



Early Childhood Care & Education Commission

February 17, 2022

Agenda

- I. Call to Order
- II. Roll Call
- III. Approval of the Minutes of October 5, 2021 and December 17, 2021 Meetings
- IV. Consideration of the 2022 Early Childhood Care and Education Commission Draft Report
- V. Adjournment



I. Call to Order

II. Roll Call





III. Approval of the Minutes of October 5, 2021 and December 17, 2021 Meetings

IV. Consideration of the 2022 Early Childhood Care and Education Commission Draft Report



ECCE Commission Task Force Goals

2020 Legislation required the Commission to establish and appoint members to a task force charged with identifying and recommending alternative state and local funding strategies for quality early childhood care and education.

As in 2020-2021, the task force continued to examine approaches to strengthening and sustaining investment by studying:

- An analysis of the true cost of care
- Opportunities and barriers for local revenue generation in both urban and rural communities
- Implications of the additional potential federal funds currently under consideration

Task Force Members

Rep. Stephanie Hilferty

Commission Chair

Sen. Beth Mizell

Commission Chair

Alí R. Bustamante, Ph.D.

Research Institute on Social and Economic Policy

Melissa Goudeau

Parent Representative

Ileana Ledet

Greater New Orleans, Inc.

Jan Moller

Louisiana Budget Project

Steven Procopio, Ph.D.

Public Affairs Research Council of Louisiana (PAR)

Libbie Sonnier, Ph.D.

Louisiana Policy Institute for Children

Michael Tipton

Blue Cross Blue Shield of Louisiana Foundation

Forging a Bright Economic Future: LA B to 3

(Draft)



Overview

- Executive Summary
- Introduction
- Recommendations
- Conclusion
- Bibliography

Executive Summary



Executive Summary Introduction

- Background of Commission
- Previous EC wins
- Without investment
- Request for investment and for continuation of the Commission

Louisiana's Early Childhood Care and Education Commission was established in 2018 through Act 639 and charged with creating a vision and framework for the future of high-quality early care and education in Louisiana. The Commission has been instrumental in driving forward the state's related legislative agenda, including its recurring \$11.2 million investment for birth to 3-year-old seats beginning in 2019 and dedication of sports betting revenue to the Early Childhood Education Fund in 2021. Without an increased and ongoing investment in high-quality early care and education, the State of Louisiana stands to lose \$12 billion over the next decade. The Commission respectfully requests that the Legislature continue the Commission's role and make the investments outlined below to avoid losses to the state.

Impact of Early Care and Education

High-quality early care and education is a proven catalyst for economic development and can help protect the State against losses stemming from an unstable workforce.

Businesses need working parents to be able to show up reliably, which requires reliable child care.

Louisiana's economy loses an estimated \$1.3 billion annually due to absences related to child care issues.

Louisiana employers lose an estimated \$752 million annually due to child care issues.

Early care and education providers are small businesses that contribute to local economies.

A fall 2021 survey found that one-third of early care and education providers who responded remained unsure of how long their business could afford to operate.

Our economic future depends on a well-educated, skilled workforce.

Louisiana's labor force comprises more than 2 million people.

High-quality early care and education is tied to higher levels of college graduation and job-holding for adults.

Working parents need a safe, nurturing, enriching place for their children to go while they do their jobs.

Two out of three children under five have both parents or their single parent working.

High-quality early childhood experiences set children on the path to future success.

The return on investment is 13%. Louisiana can achieve a \$1.5 billion return on investment in a decade—or a stunning and avoidable \$12 billion loss.

Commission Recommendations

To that end, the Commission recommends that the Legislature:

1

Invest \$115 million of state funds to fully launch LA B to 3, and invest an increase of that amount every year for 10 years.

WHY? This investment will mean 9,200 more children can be served annually, bring more teachers into the state's workforce, and support thousands of small child care businesses across Louisiana.

2

Identify additional and ongoing funding sources for the Early Childhood Education Fund to match and incentivize local investment.

WHY? The state's commitment motivates and supports local leaders and incentivizes current and future local investments in high-quality early care and education.

3

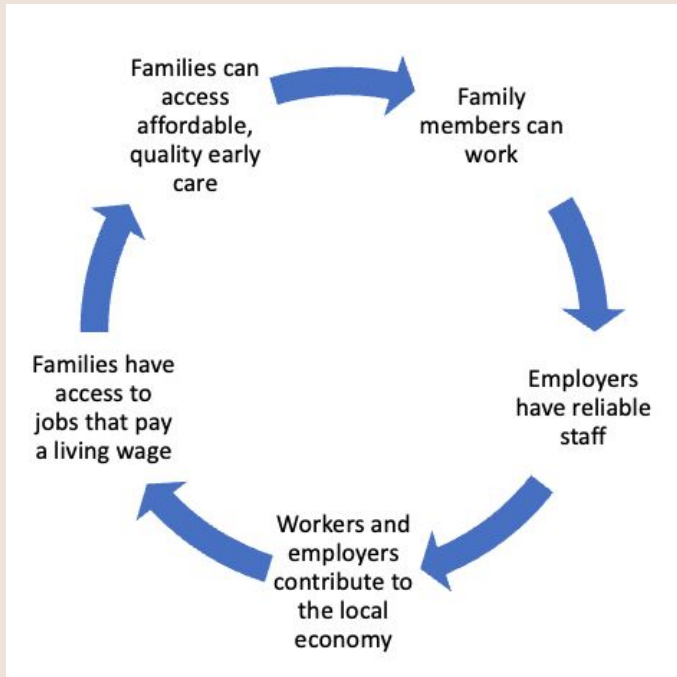
Reauthorize the Early Childhood Care and Education Commission.

WHY? The Commission will help ensure sustainability of the state's current investments, monitor the economic impact of early care and education in the state, and identify innovative ways to stabilize and grow the sector.

Introduction



Background



The Louisiana economy relies on high-quality early care and education for the stability of its workforce today and for the growth of its workforce of tomorrow. The early care and education sector is one of the many variables that contribute to Louisiana's economic growth and success. This sector is unique because it impacts a broad and critical set of stakeholders in nearly every region in our state. Businesses need a reliable workforce, children must be prepared to be successful future members of that workforce, and we need a consistent, strong tax base—all of these are examples of the type of returns on strategic and targeted investments in high-quality early care and education.

High-quality early care and education is an economic development issue for our state because:

Working parents need a safe, nurturing, enriching place for their children to go while they do their jobs.

Businesses need working parents to be able to show up reliably, which requires reliable child care.

Early care and education providers are small businesses that contribute to local economies.

Our economic future depends on a well-educated, skilled workforce.

90% of brain development occurs before age 5--high-quality early childhood experiences set children on the path to future success.

Impact on Workforce

The impact on our workforce is clear:

Two out of three children under the age of five have both parents or their single parent working.

(Source: [Zero to Three State of Babies Yearbook, 2021](#))

Louisiana's economy loses an estimated \$1.3 billion annually due to absences related to child care issues.

(Source: [LPIC Policy Brief, April 2021](#))

Louisiana employers lose an estimated \$762 million annually due to child care issues.

(Source: [LPIC Policy Brief, April 2021](#))

The Louisiana State Legislature has created policies that support high-quality early care and education, which have positioned Louisiana well for future success. In addition, the Department committed nearly \$46 million in stimulus dollars in 2020-2022 as a bridge to long-term funding. Additional resources, however, are needed to continue the momentum of the State's investment and to fully realize the benefits to the workforce, businesses, children, and families.

Lingering Impact of COVID (call-out box)

Based on an October 2021 survey of more than 2000 child care providers,

- More than three-fourths of child care providers reported losses due to COVID-19 averaging more than \$300,000 per center as of October 19, translating to an estimated \$287 million in collective losses statewide.
- Sixty-four percent of child care providers reported experiencing employee absences, 55% were hiring or trying to hire additional staff, and 51% were facing increased staffing costs.
- One-third of providers remained unsure of how long their business could afford to operate.

Recommendations



Commission Recommendations

To that end, the Commission recommends that the Legislature:

- 1** Invest \$115 million of state funds to fully launch LA B to 3, and invest an increase of that amount every year for 10 years.
- 2** Identify additional and ongoing funding sources for the Early Childhood Education Fund to match and incentivize local investment.
- 3** Reauthorize the Early Childhood Care and Education Commission.

Impact on the Next Generation (call-out box)

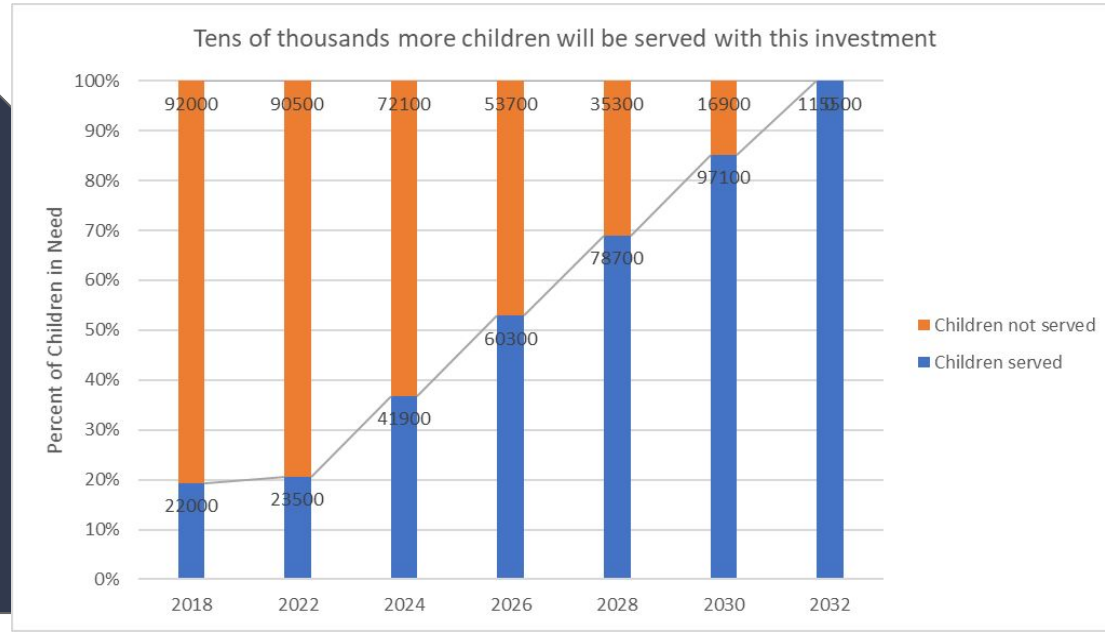
- High-quality early care and education prepares children to learn, grow, and succeed.
- Children only get one chance to learn the fundamentals—how to problem-solve, how to cooperate with others, how to explore, and how to think critically—and it starts at birth.
- Children who receive high-quality early care and education are more likely than those who did not to have:
 - a higher IQ at the start of preschool,
 - improved reading and math skills in elementary and middle school,
 - a reduced number of repeated grades during K-12, and
 - a higher likelihood of graduating from high school.

Recommendation 1



Recommendation 1: Invest \$115 million of state funds to fully launch LA B to 3, and invest an increase of that amount every year for 10 years.

To serve all of the children in need in our state, there must be an additional investment of \$115 million per year over 10 years, for an eventual total investment of \$1.15 billion per year.



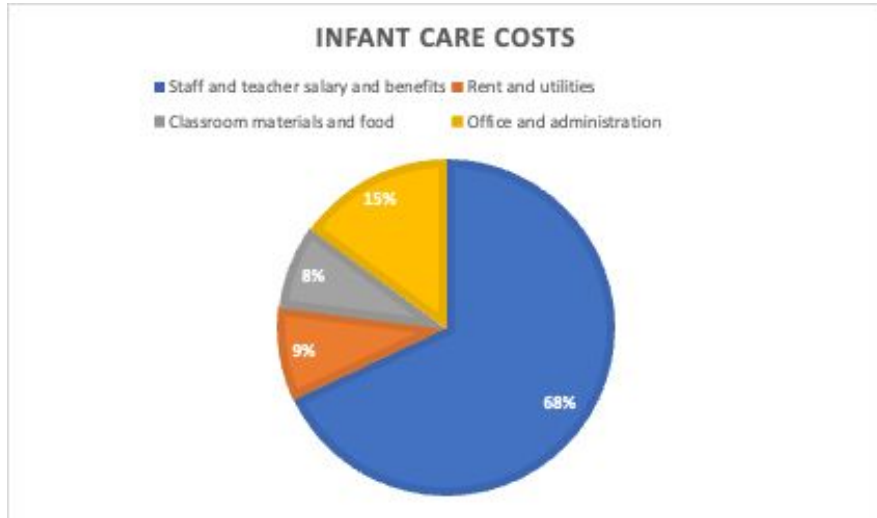
Why this investment?

Aside from parents, one of the most influential individuals in a child's life is an early education teacher. As with parenting, child care is labor-intensive, and delivering higher quality care requires hiring experienced and seasoned professionals.

- Shockingly, even the most experienced teachers in early care and education centers earn less than the federal poverty level for a family of three.
- In Louisiana, they earn an average annual salary of \$19,785—that is about \$10 per hour. This low pay contributes to high turnover, which negatively affects children.

Why this investment?

The charts below show the proportion of costs of running an early care and education business for infants and for toddlers. Even at low salaries, staffing costs eat up most of a provider's budget, leaving them struggling to cover other essential costs, let alone pay teachers a competitive wage. And as with any business, it costs more to attract and retain talented staff.



Why this investment?

A 2021 analysis of American Rescue Plan Act (ARPA) Stabilization Grant applications by the Department determined that the cost of care is more than what most parents can afford to pay. These costs are not unique to Louisiana and are experienced across the country.

\$68 per day for an infant

\$37 per day for a 3-year-old

\$27,000 per year for a family with two young children

Why this investment?



That leaves early care and education providers trying—and often failing—to balance the need to employ good teachers with the need to offer affordable tuition for families.

At this point, parents cannot afford to pay more, and early care and education businesses cannot afford to make less. An ongoing commitment from the State can help balance the equation for the long term.

Recommendation 2



Recommendation 2: Identify additional and ongoing funding sources for the Early Childhood Education Fund to match and incentivize local investment.

The state must continue to fulfill its commitment to the children of Louisiana and the local communities that match state funds.

- Three Louisiana parishes have already sought to draw from this fund—New Orleans, Caddo, and Jefferson, which raised a collective \$4,712,587 million for the 2021-22 academic year.
- Other localities are following suit and on track to raise additional funds to support high-quality early care and education.
- As of mid-December 2021, dollars in the incentive fund are projected at less than \$800,000.
- This points to an approximate shortfall of nearly \$4 million and is likely to continue in future years.
- The implications beyond 2023 are not yet known but should be monitored to ensure the fund is able to leverage local resources.

Current Revenue Sources for ECE Fund:

- 25% of sports betting revenues, up to \$20 million a year
- 50% of NBA Pelicans specialty license plate revenues
- 8% of net revenues of fantasy sports contests
- 3% of hemp-derived CBD products
- Harrah's Casino annual tax revenue in excess of \$60 million in FY 21 and in excess of \$65 million in FY 22

Recommendation 3



Recommendation 3: Reauthorize the Early Childhood Care and Education Commission.

Louisiana's Early Childhood Care and Education Commission was established in 2018 through Act 639 and charged with creating a vision and framework for the future of high-quality early care and education in Louisiana. Since its inception, the Commission has been instrumental in driving forward the state's related legislative agenda, including its recurring \$11.2 million investment for birth to 3-year-old seats beginning in 2019 and dedication of sports betting revenue to the Early Childhood Education Fund in 2021.

Recommendation 3: Reauthorize the Early Childhood Care and Education Commission.

Instead of disbanding the Commission this year, the Legislature should extend its important role, particularly in light of the continuing impact of the COVID-19 pandemic on the sector and significant potential federal investment on the horizon. The Commission will help ensure sustainability of the state's current investments, monitor the economic impact of early care and education in the state, and identify innovative ways to stabilize and grow the sector. Louisiana needs the leadership of the Commission now more than ever to ensure young children and families can access affordable, high-quality early care and education.

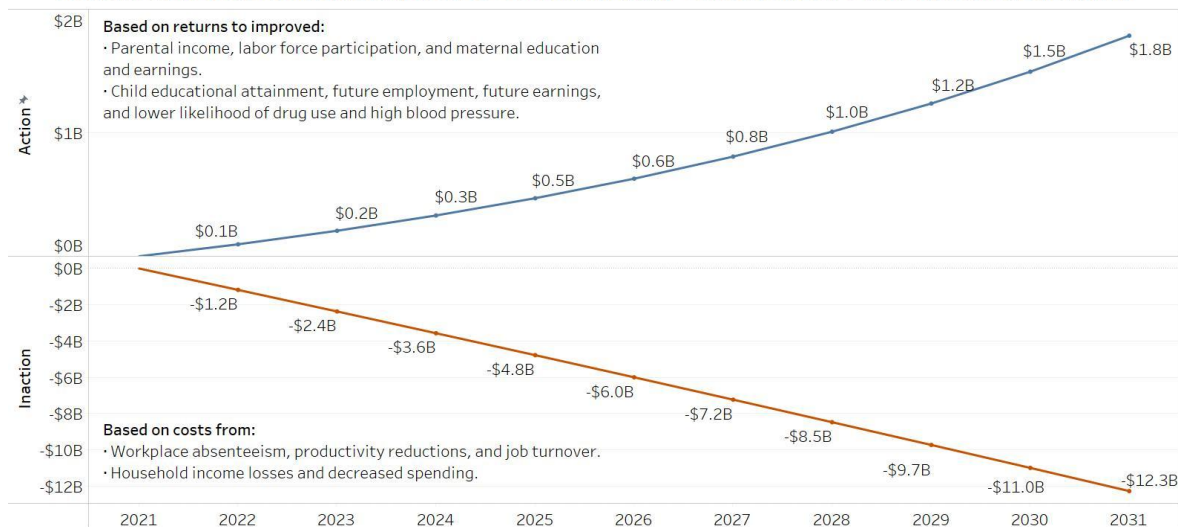
Conclusion



Conclusion

The data prove the need: Investing immediately and continually in high-quality early care and education is a wise financial decision for the state of Louisiana. It reaps great benefits for the state's businesses, families, and communities—and it sets Louisiana's children up for success. And the choice is clear: Louisiana can achieve a \$1.5 billion return on investment in a decade—or a stunning and avoidable \$12 billion loss.

Louisiana 10-year Economic Impact Forecast from Early Childhood Care and Education Spending



Sources: Author analysis of García, J.L., Heckman, J.J., Duncan, E.L., & Prados, M.J. (2016). The Life-cycle Benefits of an Influential Early Childhood Program. Davis, B., Bustamante, A. Bronfin, M., & Rahim, M. C. (2017). Losing ground: How Child Care Impacts Louisiana's Workforce Productivity and the State Economy.
Notes: Cost of inaction is based on the annual losses of \$1.168 billion and the 5-year compound annual growth rate of Louisiana gross domestic product (GDP) of 0.90% from the U.S. Bureau of Economic Analysis 2016-2020. Cost of action is based on the annual spending of \$65.8 million in quality early childhood care and education and the compounding of the estimated 13% annual rate of return from García et al.

Early Learning Yields Academic Gains in Louisiana (call-out box)

A 2021 study of the State's pre-K program for 4-year-olds showed that children in the program:

- Consistently outperformed other children on statewide education tests at 4th and 8th grade
- Graduated high school at a rate higher than the state average
- Were approximately 45% less likely to be placed in special education programs

Conclusion

To secure this return, the Commission recommends that the Legislature:

- 1 Invest \$115 million of state funds to fully launch LA B to 3, and invest an increase of that amount every year for 10 years.**
- 2 Identify additional and ongoing funding sources for the Early Childhood Education Fund to match and incentivize local investment.**
- 3 Reauthorize the Early Childhood Care and Education Commission.**

While fully and sustainably supporting the state's early care and education sector, the Legislature should simultaneously leverage any and all federal funding opportunities. For example, Louisiana should participate in expanded 0-3 and universal pre-K provisions in anticipated federal legislation to support high-quality early care and education.

Bibliography



Questions?



Executive Budget

In January the Office of the Governor presented the Executive Budget for 2022-2023 to the Joint Legislative Committee on the Budget.

The budget contained the following additions for early childhood care and education:

Item	Budget Amount
Child Care Assistance Program (rate and accessibility increase)	\$25 M
Early Childhood Education Fund	\$50 M
Increase LA 4 rate per child	\$17 M
Increase NSECD rate per child	\$ 1.4M
Total	\$93.4 M



V. Adjourment