

Colorado's Next Steps to Support Early Care and Education Through the COVID-19 Crisis

April 6, 2020

Dear Gov. Polis, State Legislators, & State Agency Leaders,

Due to your dedication and decisions over the past few weeks, Colorado continues to be a national leader in the response to COVID-19. Please accept our deep appreciation for all the endless hours, bold action, and difficult decisions you are making right now. We know there are many long days still ahead and appreciate your leadership throughout this crisis.

Our appreciation also extends to the early care and education teachers, providers, supporters, and leaders who are ensuring that Colorado's response to this crisis is successful. When we look back on this chapter in our nation's history, we know there will be many stories of heroism by our first responders and health care providers. We are confident that a lot of those stories will have been made possible by the inspiring efforts of our early care and education teachers, providers, and programs that stepped up to offer emergency child care to our essential workforce. Without child care, Colorado's response to this pandemic will have been much worse and we will be forever grateful to those who stepped up to care for children so others could care for our loved ones.

In a similar way, Colorado's economic recovery will depend in no small part on the availability of affordable, quality child care. As people seek to re-enter the workforce and businesses compete for talent, access to affordable, quality child care will be critical for many families. Despite the backbone support our child care providers offer our economy, the COVID-19 pandemic has exacerbated Colorado's existing child care crisis, exposing the vulnerability of the sector and the economic status of the educators who provide these vital services.

As the coronavirus threatens our health, safety, and economic stability, it is also threatening the economically fragile early care and education industry. Child care providers are at risk of permanent closure. This will undermine the ability of our economy to rebound and support people's return to work once the threat from COVID-19 subsides. Early care and education providers are especially vulnerable because, unlike K-12 education that is publicly funded, 72 percent of child care revenues in Colorado are from private sources, overwhelmingly via parent tuition and fees. Child care providers serving families of all income levels typically operate on very tight budgets with a constant degree of uncertainty. Without immediate public investment, most providers will not survive the COVID-19 crisis.

Fortunately, there are several vital actions that Colorado has already taken, and more that we can take, to support this vital sector for the duration of the crisis. Outlined below are the positive first steps, and necessary next ones, that we as a state should make.

We applaud the following steps that Colorado has already taken in response to the emergency:

1. Covering 8 weeks of child care for our emergency and essential workforce. Flexibility in CCDBG allowed Colorado to rethink eligibility policies during this emergency. The health of our communities relies on a host of professionals, including medical, first responders, health care, long-term care, grocery, food service, sanitation, maintenance, janitorial staff, and many others being able to work. Colorado has made bold choices to ensure that child care is not an obstacle to their critical service to our communities and state.
2. Adopting an inclusive definition of essential workforce that covers:

- Health care providers & support staff: Doctors, nurses, and all hospital support personnel
 - Public safety: Police, firefighters, EMT, Department of Corrections
 - Caregivers for at-risk populations: Long-term care facilities, mental health facilities, residential facilities
 - Services that keep us healthy & nourished: food service, including grocery stores and food delivery, agricultural workers, sanitation, building cleaners and janitors
 - Services that keep our infrastructure safe: construction, maintenance
 - Services that take care of others: child care, nonprofits providing basic needs for the disadvantaged, education, animal shelters and services
 - Services that we all rely on to keep our communities functioning: banking, IT, news media
 - We would, in particular, note our appreciation for including all child care staff in the definition of “essential workers.”
3. Full coverage of tuition for our essential workforce through the anticipated peak of the crisis.
 4. Utilization of existing licensed and qualified exempt capacity rather than an over-reliance on untested emergency child care settings or settings that are unlicensed or not exempt.
 5. Retention of critical licensing/health and safety standards for the protection of children and providers.
 6. Adoption of payment rates based on a cost of quality calculation that supports higher pay and smaller ratios than basic licensing standards and that is not based on a market rate analysis (which often doesn’t cover the true costs of care provision and only the prices the market can bear).
 7. Formal guidance from OEC and CDPHE on the safe operation and health standards that minimize risk, to the extent practicable, during the provision of emergency child care
 8. Counties that have stepped in to support their community-based child care providers with reformed absence policies. We would point to exemplars such as Eagle County, which is paying 31 absences per month for children in our state’s subsidy program, and Arapahoe County, which is paying 22 absences in April, as a demonstration of how using flexibility in the child care subsidy program can be deployed to help keep providers from permanently closing doors or losing staff. We know there are other examples of county policies that are supporting providers and look forward to tracking implementation of these across the state.

Despite these positive steps, the fragility of the sector was recently highlighted by NAEYC. According to NAEYC’s survey at the start of the crisis, “many child care centers and homes are not going to be able to survive a closure; up to a third in some states indicate they won’t survive a closure of any period—another third won’t survive a closure of more than two weeks. **In other words, a temporary closure is, for many, a permanent one.**”^{[1],[2]} From March 12-18, more than 9,000 providers responded to the survey, from all 50 states and the District of Columbia. 33 percent of respondents work in center-based child care, and another 53 percent work in family child care homes.

- Nationally, 30% say they would not survive a closure of more than two weeks *without significant public investment and support that would allow them to compensate and retain staff, pay rent or mortgages, and cover other fixed costs.* 17% say they would not survive a closure of any amount of time.
- Another 16% would not survive longer than a month, and, because of the uncertainty of the situation, another 25% do not know how long they could close and still re-open.

- Only 11% of programs are confident they could survive a closure of an indeterminate length without support.

In Colorado, of the providers who responded:

- 33% say they would not survive closing for more than two weeks *without significant public investment and support that would allow them to compensate and retain staff, pay rent, and cover other fixed costs.*
- 22% would not survive a closure of any length of time without these supports
- 29% do not know how long they would be able to close their doors and be able to reopen without these supports
- 44% have parents who cannot pay fees or copays
- 29% have lost income because they are paid by attendance rather than enrollment and 54% have lost income based on families' own inability to pay.

As such, despite admirable progress, on the fronts noted above, we have more work to do to ensure the viability of the sector. Below are specific steps to support providers, educators, and the families they serve:

For all early care and education providers

1. Deploy strategies to compensate both subsidy and non-subsidy child care providers for loss of income and compensate staff during closure, across all care settings, just as the state is doing for the K–12 education system. Include in these relief funds, resources to cover fixed costs and staff wages during closures to ensure enough workforce and facilities when the emergency ends. Strategies could include grants or the creation of a fund to help offset lost tuition during the crisis as well as allow providers to hold slots for the children who were enrolled prior to the COVID-19 pandemic without placing the financial burden on families. Make sure these direct grants are 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.
 - Ensure that all funding programs are designed to support providers including specific recognition of the challenges facing family child care providers who often operate as self-employed small businesses and out of their own homes. Ensure these providers are included in any comprehensive solution and are not unintentionally excluded from relief efforts by eligibility criteria that leave them ineligible.
 - As one example of supports for the provider community, North Carolina will:
 - Pay bonus payments to all full-time child care employees for April and May 2020.
 - Pay providers \$300 per month for all teaching staff and \$200 per month for all non-teaching staff. Bonus payments are available for both child care centers and family child care homes.
 - Child care programs must pay staff prorated amounts of the monthly bonus payment at regular employee pay periods.
 - Several states (IN, VT, TN, KS, MN, ND, and more) are setting up relief funds for providers and Colorado could do the same.
2. Ensure early care and education providers have access to a variety of benefits to support their viability throughout and after the crisis. These include:
 - Various cost relief efforts including mortgage forbearance, deferral of rents, and support for utilities and insurance for a minimum of three months and up to six months.

- Small business relief and access to Unemployment Insurance, including for self-employed and licensed family child care home providers
 - Paid Family Leave and Paid Sick Leave programs
 - Small Business Loans
 - The state could 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). The state could also 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, retains staff, and remains operational.
 - Identification and payment for substitute teachers, should educators or a family member fall ill
 - Additional incentives should be in place that reward and support providers who agree to retain and continue to pay staff throughout the crisis.
3. Investing in teachers in early care and education settings. When the legislature reconvenes, funding Colorado’s Early Childhood Educator Tax Credit (via HB 20-1043) will provide immediate financial support and incentives for educators to remain in the field and raise their credentials. Additional strategies that directly support the educators themselves and incentivize providers to retain and pay teachers will be vital to ensuring the workforce (which was already facing a crisis prior to this disruption) is supported in staying in the profession.

For providers participating in the Colorado Child Care Assistance Program

1. Permanently shift the Colorado Child Care Assistance Program (CCCAP) to pay providers based on enrollment, not attendance. Attendance-based payment policies have never been a best practice in the child care subsidy program and the current crisis only further demonstrates the problems with the policy of paying based on attendance. During this time when parents are being encouraged to work from home, public health officials are discouraging large gatherings, and some K-12 schools are closing, attendance-based policies do not make sense. In short, the most important shift that needs to happen today in the subsidy program is shifting payment to be based on enrollment and not attendance (or the functional equivalent which would be paying 31 absences per month if that is easier from a technology standpoint). While several counties have taken on this change individually, we support making this change happening statewide as the impact to the state of COVID-19 is growing to reach all corners and dramatically increase in the days and weeks ahead.^[3]
2. Waive copays for parents and pay them directly to providers to keep providers whole. Parents who receive subsidies are already identified as needing assistance to achieve self-sufficiency. But these same families are seeing significant disruptions to their livelihood. Using state and federal funds to cover copays will be vital to ensuring 1) parents can receive some financial relief during the crisis, 2) providers do not see an additional lost portion of revenue, and 3) parents will be able to access care when the crisis recedes. The state should cover the cost of those copays since we do not want to see providers see a loss in revenue from parent copayments in the subsidy program.

3. Institute flexibility in eligible activity timelines for parents of children in the child care subsidy program. Consider any parent's pause in an eligible activity, such as work or education, related to COVID-19 to be treated as temporary, even if it extends beyond the current time limits that require reporting during the crisis and that could jeopardize access to a subsidy. Ensure that these temporary changes in parents' work, education, or training status does not affect a child's ongoing eligibility for child care services as the parents try to return to work once physical distancing requirements are loosened. The state should also suspend any redetermination of a family's eligibility until the crisis has subsided.

Supporting providers responding to the emergency

1. Responding to requests from providers who remain open throughout the emergency to respond to the needs of our essential workforce. Programs that remain open to serve those responding to the emergency should be supported with resources to keep environments safe and healthy, and support for the staff to access health care should any issues arise. Providers will need access to mental health supports to help them manage their stress and anxiety throughout and immediately after the pandemic, as well as to help address concerns and trauma experienced by the children and families they serve. Early Childhood Councils and other intermediary organizations provide some of the vital connection to these supports at the local level and may need additional investment to sustain their engagement.
2. Ensure the health and safety of children as demand for care increases throughout the crisis. Any emergency child care that is created, expanded, or repurposed to meet the needs of children and families responding to the crisis must continue to protect the health and safety of children. Furthermore, for those providing care, there need to be additional commitments to the environmental safety and thoughtful policies to support hygiene, social distancing, and other strategies that support the health and well-being of children.
3. Supplies for providers who remain open. Deploy strategies to provide necessary food, supplies and other equipment to child care programs for all staff working in emergency child care center sites.
4. Provide incentives to programs to serve children in need of care during evenings, overnights, and weekends. Many of the essential workers, including emergency health care workers, work shift schedules, meaning they need care outside of the typical weekday work period of 8am-6pm. Providing increased payments may incentivize more programs to provide care during the nonstandard hours of the typical work week.

Lay the groundwork for long-term structural shifts to stabilize the ECE sector for the future

This crisis has revealed deep flaws in how we conceptualize the provision of early care and education. Our current model leaves too many providers in a state of fragility, classroom educators who are inadequately compensated (including often a lack of access to health benefits that are so critical right now), and unable to weather even modest disruptions, let alone this global pandemic. If we do not make various structure shifts that 1) substantially increase sustained public investment in early care and education and 2) reconceptualize the model of delivery in early care and education, then we will emerge from this crisis with all of the same challenges, and more. Specifically, **policymakers should direct relevant state leaders, agencies, the Early Childhood Leadership Commission, counties, school districts, providers, non-profits, and philanthropic leaders to take the lessons of this crisis and develop structural reforms to the sector.** These should include an analysis of:^[4]

- 1) Public investment: Strategies to move away from a model that leaves families and providers to solve the intractable financial challenges of providing and paying for early care and education on their own.
- 2) Cost modeling for service delivery: The current approach of designing payment mechanisms in a way tied to what the market can bear, rather than what it costs to provide early care and education in an efficient, quality way has revealed the deep instability this creates in providers' financial models. It has also disincentivized the provision of care outside of typical weekday work hours, limiting the availability of licensed child care to parents who work evenings, nights, and weekends. We must move toward paying for the costs of early care and education and away from the prices parents can afford. Boosting teacher wages and benefits and ensuring that maximum resources are allocated to classrooms is essential. To reach that goal we must better understand how to scale administration for efficiency, ensure sufficient resources are allocated to teacher wages even when ratios are low, and then plan to slowly ramp up supply as demand increases.
- 3) Shared services and automation: Individual homes and centers managing the back-end systems management, blending and braiding funding, child tracking, licensing and quality rating compliance creates inequities and substantial inefficiencies. Strategies that improve the efficiency of the sector on these fronts would allow for a more speedy recovery of the sector.
- 4) Administrative scale: The logistical challenges of individual providers and homes figuring out how to apply for recovery grants and loans is already being revealed. A future structural shift in the sector should trust our program leaders as educators and child development experts, but not also require they be finance experts. The recovery and a reimagined sector needs to contemplate different models of administration.
- 5) Efficiency of management: We have seen the challenges providers face in managing the rigors of licensing, quality ratings, credentialing, blending and braiding funds at every single site level rather than opening the door to more creative models of program delivery such as staffed networks or microcenter models. Reevaluating the regulatory barriers to more efficient service delivery that separates the functions of administration from the functions of care and education is a necessary step toward a more resilient sector. ^[5]

In short, this crisis has laid bare the deep flaws in how we have designed our early care and education sector. It is time to rebuild, from the ground up, how we will support the vital work our providers and early care and education professionals do. We must support the sector as best we can right now. But we must seize on the lessons of this crisis to reconceptualize the delivery of early care and education in this state and country.

Given the level of concern and crisis already facing this sector prior to this outbreak, your choices in the days and weeks ahead on the above topics will create "make or break" scenarios for many providers. We ask you to work quickly and thoughtfully and with the voices of providers and those that support them at the table to adopt the above changes as soon as possible.

Colorado needs to invest boldly and quickly to protect the viability of the early care and education sector. Right now, we need child care providers on the front lines to provide care that is safe, reliable, and nurturing for children of essential workers. And soon after this crisis, we need those same providers, and many more, to be able to provide quality, affordable early childhood education so that our economic recovery can happen as quickly as possible.

Sincerely,

Catholic Charities of the Diocese of Pueblo, Inc.
Clayton Early Learning
Colorado Association for the Education of Young Children
Colorado Children's Campaign
Colorado Jewish ECE Initiative
Colorado Succeeds
Community Partnership for Child Development (CPCD)
Constellation Philanthropy
Council for a Strong America
Crystal Redner, Bent County Early Learning Center, Executive Director
Denver's Early Childhood Council
Diane Price
Early Childhood Council of the San Luis Valley
Early Childhood Council Leadership Alliance
Early Connections Learning Centers
Early Learning Ventures
Emily Holcomb, EastSide Unified Unido
Florence Crittenton Services
Healthy Child Care Colorado
Mile High Early Learning
National Wildlife Federation: Early Childhood Health Outdoors (ECHO)
Noreen Landis-Tyson
Parent Possible
Save the Children Action Network
The Early Childhood Partnership of Adams County
The Women's Foundation of Colorado

Appendix of Language in the Federal Stimulus Funding

See also [this summary](#) for the substantial flexibility on the use of funds not subject to quality and direct service set-aside requirements, income eligibility, and providers eligible to offer care in response to the crisis.

Language from the Federal CARES Act Stimulus Noting State Flexibility of New CCDBG Funds:^[6]

PAYMENTS TO STATES FOR THE CHILD CARE AND DEVELOPMENT BLOCK GRANT

For an additional amount for “Payments to States for the Child Care and Development Block Grant”,

\$3,500,000,000,^[7] to remain available through September 30, 2021, to prevent, prepare for, and respond to coronavirus, domestically or internationally, including for federal administrative expenses, which shall be used to supplement, not supplant State, Territory, and Tribal general revenue funds for child care assistance for low-income families within the United States (including territories) without regard to requirements in sections 658E(c)(3)(D)–(E) or 658G of the Child Care and Development Block Grant Act:

- Provided, That funds provided under this heading in this Act may be used to provide continued payments and assistance to child care providers in the case of decreased enrollment or closures related to coronavirus, and to assure they are able to remain open or reopen as appropriate and applicable;
- Provided further, that States, Territories, and Tribes are encouraged to place conditions on payments to child care providers that ensure that child care providers use a portion of funds received to continue to pay the salaries and wages of staff;
- Provided further, That the Secretary shall remind States that CCDBG State plans do not need to be amended prior to utilizing existing authorities in the CCDBG Act for the purposes provided herein;
- Provided further, That States, Territories, and Tribes are authorized to use funds appropriated under this heading in this Act to provide child care assistance to health care sector employees, emergency responders, sanitation workers, and other workers deemed essential during the response to coronavirus by public officials, without regard to the income eligibility requirements of section 658P(4) of such Act
- Provided further, That funds appropriated under this heading in this Act shall be available to eligible child care providers under section 658P(6) of the CCDBG Act, even if such providers were not receiving CCDBG assistance prior to the public health emergency as a result of the coronavirus, for the purposes of cleaning and sanitation, and other activities necessary to maintain or resume the operation of programs;
- Provided further, That payments made under this heading in this Act may be obligated in this fiscal year or the succeeding two fiscal years;
- Provided further, That funds appropriated under this heading in this Act may be made available to restore amounts, either directly or through reimbursement, for obligations incurred to prevent, prepare for, and respond to coronavirus, domestically or internationally, prior to the date of enactment of this Act;
- Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.

Appendix of Specific Policy Changes to Existing CCDBG/CCCAP Funding Stream

Specific policies Colorado's Department of Human Services and county departments of human and social services should adopt during the outbreak:

- Adjust payment policies so they are based on enrollment of children rather than actual attendance, as allowed under Section 98.45(l)(2) of the final rule. This will allow sick children and parents to stay home without disrupting revenue for providers who already experience precarious operating budgets. This will mean that providers can also operate to provide care to medical professionals required to work during the outbreak.
 - At its option, CDHS may pay providers based on a child's enrollment rather than attendance (45 CFR 98.45(l)(2)(i)). The statutory requirement at section 658E(c)(2)(S)(ii) of the Child Care and Development Block Grant (CCDBG) Act requires Lead Agencies to support the fixed costs of providing child care services by delinking provider payment rates from an eligible child's occasional absences due to holidays or unforeseen circumstances such as illness, to the extent practicable.^[1]
- Use of CCDF quality funds, state dollars, or transferred TANF dollars to help providers cover the costs of maintaining their operations safely during this time, including necessary sanitation equipment, supplies and services; substitute caregivers; paid leave for affected staff; copayments for coronavirus tests; grants to cover operational costs in the event of closure; and other expenses providers and educators will occur as the result of coronavirus spread. Note that we are not suggesting TANF dollars be used at the expense of meeting families' need for cash assistance, but is an available transfer/reserve. **Note that CCDF quality dollars can support the supply of child care during a crisis and therefore do not require specific eligibility determinations for families utilizing this care.**
 - CDHS may also use CCDF quality dollars to provide temporary grants or assistance to impacted providers to retain the child care supply during periods of closures. These funds can also be prioritized to the providers willing to open their doors to medical professionals requiring care during the outbreak and ensure that these programs remain viable after the outbreak has cut their revenue dramatically.^[2]
 - CDHS can use quality dollars to provide immediate assistance to impacted families/providers, even if they are not on CCDF. Such an expenditure could be viewed as a necessary to retain the child care supply during the State's shutdown. This does not require a waiver, but could require a Plan amendment.^[3] As a secondary option, CDHS may apply for a waiver to use CCDF funds to provide direct services to families who do not meet CCDF eligibility requirements and/or providers who do not meet CCDF health and safety requirements.
 - CDHS can broaden its definition of protective services to permit emergency eligibility. A child in a family that is receiving, or needs to receive, protective intervention is eligible for child care subsidies even if the parent is not working or in education or training. Furthermore, CDHS has the option to waive the income eligibility requirements for children who receive or need to receive protective services, if determined to be necessary, on a case-by-case basis. In emergency situations, CDHS has the option of deeming impacted children to be in need of protective services and therefore, the eligibility requirements (e.g., income threshold, work/training requirement) could be waived. This does not require a waiver but could require a Plan amendment.
- Waive any state policies that terminate child eligibility based on a specific number of absent days, within their 12-month eligibility policy. This will allow parents to make the important decision to keep sick or exposed children home, curtailing the spread of the virus without jeopardizing their eligibility for child care assistance and also allow parents of medical

professionals facing variable schedules and the potential to need to quarantine themselves should they be exposed to rejoin the work force as needed.

- Temporarily suspend redetermination of family eligibility for child care services, and work with partner agencies to do the same for WIC, SNAP, Medicaid, and TANF to ensure that temporary changes in family workforce participation, earnings, or other factors due to COVID-19 do not impact family eligibility.

Actions in other states

- Subsidy policy changes: waive co-pays; increase eligibility to 85% of SMI, payments during closure and based on enrollment, not attendance if providers remain open (PA, OR, others).
- Tracking child care closures: asking providers to contact 211 and their licensing specialists, so information is as up to date as it can be for families.
- Emergency temporary rules, re: licensing requirements: here's what's under consideration in Oregon -- modest changes to group size/ratios (not for infants), preliminary background checks and other flexibility for providers regarding staff quals so they can hire subs.
- Emergency temporary rules on emergency child care for first responders, so we can have some safeguards in place
- Communication w/ state funded Head Start/Early Head Start and state prek that we will pay during closure, and waive service hour requirements
- [Social distancing guidance](#) required for ECE programs to stop training that isn't online, parent meetings, other activities, etc.
- Most Head Starts seem to have closed – some states are surveying them to see which Head Starts are available to provide child care for first responders w/ young children – either facility or staff. States will need supplemental funding for this.
- Planning for emergency child care for 1st responders in closed public schools (OR). As has been stated, critical to work with health care and long term care providers to estimate demand by location, age, etc.
- Getting child care providers critical cleaning supplies/food, etc.
- Governors contacting and coordinating w/ congressional delegations, re: funding to cover their expenses during a closure (especially those that are not publicly funded), unemployment insurance for child care providers, etc.

[1] <https://docs.google.com/document/d/1z4mQ9SkGYuh2Ocji6QKuSN4JKs0IFGdp4QuxilYvA4E/edit>

[2] <https://docs.google.com/document/d/1z4mQ9SkGYuh2Ocji6QKuSN4JKs0IFGdp4QuxilYvA4E/edit>

[3] <https://docs.google.com/document/d/1z4mQ9SkGYuh2Ocji6QKuSN4JKs0IFGdp4QuxilYvA4E/edit>

[1] https://drive.google.com/file/d/1VzAZI4UvbAYG8nsiO_DJGU3Rp41F1k0y/view

[2] <https://www.naeyc.org/policy/child-care-community-statement>

[3] See findings from the CCCAP contracted pilot demonstrating the value of this approach here:

<https://earlymilestones.org/wp-content/uploads/2020/03/CCCAP-Summary-Pages.pdf>

[4] https://opportunities-exchange.org/wp-content/uploads/OpEx_2019_MicroCenterNetworkStrategy.pdf

[5] https://opportunities-exchange.org/wp-content/uploads/OpEx_2019_MicroCenterNetworkStrategy.pdf

[6] Colorado is estimated to receive \$41.4M from this stimulus earmarked for these purposes related to child care (https://www.clasp.org/sites/default/files/publications/2020/03/2020_3.5billionchildcarecoronaviruspackage.pdf)

