

Early Care & Learning in Alaska

2020 Economic Impact Report



An Essential Investment Now and in the Future for Alaska's Families, Businesses & Economy

- ✔ 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

Prepared for the Alaska Early Childhood Coordinating Council prior to the COVID-19 pandemic. | December 2020

Dist by Rep GALVIN Amendment #210

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

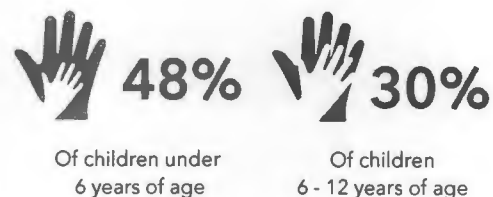
Every dollar spent on early care & learning in Alaska generates **\$1.50** in economic activity!

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

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



Children in ECL Services



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

Type of Care	Under 6 years of age	6 - 12 years of age
Care at someone else's home	25%	28%
Care in child's own home by family, friend, or other provider	23%	32%
Pre-elementary or center-based care	51%	7%
Early Head Start/Head Start	10%	N/A
School-sponsored before or after school programs	N/A	22%
Other before or after school programs	N/A	20%
Other	1%	5%

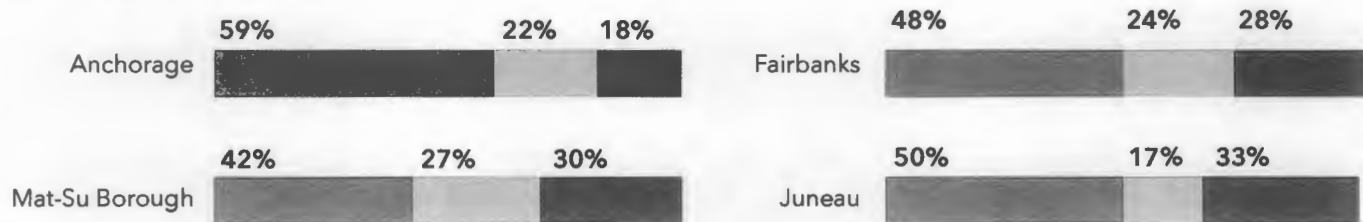
Results include children in multiple types of care.

Alaska's Largest Cities & Boroughs in Focus



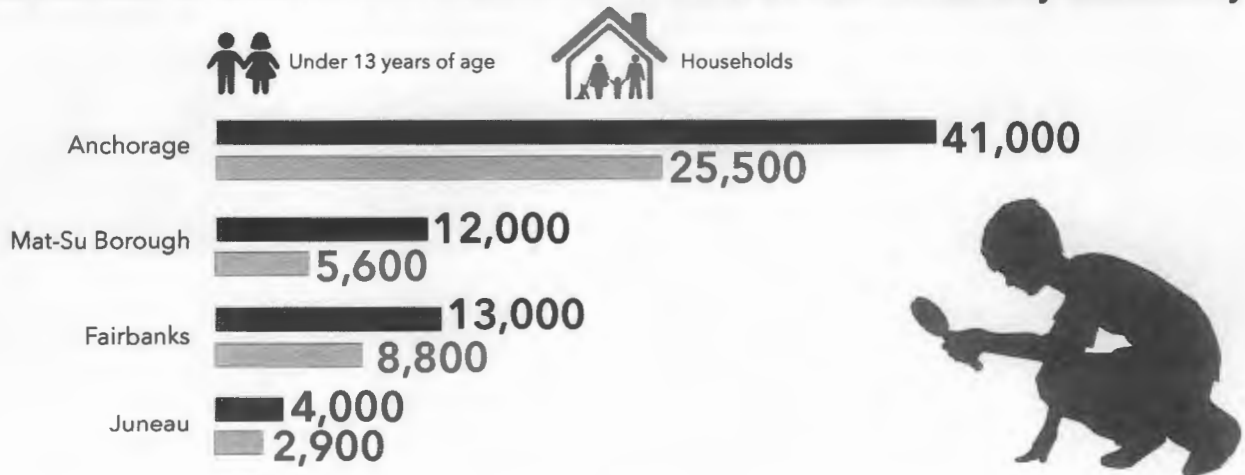
ECL service factors with the greatest impact on household member's ability to participate in the workforce

● Cost ● Quality ● Availability



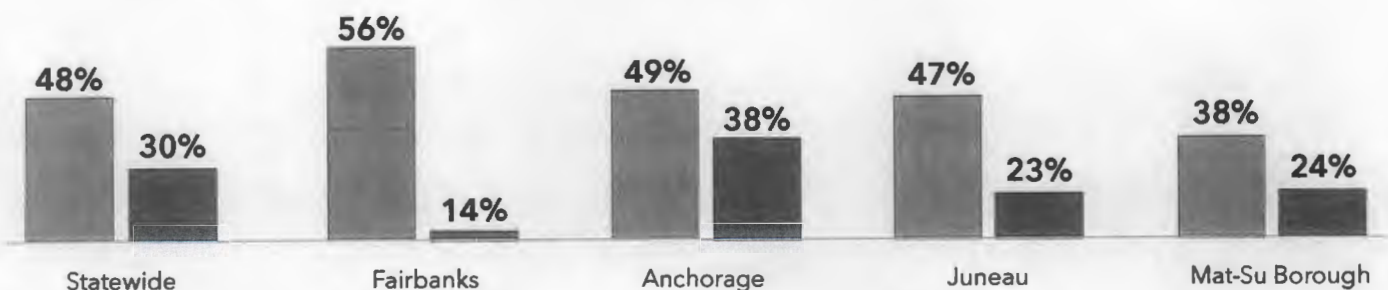
Note: numbers may not add to 100% due to a small percent of survey respondents who did not answer the question.

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



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.

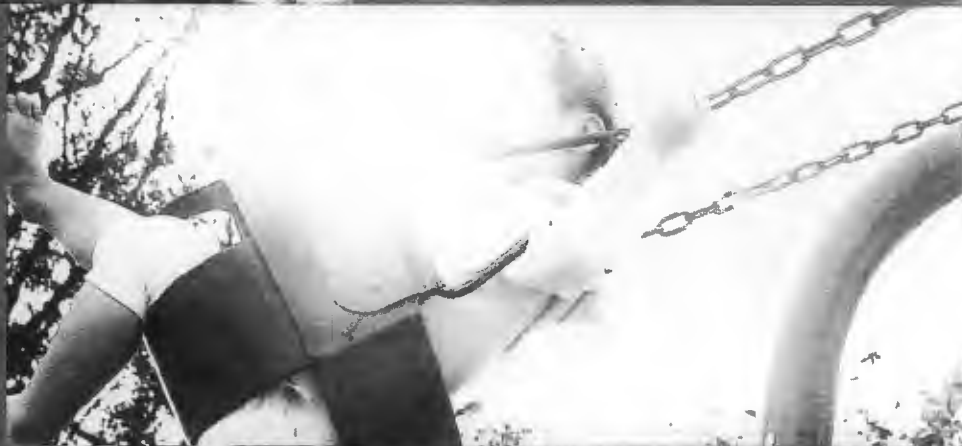


\$275 million
in labor income



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, short-term temporary, and other child care arrangements.

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

For those households with children in ECL services, **52%** found it difficult or very difficult to find services.

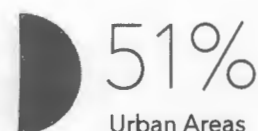
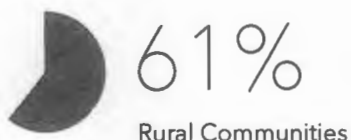


Difficulty accessing services has increased since 2015

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

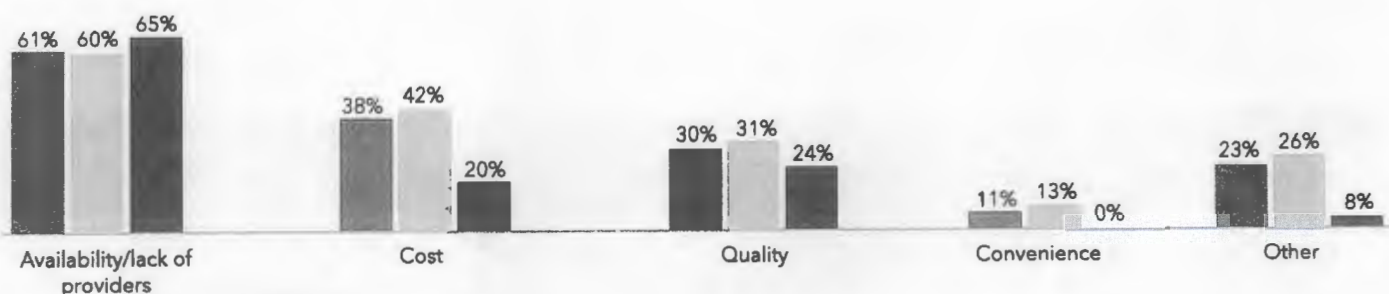


Difficulty finding care is greater in rural communities than urban areas



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 of **\$520 per month** per child, or **\$6,200 per year**, on paid ECL services.



Time in Care
per child in paid care
(average hours per month):

Under 6 years
of age

105

6-12 years
of age

48



Spending
per month per
child in paid care:

Under 6 years
of age

\$650

6-12 years
of age

\$322

Note: Weekages 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



Cost of care averages **17%** of household income each year for families with children



12% of household income for married couple households



23% of household income for single male households



34% of household income for single female households



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

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

Average monthly wages for selected sectors

Clothing Stores	\$1,508
Arts, Ent. & Rec.	\$1,818
Early Childhood Educators	\$1,845
Gasoline Stations	\$2,154
Grocery Stores	\$2,314
Educational Services	\$2,733
Residential Construction	\$3,658
Seafood Processing	\$3,935
All Industries	\$4,434
Private Sector	\$4,343

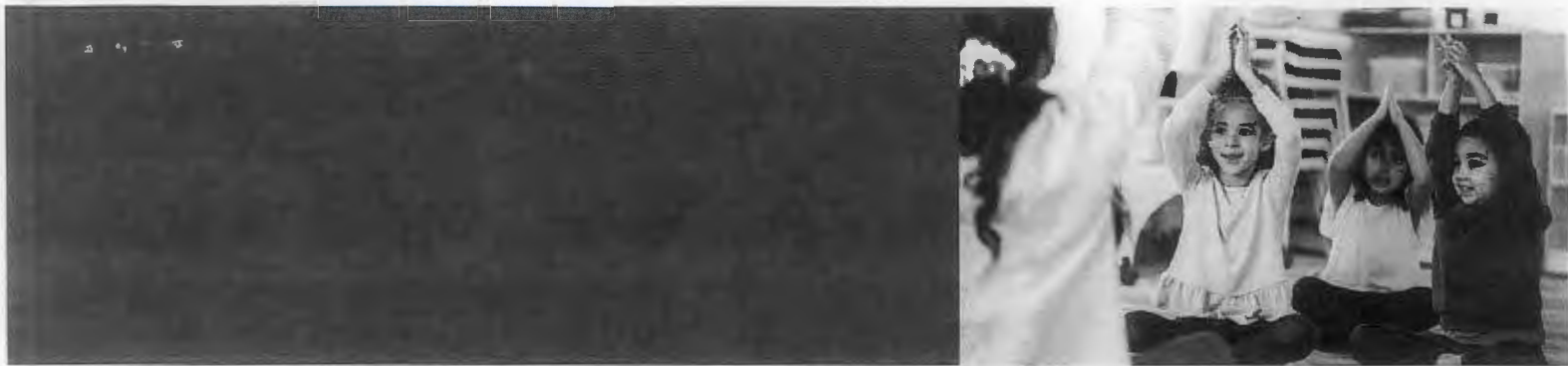
Note: Most recently available data from Alaska Department of Labor and Workforce Development, 2017.



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 is not a liveable wage and many child care professionals struggle to support their own families.



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.



Early Care & Learning 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 ECL 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



16% of Alaska's residents can participate in the workforce because of ECL services, earning a higher income and enjoying a higher standard of living



43,300

Parents and caregivers are in the workforce because of ECL services



\$1.9 billion

In wages 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.

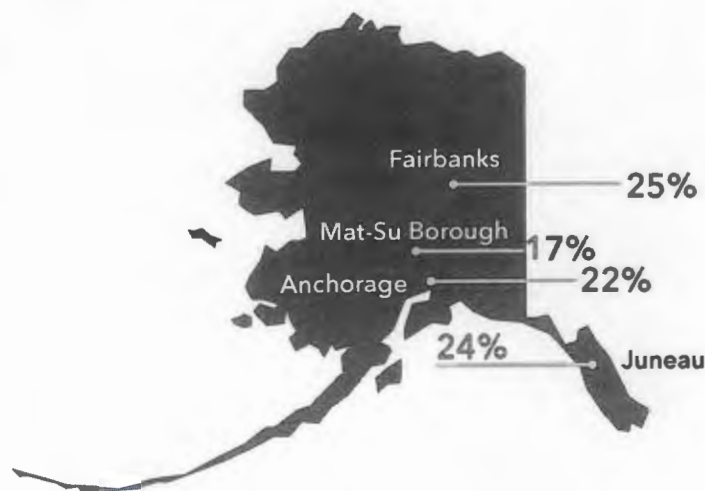
1 in 5 households - or 22% cannot fully participate in the labor force due to the cost, availability, or quality of ECL services.

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.

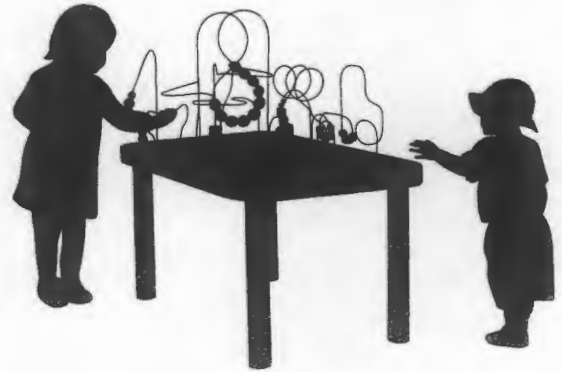


Businesses Benefit from Supporting Employee Early Care & Learning Needs

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



- 49% Very accommodating
- 32% Somewhat accommodating
- 9% Not accommodating
- 7% Don't know/refused



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**



Alaska employers see value in these ECL employee benefits that result in **increased productivity and attendance**

- ▶ 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 Early Care & Learning

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

- ▶ Prepare children for school and life
- ▶ Are fundamental for workforce participation and a higher standard of living
- ▶ Directly generate jobs and income
- ▶ Provide economic benefits that far exceed costs



Opportunities for Change

Though there is growing recognition of the importance of quality ECL to Alaska families and the economy, progress is still needed 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.

Greater public and private investment will support a stronger ECL sector that benefits Alaska's families, businesses, and economy.

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.

All data in this report was collected and analyzed prior to the COVID-19 pandemic.

Prepared by:



Formerly McDowell Group

Juneau • Anchorage

Uncertainty Ahead Means Instability Now

Why Families, Children, Educators, Businesses, and States Need Congress to Fund Child Care

December 2022

ALASKA



The problems are clear: Families can't find or afford child care because compensation is too low to attract and retain early childhood educators. As federal relief dollars that have saved the sector from complete collapse begin to dry up, the stability those dollars brought to programs will disappear with the funding.

The solutions are clear: The public benefits from public investments in child care and early learning. Congress needs to build on the successes of child care funding to prioritize additional, sustainable investments that ensure programs and educators can meet the needs of families, children, and businesses, and states can continue to build towards an early childhood education system that works.

In October 2022, more than 12,000 early childhood educators from all states and settings—including faith-based programs, family child care homes, Head Starts, and child care centers—responded to a new ECE field survey from the National Association for the Education of Young Children (NAEYC). The results of this survey continue to show that relief helped, but uncertainty about the future is impacting the present.

Here are some reflections from survey respondents in Alaska:

"With a loss of stabilization grant funding we will have significantly less money to use for staffing costs, and direct service work has incredibly high rates of turnover. We need help attracting and keeping staff without raising the cost of childcare in our community. We have 24,000 kids in our direct area that need care, and only 6000 placements available, less when staffing is low. The quality of care is also impacted by low wages and not enough access to professional development. In order to keep kids safe and in care, we can't go back to how things were before Covid."—Coach/Professional Development professional

"What I am most worried about is that without the subsidy, I will face many unstable factors, which will cause my enterprise to be affected by various aspects, but the future is optimistic"—Early Childhood Educator

"We were able to support our community, providing care and normality to our children. In a middle of a chaotic situation, our children in care have a happy place to keep growing in all domains."—Program Director/Administrator

"We are having a crisis trying to retain and hire well-qualified staff, and the prices for supplies and educational materials went up. Grants have helped to give incentives to the teachers and refresh the educational materials that damaged the constant cleaning after COVID."—Program Director/Administrator

Here's a brief summary of the survey data from Alaska:

	ALASKA	NATIONAL
Sample Size	96	12,897
Child Care Center	51.0%	47.7%
Family Child Care	38.5%	18.6%
STABILIZATION GRANTS¹		
Total reporting that their program would have closed without grants	48.6%	34.0%
Total reporting that they believe their last payment will be in 2023	83.3%	61.0%
When stabilization grants end:		
Total reporting their programs will have to cut wages or be unable to sustain wage/salary increases	55.4%	23.0%
STAFFING AND SUPPLY		
Current Challenges		
Total reporting that their program is currently experiencing a staffing shortage	75.0%	67.0%
Among respondents in programs with a staffing shortage:		
› Reporting they are serving fewer children	41.7%	45.4%
› Reporting a longer waitlist	38.9%	37.4%
Future Challenges		
Total indicating "yes" or "maybe" to considering leaving their job or closing their family child care home	62.5%	29.2%
› In the field 5 years or less indicating "yes" or "maybe" to considering leaving their job or closing their family child care home	67.9%	45.0%
Number one thing needed to stay	Competitive wages	Competitive wages
ECE WORKFORCE WELL-BEING		
Total respondents experiencing financial insecurity in the last year	16.7%	29.5%
Total respondents who received more money from a wage increase or supplement in the last year	63.5%	49.4%
Total indicating that burnout/exhaustion are "greatly" or "to some extent" contributing to problems retaining teachers	88.5%	78.0%

Methodology This online survey, created and conducted by NAEYC using SurveyMonkey, represents the responses of a non-randomized sample of 13,037 individuals working in early childhood education settings who completed the survey in English or Spanish between October 5-23, 2022. To generate a more representative national sample from the pool of responses, a probability proportional to size (PPS) methodology was used to pull samples by state that are benchmarked to the share of the total early childhood workforce by state. These shares were calculated by the authors from the Bureau of Labor Statistics May 2021 Occupational Employment and Wage Statistics (Codes: 11-9031, 25-2011, 25-2051, 39-9011). The final sample size for the national-level analysis is 12,897. In contrast, for the state-level analysis, the entire sample of responses from each state were used. We are unable to supply detailed analysis in states for which there are very small sample sizes across sub-groups. Respondents were asked to select any setting that applied to them. They could choose from the following list: child care center, family child care home, non-profit, for-profit, school-based, Head Start, faith-based, multi-site. For this brief, only the percentages for child care center and family child care are reported.

The survey links were shared widely through email newsletters, listservs, social media, and via partnerships, and 10 randomly selected respondents were provided with a \$100 gift card for participation in a sweepstakes. Given the constantly changing and widely varying nature of the crisis, the broad analysis from this survey is intended to present the experiences of the respondents, as captured in the moment that they take the survey, with extrapolations for the experiences of the field and industry at large. Additional information available at www.naeyc.org/pandemic-surveys

1. For more state-level information about the receipt of stability grants, please see ACF's state profiles. According to the profile for Alaska, providers in 55% of Alaska's counties received funds as of 6/30/22. https://www.acf.hhs.gov/sites/default/files/documents/occ/Alaska_ARP_Child_Care_Stabilization_Fact_Sheet.pdf