

HELP WANTED

The Staffing and Operating Challenges Facing Louisiana Child Care Providers

The Louisiana Policy Institute for Children (LPIC), with partners, began surveying Louisiana child care providers in 2020 as part of a larger effort to understand the impact of COVID-19 on child care in Louisiana. The survey now shifts to an annual snapshot of the early care and education sector in Louisiana, including the current issues facing providers.

Louisiana, like the rest of the nation, experienced a range of economic benchmarks in 2022 and 2023. This included record low unemployment rates, hovering around 3% or less in Louisiana, and increasing interest and inflation rates not seen in years. At the same time, the large federal investments from the COVID pandemic began tapering off. Together, these factors contributed to increased costs for business, rising wage and workforce competition, and more families in need of publicly funded early care and education without the ability to access it. Child care providers again found themselves stuck between their own staffing challenges, rising costs, varying supply shortages, including infant formula, and families' need for services.

Providers are not immune from the pinch of inflation and the rising costs of doing business.

- Most providers who responded to the survey experienced **increased costs for routine expenses**, including food and beverages, cleaning and other supplies, and staffing costs.
- Over **two-thirds** of providers saw their premiums for at least one type of business insurance increase, with annual premiums increasing by **an average of almost \$17,000**.

Child care, like other industries, experiences major staffing challenges.

- **Over 80%** of providers experienced at least one staffing cost increase or challenge, including paying higher wages to retain staff, seeing new staff leave within 6 months of starting, and paying more overtime to existing staff because of staffing challenges.
- **Over two-thirds** of providers worried about short- and long-term staff turnover.
- **More than half of providers** indicated they have at least one job vacancy, with the average provider looking to fill 3 positions, predominantly for teaching roles.

Staffing challenges and delays in public child care assistance leave many families waiting for care.

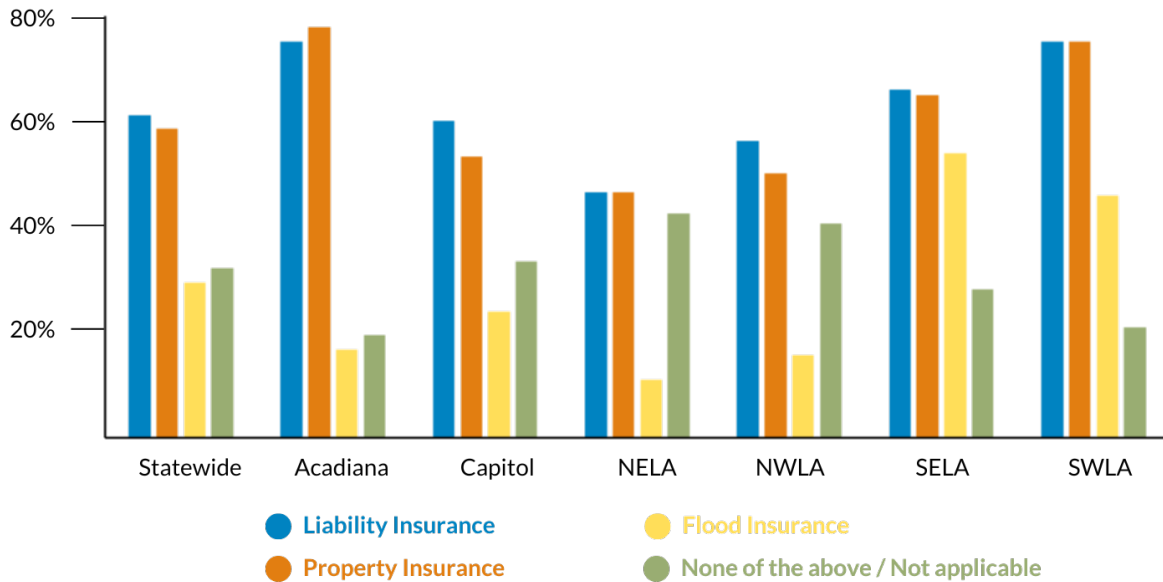
- **Over two-thirds** of providers maintained a waitlist, with an average waitlist size of 34 children, largely for children under age 3.
- Providers cited **a number of factors that contributed to their maintaining a waitlist**, namely families waiting for Child Care Assistance Program approval (52%), being at capacity (41%), not having enough qualified teachers (34%), and not having enough other staff (29%).

While providers have increased wages to retain employees, most child care workers still earn less than a livable wage and receive few workplace benefits.

- Average wages for child care staff varied by position, ranging from **\$9.93 per hour for janitorial staff** to **\$12.96 per hour for teachers** to **\$20.91 per hour for directors**.
- **Over 90%** of providers offered at least one workplace benefit to staff, with the most common being bonus or incentive pay (73%) and paid vacation days (70%). Less than half of providers offered staff paid sick days, and less than one-third offered health insurance or retirement benefits.
- For providers that lost staff in 2023, **over half** of departing employees cited higher wages at the new job as their reason for leaving.

Figure 2

Providers More Likely to Have Experienced Premium Increases for Liability, Property Insurance



Question: Since August 2022, has your business/program experienced price increases for any of the following types of business insurance? Please check all that apply.
 Note: Respondents may have selected more than one response. Percentages may total to more than 100%.

INVESTMENTS IN CHILD CARE SUPPORT THE WORKFORCE OF TODAY AND TOMORROW

A robust Louisiana economy and workforce stands squarely on the shoulders of a healthy early care and education sector. As employers and small businesses themselves, child care providers not only employ their own employees, but also support the employment of thousands of working parents across the state, providing a safe, nurturing, and educational environment for young children while their parents work. Children enrolled in high-quality early care and education are better prepared for success in elementary and high school, as well as adulthood. Child care providers are only able to provide these crucial services at an affordable cost to families with a steady workforce and manageable expenses. To help stabilize this critical sector and support the current and future workforce, Louisiana must:

- **Continue to increase state investments in early care and education** to expand access to high-quality care, especially for children birth through age 3, supporting our youngest learners, their working parents, and employers across the state.
- **Expand scholarship opportunities for early educator credential programs** to help build a robust pipeline of high-quality, qualified teachers and reduce staffing shortages.
- **Explore options for insurance reform to reduce premiums for child care providers**, which provide critical support to other businesses and the state economy.



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