ECONOMICS, EQUITY & INCLUSION IN EARLY CARE & EDUCATION

May 2020

Bryan Boroughs
Vice President and General Counsel, Institute for Child Success
Today’s Agenda

1. Macroeconomic forces shaping ECE
2. Implications of Equity and Inclusion
3. COVID
4. Opportunities for policy change
5. Discussion
Economic Fundamentals are Straightforward

Safe, High Quality ECE is expensive to provide

Many families cannot afford ECE, but cannot work without it

It is also incredibly valuable to society
### Long term value:
30-year Study of Quality Preschool

<table>
<thead>
<tr>
<th>Boys</th>
<th>Girls</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-19% more likely than boys in lower-quality facility to be employed by age 30</td>
<td>13-15% more likely to graduate from high school</td>
</tr>
<tr>
<td>Made between $19,000-$24,000 more per year</td>
<td>13% more likely to graduate from college</td>
</tr>
<tr>
<td>Less likely to commit crimes</td>
<td>8-13% more likely to have job at age 30.</td>
</tr>
</tbody>
</table>
A Classic Broken Market for a Public Good

Families struggle to afford care, driving revenues down

Competition from other fields for staff drives expenses up (but not into living-wage territory)

Expenses can only go up so far

Families priced entirely out of the market & very high staff turnover
### Widely Varied Financial Models

**Illustrative Cost Models for Early Care and Education in one Southern City**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infants</td>
<td>$13,600</td>
<td>$16,000</td>
</tr>
<tr>
<td>Toddlers</td>
<td>$9,000</td>
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<tr>
<td>2-year old</td>
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</tr>
<tr>
<td>4-year old</td>
<td>$4,200</td>
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</tr>
<tr>
<td>&lt;3-years old, aggregate</td>
<td>$9,200</td>
<td>$16,000</td>
</tr>
<tr>
<td>3- and 4-year old, aggregate</td>
<td>$5,100</td>
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<td>Wrap-around (extended hours and services)</td>
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## Widely Varied Financial Models

*Illustrative Cost Models for Early Care and Education in one Southern City*

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*(extended hours and services)*
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Operating Status

Operating Status (April 15, 2020)

- 48%: Closed for all registered families
- 39%: Open for all registered families
- 6%: Open, only for specific families (first responders; emergency child care)
- 1%: Other (please explain)
- 6%: Open but anticipating closing in the next two weeks
Continuing Operations

How long could your center financially survive closure?

- 33%: Could not handle any closure
- 32%: Two weeks
- 16%: One month
- 9%: Several months
- 10%: I do not know
Economic Losses

• Current loss: $22,033
• Projected loss: $31,070 (Apr 15- May 15)
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Global Education Systems
School Readiness Tax Credit

The School Readiness Tax Credits have been a sound investment, remaining consistent in state expenditures with significant return on investment.

State SRTC Expenditures Remain Consistent Over Time

- $16,703,154 in 2012
- $17,417,564 in 2013
- $16,538,042 in 2014

For EVERY DOLLAR spent in the Louisiana early care and education sector,

- $1.78 is returned to the LOCAL ECONOMY
- 1.3 JOBS are created in the LARGER ECONOMY

Louisiana’s EARLY CARE AND EDUCATION SECTOR generates $830M in direct and indirect economic activity annually

The School Readiness Tax Credits have resulted in a greater number of programs participating in the Quality Start program and an increase in the number of high quality programs.
Competitive tools deployed by businesses

- Preferred or guaranteed slots
- Financial support as an employee benefit
- Parental leave
- Flexible schedule