NACRHHS
National Advisory Committee on Rural Health and Human Services

# CHILDCARE NEED AND AVAILABILITY IN RURAL AREAS

## POLICY BRIEF AND RECOMMENDATIONS TO THE SECRETARY

**JANUARY 2023**

## EDITORIAL NOTE

During the 90th meeting of the National Advisory Committee on Rural Health and Human Services (hereinafter referred to as "Committee"), held virtually due to the Public Health Emergency, members explored the topic of the need and current availability of human services in rural areas. As a result of this discussion, the Committee members agreed to provide recommendations to the Secretary of the Department of Health & Human Services on the topic of need and availability of childcare in rural areas. The pandemic brought greater attention to the long-standing difficulties of providing and accessing childcare across the country. The COVID-19 supplemental appropriations legislation provided historic levels of funding to childcare providers and the Committee members viewed this as an opportunity to provide recommendations to the Secretary on steps that could be taken to improve availability and access to childcare in rural areas.

Representatives from the Rural Policy Research Institute, the Administration for Community Living, and the Administration for Children and Families spoke to the committee via Zoom. Committee members also attended a presentation detailing the preliminary research findings of a joint analysis on Human Service Programs in Rural Contexts conducted in partnership between the Administration for Children and Families and the Health Resources and Services Administration.

## ACKNOWLEDGEMENTS

The Committee acknowledges the assistance of the contributions of those who helped plan the meetings as well as those who presented to the members on issues relating to rural human services, specifically. These individuals were: Lacey Boven (Administration for Community Living), Jeannie Chaffin (speaking on behalf of her previous work with the Administration for Children and Families), Lisa Zingman (Administration for Children and Families), and Aira Jae Etheridge (Health Resources and Services Administration).

The Committee also extends its appreciation to Committee Members April Anzaldua and Isabel Garcia for their assistance with drafting recommendations and to Samia Ismail, Jocelyn Richgels, Suzanne Snyder, and Sarah O'Donnell for summarizing the Committee's findings and drafting this policy brief.

# POLICY RECOMMENDATIONS

**Recommendation One**: The Committee recommends the Secretary assess which Public Health Emergency (PHE) waivers should be extended to expand access to childcare services in rural areas.

**Recommendation Two**: The Committee recommends the Secretary consider creating a Childcare Shortage Area (CCSA) designation similar to the Health Professions Shortage Area designation (HPSA) to inform future policymaking about childcare supply, access and affordability.

**Recommendation Three**: The Committee recommends the Secretary support organizations that serve minority and rural populations, such as Historically Black Colleges and University (HBCUs) tribal colleges, community colleges, Community Health Workers (CHWs), Colonias community leaders, and tribal leaders by funding them to 1) help increase recruitment to early childhood education programs among rural African American, Hispanic, and American Indian/Alaskan Native residents[3] and 2) expand outreach and programmatic elements in early childhood education. To the extent possible, the Office of Childcare, in ACF should work with tribal leaders to collect data on tribal childcare capacity and need.

**Recommendation Four**: The Committee recommends that, whenever possible, the Secretary allow for expansion of Head Start program capacity in communities with newly created or expanded Early Head Start programs to allow for continuity of education from Early Head Start through entry into kindergarten.

**Recommendation Five**: The Committee recommends the Secretary work with USDA, the Commerce Department, and the Federal Communications Commission to help rural home-based childcare providers gain access to high-speed, low-cost broadband services for training and education.

**Recommendation Six**: The Committee recommends the Secretary extend the Qualification Waiver for Head Start Preschool Teachers (ACF-IM-HS-22-06) to Early Head Start programs who face similar difficulties with recruiting qualified teachers as it applies to waiving the CDA requirement. Extending this waiver would allow Early Head Start programs to immediately enroll infant and toddler teachers in a CDG program and provide initial training prior to entering the classroom.

**Recommendation Seven**: The Committee recommends the Secretary ensure both ACF's Office of Head Start and Office of Childcare provide the necessary flexibility and support to rural providers that allow them to develop programs to train parents and community members, and provide support to obtain required childcare licenses and degrees.

## INTRODUCTION

Childcare services are a critical component of early childhood learning and development, and quality programs are vital in ensuring that children are socially and cognitively prepared to start school. Furthermore, when these services are readily available and accessible in a community, parents are allowed more opportunities for economic advancement. However, many rural communities across the country face chronic child-care shortages; this is due to the challenges that providers face when trying to offer these services in sparsely populated rural areas. Difficulties recruiting and retaining a licensed workforce and low profits and enrollment are persistent obstacles that rural providers face. As a result, families in nonmetropolitan areas do not have sufficient options for affordable, accessible childcare within a reasonable distance from their homes or workplaces.

These existing challenges and the opportunities for improvement that they present led the Committee to examine the availability and accessibility of rural childcare service and how federal programs—specifically those that are distributing supplemental American Rescue Plan Act (ARPA) funding—can best support efforts in rural America. This brief focuses on both the current effects of the COVID 19 pandemic on access to care and the impact of Public Health Emergency (PHE) funding on ensuring continued childcare availability, and the long-term and ongoing barriers to access and availability.

## BACKGROUND

Across the United States, more than 12 million children were participating in childcare services before the onset of the COVID-19 pandemic in early 2020.[1] Quality childcare services help children develop the necessary social, emotional, and cognitive skills they need to be prepared to enter school.[2,3] Accessible, affordable, and reliable childcare is also necessary to enable parents and caregivers to sustain consistent employment that supports their family's wellbeing. However, childcare availability is either lacking or nonexistent in many rural areas due to challenges such as difficulty recruiting and retaining a qualified workforce, maintaining overhead costs associated with building and/or renovating facilities, and low enrollment.[4]

The childcare industry offers three main types of service from which parents can choose: center-based care, home-based care, and unlicensed care, usually provided by family members or friends. Center-based care involves offering childcare at a non-residential location, and these centers tend to run larger operations than home-based care facilities.[4] In contrast, home-based care services are usually co-located in the provider's home and are typically licensed to care for 6-12 children.[5] Unlicensed childcare is offered on an informal basis, and payment may or may not be associated with the service. Some states may prohibit unlicensed providers from advertising their program in an effort to reduce the chance that the public engages them for care without realizing that they may not be licensed or qualified by state standards.[4]

### Rural Childcare Need

While the proportion of urban children represents a higher share of the overall childcare population in America, the geographic and population density characteristics of rural areas lend themselves to unique challenges for both the families accessing childcare and providers who serve them. The primary type of care that is accessed differs across the rural-urban geography. A higher proportion of rural families use home-based providers than urban families.[5,2, 6,7] Children in nonmetropolitan ZIP codes are the least likely to use a center-based childcare facility, with only 16 percent spending time at center-based care facilities while poor and middle income children in metropolitan zip codes (28 percent and 38 percent respectively) were most likely to do so.[2]

Childcare deserts, while having no official designation, can be described in a manner similar to the more-recognized term "food deserts." The Center for American Progress (CAP) and Childcare Aware (CCA) describe childcare deserts as those areas that either have no childcare providers at all or have so few childcare slots available that there are more than three children in the community for every open spot. These deserts are most likely to be in low-income rural census tracts, which highlights the disparity that low-income workers face in securing consistent childcare necessary to sustain employment. (**Figure 1**).[5]

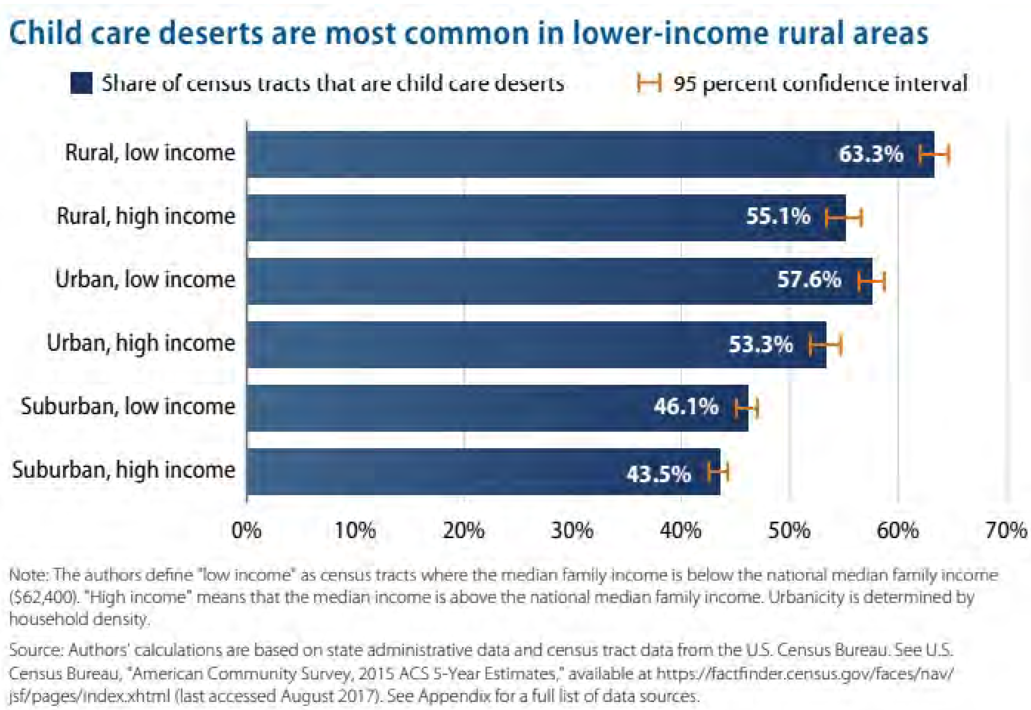


**Figure 1**: Proportion of census tracts for a given socioeconomic category and geographic description that are childcare deserts[5].

One of the unique aspects of childcare services is the variation from state to state and the degree of flexibility that states have over how programs are administered since they are often a blend of Federal and state funding. For example, New York is using a portion of their American Rescue Plan Act (ARPA) funding to build capacity for childcare in geographic areas designated as childcare deserts. The state identifies childcare deserts in a manner similar to the one described by CAP and CCA, with a geographic census tract defined as a childcare desert if there are three or more children under the age of five per available childcare slot in local day care centers, family day care, or group family day care programs.[8] Utilizing this criterion, more than 60 percent of the state is considered a childcare desert. The areas with the greatest shortages are in the most rural areas of the state and the urban core.[8]

Nationally, rural children under five years old make up 24 percent of children eligible for child-care services in the country, yet 55 percent of these children live in a child-care desert. This is compared to urban and suburban children, who make up 77 percent of the population of children under five in need of childcare, but of which only approximately 33 percent live in child-care deserts.[9] The problem is particularly notable for rural infants and toddlers, where there are nine children for every childcare slot in rural counties.[10]

Childcare shortages affect families' ability to find quality childcare services that are both economically viable and physically accessible. Only 38 percent of rural parents surveyed in 2019 by Morning Consult on behalf of the Bipartisan Policy Center (BPC) said they could easily find childcare within their budget, while over half of urban parents indicated they could find affordable childcare. This leads more rural families to either depend on another family member or friend for childcare than urban families (64 percent compared to 51 percent) or relocate as a result of childcare shortages in their area (29 percent compared to 23 percent).[11] In a 2021 follow-up survey of rural parents, three quarters said they could afford $200 or less per child per week for childcare.[16]

Child-care shortages also reduce economic autonomy for families. Research shows that when center-based childcare is readily available in a community, the percentage of mothers who use that type of childcare and are employed doubles from 11 percent to 22 percent.[12] Moreover, in the 2021 BPC survey, 86 percent of rural parents who were not working cited childcare responsibilities as influencing that decision and 45 percent of parents said that they or their spouse provide care for their child, but only 26 percent of respondents said that this is their preferred option.[16] In a similar survey conducted with American Indian/Alaska Native (AI/AN) parents in December, 2021 by Morning Consult on behalf of BPC, 77 percent of respondents who have someone in their household not working say childcare responsibilities influenced their decision not to work. The inability to work over the past month because of childcare responsibilities has impacted 53 percent of AI/AN parents. This same survey showed that 31 percent of AI/AN parents are personally providing care for their child, but this is the preference for only 19 percent of parents.[13] Childcare, along with housing and transportation are cited as the three biggest impediments to finding workers in rural areas.[14]

Adding to the childcare supply challenge in rural communities is the decreasing number of small family childcare providers nationwide. As stated above, a higher proportion of rural families use family-based childcare providers than urban families. Across the U.S., the number of licensed small family childcare homes, defined as those with one caregiver, fell by 48 percent between the years 2005 and 2017. However, during this same period, the number of total childcare slots increased from 9.3 million to 10 million, representing a 7 percent growth in overall licensed capacity, with the largest increase in center-based care.[15] At the state level in Minnesota, for example, the number of licensed family childcare providers decreased by 30 percent statewide between 2006-2016. This disproportionally impacted rural Minnesota, as family childcare accounted for 65 percent of the childcare capacity in Greater Minnesota. At the same time, capacity in childcare centers grew in Minnesota overall, including rural Minnesota. But the growth in childcare centers in rural areas did not make up for the loss of family providers, with a net loss of over 15,000 licensed spaces in rural Minnesota. The urban area saw a net increase in licensed spaces over this same time period.[7]

### Impact of COVID-19

COVID-19 has, as with other social and health care services, revealed a weakness in America's childcare infrastructure. During the early stages of the pandemic, 46 percent of rural parents stated that their provider has closed provisionally due to the Public Health Emergency (PHE), and over 90 percent of Head Start programs nationwide paused their operations.[1,16] Providers that did stay open throughout the pandemic lost revenue due to employee shortages, changes in classroom size regulations and low enrollment, delayed or selective relief funding, and additional costs to provide Personal Protective Equipment PPE. Many providers incurred personal debt or use their savings to cover profit shortfalls.[4,17,18,19]

Over the course of the pandemic, relief grants and loans were allocated to the childcare sector through the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed in March 2020, the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020, and the American Rescue Plan Act (ARPA) in March 2021.[20] These three pieces of legislation appropriated more than $50 billion for childcare relief for both the short- and long-term; $39 billion of this sum from ARPA alone. The ARPA funding was partitioned out as $24 billion for the Childcare Stabilization program that would be administered predominantly by state governments and was intended to be distributed quickly, and $15 billion as additional funding for the Childcare and Development Block Grant (CCDBG) program to offer longer-term support for childcare deserts.[2122] The Administration on Children and Families (ACF) was tasked with allocating the multiple rounds of supplementary funding throughout the COVID-19 pandemic because of their established involvement in providing federal support and guidance to childcare establishments. However, Committee members who operate childcare programs indicated that administrative qualifications and requirements to receive aid may have prevented ARPA money from being directed to communities in need of childcare support. ACF established a deadline for states to distribute the money by the end of 2021 and states that did not allocate at least half of their allocated funding in that time frame risked losing access to a portion of their program funding.[22]

In October 2022, the Department of Health and Human Services (HHS) released an analysis that indicated more than 200,000 childcare providers accessed the Childcare Stabilization funding. This allowed more than 9.5 million children to remain in their childcare setting during the pandemic. In rural counties, it is estimated that 30,000 childcare programs received aid, with support received by providers in about 97 percent of rural counties and 98% of persistent poverty counties in most states.[23] Of note, 18 percent of all AI/AN parents who both live on tribal land and do not live on tribal land in the December 2021 BPC survey indicated that the childcare arrangement they were using prior to the pandemic has closed. That number rises to 28% for the survey participants who live on tribal land.[13] Committee members expressed concern that rural childcare providers may not have accessed all the COVID relief funds available to them, owing to the longstanding difficulties that rural organizations face when trying to access federal grants and loans, whether due to lack of awareness of available funds, lack of organizational capacity to apply, or not meeting qualifications for the funding program.

## FEDERAL PROGRAMS

Within the Department of Health and Human Services, the Administration for Children and Families (ACF) plays a key role in the wellbeing of children residing in the United States. ACF oversees multiple grant opportunities and funding sources that help support childcare operations in underserved communities. While most of these grants—including Head Start and its subsidiary programs, the CCDBG, and the Temporary Assistance for Needy Families (TANF) programs—do not maintain a specific focus on rural families, they do aim to direct resources towards areas that lack sufficient child-care availability, a condition that also applies to many nonmetropolitan areas.

## *Administration for Children and Families (ACF) Programs*

### Office of Head Start

Grants awarded by the Office of Head Start within ACF support more than 1,600 public and private agencies to provide Head Start services.[24] These services employ the Whole Family Approach and includes childcare that prioritizes early learning and development for children who have yet to enter kindergarten; regular health and wellness services that includes nutritious meals and engaging indoor and outdoor play as well as routine medical, dental, and mental health care; and support for families and parents in the form of continued education, housing stability, and financial security.[25]

In addition to these standard services, Head Start also encompasses more specialized programs including Early Head Start for infants, toddlers, and pregnant women; American Indian and Alaska Native Head Start, and Migrant and Seasonal Head Start. The latter of these two initiatives operate many of their programs in rural communities because a considerable proportion of their target populations live and work in these areas.[2524]

> The National Children's Center for Rural and Agricultural Health and Safety and the Migrant Clinicians Network created the "Protecting Children while Parents Work" project to strengthen ties between farmworkers, farmers, childcare providers, and others to develop and foster safe childcare options for farmworker children while parents work in the field. [1]

Head Start grants support childcare operations in 86 percent of rural U.S. counties, and the benefits of these programs can be observed within the children enrolled in these services as well as their families.[25] Compared to children who do not take part in a Head Start program, children who do, show higher levels of school readiness and demonstrate improved social-emotional and cognitive development. In the long term, these children are more likely to graduate from high school and attend college.[25] In an analysis of 10 state Head Start programs conducted by the Center of American Progress, one quarter of the counties surveyed reported that Head Start programs were either the only one, or one of a few, childcare centers providing services in the county. In frontier counties, which are the most remote rural counties, Head Start programs represent nearly half of the center-based care.[25](Figure 2)

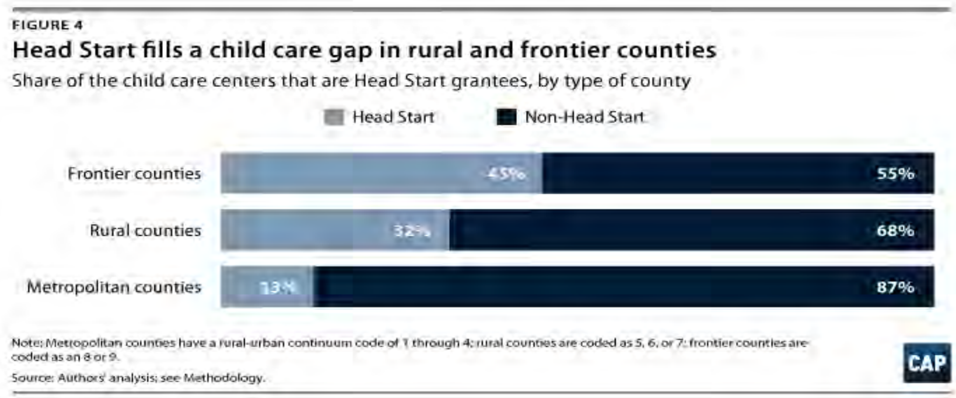


**Figure 2**: Share of the childcare centers that are Head Start grantees, by type of county.

## Childcare and Development Block Grant (CCDBG) and Childcare Development Fund (CCDF)

The Childcare and Development Block Grant Act of 2014 reauthorized the law that governs the Childcare Development Fund, which includes the Childcare and Development Block Grant (CCDBG) and the Childcare Entitlement to the States (CCES).[26] To apply for CCDBG funds, the CCDF requires states, territories, and tribes to submit 3-year plans for how they will use the funding to support access to childcare for low income families.[27] The CCDF is the largest federal funding stream for childcare subsidies. In FY2022, the CCDF funding was $9.715B, with CCDBG receiving an appropriation of $6.165B and the CCES annual funding established at $3.550B**Error! Bookmark not defined.** [28]

While these subsidies help ease the economic burden of childcare for more than 820,000 families and help place 1.4 million children in childcare programs nationwide, funding levels may not be high enough to meet all needs. Estimates show that up to 13 million children would be eligible for subsidized childcare through this program; currently, less than 20 percent of qualifying families take advantage of these subsidies.[29] In a 2019 survey of CCDF state administrators by Child Trends, 20 percent of the 30 responding states indicated that they used a 2018 increase in funding to expand access for children in rural areas. [28] Though these block grants are federally funded, they are administered wholly by the states, and counties in some instances, which results in variation in eligibility requirements and administrative processes. The Childcare and Development Block Grant Reauthorization Act of 2022 has been introduced in Congress, with proposed changes that may help alleviate some recurring challenges, such as increasing the income level for eligibility.[30]

## Additional ACF Programs

The Temporary Assistance for Needy Families (TANF) and the Social Services Block Grant (SSBG) funds can also be used to support access to childcare and early education programs. A state can transfer up to 30 percent of TANF funds to the CCDBG fund.[31] SSBG is authorized to support social services directed towards achieving economic self-sufficiency for low-income households. Funding for childcare is one of the top uses by states. [32]

### *United States Department of Agriculture (USDA)*

### Rural Development

USDA and HHS recently released a Joint Childcare Resource Guide to help strengthen and expand childcare facilities in rural communities.[33] Through a variety of programs with specific eligibility criteria and congressionally-mandated limitations, USDA-RD primarily supports center-based childcare facilities, as well as homebased childcare that meets program eligibility requirements. Funding from specific USDA-RD programs can be used to offset costs associated with new construction, or to renovate or expand an existing building, plus cover the cost of equipment, furnishings, and utilities necessary to support childcare in rural areas.[33] The list of eligible programs includes:

- Rural Housing Services: Community Facilities Programs, Tribal College Grants, and Rural Community Development Initiative
- Rural Business-Cooperative Service: Business and Industry Loan Guarantee Program, Rural Business Development Grants
- Rural Utilities Service: Distance Learning and Telemedicine Grants

## POLICY RECOMMENDATIONS

### *Public Health Emergency Waivers & Learned Best Practices*

Rural families and childcare providers faced considerable hardships accessing and providing childcare services during the PHE. However, the breadth of temporary waivers offered to childcare providers enabled innovation in the delivery of childcare services. In particular, Committee members that operate rural Head Start programs indicated that it was necessary to use the flexibilities allowed during the PHE often and they believe that service delivery would be improved if the certain waivers continue to be offered for additional time or be permanently extended.

For instance, the Office of Head Start provided a Fiscal and Administrative Flexibilities Waiver (Office of Head Start ACF-IM-HS-21-01) that offered relief from certain fiscal and administrative requirements during the PHE.[34] Committee members who direct Head Start programs indicated that supply delays and price increases across the economy continue to affect their operations and create delays and cost increases in procurement, and delay the completion of projects that were initiated with COVID relief funds. Extending the current flexibilities provided by the temporary waiver for procurement, sole source requirements, prior approval for purchases and budget modifications offers would be beneficial.

These same Head Start Directors have found that the suspension of requirements for full enrollment allowed during the PHE[35] to be beneficial and still necessary as their programs continue to struggle to achieve the requirements to be considered to be at full enrollment. Achieving full enrollment is still difficult due to many economic and societal factors including general vaccine hesitancy in the rural population that may make children ineligible for enrollment due to vaccine requirements.

Additionally, rising incomes, as a result of increasing wages, may make participating families ineligible due to income levels that exceed current eligibility. Yet program guidelines have not increased income eligibility levels to reflect current inflation rates. If income eligibility levels are increased by HHS, these families may become eligible for Head Start enrollment again and ensure continuity of care for their children, a key tenant of Head Start program design. Allowable enrollment levels are also influenced by growing challenges recruiting and retaining staff.

The Committee's Head Start Directors have indicated that the Migrant and Seasonal Head Start programs, which provide services to children in the agriculture industry and is offered primarily in rural areas, continue to cope with uncertain enrollment levels due to fluctuations in the agriculture workforce. Eligible families may have temporarily taken jobs outside of the agriculture industry during the COVID-19 pandemic. These fluctuations in employment are still ongoing.  Continued uncertainties in population count may lead to a program receiving an "Underenrolled Designation", which occurs when a program has an enrollment count that is less than the funded enrollment and a requires a plan and timetable for reducing that under enrollment.[36] The Committee is encouraged to note that the Office of Head Start has taken steps toward reducing the burden of an "underenrolled" designation through a greater allowance for reduction in enrollment levels when they are influenced by the larger economic and societal environment with the release of a recent Information Memorandum. The *Enrollment Reductions and Conversion of Head Start Slots to Early Head Start Slots* (ACF-IM-HS-22-09) Information Memorandum provides for changes in Head Start established funded enrollment levels to meet shifting community needs and circumstances.[37]

The Committee encourages HHS to conduct assessments of the effectiveness of the PHE waivers and notes that the findings could lead to legislative changes that give HHS the authority to make the flexibilities permanent.

**Recommendation One:** The Committee recommends the Secretary assess which Public Health Emergency (PHE) waivers should be extended to expand access to childcare services in rural areas.

### *Strategies to Address Access to Care and Financing*

There are numerous intersecting reasons for the current shortages in childcare and difficulties in accessing existing care available in rural America. As such, a multi-pronged approach is needed to create enough provider capacity to alleviate the shortages and make it easier for rural families to take advantage of childcare opportunities.

Multiple studies have emphasized the necessity of public funding for sustainable rural childcare both before and during the COVID-19 pandemic.[3,38] As of 2012, 53 percent of rural center-based childcare received public funding through either public pre-K, a partnership with a public school, or from Head Start.[3] This is compared to 38 percent in high-density urban areas and 42 percent in moderate-density urban areas.[3] Public funding allowed these rural center-based childcare facilities to invest in auxiliary services such as transportation, which helps increase accessibility for the children enrolled in their programs.[3]

The burden of rising childcare costs is experienced by families across all geographies and income levels. The 2014 reauthorization of the Childcare Development Block Grant specified that the co-payments for parents that receive the childcare subsidy should not exceed 7 percent of family income.[28] However, as of 2014, rural families spent 12.2 percent and urban families spent 10.8 percent of their income on childcare.[6]

Efforts must be made to ensure that parents who are eligible for childcare subsidies or tax credits know about the resources available to them. In the 2021 BPC survey of rural families, 25 percent of respondents stated that they had not been aware that they could receive such a credit.[16]

As described in the background section, there are rural areas that face significant shortages of childcare providers, which creates a burden for families, employers, and communities. There is a growing recognition that many rural communities could be classified as childcare deserts. Steps should be taken to understand what incentives are needed to retain existing providers and to attract new providers in areas with extreme shortages, enable higher salaries for staff, and mitigate the effects of low consumer volume on program sustainability.

**Recommendation Two**: The Committee recommends the Secretary consider creating a Childcare Shortage Area (CCSA) designation similar to the Health Professions Shortage Area designation (HPSA) to inform future policymaking about childcare supply, access, and affordability.

To ensure that accessibility is improved for all rural subpopulations, steps should be taken at all levels of government to reach out to minority racial/ethnic communities and tribal nations to increase their participation in early childhood education efforts.[3] For tribes in particular, more needs to be learned about their capacity to meet childcare needs, as there are no public data sources that provide information on the number of childcare and early education programs serving Native American children.[11] In the 2021 survey of AI/AN parents, 56 percent prefer tribally-operated childcare services rather than from the state.[13]

**Recommendation Three:** The Committee recommends the Secretary support organizations that serve minority and rural populations, such as Historically Black Colleges and University (HBCUs) tribal colleges, community colleges, Community Health Workers (CHWs), Colonias community leaders, and tribal leaders by funding them to 1) help increase recruitment to early childhood education programs among rural African American, Hispanic, and American Indian/Alaskan Native residents and 2) expand outreach and programmatic elements in early childhood education. To the extent possible, the Office of Childcare in ACF should work with tribal leaders to collect data on tribal childcare capacity and need.

NACRRHS Committee Members who operate Head Start programs have noted that the Office of Head Start has placed an emphasis on the expansion of Early Head Start programs. The Committee members support this expansion, but emphasize that without a corresponding expansion of local Head Start program capacity, graduates of Early Head Start programs may be left without a quality Head Start provider that can provide a continuity of education through entry into kindergarten. Head Start providers may be reluctant to expand in rural areas if they believe their students will be left without a quality provider throughout the duration of their pre-kindergarten learning years.

**Recommendation Four**: The Committee recommends that whenever possible, the Secretary allow for expansion of Head Start program capacity in communities with newly created or expanded Early Head Start programs to allow for continuity of education from Early Head Start through entry into kindergarten.

Community and employee partnerships are critical strategies for creating a more resilient childcare infrastructure in rural areas.[3,25] Creating collaborative agreements with other institutions in the community can serve the dual purpose of cost-sharing for some services that benefits all of the organizations involved, as well as further cementing the childcare facility as an essential element of the community beyond the subpopulation of families with young children. For example, childcare facilities can form multi-faceted partnerships with local public school systems where the schools can provide access to their local bus routes and incorporate technical and career education in early childhood care, while the childcare facilities can offer training and exposure to older students who may be interested in the field.[3] One potential new licensing type, called the "pod model," allows multiple home-based providers to share one building for their operations without operating as a center-based childcare facility. This could encourage cost-sharing between providers who do not wish to operate a full center but also prefer not to maintain their businesses in their homes.[14]

The 2015 Every Student Succeeds Act required local education agencies that are designated as Title I schools and receive extra funding due to their high number of students from low-income families, to develop agreements with Head Start and other early childhood providers to increase coordination.[39] This coordination is intended to provide a more seamless transition from early childhood programs to kindergarten in the local schools. These agreements provide mutual benefits to both Head Start programs and local school districts, however, the different eligibility criteria between Title I and Head Start programs, such as income level eligibility, can create difficulties in serving the greatest number of eligible children. Committee members that operate rural Head Start programs indicated that, at times, they have had to alter the level of collaboration with their Title I partner schools because of these difficulties. The Committee urges the HHS Secretary to work with the Secretary of the Department of Education to take steps to ensure greater collaboration through increased outreach to the local level on the importance of these collaborations. Making students at Title I schools categorically eligible for Head Start programs would address the eligibility challenges without hindering the developmentally appropriate services offered by Head Start. Just this year, ACF has taken steps to increase categorical eligibility for Head Start by including receipt of the Supplemental Nutrition Assistance Program (SNAP) as one of the "public assistance" programs that will allow a family categorical eligibility for Head Start services.[40]

> Taylor Corporation, a major employer in rural Minnesota, has provided deeply subsidized childcare as a benefit to its employees for forty years. The center's staff are company employees. [14]

Addressing access to high-speed broadband can be another tool to help ease the challenges of offering childcare in rural areas while also increasing access to professional development programs for providers. Considering that a higher proportion of rural families receive childcare through a home-based institution than their urban counterparts, this disparity represents a major gap in provider development. Challenges such as lost profits and high costs associated with long travel times to in-person training, may be driving this trend.[3] Making these trainings more accessible to providers may help increase the quality of childcare that families receive, as teacher trainings have been associated with increased cognitive test scores for children in the subsequent year.[41] Ensuring that home-based providers have adequate high-speed broadband service would also open up new virtual and online educational activities to the children in their care, while also reducing feelings of isolation of the provider.

> **Recommendation Five**: The Committee recommends the Secretary work with USDA, the Commerce Department, and the Federal Communications Commission to help rural home-based childcare providers gain access to high-speed, low-cost broadband services for training and education.

### *Workforce*

Recruitment and retention in the rural childcare industry has long been an issue, due in large part to both the low teacher salaries and the lack of adequate numbers of qualified applicants. Certain licensed childcare positions require at least an associate's degree in early childhood education or a related field. In 2016, 96 percent of Head Start preschool teachers had at least an associate's degree in early childhood education or a related field and 74 percent of teachers held at least a bachelor's degree in early childhood education or a related field.[42] Yet only 25 percent of rural adults have earned a bachelor's degree or higher compared to 37 percent of adults in suburbs and cities.[43] The lower levels of post-secondary degrees amongst rural adults may create a mismatch between staffing needs at rural Head Start providers and other childcare centers and the availability of qualified applicants.

Lower salaries can make it difficult to recruit and retain personnel in rural areas. The average childcare provider's salary nationally in 2021 amounted to approximately $24,000/year or a little over $11/hour.[44] As noted previously, the evidence shows that wages are lower in rural areas than urban areas. In addition, that pay gap increases when a high school degree or higher has been obtained, making it likely that rural childcare workers also face the same pay gap. [45] Once hired, it can be difficult for rural facilities to compete with the higher wages offered by childcare providers located in urban or suburban service areas. And once the necessary degree has been obtained, these providers also become eligible to work in school systems, which likely offer higher salaries and better benefits. Continued teacher trainings can also prove difficult to offer due to the travel burdens, trainings fees, and lost wages associated with professional development for rural childcare instructors.[25]

Long-established regulations in Head Start programs may also create burdens to achieving the proper staffing levels. In Head Start programs, a yearly Cost of Living increase is provided in statute and is calculated from the base allotment/child that was established when their program began operations. This means that established, long-serving Head Start programs had the base allotment/child rates established many years ago and now receive total allotments/child that may be lower than comparable newer Head Start programs. Newer programs can establish a base allotment/child that reflects current economic conditions, including increasing salary demands. This creates an extra burden on established rural Head Start programs that may be facing the same staff recruitment challenges faced by employers across rural.[46] The Committee is encouraged to note that the *Enrollment Reductions and Conversion of Head Start Slots to Early Head Start Slots* (ACF-IM-HS-22-09) Information Memorandum referenced previously takes steps toward allowing programs to alter their base allotment level. [37]

To address the difficulty of recruiting qualified staff, the Office of Head Start offers a Qualification Waiver for Head Start Preschool Teachers (ACF-IM-HS-22-06) for programs that have attempted unsuccessfully to recruit a qualified teacher for a Head Start preschool classroom. This waiver can be obtained if the program can demonstrate that the teacher is enrolled in a program that grants a qualifying degree, (such as an Associate Degree), among other requirements. [47] The Committee believes this is a good example of the sort of flexibility that rural childcare programs need. However, this waiver does not apply to Early Head Start programs, which have requirements for teachers to have a Child Development Associate (CDA) certification. This may create an additional impediment to efforts to expand Early Head Start programs in rural areas.

**Recommendation Six**: The Committee recommends the Secretary extend the Qualification Waiver for Head Start Preschool Teachers (ACF-IM-HS-22-06) to Early Head Start programs who face similar difficulties with recruiting qualified teachers as it applies to waiving the CDA requirement. Extending this waiver would allow Early Head Start programs to immediately enroll infant and toddler teachers in a CDG program and provide initial training prior to entering the classroom.

One method that rural Head Start programs have employed to help mitigate workforce difficulties has been to hire parents as staff, as they have a vested interest in the success and long-term sustainability of these programs.[25] As of 2016, 22 percent of metropolitan-area Head Start program employees were either current or former parents; this is compared to 29 percent in Head Start programs located in nonmetropolitan areas.[25]

**Recommendation Seven**: The Committee recommends the Secretary ensure both ACF's Office of Head Start and Office of Childcare provide the necessary flexibility and support for rural providers that allow them to develop programs to train parents and community members and provide support to obtain required childcare licenses and degrees.

## CONCLUSION

As the Committee conducted research for this brief, it became clear that the rural childcare market faces inefficiencies that result from capacities issues of smaller rural communities. The Committee encourages the Secretary to ensure that all available public childcare funding and subsides are accessible to rural providers and families. Enhancing outreach efforts to rural parents and collaborating with rural community organizations and rural HHS grantees to support outreach efforts around childcare subsidies and childcare tax credits are actions that would be effective in rural communities.

Over the past few years, the childcare industry has endured a particularly tumultuous period with the economic disruption from the COVID-19 pandemic and the relief offered through large influxes of public funding. However, the difficulty of accessing childcare and the challenges facing childcare providers existed across all geographies long before the PHE. There are long-standing and structural factors that affect all facets of the rural economy, including childcare access, that deserve more attention. The Committee members believe this was the appropriate time for the NACRHHS to bring national attention to these issues, as the PHE brought greater attention to these challenges, while increased pandemic related funding offers the Secretary a unique opportunity to provide the program support to efforts to expand access to high quality childcare in rural areas. The 2023 HHS budget continues to build upon recent childcare funding increases for both CCDBG and Head Start that provide HHS with additional opportunities to support access to high quality childcare across the country.

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