

MARCH 2021

CARING IN A TIME OF PANDEMIC

**WILL MARYLAND'S
CHILD CARE
SURVIVE COVID-19?**



MARYLAND
FAMILY
NETWORK





AUTHORS AND CONTRIBUTORS

Heather Cope, Blue Otter Consulting, LLC

Maryland Family Network Staff

Laura Weeldreyer, Executive Director

Lacey Egerton, Director of Child Care Resource Network

Douglas Lent, Communications Director

Clinton Macsherry, Director of Public Policy

Beth Morrow, Associate Director of Public Policy

FloJean Speck, Director, LOCATE: Child Care

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INTRODUCTION



It has been one year since the first COVID-19 case was diagnosed in Maryland. In that time the virus has spread to every corner of our state. Child care providers have remained open and caring for Maryland's children as long as their government, their health, and their bank accounts would allow it. They did this work at great financial and personal expense. Some child care providers in Maryland died while making sure children continued to have the education needed to develop on track. Other providers got sick or risked illness to make sure parents could go to work and provide for their families. Most risked losing their livelihoods due to the added costs of providing care during a time of pandemic. They believed the maxim "we are all in

this together" and that help for these struggling small businesses would arrive soon. While some aid has been provided, it was too late for too many.

In April of 2020, Maryland Family Network (MFN) released *Caring During COVID: The Impact of the Pandemic on Child Care Providers*. The report compiled the results of a survey of child care providers in Maryland which highlighted the initial financial impact COVID-19 had on their businesses. The results of that report were eye-opening to parents, providers, and policy makers. It resulted in media attention across the state. Yet to date there has been no state-wide relief made available to save child care.

In January of 2021, MFN followed up with the same child care providers to find out how they are faring now and received a total response rate of 28 percent. The current survey data indicates that 79 percent say they have experienced a financial loss due to the COVID-19. That number increased from 67 percent back in April of 2020. On average child care programs report paying out \$5,339 per month for personal protective equipment, enhanced cleaning routines, and other pandemic related costs to keep children and staff safe. Forty nine percent of child care programs predict that they may close for good if parents must keep children home for another six months.

Many parents are unwilling or afraid to send their child back to care while the COVID-19 virus continues to spread. In other cases parents are working from home and keeping their children at home with them. These decisions, while understandable, have dealt a serious blow to providers. For example, in January of 2020, child care programs in Maryland were at 79 percent of capacity on average. That number dropped almost by half to 43 percent of capacity on average in May of 2020, a full two months into the pandemic. The numbers have

started to creep back up but still have a long way to go to get back to pre-COVID rates. As of January of 2021, child care providers are still only at 53 percent of capacity on average. As our data indicate, this has serious financial implications on the child care industry and on Maryland's economy.

This report indicates that without financial help the child care industry will be devastated by the current crisis resulting in unparalleled long-lasting fiscal, domestic, and education challenges for Maryland. Many working parents, particularly women and single parents, will be forced out of the workforce. Children will face even greater social, emotional, and health challenges that will forever alter their lives. While some support has come from the Federal government most experts agree that it is not enough. Maryland recently released the details of \$60 million in grants for child care providers impacted by the pandemic. That is a huge help but more is still needed. Child Care Aware of America, for example, estimates that to recover from COVID-19, be ready for the next emergency, and to build a more sustainable system for the future, it will require \$50 billion nationally in dedicated stabilization funds.

History will remember COVID-19 and how our leaders responded to it. Remember that future historians who will document this time are currently in a child care classroom learning the skills they'll need from teachers who show up no matter the cost.

They believed the maxim “we are all in this together” and that help for these struggling small businesses would arrive soon.



FUTURE CONSIDERATIONS

Mounting evidence makes it conclusive: early care and education is essential to the economic, social-emotional, and intellectual success of children. Decades upon decades of research also make it crystal clear that not only do children benefit from quality child care but so do families, businesses, and society as a whole. The benefits of investing in quality early childhood programs eclipse the financial costs by improving long term educational outcomes, raising standards of living, strengthening workforce competitiveness and contributing to a reduction in a spectrum of fiscal, health and social disparities.

And yet, as our survey data indicate, the child care sector, which already operates on thin financial margins, is experiencing serious and negative impacts from COVID-19.

As the vaccine rolls out and parents prepare to return to an in-person workplace, the child care infrastructure dangles in uncertainty. If the child care industry as we once knew it is no longer there and are therefore unable to return en masse to the workplace, our economy will not recover. Many children will lack the critical benefits of a quality early education; many others will suffer when their parents are forced to choose unsafe care options.

We must not forget, that even before the pandemic, early care and education opportunities were unequal, unaffordable, and inaccessible for too many families. Child care programs struggled with low wages, high costs, and the financial burdens of providing an essential public good in a private market. To not just recover from COVID-19 but to fully recover, child care needs our help. To plan for a future where we are ready for the next emergency as much as we are ready to equip the next generation for the challenges they will face, child care needs our investment.



SURVEY FINDINGS

Nearly one full year since our previous report and child care providers are still struggling to keep their businesses open due to the COVID-19 pandemic.

Most Child Care Providers Reported Losing Revenue Due to COVID-19

Seventy-nine percent of child care providers who responded to the survey experienced a loss in revenue. On average, providers said that they are losing \$8,511 per week for a total of \$9.6 million lost week by child care providers in Maryland due to COVID-19.

FIGURE 1

Are you experiencing any financial loss due to the COVID-19/Coronavirus Outbreak?

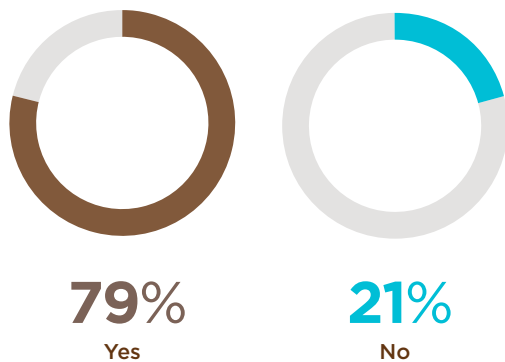
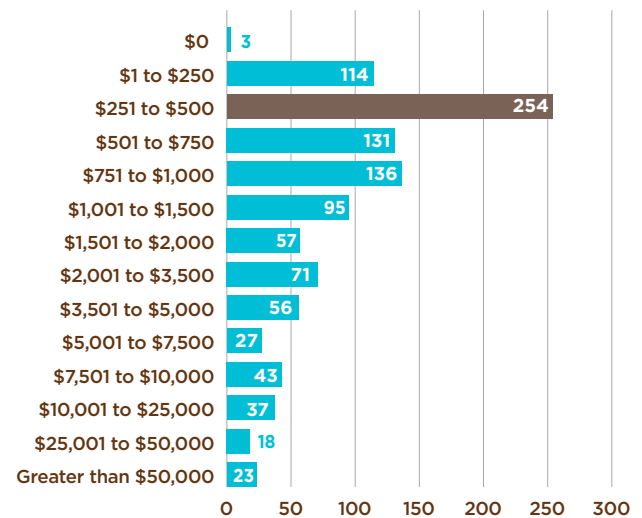


FIGURE 2

If yes, what is your best estimate in dollars of your weekly financial loss?



Nearly half, of child care providers believe that if families keep children at home for another six months they will have to close permanently.

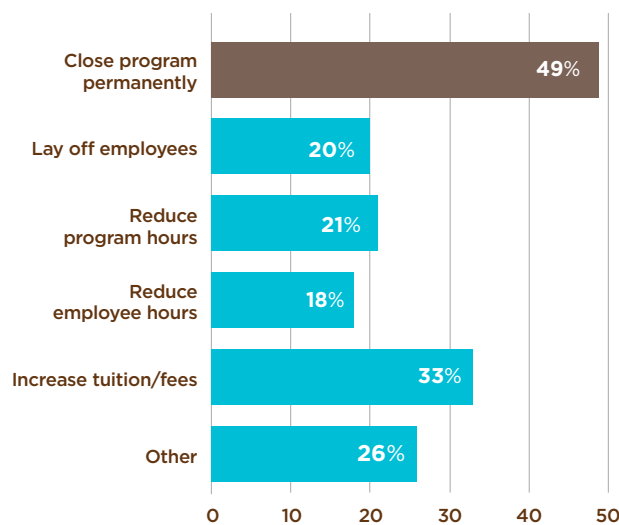


Almost Half of Programs May Close

Nearly half, 49 percent, of child care providers believe that if families keep children at home for another six months they will have to close permanently. In that same scenario, 33 percent of providers say they will have to increase tuition and/or fees.

FIGURE 3

What will happen to your business/program if families keep children at home for another six months? (Check all that apply)



Provider Expenses Keep Coming No Matter What

While their business may have closed temporarily or enrollment may be down, providers say the expenses continue. Rent or mortgage (54 percent) is by far the biggest expense to providers. Employee wages (22 percent) come in second, and supplies being the third highest expense (12 percent). Two thirds of providers say they are not continuing to pay employees who would otherwise be laid off due to closure or reduced program size while 25 percent say they continue to meet pay-roll.

FIGURE 4

What currently is your single largest expense for your business/program?

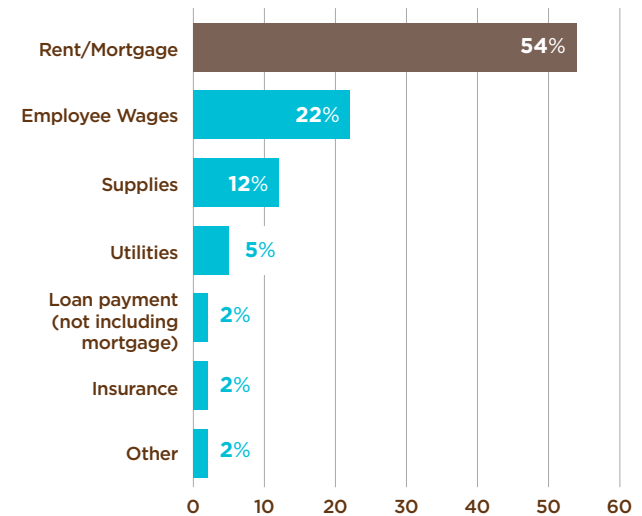
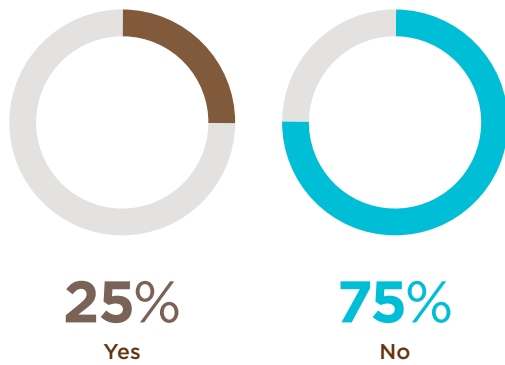


FIGURE 5

Are you continuing to pay employees who would otherwise be laid off due to closure or reduced program size?



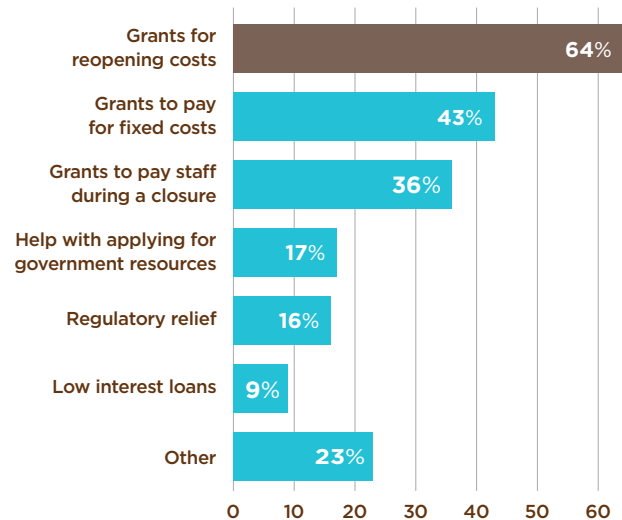
Financial Supports Are Essential to Remaining Open

If their business had to close for a period of time due to COVID-19, nearly three-fourths of providers indicated they would need financial supports to reopen or to sustain their business.

Sixty-four percent of respondents said they would need grants for reopening costs while 43% said they would need grants to pay for fixed costs like rent, supplies, and salaries if their program closed temporarily.

FIGURE 6

If your program(s) is temporarily closed, what supports would you need in order to re-open your business/program? (Check all that apply)



Programs Need Financial Support to Reopen

The average financial support providers said they needed to reopen was \$15,502 per location. Statewide the total adds up to \$1,271,192.

FIGURE 7

Total financial support needed into reopen in dollars. Please enter a number.

Average financial support per location

\$15,502

Operation Costs Have Increased for Providers During the Pandemic

On average costs for providers have increased \$5,339 to cover costs of PPE and other health and safety expenses since March 2020. Statewide provider costs have increased \$6,651,896.

FIGURE 8

Since March 2020, how much have your monthly expenses increased for PPE and other health and safety expenses in dollars? Please enter a number.

Average increase monthly expenses

\$5,339

Things Have Changed for Providers in a Number of Ways from Pre-Pandemic Days

Twenty five percent of respondents identified lower enrollment as the biggest difference between this survey period as compared to 2020. Thirteen percent reported increased cleaning and 12 per-cent identified less income as their biggest differences. When asked about similarities, 20 percent of those polled said that nothing is the same as it was before and 14 percent noted that the families and children supported remain the same.

FIGURE 9A

How does the current situation at your business/program compare to how things were in January/February 2020? What is different?

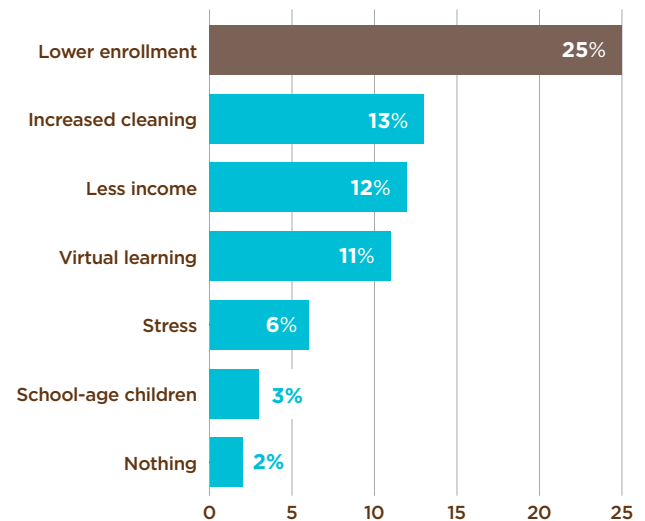
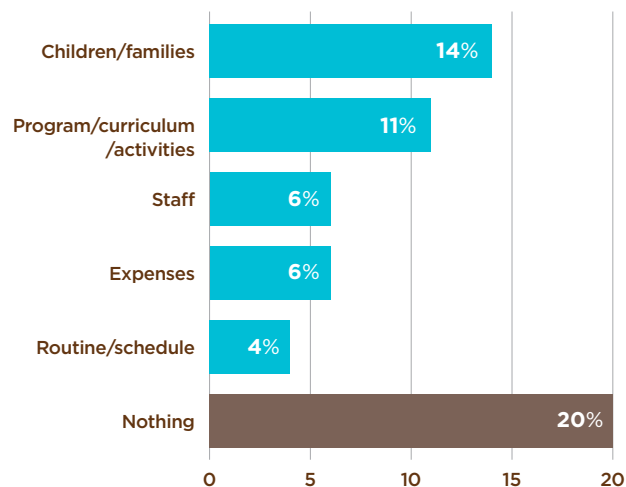


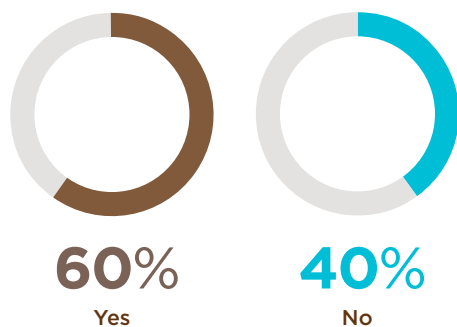
FIGURE 9B

What is the same?

Child Care Providers Are Assisting Children with Virtual Learning

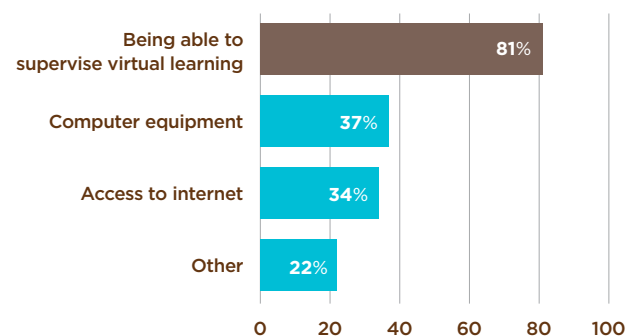
Sixty percent of providers say they are assisting children with virtual learning during the pandemic.

FIGURE 10A

Are you assisting with children's virtual learning?

Of those providers who are assisting children virtually, 83% say that being able to supervise virtual learning is a challenge. Thirty-seven and 34% also say computer equipment and access to the inter-net, respectively, are among the biggest challenges they face.

FIGURE 10B

If you are assisting with children's virtual learning, what are your challenges? Check all that apply.

Some Locations Have Had to Shut Down Due to the Virus

Thirty-seven percent of providers say that they have had to shut down because of a positive COVID test or possible COVID exposure. Those closures have taken a financial toll on providers. When that happened, 43% of providers reported closing down for 11-15 days.

On average providers report a financial impact of \$2,550 per location due to cleaning costs.

Providers also report an average drop of \$10,377 in lost tuition since COVID. That adds up to over \$4.8 million statewide in lost tuition funds. Because of drops in enrollment, providers estimate that they have lost \$17,299 per location translating into \$5.8 million statewide losses. Other associated costs have made a \$49,957 impact per location, resulting in the total financial impact of those costs being over \$9.2 million.

FIGURE 11A

Have you had to shut down because of a positive COVID test or possible COVID exposure?

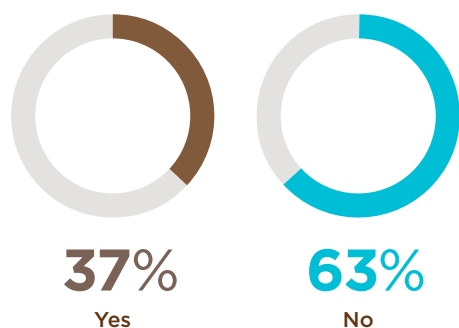
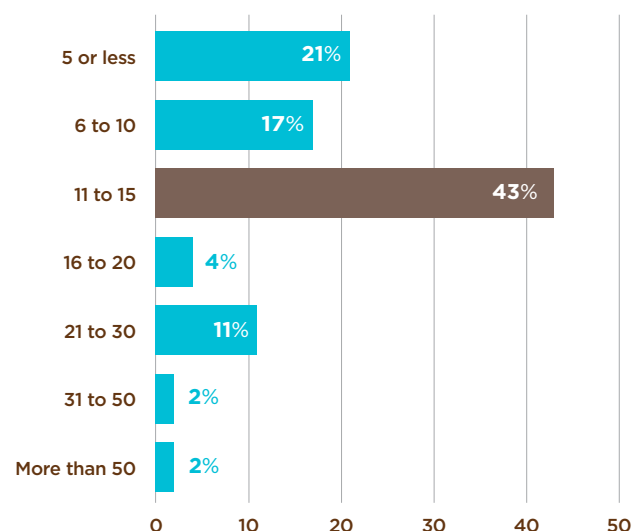


FIGURE 11B

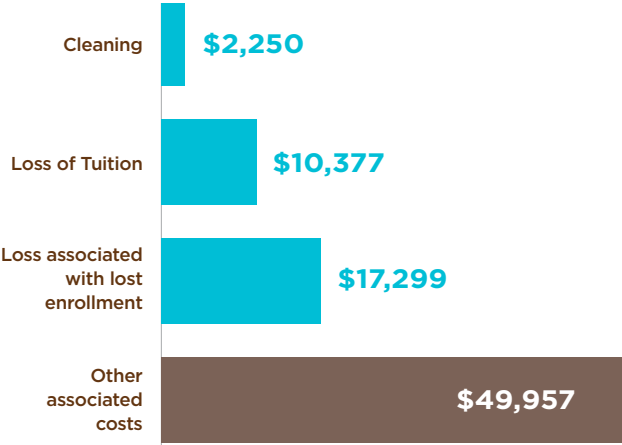
If you had to shut down for a positive COVID-19 test or possible COVID-19 exposure, for how many days were you shut down?



On average providers report a financial impact of \$2,550 per location due to cleaning costs.

FIGURE 11C

If you have had to shut down because of a positive case/test, please estimate the financial impact of that closure in dollars.



SURVEY METHODOLOGY



For this report, MFN developed and administered the survey online through Survey Monkey starting on January 19 and closed on January 27, 2021. The survey was shared by MFN with our database of regulated providers, Maryland's Network of Child Care Resource Centers, Maryland State Department of Education, and the state's child care associations. We posted the link to the survey multiple times on our social media outlets.

Prospective respondents included any licensed child care provider in Maryland. State-wide there are a total of 2,878 group providers and 4,982 family child care providers. In total 6,915 survey invitations were sent via email resulting in 1,930 responses and an additional 74 responses received via other channels for a total response rate of 28%. Seventy percent of respondents were family child care businesses, 20% were center

providers, and the rest were made up of large family child care, letter of compliance, and school age only programs. On average the programs surveyed employed 3.1 employees compared to 4.2 in January 2020. Seventy-one percent of programs report no change in their number of employees since January 2020. Ninety-seven percent of respondents operate only one child care location. Of the sites surveyed, 52% did not have children who were enrolled in the Maryland Child Care Scholarship Program.

For questions where some survey respondents did not provide an answer, the included results percentages reflect calculations based only on the number of survey respondents providing an answer to the question. For example, if only 100 survey respondents answered a question, the results would reflect what percentage of those 100 respondents selected each answer.



**MARYLAND
FAMILY
NETWORK**

1001 EASTERN AVENUE, 2ND FLOOR
BALTIMORE, MARYLAND 21202-4325
tel 410.659.7701 fax 410.783.0814

marylandfamilynetwork.org