

The Impact of COVID-19 on The Use of Child Care Works Subsidy in Philadelphia

Since 2014, Reinvestment Fund has been working to [study childcare access and quality](#) across the city of Philadelphia. The COVID-19 pandemic exposed both the importance and the fragility of the city's childcare system. With access to care suddenly restricted by the closure of childcare programs, many families found it difficult to work and many employers found it difficult to hire.

Ultimately, the efforts of local funders and stakeholders helped ensure that the impact of the pandemic on child care operators was [not as dire as it could have been](#). As we begin to assess the long-term effects of COVID-19, it is clear that across sectors, many of the most harmful effects of the pandemic have been born by the most disadvantaged families. To that end, Reinvestment Fund set out to understand how the pandemic impacted the most disadvantaged households' access to childcare through the state's Child Care Works (CCW) subsidy program.

CCW is a critical program for low income working families. The program provides financial subsidies to low income families to pay for child care while parents are working or studying. Reinvestment Fund worked with the state's Office of Child Development and Early Learning (OCDEL) to collect CCW records for children receiving care in Philadelphia in March of each year between 2017 and 2021. These data allow us to track participation in the program immediately before (March 2020) and after (March 2021) the onset of the pandemic and the state's mandated closure of childcare programs.

This memo describes CCW usage across the city and the impact of COVID-19 on program participation among families and providers. We find that:

- **The city saw a substantial decline in CCW participation after the onset of the pandemic.** While participation in CCW has been declining since 2018, the number of children receiving subsidized care through CCW saw a much sharper downturn of 40% between March 2020 and March 2021.
- **Declining participation can be attributed to both more children leaving the program and fewer new children entering.** While CCW experiences turnover every year as children age out of the program or family circumstances change, children that leave CCW are generally replaced by new families entering the program for the first time. The pandemic appears to have led to both more children leaving the program than in previous years and fewer new families joining the program.
- **CCW enrollment declines were most notable for younger children and Black and Hispanic Families.** There did not appear to be any strong geographic patterns or specific neighborhoods that were disproportionately affected by declining CCW enrollment. However, the decline in CCW participation was concentrated among the youngest children as well as Black and Hispanic children.
- **Fewer childcare operators are participating in CCW.** Our analysis shows that the number of child care programs participating in CCW declined at a faster rate after the onset of the pandemic. While the pandemic led to a decline in the number of childcare operators citywide,

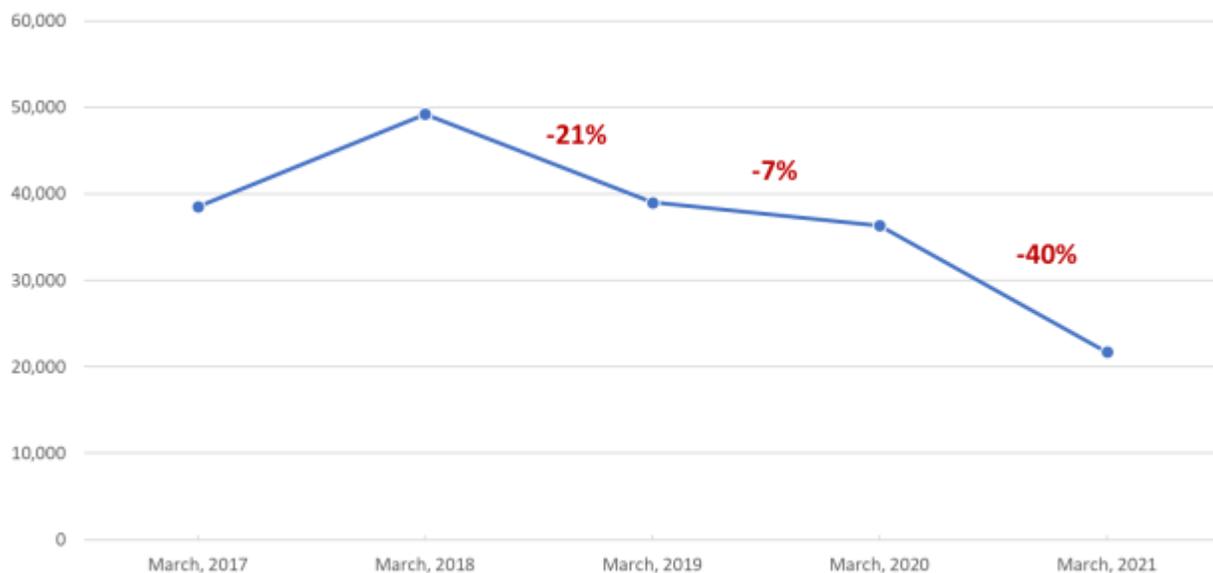
the decline in sites accepting CCW was larger than the overall change in sites. In the past, children who attended sites that stopped accepting CCW were able to transfer to new sites; however, transferring was less common during the pandemic.

With the data we have available, it is not possible to precisely identify why CCW enrollment has declined so substantially since the pandemic. However, there is some data to suggest that changing parental preferences or need for care and the loss of CCW eligibility may be two contributing factors.

Trends in Subsidy Usage, 2017 to 2021

The total number of children using CCW in Philadelphia peaked in 2018 and has been declining ever since. Still, between 2020 and 2021, the number of children accessing CCW-funded care in Philadelphia declined precipitously. Prior to the pandemic, between 2019 and 2020 the number of children using CCW declined by 7%. Between 2020 and 2021, the number of children declined by 40%.

Total Children Using CCW in Philadelphia in March 2017 to 2021



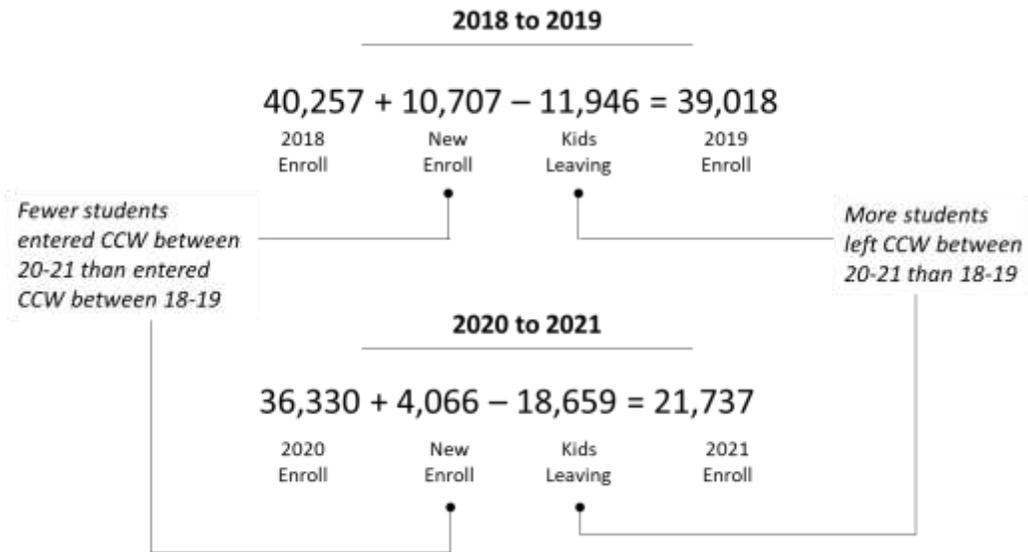
Source: Reinvestment Fund Analysis of OCDEL CCW Records, 2017 to 2019

Some amount of turnover in the CCW program is expected. Family circumstances change, children age out of care, and families move. However, children that leave the CCW program are typically replaced to some extent by new families entering the program. The pandemic appears to have both increased the number of children exiting the program and decreased the number of new children entering the program.

The figure below compares changes in CCW enrollment between 2018 and 2019 with enrollment changes between 2020 and 2021. In 2020 to 2021 there were both fewer new children entering the CCW program and more children leaving the program.



Change in CCW Participation 2018 to 2019 and 2020 to 2021



Source: Reinvestment Fund Analysis of OCDEL CCW Records, 2017 to 2019

The largest declines in CCW usage were among the youngest children and Black and Hispanic children. The table below shows the number of children using CCW in the city by age. While the number of children using CCW has declined across all age groups, the largest declines were observed among infants and toddlers (children ages zero to three).

Philadelphia Children Using CCW in Philadelphia in March 2019 to March 2021, By Age

	March, 2019	March, 2020	March, 2021	Change 2020 to 2021
Children, 0 – 3	10,554	9,763	5,408	-45%
Children, 4 – 5	9,424	8,778	5,342	-39%
Children, 6 – 8	9,484	8,811	5,427	-38%
Children, 9+	9,556	8,978	5,560	-38%
All Ages	39,018	36,330	21,737	-40%

Source: Reinvestment Fund Analysis of OCDEL CCW Records, 2017 to 2019

Black children comprised the largest number of CCW users in Philadelphia in all years, followed by Hispanic children. However, between 2020 and 2021, both groups experienced the largest declines in CCW usage, with Black and Hispanic participation in CCW declining by 41% and 39%, respectively. The loss of Black and Hispanic students contributed to 87% of the total decline in CCW enrollment. Over the same time period, White participation also declined, but at a smaller rate (30%).

Philadelphia Children Using CCW in Philadelphia in March 2019 to March 2021, By Race and Ethnicity

	March, 2019	March, 2020	March, 2021	Change 2020 to 2021
White	1,804	1,661	1,167	-30%
Black	29,104	26,801	15,903	-41%
Hispanic	4,993	4,637	2,848	-39%
Other/Unknown	3,117	3,231	1,819	-44%
All Sites	39,018	36,330	21,737	-40%

Source: Reinvestment Fund Analysis of OCDEL CCW Records, 2017 to 2019

Geographic Trends in Subsidy Usage

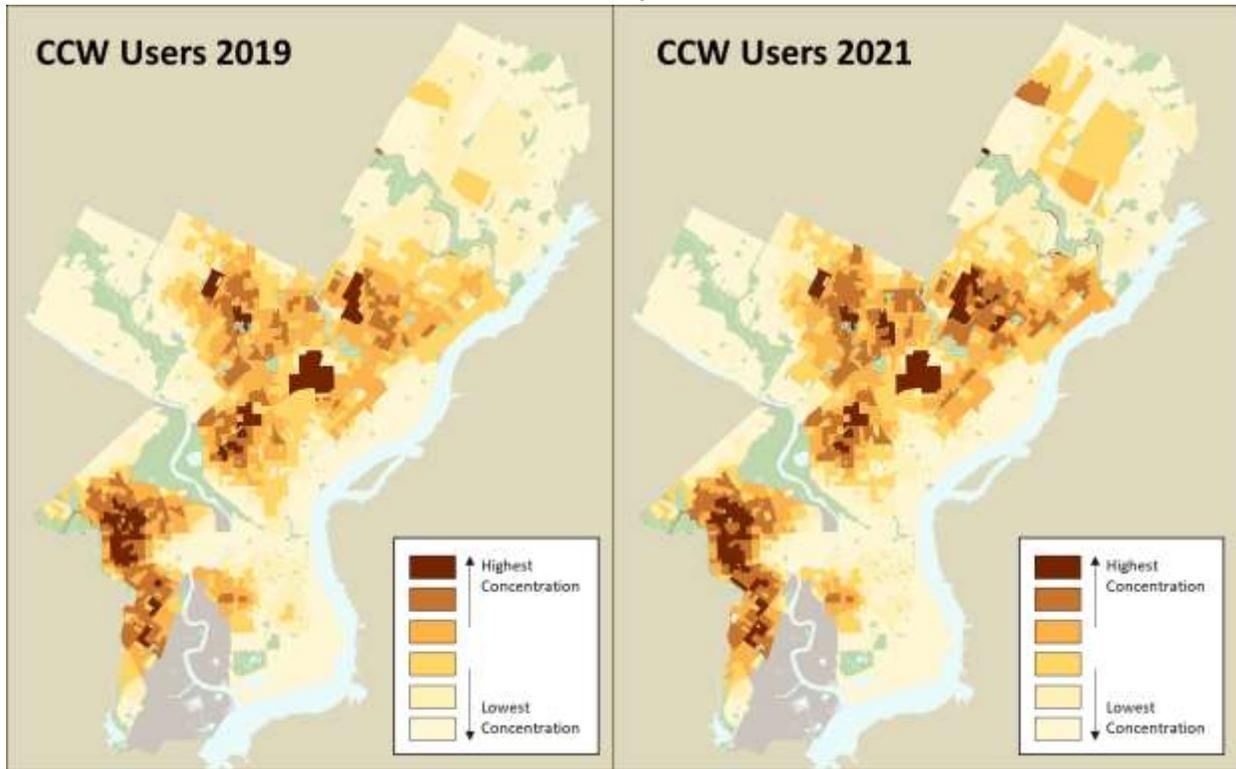
There do not appear to be any geographic patterns in where declines in CCW usage occurred. A similar share of children that used CCW lived in neighborhoods that lacked access to high quality care prior to and after the pandemic. Nearly a third of children that used CCW records in Philadelphia lived in neighborhoods with shortages of high quality ECE in both periods. These rates largely match trends for all children in the city.

Distribution of All Children Under Five and CCW Users by Shortage of High Quality Care, 2019 and 2021

	All Children, 2019	CCW Children, 2019	All Children, 2021	CCW Children, 2021
Largest Shortage of High Quality Care	8%	8%	10%	10%
Large Shortage of High Quality Care	19%	24%	19%	22%
Average Shortage of High Quality Care	45%	47%	41%	43%
Smaller Shortage of High Quality Care	19%	17%	20%	18%
Smallest Shortage of High Quality Care	9%	5%	10%	7%

Source: Reinvestment Fund Analysis of OCDEL CCW Records, 2017 to 2019

The maps below highlight where children that used CCW in 2019 and 2021 lived. In both years, the largest concentrations of children were in communities with the highest concentrations of Black, Hispanic, and low income families.

Concentration of Families that Used CCW in Philadelphia, 2019 and 2021


Source: Reinvestment Fund Analysis of OCDEL CCW Records, 2017 to 2019

Trends in Programs Accepting CCW Children

Participation in the CCW program is optional for child care providers and one factor that could contribute to the decline in CCW usage could be fewer sites choosing to participate in the program. To investigate program participation, we examined the total number of programs that accepted at least one CCW child over time. We find that the number of sites accepting CCW children declined along with CCW enrollment. While some of the decline can be explained by sites closing due to COVID-19, the decline in CCW participation is even greater than the change in the total number of licensed sites in Philadelphia.

The table below shows the total number of sites that accepted at least one CCW child between 2019 and 2021 along with the total number of licensed sites in the city over the same period. Between 2019 and 2020, the change in sites accepting CCW largely tracked changes in the total number of operating sites in the city; however, between 2020 and 2021, the decline in CCW participation largely outstripped the change in total sites.

Change in Total Licensed Sites and Sites Participating in CCW, 2019 to 2021

	2019	2020	2021	Pct Change 2019 – 2020	Pct Change 2020 – 2021
All Licensed Sites	1,737	1,698	1,683	-2%	-1%
Sites Participating in CCW	1,513	1,492	1,336	-1%	-10%
Share Participating in CCW	87%	88%	79%		

Source: Reinvestment Fund Analysis of OCDEL CCW Records, 2017 to 2019

The childcare sector experiences a substantial amount of turnover every year, with new sites opening, some sites closing, and others dropping out of the CCW program. However, turnover among programs does not appear to explain the large decline in CCW enrollment. Looking at children in both childcare programs that closed and childcare programs that remained open shows that families experienced greater disruptions during the pandemic than in previous years.

Between 2018 and 2019, for example, there were 694 sites that served 4,148 children that closed or left the CCW program. About half of the children (55%) that had been served in those sites in 2018 successfully transferred to another site that accepted their CCW subsidy. Between 2020 and 2021, however, children appeared to be less able to transfer to new programs that would accept their CCW subsidy; 797 sites serving 4,175 CCW children closed or left the CCW program but only 26% of these children were in new CCW programs in 2021.

Even childcare programs that did not close because of COVID-19 saw their CCW enrollment decline. Some amount of turnover is expected, but the decline in enrollment between 2020 and 2021 was greater than in previous years. Between 2018 and 2019, for example, there were 36,109 children in a childcare program that participated in CCW in both years. Only 28% of these children left CCW between 2018 and 2019. Between 2020 and 2021 there were 32,155 children that enrolled in a program participating in CCW in both years, but 48% of these children left CCW.

Factors Contributing to Declining CCW Enrollment

Reinvestment Fund spoke with local stakeholders to understand different factors that could help explain the decline in CCW participation in Philadelphia. Although it was impossible to determine the cause of the decline three factors were discussed:

- **COVID-Related Site Closures.** The onset of the pandemic led to an increase in the number of childcare program closures. With fewer programs to choose from, it may be more difficult for families using CCW to find care. While program closures may have contributed to lower CCW enrollment, it is unlikely that this factor was the driving force. First, the decline in childcare programs across the city was much lower than expected, partially as a result of substantial efforts of local stakeholders. Moreover, some data suggest programs that participated in the subsidy program were more financially stable during pandemic shutdowns.¹ Second, in reviewing the data, we find that CCW enrollment declined both among children in sites that closed and among children in sites that remained open.
- **Changes in Parental Eligibility.** To receive CCW, families must meet both income and work requirements. The impact of the pandemic on workers is well known, and it is possible that parents that lost employment or saw their hours reduced could have lost their eligibility for CCW. However, during the period our analysis examined (March 2020 to March 2021) OCDEL paused eligibility checks for families, so it is unlikely that families already using CCW were removed from the program due to changes in their eligibility. That said, changes in eligibility could help explain why fewer new families entered the CCW program between 2020 and 2021.

¹ See: <https://www.reinvestment.com/research-publications/emergency-response-an-overview-of-the-philadelphia-emergency-fund-for-the-stabilization-of-early-education-pefsee-program/>



- **Changing Preferences for Child Care.** Fears about safety and changes in parental work (such as working from home or longer term unemployment) may have led more parents to voluntarily remove children from childcare programs. There is some evidence that this may have contributed to declines in CCW enrollment. Our analysis of childcare programs that received PEFSEE grants, for example, shows that enrollment across the sector is down, despite these programs largely remaining open during the pandemic. This may also help explain why CCW enrollment declines were largest among the youngest children, who may have been too young to wear masks to mitigate risk and remain ineligible for vaccines.

Conclusion

Philadelphia experienced a sharp decline in CCW enrollment as a result of the COVID-19 pandemic, but that decline is part of a longer-term trend. The decline in CCW enrollment observed during the pandemic is troubling, but ultimately, the long-term decline in program participation is potentially more concerning due to the high cost of care relative to income for many Philadelphia families. Understanding more about the demand and supply factors that have contributed to the multi-year decline in CCW enrollment and any emerging barriers to participating in or re-joining the program will be critical as stakeholders work to help families recover from the COVID-19 pandemic.