

New Year, Same Challenges:

The Continued Impacts of COVID-19
on Louisiana Child Care Providers

STATEWIDE SURVEY FINDINGS
FROM JANUARY 13 - 27, 2021





AUTHORS & CONTRIBUTORS

Libbie Sonnier, PhD

Louisiana Policy Institute for Children

Heather Cope

Blue Otter Consulting, LLC

RuthAnne Oakey-Frost, JD

Louisiana Policy Institute for Children

Rhea Lewis

Louisiana Policy Institute for Children

ACKNOWLEDGEMENTS

The authors thank our colleagues at Agenda for Children, Child Care Association of Louisiana, Childcare Connections for Northeast Louisiana, Louisiana Association of United Ways, Louisiana Department of Education, Northwestern State University, On Track by 5 Alliance, Pointe Coupee Early Childhood Coalition, United Way of Southeast Louisiana, and Volunteers of America for their partnership.

This report was made possible with the support of the Alliance for Early Success, Baptist Community Ministries, Blue Cross and Blue Shield of Louisiana, Entergy Corporation, Pritzker Foundation, and W.K. Kellogg Foundation.

BACKGROUND

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.

In addition, LPIC conducted a survey of Louisiana parents and guardians with young children in the fall of 2020. That survey showed that even during the COVID-19 pandemic, families with young children continue to need full-time child care to support parent employment or education. These working families continued to rely on child care even in the face of reduced income while struggling to afford child care.

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, 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. The survey again asked child care providers what impact COVID-19 was having on their program or business, including financial losses, temporary closures, challenges faced, and continued funding needs.

Survey 1: March 16 - 23, 2020

This survey of child care providers was conducted one week after the first confirmed case of COVID-19 was diagnosed in Louisiana and one week prior to Governor John Bel Edwards issuing a stay-at-home order for all residents. While K-12 schools in Louisiana were ordered closed effective March 16, early learning centers and other child care businesses were permitted to remain open as long as they followed enhanced health and safety protocols, including lower group size requirements. March 2020 survey findings may be found [here](#).

Survey 2: April 13 - 20, 2020

This survey was conducted while Louisiana remained under a stay-at-home order, and K-12 school closures were extended through the remainder of the school year. April 2020 survey findings may be found [here](#).

Survey 3: June 15 - 22, 2020

At this time, under Phase Two of reopening, 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. June 2020 survey findings may be found [here](#).

Parent Survey: September 21 - October 6, 2020

This survey of parents and guardians with children under the age of 5 was conducted 10 days after Louisiana moved into Phase Three of reopening. In Phase Three, ratios and group sizes for early care and education providers returned to pre-pandemic levels for all children. Then, on Nov. 24, 2020, Gov. Edwards reverted Louisiana back to Phase Two of reopening due to a surge in COVID-19 cases. The return to Phase Two meant the return to decreased ratios and group sizes for children ages 3 and up for early care and education providers. Parent survey findings may be found [here](#).

KEY TAKEAWAYS FROM JANUARY 2021 SURVEY FINDINGS

Results from the January 13 - 27, 2021, 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%**).

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.

SUMMARY RESULTS

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

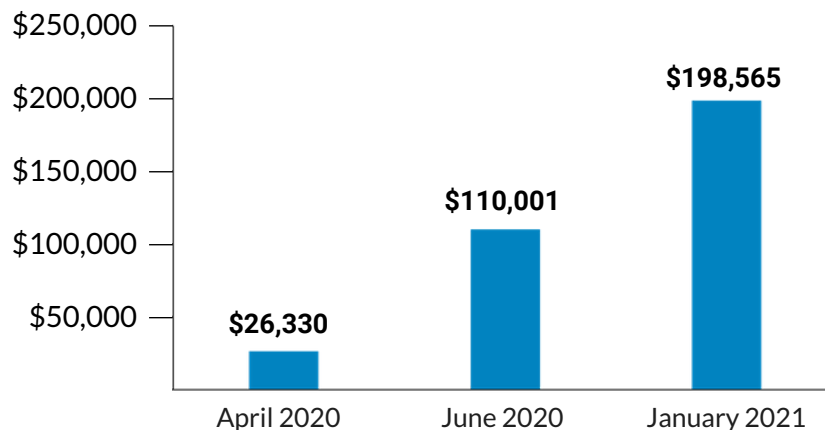
Over three-fourths (76%) of providers who responded to the survey reported experiencing financial losses due to COVID-19, with losses averaging nearly **\$200,000 per center** as of January 27, translating to an estimated **\$245 million in collective losses statewide**. Actual losses are likely even higher, as this estimate may not fully capture losses experienced by permanently closed providers.

\$245M

Estimated statewide losses for child care providers due to COVID-19, as of January 27, 2021.

Figure 1

Average Loss per Center Increased by Over \$170,000 During the Pandemic

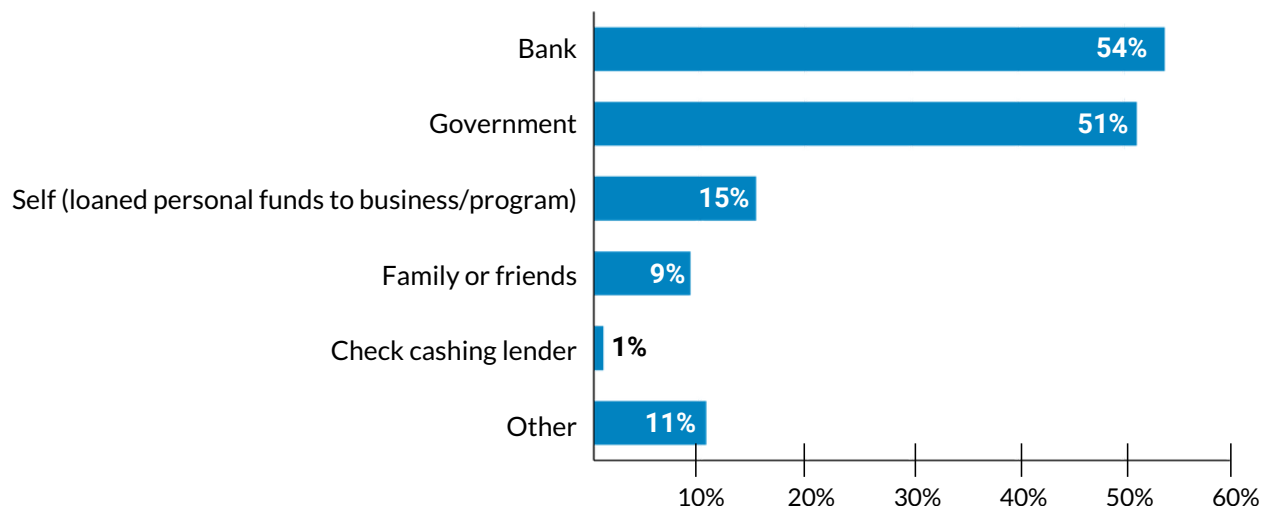


Question: April and June, "If yes, what is your best estimate of your financial losses to date?" / January, "If yes, what is your best estimate of your financial losses from March 2020 to now?"

Over half (56%) of providers borrowed funds to pay for business expenses, with total loaned amounts averaging **\$149,750 per center**.

Figure 2

Most Providers Borrowing Funds Received Bank and Government Loans



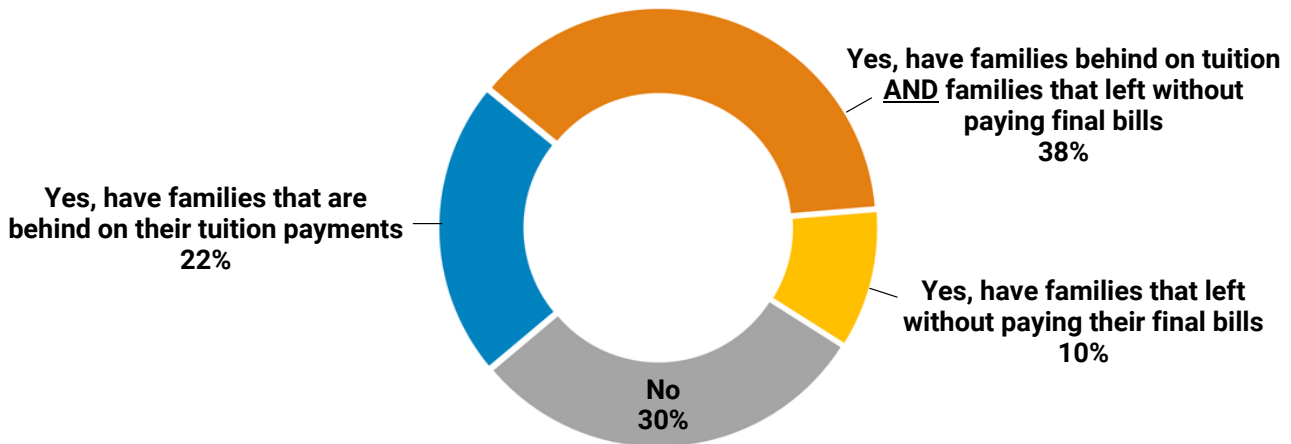
Question: If yes, where were the funds loaned or borrowed from? Please check all that apply.

Note: Respondents may have selected more than one response. Percentages may total to more than 100%.

Over two-thirds (70%) of responding providers reported having families behind on tuition payments, with the average center owed \$16,430.

Figure 3

Over Two-Thirds of Providers Experienced Families Behind on Payments



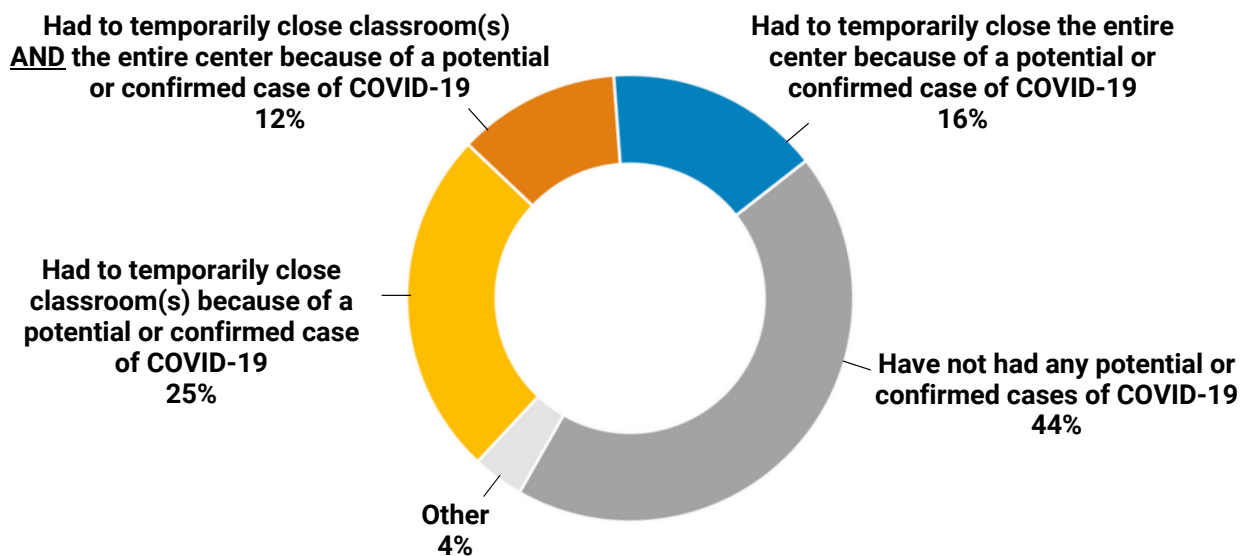
Question: As of today, does your business/program have families that are behind on their tuition payments or have families that left your business/program without paying their final bills? Please check all that apply.

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

Nearly half (49%) of providers reported having a child or staff member with a potential or confirmed case of COVID-19 between June 2020 and January 2021.

Figure 4

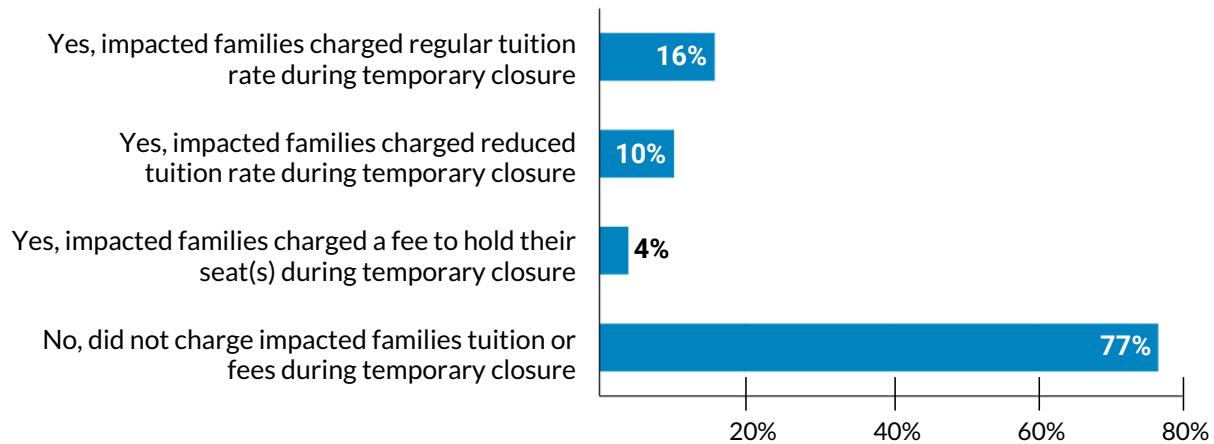
Most Providers Temporarily Closed Classrooms or the Entire Center Due to COVID Exposure



Question: Has your business/program temporarily closed classrooms or the entire center at any time because of a potential or confirmed case of COVID-19/coronavirus? Only respond for closures related to COVID-19/coronavirus. A temporary closure means closing for 2 weeks or less. Please check all that apply.

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.

Figure 5
Over Three-Fourths of Providers Did Not Charge Families During Temporary Closures

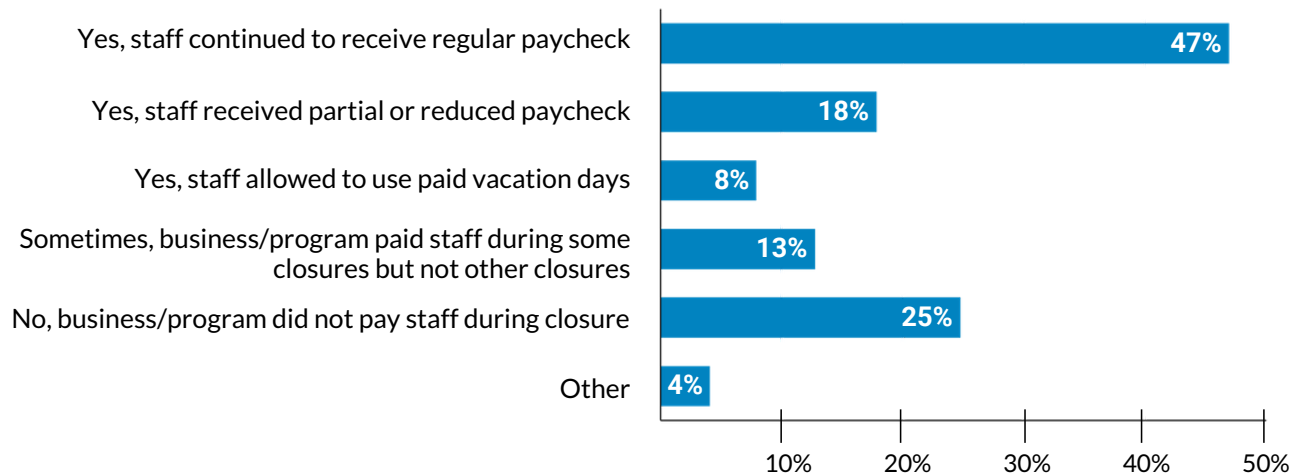


Question: If your business/program had to temporarily close classrooms or the entire center because of a potential or confirmed case of COVID-19/coronavirus, were impacted families charged tuition or fees during the closure? Only respond for closures related to COVID-19/coronavirus. Please check all that apply.

Note: Respondents may have selected more than one response. Percentages may total to more than 100%.

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.

Figure 6
Most Providers Continued to Pay Staff Some or All of Their Wages During Closures



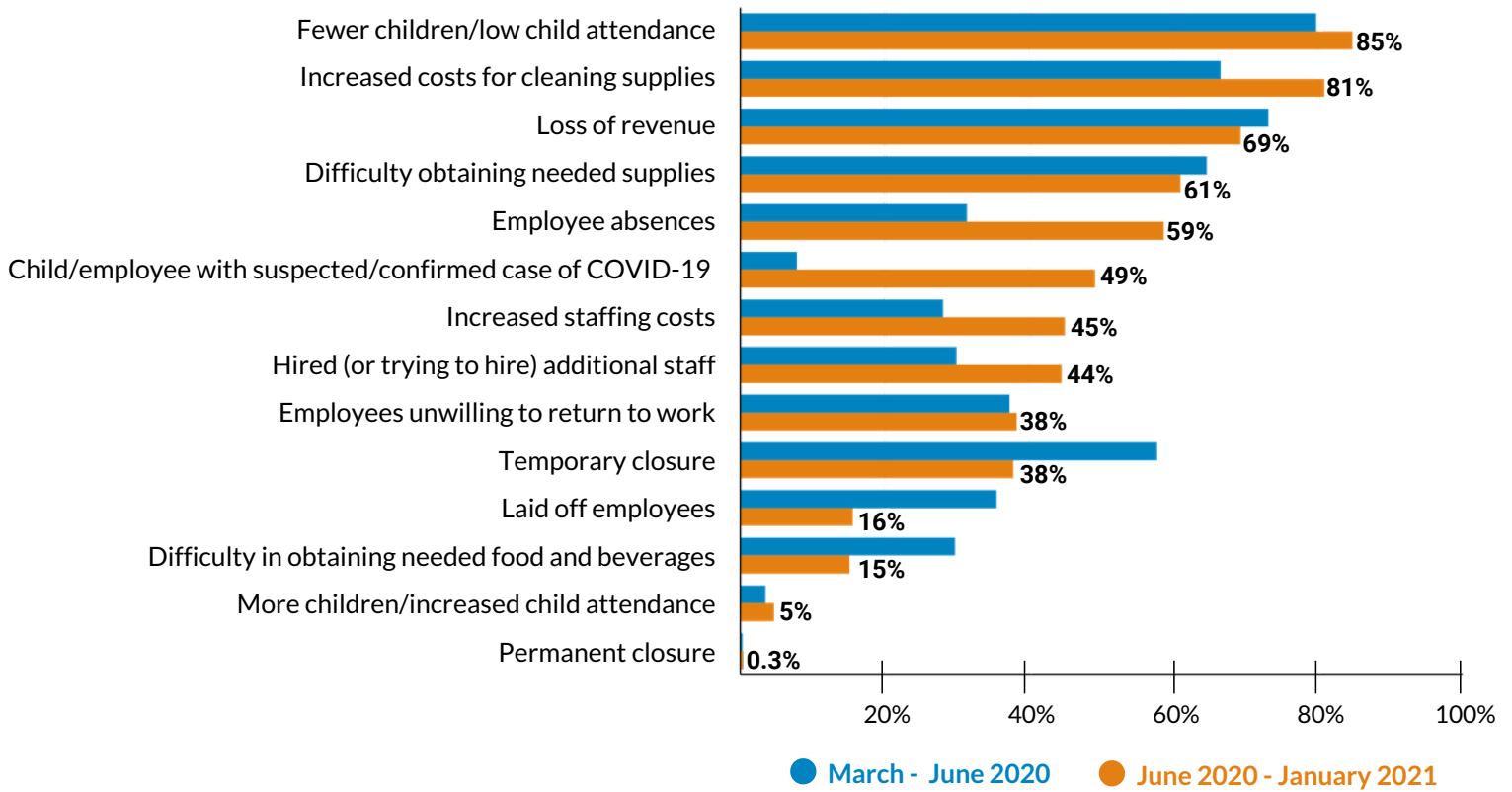
Question: If your business/program closed at any time due to COVID-19/coronavirus, did you continue to pay staff or allow staff to use paid vacation days during that closure? Only respond for closures related to COVID-19/coronavirus. Please check all that apply.

Note: Respondents may have selected more than one response. Percentages may total to more than 100%.

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.

Figure 7
Continued Impacts of COVID-19 on Child Care Providers



Question: [June 2020, if responded "Yes" to previous question, "Since March 1st, has your business/program been impacted by COVID-19/coronavirus?" / January 2021, if responded "Yes" to previous question, "Since June 2020, has your business/program been impacted by COVID-19/coronavirus?"] If yes, how? Please check all that apply.

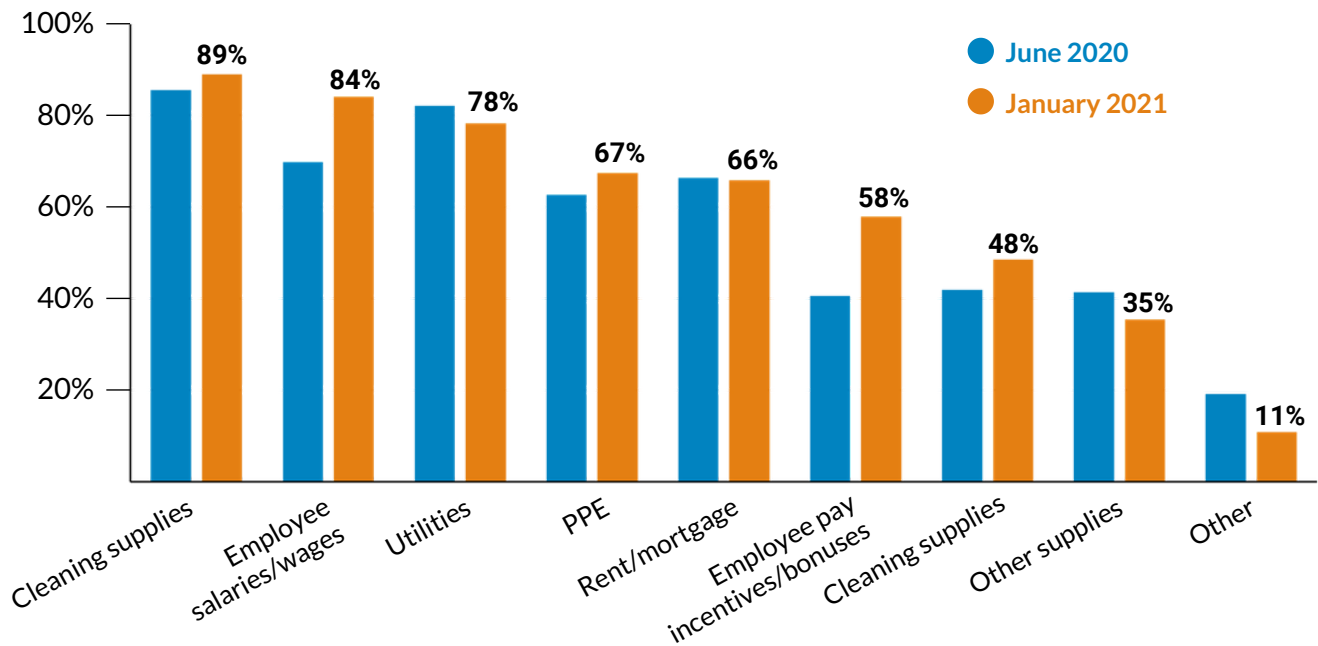
Note: Respondents may have selected more than one response. Percentages may total to more than 100%.

Many providers reported staffing challenges related to the pandemic, including **59%** experiencing employee absences and **45%** facing increased staffing costs.

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

Almost three-quarters (74%) 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%).

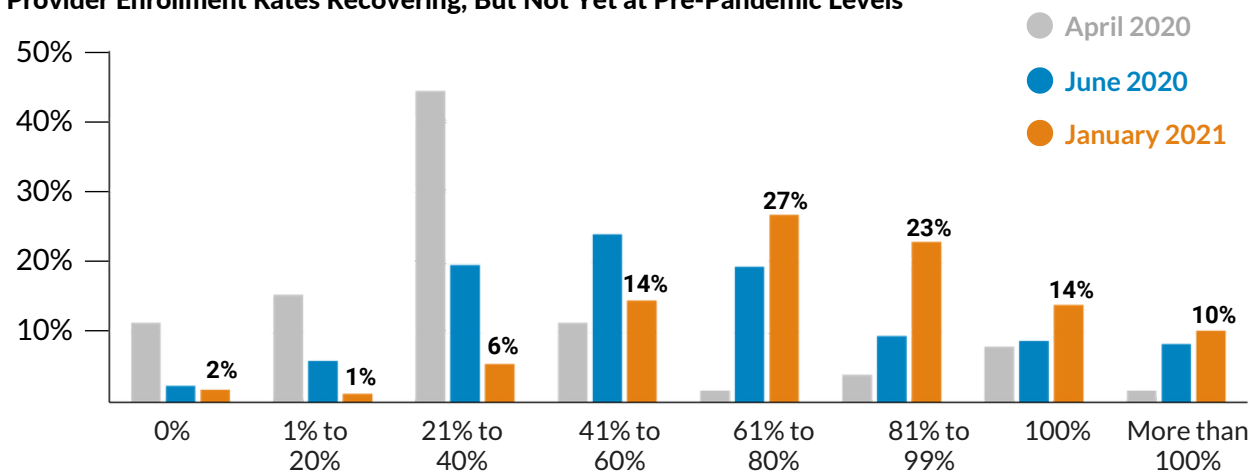
Figure 8
Providers Continued to Use LDE Grant Funds for Typical Operational Costs



Question: [June 2020] If you received funds from the LDE programs, what did you use the funds for? / [January 2021] What did you use the LDE COVID-19 related grant funds for? Please check all that apply.
 Note: Respondents may have selected more than one response. Percentages may total to more than 100%.

Almost three-fourths (73%) 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.

Figure 9
Provider Enrollment Rates Recovering, But Not Yet at Pre-Pandemic Levels



Question: What was the typical daily enrollment for each age group at your business/program last week?

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.

Table 10
Even After Rehiring Staff, Provider Employment Levels Remained Below Pre-Pandemic Levels

Average Number of Staff	January 2020	January 2021
Full Time	12.6	11.1
Part Time	3.0	2.6
Total	15.6	13.7

Questions: How many employees did your business/program have in January 2020 (last year)? If you operate more than one center, please include your entire workforce across all locations. / How many employees does your business/program have now (January 2021)? If you operate more than one center, please include your entire workforce across all locations.

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.

Table 11
Less Than 40% of Providers Expected Being Able to Afford Long-Term Operations

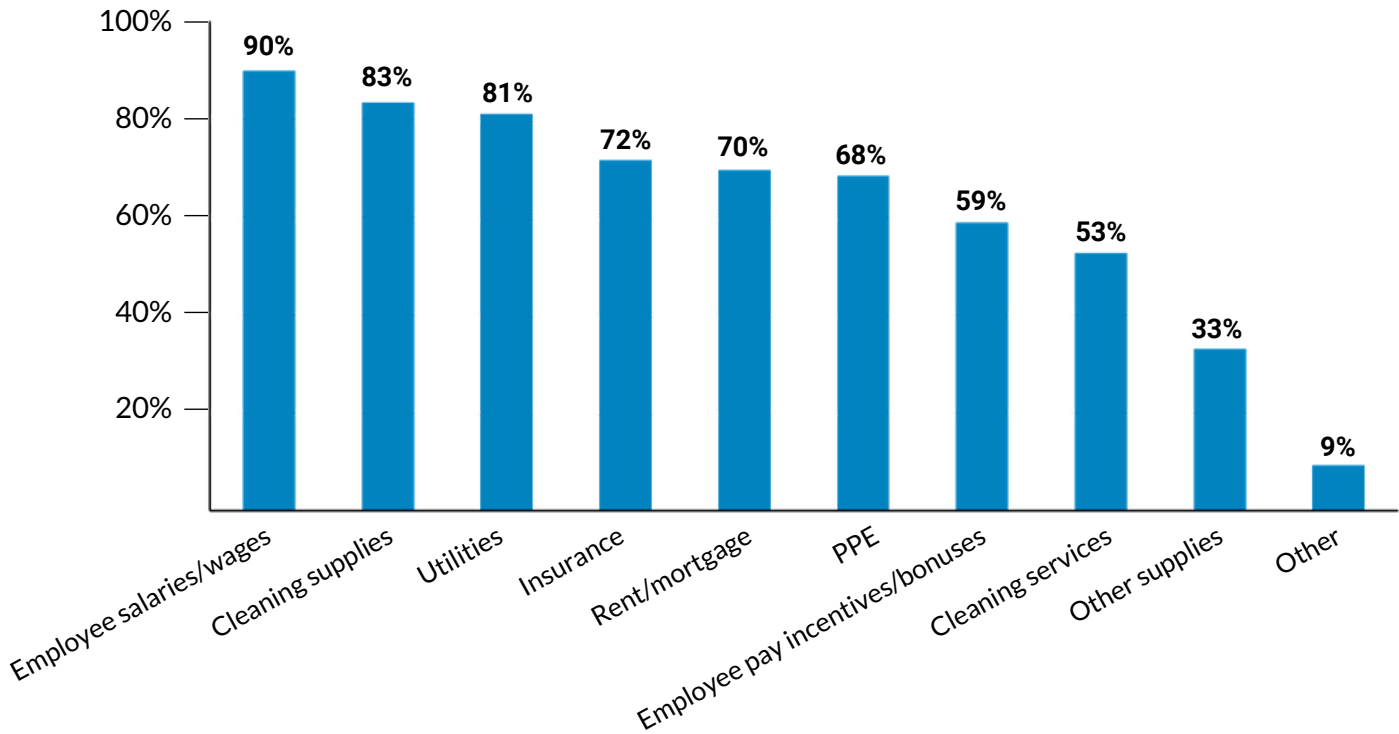
Response	Percent of Responding Participants
Less than 1 month	1%
1 - 3 months	8%
4 - 6 months	8%
7 - 9 months	4%
10 - 12 months	4%
As long as necessary	38%
Not sure	38%

Question: Based on the current finances and enrollment rates of your business/program, how much longer do you think you can afford to operate your business/program?

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%).

Figure 12

To Remain Open, Providers Indicated Need for Help with Basic Operational Costs



Question: [If responded "Yes" to previous question, "Would your business/program need additional grant funding or loans to remain open for at least another six months (through June 2021)?"] If yes, what would the additional grant funding or loans pay for? Please check all that apply.
Note: Respondents may have selected more than one response. Percentages may total to more than 100%.

APPENDIX

Survey Methodology

For this survey, LPIC developed and administered the survey online through Survey Monkey from January 13, 2021, to January 27, 2021. The Child Care Association of Louisiana and resource and referral agencies emailed survey links to providers throughout the state. The Louisiana Department of Education also shared the survey link in its newsletter to child care providers on January 14, 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.

Characteristics of Survey Respondents

Table A1
Regions of Responding Child Care Providers

Region (Parishes)	Percent of Responding Providers
Acadiana (Acadia, Avoyelles, Evangeline, Iberia, Lafayette, Rapides, St. Landry, St. Martin, St. Mary, Vermilion, Vernon)	19%
Capitol Region (Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, Tangipahoa, West Baton Rouge, West Feliciana)	21%
Northeast Louisiana (Caldwell, East Carroll, Franklin, Lincoln, Madison, Morehouse, Ouachita, Richland, Tensas, Union, West Carroll)	12%
Northwest Louisiana (Bienville, Bossier, Caddo, Catahoula, Claiborne, Concordia, De Soto, Grant, Jackson, La Salle, Natchitoches, Red River, Sabine, Webster, Winn)	11%
Southeast Louisiana (Assumption, Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Tammany, Terrebonne, Washington)	31%
Southwest Louisiana (Allen, Beauregard, Calcasieu, Cameron, Jefferson Davis)	5%

Table A2
Program Type of Responding Child Care Providers

Program Type	Percent of Responding Participants
Type III Center	70%
Type II Center	8%
Type I Center	13%
Family Child Care	7%
In-Home Child Care	1%

