

FAQ on the IUCC Early Childhood Center's Current Financial Situation

by Mark Allen, IUCC Treasurer, and Tricia Aynes, IUCC Moderator, with review by Pastor Sarah and Keith Boyum, CCC Chair

Summary of Frequently Asked Questions

Our Early Childhood Center (ECC) is a vital and important ministry of IUCC. We are closely woven together, both parts of the same body. Since the beginning of the COVID-19 pandemic in March 2020, the ECC has been negatively impacted, losing most of its enrollment in the span of a week. Even though we re-opened the ECC in July 2020 and were able to get a \$96,000 PPP loan that was forgivable and has decreased some of our costs, the ECC continues to have financial problems and incur significant losses. These FAQs address the current situation, describe our turnaround efforts to date, outline possible options and steps to lessen losses, and show why the ECC is so vital to IUCC as a whole entity.

When operating at normal capacity, our preschool brings in an enormous amount of income and was on track to make \$120,000 in the months before the pandemic hit. We are confident that those numbers will return. However, we do not know when that will happen, so we believe it is prudent to have a plan in place to guide us through these difficult waters until the ECC can return to its former success. Accordingly, the Admin board has reached consensus on a four point plan to guide us through this time: (1) Pursue all available options to bring the preschool to a point where its revenues cover operating costs; (2) Increase congregational giving to bridge the gap; (3) Constrain expenses; and (4) Explore loan(s). While Plan Steps 1-3 are vitally important, we think Step 4 (exploring a loan) is our best long-term option to bridge the gap and get us through the pandemic. That means either: (1) Applying for a federal Small Business Association (SBA) economic injury disaster loan (EIDL), which was set up to address the national losses incurred by the pandemic; or (2) Amending our current loan with Cornerstone, our United Church of Christ lender.

The IUCC general fund is doing much better than the ECC, as stewardship has held up relatively well during the COVID-19 pandemic and expenses related to ministries and building upkeep are naturally lower. We are fortunate to have generous members who have increased their giving through the pandemic, and we thank you for your loving and giving spirits. We are encouraged by your response to the 2021 stewardship drive and hope you will continue to prayerfully consider giving even more as you are able. Bless you for your support during these difficult days!

We understand that this is a long document, but we want to be as thorough and transparent as possible. You are thoughtful and intelligent people, and you deserve to know all the facts. We feel we owe it to you to provide as much clarity as we can so you have a full understanding of what is involved should we need to ask the congregation to approve a loan. For those who want to “dig deep” into the nuts and bolts of the situation, please read the complete FAQs, which can be found below.

1. Why is the preschool so important to the IUCC Congregation?

The ECC was established in 1986 by IUCC member Ruby Fulton as an outreach ministry and service to the community of Irvine. Since then, it has become an integral component of our mission and of IUCC as a whole during this last 34 years. Ruby recognized that the ECC could provide a warm and hospitable place for preschoolers to learn and grow. She identified an opportunity for high-quality, affordable childcare, helping parents who wanted and needed to work outside the house feel good about their childcare choice. Reflecting and promoting the open, affirming, and inclusive values of IUCC, our ECC doesn't proselytize. Instead, it teaches good social values to children, challenging them to recognize and deal with discrimination, prejudice, and stereotypes as they learn to grow, respect and understand others who are different.

While we track performance separately between the church (or general fund) and the ECC, we are still one enterprise carrying out our combined mission. We shouldn't look at the general fund and the ECC as different entities – we are one entity. While our preschool is an outreach ministry, helping our visibility and projecting a strong vital presence in the community, it is also important to the church as a free-cash flow generator. The general fund has at times carried the preschool financially, as some years the ECC lost money (2014), but in the past 7+ years, since the turnaround of the preschool in 2014, there have only been years when the ECC has carried the general fund – up until the pandemic this year.

The ECC's free-cash flow allowed us to **build our new administration building and service our debt going forward**, as well as to fund its own capital expenditures to pay for the rehab of the office space to turn it into a new preschool room and improve the ECC's bathrooms. These latter two expenditures increased the ECC's capacity to generate extra revenue.

Currently, the general budget framework (excluding this time period due to the pandemic) is that the general fund loses cash each year and the ECC provides a healthy rent to the church (general fund), assumes a chargeback of administrative time, and provides cash to help pay for the principal and interest on the debt for the new building, as well as providing cash to the general fund.

Without the ECC, we would have never been able to undertake the new administration building as we just didn't have the ability to make the down payment against the total project costs and also service the amount of debt necessary to even start the project. **The ECC's cash flow, once it recovers, whether in later 2021 or 2022, will be absolutely necessary to service the principal and interest on the existing building debt going forward for many years as well as the extra borrowing we will likely have to take on to fund losses to get back to breakeven for the ECC. Eventually we will make it a free cash flow positive operation again.**

2. How much has the preschool contributed to IUCC as a whole over the last 5 years?

The ECC has been a substantial contributor to the general fund. Over the last five years ending Dec. 2019, in the form of rent, chargebacks for administrative time and excess free cash flow after holdbacks for working capital and capital expenditures, **the ECC has contributed over \$730,000.** These funds were used for the items articulated above. The ECC generated free cash flow of \$167,500 alone in 2018, a best by far in the last 15 years and possibly since the ECC began.

ECC budgeted 2020 free cash flow was approximately \$200,000. Recently, the ECC's capacity for students increased from 50+ students (i.e., in the timeframe from 2015 to mid-2019) to ultimately 63+ students by the first Quarter of 2020 as the new classroom was finished and the bathrooms were rehabbed to allow more students. So essentially the ECC hasn't had a full year yet with our new capacity of 63+ children. Overall, even without normal inflation year-over-year increases, **the ECC could generate between \$170,000 - \$200,000 per year going forward and between \$850,000 - \$1,000,000 for the post-pandemic 5 years starting in later 2021 to sometime in 2022.** We believe these are even conservative numbers and we could beat them. This level of excess cash flow will be very critical going forward.

3. What would be the impact on the general fund without the ECC?

It is critical to understand that with the current principal and interest on the new administrative building of \$43,200 annually and the heavier general fund payroll that, for the time being, until we are able to increase stewardship a good deal to above pre-capital campaign levels adjusted for time and grow it at a decent pace above inflation, that the general fund will operate cash flow negative – all else being equal.

For the 2018-2019 timeframe, the general fund had net income adjusted for depreciation of (\$116,000). and the ECC had net income adjusted for depreciation of positive \$201,000. Without the positive cash flow from ECC in the future, the general fund would be forced to **make very significant cuts in its operating expenses** or similarly to borrow to fund its operations. Borrowing just to fund the general fund operating losses would be much more difficult with a lender than funding the ECC, and with only increased stewardship as the primary source of revenue, probably more difficult to increase revenue than by fixing and growing the ECC back to its pre-pandemic levels.

Also note that while the general fund is doing better since the pandemic struck, this is almost all a function of not having live services and the resulting costs we avoided. Once we have live services again, there will be increased costs that likely would make the general fund cash flow negative again as it has been budgeted over the last few years.

4. What caused the ECC to begin losing money?

The ECC was shut down by COVID-19, as were many childcare centers in March 2020. We made the decision to close the ECC, as many other businesses did, in mid-March because of the pandemic, as within a week of the worst part of the pandemic's onset, we had lost almost all of our students who then stayed home. By furloughing most of our ECC employees, we reduced most of the short-term losses this spring; employees received wages equal to or slightly more through enhanced government unemployment than they would have had we continued to be open albeit with almost no students. Furloughing reduced our payroll costs and reduced our early losses. The 6 foot distancing requirements for students and staff, as well as the heavier staffing levels caused by the lower teacher to student ratios, have caused the continued losses.

5. Why did we decide to reopen the ECC and what happened?

We decided to reopen in early July with new safety measures in place as the polling we did with our parents indicated

that there were a stable amount of parents that would re-enroll their students and other competitors were opening up. Additionally, we gauged it important to keep our students that wanted to come back to childcare so that they didn't go to a competitor. However, when it came to actual re-enrollment, we had fewer students re-enroll in July, August and September than we anticipated from our polling. We believe this is mostly due to the fear and uncertainty caused by the virus and the fact that local schools were reluctant in many cases to open back up.

6. What is the plan to bridge the gap and keep the preschool going?

The Admin Board has reached a consensus on the following **Four Point Turnaround Plan**:

- 1. Pursue all available options to bring the ECC to a point where its revenues cover operating costs.** This involves a full court press effort to increase enrollment, which we are doing right now. However, we must assume that the preschool will not be able to provide material income to the church for the next 12-18 months, after which we anticipate it will rebound as the impact of the pandemic lessens. We raised tuition by 6% at the beginning of September, which increased revenue somewhat.
- 2. Increase congregational giving to bridge the gap, at least partially.** Explain that the preschool has been a valued ministry and source of substantial income for decades, but it needs our support right now to recover and grow back to its full potential.
- 3. Constrain expenses.** Look into ways to curtail or delay costs that do not impact day-to-day operations. When we made the decision to re-open the ECC, we brought back fewer teachers than we'd had before. More recently, we made the difficult decision to lay off a teacher. We have not filled the positions of other church staff who left our employ.
- 4. Seek additional outside financing.** There are three potential outside financing sources: (i) explore a line of credit (LOC) through UCC Cornerstone Fund, Inc. our existing lender; (ii) an SBA – EIDL (Economic Injury Disaster Loan) a facility that is low interest and designed to help businesses affected by COVID-19. We are thinking we need a total credit facility up to \$400,000 in total. An EIDL would lessen anxiety and serve as a bridge to tide us over until we can recover; or (iii) an additional PPP loan (i.e., should another one become available through the government) that could be in the \$100,000 + range. The amount will be dependent on the rules enacted by Congress which could be different from the first PPP loan we received. So this amount is just our best guess. A solution could also involve all of these items.

7. Definitions of Cash & Investments (C&I) vs. Reserves/Amount of C&I required on hand.

These terms are often used interchangeably but they refer to two entirely different concepts. Let us explain. Cash and investments (C&I) are exactly what they appear to be; however, not all of the C&I can be spent. Some is illiquid and permanently reserved such as the \$10,000 in the Plumer Endowment Fund (PEF) fund that is invested. Additionally, there are contributions/gifts that are restricted as to purpose and timing, so this cash cannot be spent for general corporate purposes. Other funds such as prepaid contributions are meant to be spent over time and not all at once. Some part of the C&I is for working capital or transaction cash, meaning the amount necessary for Heidi, our bookkeeper to pay bills and payroll on time and have enough available cash without stretching payables too much.

Reserves are calculated by starting with C&I in total and subtracting specific amounts required for as noted above. In general terms, the final subset of reserves is for funds held for operating and emergency purposes such as for this pandemic and for emergency capital expenditures. However, we have already used some of these operating and emergency reserves as C&I has decreased from \$392,000 at year-end 2019 to \$274,000 of C&I as of Sept 30. Only a part of it can be used to fund losses and some must be protected at all costs as the future right now is very difficult to predict. We are working on a more detailed calculation based on reserves that may indicate a different number, but to describe this in the simplest form now, we need to keep approximately \$200,000 - \$225,000 in cash and investments on hand, or about 2 – 2.5x months of cash expenditures. Most non-profit authorities indicate that non-profits should keep between 2 – 5x months of expenditures on hand in C&I up to almost 12 months. So we are nearing the bottom edge of these rules of thumb already.

8. How much net income and/or cash is the ECC losing each month?

While we did borrow \$96,000 of PPP forgivable loan funds, these funds have been used up already. This is the fifth month in a row that the ECC has had at least (\$20,000) per month in net losses. Total IUCC (i.e., general fund (church operations) + ECC + CIF (construction fund) /PEF started 2020 with \$392,000 in total cash and investments and it is now down to \$274,000 in cash and investments as of September 30, 2020. And this is after we received \$96,000 in PPP funds. We have been using the ECC's cash and investments to cover the gap so far, but they are rapidly decreasing and we will be forced to start using the general fund specific reserves soon. But again remember these are all our reserves ultimately as we are one

entity. We expect to decrease Total IUCC cash and investments to \$200,000 - \$230,000 by the end of Dec. 2020, which is much lower than we would want in an ideal situation and lower than we have been in many years.

9. Why don't we just temporarily close the ECC until the pandemic subsides?

Even if the ECC closes temporarily, it will still cost us some cash as there are some fixed costs that do not go away. Even if we furlough all the teachers, the building and other related expenses will still run about \$5,000 each month that the general fund will have to pay. And as noted above, the general fund will likely need to borrow on its own as, all else being equal, it will be cash flow negative - either in the short-term or certainly by the time we go back to live services. Plus, more importantly, if we shutter the ECC's operations for an extended period of time, we will incur tremendous costs when we re-open again. We will need to start from scratch rebuilding the relationship with our students/parents, which could potentially entail hiring new teachers and training them, building up enrollment from zero, and re-establishing our licenses, etc. It would be very difficult and costly indeed. If the ECC closes temporarily, we will lose any possibility of returning to where we were pre-pandemic in the near term (i.e., next 6-18 months). It could likely take several years to get back to our full capacity of 63+ in full restart mode. This is a large unknown.

In the meantime, if we are closed, our families will go elsewhere for childcare and may not return when we reopen. Further, it will be very difficult for the ECC to determine the right time to re-open. The ECC also risks losing the enrollment of new students currently staying at home. As the pandemic subsides, some competitors who are closed or at lower levels of children will undoubtedly fail to re-open or will fail financially, giving us opportunities to enroll their students.

We are also somewhat unique in that small to midsized childcare centers (especially for-profit) often have few avenues to borrow funds to help them through a crisis such as this. Normal for-profit lenders are reluctant to lend to childcare centers, especially in this environment as childcare centers notoriously fail easily and quickly. Currently, we are working on converting part of the original \$1,177,000 credit facility that was unused for the building into a line of credit ("LOC") with Cornerstone. As the primary UCC lender to existing churches and our lender as well, they have a vested interest in seeing that we survive and ultimately prosper. Further, we need to remember that our property is very valuable as collateral; our property is worth at least 3 - 4 times (or likely more) even the largest amount that we will need to borrow in total including our existing debt and new LOC debt. IUCC leaders are united in their desire to keep the ECC operating through this crisis so it can rebound and return to its former success in a realistic timeframe.

10. How is the church's general fund doing financially?

The IUCC general fund is doing much better than the ECC, as stewardship has held up relatively well during the COVID-19 pandemic and expenses related to ministries and building upkeep are naturally lower. Plus we received \$96,000 in PPP funds in May. We are about to apply for the forgiveness of this amount as the lender is ready for the paperwork, so while the cash is in our cash balances, the income will not be recognized in our income statement until it is formally forgiven.

Further, we are blessed to have generous members who have increased their giving through the pandemic. General fund total revenue is up over 5.6% year-to-date (YTD) for September and 4% over last year's YTD. Our best estimate is that cash will increase for the year in the general fund by \$30,000 in total vs. last year's results which showed a total loss of cash + investments of (\$63,000) YTD 2019. This improved general fund situation will only exist as long as we are not conducting full live services as the incremental costs will increase losses.

11. Can we accommodate more students at the ECC than we are currently serving?

Yes. The ECC anticipates having 30 students in November, up from 24 in September and 26 in October. In theory, we could accommodate 44 students with our space and still meet 6 foot distancing licensing requirements, but the teacher-to-student ratios cap us at about 35 students based on the teachers we have now. While we cannot breakeven at 35 students, these increases in students will reduce our losses and make them more manageable. Currently, we believe our breakeven point is in the low 40's range in students, so in the near term we will incur losses; our goal is to cap those losses as much as we can until the pandemic lessens, more students return to childcare, and the distancing requirements are lessened.

12. What are we doing to increase enrollment?

We are working to increase enrollment at the ECC in the following ways:

- a) Our ECC Director Irma Rosales has created a video tour of the facility that showcases all the efforts being made to create a clean and safe environment for our children. That video is posted on our Facebook page.

- b) Our Communications Chair Cindy O'Dell has done the following: revised the banner for the IUCC Early Childhood Center Facebook page; added photos and videos on Facebook; purchased two ads on Facebook; added new language to the IUCC landing page; and added photos and videos on the preschool tab from the IUCC.org home page. She will be buying an ad on Google and seeking priority when people search for child care in Irvine.
- c) Pastor Sarah has made multiple posts to her Facebook page promoting the preschool and issued several testimonials as part of online Sunday Worship.
- d) We've written to ECC clients and alumni clients to offer finder's fees.
- e) We've written to parents who haven't returned and encouraged them to return.
- f) Committee members have established reciprocal relationships with other Irvine child care centers.
- g) Committee Chair Keith Boyum has written articles about the ECC for our monthly newsletter.
- h) We included an article in the October IUCC newsletter asking members to "like" and repost preschool items in their own Facebook accounts, and we plan to advertise in the Woodbridge Village Association newsletter.
- i) ECC flyers have been printed and will be distributed to businesses and homes in the vicinity.

13. What is the forecast for the ECC for the balance of 2020 and 2021?

The ECC has had net losses per month of (\$20,000) or more in the last 5 months and cash flow slightly worse than these figures for two reasons: (a) we credited back to our parents the 2nd half of March's revenue after we had shutdown, over the time period from July – Dec. 2020 and we had to refund excess tuition deposits. The normal tuition deposits we would have to refund from exiting students normally would have been offset by deposits from new students, but that has not happened as we are still at lower levels of students.

The loss is now beginning to narrow as we think we will be at 30 students in November (up from 26 in October). Further, these credits and refunds will largely be exhausted by December 31, and additional students should lower the loss to the (\$15,000– \$16,000) range for the 4th Quarter of 2020. We are looking at losses in the (\$10,000 - \$15,000) range in the first quarter of 2021 as the number of students gradually increases.

Losses will increase in July-August 2021 as they naturally do, as we lose a number of students over the summer and they will begin to come back in September 2021. At this point, roughly a year from now, we believe we can re-enroll up to our available space in the low 40s of students, add a modest amount of additional labor, and keep the net loss low enough to wait out the pandemic and start to rebuild, still with sufficient C&I funds to operate and remaining capacity on the LOC/term facility to fund operations until we pass breakeven and get back to the level of cash flow that we are capable of achieving.

Table 1

Actuals + Forecast for twelve months ended Dec 31, 2020 for ECC														2020
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total	
	1	2	3	4	5	6	7	8	9	10	11	12		
Net (Loss)	\$8.2	\$10.2	(\$27.8)	(\$14.4)	(\$20.9)	(\$22.3)	(\$21.3)	(\$24.6)	(\$19.9)	(\$16.9)	(\$15.2)	(\$18.5)	(\$183.5)	
Total change cash + inv	C&I	(\$39.0)	\$12.6	(\$2.0)	(\$7.9)	(\$14.6)	(\$20.7)	(\$17.4)	(\$22.8)	(\$20.1)	(\$29.1)	(\$26.2)	(\$20.4)	(\$207.6)
Total Headcount	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		24	26	30	30	N/A
Forecast for twelve months ended Dec 31, 2021 for ECC														2021
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total	
	1	2	3	4	5	6	7	8	9	10	11	12		
Net (Loss)	(\$15.1)	(\$12.9)	(\$10.1)	(\$11.4)	(\$14.9)	(\$17.7)	(\$22.8)	(\$23.8)	(\$10.8)	(\$7.9)	(\$8.7)	(\$12.1)	(\$168.2)	
Total change & Inv.	(\$12.5)	(\$10.3)	(\$10.0)	(\$8.8)	(\$12.3)	(\$14.2)	(\$20.1)	(\$21.1)	(\$8.6)	(\$4.5)	(\$2.6)	(\$12.3)	(\$137.2)	
Total Headcount	30	32	34	35	36	38	32	34	42	43	44	42	442	
													Avg	36.83

14. Are there other options we can consider?

Yes, but we would rather not pursue them unless absolutely necessary. Payroll for Total IUCC in a normal year is about 70-75% of our cash expenses, and the remaining 10-15% is often items like gas, electricity, garbage, and other fixed expenses that we cannot avoid. Ministries and committees together are only 10% of costs, and a big part of committees is building

and grounds, which we have already tried to scale back. Because payroll is such a significant part of our expenses, we'd need to look at either cutting staff or reducing their pay. With reluctance, we recently made the difficult decision to lay off one of our ECC teachers. We've also been able to mitigate losses somewhat by not replacing staff that departed. Still, these measures have not been enough. Payroll cuts mean a material impact on our staff members - they would suffer the most.

There is a difference of opinion on the Admin board over when (and whether) to cut wages on both the ECC and the church staff in the general fund. A very small minority feels we must at least consider payroll cuts, but almost all the Admin board feels that reducing staff and/or reducing pay should be considered only as a last resort after all other options have been exhausted. We love and value our staff. They are hard-working and loyal members of our church family. We recognize that churches in general don't pay their staff as much as the private sector does. Plus, instituting layoffs or pay reductions would hurt morale and lower the quality of our programs and services. We have a top-notch music program, excellent programs, and a lean and efficient office staff. No one wants to jeopardize any of that if we can avoid it.

While we could furlough more teachers from the ECC, it would involve shortening our hours of operation to get by with fewer teachers, and that could negatively impact our current parents, who count on these hours to cover their work schedules and might take their students to a competitor if we took this option. In the short-term, we could re-arrange classes to get by with fewer teachers, but re-arranging the classes to reduce teachers would severely restrict our ability to welcome new students. This is a difficult balancing act to lessen the losses in the near-term and protect revenue in the longer-term.

15. What's the worst case scenario?

No one can predict what the future will bring. If the pandemic goes into a third, fourth, or even fifth wave without an effective vaccine, all churches and businesses will be adversely affected. There is always the possibility that we could borrow additional money to keep the ECC afloat during this time period, only to have to shutter it after all for a prolonged period of time. Then we might have to fund a rebuild almost from scratch while having to pay down the incremental loan at least in the short-term without much income from the ECC. We don't think it will come to that, however.

Forecasting in this environment is the most difficult we've seen in 30 years, and the 2008 recession pales in comparison as far as uncertainty and impact to us. So unfortunately, we need to be planning for the worst and hoping for the best. That's what we're trying to do. Your leaders are doing their best to navigate unknown waters. But we all love this church and its people, and we are doing our absolute best to protect and nurture it properly.

16. Possible upsides in this situation.

In this type of turnaround situation, it is far too easy to focus only on those things that can go wrong or that will cost us more or take longer than we think they will. Let us focus instead for a few minutes on those things that could go right and help us recover and get the ECC back financially to the place that it needs to be.

a. Existence and possible size of 2nd PPP Loan

The 2nd PPP loan is not included in the revised financials as we do not know whether Congress will approve another program. However, there is still a lot of hope that they will re-authorize this program and that we will qualify, particularly since childcare centers across the nation have been so negatively impacted. And while a potential PPP loan could be at least \$100,000, it could be much larger, possibly in the \$125,000 - \$150,000 range; it just depends on the exact wording on what costs are reimbursable under the forgiveness criteria and the time-period chosen by Congress to reimburse us. Even if the PPP loan is only \$100,000, it will still reduce what we need to borrow and ultimately reduce the final cost of this turnaround. It would also reduce the possibility of making painful payroll cuts.

b. Possible Orange County Childcare Center grant

On October 30, IUCC applied for an Orange County Childcare Center grant. While we have no way of knowing if it will be successful or how much it might be, we think there's every reason to hope for a good outcome.

c. Recent Article on Childcare Centers¹ indicates safer than previously assumed.

Researchers found that there was no "elevated risk" of coronavirus transmission if safety practices were followed at childcare centers. See the summary of the article in the footnote below. As this is a very recent article, October 14th, its dissemination may help childcare centers to get their students re-enrolled over time.

¹

d. We have faced financial uncertainty before and made it through.

Only some of our older congregants may remember this, but when we lost the synagogue as a tenant we lost \$70,000 in annual rental income - income that we could not easily replace or offset. Our total income at the time was far less than it was at the beginning of this year, so a loss of that size, percentage wise, had a tremendous impact on us. Further, that loss of rental income was never coming back, so steps had to be taken to offset the impact on a semi-permanent basis. With the present situation we can eventually return to normal.

e. Upside to Forecast.

This is a very conservative forecast given the uncertainty. It is not the absolute worst case, but certainly close to that. Should a safe vaccine be discovered or should the government take more proactive steps to reduce the impact of the virus, we could very well see the distancing requirements be modified during our forecast period to allow us more space and higher teacher–student ratios that reduce the payroll necessary to safely watch over the students. A combination of any of these will reduce our breakeven level and lead us back to profitability in a shorter time frame. Please pray for us and contribute as much as you can to the 2021 Stewardship drive to help Total IUCC weather this crisis. Thank you!

1 Child Care Centers Are Not Linked to COVID Spread, According to Large Study

Researchers found that there was no “elevated risk” of coronavirus transmission if safety practices were followed at child care centers By [Claudia Harmata](#) October 14, 2020 A new study conducted by Yale University has found that **child care centers are not linked to the spread of the coronavirus, as long as safety protocols and guidelines are followed.** In the study [published Wednesday in *Pediatrics*](#) — the peer-reviewed journal of the American Academy of Pediatrics — researchers surveyed 57,000 child care providers across all 50 states, plus Washington, D.C. and Puerto Rico, that remained open through the height of the pandemic. They then compared self-reported COVID-19 infections and hospitalizations among workers whose programs stayed open to the reports of workers whose programs had closed. Researchers found **no difference in the outcomes**, which suggests that there was no “elevated risk” of COVID-19 spread due to child care centers staying open — assuming that the centers follow safety procedures. “Within the context of considerable infection mitigation efforts in U.S. child care programs, exposure to child care during the early months of the U.S. pandemic was not associated with elevated risk for COVID-19 transmission to providers,” the study reads. “These findings must be interpreted only within the context of background transmission rates and the considerable infection mitigation efforts implemented in child care programs.” The study’s findings provide a new lens for child care workers moving forward, as businesses across the country continue to grapple with how to provide services while maintaining employee safety. “Until now, decision makers had no way to assess whether opening child care centers would put staff at greater risk of contracting COVID-19,” Walter Gilliam, the study’s lead author, told the [Associated Press](#). “This study tells us that as long as there are strong on-site measures to prevent infection, providing care for young children doesn’t seem to add to the provider’s risk of getting sick.” Lynette Fraga, the CEO of Child Care Aware of America, who also participated in the study, also noted to [Today](#) that the study’s results depend on workers and centers taking the extra safety precautions. “This study shows that to be open safely, child care providers will need to practice mitigation and prevention strategies which cost money,” Fraga said. “And, at times, it may not be safe for child care to be open if community transmission rates are high. To stabilize an industry facing additional costs and ongoing, public health-related closures, significant funding is needed.” While the study provides optimism for some child care centers, Gilliam told [Today](#) that these findings do not necessarily translate to schools.