

AN IMPACT REPORT ON THE



NAPA COUNTY

# CHILD CARE STABILIZATION FUND

AND NEXT STEPS FOR THE LOCAL CHILD CARE ECONOMY



COMMUNITY  
RESOURCES  
FOR CHILDREN



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*Published by Community Resources for Children, May 24, 2021*

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*Community Resources for Children’s (CRC) mission is to provide children with the best possible start by empowering the adults who impact their care and education. Whether a child is at home with a parent, in child care or preschool, or cared for by a friend or relative, CRC provides the adults who take care of children with the knowledge, tools, and resources so that children under their care thrive. CRC is the community’s link to child care in Napa County; we connect families to appropriate child care and we coach individuals in starting and operating thriving child care businesses.*

## Executive Summary

Community Resources for Children (CRC) has more than 42 years of experience supporting families as they navigate child care and pay for it, as well as working directly with child care providers in Napa County so that every child has access to quality early care and education. When the COVID-19 pandemic started, safety and health requirements caused a 40% decrease in child care enrollment and a corresponding decrease in revenue and skyrocketing operating expenses. With families unable to work without child care, it became clear that economic recovery, the wellbeing of children and families, as well as the future of child care businesses were interdependent. The Child Care Stabilization Fund was born out of this effort to stabilize the child care sector, ensuring the security of children and families and putting us on the road to economic recovery.

Since May 2020, Community Resources for Children (CRC) has secured over \$1.25 million in funding to provide emergency relief grants to child care programs in Napa County. After CRC received funding from the Health Federation of Philadelphia (Home Grown) in May 2020, small grants were first made available to home-based child care programs in June 2020. In October 2020, the Napa County Board of Supervisors allocated \$500,000 in CARES Act funding to be disbursed to all eligible child care programs in Napa County by Community Resources for Children. With additional funding from foundations and other donors, CRC established the Child Care Stabilization Fund and disbursed grants ranging from \$3,300 to \$32,500 from December 2020 to early January 2021 to 80 providers through an equitable and bilingual application and evaluation process.

Results from our Impact Survey in March 2021 indicate that funds were essential in helping to stabilize vulnerable businesses, with enrollment rebounding by a total of 218 slots since October 2020, and 83% of respondents reporting that they will be able to stay open for the next 6 months. Moreover, while there was only a 24% decrease in open child care centers in Napa County between January 2020 and January 2021, there was a 33% decrease in open child care centers state-wide across California.

Many providers are still faced with ongoing challenges associated with meeting health and safety regulations. 11 child care programs have closed in the County since the start of the pandemic, representing a loss of 120 child care slots. Grant recipients also estimate needing at least an additional \$300,000 to further stabilize their child care businesses. Even as the local child care sector continues to recover, we must continue to address existing systemic inequities that make the sector unsustainable. At the end of this report, we make some recommendations for continued investments in the resilience of families and child care businesses that are essential to reforming the child care landscape and to ensuring a full economic recovery.

## Introduction

When the pandemic started in March 2020, Community Resources for Children recognized the enormous potential impact COVID-19 would have on the child care sector and therefore, the local economy at large. Families rely on child care in order to work, making it an essential service within our community. As Napa County went into lockdown along with the rest of the State of California, many child care providers (mostly centers) closed, and others remained open while only being able to serve children of essential workers. Publicly funded child care sites also shut down, many which have yet to reopen over a year later. Those providers who remained open were mostly home-based providers, who were risking their own health in order to continue caring for children. During this time, child care providers also took on an enormous personal financial strain, with many workers applying for unemployment, relying on rent/mortgage deferrals, incurring credit card debt, or drawing from their own savings in order to sustain their businesses.

As health and safety guidelines were published by the CDC and procedures were established for reopening, families began returning to work and businesses began slowly reopening. Child care businesses were tasked with implementing and following health and safety regulations, including maintaining small stable cohorts, hiring additional staff, sanitizing high-touch surfaces regularly, as well as following social distancing protocols and wearing personal protective equipment (PPE), etc. These requirements only placed further strain on child care providers, limiting their enrollment and decreasing their revenue. Thus, it became clear that economic recovery, the financial wellbeing of children and families, as well as the future of child care businesses were interdependent. The Child Care Stabilization Fund was born out of this effort to stabilize the child care sector, ensuring the security of children and families and putting Napa County on the road to economic recovery.



### ***The State of Child Care Pre-Pandemic***

Pre-pandemic, Napa County had a collective total of 3,274 child care slots<sup>1</sup>, with private child care providers representing 2,372 (or 72%) of those slots. Even prior to the COVID-19 pandemic, there was only 1 licensed child care slot for every 4 children.<sup>2</sup> The child care field never recovered to levels prior

<sup>1</sup> California Child Care Resources and Referral Network. (2019) Napa County Family & Child Data. <https://rrnetwork.org/assets/general-files/Napa.pdf>

<sup>2</sup> Population Reference Bureau. (2021). See Data by Topic. Kids Data. <https://www.kidsdata.org/topic>

to the 2008 economic recession.<sup>3</sup> In California, the cost of full-time child care is higher than the average college tuition rate, with the cost of infant care in Napa equaling almost \$17,000 a year.<sup>4</sup> Moreover, approximately 25% of households in Napa County earn less than \$50,000, which is not nearly enough to cover the cost of paying for child care, much less meet their basic needs.<sup>5</sup>

In May 2020, the average annual salary for a child care worker was \$25,060.<sup>6</sup> Prior to COVID-19, many child care workers were also unable to meet their basic needs, let alone pay for child care themselves. The child care industry is comprised primarily of small businesses, and these businesses are often run by women of color. Child care providers, who fill an essential role within our society, are often themselves an underserved and marginalized group in society.

### ***The Effects of COVID-19 on the Child Care Industry***

Child care is essential for Napa County's economic recovery as families need child care in order to return to work. Child care as a service is also critical for children to have a safe place to learn and be prepared to enter Kindergarten. An internal survey conducted by CRC showed that enrollment in Napa County child care programs decreased by 40% between March (before the pandemic) and October 2020, leading to a large drop in revenue for providers. Moreover, operating costs have increased due to health and safety guidelines, putting more strain on child care businesses already operating on thin margins.

Most child care providers experienced barriers applying for government programs like the Paycheck Protection Program (PPP). Such barriers included: lack of computer and financial literacy, inability to produce formal accounting records, as well materials and applications only being available in English. The burden of maintaining safe environments for children has fallen on providers who are responsible for paying for more cleaning supplies, additional staff, added material costs, etc., while maintaining small stable cohorts and further limiting their enrollment. In CRC's survey of licensed programs in Napa County in September 2020, 47% of programs that were open, reported that they would have to close by April 2021 if there was no further relief. As of January 2021, 120 licensed private child care slots, or 5%, have been lost due to 11 programs closing since the start of the pandemic. It is uncertain whether these closures are temporary or permanent and whether there will be further closures.

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<sup>3</sup> Population Reference Bureau. (2021). See Data by Topic. Kids Data. <https://www.kidsdata.org/topic>

<sup>4</sup> Population Reference Bureau. (2021). See Data by Topic. Kids Data. <https://www.kidsdata.org/topic>

<sup>5</sup> United States Census Bureau. (2019). <https://data.census.gov/cedsci/> [Data set].

<sup>6</sup> U.S. Bureau of Labor Statistics. (2021). Occupational Employment and Wages, May 2020. Childcare Workers. <https://stats.bls.gov/oes/current/oes399011.htm/>

### About the Child Care Stabilization Fund

Community Resources for Children (CRC) secured over \$1.25 million in funding and established the Child Care Stabilization Fund to provide relief to child care businesses, preserve the supply of child care slots and support the County’s economic recovery. These funds were targeted towards licensed, private child care providers, as they do not receive direct public funding. Major funders of the Stabilization Fund include Napa County (CARES Act Funds), Napa Valley Community Foundation, First 5 Napa County, Napa Valley Vintners, Kaiser Permanente Northern California Community Benefit Grants Program and Health Federation of Philadelphia (Home Grown). Please see the end of this report for a full list of funders.

The Fund consists of a multi-pronged approach to stabilizing the child care sector, including the disbursement of small business grants, child care scholarships for children of low-to-moderate-income families, as well as the distribution of PPE and stipends for cleaning supplies (see Chart 1).

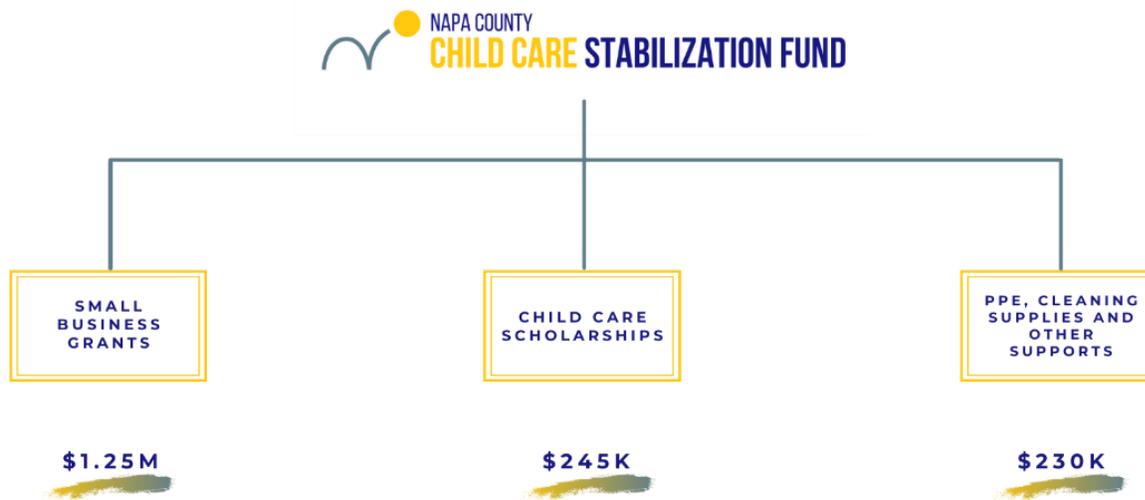


Chart 1. CRC’s multi-pronged approach to stabilizing the child care sector.

In addition, CRC has worked tirelessly to connect over 100 essential workers with child care, conducted over 1,000 wellness checks to child care providers, as well as continued to distribute early learning materials and curricula to families and child care providers during the pandemic. Our programs offering professional development and support to caregivers have continued to be well-attended virtually, and we have taken on the role of providing bilingual technical assistance to providers seeking to apply for additional grants and loans or vaccine appointments.

### ***Grant Disbursement Application Process, Outreach and Evaluation***

All licensed, private child care programs in Napa County that met eligibility criteria were invited to apply, amounting to approximately 100 programs. The application process involved significant bilingual outreach to all licensed private and open programs, including offering individual technical assistance with filling out the application, as well as support with understanding eligibility requirements and application deadlines. In addition, all informational and application materials were made available in both English and Spanish. While the application and outreach materials were developed electronically, to ensure equitable access, the application was also made available in hard copy.

Grant award ranges were established based on the type of provider, whether a child care center or home-based child care provider (also known as a family child care home or FCCH), and FCCHs were further subdivided by size into two groups: large and small, according to Child Care Licensing definitions. Applications were evaluated based on the following weighted point system:

<b>Priority Selection Criteria</b>	<b>Weight (points)</b>
Serves children with childcare subsidies	25 pts
Serves other special populations <sup>i</sup> (15 base pts; additional 5 pts for serving more than 2 children)	20 pts
Provides care to infants	20 pts
Located in a part of Napa County where there is a lack of child care availability	15 pts
Participates in quality improvement programs such as Quality Counts <sup>ii</sup>	10 pts
Attempted to secure additional financial support to pay for COVID-19 related expenses	10 pts
<b>TOTAL POSSIBLE POINTS</b>	<b>100 pts</b>

<sup>i</sup>Special populations includes children who have special needs (including mental, behavioral and medical needs), are physically disabled or have developmental delays; children who are dual language learners; immigrant, migrant or refugee children; children who have experienced domestic violence, are involved with social services (eg. CPS, Family Wellness Court) or are in foster care; children who are living in a shelter, transitional, or temporary housing; and children who identify as lesbian, gay, bisexual, transgender, and queer (LGBTQ).

<sup>ii</sup>Quality Counts is a State-wide effort to improve the quality of child care, using a quality rating and improvement system known as QRIS.

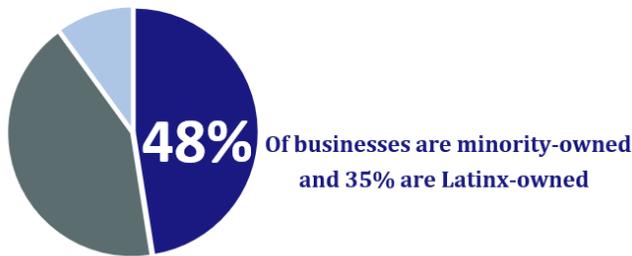
**Grantee Profile and Provider Demographics**

Of the 100 eligible child care programs, 81 applied and 80 met all of the eligibility criteria. 20 of these were child care centers and 60 were home-based providers. The 80 programs that received funding represent 55% of all licensed slots in Napa County. In October 2020, these businesses had a total enrollment of 1,309 children, including 828 children in the child care centers and 481 children in the family child care homes. 29% of the children enrolled in these 80 programs received subsidies for child care and 22% fall under special populations (as described in the weighted points table above).

Grant sizes awarded to providers ranged accordingly:

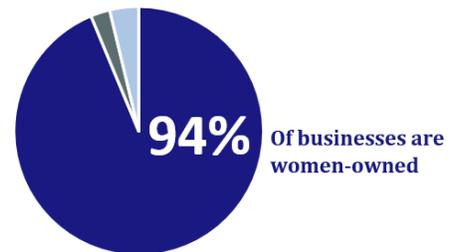
- Child Care Centers: \$18,000 to \$32,500
- Large Family Child Care Homes: \$5,500 to \$12,000
- Small Family Child Care Homes: \$3,300 to \$7,000

As demonstrated in the Charts 2a-2c below, the child care programs are predominantly run by women, with a majority earning a low or moderate income. In addition, a significant portion of these low- or moderate-income earners are women of color.



■ Minority-owned ■ White-owned ■ Prefer not to answer

Chart 2a. Percentage of businesses owned by racial minorities.



■ Women-owned ■ Male-owned ■ Prefer not to answer

Chart 2b. Percentage of businesses owned by women.



■ Less than \$75k ■ Over \$75k

Chart 2c. Percentage of businesses owned by low- or moderate- income earners.

### Impact and Financial Outlook

All 80 grant recipients remain open at the date of publication of this report. Total enrollment in the 80 child care programs has increased from 1,309 to 1,527 children since October 2020 (see Chart 3). Even so, there is still an enrollment shortfall of 262 slots as the total licensed capacity of these 80 grantees is 1,789 children. Over three-fourths of recipients have used all their funds for three main purposes: to make rent/mortgage payments, to cover the cost of utilities and to purchase materials for cleaning/sanitizing their facilities.

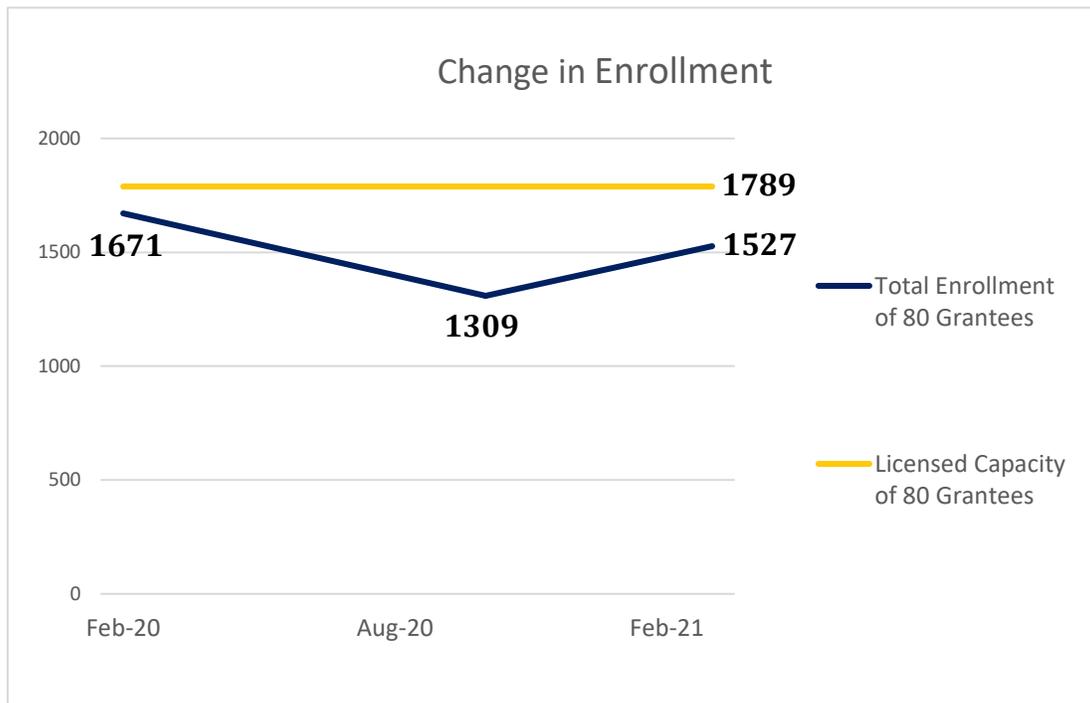


Chart 3. Change in enrollment since February 2020 (pre-pandemic).

Only 41% of child care providers applied for either the Payment Protection Program (PPP) or an Emergency Injury and Disaster Loan (EIDL), including 18 out of 20 centers, or 90% of child care center grant recipients. 15 out of 60 family child care homes, or 25% of family child care home grant recipients applied for either PPP or EIDL. Thus, the vast majority of those who were able to access government assistance were child care centers rather than family child care homes. This matched our experience supporting providers with applying for the Child Care Stabilization Fund; family child care home providers required additional technical assistance in order to access the grant application.

***Confidence Measure***

Our impact survey was completed by 75 out of 80 grant recipients; 83% reported feeling “Confident” or “Somewhat Confident” in their ability to sustain their child care business beyond the pandemic (see Chart 4). Only 17% reported feeling “Unsure” (including 7 Centers or 212 slots and 6 FCCHs or 31 slots, representing a total of 243 slots potentially “at-risk”). None reported feeling “Not Confident.” Similarly, 83% of grant recipients believe they will be able to stay open for the next 6 months (until September 2021).

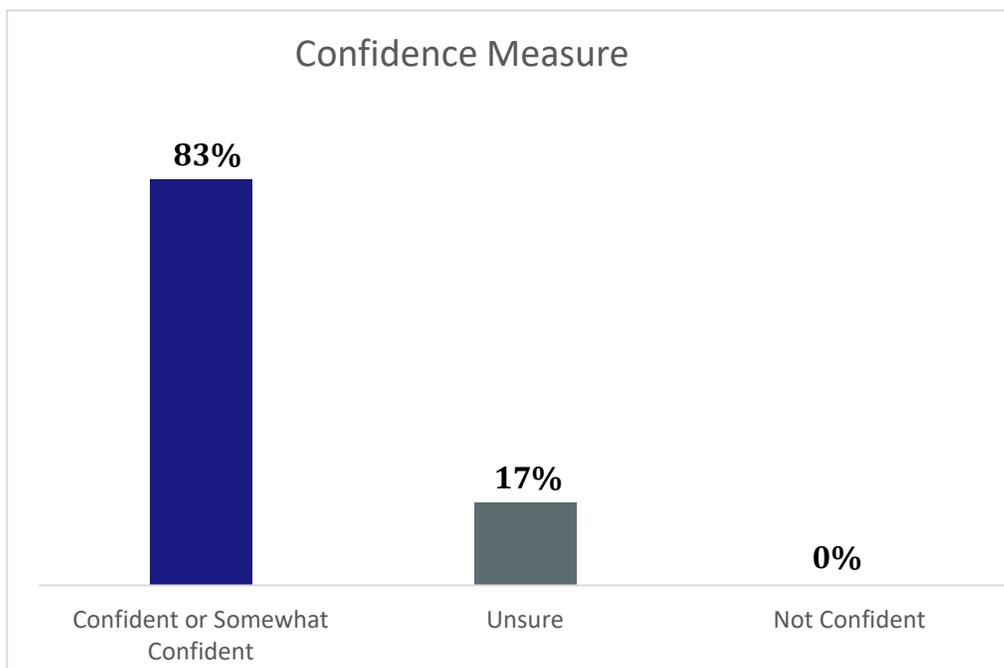


Chart 4. Confidence Measure of Ability to Sustain Child Care Business Post-Pandemic.

***Napa County vs. State-wide Closure Rates***

The closure rates of child care programs are also encouraging compared to the rest of the state; as shown in Chart 5a, closure rates of child care centers in Napa County, which serve a significantly greater number of children compared to home-based child care providers, are lower than state-wide closure rates.<sup>7</sup> These numbers include publicly funded and private child care programs. While the number of centers that were open in January 2021 vs January 2020 was down 33% state-wide, in Napa there was a 24% decrease in the number of open centers. Napa County’s closure rate of Family Child Care Home was 14%, or in line with the overall state closure rate of 14%. (see Chart 5b).<sup>8</sup> It is still unknown whether these closure rates represent permanent or temporary closures.

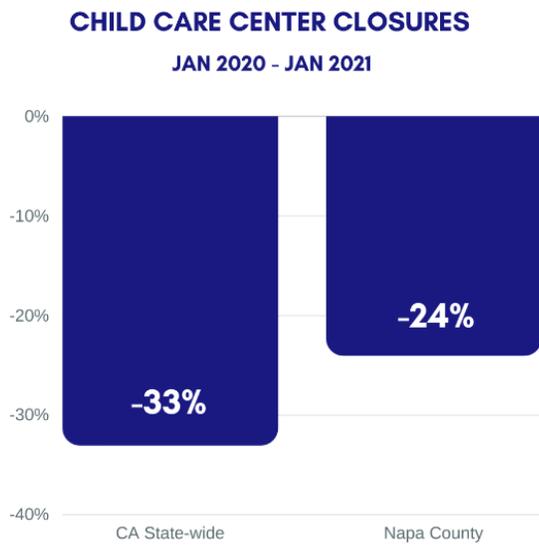


Chart 5a. Comparison of Napa County to State-wide Child Care Center Closure Rates (includes publicly funded programs)

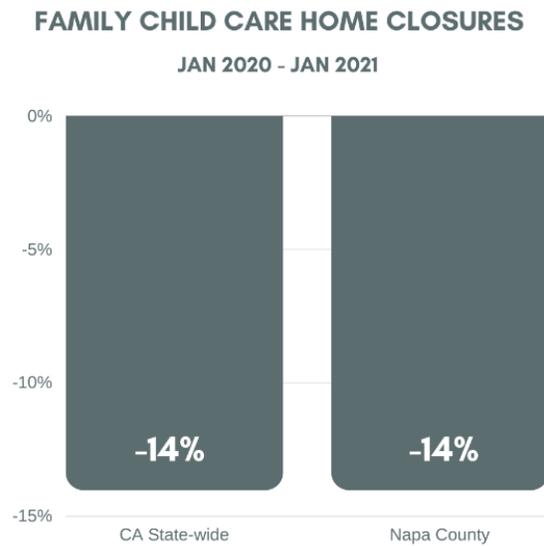


Chart 5b. Comparison of Napa County to State-wide Family Child Care Home Closure Rates

<sup>7</sup> California Child Care Resources and Referral Network. (2021) Covid-19 Child Care Supply Graphs. <https://rrnetwork.org/research/covid-19-child-care-supply-graphs/>

<sup>8</sup> California Child Care Resources and Referral Network. (2021) Covid-19 Child Care Supply Graphs. <https://rrnetwork.org/research/covid-19-child-care-supply-graphs/>

### ***Feedback from Grant Recipients***

- ❖ “With the Child Care Stabilization Fund, we were able to remain open. We had the funds to pay our payroll, hire staff, purchase cleaning supplies to remain COVID safe. We accepted a new student and are able to provide a safe quality environment for our students. The funds provided what we needed to sustain us through April, without it we would’ve had to close. It was a blessing to receive this grant, it saved us.”  
—Child Care Center Director in St. Helena
  
- ❖ “I have been able to stay open with buying all the extra disinfectant supplies, gloves, masks and all the other supplies. Now the essential workers had a new safe place to care for their babies. I considered closing because I only had two prospects for children enrolled. I now have five. Thank you so much.”  
—Family Child Care Home provider in Napa
  
- ❖ “Being awarded by the Child Care Stabilization Fund, I have been able to continue paying my staff when they are off to care for their sick family...Additionally, I have been able to provide supplies and tools to aid in the success of academic learning as the children continue to prepare for kindergarten readiness. I have also been able to meet the needs of the rising cost of food. It has been extremely helpful.”  
—Family Child Care Home provider in American Canyon

### **Future Opportunities**

While we celebrate the successes of the Child Care Stabilization Fund, we also recognize that there is still more work to be done. Meeting health and safety guidelines continues to put strain on providers, who are still faced with increased staffing, cleaning, utilities costs, etc., but must continue limiting enrollment to small, stable cohorts. As the pandemic carries on, many are still faced with the following challenges: finding qualified, trained staff who are willing to work; paying for additional staff (substitutes, support staff, etc.) due to health and safety regulations; being under-enrolled with many families out of work and unable to pay tuition or still concerned about the safety and health of their children; as well as needing additional funds and access to cleaning supplies and PPE.

Additionally, though enrollment has rebounded significantly, it is still not at pre-pandemic levels. While the 80 grant recipients have 1,527 children currently enrolled in their child care programs, they have a collective licensed capacity of 1,789 slots, amounting to an enrollment shortfall of 262 slots (see Chart 3). It is also unclear whether the 11 centers and FCCHs that have closed in the County will reopen, representing an additional loss of 120 child care slots. Grant recipients also estimate needing at least an additional \$300,000 to further stabilize their businesses.



Even as the local child care industry continues to recover, we must still address existing systemic inequities such as the high cost of facilities suitable for child care, a lack of financing options for child care providers, the shortage of qualified teachers, as well as the low wages associated with child care work. Meanwhile, COVID-19 has highlighted for many how critical the child care sector is, for without child care, the essential workers we rely on for our economy to function (retail/grocery store workers, health care workers, teachers, etc.) cannot go to work. *There will be no economic rebound without child care.*

### ***Recommended Next Steps***

Fortunately, there has been significant bipartisan support for and heightened awareness around the issue of child care. As a community, we must continue to invest in the resilience of families and child care. The following recommendations are essential to reforming the child care landscape in Napa County:

- ❖ We must continue to support working families, especially women in the workforce. This support includes addressing workplace disparities and implementing work family benefits, such as offering on-site child care or providing employer contributions to offset the high costs of child care.
- ❖ We must support a mixed-delivery quality child care system, recognizing that the most vulnerable children come from families who do not hold traditional work hours and that the providers who cater to such families are often vulnerable themselves. Quality child care must be affordable and available to low- and moderate- income families. This quality care must serve not just preschool-aged children, but children from birth to five years old.



- ❖ We must support the expansion of the child care supply and its workforce and recognize the value they deliver to our society. Programs that support child care workers could include creating incubators for child care businesses with wrap-around support and financing options to cover start-up expenses, offering stipends to facilitate the education of the early care and education workforce, offering financial support for providers to build assets, as well as establishing an affordable supply of facilities for new child care sites.



## **Acknowledgements**

*We would like to thank our generous funders for their support in making the Child Care Stabilization Fund possible. Our funders include: Napa County (CARES Act Funding), First 5 Napa County, First 5 California, Napa Valley Vintners, Napa Valley Community Foundation, Health Federation of Philadelphia (Home Grown), Kaiser Permanente Northern California Community Benefit Grants Program, The Craig and Kathryn Hall Foundation, Travis Credit Union, Travis Credit Union Foundation, Nova Group Inc., Supply Bank.org, COVID-19 Response Fund of Napa Valley Community Foundation, Freed Family Fund of Napa Valley Community Foundation, Napa Fund of Napa Valley Community Foundation, Community Fund of Napa Valley Community Foundation, the Reese Family Fund of the Community Foundation for Monterey County and individual donors.*

*We would also like to thank our colleagues at San Mateo—Community Equity Collaborative and First 5 Santa Clara County for their support in launching the Child Care Stabilization Fund.*

*Photo credits go to Briana Maria for Napa Valley Vintners and Eva Simonsson from Community Resources for Children.*