

Raising Wages & Benefits for Child Care Workers (HB 149)



Problem:



*telework + home
care = tough....*

- Persistent low wages and benefits result in high turnover and inadequate supply of child care workers.
- Low wages/benefits discourage investment in quality instruction



Why Does It Matter?

- Alaska needs to attract and retain high-earners including parents with families (currently losing population among age 30-50)
- Early childhood education has greatest impact on human capital development, and highest ROI



Live. Work. Play. Areas of Focus

The Anchorage Economic Development Corporation has a bold vision: to make Anchorage the #1 city in America. AEDC strives for this goal through a grassroots movement called Live. Work. Play. The rationale for such a vision goes beyond the traditional economic development model and responds to a shift in paradigm – people are no longer going where the jobs are, instead people are going to places they want to live and jobs are going where they are.

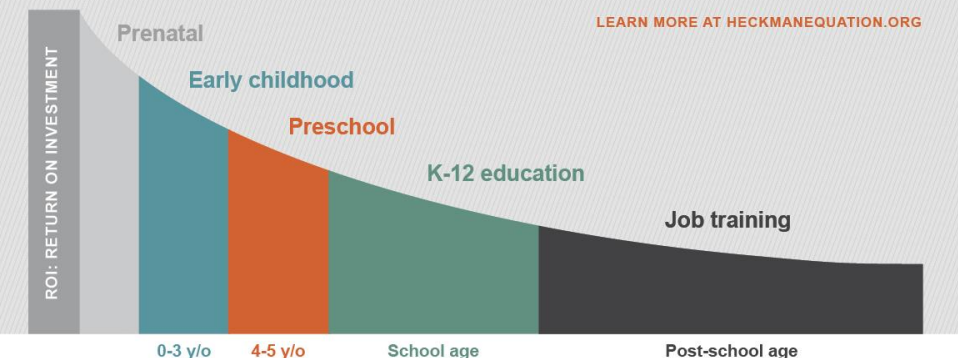
The AEDC Board of Directors recognized this paradigm shift in 2010 and has since built robust alliances with businesses, community organizations and government entities through LWP. Over the years, the initiative has shown increasing success and continues to draw community-wide support.



Return on Investment

Economic impact of investing in early childhood learning.

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Lessons from other States/Nations

- 11 U.S. states have established bargaining structures for home-based child care providers to bargain with state to establish livable wages and benefits that expand supply of child care providers
 - First state: Illinois, 2005. California most recent state to adopt model.
- European countries directly subsidize child care centers for parents of all income levels, and provide tax credits
 - And Northern Europe uses sectoral bargaining to set wages/benefits



Policy Options

1. Directly subsidize care (either publicly and/or privately provided)
 - Expand Head Start/Early Head Start with General Funds
 - Increase subsidies for non Head Start eligible parents
 - Pros: Simple. Cons: Expensive (requires new revenue)
2. Create structure for industry to negotiate wages/benefits with state, with opt-in model
 - HB 149, based on model in 11 other states
 - Pros: Non-coercive, able to change costs as circumstances change
 - Simple: Doesn't directly raise wages for non-participating providers, requires successful election of industry participants to take effect.
3. Establish a living wage covering all workers in child care industry
 - Pros: Simple
 - Cons: Without bargaining model with state, difficult to adjust to changing circumstances to hold parents harmless and ensure adequate supply of care
4. Establish prevailing wage covering all providers who receive public funding
 - Similar to Little Davis-Bacon Act for construction industry
 - Pros: Simple, based on established policy model in another industry
 - Cons: Child care has a higher proportion of overall funding from private versus public payers, so a prevailing wage linked to public funding would have less market impact. It is also more coercive than the HB 149 model.



Coercion and Expense Tradeoffs



Key Goals:

- Raise wages/benefits so workers have living wage, more workers enter industry and fewer leave, thus increasing supply of quality child care.
- Don't raise prices on parents.
- Ensure economics work for employers.
- Provide a structure for industry to adapt to changing circumstances in partnership with state.



Why Now?

- Growing federal support for child care-> To deploy most effectively, need the right policy framework
- Pandemic decimated female participation in workforce AND crushed many child care providers-> Need to help industry and working families recover
- With low housing costs, short commutes, good work life balance, Alaska can be a great place to raise a family but we're not there yet and need to be.

