



Preserving Child Care Now!

Resources for State Governments During the Covid-19 Crisis

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Purpose of This Resource

First Children's Finance (FCF) has long recognized child care providers as crucial community assets and critical small businesses and non-profit organizations. In this unprecedented crisis, FCF recognizes that state governments have the opportunity to preserve and support child care businesses at this time, preventing the permanent closure of these critical small businesses and therefore, worsening the child care crises in communities. The purpose of this resource guide is to **provide guidance on the resources and recommendations available to help states preserve their existing child care businesses in this emergency**. This resource is updated regularly, as the situations and solutions evolve throughout this pandemic.

FCF recommends that state governments begin preparing for rebuilding the child care industry in their states as the economy potentially collapses on a local, state, and national level. Long-term, permanent shifts will be required to the entire state child care business ecosystem to sustain providers' businesses and the state's ability to facilitate safe, high quality early childhood care and education.

If you would like to discuss any resources further, please contact Molly Sullivan, FCF's Director of National Initiatives, at mollys@firstchildrensfinance.org

Changes to Subsidy and Payment

Expand Benefits Eligibility for Families

- **Action:** Expand the eligibility for state subsidy.
- **Rationale:** An increased number of families would be eligible to enroll in, and regularly pay for, child care; this widens the pool of children a provider can enroll.
- **Precedence:** New York extended eligibility up to 85% of state median income.¹ Oregon increased eligibility up to 250% FPL from 185% FPL, or 85% of the state median income, whichever is higher for the family.² The Office of Child care (OCC) has confirmed that lead agencies can broaden eligibility, use quality dollars to provide support for impacted families even if those families do currently use subsidy, and/or apply for a waiver to use these funds for families not currently eligible for subsidy and/or providers who do not currently meet CCDF health and safety requirements.³

¹ <https://ocfs.ny.gov/main/news/COVID-19/>

² <https://oregonearlylearning.com/oregon-expands-child-care-benefits-to-support-families-and-providers-during-spread-of-covid-19/>

³ <https://www.acf.hhs.gov/occ/resource/ccdf-faqs-in-response-to-covid-19> (see question #5)

Pay Providers Child Care Subsidy Funding Based on Enrollment, Not Attendance

- **Action:** Pay child care providers child care subsidy payments based on a child's enrollment, not attendance. OCC has ensured that this is allowable.⁴
- **Rationale:** This provides continuity of payment for providers who enroll children whose attendance is covered by the child care subsidy. This also ensures that a child's spot can be maintained during this uncertain period.
- **Precedence:** Multiple states throughout the country have made this policy change to align with the Covid-19 pandemic closures or alterations to a child's attendance due to the pandemic.

Increase Subsidy Reimbursement Rate

- **Action:** Permanently or temporarily increase the subsidy reimbursement rate to the maximum allowable rate.
- **Rationale:** An increased reimbursement rate provides for greater payment to providers during a time of great volatility. Providers, advocacy organizations, and others have been calling for increased reimbursement rates for years. This is an opportunity for states to respond to a crises with a permanent partial solution to the problem of limited financial resources for providers and families to cover the cost of care.
- **Precedence:** Louisiana raised their state subsidy rates to the maximum reimbursement rate through the end of April.⁵

Pay Providers a Premium for Providing Care for Children of Essential Workers

- **Action:** Provide additional payment per child of emergency workers to providers for every week of a state's declared emergency and/or closure for all children except those of emergency workers.
- **Rationale:** This action recognizes that child care providers are taking on additional risk by remaining open at this uncertain time and recognizes their essential service during this national emergency.
- **Precedence:** Vermont is issuing an additional \$125/week in supplemental pay (on top of tuition) per child in emergency care.⁶ In New Mexico, if a licensed provider chooses to remain open during the public health emergency to support

⁴ <https://www.acf.hhs.gov/occ/resource/ccdf-faqs-in-response-to-covid-19>

⁵ https://www.louisianabelieves.com/docs/default-source/covid-19-resources/covid-19-faq_-child-care-centers_providers.pdf?sfvrsn=61d19b1f_50

⁶ https://dcf.vermont.gov/sites/dcf/files/CDD/Docs/COVID/Serving-COVID-19-Essential-Critical-Infrastructure-Workforce.FINAL_.pdf

working parents, the state will pay a differential of \$250 per child for all children enrolled in child care assistance.⁷ New Jersey will pay a differential of \$100 per child per month above the state reimbursed rate for children enrolled in the child care subsidy program.⁸

Establish Emergency Funding

Launch Fund for Care for Children of Essential Workers

- **Action:** Establish child care fund for children of essential workers through a public-private partnership and provide matching services for families to licensed providers.
- **Rationale:** This provides a source of funding for families who may not qualify for child care subsidies, may need additional support to cover co-pays and fees, and ensures that providers are matched with families who need care and receive payments.
- **Precedence:** Colorado established emergency child care for essential personnel and the company MyVillage is being used to match families to licensed providers.⁹ Through this emergency program as of March 30th, the state will extend a full tuition credit to all essential workers identified in [Updated Public Health Order 20-24](#) issued by the Colorado Department of Public Health and Environment. This 100% tuition credit will provide child care to all essential workers until May 17. The program is aimed at serving families in need of child care in order to continue to perform their critical duties. Parents who have options to keep their children at home with a family member or have other arrangements are encouraged to use those. Emergency child care provided through the Collaborative is for when all other non-group care settings have been exhausted and families have no other options.¹⁰

Create Bailout Fund for Child Care Providers

- **Action:** Ensure that providers will receive payments to cover families covered by child care subsidies and/or families who pay privately.

⁷ <https://cyfd.org/news-events/news/new-mexico-expands-child-care-eligibility-guarantees-payments-for-child-care-providers-during-public-health-emergency>

⁸ <https://www.childcarenj.gov/getattachment/Resources/Coronavirus/FINALPolicySnapshotEmergencyandDisaster.pdf?lang=en-US>

⁹ <https://www.thedenverchannel.com/news/local-news/childcare-providers-urged-to-stay-open-amid-covid-19-crisis>

¹⁰ <https://covidchildcarecolorado.com/>

- **Rationale:** This action recognizes that the child care business ecosystem does not have adequate financial resources to stabilize itself and that families are facing dire economic circumstances.
- **Precedence:** Vermont established a bailout fund for providers to cover lost tuition from families pulling their children out of licensed care due to the pandemic in a variety of ways, depending on the source of payment for the child and the ability of families to provide any amount of tuition during the closure.¹¹

Facilitate Access to Capital

- **Action:** Establish or contract with an organization (CDFI, etc.) a loan fund for child care businesses with state funds.
- **Rationale:** Providers, especially women of color, have historically had poor access to capital and even when they do have access to capital, the parameters of the lending have not been favorable for the providers. Establishing provider-friendly loans, especially forgivable loans, ensures that providers have the financial resources to maintain their business when so much about their business operations remains unknown.
- **Precedence:** First Children's Finance is a CDFI which provides low-interest loans to child care businesses in Michigan, Iowa, Minnesota, North Dakota, South Dakota, and is approved to lend in five other states. First Children's Finance has loaned more than \$11 million to child care businesses, resulting in more than 5,000 new child care spaces and more than 700 new slots. You can access **[loan Information for Family Child Care Providers here](#)** and **[loan Information for Child Care Centers here](#)**.

Issue Grants to Child Care Businesses

- **Action:** Issue grants to sustain the businesses, employees, additional required cleaning supplies, and more for child care providers.
- **Rationale:** This infusion of cash can be structured as a temporary, monthly, or one-time only infusion of financial support to existing child care facilities that are facing greater needs and providers are not required to pay anything back to the state.
- **Precedence:** Indiana¹², Minnesota¹³, and Tennessee¹⁴ are issuing grants to providers.

¹¹ <https://dcf.vermont.gov/sites/dcf/files/CDD/Docs/COVID/Financial-Supports-for-programs-during-COVID19-closure-period-FINAL.pdf>

¹² <https://www.in.gov/fssa/carefinder/5760.htm>

¹³ https://mn.gov/dhs/assets/2020-04-01-faqs-peace-time-emergency-child-care-grants_tcm1053-426064.pdf

¹⁴ <https://www.tn.gov/governor/covid-19/covid-19-daily-bulletin/2020/3/17/covid-19-bulletin--1---march-17--2020.html>

Other State-Level Actions

Provide State-Specific Coaching to Providers

- **Action:** Hold a webinar with time for Q&A for providers focused on business management and coaching.
- **Rationale:** Providers are making immediate business decisions without much certainty. Providing specific information to providers with state resources, relevant state contacts, and business management tools can help individuals assess their own next steps and plan for the future, preserving their businesses.
- **Precedence:** First Children's Finance recently held a [webinar for providers in Iowa, Michigan, and Minnesota](#) to focus on addressing their immediate business needs, with information tailored for providers who had already closed (voluntarily or involuntarily) and for providers who were still open. This webinar was attended live by close to 300 providers and the webinar recording has been downloaded hundreds of times since March 27, 2020.

Expedite Background Checks to Assist with the Staffing Up of Providers

- **Action:** Ensure that background checks are processed and attended to immediately for all current providers seeking to hire new employees to cover a staffing shortage.
- **Rationale:** This allows providers to hire new employees which may allow them to increase the number of children in their care in alignment with adult: child ratios.
- **Precedence:** In New Mexico, the Department of Public Safety is partnering with the Children, Youth and Families Department to provide expedited background checks so that child care centers can hire new, temporary employees at child care centers during this the emergency health declaration. New temporary staff will have to complete health and safety training.¹⁵

Coordinate Food and Cleaning Supply Delivery for Providers

- **Action:** Ensure that providers have access to all necessary nutrition and cleaning/health supplies to provide safe and proper care for children.
- **Rationale:** This allows providers to remain in alignment with licensing and standards while the country faces a shortage of cleaning supplies.

¹⁵ <https://cyfd.org/news-events/news/new-mexico-expands-child-care-eligibility-guarantees-payments-for-child-care-providers-during-public-health-emergency>

- **Precedence:** The New Mexico Governor's office, along with a range of public and private partners, is coordinating food and supply deliveries across the state. Child care programs will be able to complete an online form detailing the food and cleaning supplies they need to serve children and families.

Potential Partners in These Efforts

In order to disseminate the policy and procedural changes, states should consider partnering with:

- Child Care Resource & Referral agencies
- USDA State office
- Chambers of Commerce at the state and local levels
- Economic development specialists at the state and local levels
- State departments of employment and economic development
- Small Business Development Centers
 - <https://americassbdc.org/small-businessconsulting-and-training/find-your-sbdc/>
- Women's Business Centers
 - <https://www.sba.gov/localassistance/find/?type=Women%27s%20Business%20Center&pageNumber=1>
- Minority Business Development Agency
 - <https://www.mbda.gov/businesscenters#3/34.05/-111.95>
- Center for Law and Social Policy
 - This organization has published consideration for state CCDF agencies: [CLASP COVID-19 and State Child Care Assistance Programs: Immediate Considerations for State CCDF lead Agencies](#)