

# CHILD CARE ASSISTANCE DURING COVID-19: THE PROVIDER PERSPECTIVE

This brief summarizes the findings from interviews with 24 licensed child care providers in Michigan that have experience with the child care subsidy. The interviews were conducted during spring 2021 with the purpose of assessing the impacts of COVID-19 and related policy changes on child care providers and parents. The policy changes examined included:

- Allowing providers to bill for enrolled children of families that receive the child care subsidy and who were absent due to the pandemic, beyond the 360-hour annual maximum, even if the facility was closed.
- Offering Child Care Relief Fund grants to providers to help with their operating expenses. Some grant rounds required child care rate reductions/credits be provided to families. (These were not limited to child care subsidy recipients.)
- Extending the eligibility redetermination period for the child care subsidy program by six months (for cases that came due in March through June 2020).
- Allowing providers to bill for school-aged children of families that receive the child care subsidy and who were engaged in remote learning while in care.

## Recommendations

- **To increase access to the subsidy for families in need, consider lowering the income limits and providing more outreach and information to families.** Providers have been aware of families in need of the subsidy that were not eligible. Additionally, providers thought that increasing awareness of the program among families and providing more encouragement or assistance with applying may increase access.
- **Continue to provide financial support to providers, such as through grants.** Most providers were experiencing ongoing reduced income which was largely attributed to lower enrollment or attendance of children in care. Half of providers were still experiencing lower demand for care from families at the time of the interview. Financial support from the state has helped providers keep their businesses afloat, which has allowed families to stay enrolled in the same child care provider.
- **To maintain the quality of child care available to families that receive the subsidy, consider more provider education and training and higher subsidy reimbursement for providers.** Education, training, experience, and adequate staffing all play a role in the quality of child care provided. Higher subsidy reimbursement could be another source of financial support from the state that could help providers recruit and maintain quality staff and purchase supplies and learning materials.

## Results

### Providers temporarily closed due to COVID-19 but state supports stopped closures from becoming permanent

Seventy-five percent of providers interviewed (18) reported closing their doors at some point due to the COVID-19 pandemic. The length of closures ranged from 2 weeks to over a year with most closures lasting four months or less. Nearly one-third of the providers interviewed closed more than once. The most frequently cited reasons for closing were the Stay at Home Order (11) or being sick with or exposed to COVID-19 (11).

Most providers had been on the brink of closing their doors permanently (15), but only one provider expressed plans to close at the time of the interview and this was due to retirement. All providers found that the support from the state positively impacted their finances, helping them to stay afloat by making up for lost income that stemmed from temporary closures and, often ongoing, lower enrollment or attendance. Over 75% of providers reported a decrease in income (19) related to the pandemic and only four providers were back to pre-pandemic levels of income at the time of the interviews.

### Providers made changes in child care hours and services related to changing needs of families

Providers made changes to their businesses, such as their hours (15) or staffing (11), as a result of COVID-19 and in response to changes in families' needs. Most providers experienced families needing fewer (11) and/or different (6) care hours. For many providers, these changes were ongoing. However, at the time of the interviews, providers were split as to whether there was currently more or less demand from parents. Half of providers were experiencing more demand—for reasons such as other providers closing in the area—whereas half of providers were still experiencing lower demand than before the pandemic. Furthermore, most child care providers saw an increased demand for care for school-aged children (19) and many had provided virtual learning services due to COVID-related school closures.

### Grants were the most helpful and frequently used support, followed by billing for absences

The most commonly used supports from the state were child care relief grants (22), billing for absences (18), and billing for school-aged children (13). Likewise, providers found the grants to be the most helpful (15), followed by billing for absences (6), and billing for school-aged children (3). The redetermination extension was not perceived as being particularly important by providers, although a few could see the benefit to families or themselves.

Providers used grant funds most often for child care rate reductions or credits for families (21),<sup>1</sup> wages and payroll (11), and purchasing safety and cleaning supplies and services (11). Other uses included

<sup>1</sup> Certain rounds of the grant required that a portion of the funds go to families as child care rate reductions/credits.

helping to pay for educational materials, home improvements, and other supplies and equipment. The grants and billing for absences were perceived as beneficial for providers and parents—both financially and emotionally (e.g., reducing worry about providers closing their doors or parents losing their child care spots). Additionally, providers felt positively about being able to help out their families through the tuition stipend. There were few perceived cons or challenges other than paperwork or tracking noted.

### **By supporting providers, the state supported families**

Since providers were able to keep their businesses running, families were able to maintain continuity of care. Providers perceived the biggest impact of the state’s support on families to be their ability to stay enrolled with the same provider (15) and their ability to afford care (15), followed by maintaining quality of care (7). The grants, specifically the portion that went to parent reimbursement, and billing for absences were perceived as helpful for maintaining families’ ability to afford care. Providers perceived financial supports as impacting quality of care by helping them to meet safety recommendations (e.g., purchasing personal protection equipment or professional cleaning services).

### **Providers think that raising the minimum income limits; more information, education, and training; and higher subsidy reimbursement are key to increasing access to quality care**

Providers felt that access to the child care subsidy could be increased by raising the minimum income limits (11) to include more families in need that do not currently qualify for the subsidy. Getting more information out to families about the subsidy program was also seen as important for increasing access (5). Provider education and training (9) and higher subsidy reimbursement for providers (6) were viewed as key to providers maintaining a high level of quality child care for families that receive child care assistance.

### **Providers have been strained and continued financial support still needed**

The biggest challenges that providers have faced related to the pandemic has been managing the extra workload of implementing new procedures (11) (i.e., staggered drop-off, cleaning, mask-wearing) and the strain on their emotional and mental health (9) (e.g., feeling worried and exhausted). The biggest support that providers needed from the state at the time of the interviews was continued financial support (11), followed by improved communication and information regarding the subsidy program.

### **Providers reported the subsidy approval process as the most challenging aspect of the assistance program, for those who had challenges**

Regarding child care assistance, seven providers said they did not have any problems with the program. The most frequent challenge with the subsidy program cited by others was with the approval process—the uncertainty of whether a family has been approved and timeliness of approvals.

## Methods

Public Policy Associates, Inc. (PPA) conducted telephone interviews with licensed child care providers in Michigan that had been working with at least one child receiving a child care subsidy. PPA issued email or phone invitations for interviews to a random sample of licensed providers. No more than two initial attempts at outreach were made. Of the 180 providers that were invited to interview, 24 completed an interview. Interested providers were scheduled for interviews on a modified first-come, first-served basis that used a protocol to ensure that each of the provider types (centers, family homes, and group homes) were represented in each of the four Michigan department of Health and Human Services Business Service Center (BSC) regions. Providers received an incentive of \$50 for participating. PPA staff coded the interview responses by topic using NVivo software. Due to the limited overall number of interviews that were conducted, as well as the potential for non-respondent bias, the results may not fully reflect the views of all providers in the state.

## Interview Participant Characteristics

Interview participants tended to have a lot of experience as child care providers and with the subsidy program. Of the providers interviewed:

- 75% had been in the business 10+ years with almost half (11 of 24) in the business 20+ years. Only three providers had been in the business for less than two years.
- 63% had participated in the subsidy program for 10+ years. Most providers had been participating in the subsidy program for the majority, if not the entirety, of their career. Only three providers had less than two years of experience with the subsidy program.
- The number of children receiving the subsidy that were in their care at the time of the interview ranged from 0 to 42.
- The providers were equally distributed between the four BSC regions and the provider types (family homes, family group homes, and centers) per the research design.