

# GETTING FAMILIES BACK TO WORK: Essential Investments in Early Care and Education

## Overview

As Louisiana recovers from the COVID-19 pandemic and prepares to reopen the economy, any recovery plans must include the early care and education (ECE) sector. Prior to COVID-19, two-thirds of children age five and under in Louisiana had both parents or their single parent in the workforce.<sup>1</sup> For those parents to return to work, they must have access to quality, reliable early care and education for their children. To ensure this access, critical investments will be necessary to restore the historically underinvested ECE industry impacted by COVID-19 and expand resources available to families experiencing financial losses as a result of the pandemic. Without a robust ECE industry, Louisiana will struggle to get back to work.

## The Facts

### Early care and education is essential to restarting the economy

- **Almost all (98%) of the ECE providers that remain open during the COVID-19 pandemic are serving children of essential workers<sup>2</sup>, supporting the working parents and employers keeping Louisiana's citizens healthy and economy moving during the pandemic.**
- **As the economy restarts and more parents are called from their homes to return to work, the need for ECE among working families will only increase.** Prior to the COVID-19 pandemic, the state was only serving 15% of eligible children ages three and under.<sup>3</sup> With over 361,000 Louisianans filing for or continuing to claim unemployment benefits as of May 2, the need for programs like the Child Care Assistance Program (CCAP) will be greater than ever.<sup>4</sup>

### Early care and education providers need support to reopen

- **Even before the COVID-19 pandemic, ECE providers operated on precariously thin profit margins, leaving them especially vulnerable in economic downturns.<sup>5</sup>**
- **70% of licensed ECE providers in Louisiana had reported their closure to the Louisiana Department of Education, as of May 1, 2020, impacting almost 83,000 children.**
- **If families continue to keep children home or a provider is closed for an extended period, 36% of ECE providers indicated those extended closures will force them to close permanently.<sup>6</sup>**
- **Closed ECE providers estimate needing almost \$23,000 per center on average to reopen<sup>7</sup>, totaling approximately \$26 million statewide.**

1. Kids Count Data Center. (2018). *Children under Age 6 with All Available Parents in the Labor Force*. Retrieved online at: <https://datacenter.kidscount.org/data/tables/5057-children-under-age-6-with-all-available-parents-in-the-labor-force?loc=20&loc2=2#detailed/2/20/false/37,871,870,573,869,36,868,867,133,38/any/11472,11473>

2. Louisiana Policy Institute for Children. (May 2020). *Update: The Ongoing Impacts of COVID-19 on Louisiana Child Care Providers: Survey Findings from April 13 - 20, 2020*.

3. Louisiana Department of Education. *Early Childhood Care and Education 2019 Annual Report*. Retrieved online at: [https://www.louisianabelieves.com/docs/default-source/early-childhood/ece-ac---2020-presentation-slides---02-14-20.pdf?sfvrsn=29b19b1f\\_6](https://www.louisianabelieves.com/docs/default-source/early-childhood/ece-ac---2020-presentation-slides---02-14-20.pdf?sfvrsn=29b19b1f_6)

4. From the Louisiana Workforce Commission, available online at: [http://www.laworks.net/LaborMarketInfo/LMI\\_UIClaimsReportMenu.asp](http://www.laworks.net/LaborMarketInfo/LMI_UIClaimsReportMenu.asp)

5. Center for American Progress. (2018). *Where Does Your Child Care Dollar Go?* Retrieved online at: <https://www.americanprogress.org/issues/early-childhood/reports/2018/02/14/446330/child-care-dollar-go/>

6. Louisiana Policy Institute for Children. (May 2020). *Update: The Ongoing Impacts of COVID-19 on Louisiana Child Care Providers: Survey Findings from April 13 - 20, 2020*.

7. Louisiana Policy Institute for Children. (May 2020). *Update: The Ongoing Impacts of COVID-19 on Louisiana Child Care Providers: Survey Findings from April 13 - 20, 2020*.



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Parents will have even more difficulty affording early care and education  
due to COVID-19 precautions

- Even before the COVID-19 pandemic, **quality, reliable early care and education cost almost as much as public college tuition**<sup>8</sup>, and 65% of working parents waiting to receive CCAP reported having to borrow money to afford child care.<sup>9</sup> With new health guidelines as a result of COVID-19, the cost of care will be even higher.
- **Health guidelines requiring smaller group sizes reduce enrollment capacity for many ECE providers by half.** For quality ECE providers, the cost of care would likely increase by at least 35% for infants, whose care is already substantially more expensive than care for older children, to over 60% for 4-year-olds.<sup>10</sup>
- **Without increased reimbursement rates for public programs, quality, reliable ECE will remain out of reach for many working families, including those essential to keeping the economy moving.** Before the COVID-19 pandemic, reimbursement rates for programs, including CCAP, were already insufficient to cover the true cost of care at quality ECE centers. Research suggests that the market rates used to determine reimbursement rates do not take into account the business cost of delivering care.<sup>11</sup> With smaller group sizes as a result of COVID-19, current reimbursement rates would cover only 40% to 55% of per child costs, exacerbating an already serious issue.<sup>12</sup>

## The Solution

For employees to return to work and the Louisiana economy to fully reopen, an initial investment of \$71 million, including \$46 million in one-time federal funds and \$25 million in ongoing state funds, must be made in ECE.

**\$26 million from one-time, COVID-19 related federal funding to support the reopening of early care and education providers.**

- This short-term funding is critical for providers to cover costs for increased cleaning and sanitation, rehiring and screening staff, and operational expenses without increasing tuition for working parents.

**\$20 million from one-time, COVID-19 related federal funding to enable early care and education providers to operate within smaller group size requirements while keeping tuition within reach for working families.**

- This funding is necessary to support providers with continued operations under the smaller group size requirements required by COVID-19, while allowing them to survive financially and maintain pre-COVID-19 tuition rates for families.

**\$25 million in state funding for CCAP in the FY2020-21 budget to increase access for 4,000 children on an ongoing basis.**

- This investment is a crucial expansion of access to child care for working families, supporting employers reopening their businesses and employees returning to work, and ensuring more of Louisiana's working parents are able to access quality, reliable care for their children.

8. Child Care Aware of America. (2019) *The US and the High Price of Child Care: 2019*. Retrieved online at: <https://www.childcareaware.org/our-issues/research/the-us-and-the-high-price-of-child-care-2019/>

9. Louisiana Policy Institute for Children. (2020). *Balancing Act: The Financial Challenges of Child Care Facing Louisiana's Working Families*. Retrieved online at:

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10. Louisiana Policy Institute for Children. (April 2020). *Modeling Child Care Center Costs and Revenues in Louisiana: Updated to Reflect Changes Due to COVID-19 Pandemic*.

11. Louisiana Policy Institute for Children. (April 2020). *Modeling Child Care Center Costs and Revenues in Louisiana: Updated to Reflect Changes Due to COVID-19 Pandemic*.

12. Louisiana Policy Institute for Children. (April 2020). *Modeling Child Care Center Costs and Revenues in Louisiana: Updated to Reflect Changes Due to COVID-19 Pandemic*.

