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Impact of COVID-19 on Mississippi Childcare Centers

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IMPACT OF COVID-19 ON MISSISSIPPI CHILDCARE CENTERS

May 2020



BACKGROUND

In May 2020 the University of Mississippi's Center for Research Evaluation (CERE) surveyed 1,220 licensed childcare centers.* Our goal was to understand how the COVID-19 pandemic affected their operations. Between May 5 and 11, 425 (35%) Mississippi-based center directors responded to our online survey. In this report we share their needs and data on how CARES Act funds may be most useful.

FINDINGS

Data show Mississippi's childcare centers are experiencing great financial need because of center closures, low enrollment and lost revenues.

**Not including Head Start/Early Head Start.*

Mississippi childcare centers have lost an estimated **\$18.3 million** due to COVID-19.

72%
of centers cannot afford to pay all of their monthly expenses.

DATA

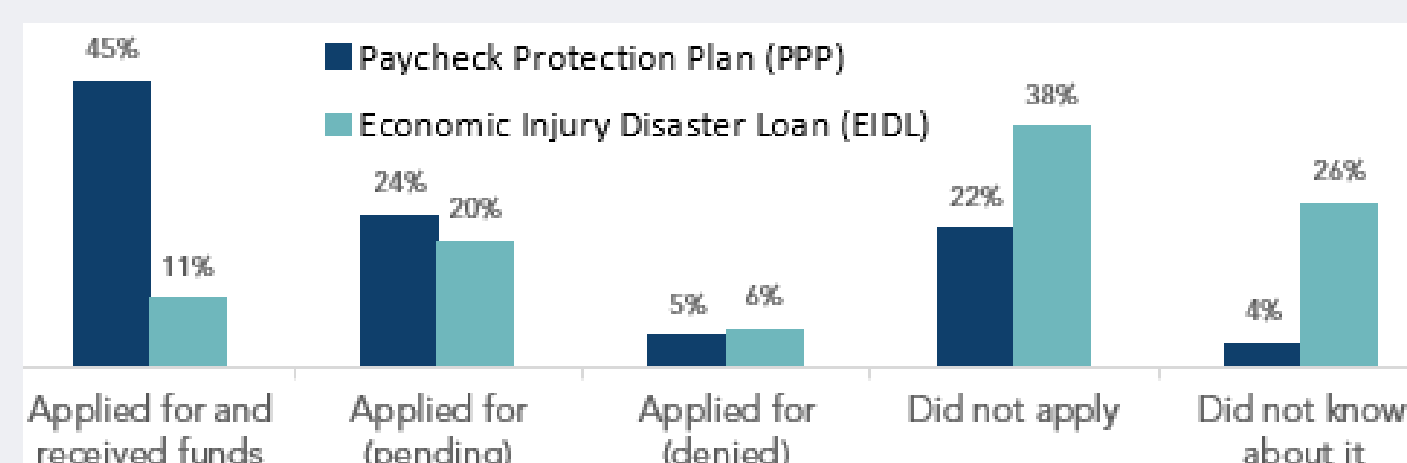
As of May 11, **55%** of licensed childcare centers in Mississippi are closed or operating on a limited basis.

42% of centers have lost at least half of their revenue; **51%** of centers cannot pay even half of their monthly expenses.

Payroll represents the largest portion (**58%**) of a typical center's monthly costs, followed by overhead/ancillary costs (**28%**).

Most center Directors say they would use financial assistance to pay staff (**81%**), utilities (**72%**), taxes (**62%**) and insurance (**61%**) costs.

Most centers have not received **PPP** or **EIDL** funding assistance.



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DATA

41% of centers are not collecting any tuition and only **12%** are collecting tuition for all children.

So far, the biggest impact on revenue has been a **significant withdrawal** of families who pay full tuition. This impacts **83%** of the centers in our survey. Most centers have fewer than 20% of students with subsidized funding for tuition.

Childcare centers report a **drastic decrease** in enrollment numbers and staffing. Most expect, given current requirements, it will take **6 months** to get back to pre-COVID-19 enrollment and staffing numbers.

30% of centers will have to *re-hire* more than 5 staff members; **10%** will have to *re-hire* more than 10. **Over half** of the centers will have to *replace* more than 5 staff, leading to additional hiring and training costs.

So far, Mississippi
childcare centers have lost
an estimated



due to COVID-19.

Overall, the impact of COVID-19 on childcare centers has contributed to a loss of nearly **\$31 million** in economic impact throughout the state so far*.

*Includes loss of (1) revenue, (2) purchasing power and (3) employee compensation.

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Recommendations

Dr. Cathy Grace, Co-Director Graduate Center for the Study of Early Learning

On reviewing these data researchers from UM and NMEC recommended that the Department of Human Services (DHS) Division of Child Care and Early Education form a task force of stakeholders to provide guidance for the development and implementation of a plan for the expenditure of CARES funds to support licensed family childcare homes' and childcare centers' (hereafter referred to as "centers") economic recovery. The planning discussions should include the following components:

REGULATIONS

- The Child Care Licensing Division at the MS Department of Health (with guidance from the CDC and American Academy of Pediatrics) should develop interim regulations to follow for at least six months upon opening/reopening.

FUNDING

- Direct funding at the current Childcare Crisis Assistance in Isolation Response (CCAIR) reimbursement levels to all centers* based on the number of children enrolled/enrolling starting within the next 45 days for a minimum of six months.
- Provide Child Care Development Block Grant (CCDBG) reimbursement allocation funds to all centers. Include allocations to all families who qualify based on the federal CCDBG requirements when the CARES funding ends.
- Allocate funding to employ mental-health or telehealth coaching for on-site coaching and for training to teaching staff.
- Provide hazard pay for childcare staff who remained employed in centers that did not close during the months of March, April, and May, 2020.

*Excluding Head Start/Early Head Start because they will receive COVID-19 recovery funding from the federal Head Start office.

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The logo for the University of Mississippi (UM) is a red shield with a white border. Inside the shield, the letters 'U' and 'M' are stacked vertically in a white, serif font.

Recommendations

Dr. Cathy Grace, Co-Director Graduate Center for the Study of Early Learning

- Allocate funds for additional employees at First Steps early intervention programs to work with children 0-3 years of age in the least restrictive environment for service delivery.
- Develop and implement a strategy for funding after-school programs and extending Head Start hours and days with CARES funds when appropriate.
- for at least six months beginning June 10.
- Collaborate with stakeholders to develop and implement a strong professional development program for teaching staff and center administrators on the social and emotional impact of COVID-19 on themselves, and the children and families they serve.

HEALTH & WELLBEING

- Collaborate with the Child Nutrition Division at the Mississippi Department of Education to assist centers in participating in appropriate child nutrition programs.
- Collaborate with the Mississippi Department of Health to contract with vendors and provide, at no cost to centers, hospital-strength cleaning supplies, personal-protection equipment (e.g., gloves, masks, clothing and footwear) and related health supplies (e.g., digital thermometers)
- Develop and implement a plan to help family childcare homes meet public health regulations and/or start a family childcare home.
- Collaborate with the Mississippi Department of Health, Schools of Nursing and other health professionals across the state to make routine, unannounced health checks of all centers for the purpose of monitoring the overall health of employees by providing COVID-19 testing and monitoring the regulations for disease mitigation per licensing guidelines for at least six months.