



## *Support the Child Care Industry Now and After the COVID-19 Crisis*

### Introduction

The NC Early Education Coalition calls on Governor Cooper and the NC General Assembly to enact a \$125 million Child Care Emergency Economic Support Package to assure the availability of emergency child care for essential workers and prevent the collapse of North Carolina's early education system.

Policymakers have declared that child care is an essential service that is critical for thousands of children and families during the COVID-19 pandemic. North Carolina leaders will need to move quickly to not only meet the emergency child care needs of essential workers but also to stabilize the child care system and guarantee it survives intact to equitably serve North Carolina's young children and their parents when they return to work in the future.

**State funding is urgently needed now in addition to any federal relief the state receives.** Although the state can expect to receive roughly \$115 million in child care funding from the federal CARES Act, this funding has specific requirements for distribution and will not be sufficient to support and sustain the child care industry. Child care programs across North Carolina are facing their own economic crisis as they struggle to balance staying in business for essential workers with the risks to their own health and the children and families they serve. The COVID-19 crisis underscores the importance of the child care industry to the health and economic well-being of North Carolina's children and families and it will continue to be essential for the state's long-term health and well-being and economic recovery once the crisis passes.

### Why Is Emergency Funding Needed Now for Child Care Programs?

**State and local policymakers have deemed child care as essential to support the continued employment of front-line responders, health care practitioners, and law enforcement during the COVID-19 crisis. Yet, child care programs don't have adequate financial resources to remain open as essential child care sites.**

Right now, as businesses and schools are being told to close their doors to limit the spread of this deadly virus, workers deemed "essential" are still relying on child care to be able to show up to work and keep our state running. As of April 1st, 60% of all child care programs and 90% of all family child care homes have volunteered to open or remain open despite the risk to their own health and that of their staff and the children and families they serve. How long these programs will be able to stay open remains uncertain. As an industry, the child care sector was already operating on shoestring margins: parents were never able to pay the full cost of care, and child care subsidies that support the employment of low-income working families provide only a portion of the total child care costs. Child care programs are only able to pay early childhood teachers an average of \$10.50 per hour, and many are unable to provide health insurance, sick leave or paid family leave benefits.

*"I feel like I'm at war right now, like I'm on the battlefield. Every day you're hoping you don't have a teacher who gets it, praying that you don't get it, that none of the children have it, and that the parents understand all the new guidelines. I want to stand up and help my state and essential workers, but on the other hand, what is the incentive for me to continue to risk my life and my staff's life everyday?"*  
– Cassandra Brooks, Owner of Little Believers Academy

Although the state has provided some funding for the months of April and May to stabilize these child care programs, many are operating at less than 60% capacity as many parents choose to stay home with their children, and the state funding will not be adequate to sustain their emergency operations. Further, no funding was extended to emergency child care sites to purchase or access basic health and safety supplies - hand sanitizer, cleaning supplies, masks, gloves and protective gear - to meet the new required health and safety guidelines and ensure the protection of staff and the children and families in their care.

### Child care programs that have already closed will face extreme economic challenges in restarting or rebuilding their businesses.

Extended closures over the next several weeks or months will put a substantial percentage of child care programs out of business permanently, exacerbating the widespread child care deserts that exist today. As of April 1, 2020, more than one third of all child care centers have closed. Data from a survey by the National Association for the Education of Young Children (NAEYC) indicated that one third of North Carolina child care centers and family child care homes will not survive closing for more than two weeks, and another third do not know if they would be able to reopen after a closure without financial support.

*“We have been open and serving our community for 23 years. We have so many parents out of work. I am afraid we will not survive and have to shut our doors forever. I do not want to lose my staff, most of them have been with us for 10-15 years.”— Denise Marshall, Owner, Little Ivy League Child Care Center*

If these small child care businesses are to reopen their doors and be around to care for our state’s children when parents return to work, the child care sector needs immediate and substantial assistance from the state and federal government. Without it, the child care industry will collapse and the pathway towards the state’s economic recovery, as well as progress on our shared goals for healthy development and learning for our youngest children, will be impeded.

## What is Needed Now?

Funding should be made available to the NC Department of Health and Human Services/Division of Child Development and Early Education to provide emergency child care assistance for essential child care sites, and additional funding should be made available to child care programs that have closed to prevent permanent closure and accelerate their reopening when it is safe for all parents to return to work.

### 1) Emergency Fund for Child Care Programs Opened as Essential Child Care Sites

Establish an emergency special fund to support child care programs that have elected to remain open during the COVID-19 crisis to ensure that all child care programs have the financial, programmatic, and health care support necessary to serve as essential child care sites. Funding must be made available to cover the typical operating costs for the months of February through at least June 2020, or until it becomes safe for the state to reopen and lift the stay-at-home order. The NC Division of Child Development and Early Education has already developed special COVID-19 funding assistance for child care programs serving essential workers for April and May, including:

- Funding for the NC Pre-K program, both in public or private sites, whether the program is opened or closed.
- Funding to cover the cost of child care subsidies whether the child care programs remains open or closed.
- Bonus pay supplements for teachers and staff working in child care programs.
- Coverage of parent co-pay fees for all essential workers.
- Allowing the Child Care WAGE\$ and Infant Toddler Educator AWARD\$ programs to continue to support early educators who may no longer be working a child care program.

Additional emergency funding should be made available to cover the costs for:

- Increasing child care teacher and staff bonus pay up to \$600 per week which is the amount available through federal Unemployment Insurance.
- Covering payroll and benefit costs for employing full-time or part-time early childhood teachers and other staff.
- Assisting child care programs in recovering the lost income from private parent fees.
- Centralized access and funding for emergency sanitation supplies, equipment, and deep cleaning services to meet the required health and sanitation standards.
- Expanding services to provide second-shift care or 24-hour care.
- Payroll costs for staff who may be out on leave because they have health concerns or have been diagnosed with the Coronavirus or who are caring for family members with health issues or diagnosed with the virus.

## **2) Emergency Grants for Child Care Programs that have closed during the Stay-at-Home Order or reopen within 30 days after the Order is lifted:**

Create a state-level Emergency Grant Program for all licensed child care programs that have been closed for more than two weeks during the COVID-19 crisis to stabilize and sustain their businesses during the crisis and support them in accelerating the reopening of their program once the crisis passes. Grant funds may be used to cover the full operating costs for the all child care programs, including:

- Full contract costs to operate the NC Pre-K program, child care subsidies, and parent fees based on February enrollment.
- Cost to provide payroll for early childhood teachers and other staff, similar to how NC K-12 teachers continue to be paid while public schools are closed or the federal Payroll Protection Program that covers payroll costs.
- Ongoing fixed costs, including facility rent or mortgage payment, utilities, facility maintenance, etc.
- Ongoing costs of health insurance and other benefits for early childhood teachers and staff.
- Ongoing cost of paid sick and family leave, and the other lost business costs.
- Bonus salary supplements and other incentives to child care teachers that return to their previous place of employment to provide continuity of care for children and families.
- Amount to cover new base child care subsidy rates that equal at least the state-wide average for all counties and then an additional 25% for all programs to ensure low-income families have access to child care programs at the same rate as parents paying full-cost.



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