

America's Economic Recovery Will Depend on Whether the Child Care Industry Survives

As Congress works to craft a third COVID-19 economic stimulus package, significant emergency funding must be made to maintain our child care supply today and ensure its viability in the future. In order to help American families, stimulate consumer spending, support small businesses, sustain industries, and buttress the herculean efforts of medical professionals, lawmakers must recognize that the through line in all of this is child care. Child care providers are already operating on very small margins; extended closures over the next several weeks or months could potentially put a substantial percentage of them out of business permanently, exacerbating the realities of the widespread child care deserts as they exist today. At the same time, many child care facilities are being asked to remain open in order to provide care in this time of incredible need and uncertainty. What we knew before this crisis – that the cost of care is a tremendous but essential economic burden on American families; that businesses across the country see firsthand the interconnection between child care access and quality; the paramount importance of a reliable workforce; and the role providers and child care teachers play in supporting it all – all of this has only been exacerbated now. Significant federal funding and flexibility is needed to:

Support providers experiencing extended closures:

\$6 billion in funding relief over the next 6 months to sustain the market today and into the future.

- Child care providers vary widely in their current structures and funding streams. It is critical that financial support be available to all child care providers to access. Regardless of the funding stream established by Congress, providers are in critical need of assistance. Data from a survey NAEYC has distributed in the last three days indicates that 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.
- Overall child care revenue is [\\$48B annually or \\$4B/month](#) broken down into 75% being labor cost and the remaining 25% for operating costs. Assuming the labor costs are addressed through unemployment insurance, that leaves 25%. This amounts to \$12 billion annually or \$1 billion a month in operating costs that need to be covered in order to stabilize the market and ensure providers can operate when employees go back to work.

Supporting Child Care Access for Workers on Front Lines of Crisis:

\$4 billion to the Child Care and Development Block Grant over the next 6 months to ensure essential and front-line workers can access child care, and child care programs that are choosing to stay open during the crisis have the support necessary and that the children attending these programs continue to receive high quality services.

- Roughly 29 million people are serving on the frontlines as healthcare providers, first responders, pharmacy and grocery workers and an estimated 20% of them have children aged 12 and under who need child care. Assuming nearly half of those workers have a family or partner who is home with their children, that still leaves roughly 700,000 children who need child care while their parents are on the front lines of this crisis. Factoring in the [average cost of care nationally is \\$10,000 per year](#), which would mean an additional \$4 billion is needed to cover the child care costs of our first responders.

- To ensure that all families of essential and front-line workers can access the child care they need, all income eligibility requirements should be waived for parents receiving these funds.
- Providers should be given clear guidance on how to remain safe and practice social distancing and minimal contact while continuing to provide the quality care children and families need. In order to do this we must provide funding to cover the increased risks, salaries, and costs of maintaining services.
- Additional emergency funding, as proposed by Sen. Patty Murray and Rep. Bobby Scott, of \$600 million should be provided to maintain critical program operation, including meeting emergency staffing needs, covering costs to clean and sanitize facilities, and providing training and support to staff.
- Any additional funding allocated through CCDBG should be targeted to the states and exempt from technical assistance and research set-asides authorized in CCDBG.