

LNS Board Meeting
September 20, 2022

The Challenging Economics of Early Childhood Education

As board members, you will be involved in important conversations throughout the year and may be charged with making recommendations and decisions for LNS. We believe having knowledge about the current landscape and challenges of the field will help provide context for many of the conversations we have throughout the year.

In this presentation, I'm speaking as an early childhood professional and advocate, not as the VP of Development, although fundraising does play a big part in the economics of preschools.

This message may not be new to you, but it's important that we all keep talking and thinking about it.

The Importance of Early Childhood Education

- 0-5 is a critical window for brain development
- High quality early childhood education has long term effects on learning, relationships, and future success
- The relationships and opportunities for learning in the first five years establish a foundation for all future learning and are integral to who we become.

Nancy will be discussing more at her presentation in October

Why is Early Childhood Education so Expensive?

It's essential to children's learning and development, supportive for families, and foundational to the economy. Costs are rising faster than inflation. Why is this happening?

Three major expenses:

1. Labor

- Labor cannot be outsourced to low-wage markets

- Labor cannot be automated

2. Regulation

- Regulatory requirements to protect the most vulnerable members of society
- Staff to child ratios:

Massachusetts 1 teacher to every 3 infants

South Carolina 1:6

More teachers are needed in Massachusetts

3. Real Estate

- A major expense for schools, but also a draw
- LNS spends 14% of our budget on rent

All Education is Expensive

Public School Cost per Student (2020)

- Lincoln \$26,000
- Concord \$24,000
- Wayland \$20,000
- Weston \$27,000
- Boston \$24,000

This cost is split among tax payers.

As Massachusetts has started to investigate early childhood education for all, several studies have been done to estimate the cost per student.

Massachusetts High-Quality Preschool Estimated Cost per Student

- \$30-37,000

The Value of Teachers

- You can have the best materials, the most beautiful space, but if you don't have highly skilled teachers, none of that matters.
- Working with children isn't an innate skill. Teaching well takes time, education, learned skills, and intention.
- A well-trained and highly skilled teacher tailors their interactions to fit the needs of each child—asking open ended questions, using responsive language, scaffolding their learning, fostering independence, and creating a language-rich environment.
- At a school like LNS, our teachers are working to create a curriculum that is responsive to the children. They are researchers—keeping up on best practices, using precise language and questions, everything is incredibly well thought out, investigated and analyzed. This takes time and skill.
- The cost of labor is the biggest driver of the high price of early childhood education

I know what you're thinking: wow, preschool teachers must be raking it in!

False.

- Childcare workers are some of the lowest paid workers in the country. They make less than janitors and pest control workers. Northeastern dining hall employees just negotiated a new contract for \$30 an hour. The average childcare worker in MA makes \$14.98 an hour.
- The younger the child, the less you make.

- Average childcare worker in MA—\$14.98
- Last night I looked up some preschool teacher job postings in the area:
 - Little Sprouts in Concord is looking for a teacher for \$16-19 an hour
 - Concord Carousel for \$17-21 an hour
 - Magic Garden is looking for a teacher for \$19-21 an hour
 - All are below a livable wage for our area

Teachers either need to have a high-earning partner, family resources, or commute long distances from a lower cost of living area.

Comparing preschool teachers to public school teachers

Average Preschool Teacher Salary in our area (2021)

- \$43,000 a year

Average Public School Teacher Salaries (2019)

- Lincoln, \$93,000
- Concord, \$108,000
- Sudbury, \$101,000
- Wayland, \$102,000
- Boston, \$105,000
- MA average for a kindergarten teacher: \$85,000 (higher in our area)
- If you want to work with young children, and you graduate with a degree, probably with student loans, and you could be making \$40,000 a year or \$90,000, which would you choose? Not to mention the benefits. Most preschools and childcare centers don't provide health insurance, retirement plans, or paid vacation. The public school offers all of this.
- We're already seeing this play out. While preschools have raised the level of education and credentials they want their teachers to have, elementary schools are lowering them because they're facing a staffing shortage. Many schools are waiving certification—allowing teachers to get it their first year teaching. Teachers that would have taught in preschools are moving to the public school system.

Workforce Crisis

Because of this there is a huge workforce crisis in early childhood education.

- We're hearing about it now in K-12 but for early childhood, retaining educators has been an evergreen challenge because of the historically low pay.

High Rate of turnover

- Prior to the pandemic 25% of teachers left the field each year in Massachusetts. In places like Louisiana it was at 50%.
- This is bad for children, bad for parents, and bad for preschools.
- Children benefit from a consistent caregiver. Turnover equals transitions and instability which can lead to stress and anxiety.
- Bad for preschools—schools are constantly hiring and re-training which takes time and cost money and those expenses are then passed on to families.

The **poverty rate** for early educators in Massachusetts is 15.3 percent, much higher than for Massachusetts workers in general (8.7 percent) and 6.6 times as high as for K-8 teachers (2.3 percent).

Cost of childcare: after teachers have a baby they have the tough choice of putting them into care that often costs more than they make. It's easier to stay home and drop out of the workforce.

Closing of teacher training programs. Many universities are closing their preschool education programs. The demand isn't there and they're sending graduates with debt out into a field with low pay.

Is LNS Facing the same challenges?

- We've been "lucky". But, it's not all luck—we invest in and respect our teachers.
- We have highly skilled staff and a high retention rate
- Pay above "market rate". Median salary is \$48,000
- Provide robust professional development

- A culture of learning and respect
- Our reputation makes us a desirable place to work

Major challenge: At LNS, we strive to deliver an exceptional preschool experience without making that experience available only to the exceptionally wealthy. This is not easy to do!