



## **The Case for Childcare in West Virginia**

---



# Get To Know

## The West Virginia Chamber of Commerce:

The **West Virginia Chamber** is our state's largest advocate for economic policy improvement.

**We unite our state's employers** around the goal of creating a state that is healthier, better educated, more prosperous and provides opportunity for all.

**West Virginia Chamber members** are your small business neighbors. They are **located across all 55 counties** and employ over half the state's workforce.

The **West Virginia Chamber of Commerce** is proud of its role as the **voice of business for nearly 90 years**.



# The Case for Childcare in West Virginia

---



West Virginia faces a critical challenge: ensuring access to affordable, high-quality childcare for all families. This lack of childcare is a significant barrier to workforce participation, economic growth, and educational achievement. However, it's also an opportunity. To become a national leader and build a brighter future for its citizens we must invest in childcare solutions.

---

## The Problem: A Looming Crisis

**Population Decline:** West Virginia's population is shrinking due to low birth rates and outmigration. Affordable childcare is a key factor in family planning decisions.

**Low Workforce Participation:** We have one of the lowest workforce participation rates, particularly among women. Lack of childcare options keeps many parents out of the workforce.

**Struggling Education System:** Low educational attainment is a persistent issue. Early childhood education plays a vital role in laying a strong foundation for success in school.





---

## The Cost of Inaction

**High Costs for Parents:** Childcare can be as expensive as a mortgage payment, forcing many families to choose between childcare and other necessities.

**Strain on Providers:** Childcare providers struggle to make ends meet due to low reimbursement rates and staffing shortages. This can lead to closures and limited access.

**Economic Downturn:** A limited workforce hinders economic growth, impacting job creation and tax revenue.



## Investing in Solutions: Building a Brighter Future

The West Virginia Chamber of Commerce proposes a multi-pronged approach to address the childcare crisis:

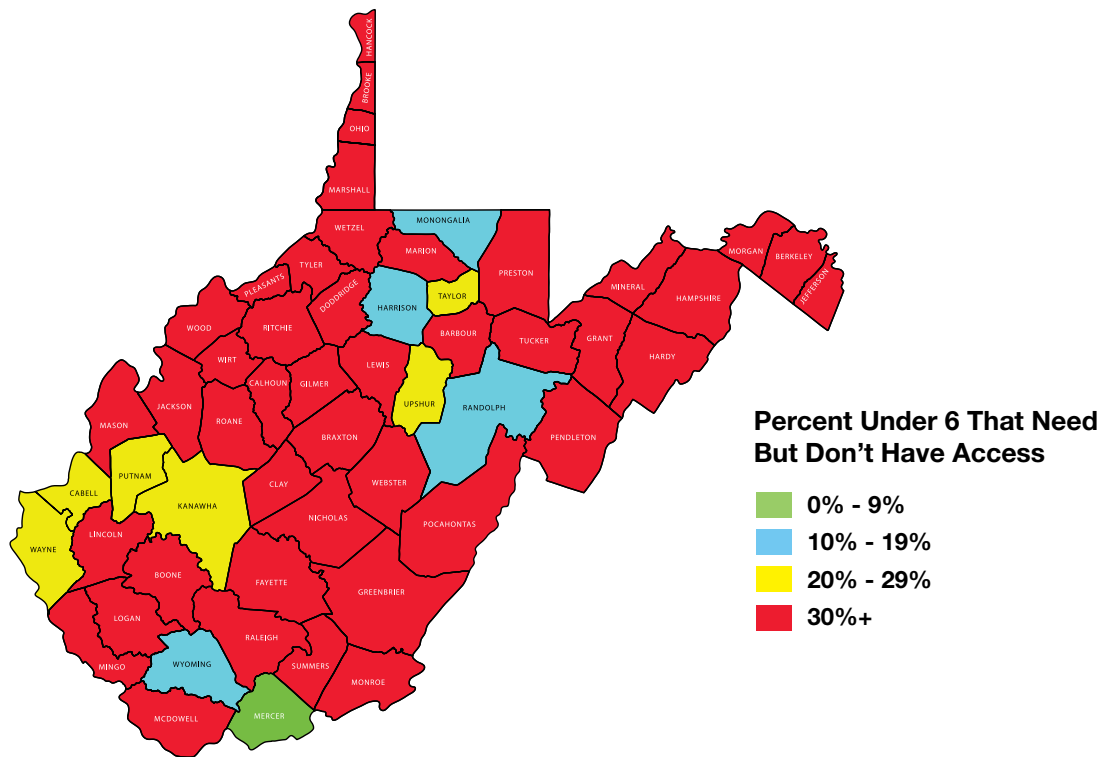
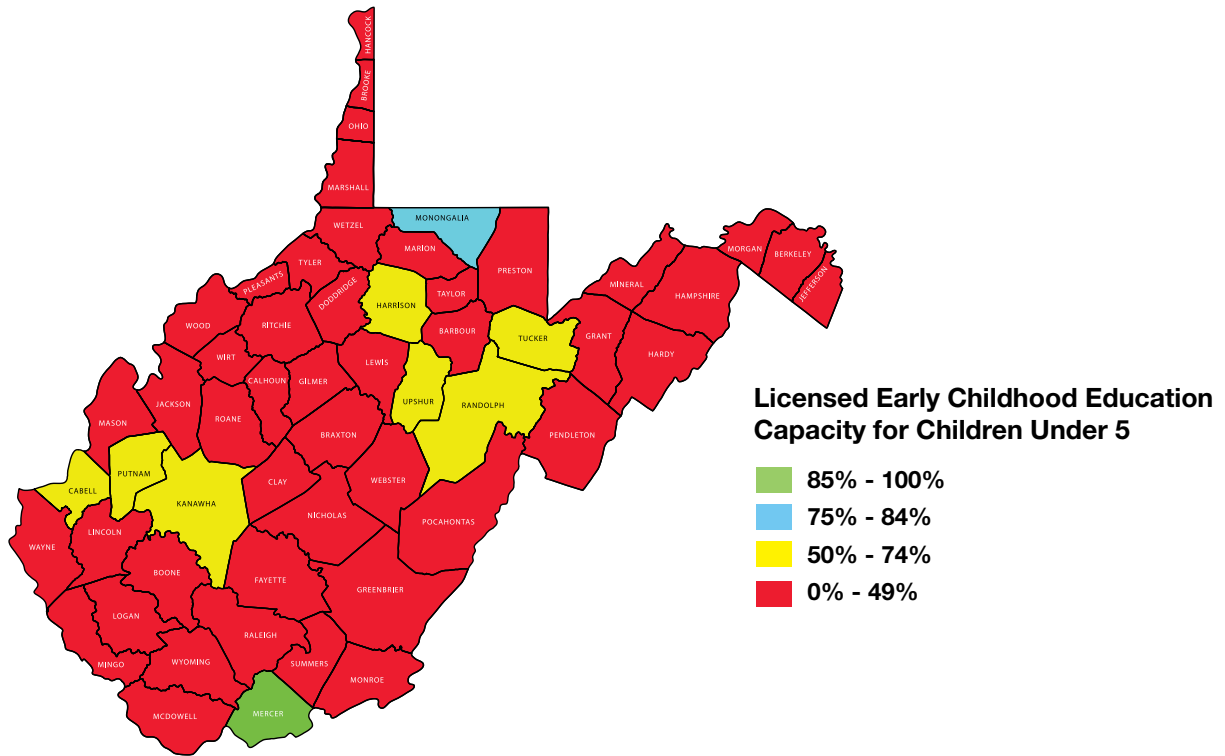
**Enrollment-Based Reimbursement:** Fully fund the state's enrollment reimbursement model for subsidized children to meet federal guidelines and ensure access for low-income families.

**Parental Payment Options:** Allow providers to charge parents of subsidized children on a monthly basis, creating a financial incentive for high attendance.

**Employer-Sponsored Childcare:** Expand incentives for businesses to offer on-site childcare, making it easier for parents to work.

**Investing in the Workforce:** Support programs like scholarships and loan forgiveness to attract and retain qualified childcare professionals.

**Making Childcare Affordable:** Explore additional cost-reduction measures, such as tax credits or subsidies for parents.



---

# Overview



The West Virginia Chamber of Commerce has long been an advocate for improving both the *quantity* and *quality* of childcare in the Mountain State. Currently, our system is broken. The lack of childcare facilities is increasing and workforce participation is decreasing. As a result, some families are choosing to have less children, many are leaving the state, and others are deciding to have one parent stay at home.

Early childhood education (“ECE ”) centers allow for young children to develop and learn in a safe environment while also allowing for parents to participate in our state’s workforce. In turn, our youngest residents are provided with a solid foundation when entering the education system. Our schools and ECEs must produce educated, developed, inspired problem solvers who will one day enter our workforce.

With our state’s population crisis and shrinking workforce, West Virginia has no choice than to address the dire childcare situation in an innovative and cutting-edge manner. West Virginia’s childcare policy should transform the way we care for *children and parents* in an ever-changing, global, 21st century marketplace.

To fully understand the childcare challenges faced by West Virginians, various, intertwining facets of our state need to be examined: population decline, workforce participation, poor education and access/costs to childcare.

For the past 70 years, West Virginia has experienced a steady decline in population, highlighted by the fact that more people lived in the state in the 1950s than now. For reference, in 2020, West Virginia documented a record-low number of births across the state. This surpassed the previous low, which was recorded in 2019. Meanwhile, deaths have increased. In 2020, West Virginia experienced more deaths than births.

With fewer people in the state, West Virginia is experiencing a noticeable decline in its workforce participation rate. In 2023, the U.S. Department of Labor noted that West Virginia had the second lowest participation rate in the country. With regard to female workers, West Virginia had the lowest participation rate – the only state below 50%. While this may be caused by a number of different factors, one of them is likely due to the lack of access and increasing costs of childcare. When families make decisions about how to care for their children during the workday, they often make the decision for the mother to leave the workforce and stay home.

---

Another challenge to workforce participation revolves around education. By any objective standard or measure, the educational results for West Virginia’s students are among the lowest in the nation. For West Virginia’s parents, students, employers, educators and taxpayers, this is a frightening situation. West Virginia Chamber member companies are located across West Virginia and employ over half of the state’s workforce. Providing children with a strong foundation – whether at the ECE, primary, or high school level – contributes to the overall health of our state’s economy. Chamber members know that a well-educated and well-trained workforce is vital in order for businesses to locate, expand and grow jobs in West Virginia.

Many families also face the challenge of finding suitable childcare facilities in their area. The licensed capacity at existing facilities is too low to care for the children of this state. Simply put, there are not enough facilities and many existing facilities face the threat of closure due to costs and staffing shortages. Additionally, the costs to parents are equally troubling. While costs vary across the state, the average parent or guardian is currently spending \$800/month per child. That number can easily exceed \$2,000/month for three or more children.

In 2022, the West Virginia Chamber led the effort in drafting legislation that eventually became Senate Bill 656. The legislature passed SB 656 which incentivizes businesses to provide childcare by providing businesses with a 50% tax credit for the overall costs of starting a new childcare facility. That credit is available for all costs except land acquisition, and is taken over five years at a rate of 20% of the credit per year. SB 656 was a significant step in the right direction; however, the need for comprehensive and meaningful solutions is imperative.

It is our hope that this paper will provide useful background information to state leaders and stakeholders who must address these challenges to childcare in West Virginia.





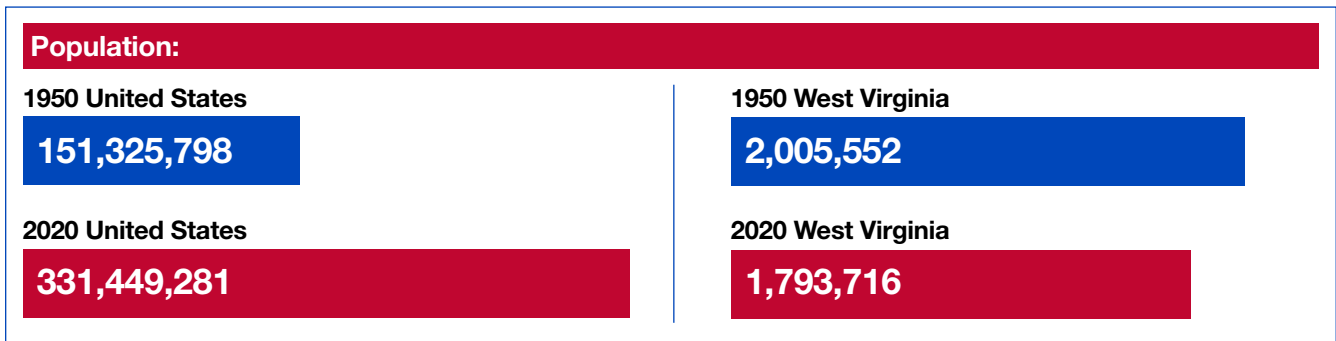
## West Virginia's Population Crisis

During the 1950 Census West Virginia was recorded as having a population of 2,005,552.<sup>1</sup> The population of the United States that year was 150,697,361.<sup>2</sup> Fast forward to the 2020 Census and West Virginia's population declined by over 10% to 1,793,716,<sup>3</sup> while the population of the United States increased to 331,449,281,<sup>4</sup> representing an increase of nearly 120%. Additionally, West Virginia is the only state in the nation to have lost population between 1950 and 2020.

Despite these troubling statistics, West Virginia has seen encouraging news regarding population in one aspect. Over the last few years, the state has experienced a net positive in both domestic and international migration.<sup>5</sup> Simply put, more people are moving to West Virginia than are moving away. The reason our population continues to decline, however, is that deaths significantly outpace births.

In 2020, 17,327 babies were born in West Virginia, the lowest number of births on record. This was lower than 2019's 18,090 births, which had been the lowest to that point. By contrast, a record 26,108 people died in 2020, up from 23,291 in 2019. It is important to note that COVID-19 contributed to increased deaths in 2020. The last year that West Virginia experienced more births than deaths, however, was in 2007.<sup>6</sup>

To reverse the population trend of the past 70 years, West Virginia must maintain a net positive on migration while also reversing the births/deaths trend, and that will require family-friendly policies. Prospective parents planning for a family must consider a number of things, not the least of which are the significant costs of raising children. As this paper will discuss, the costs of placing one child in childcare can easily exceed the costs of a mortgage. This can be the difference between a couple deciding to have one or two children versus three or four children.



<sup>1</sup> <https://www2.census.gov/library/publications/decennial/1950/population-volume-1/vol-01-51.pdf>

<sup>2</sup> <https://www2.census.gov/library/publications/decennial/1950/population-volume-1/vol-01-04.pdf>

<sup>3</sup> <https://www.census.gov/library/stories/state-by-state/west-virginia-population-change-between-census-decade.html>

<sup>4</sup> <https://www.census.gov/library/visualizations/interactive/2020-population-and-housing-state-data.html>

<sup>5</sup> <https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>

<sup>6</sup> <https://dhhr.wv.gov/HSC/VR/CR/Documents/2020Vital.pdf>



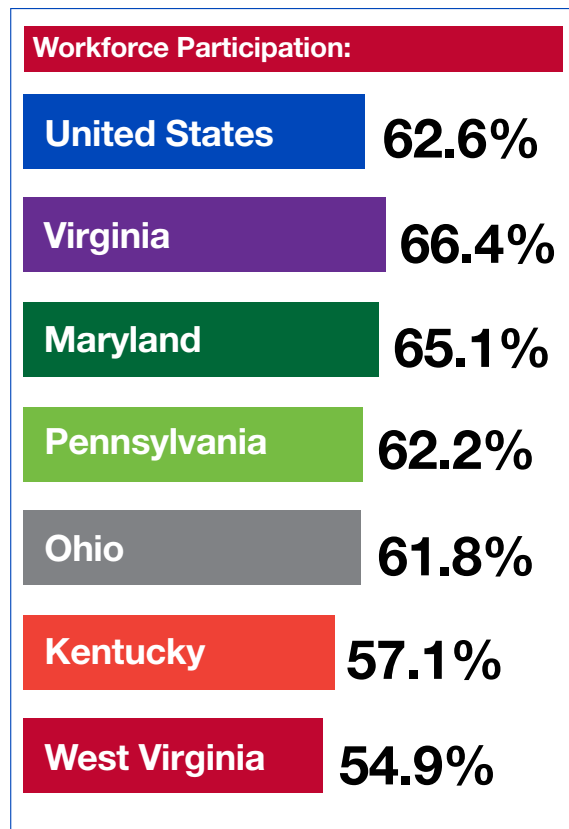
## Workforce Participation Rate

The Civilian Noninstitutional Labor Force Participation Rate, commonly referred to as “workforce participation rate” is a measure used across the nation to help gauge the health of the economy. This figure is the backbone of determining the unemployment rate. The workforce participation rate is calculated by adding the number of individuals who are either employed or actively seeking employment (unemployed) and dividing by the number of individuals who are over the age of 16 and not institutionalized or in active military service.

According to the U.S. Department of Labor, West Virginia's workforce participation rate was 54.9% for 2023, making it the second lowest in the nation after Mississippi. While this statistic has improved slowly over the past few years, the highest workforce participation rate that West Virginia has experienced since 1976 has been 55.9% (reached in 2000, 2002 and 2006).<sup>7</sup> For comparison, the workforce participation rate in the United States at the end of 2023 was 62.6%.<sup>8</sup>

The issue with workforce participation becomes even more pronounced when looking at the rate among females. In 2022, the most recent year for available data, West Virginia had a female workforce participation rate of 49.5% - the only state below 50%. This contrasts strongly with a national female workforce participation rate of 56.8%.<sup>9</sup>

The workforce participation rate is an important statistic when attracting economic development and jobs to a state. Plainly stated, businesses need employees. Areas that have a lower workforce participation rate inherently create some risk for businesses as the inability to hire qualified workers can lead to numerous hardships on those businesses. While there are many reasons why West Virginia's workforce participation rate has always been low, the lack of affordable quality childcare contributes significantly to this problem.



<sup>7</sup> <https://www.bls.gov/lau/staadata.txt>

<sup>8</sup> <https://www.bls.gov/opub/mlr/2024/article/unemployment-rate-inches-up-during-2023-labor-force-participation-rises.htm>

<sup>9</sup> <https://www.bls.gov/opub/ted/2023/labor-force-participation-rate-for-women-highest-in-the-district-of-columbia-in-2022.htm>

## Education Results in West Virginia

Just as the workforce participation rate matters greatly to economic development, so does the quality of public education in a state or region. When businesses are looking to expand they pay attention to a number of factors, but near the top of that list is the quality of the school system. Unfortunately, West Virginia has consistently lagged the nation in this metric.

Every two years the National Center for Education Statistics releases the National Assessment of Educational Progress (NAEP). The most commonly used metrics from NAEP focus on 4 key areas – 4th Grade Math, 4th Grade Reading, 8th Grade Math, and 8th Grade Reading.

The last available report from NAEP (2022) shows that when looking at the percentage of students who are considered “at or above proficient,” West Virginia ranks last or near last in the nation:<sup>10</sup>

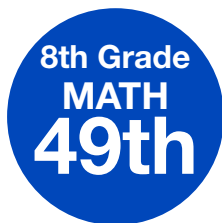
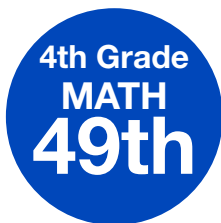
- 4th Grade Math – 49th
- 4th Grade Reading – 49th
- 8th Grade Math – 49th
- 8th Grade Reading – 48th

The issue regarding West Virginia’s low performance in education achievement cannot be placed on a lack of funding as West Virginia has consistently been in the top half of states in terms of per pupil expenditures.<sup>11</sup> However, one fact remains clear – what we are doing is not working.

Children **learn to read** until the 3rd Grade. After the 3rd Grade they **read to learn**. If a child misses this critical benchmark he or she is far less likely to be successful in school during later grades. While West Virginia has been a leader in making universal Pre-K4 available across the state, getting children into an educational setting earlier is needed. High quality childcare does not simply exist to “babysit” children, but rather to educate them as well. If West Virginia hopes to improve education results, more quality childcare must be part of the solution.



### 2022 N.A.E.P. Rankings



<sup>10</sup> <https://www.nationsreportcard.gov/ndecore/xplore/NDE>

<sup>11</sup> [https://www.nea.org/sites/default/files/2024-04/2024\\_rankings\\_and\\_estimates\\_report.pdf](https://www.nea.org/sites/default/files/2024-04/2024_rankings_and_estimates_report.pdf)

## Access to Childcare

Access to childcare continues to be a significant issue in West Virginia. This section focuses on two aspects: licensed capacity by county and the percent who need but cannot access care.

### Licensed Capacity

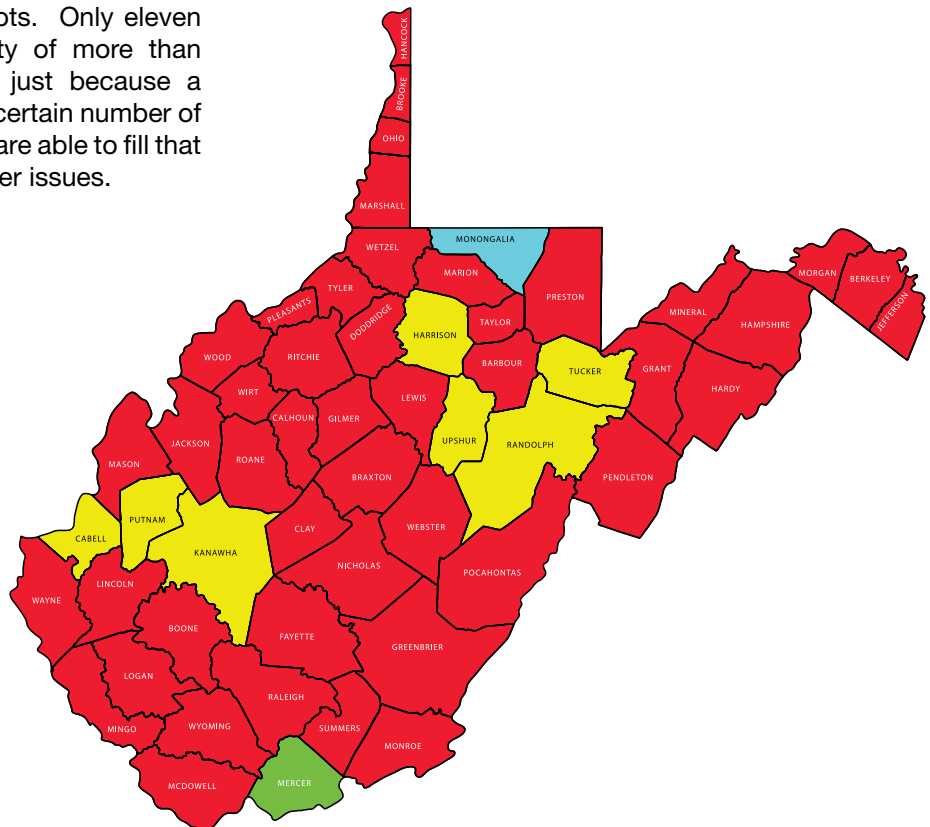
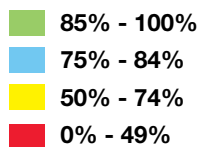
Licensed capacity is the total number of usable child care slots, whether taken or open, in existing licensed childcare facilities. According to Child Care Access in West Virginia: Mapping the Gap, there are 39,405 licensed early childhood education (ECE) childcare slots across West Virginia and an additional 5,733 school-age slots that are primarily used for after school care.<sup>12</sup> Simply put, ECE slots are for the use of infant children through those aged Pre-K4.

Twenty-four counties have less than 250 licensed ECE slots. Even more so, the counties of Braxton, Calhoun, Clay, Doddridge, Gilmer, Lincoln, Pendleton, Pleasants, Ritchie, Tyler, Wetzel and Wirt each having less than 100 slots. Only eleven counties have a licensed capacity of more than 1,000. It should be noted that just because a childcare provider is licensed for a certain number of slots, that does not mean that they are able to fill that many spots due to staffing and other issues.

Looking at the number of licensed slots cannot be the sole determinant for the accessibility of childcare in West Virginia. Using Census estimate data from as recently as July 1, 2023, 5% of our state's population is under the age of 5, or just shy of 88,000 kids.<sup>13</sup> That means that if every child under the age of 5 needed access to childcare, less than 45% would be able to obtain it. While there are obviously no scenarios where 100% of children need access, 45% accessibility is woefully inadequate and leaves thousands of families unable to access care.

Below is a map that shows percentages for each county based on the licensed ECE capacity divided by the number of children under the age of 5. Twelve counties have less than 20% capacity, while six of those have less than 10%. Only nine counties have greater than 50% capacity, with just two of those having a capacity greater than 75%.

### Licensed Early Childhood Education Capacity for Children Under 5

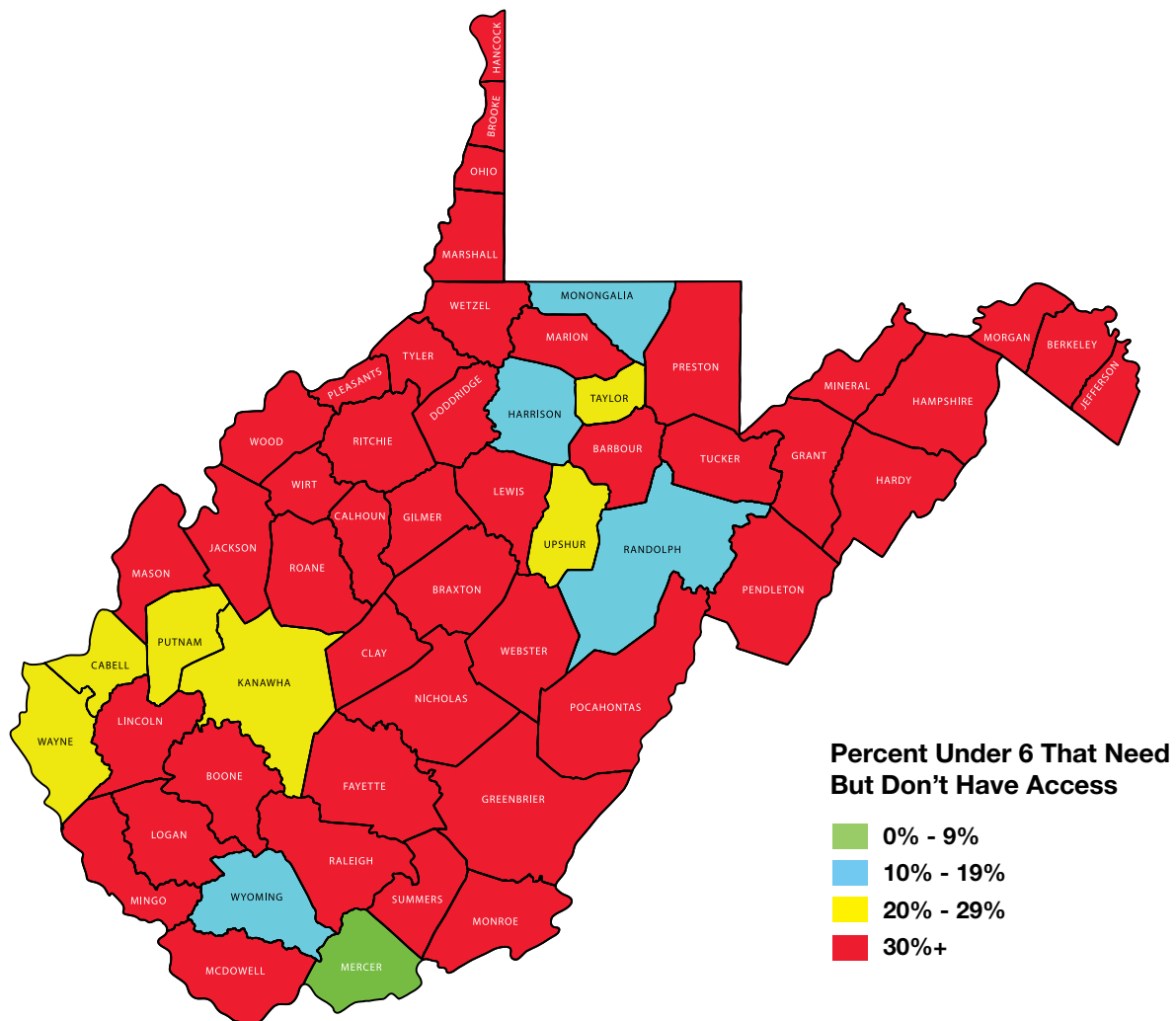


<sup>12</sup> <https://ccaoa.maps.arcgis.com/apps/dashboards/c89769663d5841e8be9cc2f6a57a6d95>

<sup>13</sup> <https://www.census.gov/quickfacts/fact/table/WV,US/PST045223>

### Percent of Children Under the Age of 6 Who Need but Don't Have Access to Childcare

Another metric to examine childcare availability is the percentage of children who need access to childcare for whom no available slots exist. This metric is slightly different in that it includes some early school-aged children in the count, which may be able to access after-school or summer programs if they are available. Only one county, Mercer, currently has no children unable to access care according to Child Care Access in West Virginia: Mapping the Gap. Twenty-nine counties, well over half, have over 50% of the children under the age of 6 who need but are unable to access childcare.





## Costs of Childcare

---

Perhaps the largest single concern related to childcare is the significant cost experienced by all parties – parents, providers, and public payers. This section will help provide a real perspective of what it actually costs to provide quality childcare.

### **Costs to the Provider**

During the 2024 Session of the West Virginia Legislature, Jennifer Trippett, the owner of Cubby's Childcare Center in Bridgeport, WV, put together an extensive document detailing the costs of providing childcare by age group. First off, it is important to remember that childcare is a heavily regulated business to ensure the safety of the children. Among many other items those regulations clearly spell out staffing ratios.

A childcare provider in West Virginia must have two staff members present in a room with 8 one-year olds. Given that the provider is typically open for 60 hours per week, that means that 120 staffing hours per week must be paid. At a rate of \$15/hour, that equals \$1,800 per week in wages. If the provider charges \$195 per week (\$780 a month) per child, that equals \$1,560 in weekly income, a \$240 per week shortfall, or an annual shortfall of \$12,840.

The profit/loss margin improves slightly for two-year olds, where two staffers are required in a room with 12 two-year olds. The wages remain the same as in the one-years-old classroom, but twelve children at \$185 per week brings in \$2,220, leaving a net positive of \$420 per week.

While the cost ratio improves slightly as children get older, there are several other factors affecting cost. The above numbers do not take into account other costs such as any employee benefits, property taxes, utilities, insurance, maintenance, food, support staff, administration, etc. Additionally, in today's economy it is very difficult to attract and retain quality employees at \$15/hour, especially in a stressful setting such as childcare. It should be noted that many childcare providers are not even able to pay the \$15/hour that Cubby's does.

Because of these challenges, childcare providers are looking for ways to enhance the wages and/or benefits of their employees, but must do so with a

balance in mind that those increased costs must be recovered elsewhere.

### **Costs Covered by the State / Enrollment v. Attendance**

Many children who attend childcare across the state have their costs subsidized by the state. These subsidy rates vary based on the income of the parents, and the manner in which they are paid has a direct impact on childcare centers. Prior to the COVID-19 outbreak, the state would reimburse childcare centers for subsidized children based on attendance. To illustrate, consider the following example:

- Weekly cost for a child = \$200 (\$40 per day)
- Twenty days in a month = \$800
- Child only attends 9 days = \$360 payment to childcare center
- Provider faces a \$440 shortfall in the month

It is important to remember that all of the provider's costs remain, as they must staff with the expectation that the child would attend on a given day. They cannot simply open that slot to private payers due to the possibility of exceeding the regulated staffing ratios on a day with high attendance.

Once federal dollars arrived with the COVID-19 pandemic, the state was able to shift its reimbursement model to an enrollment model. This provides much more stability to childcare providers as they can more accurately budget knowing which funds will arrive. Under the current scenario, parents of subsidized children still pay based on attendance, but the state's share is paid regardless. To illustrate, consider the same costs as above with an 80/20 cost arrangement:

- Weekly cost for a child = \$200 (\$40 per day)
- Weekly parent costs = \$40 (\$8 per day)
- Twenty days in a month = \$800
- Child only attends 9 days = \$640 state payment + \$72 parent payment = \$712
- Provider faces an \$88 shortfall in a month

---

While the childcare provider still faces a shortfall for the slot, it is a much more manageable figure than that experienced on an attendance model.

In the Spring of 2024 rules went into effect to require states to reimburse childcare providers based on enrollment. West Virginia did not seek a waiver from that rule, and funding exists to continue this through the end of 2024. It will be necessary to ensure that this funding continues so that eligibility adjustments are not made to reduce utilization.

### **Costs to Parents / Private Payers**

As the previous paragraphs have highlighted, providing childcare is an expensive endeavor, and the costs to those without subsidy can be significant. While costs may vary across the state and across different providers, the average a parent or guardian can expect to pay to place one child in childcare is approximately \$800 a month. Those costs can be slightly higher for infants and a little less for children who are three- or four-years old. Depending on one's standard of living, the cost of one child in childcare can be the same as a monthly mortgage payment, or more than two monthly car payments. If there are two or three children that need childcare, those costs simply double or triple.

Let's consider the circumstances for what would be considered by most to be a very comfortable lifestyle in West Virginia. Two parents making a combined income of \$150K a year. One parent makes \$100K and the other makes \$50K.

They have two children who are not old enough for school and need childcare, and their income levels place them above any ability to receive state subsidy. If their monthly costs for childcare are \$1,600, that family will pay \$19,200 per year.

Consider the parent making \$50K a year. If paid on a bi-weekly basis, the take home pay will be approximately \$1,555,<sup>14</sup> meaning that one entire paycheck will be required to pay for a month of childcare. If you view the other paycheck as divided by 160 hours (4 weeks at 40 hours since the first paycheck was used exclusively on childcare), that equals \$9.72 per hour – barely above minimum wage. That is an amount that becomes a heavy incentive for the lower-earning parent to leave the workforce and become a stay-at-home parent. If a third child were to be added into the equation, that available take-home pay not consumed by childcare expenses drops to a value of \$4.72 per hour.

These figures also do not consider additional paycheck withholdings through various benefits – nor do they consider that items such as healthcare costs could be more expensive without both parents working. It does show, however, that many families face the choice of a parent staying home to raise the children or go to work to not see their kids. It is also important to note that in this example we have a family with a household income of \$150K per year, which is far above the median household income of the state, which is currently just above \$55K per year.<sup>14</sup>

---

<sup>14</sup> <https://smartasset.com/taxes/paycheck-calculator#JlvqWfM9tv>

<sup>15</sup> <https://www.census.gov/quickfacts/fact/table/WV,US/PST045223>

---

## What Has Been Done in West Virginia

---

In 2022 the West Virginia Chamber provided draft legislation that became Senate Bill 656. The Chamber modeled this legislation after an existing childcare tax credit in Georgia that incentivized Georgia businesses to provide childcare. The West Virginia Legislature expanded the concept from Georgia and passed a significant bill that provides businesses a 50% tax credit for the overall costs

of starting a new childcare facility. The credit is available for all costs except land acquisition, and is taken over five years. Both for-profit and non-profit businesses are able to access the credit, and several companies have either started childcare facilities or are in the process of starting one thanks to this legislation.<sup>16</sup>

---

## Further Solutions to Childcare Situation in West Virginia

---

### ***Allow Childcare Providers to Charge Parents of Subsidized Children on a Monthly Basis***

While the state has been reimbursing providers on an enrollment model since the COVID-19 pandemic, providers have been prohibited from charging parents on anything but an attendance basis. This still leaves providers facing a shortfall if the child does not have full attendance, and the current model lacks a financial incentive for parents to send their children to childcare at a high attendance rate. Rules should be changed to allow providers to charge parents of subsidized children on a monthly basis.

### ***Adjust the State's Enrollment Reimbursement Rates to be Twelve Equal Months, Rather than on the Number of Days Within a Month***

Under the current enrollment reimbursement model, the payments made to providers by the state vary slightly based on the number of days in a given month. Changing this to an equal amount each month will not cost the state any more money, but will help provide consistency to what providers receive.

### ***Incentives for Employer-Provided Childcare***

Senate Bill 656 that was passed and signed into law in 2022 establishes a 50% tax credit to be taken over five years for businesses that start childcare facilities. Expanding that credit to 100% over five years would further incentivize businesses to provide on-site childcare for their workers, but providing an additional option can be helpful. Many businesses currently provide childcare for the employees – at great expense. Due to these expenses, some facilities have been shut down. In 2024 both Senate Bill 373 and House Bill 5051 were introduced. These identical pieces of legislation would have provided a 100% annual tax credit to businesses for the operational costs of providing childcare. The credit under this legislation could not be used in conjunction with the existing credit from Senate Bill 656, but provides another option for businesses looking to provide this benefit to their employees.

### ***Tri-Share***

The state of Michigan pioneered a new childcare program in 2021 called “Tri-Share,” whereby the employer, the state, and the parent or guardian each pay 1/3 the cost of childcare to help make it affordable to employees. Several states including neighboring Kentucky have adopted this approach, and this serves as an opportunity to make childcare more affordable and accessible in West Virginia.

---

<sup>16</sup> <https://cabellhuntington.org/connect/news/article/mountain-health-network-opens-two-child-care-centers>

---

### ***Establish Program to Award Early Childhood Education Degrees for Childcare Workers***

While it has been established that wages for childcare workers are an issue, the solution to the problem is less clear. Enacting legislation whereby the state will cover the costs to receive a degree in early childhood education for those who work in childcare will provide a substantial benefit for workers and improve the overall educational quality of childcare. This would also be consistent with other efforts the Legislature has taken, such as SB 1 in 2019.<sup>17</sup>

### ***Cover Costs of Childcare for Childcare Workers***

The costs for private payers of childcare can be significant and cost-prohibitive. While many childcare workers are likely eligible for state subsidy for any children they have, the portion they pay still depends on their household income. Covering 100% of childcare costs for childcare workers would provide a nice benefit that would help alleviate some of the challenges with current wages.



**Solutions:**

**\$900/staffer per week**

**\$15 per hour**

---

<sup>17</sup> [http://www.wvlegislature.gov/Bill\\_Status/bills\\_history.cfm?INPUT=1&year=2019&sessiontype=RS](http://www.wvlegislature.gov/Bill_Status/bills_history.cfm?INPUT=1&year=2019&sessiontype=RS)



---

## Conclusion

---

West Virginia faces many challenges in the coming years, but it also faces numerous opportunities. Reversing population loss, improving workforce participation, and improving education outcomes are vital to future economic growth. The reality is that improving any of these metrics will be made much harder without meaningfully addressing childcare.

The good news is that West Virginia is not alone in facing a crisis surrounding high-quality, affordable childcare. Because our state is small we have proven to be nimble and creative. This gives us an incredible opportunity to quickly become the model state in how to provide this critical service.

## Special Acknowledgement

---

*I would like to take a moment and thank everyone who was involved with this project. Numerous individuals contributed time to thoroughly review and provide feedback on this document as it was being written. This project would not have been possible without their assistance.*







1624 Kanawha Blvd. East, Charleston WV 25311 | [wvchamber.com](http://wvchamber.com)