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Child Care and Early Education Providers Are in Crisis. How Are Funders Responding?

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In the United States, there are programs that can deliver better returns than the stock market. People who participate in these programs earn more money over their lifetimes, enjoy more stable long-term relationships, have stronger social and emotional skills, lead healthier lives, and are less likely to be incarcerated. The benefits these programs produce span multiple generations.

Yet these programs have been underfunded for years.

There is near-universal consensus that early-childhood education programs can break cycles of poverty and lead to lasting upward mobility. But funders say they have always been fragile, and have only become more so due to COVID-19.

Shannon Rudisill, executive director of the Early Childhood Funders Collaborative (ECFC), a coalition of 43 philanthropies across the nation, says, “We have lots of evidence that the early care and education sector is getting decimated.”

Early care and education do not receive much public investment compared to K-12 public education. The result is a patchworked system—if you can call it a system—kept afloat by various sources of revenue. Most early care and education providers teetered at the financial edge, with a month or two of reserves on hand even before the crisis. Weeks of closure have likely led to permanent closures for thousands of child care centers.

“There’s a lot of context to early-childhood education that’s different from K-12. In our country, we don’t

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provide early-childhood education through public means the way we do for K-12,” Rudisill says. “It’s basically a private market of nonprofits and small businesses, for the most part.”

Teetering on the Brink

Funders of early care and education have tried to fill in gaps for child care providers in the hopes their contributions will spur government support.

Emergency response funds from foundations have been designed as bridges to public investment. The home-based care sector, small businesses operating out of houses that are mostly owned and staffed by women of color and immigrants, is attracting increased interest. Foundations are offering direct assistance, strategizing with grantees to figure out new ways to serve families such as virtual home visits or transitioning parenting programs to Facebook Live.

Although states are reopening, child care centers will remain on the brink of survival for months to come. They face additional costs because of new rules on sanitation and decreased enrollment, such as no more than 10 children per classroom. But there are other reasons children will not return to day care. Mass unemployment has shrunk the number of families able to pay for child care, and even among those who do have the means, the fear of contracting COVID-19 will be a major hurdle to overcome.

Child care advocates say drastic measures are necessary. [Senate Democrats are proposing a \\$50 billion bailout for the child care industry.](#) The CARES Act appropriated \$3.5 billion for early care, but

Rudisill says an estimated \$9 billion a month is needed to sustain the sector.

Rudisill worries about the fate of programs for the very youngest learners and the poorly paid workers who care for and teach these children. “The public investment that we do have, like Head Start and pre-K, is skewed toward four-year-olds. The care that will be the hardest to bring back will be for children ages zero to three. We hardly have any public investment in that space. The population we expect to take care of these kids is paid poverty wages and frequently lacks health insurance.”

Rudisill adds, “Schools will be there. As much as there will be holes in state budgets, they will open back up, but that’s not necessarily true of the early care and education sector.”

Pivot, Pivot, Pivot

The shift to virtual services has forced grantees and foundations to get creative.

The Heising-Simons Foundation in Los Altos, California, has awarded over \$4 million in grants for early care and education in response to COVID-19. It sponsors the Rapid Response Virtual Home Visiting Project, a network of organizations focused on early care. One grantee, Parents as Teachers, received \$1.13 million to accommodate surging demand for home visits. Barbara Chow, the foundation’s director of education, says Parents as Teachers made 1,000 in-person home visits over the past three years; that figure soared to 12,000 within the first four weeks of

the crisis, no longer limited by the constraints of physical travel.

A story shared during one of ECFC's weekly calls was about an employee of Parents as Teachers dropping off baby supplies for one family. She knew the family was unable to log on for a virtual visit because it did not have high-speed internet, so the employee sat in her car, turned on her mobile hotspot, connected the family, and conducted her virtual visit in her driver's seat.

Stories like these have helped funders to realize many families cannot afford phone plans with unlimited data or lack broadband access, making virtual visits tough. Funding has shifted to allow organizations to modify their grant agreements to purchase phone minutes or internet-enabled devices for these families.

Heising-Simons also awarded \$300,000 to the University of Oregon's Rapid-EC Project to study the impact of the pandemic on households with very young children, \$200,000 to the National Domestic Workers Alliance for general support, \$200,000 to the Californians Dedicated to Education Foundation to bridge the digital divide, and \$150,000 to Child Care Aware of America for a national emergency technical assistance center, among other grants.

Imaginable Futures (formerly the Omidyar Network's Education Initiative) has given \$2.3 million in COVID-19 relief. It awarded a grant to ParentPowered for its Ready4K program, which shares resources and information on trauma-informed care through text messaging. Additionally, Imaginable Futures gave grants to the National Domestic Workers Alliance;

Wide Open School, a new collaborative venture from media, education, and technology companies to help families find free resources and content; Khan Academy Kids; and Tinkergarten, which sends families free activities and how-to guides, and connects them to online communities.

Home-Based Care and the PPP

Most low-income infants and toddlers are in home-based care, which is why 10 funders collaborated last year to create Home Grown, an organization that improves the quality and access to home-based child care. Home Grown is supported by the Buffett Early Childhood Fund, Gary Community Investments, Heinz Endowments, Heising-Simons, Imaginable Futures, Klingenstein Philanthropies, MAEVA Social Capital, Merage Foundations, the David and Lucile Packard Foundation, and the Pritzker Children's Initiative.

More than 7 million children under the age of five are in home-based care, almost double the figure of 3.8 million children in center- or school-based care.

Home-based care is often the most affordable option for families. According to Home Grown, 83% of families struggle to find affordable, high-quality child care.

“Families can spend so much on child care, and yet the workforce can be paid so little at the same time,” says Chow. “But that is exactly what’s happening, and has been happening. The fixed costs are so high and the ratios are low.”

In response to the pandemic, Home Grown awarded \$1.2 million to establish an emergency fund for home-

based child care providers to buy cleaning supplies, offer paid leave for workers, and supplement lost wages. Home Grown has also instituted a matching fund to enable local communities to build their own funds and created toolkits on how to award grants.

The Philadelphia Emergency Fund for Stabilization of Early Education (PEFSEE) has been hailed as one of the more sophisticated efforts in the field in response to the crisis. PEFSEE is a partnership between the William Penn Foundation and Vanguard's Strong Start for Kids Program. William Penn contributed \$5 million, Vanguard \$2 million. Focused on children ages zero to five, the fund supports basic expenses such as payroll, rent and mortgage assistance, and supports centers that provide baby supplies and care for the children of essential workers.

PEFSEE uses [Childcare Map](#), a website tracking the supply and demand for child care in Philadelphia, along with demographic data, to guide its grantmaking. The website shows what areas have shortages of child care centers, so PEFSEE can direct support accordingly.

Equity is a major consideration of the fund. Out of 271 grantees, 46% are single-site centers, 87% are women-owned organizations, and 71% comprise people of color.

Elliot Weinbaum, program director at the William Penn Foundation, says the fund has, along with other funders, had to contend with the cumbersome Paycheck Protection Program, which is administered by the Small Business Administration. Multiple funders reported the program was not helpful for the

early care sector, especially single-site centers. The program, they say, favors organizations with 501(c)(3) tax-exempt status and applicants with established relationships to banks. Many child care providers were unprepared for the process, unaware of the high volume of paperwork involved. According to the National Association for the Education of Young Children, many child care providers were afraid of taking on debt.

The Philadelphia fund set up a hotline administered by Public Citizens for Children and Youth to help child care providers apply for PPP loans, successfully securing \$2 million in loans and saving thousands of jobs, says Weinbaum.

The City of Philadelphia has 100,000 children aged five and under enrolled in child care. Weinbaum says the city has committed to maintaining its current level of funding and increasing support for district schools overall.

The Overdeck Family Foundation in New York is mindful of the summer slide. It awarded \$500,000 to Waterford.org to implement its Upstart Summer Learning Path in nine states. The online program will prepare 15,000 children from needy households affected by COVID-19 and pre-k or Head Start closures for kindergarten this fall. Waterford has raised \$9 million overall for Upstart; other funders include Blue Meridian and the Valhalla Charitable Foundation. The funds will help four-year-olds develop cognitive and social-emotional skills and guide them through literacy fundamentals with personalized instruction of 15 minutes per day. Parents are assigned coaches who help them engage with their children outside of online

instruction. Families who lack broadband access and devices will receive them.

Overdeck has given \$2.6 million in rapid-response grants including \$500,000 to the MIND Research Institute to expand its digital math curriculum; \$150,000 to Bright By Three to text parents messages about stay-at-home activities and mental and physical health guidance; \$100,000 to Teaching Lab to digitize teacher professional learning content, and \$75,000 to Family Connects to conduct telehealth home visits for families and newborns.

“The Biggest Difference”

Foundations are eyeing the month of July, the start of the fiscal year in most states, as a pivotal time to engage in advocacy to prevent major cuts to early care and education.

According to Janet Froetscher, president of the J.B. and M.K. Pritzker Family Foundation in Chicago, the worst is yet to come. Pritzker has given \$2.5 million in immediate relief. It is one of the nation’s largest early care and education funders, anticipating that it will give \$30 million this year.

Funders, she says, must understand their work is moving into the more challenging phases of recovery. She is afraid that donations, government aid and rent deferrals are vanishing.

“People look at the immediate need and they want to help, which is really a wonderful thing, but the needs beyond the first month, two, three, are far more significant than those first few months, and the bigger

needs are the ones that are still in front of us—now, they can kick people out of houses. We're not going to have a federal government playing as heavily, state budgets are going to be hit, corporate budgets have been hit, philanthropy's endowments have been hit, so the needs are going to skyrocket, but the resources are going to drop.”

After seeing the difficulty of child care centers applying for PPP loans, funders are encouraging single-site centers and individual operators to form networks to strengthen their resources and their ability to apply for financing. ECFC is urging its members not to scale back their advocacy investments, especially regarding children who are in immigrant or mixed-status families. Many of those families were left out of federal aid programs, and foundations plan to push lawmakers to direct more funding for healthcare, disaster relief, and for outreach and case management services. Nearly a quarter of all young children in America are raised in such households.

Overdeck is funding a survey from the National Institute for Early Education Research to inform long-term policy related to the crisis.

The Lilly Endowment awarded \$15.7 million to Early Indiana to offset COVID-related health and safety expenses for child care centers and providers that are reopening.

But big questions loom regarding how many people will return, even after providers spend considerable amounts of money on sanitation.

Isabelle Hau, partner at Imaginable Futures, says, “How will parents behave? Even if schools are reopened, will they enroll their children? Parents are scared and are trying to figure out solutions that do not have them in larger environments.”

Frustrating Hau is that the attention early care and education is attracting is based on economic imperatives, not increasing its quality. The system, she says, has been ill-suited to prepare young learners for school.

“Leaving behind more than 50% of kids who are not fully ready for kindergarten—even before COVID, we didn’t have a healthy, vibrant early-childhood system,” Hau says. “Child care needs are suddenly being elevated, not as a means to provide quality education, but as a means to allow parents to go back to work.”

K-12 schools remain closed indefinitely. There is hope they will resume physical classes in the fall, but even if that is not feasible, no one questions that they are a worthy public good. The same cannot be said for early care and education centers and workers, despite the wealth of evidence stating their work is critical for laying the groundwork of a child’s academic, economic and social success, more so than what K-12 is able to do.

Says Froetscher, “You can take the best K-12 education system in the world, and you’re never going to make up the gap that those children start with when they go into kindergarten. If we’re really about children graduating ready to learn and being successful, by far, your best investment is prenatal to age three, that’s

what the science tells us is the time that's going to make the biggest difference."

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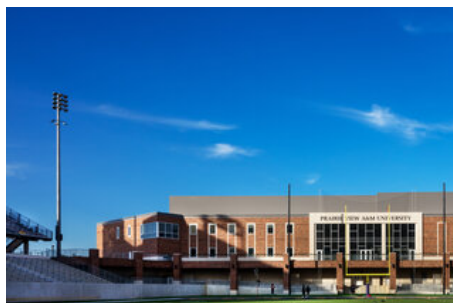
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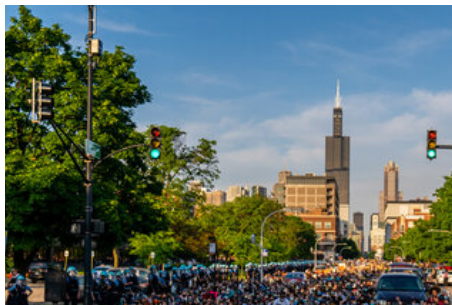
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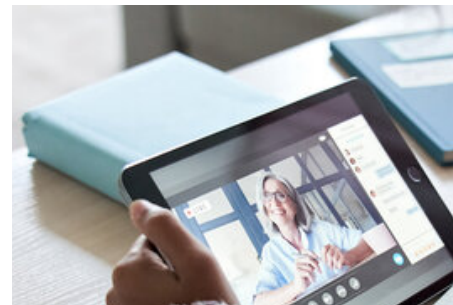
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