



Bipartisan Policy Center

COVID-19 Relief Bolstered U.S. Child Care Programs in Crisis

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A new study conducted by the Bipartisan Policy Center finds that the COVID-19 relief packages passed by Congress were a lifeline for struggling and sinking U.S. child care programs. Nearly all child care providers in an 11-state survey said the relief packages were essential for keeping their businesses open during the pandemic.

Child care providers used relief funds to pay for staff, rent or mortgage, facility maintenance, and personal protective equipment. The funds also allowed them to integrate competitive hiring strategies, such as retention bonuses and flexible schedules.

The survey represents a random sample of over 1,100 child care centers and over 1,200 family child care homes across 11 states. The random sample was selected from lists provided by the states of all licensed child care centers and family child care homes, and the data were weighted by state and licensed capacity to ensure an accurate representation.

While the pandemic led to declining enrollment, closures, and other challenges for child care programs, providers say government assistance helped stabilize their businesses and allowed them to keep their doors open.

A Fragile System Pushed to the Breaking Point

In early 2020, governors issued stay-at-home orders to contain the spread of COVID-19, leading schools and businesses to close, keeping children and many parents home together. Jobs that could shift to remote work did. But by April 2020, unemployment soared to 14.7%¹. Anxiety about COVID-19 exposure impacted parents' decisions to use child care, and with schools closed or operating virtually, many mothers—who otherwise relied on the hours of school operation as their child care support—left the workforce.

With many parents pulling their children out of child care, the market faced the possibility of collapse. Child care has long been a fragile business model, dependent on parent fees for survival. Congress became concerned that essential workers would no longer have child care available. Nurses, doctors, hospital staff, emergency responders, and those who work in grocery stores or pharmacies, among other places, needed reliable child care to do their jobs. As the pandemic dragged on, getting parents back to work required child care which was teetering on financial ruin.

To stabilize the child care market, Congress approved roughly \$53 billion in supplemental child care dollars through three COVID-19 relief packages:

- Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020²
- Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act in December 2020³
- American Rescue Plan (ARP) Act in March 2021⁴

Congress wanted to ensure child care was available for essential workers and that child care was available across the country as businesses reopened and parents returned to work.

BPC’s 11-state survey of child care programs analyzed how the relief funds made a difference.

How Child Care Programs Fared

Child Care Centers

Licensed Capacity	Average # of Days Closed
Overall	68
25 or fewer	118
26 to 50	80
51 to 75	55
76 or more	59

Region	Average # of Days Closed
Overall	68
Northeast	75
Midwest	67
South	62
West	54

Family Child Care Homes

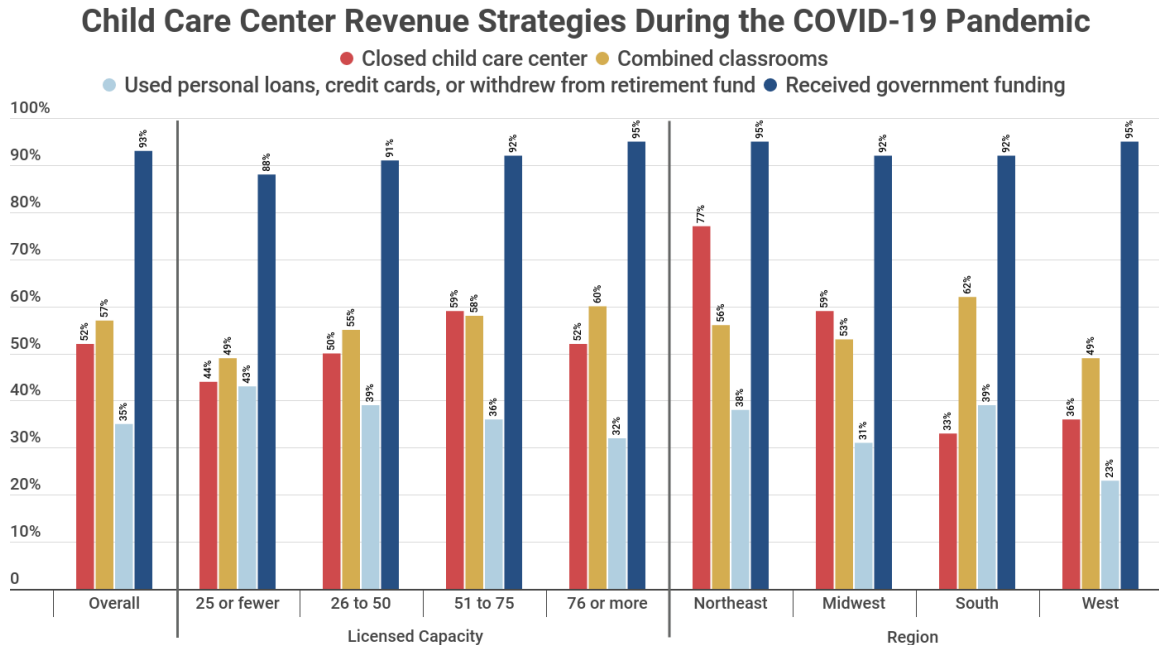
Region	Average # of Days Closed
Overall	74
Northeast	86
Midwest	71
South	70
West	74

About half of child care centers (52%) closed at some point during the pandemic for an average of 68 days. Smaller centers and family child care homes closed for longer periods of time. The top three reasons for closure cited by family child care home providers were due to:

- A government requirement (41%)
- COVID-19 exposure or illness (27%)
- Loss of child enrollment (16%)

Centers in the Northeast (77%) and Midwest (59%) were more likely to close compared to centers in the West (36%) and the South (33%). Family child care homes were more likely to close in the Northeast (37%) and the South (20%) compared to the Midwest (8%) and West (7%).

A majority of child care centers (57%) reported combining classes of different age groups during the pandemic. The most common reasons for combining age groups was the loss of enrollment (52%) and the loss of teachers with the inability to hire replacements (29%).

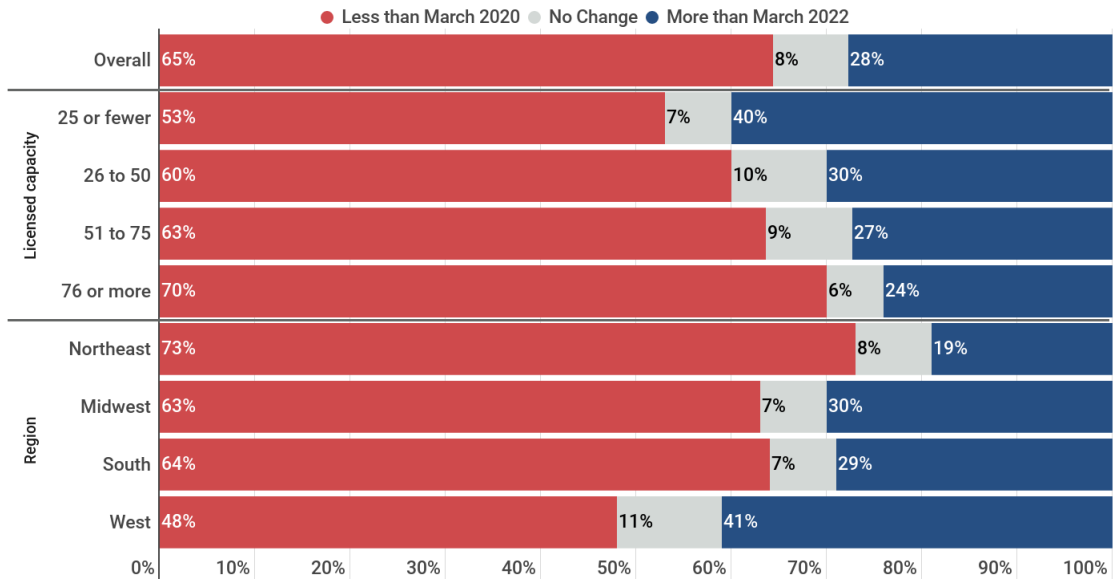


Average Number Enrolled, by Enrollment Type

Enrollment Type	March 2020	May 2022	Change	% Change
Infant	23	20	-3	-13.0%
Preschool	35	31	-4	-11.4%
School-age	18	15	-3	-16.7%
Overall	77	66	-11	-14.3%

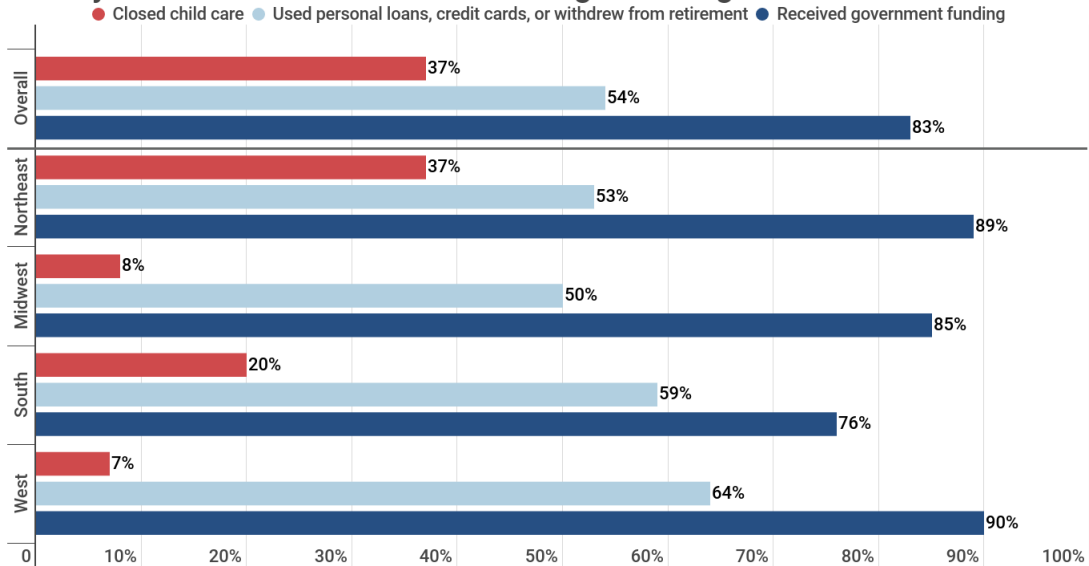
Enrollment in child care centers declined by 14% between March 2020 and May 2022 and nearly half of home-based providers reported fewer children enrolled at the time of the survey compared to March 2020. Within home-based child care, the decline was most common among preschool age and school-age children.

Change in Number of Children Enrolled (% of Centers)



Many providers took on personal debt to stay open. More than half (54%) of home-based providers and more than one-third (35%) of child care centers reported taking out personal loans, using credit cards, or withdrawing from retirement accounts to stay open and pay bills.

Family Child Care Home Revenue Strategies During the COVID-19 Pandemic



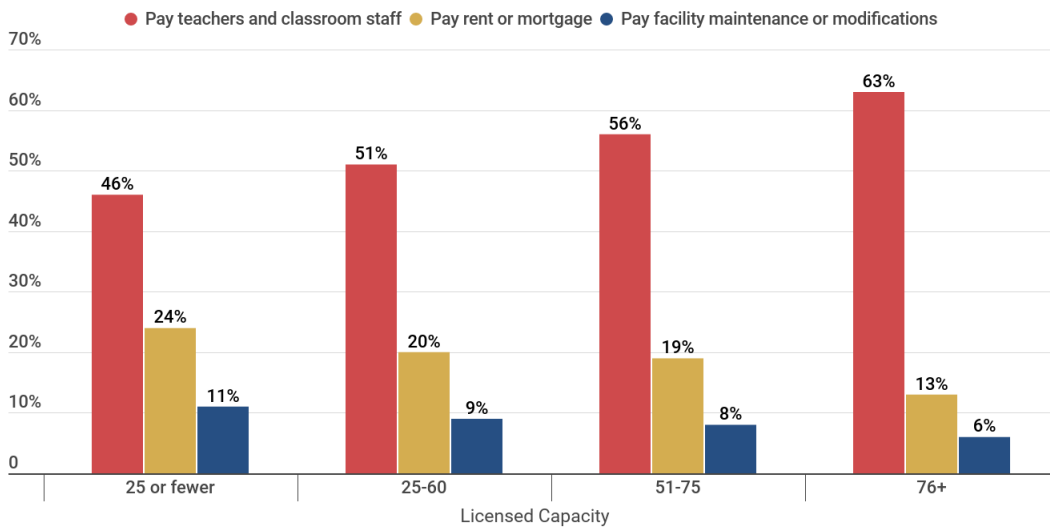
Stabilization Funds Critical to Survival

Receiving government stabilization assistance was critical to the survival of the child care marketplace during the pandemic. Nearly all child care centers (93%) and most home-based providers (83%) received government funding.

On average, child care centers received \$157,680. Large centers with more than 75 children averaged \$220,284 and small centers ranged from \$95,564 to \$105,590. The top three uses of funds by child care centers were for paying:

- Teachers and classroom staff (58%)
- Rent or mortgage (17%)
- Facility maintenance or modifications (8%)

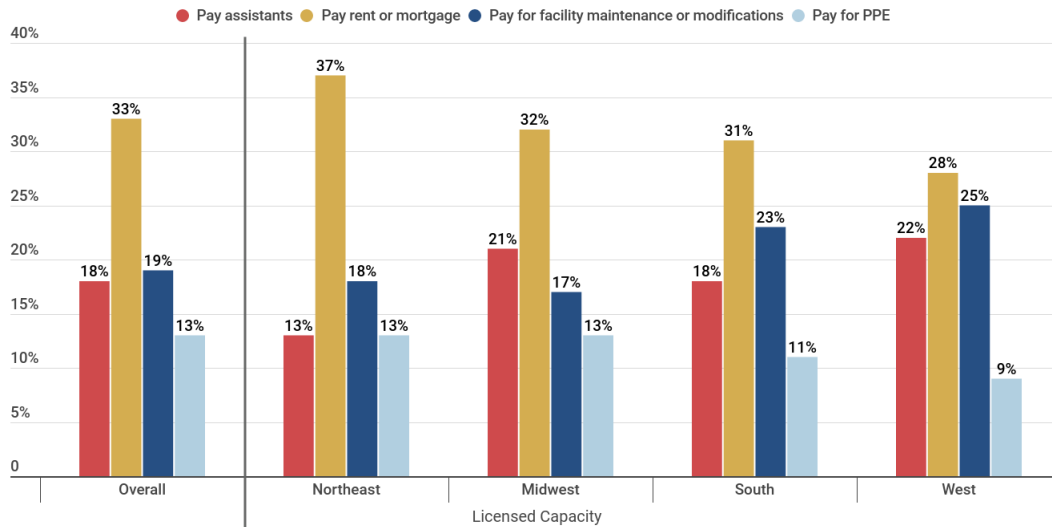
Top Uses of Government Funding by Child Care Centers



Family child care homes received \$20,389 on average in stabilization support. The top four uses of funds by family child care homes were for paying:

- Rent or mortgage (33%)
- Facility maintenance or modifications (19%)
- Assistants (18%)
- Personal protective equipment (13%)

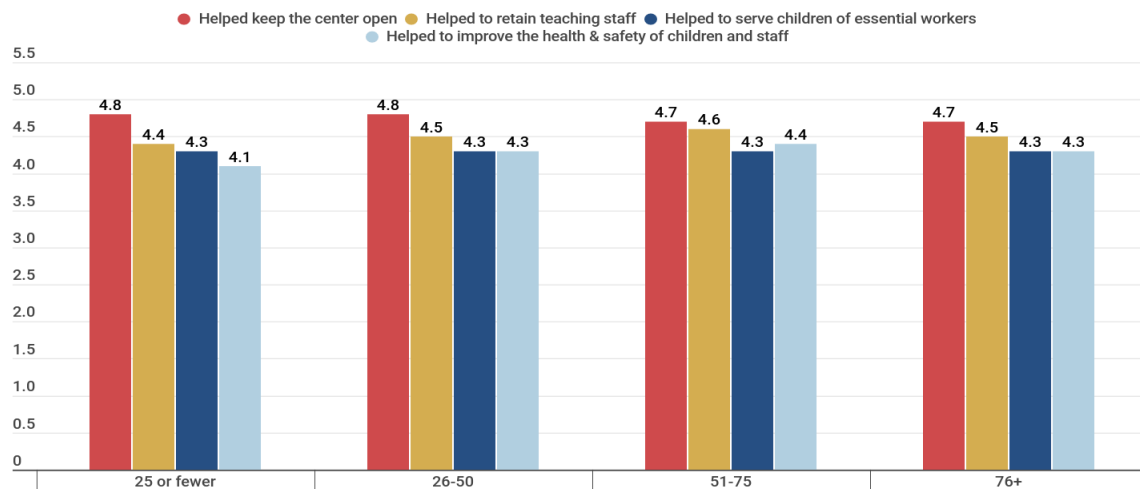
Top Uses of Government Funding by Family Child Care Homes



Child care centers and family child care homes of all sizes say the government funds were **very helpful** for bringing stability to their programs. Providers were asked to rate the helpfulness of government funds on a scale from 1 to 5, with 1 equating to not helpful at all and 5 equating to very helpful. The funds were given average ratings between 4.2 and 4.8 for keeping programs open, serving essential workers, improving the health and safety of children and staff, and serving children whose care was paid by a subsidy. Additionally, the funds helped child care centers retain their teaching staff and helped family child care homes serve the same number of children.

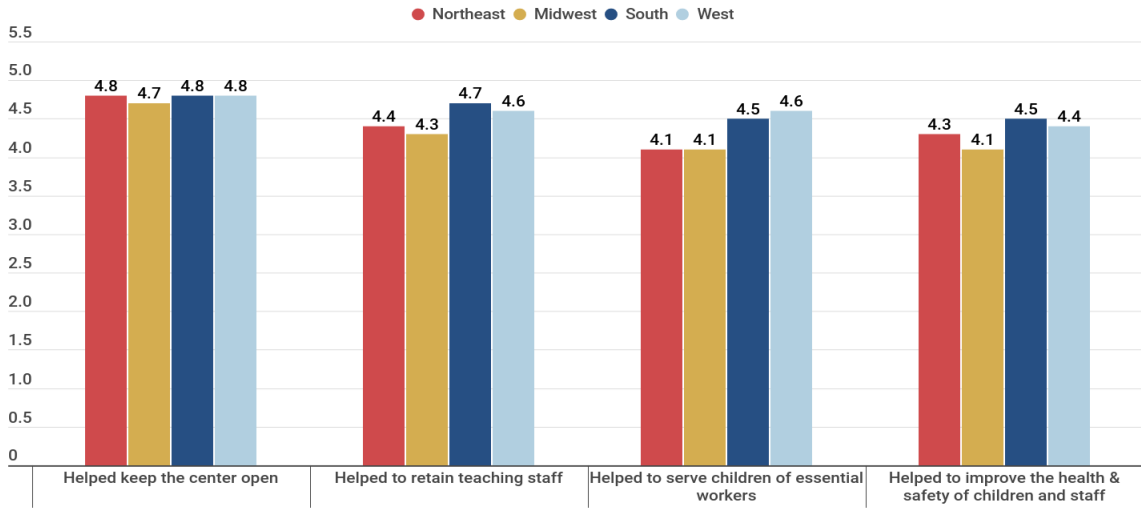
Government Funding was Critical Across Child Care Centers of All Sizes During the Pandemic

Providers rated the helpfulness of government funds on a scale of 1 to 5, with 1 equating to not at all helpful and 5 equating to very helpful



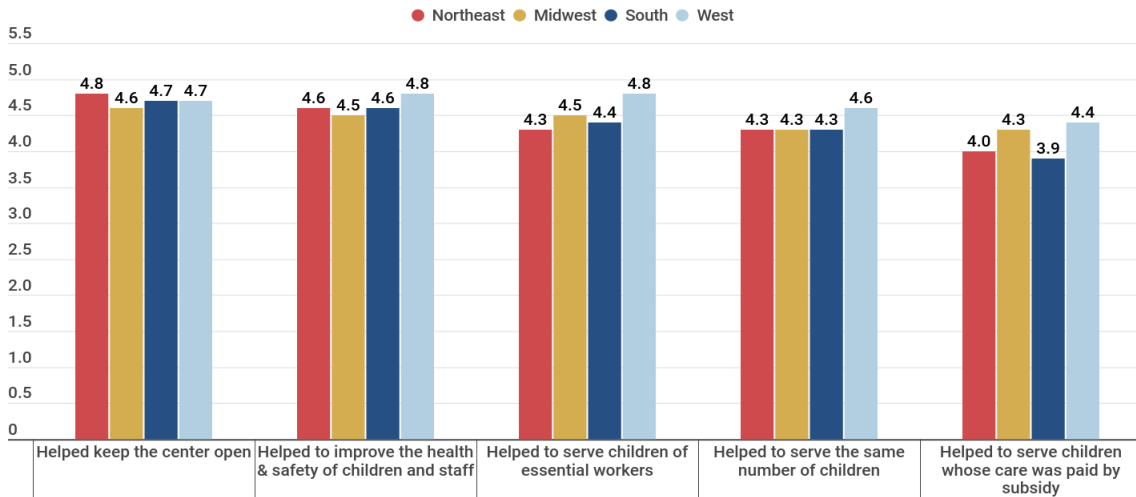
Government Funding was Critical Across Regions to Help Child Care Centers During the Pandemic

Providers rated the helpfulness of government funds on a scale of 1 to 5, with 1 equating to not at all helpful and 5 equating to very helpful



Government Funding was Critical Across Regions to Help Family Child Care Homes During the Pandemic

Providers rated the helpfulness of government funds on a scale of 1 to 5, with 1 equating to not at all helpful and 5 equating to very helpful



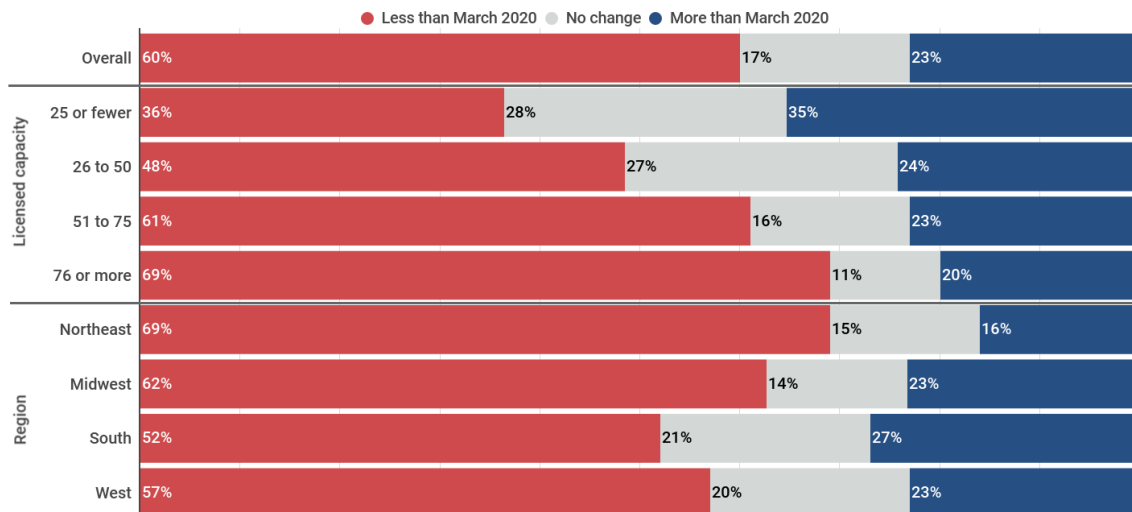
Hiring and Retaining Staff

Between March 2020 and May 2022, child care centers lost an average of two staff members at the teaching or director level. Without the government funds, it is likely that the loss of staff would have been much greater.

Average Number Employed

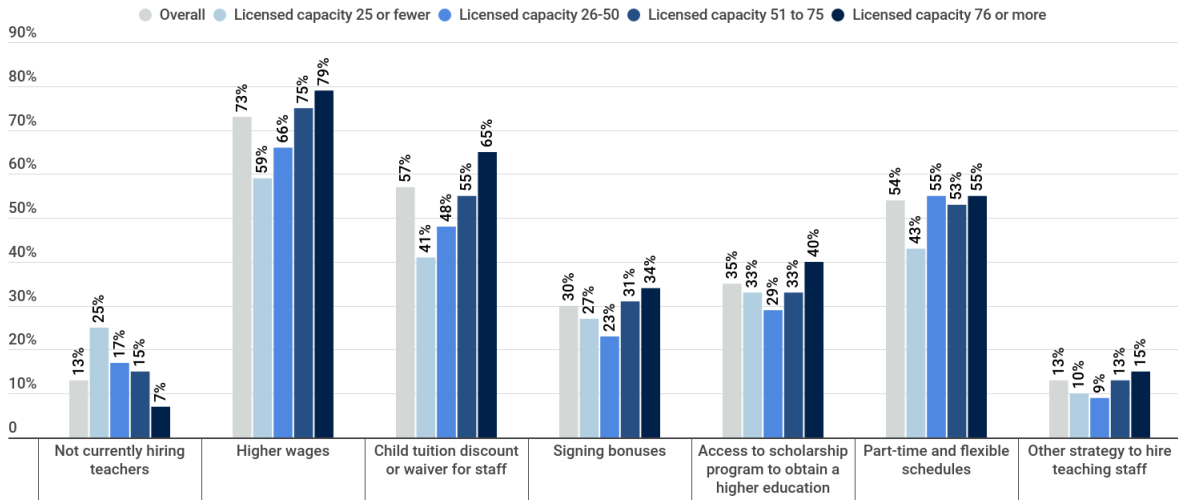
Employment Type	March 2020	May 2022	Change	% Change
Lead Teacher	7.03	6.08	-0.95	-14%
Assistant Teacher	6.82	5.8	-1.02	-15%
Center Director and Assistant Director	1.73	1.64	-0.09	-5%
Other Staff	1.59	1.42	-0.17	-11%

Change in Number of Teachers and Directors Employed (% of Centers)

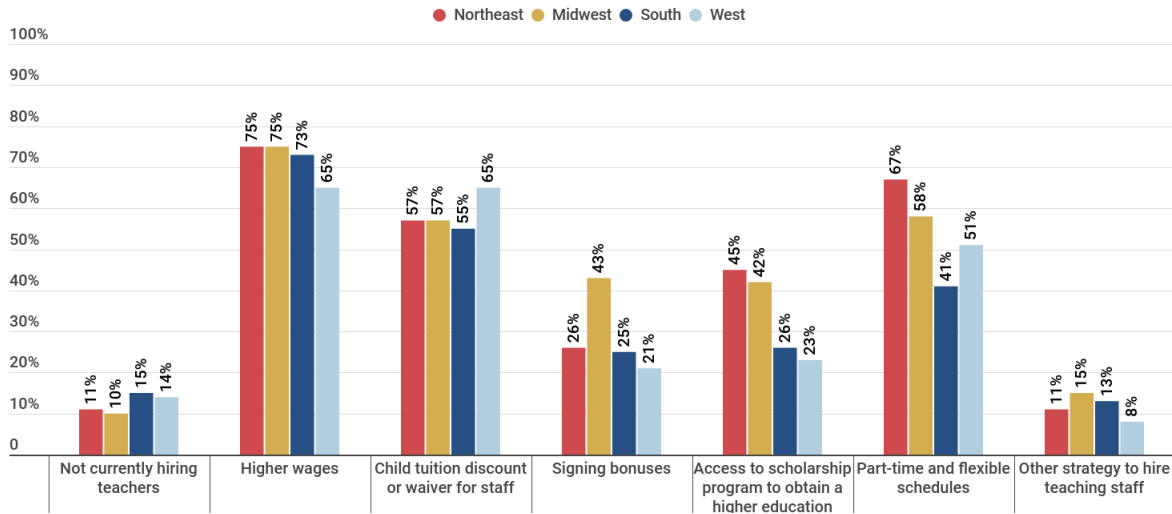


Child care providers described several strategies to recruit and retain staff using the government funds. The top strategies for recruiting staff were paying higher wages (73%), offering child tuition discounts or free care for staff (57%), and part-time or flexible schedules (54%). The top strategies for retaining staff were paying higher wages (77%), offering child tuition discounts or free care for staff (57%), retention bonuses (49%), and part-time or flexible schedules (49%).

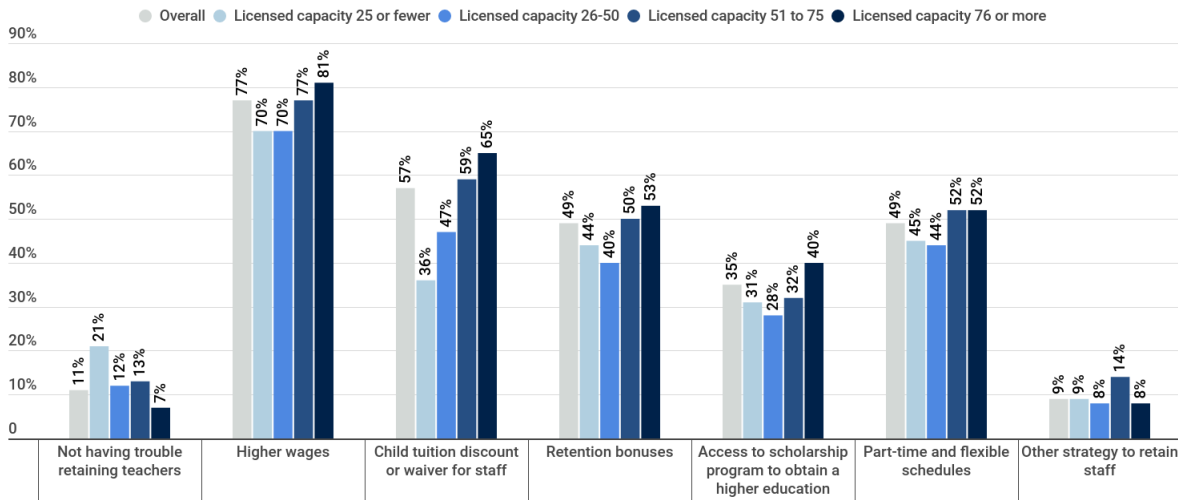
Center Strategies to Hire New Teachers by Licensed Capacity (% of Centers)



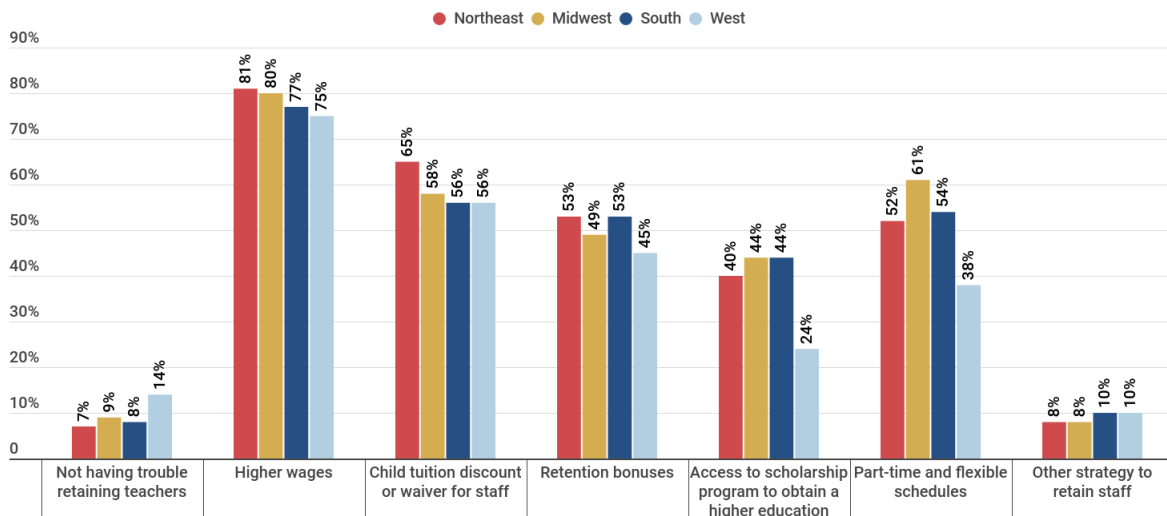
Center Strategies to Hire New Teachers by Region (% of Centers)



Center Strategies to Retain Teachers by Licensed Capacity (% of Centers)



Center Strategies to Retain Teachers by Region (% of Centers)



On average, lead and assistant teachers received more than a \$4,000 annual boost in income. The salary for lead teachers jumped from \$12/hour to \$14/hour and jumped for assistant teachers from \$10/hour to \$12/hour.

Median Pay (Hourly Rate)

Employment Type	March 2020	May 2022	Change	% Change
Lead Teacher	\$12	\$14	\$2	16.7%
Assistant Teacher	\$10	\$12	\$2	20.0%
Center Director	\$17	\$19	\$2	11.8%
Assistant Director	\$11	\$12	\$1	9.1%
Other Staff	\$9	\$10	\$1	11.1%

Conclusion

The pandemic exposed serious, fundamental flaws in the child care business model. Essentially, quality child care costs more to produce than the average family can afford to pay. The child care market is—and has been for decades—very fragile. The workforce, which consists mostly of women, is severely underpaid. Child care programs, the majority of which are small businesses, make ends meet by subsidizing costs for the most expensive children, infants, and toddlers who require lower staff to children ratios, by serving more preschool aged children who have higher ratios. Still, for many parents, child care is both unavailable and unaffordable.

COVID-19 relief funding kept the child care market afloat, but as we emerge from the pandemic, we must address the flaws in the business model so that child care can survive and our economy can fully recover. We need to examine the true costs of child care and who is responsible for ensuring the country has a stable, high-quantity system that meets the needs of all concerned—parents, children, businesses, and our education system. Child care provides a public good and Congress and our nation needs to ensure every parent has access to safe, affordable, quality child care.

Endnotes

- 1 U.S. Bureau of Labor Statistics, , Labor Force Statistics from the Current Population Survey, Unemployment Rates. <https://data.bls.gov/pdq/SurveyOutputServlet>
- 2 The Coronavirus Aid, Relief, and Economic Security (CARES) Act, March 27, 2020 (P.L. 116-136) <https://www.congress.gov/116/bills/hr748/BILLS-116hr748eas.pdf>
- 3 The FY2021 Coronavirus Response & Relief Supplemental Appropriations, CRRSA (December 27, 2021, P.L. 116-260) <https://docs.house.gov/billsthisweek/20201221/BILLS-116RCP68-JES-DIVISION-H.pdf>
- 4 American Rescue Plan (March 11, 2021, P.L. 117-2) <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319eas.pdf>



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bipartisanpolicy.org/policy-area/early-childhood/