

CORONAVIRUS PANDEMIC

Child care sector facing ‘potential collapse’ without new policies, advocate says

By

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A group of children walk with their caregivers on Vine Street. (Emma Lee/WHYY)

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The head of one of the region’s leading child advocacy groups says the Greater Philadelphia child care sector, already vulnerable, is being dangerously disrupted by the ongoing coronavirus crisis, and faces potential collapse without a substantial influx of cash and an updated set of policies.

“If they can’t continue to get payments, like the schools, their businesses will close,” said Donna Cooper, head of Public Citizens for Children and Youth (PCCY).

Cooper spoke after hosting a large conference call with regional child care providers and public officials. The call raised a growing list of concerns, she said, including short-term questions about payments and policies, and broader concerns about the financial and ethical challenges posed by a long-term shutdown.

With schools nationwide extending their closures from weeks to months, the sector is starting to ask how it can survive without major new subsidies, said Cooper.

“People were very concerned with, ‘How will we know if this will get extended, and can’t we start planning now in case it does?’” she said.

Pennsylvania officials know what’s at stake, she said. “The state is extremely interested in maximum liquidity for child care providers,” Cooper said. “They know we need the sector up and operating for when people get back to work.”

But the child care sector is very vulnerable to disruption, Cooper said. Centers typically rely on multiple funding streams, including government payments to families and providers in low-income areas, as well as unsubsidized “private pay” customers, most of whom have been told to stay home from work.

With those private-pay dollars draining away, providers could easily be forced to close their doors if the shutdown grows lengthy, Cooper said.

Because the government is paying so little toward child care compared to its real cost, “nobody’s got any margin here,” she added. “Providers have no idea how they’re going to pay their staff or pay their rent if any [customer] in the center was private pay. That’s the income that covers the last dollar needed. Remember, nobody’s getting rich running a child care program.”

System in flux

The goal of PCCY's conference call was to enable child-care providers and officials to discuss the fast-developing coronavirus and the impact of the state-ordered shutdown of all but "essential" services.

Providers were "grateful" to be brought together to share questions and concerns, Cooper said.

Like business owners everywhere, child care providers are trying to grapple with the profound implications of an unprecedented event, navigating a rapidly changing and often unclear situation.

The questions for providers involve more than finances. "What if you're open and a child or adult contracts the virus? There's a business liability," [said Diane Barber](#), executive director of the Pennsylvania Child Care Association, in a recent interview.

Most Pennsylvania child care centers have been ordered to close, but exceptions have been made for home-based centers and those serving the children of "essential" workers, such as police and firefighters. State officials have promised to reimburse centers for some revenue lost to the shutdown.

About 125 child care providers from the five-county area took part in the PCCY call, Cooper said, including home-based providers. A handful of state and local officials also took part. For many it was the first chance to hear in detail from colleagues and put questions to officials.

Much of the conversation concerned what Cooper called "technical" issues that have sprung up as the various coronavirus closures have shut down much of the nation's economy and public life.

A typical question, Cooper said, is whether centers will be reimbursed for the number of children who were signed up before the shutdown, or the number who actually showed up after it began to take effect. Providers want to know whether the government will pay subsidies based on "the number of people who were enrolled last Friday, or the number who attended... That's a big difference, because nobody came last Friday," Cooper said.

Providers also have questions about reimbursements for children of essential-service providers, alternative jobs for laid-off staff, and the impact of rising unemployment costs. Day care centers forced to cut staff due to the virus could find themselves socked with rising unemployment insurance payments – a problem that could affect businesses of all kinds, she said.

“Every employer in America will have to figure unemployment costs going through the roof because of the virus,” said Cooper.

Providers face an ethical dilemma

But beyond the financial and administrative issues that enterprises of all sorts currently face lie ethical questions unique to the child care sector.

Child care providers are both independent businesses and providers of an essential public service. The twin responsibilities can put them in a bind, Cooper said; staying open may be good for business, but carries risks to the provider and the community.

The home-based providers in low-income communities who still have the option to stay open now face a profoundly difficult choice, Cooper said. “Independent of their business operations,” she said, providers must ask themselves, “what’s right and what’s wrong right now?”

Providers who care for the children of police officers, EMTs or other “essential” workers are adding to their own exposure risk – and that of their staff and children, Cooper said.

Wednesday’s conference call revealed that some find themselves caught between wanting to offer as much child care as possible to keep neighbors working, and wanting to close up shop in order to protect those same neighbors and their children from the potentially deadly coronavirus.

“They want to help the kids of these essential workers, but they could affect their families,” Cooper said. “It’s a complicated thing.”

One provider on the PCCY call described wanting to keep her facility open so that her clients could work – but struggling with the fact that one of those clients works in a nursing home. “The

chance of that [client's] kid being a carrier is pretty high," said Cooper, which leaves the provider to wonder: "What do I do for my family and my kids?"

It's wrong to ask child-care providers to untangle that kind of question, Cooper said.

"We have shifted ethical decision-making down to the most vulnerable part of the child care system, home-based providers. We've said to those women and men, 'We couldn't make that decision for you, but best of luck.' This is a horrible position to be in," she said. "That's kind of a core function of government, to make that call for you."

For the time being, Cooper said, providers are on their own to sort out these questions, with state officials "deeply mired" in the immediate technical demands of the sudden shutdown. On Wednesday, the Pennsylvania Department of Human Services released a list of "[Operational Recommendations for Child Care Providers](#)," which include only such basic guidelines as, "promote hygienic practices," "report all suspected cases of COVID-19," and "follow state and federally issued guidance." The new guidelines also note that some of the state's child care subsidy policies will be modified, including continuing payments for children currently enrolled in [Child Care Works](#).

Cooper expects the state to begin developing longer-term plans that could give providers more substantive guidance soon. "I would hope by maybe next week, or eight or nine days, they'll be convening the right players," she said.

The longer the shutdown, the more help needed

Long-term planning is essential, because providers are increasingly concerned about the possibility that the shutdown could last months, Cooper said.

They see [school closures being extended elsewhere](#) – Kansas has cancelled classes for the rest of the school year, and Ohio and California could soon do the same – and they worry that Pennsylvania will be next, she said.

And while there are many steps that could be taken to protect the child care sector from disruption, perhaps the single biggest question is whether and how government will cover the sector's lost private-pay dollars.

Almost every child care center depends on those customers for critical income, Cooper said, and if they're laid off or working from home, those payments disappear.

For a provider, private pay "could be 10 percent of your income, or it could be 50 percent," said Cooper. "Even if it's 10 percent, these centers operate on a shoestring. If you lose that 10 percent, the state isn't making that up, because they never did."

Getting the Pennsylvania legislature to approve such spending would be a heavy lift, she said.

Reimbursing child care providers for lost private customers would require "an extraordinary amount of money – think of all the suburban private-pay child care centers," Cooper said. "But if you want to have an operating child care structure, some money's got to flow to those places, too, so they can pay their rent."

In the final analysis, the cost of supporting the child care sector has to be balanced against the cost of losing critical capacity during the shutdown, said Cooper.

"If it collapses, people can't go back to work," she said. "That's the most important message here."

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