

MEMORANDUM

June 10, 2020

TO: Health and Human Services (HHS) Committee
Education & Culture (E&C) Committee

FROM: Vivian Yao, Legislative Analyst

SUBJECT: Special Appropriation to the County Government's Fiscal Year 2020 Operating Budget: Early Care and Education Non-Departmental Account (ECE NDA), COVID-19 Early Care and Education Initiative (ECEI) Recovery Fund, \$10,000,000 (Source: General Fund Reserves)

PURPOSE: Review and make recommendations on the proposed special appropriation

Those expected to participate in the worksession include:

- Raymond Crowel, Director, Department of Health and Human Services (DHHS)
- JoAnn Barnes, Chief, Children Youth and Family Services, DHHS
- BB Otero, Special Assistant to County Executive
- Caroline Sturgis, Assistant Chief Administrative Officer
- Deborah Lambert, Office of Management and Budget

The proposed special appropriation of \$10,000,000 to the ECE NDA for child care recovery grant funding was introduced on June 9 and is scheduled for public hearing and action on June 16. The appropriation, which was initially sponsored by Councilmembers Navarro, Friedson, and Riemer, is now sponsored by the full Council. The appropriation will support child care operating expenses for opening and compensation for losses resulting from restrictions intended to reduce the spread of COVID-19. The proposed special appropriation is attached at ©1-4.

Background

The COVID-19 public health crisis has put the child care industry in a precarious financial situation. Child care programs suffered revenue losses resulting from the Governor's mandate to close child care in March. Although a number of providers received approval to deliver care to essential personnel, many providers did not, and of those that received approval, many did not actually serve children or deliver their pre-COVID level of service.

In addition, many providers were not successful in accessing relief funding. For example, many child care programs did not qualify for the initial funds appropriated to County's Public Health Emergency Grant (PHEG) program made available to local businesses that demonstrated significant financial loss caused directly or indirectly by a public health emergency. No PHEG funds were targeted specifically for the child care industry, and the application for PHEG funding required proof of revenue loss in March 2020. Because the State did not mandate child care closures until March 27, 2020, losses for most child care programs began in April 2020.

The State's stringent reopening requirements for child care also place the financial viability of these programs in jeopardy. Prior to COVID restrictions, the child care industry struggled with sustainability challenges. Cost of care studies showed the typical child care program operating at a deficit or at best, a break-even situation. The State's requirements for reopening child care include smaller group sizes and strictly established health standards necessary to prevent the spread of COVID-19. See also §5-9. The smaller group sizes significantly reduce tuition payments to be collected by providers. For example, the maximum group size for a 3-4 year old classroom prior to COVID was 20 children; however, reopening restrictions for Phase I place a limit of 9 children in a classroom. At the same time, providers must continue to maintain their staffing levels and other fixed costs and increase spending for personal protective equipment, cleaning supplies, and other materials needed for the safe delivery of services.

Council staff notes that the level of funding needed to support the child care industry will be influenced by how quickly the County moves from Phase I to Phase III. Phase II allows the consideration of exceeding the capacity standard set in Phase I, and Phase III capacity returns to COMAR standards.

Continued viability of the child care industry is further complicated by uncertainties related to service delivery. The demand for care in the immediate month of reopening is uncertain as it is not clear how comfortable parents will feel placing their children in congregate care. These decisions for parents are complicated by the fact that service interruption is a real possibility if/when COVID infections surface in child care programs. Many in the workforce have, by necessity, adapted to remote access and juggled work and child care at home, which may also impact the decision of when to access child care in the COVID environment. Finally, it is also not clear the extent to which the child care work force is comfortable returning to work at a time of greater restrictions and requirements in an industry that historically undercompensates workers.

Child care is an essential service to support families as they return to work and is critical to the County's economic recovery. Without public investment and support, licensed, quality child care in Montgomery County is not sustainable under the current recovery requirements. This special appropriation provides reopening expenses for licensed child care center programs, registered family child care homes, and letter of compliance programs, including one month of expenses to support operations until tuition payments are collected and compensation for significant financial loss caused directly or indirectly by COVID-19 restrictions.

Proposal

The special appropriation represents an effort to combine proposals from the County Executive and the County Council to support the child care industry in Montgomery County. The appropriation is informed by work of the Early Care and Education Recovery subcommittee.

The following summarizes the key provisions of the special appropriation:

- **Single application process:** The funds appropriated must be distributed through a single application process that solicits requests for reopening operating expenses and/or compensation of lost revenue.
- **Funding targeted at centers and family child care:** Funding in the appropriation will be targeted as follows: \$6,500,000 to support licensed child care centers and letter of compliance programs and \$3,500,000 to support registered family child care homes.
- **Maximum grant amounts:** The maximum grant amounts are \$75,000 for a single site, \$150,000 for two to three sites, and \$300,000 for four or more sites.
- **Eligibility requirements:** Applicants must:
 - Have a licensed child care center, a registered family child care or large family child care home, or a letter of compliance program located in the County;
 - Provide child care to children from the age of birth to five years old;
 - Be in good standing with the State of Maryland; and
 - Be able to reopen by August 31, 2020.

The child care site(s) to be supported by the grant must be located in the County, and 60% of the children served at each site must be Montgomery County residents.

- **Operating expenses:** Compensation for one month of operating expenses will be calculated by 1) multiplying the licensed capacity of the program by the average cost of care (market rate) for child care centers and family child care homes as reported in the most recent Montgomery County Child Care Demographic Report published by Maryland Family Network and (2) adding the identified costs to comply with the COVID-19 health standards up to a maximum of \$10,000.
- **Compensations for significant financial loss:** The child care business must have incurred revenue loss between April 1, 2020 and April 30 and/or May 1 through May 31, 2020, attributable to a 50% or more reduction in the number of children enrolled in the program as of February 1, 2020. Potential losses to be reimbursed for each month will be calculated based on the reduced number of children served during those periods multiplied by the average cost of care (market rate).
- **Exclusions from financial loss calculation:** Tuition for any child for which the provider received or is eligible to receive a local or State child care subsidy for that period may not be included in the calculation of potential losses to be reimbursed. In addition, if the

child care business received financial assistance from Federal, State or County sources for expenses related to the COVID-19 health crisis, then the potential grant award must be reduced by the amount of the COVID-19 assistance previously received.

- **Priority:** Priority must be given to programs (1) serving low-income families and children with special needs; (2) providing child care in the following target zip codes with lower levels of child care availability and higher concentrations of low-income families: 20877, 20886, 20902, 20866, and 20906; and/or (3) participating in the Maryland EXCELS program.

County Executive response:

Council staff received the following statement from the Executive:

The County Executive does not agree with the maximum amounts stated in the special appropriation. The CE wants to fund as many eligible providers as possible and the larger grant amounts would reduce the total number of businesses we can support to recover. Therefore, our position is: the maximum grant amounts are \$75K per child care site for one or two sites, and \$175K for three or more sites.

Council staff comments and recommendation:

Council staff recommends appropriating the \$10 million recommended by the special appropriation immediately as the funding is critical to maintain the viability of child care businesses that are available to support the County's economic recovery.

The Executive raises a concern about the maximum grant award and recognizes that the maximum grants in the appropriation would likely reduce the total number of businesses that the funding can support. On the other hand, the maximum grant awards set in the proposed appropriation recognizes that lower limits on funding may restrict the number of sites that large child care businesses can open.

Council staff recommends a modified approach to the maximum grant amounts as follows: \$75,000 per site for one or two sites, \$200,000 for three sites and \$250,000 for four or more sites. A major purpose of the appropriation is to make child care available to support the economic recovery of the County. Providing support for additional programs operated by larger providers would support these goals; however, Council staff recommends a discounted figure to make it possible to support more providers and factor in efficiencies of scale that larger providers may be able achieve relative to smaller providers. **In any case, the Council should monitor the use of funding carefully to determine the rate of spend out and whether additional funding would need to be appropriated to support recovery of additional businesses.**

The Council should also advocate for State funding to support the child care industry, especially if limits on group numbers remain at or fall back to lower levels. The funding in this appropriation only supports opening costs, and programs cannot remain economically viable with ongoing restricted group sizes. If these small group sizes are mandated

for any significant period of time, it is unlikely that local funding will be sufficient to support the industry.

Council staff also recommends the following technical edit to the proposed appropriation;

- Attach the reopening by August 31 requirement to each site opening rather than the applicant eligibility. This makes it clearer that compensation is tied to each site that will reopen rather than the number of programs that the business has provided in the past.

Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsors: County Council

SUBJECT: Special Appropriation to the Fiscal Year 2020 Operating Budget
Montgomery County Government
Early Care and Education Non-Departmental Account
COVID-19 Early Care and Education Initiative (ECEI) Recovery Fund
\$10,000,000 (Source of Funds: General Fund Reserves)

Background

1. Section 308 of the County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than six Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.
2. On March 11, 2020 the World Health Organization declared coronavirus COVID-19 a pandemic, and it has spread rapidly throughout the world. As of June 2, 2020, there were 11,731 confirmed cases in Montgomery County. There were 584 confirmed deaths and 40 probable deaths in Montgomery County.
3. To slow the spread of the disease, Maryland Governor Hogan declared a State of Emergency on March 5, 2020 and issued several Executive Orders that closed schools, closed non-essential business, and required Maryland residents to shelter at home. The Governor also closed all child care programs in Maryland on March 27, 2020 and invited providers to reopen as Essential Personnel Child Care (EPCC) sites serving those fighting the pandemic on the front line. EPCC and Essential Persons School Age programs began operating on March 30, 2020.
4. Revenue loss resulting from efforts to contain the spread of the disease and the stringent requirements for reopening put the viability of child care businesses in jeopardy. Prior to COVID restrictions, the child care industry struggled with sustainability challenges. Cost of care studies showed the typical child care program operating at a deficit or at best, a break-even situation.

5. Many child care programs did not qualify for the initial funds appropriated to the Public Health Emergency Grant (PHEG) program made available to local businesses that demonstrated significant financial loss caused directly or indirectly by a public health emergency. No PHEG funds were targeted specifically for the child care industry, and the application for PHEG funding required proof of revenue loss in March 2020. Because the State did not mandate child care closures until March 27, 2020, losses for most child care programs began in April 2020.
6. The State's requirements for reopening child care include smaller group sizes and strictly established health standards necessary to prevent the spread of COVID-19. The smaller group sizes significantly reduce tuition payments to be collected by providers, while they must continue to maintain the staffing levels and other fixed costs and increase spending for personal protective equipment, cleaning supplies, and other materials needed for the safe delivery of services.
7. Child care is an essential service to support families as they return to work and is critical to the County's economic recovery. Without public investment and support, licensed, quality child care in Montgomery County is not sustainable under the current recovery requirements.
8. This special appropriation is needed to provide reopening expenses for licensed child care center programs, registered family child care homes, and letter of compliance programs including one month of expenses to support operations until tuition payments are collected and compensation for significant financial loss caused directly or indirectly by COVID-19 restrictions.
9. The funds appropriated must be distributed through a single application process that solicits requests for reopening operating expenses and/or compensation of lost revenue. Funding in the appropriation will be targeted as follows: \$6,500,000 to support licensed child care centers and letter of compliance programs and \$3,500,000 to support registered family child care homes. The maximum grant amounts are \$75,000 for a single site, \$150,000 for two to three sites, and \$300,000 for four or more sites. The child care site(s) to be supported by the grant must be located in the County, and 60% of the children served at each site must be Montgomery County residents. The Source of Funds is General Fund Reserves.
10. To be an eligible grantee for funding supported by this appropriation, applicants must:
 - Have licensed a child care center, a registered family child care or large family child care home, or a letter of compliance program located in the County;
 - Provide child care to children from the age of birth to five years old;
 - Be in good standing with the State of Maryland; and
 - Be able to reopen by August 31, 2020.
11. In calculating the one month of operating costs to be supported by the grant funds, the applicant must fill out a budget template specifying the additional costs needed to comply

with the COVID-19 health standards, i.e., training staff on cleaning procedures and health and safety requirements, cleaning and disinfecting facilities, reconfiguring space to accommodate new group sizes, personal protective equipment and cleaning supplies, and additional classroom materials. The grant amount for operating expenses will be calculated by (1) multiplying the licensed capacity of the program by the average cost of care (market rate) for child care centers and family child care homes as reported in the most recent Montgomery County Child Care Demographic Report published by Maryland Family Network and (2) adding the reasonable costs to comply with the COVID-19 health standards up to a maximum of \$10,000.

12. To be eligible to receive compensation for the portion of the grant targeting significant financial loss caused directly or indirectly by COVID-19 restrictions, the child care business must have incurred revenue loss between April 1, 2020 and April 30 and/or May 1 through May 31, 2020 attributable to a 50% or more reduction in the number of children enrolled in the program as of February 1, 2020. Potential losses to be reimbursed for each month will be calculated based on the reduced number of children served during those periods multiplied by the average cost of care (market rate) referenced in paragraph 11. Tuition for any child for which the provider received or is eligible to receive a local or State child care subsidy for that period may not be included in the calculation of potential losses to be reimbursed. In addition, if the child care business received financial assistance from Federal, State or County sources for expenses related to the COVID-19 health crisis, then the potential grant award must be reduced by the amount of the COVID-19 assistance previously received.
13. Priority must be given to programs (1) serving low-income families and children with special needs; (2) providing child care in the following target zip codes with lower levels of child care availability and higher concentrations of low-income families: 20877, 20886, 20902, 20866, and 20906; and/or (3) participating in the Maryland EXCELS program.
14. Notice of public hearing was given and a public hearing was held.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

A special appropriation to the FY20 Operating Budget of the Early Care and Education NDA is approved as follows:

<u>Personnel Expense</u>	<u>Operating Expense</u>	<u>Capital Outlay</u>	<u>TOTAL</u>	<u>Source of Funds</u>
\$0	\$10,000,000		\$10,000,000	Federal Cares Act Funds

This special appropriation must only be used to implement the program using the guidelines described in paragraphs 9, 10, 11, 12, and 13.

The Executive must make updated information on implementation of the grant program available on a weekly basis to the County Council beginning on June 22, 2020 with a final report by August 31, 2020 about the use of these funds that includes: 1) information about the total number of applications; 2) basic information about the number and reason(s) that applicants did not qualify; and 3) names of businesses and total award amount for any business that receives assistance under this grant program.

The Executive must designate an employee to lead an effort to notify childcare businesses throughout the County about the programs supported by this appropriation and other available government programs that may help with an economic recovery. Also, consistent with our Racial Equity and Social Justice law, outreach should emphasize childcare businesses located in significantly impacted communities and assist businesses on how to apply.

The funds appropriated in this special appropriation must be placed in the General Fund account associated with the Early Care and Education NDA, in which any unspent funds will be re-appropriated in FY2021.

This appropriation is needed to address a public health emergency and to act without delay in the public interest.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council

II. REOPENING CHILD CARE PROGRAMS

The reopening of child care in Maryland must be gradual to avoid outbreaks and further spread of the virus. Opening too soon could result in the closure of programs. To date approximately 50 EPCC and EPSA site have been closed from 5 to 14 days because of a staff member, parent, or child had symptoms of COVID-19 or tested positive. Therefore, the State will transition through phases, aligned with the Governor's plan. Like Maryland Strong: Roadmap to Recovery, there are sub-phases within each phase

PRE-RECOVERY: Child care restricted to children of essential workers through use of EPCC and EPSA sites.

- EPCC and EPSA sites operating.
- The State pays the cost of child care for essential persons.
- MSDE announces that in Phase 1, EPCC programs will transition from invoicing MSDE for essential persons served to providers collecting tuition for children served.

PHASE 1: MSDE begins expanding the number of EPCC programs and the definition of essential persons to include parents working in businesses opened by the Governor.

- EPCC sites remain open.
- Additional child care programs that want to reopen, may apply with their licensing specialist to be approved as EPCC sites and must follow MSDE/MDH guidance.
- EPCC sites may begin serving parents working in businesses newly-opened by the Governor and collecting tuition.
- EPCC sites transition from invoicing MSDE for essential persons served to collecting tuition.
- EPCC sites participating in Maryland EXCELS may accept children in the Child Care Scholarship program.
- Eligible parents may apply to the Child Care Scholarship program to help meet the cost of child care.
- EPSA sites may continue to operate and transition from invoicing MSDE for essential persons served to collecting tuition.
- New EPCC sites receive one-time grants for cleaning.

PHASE 2: MSDE continues expanding the number of EPCC programs as the State transitions through recovery.

- EPCC sites continue to expand.
- EPSA sites close.

PHASE 3: MSDE allows all child care programs to be open for all children with recommended health and safety precautions and social distancing measures.

- EPCC program ends.
- All child care programs allowed to resume normal operations or reopen and must follow guidelines set forth by the Office of Child Care.
- If local school systems operate on a modified calendar in the fall, eligible families may use the Child Care Scholarship program.



Each phase of reopening for child care facilities must be consistent with each Stage and Sub-Phase identified by the Governor. In all Phases, --

- MSDE must continue communication with local and State health departments to determine current status of virus in communities.
- Child care providers must protect and support staff, children, and their family members who are at higher risk for severe illness.
- Businesses should provide staff from higher transmission areas telework and other options as feasible to eliminate travel to childcare programs in lower transmission areas and vice versa.
- The state should continue to assist child care programs in obtaining cleaning, disinfecting, and Personal Protective Equipment (PPE) supplies and access to bulk purchasing of food staples.
- Child care providers should follow MSDE/DHS guidance, based on CDC guidance.

Table 1: Alignment of Child Care Phases with the Governor's Maryland Strong Roadmap to Recovery

MARYLAND STRONG ROADMAP TO RECOVERY	Child Care	Program	Eligible Parents	Payment	Health & Safety	Capacity
CURRENT RESPONSE	Current Response	EPCC EPSA	Essential persons as defined by the Governor's Executive Order number 20-03-25-01	Tuition is paid by the State	Enhanced health and safety precautions as described in MSDE/MDH guidance	Limited to 10 persons: 9 students and 1 teacher
LOW RISK STAGE	Phase 1	EPCC EPSA	Expanded definition of essential persons in businesses opened by the Governor through Executive Orders	State-paid child care is phased out. Parents pay tuition/eligible families use child care scholarships	Enhanced health and safety precautions as described in MSDE/MDH guidance	Limited to 10 persons: 9 students and 1 teacher Room partitions or modifications considered

MEDIUM RISK STAGE	Phase 2	EPCC EPSA	Expanded definition of essential persons in businesses opened by the Governor through Executive Orders	Parents pay tuition/ eligible families use child care scholarships	Enhanced health and safety precautions as described in MSDE/MDH guidance	Capacity to exceed 10 may be considered
HIGH RISK STAGE	Phase 3	Licensed Child Care	All persons	Parents pay tuition/ eligible families use child care scholarships	Health and safety per COMAR, but attention to many health and safety precautions as described in MSDE/MDH guidance	Capacity is per COMAR

III. GUIDANCE FOR OPERATING CHILD CARE PROGRAMS (adapted from the CDC's Interim Guidance for Child Care Programs²)

SAFETY ACTIONS

Promote healthy hygiene practices

- Teach and reinforce washing hands and covering coughs and sneezes among children and staff.
- Teach and reinforce use of cloth face coverings among all staff and children when feasible as described in the MSDE/MDH guidance, based on CDC guidance. Face coverings are most essential at times when social distancing is not possible. Staff should be frequently reminded not to touch the face covering and to wash their hands frequently. Information should be provided to all staff on proper use, removal, and washing of cloth face coverings.
- Have adequate supplies to support healthy hygiene behaviors, including soap, hand sanitizer with at least 60 percent alcohol (for staff and older children who can safely use hand sanitizer), and tissues.
- Post signs on how to stop the spread of COVID-19, properly wash hands, promote everyday protective measures, and properly wear a face covering.

Intensify cleaning, disinfection, and ventilation

- Clean, sanitize, and disinfect frequently touched surfaces (for example, playground equipment, door handles, sink handles, drinking fountains) multiple times per day and shared objects between use.
- Avoid use of items (for example, soft or plush toys, electronic devices, toys, books, other games, and learning aids) that are not easily cleaned and sanitized or disinfected.
- Ensure safe and correct application of disinfectants and keep products away from children.
- Ensure that ventilation systems operate properly and increase circulation of outdoor air as much as possible by opening windows and doors, using fans, and other methods. Do not open windows and doors if doing so poses a safety or health risk (for example, allowing pollens in or exacerbating asthma symptoms) to children using the facility.
- Take steps to ensure that all water systems and features (for example, drinking fountains, decorative fountains) are safe to use after a prolonged facility shutdown to minimize the risk of Legionnaires' disease and other diseases associated with water.

Ensure social distancing

- Ensure that classes include the same group of children each day, and that the same child care providers remain with the same group each day and from week to week.
- Prohibit mixing between groups.
- Eliminate field trips, inter-group events, and extracurricular activities
- Restrict nonessential visitors, volunteers, and activities involving multiple groups at the same time.
- Space out seating and bedding (head-to-toe positioning) to six feet apart if possible.
- Close communal use spaces, such as common break rooms for staff, multi-purpose rooms, game rooms or

² Interim Guidance for Child Care Programs <https://www.documentcloud.org/documents/6883734-CDC-Business-Plans.html>

dining halls, if possible; if this is not possible, stagger use and implement enhanced cleaning and disinfecting in between uses.

- If a cafeteria or group dining room is typically used, serve meals in classrooms instead. Put each child's meal on a plate, to limit the use of shared serving utensils.
- Stagger arrival and drop-off times or put in place other protocols to limit direct contact with parents as much as possible. Do not permit parents into the facility.

Limit sharing

- Keep each child's belongings separated and in individually labeled storage containers, cubbies, or areas or taken home each day and cleaned.
- Ensure adequate supplies to minimize sharing of high touch materials to the extent possible (art supplies, equipment etc. assigned to a single camper) or limit use of supplies and equipment by one group of children at a time and clean and disinfect between use.
- Avoid sharing electronic devices, toys, books, other games, and learning aids if unable to clean and sanitize/disinfect.
- Prevent risk of transmitting COVID-19 by avoiding close, prolonged contact (such as shaking or holding hands, hugging, or kissing)

Train all staff

- Train all staff in the above safety actions. Consider conducting the training virtually, or, if in-person, ensure social distancing is maintained.
- Provide on-going training for new information, as well as refresher courses.
- Required training should be taken for programs to remain in compliance with licensing regulations so programs do not fall behind in the annual requirements.
- Provide on-going training for new information, as well as refresher courses.

MONITORING AND PREPARING

Screen for signs and symptoms

- Screen children upon arrival, if possible. Establish routine, daily symptom screening and temperature checks on arrival, for both staff and children. Information on daily health check screenings for children are provided in the MSDE/MDH guidance, based on CDC guidance.
- Implement temperature checks and symptom screening safely, and respectfully, and with measures in place to ensure confidentiality as well as in accordance with any applicable privacy laws or regulations. Keep a log of results. Confidentiality should be maintained.
- Employers and child care directors should use examples of screening methods in the MSDE/MDH guidance, based on CDC guidance.
- Encourage staff to stay home if they are sick (even mildly) and encourage parents to keep sick children home.

Plan for when a staff member, child, or visitor becomes sick

- Identify an area to separate anyone who exhibits COVID-like symptoms during hours of operation, and ensure that children are not left without adult supervision.