

The NC Early Education Coalition urges the NC General Assembly to fund a COVID-19 Emergency Relief Package for the child care industry to assure the availability of emergency child care for essential workers and prevent the collapse of North Carolina's early childhood education system.

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. North Carolina's response and recovery from COVID-19 is not possible without the child care sector. Child care providers have stepped up to stay open – often at considerable loss – to support essential workers and first responders during this hazardous time. Once the COVID-19 crisis passes, North Carolina will not be able to go back to work without affordable, reliable child care in all 100 counties.

Although our legislative request was originally estimated at \$125 million, we now have access to additional cost projection data which shows that our original estimate was too low. Our request now totals \$183.5 million in state funding which is urgently needed now, above and beyond the anticipated federal COVID-19 child care relief funding. This request focuses on our legislative ask in priority order, for four months April through July of 2020. The table on the second page includes additional financial assumptions and data source information.

- **Health and Sanitation Supplies, Protective Equipment and Deep Cleaning Services: \$15,146,240**
Across the state, child care programs are struggling to find and purchase the necessary emergency sanitation supplies, equipment and deep cleaning services to meet the required health and sanitation standards and to safely protect the health of the staff, teachers and the children of the essential workforce they are now serving. Although FEMA is beginning central purchasing of these supplies and equipment, the top priority is for the health care sector and it is unclear whether child care programs will be prioritized for distribution of these supplies. Child care programs should be designated as front-line recipients for these supplies. Also, child care programs must be able to pay or contract for deep cleaning services to meet the CDC sanitation standards while they remain open. No funding for these supplies and services has been included in the DHHS/DCDEE COVID-19 Child Care Payment Policies.
- **Increased Bonuses for Child Care Teachers and Staff: \$48,000,000**
Child care teachers and staff are facing new health hazards on the job and are risking their own lives to care for the children of essential workers. Caring for young children requires that the staff be in close proximity to children in order to perform their jobs; social distancing is just not possible in child care programs, so the rate of infection is likely to be higher in a child care program. Yet, child care staff do not have the financial resources to take care of themselves and their own families during this crisis: teachers earn on average just \$10.50 per hour and many have no health insurance, sick leave or paid family leave benefits. The DHHS/DCDEE COVID-19 Child Care Payment Policies provide a small monthly bonus of \$300 for full-time teaching staff and \$150 for non-teaching staff. We propose increasing the DHHS/DCDEE bonus pay to approximately time and a half, or \$15.75 per hour, to better support child care teachers and staff serving in emergency child care sites and keep them from leaving the field to seek unemployment benefits.
- **Parent Co-Payment Fees: \$10,600,000**
With so many parents unemployed, parents are struggling to pay their co-pay fees to ensure that they can retain their child care space in the program and that child care programs have a portion of parent fees to continue to operate. The DHHS/DCDEE COVID-19 Child Care Payment Policies recognize this challenge and cover the cost of parent copayments for the parents enrolled in the child care subsidy program, and also waives the parent copayment for essential workers earning up to 300% of the federal poverty level for April and May. We propose that the cost of parent copayments for essential workers be covered through June and July.
- **Lost Revenue Replacement for Open and Closed Child Care Programs: \$109,794,262**
About half of all child care programs remain open to serve essential workers and most are operating at 60% or higher vacancy rates. Income from private pay parents typically covers 60%-70% of a program's payroll, staff

benefits and fixed operating costs. Lost private pay parent fees have not been replaced by the DHHS/DCDEE COVID-19 Child Care Payment Policies, although DHHS/DCDEE has agreed to pay the full costs of Child Care Subsidy and NC Pre-K in order to stabilize income from these programs, regardless of whether programs remain open or closed. However, these Child Care Subsidy and NC Pre-K payments do not fully cover the total operating costs of any child care program. Currently about 57% (3,300 programs) have elected to remain open, and the remainder have closed due to inadequate financial resources, lack of demand for their services, or choosing to protect the health and safety of their staff and the children and families they serve. Child care programs that remain open need at least a portion of the private parent fees covered in order to stabilize their operations during the COVID-19 crisis, and programs that are closed need some fixed operating cost relief to avoid a financial crisis that would result in being permanently shuttered. Most child care programs will not be able to access the new federal loan program available under the CARES act, which is best suited to those small business that have a previous lender relationship history and those that are able to sustain their payroll during the crisis. We recommend that DHHS/DCDEE establish a new grant program to provide supplemental financial assistance to child care programs to cover lost operating costs such as payroll, staff benefits, utilities, facility rent and/or mortgage costs, facility maintenance, and other fixed operating costs.

COVID-19 EMERGENCY CHILD CARE ASSISTANCE PACKAGE		
Item	Cost	Assumption/Sourceⁱ
Health and Sanitation Supplies and Protective Equipment, Cleaning Services	\$15,146,240	Supplies @ \$20/per child/month = \$4,586,240 + Cleaning Services @ \$800 per program per month = \$10,560,000 Not covered in DHHS/DCDE COVID-19 Child Care Policy ⁱⁱ
Child Care Staff Bonuses Increase	\$48,000,000	Time and half for teachers calculated at \$15.75 per hour for 25,000 staff working in open child care programs, minus their current hourly rate of \$10.50 per hour. Bonuses are partially covered in DHHS/DCDE COVID-19 Child Care Policy for April and May.
Parent Co-Pay Fee coverage	\$10,600,000	Estimated cost for June and July only. April and May covered in DHHS/DCDE COVID-19 Child Care Policy
Lost Revenue Grant Program		No coverage in DHHS/DCDE COVID-19 Child Care Policy
For open programs	\$90,317,276	Adjusted Monthly Lost Revenue = \$45,158,638 Proposing 50% replacement costs ⁱⁱⁱ
For closed programs	\$19,476,986	Adjusted Monthly Lost Revenue = \$19,476,986 Proposing 25% replacements costs ^{iv}
TOTAL COST AND STATE REQUEST	\$183,540,502	

ⁱ All projections based on 4 months, April through July 2020 unless noted.

ⁱⁱ COVID-19 Child Care Payment Policies, NC Department of Health and Human Services, Division of Child Development and Early Education, April 3, 2020. Retrieved from <https://ncchildcare.ncdhhs.gov/Whats-New/Coronavirus-Information-for-Child-Care/april-3-covid-19-child-care-payment-policy>

ⁱⁱⁱ Data on open and closed centers, vacancies and average 2018 market rates provided by the NC Department of Health and Human Services

^{iv} Ibid.

For more information contact:

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March 31, 2020

Speaker Tim Moore
16 West Jones Street
Room 2304
Raleigh, NC 27601

RE: Recommendations for the House Select Committee on COVID-19

Dear Speaker Moore,

Thank you for the opportunity to recommend policy priorities that will support our state's response to the COVID-19 pandemic. The 75 undersigned organizations from across North Carolina deeply appreciate your service in a time of crisis, and your proactive response by convening the House Select Committee on COVID-19. Together we urge you to act swiftly to enact policies that will ensure the well-being of our state's children and their families, and help us all to recover as quickly as possible once the crisis is over.

While our state has certainly experienced challenging times before, we have never been asked to rise to a challenge of this magnitude. We are in a time of unprecedented danger, to our health and economy, and we ask that your legislative actions be proportional to the dire challenge before us.

We respectfully submit the following priorities for children and families, and urge you to enact them as quickly as possible:

- 1. Enact a \$125 million *Child Care Emergency Economic Support Package*, put forth by the NC Early Education Coalition, to assure the availability of emergency child care and prevent the collapse of North Carolina's early education system.**

Child care is an essential service for thousands of children and families, and is particularly crucial during the COVID-19 pandemic. Funding is needed now to ensure that the child care sector survives intact, so that North Carolina's parents are able to get back to work when this crisis passes.

Fewer than half of North Carolina’s licensed child care programs are still open. A recent survey by the National Association for the Education of Young Children¹ found that approximately one third of programs nationwide report that they would not survive a closure of more than two weeks without significant financial assistance. We support the full recommendations of the Child Care Emergency Economic Package,² and we urge the NC General Assembly to move swiftly in appropriating funding.

2. Ensure that children and families are not hungry by appropriating emergency funding, and waiving restrictions for food relief programs during this public health crisis.

Our state must ensure that pregnant women, infants, children, and parents with young children at home – have ready access to critical health and nutrition programs. Before this pandemic hit North Carolina, one in five children faced hunger on regular basis, and more than 800 babies died before their first birthday each year. Without access to nutritious food, the lives of tens of thousands of infants and children in North Carolina are at risk. We urge the NC General Assembly to:

- **Appropriate at least \$6 million** to Feeding Carolinas and the state farmer’s markets to ensure food banks can meet increased need.
- **Remove the prohibition for state lawmakers to pursue a waiver of SNAP requirements in times of economic distress** so that North Carolina can ensure struggling families are able to put food on the table without time limits.
- **Close loopholes in benefit access for recently unemployed workers.** Specifically, expand the suspension of SNAP work requirements during the emergency period to recipients who were scheduled to be removed from the program before April 1st.

3. Enhance North Carolina’s technology infrastructure to enroll and provide relief services virtually and efficiently.

During this public health crisis, when person-to-person contact endangers the lives of children, families, and public employees, North Carolina’s public agencies must be able to provide

¹ National Assn for the Education of Young Children, “[Child Care in Crisis: Understanding the Impact of the Coronavirus Pandemic](#),” March 2020

² NC Early Education Coalition “[Child Care Emergency Economic Support Package](#),” March 2020

services virtually, including application and enrollment in life-saving programs. To achieve this goal, we urge the NC General Assembly to:

- **Allocate funding for NCDHHS** to strengthen the online application process for public benefit programs. The NC FAST system needs to be upgraded in order to achieve this, with NCCARE360 also upgraded to integrate referral services. The NC General Assembly should direct NC DHHS to estimate the amount needed, and then provide funding as quickly as possible.
- **Increase access to broadband internet by eliminating existing state restrictions on local government investments in broadband infrastructure.** Put in place a system to allow counties and municipalities to build out broadband infrastructure and then lease it to a private provider, ensuring equal access to emergency public benefits as enrollment and eligibility processes move online.

4. Protect the safety of children and youth involved in the foster care system.

North Carolina is charged with ensuring the safety of the 12,000 children in foster care. These are children who have experienced significant trauma. During this crisis, they are at heightened risk of increased anxiety, depression, suicidal ideation, and are much more vulnerable to human trafficking. During this crisis, the child welfare system needs emergency funding to support foster families who have lost their jobs or can no longer work, and to build the technology capacity among social workers, foster families, and foster youth to ensure children's safety.

For each of the recommendations below, we urge the NC General Assembly to direct NC DHHS to estimate the amount needed, and then to provide funding as quickly as possible.

- **Direct NCDHHS to aggressively pursue every federally available waiver and program allowance for the child welfare system, and communicate these changes with urgency and clarity to county agencies and provider programs.** Such waivers include (but are not limited to) virtual visitation for children in foster care, temporary suspension of relicensing requirements for foster parents, and the continuation of Board payments for youth in foster care 18-21 regardless of education and employment requirements.
- **Allocate funding to enable virtual child welfare visitation and virtual court hearings, including tools for social workers, children and families (including foster families).**

- **Keep children in stable foster care homes by allocating direct cash assistance for foster families who may be unemployed or unable to work due to school closures.** Federal stimulus checks are based on 2019 tax filing, and foster families may not receive financial assistance reflecting the actual number of children in their care.

5. Ensure that the 110,000 NC children on NC Health Choice get uninterrupted health coverage during this crisis, and cut red tape by merging NC Health Choice with Medicaid.

During this public health emergency, the federal Families First Coronavirus Response Act provides for continuous, uninterrupted eligibility for more than one million children on Medicaid in NC. Regrettably, in North Carolina the 110,000 children who are age six and older will not receive the same protection because they are enrolled in NC Health Choice (NC's version of the public Children's Health Insurance Program or CHIP).

Thus, we are asking that the NC General Assembly direct NC DHHS to immediately pursue a CMS waiver to ensure uninterrupted coverage to these children. In addition, the General Assembly should direct NC DHHS to submit a waiver request to merge the two programs, as 21 other states have already done. The 110,000 children on NC Health Choice represent just 1.5% of the state's expenditures on public health insurance. Thus, the fiscal impact of a merger would be minimal, and would cut red tape, bureaucracy, and administrative confusion for health care providers and families.

Finally and critically, we join the NC Health Care Association, Care4Carolina, and hundreds of health systems and business leaders across the state in calling on the NC General Assembly to immediately:

6. Do everything in your power to cover North Carolina's uninsured, including accepting the federal funds to expand the NC Medicaid program.

COVID-19 is unlike any health crisis our state and country has experienced before. Over a million people in North Carolina are facing a pandemic with no health insurance whatsoever. The financial impacts may be devastating for families, and for our hospitals and health systems.

You have the power to cut the number of uninsured in half immediately, using federal funding. Expanding Medicaid now will bolster our health systems and families against this pandemic, and create a glide path towards economic recovery when this crisis is over. **Your action would immediately unlock \$3 billion in federal funding to North Carolina's health systems to fight COVID-19 and promote economic recovery.**

Thank you for your work, and for the opportunity to share these recommendations with you. We stand ready to assist you with further information and support regarding all of the areas discussed above. You can reach any of the undersigned organizations by contacting me directly at admin@ncchild.org and 919-834-6623.

Sincerely,

Michelle Hughes, Executive Director
NC Child
Raleigh, NC

A Better Chance A Better Community (ABC2)
Chester B. Williams, CEO
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A Safe Place Child Enrichment Center Inc
Kimberly Shaw, President
Raleigh, NC

Advocates for Medically Fragile Kids NC
Elaine Nell, Co-founder
Pfafftown, NC

Ahoskie Pediatrics
Beverly Edwards, MD/Owner
Ahoskie, NC

American Association of University Women-North Carolina
Dr. Margie Maddox, Chair NC Public Policy Committee
Raleigh, NC and Greensboro, NC

American Association of University Women, Orange-Durham Branch
Michele Hoyman, President
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Anson County Partnership for Children
Caroline M. Goins
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Cambridge Academy
Suzanne H Studdard, Director
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Child Care Services Association
Marsha Basloe, President
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Child First
Diane Britz, NC Regional Clinical Director
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Children First/Communities in Schools of Buncombe County
Greg Borom, Director of Advocacy
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The Children's Alliance of Mecklenburg County
Jenny Harbin, Director
Charlotte, NC

Children's Center of Northwest NC
Robin Testerman, Executive Director
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Children's Collaborative of Buncombe County

Sarah Vial, Chair
Asheville, NC

Children's Home Society of NC

Jamaica Pfister, Director of Business Development and Advocacy
Statewide

Church Women United—Wake/Raleigh

Norma Marti, Action Committee Co-Chair
Raleigh, NC

Communities Supporting Schools of Wayne County

Selena Jordan Bennett, Executive Director
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Cone Health Foundation

Susan Shumaker, President
Greensboro, NC

Council for Children's Rights

Heather Johnson, Executive Director
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Creative Play Preschool

Shanita Beard
Charlotte, NC

Culture and Language Childcare

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Equality North Carolina

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Evolve Early Learning

Corrie Price, Director/Founder
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First United Methodist Child Development Center

Janice Price, Director
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Foster Village Charlotte

Sloan Crawford, Cofounder
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The Goddard School Brier Creek

Fathema Matcheswala
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The Goddard School Chapel Hill

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Health Care Justice NC

Jessica Schorr Saxe, Chair
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Interfaith Initiative for Social Justice

Ron Katz
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John Rex Endowment

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Justice Kids Academy

Malaysia Prince, Director
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KidsNeed2Parents (KN2P)

Sheila Peltzer, President
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Learning Together

Kathy Peterson, Executive Director
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LIFESPAN Inc

Lynn Crabtree, Sr Director Education
Burlington, NC and Statesville, NC

Lisa's Kiddiegarten

Lisa Crite, Owner
Brevard, NC

Little Believers Academy

Cassandra Brooks, Owner
Clayton, NC

**Maggie's Outreach Community Economic
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Ophelia Ray, CEO
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MomsRising

Beth Messersmith, NC Senior Campaign
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Mountain Community Health Partnership

Tim Evans, Director of Business
Development
Burnsville, NC

**National Association of Social Workers,
North Carolina**

Valerie Arendt, Executive Director
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**National Federation of Families for
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Dr. Lynda Gargan, Project Manager
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**National Prevention Science Coalition to
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Diana Fishbein, Director
Chapel Hill, NC

**NC Association of Community Development
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Susan Perry Cole, President and CEO
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NC Early Education Coalition

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NC Justice Center

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NC Pediatric Society

Elizabeth Hudgins, Executive Director
Raleigh, NC

NC Coalition Against Domestic Violence

Sherry Honeycutt Everett, Legal and Policy
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North Carolina PTA

Harold Dixon, President/Executive Director
Raleigh, North Carolina

New Beginnings

Previs Foster, CEC
Warrenton, NC

New Hanover County NAACP

Deborah Dicks Maxwell, President
Wilmington, NC

New Hanover County Resiliency Task Force

Mebane Boyd, Director
Wilmington, NC

Noah's Ark Children's Center at Masonboro Baptist

Tracy Brewer, Director of Children and Families
Wilmington, NC

North Carolina Alliance for Health

Morgan Wittman Gramann, Executive Director
Durham, NC

North Carolina Council of Churches

Jennifer Copeland, Executive Director
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The Parenting PATH

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Partners in Development

Kathleen Putnam, Director
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Prevent Child Abuse NC

Melea Rose-Waters, Policy Director
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Randolph County Partnership for Children

Lisa Hayworth, Executive Director
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Reimage Child Development Center

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Reinvestment Partners

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SAFEchild

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Track Out Kidz LLC

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Trusted Parents

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Upper Room Christian Preschool

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United Voices for Education

Ceretha Sherrill
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Verner Center for Early Learning

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Women's International League for Peace and Freedom, Triangle Branch

Miriam Thompson, Labor Committee Chair
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Young Explorers Family Childcare Home

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