

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.

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