

ECONOMIC STABILITY TASK FORCE

CHILDCARE FINANCIAL RECOMMENDATIONS

Through fact finding conducted within Juneau, the Economic Stability Task Force (ESTF) has determined there will be a need for financial assistance within the childcare sector of Juneau's economy. Assistance is needed both on the form of direct monetary assistance, and through directly providing supplies to safely operate.

Market Condition

There are approximately 442 licensed childcare slots in Juneau. Industry representative Joy Lyon of AEYC estimates that upon re-opening during the month of May, enrollment will be approximately 50% of capacity. Blue Shibler of Discovery Preschool stated her center will operate at 30% capacity for two weeks beginning May 18, 2020 with the intention of increasing to 60% capacity for the month of June if conditions allow. Jamie Shanley of the LEARN Childcare center has created a re-opening plan that starts with 25% capacity beginning May 11, 2020, ramping up each week to an eventual 40% capacity by June 11, 2020, at which point the center will reassess its capabilities. Kueni Maake of the ABC center plans to re-open sometime in June, as does the Goldcreek Child Development Center. These estimated declines in enrollment are due to:

- o Social distancing mandates reducing the capacity for facilities to safely operate
- o PPE-type supply shortages including thermometers, masks, disinfectants, hand sanitizer, and gloves.
- o Individual family decisions to keep children home

At full capacity, operating margins for childcare were already very thin. As an example, Shibler's Discovery Preschool was operating at a 3%-5% margin, even with rent 100% subsidized due to legislative family care preference. With the decrease in revenue, margins will be even lower or potentially unprofitable due to fixed costs continuing and tuition declining. Joy Lyon estimates that each center will lose \$1,050 per child not attending, per month.

Recommendation

With the intent to encourage childcare operators to remain open and to operate safely, the Assembly should consider providing temporary assistance to licensed centers. Assistance should be in the form of cash grants on a per-child basis for a period of three months beginning June 1st – at which point the market need should be re-assessed, given the quickly changing mandates and public health climate. The three-month time period is recommended as it begins when the state grant funding ends, and offers stability for operators, but recognizes the dynamic pace at which circumstances are fluctuating.

The Assembly should also consider covering additional costs of PPE-type items, and potentially other costs not normally incurred by childcare providers for a period of three months, beginning when the provider opens, or immediately if already open. CBJ should also assist in identifying a source for PPE as the purchasing capacity of most centers is limited.