



**THE STATUS OF
DC CHILD CARE
DURING COVID19**

NOVEMBER 2020



Introduction

As COVID-19 continues to create challenges for early learning programs and families with young children, survey responses from DC early learning¹ programs highlight the deep system failures that endanger the sector. Despite its foundational importance to the economy and to children’s healthy development, child care is undervalued and under supported, [at great cost](#) to parents - and mothers in particular - businesses, and the economy.^{2,3} As a result, even under normal circumstances, the District of Columbia’s child care sector operates on unstable footing. Now, the financial impact of the COVID-19 pandemic threatens to collapse it.

This survey and report come at a defining juncture: nine months into DC’s state of emergency, early learning programs are deep into ongoing uncertainty and financial strain. Financial relief has been limited and, in many cases, difficult to access. For programs serving low-income families with support from the child care subsidy program, a significant [child care subsidy payment change](#) went into effect on November 1, during the administration of this survey. Meanwhile, the District of Columbia Chamber of Commerce [recently warned](#) of “continued stagnation in economic activity if workers cannot return to work due to lack of childcare.”

1. Used interchangeably with “child care” in this report

2. Budig, M., & England, P. (2001). The Wage Penalty for Motherhood. *American Sociological Review*, 66(2), 204-225. Retrieved November 24, 2020, from <http://www.jstor.org/stable/2657415>

3. Bartik, Timothy. W.E. Upjohn Institute for Employment Research. *Early Childhood Programs as an Economic Development Tool: Investing Early to Prepare the Future Workforce*. 2012



The Survey and This Report

To better understand the early learning sector's stressors and supports, in October and early November 2020, DC Action for Children surveyed the child care community to collect real-time data. The leaders of six DC child care associations--the DC Association for the Education of Young Children, DC Early Learning Collaborative, DC Family Child Care Association, Director's Exchange, DC Head Start Association, and Washington Association of Child Care Centers--provided indispensable guidance and insight on the development of the survey:

Amplifying the voices of 170 early education programs from all wards of the District, this report offers timely data about the challenges and opportunities facing DC's early learning system and amplifies the voices of 170 early education programs from all eight wards.



OSSE Subsidy Payment Guidance Change

Between April and October 2020, OSSE reimbursed programs delivering subsidized services based on the average of their attendance-based payments from October 2019 to January 2020. In late September 2020, OSSE announced that it would revert to its pre-COVID child care subsidy payment approach, which reimburses early learning programs based on a daily in-person attendance rate.⁴ [This payment guidance went into effect on November 1, despite early learning community calls to delay implementation of this change due to the impact it would likely have on child care business' revenue.](#)

For questions about this report, contact Ruqiyah Anbar-Shaheen, Director of Early Childhood Policy and Programs at ranbarshaheen@dckids.org

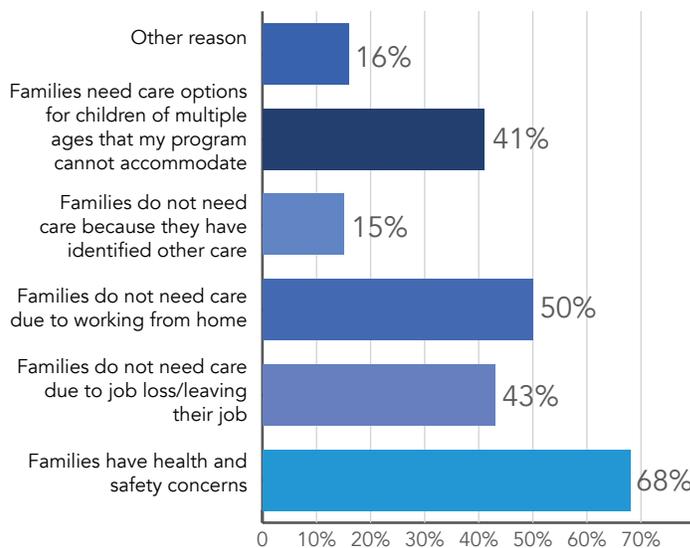
4. From April-October 2020, OSSE reimbursed child care subsidy program participants a set monthly payment equal to individuals' average subsidy payment between October 2019 and January 2020.

Key Findings:

1. Two-thirds of early learning programs reopened by the end of November 2020, but families are not enrolling children in child care programs at pre-COVID rates

As of December 1, 2020, OSSE reported that 305 out of 465 early learning programs have reopened. Of survey respondents who had not yet reopened at the time of the survey, 43 percent intended to reopen in November, 13 percent were waiting until January to reopen, and about 39 percent were unsure of their reopening timelines. Programs cited several factors as barriers to identifying a reopening date: financial concerns, families' reluctance to enroll their children due to the pandemic, staff challenges and their dependence on factors such as the reopening of the building or school where their facility was located. One program did not plan to reopen at all.

Figure 1: Barriers to enrollment in DC early learning programs during COVID-19*

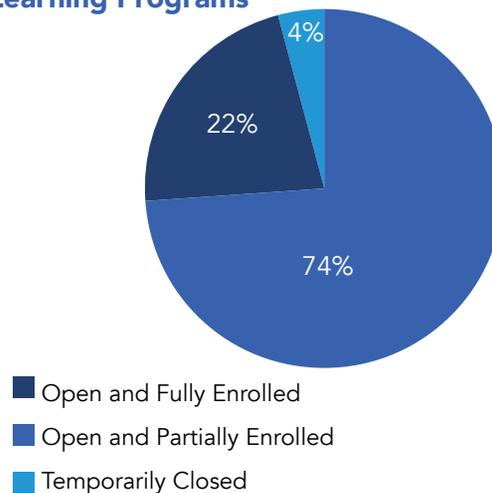


"ECE programs desperately need additional funding if we are going to survive! We are on a shoestring budget and barely getting by. Enrollment is tough, particularly for infants."

-Ward 3 early learning center director

Of the 146 respondents who reported being open at the time of the survey, fewer than one-third were enrolled to full pre-COVID capacity. All but 2 fully enrolled programs were family child development homes or small child development centers with the pre-COVID capacity to serve under 50 children. While not all small centers and homes are fully enrolled, this suggests that larger centers are facing particularly high barriers to fully enrolling their program and bringing in needed revenue. Additionally, of those programs fully enrolled some counted families receiving early learning programming virtually toward their total enrollment. OSSE's payment policy as of November 1 prohibits payments for programs taught virtually, which could impact the enrollment levels and, therefore, revenue of some programs that reported being fully enrolled at the time of the survey.

Figure 2: Opening and Enrollment Status of Early Learning Programs



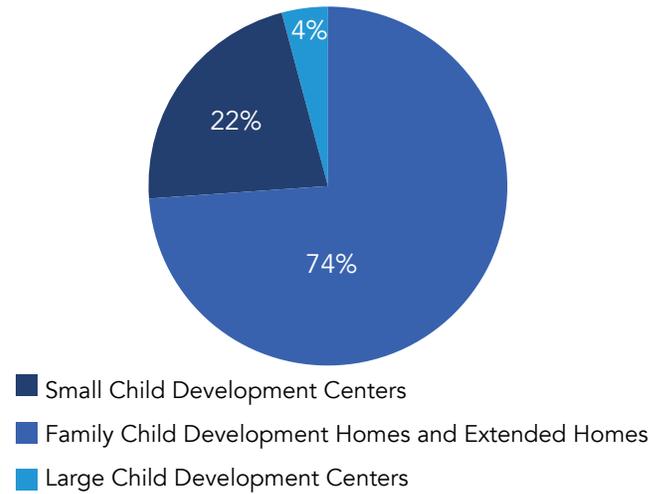
*See footnote 6 on next page

Most child care programs depend heavily on tuition and/or subsidy payments as primary sources of revenue for their businesses.⁵ Revenue from both sources - and, therefore, the financial viability of child care businesses - is determined by the number of children enrolled and/or attending. However, **79** percent of programs who responded to the corresponding question⁶ reported that they were experiencing challenges enrolling or re-enrolling children.

Reasons for enrollment difficulties included: families' health and safety concerns (68%), families not needing/choosing outside care due to a job-related change like parent job loss or working from home (82%), families identifying alternative care such as friends, family, or other arrangements (15%), and families' need for care for children of multiple ages at a single facility

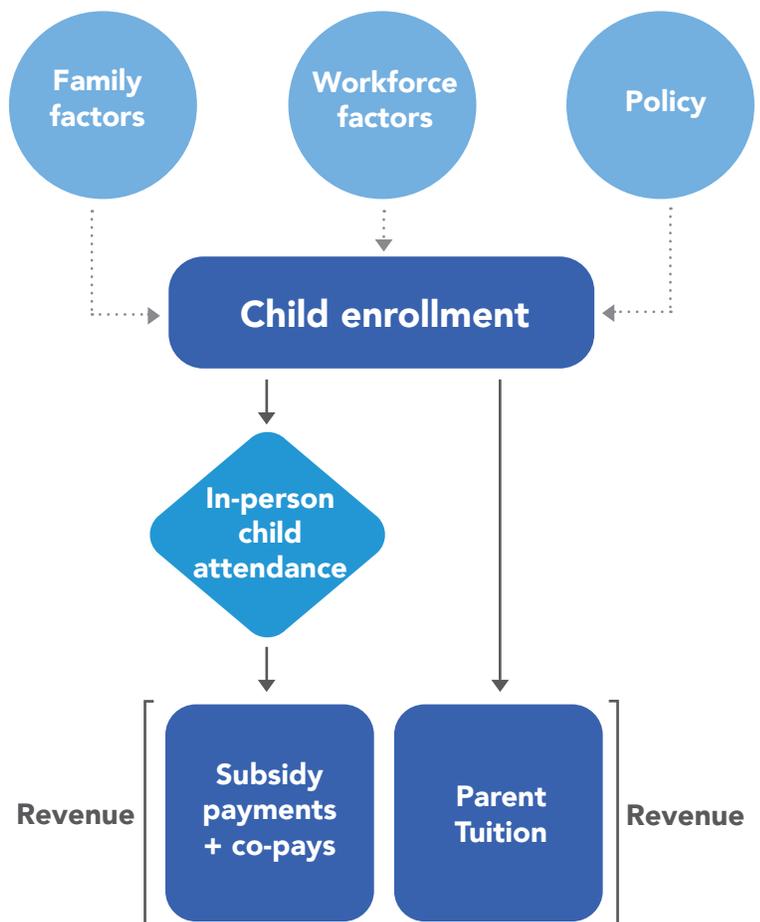
(41%). Programs also reported that health and safety guidelines have reduced the number of children they are able to enroll.

Figure 3: Early learning programs that are open and fully enrolled, by type



For early learning programs, revenue depends on child enrollment

For early learning programs, both major revenue sources - parent tuition payments and child care subsidy payments - depend on enrollment. Parents and OSSE pay programs based on whether a child is enrolled in and/or attending the program. But enrollment can vary for reasons outside of programs' control, especially in the presence of the COVID-19 pandemic. Family factors, such as health and safety concerns about sending their child to a congregate setting or a parent's job loss, can contribute to programs' difficulty recruiting families. Workforce factors like early educators' own health and safety concerns or finding a better paying job in a different sector also impact child enrollment when programs do not have sufficient staff to serve the number of children they are licensed to serve. Enrollment can also vary due to regulatory policies that limit a program's ability to enroll as many children as it is licensed to serve, such as the current COVID-19 health and safety guidelines.



5. Workman, Simon. Center for American Progress. Where Does Your Childcare Dollars Go? Understanding The True Cost of Quality Early Childhood Education. 2018

6. Only programs that reported participating in the child care subsidy program (including programs with mixed revenue sources) were asked this question. Based on short answers and responses to other questions, we believe that these would continue to be important reasons for programs' difficulties with enrollment if other types of programs had responded, but that the rates of selection of some reasons might differ slightly.

2. Child care programs are under significant financial strain: revenues plummet as costs rise

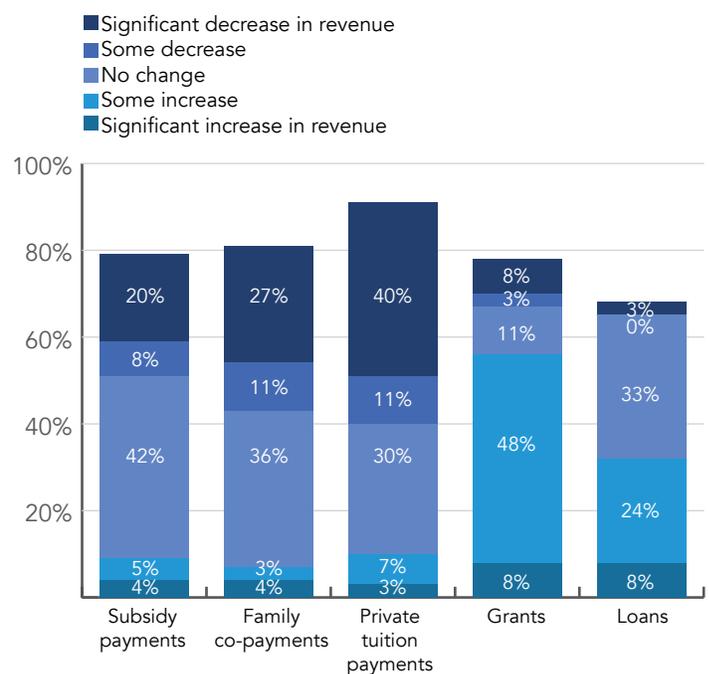
“If we are to continue with quality care we will certainly need more support”

- Ward 4 early learning business owner

Since April, early learning programs have seen their costs rise as revenues have shrunk. Child enrollment and attendance has dipped, and health and safety guidelines have resulted in new expenses to protect children and staff, while placing limits on the number of children programs can serve. The most notable reduction in revenue has been a sharp decline in private tuition payments, with more than half of respondents reporting decreases. While most programs rely on tuition payments, loss of tuition revenue is especially notable for programs without other significant revenue sources.⁷ In particular, for programs that do not have a subsidy contract with OSSE, parent tuition payments are the highest revenue source.

Reports of decreases in the other primary source of early learning program revenue--subsidy payments--were fewer (41%) among programs participating in the child care subsidy program, likely due to a [policy](#) that continued payments to businesses regardless of attendance and enrollment rates. This policy played an important role in stabilizing early learning programs participating in the subsidy program and expired November 1.

Figure 4: Revenue changes during COVID-19, by revenue type



“The student ratio [from the COVID-19 health and safety guidelines], while understandable, will not allow us to bring in the revenue to keep the required staff to operate the facility.”

-Ward 7 program director

7. Workman, Simon. Center for American Progress. Where Does Your Childcare Dollar Go? Understanding The True Cost of Quality Early Childhood Education. 2018

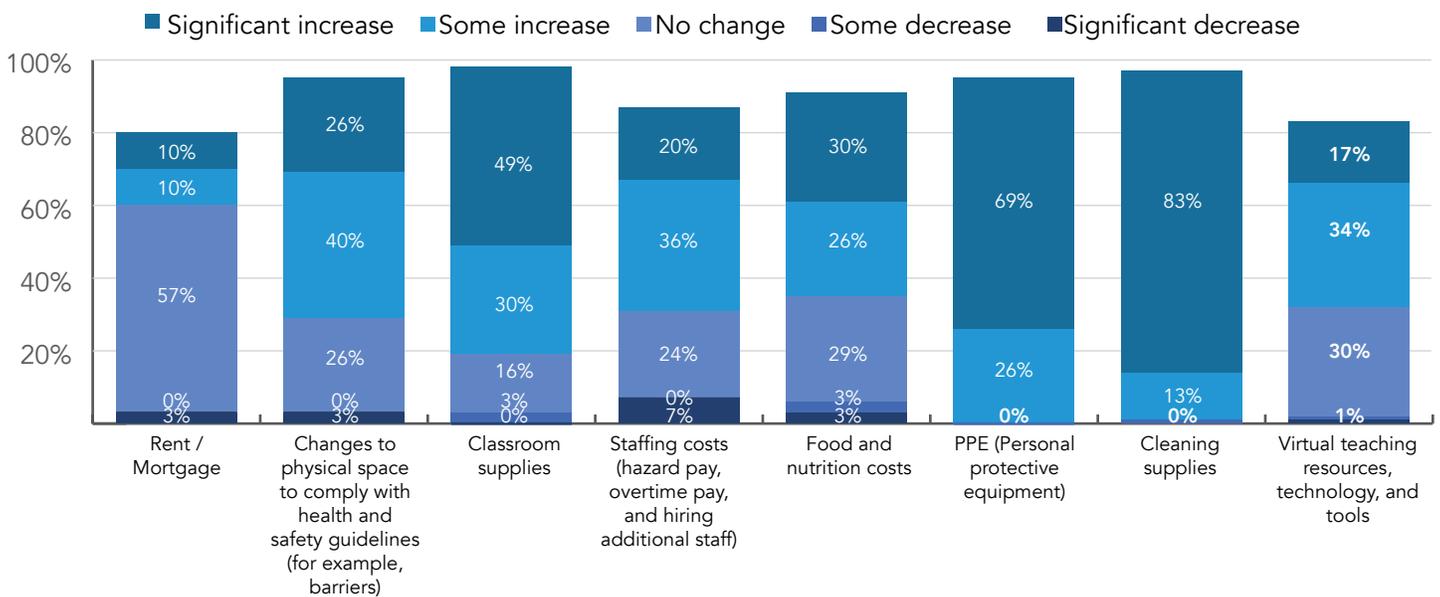
Another revenue source that has not fared well in the same period is family co-payments-- the amount families contribute when they receive subsidies to help pay for child care. 55% of programs participating in the child care subsidy program reported reductions in family co-payments. Notably, OSSE reimbursed waived family co-payments and reimbursed programs for them until July 1, 2020. [As of July 1, OSSE no longer reimburses any early learning programs for co-payments.](#)

"I'm grateful for the grants and opportunities for revenue. However, I've lost more than 50% of revenue this year. This funding will not help make up for that loss on a scale to keep my business viable."

-Ward 5 early learning business owner

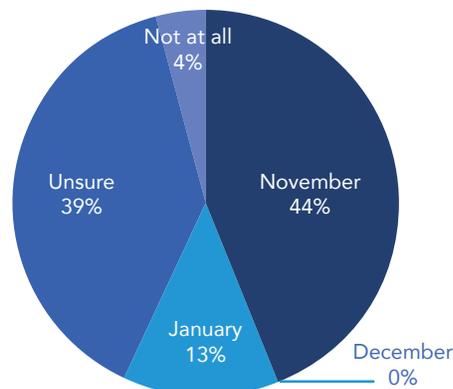
In the meantime, the costs of safely educating and caring for young children have significantly increased. Programs are implementing enhanced sanitation, reduced hours of operation, smaller group sizes, and in some cases increased staffing to support these changes.

Figure 5: Changes in programs' operating costs during COVID-19



Almost 40% of respondents not currently open were not sure when they'd reopen. Concerns about increased operating costs were a primary barrier to reopening. All programs that were unsure about their reopening timeline expected to see increases in costs upon doing so in every area we asked about, including changes to physical space, classroom supplies, food and nutrition costs, PPE, cleaning supplies, and virtual teaching tools.

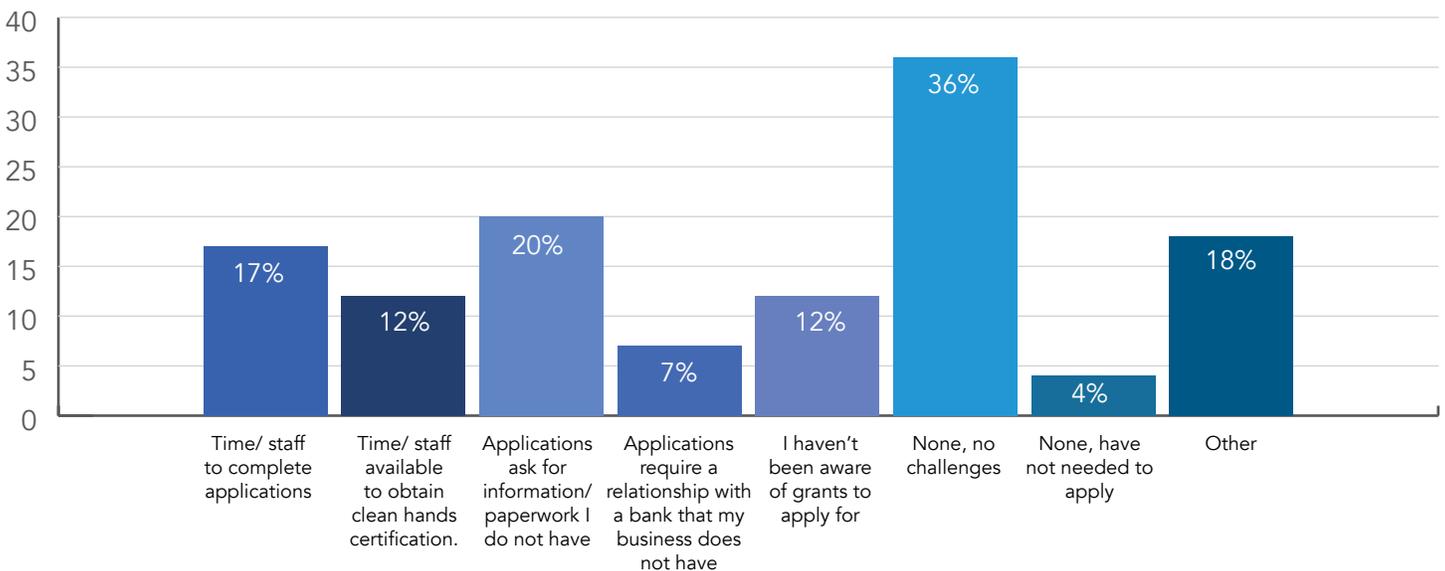
Figure 6: When do you plan to reopen?



3. Public and philanthropic relief has helped, but has not met the full need

While most respondents (77%) shared that they had accessed some form of financial assistance since the onset of COVID-19, they were clear that child care relief funding to date has not been sufficient to meet the needs of this essential sector. On average, programs reported that funds covered 35% of their costs, with many sharing concerns that their business may not remain viable for much longer. Sixty-eight percent of programs responded that they had faced at least one barrier to accessing relief funds, including not enough staff or time to apply, difficulty producing information or materials required by applications, not having a relationship with a bank, and not being aware of grant opportunities.

Figure 7: Barriers to COVID-19 relief grant funding

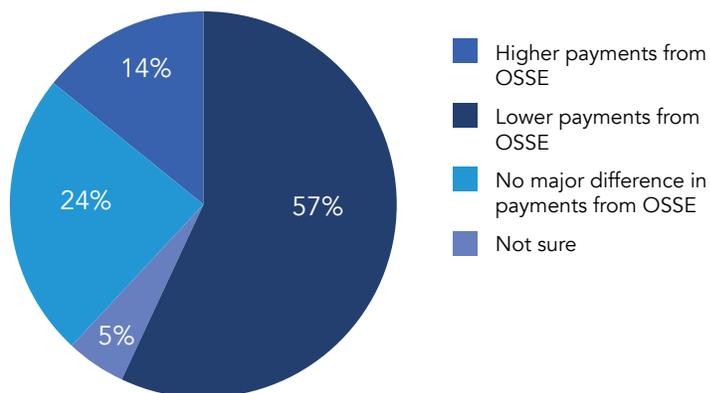


4. Changes to child care subsidy payment guidelines are likely to deepen financial difficulties

OSSE's [new subsidy payment policy](#) - which went into effect on November 1 - reverts back to reimbursing programs based on daily in-person attendance rates while [health and safety](#) mandates and other pandemic-related factors mean that many programs are serving fewer children and maintaining staff/child ratios that are costlier than usual for some age groups. While OSSE has implemented some flexibilities⁸ to soften the impact of this guidance, survey responses indicate that early learning programs are concerned that it will deepen their revenue challenges. Reduced revenue for early learning programs means making difficult choices with potentially devastating implications for the sector such as letting staff go (and potentially permanently losing members of the workforce to other sectors) and/or permanently closing part or all of an early learning program amid ongoing child care shortages.⁹

Fifty-seven percent of programs that accept subsidy indicated that they expect OSSE's new subsidy payment policy will result in lower payments from OSSE compared to payments in April through October. At 77 percent, this rate is higher for large centers (with the licensed capacity to serve 50+ children), which have lower enrollment rates compared to smaller programs. In comparison, 44% of small centers, family child care homes, and extended homes and extended homes expected payment reductions as a result of the new subsidy guidance.

Figure 8: Expected changes to child care subsidy payments under new OSSE payment guidance, compared to subsidy payments from April to October 2020



"[Under the new guidance], when a parent doesn't bring in a child = no pay. No pay = less money for income. Less income = foreclosure. Foreclosure = living in the shelters. Living in the shelters = government paying us one way or another."

-Ward 8 family child care home business owner

Notably, although the new subsidy payment policy went into place in the two weeks that this survey was administered, a quarter of program directors and business owners said they didn't know how the guidance would impact their payments and nearly a third said they needed help understanding the guidance. These responses highlight a segment of business that do not have all of the information they need to build budgets responsive to COVID-related fluctuations in revenue and costs. Greater clarity and technical support are needed to help businesses stay afloat and to allow them to focus on providing high-quality early learning.

8. For example, OSSE allows for more excused and unexcused absences before payments are reduced. See [current guidance](#) as of publication of this report.

9. Early Learning Supply and Demand in the District of Columbia (November 2018), https://bainumfdn.org/wp-content/uploads/2018/10/Bainum_EL-Supply-Demand-Report_FNL_Nov-2018.pdf

5. COVID-19 is exacerbating long-standing workforce challenges, amid new pressures

As the COVID-19 pandemic makes clear how truly essential skilled early educators are to our economy and to the lives of families with young children, survey responses highlight how unprepared our system is to retain them. Parents and caretakers working from home during the pandemic are struggling to keep up with caring for their children while working, and while those with in-person jobs have scrambled to replace their children’s trusted early learning programs during sweeping closures. In the meantime, concerns about young children’s behavioral health, their safety, and their development have risen as families navigate stressful pandemic conditions without the support and guidance of early educators.¹⁰

“Teachers who come to work everyday have been experiencing burn out due to stress and anxiety at high levels.”

-Ward 2 child development center director

Over half of programs reported experiencing staffing challenges.¹¹ Concerns ranged from staff moving to other fields (19%), staff having health and safety concerns for themselves (40%) or a family member (29%), and staff needing care and education for their own children (54%).

Figure 9: Are you currently experiencing any staffing challenges?*

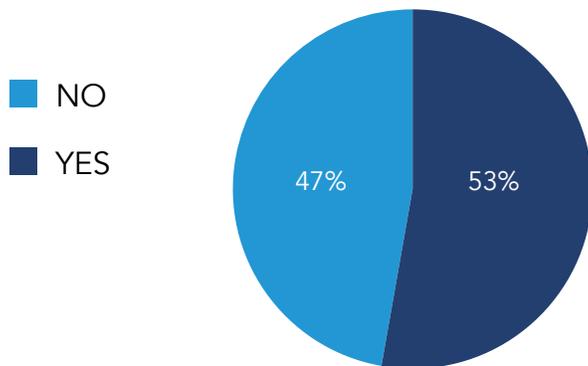
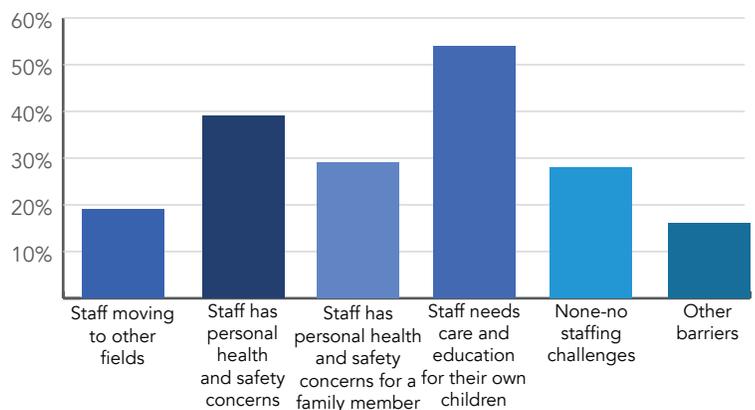


Figure 10: Early Learning Program Staffing Barriers*



10. Yoshikawa, H., Wuermli, A. J., Britto, P. R., Dreyer, B., Leckman, J. F., Lye, S. J., Ponguta, L. A., Richter, L. M., & Stein, A. (2020). Effects of the Global Coronavirus Disease-2019 Pandemic on Early Childhood Development: Short- and Long-Term Risks and Mitigating Program and Policy Actions. *The Journal of pediatrics*, 223, 188–193. <https://doi.org/10.1016/j.jpeds.2020.05.020>

11. Only programs that reported participating in the child care subsidy program (including programs with mixed revenue sources) were asked this question. Based on short answers and responses to other questions, we believe that these reasons would continue to be important contributors to programs’ staffing challenges if other types of programs had responded.

*See footnote 11

Short answer responses hint at another growing challenge: early learning programs participating in the child care subsidy programs are struggling to compete with unemployment payments and private families' and unlicensed "pods"¹² private early educator pay. This challenge underscores two important themes present prior to COVID-19: the inadequacy of early educator pay and the high value families place on skilled early educators.

**Median Early
Educator
Salary: \$15.36¹³**

"I am concerned about potentially exposing myself and my family to this deadly virus. I've lost a parent to COVID, and it's devastating having to decide between making an income or potential exposure."

- Infant and Toddler Teacher, Ward 4

Inadequate financial relief, low child enrollment levels, and the budgetary strain of implementing smaller 10-person group sizes according to important health and safety guidelines are driving still more staffing challenges. As pressure rises, some early learning programs report being forced to lay off staff, who are primarily Black and Latinx women, subjecting them to increased financial instability and risking the permanent loss of segments of a workforce already facing shortages and slow growth.¹⁴

"The staff went to work with many of the families we served before the COVID. These families offer \$30 an hour. We cannot compete with that."

-Ward 6 program director

12. In DC's context, child care "pods" are unlicensed child care arrangements for groups of two or more families sharing the cost of a privately-hired nanny or early educator.

13. Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment and Wages, May 2019 39-9011 Childcare Workers.

Accessed at <https://www.bls.gov/oes/current/oes399011.htm#st>

14. Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Childcare Workers, accessed at <https://www.bls.gov/ooh/personal-care-and-service/childcare-workers.htm>

Recommendations for District Government:

1. District government must spend all budgeted child care subsidy funds to support early learning programs serving families with low incomes

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For FY 2021, OSSE received a total of \$127 million in local and federal funds to support the child care subsidy program for families with low incomes.¹⁵ As businesses face unavoidable challenges enrolling families to pre-COVID levels, OSSE's subsidy spending using its attendance-based payment model is likely to drop substantially for services provided on November 1 and after. Loss of these funds would accelerate the devastation of the sector, and particularly those programs that serve families with low incomes.

The early learning community has already

recommended that OSSE thoughtfully adapt its spending of these funds to best support programs participating in the subsidy program by 1) enhancing subsidy payments on an emergency basis to account for enrollment challenges and higher costs due to health and safety guidelines, and 2) issuing grants to programs participating in the subsidy program using any remaining funds allocated to OSSE. As COVID continues and relief remains sparse, it is increasingly important that DC honor these recommendations and its full funding commitment to early learning seats for children whose families have low incomes.

2. Maximize federal funding opportunities to support the early learning sector

DC uses the Child Care Development Block Grant (CCDBG) and Temporary Assistance for Needy Families (TANF) funds, in addition to significant local investments, to support child care programs in the District. In response to COVID-19, some of these funding sources are offering increased spending flexibility as grantees face obstacles to supporting families and child care programs.^{16,17} As child care stabilization funding remains limited, it's important that OSSE and other District agencies take advantage of all available federal funding flexibilities, including applying for relevant waivers, to preserve this important sector.

OSSE should also spend the remaining CARES Act CCDBG funding to support child care

programs that do not rely on subsidy payment. OSSE used a portion of these \$6 million to establish and support temporary [emergency child care](#) for essential workers and has yet to report the total amount of unspent funds.

As additional federal relief packages are passed by the incoming administration, the District must place the child care sector at the front of the line for immediate financial support, given the importance of child care in making it possible for other parts of the economy to restart.¹⁸ As vaccines become available and more people are able to return to work in the coming months we must ensure that the child care sector survives so that these workers are able to access adequate child care and drive DC's economic recovery.^{19,20}

15. Council of the District of Columbia. Fiscal Year 2021 Budget Books. E802. 2020.

16. U.S. Department of Health and Human Services. COVID-19 Resources for Human Services Leaders. 2020.

17. U.S. Department of Health and Human Services. Office of Child Care COVID-19 Resources. 2020

18. US Chamber of Commerce Foundation (September 2020). Childcare: An Essential Industry for Economic Recovery. Retrieved from https://www.uschamberfoundation.org/sites/default/files/media-uploads/EarlyEd_Minis_Report3_090320.pdf

19. Explaining Operation Warp Speed. Accessed at <https://www.hhs.gov/sites/default/files/fact-sheet-operation-warp-speed.pdf>

20. Kashen, J., Glynn, S., & Novello, A. (October 2020). How COVID-19 Sent Women's Workforce Progress Backward (Rep.). Retrieved from <https://cdn.americanprogress.org/content/uploads/2020/10/29133659/Womens-Labor-Force-Participation.pdf>

3. Exercise transparency and collaborate and with early learning business owners to develop early learning policy solutions

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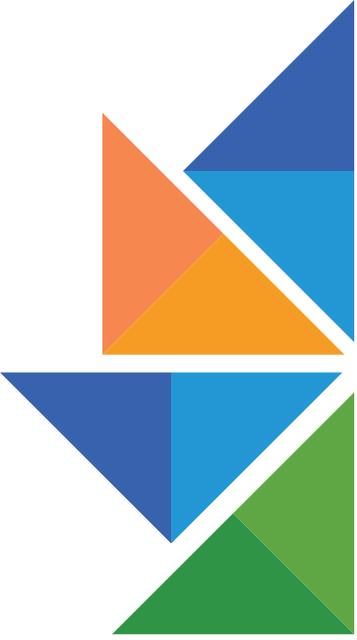
Early learning program directors, business owners, and early educators can provide detailed insights into their experiences, needs, and the ways policies might impact their ability to serve children and remain in business. Over the course of the pandemic, the early learning community has [called upon](#) Mayor Bowser, Deputy Mayor

for Education Paul Kihn, and OSSE to exercise transparency and work with them to develop policy solutions that are responsive to their needs. While some meetings between OSSE and the early learning community have occurred since then, more meaningful long-term collaboration is needed.

4. Innovatively leverage all available funding to support this critical sector

Child care businesses have been clear that they need more support to stay afloat, as financial and other challenges mount over the course of the pandemic. While the budget for fiscal year 2021 is largely already determined, the Mayor has the power to direct other types of available funding to support child care businesses. For example, she used \$100 million to develop the [Bridge Fund](#) for restaurants, hospitality, entertainment,

and retail businesses, using a combination of local reserves and federal CARES Act funds. Reserve funds should be similarly leveraged for child care sector relief alongside any additional federal aid the District is able to access. Further, as the Mayor prepares a supplemental budget for Fiscal Year 2021, it is important that all child care funds remain intact and dedicated to needed investments in sustaining the early learning sector.

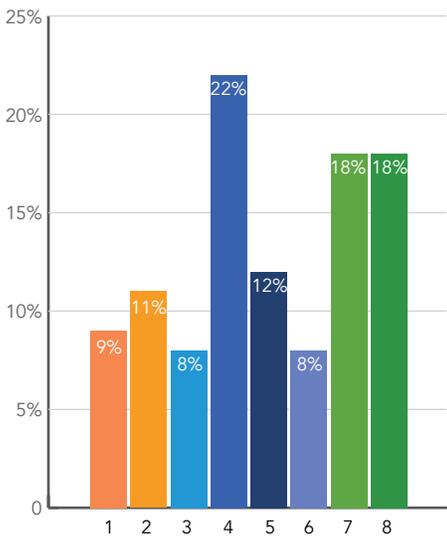


Methodology

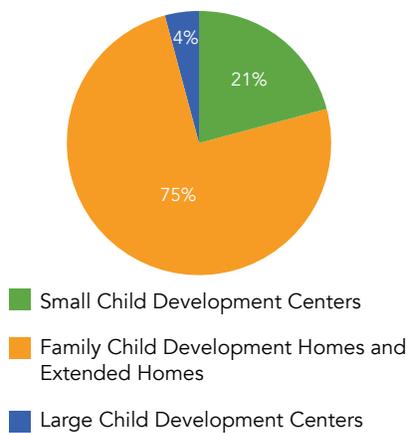
DC Action for Children worked in partnership with six child care associations - DC Association for the Education of Young Children, DC Early Learning Collaborative, DC Family Child Care Association, Director's Exchange, DC Head Start Association, Director's Exchange, Washington Association of Child Care Centers - to develop this survey. DC Action administered the survey in English and Spanish through SurveyMonkey between October 21 and November 6, 2020. Child care associations and the Under 3 DC coalition shared this survey with early learning programs via email and text message.

Respondents were child care businesses licensed to deliver services in the District of Columbia. Of the 465 total licensed early learning programs, a nonrandom sample of 170 either fully or partially completed the survey in English or Spanish.

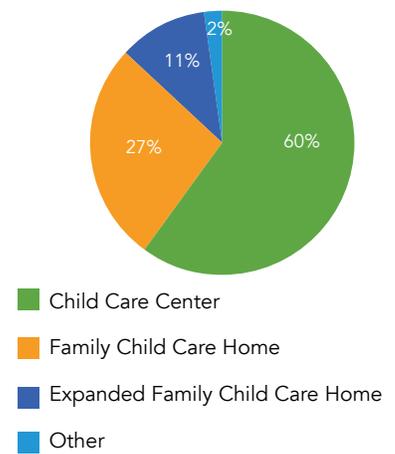
In which ward(s) does your program operate?



Early Learning Programs that are open and fully enrolled, by type

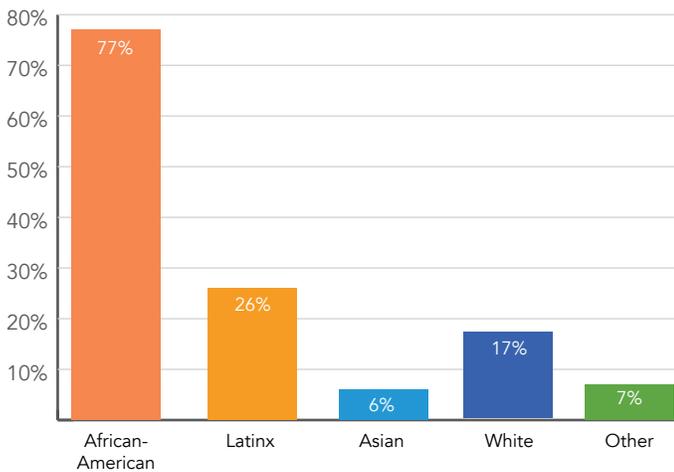


Child Care Program Types



Staff demographics, pre-COVID*

*Programs selected top 1-2 demographics



Student demographics, pre-COVID*

*Programs selected top 1-2 demographics

