COVID-19 EC RESEARCH PARTNERSHIP

Impact of COVID-19 on Early Childhood Care and Education Providers

Suzanne Delap, Ph.D.; Meg Franko, Ph.D.; Nazia Hasan; Andrew B. McGee, M.A.; and Courtney Thornton

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Key Highlights

In 2019, more than 39,000 children under four years old did not have the child care their families needed. Even under strong economic conditions, the underfunding of early care and learning programs and slim profit margins make it difficult for Colorado to maintain or increase the child care supply.

In June 2020, Early Milestones collected survey responses from 1,207 licensed child care providers in Colorado. Through this research, we learned that nearly 10% of Colorado’s providers have closed since the beginning of the COVID-19 pandemic, and enrollment has decreased statewide by more than 50%. Though many providers have reopened, the following factors leave many others uncertain about their future:

- Concerns about health risks to children and staff,
- Enrollment disruptions, and
- Increased health and safety costs.

Providers who receive public funding have fared better during this crisis. Without financial help, the costs of new health and safety protocols make it difficult for many providers to reopen or remain open.

Colorado’s Child Care Challenges

PROVIDER SHORTAGES

More than half (51%) of Coloradans live in a child care desert where there are more than three children for each available slot. These areas have been heavily impacted by the pandemic.
LIMITED PUBLIC FUNDING

Current funding for early care and learning is not enough. State and federal funding programs, such as the Colorado Preschool Program, the Colorado Child Care Assistance Program (CCCAP), and Head Start/Early Head Start, only serve a small fraction of eligible children.

A STRUGGLING BUSINESS MODEL

Early care and learning programs generate revenue primarily through enrollment and tuition fees. Because profit margins often are very small, providers rely on full enrollment to stay afloat. Since COVID-19, providers have lost an average of 39% of their enrollment for children under five years old. Provider enrollment for school-aged children has decreased by an average of 29%.

INCREASING COSTS

To stay open during a pandemic requires increased cleaning, the use of personal protective equipment (PPE), daily health monitoring, and smaller group sizes. Providers need to spend more on supplies, staffing, and space adaptations.

The lack of supplies and hoarding of essentials in the beginning of the pandemic made everything horrifically hard. Next time this needs to be handled better or no center will make it.

Providers who do not receive federal, state, or local funding support were 1.6 times more likely to report closure due to the pandemic.

2 of 3 providers have increased cleaning and hand-washing.

40% of providers need more PPE in order to adapt operations.

For 44% of providers, funding is a primary factor in reopening or staying open.

Half of providers are conducting regular health screenings and using PPE.

“We need funds to stay in business. We can't make it with that few of students and appropriate staff.”

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Policy Considerations
to Support Early Care & Learning Programs

Congress allocated an additional $42 million to Colorado in the CARES Act with the flexibility to meet emergency needs. These funds are being used for financial support, protective equipment, and cleaning supplies. But they are not enough.

**Increased public funding is critical for the survival of the industry. To ensure equitable recovery from the pandemic, future funding should prioritize child care deserts and programs that serve low-income populations.**

COVID-19 highlighted problems with the existing child care business model that will require immediate and long-term financial reform. In response, most Colorado counties altered reimbursement of CCCAP funds temporarily to reflect child enrollment, rather than attendance. This helped stabilize programs and keep children enrolled in child care settings. Prior to COVID-19, three Colorado counties demonstrated the benefits of contracted CCCAP slots for providers and families.  

**Permanent policies to base CCCAP reimbursement on enrollment will support long-term financial stability for providers and consistency for families.**

**Partners**

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**References**