



MEMORANDUM

Date: January 21, 2021

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry,
County Administrator

A handwritten signature in black ink, appearing to be "CH", is written over the printed name "C.H. Huckelberry".

Re: **Child Care Sector Pandemic Update**

Separate from my regular updates to you regarding the pandemic, I am forwarding you the attached update on how the child care sector is faring. While more child care providers are now open, enrollment remains at almost half pre-pandemic levels. There has been considerable federal emergency funding to assist child care providers and families, and the key agencies in Arizona responsible for providing child care assistance should be commended for their decision to continue regular funding assistance at pre-pandemic levels regardless of the drop in enrollment. It is likely continued assistance will be necessary to keep the sector solvent until demand for child care returns to prior levels.

Pima County's primary response regarding the child care sector has been as a public health agency, providing health and safety guidance, providing personal protective equipment (PPE), managing case reporting, and communicating with over 500 child care providers, as well as contracting for free testing, contact tracing and now vaccinations. As soon as we have data to report on the number of child care workers vaccinated, we can report that to the Board along with the number teachers. A well vaccinated child care and school workforce should increase confidence among families that need to return to work and have been concerned about the safety of child care and schools.

In addition to the public health response, the County prioritized child care providers as part of the COVID related small business assistance grants provided in 2020, as well as developing and marketing a ready for work child care checklist for families.

The majority of funding for this response has been from the County's Federal CARES Act appropriation. With future federal funding still unknown, continuing this level of response will necessitate a change in priorities and/or a reduction in General Fund spending in other areas.

Attachment

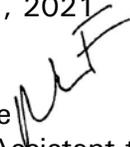
c: Jan Leshar, Chief Deputy County Administrator
Dr. Francisco Garcia, MD, MPH, Deputy County Administrator and Chief Medical Officer,
Health and Community Services
Carmine DeBonis, Deputy County Administrator for Public Works
Dr. Terry Cullen, Public Health Director, Pima County Health Department
John Moffatt, Director, Economic Development Office
Regina Kelly, Director, Grants Management and Innovation Office
Daniel Sullivan, Director, Community Workforce and Development
Nicole Fyffe, Executive Assistant to the County Administrator



MEMORANDUM

Date: January 21, 2021

To: C.H. Huckelberry
County Administrator

From: Nicole Fyffe 
Executive Assistant to the
County Administrator

Re: **Update on the State of Child Care and COVID-19 Related Assistance**

Background

Recognizing that child care is essential to the recovery of our economy and getting many parents back to work, I continue to monitor the state of the child care sector in Arizona and Pima County, as well as pandemic specific assistance from federal, state and local partners. This memorandum also includes an update on the specific assistance Pima County and others have provided to support child care providers to reopen and operate in a safe and healthy manner, as well as to help parents find child care providers that are operating safely.

Update on the State of Child Care

As a reminder, in June 2020, the Bureau of Labor Statistics reported that over a third of child care workers had been laid off nationally, with only restaurant and hospitality workers facing higher rates of unemployment. More recent data from the Arizona Department of Economic Security (DES) ¹ shows that about half of child care providers across Arizona that were previously closed this summer are now open. Specifically, 25 percent of child care providers statewide were closed across Arizona as of January 7, 2021 (down from 32 percent of child care providers closed in September 2020 and down from 48 percent closed in August 2020). But while more are open, the number of children enrolled continues to be almost half of pre-pandemic enrollment levels. DES is reporting a 43 percent decrease in children enrolled in child care when comparing November 2020 enrollment to January 2020. DES may have additional Pima County level data available for us shortly.

¹ Email from DES Childcare Administrator Lela Wendell 1.19.21. Includes DHS licensed centers and group homes, DES certified family child care providers, tribal and military child care providers across Arizona

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The National Association for the Education of Young Children (NAEYC) surveyed child care providers across states in November 2020. The following is a summary of Arizona child care provider responses²:

- 102 responses; 78 percent from child care centers and 22 percent from family child care homes.
- 54 percent of respondents from child care center and family child care homes said they are currently losing money by remaining open, even as they are desperately trying to stay open for the children and families they serve.
- 45 percent of respondents reported putting supplies or other items on their personal credit card or dipping into their personal savings accounts, including 55 percent of family child care homes.
- 93 percent of respondents are paying additional costs for cleaning supplies.
- 69 percent are paying additional costs for personal protective equipment (PPE), and 59 percent are paying additional costs for staff/personnel, including 70 percent of child care centers.
- 43 percent are confronting so much uncertainty that they are unable to say how much longer they will be able to stay open. Of those who do know, one in three say they will have to close within three months if enrollment stays where it is and they do not receive additional public support.
- 43 percent of respondents said they know of multiple child care centers and/or family child care homes in their community that have closed permanently.

Pima County also asked child care providers that applied for Pima County's CARES for small business assistance grant in September 2020 how their business had been negatively impacted by the pandemic. The most common responses were:

- Employee layoffs, furloughs, reduction in hours
- Revenue decline
- Decreased customers
- Increased operational costs

Anecdotally it is worth mentioning that child care representatives are hearing of a shortage of child care workers in Pima County as centers re-open and strive to remain open.

Federal, State and Local Assistance Provided During the Pandemic

In June 2020, the United Way of Tucson and Southern Arizona, and the Community Foundation for Southern Arizona organized a meeting that I attended, along with a representative from the City of Tucson. State agencies tasked with providing child care assistance, along with TUSD and other child care providers, were also in attendance and we

² https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/naeyc_state_data.policy_crisis_coronavirus_december_survey.pdf

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discussed how best to allocate Federal CARES Act assistance to the child care sector. We identified two strategies:

1. Providing support to child care providers to reopen and operate in a safe and healthy manner.
2. Helping parents find child care providers that are operating safely during this pandemic, and help them to feel safe about returning to child care.

DES received \$88 million in emergency child care assistance as part of the federal CARES Act. DES allocated the majority to offering free child care to essential workers April through August, as well as large one-time grants to over 1,800 child care providers between September and November, the majority of which was reportedly spent on sustaining salaries and benefits for employees, and lease or mortgage payments. The average grant award was \$19,900 and the amount was largely driven by the number of children served. Because of the continued need and a return to online instruction for most schools across the state, in December DES resurrected the child care scholarships for essential workers with a household income of \$65,000 or less. DES also received \$254 million in emergency child care assistance from the most recent COVID related Congressional Appropriations Act and is currently determining how best to allocate this funding. There may be an attempt, though, by the Legislature to limit how they can spend it.

In addition to all of this, it appears the most meaningful action DES took during this pandemic to support the child care sector was with their regular annual Federal child care assistance allocation. DES has continued to pay child care providers that serve DES children at January 2020 enrollment rates even though many of those children have not yet returned to child care. One provider said to me that this was the first time that it was more beneficial to be a provider that serves DES children than providers that do not.

First Things First

First Things First is another significant funder of child care assistance in Arizona. Similar to actions taken by DES, FTF has continued scholarships paid to child care providers in their Quality First program, regardless of attendance. These actions by FTF and DES ensured child care providers have access to stable funding that could be used to pay operational expenses – like rent, utilities and staffing – so that they could continue to serve some children and/or would be able to open or expand as the economy re-opens. FTF also assisted child care providers with accessing, collecting and delivering cleaning and PPE supplies; and FTF coaches and health consultants helped providers implement health and safety guidance, including developing a guidance document, offering virtual workshops, and providing telephone consultations.

Head Start

Currently all federally funded Head Start centers are offering remote learning only. Child Parent Centers, who operate Head Start in this region, also funds some slots at the Blake Children's

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Achievement Center (which is open) and partners with 21 Family Child Care providers. About half of the Family Child Care providers are operating in person; the number fluctuates due to COVID exposures. As part of federal COVID relief funds, there were increases to Head Start. These funds resulted in the ability for programs to continue to pay staff salaries to retain staff, pay for additional technology equipment, provide food boxes for families, health and safety supplies for staff and enrolled children.

Pima County

As you know very well, Pima County is the primary agency responsible for this public health response and has therefore allocated the largest share of our federal funding for testing, contract tracing and now vaccinations. Child care providers have also benefited from these services. Pima County has worked closely with partners to stand up vaccination centers and registration systems to ensure child care workers, among other priority groups as prioritized by the State, will receive vaccinations as quickly as possible. The cost of this vaccination effort, similar to the testing and contract tracing, will continue to be born almost entirely by Pima County, with or without Federal financial assistance.

In addition, at the beginning of the pandemic the County appointed a Child Care Liaison as part of the Emergency Operations Center, who provided health and safety operational guidance to child care providers, facilitated the registration of child care providers in need of non-medical PPE, developed a portal for reporting COVID cases among staff and children and providing guidance regarding positive cases, and developed a [webpage dedicated to schools and child care](#). This effort continues, now staffed with two child care liaisons. They correspond with approximately 500 child care providers throughout Pima County, and hold webinars for child care providers every other Wednesday. Updated vaccine registration information has been provided and will continue to be provided via these webinars and other regular communications.

Pima County has assisted 71 childcare providers with PPE during the pandemic, through December 2020, and continues to do so. Providers are asked to first try to procure PPE through their primary vendors, but Pima County is available to assist if necessary.

Table 1
PPE Distributed to Childcare by Pima County March- December 2020

	Cloth Masks	Surgical Masks	N95 Masks	Face Shields	Gowns	Gloves
Distributed	7,733	4,210	20	7,485	1,210	260,416

From an economic perspective, Pima County prioritized assistance to child care providers over other small businesses by offering grants to that sector first. Pima offered grants, up to \$10,000 each, to reimburse child care providers located outside the City of Tucson with 30 employees or less, for costs incurred since March 1 for re-opening and operating safely. We were able to assist 27 child care providers, many of which qualified for the full \$10,000, at a

total amount awarded of \$193,689 (Table 2). One of the challenges in distributing these funds was the fact that the grants were provided on a reimbursement basis. Some of the very small providers, especially home-based providers, who were behind on payments that would have otherwise been eligible for reimbursement (i.e. mortgage and utilities), were unable to receive reimbursement as they were unable to make the payments in the first place. The United Way of Tucson and Southern Arizona, as well as Child and Family Resources, provided outreach to providers to increase awareness of the grant and to ensure as many applied as possible.

Table 2
Pima County Small Business Assistance Grants to Child Care Providers

Provider	Award Amount	Provider	Award Amount
Sunshine School in Oro Valley, Inc.	\$10,000	Arivaca Action Center, Inc.	\$10,000
Ascension Lutheran Church & School	\$10,000	Christ Lutheran Vail Creation School	\$10,000
Rehma Inc, dba Al Rahmah	\$10,000	Angeles Child Care LLC	\$2,164
Resurrection Lutheran Child Development Ctr	\$10,000	Azul	\$2,897
St. Mark's Early Childhood Center	\$10,000	Tree House Daycare	\$3,200
St. Andrew's Preschool & Kindergarten	\$10,000	Gaby's Child Care	\$1,066
WaWen II	\$4,165	Tricia's Learning Center	\$10,000
Cruz Child Care	\$2,155	Shepherd's Fold Preschool & Daycare	\$7,066
Mis Manos Montessori School	\$8,989	International School for Peace	\$10,000
Alpha Care Inc	\$10,000	Hermosa Montessori School	\$4,000
Mi Casita Daycare	\$816	JHJ The Beginning School	\$10,000
Care Time LLC	\$2,206	Busy Bees Child Care	\$4,966
De Colores Daycare, LLC	\$10,000	Kid City Christian Preschool	\$10,000
Light the Way Preschool	\$10,000	Total Awarded	\$193,689

Pima County also worked with partners to develop a [childcare checklist](#) for families who were ready to return to work and in need of child care. The County spent over \$25,000 marketing the check list in English and Spanish during September and October. Marketing efforts included:

- Full-page ad in Bear Essential News (also digital distribution via their online newsletter)
- Full-page ad (Spanish) in AZ Bilingual
- Half-page ad (Spanish) in La Estrella
- Facebook/Instagram social media ads (English/Spanish)
- Website top-of-page banners on AZ Bilingual/LaEstrella/Tucson.com (English/Spanish)
- Azteca Tucson: 15-second TV ad (Spanish)
- Cox/Comcast: TV ads on kids programming; YouTube keyword search; mobile ads on top web sites (English/Spanish)
- Email and/or hard-copy distribution through health department/child care agencies/community service partners/One-Stop/etc.

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In addition to external assistance, the County also allocated \$2.8 million from the CARES Act and the General Fund to support County personnel who needed to take leave to care for their own children due to child care and school closures.

City of Tucson

The City of Tucson allocated \$750,000 of their Federal CARES Act funding to Catholic Community Services to provide family child care scholarships to child care providers for past due balances and family child care costs through December 31, 2020, for families living within the City of Tucson or South Tucson. To date this funding has been provided to 139 different child care providers for 581 families with 890 children in care. The City also offered small business assistance grants, administered by the YWCA, to businesses within the City of Tucson and South Tucson, which included child care providers. In addition, the City spent CARES Act funds on providing child care to City employees via a modified version of their community KIDCO programing.

United Way of Tucson and Southern Arizona

Since March 2020, then United Way of Tucson and Southern Arizona has raised a total of \$1,136,819 in emergency funding, and with 35 partner agencies have fulfilled 999 requests to help 25,770 individuals and families. The United Way has also shared information with and connected resources to the early childhood community. In partnership with Arizona Child Care Resource and Referral (CCR&R), United Way staff placed more than 100 calls (in English and Spanish) to high quality childcare providers in Pima County during August 2020 to inform them of available funding opportunities. Additionally, United Way enabled the Pio Decimo Center, with the help of LR Bilingual Services, to assist childcare providers in Southern Arizona with the application process for the US SBA Paycheck Protection Program (PPP) loans and 12 providers successfully obtained \$35,000 in loans. United Way's ongoing support for the early childhood community includes its First Focus on Kids Coalition that brings together more than 90 individuals representing 20 different agencies to support and advance early childhood efforts in southern Arizona.

Long Term Needs and Assistance

As the economy begins to recover and unemployment decreases, the demand for child care will increase and the market will likely respond. How quickly it responds, however, will probably be influenced by the success of the vaccination effort and the continuation of assistance provided so far to help providers re-open and stay open. For families with young children, as well as businesses who have employees with young children, this pandemic has exacerbated what was already a harsh reality; child care is a necessity for work or job training and is very costly. We already know from countless studies that investing in high quality child care and early childhood education is a very effective use of public funds with a high return on investment, especially for low-income, minority and dual language children and families. The Preschool Promise advocates continue to meet and discuss how best to continue their advocacy for a multi-jurisdictional, multi-sector program to increase the number of low income three and four year olds in high quality preschool. It may be worth providing the new

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Supervisors with [your April 23, 2019 memorandum](#) and primer on preschool system in Arizona and Pima County, to provide context to this effort.

At the federal level, with the new administration, there is optimism that federal assistance for child care and early childhood education will increase significantly. That said, a jump to fully universal preschool is unlikely and those with local assistance programs in place may be prioritized for additional federal assistance. In addition, there has already been a bill introduced at the State Legislature to replace the Federal preschool development grant that Arizona lost last year, which previously funded 300 high quality preschool slots in Pima County for low income children.

NF/dr

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