



COVID-19 EC RESEARCH PARTNERSHIP

Stabilizing & Rebuilding Colorado's Early Care & Learning Sector: A Policy & Practice Guide

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EARLY MILESTONES
COLORADO

Introduction

Colorado's early care and education (ECE) sector has been deeply impacted by the COVID-19 pandemic. Faced with enrollment declines of over 50% statewide, many programs have lost significant revenue. Almost 1 in 10 have gone out of business. One out of every two early educators have had their hours reduced and some have lost their jobs altogether.

This policy and practice guide provides strategies for stabilizing the sector and helping it to rebuild. The following strategies are based on Early Milestones Colorado surveys of more than 1,200 child care programs, 5,900 early educators, and 11,000 families in the summer and fall of 2020. Preliminary findings from a second wave of provider surveys from December 2020 through January 2021 also informed ideas presented here.

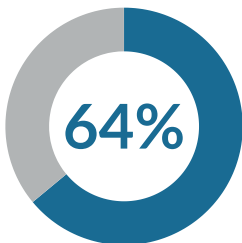
Public and philanthropic funding helped programs sustain early closures. Programs that participated in the Colorado Child Care Assistance Program (CCCAP), the Colorado Preschool Program (CPP), Head Start, Denver Preschool Program (DPP), or Summit Pre-Kindergarten were more likely to stay open during the pandemic. So were those who offered care through the Emergency Child Care Collaborative between March and May of 2020. Programs that did not participate in these programs were 1.6 times more likely to close.

Grants and forgivable loans helped programs re-open or stay open. One in four programs (28%) applied for and received Paycheck Protection Program (PPP) loans through the CARES Act. Two out of three programs (64%) estimate they need grants of more than \$2,000 per month to stay open.

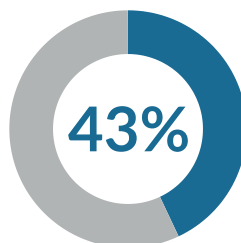
Programs need enrollment levels to return to normal. Nearly half (43%) of programs say they can stay open for less than six months at current enrollment rates. Almost two-thirds (62%) have requested help with increasing enrollment.

“It has been terribly hard for us financially not operating and then losing so much enrollment... I anticipate grant funding to reduce over the next year, too, so we are extremely concerned not only for our current state of survival, but down the road too. I think this is going to have a much longer effect on us than most think.”

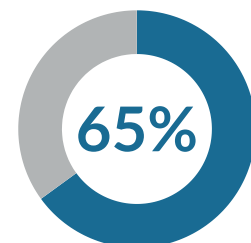
Family child care homes experienced lower rates of closure. Two-thirds of family child care homes (65%) remained open without reducing enrollment, as compared with about half of child care centers (47%) and preschools (48%).



of child care programs need grants of \$2,000 or more per month to stay open



of programs can only remain open for six months at current enrollment rates



of family child care homes remained open without reducing enrollment

Building Bridges to Sustainability

Through public and private partnerships, targeted support can promote ECE sector viability and increase access for Colorado families.

PUBLIC FUNDING

Colorado's providers, educators, and families benefited from public funding programs that were either developed or repurposed in response to COVID-19. Offering grants and public funding to providers is effective for promoting sustainability, as these types of funds were critical for providers who stayed open during the pandemic.

Increase participation in public funding programs. Some eligible providers do not participate in programs like CCCAP, CPP, and DPP. Governing agencies can identify eligible programs and launch strong recruitment efforts to promote participation.

Make adaptations to existing public funding rules. In the early months of the pandemic, most counties temporarily changed CCCAP rules to allow payments for more child absences per month. Many programs have said these changes kept them in business. State and county CCCAP administrators can extend these practices or move to contracted slots to support program sustainability.

Base payments to providers on the cost of care. Public funding programs like CCCAP currently rely on market rates to reimburse programs, often paying only 75% of market rates and far less than the cost of care. Shifting to base payments on the cost of quality care can help to sustain and rebuild the industry by better covering actual program costs.

Continue and increase sustainability grants. Providers need ongoing grant support to survive the pandemic. State sustainability grants have started to fill this need, but many programs' monthly revenue losses are higher than current grants cover. Investing additional stimulus dollars and philanthropic funds in targeted grants and supporting programs to apply for PPP forgivable loans can help with short-term cash flow.

ENROLLMENT

The drastic decline in enrollment is the primary cause of financial hardship. To rebuild capacity and stay afloat, programs need to increase enrollment to pre-pandemic levels. This will involve matching existing demand with supply and building confidence in the health and safety of child care operations.

Match families with available services. Resource and referral agencies and Early Childhood Councils have been central to matching families with available providers during this crisis. However, those agencies need more money and better technology to support programs as they rebuild family confidence in group care. Current systems lack consistently updated information from providers. Working toward a system of real-time enrollment and available openings will streamline the matching process and support financial sustainability.

Engage businesses in expanding child care benefits. Businesses can support employees by offering services such as child care navigation resources, developing back-up care networks, and creating new programs that make affordable care more accessible. Businesses that are too small to offer these benefits can partner with other organizations or local chambers of commerce.

Improve vaccine distribution. Educators will continue to need free, rapid, and frequent testing for COVID-19, as well as easy access to vaccinations. This is for both their personal health and to decrease the likelihood of community spread. Protecting the early childhood workforce highlights its importance to economic stability. This may also help protect against teacher shortages and decrease the potential for classroom closures due to exposure.

TECHNICAL ASSISTANCE

The ECE sector was especially vulnerable to disruption prior to the pandemic, as it was already operating on a fragile business model. Strategies that support strong business practices, particularly for small centers and family child care homes, are needed more now than ever.

Promote shared services alliances. Small child care centers and family child care homes experience difficulty shouldering the cost and time commitment of operations and administration, while also providing quality care and education to young children. Shared services alliances consolidate these functions, providing stability for participating programs.

Create family child care hubs. Family child care homes were more likely to stay open during the pandemic, suggesting specific sustainability features for this type of program. They are also important providers of infant and toddler care. To support viability and growth, regional entities such as Early Childhood Councils can create family child care hubs that provide business and instructional training, coaching, networking, and opportunities to meet the unique needs of family child care programs.

Connect child care programs with Small Business Development Centers. Small Business Development Centers (SBDCs), which are funded by the U.S. Small Business Administration, offer free consulting and low-cost business training to all small businesses, including child care. During the pandemic, SBDCs connect businesses with various targeted services, such as legal support. Through the Colorado's Preschool Development Grant (PDG B-5), the Office of Early Childhood is working with SBDCs to better understand the sector's ongoing needs. SBDCs are also working with Early Childhood Councils to determine ways to provide no-cost consultation to existing and future child care providers.

Partners

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