

WISCONSIN'S CHILD CARE SECTOR NEEDS CARE ITSELF

COVID-19 health concerns and restrictions have produced considerable turmoil in Wisconsin's child care sector, which will play a critical role in efforts to fully re-open the state's economy. Financial losses and the potential permanent closure of child care centers could exacerbate longstanding challenges with access to quality care and may require intervention by policymakers to ensure adequate support for providers, families, and employers.

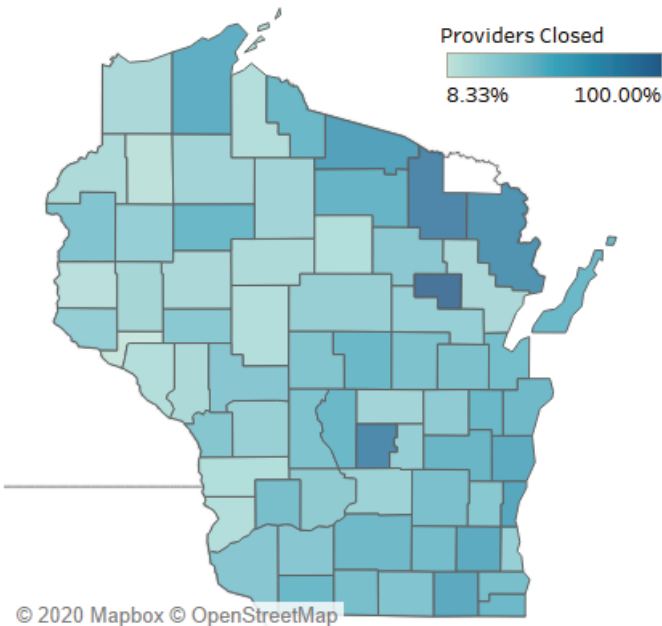
While the gradual re-opening of the state's economy likely has changed the picture somewhat, data provided by the Wisconsin Department of Children and Families (DCF) show that child care centers across Wisconsin suffered severe disruption in the early weeks of the COVID-19 pandemic. The data show that as of May 19, 39% of Wisconsin's 4,500 child care providers had self-reported that they were closed. In an [April 27 letter](#) to the Department of Administration (DOA), the agency reported a similar closure rate (40%) and estimated that such closures had affected at least

57,000 children and more than 12,000 child care employees.

In the May data, 19 of Wisconsin's 72 counties had closure rates of 50% or higher, although some of these had very few providers reporting their status. For example, three providers in Menominee County responded, and all three were closed. A band of counties across the northern part of the state also reported high closure rates (although several had similarly small numbers of providers reporting), including Forest, Marinette, Vilas, Bayfield, Oneida, Door, Rusk, and Iron Counties.

Other counties with closure rates over 50% were clustered in central Wisconsin (Portage, Adams, and Marquette Counties) and the eastern part of the state (Calumet, Fond du Lac, Sheboygan, Ozaukee, Waukesha, and Walworth Counties).

Figure 1: Child Care Providers Closed by County



Data obtained from the Wisconsin Department of Children and Families, 5/19/2020

CLOSURE RATE NOT THE FULL STORY

In Milwaukee, where 1,287 child care providers reported their status, 31% of providers said they were closed. However, closure rates don't tell the entire story.

Of the 888 providers that remained open in Milwaukee County, just under half were licensed family providers. By definition, these providers are limited to caring for a maximum of eight children. Meanwhile, more than half of the 399 providers listed as closed were licensed group providers, which serve larger numbers of children, so the actual impact on available child care slots was likely even greater. This trend holds, to varying degrees, in counties across the state. Statewide, 54% of licensed



group providers were listed as closed, compared to just 16% of licensed family providers.

Although there is no centralized database of families seeking child care, the data we have show that families continued to have a substantial need for it. As of May 19, 2,728 families had reached out to DCF for assistance in locating an open provider. DCF identified providers for 159 of them (6% of requests), but most families (69%) reported that they did not need further assistance from DCF.

IMPACTS GOING FORWARD

The impacts of these closures could be significant for families, providers, and employers. As more businesses reopen and greater numbers of employees return to onsite work, the availability of child care becomes even more important to a functioning economy.

[Previous Forum research](#) has shown access to high-quality child care, which we define as providers who earn either 4 or 5 stars in Wisconsin's YoungStar rating system, is uneven across the state. Our 2018 analysis showed that high-quality providers accounted for less than 10% of all providers in 12 Wisconsin counties, with five of those having no high-quality providers at that time. In Milwaukee County, which has the largest number of providers and the most children in child care, just 13% of providers were considered high-quality. Additionally, we have noted that child care in Wisconsin is [becoming less affordable](#) for families who rely on Wisconsin Shares, the state's child care subsidy program.

The pandemic's financial impacts on providers may be especially problematic given these longstanding concerns. Despite their lost income, child care providers still must pay fixed costs such as rent and may have some increased costs for needs such as cleaning, sanitation, and personal protective equipment (PPE).

In a [survey](#) of Wisconsin child care providers published by the National Association for the Education of Young Children in March, 38% of respondents said they did not know how long they would be able to survive a closure without financial assistance, while 20% said they could not survive two weeks and 10% said they could not survive any closure without support. Forty-six percent of providers also said they had lost income because of families' inability to pay.

FEDERAL RELIEF FUNDS WILL HELP

Providers and their staff have had access to possible assistance through such programs as expanded unemployment benefits, potentially forgivable loans through the federal Paycheck Protection Program, and aid targeted specifically toward child care. However, delays and difficulties in accessing assistance through some of these programs are well documented.

Wisconsin is receiving \$51.6 million in federal block grant funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act aimed at providing support to child care providers and ensuring that adequate child care is available in the state. DCF is distributing the money through the [Child Care Counts: COVID-19 Emergency Payment Program](#), which is targeting its assistance to providers who remained open to care for children of essential workers, an initiative to provide incentive pay for child care workers, and support for temporarily closed providers. The money is distributed across three application periods.

As of June 29, \$46.9 million – 90% the total – had been allocated in the first two rounds of applications to 2,635 providers, raising questions from some advocacy groups about whether enough money has been set aside, and what will happen to providers when the CARES block grant money runs out. The total amounts ranged widely by provider, with a [median payment of \\$8,465](#) during the first round of awards. Over both completed payment periods, most providers (2,166) [received less than \\$10,000 apiece](#).

The largest amount received by one provider was \$118,707, which went to Inspire Early Childhood LLC, a large preschool program in Waunakee. Forty-four additional child care providers across the state received funds totaling \$75,000 or more. Many of these providers are larger programs such as preschools, YMCAs, or hospital or health system based providers that are likely to care for greater numbers of children and therefore employ more staff. The smallest amount allocated was the \$5 paid to one provider.

Providers in Milwaukee County received \$13.1 million, which was paid to 846 child care providers. Dane County providers received the second highest amount, with \$5.2 million paid to 355 providers.



CONCLUSION

Regardless of income, Wisconsin families often struggled to find child care options that met their needs and budgets before the pandemic, and these problems are likely to be amplified by the effects of COVID-19. Affordable child care will be more important than ever for workers who have suffered losses in income, and access to quality providers will remain essential for all parents and guardians attempting to return to their workplaces. Families and child care providers may face new challenges in the fall when schools potentially reopen under altered schedules or circumstances, creating additional strain on family finances and stress on provider scheduling.

If child care providers are unable to reopen, there will be increased competition for an already limited number of available slots. Additionally, high-quality child care presents an opportunity for children to learn and socialize with their peers, something that may have been lacking during the pandemic, and the loss of high-quality providers in particular could have a damaging impact on school readiness and the overall well-being of children.

The effects of the pandemic on the state's child care providers and families are still playing out and are not yet known in full, but this should be a primary concern for policymakers as they consider the state's emerging fiscal challenges, as well as possibilities for further relief for the hardest-hit economic sectors and individuals. Indeed, while the CARES Act block grant distributions may help, they might only represent the beginning of what is needed to ensure an adequate supply of high-quality child care for Wisconsin families going forward.

