

Alaska child care crisis more acute than ever, legislators hear

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JUNEAU — Alaska’s child care crisis is more acute than ever and the end of federal COVID-19 relief has created a looming fiscal cliff, according to providers and parents.

The state has long had a fragile child care sector. The number of providers has dropped by more than 11% since 2021, waitlists for places can extend into years, and low wages for employees — averaging around \$13 an hour — are contributing to a serious shortage of workers, providers say.

“Things have gotten worse in the sector, for sure,” said Blue Shibler, executive director of the Southeast Alaska Association for the Education of Young Children.

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More than \$50 million in federal coronavirus aid has been paid as grants to providers over the past three years, which [helped the industry](#) survive during the pandemic. But the final set of grants will be distributed in late March, creating a fiscal cliff for operators.

Thread, a child care and early education advocacy organization, helped administer those grants. Stephanie Berglund, CEO of the nonprofit, said the sector needs \$30 million from the state for the next fiscal year to make up for the shortfall.

Two child care centers [recently closed](#) in Juneau, and [another](#) in Palmer shut its doors in October after 39 years in operation, which left parents scrambling.

Valdez, a city of 3,900 people, currently has no full-time licensed child care providers. While there is a preschool available, the sole remaining center for infants and toddlers closed its doors in September, after struggling to survive for several years.

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Kate Dugan, community and public relations manager for the Alyeska Pipeline Service Co., said the situation has been challenging. Parents, grandparents and aunts have organized together to look after children at their homes. But with roughly 700 kids under the age of 13 in the Prince William Sound community, many don't have options, Dugan said.

Parents report their child care costs regularly exceed \$1,000 per month. For those with more than one child, those fees can be their largest annual household expense — and the situation is only getting worse, Berglund said.

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“Child care prices are outpacing inflation for the third consecutive year,” she said.

The child care industry has a flawed business model, operators say. The sole revenue source is often from fees — which on average exceed the annual tuition at the University of Alaska. Low-income Alaskans receive federal assistance to help with child care expenses, but the subsidies don't match tuition costs — creating a disincentive for providers to accept those children.

[Alaska day cares, critical during the coronavirus crisis, are endangered]

The state House is hearing a revived bill from Rep. Zack Fields, D-Anchorage, which attempts to address some of the sector's challenges. It would establish a fund that could be used to stabilize the child care industry. It would not currently be capitalized, but that could be on the table, Fields said.

Fields, a union organizer, also wants to allow child care workers to collectively bargain, which is not currently permitted under state law. He said sectoral bargaining would give those workers a seat at the table.



Rep. Zack Fields, D-Anchorage, on Thursday, Jan. 19, 2023 at the Alaska State Capitol in Juneau. (Loren Holmes / ADN)

“It gives providers a voice over allocation of resources, and over regulatory decisions,” he said.

Similar legislation passed the House last year, but stalled in the Senate. There have been several hearings this year in the House Labor and Commerce Committee on the

legislation, and a bipartisan awareness that some action is needed.

“I think there’s some real problems in child care, obviously,” said Wasilla Republican Rep. Jesse Sumner, who chairs that committee. “I think it would take real money to address these issues.”

Sumner said Fields’ bill may not be the proposal that ultimately passes, but that it should not be dismissed out of hand. Other Republicans have shown an interest in addressing the crisis. Anchorage GOP Rep. Julie Coulombe has drafted legislation to increase state subsidies for low-income families.



Rep. Jesse Sumner, R-Wasilla, on Thursday, Jan. 19, 2023 at the Alaska State Capitol in Juneau. (Loren Holmes / ADN)

Last year, Fields had a bill that would expand the education tax credit for Alaska companies if they provided child care, but it didn’t pass the House. There are bipartisan discussions about reviving that proposal.

Some in the House have been more skeptical. Eagle River Republican Rep. Dan Saddler declined to comment on Fields' bill. But he has questioned in committee who should pay to support the sector.

"My question is, is high quality, affordable child care a unicorn?" he asked. "Something to strive for but to never achieve? Or is there some place where it's being achieved?"



Rep. Dan Saddler, R-Eagle River, the majority leader, speaks with a colleague on Thursday, Jan. 19, 2023 at the Alaska State Capitol in Juneau. (Loren Holmes / ADN)

Berglund said that other states have models Alaska could copy. She added, "We're happy to provide some more concrete solutions."

Other Republican-led states are launching or have launched programs to strengthen their child care sectors. The governor of Missouri recently proposed a tax credit child care scheme, North Dakota increased subsidies for low-income families last year and the state Legislature there is debating direct funding for providers.

More affordable, accessible and quality child care in Alaska would have a two-sided benefit, said Sitka independent Rep. Rebecca Himschoot. It would ensure Alaska kids are better prepared for school, while also addressing the state's workforce challenges.

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Gov. Mike Dunleavy has a strong interest in child care solutions, a spokesperson from his office said. In his recent [annual address](#) to the Legislature, Dunleavy spoke about "making Alaska more responsive to the needs of families." His budget proposed to keep using \$24 million in federal funds for low-income Alaskans, but there are currently no proposals from the governor for greater state assistance for families.

Multiple studies have found the lack of affordable child care is hurting the state's economy.

[\[Alaska's child care sector is in crisis, but market conditions are great for small entrepreneurs\]](#)

A 2021 report commissioned by the U.S. Chamber of Commerce Foundation found that insufficient child care was costing the state \$165 million per year in lost economic activity. The shortage of child care is keeping hundreds if not thousands of Anchorage residents out of the labor force, [according](#) to the Anchorage Economic Development Corp.

In rural Alaska, the challenges can be profound. Native corporations in northern and western Alaska say that there are simply no options in some communities, which has helped hobble economic growth.

“We have employment opportunities with development of the Port of Nome and minerals development, the health care sector, and more,” said Melanie Bahnke, president of Kawerak, Inc., in testimony to the House. “However, we will have a hard time capitalizing on these opportunities if parents can’t find child care.”

The House Labor and Commerce Committee is planning to hear amendments to Fields’ bill and advance it next week. It would then need to pass through another two House committees — and the House itself — before heading to the Senate for its consideration.