

# NEW YEAR, SAME CHALLENGES: THE CONTINUED IMPACTS OF COVID-19 ON LOUISIANA CHILD CARE PROVIDERS

Statewide Survey Findings from January 13 - 27, 2021

The Louisiana Policy Institute for Children (LPIC) is conducting a [series of surveys](#) about the impact of COVID-19 on Louisiana child care providers, in partnership with Agenda for Children, Child Care Association of Louisiana, Childcare Connections for Northeast Louisiana, Louisiana Association of United Ways, Northwestern State University, On Track by 5 Alliance, Pointe Coupee Early Childhood Coalition, United Way of Southeast Louisiana, and Volunteers of America. These surveys provide real-time insights into the state of early care and education over the course of the COVID-19 pandemic, including the evolving challenges and circumstances facing child care providers.

## SUMMARY OF SURVEY FINDINGS

Results from this survey show child care providers in Louisiana continue to face cascading challenges resulting from the COVID-19 pandemic, even as the majority of providers are now open. Most notably:

### The financial outlook for providers remains bleak as losses continue to grow.

- **Over three-fourths** of providers who responded to the survey reported experiencing financial losses due to COVID-19, with losses averaging nearly **\$200,000 per center** as of January 27, translating to an estimated **\$245 million in collective losses statewide**. Actual losses are likely even higher, as this estimate may not fully capture losses experienced by permanently closed providers.
- **Over half** of providers borrowed funds to pay for business expenses, with total loaned amounts averaging almost **\$150,000 per center**.
- **Over two-thirds** of responding providers reported having families behind on tuition payments, with the average center owed **over \$16,000**.

### Temporary closures resulting from potential or confirmed COVID-19 cases exacerbate the financial challenges of remaining open.

- **Nearly half** of providers reported having a child or staff member with a potential or confirmed case of COVID-19 between June 2020 and January 2021.
- **Over 55%** of providers had to temporarily close a classroom or the entire center because of a potential or confirmed case of COVID-19 over the course of the pandemic. During these closures, **77%** of impacted providers did not charge families affected by the temporary closure.
- **Only one-quarter** of providers did not continue to pay staff in any way during closures, while **47%** of providers continued to pay staff their regular wages.

### Providers continue to experience operational challenges throughout the pandemic, further impacting their financial stability and complicating their ability to serve families.

- **Most providers** experienced increased costs for cleaning supplies and difficulty obtaining needed supplies, including personal protective equipment, between June 2020 and January 2021.
- Many providers reported staffing challenges related to the pandemic, including **59%** experiencing employee absences and **45%** facing increased staffing costs.
- **Almost three-quarters** of providers received COVID-19 related grants from the Louisiana Department of Education (LDE), and most used the LDE grant funds for typical operational costs, including cleaning supplies (**89%**), employee wages (**84%**), utilities (**78%**), and personal protective equipment (**67%**).

### Enrollment rates, the main driver of provider revenue, remain below pre-pandemic levels.

- **Almost three-fourths** of providers served fewer children in January 2021 than they did in January 2020 before the pandemic. On average, enrollment was **22% less** in January 2021 than it was in January 2020.
- Providers reported laying off over **2,200 employees** between March 2020 and December 2020. And while providers indicated their businesses were able to rehire **79%** of those laid off, providers still employed **710** fewer employees in January 2021 compared to January 2020.

### Combined, these factors leave Louisiana child care providers uncertain of their ability to remain open in the long term.

- **Less than 40%** of providers responded that they could afford to operate in the long term based on their current finances and enrollment rates. By contrast, **38%** were unsure of how long their business could afford to operate, and another **17%** predicted their business could last six months or less.
- **Over 60%** of providers reported needing additional grant funding or loans to remain open for another six months, and another **29%** were unsure if they would need additional financial support. Providers indicated funds would be used for program basics, including employee wages (**90%**), cleaning supplies (**83%**), and utilities (**81%**).

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## BACKGROUND

This report details the findings of the fourth survey of child care providers, conducted January 13 - 27, 2021, while Louisiana remained in Phase Two of reopening. In Phase Two, teacher to child ratios and group sizes for early care and education providers returned to pre-pandemic levels for children ages 2 and under. Ratios and group sizes for children ages 3 and up increased from Phase One levels, but remained below pre-pandemic allowances.

## FULL STATE RECOVERY RELIES ON A ROBUST CHILD CARE INDUSTRY

These January 2021 survey results, along with previous results in this survey series and from [our recent parent survey](#), show **working parents still urgently need reliable, affordable child care, and it is critical that the child care sector be able to fully rebound to pre-pandemic levels of service for families**. Child care centers operated on very small margins even before the pandemic, and now face even more dire financial states. The supports available to early care and education providers throughout the pandemic certainly postponed more drastic consequences for their centers and families but these resources were clearly not enough to offset increased costs or fully protect against the enrollment, staffing, and purchasing challenges facing providers. This leaves many providers struggling to keep their doors open and limits their ability to support working parents and their employers. The following actions remain necessary to restore early care and education to the level necessary to support Louisiana's full recovery from COVID-19:

- **Maintain use of federal Coronavirus Response and Relief Supplemental Appropriations Act funds** to (1) stabilize the child care sector through the issuance of grants to child care providers and the purchase of cleaning supplies and personal protective equipment, and (2) support the child care workforce by offering a wage enhancement to child care teachers, who typically earn little more than minimum wage.
- **Allocate state revenues from sports betting, both in-person and online, to the Early Childhood Education Fund.** While proceeds from sports betting are not expected until two years after legalization, the resulting revenue will begin to support the Fund at roughly the same time federal aid is set to expire, creating a long-term, sustainable source of funding to expand access to early care and education for working families.
- **Expand the Child Care Assistance Program (CCAP)** to ensure access to affordable quality, child care for all Louisiana working families, base provider payments on enrollment, and increase outreach to families of young children who are eligible for CCAP.

## SURVEY METHODOLOGY

For this survey, LPIC developed and administered the survey online through Survey Monkey from January 13, 2021, to January 27, 2021. Prospective respondents included any child care provider in Louisiana. Of the approximately 1,624 licensed child care centers and family child care providers in the state, 677 providers representing 822 locations responded to the survey, answering some or all of the questions. For questions where some survey respondents did not provide an answer, the included results percentages reflect calculations based only on the number of survey respondents providing an answer to the question. For example, if only 100 survey respondents answered a question, the results would reflect what percentage of those 100 respondents selected each answer.

