Landscape Analysis of Early Care and Education in Lee County

Prepared for the East Alabama Early Care and Education Workforce Alliance
by Allison Muhlendorf, Longleaf Strategies

January 2026

Introduction

Quality early care and education (ECE) programs provide children with the early learning experiences they need to thrive, help parents work, and support a healthy economy. However, the current ECE system across the United States, the State of Alabama, and Lee County is not working – not for families, children, child care providers, or the economy.

Even before the pandemic, employers nationwide lost $13 billion in productivity annually due to child care gaps, and nearly 90 percent of U.S. parents said that child care problems impacted their ability to work.[1] [2]

While the pandemic did not cause America's child care crisis, it dramatically worsened the problem and brought it to the national forefront like never before. Across the country, child care programs and schools alike abruptly shut down in 2020, forcing parents to work and care for their children at the same time – or leave their job to take care of children. Public schools continued to pay their workers during shutdowns, while most private early care and education programs could not because they relied on parent pay. When child care programs re-opened, they struggled keep staff who could earn more money (and be less exposed to COVID) working at retailers and restaurants.

"The pandemic really highlighted for a lot of people what are the structural issues with the child-care system," said Casey Peeks, the senior director of early childhood policy at the Center for American Progress. "If you look at the true cost of child care, it's often way more than what a lot of families can afford to pay. That means in order to keep prices that are attainable and affordable for families, a lot of times child-care providers can't afford to pay themselves and their staff what would equate to a fair wage," Peeks said.[3]

A 2024 report by Child Care Aware found that, in 49 states and DC (including Alabama), it costs more than the average rent to have two young children in child care.[4] The U.S. Department of Health and Human Services has defined child care as "affordable" if a family spends less than 7% of their income on care, but more than 60% of working families spend more than that.[5]

Despite the rising cost of care for American families, child care providers are barely making ends meet. That is because, as Peeks explained, the real cost of quality care (which would include adequate wages and benefits for child care workers) is higher than what most families can afford. This leads to a child care funding gap that keeps the system underfunded and on the verge of collapse.

It's expensive to run a child care business. Providers must maintain government-mandated teacher-to-student ratios, for health, safety, and learning purposes, which are lowest for babies and toddlers. More than half of child care providers' costs are for labor.[6]

The child care funding gap results in abysmally low wages for those working in the field – in Alabama, that is an average of less than $11 an hour.[7]

Nationally, about ninety percent of child care workers are women, and disproportionately women of color. Child care wages fall in the bottom two percent of occupations, and many child care professionals rely on social services to make ends meet.[8]

Child care programs report widespread staffing shortages across the state,[9] and share that there is little incentive to open or operate a child care program. This has led to steep child care shortages, among several other challenges.

So, what do we do about it?

If we deem quality early care and education to be as essential for children and families as K-12 education, and if we consider child care to be as critical to our economic infrastructure as roads and bridges, the question remains: *Who should pay to close the gap between what parents can afford and the true cost of quality child care? And why have all levels of government not yet fully addressed this crisis hiding in plain sight?*

Federal pandemic relief funds helped save the fragile U.S. child care industry from collapse, but those funds expired in 2024. That year, the Alabama Department of Human Resources announced the final rounds of federally funded child care stabilization grants and bonuses for child care workers, leading to great uncertainty within the field.

This report looks at the child care landscape in Lee County, from availability to affordability to what public programs are available, and where the gaps are. This report also aims to support local leaders in developing child care solutions. We include a section detailing actions that municipalities and local coalitions across the U.S. have taken to address the child care crisis.

Leaders in East Alabama do not have to start from scratch when it comes to surveying the child care landscape. In 2023, the Alabama School Readiness Alliance (ASRA) brought together a high-level workgroup of leaders to create a statewide landscape analysis for child care and a roadmap of policy solutions for the future.

The statewide report, *Child Care in Alabama: A Roadmap to Support Alabama's Parents, Children, Employers and Economy*, published in January 2024, found that:

"Child care is not a system. It is a fragmented set of individual child care businesses (some micro businesses such as home-based care) and some small businesses (such as child care centers) that operate independently, along with Early Head Start/ Head Start and Pre-K programs, home-based care (nanny or family), and informal drop-in programs.

Prior to the COVID pandemic, these businesses operated on razor-thin margins. When the pandemic swept the state (and nation) in 2020, the business model was no longer viable.

To prevent widespread program closure, which would have impacted the ability of parents to work, Congress approved temporary supplemental child care funding for states to prevent the child care market from collapsing.

The supplemental federal funding offered a bridge for a temporary period. The issue at hand is – a bridge to what?

Pre-COVID, the child care business model was fragile. Program revenue barely covered expenses and relied on a very low-paid workforce. Otherwise, parent fees would have been much higher. The pandemic exacerbated every weakness of the child care business model from its budget reliant on parent fees (which declined as parents removed their children from care) to the low wage workforce (which became even more difficult to recruit and retain as the market recovered and other employers in communities increased wages)."

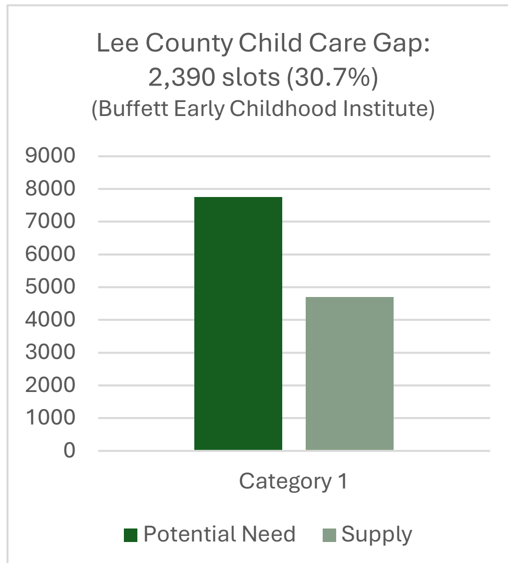
This landscape analysis will explore the following topics:

1. Child Care Availability, Affordability, and True Cost of Quality Care
2. Major ECE Players in Lee County
3. Major Public ECE Policies / Programs Impacting Lee County
4. Cities and Counties Moving the Needle for ECE Across the U.S.
5. Recommendations

1

Child Care Availability, Affordability and True Cost of Quality Care

AVAILABILITY



The Buffett Early Childhood Institute at the University of Nebraska estimates a 30% gap between the number of legally-operating child care spaces available and the potential need for care in Lee County. The Institute documents and maps “child care gaps” in all 50 states in the US, at the county level, and even by Congressional district.

To calculate the gap, the Institute collects data on the need for and supply of child care by geographic location. The institute defines the potential need for child care as the number of children under six years of age with all parents in the labor force who do not have access to child care within reasonable driving distance. This data is from the census’s American Community Survey (ACS) 5-year 2019-2023 sample at the block group level—the most detailed level of census geography available. Child care supply data was reported to the institute by each state’s child care officials, the Office of Head Start, and the Department of Defense.

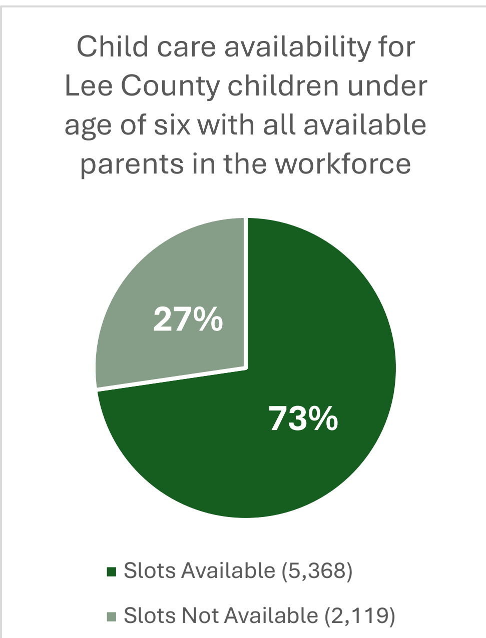
In this report, we use a simpler approach (without Buffett Institute’s proprietary driving distance methodology) to estimate potential child care demand and supply in the cities of Auburn and Opelika, as well as Lee County as a whole. We also use the American Community Survey 5-year sample data, as well as information provided by the Alabama Department of Human Resources, Head Start, and the Alabama Department of Early Childhood Education to calculate local child care supply/capacity (total slots) across licensed, legally-operating settings: licensed child care centers, licensed family child care homes, licensed family child care group homes, the federal Head Start and Early Head Start programs, and the Alabama First Class Pre-K program for four-year-olds.

To avoid double counting slots, we subtracted the Head Start and Early Head Start numbers from the licensed child care centers total (since Head Start and Early Head Start operate in licensed child care centers). We did the same for First Class Pre-K classrooms that are housed in licensed child care centers (other First Class Pre-K sites are in public schools).

Our analysis found that, in Lee County, 66 percent of children under the age of six – nearly 8,000 children total – have all available parents in the workforce (meaning their single parent or both of their parents are working).[10]

In Lee County, there are more children under the age of six with all available parents in the workforce (7,757) than there are available licensed child care slots (5,638). Our analysis estimates a 27% gap between the number of legally-operating child care spaces available and the potential need for care in Lee County. In other words, 2,119 additional slots would need to be added to meet the potential demand across the county for child care. Our analysis closely tracks with the 30% gap (2,390 slots) identified in the Buffett Early Childhood Institute's analysis, which also takes into account driving distances.

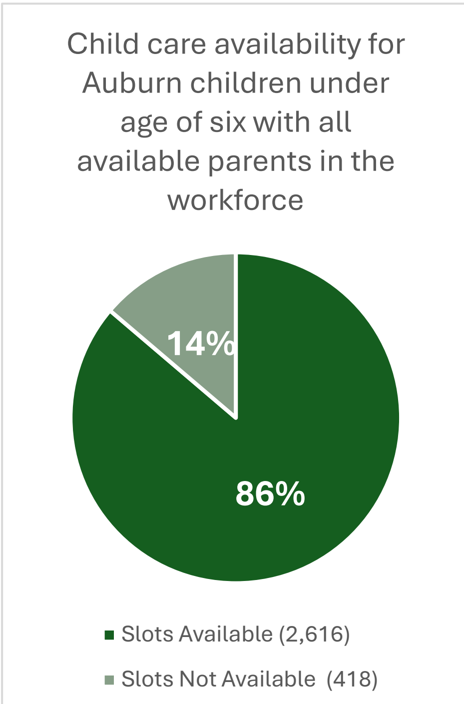
Keep in mind that both our analysis and Buffett's only look at children with all available parents *currently* in the workforce, not children whose parents are not in the workforce but want to enter or re-enter the workforce.



Lee County Licensed Child Care Slots by Type

Type	*Total Capacity*
Licensed Child Care Centers	4,478
Licensed Family Child Care Homes	70
Licensed Family Child Care Group Homes	72
Alabama First Class Pre-K	666
Head Start	216
Early Head Start	136
TOTAL	**5,638**

In our analysis, we were also able to look specifically at child care supply in Auburn and Opelika. In Auburn, there are more children under the age of six with all available parents in the workforce (3,034) than there are available licensed child care slots (2,616). This represents a 14% gap between the number of legally-operating child care spaces available and the potential need for care in Auburn. In other words, 418 additional slots would need to be added to meet the potential demand across the county for child care.



Auburn Licensed Child Care Slots By Type

Type	*Total Capacity*
Licensed Child Care Centers	2,358
Licensed Family Child Care Homes	6
Licensed Family Child Care Group Homes	36
Alabama First Class Pre-K	108
Head Start	108
Early Head Start	0
TOTAL	**2,616**

In Opelika, there are 1,949 children under the age of six with all available parents in the workforce and 2,158 available licensed child care slots. While there are theoretically "enough" child care slots within city limits to accommodate the number of young children in Opelika who have all available parents in the workforce, keep in mind that children and families in are competing for child care slots across the county and region (and there's a documented shortage across Lee County of more than 2,000 slots). One reason that it appears Opelika has "enough" ECE slots is that leaders there have done a great job bringing state-funded Alabama First Class Pre-K classrooms to their city. However, those classrooms are only for four-year-olds.

Also keep in mind that this analysis only takes into account those children with all available parents *currently* in the workforce, not children whose parents are not in the workforce but want to enter or re-enter the workforce.

Opelika Licensed Child Care Slots By Type

Type	*Total Capacity*
Licensed Child Care Centers	1,514
Licensed Family Child Care Homes	58
Licensed Family Child Care Group Homes	0
Alabama First Class Pre-K	342
Head Start	108
Early Head Start	136
TOTAL	**2,158**

While some parents may choose to stay home with their young children, and not choose formal child care, it can be economically challenging for a family to live on just one parent's paycheck. Moreover, it is well documented that mothers in particular experience disadvantages when returning to the workforce after staying home to take care of children. This motherhood penalty, as sociologists call it, includes a range of challenges including mothers having trouble getting hired, moving up in their careers, and not getting paid the same as their counterparts who aren't moms, and even delaying retirement.[11]

In a 2023 national poll, nearly six in ten parents who weren't working or were only working part time said they'd work full time if they had access to quality, affordable child care.[12]

Alabama's low workforce participation rate – especially for women – hinders our state's economic growth. Leaders at the highest levels are working to address Alabama's well-documented need to add 500,000 additional people to the workforce.[13]

Women have lower labor force participation rates in Alabama than men and other women in the South and the U.S. Only 52 percent working age women in Alabama participate in the workforce, compared to 63 percent of working age men in Alabama, 57 percent of working age women across the South, and 58 percent of working age women across the U.S.[14]

As the Women's Foundation of Alabama put it in a 2024 report, "Alabama's economic growth and prosperity depends on clearing the path for women to participate in the workforce."[15]

Regardless of whether or not they work, most parents desire for their children to have a high-quality preschool education experience prior to Kindergarten.[16] Research is clear that children who attend quality early childhood education programs do better in Kindergarten and throughout their educational careers. And for children in poverty, quality preschool attendance has a cascading impact of positive outcomes throughout adulthood.[17]

In Lee County, we are far from ensuring that every child has the opportunity to attend a quality early childhood education program.

When looking at number of child care slots vs. raw numbers of children under age 6 (regardless of the working status of their parents), we see an even larger gap between available licensed early care and education slots/capacity and the potential demand for care. There are only enough slots in Lee County to serve 48 percent (less than half) of the county's 11,586 children under the age of 6. In order to have a place for every young child in Lee County, nearly 6,000 ECE slots would need to be added.[18]

Documented child care staffing shortages further reduce the number of slots available to young children. Thus far, the analysis of child care slots in this report has been based on the licensed capacity of local programs (which is based on the space in a child care building, not the actual number of children served). For Alabama First Class Pre-K and Head Start and Early Head Start, capacity is based on the number of slots funded by those state and federal programs, not necessarily the actual number of children served.

A 2023 statewide survey of child care providers conducted by the Alabama School Readiness Alliance found that the average child care center has 4 staff vacancies. Due to those staffing shortages, on average, child care centers reported that they were operating at 72% of licensed capacity. Meanwhile, 82% of that same group surveyed also said they had families on active wait lists waiting for child care slots to open up for their child(ren).[19]

The East Alabama Early Care and Education Workforce Alliance is currently in the process of surveying child care providers in Lee County. If the survey reveals staffing shortages and reduced capacity similar to the 2023 statewide survey, the resulting reduction in actual, real-time capacity of licensed child care across Lee County would be an estimated 1,579 slots. That would mean that the previously reported Lee County shortage of 2,119 licensed child care slots for young children with all parents in the workforce is actually closer to 3,698.

AFFORDABILITY

In 2024, Alabama Department of Human Resources (DHR) published a Market Rate Survey of licensed child care providers.[20] In DHR's "Opelika" region (Region 5), which includes Chambers, Lee, Macon, Russell, and Tallapoosa counties, the average weekly full-time per-child cost of child care is broken down by provider type and age, as follows:

	Children Under 2.5 Years	*Children 2.5 – 5 Years*
Family child care homes (licensed to care for up to six children):	$153/week	$151/week
Group child care homes (licensed to care for 7-12 children):	$150/week	$146/week
Child care centers:	$162/week	$155/week

Across ages and program types, the average cost of care for one child under school age is approximately $153 / week ($7,956 / year) in the region. This means that a local family would have to make $114,000 / year to meet the standard for child care affordability defined by the U.S. Department of Health and Human Services — no more than 7 percent of total household income — to pay for child care for just one child below school age. In order to meet the affordability threshold, a local family with two children in care would have to make $227,000. By comparison, the median household income in Lee County is $61,123.[21]

CHILD CARE AFFORDABILITY CALCULATOR

VOICES for Alabama's Children hosts a Child Care Calculator on their website, which is meant to demonstrate to leaders and decision-makers the challenges families face when trying to afford child care among all the other basic monthly household expenses.

On the calculator, the user is prompted to make several selections based on average monthly household expenses by county. Here are the numbers for Lee County:

median housing payment (rent):	$816
utilities:	$439
food:	$1174
health insurance:	$1768
car loan payment:	$367
car insurance payment:	$144
gas:	$202
Total monthly *non-child care* expenses (not including taxes, clothing, entertainment):	**$4,910**

Assuming the median monthly household income for families with children in Lee County ($6735), once a family pays for the basic expenses listed above (not including child care), a family's net income is approximately $1,825.[22] Note that this calculates the remaining income for families after paying basic expenses but *before paying for child care*.

Using the market rate survey data from the previous section of this report, a family with two children in child care would be paying an average of $1,326 monthly for child care – leaving less than $500 per month remaining for families after paying basic expenses *including* child care. That remaining income is likely to be eaten up by taxes, cell phone charges, student loan payments, clothing purchases, etc. – leaving many families in the red.

TRUE COST OF QUALITY ECE

While child care is an important work support for parents, high-quality early care and education provided by appropriately trained, well supported, and adequately compensated professionals is also important for children's healthy development and school readiness.

In 2018, the Center for American Progress (CAP) developed an interactive cost estimation tool to illustrate the economics of child care, estimate the true cost of child care in each state, and better understand why high-quality child care is out of reach for many families. This tool was updated in 2021.

For Alabama, the CAP estimates that the true annual cost of child care that meets both base-quality licensing standards and *high quality standards* is $27,400 per infant, $19,500 per toddler, and $15,400 per preschooler (three- and four-year-olds) in a child care center, and $24,100 for the average young child in a family child care home. Most of these estimates are near double the estimated costs of base-level quality, according to CAP.

The CAP estimates that for base-level quality child care (simply meeting minimum state licensing standards), the true annual cost of child care for an infant is $12,400, $9,800 for a toddler, and $8,600 for a preschooler (three- and four-year-olds) in a child care center and $9,900 for the average young child in a family child care home.[23]

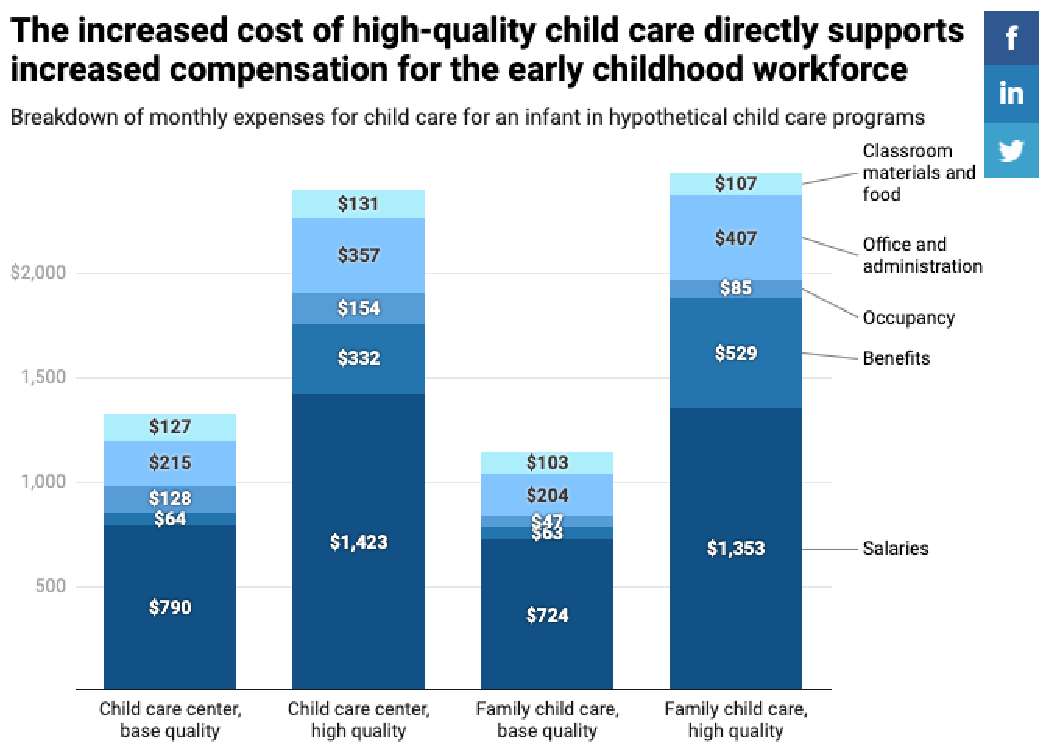
Across every category of age and program type, the "market rate" published by the Alabama Department of Human Resources' Market Rate Survey of licensed child care providers for Lee County is lower than even the base-level rate calculated by CAP (when annualized).[24]

This analysis demonstrates that what child care providers report that parents pay per child is far less than what experts estimate that it truly costs to provide high-quality child care - proving that parents alone cannot afford the cost of true quality care.

Alabama DHR uses the Market Rate Survey to calculate the rates paid to providers who care for children on federal child care subsidies, which means that federal subsidy funding actually reinforces the broken economic child care model, rather than correcting it.

CAP goes further to say that the current funding system exacerbates inequities in the system. In their words, “The current financing of the child care system is broken for providers trying to keep their doors open, parents struggling to pay for care, and educators scrambling to provide for their own families. However, the system has a disproportionate negative impact on the youngest children and children who live in low-income neighborhoods. Because child care subsidy rates in every state are based on market prices, the rates reflect the deficiencies of that local market. In a low-income neighborhood where families cannot afford expensive child care tuition, providers must set their rates low. However, this results in a low subsidy reimbursement rate, meaning that both the public and private revenues supporting the program are insufficient to invest in quality improvement efforts or pay skilled educators a living wage, much less recruit additional staff.”

The largest factor in the difference between base-level care and high-quality care is the level of compensation paid to teachers. See the chart below from CAP:



Note: *Base-quality scenarios use default data from www.costofchildcare.org representing a program meeting state licensing regulations. The high-quality scenario includes all quality variables available in the interactive model.*

Chart: Center for American Progress • Source: Source: Author's analysis based on Center for American Progress, "Cost of Child Care," available at www.costofchildcare.org (last accessed June 2021).

The discrepancies in the chart make sense since Alabama area child care directors report paying an annual wage of just $21,550 (less than $11 per hour).[25] By comparison, the average pay of a public school teacher in Alabama is $61,213 – nearly triple the wage of a child care teacher. Plus, public schools offer generous benefits, which child care programs report that they cannot afford to provide to their employees.[26]

Any public (or public-private) solutions to the child care crisis must help close the gap between what parents can afford to pay and the true cost of a quality child care program (including salaries and benefits closer to those of public school teachers).

2

Major ECE Players in Lee County

This section details the major organizations operating within the ECE space in the region, and is meant to serve as a holistic (yet not complete) directory of potential partners that stakeholders can collaborate with to solve child care challenges.

NAME OF AGENCY	AGENCY SUPPORT PROVIDED
Childcare Resource Center (CCRC)	Nonprofit organization that provides child care services through a contract with the State Department of Human Resources. Child Care Resource Center serves as a child care quality contractor providing training to local child care providers. CCRC also provides families assistance with locating quality child care, and financial assistance for childcare (subsidy). CCRC serves Lee, Chambers, Tallapoosa, Russell and Macon counties.
Southern Union Child Development Program	The Southern Union Child Development Program, offered at Southern Union State Community College (SUSCC), trains students for early childhood education careers with options for an AAS degree, certificates (including CDA), or short-term certificates, focusing on caring for children from birth through early childhood, curriculum planning, and managing safe, enriching environments. It prepares graduates for roles in Head Start, Pre-K, and childcare centers, offering both day and evening classes and supporting professional development.
Auburn University HDFS	The Department of Human Development and Family Science curricula are designed to develop a multidisciplinary perspective on the study of individuals and families across the life span. With an emphasis on the practical implications of scholarly knowledge, HDFS offers a course of study to prepare students for a variety of careers with children, parents, couples, and families. In order to provide both structure and flexibility to accommodate varied professional interests, students can earn their Bachelor of Science in Human Development and Family Science with an option in Child Life or Early Child Development – including an online

NAME OF AGENCY	AGENCY SUPPORT PROVIDED
	completer degree in Early Child Development. Houses the Auburn University Early Learning Center.
Auburn University ECE	Teaches best approaches for teaching children from pre-kindergarten through grade 3. Through coursework and authentic practical experiences, students learn child development, curriculum development, developmentally appropriate practice, working with diverse populations, and advocacy. In-classroom experiences help students learn to apply their course content and develop into excellent educators. Programs of study include: Bachelor of Science (B.S.) Master of Science (M.S.) Master of Education (M.Ed.) Education Specialist (Ed.S.) Doctor of Philosophy (Ph.D.)
Alabama Council on Human Relations	Non-profit organization, empowering low-income individuals and families to break the cycle of poverty through education, emergency services, and partnerships that foster self-sufficiency and community well-being. Head Start and Early Head Start grantee with centers in Auburn, Opelika and Hurtsboro serving 410 children and families.
Alabama Partnership for Children	Houses Help Me Grow, Strengthening Families, Feed Me Words, free COX Campus early language and literacy training for early childhood educators, T.E.A.C.H. scholarships, First 5 Alabama Association for Infant and Early Childhood Mental Health, and Alabama Family Central.
Alabama Department of Human Resources	The Child Care Services Division is the state's Child Care and Development Fund (CCDF) administrator, responsible for the child care subsidy program and quality initiatives. In addition, the Division is also responsible for monitoring and licensing child care centers and homes for compliance with performance standards.
Alabama Department of Early Childhood Education	Administers First Class Pre-K, Quality Stars (in partnership with Alabama DHR), First Teacher Home Visting, B-3,

3

Major Public ECE Policies / Programs Impacting Lee County

This section lays out the major state and federal funding streams and programs that support child care in Alabama and Lee County. They amount to a patchwork of unaligned solutions that are nowhere near fully funded. Moreover, they can be difficult for child care providers and families alike to navigate.

Future local, state and federal solutions to child care should build on the existing public programs laid out in this section, and seek to tie them together in a way that makes them more accessible for child care providers and families.

In 2024, the Alabama Partnership for Children, Alabama School Readiness Alliance, and VOICES for Alabama's Children laid out a proposal for transforming child care in Alabama, "Child Care in Alabama: A Roadmap to Support Alabama's Parents, Children, Employers and Economy." The report outlined recommendations for state policy makers to consider to improve the child care business model, support the child care workforce, improve child care affordability and accessibility, enhance child outcomes, and create child care partnerships with employers.

The Roadmap suggested that lawmakers appropriate a modest 1-2 percent of Alabama's Education Trust Fund budget to provide the funding necessary to implement the report's recommendations - and close the funding gap that keeps the child care market broken.[27]

While Alabama lawmakers did approve some of the child care tax credits in 2024 that were recommended in the Roadmap, most of the Roadmap recommendations have not been acted on.

At the federal level, Congress has come close to major new child care investments on multiple occasions, yet has come up short. In 2021, $400 million in newly proposed early care and education funding was dropped from the Build Back Better Act, due in large part to objections by Senator Joe Manchin of West Virginia. The economic legislation was ultimately signed into law in 2022 by President Joe Biden (without the early care and education funding) as the Inflation Reduction Act. The funding, which had been passed by the U.S. House, would have shored up the underfunded federal Child Care Development Block Grant, known as CCDBG, which only has enough funding to serve one in nine of the young children eligible, into a program guaranteed to serve all of those eligible.[28]

Furthermore, the funding would have expanded CCDBG into a more universal child care program serving middle-class families, built out the supply of child care, raised wages for early educators, and expanded universal preschool to 3- and 4-year-olds throughout the nation.[29]

The second Trump administration has produced an expansion of the Employer-Provided Child Care Tax Credit (45F), an effective but often overlooked tool in the federal tax code to help expand access to child care This provision supports employers that want to help provide or arrange child care for their employees, strengthening the supply of care and improving affordability for working families. The credit was significantly updated in the 2025 tax reconciliation package, strengthening incentives for employers, especially small businesses, to participate in child care solutions.

ALABAMA FIRST CLASS PRE-K PROGRAM

First Class Pre-K is Alabama's state-funded pre-kindergarten program for four-year-olds. It currently serves more than 24,000 children (approximately 44 percent of Alabama four-year-olds) statewide in public schools, private child care programs, and other settings, and has been awarded the highest quality rating by the National Institute for Early Education Research for 19 years.

Research on the program's long-term impacts shows that children who participated in First Class Pre-K were more likely to be successful throughout their school careers than their peers who did not participate in the program – and that the program helps close persistent, documented achievement gaps that typically exist between children of color and their White peers, and children from low-income households and their higher-income peers.

The Alabama Department of Early Childhood Education administers the First Class Pre-K program by providing renewable grants to local early childhood providers, which must meet specific quality assurances and abide by rigorous operating guidelines.[30]

Alabama's First Class Pre-K program is funded with $185 million in state dollars through Alabama's Education Trust Fund. That amount has grown exponentially over the past decade. For example, in 2012, the program only received $19 million in state funding and only served 6 percent of Alabama four-year-olds. The Alabama School Readiness Alliance, with partners VOICES for Alabama's Children, Alabama Partnerships for Children, A+ Education Partnership, and Alabama Giving, have led the advocacy push for pre-k funding.

FEDERAL CHILD CARE SUBSIDY

The federal Child Care and Development Block Grant (CCDBG) program is considered the cornerstone of the nation's childcare initiatives. CCDBG is the primary federal grant program empowering states to provide childcare tuition assistance (subsidy) to low-income working families. In Alabama, funding from CCDBG goes to the Alabama Department of Human Resources (DHR), which contracts out administration of the subsidy program to local child care management agencies across the state.

Child Care Subsidy reaches 24,282 children across the state (just 24% of eligible children, due to insufficient funding). Many other states significantly supplement federal CCDBG dollars with state funding to serve more families and expand the income level of eligible families. Alabama contributes the minimum matching investment ($9.3 million) needed to draw down its nearly $200 million in annual federal CCDBG funding for Child Care Subsidy. An additional $18 million in federal TANF funds also support Child Care Subsidy in Alabama.

In Alabama, eligibility for Child Care Subsidy is capped at 59% of the state median income (SMI) (180% of the federal poverty level), equating to a maximum monthly income of $3,258 for a family of three ($39,096 annually). Under federal child care law, states can set income eligibility for child care subsidy up to a maximum of 85% of state median income (SMI). Priority for enrollment is accorded to children with special needs, those experiencing homelessness, and families receiving Temporary Assistance for Needy Families (TANF) benefits.[31]

As noted in other sections in this report, Child Care Subsidy payments are distributed to local child care providers on a per-child basis using weekly reimbursements. Reimbursement rates are based on "market rate" (rather than the estimated true cost of quality child care) and require most subsidy parents to share a portion of the costs. Child care providers share that they are having difficulties collecting parent co-pays from subsidy parents, which exacerbates the funding shortages caused by inadequate subsidy rates paid to providers.

ALABAMA QUALITY STARS

A certain portion of federal CCDBG dollars are set aside for quality enhancement. Alabama DHR spends these dollars on a variety of programs, including an array of professional development opportunities provided to child care teachers and directors by local child care quality contractors.

In 2021, Alabama DHR used a portion of federal COVID child care relief dollars to redesign the Alabama Quality Stars Quality Rating and Improvement Program for child care, which was funded with the CCDBG quality set aside but had very low participation rates among child care providers. At the encouragement of advocates with ASRA, VOICES for Alabama's Children, and the Women's Foundation of Alabama, Alabama lawmakers approved and grew new state funding to improve and expand Quality Stars between 2021-2024.

Today, Alabama Quality Stars also receives more than $80 million through the Alabama Education Trust Fund. That funding goes to Alabama DHR, which partners with the Alabama Department of Early Childhood Education to administer the program. Most of the state's investment goes directly into child care programs across the state via monetary "incentives" based on a program's level in Alabama Quality Stars (on a 1 to 5 star scale), from $2,200 to $81,000 per local child care provider per year based on program size and star level. This structure makes Quality Stars an important tool to help close the funding gap between what parents (and federal subsidies) pay for child care and the actual cost of quality care. However, this funding does not fully close that gap, even for high performing programs.

Nearly all licensed Alabama child care programs are participating in Alabama Quality Stars, because if a program is licensed, it automatically enters the program with a 1 star rating. According to the Quality Stars website, "This system awards STAR levels to early childhood care and education programs that meet a set of defined program standards which are comprised of standardized, research-based criteria. By participating in this program, early care and education providers will embark on a path of continuous quality and improvement. Alabama Quality STARS is committed to recognizing a program's strength while providing support to develop a plan for improvement. Programs have to meet a minimum score requirement on both the Best Practice Rubric and CLASS scoring model in order to meet different STAR levels."

Child care providers have expressed that staff turnover caused by low wages has made it difficult to advance to higher star levels in Quality Stars, among other challenges. However, the newly redesigned Quality Stars program, with its individualized support for providers, and larger funding incentive levels, has received high satisfaction rates among participating providers.

Quality Stars Levels of Lee County Child Care Programs

★	★★	★★★	★★★★	★★★★★
51	**3**	**0**	**0**	**4**

FEDERAL CHILD AND ADULT CARE FOOD PROGRAM (CACFP)

The Child and Adult Care Food Program (CACFP) is a federal program that provides nutritious meals and snacks to children and adults in care settings. The goal of the program is to teach good eating habits and ensure well-balanced meals are served. The Alabama State Department of Education administers the program, which is funded by the U.S. Department of Agriculture.

The CACFP reimburses participating child care programs for meals and snacks served to eligible children and adults. The program targets benefits to those in need, and reimbursement rates can be free, reduced-price, or paid. Children in participating centers may receive free or discounted meals at different rates based on their household's income.[32]

FEDERAL HEAD START, EARLY HEAD START, and EHS-CHILD CARE PARTNERSHIPS (EHS-CCP)

Long considered the nation's first public pre-k, Head Start and Early Head Start are federally funded child and family development programs that promote school readiness and provide comprehensive early childhood education, health, nutrition, and parental engagement services to economically challenged children and their families. Head Start serves children ages 3 and 4. Early Head Start serves pregnant women, infants and toddlers starting at age 6 weeks. In addition, Migrant and Seasonal programs provide specific services to children whose families are engaged in agricultural labor.[33] Approximately 13,000 Alabama children are served by Head Start in nearly 1,000 classrooms.[34]

In addition to local grantees that administer Head Start and Early Head Start, the State of Alabama also has a statewide federal grant to deliver the Early Head Start-Child Care Partnership (EHS-CCP) program to another 566 infants, toddlers, and their families.[35] EHS-CCP aims to provide high-quality child care and services to low-income infants, toddlers, and their families. The program was created in 2014 to increase access to child care and support the continuity of care for working families with low incomes. The EHS-CCP provides funding via contracts with private child care programs to administer Early Head Start and child care services to prepare children for preschool and Head Start, while also enhancing developmental services and support.

The Alabama Department of Human Resources (DHR) operates the EHS-CCP program, which is supported by the Alabama Department of Early Childhood Education (ADECE), which provides coaches, quality specialists, and a mental health consultant.

EHS-CCP is often mentioned as an example of how to improve quality and close the funding gap for existing private child care providers – a model that could be expanded with additional public funding. However, some child care providers say that EHS-CCP rates are still not sufficient to provide a quality program, so that should be examined.

FEDERAL TAX CREDITS FOR CHILD CARE

There are two federal tax provisions designed specifically to help reduce the financial burden of child care for working parents (CDCTC and DCAP) and one to help businesses offer child care to their employees (45F).

The Child and Dependent Care Tax Credit (CDCTC) is a nonrefundable credit that allows eligible taxpayers to offset a portion of their out-of-pocket child and dependent care expenses necessary for work. Taxpayers can claim up to $3,000 in expenses for one dependent and $6,000 in expenses for two or more. The maximum credit rate is 35% of eligible expenses, and it phases down with income until it reaches 20%.

The Employer-Provided Child Care Tax Credit (45F) is a nonrefundable tax credit for employers of up to 25% of qualified child care expenditures and 10% of qualified child care resource and referral expenditures. The credit maximum is $150,000.[36]

The final version of the 2025 tax reconciliation package (also known as H.R.1) was signed into law on July 4th, 2025. The bill permanently improves three pieces of tax policy that help make child care more affordable for working families with young children.

These changes:

- **Expand** the Child and Dependent Care Tax Credit (CDCTC), the only tax credit that specifically helps working parents offset the cost of child care (last updated in 2001);
- **Improve** the Employer-Provided Child Care Credit (45F), which supports businesses who want to help locate or provide child care for their employees (last updated in 2001);
- **Grow** Dependent Care Assistance Plans (DCAP), flexible spending accounts that allow working parents to set aside pre-tax dollars to pay for child care expenses (last updated in 1986).

Rulemaking is currently underway for the changes approved this year.[37]

STATE TAX CREDITS FOR CHILD CARE

Thanks to advocacy led by the Women's Foundation of Alabama and Manufacture Alabama, and bipartisan support in the Alabama Legislature, three years of state child care tax credits for employers and child care centers, plus additional grants for nonprofit childcare providers, became law in 2024. Act No. 2024-303 by Rep. Anthony Daniels, D-Huntsville, and Sen. Garlan Gudger, R-Cullman, received final approval in the Senate on May 7, 2024. Governor Ivey signed it into law May 9, 2024.

Under the new law, from 2025 through 2027, employers of any size can claim a tax credit of up to $600,000 annually to offset their investments in child care for their employees. Employers with 25 or fewer employees can claim 100% and large businesses can claim 75% of child care expenses. Eligible expenses include construction, renovation or expansion of childcare facilities and funding or helping fund childcare for employees.

In addition, child care facilities are eligible for up to a $25,000 credit annually for up to $2,000 for each child participating in the Child Care Subsidy Program, depending on the quality of the childcare offered (measured by their Alabama Quality Stars star rating).

The program will be capped at $15 million in its first year (2025) and increase each year until reaching $20 million in 2027. The estimated fiscal impact is $82.5 million over the three years. Lawmakers can extend the tax credits after weighing their effectiveness.[38]

FEDERAL COVID-19 STABILIZATION FUNDING FOR CHILD CARE

Between 2020 – 2024, the Alabama Department of Human Resources granted out approximately $900 million in temporary federal COVID stabilization funding to licensed child care providers across the state. Most of that funding came from the American Rescue Plan enacted in 2021. The funds were spent by September 2024, and were not extended.

Between 2021-2024, Alabama's Department of Human Resources (DHR) administered eight rounds of Temporary Assistance for Stabilizing Child Care grants to child care providers. Each round of grants provided child care programs with $2,000 per child (based on licensed capacity). Child care programs were allowed to apply for grants to necessary expenditures such as employee pay, facility maintenance, purchases of classroom materials, cleaning supplies and meals. Funds could also be used to offer tuition relief to families.[39]

Between 2021-2024, DHR issued ten rounds of quarterly Child Care Workforce Stabilization Grants. The grants allowed licensed child care programs to pay quarterly bonuses of $3,000 to each full-time staff member and $1,500 to each part-time staff member. More than 12,700 employees across the state received bonuses as a result of the program.[40]

"It is vital that we find unique and novel ways to support and grow the list of high-quality caregivers and providers across our state if we are to build and maintain a strong workforce throughout Alabama," said Alabama DHR Commissioner Nancy Buckner in a statement in July 2024. [41]

4

Cities and Counties Moving the Needle for Early Care and Education (ECE) Across the U.S.

Currently there is a great discrepancy between the early care and education services that families need and what is available and affordable. Recognizing that parents can't afford to pay more, and that federal and state investments often fall short, local leaders across the country are becoming champions for child care and early childhood education.

City and county early care and education initiatives have dramatically accelerated since the COVID-19 Pandemic exposed the weaknesses in America's child care infrastructure.
This policy brief shares examples of cities and counties moving the needle for early care and education. While not comprehensive, the case studies presented in this policy report are designed to serve as a menu of actionable strategies that local leaders can replicate and adapt. They have been divided into the following categories, but many overlap:

A. Local Early Care and Education Plans and Coalitions
B. Municipally Funded Early Care and Education Programs
C. Growing Child Care Capacity: Facilities
D. Growing Child Care Capacity: Child Care Workers
E. Tax Relief for Child Care Providers
F. Easing City Processes for Child Care Providers
G. Modeling Best Practices as an Employer

One factor that all of the case studies have in common: local leaders taking responsibility and stepping up to help the fractured child care system work better for children, families, child care providers, employers, and the local economy.

A. Local Early Care and Education Plans and Coalitions

Local government is well-positioned to convene stakeholders to create, approve, and track actionable, measurable plans (often called "blueprints" or "roadmaps") to support early care and education. The National League of Cities recommends that communities of all sizes assign an advisor to the mayor or senior agency official to focus on early childhood, serve as a point of contact, and provide much-needed capacity to implement local plans and provide support to local early childhood coalitions.[42] As much as possible, leaders should seek opportunities to meaningfully include those affected directly by ECE policies, especially families and providers, in providing input and feedback on local plans.

San Diego County, CA

In August 2023, San Diego County leaders presented a blueprint on ways to address the child care crisis. The blueprint has three goals: 1) child care workforce support and training and competitive wages, 2) child care facility expansion and renovation, 3) and increased access to child care for all families. The blueprint stemmed from an October 2022 Child Care Conference held by the County of San Diego Board of Supervisors. After hearing testimony from local and national experts, the Board of Supervisors voted unanimously to create a child care blueprint and asked staff to provide a plan in six months.

The Children First Collective (CFC), a collective action group working to improve access, quality, and equity of child care throughout San Diego County communities, along with First 5 San Diego, facilitated development of the Child Care Blueprint. CFC also invited representatives from workforce development, local philanthropy, the Regional Chamber of Commerce, and City of San Diego to join in developing the Blueprint. With generous funding from First 5 San Diego, consultant MIG, Inc. was hired and began working with both a Steering Team and an Action Team to generate a clear and actionable path forward.

A unique factor in San Diego County's plan is a strategy to be implemented by regional chambers to educate businesses about the tax and other benefits of providing family friendly policies, including:

- schedules that meet the needs of parents (e.g., predictable or flexible work schedules),
- generous paid-time-off or sick leave benefits,
- child care benefits for ages 0-12 (including on-site or nearby discounted center-based and family child care), and
- dependent care assistance plans or flexible spending accounts so parents can use pre-tax dollars to pay for child care.

Hartford, CT Early Childhood Blueprint

Hartford was one of the first cities in the US to implement a comprehensive Early Childhood Blueprint (2005), which laid out 26 short and long-term strategic actions over five years. The Blueprint assigned responsibility for each building block and recommended building an information system to enable the city to set goals for childhood outcomes, and to measure the results. One of the outcomes of the Blueprint was the establishment of a dedicated department for overseeing early childhood initiatives. Another outcome was the creation of the Hartford Early Learning Network (details in the next section). Emphasizing community engagement, Hartford fosters dialogue between city officials and community members through platforms like the Mayor's Cabinet for Young Children (which came out of the Blueprint) and the Early Learning Parent Cabinet, bringing together diverse stakeholders to shape policies and solutions for the benefit of children and families.[43]

Atlanta Early Education Leadership Council (AAELC) and PAACT (Promise All Atlanta Children Thrive)

In 2016, the Georgia Early Education Alliance for Ready Students (GEEARS) was asked by the Whitehead Foundation to do a needs assessment of early learning for the Atlanta Public Schools. The needs assessment led GEEARS to create the Atlanta Early Education Leadership Council (AEELC), which consisted of leaders from both public and private sectors including local government, state agencies, business, faith, health, philanthropic, and early education communities. [44] Pre-COVID, the council developed a plan with a shared vision, bold yet actionable strategies, and the funding and citywide commitment needed to ensure that "all children in Atlanta have the opportunity to reach their full potential." The plan led to the creation of PAACT, Promise All Atlanta Children Thrive, a citywide alliance working to support the implementation of the plan.[45]

During the pandemic, PAACT shifted to helping the city get emergency COVID Relief funding to stabilize Atlanta's child care sector.

PAACT is now administering $20 million in total funding from combined sources: the City of Atlanta ($5 million), Atlanta Public Schools ($5 million), and philanthropy ($10 million) to support three strategies: 1) Child Care Capacity and Quality Building, 2) Child Care Affordability and Access and 3) Early Childhood Workforce Recruitment and Retention. PAACT coordinates its partners and activities using a collective impact model, which is housed at and staffed by GEEARS. [46] Learn more about PAACT's signature projects in additional sections of this report. GEEARS is currently evaluating the effectiveness of its projects to make the case for continued funding once the $20 million fund is spent down.[47]

B. Municipally Funded Early Care and Education Programs

City- and county-funded early care and education programs, often funded through ballot initiatives, usually serve two purposes:

1) To reduce child care costs for families, and
2) To help ECE providers provide adequate, quality early education and care.

The second purpose is accomplished by paying providers in the program (usually existing private child care businesses, nonprofits or public schools) a monthly or annual rate for the services that is based on the true per-pupil cost of running a quality program, rather than paying the providers at the average rate paid in the private market (which is usually not enough to cover quality services). The most important factor in setting provider rates is ensuring that they cover ample salaries (and benefits) for teachers. Some programs do this better than others. Historically, most municipally funded ECE programs have been preschool/pre-k programs for three- and four-year-olds, but now cities are also starting to look at how to address infant and toddler care, where the need is most dire.

New Orleans "City Seats"

The City of New Orleans, the Louisiana Department of Education, and members of the early education community have worked together since 2017 to provide access to free, quality care for low income infants and toddlers through the City Seats program. In 2022, an early childhood care and education millage (property tax levy) was passed by New Orleans voters, investing over $21 million annually in the program.[48] The funding is doubled by a state matching fund. New Orleans now leads the nation with one of only a few voter-approved investments in early childhood education specific to infants and toddlers.

The groundwork laid in establishing and implementing the City Seats pilot program was crucial to the success of the millage campaign, because voters were not asked to support a brand new concept. The City Seats program had already been established and quadrupled in size over three years. Hundreds of families and 22 providers in the program could speak to the success that City Seats was having providing quality early care and education in their communities. Those stakeholders became powerful voices to persuade voters in the ballot measure.[49]

City Seats currently serves over 1,500 children with the city and matching state funding: 226 infants, 300 one-year-olds, 454 two-year-olds, and 539 three-year-olds. "Seats" are contracted with 40 child care centers. Located across New Orleans, the child care providers agree to meet quality standards and participate in professional development and ongoing monitoring.

Importantly, the City Seats scholarships are paid directly to the child care providers at a rate of $12,000/seat per year per child, paid on a monthly basis. The funding rate was established in 2017 and based on the rates for the successful yet small federal Early Head Start (EHS)– Child Care Partnership (CCP) program, meaning the rates are designed to cover the cost of meeting EHS standards, including higher than average salaries for staff.

EHS-CCP provider reimbursement rates are usually higher than rates that states set for the federal child care subsidy program. Subsidy rates tend to be too low to provide quality care and teacher salaries, because they are based on "market rate" surveys rather than cost modeling.[50]

Providers participating in City Seats are required to pay their staff at least $15 an hour (on average, Louisiana child care workers made $9.77 an hour in 2020) and abide by strict adult-child ratios and class sizes.[51] One child care provider with multiple sites across the city shared with Inc. Magazine that funding from City Seats allowed her to raise average pay to $18 an hour, and her goal is to raise it even higher – to $25 an hour.[52]

City Seats provides a set of wraparound supports valued at ~$3,000 per child to help ensure that the child, the child's family, and the program will be successful. Wraparound supports include infant and early childhood mental health consultation, medical care coordination, teacher professional development, hearing, vision, and developmental screenings, and 1:1 coaching to classroom educators to support quality child-teacher interactions.

In addition to the wraparound supports, City Seats also supports staff to manage other program components, including administrative data systems, monitoring, and an independent program evaluation conducted by Child Trends. There is also funding for enrollment support, workforce development, and facilities. City Seats is administered by nonprofit organization Agenda for Children through its role as the co-lead agency for the state-recognized New Orleans Early Education Network (NOEEN).

Travis County, Texas (Austin and surrounding area)

Travis County residents approved a small property tax increase during the November 2024 election that will expand access to early childhood care and after-school and summer services for low-income families.[53] [54] The measure generates nearly $77 million, which will be used to increase the number of spots available for children in early childhood, after-school and summer programs, as well as expand care outside the typical 9-to-5 day. Specifically, scholarships (child care subsidies – similar to New Orleans City Seats) will be available to families in need of assistance. The goal is to "wipe out" the waiting list for federally funded child care subsidies across the county, meaning parents must have incomes below 85 % of State Median Income ($63,000 for a family of three) to qualify.[55]

RESOURCE: Children's Funding Project and the Children's Funding Accelerator

The nonprofit Children's Funding Project helps communities and states expand equitable opportunities for children and youth through strategic public financing. The organization provides technical assistance, tools, events and training cohorts to help states and localities seeking to establish, administer, or reauthorize voter-approved children's funds.

The Children's Funding Accelerator was founded in 2020 as the 501(c)4 advocacy partner of Children's Funding Project. Children's Funding Accelerator acts as a nonpartisan supporter of campaigns for dedicated public funding for early childhood. The Children's Funding Accelerator provides resources to campaigns including:

1. financial contributions
2. strategic coaching
3. access to a network of campaign experts

Since 2020, the Children's Funding Project and Accelerator have helped communities and states pass more than a dozen ballot measures to bring more than $900 million in dedicated public funding to high-quality early childhood opportunities.

Hartford Early Learning Network (Connecticut)

The Hartford Early Learning Network consists of 22 community based organizations that provide early childhood education and care to Hartford's Youngest learners children from six weeks to five years of age. The Network is funded by the City of Hartford and the State of Connecticut. Families contribute on a sliding scale based on income guidelines. All enrolled children receive comprehensive child development services that address the needs of children and their families in education, health, nutrition, mental health, family well-being and family engagement. All Hartford Early Learning Network programs are accredited by The National Association for the Education of Young Children (NAEYC).[56]

Atlanta PAACT Scholarships

PAACT: Promise All Atlanta Children Thrive is a citywide alliance working to support high-quality early learning, education, and the healthy development of Atlanta's youngest children. PAACT administers a $20 million fund created with $5 million in city funding, $5 million from the Atlanta Public Schools, and $10 million from the philanthropic sector to accomplish three strategies – one of which is child care affordability and access. To accomplish this strategy, PAACT administers two scholarship programs: 1) The Parent-Child Success Scholarship Initiative, which provides 165 child care scholarships to the children of qualifying Atlanta Public Schools employees; and 2) The PAACT Scholarship powered by Quality Care for Children's BOOST, a separate program that benefits any City of Atlanta family that meets income guidelines.[57] The scholarships go directly to qualifying child care providers on behalf of the enrolled family, and mimic the income guidelines and provider reimbursement rates of the federal child care subsidy program administered by the state, which does not serve all eligible families.[58]

RESOURCE: Components to Consider When Planning City Preschool Programs

The National Institute for Early Education Research took a look at city-funded preschool (pre-k) programs in Boston, Philadelphia, New York City, Tulsa, San Antonio, Seattle, and Washington DC and examined nine factors leaders should consider when planning a new local preschool program or enhancing an existing program:

- Governance and administrative structure
- Financing and cost
- Scaling and eligibility
- Enrollment and outreach
- Structural program features
- Workforce
- Quality standards and supports for program implementation
- Continuous improvement and evaluation
- Integrati with other city services

Whether looking at a program for preschoolers, infants and toddlers, or all of the above, this resource is an important tool to help leaders plan ahead for implementation. The report also looks at how some cities have opted to blend or braid multiple public funding streams together, including state and/or local pre-k funding and federal child care and Head Start funds. In Washington, D.C., for example, a subset of the slots in the city's universal preschool initiative are specifically set aside for children who are Head Start eligible, though all children participate in the same admissions process – which allows for more streamlined access for families.

C. Growing Child Care Capacity: Facilities

An adequate supply of well-designed and maintained facilities is needed to support sufficient child care capacity, program quality, and child development. Typically, the cost and burden of maintaining and growing facilities has fallen to individual providers, who rarely have extra funding on hand due to the extremely thin margins that characterize the child care business model. Despite federal funding for child care subsidies, quality and stabilization, there has never been a dedicated federal funding source for child care facilities. This has led states, cities, and counties to increasingly take action.[59]

Las Vegas Strong Start Early Learning Academies

Las Vegas redeveloped unused space within city-owned buildings for child care and pre-k facilities. The three buildings are contracted out to providers at reduced market-rate rent, with the city providing all maintenance services, with the requirement that subsidized care is provided to qualifying families. A fourth facility will co-locate health and child care near housing. Las Vegas' Strong Start Early Learning Academies also includes two mobile Pre-K units.[60]

Atlanta: PAACT Repair and Renovation Grant Program

To address one of Promise All Atlanta Children Thrive's three main strategies, Child Care Quality and Capacity-Building, the PAACT Repair and Renovation Grant Program has awarded grants of up to $75,000 to more than 60 Atlanta-based child care programs to improve the quality of their facilities. The program is administered by PAACT, which is housed at the Georgia Early Education Alliance for Ready Students (GEEARS), and three implementation partners: Early Learning Property Management, the Reinvestment Fund, and the Low Income Investment Fund.[61]

D. Growing Child Care Capacity: Child Care Workers

Statewide and national analyses point to the low pay of child care workers as one of the most broken features of the child care market, leading to a lack of child care availability (slots not available due to persistent teacher shortages), and high turnover among teachers (resulting in a lack of continuity of care for children and families). Simply put, the amount of revenue brought in by child care providers from parent tuition (and federal subsidies, which often mirror parent-pay rates) is not enough for child care providers to pay their staff living wages or benefits. Compared to other industries, child care is a labor-heavy business model, since programs must obtain low teacher-child ratios for to provide safe, quality early childhood instruction. As a result, the average pay for Alabama child care workers is just below $11 an hour, and most providers report not being able to provide employee benefits such as health insurance.[62] In the absence of a permanent federal funding source to help child care providers raise wages for teachers, states and cities are grappling with strategies for fixing this market failure.

Washington, DC: Early Childhood Educator Pay Equity Fund

In 2021, Washington DC voters passed a tax on wealthier residents to create the Early Childhood Educator Pay Equity Fund, which boosts the pay of child care professionals. D.C. has long been a leader in early childhood education. It was one of the first jurisdictions to offer universal pre-kindergarten for three- and four-year-olds, which by design pays teachers on par with public school teachers. Over the past several years, city leaders have shifted their focus to how to help children under age three access quality care under a plan called Birth to Three. A large part of that plan is the Early Childhood Educator Pay Equity Fund, which raises the pay of the city's child-care workers so their salaries match those of public pre-k and K-12 teachers with the same level of education. In its first two years, the program provided $80 million in raises to more than 4,000 teachers. [63] Research from Mathematica found that two years after the Pay Equity Fund launched, the size of the workforce in early childhood care was seven percent higher than it would have been without the program.[64] More than 60 percent of early childhood professionals said the additional pay has allowed them to stay in DC child care classrooms longer than expected, and around 60 percent of child care directors agreed that the payments helped them retain teachers.[65]

Atlanta: Early Childhood Champions Teacher Bonus Program

One of Promise All Atlanta Children Thrive's three strategies is early childhood workforce recruitment and retention. PAACT addresses this strategy by partnering with the Rotary Club of Atlanta to administer the Early Childhood Champions Teacher Bonus Program, which gives early educators in the City of Atlanta access to retention bonuses ($500) and compensated literacy-focused professional development (an additional $500), for a total of $1,000 annually. The program is funded by the PAACT fund, which combines investments from the City, the Atlanta City Schools, and philanthropy.[66]

RESOURCE: Cities Supporting the Early Childhood Workforce
With generous support from the Foundation for Child Development, the National League of Cities (NLC), through its Institute for Youth, Education, and Families (YEF Institute) has launched the Cities Supporting the Early Childhood Workforce initiative to help local leaders strengthen support for the early childhood workforce in their communities. Through peer to peer learning and connection to national experts, NLC is helping local officials strengthen and develop plans that support the early childhood workforce.

E. Tax Relief for Child Care Providers

State and local leaders can look to the tax code to help put more dollars back into the pockets of child care providers. Leaders can also use tax policy to help families and businesses that support their employees with child care. In East Alabama, leaders can create their own tax policy solutions or promote existing tax credits, such as state and federal tax credits available to help support the child care system. In Texas, a state law allowed municipalities to provide dramatic property tax relief for child care providers.

Texas – 24 Municipalities

Property taxes tend to be high in the state of Texas, which does not have a state income tax. When home prices rose across the state during the COVID-19 pandemic, commercial and residential property owners felt the pinch. The pain was particularly acute for child care operators who were struggling to stay in business to serve families. In response, advocates from Children At Risk and other groups worked to pass state legislation to allow cities to reduce property taxes for child care operators by 50% to 100%. The legislation required a voter-approved Constitutional Amendment (Proposition 2), which Texas voters overwhelmingly approved in November 2023.[67]

The City of Austin was the first locality to approve the exemption, completely eliminating property taxes for child care operators.[68] Since then, 11 cities and 13 counties have passed ordinances to reduce or eliminate property taxes under the new law.[69]

F. Easing City Processes for Child Care Providers

Alabama child care providers report difficulties with zoning and related fees and processes, particularly when small licensed family child care providers seek to expand their businesses into licensed group family child care homes (expansion that is greatly needed in order to help grow supply).[70] These challenges are not unique to Alabama. The average child care business owner or director is overwhelmed, often pulled into the classroom due to persistent staffing shortages, and lacks business training. Even the most mundane regulatory and bookkeeping tasks can be challenging for child care providers, pointing to the need to streamline services for and support this critical industry.

Boston, MA

In October 2023, the Boston Zoning Commission adopted the Citywide Child Care Zoning Text Amendment, which makes it easier to create child care facilities in all neighborhoods of Boston. This action has made child care centers and family child care homes an allowed land use in all zoning subdistricts throughout Boston's neighborhoods.

Prior to this change, the citywide and neighborhood land use regulations listed child care centers and homes as conditional or forbidden uses in certain subdistricts. This meant that child care facilities could not be built in those places at all or would have to go through the Zoning Board of Appeals (ZBA) process to receive a conditional use permit, thus presenting an administrative and financial barrier to developing these spaces.

The new amendment also eliminates previous restrictions to the development of child care facilities above the ground floor, barriers related to the amount of space they can take on a property, and off-street parking requirements.[71]

Austin, TX

In October 2023, the city of Austin, TX changed its land rules to allow child care centers to operate almost anywhere in the city. The changes created a new zoning designation for child care centers, allowed child care facilities to be operated in residential areas, and increased the number of children who are allowed to enroll at child care centers. The resolution also helped to remove zoning, permitting, and fee requirements.

The new regulations increased the available space for commercial child care centers in Austin by about 77,000 acres. In the city's child care deserts specifically, the area in which commercial child care centers can operate increased about 200%, to 60,339 acres.[72]

Los Angeles County

The LA County Department of Public Health (LADPH) Office for the Advancement of Early Care & Education shapes policy recommendations; facilitates planning; and provides a range of services to improve the availability, quality, and access to early care and education programs, including centralized child care facility development resources for providers. LADPH has created a user-friendly childcare facility development toolkit, Childcare for All: How to Develop and Renovate Early Care & Education Facilities in Los Angeles County, has served as a helpful guide for agency staff and childcare providers and can be used as a template.

In addition, several departments in Los Angeles County, including regional planning, public works, fire, and building & safety have designated staff onsite to support childcare provider applicants throughout the permitting process.[73]

G. Modeling Best Practices as an Employer

Municipal leaders can communicate the importance of the early years by ensuring that all city employees have access to adequate and equitable parental leave and child care assistance. Given dramatic infant child care shortages across Alabama and the country, paid parental leave plays an important role in solving the ECE puzzle.

Austin, TX

The City of Austin, Texas has a child care assistance program for city employees which includes a $5,000 annual employer contribution to a dependent care flexible spending account for city employees making up to 100% median income. The employer contribution of up to $5,000 per year (prorated based on when the employee joins the program) can be applied toward care-related costs, including enrollment in after-school care, for children under the age of 13.

In 2024, city leaders increased childcare stipends across a broader distribution of incomes with a progressive scale of financial support decreasing with an increase in income. The Human Resources Department increased eligibility requirements by 10% beyond the median family income tables and piloted looking only at City employee salaries (rather than total family income) to meet eligibility requirements. To encourage participation, communication campaigns via City News, HR newsletters, and in-person events were executed to promote the program, leading to 30% more participation.

In January 2024, staff sent a survey to all City employees to better understand the need for childcare assistance. The survey found that for 84% of respondents, the cost of child care was a major factor in arranging child care.

The Mayor and City Council are considering expanding the Childcare assistance program to match the current pilot program.[74]

San Diego, CA

In 2023, the City of San Diego launched a pilot program to help employees with the costs of child care for children 12 and under. Through the pilot program, the city provides monthly payment amounts ranging from $100 – $1,000 to help with the cost of child care, based on family need factors. Those factors include permanent housing status, military or veteran status, whether the family is fostering a child, or if the child has an individual education plan (IEP) or disability. To be eligible to apply, City employees must have an individual base gross income less than $95,350 per year, work full-time, or work at least 20 hours per week while also enrolled in a training or higher education program. Funding for the pilot program comes through a $2 million federal community project award secured by U.S. Rep. Sara Jacobs, who represents the 51st congressional district. The City's Office of Child and Youth Success oversees the pilot program and contracted with a software company to help implement the program.[75]

The child care assistance pilot program is paired the City of San Diego's 2023 expansion of paid parental leave for City workers, which doubled the amount of paid parental leave from four weeks to eight weeks, eliminated the 30-day waiting period for disability benefits for pregnant employees and employees disabled by pregnancy, childbirth, or a related medical condition to ensure employees can access benefits immediately upon need; and changed the eligibility requirement to access these benefits from a one-year minimum employment requirement to 30 days of employment.[76]

Boston, MA

In 2021, Mayor Martin J. Walsh announced a doubling of the City of Boston's existing Paid Parental Leave Policy to extend paid leave to up to 12 weeks paid time off for eligible City employees for the care of and bonding with a child added to their immediate family.[77] Regardless of gender or marital status, an employee is eligible for Paid Leave..[78]

5

Recommendations

Lee County leaders have an opportunity to take meaningful action to address child care shortages, make child care more affordable for parents, and help child care providers with the resources needed to provide quality care and living wages.

The National League of Cities also recommends that communities of all sizes assign an advisor to the mayor or senior agency official to focus on early childhood, serve as a point of contact, and provide much-needed capacity to implement local plans and provide support to local early childhood coalitions.[79] As much as possible, leaders should seek opportunities to meaningfully include those affected directly by ECE policies, especially families and providers, in providing input and feedback on local plans.

Local leaders do not have to wait for federal and state leaders to solve the child care crisis. As we found in the policy brief that accompanies this landscape analysis, cities and counties across the country are funding early care and education programs, often through voter-approved ballot initiatives, that serve two main purposes:

1) Reducing child care costs for families, and
2) Helping ECE providers with the funding needed to provide adequate, quality early education and care.

The second purpose is accomplished by paying providers a rate for services that is based on the true per-pupil cost of running a quality program, rather than paying providers at "market rate" (which, as this report documents, is not enough to cover quality services). The most important factor in setting provider rates is ensuring that they cover ample salaries (and benefits) for teachers. Some programs do this better than others. Historically, most municipally funded ECE programs have been preschool/pre-k programs for three- and four-year-olds, but now cities are also starting to look at how to address infant and toddler care, where the need is most dire.

The New Orleans City Seats program is one example to look into, as it is the first local voter-approved funding stream to support infant and toddler care. Several other cities have invested in preschool/pre-k for three- and four-year-olds, and East Alabama leaders can explore what has worked, and what to avoid, by studying these initiatives.

Several resources are available to support the creation of a bold ECE policy agenda. A top resource to tap into early on is the nonprofit Children's Funding Project, which helps communities and states expand equitable opportunities for children and youth through strategic public financing. The organization provides technical assistance, tools, events and training cohorts to help states and localities seeking to establish, administer, or reauthorize voter-approved children's funds.

The Children's Funding Accelerator was founded in 2020 as the 501(c)4 advocacy partner of Children's Funding Project. Children's Funding Accelerator acts as a nonpartisan supporter of campaigns for dedicated public funding for early childhood. The Children's Funding Accelerator provides resources to campaigns including financial contribution, strategic coaching, and access to a network of campaign experts

Since 2020, the Children's Funding Project and Accelerator have helped communities and states pass more than a dozen ballot measures to bring more than $900 million in dedicated public funding to high-quality early childhood opportunities.

While putting together this report, we also encountered several areas for further research, including:

- Calculating the loss of estimated revenue as a result of parents leaving workforce or downshifting careers to meet child care needs;
- Licensed child care capacity by age (this is not currently reported by child care programs to Alabama DHR; if it were, we could better calculate infant-toddler care shortages in particular);
- Number of child care providers that have closed their doors since pandemic;
- Number of child care staff that have left the field since pandemic;
- Demographics of child care professionals.

Thank you for the opportunity to pull together this report to help arm East Alabama leaders with the information and research they need to take bold action. While child care is a complicated, thorny social problem, many hands make light work. Investing in quality early care and education will benefit area families - and the economy - in both the short and long term, making East Alabama a better place to live, work and raise a family.

---

[1] Want to Grow the Economy? Fix the Child Care Crisis, Ready Nation, 2019

[2] Childcare Is a Business Issue, Harvard Business Review, 2021: https://hbr.org/2021/04/childcare-is-a-business-issue

[3] https://www.marketwatch.com/story/cities-and-towns-provide-kindergarten-they-soon-might-fund-child-care-services-for-toddlers-and-infants-too-7946c872

[4] https://www.cnn.com/2024/05/15/business/child-care-cost-average-annual/index.html

[5] https://www.marketwatch.com/story/cities-and-towns-provide-kindergarten-they-soon-might-fund-child-care-services-for-toddlers-and-infants-too-7946c872

[6] Where Does Your Child Care Dollar Go? Center for American Progress, 2018. https://www.americanprogress.org/article/child-care-dollar-go/

[7] https://www.ffyf.org/states/alabama/
[8] https://home.treasury.gov/news/press-releases/jy0355
[9] Roadmap
[10]https://data.census.gov/table/ACSDT5Y2023.B23008?q=b23008&g=040XX00US01_050XX00US01073,01081,01117_160XX00US0103076,0157048_310XX00US13820_400XX00US07786&moe=false
[11] https://sponsored.bostonglobe.com/point32health/motherhood-penalty/
[12] https://www.ffyf.org/resources/2023/07/july23poll/
[13] https://governor.alabama.gov/newsroom/2022/07/governor-ivey-shares-progress-report-on-attainment-goal-alabama-workforce-skills-up/
[14] U.S. Census Bureau, American Community Survey, Five-Year Estimates, 2015-2019
[15] https://wfalabama.org/wp-content/uploads/2024/05/Clearing-the-Path-2024.pdf
[16] https://www.pewresearch.org/social-trends/2015/12/17/4-child-care-and-education-quality-availability-and-parental-involvement/#:~:text=About%20seven%2Din%2Dten%20higher,groups%20is%20modest%20at%20best.
[17] https://learningpolicyinstitute.org/topic/early-childhood-education#:~:text=Research%20finds%20long%2Dterm%20benefits,are%20from%20low%2Dincome%20households.
[18]https://data.census.gov/table/ACSDT5Y2023.B23008?q=b23008&g=040XX00US01_050XX00US01073,01081,01117_160XX00US0103076,0157048_310XX00US13820_400XX00US07786&moe=false
[19] https://alavoices.org/wp-content/uploads/2024/02/Alabamas-Child-Care-Landscape-Report_web.pdf
[20] https://dhr.alabama.gov/wp-content/uploads/2024/05/2024-Child-Care-Cost-Study-Final-2024.05.17.pdf
[21] https://www.montgomeryadvertiser.com/story/news/2025/11/26/what-are-the-wealthiest-counties-in-alabama-heres-smartassets-list/87482005007/
[22] https://alavoices.org/child-care/
[23] https://www.americanprogress.org/article/true-cost-high-quality-child-care-across-united-states/
[24] https://dhr.alabama.gov/wp-content/uploads/2021/06/Alabama-2021-Child-Care-Market-Rate-Survey_June-29_FINAL.pdf
[25] https://www.ffyf.org/states/alabama/
[26] https://alavoices.org/wp-content/uploads/2024/02/Alabamas-Child-Care-Landscape-Report_web.pdf
[27] https://alavoices.org/wp-content/uploads/2024/02/Alabamas-Child-Care-Landscape-Report_web.pdf
[28] https://tcf.org/content/commentary/how-congress-got-close-to-solving-child-care-then-failed/
[29] https://tcf.org/content/commentary/how-congress-got-close-to-solving-child-care-then-failed/
[30] https://www.children.alabama.gov/adece/first-class-pre-k/
[31] https://yellowhammernews.com/only-a-quarter-of-alabama-children-eligible-to-receive-federal-childcare-funds-receive-it/#:~:text=Among%20these%2C%20102%2C820%20are%20eligible,funding%20as%20the%20primary%20impediment.
[32] https://www.alabamaachieves.org/wp-content/uploads/2024/02/CNP-CACFP-Manual.pdf
[33] https://www.alabamahsa.org/
[34] https://capna.wp.iescentral.com/wp-content/uploads/2019/06/2019-Alabama_Head-Start-Fact-Sheet1.pdf
[35] https://dhr.alabama.gov/early-head-start-child-care-partnership-rfp/
[36] https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2023/07/BPC_Child-Care-Tax-Credits-Interactions.pdf
[37] https://www.ffyf.org/resources/2025/07/toplines-tax-package/
[38] https://alabamaretail.org/news/childcare-tax-credits/
[39] https://dhr.alabama.gov/alabama-dhr-announces-final-round-of-child-care-stability-grants/
[40] https://dhr.alabama.gov/alabama-dhr-announces-new-round-of-child-care-bonuses/
[41] https://dhr.alabama.gov/alabama-dhr-announces-final-round-of-child-care-stability-grants/
[42] Setting the P.A.C.E. for Infants, Toddlers and Families, National League of Cities, 2021. https://www.nlc.org/resource/setting-the-p-a-c-e-for-infants-toddlers-and-families/
[43]Hartford Blueprint for Young Children, 2005. https://www.ctdatahaven.org/sites/ctdatahaven/files/Hartford%20Early%20Childhood%20Education%202005.pdf
[44] Conversation with Mindy Binderman, Executive Director, Georgia Early Education Alliance for Ready Students (GEEARS), June 10, 2024.
[45] PAACT: Promise All Atlanta Children Thrive, https://geears.org/initiatives/paact/
[46] Mission Accomplished: PAACT and the City of Atlanta Exceed Goal of $20 Million for Early Education, GEEARS, 2023. https://geears.org/news/mission-accomplished-paact-and-the-city-of-atlanta-exceed-goal-of-20-million-for-early-education/
[47] Conversation with Mindy Binderman, Executive Director, GEEARS, June 10, 2024.
[48] New Orleans, LA's Early Childhood Education Millage, Children's Funding Project, 2022. https://childrensfundingproject.org/wp-content/uploads/New-Orleans-case-study_FINAL.pdf
[49] ibid
[50] NOEEN City Seats, Agenda for Children. https://agendaforchildren.org/our-programs/noeen/city-seats-for-stakeholders/
[51] Here's What Happened When These Cities Raised Taxes to Fund Child Care, Inc. Magazine, April 20, 2024, https://www.inc.com/associated-press/heres-what-happened-when-these-cities-raised-taxes-to-fund-childcare.html.

[52] Here's What Happened When These Cities Raised Taxes to Fund Child Care, Inc. Magazine, https://www.inc.com/associated-press/heres-what-happened-when-these-cities-raised-taxes-to-fund-childcare.html
[53] Travis County to call tax rate election to expand child care, after-school programs, KUT Radio, May 14, 2024. https://www.kut.org/education/2024-05-14/travis-county-to-call-tax-rate-election-to-expand-child-care-after-school-programs
[54] Conversation with Libby Doggett, June 12, 2024.
[55] Two Steps Forward, One Step Back: State Child Care Assistance Policies 2023, National Women's Law Center, May 2024. https://nwlc.org/wp-content/uploads/2024/06/NWLC-State-Child-Care-Assistance-Policies-2023.pdf
[56] Early Learning Network, City of Hartford. 2024. https://www.hartfordct.gov/Government/Departments/DFCYR/DFCYR_Early-Learning/DFCYR_ELN#:~:text=Funding%20to%20support%20the%20operations,each%20family%20towards%20this%20goal
[57] Mission Accomplished: PAACT and the City of Atlanta Exceed Goal of $20 Million for Early Education, GEEARS, 2023. https://geears.org/news/mission-accomplished-paact-and-the-city-of-atlanta-exceed-goal-of-20-million-for-early-education/
[58] Conversation with Mindy Binderman, Executive Director, GEEARS, June 10, 2024
[59] Making Space Matter in Your State or Jurisdiction, LISC. https://www.lisc.org/media/filer_public/8d/46/8d46b659-c91a-4c61-9b63-d1ea0de3d9d5/21_22_23_24_facilities_funding_120522.pdf
[60] Financing and Resourcing Early Childhood Success, National League of Cities, 2021. https://www.nlc.org/article/2021/09/28/financing-and-resourcing-early-childhood-success/
[61] Mission Accomplished: PAACT and the City of Atlanta Exceed Goal of $20 Million for Early Education, GEEARS, 2023. https://geears.org/news/mission-accomplished-paact-and-the-city-of-atlanta-exceed-goal-of-20-million-for-early-education/
[62] Occupational Employment and Wage Statistics, US Bureau of Labor, 2023. https://www.bls.gov/oes/current/oes399011.htm
[63] Cities and towns provide kindergarten. They soon might fund child-care services for toddlers and infants, too, Market Watch, May 21, 2024. https://www.marketwatch.com/story/cities-and-towns-provide-kindergarten-they-soon-might-fund-child-care-services-for-toddlers-and-infants-too-7946c872
[64] Updated Findings Show Washington, DC's Early Childhood Educator Pay Equity Fund Continues to Support DC's Child Care and Early Education Workforce, Mathematica, May 2024. https://mathematica.org/blogs/washington-DCs-early-childhood-educator-pay-equity-fund-supports-workforce
[65] An Implementation Study of the Early Childhood Educator Pay Equity Fund, Urban Institute DC Child Care Policy Research Partnership. https://www.urban.org/projects/dc-child-care-policy-research-partnership/implementation-study-early-childhood-educator?mod=article_inline
[66] Mission Accomplished: PAACT and the City of Atlanta Exceed Goal of $20 Million for Early Education, GEEARS, 2023. https://geears.org/news/mission-accomplished-paact-and-the-city-of-atlanta-exceed-goal-of-20-million-for-early-education/
[67] Conversation with Jason Sabo, June 11, 2024.
[68] Austin City Council gives some child care providers property tax relief, KUT Radio, November 13, 2023. https://www.kut.org/austin/2023-11-13/austin-child-care-property-tax-break
[69] How to Apply, Child Care Tax Relief. https://childcaretaxrelief.com/how-to-apply/
[70] Interview with Kaitlee Daw and Zhaundra Jones, Women's Foundation of Alabama, May 22, 2024
[71] Citywide Child Care Zoning, City of Boston. https://www.bostonplans.org/zoning/zoning-initiatives/citywide-child-care-zoning
[72] Austin Land Development Code Update for Child Care Centers, Zaentz Navigator. https://zaentznavigator.gse.harvard.edu/policy-strategies/austin-land-development-code-update-for-child-care-centers/
[73] Reducing Barriers for Childcare Facilities, Part 2, MRSC. https://mrsc.org/stay-informed/mrsc-insight/march-2024/childcare-facilities-part-2
[74] Memo Re Childcare Assistance Program (Resolution No. 20230816-020), City of Austin, https://services.austintexas.gov/edims/pio/document.cfm?id=431283
[75] City of San Diego Launches Employee Benefit Program to Assist with Child Care Costs, Inside San Diego, July 8, 2023 https://www.sandiego.gov/insidesd/city-san-diego-launches-employee-benefit-program-assist-child-care-costs
[76] Mayor Gloria Signs Parental Leave Benefits Package, City of San Diego Mayor Todd Gloria, June 21, 2023 https://www.sandiego.gov/outreach2-article/mayor-gloria-signs-parental-leave-benefits-package
[77] CITY OF BOSTON PAID PARENTAL LEAVE POLICY EXPANDED, City of Boston, 2021. https://www.boston.gov/news/city-boston-paid-parental-leave-policy-expanded
[78] Setting the P.A.C.E. for Infants, Toddlers and Families, National League of Cities, 2021. https://www.nlc.org/resource/setting-the-p-a-c-e-for-infants-toddlers-and-families/

[79] Setting the P.A.C.E. for Infants, Toddlers and Families, National League of Cities, 2021. https://www.nlc.org/resource/setting-the-p-a-c-e-for-infants-toddlers-and-families/