
House Bill 121

Providing for a child care tax credit for certain taxpayers



HB 121

-Takes existing education tax credit and amends it to include expenditures by employer to operate a child care facility for employees, contributions of cash or equipment to child care facilities operated by nonprofit corporations attended by one or more of taxpayer's employees, or payments to employees for purpose of offsetting employee's child care costs.

-The education tax credit is currently reflected in the insurance tax, net income tax, oil and gas production tax, oil and gas property tax, mining license tax, fisheries business tax and fisheries landing tax.



HB 121

- Recognizes the urgent need for better access to child care in the State of Alaska.
- Covid-19 pandemic laid bare the lack of access for child care for many, and the impacts on working families.
- HB 121 works to build off of the existing education tax credit to help foster child care facilities and incentivize access to child care.
- Would allow employers to deduct credits against existing Alaska taxes, including for their own child care facility or a stipend to send employee's child to existing child care center.

Covid -19 Pandemic exacerbated and exposed economic inequities

-Between Feb 2020-Nov 2020, there were 2.2m fewer women in the workforce.

-Contributing factors include service industry jobs and work where they are forced to choose btwn child care and work, or work that could not be done remotely.

-Even in families where a parent could work from home, we know that trying to take care of children and carry a full workload was a challenge for many parents and contributed to high stress levels.


The US economy lost 140,000 jobs in December. All of them were held by women




By [Annalyn Kurtz](#), CNN Business
Updated 9:25 PM ET, Fri January 8, 2021



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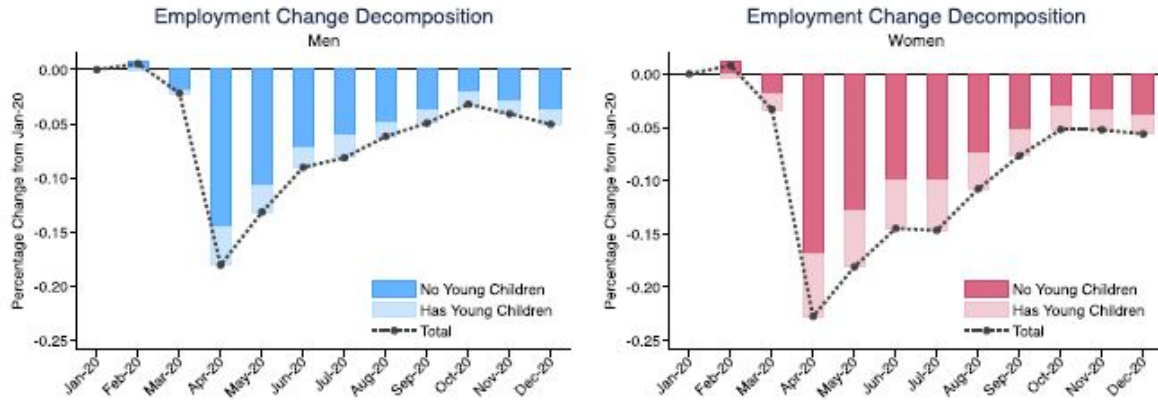
Mortgage Personal Finance

Credit Cards

Loan Type	Rate	APR
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Women suffer disproportionate impacts from lack of child care access

Figure 3. Employment Change Decomposition, January-December 2020



Child care access is key to retaining families

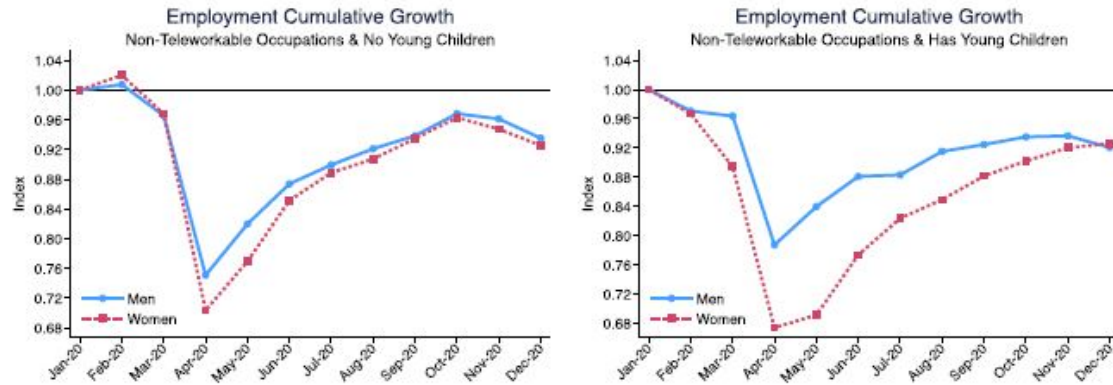
Average yearly net migration by age group, 1985 to 2020



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Women suffer disproportionate impacts from lack of child care access

Figure 6. Employment Fluctuations in Non-Teleworkable Occupations, January-December 2020



Sources: Current Population Survey (CPS); authors' calculations.

Note: We are plotting the employment cumulative growth using January 2020 as the reference point. Formally, each point represents the ratio between the employment level of the current month and the corresponding value in January 2020. In the appendix we present similar charts for teleworkable occupations.



Child care in Alaska

-Child care economy represents \$275m in labor income.

-\$587m in economic activity.

-Every dollar spent on child care and early learning generates \$1.5 in economic activity.

-\$216m spent every year on child care and early learning by households.

-Demand continuously outpaces supply.

Access to child care in Alaska

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

Access to child care in Alaska: con't

ACCESS TO CARE IS BECOMING INCREASINGLY DIFFICULT FOR ALASKA FAMILIES.

- ▶ Finding suitable ECL services is difficult or very difficult for half (**53%**) of households with children in ECL services.
- ▶ Difficulty accessing services has increased since 2015:

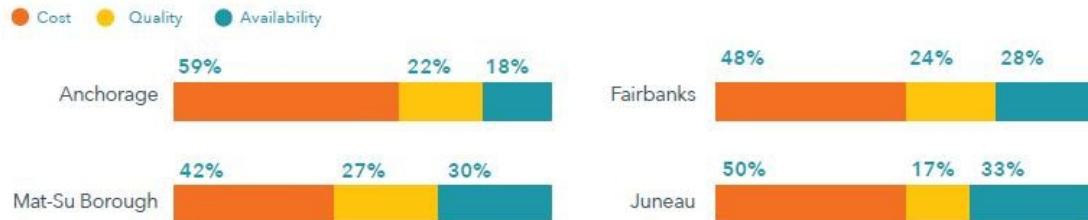


DIFFICULTY FINDING CARE IS GREATER IN RURAL COMMUNITIES THAN URBAN AREAS.



Workforce Participation

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



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

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.

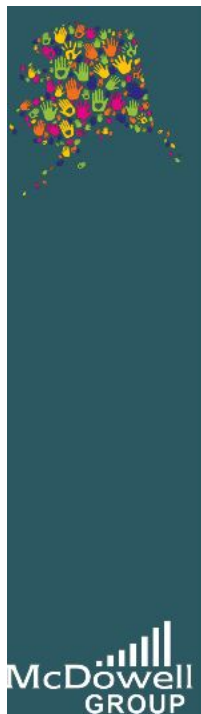
Access to child care in Alaska: McDowell Group Report

Key Findings for Employers:

- Financial Support
- Child Care
- Organizational Culture and Policies
- Flexibility



Employer Provided Financial Support: McDowell Group Report



Examples of Employer-Provided Child Care

- Childcare resource / referral information
- On-site childcare
- Babies-at-work policy
- Children-at-work policy
- Pay for a traveling caregiver to accompany a parent who travels for work
- Child care for school-age children in summer or holidays

Child Care

Benefits to Employers: McDowell Group Report



Benefits to Employers

- Improved firm-level productivity and organizational performance
- Increased stock prices
- Improved company reputation
- Competitive advantage when hiring
- Decreased employer absenteeism and turnover
- Increased employee engagement and culture of trust
- Cost-neutral or positive return on investment
- More women in management positions

Financial
Support

Child Care

Organizational
Culture and
Policies

Flexibility



Thank you. Questions?

Sources:

[2020 Alaska Early Childhood Coordinating Council Impact Report](#)

[Oct 2019 McDowell Group Report](#): Economic Impact of Early Care & Learning in Alaska

[IMF Working Paper 21/58](#): COVID-19 Shutdown: Employment Penalty of Taking Care of Young Children by
Stefania Fabrizio, Diego B. P. Gomes, Marina M. Tavares

[2020 Annual Report](#): Alaska Department of Revenue