

NORTH CAROLINA'S CHILD CARE CRISIS DURING COVID-19

The NC Early Education Coalition urges state policymakers to continue to provide additional financial resources to prevent the collapse of North Carolina's early education system. The availability of high-quality child care is essential for working families, children's healthy development, and North Carolina's economic recovery.

Families rely on our early education system in order to keep working, and our state's economy does too.

The COVID-19 crisis has underscored 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 working families during this hazardous time. Until 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.

The first round of Federal funding was a good start but is not enough to stabilize the child care industry.

North Carolina received \$118 million in federal funding for child care relief through the federal CARES Act and an additional \$20 million in COVID-19 child care relief funding through the NC General Assembly. With this funding, DHHS/DCDEE initiated several urgently needed temporary initiatives¹ which provided short-term support for the child care industry. However, DHHS projects that it will expend these funds by the end of August.

Child care programs are still struggling and the system is on the verge of collapse. As of the end of July, 68% of all child care programs have reopened: 60% of licensed child care centers and 91% of family child care homes. However, child care programs have high vacancy rates: child care centers have just half of their pre-COVID enrollment as parents slowly reenter the workforce. Now, due to the economic impact of the pandemic, many more parents are unable to afford the cost of child care, and others are keeping their children at home because they're worried about the health risks. Consequently, child care programs do not have sufficient operating revenue and now face additional expenses because of increased health and safety standards and higher staffing costs due to social distancing requirements limiting group size to 10 children.

Emergency child care policies need to continue through 2020. It is important to continue the support for the DHHS/DCDEE emergency Child Care Payment Policies to stabilize the child care industry and ensure that every county has capacity to support young children's healthy development and working parents. These policies will be necessary for months to come as the state deals with the continuing impact of COVID-19 and reopening North Carolina. Additional funding will be needed to effectively rebuild a stronger early care and education system for all children and families in all 100 Counties.

Here are the most urgently needed short-term priorities:

- **Continue Bonus Payments/Hazard Pay for Child Care Teachers and Staff**
Child care teachers are the workforce behind the workforce. They are risking their own health to care for the children of working families, yet many have no health insurance or sick leave themselves. The

¹ Covid-19 Child Care Policies, NC Department of Health and Human Services, retrieved from https://ncchildcare.ncdhhs.gov/Portals/0/documents/pdf/C/COVID-19_Child_Care_Payment_Policies.pdf

average wage for a child care teacher in North Carolina is just \$10.50/hour. Although DHHS/DCDEE provided bonus payments for teachers and staff, this funding expired at the end of May. Bonus payments must continue to support child care staff who are working now and to incentivize qualified teachers to return to the classroom. Additional strategies must be developed to provide living wages, health benefits, sick leave and family leave for child care teachers and staff in order to recruit and retain a qualified early childhood workforce for all of our child care programs, including NC Pre-K.

- **Expand Access to Child Care Health Consultation, Training, Technical Assistance**

Across the state, child care programs continue to struggle 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 children in their care. DHHS/DCDEE provided a two-month supply of PPE equipment and cleaning supplies which was sorely needed. In addition, child care programs need access to professional health care consultation to assist programs in meeting and maintaining the required higher health and safety guidelines, and for immediate assistance when a child, family, or staff member becomes ill due to COVID-19. Child Care Health Consultants provide some of these services but 48 counties do not have their own consultant and many consultants are spread thin supporting multiple counties. With COVID cases on the rise in child care programs, more child care health consultants are urgently needed.

- **Emergency Child Care Subsidy Assistance for Working Families**

DHHS/DCDEE started the Essential Child Care Subsidy Assistance program to ensure that frontline workers in health care, law enforcement, public safety, grocery workers, and transportation had access to essential child care services, and increased family income eligibility to 300% FPL. This program ended at the end of May, leaving 16,000 children of essential workers with no access to child care assistance.

Too many working families who are on the child care subsidy assistance waiting list are also desperate to return to work but can't afford the cost of child care, and many do not have other child care options without some financial support. There were 16,442 eligible families on the child care subsidy assistance wait list during COVID-19. One-time vouchers to support these families in affording and accessing child care during 2020 is urgently needed, and will help stabilize the child care industry as well.

- **Operating Grants for Reopened Child Care Programs**

Overall, 68% of all child care programs have reopened to serve working families, but most have high vacancy rates. Income from private pay parents typically covers 70% of a program's payroll, staff benefits and fixed operating costs. 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. In addition, child care subsidy rates are inadequate throughout the state. Programs that primarily serve low-income subsidized families cannot sustain their programs on such low rates, and increased rates are needed now to cover the added operating expenses. In May, DHHS/DCDEE established a new Operating Grant program to provide supplemental financial assistance to open child care programs to cover fixed operating costs such as payroll, staff benefits, utilities, facility rent and/or mortgage costs, and facility maintenance. A second round is needed to support child care programs so that they can remain open while the pandemic still exists throughout the state.

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