

MAKING EVERY DOLLAR COUNT

THE IMPACT OF FEDERAL FUNDING ON MILWAUKEE CHILD CARE PROVIDERS



Child Care Counts represents a significant public investment in early childhood education and has provided vital support to keep child care open.

Yet many concerns still remain.



What is Child Care Counts?



What impact did it have on providers?



How was the funding used?

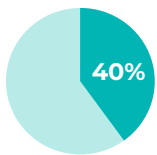


What needs still remain?



BACKGROUND

Early childhood education (ECE) is vital to Milwaukee's economy and educational outcomes. But too many Milwaukee families, especially Black and Brown families, do not have access to quality, affordable ECE.



40%
of providers

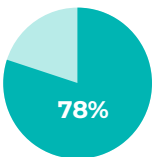
*in Milwaukee
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Research released by the Greater Milwaukee Foundation just before the onset of the COVID-19 pandemic showed that half of Milwaukee's children were living in neighborhoods without access to high-quality ECE. And where ECE was available, it was often prohibitively expensive, with families paying upwards of 20% of their household income to afford care for one child.¹

children whose K12 schools had closed to in-person instruction to participate in virtual learning.

Providers did so while confronting decreased revenue and increased expenses for health and safety protocols. Without some type of financial assistance, approximately 40% of child care providers in Milwaukee would have closed permanently,³ which would have increased long-standing gaps in quality, affordable child care and impeded economic recovery.

The pandemic has also exacerbated long-standing challenges with recruitment and retention of the child care workforce. Milwaukee's child care professionals do vital, brain-building work and are well-educated, but providers can only afford to pay them an average of \$13/hour.⁴ As a result, 78% of providers in



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The COVID-19 public health emergency has dramatically exacerbated these gaps and put immense strain on the ECE sector. At the start of the pandemic, an estimated 40% of providers statewide made the decision to temporarily close,² but continued to incur expenses such as unemployment insurance and rent. As the pandemic progressed, the governor asked providers to re-open or stay open to serve the children of essential workers and to provide a space for school-age

1. A Seat at the Table: Ensuring Equitable Access to Early Childhood Education in Milwaukee. Greater Milwaukee Foundation. greatermilwaukeefoundation.org/early-childhood-education/index.html

2. Child Care Counts: COVID-19 Emergency Payment Program - Closed programs. Wisconsin Department of Children and Families. dcf.wisconsin.gov/covid-19/childcare/payments/emergencypmt-closed

3. Progress and Peril: Child Care at a Crossroads. National Association for the Education of the Young Child. Custom report not publicly available. State and national data available at naeyc.org/pandemic-surveys.

4. A Snapshot of ECE Teachers in Milwaukee. Milwaukee Succeeds. milwaukee.succeeds.org/blog/a-snapshot-of-ece-teachers-in-milwaukee



Milwaukee are currently experiencing a staffing shortage, which has forced them to serve fewer children, have longer waitlists, open fewer classrooms, and reduce operating hours.⁵

In response to these immense challenges, the State of Wisconsin developed the Child Care Counts Program to allocate federal COVID relief dollars to child care providers to support them to stay open, keep staff employed, and provide quality care to children. This program, which was approved by the Joint Committee on Finance and implemented by the Department of Children and Families, began in March 2020 and is currently approved to run through 2023.

Child Care Counts has had multiple funding cycles for specific uses, such as “providing safe, healthy, high-quality child care opportunities” or “funding workforce retention and recruitment.” Child care providers can apply for as many funding cycles that they are eligible for.⁶ As of March 12, 2022, a total of \$62,472,276 has

been awarded to over 1,300 child care providers in the City of Milwaukee.⁷ This amount represents 18% of all Child Care Counts funding released to providers across Wisconsin. In comparison, providers in the City of Milwaukee account for 22% of providers in the state.

Child Care Counts represents a significant public investment in the ECE sector, and it is incumbent on stakeholders to assess what impact this funding has had on providers, how funding has been used, and what needs still remain. To do so, the Milwaukee Succeeds-led Milwaukee ECE Coalition surveyed all child care providers in Milwaukee.

A total of 507 providers responded, representing about 44% of providers in the city.⁸ The responses show the significant positive benefits that Child Care Counts has had, while also making clear that temporary funding will not solve the sector’s long-standing challenges. A summary of responses follows.

CHILD CARE COUNTS

Figures as of March 2022



\$62,472,276

awarded to child care providers in Milwaukee



Over 1,300

Milwaukee providers awarded funding



18%

of the state’s Child Care Counts funding was awarded to Milwaukee providers

5. *Progress and Peril: Child Care at a Crossroads*. National Association for the Education of the Young Child. Custom report not publicly available. State and national data available at naeyc.org/pandemic-surveys.

6. *Child Care Counts Payment Program Overview*. Wisconsin Department of Children and Families. dcf.wisconsin.gov/covid-19/childcare/payments/overview

7. *Making Every Dollar Count: How Wisconsin is Investing in Child Care*. milwaukeesucceeds.org/s/Child-Care-Counts-Summary-FINAL.pdf

8. For a survey like this, response rates are typically seen in the 30% range. While the response rate of 44% does not lend itself to say that these results are inclusive of all providers in Milwaukee, it is still an acceptable rate that provides a wealth of information.

SURVEY RESULTS

What impact did the funding have on child care providers in Milwaukee?

Providers most frequently responded the funding was impactful, helpful, and/or beneficial to them in supporting the following essential functions:



STAFF PAY/APPRECIATION/RETENTION/BENEFITS

Providers indicated that the funding allowed them to show staff appreciation via an increase in pay or benefits, along with retaining staff in a difficult job market.

“It allowed us to offer stipends for our staff which also help(ed) them with unexpected expenses and rewards them for doing a good job with coming into work.”



BILLS/EXPENSES

Providers indicated that the funding was used to pay bills or other expenses, including transportation and utilities.

“It helped with getting supplies, helped with the bills, with the wages for employees. It helped out after, too. I did not need to worry about if I would meet my payroll. I did not have to worry about the everyday bills of the center.”



MATERIALS/SUPPLIES/EQUIPMENT

Providers were able to use the funding to purchase additional materials, like curriculum or other teaching tools, and supplies/equipment, such as office supplies, diapers, and wipes.

“It helped a lot with things needed for the daycare; it helped with getting more supplies to help keep staff and children safe and healthy!”



PROVIDERS WERE ABLE TO STAY IN BUSINESS

Close to 100 child care providers stated that the Child Care Counts funding allowed them to keep their doors open and continue to serve families and their communities.

“It allowed me to reconsider closing my doors and continue serving my parents.”

Other ways the funding impacted providers included **financially supporting them** when enrollment was low, supporting families by **reducing co-pays or tuition payments**, purchasing **personal protective equipment** for staff and students, **improving program quality**, and **lessening stress and boosting morale** of providers and their families.

How was the funding used?

When asked about the specific way funds were used, approximately 80% of providers indicated that funding was used for cleaning supplies and/or classroom supplies.

Three out of four respondents used the funding for utilities, such as gas, electric, water, heat, trash, and internet access. About 70% of respondents used the funding for mortgage/rent payments and/or personal protective equipment (PPE), including masks and gloves.

83% Cleaning Supplies

79% Classroom Supplies

75% Utilities

70% Rent/Mortgage

66% PPE

53% One-time Stipend/Bonus

45% Training/Professional Development

42% Pay Raises (Salary/Hourly Rate)

23% Cover Cost of Existing Benefits

8% Add New Benefits

8% Uniforms

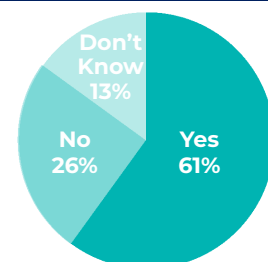
How did providers use staff-specific funding?

Certain Child Care Counts funding streams were designated just for staffing needs, to be used for wage increases, training/professional development, bonuses, recruitment of new staff, and retention of current staff.

When asked how providers had allocated these staffing-specific funds, just over half responded that they used the funds to provide a one-time stipend or bonus payment for staff. Training/professional development for staff and pay raises were selected by just over 40% of survey participants. Other options included covering the cost of existing benefits (health insurance, retirement, time off), adding new benefits, and uniforms.

Have providers used funding to reduce parent fees?

Starting in November 2021, providers have been allowed – and encouraged – to use Child Care Counts funding to reduce fees (co-pays or tuition payments) for parents. Six out of ten providers indicated that they reduced fees, while 3 out of 10 did not. Just over 10% of providers were unsure if they had reduced parent fees.⁹



Why did providers decide to reduce parent fees?

Among providers who reduced parent fees, when asked why they made this decision, common themes included:



Method to support families financially

Providers knew that families were also struggling, and many chose to reduce fees to offer financial assistance to their families using their care.

"I chose to reduce fees for parents so that would be one less cost they would have to worry about, and it also helped parents have money for disinfecting items and masks for their family."



Parents could not afford to pay the co-pay or tuition

Similar to providing financial support, other providers commented that they had parents that could not afford to pay their co-pay or tuition.

"Most of my parents have a hard time paying their parent share. I have committed parents that support and invest in my childcare. Supporting them is my way to give back."



Relief/support for families during the pandemic

Providers recognized that families were also grappling with the pandemic and wanted to provide relief.

"I reduced the fees because it was a pandemic and I felt like they (the parents) should get something back in return, like a discounted rate."

Why did providers decide not to reduce parent fees? Common themes included:

- Provider does not charge parent co-pay
- Provider already has low fees
- Used for other needs of their program

"I did not choose to reduce fees...because I needed the funds to put back into the program. I did implement an incentive program for my parents for parent engagement."

9. Feedback received from providers indicated that there was some confusion over the wording of this question, which may have led to providers being uncertain how to respond.

What needs still exist?

Some providers indicated that they could meet their core needs with Child Care Counts funding. Others were clear that while the program has helped them, significant needs remain. Among the most common outstanding needs identified were:



STAFF COMPENSATION/BENEFITS

Child care center providers in Milwaukee can only afford to pay their teachers \$13/hour,¹⁰ while starting wages at many big box stores currently hover around \$15/hour. Providers also want to provide other benefits, like health insurance or retirement plans to their staff. **“I still was not able to address issues like giving them hourly wage increases or to be able to provide insurance.”**

RECRUITMENT/RETENTION OF STAFF

Directly related to compensation and benefits, many providers noted that they were having a difficult time finding new staff and retaining current staff. **“No amount of money was able to bring great people in for a period of time. It is also difficult to pay significantly more, because then all staff need a wage increase. Without knowing what funding is ahead of us, it feels like setting ourselves up for failure down the road.”**

BUILDING INFRASTRUCTURE

While Child Care Counts funding can be used to make some improvements to a provider’s building,¹¹ it can’t be used for major renovations, and in some instances the funding was not enough to cover even smaller renovations. **“We have some infrastructure things that are cost-prohibitive and there is not enough money to do that. For instance we do not have a bathroom in the immediate program area.”** Multiple providers also noted a desire for additional playground equipment.

SUPPLIES/MATERIALS/EQUIPMENT

Providers also noted a need for additional supplies and equipment – everything from office supplies to purchasing new curriculum or toys for their students. **“It helped with the supplies but it didn’t cover everything. I still had to pull it out of my pocket to do more, and that’s with everything – food, utilities, supplies, cleaning supplies, PPE. I still had to do more.”**



CONCLUSION

Responses from over 500 child care providers in Milwaukee made clear that the Child Care Counts program has provided vital support that allowed providers to keep their doors open and provide safe, quality care to children. Yet providers also expressed concern about what will happen when Child Care Counts funding runs out if systemic issues in the child care market are not addressed.



“[Child Care Counts funding] saved us. We would have shut our doors and turned away 66 families that all have parents that need to work. However, this is a temporary fix. I need a long-term fix. ... Invest in education, invest in the children that we are supporting and growing, invest in the workforce that need their children taken care of.”



10. A Snapshot of ECE Teachers in Milwaukee. Milwaukee Succeeds. milwaukeesucceeds.org/blog/a-snapshot-of-ece-teachers-in-milwaukee

11. Child Care Counts: Stabilization Payment Program. Department of Children and Families. dcf.wisconsin.gov/covid-19/childcare/payments

Visit milwaukeesucceeds.org/childcarecounts for more detailed information on survey results.