A wide-angle photograph of the Austin skyline at sunset. The sky is a mix of blue and orange, with soft clouds. The city's skyscrapers are illuminated by the setting sun, creating a warm glow. In the foreground, a river flows, and a bridge with cars is visible on the right. The text is overlaid in white on the lower half of the image.

The COVID-19 Pandemic & Austin Child Care Centers: Impact, Reaction & Survival

HOBBY
SCHOOL OF PUBLIC AFFAIRS
UNIVERSITY of HOUSTON

Research Team

Principal Investigators

Kirk Watson, Dean, Hobby School of Public Affairs

Gail Buttorff, Co-Director, Survey Research Institute & Assistant Instructional Professor, Hobby School of Public Affairs

Mark P. Jones, Senior Research Fellow, Hobby School of Public Affairs; James A. Baker III Institute for Public Policy's Fellow in Political Science, Rice University

Pablo M. Pinto, Director, Center for Public Policy & Associate Professor, Hobby School of Public Affairs

Sunny M.C. Wong, Professor, Hobby School of Public Affairs

Researchers

Francisco Cantú, Co-Director, Survey Research Institute & Associate Professor, Department of Political Science

Renée Cross, Senior Director & Researcher, Hobby School of Public Affairs

Jim Granato, Associate Dean & Professor, Hobby School of Public Affairs

Yewande O. Olapade, Post-Doctoral Fellow, Hobby School of Public Affairs

Savannah Sipole, Research Associate, Hobby School of Public Affairs

Agustín Vallejo, Post-Doctoral Fellow, Hobby School of Public Affairs

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The COVID-19 Pandemic & Child Care Centers

At the request of the City of Austin and the Austin Chamber of Commerce, the University of Houston’s Hobby School of Public Affairs conducted an online survey of Austin area and Travis County child care centers. The survey sought to better understand the impact of the COVID-19 pandemic and concomitant shutdowns on the child care industry. One of the main goals of the survey is to inform the decision-making process that will ultimately determine how limited federal funds can be distributed effectively and equitably.

The survey was carried out between the morning of June 25 and the morning of July 9. A total of 94 child care centers responded to the survey. The child care centers surveyed ranged from family homes to individual child care centers, to school-based programs and enrolled between three and 800 children.

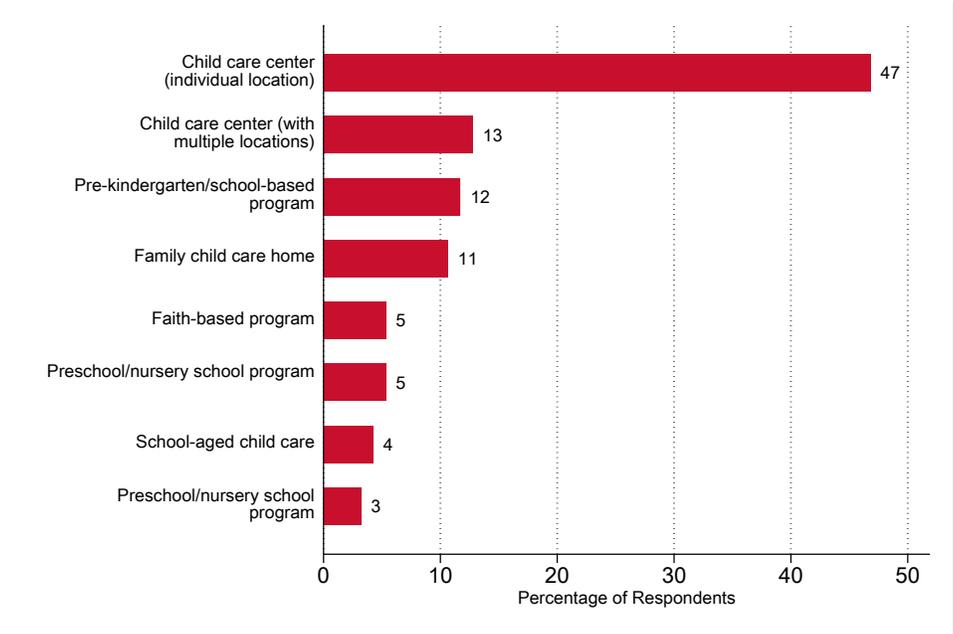
This report contains three main sections. The first section provides an overview of the 94 child care centers that participated in the survey, including the number of employees and children enrolled at each. The second analyzes the impact of the outbreak of COVID-19 in Texas and the resulting City of Austin–Travis County “Stay Home-Work Safe Order” on the child care provider industry. The third section presents results regarding child care centers’ expectations about reopening and the changes they expect to see in enrollment and revenue. In addition, this section examines the biggest worries of child care providers for the current and future sustainability of their programs.

Overview of Child Care Center Respondents

Employees and Enrollment Prior to COVID-19 Pandemic

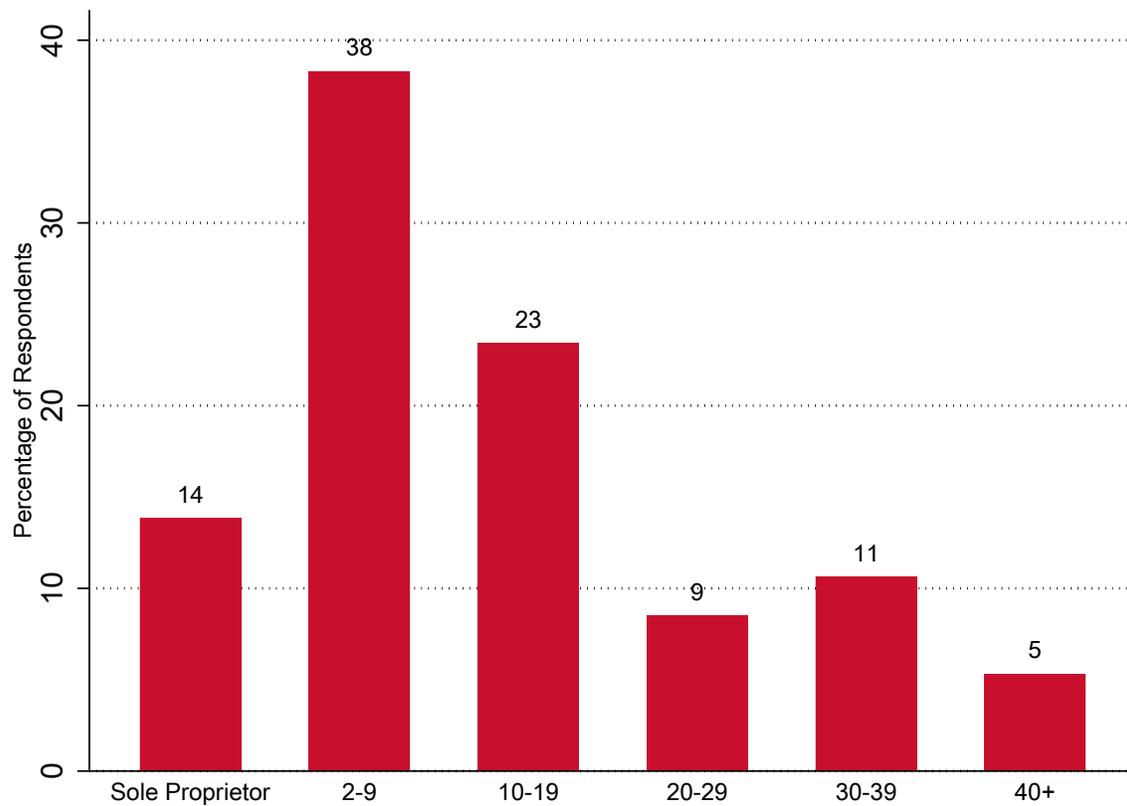
Figure 1 shows the distribution of respondents by type of child care center. The most common type are centers with individual locations (47%), followed by centers with multiple locations (13%). Just over ten percent of center respondents reported running family child care homes (11%) or faith-based programs (12%).

Figure 1: Which of the following best describes your child care center(s)?



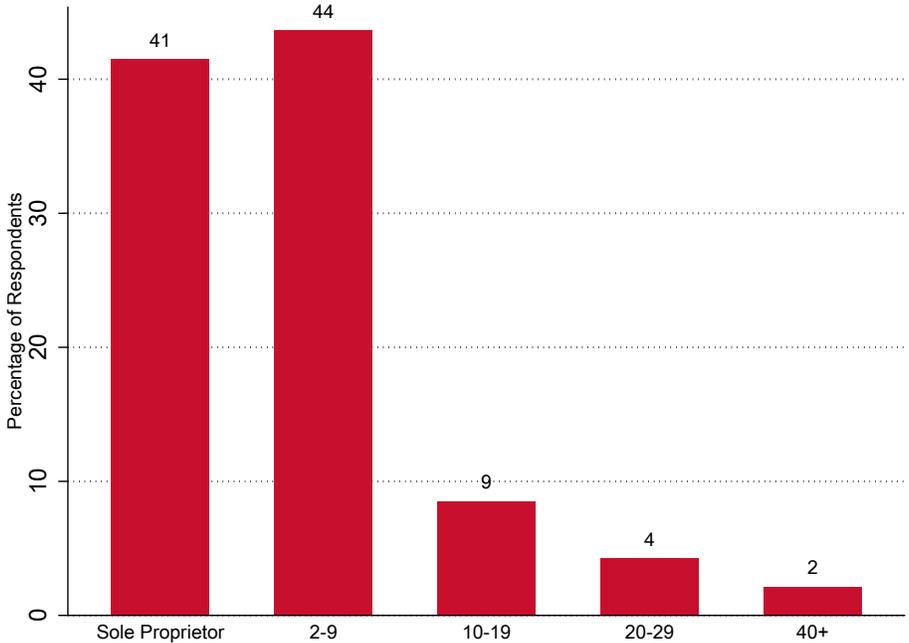
The vast majority of child care centers that participated in the survey had fewer than 20 full-time employees prior to the outbreak of COVID-19 and the Austin-Travis county “Stay Home-Work Safe Order” issued on March 24th (Figure 2). Just over 20% of child care centers in the survey had between 20 and 40 full-time employees. Only a few centers reported more than 40 full-time employees (5 of 94 respondents), one of which had more than 100 employees spread across four schools.

Figure 2: Prior to March 24th, approximately how many full-time employees worked at your child care center?



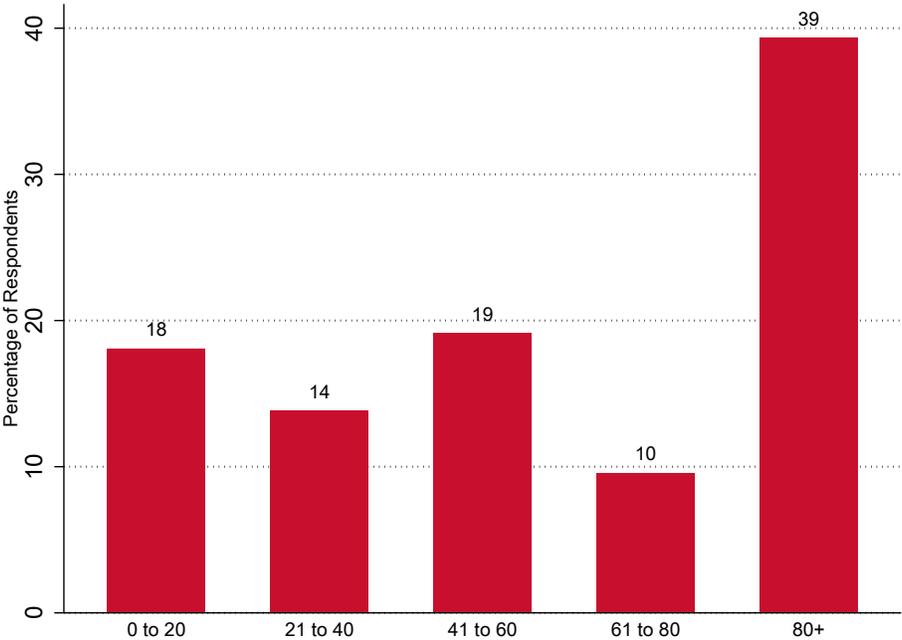
Slightly less than a quarter (23.4%) of respondents had no part-time employees and about 43% had one to three part-time employees prior to the COVID-19 outbreak and the stay-at-home order issued on March 24, 2020 (Figure 3). Just one organization in the survey reported employing 100 part-time employees prior to the pandemic.

Figure 3: Prior to March 24th, approximately how many part-time employees worked at your day care/child care center?



In terms of enrollment, Figure 4 presents the distribution of the number of enrolled children across the 94 child care centers that participated in the survey prior to March 24th. Fifty-one percent of the child care centers had fewer than 60 enrolled children prior to the outbreak of COVID-19 and the implementation of stay-at-home orders. Forty percent of centers had more than 80 children enrolled prior to the pandemic. Twenty centers reported enrolling more than 150 children, one of which had 800 children enrolled at a school-based program.

Figure 4: Prior to March 24th, approximately how many children attended your child care center (weekly/daily)?



Current Operating Status

At the time of the survey, the majority of respondents' centers (60%) were open with modified rules, whereas only one center reported being open with no modified rules (Figure 5). Thirty percent of child care centers reported still being completely closed. Two child care centers reported they would be opening in early July, while three centers reported being closed to all except the children of essential workers.

Figure 5: To what extent is the child care program you work in open or closed due to the COVID-19 pandemic and the Austin-Travis county "Stay Home-Work Safe Order"?

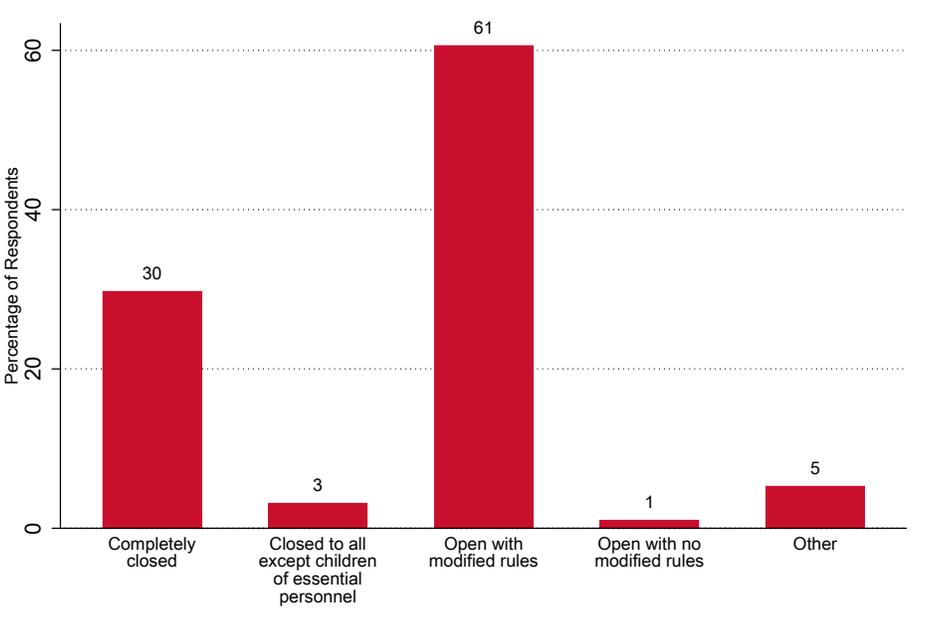
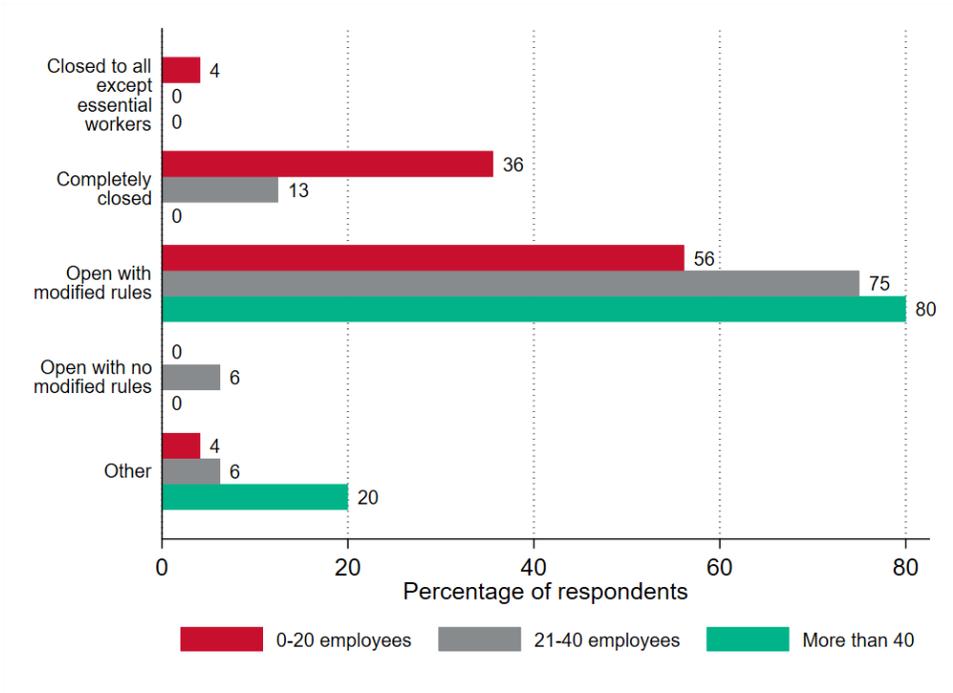


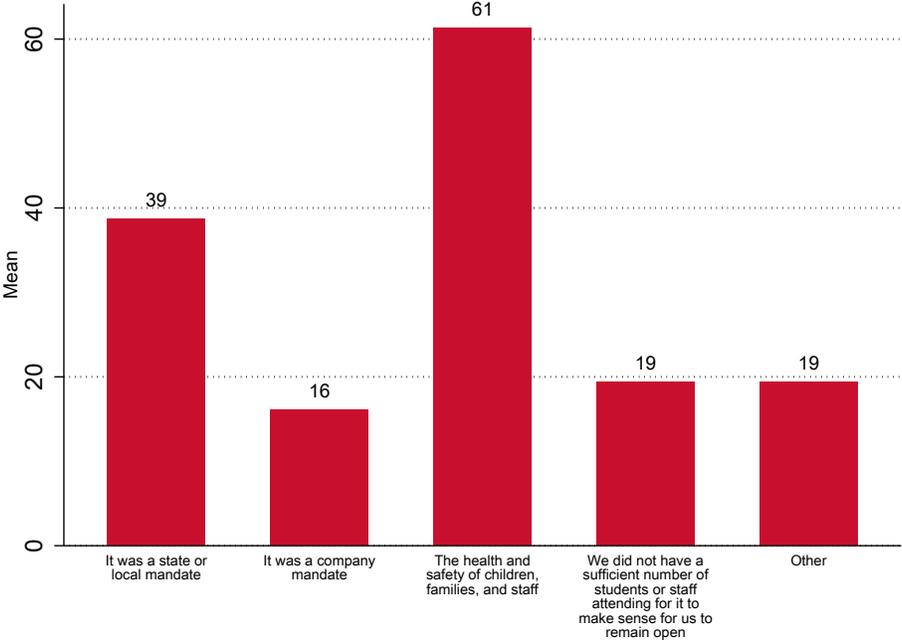
Figure 6 shows the distribution of operating status of child care centers by the number of full-time employees. While most child care centers surveyed are open, those that remain closed tend to be smaller providers with 20 employees or less. Indeed, among those centers that remain closed, the vast majority of child care centers (64.3%) had fewer than 10 full-time employees prior to March 24, 2020; and all had 39 or fewer full-time employees.

Figure 6: Current Operating Status and Number of Full-Time Employees



For the one-third of child care centers that reported being closed or closed to all except the children of essential workers, respondents were asked the reasons that factored into their decisions (Figure 7). By far the most common reason (61%) for closing was the health and safety of children, families, and staff. Another 38% reported that either a state or local mandate factored into their decision. About 20% of centers reported they did not have sufficient students and/or staff for it to make sense for them to remain open.

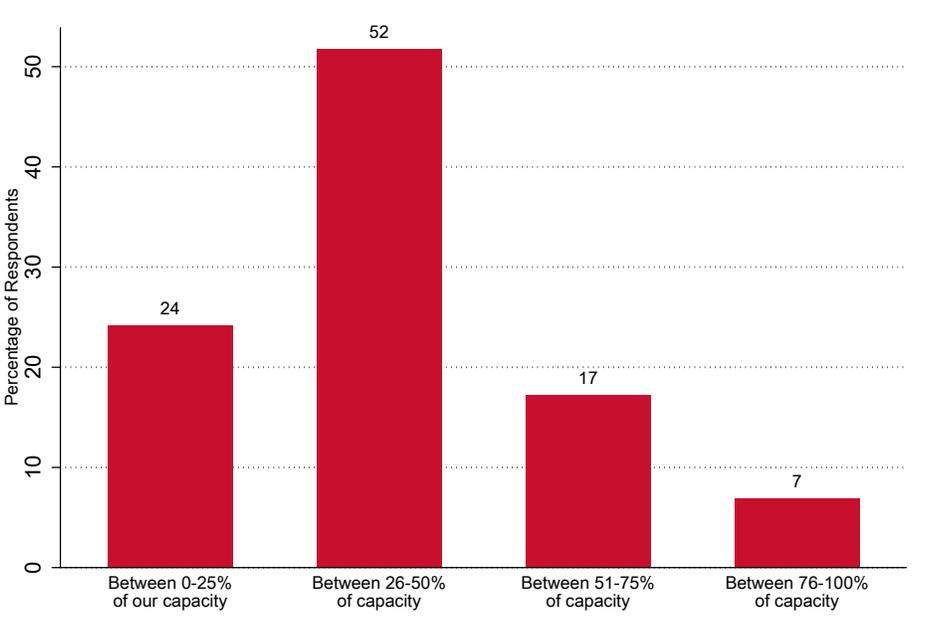
Figure 7: If your program is completely or partially closed, what elements factored into the decision?



Change in Enrollment and Staffing

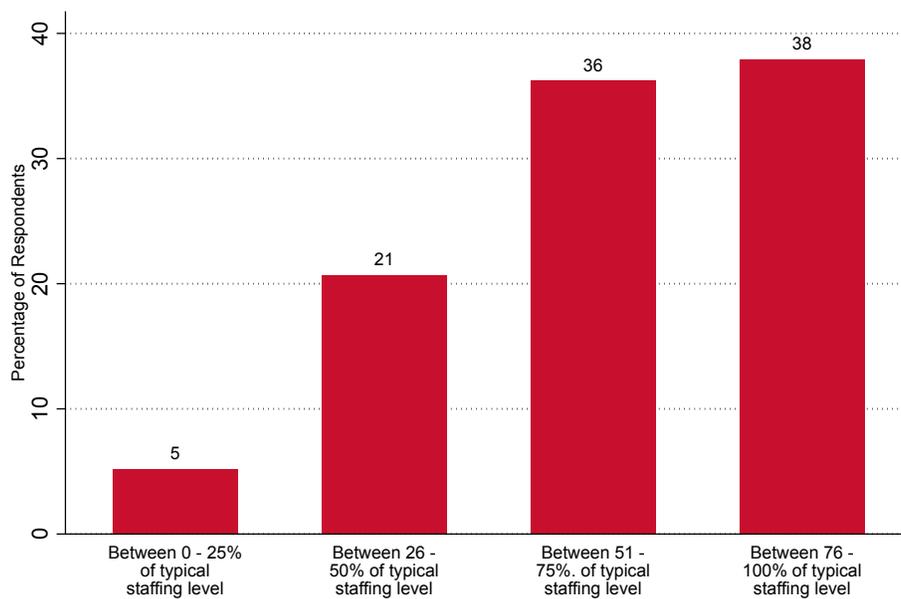
Among the two-thirds of the child care centers that were open during the time of the survey, we asked respondents to estimate the percent of enrollment and staffing levels at which they are currently operating. Figure 8 shows the percentage of centers' enrollment capacity that is currently being utilized. The vast majority of open child care centers are serving below 50% of their enrollment capacity. Indeed, the majority of centers reported that they are at between 26% and 50% of enrollment capacity. About a quarter of respondents reported their centers were operating at less than 25% of their enrollment capacity. Only a quarter of open child care centers were operating above 50% of their enrollment capacity.

Figure 8: What percentage of your enrollment capacity is being served?



As for staffing levels, Figure 9 presents the distribution of how the number of staff hours worked per week compares to typical staffing levels. The vast majority of open child care centers reported operating at more than 50% of typical staffing levels. Thirty-six percent reported between 51% and 75% typical staffing levels and another 38% reporting operating at between 76% and 100% of typical staffing levels. Only five percent of open child care centers in the survey responded that they were operating at below 25% typical staffing levels.

Figure 9: How does the number of staff hours worked per week compare to the typical staffing level?



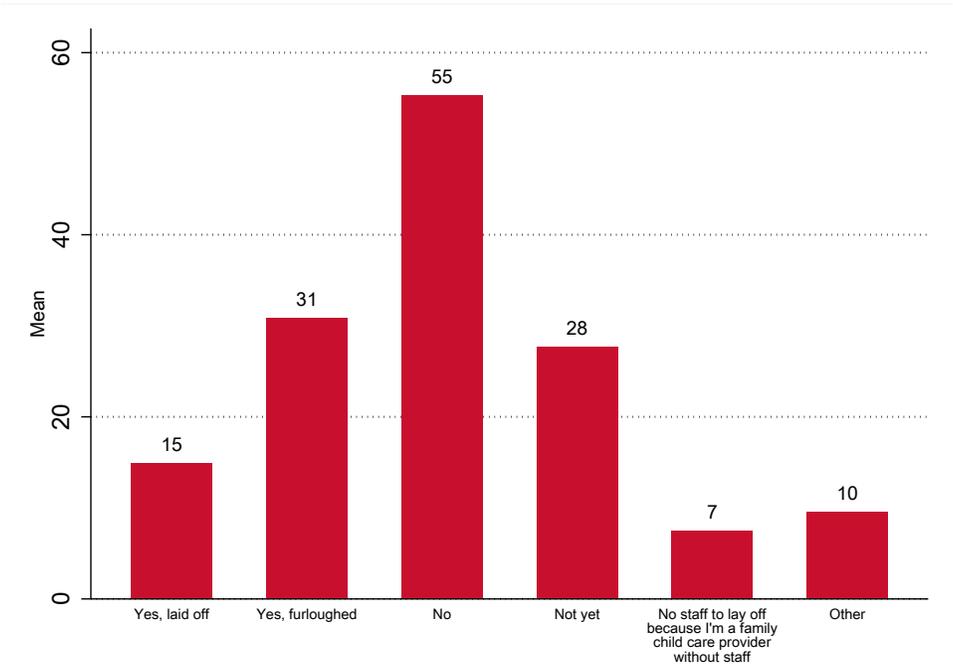
Impact of the COVID-19 Pandemic and Stay-At-Home Orders

In this section, we discuss the impact of the COVID-19 Pandemic and the City of Austin-Travis County “Stay Home-Work Safe Order” on child care centers. In particular, we focus on responses to the pandemic over the last four months, such as laying off or furloughing staff, measures taken to support staff financially during the ongoing health crisis, and the ability of child care providers to make payments. In addition, we asked whether any of the child care centers have applied for a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan and, for those that have applied, how successful they have been in obtaining a loan.

Responses to the COVID-19 Pandemic: Layoffs and Furloughs

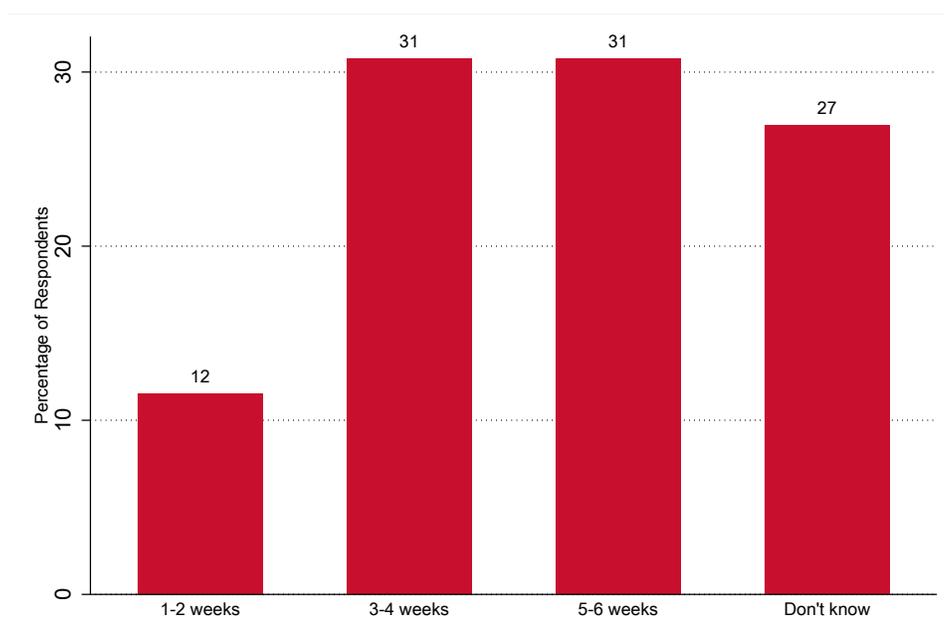
The majority of child care centers (55%) reported not having to layoff or furlough staff with another 28% reporting that they have *not yet* laid off or furloughed staff (Figure 10). Thirty percent of respondents indicated that they have had to furlough staff, or they themselves have been furloughed, and 15% have had to layoff staff since the outbreak of COVID-19.

Figure 10: Have you had to lay off or furlough staff (or have you personally been furloughed or laid off)?



Among those that did not or have not yet furloughed or laid off staff, we asked these respondents to estimate the number of weeks that their program can last before staff are likely to be laid off, furloughed, or have their benefits be otherwise cut. Sixty percent estimated between three and six weeks (Figure 11) before they would have to begin laying off or furloughing staff or cutting benefits. Eleven percent said that they would only be able to stay open 1 to 2 weeks, with the remaining 27% reporting that they are unsure how long they will be able to survive before being forced to implement one or more of these measures.

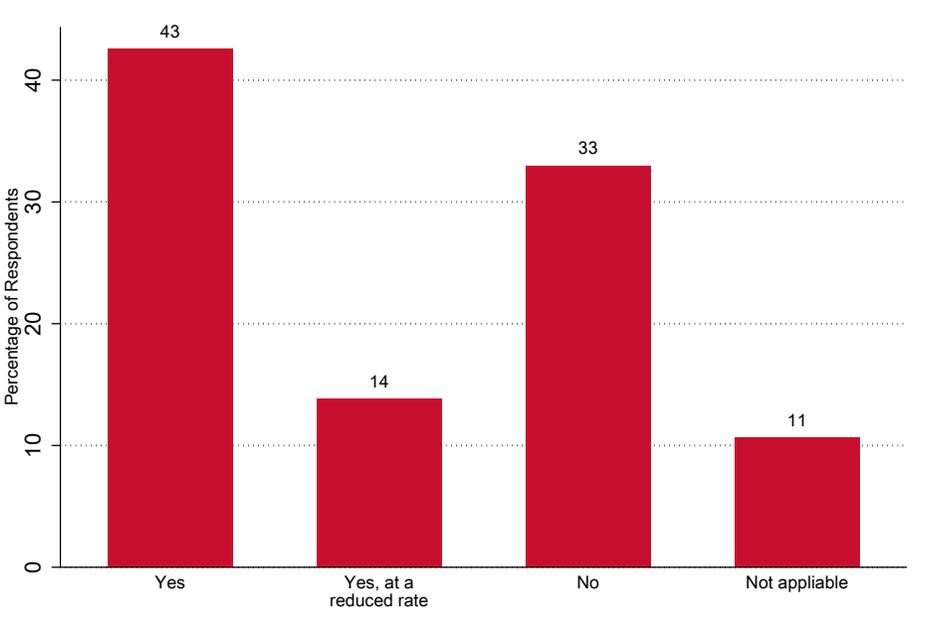
Figure 11: Please select the number of weeks your center can last before staff are likely to be laid off, furloughed, or have their benefits be otherwise cut.



Payments to Child Care Center

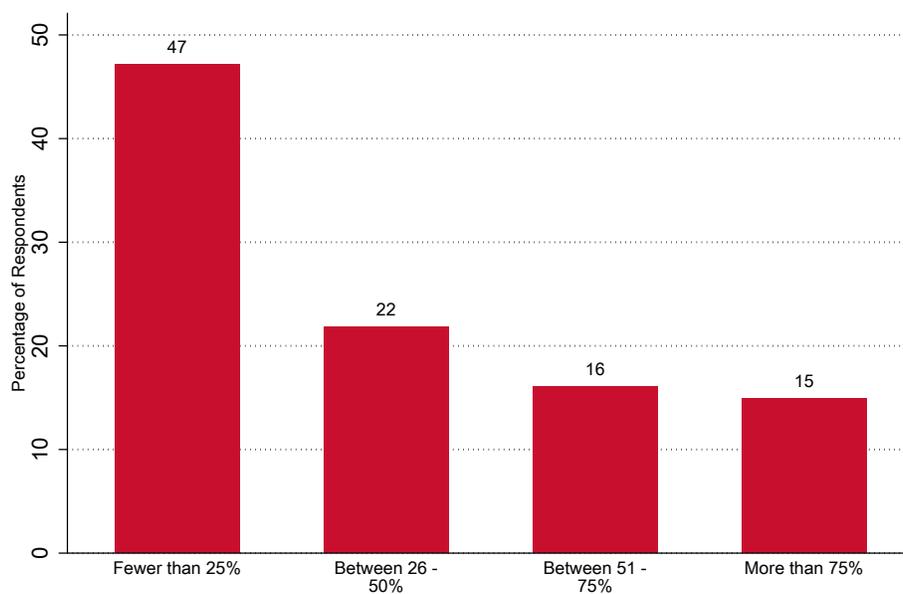
Of the 94 child care centers surveyed, just over 40% are continuing to charge private pay families during this time (Figure 12), while 14% indicated that they are charging private pay families at a reduced rate.

Figure 12: Is your child care center charging private pay families during this time?



Respondents were also asked to estimate what percentage of families who pay without assistance are continuing to pay their full tuition. Almost half of the respondents reported that fewer than 25% of such families were paying full tuition (Figure 13). Thirty percent responded that 50% or more of families who pay without assistance were paying full tuition.

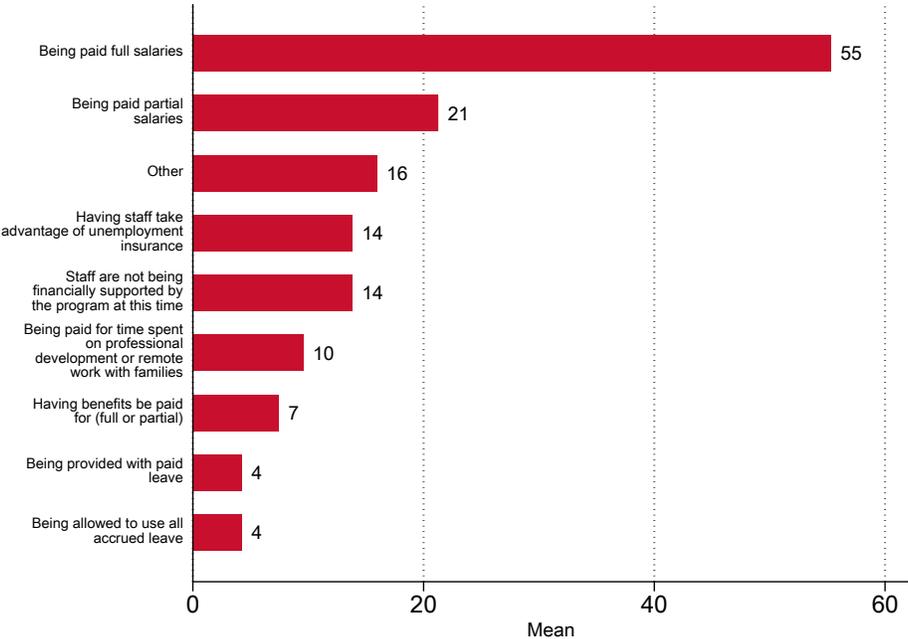
Figure 13: Approximately what percentage of families who pay without assistance are continuing to pay their full tuition?



Financial Support to Staff

Respondents were also asked the various ways that they and the staff in their programs are being financially supported (Figure 14). The vast majority of centers indicated that their staff members are still being paid full salaries (55%) or being paid partial salaries (21%). Fourteen percent reported that staff are taking advantage of unemployment insurance, while another 14% reported that staff are not being financially supported at this time. A few child care centers indicated that they are using PPP funds to financially support themselves or their staff. Still several others indicated that staff who are working are being paid full salaries and wages, but, of course, this does not apply to laid off staff or staff whose hours have been cut.

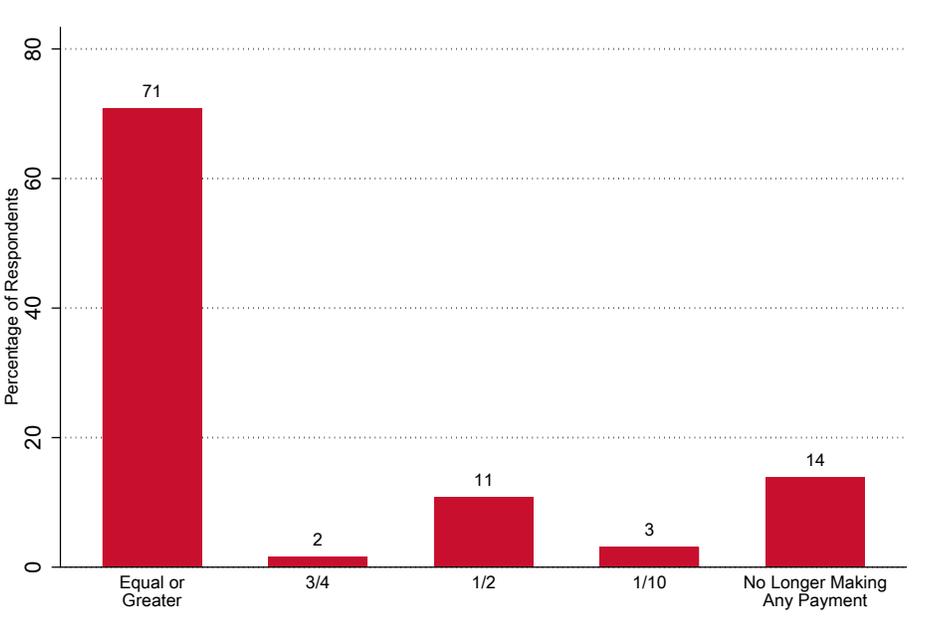
Figure 14: How are you and/or staff in your program being financially supported?



Rent Payments

The survey also asked respondents to indicate whether they are making payments that are equal, greater, or less than those payments made in the second half of April 2020. Figure 15 presents the extent of payments to landlords now compared to April. According to Figure 15, 70% of child care centers are now making payments that are equal to or greater than payments they made during the second half of April. About 10% of respondents are making payments that are half of what they were, while 14% are no longer making any payments.

Figure 15: Payments to Landlord



Paycheck Protection Program Applications and Approvals

Three-quarters of the child care centers surveyed applied for a loan under the Small Business Association's (SBA) Paycheck Protection Program (PPP). Figure 16 reveals that 12% of centers have not and do not intend to apply for a PPP loan, while 6.5% reported that they are not eligible to apply. The majority of family child care homes either did not or were not eligible to apply for a PPP loan (Figure 17). By contrast, the vast majority of individual or multiple child care centers, faith-based programs and other provider types applied for a loan under the Paycheck Protection Program.

Figure 16: Have you applied for a loan under the Paycheck Protection Program (PPP)?

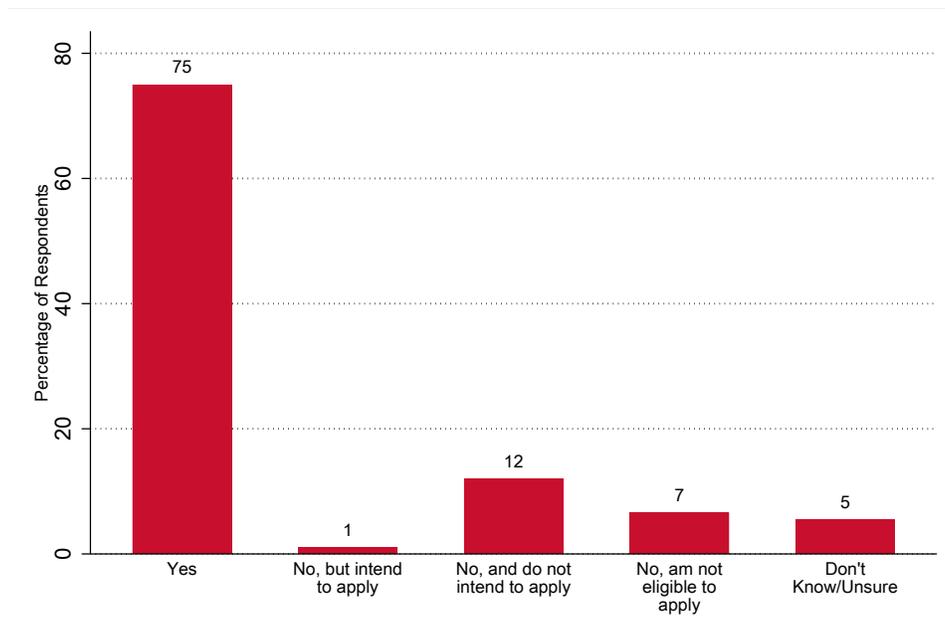
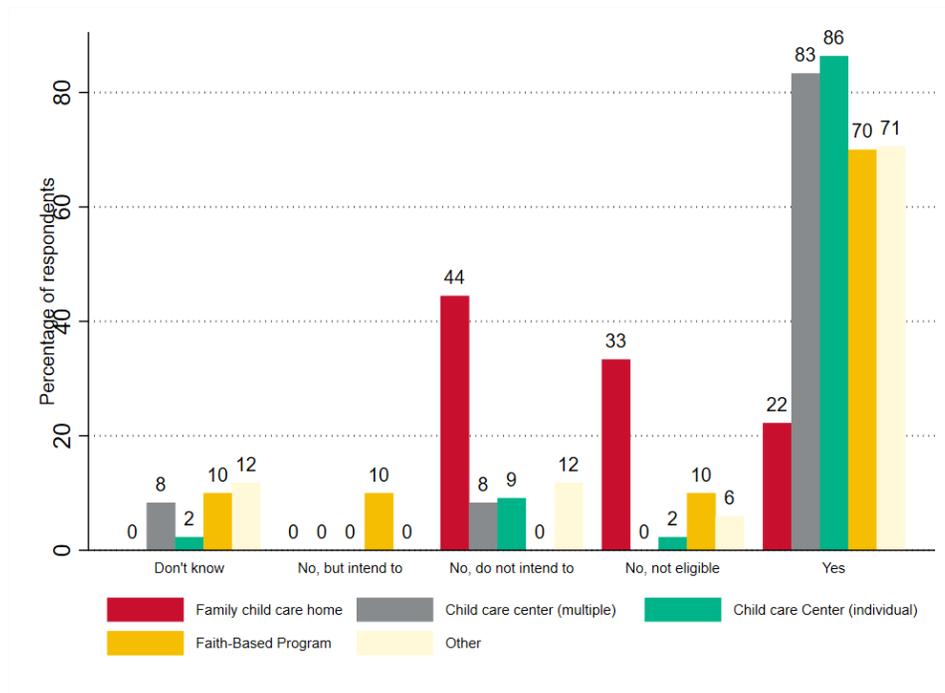
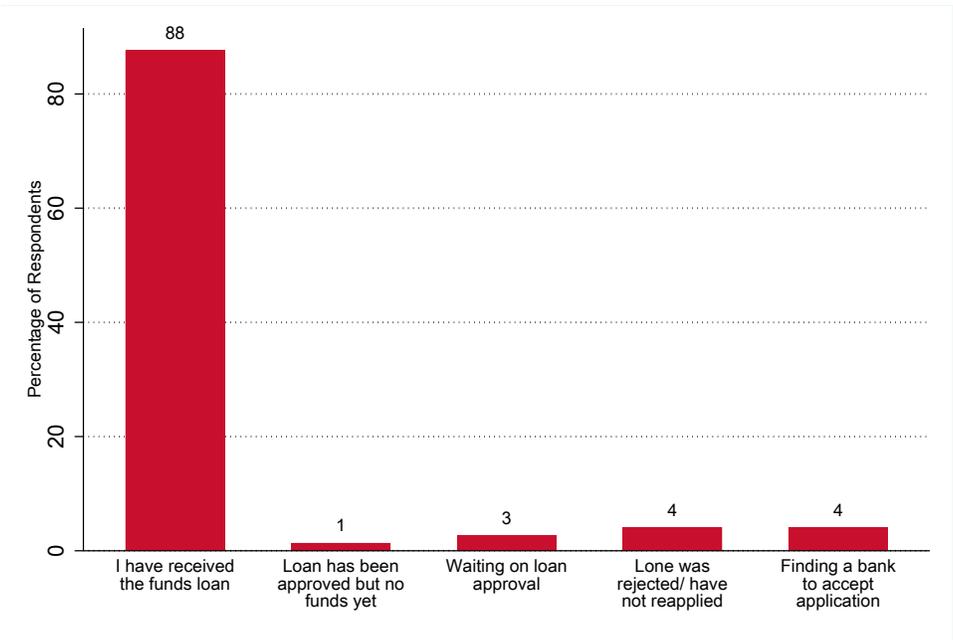


Figure 17: PPP Applications by Child Care Center Type



Almost 90% of those child care centers that applied for a PPP loan had their application approved. The remaining centers were split among those still waiting for their loan to be approved (3%), those who had been rejected (4%) and those still trying to find a bank to accept their application (4%). (Figure 18).

Figure 18: Which of the following best describes the current status of your PPP Loan Application?



In terms of the amount requested in the PPP loan application, the amounts ranged from a few thousand dollars to \$3.5 million dollars. According to Figure 19, the majority of respondents requested less than \$100,000 in their loan applications; another 29% applied for amounts greater than \$100,000. From Figure 20, we can see that the amount requested is, in part, associated with provider size. Seventy-five percent of providers with more than 40 full-time employees requested more than \$200,000 in their PPP loan applications, whereas as 90% of centers with fewer than 20 full-time employees requested less than \$100,000.

Figure 19: Approximately how much did you request in your PPP Loan Application?

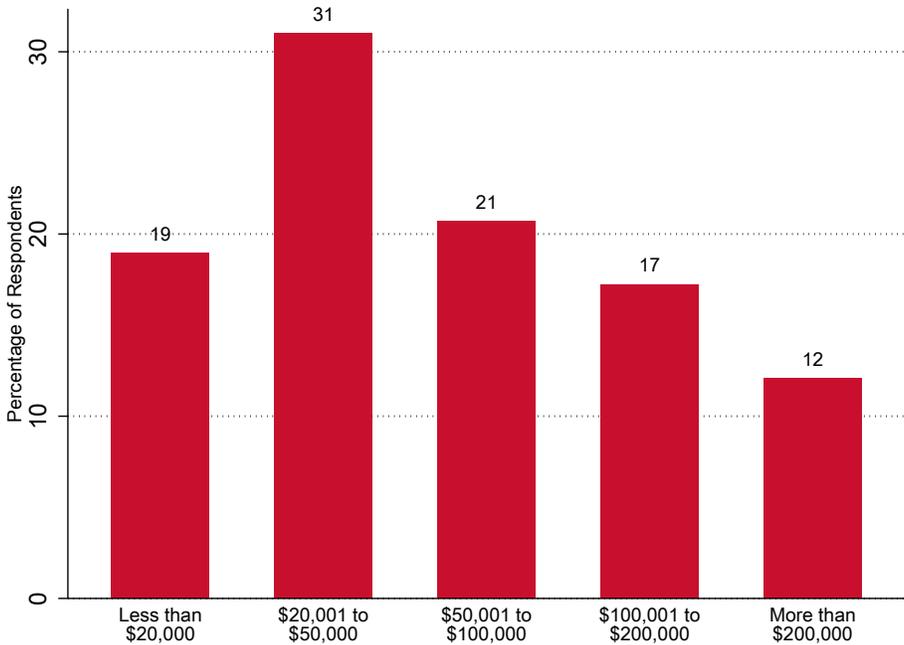
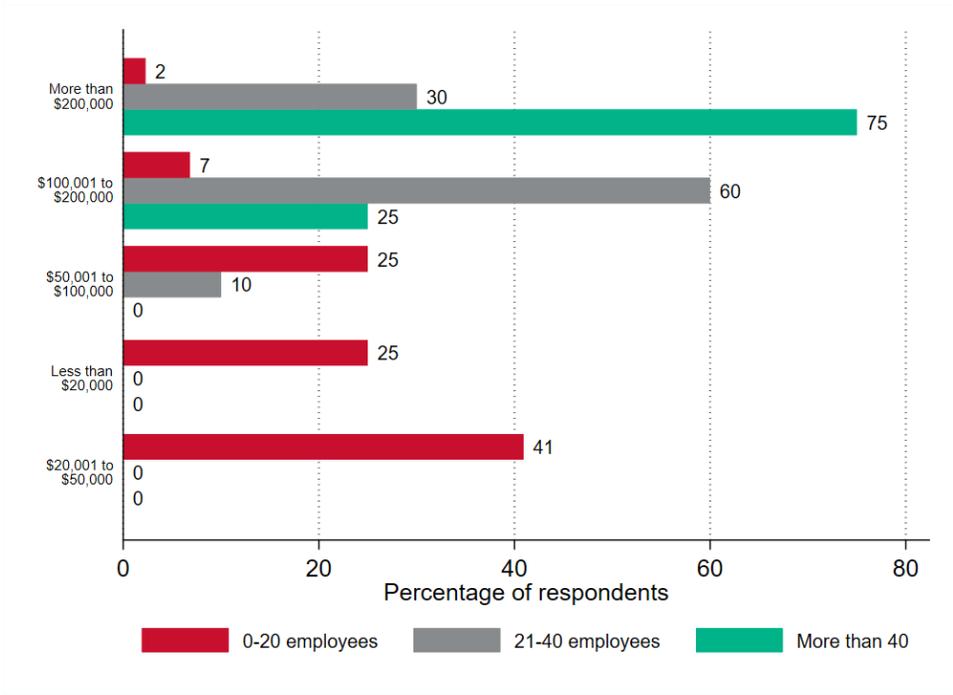


Figure 20: Requested PPP Loan Amount by Provider Size



Expectations for Reopening

Many of the child care centers are not optimistic about enrollment and revenue as they start to reopen. Eighty percent of respondents expect enrollment at their centers to be lower this summer and coming fall (Figure 21). For those child care centers that expect lower enrollment, Figure 22 shows by how much they expect their enrollment to decline in the summer and fall. Just under a majority of respondents estimate their enrollment will be more than 50% lower. Of the four centers that expect enrollment to increase, all expect the increase to be no more than 30%.

Figure 21: Compared to the summer and fall last year (in 2019), do you anticipate enrollment to be higher, lower, or about the same for this coming summer and fall?

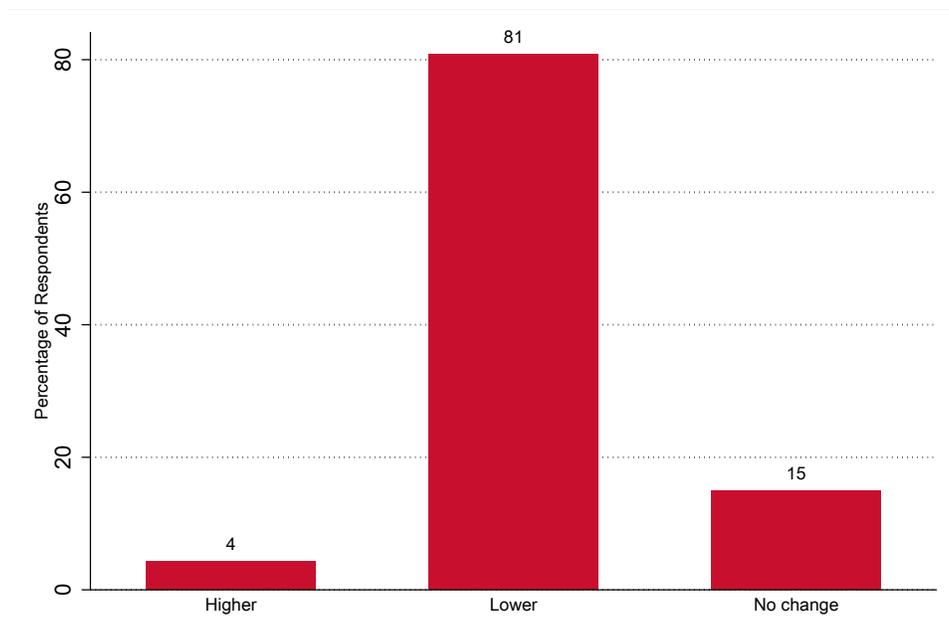
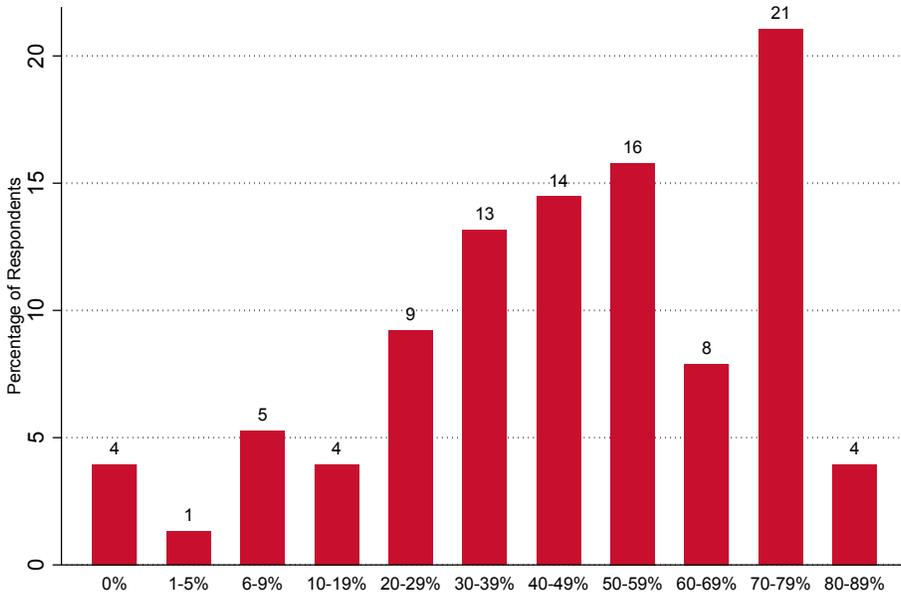


Figure 22: Please give your best estimate of the proportion of enrollment during this period in 2020 compared to 2019.



Forty-eight percent of child care centers surveyed expect revenue to decrease as child care providers reopen for all workers, both essential and non-essential (Figure 23). Thirty percent of centers do not anticipate any changes to revenue, while 22% expect revenue to increase.

Figure 23: Do you anticipate revenue to increase, decrease, or stay about the same once child care centers are allowed to reopen for non-essential workers?

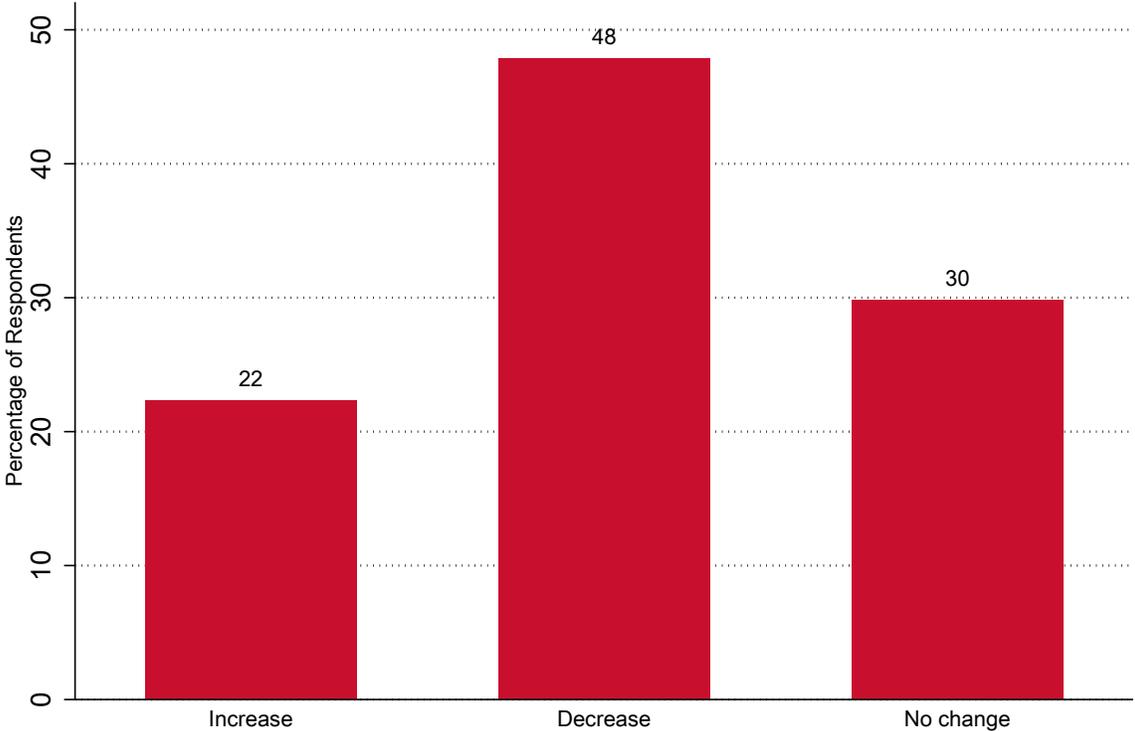
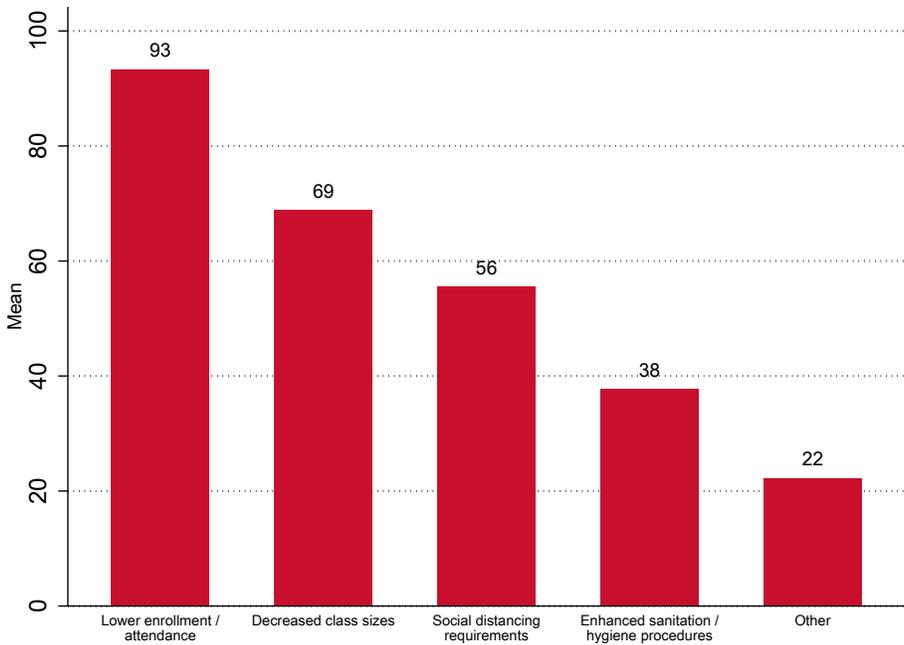


Figure 24 shows the possible reasons that child care centers believe will negatively impact their revenue: the number one reason is lower enrollment and attendance (93%). Social distancing requirements (56%) and decreased class sizes (69%) are also significant concerns. Just under two-fifths of child care centers (38%) cited enhanced sanitation and hygiene procedures as a reason for anticipated revenue decline.

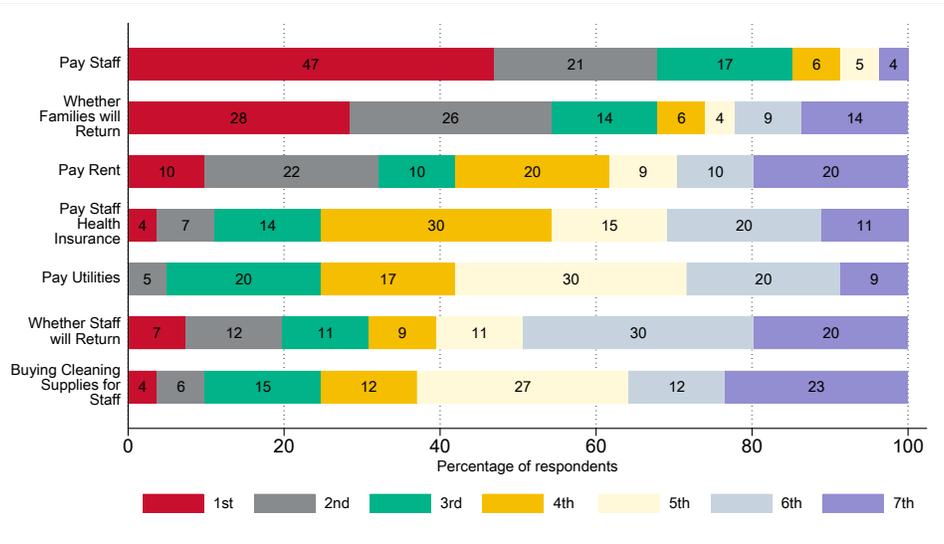
Figure 24: Which of the following reasons do you think may impact/decrease revenue at your child care center(s)?



Given space constraints, social distancing requirements will decrease class sizes, which will, in turn, impact enrollment capacity. However, it is also clear that lower enrollment could stem from parents’ reluctance to send their children to child care providers due to concerns of transmission and infection.

Finally, we asked respondents what they were most worried about when it comes to the current and future sustainability of their child care programs. Figure 25 presents the respondents' worries ranked from 1 to 7, with 1 being the thing that worries them the most and 7 being the least. The biggest worry for the centers surveyed is the ability to pay staff or themselves, with 47% of respondents ranking it as the thing they are most worried about. The second biggest worry for child care providers is whether families will return: 54% of centers survey ranked this as either the first or second biggest concern. As noted above, over 90% of child care centers worry that lower enrollment will be a major reason for declining revenue once they have reopened.

Figure 25: When it comes to the current and future sustainability of your child care program, what are you most worried about?



One of the things providers seems to be least concerned with is whether staff will return. Fifty percent of respondents ranked whether staff will return as their sixth or seventh concern. Buying cleaning supplies and personal protective equipment for staff as well as making or missing utility payments also ranked as lesser concerns compared to paying staff and decreased enrollment.

Conclusion

Critical to getting many Americans back to work is affordable and safe child care. Even as child care centers are reopening, many parents are reluctant to send their children back, fearing the possibility of transmission and infection. Indeed, the survey reveals this to be one of the biggest concerns of child care providers when it comes to the current and future sustainability of their child care programs. Supporting child care centers - which are facing lower enrollment, enhanced sanitation and social distancing requirements, and declining revenue - will, therefore, be central for the success of reopening the Austin economy.