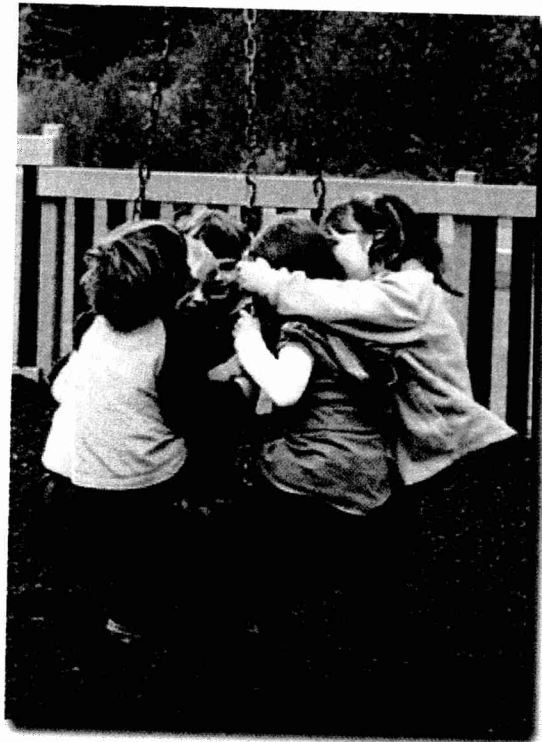


# *The Current Status of Child Care in Juneau*

*Working Paper February 3, 2009*

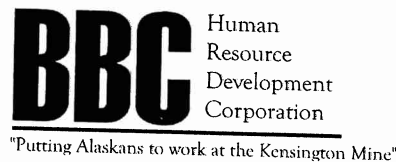


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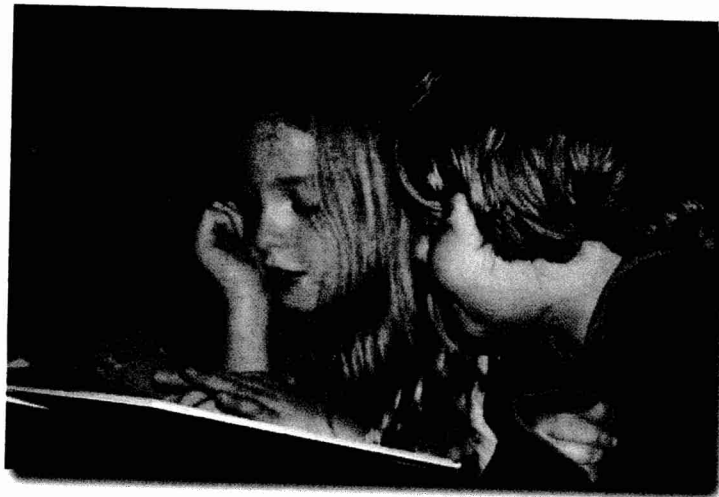


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# Introduction

The Juneau Economic Development Council (JEDC) recognizes the importance of child care to our community, especially to Juneau's working families. The purpose of this document is to assess the need for child care in Juneau; inventory the assets available to meet local child care needs; compile additional statistics related to Juneau child care including costs; and develop a problem analysis. Because child care is such a large issue, the scope of this initial document is limited and does not include after-school care, summer care, or part-time preschool programs.

- There are currently 2,200 Juneau children of child care age (0-5), including 1,540 with either both parents in the workforce or—for children in one-parent households—with their only available parent in the workforce.
- Juneau currently has 42 licensed and approved child care facilities with the capacity to serve 498 Juneau children five and under.
- Capacity is most limited for Juneau's youngest children. Of the 498 total full time child care slots in Juneau, 104 slots serve Juneau's 600 toddlers, and 44 serve Juneau's 400 infants.
- The waiting lists for many of these programs—including Juneau's largest centers, Gold Creek Child Care and Montessori—are up to two years, and in some cases even longer.
- The parents of more than 1,000 Juneau children appear to have found alternatives to State regulated child care programs. While unlicensed providers caring for more than four unrelated children are operating illegally, there appears to be minimal enforcement, few incentives to become licensed, and many unlicensed child care facilities in Juneau. In addition to care by unlicensed providers, children are cared for by grandparents; brought to work with parents; or are cared for in homes with four or less children, which is legal.
- Juneau children under six, their parents, and their providers account for 13.5 percent of the Juneau population.
- The average annual cost of child care in Juneau is \$8,748 per child, and can be as high as \$11,600.<sup>1</sup>
- Based on an estimated 2007 median family income, average child care costs accounts for 13 percent of a Juneau family's adjusted gross income, per child.
- Juneau's unemployment rate is 4.4 percent – with some employers noting that the local child care shortage prevents hiring staff.



<sup>1</sup> Average annual child care costs based on mid-2008 AEYC numbers for 365 children.

# Needs Analysis

According to the US Census, there were 2,265 children under the age of six in Juneau in 2000. Of those children, 1,577—or 70 percent—lived in a household in which their parents were in the workforce, and so were presumably in need of child care. The Juneau Economic Development Council estimates that in 2008, there were 1,540 Juneau children in need of child care.<sup>2</sup>

## *Juneau Children Under Six by Parent in the Labor Force Status, 2000*

Juneau Household Type	Number of Children Under 6, 2000	2008 Estimates	% of Juneau Children Under 6
<b>Juneau children under six likely needing child care, as parents work</b>	<b>1,577</b>	<b>1,540</b>	<b>70%</b>
In two parent household, both parents in the workforce	1,031		46%
In single parent household, parent in the workforce	546		24%
<b>Juneau children under six with parent/s not in workforce</b>	<b>688</b>	<b>660</b>	<b>30%</b>
In two parent household, one parent in the workforce	557		25%
In two parent household, neither parent in the workforce	50		2%
In single parent household, parent not in workforce	81		4%
<b>Total Juneau children under six</b>	<b>2,265</b>	<b>2,200</b>	<b>100%</b>

Source: 2000 US Census. Note: Due to rounding, numbers may not add up to 100%.



A higher percentage of Juneau children under the age of six are in need of child care than in the wider Alaska or US geographies. In Alaska and nationally, approximately 60 percent of all children under 6 are in households where all available parents work, and are presumably in need of child care, compared to 70 percent in Juneau (see following table).

<sup>2</sup> Estimates are based on Alaska Department of Labor data.

### Children Under Six With Available Parents in the Workforce Juneau, Alaska, US, 2007

Area	Children Under 6 Likely Needing Child Care - All Parents Work	Children Likely in Need of Child Care as a % of All Children Under Six
Juneau	1,540	70%
Alaska	36,000	61%
US	14.5 million	62%

Source: U.S. Census Bureau, American Community Survey, 2007, Tables B01001 and B11003; and JEDC 2007 estimates based on 2000 U.S. Census Bureau; AEYC, 2008 figures; and 2007 ADOL data.

### Impacted Juneau Population

Juneau child care matters directly impact 13.5 percent of the local population, or 4,100 residents. Impacted residents include individuals under the age of six, parents or guardians of a child under six, or individuals employed in a licensed or approved child care facility.

### Juneau Residents Impacted by Child Care, 2008

Group	Population	Percent of Total Juneau Population
Juneau Children Under 6	2,200	7.3%
Juneau Parents (or Guardians) with Children Under 6	1,800 <sup>3</sup>	5.9%
Juneau Child Care Workers <sup>4</sup>	100	0.3%
<b>Total</b>	<b>4,100</b>	<b>13.5%</b>

Source: JEDC 2007 estimates, based on 2000 U.S. Census Bureau; AEYC, 2008 figures; and ADOL data.

## Capacity

As of December 2008, Juneau had 42 licensed or approved Juneau child care facilities with the capacity to serve 498 full time children, including 148 children under the age of 30 months<sup>5</sup>. Therefore, regulated (licensed or approved) Juneau child care services have the capacity to serve one in nine Juneau infants, one in six Juneau toddlers, and one in three Juneau preschoolers.

<sup>3</sup> Includes 1,490 parents and 310 non-parent guardians.

<sup>4</sup> Includes only workers at full-time child care facilities. Figure does not include Headstart childcare workers, public school preschool workers, or child care licensing workers.

<sup>5</sup> Part time slots were combined to equal full time equivalents.

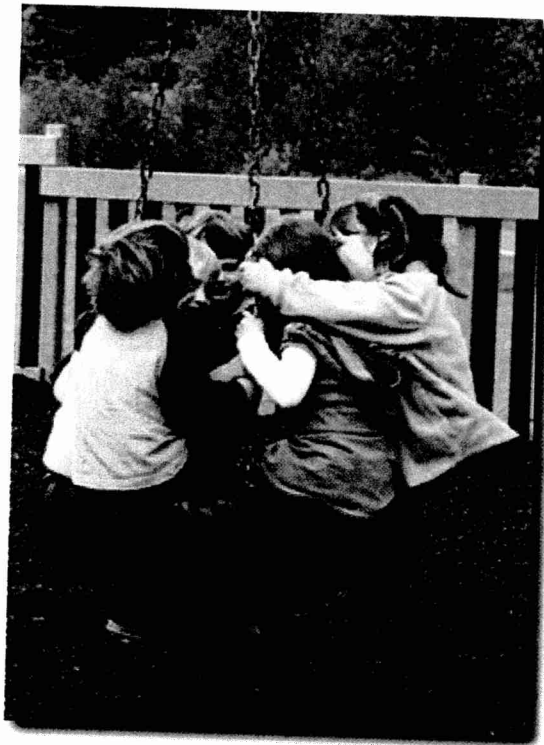
## Juneau Full Time Child Care Capacity by Age, 2008 Licensed or Approved

Age Group	Population in Age Group	Total Full Time Child Care Slots	Ratio of Capacity to Population
<b>Infants</b> (under 12 months)	400	44	1:9
<b>Toddlers</b> (12-29 months)	600	104	1:6
<b>Preschoolers</b> (2 1/2 to 5)	1,200	350	1:3
<b>Total</b>	<b>2,200</b>	<b>498</b>	<b>1:4</b>

**Source:** Capacity Data: Association for the Education of Young Children – Southeast Alaska. Population Data: JEDC estimates based on Alaska Department of Labor population data.

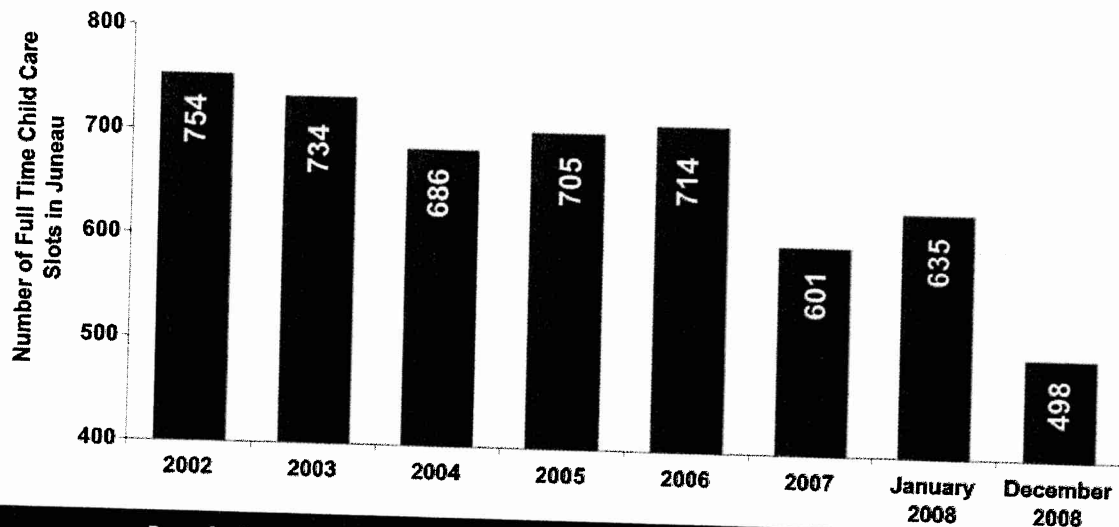
## Change in Capacity, 2002-2008

The current level of 498 child care spots (for children five and under) in Juneau represents a capacity decrease of 34 percent—or 256 slots—from 2002, and includes a 22 percent reduction in Juneau child care capacity during 2008 (see following table). Recent decreases in Juneau child care capacity follow state and regional trends. According to the Association for the Education of Young Children in Southeast Alaska (AEYC), statewide child care capacity has decreased in Alaska during 2008. Child Care Connection Program Manager, Stephanie Berglund cites several reasons for this trend. She says that the rising costs of commodities like fuel and food cause child care rates to increase beyond what parents can afford to pay. If one parent's income is equal to or less than the cost of child care, that parent will often choose to stay home, and providers cannot afford to operate at a loss.<sup>6</sup>



<sup>6</sup> Personal communication, Joy Lyon, AEYC.

### Number of Full Time Child Care Slots in Juneau 2002 to 2008<sup>7</sup>



Year	Population of child care age Juneau children (0 to 5)*	Number of full time child care slots	Ratio of children to slots
2002	2,300	754	1:3.1
2003	2,360	734	1:3.2
2004	2,270	686	1:3.3
2005	2,280	705	1:3.2
2006	2,100	714	1:2.9
2007	2,200	601	1:3.7
2008	2,200	498	1:4.2

Source: Association for the Education of Young Children – Southeast Alaska. \*JEDC estimates based on Alaska Department of Labor population data.

### Plans for Increased Capacity

There are plans to increase the capacity of child care in Juneau:

- Two new small family child care operations are in the process of being approved (however two other small operations are also in the process of closing).
- A new child care center, recently approved by the legislature, is likely to open in October of 2009 with 9 slots reserved for legislators and their staffers, and 33 slots available to Juneau State and City workers. As of January 2009, all of the center's spots were reserved, and families are already on the waiting list for 2010 openings.
- Juneau Montessori is considering expanding its program to include 36 more students in the next year, pending funding.<sup>8</sup>

<sup>7</sup> Chart depicts licensed or approved child care slots only.

<sup>8</sup> Montessori has a five year plan to add 75 new child care slots in total if funding becomes available.



However, even with the possibility of 70 new child care slots opening, there will still be nearly 1,000 Juneau children in need of child care without access to licensed or approved child care facilities.

### *Comparing Capacity to Other Areas*

Juneau's child care capacity is comparatively lower than child care capacity on the state or national scale. In Juneau, there is less than one child care spot for every four children under the age of six, compared to one to 3.5 in Alaska and one to 2.1 nation-wide (see table below).

*Child Care in Juneau, Alaska, US, 2008*

Area	Total Child Care Spaces	Total Children of Child Care Age	Ratio of Capacity to Population of Children Under 6
<b>Juneau</b>	<b>498</b>	<b>2,200</b>	<b>1:4.2</b>
<b>Alaska</b>	<b>17,189</b>	<b>60,400</b>	<b>1:3.5</b>
<b>US</b>	<b>10.8 million</b>	<b>22.8 million</b>	<b>1:2.1</b>

Source: Capacity Data: NACCRRA. Population Data: JEDC estimates based on Alaska Department of Labor population data.

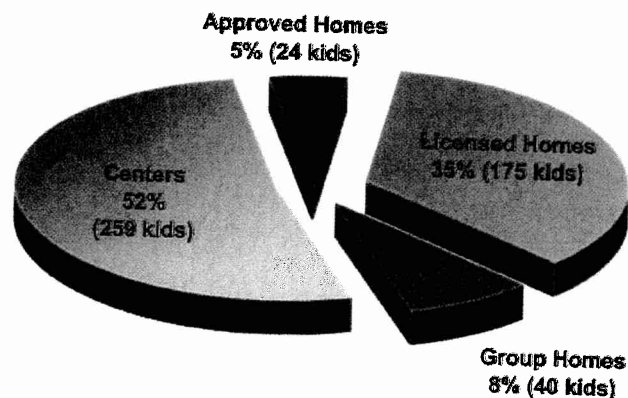
Juneau's reduced child care capacity rate is compounded by the fact that a higher percentage of Juneau children live in homes where available parents work (70 percent) than on the state or national levels (approximately 60 percent).<sup>9</sup> Considering the high need for child care in Juneau, along with the relatively low capacity rates of licensed and approved child care, non-regulated child care is likely playing a large role in Juneau.

### *Child Care Provider Types*

Juneau currently has 42 approved or licensed providers with 498 child care spots.

**Licensed Child Care Providers & Facilities**—Licensed child care providers/facilities are those facilities that possess a current license, issued by the Department of Health & Social Services to operate a child care facility in the State of Alaska.

*Total Regulated Juneau Child Care Spots by Type, December 2008*



Source: AEYC. Note: Percentages are based on total child care slots. There are 498 total child care slots in Juneau.

<sup>9</sup> See previous table: Children Under Six With All Available Parents in the Workforce.

Juneau currently has the following:

- 25 Licensed Child Care Homes serving 175 children;
- 4 Licensed Child Care Group Homes serving 40 children, and
- 7 Licensed Child Care Centers, serving 259 children.

**Approved Child Care Providers**—Approved child care providers are those providers who are otherwise exempt from licensure and who are approved to provide child care services to children whose families receive child care assistance. Juneau has the following:

- 6 approved homes serving 24 children.<sup>10</sup>

## Capacity Limits by Provider Type

The number of children who can be cared for by one adult is limited to 4 to 10 children, depending on the type of child facility, with the limits decreasing to 2 to 6 children for children under 30 months.

*Capacity Limits by Provider Type*

Age	Infants and Toddlers (Below 30 Months)	Total Infants, Toddlers and Preschoolers
<b>Approved Home</b>	2	4 total – if all unrelated 5 total – including own
<b>Licensed Family Home</b>	3 - if one is walking	8 total – including own
<b>Licensed Group Home</b>	5 – if two are walking	12 total – if 2 adults
<b>Licensed Center</b>	5 infants per adult 6 toddlers per adult	Maximum depends on staffing (10 preschoolers per adult)

Source: AEYC

### The Under 30 Months Situation

The number of adults required to care for children under-30-months can be up to twice the number of adults required to care for preschoolers. Since most Juneau providers are one adult operations, the maximum number of under-30-month aged children is often quickly reached. So while a new Licensed Family Home might open with eight new child care spots, only two of these spots can go to non-ambulatory (non-walking) children. While these ratios are critical to insure the safety and quality care of young children, they also limit the ability for providers to significantly increase infant and toddler child care slots. One local provider shared her experience. "I was new to Juneau and everyone talked about the extreme shortage of childcare here. I was encouraged to open my own facility and I thought this would be a great way to stay home with my young son. I love toddlers and thought it would be the perfect fit. But the huge need is really for those in the under 30-month category. Since my son was not walking that meant I could only take one infant."

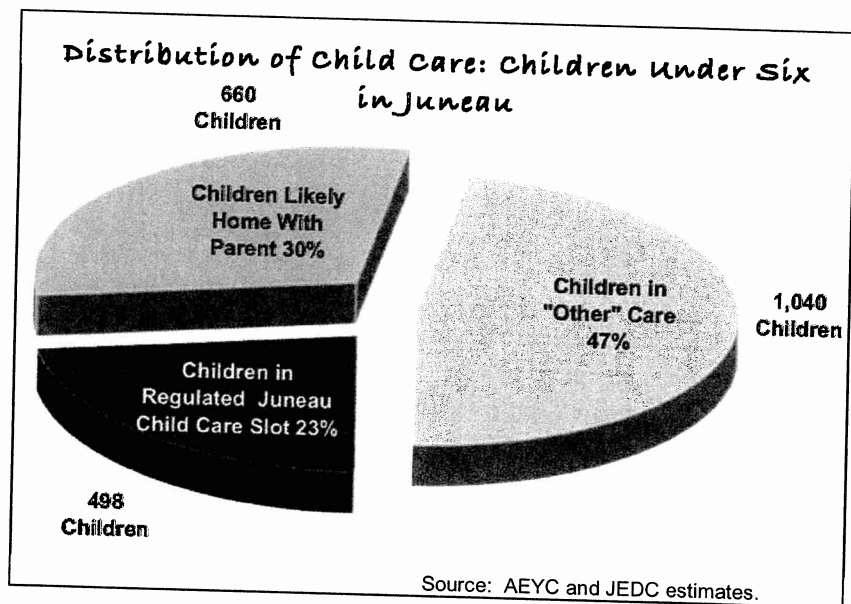
<sup>10</sup> <http://hss.state.ak.us/dpa/programs/ccare/eligible-providers.htm>

## Non-Regulated Child Care Providers

According to the Alaska Department of Health & Social Services (H&SS), any provider in Juneau without a Child Care License from H&SS who is caring for more than four unrelated children is considered an illegally operating provider. The state instituted the child care licensing program in response to past cases of abuse, sexual abuse, and fire hazards in Alaska's child care facilities.<sup>11</sup>

Alternatives to regulated child care also include care by grandparents or other family; splitting work shifts between two employed parents; bringing a child to work; trading care time with friends; or relying on non-licensed, non-approved child care facilities in the community. There are no available statistics on unregulated care providers in Juneau.

There are approximately 2,200 children in Juneau under the age of six, and 498 total child care slots in approved or licensed child care facilities community-wide. Since 70 percent of Juneau children under the age of six live in households where all available parents work, the parents of approximately 1,040 children in Juneau have found a child care alternative to regulated care.



Some available statistics confirm the high usage of non-regulated child care in the Juneau area. Of the sixty-eight current business licenses issued for child care in the city of Juneau, only 24 of them are licensed homes or centers through H&SS. A Twin Lakes child care survey, conducted by AEYC in 2008, asked 200 employees in the Twin Lakes area what type of child care parents of young children were using. Just as many parents reported using non-licensed paid child care providers as reported using licensed or approved care. Joy Lyon, Executive Director of the Association for the Education Young Children in Juneau, expressed concern regarding these findings: "The indications are that a high number of children are in unregulated care with unknown health and safety conditions. Unregulated programs have no background checks of

<sup>11</sup> Case example: R.E. et al v. State of Alaska (7/29/94), 878 P 2d 1341.

adults in the home and may not have CPR, first aid, or child development training. There are no assurances that guns and poisons are locked and secure".<sup>12</sup>

### *Why Providers are Unlicensed*

Many Juneau child care providers choose to remain unlicensed, or have even transitioned from licensed to unlicensed status. To gain more insight into why this is the case, we interviewed several providers, both licensed and unlicensed, about the topic.

Juneau's child care providers note excessive paperwork requirements, administrative time commitments, and a lack of consistency regarding the inspection requirements as licensing frustrations. Providers also point to the licensing agents themselves, who often have no background in early learning or child care, and say that in some cases they feel the agents are working against them rather than with them. One provider called the inspection process "extremely patronizing." Providers also complain that the state licensure system narrowly focuses on safety and does not recognize or reward early learning curriculum. Moreover, while operating a non-regulated child care with more than four children is illegal, there is little to no enforcement of this the law in this area.<sup>13</sup> Unlicensed providers told us that their licensed colleagues advised them not to undergo the process.

While licensed facilities do gain access to food reimbursements (up to \$121 per child per month) and child care grants (\$32.25 per child per month if the facility has children on State assistance) the rewards for complying are minimal. Additional interview notes follow:

- "Something designated as completely safe when one licensing agent visits is said to be a safety hazard by another."
- "I looked into licensing, but there was so much paperwork. It was so difficult to fill it out, and nobody would help me fill it out."
- According to one provider interviewed, she is thinking of dropping her license and three others she knows have already dropped their license to reduce the paperwork and compliance burden.
- Another provider reports she has been in business for twenty-one years and licensed only five of those years. She also is thinking of dropping her license.



<sup>12</sup> Personal communication, November 10, 2008.

<sup>13</sup> Health and Social Services officials will follow up on any reported cases of non-legal child care; however, they do not actively seek out non-compliant providers and are rarely informed of any. If a complaint was issued, non-compliant group or family home operators would be given 30 days to become approved or licensed without penalty. Non-legal centers, on the other hand, would be closed down immediately.

# Costs

## The Cost of Child Care for Parents

The average rate for childcare in Juneau in 2008 was \$729 per child per month, although child care rate ranged from \$400 to nearly \$1,000 per child per month. Average monthly rates for toddlers were slightly higher (\$809), and average rates for preschoolers were slightly lower (\$691). Juneau family homes generally have rates at least \$100 less per month than centers or group homes.

### Average Juneau Child Care Rates by Category, 2008

Infants	Toddlers	Preschoolers	Overall Average
\$756	\$809	\$691	\$729

Source: Mid-2008 AEYC figures: Includes 40 infants, 97 toddlers, and 228 preschoolers.  
Note: Infants are defined as those under 12 months. Toddlers are 12 to 30 months. Preschoolers are 2.5 to 5 or 6, depending on the age of kindergarten entry.

### Range of Child Care Rates: Juneau, Southeast and Alaska, 2007

Area	Infants	Toddlers	Preschoolers
Juneau	\$575-\$967	\$525-\$967	\$400-\$908
Southeast (non-Juneau)	\$575-\$941	\$415-\$1,000	\$495-\$842
Statewide	\$510-\$1,188	\$415-\$1,000	\$230-\$1,100

Source: Alaska Department of Health and Social Services, Division of Public Assistance.

## The Debate Regarding Child Care Market Rates

The last Juneau child care rate survey was conducted in July of 2007. The survey was conducted, in large part, to help determine the new reimbursable rate structure; however, some Juneau providers have stated that they are setting their rates artificially low by matching or remaining near the State reimbursable rates to allow lower income clients to continue to afford child care services. Providers say state reimbursable rates would more accurately reflect actual operating costs if the survey questions reflected how much businesses actually cost to run, instead of how much owners charge. The Alaska Department of Health and Social Services plans to conduct a second survey, with refined methods, early next year. New rates based on that survey would go into effect in mid-2009.



## Juneau Household Costs

Child care is expensive and constitutes a significant percentage of low-income and middle-income family budgets in Juneau. In 2000, the median family income for Juneau families with children under the age of 18 was \$64,084. While median incomes today are likely somewhat higher, even based on a \$72,000 median family income, average child care costs for one child would account for 13 percent of a family's adjusted gross (post-tax) income.<sup>14</sup>

### Median Juneau Family Income by Family Type, 2000

Family Type	Median Family Income
<b>All Families with own children under age 18</b>	<b>\$64,084</b>
Married-couple families with own children under age 18	\$77,664
Single-mother families with own children under age 18	\$29,634
Single-father families with own children under age 18	\$38,750

Source: Population Reference Bureau, analysis of data from U.S. Census Bureau, 2000 Census Summary File 3 (Tables P15, PCT39 & PCT40)

### Median Juneau Family Income by Family Type, 2007

Family Type	Median Family Income
<b>Estimated 2007 Median Juneau Family With Children Income</b>	<b>\$72,000</b>
<b>Federal Taxes Based on Above*</b>	<b>\$4,370</b>
<b>Adjusted Gross Income</b>	<b>\$67,630</b>

\*Turbo Tax, 2007 tax year. Tax scenario includes child care tax credit.

## Juneau Household Costs

Juneau Annual Household Costs	Annual Costs	Percent of Post Tax Income
<b>Housing</b>		
Average Annual Mortgage in Juneau*	\$23,748	35%
Average Annual Rent in Juneau*	\$14,400	21%
<b>Average Child Care in Juneau (1 child)</b>	<b>\$8,748</b>	<b>13%</b>
<b>Average Food Costs in Juneau (family of 4)**</b>	<b>\$6,500</b>	<b>10%</b>
<b>Average Heating and Electricity Costs in Juneau*</b>	<b>\$4,560</b>	<b>7%</b>
<b>Average Annual Contribution for Family Health Care Coverage<sup>†</sup></b>	<b>\$3,500</b>	<b>5%</b>

\*CBJ, 2006; \*\*University of Alaska Fairbanks Cooperative Extension Service; <sup>†</sup>Kaiser Family Foundation, 2008. US average.

<sup>14</sup> In a household with two children in child care, child care costs would account for 26 percent of a family's adjusted gross income.

# Early Education as Economic Investment

## *Return on Investment*

There have been many economic studies regarding the potentially large returns to early childhood education for lower income children.<sup>15</sup> Decades of scientific research show that child care and preschool programs later result in lower drug use, lower crime, fewer families receiving welfare, and higher graduation rates.<sup>16</sup> Studies show conclusively that high quality early childhood education provides a significant return on investment for communities. Financial returns can be as much as \$17 to every dollar spent on infant, toddler and preschool care.

## *The Impact of Working Mothers*

Child care availability and affordability plays a key role in the economic development of communities. The increased availability of affordable, high quality, and reliable child care in Juneau would enhance the work readiness of the local population, particularly Juneau female potential workers, and as a result, enhance the city's economic growth.

## *Additional Resources*

A 2006 report by the McDowell Group entitled, "The Economic Impact of Early Education and Child Care Services in Alaska," does not break out Juneau economic impacts specifically, yet provides excellent state-wide statistics and research on economic impact issue.

## The Cost of Child Care for Providers

The Juneau Economic Development Council conducted executive interviews with 11 licensed Juneau child care facilities in December of 2008 to ask about the costs of providing child care in Juneau. Interviews were conducted with directors of three child care centers, three group homes, and five child care homes. The quality of care in the facilities varies greatly. Some are educational and take children on frequent outing such as weekly ice skating, while others focus on play and care at the facility. Expense per child among providers interviewed varies from \$1,000 (excluding owners salary) to over \$9,000 per child per year (for facilities that included salaries as part of expense). The results of that study are attached as an appendix to this report.

<sup>15</sup> A key difference in lower and higher income homes appears to be the number of hours an adult reads to a child. A typical child from a middle class family is read to over 600 hours by kindergarten age, while children from low income families receive an average of 25 hours per child.

<sup>16</sup> Alaska educators have called dropping out the result of an accumulative failure, which can start before kids even enter public school and some said they know which kids are not going to graduate high school on the first day of kindergarten. "Some children show up knowing how to read, while others come not even knowing what the colors are." ADN

Generally, child care providers in Juneau earn significantly less than those in other professions. According to the Alaska Department of Labor, child care workers in Southeast Alaska earn an average of \$10.74 per hour, which translates into an annualized salary of \$22,340, or 45 percent below Juneau's average annual salary of \$40,380.<sup>17</sup> In many cases, child care workers are not required to have specific schooling or experience, while other child care workers are highly educated professionals in the field of early education. Child care earners on the higher of the wage scale (the 90<sup>th</sup> percentile level)<sup>18</sup> still only earn \$13.72 per hour, or \$28,500 annually.<sup>19</sup> Elementary school teachers in Southeast Alaska, by comparison, earn an average annual salary of \$56,300.

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<sup>17</sup> <http://www.labor.state.ak.us/research/wage/matrixt.htm>

<sup>18</sup> At the 90th percentile, 90 percent of all wage earners in that occupation make that wage or less, and conversely, 10 percent make more than that wage.

<sup>19</sup> <http://www.labor.state.ak.us/research/wage/seoes.htm#39-9011>



# Juneau Child Care Problem Analysis

The “problem” with child-care in Juneau may seem fairly obvious at first glance. As we engage stakeholders involved in the world of child care (like with many other problems), it becomes apparent that the “problem” looks very different to different people. Recognizing that a common understanding or definition of the problem is critical to constructively addressing it, JEDC provides a problem analysis, using our own understanding of the relevant issues as well as receiving input from a diverse set of Juneau child care stakeholders.

With input from others, JEDC’s analysis of the problem with child-care has produced a central problem statement that describes the core issue we need to address. We then proceeded to identify the various causes of this problem and were able to group these causes into different categories. When we consider causes, it is important to discern the relative importance of the causes, whether they are increasing/decreasing in intensity, and to what degree these causes can be effectively acted upon (and by whom). Finally, we looked at the consequences of the problem, similarly grouping them by themes. It is important to try to understand both the qualitative and quantitative nature of these effects, including who are the most affected and whether these effects tend to grow or diminish over time. Once we have conducted a problem analysis, we are better able to address causes and mitigate effects—and, hopefully, reduce or eliminate the problem.

As people in our community continue to address this important issue, we provide a basic problem analysis to assist in these discussions.



## Problem Statement

***Lack of legal<sup>20</sup> child care available to meet the needs of working parents in Juneau***

## Causes

### RELATED TO HUMAN RESOURCES

#### *Cause A. Child care is an unattractive industry for providers and workers*

##### ***No health or retirement benefits available***

While there are always exceptions, child care work does not usually provide benefits. Providers may be covered by the health benefits of their spouses, but forgo building up a retirement investment in themselves.

##### ***Low child care salaries are not commensurate with the responsibilities and work involved***

According to the Alaska Department of Labor, child care workers in Southeast Alaska earn an average of \$10.74 per hour.<sup>21</sup> This translates into an annualized salary of \$22,340—45 percent below Juneau's average annual salary of \$40,380—meaning there are plenty of other more highly paid positions that child care workers could choose. Highly qualified child care workers have even more options. Elementary school teachers in Southeast Alaska, for example, earn an average annual salary of \$56,300.<sup>22</sup>

##### ***Long hours required***

Child care workers, especially owners of home child care businesses, typically work 50 hour weeks or more.

##### ***No breaks, sick leave, or vacation time***

Child care providers working by themselves have no opportunity to take breaks during the day. Providers usually have no sick leave, and may feel pressured to come to work sick, rather than canceling child care on their clients. Child care workers also have limited opportunities to take vacations as parents pressure providers to provide as much coverage as possible.

#### *Cause B. General lack of appreciation for child care workers by public, parents or government*

Child care workers generally have a low status in society. Parents are often not well educated regarding the low pay and high work associated with child care, and can be demanding and lacking in appreciation. While K-12 education is well funded, early childhood education in Juneau has not attracted the support of government and government funding.

#### *Cause C. Child care facilities find it difficult to attract and retain qualified staff*

Child care facilities are unable to offer attractive compensation packages to workers, which makes attracting and retaining qualified staff difficult. Facilities that cannot adequately staff their facilities must reduce the number of child care slots available.

<sup>20</sup> "Legal" child care means that a child care facility is State licensed or approved or has no more than four children.  
<sup>21</sup> <http://www.labor.state.ak.us/research/wage/matrixcd.htm#21-1021>  
<sup>22</sup> <http://www.labor.state.ak.us/research/wage/matrixt.htm>

## RELATED TO BUREAUCRACY

### Cause D: State Licensing requirements are burdensome.

#### *Time/effort requirements*

Child care licensing is critical to insure that children are being cared for in safe environments; however, some of the regulations surrounding child care licensing appear to be limiting the number of providers willing to take part in the state sanctioned child care system. Many providers feel that compliance with the regulations are needlessly time consuming and onerous, especially as licensing requirements come on top of already demanding time intensive child care jobs.

#### *Oversight*

Some providers note a perceived lack of support from child care licensing specialists themselves. Licensing specialists are not required to have home-visiting, customer service, or other special training to regulate early education facilities and sometimes lack sensitivity to the unique dilemmas providers face.<sup>23</sup>

### Cause E: There are few incentives to become licensed

#### *Lack of enforcement*

According to state law, child care operations with more than four children (not related to the provider) must be licensed, or are providing illegal care. However, because these operations are rarely reported to the State, this law is rarely enforced. Aside from legal compliance there are few other incentives for a provider to become licensed.

#### *Low state subsidy*

State support for Alaska's early education and child care system is currently extremely limited. While licensed providers do have access to State child care reimbursement funds, currently only a small percentage of parents qualify for that limited assistance. Providers also may be eligible for a \$32 per month per child grant; however, these paybacks are simply not enough incentive to become or remain licensed.

### Cause F: CBJ Allowable Use Permit discourages group homes

In order to change status from a family home (up to 8 children) to a group home (9 to 12 children) providers must apply for an allowable use permit from CBJ. The current process governing this has been criticized as expensive and time consuming for providers, especially when coupled with State regulatory requirements. The CBJ also has a couple other minor fees it levies on child care providers in Juneau.

## RELATED TO THE "BUSINESS" ASPECTS OF PROVIDING CHILD-CARE

### Cause G: Child care businesses have short life spans

Lack of sustainability surrounding child care operations exacerbates capacity shortages. Providers often enter into the child care service profession on a short term basis for two reasons:

<sup>23</sup> Health and Social Services staff note that applicants with early childhood education backgrounds are considered more desirable.

***Mom providers age out of system***

Providers are often mothers of young children themselves, begin child care operations when they have a child of toddler age, and end when their child begins kindergarten.

***Child care businesses harder, less profitable to run than expected***

Other providers enter into the child care industry, only to find that the overall efforts are larger than expected, the paybacks fewer, and close after a brief operational period (usually a year).

**Cause H: Business expertise amongst many entrepreneurs in child-care care industry is inadequate.**

Providers often lack business expertise resulting in child care businesses that are not successful financially, and are therefore not sustainable.

**Cause I: Current enterprises engaged in child-care are operating typically with low or no profit.**

Child care is not a highly profitable industry. Even providers with well organized enterprises are not likely to earn a salary commensurate with the time and energy invested in their child care businesses. Low profit potential makes it hard to attract and retain child care businesses in this community.

**RELATED TO THE ECONOMY**

**Cause J: Juneau has a low rate of unemployment**

The local unemployment rate (4.4% in 2007) is low, and many organizations (such as Juneau's box stores) are competing for the same entry level employees. Since child care is a low paying industry, the low unemployment rate makes it that much hard to attract qualified child care workers.

**Cause K: Juneau has a high cost of living**

Juneau is generally considered to have a high cost of living. According to the Alaska Department of Labor, the number of wage earners needed to buy an average house is 2.1 per house.

***Higher participation in workforce of parents***

The higher costs of living appear to have driven more parents of young children to participate in the workforce: 70% of Juneau's children under six have working parents (compared to 60% Alaska and nationally). Because of the greater participation in the workforce, the demand for child care is higher in Juneau.

***Cost of running child care businesses high***

Juneau's high costs translate into high operating costs of local child care facilities.

***Parents cannot afford to pay more***

Normally, high market demand and low supply of a commodity would lead to increased pricing. However, child care operations, while struggling financially themselves, have not priced their operations at a higher level because their customers include those least able to afford increased expenses. Currently the average cost of child care (for one child) in Juneau is 13 percent of the adjusted gross average income for a Juneau family with children. Providers don't feel they can charge enough to make operating a child care worthwhile.

## Consequences (or Effects)

### **CONSEQUENCE A: JUNEAU IS A LESS ATTRACTIVE PLACE TO RAISE FAMILIES**

Lack of child care makes Juneau an unattractive place for young families. The current child care situation is a source of tremendous stress for families with children of child care age, or those planning families. Wait lists of two years or longer mean child care availability drives workforce decisions for families rather than supporting workforce decisions. Families have left town over this issue, and other families have chosen not to move to Juneau after learning of the lack of child care.

### **CONSEQUENCE B: CHILDREN ARE POTENTIALLY IN UNSAFE OR SUB-STANDARD CARE**

#### *Unlicensed facilities in high demand*

There is concern that so many children in care outside of the regulatory care framework provides an unacceptable risk that children are being cared for in either unsafe environments or by workers who are a hazard to the children. Child care is licensed in Alaska in part because past abuses of children made it necessary and because the state recognizes that those who care for children must meet minimum health and safety standards, have a basic understanding of child development, and have a commitment to professional development. Children in unlicensed care are outside the system and cannot be protected by the State.

#### *Parents accept substandard care because they feel they have no alternatives*

Parents are unlikely to report illegal child care operations because they may have no other care options.

### **CONSEQUENCE C: THERE IS LACK OF QUALITY CARE OPTIONS**

#### *Lack of Early Learning Programs*

Early learning happens in all care environments whether they are at home, in family child care, or through a pre-school program. High quality child care offers children engaging opportunities to learn through play, establish positive social skills with peers and adults, become familiar with life outside of the home, and may include an academic curriculum. A lack of child care availability also means a lack of high quality programs. Parents in Juneau have minimal options to place their children in facilities that provide high quality engaging learning opportunities. Too few high quality early learning opportunities mean that some children are entering kindergarten at a disadvantage, and already behind.

#### *Not catering to needs of child*

Even within the regulated (state licensed or approved) child care system, care facilities may not serve the best interests of particular children very well, but parents do not have the flexibility of finding best placement scenarios for their children. There are also numerous cases of children shuttled around—up to three times per day every day—to attend different child care facilities due to availability.

### **CONSEQUENCE D: JUNEAU'S BUSINESS COMMUNITY FACES INCREASED OBSTACLES TO SUCCESS**

Juneau's low unemployment rate means that employers are looking to hire from a small pool of available labor. Increased child care would increase the Juneau labor pool, and increased child care options—such as off hour child care options—would increase the ability of Juneau parents to better meet the labor needs of Juneau's business community. There are currently 1,800 parents of children under the age of six in Juneau. Less than a quarter of that group (24 percent) is currently served by licensed child care.

# Appendix I: Provider Costs

## Juneau Child Care Centers—Average Revenues and Expenses

### Revenues

Parent Paid Tuition	\$231,200
Child Care Assistance Income	56,100
Child Care Food Program	6,800
Child Care Grant	12,900
Other Income	14,300
<b>Total Revenues</b>	<b>\$321,300</b>

### Expenses

Wages and Benefits	\$230,000
Rent or Mortgage	14,000
Utilities	7,000
Maintenance	400
Other Fixed Operating Expenses	40,000
Food and Consumables	24,000
<b>Total Expenses</b>	<b>\$315,400</b>

### Earnings

**\$5,900**

**Expenses per Child - \$8,500**

**Size of facility - 2,900 square feet**

**Average # of children - 37**

**Average # of Staff - 8**

**Revenue per Child - \$8,700**

**Daily Hours of Operation - 10.2**

**Hours per Child per Day - 9**

**Annual Days of Operation - 242**

Child Care Centers are defined by the State as child care facilities for thirteen or more children. The business model of a for-profit is quite different than that of a non-profit, so averages only tell part of the story. These averages are based on three centers interviewed in Juneau, which ranged in attendance from 27 to 54 children. Tuition ranges from \$645 per month to \$967 per month.

Non-profit centers reported annual losses (despite best efforts to contain costs). One center pays reduced rent but has a high cost of employee benefits, including health insurance. The centers had a high amount of bad debt from parents who were not able to keep current with their child care expenses. To make ends meet, one center invests a significant amount of time in fund raising. Funding has not been available for needed renovations and improvements at the facility. A for-profit child care center interviewed is located in the owners' residence so a portion of household expenses can be written off for tax purposes. That business provides a profit to the owners (included in above earnings, but averaged with losses from non-profits).

Annual payroll costs vary from \$15,167 to \$31,412 per person. Employees include teachers with degrees and certificates who are paid much lower wages than they could earn at the school district. All centers report a difficulty finding quality staff. Centers have lost staff over the years to the school district since they can't afford competitive pay or benefits. Centers have staff costs as high as 87% of their budget and say that finding good quality and experienced staff is challenging. According to one director "The lion's share of our budget goes into staff and it is hard to get people as talented and devoted as we want to care for our children with what we can afford to pay them." Nikki Morris, referral counselor for AEYC, states "There has been a trend in child care centers to lower capacity since they are having a difficult time staffing." She learned recently that one center in Juneau dropped over forty spots for children due to their staffing shortage. Only one of the centers receives reimbursement from the food program but all receive the state Child Care Grant.

## Group Home Child Care—Average Revenues and Expenses

### Revenues

Parent Paid Tuition	\$53,400
Child Care Assistance Income	11,300
Child Care Food Program	4,700
Child Care Grant	2,300
<b>Total Revenues</b>	<b>\$71,700</b>

### Expenses

Wages and Benefits	\$10,300
Rent	7,200
Utilities	5,100
Other Fixed Operating Expense	9,400
Food and Consumables	10,400
<b>Total Expenses</b>	<b>\$42,400</b>

**Earnings (includes owners salary)**

**\$29,300**

**Expenses per Child \$4,400<sup>24</sup>**

**Size of facility –1250 square feet**

**Average # of children – 9.7**

**Average # of Staff - .6**

**Revenue per Child - \$7,400**

**Daily Hours of Operation – 9.8**

**Hours per Child per Day - 9.2**

**Annual Days of Operation - 247**

Group homes are usually in occupied residences and accommodate nine to twelve children and are usually operated by the business owner and one staff member. A group home can have up to ten children with only one adult if the adult has training and experience.

Owner's profits were between \$23,000 and \$38,000 per year, which for a 60 hour week equates to between \$9.20 and \$15.20 per hour given the number of days they are open. Their staff was paid approximately \$7.50 per hour. One group home had no staff, one had part time staff and one had full time staff. A business owner noted, "This industry attracts young, single people who don't have any benefits. They also get sick a lot due to their contact with numbers of children."

One of the group homes paid rent for their facility, but the other two operated out of their homes and were able to deduct home expenses for tax purposes. All of the programs received the state Child Care Grant and reimbursement from the food program.

The amount spent on children's supplies for art and activities varied from \$850 per year to \$4,800 per year. Revenue per child varied from \$5,500 to \$9,000 per year. The provider with the highest rates was getting ready to raise her rates again and has a waiting list for her program. She also spends the most per child on supplies and activities.

According to Joy Lyon, Director of AEYC-SEA, the group home is an ideal situation. There is a good ratio of one adult per six children, the owner can write off a significant amount of their home expenses, they get the highest rate of reimbursement from Child Care Assistance, and it's still in a home setting, which can be more comfortable for young children. One down side is the challenge of getting a conditional use permit that is needed from the city to operate the group home.

<sup>24</sup> Owner's salary is EXCLUDED from this figure.

## Juneau Family Child Care Homes -Average Revenue & Expense

### Revenues

Parent Paid Tuition	\$33,200
Child Care Assistance Income	13,500
Child Care Food Program	2,700
Child Care Grant	900
<b>Total Revenues</b>	<b>\$50,300</b>

### Expenses

Wages and Benefits	\$0
Rent	7,000
Utilities	900
Other Fixed Operating Expense	5,600
Food and Consumables	8,400
<b>Total Expenses</b>	<b>\$21,900</b>

**Earnings (includes owners salary)** **\$28,400**

**Expenses per Child - \$3,650<sup>25</sup>**

**Size of facility -1160 square feet**

**Average # of children - 6**

**Average # of Staff - 0**

**Revenue per Child - \$8,400**

**Daily Hours of Operation - 10**

**Hours per Child per Day - 9**

**Annual Days of Operation - 238**

Child care homes are defined as facilities, usually in occupied residences, for no more than eight children. The homes that were interviewed have between 3.5 full-time children and eight children and charge between \$544 and \$900 per month. Income for these single person operated homes ranges from \$28,000 to \$40,000 annually or \$11.66 to \$16.00 per hour. Owners keep their costs down by operating out of their homes and can take tax deductions for the home, but have long and often stressful days.

According to Nikki Morris at AEYC, mothers often start child care homes because they can't find care for their own children or they want to stay home with their young child while still adding to the family income. Of the 31 child care homes she does referrals for, she is aware of 16 of them who have young children of their own that they are also caring for.

Ms. Morris has found that the average rate of turnover among family child care homes is around 50% per year. She says it's because the new providers find out it's not what they thought it would be like; it doesn't fit in well with their family, it is long hours, low pay for the level of responsibility, parents don't always pay their provider in full, and it's hard for these providers to do collections.

Of the sixty-eight business licenses in Juneau for child day care, thirty-two were first issued in 2008. Ten of the businesses are at least five years old and only seven of those are ten years or older. What is not known is how many businesses are operating illegally, without either of the required licenses.

The recordkeeping of the child care homes seemed the least professional and current. Numerous providers were contacted before finding five who had the time and had enough information to provide for the interview. All providers complained about the burdensome paperwork required by licensing, questions were often repetitive, and that there was turn-over among licensing agents, causing delays and confusion.

From examining the data obtained, it appears that by raising prices and improving business skills, the lower paid business owners could increase their compensation. Business training could assist these child care providers in making the best financial choices for their child care home.

<sup>25</sup> Owner's salary is EXCLUDED from this figure.