

April
2020

The Impact of the COVID-19 Pandemic on Early Learning and Child Care Programs in Alberta

CASE STUDY PROJECT

THE ASSOCIATION OF EARLY CHILDHOOD EDUCATORS OF ALBERTA

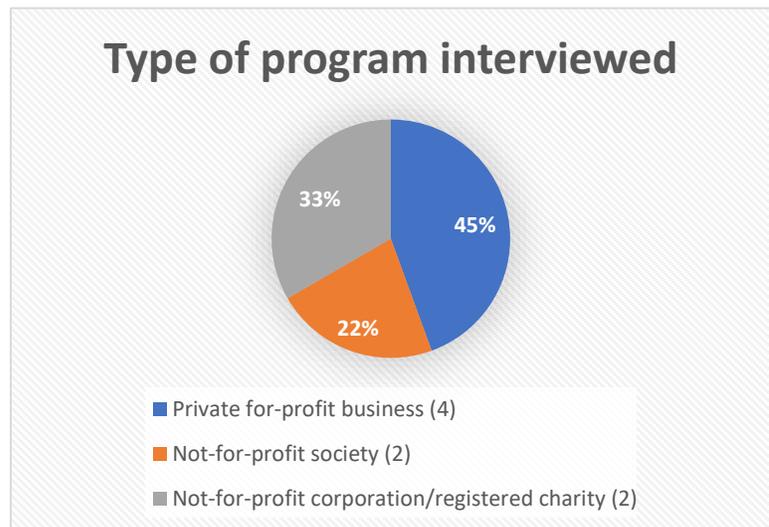
Introduction

The Association of Early Childhood Educators of Alberta (AECEA) has been very concerned about the impact the Covid-19 pandemic has had on the early learning and child care sector, its workforce as well as the thousands of children and families this sector serves. As part of its work, AECEA felt it important to reach out to child care programs to better understand the impact as well as what types of additional supports programs would require during the pandemic and when programs are allowed to open. This report is a brief summary of 9 case studies that AECEA completed with programs that were temporarily closed and those that have been recently opened. These case studies were conducted between April 22 and 28, 2020.

Program background

The Association of Early Childhood Educators of Alberta (AECEA) completed 9 case studies: five stand-alone programs, three multi-sites programs, and one a program as part of a larger charity. Two of the programs were part of, or had connection to, a larger charity, able to provide wrap-around supports for vulnerable families and had access to other professional staff, facilities, or resources.

Programs had been providing child care in the community from 2.5 years to 45 years. Three programs had been serving the community's children and families for 30+ years, three for ten+ years, and three for 2.5+ years. Programs were in small rural communities as well as medium and large urban settings. They were from various parts of the province spanning the north to the south.



Only one program reported that there were no other licensed/regulated child care options available within their community. They saw themselves as critical to serve the many farmers and other workers in the area. Their hours had to accommodate those workers and tended to be part-time, which they reported was not ideal but necessary to survive. Programs in medium and large urban settings reported there were multiple child care options available, including licensed centre-based, school-aged, regulated family day homes, and unregulated private babysitting.

In total, these programs were licensed to provide child care for 1,630 children pre-pandemic, with very few spaces open for families to access. Five of the nine programs reported that they had a waitlist, with two reporting 200 and 300 children on these lists. One reported its demand is "incredibly high" and that they could fill their spaces multiple times over. Two others had waitlists for most of their age groups, and a school-aged program had waitlists at all its sites but one. One centre reported a real need for infant spaces in the community, which remain challenging to find.

These programs served a range of families, with four programs reporting high rates of families accessing subsidy - 100%, 95%, “the majority” and “most” and two programs reporting lower rates at 10% and 12%. Most programs provide child care and other family supports for single-parent families (typically headed up by the mother), low-income families, and the working poor. Three programs serve more vulnerable families for very young parents, families traumatized through past experiences, those living in poverty and children in foster families. These program report they can provide some stability for these vulnerable children and families who have few social supports, experienced trauma or are living in poverty. Most also provided child care for middle-income families, not able to qualify for subsidies, as well as dual-income families working in professional practices and trades who are more economically sound or better at navigating co-parenting. The majority of programs reported serving Indigenous and new immigrant families, with one program also serving economic refugees and landed immigrants. Other programs provide child care for students and faculty members within educational institutions.

Mandatory closure

On March 15, 2020, every program was mandated by the Alberta government to close its doors. Every program was different in how it addressed its staff members, with the majority laying off staff immediately upon closure and others paying their staff until the end of March. For those programs currently closed, the majority have kept their director/owner and sometimes bookkeeper to manage the administrative duties, keep up with the federal and provincial updates and support programs. Some programs spend a significant amount of time engaging with their staff members, families, and colleagues to discuss the impact the pandemic is having on them.

Contracted family day home agencies and approved day home educators have remained open. Programs interviewed with family day homes as part of their programming have advised that they’ve lost up to 30% of their families, which has created financial challenges and instability for their providers.

Opening for essential service workers

Four programs interviewed are currently open to provide child care for essential workers. These programs are currently serving a total of 52 children with a reduced number of children as mandated, ensuring health and safety protocols are observed. Only one program is at capacity, and others are seeing an increase in their numbers.

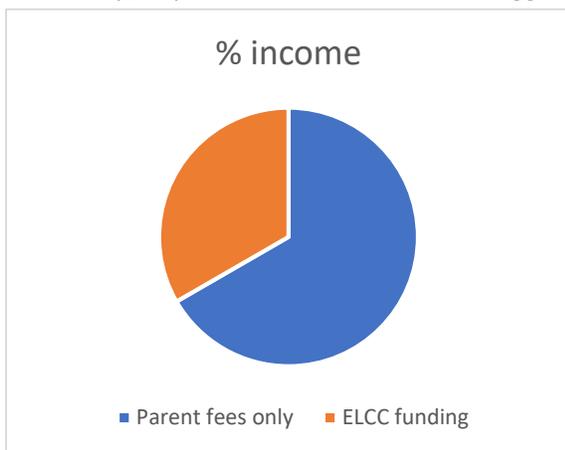
Owners and boards of directors made decisions to open but most also consulted their staff, their families, and their community. Some closed programs had been asked to re-open for essential workers but felt it a better business decision not to reopen at this time. Some reported that they could barely pay the bills at full capacity and were concerned about their financial viability should they only be allowed to open a small number of spaces, with increased health and safety protocols.

There was much concern about the financial viability of opening to serve fewer and new families; their ability to pay core operating costs with reduced revenues; the health and safety risks for children, families, early childhood educators and their families; the cost of PPEs; their ability to bring back early childhood educators who had been laid off and caring for their own children and family members; and fear of the virus spreading to the larger institutions their facilities were located in.

For centres that have re-opened, the province is providing funding to support the costs of unused essential worker spaces at a rate of \$41/day which has been helpful.

Financial viability

Program operating budgets ranged from approximately \$325,000 to \$2.1 million, with many in the \$1 million range. Most of their budgets are set aside for human resources with core operating expenses making up the remainder of their budgets. Three programs advised their programs are subsidized in some way through their partnerships with schools and colleges (facility rent, maintenance services, and post-secondary staff bursaries). This has allowed some programs to charge lower fees, support families more fully, or provide them with some “wiggle room” within their budget.



All programs interviewed rely on parent fees, subsidies, and wage enhancements to run their operations. The majority of programs rely 100% on parent fees except for the three ELCC sites that receive provincial funding to support their programs. One program receives casino funding, and another has access to additional grants through its parent organization.

Three programs reported that they had not made a profit in years and those who had made profits, typically fed those profits back into their programs to increase quality or expand services for children and families. Some programs were in a better financial position and had operating capital or reserves they could draw upon. This was due to sound financial management practices or being open for 30+ years and having built some financial stability.

As four programs with multi-sites are located in schools or other public spaces, they were somewhat sheltered from paying facility costs or paid much lower leases/rents. Two programs owned their building, while two had landlords that were still demanding rent payments from them. Five programs were looking at the new federal rent program; however, two programs reported their landlords might not be agreeable to this joint venture.

ELCC programs were still trying to determine how to use their funding during the pandemic closure or whether open programs should access the \$41/day funding rather than the ELCC funding. More clarification has been requested.

Most programs were solely reliant on parent fees, parent subsidies and wage enhancements and with a loss of those revenues, it has devastated most programs.

With no parent revenue coming in, most programs reported they could only absorb fixed operating costs for so long. All were very concerned about what the future would look like with so many unknowns. All programs, except one, was worried about their ability to cover their core-operating costs and it would only be a matter of time until they would have to close their doors permanently, without the infusion of other financial supports. One program was not as concerned with its financial position.

While all but one program were experiencing instability, two programs were experiencing extreme financial stress. These programs had little to no savings, had drawn on their remaining credit, had accessed federal support programs, and were unable to make their April rent payment. Others were just relieved they were able to reopen, for both the families' and program's sake.

Reserves and/or working capital



- Small amount of reserves (could be needed for permanent lay offs, deferred payments, rising debt) (5)
- Reserves have been used (3)
- No reserves, relies on parent organization (1)

When we asked about a program's retained earnings or reserves and how many months their program would be able to sustain its operations, five programs reported they had some reserve funds or working capital to carry them for a very short period. Two more were able to stay open for another five and ten months. Still, as time goes by, there are other things to consider, like permanently laying off staff (severance & re-hiring), deferred payments, rising debt, and loss of all reserves or savings. Three programs have already used what reserves and savings they had; one program has no reserves itself and relies on its parent organization.

Some programs had other liabilities to consider. Three programs had loans, two had lines of credit,

two had equipment leases, one had a mortgage, and one had a purchase agreement with its former owner. One also reported that the program was only one year into a five-year lease agreement.

When asked how these liabilities were being paid, multiple answers included the use of reserves or working capital, deferrals, help from a parent organization, or that they were not being paid. One program had no liabilities to report.

When asked how programs were paying its core operating costs, they responded with various answers. These included: deferrals (with hesitation, as they still must be paid in the end), help from its parent organization, reserve funds, savings, ELCC grant, other grants, and casino money. The main concerns are that these sources will not provide enough to cover expenses over a longer term and that deferrals will need to be paid back in future, with revenue uncertainty.

"We aren't paying them right now as we have no revenues. The \$40,00 loan and our insurance money is better than nothing, but it won't keep the business going. We did manage to pay our utilities, but with so much up in the air, I'm worried I might be making the wrong decisions".

Programs provided information on their core operating costs and how they may be subsidized through a partnership or their larger organization. The chart below shows the percentage of a program’s yearly operating budget spent on core operating costs (rent/lease/mortgage, cleaning, maintenance, utilities, accounting, transportation) and how the subsidized programs appear to have some advantage.

Operating Costs % of Budget	Subsidy from partnership or parent organization	Program Type
10.00%	no subsidy	multi-site program (consolidated)
5.57%	subsidized facility, staffing & resources	part of a larger organization
18.57%	no subsidy	stand alone program
12.21%	no subsidy	Site #1 - multi-site program (separate)
5.25%	facility subsidized	Site #2 - multi-site program (separate)
18.37%	no subsidy	stand alone program
13.36%	no subsidy	stand alone program
21.18%	no subsidy	stand alone program
1.44%	facility, utilities and maintenance subsidized	stand alone program
No data		Multi-site

Workforce concerns

Prior to the pandemic, programs interviewed employed 318 staff members including, directors, early childhood educators, cooks, administrative staff, and contract staff. Currently, 43 staff members are working, with some having skeleton staff to keep closed programs running. All nine programs reported that they had laid some, or all, of their staff off temporarily and directed them to the federal employment support programs.

Two programs, with large staff complements, advised that the change to the temporary lay off period from 60 to 120 days provided some relief as they were concerned about the severance costs of having to lay staff off permanently after that 60 days. Some were also concerned about the impact the loss of these staff would have on re-opening once the closure order is lifted.

The majority of programs advised laying staff off was extremely difficult as some of these educators are already marginalized women, compensated at a low level, and may be heading their own households, working to sustain their families. Some responded that their staff are like family, are close-knit and very supportive of one another. Many staff have elderly family members and children of their own, so they are worried about staying safe and have chosen to stay home. Some staff have reported that they are in a better position being on CERB as they are making more than they normally would.

With ELCC funding, two programs were able to maintain their family liaison support workers, critical to maintain relationships, and provide support to more vulnerable children and families. Some pedagogical partners are also continuing their work with educators during this time.

Three programs agreed to continue paying the employee portion of health benefit premiums. These programs did not want their staff to face another setback and felt it was a strategy to retain their qualified staff members for when they are able to reopen.

For open programs, there are enhanced health and safety protocols that must be adhered to so programs have revised staff ratios, set aside time and resource for extra cleaning, temperature taking, parent paperwork and different groupings, rooms and shifts. Children are typically new to the centre and new to the early childhood educator (ECE) who will be teaching and caring for them. Programs advised that these staff will need to have the appropriate level of education and experience to support these children and engage with their families, some of whom may be living with anxiety, mental health challenges or fear of attending in a new place. Some programs are concerned about their staff burning out and have increased their ratios to ensure staff remained fresh and able to provide quality programming. Further, centres didn't want lone staff members in a room or when opening or closing the centres and there must be additional coverage during lunch and other breaks. This comes at an increased cost.

“We are also seeing random pop-up child care with unqualified people. While one or two might be quality, there are a whole bunch more that we should be really worried about. Our centre has educated staff that provide a high-quality program. There's oversight and we hire the right people who have a vested interest in the children they serve. I'm worried child care standards will drop and the quality won't be there.”

Re-opening programs

Some programs do not anticipate opening in the short-term as their programs are in public spaces such as schools, which were mandated to close. These centre-based and school-aged programs are hoping they will be able to open in the fall when school starts, while others are hoping their summer programs will be able to take place, which would allow children to have access to a quality program while their parents return to work. Two school-aged programs report they will have to rethink their programs as they won't be able to open as they once were. One was very concerned about its financial viability going forward.

PROGRAM'S WORKFORCE CHALLENGES

- Provincial and federal support guidelines are vague re: staff lay offs, rehiring. There is potential for a law suit
- Concern about spreading virus to their families
- Recruitment and retention of staff may be difficult
- Staggering of staff returns will need to be managed
- Not enough staff returning to work when closure order is lifted. Some ECEs may:
 - not have child care themselves
 - have found other work
 - have become private babysitters for friends or families from their program
 - have asthma or other health conditions
 - have other family obligations
- Not enough filled spaces to enable program to rehire staff
- Not enough funds to make their first payroll
- Need for additional staff to meet increased health protocols
- Changes to staff ratios and room configurations
- Increased health and safety protocols and the autonomy of staff to use their own best judgement to determine the health of children entering the facility (e.g. teething, sniffles)

PROGRAM'S OTHER CHALLENGES

- Unknown date of re-opening and unknown numbers of children returning
- Fear of returning to an unsafe environment
- Reduced family income making child care unaffordable
- There may be limited guidance from AHS on what is expected of programs and what oversight government will provide.
- Unknown numbers of children allowed in the program
- Added cost of PPEs will be program's responsibility
- Planning for reduced numbers with limited funding from the provincial government will be difficult
- How quality will be ensured without the accreditation process and how the government will ensure quality when considering the Licensing Act and regulations review.
- Mandated illness policies may be in effect
- Need for additional mental health supports for children and families (e.g. anxiety, trauma)
- If co-located, unknown timeline for re-opening of public spaces (schools, colleges, community spaces)
- Families leaving younger siblings home with older siblings who used to go to school-aged programs
- Loss of kitchen facilities, cooks and family-served meals as well as loss of nutritious meals for children who may not get them at home.

Many programs reported they were already struggling with the Benefit Contribution Grant (BCG) cut, the loss of accreditation and the end of the ELCC pilot program in 2020 and 2021. Those interviewed advised that the cut to the BCG grant was significant as many were already having to increase parent fees on April 1 to make up that loss. These three cuts have a significant impact on the quality and finances of programs.

“They need to ensure quality standards, license only quality programs and make getting a license harder. Those that just want to make money and go home, shouldn't be allowed to open. These kids deserve better, they matter.”

Planning an early learning and child care system

Provincial planning was key for all programs and more clarity and openness in what the province is planning, allowing and providing in the way of supports during the pandemic and after. Most interviewed wanted to be part of that planning process as they felt government would benefit from having their voices at the table. All programs stated that this planning would require a more complex set of decisions to be made as centres look to re-open and continue to operate. They also required more clarity and openness in what the province will allow and provide for support.

Many programs want assurance they have a voice in the Licensing Act and Regulation review process and that children are placed at the forefront of any decision-making. Some feel that the children have not been considered in any of these decisions or recent funding cuts.

Program owners and directors wanted to be part of any future planning as they agreed Alberta needs to ensure quality provision, affordability, and funding.

It has become clear that child care is critical to keep our economy up and running and it needs to be considered in any economic plan. With the closure, maybe they underestimated its importance and left it out of their planning. The world can't function if the children aren't cared for, developing, and learning.

Current supports available

All programs were disappointed that the province was only providing deferrals rather than operational support for those who are closed. Further, many expressed disappointment that the Minister, through the town halls, was directing programs to the federal supports rather than providing provincial funding to support programs in crisis.

Use of Federal Support Programs				
Did programs Access?	CEWS	CEBA	CECRA	Deferral program
Yes	2	4	2	0
No	7	5	5	9
Looking into program	0	0	2	0
Reasons why not used:	Cannot pay the 25%	Cannot incur any other debt as we've had other funding cuts recently	We do not pay rent	We are non-profit and don't pay tax
	Had already laid staff off	Repaying a loan would be a hardship	We have a mortgage	We have minimal tax due
	Location temporarily closed	We are uniquely subsidized, with the centre closed, and costs are very low		

Use of Provincial Deferral Programs			
Provincial Program	Yes	No	Reason
Deferral of non-residential education property tax for business	1	8	Does not apply or looking into
Deferral of WCB premium payment until 2021	5	4	Just defers payment, still needs to be paid. Already paid it this year.
Deferral of utility payment until June 19, 2020	2	7	Just defers payment, still needs to be paid. Does not apply as it is part of our partnership/lease agreement.

Use of Financial Institution Allowances		
Financial Institution Allowances	Yes	No
	2	7

Programs advised that these financial institution supports are deferrals, that still need to be paid.

The type of supports required

The programs interviewed indicated that right now:

- Provincial funding is necessary to top up the Canada Emergency Wage Benefit Program should programs choose to apply. The province should pay the 25%, with the federal government providing the 75%.
- There needs to be an increase in communication and consultation with the sector, not just select programs. Smooth transitions are required, and programs should feel supported in providing quality services.
- A clear plan of what will happen after the end of April is needed as well as future plans.
- The government also needs to provide programs with funding to support fixed operating costs while they are closed, so they do not incur more debt, have to increase parent fees when re-opening or be forced to close.

The programs interviewed indicated that upon re-opening:

- If the province wants Alberta's families to get back to work, it requires quality child care. These programs will require a re-start grant for three months and a process to evaluate outcomes. This is complex, and we need government and sector leaders to think it through. We need to know what wage top-ups will be and how staggered entry would occur. We need a plan for the future of ELCC.
- Staffing support is the largest line item for programs and it was suggested that government funding should go towards labour to ensure early childhood educators and program staff stay in the field. This needs to be considered an essential service with incentives to bring staff back and be recognized. These staff members are feeling undervalued at this point, and there is little incentive to work in this field.
- Operating supports will be needed as deferred payments will become due, and enrollment may be lower than it was previously. This is necessary to prevent programs from going into further debt and having to increase parent fees. Programs already have pressures with the recent provincial cuts (e.g. BCG, staff incentives) and increased program and food costs. For some, ELCC funding is coming to an end in 2020 and 2021, requiring more complex planning for the families and programs.
- Funding support for all programs with paying for unfilled spaces at the \$41/day rate that re-opened centres are currently receiving.
- The subsidy threshold for parents needs to be re-evaluated as it is impacting programs' pricing structure. It has to be increased by 21.3% due to factors related to minimum wage. Middle-income families need to be included as they are paying a double mortgage just to cover child care fees for two children, or they have to choose poor quality and unregulated care which is unacceptable.
- Additional funding may be necessary to support operations on start-up to purchase health and safety supplies, extra cleaning supplies, and AHS supports to provide direction for centre staff.

Further, it was suggested that AHS should also be providing oversight to ensure programs are following protocols, even after the first phase of re-opening

Gratitude in the face of adversity

Programs were appreciative of being able to open again as they were unsure how to pay their core operating expenses with no revenues coming in. It has provided some relief until they are able to open fully again.

Programs were very appreciative of the province matching the staff claims from February to pay out the March claims. The level of trust was appreciated, and it helped programs get through March with fewer worries.

Some early childhood educators were happy being able to access CERB while laid off as they are making more money than they normally would.

ELCC pilot programs were all thankful for the available funding during this time of crisis, as well as some flexibility. It allowed them to retain key staff members to continue to engage vulnerable families and continue some of the pedagogical learning they had started. They were also able to use that funding for other purposes, providing stability for the organization, its staff and families.

Programs were thankful that they had a parent or partner organization to fall back on during the crisis and provide the much needed supports to address human resources, core operating costs or family connection.

Programs were thankful for the subsidized facilities that they have access to.

Programs mentioned they and their staff were eager to open fully and provide children and families with the child care they need. Most mentioned that these children and families are part of their own family and while some continue to communicate with families, it isn't the same as having them come in every day.

AECEA would like to thank the programs that participated in this case study. We learned a lot about the complexities and uniqueness of each program and what their needs are. We would like to recognize the hard work of the directors, early childhood educators, and support staff who are working or laid off and at home taking care of themselves and their families.

AECEA believes that what is urgently needed for the sustainability of the sector and into economic recovery in the coming months is a temporary emergency operating allowance to be provided to all centre-based child cares, preschools, and out-of-school care programs required to close during the pandemic. A temporary emergency allowance equal to a maximum of 20% of the average cost of a licensed space will enable the majority of organizations to remain financially viable as we plan for the recovery of service delivery. A temporary operating allowance is crucial to Alberta's ELCC sector and for Alberta families.

As we've heard through these case studies, Alberta requires a plan for a high-quality early learning and child care system, one that takes into account the development, learning and care of our young children and provides the much needed support for all children and families in this province. All children are vulnerable and have a right to quality education. As we know, this learning starts early, prior to school, and needs to be planned for, funded, delivered and supported in a better way. Planning must also consider the education level and competencies of the early learning and child care workforce and consider how we, as a province, value and support this critical workforce going forward. These are the essential workers who are working and co-learning alongside our youngest citizens and their families and make a significant difference every day.

Updated: May 14, 2020