size. In order to accommodate a franchise model in the region, several economic shifts would be necessary. There would need to be an increase in median household income to support the affordability of services offered by the franchise, along with ensuring adequate tuition enrollment at market-rate prices to sustain the business model and ensure long-term viability. Additionally, a robust pipeline of skilled staffing would be crucial to meet the franchise's employment needs. The region would also require improved access to funding sources, such as grants or low-interest loans, to offset substantial start-up costs, and a stronger local economy to justify the large initial investment and ongoing operational expenses. Operating a franchised facility involves additional costs, including a minimum franchise fee of \$20,000 and annual royalty fees ranging from 5% to 7%.

Scenario 2: Home-based approach

- Providing childcare services to 400 additional children would require as many as 20-40 new home-based daycares.

Given the large number of new and existing home-based daycares, including some that are not yet registered, it's crucial to develop a coordinated network of these centers. This network would facilitate business services workshops, professional development, and peer-to-peer learning, ensuring all providers have access to the necessary resources and support.

In a similar effort to the EarlyFlex Plex initiative in Yankin County, the approach should include identifying existing buildings and potential new sites suitable for conversion into

shared spaces for home-based providers. Members of the network can gain efficiencies by sharing meal plans, templates for paperwork, and leveraging joint purchasing power for bulk supplies, equipment, food items, and insurance. Additionally, individual members may specialize in specific types of care, such as evening or weekend care, age-specific programs, or enhanced educational offerings. This collaborative model would reduce operational costs and enhance the quality of care across the network.

An important benefit of this networking approach is the creation of a system of backup care. Members can support each other by providing care for clients when a fellow provider is ill or on vacation. This collaborative model not only reduces operational costs and enhances the quality of care but also ensures continuity of service for families, strengthening the overall reliability and resilience of the childcare network.

Below are preliminary estimates of possible startup and operating costs of a single home-based daycare.

Upfront capital expenditures, including furniture, fixtures, machinery, and safety equipment, are covered in the initial year of business inception, totaling \$14,000. These costs can often be offset by grant support and donations. However, ongoing operational costs are often not included in grant awards. Operational expenses are projected to increase by 2% annually due to inflation, though some costs may be mitigated through community partnerships and in-kind donations. For instance, soliciting in-kind donations from businesses, such as furniture, educational toys, books, technology, or facility maintenance services, can further reduce initial costs.

Operational revenue is expected to come from a mix of tuition fees, donations, and grants. The day home has a capacity of 12 children, with 100% enrollment. However, in this scenario toddlers and infants were prioritized due to their greater need for specialized care, capping care at 5 children. Tuition revenue is projected to grow from \$50,000 in Year 1 to \$56,000 by Year 5. The day home employs 2 staff members (the owner earning \$34,000 and part-time teacher at \$14,000) to manage and care for the enrolled children. There are no benefits offered to maximize revenue streams, and it is assumed that the owner will be covered under their spouse's health insurance. As operational revenue improves the provider has the ability to expand its offerings, providing more programs and services, benefiting both the children and the staff while ensuring continued financial stability.

In Year 1, the tuition structure is as follows: full-time tuition is set at \$150 per week for infants and \$130 per week for toddlers. Afterschool programming is priced at \$60 per week, while summer programming is introduced at a rate of \$125 per week.

Operating model of a single home-based daycare

	Year 1	Year 2	Year 3	Year 4	Year 5
Enrollment	100% capacity	100% capacity	100% capacity	100% capacity	100% capacity
Infants (Birth to 16 months)	2	2	2	2	2
Toddler (16 months to 2 years)	3	3	3	3	3
Startup Capital Expenditures					
Furniture and Fixtures	\$5,000				
Machinery and Equipment	\$3,000				
Safety equipment	\$1,000				
TOTAL	\$9,000				
Operational Costs					
Associated Business Taxes and Licenses	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Salaries and Wages (2)	\$44,000	\$46,000	\$48,000	\$50,000	\$54,000
Daycare Owner	\$34,000	\$36,000	\$36,000	\$38,000	\$40,000
Part-Time Support	\$10,000	\$10,000	\$12,000	\$12,000	\$14,000
Payroll Taxes	\$3,400	\$3,500	\$3,600	\$3,700	\$3,800
Insurance	\$1,500	\$1,550	\$1,600	\$1,650	\$1,700
Utilities	\$3,000	\$3,100	\$3,200	\$3,300	\$3,400
Materials, Equipment, and Software	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
TOTAL	\$62,900	\$65,150	\$67,400	\$69,650	\$73,900
Operational Revenue					
Tuition	\$51,420	\$52,550	\$53,600	\$54,700	\$55,890
Full-time	\$33,120	\$33,800	\$34,500	\$35,200	\$36,000
After-school care	\$10,800	\$11,100	\$11,300	\$11,500	\$11,690
Summer programming	\$7,500	\$7,650	\$7,800	\$8,000	\$8,200

Grants and/or local funding	\$20,000				
Fundraising	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
TOTAL	\$81,420	\$62,550	\$63,600	\$64,700	\$65,890
Expenses	\$71,900	\$65,150	\$67,400	\$69,650	\$73,900
Revenue	\$81,420	\$62,550	\$63,600	\$64,700	\$65,890
Carryover	N/A	\$9,520	\$6,920	\$3,120	\$8,170
(Remainder)	\$9,520	\$6,920	\$3,120	8,170	\$10,160

In this scenario, home-based tuition costs are aligned with the regional subsidy rates for childcare services, which significantly impacts the revenue potential of a home-based daycare. To improve financial stability and enhance the bottom line, it is advisable to seek additional support from localities, state programs, and foundations to supplement operating expenses. For instance, in Yadkin, NC, the EarlyFlex Plex initiative fosters a collaborative environment for entrepreneurs, enabling them to gain confidence and achieve success in their home-based businesses. This support mitigates initial upfront costs, allowing entrepreneurs to establish their operations more effectively and concentrate on business growth.

Scenario 3: Employer Consortium

An employer consortium, comprising multiple local businesses and/or organizations invest in and govern a childcare facility that prioritizes the needs of employees from member organizations. In this model, the consortium would collectively fund the acquisition of land and construction of the childcare center. By pooling resources, the consortium can cover these significant initial expenses and ensure the facility is designed to provide a safe and stimulating environment for young children. The consortium’s collective investment alleviates the financial burden on individual employers and facilitates the establishment of a high-quality childcare center.

Once the facility is constructed, the consortium would select and negotiate with a childcare provider to manage daily operations. The consortium would be responsible for ensuring a certain level of enrollment and/or operating income for the childcare provider. This arrangement guarantees that member employers have access to dedicated spots for their employees' children. Additionally, employers could choose to subsidize tuition rates

for their employees at a level they deem appropriate, further enhancing the benefit of the childcare program.

To oversee the operation and ensure the facility meets the needs of all stakeholders, a Board of Advisors would be created. This board would consist of representatives from the member businesses, who may also be parents, and can include worker representation. The board would meet regularly to review the center's performance, provide strategic direction, and address any issues that arise. This governance structure ensures that the childcare facility operates smoothly and aligns with the interests of the consortium members.

Below are preliminary estimates of possible startup and operating costs between an employer consortium and a childcare provider.

Initial capital expenditures are addressed during the first year of operation and can often be funded through grant opportunities. Ongoing operational costs are often not included in these grants; at most, grants will allow for 10% of the funding to cover operational costs. As such, operational costs and anything that helps subsidize those costs must come from Child Care & Development Block Grant or similar, community groups, and supporting businesses. Operational expenses are projected to increase by 2% annually due to inflation, though some costs may be offset through community partnerships. For example, Danville Community College as well as the Center for Early Success offer resources such as training and professional development programs and educational materials that can support staff development.

The operational revenue streams are diverse, with tuition fees projected to grow over the first five years, supplemented by sponsorship and grants. The center accommodates 100 children from birth to 5 years old, organized into different classrooms based on age groups. In this childcare program, 75% of slots are reserved for employees of participating employers, while the remaining 25% are available to the community. In Year 1, the tuition structure for the childcare center is set as follows: Full-time tuition is \$155 per week for children from birth to 16 months, \$145 per week for children aged 16 months to 2 years, and \$130 per week for children aged 3 years and up. Afterschool programming is available at \$60 per week. Additionally, summer programming is offered at \$125 per week for infants from birth to 16 months, \$120 per week for children aged 16 months to 2 years, and \$115 per week for children aged 3 to 5 years old.

- 24 spots available for children aged birth to 16 months,
- 30 spots for children aged 16 months to 2 years spread across 3 classrooms,
- 24 spots for 2-year-olds across 3 classrooms, and

- 22 spots for 3-5-year-olds in 2 classrooms.

Year 1 enrollment is at 70% capacity, growing to 90% enrollment by year 5. In Year 3, once the childcare center is well-established and positioned for growth, the expansion of summer programming will be implemented. This growth will contribute to an increase in tuition revenue, driven by targeted marketing efforts and funding dedicated to enrichment programs.

The center employs 22 staff members, including 10 lead teachers (earning \$28,000) 8 teacher aides (earning \$24,000), 2 floaters (earning \$24,000), a director (earning \$44,000), and an assistant director (earning \$38,000). Standard benefits, including health insurance, employee assistance programs (EAPs), paid time off, and childcare discounts for their own children are offered.

Operating model of a single childcare center

	Employer Responsibility		Provider Responsibility		Combined Responsibility	
	Year 1	Year 2	Year 3	Year 4	Year 5	
Enrollment	70% capacity	80% capacity	85% capacity	90% capacity	90% capacity	
	70	80	85	90	90	
Infants (Birth to 16 months)	16	20	20	24	24	
Toddler (16 months to 2 years)	22	24	24	28	28	
Pre-K (2 years)	16	20	20	20	20	
Preschool (3-5 years)	16	16	20	18	18	
Upfront Capital Expenditures						
Land	\$100,000					
Building	\$500,000					
Furniture and Fixtures	\$300,000					
Machinery and Equipment	\$325,000					
Safety equipment	\$10,000					
TOTAL	\$635,000					
Operational Expenses						

Associated Taxes and Licenses	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Salaries and Wages	\$602,000	\$614,040	\$626,332	\$639,128	\$651,150
Lead Teacher (10)	\$28,000	\$28,560	\$29,132	\$29,714	\$30,308
Teacher Aid (8)	\$24,000	\$24,480	\$24,970	\$25,470	\$25,980
Floater (2)	\$24,000	\$24,480	\$24,970	\$25,470	\$25,980
Director (1)	\$44,000	\$44,880	\$45,777	\$46,693	\$47,626
Assistant Director (1)	\$38,000	\$38,760	\$39,535	\$40,325	\$41,135
Benefits	\$140,000	\$142,800	\$145,656	\$148,569	\$151,540
Payroll Taxes	\$70,000	\$71,400	\$72,828	\$74,284	\$75,770
Insurance	\$10,000	\$10,000	\$10,000	\$10,200	\$10,200
Utilities	\$10,500	\$10,500	\$10,500	\$11,000	\$11,000
Materials, Equipment, and Software	\$50,000	\$50,000	\$50,000	\$60,000	\$60,000
Staff Training and Development	\$2,500	\$2,500	\$2,500	\$2,000	\$2,000
Background Checks	\$1,000	\$750	\$750	\$750	\$700
TOTAL	\$766,000	\$785,190	\$792,899	\$817,581	\$831,794
Operational Revenue					
Tuition	\$734,552	\$876,993	\$1,099,072	\$1,157,728	\$1,196,052
Full-time	\$497,432	\$590,928	\$644,722	\$684,268	\$707,772
After-school care	\$79,560	\$95,940	\$98,280	\$107,640	\$107,640
Summer programming	\$157,560	\$190,125	\$356,070	\$365,820	\$380,640
Employer-Provided Childcare Credit	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Private Donations	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Grants	\$600,000		\$200,000		
TOTAL	\$1,684,552	\$1,226,993	\$1,649,072	\$1,507,728	\$1,546,052
Expenses	\$1,401,000	\$785,190	\$792,899	\$817,581	\$831,794

Revenue	\$1,684,552	\$1,226,993	\$1,649,072	\$1,507,728	\$1,546,052
Carryover	N/A	\$283,552	\$725,355	\$1,581,528	\$2,271,675
(Remainder)	\$283,552	\$725,355	\$1,581,528	\$2,271,675	\$2,985,933

When considering the establishment of a childcare center, several key factors should be taken into account. Local, state, and federal grants often provide funding to cover upfront capital costs and support the integration of new pilot programs designed to expand programming. Additionally, funding from community foundations, employer support, and contributions from larger facilities can assist with ongoing expenses. Achieving full capacity is crucial for driving revenue growth and ensuring the financial sustainability of the center.

Appendix

Primary Data Collection Analysis

Danville-Pittsylvania Parent Survey Results

In collaboration with the Partnership for Regional Prosperity, the Virginia Tech Center for Economic and Community Engagement administered a survey to collect data from parents, caregivers, and guardians in the Danville-Pittsylvania County region to better understand childcare needs. The efforts to distribute the survey were also supported by the Center for Early Success as well as the Danville and Pittsylvania County School System. The Danville Childcare Needs Assessment Survey was published online and distributed to a mailing list of stakeholders representing businesses, community organizations, educational institutions, and other local, regional, and state government agencies. The Virginia Tech Center of Economic and Community Engagement collected responses over two weeks, February 26th – March 10th. During this period, 473 surveys were completed and 222 partial surveys were completed for a total of 695 unique responses, 91.3 percent of which were parents. The next largest group of respondents were grandparents at 5.6 percent.

Table 7: Survey Completion Breakdown	
Completed Surveys	473
Incomplete Surveys	222
Total Responses	695
Completion Rate	68%

Source: Danville-Pittsylvania Parent Childcare Survey, n=695

Figure 17 illustrates the geographic distribution of survey response along with the location of childcare providers in the Danville-Pittsylvania region. The City of Danville emerged with the highest number of survey participants, attributed in part to the effective distribution methods employed in this area, supported notably by the school system. Pittsylvania County exhibited a moderate response rate, while neighboring counties showed sparse participation.

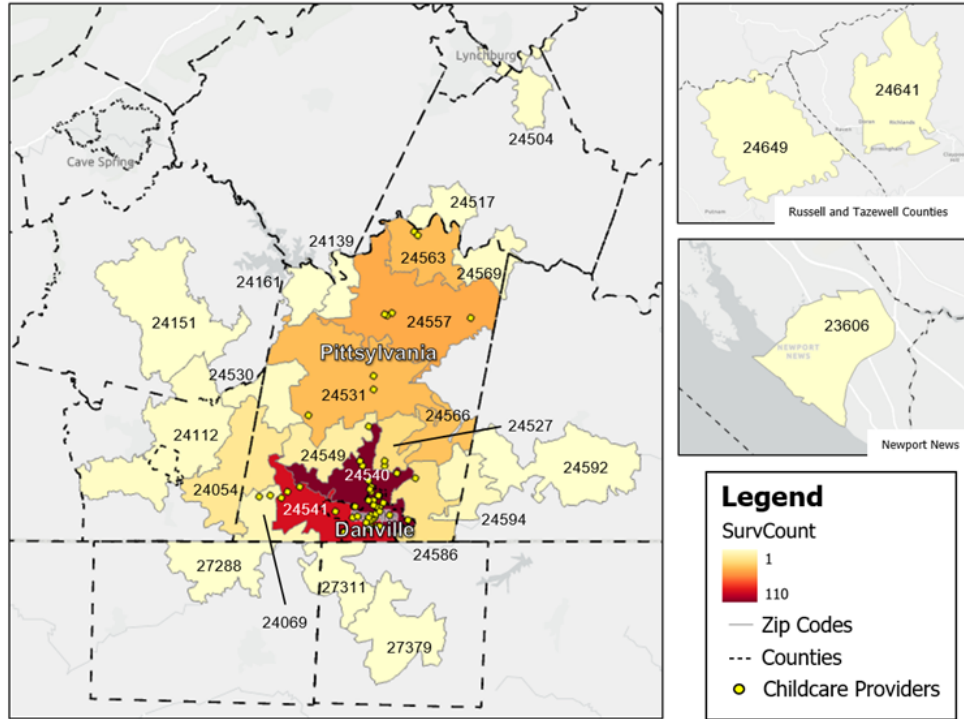


Figure 18: Residence of Survey Participants
Source: Danville-Pittsylvania Parent Childcare Survey, n=695

White and African American races made up the majority of survey responses, 70.1 percent and 22.0 percent respectively. Hispanic or Latino accounted for 3.1 percent. The ethnic composition of survey participants mirrors the distribution of ethnicities within the region.

Table 8: Race/Ethnicity Completion Breakdown		
Race or ethnicity	Count	Percentage
Black or African American	108	22.0%
White	344	70.1%
Hispanic or Latino	15	3.1%
American Indian or Alaskan Native	5	1.0%
Asian or Pacific Islander	2	0.4%
Other	17	3.5%
Total	491	100.0%

Source: Danville-Pittsylvania Parent Childcare Survey, n=695

Survey responses had relatively uniform distribution of households based on household income. Households earning \$50,000-\$70,000 and over \$100,000 accounted for over 40 percent of responses. Those who made less than \$20,000 had the least representation at

8.1 percent. Perspectives from diverse ethnic backgrounds and household income levels are crucial for effectively addressing the requirements of families in the Danville-Pittsylvania region.

Table 9: Household Income Completion Breakdown		
Amount	Count	Percentage
Less than \$20,000	38	8.1%
\$20,000 - \$34,999	55	11.7%
\$35,000 - \$49,999	77	16.3%
\$50,000 - \$74,999	100	21.2%
\$75,000 - \$99,999	66	14.0%
Over \$100,000	99	21.0%
Prefer not to say	37	7.8%
Total	472	100.0%

Source: Danville-Pittsylvania Parent Childcare Survey, n=695

Overall Childcare Experience in the Danville-Pittsylvania Region

When asked about parent satisfaction with childcare options in the Danville-Pittsylvania region, the greatest number of participants (47.0 percent) chose slightly or completely dissatisfied. The second largest number of participants (34.5 percent) were neither satisfied nor dissatisfied. Thus, indicating the need for comprehensive improvements to address the childcare industry in the region.

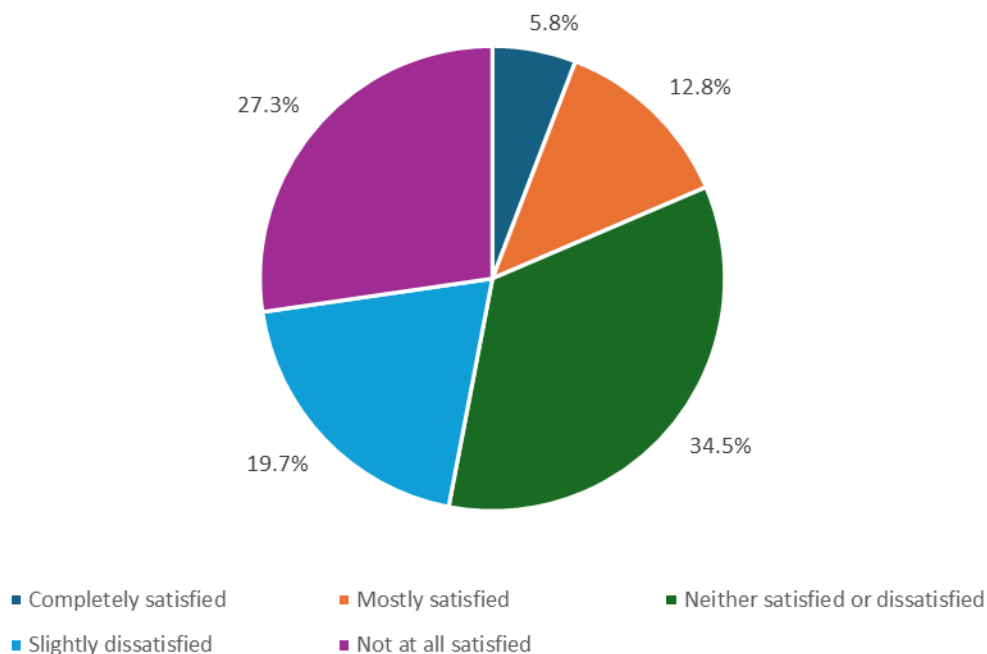


Figure 19: Parent Satisfaction Rates

Source: Danville-Pittsylvania Parent Childcare Survey, n=695

Many respondents cited limited availability and high costs as key factors influencing their childcare preferences. Notably, one family contemplated relocating due to inadequate childcare support in the region. Those satisfied often relied on family or friends for childcare.

Table 10: Main Reasons for Current Early Childcare Service		
Reason	Count	Percentage
Administration	20	1.5%
Cost	224	17.0%
Curriculum / Programming	93	7.1%
Distance from home	158	12.0%
Distance from school	66	5.0%
Distance from work	117	8.9%
Enrollment was available	133	10.1%
Friends/Family have an enrolled child	60	4.6%
Hours of operation	161	12.3%
Physical space (cleanliness or size)	49	3.7%
State Accreditation	30	2.3%
Specialized care	29	2.2%
Teachers	55	4.2%
Other	119	9.1%
Total	1314	100.0%

Source: Danville-Pittsylvania Parent Childcare Survey, n=695

Surprisingly, survey responses revealed that 61.6 percent of respondents spend 7 percent or less of their household income on childcare, in line with the U.S. Department of Health and Human Services' recommendation. However, additional survey findings shed light on why many individuals reported lower childcare expenses than anticipated. Notably, 50.1 percent of respondents, spanning all age groups, indicated that their childcare needs were met either by their spouse/partner (18 percent) or other relatives or friends (32.1 percent). This highlights a prevalent reliance on informal childcare arrangements within the region, influenced by a preference for familiar caregivers, flexible scheduling, and affordability, as expressed in some survey responses.

Survey responses overwhelmingly revealed the career implications from the lack of childcare options. The majority of parents had to reduce working hours (31.7 percent) and/or turn down a job opportunity (28.6 percent).

Table 11: Workforce Implications		
Implication	Count	Percentage
Reduce working hours	263	31.7%
Turned down job opportunity	237	28.6%
Leave the workforce	135	16.3%
Passed up a promotion	114	13.8%
Other	80	9.7%

Source: Danville-Pittsylvania Parent Childcare Survey, n=695

Parents were asked to rank several factors that impede access to their desired childcare service. Cost was identified as the most limiting factor, followed by availability of slots and location. Hours of operation, knowledge of available services and access to public transportation ranked least limiting, in that order. This reflects larger state and national trends for childcare services. Parents and caretakers are looking for affordable childcare within reasonable proximity to their home or workplace. While childcare subsidies are available, they are limited in scope and accessibility. Survey responses revealed that 10 percent of individuals utilize a form of childcare subsidy, while nearly 90 percent of individuals do not. When asked about the reasons preventing the utilization of a subsidy, the majority (54.1 percent) stated it was because they did not qualify. Notably, 30.8 percent of respondents did not have knowledge of what is available or an understanding of how to access this information.

The later portion of the survey focused on exploring the services required to fulfill the needs of both parents and their children. Survey responses stated the greatest need was after-school care at 31.8 percent. Full-time care was the second greatest need with 19.7 percent of responses.

Table 12: Required Needs of Parents		
Service	Count	Percentage
Full-time	171	19.7%
Half-days (5 days per week)	58	6.7%
Part of week (2-3 times a week)	52	6.0%
After school	277	31.8%
Before School	98	11.3%
Second shift	29	3.3%
Third shift	18	2.1%

Special needs	34	3.9%
Sick care	54	6.2%
Weekends	39	4.5%
Other	40	4.6%

Source: Danville-Pittsylvania Parent Childcare Survey, n=695

Nearly 90 percent of parents expressed a willingness to utilize after-care services within the school if made available. Additionally, respondents brought attention to nontraditional needs, particularly during holidays and summer vacations, and requested drop-in care services for appointments and emergency services. When asked about the types of specialized care parents need to support their children, parents overwhelmingly emphasized the need for behavioral services. Parents emphasized the necessity for assistance in addressing mental health challenges and developmental disabilities.

Finally, parents were asked to disclose how they identified their current childcare provider. The majority of respondents, comprising 52.7 percent, cited word-of-mouth referrals as their primary information source. Nevertheless, educational institutions and regional support organizations, such as the Department of Social Services, were frequently cited alternatives.

Danville-Pittsylvania Parent, Provider and Business Focus Group Analysis

To gain a comprehensive understanding of childcare in the Danville-Pittsylvania region, the Center conducted a series of focus groups involving key stakeholders. This included one business focus group, one provider focus group, and three parent focus groups. Each group's unique perspectives were analyzed, yielding critical insights that are integrated into the broader report. The following sections provide detailed analyses of each stakeholder group, highlighting the key takeaways from their discussions.

Childcare Provider Focus Group

Ten providers attended an in-person focus group at the Institute for Advanced Learning in Danville, VA in late March.

Key Takeaways

Funding Challenges: Providers cited the Child and Adult Food Program (CACFP) as especially difficult to work with and receive funding for.

Lack of Information and Uniformity: Providers voiced frustration with difficulties finding information about funding opportunities and a lack of consistency in the information they receive from different entities.

Mental Support: Providers mentioned the need for mental health support services for childcare employees. This may include specific services like therapy sessions or a generally increased emphasis on better work-life balance.

Employee Retainment: High turnover is a challenge faced by many centers as training for new employees can be costly and time-consuming. Employees also often do not get paid for training, making it difficult to attract them in the first place.

Barriers to Recruitment: Many providers acknowledged low pay and a lack of benefits as barriers to recruiting new hires. Providing free or reduced childcare for center employees, which some centers do currently offer, was mentioned as a possible benefit to further entice workers.

Summary

Local childcare providers in the Danville-Pittsylvania region actively discuss challenges with funding, licensing regulations for operation, recruitment and retention, and support services. They also share personal challenges related to health concerns and zoning requirements that have either hindered ongoing operations or completely halted businesses. Participants, including both current and former childcare providers like Gwendolyn Averett, who ran an at-home daycare for 23 years and is now re-entering the industry, discuss the difficult decision to close businesses, such as hers, when faced with family health challenges in 2020. Gwendolyn also mentions encountering setbacks with zoning requirements for her new facility.

A major challenge identified by participants is the inability of centers to offer higher pay and adequate benefits to employees, which hampers recruitment and retention efforts. One participant notes that local retail and fast-food establishments offer higher pay, posing a competitive challenge as employers. Multiple providers express a desire to provide more comprehensive benefits, such as healthcare and retirement benefits, to their employees.

Participants also highlight complex licensing requirements as a significant obstacle for both current and prospective childcare providers, noting inconsistencies in information from different agencies and entities. This suggests a need for standardization to ensure consistency and provide better support to providers during administrative processes. Krystle Robertson from the Children First Learning Center acknowledges the Center for Early Success (CES) as a valuable resource pivotal to her center's success.

Ultimately, participants stress the importance of a strong passion for working with children and serving the community as essential for success in the childcare industry. This conversation underscores the childcare providers' needs in delivering quality services and meeting community demands.

In addition to the focus group, three providers were interviewed to assess current childcare demand and understand specific needs of regional centers. Of these providers, one center was at capacity, one had available space, and one could not accept more children due to staffing shortages. Major challenges in maintaining operations included succession planning, frequent and severe child illnesses, and difficulties in offering competitive wages. One provider emphasized the challenges in preparing children for school entry and passing state assessments due to delays in language skills.

Business Focus Group

Five businesses including business support organizations attended a virtual focus group in early April.

Key Takeaways

Childcare Accessibility and Affordability: Participants highlight the difficulty in finding reliable childcare, especially during non-traditional hours like second and third shifts. The cost of childcare is also noted as a significant barrier, with limited availability exacerbating the problem.

Workforce Impact: Absenteeism and lateness due to childcare issues are common problems faced by businesses, leading to decreased productivity and morale. The shortage of bus drivers further compounds these issues, as delays in transportation affect employees' ability to arrive on time.

Employer Efforts: Some businesses offer employee assistance programs (EAPs) that provide resources for childcare, eldercare, counseling, and other support services. However, there are challenges in implementing more comprehensive solutions like on-site childcare due to space constraints, regulatory hurdles, and the high demand for daycare workers.

Community Collaboration: Participants stressed the importance of collaboration between employers, local government, and childcare providers to address the childcare crisis effectively. Regulatory inconsistencies and bureaucratic challenges are cited as barriers to creating more accessible childcare options.

Data-Driven Solutions: There's a call for more data collection and research to inform policy decisions and initiatives aimed at improving childcare accessibility and affordability in the region.

Summary

The conversation among business representatives in the Danville, Chatham, and South Boston areas delves deep into the multifaceted challenges stemming from the inadequate availability and affordability of childcare services. Participants share candid insights into how this issue directly impacts their operations, emphasizing its profound effects on employee attendance, productivity, and overall workforce stability.

For instance, Laura Marsh from Unique Industries highlights how their distribution center in Blairs, Virginia, experiences high absenteeism due to employees' struggles with childcare arrangements. She mentions instances where workers are unable to accept different positions or are forced to leave their positions due to childcare-related constraints, illustrating the direct impact on workforce stability.

Key points emerge, such as the widespread struggle of working parents to secure reliable childcare, especially for non-traditional work hours like second and third shifts. Christy Oakes from Workforce Unlimited underscores this challenge by mentioning the difficulties faced by parents who work during these shifts, citing instances where children are left alone in cars due to lack of suitable childcare arrangements during late hours.

The high cost of childcare is identified as a significant barrier, further exacerbated by limited availability and a shortage of daycare workers. Laura Marsh discusses how Unique Industries refers struggling employees to programs like Childcare Virginia for financial assistance but notes that the cost remains prohibitive for many. This aligns with Christy Oakes' observation that approximately 70 percent of absences at Workforce Unlimited are due to childcare issues.

Participants stress how these factors contribute to absenteeism and lateness among employees, citing instances where workers are forced to miss shifts due to childcare-related issues. Laura Marsh from Unique Industries explains how employees' reliance on external childcare services can lead to delays and disruptions, affecting the company's productivity and overall efficiency.

While some businesses offer employee assistance programs (EAPs) to provide support services like counseling and eldercare, the conversation underscores the need for more comprehensive solutions. Christy Oakes mentions Workforce Unlimited's EAP, which

offers resources for childcare, but acknowledges that it may not fully address the scope of the problem, particularly in terms of affordability and availability.

Ideas such as on-site childcare facilities are discussed, but practical challenges like space limitations and regulatory complexities are acknowledged as barriers to implementation. Laura Marsh mentions how Unique Industries faces space constraints in expanding their facilities to accommodate on-site childcare, reflecting a common challenge among businesses in the region.

Throughout the discussion, there's a clear consensus on the importance of collaboration between employers, local government entities, and childcare providers to address the childcare crisis effectively. Anne Moore-Sparks highlights the regulatory challenges faced by daycare operators, emphasizing the need for consistent support and coordination at the local and state levels.

Moreover, participants advocate for data-driven approaches to inform policy decisions and initiatives aimed at improving childcare accessibility and affordability. Christy Oakes stresses the importance of factual information to support advocacy efforts, citing statistics on the impact of childcare issues on workforce productivity and retention.

The conversation reveals a collective acknowledgment of the urgent need for concerted action to address the childcare crisis and support the well-being of working families while fostering a thriving business environment. Angelika Matczak emphasizes the long-term benefits of investing in childcare solutions, highlighting how it can enhance employee retention and overall workforce stability in the region.

Parent Focus Group

In March, eleven parents participated in one of three virtual focus groups.

Key Takeaways

Limited Availability: Accessing childcare in the Danville-Pittsylvania County region is challenging due to limited availability. High demand and a shortage of quality facilities result in lengthy waitlists and force parents to seek alternative arrangements, often compromising on the quality of care.

Cost Burden: The high cost of childcare, exacerbated by limited options, poses a significant financial strain on families. While financial assistance programs exist, they are often difficult to access and may not provide sufficient relief, leading many parents to bear the full cost or tap into their savings.

Quality Concerns: Even when childcare is available, parents often struggle to find high-quality options that meet their standards. Ensuring a nurturing and engaging environment is a priority, but quality concerns add stress and uncertainty to the search process.

Inflexible Hours: Many childcare facilities operate on standard business hours, which do not accommodate parents with irregular work schedules. This inflexibility complicates the search for suitable childcare.

Navigating Waitlists: Long waitlists at popular facilities require parents to plan well in advance and endure prolonged uncertainty about when a spot will become available, adding stress to the process.

Balancing Work and Parenting Responsibilities: The search for reliable childcare is essential for maintaining employment, but it can be time-consuming and emotionally draining, especially for parents balancing work and caregiving duties.

Summary

Parents consistently report that they face a significant challenge in finding childcare options due to high demand and a shortage of quality facilities. Many parents encounter lengthy waitlists, which force them to settle for lower-quality care or rely on informal arrangements, such as family members or unlicensed providers.

The high cost of childcare in the Danville-Pittsylvania region places a substantial financial strain on families. Although there are financial assistance programs available, accessing them is often difficult and may not provide sufficient relief. Consequently, many parents bear the full cost of childcare, which consumes a significant portion of their household income or requires them to tap into savings.

Even when childcare options are available, parents frequently struggle to find high-quality facilities that meet their standards for nurturing and safe environments. Concerns about the quality of care add stress and uncertainty to the childcare search process. Parents strongly desire programs that actively engage their children, offer socialization opportunities, and prepare them for school.

Furthermore, many childcare facilities operate on standard business hours, which do not accommodate parents with irregular work schedules or shifts. This mismatch between childcare availability and parents' work schedules complicates the search for suitable options, making it difficult for many parents to balance work and family responsibilities.

Popular childcare facilities often maintain long waitlists, requiring parents to plan well in advance and endure uncertainty about when a spot will become available. This process adds significant stress and uncertainty.

Reliable childcare is crucial for parents to maintain employment, but the search for suitable options can be time-consuming and emotionally draining, particularly for parents juggling work and caregiving responsibilities.

Additional Market Analysis Information

Funding

Publicly-funded care explanations

Mixed Delivery

The Virginia Early Childhood Foundation's Mixed Delivery program offers publicly funded early childhood care and education (ECCE) services in licensed (non-faith-based) private ECCE settings for eligible children. This initiative supports full-day, year-round ECCE services for infants, toddlers, and preschoolers, addressing the increasing demand for publicly funded ECCE at private facilities that cater to diverse family needs and preferences.

Under the Mixed Delivery model, state funding administered through the Center for Early Success is allocated to childcare providers. Providers can apply to become mixed delivery sites, allowing them to receive funding for a specified number of childcare slots. Once approved, these slots are subsidized by the state, enabling eligible parents to enroll their children at no cost.

Subsidy Reimbursed

Subsidy reimbursed care offered through the Department of Social Services (DSS) refers to financial assistance programs designed to help low-income families afford childcare. These programs provide subsidies that partially or fully cover the cost of childcare, allowing parents or guardians to work, attend school, or participate in training programs.

Key aspects of subsidy reimbursed care include:

- 1. Eligibility:** Families must meet specific income and employment criteria to qualify for childcare subsidies. Eligibility is often determined based on household income, family size, and the need for childcare due to work, education, or training.
- 2. Provider Options:** Families can choose from a variety of approved childcare providers, including licensed childcare centers, family day homes, and in some cases, relative or in-home care providers who meet certain standards.
- 3. Reimbursement Process:** Approved childcare providers receive payments from the DSS based on the attendance of children who qualify for subsidies. Payments may cover a

portion of the total childcare cost, with parents responsible for co-payments or fees not covered by the subsidy.

4. Quality Standards: To receive subsidy payments, childcare providers must meet specific health, safety, and educational standards set by the DSS. This ensures that subsidized care is both safe and developmentally appropriate for children.

5. Support Services: In addition to financial assistance, families may receive support services such as assistance with finding childcare providers, access to parenting resources, and referrals to other social services.

Subsidy reimbursed care helps to reduce the financial burden of childcare on low-income families, supporting their ability to work or pursue education while ensuring that their children have access to safe and quality care.

Subsidized Programs

Virginia Preschool Initiative Program

The Virginia Preschool Initiative (VPI) is a state-funded program designed to provide quality preschool education to at-risk four-year-old children who are not served by Head Start. The initiative aims to prepare children for kindergarten by offering educational experiences that promote school readiness and developmental growth. VPI programs are typically housed in public schools, private childcare centers, or other community-based organizations, and they emphasize comprehensive services, including health, nutrition, and family involvement, to support the holistic development of children.

Head Start

Head Start programming is a federally funded initiative designed to promote school readiness for children from low-income families. It provides comprehensive early childhood education, health, nutrition, and parent involvement services to children from three to age five. The primary goal is to enhance the cognitive, social, and emotional development of children to prepare them for success in school and later life.

Head Start programs in Virginia offer a variety of services, including:

Early Childhood Education: Providing a developmentally appropriate curriculum that supports learning in literacy, mathematics, science, and social skills.

Health Services: Ensuring that children receive medical, dental, and mental health care, along with nutritious meals and snacks.

Parent Involvement: Encouraging active parent participation in their children's education and offering support services to families.

Social Services: Assisting families with access to community resources and services to support family stability and child development.

Head Start programs can be located in public schools, private childcare centers, community-based organizations, and other settings. They are designed to address the needs of the whole child and family, helping to create a strong foundation for future academic and life success.

Table 15: Full-Time Rates by Tuition Source				
Tuition Source	Infant (0-15 mths)	Toddler (16-23 mths)	2 year old (24-35 mths)	Preschool (36 mths-school entry)
Mixed Delivery Slots	\$22,100	\$19,240	\$14, 929	\$13,520
Subsidy Reimbursement	\$16,640	\$14,560	\$14, 560	\$10,140
Private Pay	\$10,400	\$9,888	\$9,888	\$9,360

Source: The Center for Early Success

Access

National

The childcare sector has faced significant challenges, particularly with the onset of the COVID-19 pandemic, which has exacerbated pre-existing issues surrounding available childcare slots. The pandemic-induced precautions, such as lockdowns and restrictions on in-person services, led to the closure of numerous childcare providers, intensifying the childcare crisis. Notably, urban areas experienced a childcare gap of 28.9 percent, while rural areas faced a gap of 35.1 percent.^[5] These closures and gaps in services have left many families struggling to find adequate childcare options.

Boston Consulting Group conducted a national survey in March 2023, involving over 2,500 working caregivers (i.e. parents) with children under the age of 5. The findings revealed widespread dissatisfaction with current childcare arrangements, with 70 percent of parents expressing discontent, regardless of industry, job type, location, or income level. This dissatisfaction is particularly pronounced among rural residents and workers in key industries such as healthcare, manufacturing, construction, transportation, and warehousing.^[6]

Despite childcare challenges, the demand for childcare continues to rise, driven by factors such as the increasing labor market participation, particularly in industries led by women, such as healthcare and education. As a result, about 15.4 million children under the age of

six, comprising 62 percent of the U.S. child population, are currently placed in some form of non-parental childcare. This number is expected to grow further as the demand for childcare services continues to increase.^[7]

Parental preferences for childcare vary significantly based on racial, ethnic identity, and income level. Despite widespread use across different communities and socio-demographic characteristics, family, friend, and neighbor care particularly caters to families with diverse backgrounds, those in rural areas, and individuals working nontraditional hours. Remarkably, among families utilizing multiple forms of early care and education, family, friend, and neighbor caregivers or nannies often serve as primary providers, accounting for 84 percent of children under age 3 and 94 percent of children ages 3 to 5.^[8]

Regional Demographic Overview

Over the past decade, the Danville-Pittsylvania region experienced a 1 percent population decrease, while Virginia and the nation saw a 6 percent increase. Within the region, Pittsylvania County's population declined by 4.2 percent, whereas the city of Danville's population grew by 4.4 percent.

Table 16: Danville-Pittsylvania Regional Population			
Year	Regional	Pittsylvania County	City of Danville
2014	104,681	62,386	42,295
2019	100,506	60,470	40,036
2024	103,865	59,708	44,157

Source: ACS 5-year estimates, 2021 Census

Figure 21: Percentage Income Below Poverty with Only Children Under 5, 2021

Source: ACS 5-year estimates, 2021 Census

Extended Neighborhood Analysis

Although the population under 5 is less than 5.0 percent of the regional total, this number varies significantly across neighborhoods. The average household size in Pittsylvania is 2.42, and in Danville, 2.21. Additionally, the average family size in Pittsylvania is 2.93, and in Danville, it is 3.04.

Pickaway Neighborhood, Pittsylvania County

Pickaway has the highest percentage of children under 5 (9.3 percent) in Pittsylvania County.^[9] This neighborhood also has a very low percentage of all parents of a family with children 5 and under participating in the labor force at just 10.1 percent.^[10] Additionally, a relatively high percentage of residents over the age of 5 speak a language other than

English (6.8 percent) as well as speak English less than “very well” (61.4 percent).^[11] This community has the lowest percentage of white residents (50.2 percent) and the highest percentage of black or African American residents (46 percent) in the entire county as well as one of the largest Hispanic and Latino populations at 7.7 percent.^[12]

Kentuck Neighborhood, Pittsylvania County

Kentuck has the second-highest percentage of children under 5 in the county at 8.6 percent.^[13] It is important to note that Kentuck has the lowest median age in the county at 41.5. This neighborhood also has the highest median household income in Pittsylvania County at \$64,677.^[14] This is the second-highest MHI in the entire region. Compared to Pickaway, this community has a very small Hispanic and Latino population and fewer black or African American residents. However, Kentuck similarly has a much smaller white population compared to the rest of the county at just 59.5 percent.^[15]

Hurt Neighborhood, Pittsylvania County

While lower than the top two neighborhoods, Hurt still has a relatively high percentage of children under 5 at 6.2 percent.^[16] Less than half of both parents of children 5 and under participate in the workforce at 49.1 percent, and the median household income is just below the average for the county at \$46,235.^[17] While a very small portion of the population over 5 speaks another language, Hurt is home to one of the largest groups of people in the county who speak “Other Indo-European languages.”^[18] Most other foreign language speakers in Pittsylvania County speak Spanish. However, none of the individuals who speak other Indo-European languages identify as speaking English less than “very well.” This largely contrasts the 83.3 percent of Spanish-speaking individuals who did identify as being less proficient. This does seem to be a trend across the region, possibly indicating that language and translation assistance should be especially focused on Spanish-speaking populations. Despite having similar percentages of children under 5 years of age, Hurt and Brosville vary significantly in the percentage of parent workforce participation, foreign language speakers, and median household income. Both communities, however, do have similar racial and ethnic makeups of approximately 80 percent white and 20 percent black or African American.^[19]

Brosville, Pittsylvania County

Children under 5 years of age make up 6.1 percent of the population in Brosville.^[20] However, over half (68.5 percent) of both parents of children under 5 are active in the workforce.^[21] The median household income is also notably higher (\$50,938) compared to Hurt. This neighborhood has the second-highest percentage of individuals who speak a

language other than English in the county at 7.3 percent.^[22] While most of these individuals speak Spanish, a large portion also speak “Other Indo-European languages.” In contrast to Hurt, most of these individuals (68.3 percent) identify as speaking English less than “very well.” While Spanish speakers can be more easily accommodated in terms of language aids and services, it may be difficult to cater to a variety of “Other Indo-European languages.”

Table 17: Pittsylvania County Demographics by Census Tract			
Census Tract	Population	% Population Under 5	5< Population Speaks Other Language
101	3,775	2.2%	0.9%
102	4,355	6.2%	2.6%
103.01	1,312	1.4p%	0.0%
103.02	2,776	3.9%	0.1%
104	3,911	3.2%	0.8%
105	5,601	5.0%	2.6%
106	2,719	3.5%	0.5%
107	1,642	9.3%	6.8%
108.01	2,067	8.6%	2.7%
108.03	2,984	4.2%	6.7%
108.04	2,604	4.4%	0.1%
109	3,151	3.5%	8.2%
110.01	4,281	6.1%	7.3%
110.02	3,993	1.6%	1.3%
111	2,515	5.2%	2.6%
112	2,356	4.2%	2.1%
113.01	4,092	5.0%	4.1%
113.02	2,848	1.9%	1.5%
114	3,851	3.1%	1.0%

Source: ACS 5-year estimates, 2021 Census

Tanglewylde, City of Danville

Tanglewylde in the City of Danville had the highest percentage of children under 5 at 15.6 percent.^[23] This community also had the lowest labor force participation rates in the city and the lowest percentage of all parents in a family with children 5 and under participating in the labor force.^[24] This may be attributed to parents having to stay out of work to provide care for their young children. Additionally, this neighborhood is the youngest in the region with a median age of only 33.9. Tanglewylde also had the lowest median household

income of \$20,861 which is significantly lower than the average of \$38,904 and had the highest percentage of families whose income in the last year was below the poverty level for all family types.^[25] Lastly, Tanglewylde had the lowest percent of white residents (22.6 percent) and the highest percent of black or African American residents (73.3 percent) compared to other tracts.^[26] Although Tanglewylde and neighborhoods south of Interstate 58 along the Virginia/North Carolina state line have particularly high percentages of children under 5 years of age, especially when compared to Pittsylvania County, the communities' demographic and economic characteristics vary. Racial and ethnic makeup, labor force participation rates, and median household incomes stand out in differentiating the neighborhoods.

Neighborhoods South of Interstate 58 along the VA/NC state line, City of Danville

Neighborhoods South of Interstate 58 along the VA/NC state line has the second highest concentration of children under the age of 5, making up nearly 13 percent of the population.^[27] In comparison to Tanglewylde, however, this neighborhood does not have low labor participation rates and median household incomes or high poverty levels.^[28] In fact, neighborhoods south of interstate 58 along the VA/NC state line has a high percentage of both parents of children under 5 participating in the labor force (82.9 percent) and one of the highest median household incomes in the city (\$49,750). The community is relatively diverse with over 10 percent of the population, or approximately 180 people, speaking a language other than English.^[29] Of this group, 80 percent (144) identify as speaking English less than “very well.” One characteristic that stands out in these neighborhoods is that there is a large population of people who identify as two or more races (12 percent) when compared to the rest of the city. There also is not as much of a difference between the percent of white (37.1 percent) and black or African American (48.5 percent) residents like in Hurt.

Table 18: City of Danville Demographics by Census Tract			
Census Tract	Population	% Population Under 5	5< Population Speaks Other Language
1	5,636	2.9%	0.7%
2	3,776	0.0%	11.8%
3	2,890	5.4%	2.8%
4	3,485	15.6%	0.8%
5	2,044	6.1%	2.2%
6	2,266	5.9%	0.0%
7	3,571	2.6%	3.7%
8	2,772	3.4%	8.4%
9	3,749	6.1%	9.3%

10	3,602	6.7%	4.7%
11	1,317	3.9%	1.6%
12	2,034	12.6%	10.1%
13.01	1,267	3.9%	0.6%
13.02	899	3.3%	18.2%
14	3,248	6.50%	2.10%
9801	--	--	--

Source: ACS 5-year estimates, 2021 Census

Income & Unemployment

There are over 85,000 people who are 16 years or older in the region. However, labor force participation is approximately 10 percent lower compared to the state and the country. In Pittsylvania County, this may be attributed to an older overall population. Meanwhile, the City of Danville has a higher unemployment rate of 6 percent compared to 5.4 percent in the neighboring county. Female labor force participation is also slightly lower than the state and nation.^[30] A possible correlation to childcare needs and inadequate supply should be considered.

Commuting Patterns

In the Danville region, approximately 44.4 percent of residents living in Danville also work within the city. An additional 11 percent of Danville residents commute to various workplaces across Pittsylvania County, while the remaining workforce extends their employment to the broader Southside area, neighboring North Carolina counties, and Roanoke and Lynchburg.

Current Available Childcare

Utilization of Care

Table 19: Current Enrollment by Age Group and Provider Category						
Utilization of Care	Infant (0-15 Mo)	Toddler (16-35 mo)	3 Years	4 Years	5 Years	Total
Licensed Child Day Care Center	101	173	100	39	41	454
Religious Exempt	51	107	95	69	42	364
Virginia Preschool Initiative	-	14	17	565	-	596
Voluntary Registered Family Day Home	-	3	1	-	-	4
Head Start	-	-	85	-	-	85
Private Preschool	-	-	23	42	138	203
Licenses Family Day Home	3	7	2	2	-	14
Total	155	304	323	717	221	

Source: The Center for Early Success

Childcare Industry

National

Center-based childcare facilities have traditionally dominated the childcare landscape, accounting for 71.7 percent of total childcare revenue in 2022.^[1] Notably, large for-profit childcare chains, often backed by private equity or publicly traded, have played a significant role in expanding access to childcare services. Chains like KinderCare and Bright Horizons employ various strategies, including franchising and acquisitions, to drive growth and consolidation within the industry. Moreover, for-profit chains have capitalized on the notable trend of employer-sponsored childcare benefits, further solidifying the influence of for-profit chains in shaping the national childcare agenda.^[2]

Contrary to center-based childcare, home-based childcare settings are poised for significant growth in the next five years. Approximately 7 million children under the age of five receive care in home-based settings, attracted by advantages like lower costs, personalized care, and a nurturing home environment.^[3] While family, friends, and neighbors predominantly provide childcare for young children, this sector lacks comprehensive research and data.^[4]

In 2023, the United States had a total of 1.1 million jobs in the childcare industry cluster, a 21 percent decrease (314,000 jobs) since 2014. Table 20 illustrates the decline in the number of childcare workers over the past ten years.^[5]

Table 20: National Childcare Industry						
NAICS	Description	2014 Jobs	2023 Jobs	2014 - 2023 Change	2014 - 2023 % Change	% of Total Jobs in Industry
814110	Private Households	590K	471K	(121K)	(20.2%)	41%
624410	Child Day Care Services	634K	474K	(165K)	(25.2%)	31%
903611	Elem. & Sec. School (Local Government)	95K	71K	(23K)	(25.2%)	1.0%
813110	Religious Organizations	47K	40K	(7K)	(14.9%)	3.0%
611110	Elem. & Sec Schools	22K	23K	2K	4.5.0%	1.8%
		1.4M	1.1M	(314K)	(21.4%)	

Source: Lightcast, 2014-2023 National Industry Report

Nationally, 41 percent of total industry jobs are from private households and have experienced the greatest job declines. Unfortunately, many providers did not reopen after COVID-19 restrictions were eased, which resulted in an estimated 58,000 fewer childcare workers in early 2023 compared to February 2020.

Recent studies suggest the growth of large-scale childcare programs since the pandemic's onset.^[7] Although all program types face similar staffing challenges, corporate chains have the financial resources that allow them to offer comparatively better benefits, despite persistently low wages across the industry. Moreover, they possess the capability to influence wages in specific geographic markets, potentially outbidding smaller home-based or nonprofit programs for available staff.^[8]

Well-compensated teachers with competitive benefits tend to exhibit lower job turnover, providing children with increased opportunities to form attachments and build lasting relationships.^[9]

Table 21: National Childcare Wage and Earnings			
SOC	Description	Median Hourly Earnings	Median Annual Earnings
39-9011	Childcare Workers	\$12.66	\$26,322
25-2011	Preschool Teachers, Except Special Education	\$16.72	\$34,785
25-9045	Teaching Assistants, Except Postsecondary	\$14.85	\$30,898
11-9031	Education and Childcare Admin., Preschool and Daycare	\$22.80	\$47,414

Source: Lightcast, 2018-2023 National Industry Report

National median hourly earnings for childcare positions range from approximately \$12 to \$22. This comes out to median annual earnings of between \$26,000 and \$47,000. The lower end of this range, which corresponds with Childcare Worker earnings, is significantly lower than the national median income of approximately \$75,000 in 2022.^[10] Care.com offers information to help childcare providers better understand how much they should be charging for their services. It is suggested that workers consider a variety of factors including commuting distances, the number of children being cared for, whether adequate benefits are being offered, etc. Lastly, it is specified that earnings should cover monthly expenses and taxes while allowing for recreational and leisure activities and spending.^[11]

Table 22 highlights the projected job trends for the national childcare industry between 2023 and 2028. The industry is expected to see slight growth in jobs across all childcare provider categories excluding child day care services which will see a slight decline in employment.

Table 22: National Childcare Industry: Projected Growth						
NAICS	Description	2023 Jobs	2028 Jobs	2023-2028 Change	2023-2028 % Change	% of Total Jobs in Industry
814110	Private Households	471K	482K	11K	2.3%	32%
624410	Child Day Care Services	474K	452K	22K	(4.6%)	40%
903611	Elem. & Sec. School (Local Government)	71K	74K	3K	4.2%	1%
813110	Religious Organizations	40K	41K	1K	2.5%	3%
611110	Elem. & Sec Schools	23K	24K	1K	4.3%	2%
		1.1M	1.1M			

Source: Lightcast, 2014-2023 National Industry Report

Regional

Tables 23 and 24 illustrate locality-specific details of the larger Danville-Pittsylvania region. In 2023, the City of Danville accounts for 59 percent of jobs in the regional childcare industry, a trend that has remained consistent over the last ten years. The City employs 181 childcare jobs compared to 126 workers in Pittsylvania County. While the City saw a dramatic, 37 percent decrease in jobs, between the years of 2014-2023, Pittsylvania County has seen 12 percent growth, largely in part to the private household industry which includes nannies and workers in private residences^[12].

Table 23: City of Danville Childcare Industry						
NAICS	Description	2014 Jobs	2023 Jobs	2014 - 2023 Change	2014 - 2023 % Change	% of Total Jobs in Industry
814110	Private Households	109	88	(25)	(19.3%)	31.2%
624410	Child Day Care Services	166	83	(89)	(50.0%)	51.2%
903611	Elem. & Sec. School (Local Government)	17	<10	Insf. Data	Insf. Data	0.7%
813110	Religious Organizations	13	10	(3)	(23.1%)	2.6%
611110	Elem. & Sec Schools	<10	<10	Insf. Data	Insf. Data	2.9%

		288	181	107	(37.2%)	
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Source: Lightcast, 2014-2023 City of Danville Industry Report

Table 24: Pittsylvania County Childcare Industry						
NAICS	Description	2014 Jobs	2023 Jobs	2014 - 2023 Change	2014 - 2023 % Change	% of Total Jobs in Industry
814110	Private Households	33	61	28	84.8%	31.4%
624410	Child Day Care Services	61	53	(10)	(13.1%)	54.6%
903611	Elem. & Sec. School (Local Government)	19	12	(7)	(36.8%)	0.7%
813110	Religious Organizations	<10	<10	Insf. Data	Insf. Data	2.4%
611110	Elem. & Sec Schools	<10	<10	Insf. Data	Insf. Data	1.6%
		113	126	13	11.5%	

Source: Lightcast, 2014-2023 Pittsylvania County Industry Report

Childcare Occupations

National

Childcare workers are a central occupation within the childcare industry, although the sector encompasses various roles and professions, including preschool teachers, teaching assistants, and administration positions. The term "childcare worker" typically includes individuals directly involved in caring for and supervising children and thus a key occupation that is driving change within the industry ecosystem.

In 2023, the United States had a total of 1.4 million jobs in the childcare industry cluster, a 3.3 percent decrease (500,000 jobs) since the year 2014^[13]. Table 25 illustrates the decline in the number of childcare workers over the past ten years. Growth of 1.6 percent is projected between 2023 and 2028 for national childcare occupations. Childcare worker occupations are projected to increase by four percent, or approximately 33,000, as this is the largest childcare occupation category. However, preschool teacher (except special education) are expected to see the greatest amount of growth at 8 percent.

Table 25: National Childcare Occupations								
SOC	Description	2014 Jobs	2023 Jobs	2028 Jobs	2014 - 2023 Change	2014 - 2023 % Change	2023-2028 Change	2023 - 2028 % Change
39-9011	Childcare Workers	1.1M	930K	964K	(157K)	(14%)	33K	4%
25-2011	Preschool Teachers, Except Special Ed.	242K	312K	336K	70K	29%	24K	8%
25-9045	Teaching Assistants, Except Postsec.	111K	141K	147K	31K	28%	4.8K	3.0%
11-9031	Education and Childcare Admin., Preschool & Daycare	57K	74K	77K	129K	11%	2.8K	4%
		1.5M	1.4M	1.5M	500K	(3.3%)	74K	1.6%

Regional

In 2023, the City of Danville employed 229 childcare workers, a 33 percent decline in employment from the previous ten years. This coincides with the industry trends reviewed in Tables 26 and 27, where job loss was seen largely in the child day care services industry. Pittsylvania County saw a slight upward trend (12 percent) in its childcare workers. Regional factors could include, childcare workers “jumping” localities for better career opportunities, compensation, living environment, or family considerations.

Table 26: City of Danville Childcare Occupations					
SOC	Description	2014 Jobs	2023 Jobs	2014 - 2023 Change	2014 - 2023 % Change
39-9011	Childcare Workers	288	181	107	(37.2%)
25-2011	Preschool Teachers, Except Special Ed.	40	37	(3)	(7.5%)
25-9045	Teaching Assistants, Except Postsec.	13	11	(2)	(15.4%)
11-9031	Education and Childcare Admin., Preschool & Daycare	<10	<10	Insf. Data	Insf. Data
		341	229	(112)	(32.8%)

Source: Lightcast, 2014-2023 City of Danville Occupation Report

Table 27: Pittsylvania County Childcare Occupations					
SOC	Description	2014 Jobs	2023 Jobs	2014 - 2023 Change	2014 - 2023 % Change
39-9011	Childcare Workers	113	126	13	11.5%
25-2011	Preschool Teachers, Except Special Ed.	19	21	2	10.5%
25-9045	Teaching Assistants, Except Postsec.	<10	<10	(1)	(14.0%)
11-9031	Education and Childcare Admin., Preschool & Daycare	<10	<10	Insf. Data	Insf. Data
		132	147	15	11.4%

Source: Lightcast, 2014-2023 Pittsylvania County Occupation Report

Table 28: City of Danville Childcare Occupations							
SOC	Description	Median Hourly Earnings	Median Annual Earnings	2022 Hires	Average Annual Openings	Turnover Rate	Typical Education
39-9011	Childcare Workers	\$11.56	\$24,041.94	92	41	49%	H.S diploma/ equivalent
25-2011	Preschool Teachers, Except Special Ed.	\$17.09	\$35,542.58	31	9	44%	Associate's degree
25-9045	Teaching Assistants, Except Postsec.	\$15.11	\$31,424.84	51	18	29%	Some college
11-9031	Education and Childcare Admin., Preschool & Daycare	Insf. Data	Insf. Data	<10	1	Insf. Data	Bachelor's degree

Source: Lightcast, 2014-2023 City of Danville Occupation Report

Table 29: Pittsylvania County Childcare Occupations							
SOC	Description	Median Hourly Earnings	Median Annual Earnings	2022 Hires	Average Annual Openings	Turnover Rate	Typical Education
39-9011	Childcare Workers	\$11.10	\$23,083.95	65	28	48.0%	H.S diploma/ equivalent
25-2011	Preschool Teachers, Except Special Ed.	\$15.44	\$32,106.13	21	7	39.0%	Associate's degree
25-9045	Teaching Assistants, Except Postsec.	\$12.28	\$25,550.88	73	23	36.0%	Some college
11-9031	Education and Childcare Admin., Preschool & Daycare	Insf. Data	Insf. Data	<10	1	Insf. Data	Bachelor's degree

Source: Lightcast, 2014-2023 Pittsylvania County Occupation Report

Educational backgrounds play a significant role in shaping the quality of childcare, as staff and directors with higher education degrees often possess a more comprehensive understanding of children's needs and development.^[14] However, the rural childcare workforce faces challenges accessing resources like professional development and higher education due to limited infrastructure, greater travel distances, and rising costs of training^[15]. Consequently, rural areas experience more acute childcare workforce shortages compared to urban areas, exacerbating difficulties in sustaining programs and upholding quality standards.

Table 30: Danville Top Industries

NAICS	Description	2014 Jobs	2022 Jobs	2014 - 2022 % Change
62	Health Care and Social Assistance	6,386	6,553	2.6%
90	Government	7,088	6,407	(9.6%)
31	Manufacturing	6,396	6,401	0.8%
44	Retail Trade	5,288	4,958	(6.2%)
72	Accommodation and Food Services	3,327	3,419	2.8%
81	Other Services (except Public Administration)	2,549	2,485	(2.5%)
23	Construction	1,727	1,866	8.0%
56	Administrative and Support and Waste Management and Remediation Services	3,103	1,657	(46.6%)
42	Wholesale Trade	1,468	1,399	(4.7%)
54	Professional, Scientific, and Technical Services	884	996	12.7%

Source: Lightcast, 2014-2023 Danville Industry Report

Table 30 above lists the top 10 industrial sectors in the region. Eight of these sectors employ a higher percentage of women, which may indicate that many employees in these industries face additional childcare challenges or may need to leave the workforce if adequate childcare services are unavailable. Additionally, many of these industries, such as manufacturing, restaurants, healthcare, and warehousing, often require employees to work non-traditional hours, including 2nd and 3rd shifts.

Definition of Childcare Provider Categories

Definitions of each category of childcare provider are included below.

- Licensed Family Day Homes:** Providers that care for five through twelve children in their home (not including their children or children that reside in the home) are mandated by the Code of Virginia to be licensed. Providers that care for more than four children *under the age of 2* (including their children and children that reside in the home) are also required to be licensed or voluntarily registered. Licensed family

day homes are allowed to care for a maximum of 12 children at any given time (not including their children or children that reside in the home).

- **Virginia Preschool Initiative:** The Virginia Preschool Initiative distributes state funds to schools and community-based organizations to provide quality preschool programs for at-risk four-year-olds unserved by the federal Head Start program.
- **Private Preschool:** Preschool programs that are operated by private schools and are accredited by a statewide accrediting organization or another accrediting organization recognized by the Board of Education are exempt from licensure.
- **Licensed Child Day Center:** Child day centers are child day programs offered to two or more children under the age of 13 years in a facility that is not the residence of either the provider or the children in care OR 13 or more children at any location.
- **Voluntarily Registered Day Homes:** Providers that wish to become Voluntarily Registered family day homes must care for less than 4 children at any given time (not including their children and children that reside in the home).
- **Religious Exempt:** employees meet required professional qualifications and are in good health required to provide care for children, the center meets staff-child ratio requirements, and the center is aware of and will abide by basic health and safety requirements

An unregistered provider may provide care for up to 4 children in their home (not including their children or children that reside in the home).^[16]