



COVID-19 Impact on Child Care Providers and Workforce

Presentation to the Frontline Worker Pay Working Group

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Education and Child Care COVID-19 Workgroup

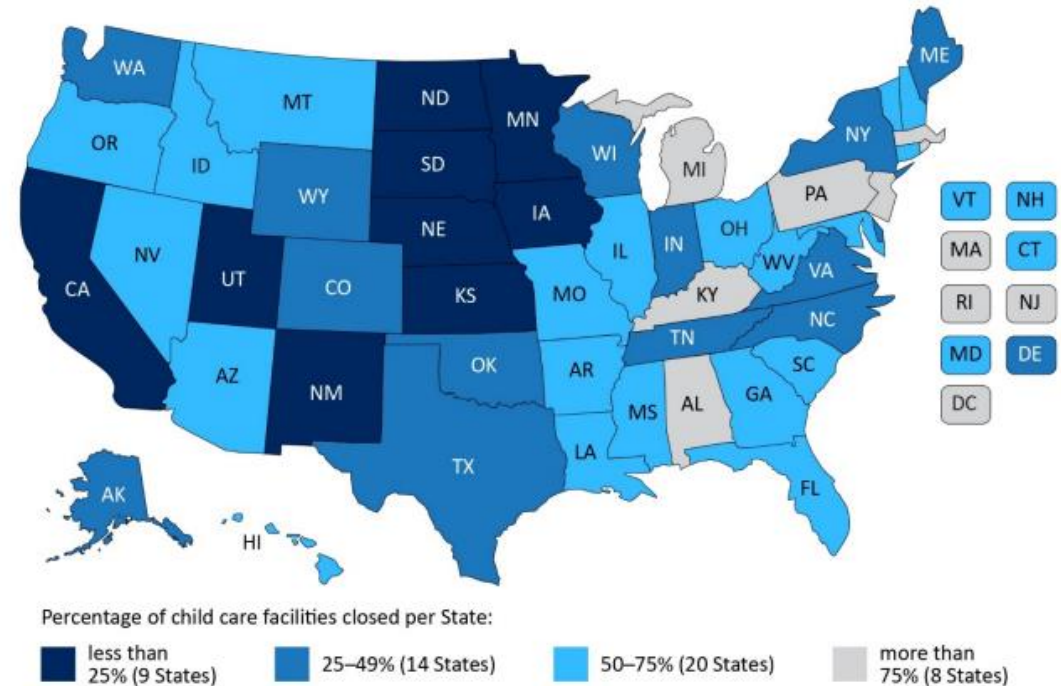
- Scope: Ensure that care of children does not inhibit critical workers from reporting to work; enable continuity of education through distance learning, beginning with early education and child care.
 - Agency participation: Children's Cabinet, Education, Employment and Economic Development, Governor's Office, Health, Human Services, Labor and Industry, Management and Budget
- Strategy to utilize existing industry to care opportunities for workers in critical sectors and beyond as the economy begins to reopen; prioritize supports for child care infrastructure.
- Child care remained open, encouraged to do so with close partnerships, guidance and case data carefully tracked.

Providers answered the call to remain open

We asked providers to remain open to serve essential worker families and they did at high rates:

- After an initial increase in closures at the beginning of the pandemic, the state's licensed capacity was estimated to be operating at more than 90 percent by Fall 2020.
- Most other states say 50 to 75 percent of their programs close, according to federal survey in September 2020

Figure 3: Percentages of Closed Child Care Facilities by State



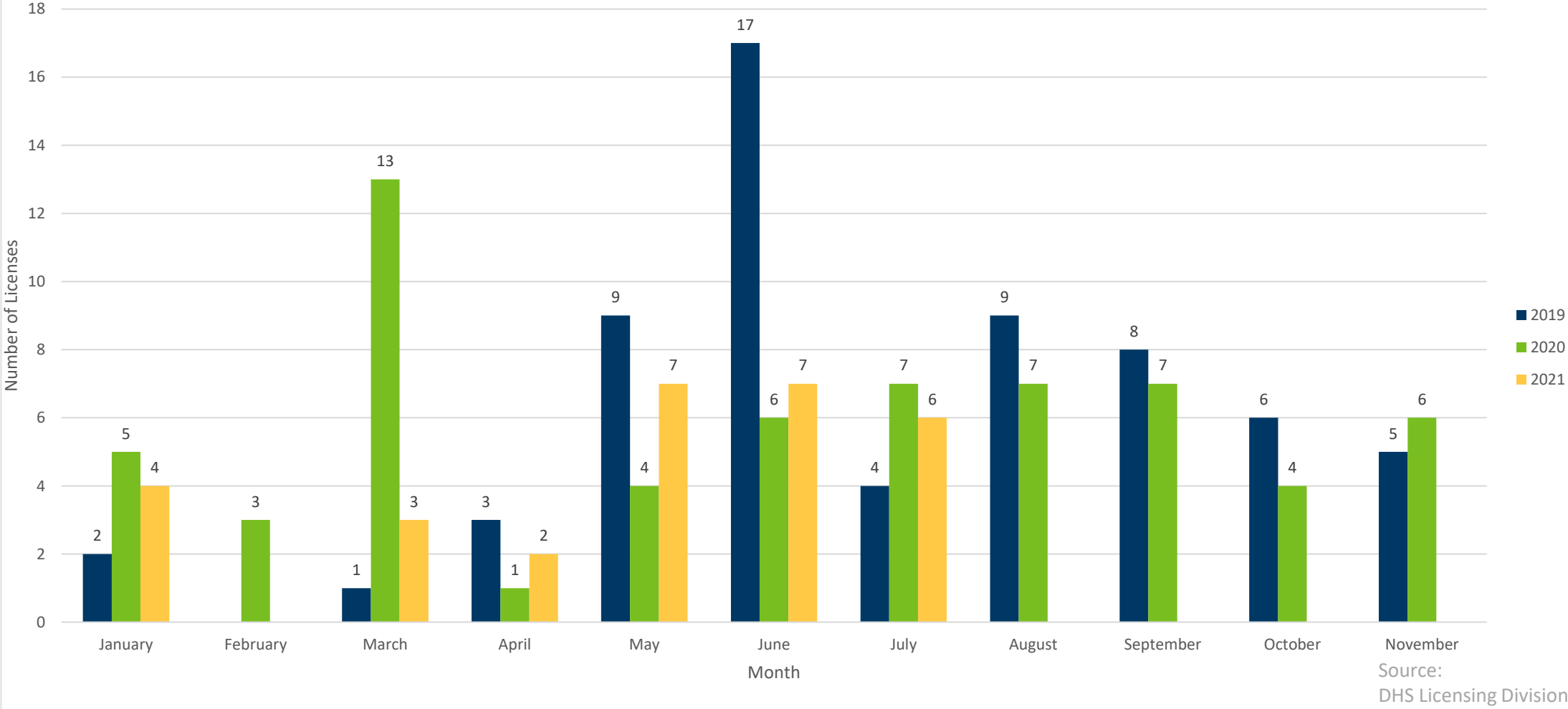
STATE AGENCIES' ISSUANCE OF GUIDANCE TO CHILD CARE PROVIDERS ON PROTECTIVE MEASURES RECOMMENDED BY CDC

Current Status and Trends in Licensed Child Care in Minnesota

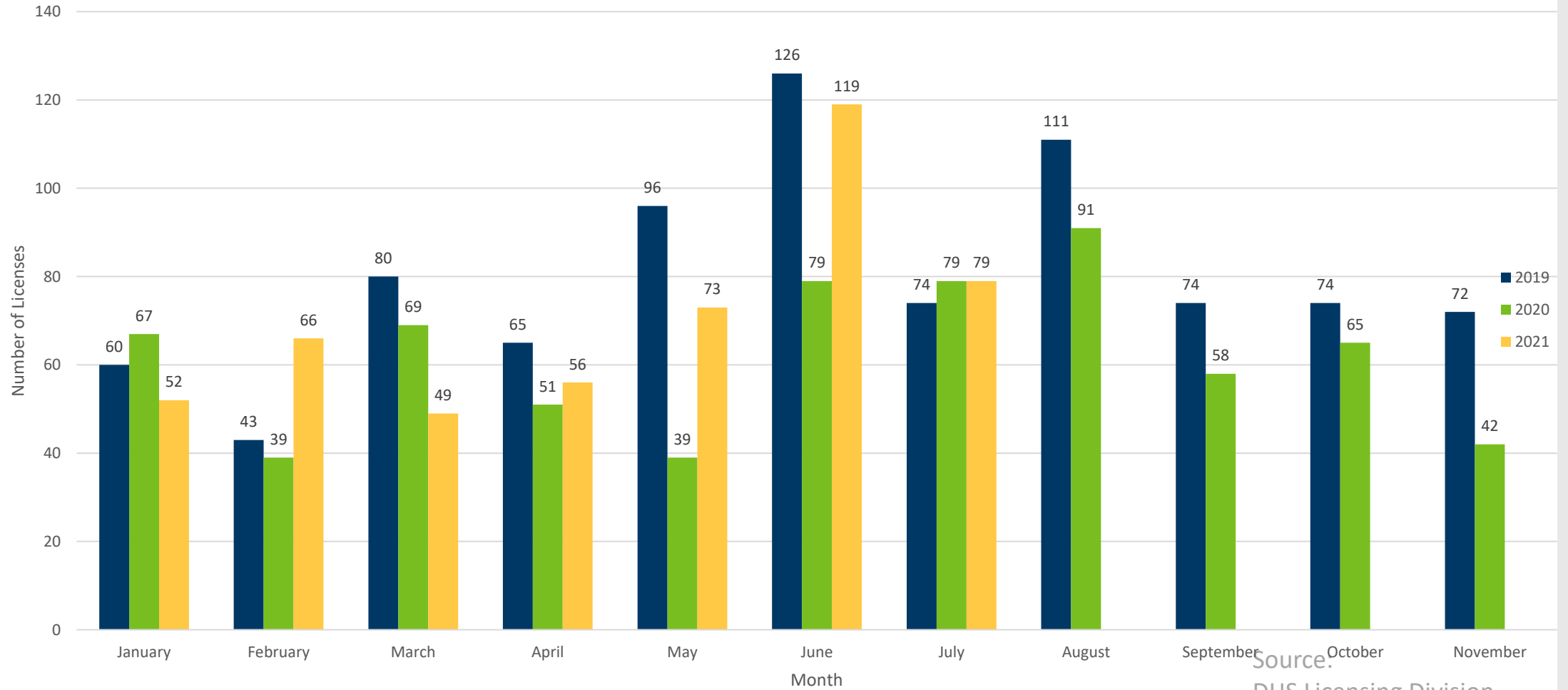
- As of July 1, 2021 there are 1,814 Licensed Child Care Centers and 6,922 Licensed Family Child Care
- Both license openings and closings have slowed for family child care and center licenses during the pandemic compared to the same months in 2019
- Net decrease of family child care licenses was lower in the first 11 months of 2020 compared to the first 11 months of 2019 (2020 net loss of 281 providers and 2019 net loss of 379 providers
 - Decreases FCC providers are a continuation of 20 year trend.
 - No impact demonstrated on proportion of FCC licenses opened or closed in the Metro vs. Greater Minnesota
 - No impact demonstrated on year-over-year trend of decrease in family child care providers
- Child Care Centers have continued to see a slight increase in the number of providers year over year since March 2020

Source:
DHS Licensing Division

Child Care Center License Closures By Month 2019, 2020, and 2021



Family Child Care License Closures By Month 2019, 2020, and 2021



Potential Exposure in Child Care Settings

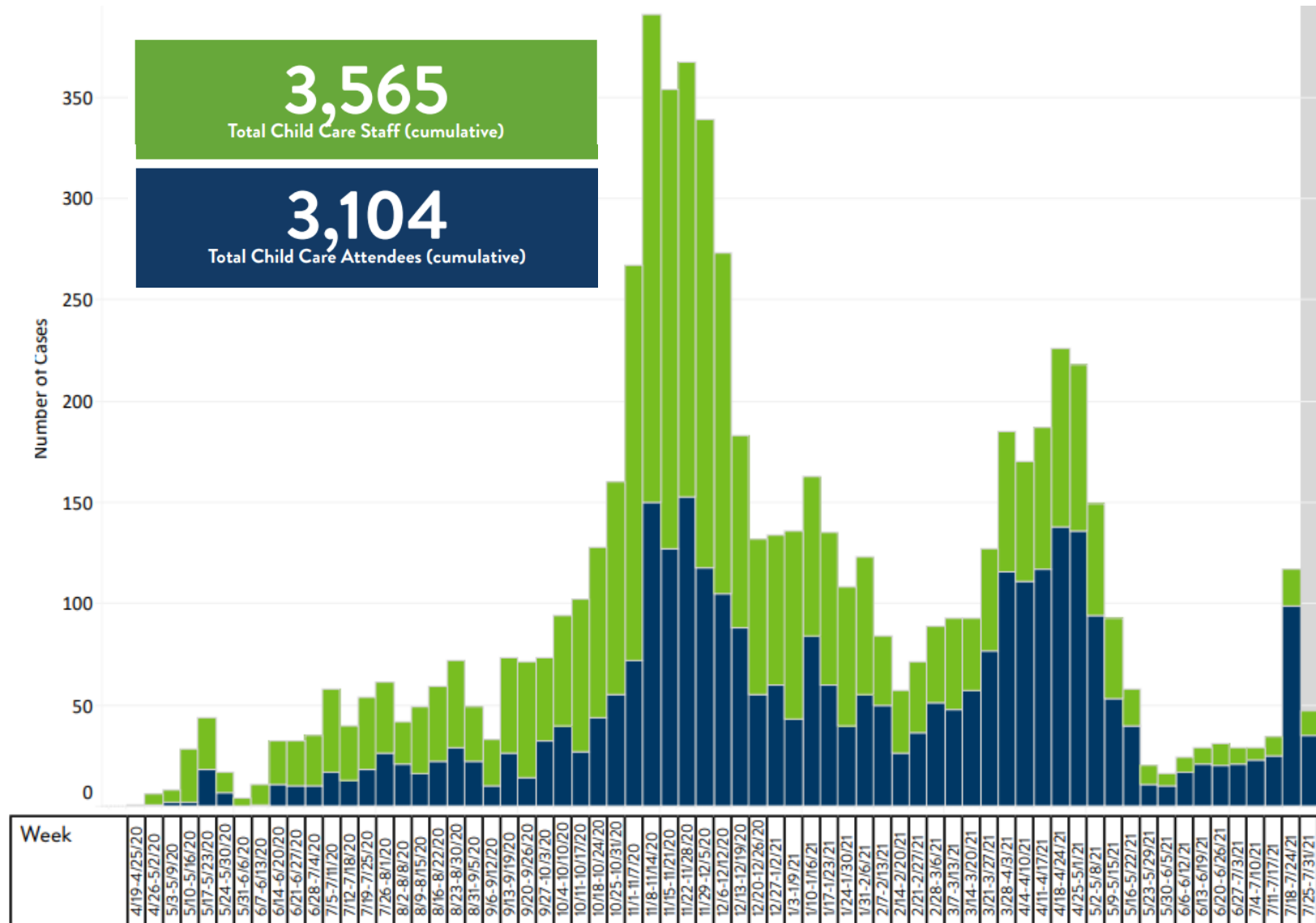
Child Care-Affiliated Cases

- 76 total staff; 18 total children Hospitalized
- 6 total staff; 3 total children ICU Hospitalized
- 0 Total Deaths (staff and children)

Example Peaks

# cases	Nov 2020	Mar/ April 2021
1	409	247
2-4	222	123
5+	52	28

From Minnesota Department of Health Weekly COVID-19 Report:
Updated 8/5/2021



COVID Guidance & Implications

Child care businesses operate on slim margins; COVID mitigation led to increased costs and decreased revenue:

- Creating smaller, more consistent child care groups
- Screening procedures and increased cleaning
- Temporary program or classroom closures due to cases or exposures
- Adaptations to classrooms spaces and facilities, including outdoor areas and distance learning supports

Research on increased costs:

- Federal Reserve Bank of Minneapolis analysis estimated that the public health guidance of smaller group sizes cost up to \$1,200 per month for a family child care business and \$18,000 per month for a licensed child care center
- Center for American Program analysis using state-by-state calculator finds providers faced an average of 47 percent increase in operating costs during the pandemic (personnel expenses; increased sanitation)

Provider Financial Supports

- Peacetime Emergency Child Care Grants: March-June 2020
 - \$40 million (\$30 million state funds; \$10 million federal CARES CCDBG Funds)
- COVID-19 Public Health Support Funds: July 2020-May 2021
 - ~\$200 million (\$109.9 million CRF; \$87 million CRSSA CCDBG Funds)
- Child Care Stabilization Grants - ~\$305 million ARP child care funds
 - Transition month payments - June and July 2021
 - Full implementation (base grants and financial hardship grants) - August 2021-June 2023
 - 70% of base grants required by state law to be used for staff compensation increases

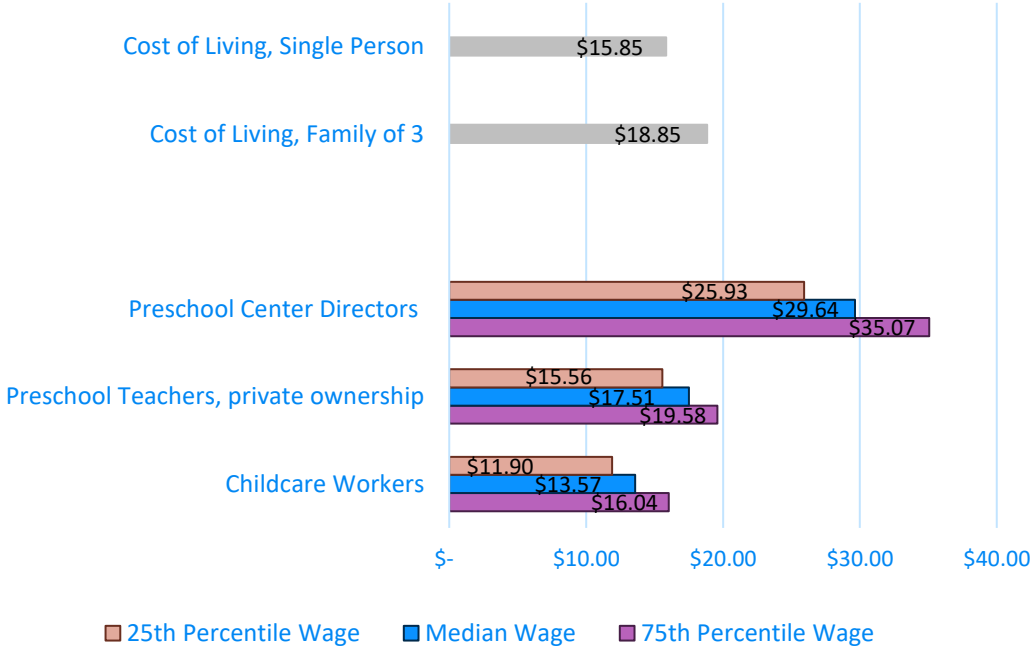
Child Care Workforce: low compensation; high turnover

Data shows wages below basic cost of living; (for typical family*) result in high turnover.
Annual turnover rates:

- 14.4% for Child Day Care Services industry
- 5.9% in Manufacturing
- 8.1% in Educational Services
- 8.3% in Healthcare & Social Assistance
- 9.1% economy-wide in Minnesota

*The most typical family structure in MN is one full-time worker, one part-time worker and one child.

Wages of Early Care and Education Professionals and Cost of Living



Source: Occupational Employment Statistics, 2020 Wages and Minnesota Cost of Living, 2020 data, DEED

Thank you

Follow Up Questions

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