Childcare Industry Focus Group Report

Strengthening Childcare in Advantage Valley: Insights from Providers

COFFMAN COLLABORATIVE

Executive Summary

Advantage Valley conducted three focus groups over two months, from September 25, 2024 to October 29, 2024, to gain insights into the childcare industry within their nine-county region. The virtual focus groups included six providers from Kanawha, Putnam, and Cabell counties, complemented by 17 responses to a survey distributed via SurveyMonkey for a total of 23 participants that included additional representation from Kanawha, Putnam, Cabell, Jackson, and Wayne counties.

Childcare providers across the Advantage Valley region face similar day-to-day operational challenges, regardless of the type of facility. One of the most significant barriers highlighted in this report is the outdated system used by the state of West Virginia to manage subsidized childcare reporting. This system requires providers to submit handwritten forms, a process that is cumbersome, prone to errors, and time-consuming. Additionally, correcting mistakes within this antiquated system can result in payment delays and disruptions to cash flow, further complicating operations for providers.

Second, staff retention is a significant issue for many childcare providers in the state, who must compete with employers like Sheetz, Target, and Chick-fil-A. These companies offer competitive wages without the demands or specialized training required to work in childcare. Coupled with uncertainty around reimbursement rates and challenges balancing enrollment versus attendance, many centers struggle to even meet capacity. Staffing shortages have left many facilities operating below capacity.

Another factor affecting staff retention is the rise in behavioral issues among children since the pandemic. Many providers report that children are exhibiting social challenges, such as difficulty working together and maintaining attention spans during activities. The majority of providers say they are losing staff due to the increase in behavioral challenges, which staff feel unprepared to manage given the limited training available to them.

Third, while all providers expressed confidence in their ability to follow their business plans, it is evident that cash flow planning and other business coaching services would be highly beneficial. Many providers with a high ratio of subsidized children have the capacity to enroll more, but they refrain from opening additional slots due to staffing shortages or delayed state payments, which create cash flow challenges. Access to services focused on staffing strategies, retention, and cash flow planning would greatly benefit these providers.

When discussing needed funding, many providers expressed interest in grant support for smaller items such as learning materials, STEM supplies, basic necessities like snacks or diapers, and other essentials. Their requests often did not center on large monetary investments but rather on grants to acquire resources that directly enhance the educational experience.

Fourth, the pandemic has been a significant tipping point for many challenges childcare providers are facing, including inflation, staffing shortages, and behavioral changes. These issues largely stem from the pandemic and the shifts it brought to the industry. Since 2020, many centers have reduced their capacity, changed the age demographics of the children they accept, or adjusted the number of subsidized children they enroll. This reduction is counterproductive in areas already struggling with inadequate access to childcare.

The findings of this focus group explore the challenges and opportunities faced by childcare providers across the nine-county region, including the issues outlined above. This analysis examines a diverse range of providers, including secular and non-secular childcare centers as well as family care homes, offering insights into the unique and shared experiences within the industry.

The feedback gathered from this focus group underscores the pressing need for targeted interventions to support childcare providers. Addressing systemic challenges such as outdated administrative processes, staffing shortages, cash flow management, and increased behavioral concerns in children is critical to improving the operational stability and capacity of childcare facilities. By leveraging resources, providers can better meet community needs.

Purpose

West Virginia ranks 50th in childcare accessibility. As economic development continues to grow in the Advantage Valley region, the demand for childcare services increases in an area already struggling to meet existing needs. In the nine-county region represented by Advantage Valley, 32%—or approximately 5,333 children—lack adequate access to childcare. Advantage Valley views childcare as a critical investment in the current and future workforce, as well as a cornerstone for economic prosperity.

West Virginia's workforce participation rate remains one of the lowest in the nation, and the labor participation rate for women is also among the lowest. A significant barrier for many women entering the workforce is the lack of access to affordable, reliable childcare. Addressing this issue is essential to unlocking the full potential of the region's workforce and ensuring long-term economic growth.

Advantage Valley sought to understand the challenges and opportunities faced by childcare providers administering care in both large centers and family care homes. A key focus for increasing childcare options in the Advantage Valley region is supporting the growth of family care homes serving 1-6 children and helping smaller centers position themselves for expanded growth opportunities.

The data gathered in this focus group will help position Advantage Valley to develop services and resources for providers based on what their needs are day to day.

Approach & Methodology

In August 2024, Coffman Collaborative and Advantage Valley collaborated to design a focus group guide and develop questions for four planned focus groups. Although the initial plan included four virtual sessions, only three were conducted due to attendance challenges. To accommodate providers unable to attend due to staffing demands and time constraints, an online survey was created to gather feedback on the same topics covered in the focus groups.

A comprehensive list of childcare providers in Advantage Valley's coverage area—Boone, Cabell, Clay, Jackson, Kanawha, Lincoln, Mason, Putnam, and Wayne counties—was used to extend invitations. Emails and phone calls were made to this master list, encouraging childcare providers to participate in either the focus groups or the survey.

A focus group is a qualitative research method that encourages participants to build on each other's feedback during discussions. Many participants shared similar experiences, and one participant's description often led to broader group discussions. During the analysis, the transcripts were reviewed to identify common codes, patterns, and shared experiences, which were used to develop the key themes of the focus groups. All three focus groups were moderated by Rachel Coffman of Coffman Collaborative.

Participants

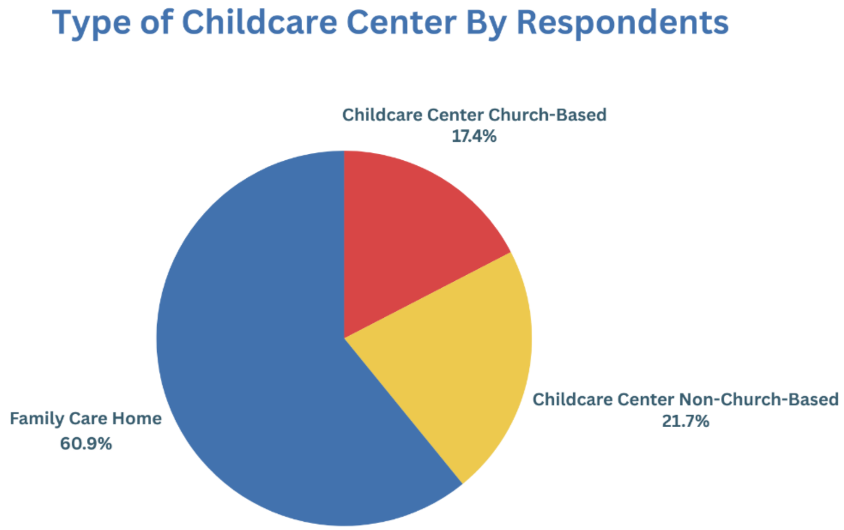
The sample of childcare centers that participated in this survey provided valuable insights into the challenges and opportunities each center is facing, as well as how these factors impact different types of centers. Overall, it is evident that many operational centers are not reaching their full capacity due to staffing shortages.

Among the respondents, 60.9% operated a family care home, 17.4% managed a childcare center with a secular affiliation, and 21.7% ran a childcare center not connected to a church. Participating centers were located in Cabell, Jackson, Kanawha, Putnam, and Wayne Counties. However, no participants were represented from Boone, Clay, Lincoln, or Mason Counties.

Enrollment Capacity of Participants

- The average enrollment for the family care home providers were 6 children with the highest being 12 children. Of the family care homes, 42% were operating under capacity. Of those operating under capacity, they were eligible to take on average 2-3 more children.
    - It is important to note, that in-home providers expressed the desire to have more children in their capacity in this survey. The State Code **§49-1-206** defines that a "family childcare home" can only have a capacity of 6, while a "family childcare facility" can have a capacity of up to 12.

- The average capacity for the larger centers was 73%.



In-Person Focus Group Participants - 7

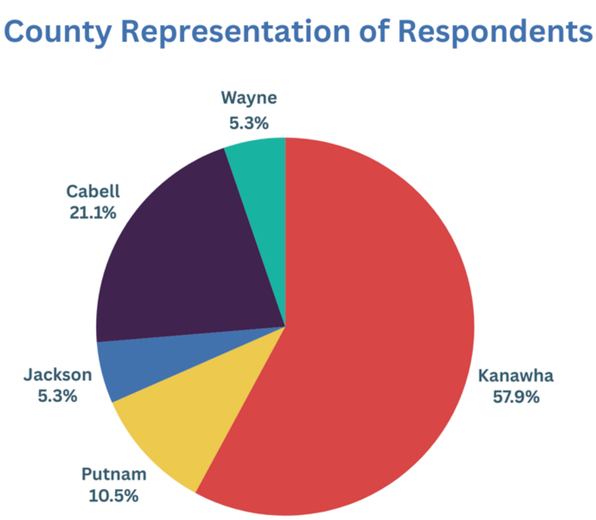
County	Type of Center	Enrollment
Kanawha	Childcare Center	217
Kanawha	Childcare Center	42
Putnam	Childcare Center (Church-Based)	230
Cabell	Childcare Center	63
Cabell	Childcare Center (Church-Based)	670
Kanawha	Family Care Home	1

Online Survey Responses – 17
(One Center participated in both, which led to a total of 23 childcare providers childcare centers, family care homes, or family care centers) versus 24. We only had a select few survey respondents, give their name and county they operate in. Most in-home providers did not share that information in the survey.)

Online Survey Responses from Childcare Centers – 3

County	Type of Center	Enrollment
Jackson	Childcare Center (Church-Based)	75
Kanawha	Childcare Center	63
Putnam	Childcare Center (Church-Based)	64

Additionally, the online survey had a total of 13 responses from family care home providers, but many listed their county of operation or did not answer the question to provide information of where they are located.



Key Findings

1. Subsidy and Reimbursement Challenges:
    - Outdated, paper-based reimbursement processes cause significant delays and administrative burdens.
    - Attendance-based reimbursement models create cash flow instability, particularly during child absences or errors in processing.

- Reimbursement rates for subsidized care are significantly lower than private pay, leading some providers to consider limiting subsidized slots.

2. Staffing Issues:
    - High turnover due to low pay and competitive wages in other industries (e.g., retail and fast food).
    - Behavioral challenges among children post-COVID place additional stress on staff.
    - Limited training and resources for staff to manage behavioral issues effectively.

3. Financial Strains:
    - Rising costs of goods and services without corresponding increases in reimbursement rates.
    - Reliance on emergency COVID funds, which are depleting, to maintain operations.
    - Difficulty in long-term budgeting due to funding instability.
    - Many would benefit to grant funding support or grant writing resources.

4. Administrative Inefficiencies:
    - Providers expressed frustration over cumbersome paperwork requirements and manual reporting systems.
    - Errors in subsidy claims can take months to resolve, impacting operational stability

Focus Group Themes

Theme One: Providers Face Challenges on Subsidy Reimbursements and Reporting

1 (A): The State of West Virginia Operates Reporting on Non-Digital Systems which is Causing Providers Delays, Errors, and Time Management Issues

For centers accepting subsidized enrollees, a major challenge is the State of West Virginia's requirement that providers submit handwritten weekly attendance and enrollment reports. This process is cumbersome, prone to errors, and can take weeks for review, leading to delayed payments and financial strain.

Providers also face difficulties communicating with the Department of Human Services, particularly regarding late payments or rejected forms. A significant concern is the Department's conversion chart used to calculate the parent portion of private pay for subsidized children—another required handwritten form. The state mandates these forms be submitted in alphabetical order, with different rates for different age groups, adding to the administrative burden.

For larger providers with many children enrolled through the subsidized childcare program, processing these handwritten forms can take staff up to two days. If errors are found, the forms must be returned and corrected via regular mail, further delaying payments and exacerbating cash flow issues.

With the system still relying on mail and hard copies for communication, providers face significant delays in resolving errors or mistakes on forms. These issues can take up to a month to address, leading to delayed reimbursements for the affected child. Many centers have reported ongoing issues with the State delaying payments, with one center experiencing a three-month delay on $150,000 in owed funds. Without additional revenue streams, they would have been unable to meet payroll obligations.

Other issues with the reporting/processes:

- If a new child is enrolled in a center through the subsidized program on a date other than the 1st of the month, the payment for that child will not be processed until the third week of the following month. This means the center provides care for up to a month and a half before receiving payment.

- The parent portion for children enrolled in the subsidized program cannot be billed weekly, which many providers believe would improve revenue and cash flow. Weekly billing would allow parents to manage smaller, more manageable payments. The current practice of larger, once-a-month billing often leads to unpaid balances from parents, creating financial challenges for providers

- Parent portions are calculated on the conversion chart at an hourly rate. This is leading to centers receiving less money on the parent portion because it is not a true enrollment calculation. The staff had to be employed for the whole day to meet the needs of the center while the child was there. If that child was only there for 1-2 hours, the parent only has to cover those hours rather than the whole day.

- The Child and Adult Care Food Program (CACFP) requests also have to be done in writing. Providers question why this cannot be an application-based request. The centers are using a platform called ProCare to record their data, but still have to provide information to DoHs in a handwritten form.

- Sign-In and Sign-Out procedures for facilities for those children in the subsidized program have to be done on paper at the facility. This is time-consuming for parents when they are picking up or dropping off.

- Delays in audits do to waiting on forms to be signed by parents.

Centers in this research reported challenges with the reporting process, including late payments, reimbursement requests with no response, and a lack of communication. The outdated system creates delays, adding another barrier for centers already facing significant costs. These inefficiencies impact cash flow and make it difficult to resolve issues on time.

1(B): Enrollment Versus Attendance Uncertainty Leads to Centers Uncertain About the Future.

Almost all large centers in this research expressed concern if the payment structure for those children on subsidy is not placed on an enrollment model and is kept at an attendance model, the childcare industry in West Virginia will be on the edge of collapse.

Many centers feel their concerns have not been heard by policymakers and continue to express that the way the parent co-pay is calculated for the children on subsidy leads to missed opportunities in revenue.

Centers are accepting children through the subsidy program at a lower daily cost compared to privately paying families. Without adopting a true enrollment-based reimbursement model—including parent co-pays—many providers expressed concerns about continuing to accept new children through the program. The financial strain, combined with the inability to disenroll subsidized children for behavioral issues as they can with private-pay families, makes participation increasingly unsustainable

Theme Two: Childcare Providers in West Virginia are Dealing with Staffing Retention Issues From Not Being Able to Provide a Competitive Wage and Increased Challenges.

Across all providers, it is evident that staff retention and offering competitive wages are top priorities when addressing challenges in the Advantage Valley region. Respondents highlighted several key issues, including frustrations about not being able to offer competitive wages, an increase in behavioral issues among children with limited training for employees on how to manage these outbursts, and challenges with the state's reimbursement process, which has left many providers in a state of limbo, hindering growth opportunities.

High Staff Turnover
Many centers reported significant difficulty retaining employees after the pandemic—a challenge that was not prevalent prior to that time. Inflation is hitting many centers hard for the cost of goods and supplies while the reimbursement rates are not increasing for those who accept children through the state-subsided program.

Childcare centers struggle to compete with fast food restaurants and other jobs that offer competitive wages without the added responsibility of working with children, including those with behavioral challenges. During COVID, many centers provided bonuses to retain staff, but they now face uncertainty about how the state will handle reimbursement—whether based on enrollment or attendance. Many providers argue that the state's current 'enrollment model' is misleading, as the parent portion of subsidized childcare is still tied to attendance rather than true enrollment which leads to delayed payments, past-due payments, and difficulties in cash flow planning for additional staff.

A child care center in the Advantage Valley region said that while she has a constant trickle in and out of 40-50 employees, their center is paying 30-35% more than they were prior to 2020.

The lack of consistency in the reimbursement funding is causing strain on centers, along with, not a lot of room to raise rates on private pay due to families strained by inflationary costs. Many of the centers in these discussions expressed that they are living paycheck to paycheck.

Another contribution to high staff turnover seems to be the incorrect expectations of employees as they enter the workforce. Many new employees are quitting after short employment terms or right after training due to expectations of the workforce not being properly communicated in the education setting. Many centers said that early learning education programs were being reduced at schools along with more online classes that don’t bring the expectations of the classroom setting.

Behavioral Issues

The increase in child behavioral issues are putting a strain on staff, both long and short-term staff. We will address this in more detail, but many centers feel unequipped to handle the type of behavioral issues they are seeing and all communicate this has been an increased issue since 2020. For the larger centers accepting over 200 children with high subsidized child ratios in their enrollment, the behavior outbursts were expressed to be key retention issues with staff.

Hiring/Recruitment

Many centers shared that they are exploring different strategies to recruit new employees. For many, high turnover rates are a new challenge, and they are unaccustomed to the frequency and resources required for consistent hiring. Common hiring practices include word-of-mouth referrals, web-based platforms like Indeed, and advertising. The applicants they are receiving have limited to no experience in a childcare-related field. On advertising for hiring purposes, this is an additional cost that these centers have not had to historically have in their budgets. The added costs of hiring advertisements is leading to cuts in areas of educational supplies, facility support, and other materials needed to supply the centers.

Theme Three: Childcare Centers Across the Advantage Valley Region Are Reducing Capacity - Inflation and Rising Costs Are Having an Impact.

Across the Advantage Valley region, where over 5,000 additional childcare slots are needed to meet demand, many providers are operating below capacity. Staffing challenges, financial strain from rising costs, funding uncertainty, and an increase in children with behavioral issues have made it difficult for centers to operate at full enrollment.

The average capacity gap among childcare centers is 73%, indicating that many are operating well below their approved capacity. Based on the sample, up to 317 additional childcare slots could be filled in the region if adequate resources were available. Family home care providers are similarly underutilized, with many operating at just 50% capacity—often approved for six children but currently serving only three.

During the focus group discussions, many center representatives shared that over the past four years, they have reduced the age ranges they serve, scaled back operations, or even closed additional locations, opting instead for a smaller, more manageable footprint due to staffing shortages and financial constraints.

Examples of Decreased Capacity

- A Kanawha County provider reported that low attendance during the COVID-19 pandemic led to the consolidation of multiple locations. Previously serving 42 children at each site, the provider now serves just 42 children at a single location.

- A Putnam County provider has narrowed its age range, now serving only infants through age four. Children in pre-K now attend a local Christian school, while older children are referred to Camp Appalachia.

- Many providers expressed concern that without changes to funding mechanisms, they may be forced to reduce the number of subsidy slots they offer—shifting instead to a higher proportion of private-pay families to remain financially viable.

For many providers, growth is hindered by funding limitations and staff retention challenges. At nonprofit centers, the top wage is $13 an hour, making it difficult to attract and retain employees. With limited funds to offer competitive pay, these centers must operate at a fiscally responsible capacity rather than full enrollment.

Areas of costs that are limited or an issue to providers due to inflation:
- Education supplies
- Furniture
- Building improvements/materials
- Classroom technology, upgrades
- Hygiene supplies, like diapers, etc.
- Food
- Competitive salaries

Although many are operating under their current capacity, centers have grown in the last four years. A Cabell County provider has recently become a provider operating Marshall Health Network’s onsite childcare facility. The experience was described as a positive collaborative collaboration for the childcare center.

Theme Four: Childcare Providers in West Virginia are Facing Behavioral Issues in Students At an Increased Rate Since the Pandemic.

Staff retention remains one of the biggest challenges for providers in the region, largely due to the difficulty of offering competitive wages. Additionally, staffing and operational challenges are further strained by the increasing frequency of behavioral issues in children since 2020, which pose risks to both staff and other students at the centers.

With existing financial constraints, centers lack the resources to provide additional training or hire behavioral specialists at an added cost. Many of these behavioral challenges arise among children enrolled in the subsidy program. Since providers cannot remove or refuse service to subsidized children immediately, repeated outbursts place a heavy burden on staff, leading to burnout.

Centers reported that children ages 2-3, who had limited social interaction during the pandemic, are the most affected by behavioral issues. To address these challenges, providers are seeking support from resources such as Head Start and third-party organizations like River Valley Child Development Services for guidance and intervention. Other centers, feel like they are scrambling for resources to deal with this growing problem.

While centers have attempted to address these concerns with parents, behavioral issues often persist, as some parents are not reinforcing expectations at home. Providers have also expressed concern that, even with training on handling violent behaviors, staff are hesitant to use restraint techniques or other interventions that could lead to parental dissatisfaction.

Providers expressed the need to have the additional support of a third party to handle these added behavioral outbursts with students to help manage care for the additional children but also support a more positive culture for staff.

The behavioral issues are not just impacting the larger centers, small family care centers are being impacted, as well. A family care provider expressed a series of actions from the child she cares for that led to damage to her home and furniture. Those were additional costs to her to make the repairs after those outbursts occurred.

One of the ways that centers are addressing behavioral issues, is by reducing the size of students in the classroom to make the behaviors more manageable for the providers which also is impacting the gap in capacity.

Other Behavioral Changes:

- Children lack social interaction skills and are more dependent on technology.

- Children have attention and focus issues. They cannot concentrate on a singular item for a period of time.

Areas of Improvement for Behaviors

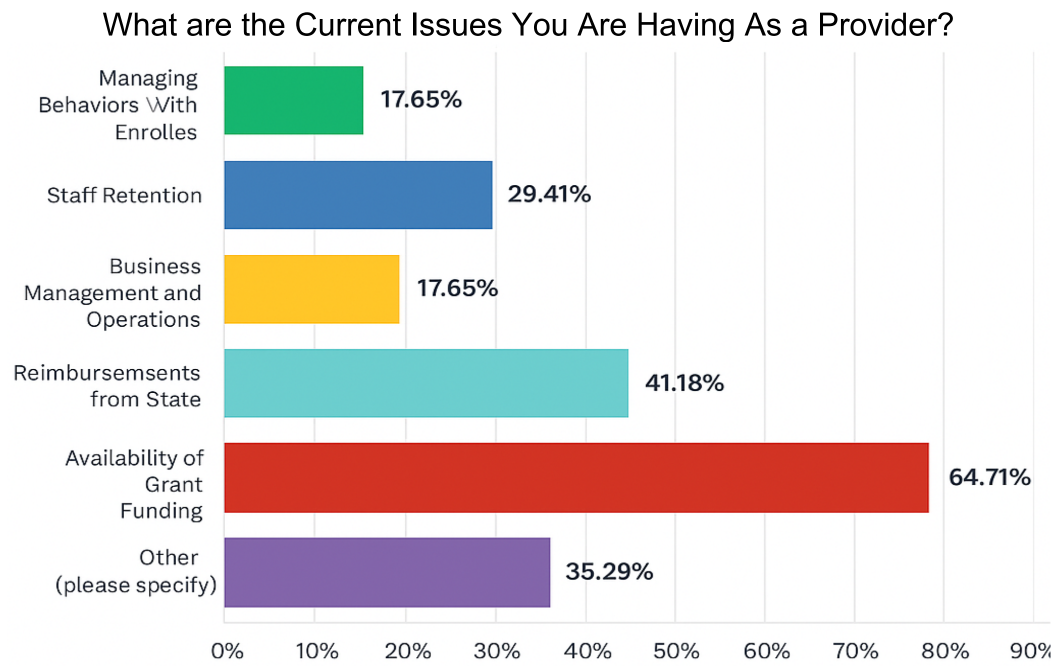
Providers emphasized that additional funding would help support more staffing resources and specialists to manage the growing behavioral challenges in childcare centers. A childcare center in Cabell County stated they have explored ways to create a calmer, more adaptive classroom environment for children with sensory sensitivities. The director highlighted that current regulations requiring a specific level of classroom lighting can contribute to overstimulation, which may trigger sensory issues in children. She advocates for regulatory changes to allow for dimmer lighting, creating a more accommodating environment. Additionally, they pointed out that in Cabell County, there is a high risk of children being exposed to addiction in utero. They believe that additional resources, such as a sensory play area, would be highly beneficial in addressing these students' developmental and sensory needs.

Theme Five: Grant Funding for Additional Resources Is a High Priority Among Providers

Grant funding plays a crucial role in sustaining and improving childcare services, particularly in the Advantage Valley region, where providers face significant financial challenges. While 50% of respondents in a recent survey have applied for grant funding in the past, focus group discussions and survey results underscore an urgent and growing need for additional grants to support daily operations, educational resources, and classroom improvements.

Childcare centers operate on tight budgets, often struggling to cover the costs of essential supplies, staff training, and classroom materials. Grants provide critical financial relief, allowing centers to maintain high-quality learning environments without sacrificing operational stability. Many providers in the Advantage Valley region report that even small grants can make a significant difference in ensuring children receive proper early childhood education resources.

In the online survey that was answered by a large majority of family care center/home providers, grant funding support and resources on how to write grants were the top priority and resources needed for them.



Limitations for Grant Availability for Center Types of Providers

During the discussion, we learned that grant eligibility can be impacted by a center's classification, particularly regarding church affiliation. A childcare center shared that as they transition from a non-secular center to a church-based center, they are facing challenges in determining which grants they can apply for. The transition may affect their nonprofit status, as they might not qualify under the 501(c)(3) exemption in the same way as other nonprofit childcare facilities.

Additionally, other centers reported that some grants require providers to serve a certain number of children enrolled in the subsidy program. A provider in Wayne County explained that this requirement limits her access to funding, as her center serves an area with fewer families who qualify for subsidy support. As a result, despite needing financial assistance, her center is ineligible for many grant opportunities due to its demographic makeup.

Requested Grant Funding Priorities from Providers

- STEM supplies
- Education supplies
- Art supplies
- Hygiene supplies, diapers, etc.
- Food and snacks
- Cleaning supplies
- Kitchen equipment, like an air fryer or appliance.
- Improvements to classroom – paint, décor, etc.

- Furniture
- Vans/vehicle/transportation
- Safety equipment - Car seats, strollers, etc.
- Additional staffing resources
- Behavioral health support
- Playground updates
- Provider ergonomics
- Health & wellness support
- Business growth
- Accreditation support
- Building upgrades

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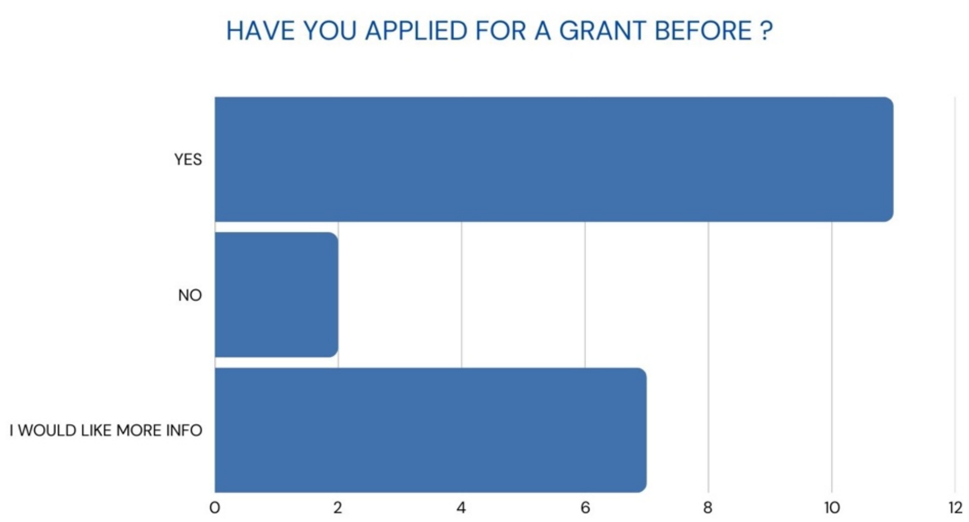
Almost half of the respondents had not applied for a grant before and/or wanted additional information on applying for grants



Theme Six: The Majority of Childcare Business Expressed No Issue with the Regulatory Landscape.

The majority of respondents reported no major concerns with the current regulatory and licensing requirements set by the Department of Human Services and other overseeing agencies. However, some providers highlighted specific challenges, including the requirement for handwritten paperwork for sign-in and sign-out records for children enrolled in the subsidized program. Additionally, regulations mandating high-brightness lighting were noted as a potential stressor for children with sensory sensitivities and the ability for providers not be able to remove subsidy children when behavior issues arise.

Providers also expressed that frequent staff turnover makes it more difficult to comply with regulations. The constant need to train new employees on complex licensing and compliance requirements adds an additional burden on providers, increasing administrative strain and the risk of unintentional noncompliance.

Theme Seven: Business Support and Resources Need For Current Providers.

The sample of providers expressed little need for support in foundational business operations, as many reported having a business plan in place. However, discussions revealed that additional business support—particularly in cash flow management and fiscal planning—would be highly beneficial, especially as providers navigate funding delays from the state.

Among the resources of interest, providers highlighted marketing and advertising strategies for attracting both staff and private-pay families as key areas of need. One participant noted that while there are ample training resources focused on teaching and education, there is a lack of support for directors on how to efficiently manage and operate a childcare center as a business and employer.

Additionally, as many providers struggle with budgeting and planning for future growth, resources on financial crisis management would be valuable. The ongoing challenges of funding uncertainties, behavioral issues among children, and high staff turnover leave many providers overwhelmed, making them unaware of or unable to prioritize the resources available to strengthen their business operations.

At present, the ability for childcare centers to expand feels like an unattainable goal due to the daily operational challenges they face. While many providers expressed a desire to grow or expand into additional age brackets, these ambitions are often overshadowed by staffing shortages, funding uncertainties, and regulatory hurdles.

One center shared an interest in establishing family learning clubs to offer classes that support both children and their families. They also expressed a strong desire to build their own network of donors, similar to the support they received pre-pandemic. Providers emphasized the need to re-engage community support to help sustain and expand their services, as external funding and local partnerships have become more critical than ever.

Conclusion

The challenges childcare centers face daily include staffing shortages, behavioral issues, systemic reporting inefficiencies, and financial instability. The research presented in this report highlights a variety of these challenges—many of which have not been widely communicated in other public forums. One major issue is the reliance on outdated paperwork submission processes, which lead to delayed payments—an unacceptable problem in 2025.

These centers would greatly benefit from an updated communication system to streamline reporting and reimbursement processes. From large-capacity centers to in-home providers, it is evident that the pandemic has had lasting effects—not only on children's behavioral patterns but also on staff interactions and retention. Providers in this region are still navigating the post-pandemic landscape, uncertain about how future funding will be distributed and sustained.

The findings in this report can help Advantage Valley better understand the resources current providers need to succeed and inform the development of new support systems for those interested in entering the childcare industry. By addressing today’s challenges, we can create a stronger, more sustainable childcare network for the future