

An Interview with Eric Karolak

Editor's note: To determine whether there were indeed negative trends in enrollment of self-paying parents for child-care programs, the Nonprofit Quarterly interviewed Eric Karolak, the executive director of the Early Care and Education Consortium, an alliance of the nation's leading child-care and early-learning providers. Karolak confirmed the trend on a national basis. With all the discussion of reductions in charitable dollars and government dollars, little attention has been given to fees paid by the users of services, though this constitutes a hefty proportion of the nonprofit economy. We will follow this issue carefully as we continue to report on nonprofits' well-being during this project.

AS THE EXECUTIVE DIRECTOR OF A CHILD-CARE network, Eric Karolak is active in national advocacy for early-education programs. Having sensed shifts in the child-care community, NPQ asked how these developments might put some child-care programs at risk.

It's problematic to collect information about a practice community that is so diverse and diffuse

"There are clear indications of the effects of the recession on child-care programs."—Eric Karolak

and that includes small home-based day-care and large center-based programs as well as a mix of nonprofit and for-profit players, some with strong national brands. "The metrics in our field are not the greatest," Karolak observes.

[These national metrics are] pretty poor; and that's compounded by the fact that, like politics, all child care is local. Each locality

is experiencing a different mix of factors on a different mix of child-care facilities. So it's very difficult to talk about this quantitatively in either a broad-brush manner or a way that will necessarily resonate with everyone. The public-transit industry can tell you how its ridership changes month to month, but we don't have anything comparable in child care. Still, there are clear indications of the effects of the recession on child-care programs. Quite simply, in many neighborhoods and communities, as employers cut back the hours that they employ people or [they] lay off parents, [and] that is affecting child-care demand.

Self-paying parents are the ones first affected, says Karolak, confirming other anecdotal reports. "They may have their hours reduced, one parent may be laid off, or they may just be more worried about those possibilities, so they tighten their belts. Some of the stories that we have collected and shared online are rather dramatic: for instance,

parents having to choose one child over another in terms of who can access care and what kind of care. It's an enormously difficult spot for many working parents."

Of course, many facilities feature a mix of private-paying parents and those receiving child-care assistance, a combination that makes the whole enterprise work. So what happens to private-paying families can affect the level of quality all receive or affect availability of the program altogether. Karolak projects a likely second wave of enrollment declines for families that receive state and federal support for access to child care. "As state budgets are affected by declining tax revenue, there's a tightening of state budgets," he says. "There are at least 48 state budgets with enormous gaps that we know are only going to increase. It's likely to get worse before it gets better, because typically state budgets lag behind the national economy."

This situation, warns Karolak, may have a decimating effect on access to quality programs.

In Ohio, for instance, there is a wonderful program—the Early Learning Initiative, or ELI—that provides full-day, full-year early-education programming that meets the needs of working families. This is a program with high standards that produces consistently higher scores on kindergarten readiness assessments, higher outputs in terms of what children are capable of doing as they arrive at the schoolhouse. Facing a \$3.2 billion budget gap, Governor Ted Strickland recommended eliminating ELI, which enrolls 12,000 children annually. Providers and other advocates mounted a strong grassroots lobbying campaign and were able to save ELI from elimination. This means that thousands of children will lose this vital path out of poverty.

It's illustrative of the kind of difficult decisions that states across the country are facing and, to my mind, the wrong decisions they are making given the range of choices that will have



long-term impacts not only for the child heading to school in the next year or two, but down the road as well.

Karolak says that in this downturn, the early-childhood field is at a defining moment. It comes after years of stagnant government funding, and Karolak urges his colleagues to act.

The stimulus bill that was passed in February 2009 included a total of \$5 billion for various early-education programs, including Head Start, and that was a huge important step. But after about seven years of nearly flat funding, the problem is that the baseline is really off. In the president's FY2010 budget proposal, there is no additional money for child care.

We need to face facts and say this isn't good enough. We need to not just tread water but to go beyond the emergency stopgap funding in the recovery act and build those increases into the baseline funding for the Child Care and Development Block Grant. We've had downturns before; they've come and gone. This community needs to exert strong leadership that knows the value of advocacy and doesn't sit and wait for things to happen but seeks to influence the landscape that we'll all be presented with six and 12 months down the road.

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