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July 24, 2020

The Honorable Nancy Pelosi
U.S. House of Representatives
Washington, DC 20510

The Honorable Mitch McConnell
U.S. Senate
Washington, DC 201510

The Honorable Kevin McCarthy
U.S. House of Representatives
Washington, DC 20510

The Honorable Chuck Schumer
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell, and Minority Leader Schumer:

The American Public Human Services Association (APHSA) is a bipartisan membership organization representing state and local human services agencies through their top-level leadership. Through our affinity group, the National Association of State Child Care Administrators (NASCCA), APHSA channels the voice of public administrators of federal child care funding to provide expertise on the legislative, regulatory, and fiscal levers needed to support child well-being through safe and affordable child care. Over the past several weeks, multiple bills have been introduced in Congress to support and stabilize the nation's child care infrastructure, recognizing its critical role in an equitable and robust economic recovery. We send this letter to highlight the key policy priorities that child care administrators recognize are needed to ensure the availability of safe and stable care and to urge Congress to prioritize child care in negotiations for the next stimulus package.

Child care is among the systems hardest hit by the COVID-19 pandemic. The nation's child care providers face significant uncertainty in their ability to sustain operations during an extended period of social distancing, modified school schedules, and public health considerations. Furthermore, the economic impacts of the pandemic have worsened the already significant burden faced by working families to afford quality child care. Without the necessary supports for child care providers to remain viable and rapidly respond to demand for services while maintaining appropriate health and safety measures, we risk slowing our country's economic recovery and exacerbating structural barriers for working parents to return to the workforce.

The immediate aftermath of the pandemic has already left a hole for the child care industry to climb out of. For example, the Oregon Department of Human Services estimates that while child care emergency relief funds appropriated through the CARES Act totaled \$38 million for the state, there

The American Public Human Services Association advances the well-being of all people by influencing modern approaches to sound policy, building the capacity of public agencies to enable healthy families and communities, and connecting leaders to accelerate learning and generate practical solutions together.

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were between \$80 - \$90 million in lost revenue in the state's child care sector in the first two months of the pandemic alone. Furthermore, it would cost \$2 million per month for the state to continue waiving copays for low-income households while the public health emergency persists. According to a recent national survey, nearly half of child care providers have completely closed their facilities or remain open only to the children of essential workers¹. For those child care programs that were able to remain open, there has been a significant drop in enrollment, leading to lost revenue and an inability to pay operating expenses. School closures further impact child care programs due to the need for these programs operating on school grounds that have closed. Many of these child care programs must now provide distant learning for school-aged children while caring for a mixed population of children. These factors combine to increase the vulnerability of the nation's child care system which was, prior to the pandemic, already experiencing challenges providing affordable, high-quality child care to the nation's workforce. Failure to respond to these challenges will further deepen disproportionate impacts of the pandemic on communities of color, which represent a large share of both the child care workforce and child care recipients.

In the absence of additional resources, many in the workforce will be unable to return to work due to the lack of access to quality, affordable child care in the wake of COVID-19. To promote the health and well-being of children and families, we urge Congress to consider the needs of the nation's child care sector in the next COVID-19 aid package.

APHSA and NASCCA recommend Congress appropriates a significant increase in flexible funding through the Child Care and Development Block Grant (CCDBG) to reinforce availability and affordability for the nation's child care system by supporting the following:

Supporting child care operations. Child care providers need financial resources to either remain open during this period of dramatic enrollment reductions or re-open despite low enrollments and increased cost due to COVID-19 health and group size requirements. A failure to provide these resources will result in permanent child care program closures that compounds challenges for families with young children who need to return to work. States need the flexibility to respond to another round of closures due to current and future surges of COVID-19 cases. Even in the absence of statewide closures, child care providers will be confronting the uncertainty of operating during this time, which is likely to include periods of temporary program closures when employees and children contract COVID-19. While the Paycheck Protection Program (PPP) is intended to help small businesses maintain their workforce during COVID-19, the child care industry, especially home-based providers, are experiencing significant challenges in accessing PPP. As of mid-May, only one-quarter of the child care market had received PPP loans (Uhing).

In response to these challenges, NASCCA urges Congress to provide additional flexible funding through the Child Care and Development Block Grant (CCDBG), supplementing similar funding provided through the CARES Act. According to many state child care administrators, the initial CARES Act funds will largely be expended by August 2020. The additional funds would allow states to continue providing

¹ Uhing, Cody. First Five Years Fund. 14 May 2020. <https://www.ffyf.org/new-survey-only-1-4-of-child-care-providers-received-ppp-funds/>

grants to child care providers to maintain operations, including payroll, rent, utilities, and additional fixed costs required for operating a child care program. Additionally, the COVID-19 pandemic has revealed significant weaknesses in the financial health of child care programs. Child care providers operate on thin margins and have few resources to access during challenging economic times or when enrollment levels drop. This has led to increasing tuition costs for families, making child care unaffordable. The next several months will comprise a period of recovery for the child care system and provide an opportunity for states to utilize COVID-19 funds to support child care programs in developing improved financial skills. With additional funding through CCDBG, states could help with business and financial coaching for child care providers so their business skills match their skills in caring for young children.

Instituting effective health and safety protocols. Through additional flexible funding, child care programs will be supported in implementing state and locally mandated health and safety protocols required during the pandemic and needed to safeguard children in care. Many of these new protocols include screening of symptoms, regular cleaning and sanitations practices, smaller group sizes and modifications in food preparation practices. These changes result in significant costs to child care programs that are difficult to meet while enrollments are decreasing and program capacity is dramatically reduced to prevent the spread of COVID-19. Additional funding would allow states to provide resources to providers to meet these needs which could include remodeling, increasing costs for cleaning supplies and staffing. While initial CARES Act funding provided immediate relief to mitigate the impacts to the child care industry, this funding only partially offset the immediate revenue losses felt within the child care sector and significantly more investment is needed to make the structural shifts needed while our country faces an extended public health crisis.

Supporting the education system and working parents. COVID-19 has dramatically changed the daily life of most Americans, with uncertainty continuing to build regarding what life under COVID-19 looks like in the long term. This uncertainty particularly threatens low-income communities and communities of color that are more likely to have two-parent working households whose jobs cannot be performed remotely. The American workforce will need support to make necessary adjustments to their lives that support health and well-being while rebuilding the economy. Child care is essential to the creation of a healthy workforce but the current system will be unable to support the demand as the economy reopens. In the fall, many school districts will move to at least part-time virtual learning with physical attendance extremely limited and rotating through the month. Although necessary to reduce the spread of COVID-19 in many communities, these staggered schedules present a new challenge for families and require child care options to address this new need. Additional funding would allow states to coordinate with school systems to increase available child care capacity in the fall. In many states, there is not enough child care capacity as it is now to address the needs of families in districts implementing hybrid education models or staggered schedules. Child care providers might also have to adjust the type of care they provide to school-aged children, beyond traditional before-and-after-school care. The child care industry, in partnership with school districts, needs to be prepared to meet the changing needs of the workforce and be given the flexibility to respond to the unique realities of COVID-19 in their own communities.

We urge Congress to address these critical child care needs through additional flexible funding appropriated through CCDBG. The ability to rebuild and sustain the nation's child care system is critical to returning people to work and rebuilding the nation's economy. Without further investment in child care, we risk hampering our economic recovery and excluding members of our community already facing structural barriers to economic mobility. APHSA and NASCCA look forward to continuing to work with Congress as the situation around COVID-19 develops to best support child care providers and working parents. If you have any questions please do not hesitate to reach out to Meg Dygert, Policy Associate – Center for Child and Family Well-Being at mdygert@aphsa.org.

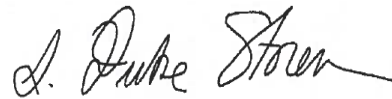
Sincerely,

Tracy Wareing Evans



President & CEO
American Public Human Services Association

Duke Storen



Chair, APHSA Leadership Council
Commissioner, Virginia Department of Social
Services

cc:

The Honorable Richard E. Neal
Chairman, Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20510

The Honorable Kevin P. Brady
Ranking Member, Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20510

The Honorable Charles E. Grassley
Chairman, Committee on Finance
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The Honorable Ronald Wyden
Ranking Member, Committee on Finance
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