



**The Essential Elements to Sustain the Early Childhood Education Infrastructure
for Families to Rapidly Return to Work**

May 19, 2020

The current public health crisis has had profound negative consequences for early care and education providers in Pennsylvania and has exposed the underlying fragility of the commonwealth's child care system. Based on Department of Human Services data, as of May 14 about 80 percent of child care providers continue to be closed as a result of the COVID-19 outbreak and subsequent state-imposed economic shutdown. Additionally, nearly one-third of responding providers indicated that they will likely go out of business if this economic shutdown lasts for more than a month.

Such a contraction of child care capacity, especially in high-quality programs, in Pennsylvania is troubling not only for the present needs of our essential personnel, but also for the broader workforce when businesses are allowed to reopen. It is imperative that state government take action now.

The partners of Start Strong PA and Pre-K for PA are calling on Pennsylvania policymakers to utilize available federal resources and provide state support to enact the following emergency actions designed to stabilize and preserve capacity within the early care and education sector and ensure child care programs are able to rapidly reopen. Supporting this infrastructure will allow Pennsylvania families to return to work quickly; ensure the readiness of students to avoid higher costs to public schools; and protect and ready providers for the recovery phase of this crisis.

- A. **Enable a Rapid Reopening of Child Care Programs and Return to Work for All Families** – A three-pronged COVID-19 response strategy is required to guarantee high-quality child care and other early education programs can readily support parents returning to work:
1. **The Commonwealth must continue to pay child care subsidies and contract payments to Pre-K Counts and Head Start Supplemental Assistance Programs for the duration of the crisis (no cost current fiscal year).**
 2. **The Commonwealth must provide funding to compensate for the share of revenues that would otherwise have been collected by providers in the Child Care Works program as co-payments until child care services are restored to normal. Because it costs more to provide high quality child care, funds should be prioritized for STAR 2, 3 and 4 programs (two months of lost co-payments = \$17 million in 2016-17).**
 3. **The Commonwealth must cover a portion of lost revenues for uncollected private pay tuition through the crisis period. Grants to child care providers would be consistent with the rates and total amount paid by the Child Care Works program. Funding should be prioritized to programs also serving subsidized children that have attained STAR 2, 3**

or 4 ratings and then those that have been unable to access funds through the Paycheck Protection Program (two months of lost revenue = \$100 million in 2016-17).

Taking this approach will:

Conserve Unemployment Funds - While states have been given additional unemployment compensation resources from the federal government, the demands on unemployment compensation funds will far outstrip the supply. Thus, to conserve those funds, we urge the Commonwealth to continue to deploy the funds already appropriated for the early childhood education and care providers as if they are operational so the staff of more of these programs continue to get paid directly from their employer. These payments should be released to all providers, including home-based providers, who pre-emptively close to protect the public health, but are not covered by the Governor's Emergency Declaration.

Ready Child Care Programs for All Families to Return to Work - To ensure that programs are ready to open once work restrictions are lifted, programs must continue to be in a direct employment relationship with their staff, to the extent that funds are available to do so. Otherwise, the Commonwealth runs the risk of a lag in ramping up child care availability and a staffing crisis in the sector that could result in a slow return to work for all employers. In order to continue this employer/employee relationship, Pennsylvania can use federal funds to cover the lost parental co-payment revenues. Doing so will enable more child care programs to meet some of their financial obligations including full or partial paying of salaries. Failure to do so ignores the fact that more than 14% of payments to child care providers are covered by co-payments collected from parents receiving subsidies from the state.

Ensure Sufficient Supply of High-Quality Child Care Providers - Although the state and federal government are significant investors in the early childhood sector, public resources cover the costs of far less than most children enrolled in child care programs. An estimated 75% of the capacity of the child care system is supported by payments made directly from parents, not the government. The requirement to temporarily halt operations of all child care centers and the protective closures by home-based providers, with the exception of those operating under a waiver, while appropriate to meet the public health care needs of the citizens, imperils the financial viability of the entire child care system. Further, because it costs more to provide a high quality program for children, high quality providers must have access to grants to cover some basic costs and loans through the period of closure or there is strong likelihood that a significant share of these high quality providers will not be able to re-open when the closure orders are lifted.

- B. **Act Now to Ensure Student Success and Avoid Higher Costs for Public Schools – The General Assembly must act quickly to stem early childhood learning losses by appropriating funds to allow Pre-K Counts and Head Start programs to offer summer instruction for children that will enter kindergarten in the fall (four weeks of instruction and 50% of programs participate = \$9 million).** Taking this approach will:

Protect gains made through state pre-k investments and boost the chances of school success after this traumatic year – Pre-K Counts and Head Start program models succeed when children receive the full range of educational supports for 180 days a year. In order to reduce the loss of academic gains associated with the crisis, the Commonwealth must appropriate funds now and inform providers that they can make up for a portion of lost instructional days this summer for children entering kindergarten in the fall. In person summer instruction should only be offered if it is safe to do so for the children and teachers. If COVID-19 prohibits it, additional supports and virtual options should be considered for these families with these funds to help ensure a successful

transition to kindergarten. This will protect the strong, bipartisan commitment to our pre-k learners and allow them to enter kindergarten with the social/emotional and academic skills that ready them for school success.

C. **Protect Providers, Instill Consumer Confidence in Reopening and Decrease Risk of Subsequent Infection**

1. **The Commonwealth must immediately pass legislation to impose an immunity from tort liability associated with claims related to COVID-19 to all Commonwealth certified child care providers that are following guidance from the Centers on Disease Control and Prevention (CDC) related to COVID-19 that are authorized to continue to operate pursuant to the Governor's Emergency Declaration.** Implementing this statutory change will:

Address the Shortage of Supply of Child Care for Essential Workers – Child care providers must responsibly protect their business assets so they can continue to operate and care for children after the crisis is abated. The threat of COVID-19 liability suits is keeping many child care programs on the sidelines and as a result, the child care needed for working families is in short supply. As long as programs are certified and are following CDC guidance, they should not be at-risk for COVID-19 lawsuits.

Avoid Sudden Child Care Program Closures After the Crisis Abates - Providers must be protected from any costs associated with compliance with the Emergency Declaration including liability costs that might be incurred as a result of suits filed against providers for COVID-19 related claims.

2. **Every child care, Pre-K Counts and Head Start program must be required to attend free training on the practices needed to sanitize all spaces in which children and staff are working. In addition, funding must be provided so publicly-funded programs are able to clean before re-opening and purchase personal protective equipment (PPE) and continue to keep their programs sanitized to reduce the risk of COVID-19 infection (\$40 per slot = \$4.5 million programs in child care settings / \$715,000 programs in Head Start programs, licensed nursery schools and school districts).** This approach will:

Instill Consumer Confidence and Reduce Subsequent Infection – Ensuring all program staff receive training and publicly-funded programs are supported to clean their facilities/homes and purchase PPE will help reduce additional infection. In addition, it will breed consumer confidence to know the training is a requirement and that funding was provided to ensure safe environments. Such training should be credit bearing and approved by the Pennsylvania Office of Child Development and Early Learning. Associated with establishing a legal training requirement in order to protect the public health, programs that serve children in Child Care Works, Pre-K Counts or Head Start Supplemental Assistance shall be granted funding to assist with cleaning costs as they reopen and continue to operate during the pandemic, as well as PPE.

**At this time, it is unclear if child care programs will be required to meet additional health and safety rules in order to operate as the Commonwealth reopens. Additional requirements could come with significant costs and implementation impact will have to be assessed. Should additional requirements be announced, further information will be provided on the financial impact.*

***Please see the attached balance sheet for more information on available funds, estimated costs of these proposals and the methodology for cost estimation.*