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**The COVID-19 pandemic has underlined the reality that child care is the foundation of our economic prosperity. Without stable, quality child care, parents are unable to work outside the home. The child care industry is in a crisis due to widespread temporary closures and lower enrollment as a result of the pandemic, and maintaining a stable workforce has become a major challenge for child care centers. Providing child care workers with a temporary wage supplement of \$5 per hour would help centers maintain staffing, which in turn, would help more parents return to the workforce, putting Louisiana on a strong path to recovery.**

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Louisiana's future prosperity depends on the strength of the foundation we lay for our youngest residents. When young children can attend high-quality early care and education programs, they receive the tools they need in order to succeed in school and in life, and their parents are able to participate fully in our economy. There are many components that need to fit together to build a sustainable, high quality early childhood system that is accessible to all families who need it. Louisiana has already made tremendous progress in creating many parts of this structure, but one piece-raising the quality of early childhood educators' jobs-has remained stubbornly elusive. Improving teachers' pay and benefits will incentivize teachers to remain in their positions, which in turn, will improve the quality of care provided to our youngest children.

### **Coronavirus funding can provide a lifeline for Child Care Workers**

Solving the problem of low teacher compensation is a long-term challenge for Louisiana, but federal coronavirus relief legislation provides Louisiana with the opportunity to address one of our workforce's most pressing needs in the short term. Louisiana can use available federal aid to provide much-needed temporary wage support to child care teachers, following the lead of states such as Wisconsin, North Carolina and New Mexico. If Louisiana followed Wisconsin's lead of providing a wage supplement of \$5 per hour for child care teachers, the average teacher's pay would rise to almost \$15 per hour, which would be much closer to a "living wage." This would provide an incentive for teachers and others who work in child care centers to return to work without driving up tuition costs for families.

## Estimating the cost of a wage supplement

If Louisiana implemented a temporary wage support statewide for Type III centers, we estimate that it would cost approximately \$26,237,000 to operate for 17 weeks (September 1-December 31). This estimate is based on the following assumptions:

- **All 728 centers child care centers that are currently open will remain open.**
- **Centers continue to operate at previous levels of staffing.** Based on data from the Bureau of Labor Statistics, Louisiana centers employed an average of 10.6 employees in 2019.<sup>1</sup> We estimate that there are approximately 7,717 employees working in 728 private Type III centers. It is highly likely that the actual number of workers in child care centers right now is lower due to lower enrollment.
- **All employees work full-time.** Some child care workers are part-time employees, which would further reduce the cost of the wage enhancement.

At \$5 per hour, the cost per full-time worker would be \$200 per week, or \$3,400 for a 17-week supplement (September 1-December 31). If implemented, this wage enhancement would give child care workers a meaningful incentive to return to work, helping to ensure that more families have child care. This would allow families to return to work themselves and restart Louisiana's economy. The COVID-19 pandemic has underlined the reality that child care is the foundation of our economic prosperity. Investing now in these essential workers can put Louisiana on a strong path to recovery.

## A wage supplement would stabilize the workforce

Louisiana has already made enormous strides in improving the quality of early care and education and developing innovative solutions. These include: developing a rating system for early childhood programs, implementing educational requirements for lead teachers, and financially supporting centers in purchasing high-quality curriculum. However, these tools are blunted by an annual turnover rate of 40% in the child care workforce.<sup>2</sup> This turnover is driven in large part by the low quality of jobs in the child care sector, where the average hourly wage is \$9.77<sup>3</sup> and few jobs offer benefits such as paid sick days and health insurance. In order to realize the full potential of investments in the early childhood workforce and sector, we must improve the quality of early childhood educators' jobs.

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<sup>1</sup> Based on Agenda for Children's analysis of data from the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages: All Employees in Private NAICS 6244 Child day care services for All establishment sizes in Louisiana -- Statewide, NSA (series ID ENU220001056244) and Number of Establishments in Private NAICS 6244 Child day care services for All establishment sizes in Louisiana -- Statewide, NSA (series ID ENU220002056244)

<sup>2</sup> Louisiana Department of Education analysis of data from the Criminal Background Check system

<sup>3</sup> U.S. Bureau of Labor Statistics "Louisiana - May 2019 OES State Occupational Employment and Wage Estimates," (March 31, 2020), [https://www.bls.gov/oes/current/oes\\_la.htm](https://www.bls.gov/oes/current/oes_la.htm).

The status quo has negative consequences for every stakeholder involved:

## Louisiana



Our state has made substantial investments in the early childhood workforce through the School Readiness Tax Credit program, ancillary certificates, and ongoing professional development. The lack of stability in the early childhood workforce and the high cost of continuously training new workers dampens the efficacy of these investments.

## Child Care Centers



Most child care centers operate on razor-thin profit margins. Parent tuition makes up the bulk of revenue for most centers, and payroll is normally a center's largest expense. Most centers cannot increase wages and benefits without passing along costs to already cash-strapped families. Unable to raise wages, centers find it difficult to prevent workforce turnover, which in turn, makes providing quality care for children all the more difficult.

## Child Care Workers



Child care workers earn \$20,320 per year on average in Louisiana, a level that is below the federal poverty threshold for a family of three.<sup>4</sup> Child care teachers perform work that is physically, emotionally and cognitively demanding for pay that is well below what families need to make ends meet in Louisiana. As a result, many teachers move jobs frequently in search of improved pay and benefits, or they leave the field completely.

## Families



The cost of child care is already an enormous burden for many Louisiana families. In 2017, a typical Louisiana family with an infant and a three year-old in a licensed center would need to spend 27% of its income on child care.<sup>5</sup> Even for families that can afford child care, finding quality care can be nearly impossible. One out of five parishes lacked even one privately-operated center that was rated as Proficient or higher in 2019.<sup>6</sup> Stabilizing child care without increasing parents' costs is essential to our economy.

## Children



Relationships between children and their caregivers are a core component of quality early care and education. These relationships make it possible for children to establish secure attachments, which are the foundation of healthy social and emotional development. Research conducted by the University of Virginia found that teacher turnover in Head Start has negative impacts on children's language, literacy and social-emotional development.<sup>7</sup>

<sup>4</sup> *ibid*

<sup>5</sup> Agenda for Children's analysis of data from the LSU Public Policy Research Lab' *2017 Market Rate Survey* and U.S. Census Bureau, Housing and Household Economic Statistics Division, Small Area Estimates Branch, Washington D.C.

<sup>6</sup> Agenda for Children's analysis of 2019 Performance Profile and licensing data from the LA Department of Education.

<sup>7</sup> Anna J. Markowitz, "Within-Year Teacher Turnover in Head Start and Children's School Readiness," May 2019, [https://curry.virginia.edu/sites/default/files/uploads/epw/70\\_Teacher\\_Turnover\\_in\\_Head\\_Start.pdf](https://curry.virginia.edu/sites/default/files/uploads/epw/70_Teacher_Turnover_in_Head_Start.pdf).

The low quality of jobs in the child care sector feeds a cycle of instability that simultaneously drives up costs while depressing the quality of care. The COVID-19 pandemic has only exacerbated the child care sector's long-standing challenges. Some child care centers have already gone out of business because they could not financially withstand the double-whammy of extended closures, then reopening with reduced enrollment and enhanced health and safety protocols. Many teachers are reluctant to return to now-dangerous work for meager pay; particularly in light of the facts that the very nature of caring for young children properly makes social distancing nearly impossible and most child care centers are unable to offer health insurance. In June, 2020, 37% of Louisiana centers surveyed reported that employees being unwilling to return to work was a challenge.<sup>8</sup> Parents who lack child care because their regular provider is no longer open will be unable to physically go to work, further deepening the damage to our state's economy.

### **Stabilizing our child care workforce will accelerate our economic recovery**

Child care is essential to getting our economy back on track. Long-term studies have found that the rate of return on investing in high-quality care for low-income young children is enormous. James Heckman, a Nobel Prize-winning economist, calculated that the annual rate of return for such investments is 13% per year, making early childhood a better investment than the stock market.<sup>9</sup> When children engage in quality early experiences, we put them on the path to becoming the productive workforce and leaders of tomorrow. Transforming child care teachers' jobs into high-quality jobs is a powerful way to ensure parents have access to the child care they need to work, improve the quality of care children receive, and provide much-needed stability for a struggling essential sector.

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<sup>8</sup> Libbie Sonnier, PhD et al. "The Growing Adverse Impacts of COVID-19 on Louisiana Child Care Providers: Statewide Survey Findings from June 15 - June 22, 2020," Louisiana Policy Institute for Children, <https://www.policyinstitutela.org/covid-19-impact-child-care>

<sup>9</sup> Jorge Luis García et al., "Quantifying the Life-Cycle Benefits of a Prototypical Early Childhood Program," June 1, 2017, <https://www.nber.org/papers/w23479>.