

Early Care & Learning in Alaska

It's an essential investment, now and in the future.

2020 ECONOMIC IMPACT REPORT



- ▶ Prepares children for school and life
- ▶ Fundamental for workforce participation and a higher standard of living
- ▶ Directly generates jobs and income
- ▶ Economic benefits that far exceed costs

Greater Investment will benefit Children, Families, Businesses and Communities

Alaska's Early Care & Learning Sector is an Economic Generator

Alaska's Early Care & Learning (ECL) sector* accounts for more than **half a billion dollars** of economic activity annually.



\$275 million
in labor income



Over 8,700 Jobs

including direct
and indirect jobs



\$587 million
in economic activity

* ECL Definition: ECL services includes all types of child care, including formal (licensed, regulated) services and informal (ad hoc, temporary, and other forms of care).

Over **\$390 million** is spent on early care & learning services and programs in Alaska



Note: Spending in the sector is likely higher, as these figures do not include U.S. Department of Defense spending in support of military ECL programs, local government spending, or business spending on child care assistance benefits for employees.

ECL sector economic impacts include:



Jobs with ECL services and program providers



Spending by ECL providers

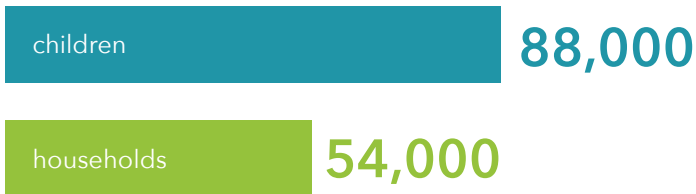


Spending of wages earned by ECL providers

Every dollar spent on early care & learning in Alaska generates **\$1.50** in economic activity!

Demand for Early Care & Learning Services is Greater than Supply Throughout Alaska

More than 88,000 children in 54,000 households are in need of ECL services in Alaska.



Note: Children 0 through 12 years of age.

Children in ECL Services



Of children under 6 years of age

Of children under 6 - 12 years of age

94% of children not in ECL services stay home with a household member

Alaska households need ECL services for a variety of reasons

Alaska households with children in ECL services report the following factors are important in their decision to use services.



Provide social interaction, learning, and other enrichment for children



Allow adults to be employed

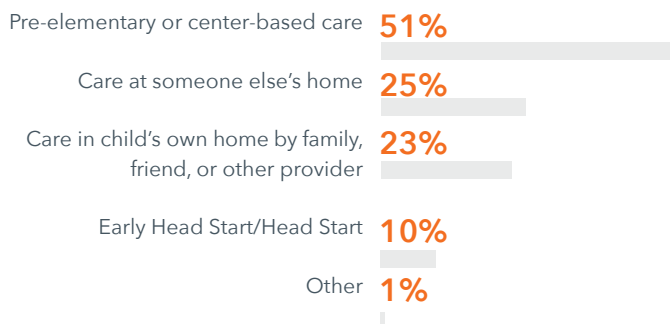


Allow adults time for activities outside of work

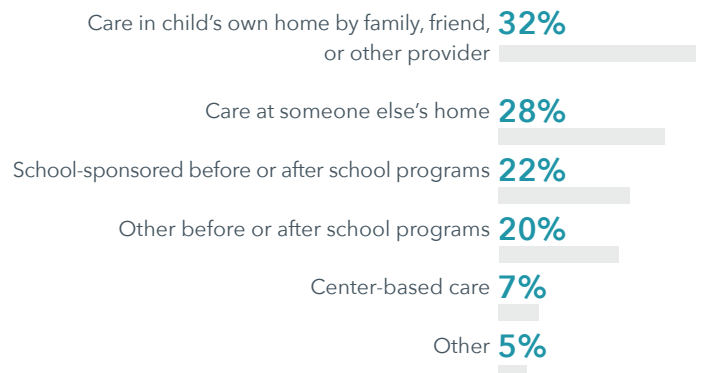
64% of Households ► consider allowing adults to be employed as the most important factor in their decision to use ECL service.

Type of ECL services received varies by age group

Under 6 years of age



6 - 12 years of age



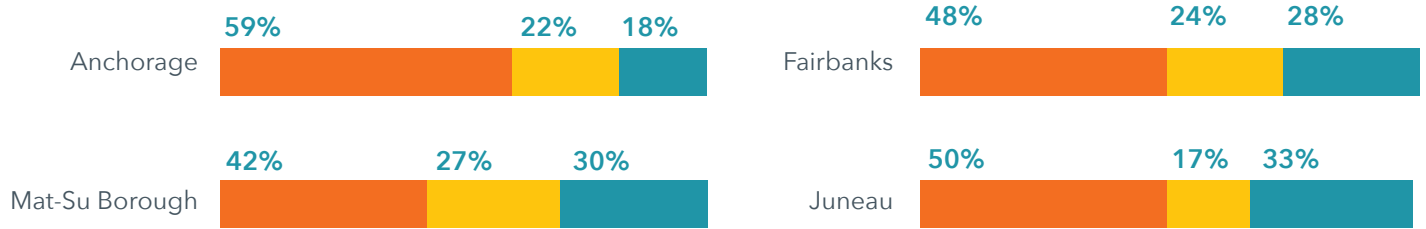
Results include children in multiple types of care.

Population Centers in Focus



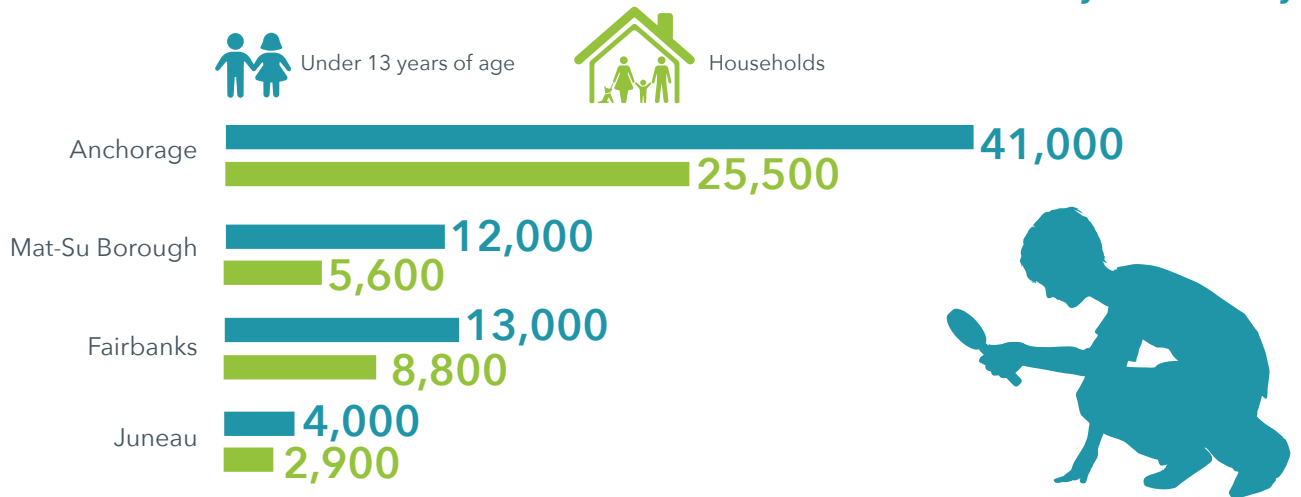
ECL service factors with the greatest impact on household member's ability to participate in the workforce

● Cost ● Quality ● Availability



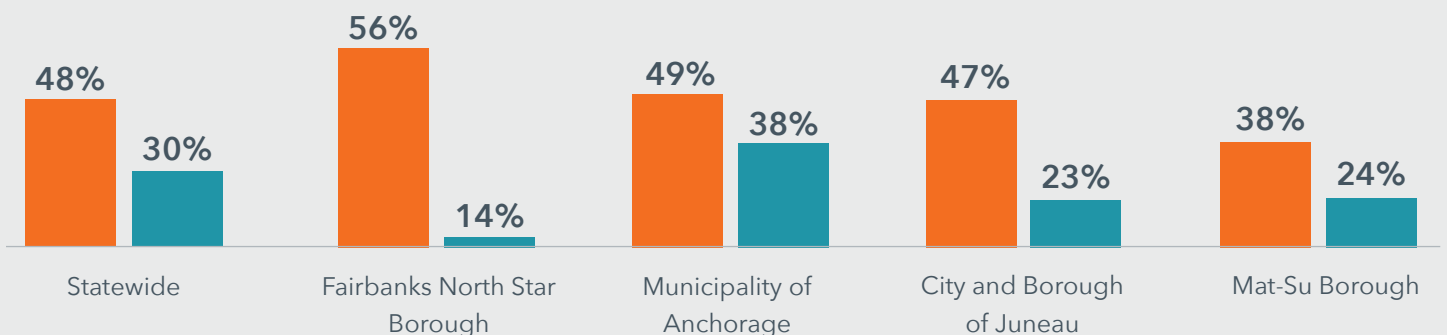
Note: numbers may not add to 100% due to a small percent of survey respondents who did not answer the question.

Estimated number of children and households in need of ECL services, by community



Percent of children in ECL services, by community

● Under 6 years of age ● 6 - 12 years of age



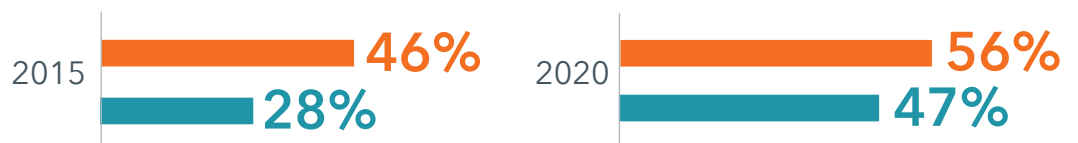
Access to Early Care & Learning Services is Becoming Increasingly Difficult for Alaska Families

Finding suitable ECL services is difficult or very difficult for **52%** of households with children in ECL services.



Difficulty accessing services has increased since 2015

● Under 6 years of age ● 6 - 12 years of age

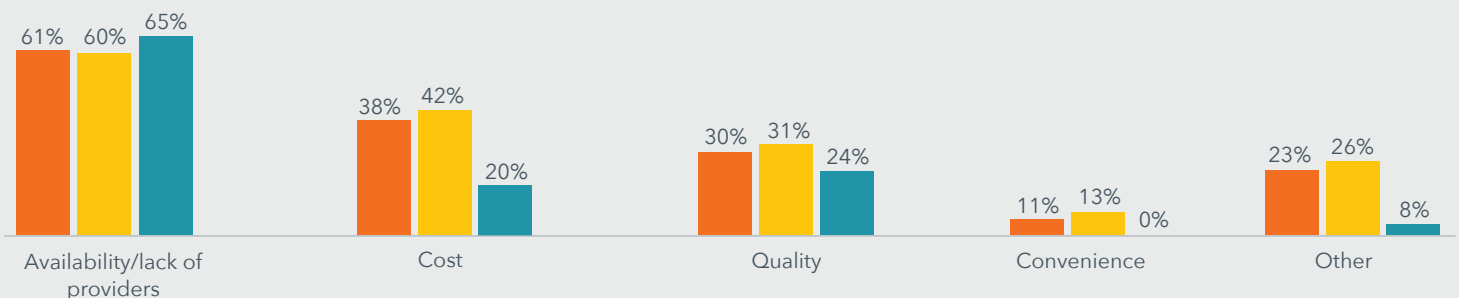


Difficulty finding care is greater in rural communities than urban areas.



Barriers to finding ECL services*

● Total ● Urban ● Rural



* For families who report difficulty finding care for their child.

Cost of Early Care & Learning Services is a Financial Burden for Many Alaska Families



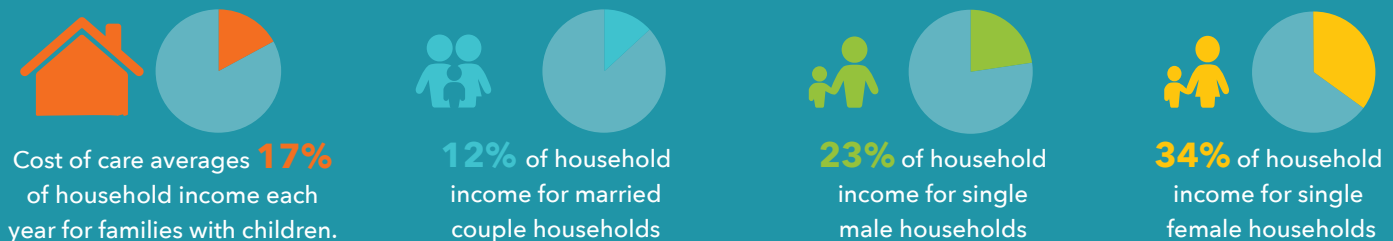
Alaska households with children spend an average **\$520 per month** per child, or **\$6,200 per year**, on paid ECL services.



Note: Averages include children in full-time, part-time, or occasional care.

Full-time center-based care for a family with two children can cost over **\$15,000** per year.

Average cost of care as a percentage of household income



Financial assistance from an employer or the government is used to help pay for ECL services for **12%** of children.

Alaska's Early Care & Learning Workforce - Big Responsibilities / Low Wages

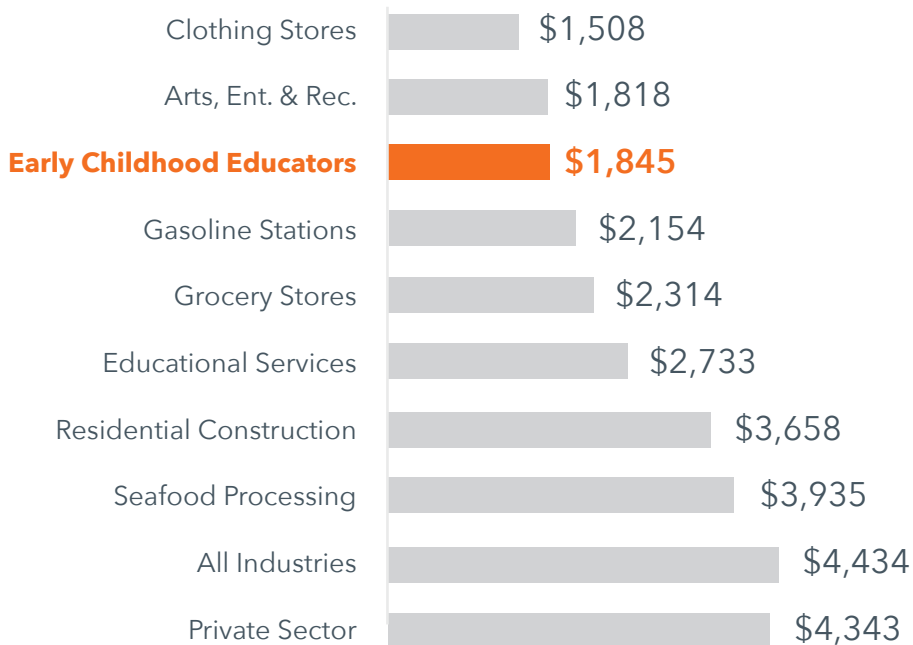
Employment in Alaska's ECL sector



6,500
professionals

care for and educate young children when not with their parent, guardian, or other household member.

Average monthly wages for selected sectors



Note: Most recently available data from Alaska Department of Labor and Workforce Development, 2017.



90% of early care and learning jobs are in the two lowest-paid occupations in the education sector: child care professionals and preschool teachers (public and private combined).

9 of 10 child care professionals earn **< \$25,000** annually as do 6 of 10 preschool teachers.

This indicates that many child care professionals in the industry work part-time and rely on income from other household members.



Wages in the ECL sector are among the lowest in the economy, yet the people employed in this sector are entrusted with the care and education of children at a critical time of learning.

Low wages result in:



High employee turnover rates



Difficulty recruiting and retaining trained and skilled educators



Challenges providing continuity of care (impacts quality)

In terms of actual purchasing power, the average wage paid to early childhood educators in Alaska is **15% below** the national average.



Child Day Care Services sector employees earn

42%

of the average wage for all Alaska workers.



43%



62%

Worker turnover is high in the sector.

Among all professionals in the Child Day Care Sector in 2015, 43% were not with the same employer the following year and 62% were not after two years.

Early Care & Learning Services Make a Stable Workforce Possible



ECL services allow adults in families to work, earn more income, and enjoy a higher standard of living.



43,300

Parents and caregivers are in the workforces because of ECL services



\$1.9 billion

In wage are earned by parents and caregivers because of ECL services

 \$41,000 ↑

Average increase in earnings for a two-parent household with the second parent in the labor force

 \$62,000 ↑

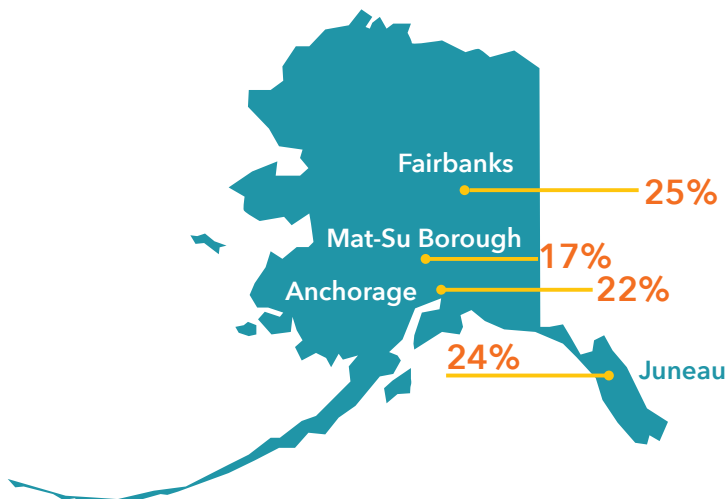
Average earning for a single father able to participate in the labor force

 \$50,000 ↑

Average earnings for a single mother able to participate in the labor force

Lack of access to ECL services restricts employment

Percentage of households in which at least one household member is not employed or working less because of lack of access to ECL services.



Factor with the greatest impact on families' ability to find child care



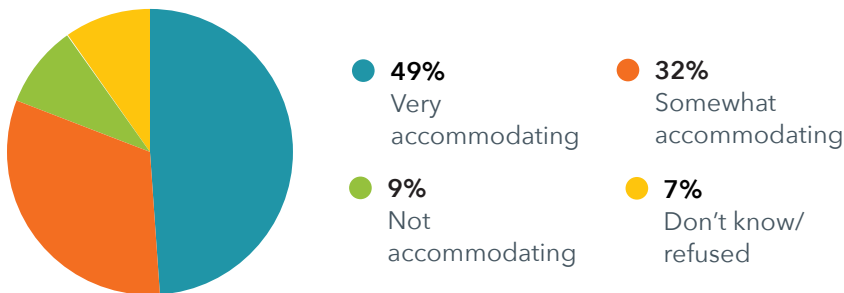
- 51% Cost
- 28% Availability
- 20% Quality

Note: Among households with a member not employed, or working less hours because of lack of access to child care.

1 in 5 households cannot fully participate in the labor force due to the cost, availability, or quality of ECL services.

Businesses Benefit from Supporting Employee Early Care & Learning Needs

8 out of 10 employees in Alaska report their employer accommodates at least some of their ECL needs.



Employers who support employees with children benefit in a number of ways.

42%

Better employee retention

34%

Higher job satisfaction

12%

Greater productivity

6%

Reduced training costs/
lower turnover

5%

Easier recruiting



Employer supports for workplace issues related to ECL needs, such as **absenteeism and productivity**, include:

- ▶ Operation of on-site ECL services, including free or reduced rates and priority access.
- ▶ Secure spots with third-party ECL providers for children of employees.
- ▶ Financial assistance to subsidize the cost of ECL services.
- ▶ ECL referral services.
- ▶ Flexible schedules.
- ▶ Dependent Care Assistance Plans.

Benefits of Investment in Early Care & Learning



ECL services are a critical aspect of Alaska's socioeconomic fabric and offer a range of benefits. These benefits:

- ▶ Fill a critical role in early childhood learning and brain development.
- ▶ Make it possible for thousands of Alaskans to work.
- ▶ Prepare our future workforce.



Public and private investments are needed to support a sustainable and effective ECL workforce and affordable, high quality, and accessible ECL services. Opportunities for change include:

- ▶ Diversify early childhood system financing and ensure livable wages for early childhood educators.
- ▶ Maintain costs for ECL services at a level families can afford.
- ▶ Ensure children have access to high quality care that is safe, healthy and playful.
- ▶ Support businesses that invest in ECL, family-friendly policies, and child care support for their employees.

Alaska's opportunity for change

Though there is growing recognition of the importance of quality ECL to Alaska families and the economy, little progress is being made in key areas:

- ▶ Access to quality care is getting more difficult, especially for infants and toddlers.
- ▶ More than 1 in 5 families is unable to fully participate in the workforce, due to lack of access to care.
- ▶ Families continue to bear most of the ECL cost burden.
- ▶ ECL labor force wages remain among the lowest in the economy.
- ▶ Only 15% of working parents in Alaska receive ECL-related benefits from their employer.

Alaska's opportunity is to support meaningful levels of public and private investment in ECL that benefits children, families, communities, and the economy overall.

This economic impact report was prepared for the Alaska Early Childhood Coordinating Council (AECCC) with generous support from:



The Alaska Early Childhood Coordinating Council (AECCC) promotes positive development, improved health and mental health outcomes, and school readiness for Alaska's children, prenatal through 8 years of age. The AECCC creates a culturally responsive, comprehensive, and accessible service delivery system that links service providers, empowers families, and engages communities. The AECCC facilitates integration and alignment of services, planning efforts, resources, policy development, and funding as well as strengthens connections between health, mental health, education, family support systems, and public and private partners.

Note: All data in this report was collected and analyzed prior to the current COVID-19 situation.

Prepared by:



Formerly McDowell Group

Juneau • Anchorage