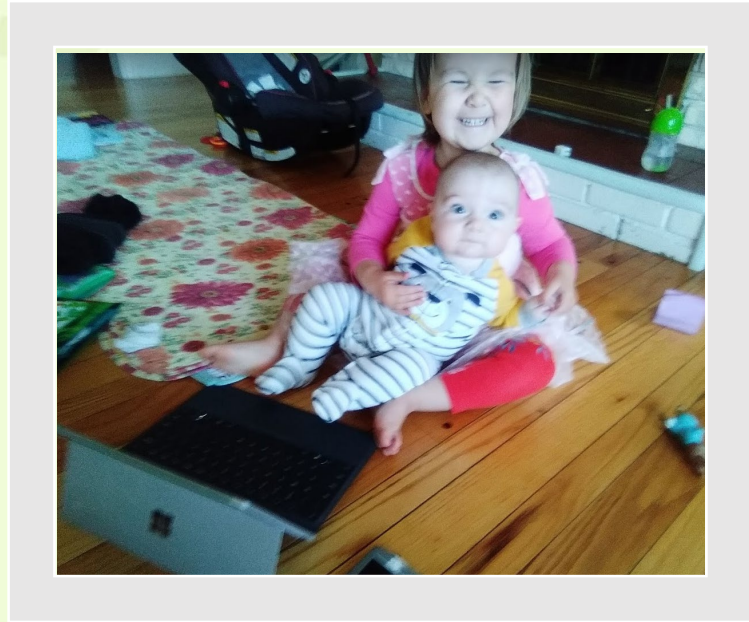


# Raising Wages & Benefits for Child Care Workers (HB 46)



# The Problem:



- Persistent low wages and benefits result in high turnover and inadequate supply of child care workers.
- Low wages/benefits discourage investment in quality instruction.
- Under-supply of child care is terrible for Alaska's economy



# A shrinking workforce is hobbling Anchorage's economic recovery, report says

By Alex DeMarban  
Updated: 1 day ago  
Published: 1 day ago



Downtown Anchorage, photographed on Sunday, March 14, 2021. (Loren Holmes / ADN)

Employment in social assistance (childcare centers, housing relief services, and others) fell by 274 (-7%) in the first half of 2022 as employers continued to face challenges filling open positions. Reduced availability particularly in the childcare sector has a critical impact on workforce availability in Anchorage; permanent closure of several licensed day cares in 2022 have worsened childcare challenges that pre-date the pandemic. Statewide, average employment in child day care services remained 9% below pre-pandemic levels through the first half of 2022.





# Juneau already had a childcare shortage. Then two more centers closed

January 18, 2023 by Katie Anastas, KTOO



Childcare workers interact with infants at Gold Creek Child Development Center in Juneau on May 11, 2018. (Photo by Jeremy Hsieh/KTOO)

Two of Juneau's childcare centers are closing after months of trying to hire new administrators. The closures will worsen Juneau's [shortage of childcare options](#), particularly for infants and toddlers.



# OPINION: We work in childcare in Alaska. Our workforce problem is your workforce problem.

By Blue Shibley, Christina Eubanks Ohana and Candace Richey

Updated: April 18, 2022

Published: April 18, 2022



The Puffin Class at Tanaina Child Development Center on Friday, Aug. 13, 2021 in Anchorage. The daycare, which is located on the Alaska Regional Hospital campus, primarily serves families of hospital employees and healthcare workers. (Loren Holmes / ADN)

# Why Does It Matter?

## OPINION: We're in trouble if we don't fix Alaska's outmigration problem

By Larry Persily  
Updated: January 11, 2023  
Published: January 11, 2023



Downtown Anchorage, photographed on Tuesday afternoon, Nov. 22, 2022. (Loren Holmes / ADN)

For the 10th year in a row, more Alaskans moved out in 2022 than new residents moved in.

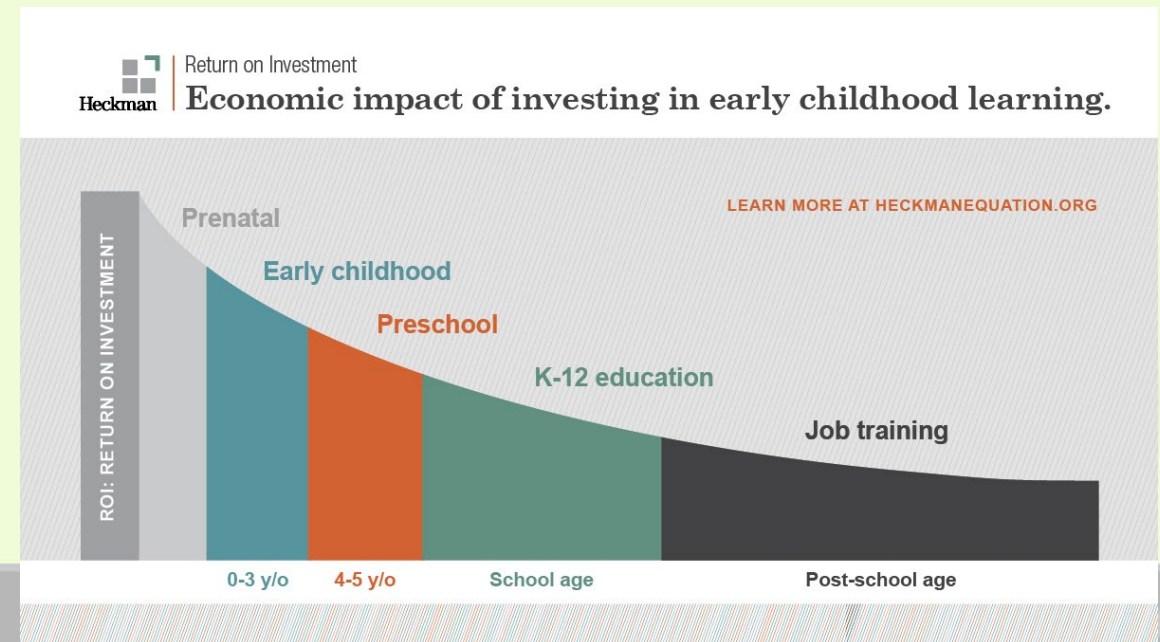
- Alaska needs to attract and retain high-earners including parents with families (currently losing population among age 30-50).
- Early childhood education has greatest impact on human capital development, and highest ROI.



### 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.





# Lessons from other States

- 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.
- Other states have passed a broad range of legislation to raise wages and expand supply of child care



# 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?

- With moderate 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.
- Many communities lack any child care at all, including Valdez and Prince of Wales
- A broad range of community & business groups are pushing legislators to tackle this issue:
  - Northwest Arctic Leadership Team
  - Southeast Alaska Association for Education of Young Children
  - Alaska Chamber of Commerce
- The need to stabilize child care is urgent & well-documented by a wide range of business & advocacy groups





# What is the overall cost of child 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.

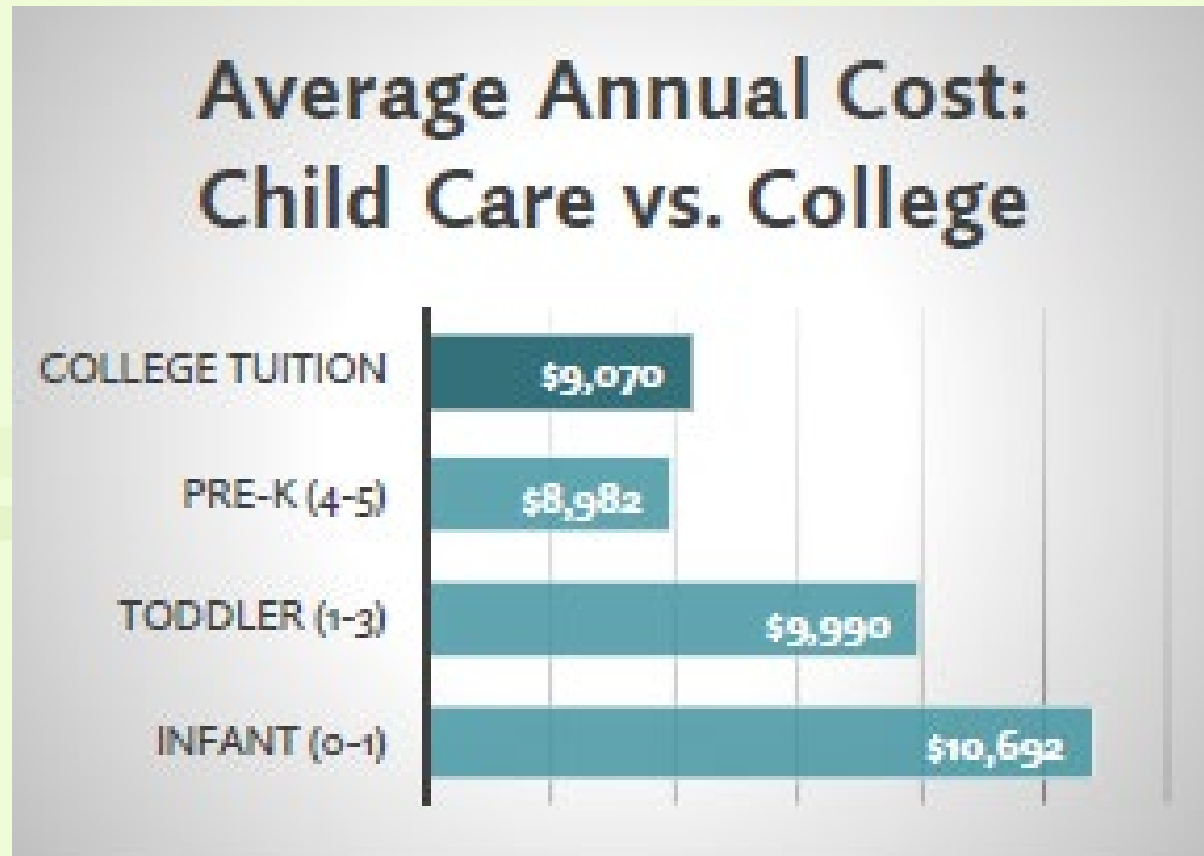


# What portion of household income goes towards child care?

- According to a McDowell Group economic impact report:
  - Families with children: 17%
  - Married couple households: 12%
  - Single male households: 23%
  - Single female households: 34%
- Employer or government assistance is used to help pay for 12% of children in state



# What is the average cost of child care per household?





# How many licensed child care facilities are operating in Alaska?

- There are 431 Licensed Child Care Programs in Alaska
  - (In March 2021, there were 488 providers)



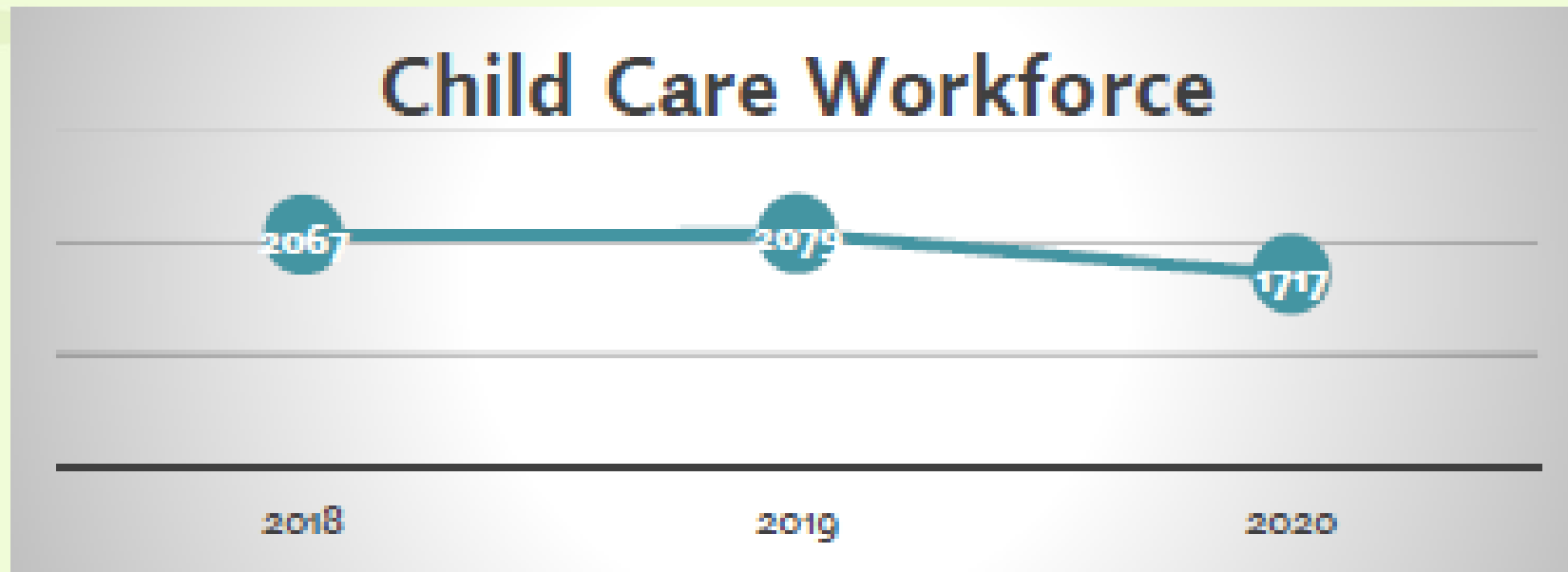
90% of early care and learning jobs are in the two lowest-paid occupations in the education sector: child care professionals and preschool teachers (public and private combined).

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.



# How big is the child care workforce?



Alaska's childcare workforce **decreased 20%** between 2018 and 2020.



# What are other states doing to combat the child care shortage?

## THE KANSAS CITY STAR.

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GOVERNMENT & POLITICS

### “We must do better.” Parson promises to aid child care, reduce maternal mortality

BY JONATHAN SHORMAN AND KACEN BAYLESS

UPDATED JANUARY 18, 2023 5:47 PM



Missouri Republican Gov. Mike Parson CHARLIE RIEDEL Associated Press file photo

JEFFERSON CITY

Gov. Mike Parson during his State of the State speech on Wednesday unveiled a plan to improve the cost and availability of child care across Missouri, aiming to aid beleaguered providers hit hard by the pandemic and inflation, as well as parents who have trouble finding care for their child.

The Republican governor is proposing an additional \$78.5 million in child care subsidies – aid that helps defray costs for child care providers – as part of his annual budget proposal, as well as creating new tax child care tax credits and more funding to help low-income preschool children.

Parson announced the measures in a speech paired with a budget that includes significant new spending, allowing the governor, who has been in office since 2018, to put forward an agenda with elements such as child care aid that is attracting bipartisan support. Republicans and Democrats praised many of the governor’s priorities.



## Ron DeSantis 46th Governor of Florida

HOME GOVERNOR DESANTIS FIRST LADY DESANTIS LT. GOV. NUÑEZ MEDIA INFO CENTER

In Case You Missed It: From the Florida Seaport Transportation and Economic Development Council  
Governor DeSantis Awards \$6.5 Million to Launch Civics Academies, Training the Next Generation of State and Local Leaders

### First Lady Casey DeSantis Makes Major Announcements to Support the Hope Florida – A Pathway to Prosperity Initiative

On July 15, 2022, in News Releases, by Staff

\$35.5 million in Governor DeSantis’ budget will support nearly 59,000 Florida families with a one-time payment of \$450 per child, which includes foster families.







SHARE    

BISMARCK, N.D. (AP) — North Dakota would spend up to \$80 million in state savings over the next two years to address child care in the state, under a proposal pitched Tuesday by Gov. Doug Burgum.

The GOP-led Legislature meets again in January and will consider the plan that also includes a child care tax credit for low- to middle-income families, expansion of child care assistance and matching money for businesses that offer their employees child care.

The second-term Republican governor said the lack of available and affordable child care for families contributes to workforce shortages that have hamstrung the state's economy. Adequate and affordable child care helps attract and retain companies in the state, he said.

# Analysis: Majority of Governors Highlight Child Care As Key to Workforce Growth

February 10, 2023 | Jane Fillion

share:   

Analysis of 2023 State of the State addresses given by Governors across the country found one issue in particular cut across state and party lines: the importance of fixing child care. The First Five Years Fund (FFYF) analyzed transcripts from all 35 Governors who delivered addresses by February 13, 2023, and found that two-thirds (65%) devoted a portion of their remarks to the importance of investing in child care and early learning. This analysis found:

 65%  
**devoted a portion of their remarks to the importance of investing in child care and early learning.**

- The issue was important on both sides of the aisle, with **40% of Republicans** and **60% of Democrats** talking about it.
- 30% of governors representing states that will be critical to the 2024 White House and Senate outcomes, including **Arizona, Nevada, Wisconsin, Michigan, South Carolina, Ohio, and Kansas.**
- And a 14% increase in the number of addresses devoted to child care from 2022.



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## Summary of Changes CSHB (L&C)

-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.



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## Summary of Changes CSHB 46 (L&C)

- 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.





# Access to child care in Alaska: McDowell Group Report

## Key Findings for Employers:

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

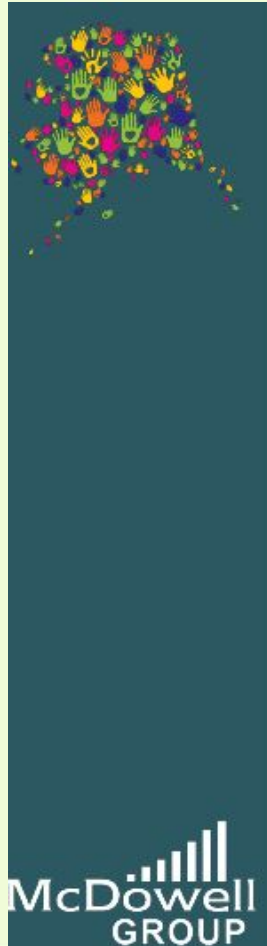


# Employer Provided Financial Support: McDowell Group Report

## 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



McDowell  
GROUP

