

March 26, 2020

## Child Care Emergency Economic Support Package

### ***Emergency Funding is needed to support child care programs now, during, and after the Coronavirus crisis.***

Early childhood education programs need additional financial support now, during, and after the COVID-19 crisis. Governors, state leaders, and health care systems have made it clear that child care is an essential service for the thousands of children and families they serve and are particularly crucial during this emergency public health and economic crisis. Yet, funding is needed now to support and sustain the child care industry during this crisis. North Carolina should designate the child care sector, serving children ages 0-12 in licensed child care infants/toddlers, preschool, and after school centers and family child care homes, as an essential service that is foundational to our state's economy.

We call on Governor Cooper and the NC General Assembly to enact a \$125 million emergency economic support package to support and sustain the child care industry now, during, and after the Coronavirus crisis passes. As first steps to stabilize this system that is essential to the state's response to COVID-19, these emergency funding measures should be built upon as the full scope of the economic harms ripple through our state and impact child care providers, children, and families.

### **Why is Emergency Funding Needed for Child Care Programs?**

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 country running. Many child care facilities are being asked to remain open, with a fraction of the tuition income they normally bring in, in order to provide care in this time of uncertainty. As an industry, the child care sector was already operating on shoestring margins, and providers only get paid when children are in attendance. In North Carolina, the child care industry is already underfunded, as it relies on parent fees, along with some government support via federal Child Care Subsidies, Head Start and NC Pre-K contracts. Child care teachers and staff are the lifeblood of child care programs and account for two-thirds of the cost for operating all child care programs. However, child care teachers and staff are currently underpaid--averaging \$10 per hour--often lack health care benefits or paid sick leave, rarely receive paid family leave, regularly work multiple low-wage jobs, and often live in poverty.

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 March 25, 2020, the NC Department of Health and Human Services reported that of the 4,500 paid private child care centers in North Carolina 55% 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 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.

If these child care small businesses are to keep their doors open, continue supporting the state's essential workforce throughout this crisis, and be around to care for our nation'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, along with the well-being of a now recognized essential group of workers in our communities and the pathway towards long-term progress on our shared goals for healthy development and high-quality education for our state's youngest children.



**Three key emergency funding measures are urgently needed now:**

- *First, make sure that child care programs who are choosing to remain open during the crisis have the financial, programmatic, and health care support necessary to do so and that the children attending their programs – particularly children of first responders, health care providers, and other essential personnel – are receiving priority child care assistance.*
- *Second, ensure child care providers who are closed will continue to receive funding that will allow them to pay staff - when existing federal or state programs fall short or exclude them - and cover fixed costs, through business interruption grants and low-interest or forgivable loans.*
- *Third, put in place policies that will sustain the child care industry today by providing financial assistance to child care as a critically needed small business through all available emergency or Coronavirus financial aid recovery programs and position the system to deliver affordable, accessible child care to young children and their families in the long-term.*

**Support for the Existing Child Care Industry:**

The following must be created by the state and should prioritize the needs of the child care sector:

- **Emergency Funding:** Establish an Emergency Child Care Fund and ensure that any emergency federal or state funds include designation for child care programs as a distinct category and provide access for funding to address immediate needs such as emergency staffing, lost parent and/or child care subsidy fees, fixed operating costs, costs associated with cleaning and sanitizing facilities, and special preparedness training and support to staff.
- **Direct Grants:** Make direct grants available to licensed child care providers (including home-based, center-based, non-profit, and for-profit) to help cover ongoing fixed costs (rents, utilities etc.), salaries and benefits for early childhood teachers and staff, the cost of providing paid sick and family leave, and the cost of lost business.
- **Small Business Loans:** Create a new category for child care programs and/or prioritize any new Small Business Administration Disaster Grants and ensure that any grants would include eligibility for licensed child care providers (including home-based, center-based, non-profit, and for-profit). Provide zero-interest or low-interest loans with access to capital to allow child care programs to cover the costs upfront to stay in business or start up again, with delayed schedules for paying the loan back until the program becomes reestablished. Any state level program designed to deliver small business loans should be forgivable if the business retains payroll levels and remains operational.
- **Child Care Subsidy:** The current child care subsidy market rate system should not be used as the basis for reimbursement for child care programs designated as emergency child care sites because it is not adequate or equitable across age groups, counties or star rating. The state should establish a standard rate that is 25%-50% above the state market rate average or their county's own market rate for all child care programs designated as emergency child care sites.

**Support the Early Childhood Workforce:**

- Provide child care programs with emergency funding to pay staff through June 30<sup>th</sup> who may be out on leave because they have been diagnosed with the coronavirus or who are caring for family members diagnosed with the virus, or to stay open as necessary to support parents who need child care.

- Allow the WAGE\$ and Infant Toddler AWARD\$ programs to continue to provide salary supplements to early childhood teachers in these programs for 90 days, through June 30<sup>th</sup>, without redetermination of their employment.
- Pay time and half or hazard pay to all child care staff serving essential workforce employees because of the increased risks to their own families' health.
- Create a new emergency fund for the early childhood workforce to access if they have lost their jobs, are awaiting unemployment, and find themselves with emergency expenses such as rent or mortgage payments.
- Ensure that the child care workforce have access to health care insurance, paid family and medical leave, and pandemic and state unemployment insurance during the crisis.
- Provide necessary supplies and other personal protective equipment to child care programs for all staff working in emergency child care center sites.
- Include all child care staff in the definition of "essential workers" so that they also have first priority access to emergency child care services and the same payment options afforded to all other parents deemed to be essential workers.

**Support, Fund, and Establish a Designated System of Emergency Child Care Centers for Essential Workers:**

- Create a plan and special fund to establish emergency child care centers for essential workers in licensed child care programs and public schools operating child care programs. Child care for children ages 0 -12 should be handled in already-operating licensed child care programs and not allowed to operate as emergency or temporary sites.
- Create a new category of licensed child care for 3-, 4- and- 5-star programs to be designated as "Emergency Child Care Centers," and set appropriate operating health and safety and licensing standards.
- Provide additional funding to child care programs that expand to operate programs for shift care, 24-hour care, or other forms of non-traditional hours services.
- Waive the child care co-payments for all parents attending these emergency child care programs, and/or pay the full cost of child care for all essential workers.
- Continue to pay NC Pre-K programs and Child Care Subsidy assistance through June 30, 2020 at enhanced rates for these programs who continue to operate as designated emergency child care sites.
- Pay child care teachers and staff in these programs an enhanced rate (such as time and half, bonus pay, hazard pay, etc.).
- Provide additional guidance and funding to these programs to maintain required health and safety protocols as new guidelines come forward from the CDC. Ensure that child care programs have the Include funding to support the costs of additional cleaning and sanitizing supplies and provide protective equipment for all staff working in child care programs, and the technical assistance and support to implement these new guidelines effectively.
- Continue to provide support and funding for the new 800 number for essential workers to find child care programs through the Child Care Resource and Referral System.

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