Child Care Resource Center™
Quality · Support · Development · Education

The Perfect Storm

The Need for Sustaining the Early Care and Education Field

"Kids weren't coming back because parents weren't going to work. But rent, taxes, licensing, permits, and other obligations didn't go down… It [funding] allowed me to not give up."

- Anna Shirokova, Owner of Little Treehouse Academy

"With the funds, we were able to keep the doors open and keep it clean and sanitized for the families. We also kept teacher benefits and helped some parents to cover co-pays."

– Aimee Walker, Center Director

BACKGROUND

The Child Care Resource Center (CCRC) conducted key informant interviews with three large family child care (FCC) owners and four center directors located in Contra Costa, Kern, Los Angeles, Sacramento, and San Bernardino Counties. The purpose of these conversations was to gather stories of how programs made strategic use of state and federal funding throughout the pandemic to keep their programs open and staffed, as well as children safe. Through these conversations program leaders highlighted that, while one time funding helped programs stay operational throughout the worst of the pandemic, these funds are no longer available, leaving these small businesses struggling to stay afloat and threatening the sustainability of a crucial industry.

"Providing child care is helpful to the economy. We are making money for the state and the country by allowing parents to go to work and be productive. I'm taking care of children, babies, humans. Not computers. We are building the community. I want policymakers to know that parents cannot work without early care education. By funding us we are helping the whole economy."

- Khulood Jamil, Family Child Care Provider

THE TIDE IS TURNING: ONE-TIME FUNDS FACILITATED SHORT-TERM SUSTAINABILITY

While emergency funding was made available and prevented immediate closures during the pandemic, it failed to provide long-term stability to programs. The one-time nature of this funding has placed programs on unstable footing, unsure about the sustainability of their businesses, and needing to pay back debt and loans taken over the past two years. Funds accessed included:

- Federal, state and local stipends and grants
- Small Business Administration and other loans
- Personal savings and credit cards
- Not taking a salary for themselves

These one-time funds were used as a short-term support for a vital industry:

- 100% of programs used temporary funds for **PPE or enhanced sanitization** efforts such as purchasing air purifiers, outside equipment so children could learn and play outdoors, and classroom materials and furnishings that facilitate social distancing
- 85% of programs used one-time funds for **payroll and staff retention** activities, including salary increases (most were temporary; others due to increases in minimum wage) and one-time bonuses
- 57% of programs used one-time funds to help pay their **mortgage or rent, bills, and increased utilities**

ENROLLMENT DECLINE FROM 2019 TO 2022

Although programs made strategic use of multiple sources of funding during the pandemic, all seven programs experienced a decline in attendance since September 2019.

- **FCCs** interviewed experienced a **17%-33% decline** in enrollment from September 2019 to September 2022
- **Centers** saw a more significant decrease in enrollment, ranging from **33%-64%** over the same timeframe

According to interviewees, the decline and persistent under enrollment of children can be attributed to multiple factors:

- Increase in parents **working from home** and keeping their children home
- Closing of classrooms due to the **inability to hire and retain staff** (fewer classrooms to meet parent need)
- **Competition** with Transitional Kindergarten (TK) for 4-year-olds

STAFFING EXODUS THREATENS LONGEVITY OF PROGRAMS

Interviewees shared their staffing-related issues that threaten the longevity of their programs.

- **88% of programs described staff leaving the field** for better wages and benefits
- Programs reported a range of **20%-52% decline in staffing** with one program **closing an entire location** due to insufficient staff

Reasons for staff exit:

- Low compensation
- Lack of fully paid benefits
- Increasing mental health challenges for self and children they serve
- Increasing difficult behaviors and delayed development in children they serve

“ *This is the first-time staff have left for better pay. Some leave for other programs in the school district but many leave the field entirely because, in the long run, this industry does not pay a livable wage.* ”

– Jennifer Carter, CEO of Oak Tree Learning Center

“ *Pay is one thing, but we've always had [extremely low] pay. Now we have the unrelenting emotional drain and the social-emotional needs of children, as well as other issues brought upon by the pandemic like delayed potty training, speech delays, behavior. And on top of that, we have our own personal issues.* ”

-Aimee Walker, Center Director

“ *A few teachers left looking for other jobs in less stressful jobs. Kids changed. There are a lot of behavior issues in school, speech. We still have 4-year-olds in diapers. The pandemic delayed children and kids changed.* ”

– Anna Shirokova, Owner of Little Treehouse Academy

“ *One of the main differences between my company and [the school district] is the benefits. I can offer medical benefits but I have to split 50/50 with the family but it's too high for them. [The school district] covers the whole benefits package.* ”

– Anna Shirokova, Owner of Little Treehouse Academy

“ *It is very hard to find new assistants because we don't make much money. I can't afford to pay assistants good money. It's hard to find assistants, train them, and then to lose them to higher paying jobs.* ”

- Khulood Jamil, Family Child Care Provider

“ *My teachers can go to TK and make twice as much, with wages and health insurance and retirement. For 180 vs 246 days of work. The disparity is too great and completely unfair.* ”

– Ken Herron, CFO and co-owner of Early Childhood Discovery Centers

“ *If I can't find a way to make ends meet, I'm not going to be able to make it. As of right now, I can't even pay out vacation accrued because my program is out of money. So, I'd have to take out a loan just to close.* ”

-Aimee Walker, Center Director

CAUTION IN SHIFTING ENROLLMENT TO YOUNGER AGES

A few interviewees discussed serving more 3-year-olds and infants and toddlers. It was suggested that school districts advertise community-based programs for 3-year-olds so they can enter TK ready to learn. However, it was also acknowledged that shifting enrollment to younger ages, particularly infants and toddlers is a significant challenge. It requires different physical environments (i.e., different diapering/toileting equipment and play and learning materials), greater numbers of staff per child, distinct professional development for staff, to name just a few. Even with adjustments, hiring and retention challenges remain.

> “*We had preschool only until TK. The writing is on the wall. They don't understand the difference between preschool and toddler ages. We're expecting to lose most of our 4-year-olds. Would [school districts] promote the idea that preschool for a 3-year-old is a really good thing, because they will go to TK? They have the credibility in the community. If a 5th grade teacher says to parents – if you have a 3-year-old, they are missing out in social-emotional learning if they are at home instead of a quality program. If we could have that help from the school districts we'd be full if they came.*”
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> **– Ken Herron, CFO and co-owner of Early Childhood Discovery Centers**

RECOMMENDATIONS TO CREATE A SUSTAINABLE ECE FIELD FOR PROGRAMS AND PARENTS

Interviewees were grateful for the one-time funding supports provided by federal, state and local entities allowing programs to stay open and safely operate at the height of the pandemic. However, with repayment coming due on SBA loans, increasing minimum wage, rising costs for food and gasoline, and declining enrollment due to parents working from home and more children enrolling in TK instead of ECE programs- **this one-time funding served as a temporary stop gap instead of providing a sustainable, long-term solution.** Recommendations from interviewees include:

- View ECE as part of the continuum in the ladder of children's development and therefore include the educators in the compensation ladder of children's development/education
- Increase rates/ sustainable funding to retain staff and provide benefits
- Mental health supports for children and staff
- Facilitate partnerships with school districts for them to advertise to their parents who have younger children – the existence of quality early learning programs for 3-year-olds so they can enter TK ready to learn and as an additional option for 4-year-olds

Multiple interviewees stated that, while they love their work and hope to continue providing care long into the future, **their businesses will be unable to survive if things continue as they are.** The pandemic helped highlight the importance of the ECE workforce in supporting families and communities, but **ongoing funding and long-term support is sorely needed** to ensure the field can continue providing quality care that meets the needs of children and families for years to come.

> “*All school districts have pay ranges and scales. Like at the UC, CSU, Community Colleges, high school teachers. Why not continue the scale all the way down? Develop a pay scale that includes the younger ages.*”
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> **– Ken Herron, CFO and co-owner of Early Childhood Discovery Centers**

> “*Last Monday I did an event for child care in which I opened my child care home to 50 parents, 5 city council members and someone from the school board to show them what an FCC looks like and to highlight the need for quality care… I want people to know that child care is the second largest bill on parents and that providers need to make a livable wage.*”
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> **- Benu Chhabra, Child Care Provider**

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