

Affordable child care is increasingly difficult to find in the U.S.—coronavirus could make it harder ^[1]

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EXCERPTS

During the first few weeks of the coronavirus pandemic, Laurie Fletcher would catch herself waking up in the middle of the night to wash her hands.

Fletcher, who has been operating a home-based day care in Michigan for 26 years, spends several hours each day sanitizing every possible surface in the common areas of her home and takes time out of her weekends to hunt down cleaning supplies and toilet paper.

"There's no there's no such thing as a socially distant toddler," Fletcher says. "They are all up in your personal space and everybody else's — and childhood should be that way."

But it makes it very difficult to keep things clean. Fletcher is trying to take all the extra precautions she can, even as she's constantly plagued with doubts: Did I not wash something enough, sanitize it enough or wash my hands? Did I miss something?

Yet while Fletcher has kept her day care open to three children of essential workers, the struggle to continue to provide care hasn't benefited her financially: income from the day care has taken a big hit.

And Fletcher isn't alone. Day cares, preschools and child-care providers nationwide are facing a tough road as they attempt to provide safe, quality care to children while navigating the ever-changing challenges posed to their businesses. And experts say that many providers may not make it.

Taking on the challenges of Covid-19 one step at a time

Typically, Fletcher provides care for about a dozen children under the age of five and employs one other worker to help her run the day care. But with just three children, she's had to let her employee go for now. "I was convinced I could get the Payroll Protection Program because it's offered to small businesses, but they shut us out of it," she says. No loan means Fletcher is working 50-hour weeks, yet not bringing enough income to pay herself or her employee. In fact, for about a month, she was paying her employee out-of-pocket.

"That's not very sustainable for very long, especially in our business where it's razor thin profits anyways," she says. And Fletcher even attempted to apply for unemployment but was denied. "I don't know if it's because I am working, but it's not set up very friendly for the self-employed," she says. "How do you show unemployment that, you know, you made negative \$500 that week?"

And then there's the stress of tracking down essential supplies. Fletcher says these days, getting even the basics such as toilet paper and cleaning solutions is a challenge. "We can't find a lot of supplies — sanitizing products are pretty much off the shelves. Toilet paper is the same way. The essential things you need to run a care business are not accessible to us."

Currently, Fletcher is spending her weekends searching out supplies. "It's more challenging when you're working 50 hours a week and then you have to still go find the supplies," she says. "If you're 12 minutes late to get into Costco, the two truckloads of toilet paper are already gone," Fletcher says.

As many as 4.5 million child-care slots could disappear

Fletcher is determined to make it work for now, but she's worried about the future. She already knows three of the children she cares for are not returning, but other parents have reached out and said they're hopeful their kids will be able to come back soon. "I'm trying to stay open and in business for that reason," she says, but adds that it's "perilous."

"It's a wonderful job. I would not give it up for the world. It really wouldn't. But, you know, could we be forced to give it up? Absolutely," Fletcher says. Her husband's income as an essential worker is a major reason that Fletcher can continue on for the moment.

Like Fletcher, about 17% of child-care centers around the country are closed to all but the children of essential workers, according to a recent survey of 5,000 providers nationwide conducted by the National Association for the Education of Young Children. About half of child-care providers opted to close temporarily when the pandemic hit their businesses.

And many of these providers say that's a big problem. Only about 11% say they could survive a closure of an indeterminate amount of time without government support, another survey by NAEYC finds.

If these small businesses are forced to close, that could lead to permanent loss of nearly 4.5 million child-care slots, according to the Center for American Progress. That means nearly half of the U.S. child care capacity is at risk of disappearing.

"Child care was already in a really precarious place before the pandemic happened," says Katie Hamm, CAP's vice president of early childhood policy. "The vast majority of child-care programs in the U.S. are barely making ends meet," she adds, saying that most providers cannot go for more than a couple of weeks without revenue.

"We're going to lose a lot of child care at a time when we really need it," says Lynette Fraga, executive director of Child Care Aware of America. "If workers are unable to find child care, they're not going to be able to go back to work — and that is problematic."

Even before the pandemic, finding child care could be a challenge. Over half of Americans live in neighborhoods classified as child-care deserts. These are areas CAP found to have an insufficient supply of licensed child-care providers.

"For the most part, what a family can afford to pay determines the quality of their child's early learning experience," Hamm says. "I worry we go to a system where the only child care that exists is very expensive and only accessible to the highest income earners or people who can afford to have someone come into their home."

If that's the case, Hamm says that there will be little to no child care available for everyone else. Or, alternatively, parents will be forced to rely on unregulated providers because there's been such a drop in licensed care.

The new expenses could be crippling

Part of the issue is that not only are some child-care providers like Fletcher operating at a loss, they also face an uphill battle with increasing expenses. The Centers for Disease Control and Prevention have issued guidelines that encourage providers to establish smaller class sizes, equip staff with appropriate protective gear, increase sanitation routines, provide training for teachers and facility employees and attempt to put social distancing procedures into place.

"There is expense associated with all of that," Fraga says. "Sanitizing equipment costs money," she says, adding that the lower ratio of children to teachers and smaller group sizes have "flipped the business model upside down on its head."

Even larger providers such as the Minnesota-based New Horizon Academy, which operates 88 locations in Colorado, Iowa, Idaho and Minnesota, are finding it a challenge to adapt. Typically, the Midwest chain has about 11,000 children enrolled, but within a one-week period in mid-March, New Horizon lost 70% of its roster. Only about 3,400 children were attending as of the beginning of May.

"You can't run a child-care center at 30%," says CEO Chad Dunkley, adding that most centers need to be at about 65% to 75% to break even. "We do not anticipate going back to normal this year."

New Horizon "had to take drastic measures right away," Dunkley says. "It was the most heartbreaking few days of my career." Corporate support staff was cut by 75%, and 60% of its early educators were furloughed. Additionally, Dunkley and the company's executives stopped taking salaries, while management took a 20% pay cut.

"We had to figure out a way to pause some of these expenses just so we can conserve cash and hope to survive this," Dunkley says, adding that the 88 locations basically didn't pay rent in April, and the company is continuing to try to negotiate with landlords.

All the while, operating costs are on the rise, Dunkley says. New Horizon has implemented smaller class sizes and has an extensive morning check-in routine that includes checking children's temperatures before they enter the building without their parents and increased handwashing, all of which requires more staff. Plus, teachers are being asked to wear masks and each facility is dramatically ramping up their disinfecting routine.

At some locations, the company has purchased disinfectant sprayers for a playground. One group of kids goes out to play, then staff spray the playground with disinfectant, as well as wiping down by hand any railings and places where it's more common for kids to touch.

"The pain is real," Dunkley says. "We're burning through cash — our expenses are definitely larger and they're going to grow larger when we have to start paying rent again."

But who's going to pay for these increased expenses? American parents with children under the age of five are already forking over a total of \$42 billion for early child care and education, such as preschool programs, according to progressive think tank Economic Policy Institute.

In fact, American families regularly pay over \$11,000 a year to send their infant to a child-care center, about \$10,000 for toddlers and over \$9,000 for four-year-olds, according to Child Care Aware of America's 2019 report.

Among millennial parents (ages 24 to 39), the average family pays about \$1,480 per month for child care, according to a recent CNBC Make It survey conducted by YouGov of nearly 4,000 U.S. adults, almost 400 of which were millennial parents with at least one child under the age of 10. Just over a third say they consider child care a very significant financial burden.

"We're really at a tough place," Fraga says. "There are a lot of unknowns on the horizon. So it's important that the U.S. really pay attention to what it's going on and be willing to invest and support child-care providers. It's not just about the safety and development of children," Fraga says, "it's an economic equation, too."

Yet there's reason to hope

Even as child-care providers may struggle to get PPP loans and unemployment, lawmakers are pushing for more targeted relief. The latest coronavirus relief package, which is being referred to as the HEROES Act, includes \$7 billion in funding for the child-care industry. And while it falls short of the \$50 billion advocates say is needed to stabilize the industry, lawmakers like Katherine Clark (D-Mass.) say they won't give up.

"We're going to keep pushing for this funding, whether it's in another relief package, or if we can get the Senate to add even additional funding — and we're going to start looking towards recovery bills and infrastructure bills, all the places where we can put the investments in to our American families and our children because we know that there is going to be no recovery without a strong child-care system," Clark says.

[Child care] is a massive market. So even if it shrinks, it's not going away.

Sara Mausekopf, CEO and co-founder of child-care marketplace Winnie

But even without Congressional support, some believe industry will survive. "I'm somewhat optimistic in that we know a lot of these child-care providers are either remaining open or they are trying to reopen as quickly as possible," says Sara Mausekopf, CEO and co-founder of child-care marketplace Winnie.

Nearly half of the providers registered with Winnie had immediate openings as of the beginning of May, Mausekopf says, adding that availability does depend on local and state restrictions. Some of those openings, for example, may just be for children of essential workers.

"We know that families require child care," Mausekopf says, so getting providers back online is going to happen. And while it's likely that not all child-care centers will reopen, that may not cause too many issues, she adds.

"I also expect that the number of people who need child care may shrink slightly, especially with the economy being what it is," Mausekopf says. So there may not be the same demand for spaces.

At the end of the day, child care for infants up to 5-year-olds is a roughly \$50 billion industry in the U.S. alone, Mausekopf says. "[Child care] is a massive market. So even if it shrinks, it's not going away."

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