

# ALASKA STATE LEGISLATURE



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## REPRESENTATIVE ZACK FIELDS

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### Memorandum

**Date:** February 10, 2023

**To:** Representative Jesse Sumner, Chair  
House & Labor Commerce Committee

**From:** Representative Zack Fields

**Re:** Responses to Monday, January 30, 2023 Hearing

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**1) What is the overall cost of early child care and education in Alaska, and what portion of household income goes toward child care?**

Estimating the total cost and economic impact of *early childhood care and education* (ECCE)—also referred to as *early care and learning services* (ECL)—is challenging, as privately licensed child care providers have no obligation to share such information. Nonetheless, according to Courtney Enright, Legislative Liaison and Special Assistant to the Commissioner, the Alaska Department of Health (DOH) is “currently exploring opportunities to conduct a cost of care study in Alaska.”

Until such time as a comprehensive study is conducted, the best available estimates appear to have been made by the McDowell Group (which is now a part of the [McKinley Research Group, LLC](#)), in a short publication titled, “[Early Care & Learning in Alaska, 2020 Economic Impact Report](#).” The document was prepared for the [Alaska Early Childhood Coordinating Council](#), a state advisory body, and contains several metrics that address your query. Below, we list a few highlights from the publication about the ELC sector, largely verbatim:

- It accounts for \$587 million dollars of economic activity annually, and over 8,700 direct and indirect jobs.
- Over \$390 million is spent annually on ELC services and programs in Alaska, including \$216 million spent by households; \$131 million spent by the federal government; and \$45 million spent by the state and tribal governments. (Note that spending from the Department of Defense, local government, and businesses are not included in the \$390 million estimate).

**2) What portion of household income goes toward child care; and what percentage of child care is paid for through private means, versus public funding?**

For those reasons previously stated, obtaining an accurate picture of the privately funded portion of ECCE/ECL in the state is challenging. However, according to the McDowell Group’s economic impact report:

- The average cost of care as a percentage of household income is 17% for families with children, 12% for married couple households, 23% for single male households, and 34% for single female households.
- Alaska households with children spend an average \$520 per month per child on paid ECL services.
- Employer or government assistance is used to help pay for the care of 12% of children in the state.

The Department of Health’s responses to these questions are **in green font** as provided by Ms. Enright.

**3) Please provide a diagram depicting the flow of federal funds for ECCE that pass through the state budget system.**

A fact sheet developed by the Bipartisan Policy Center, which illustrates the flow of federal funds into the State of Alaska, is included as a Supporting Document for HB 46. The document is titled: “Flow of Federal Early Childhood Funding Alaska”

**4) What ECCE funding—state and federal—has come into the state between fiscal years 2019 and 2021? If possible, please include funds for childcare as well as education programs (distributed through the Department of Education and Early Development) such as Head Start and Pre-K.**

Please see the below table produced by the DOH.

- Please clarify whether the figures you provide are administered entirely through the state budget system, or whether they include funds administered outside the state budget system. These funds are administered entirely through the state budget system.
- Please clarify the age range of children for which funding is captured in your response.

The age range served by these programs is birth through age 12.

Funding from Nine GAO-Identified Programs	FY 2019 Funding	FY 2020 Funding	FY 2021 Funding
CCDF Expenditure	\$17,243,992	\$24,670,776	\$112,294,747
Transfer for TANF	\$8,879,493	\$8,879,493	\$8,879,493
Head Start Allocation	\$18,635,001	-	-
IDEA Part C, Allocation (infant/toddler)	\$2,301,492	\$2,333,044	\$3,587,364
IDEA Part B, Section 619 Allocation (3-5 years)	\$1,298,113	\$1,308,113	\$1,986,446
TANF Child Care Expenditure (Direct)	\$5,902,781	\$5,088,429	
TANF Pre-K / Head Start Expenditure	\$0	\$0	
CACFP Allocation	\$8,504,586	\$6,393,122	\$6,131,551

\*GAO stands for the [U.S. Government Accountability Office](#), CCDF is the [Child Care and Development Fund](#), TANF is [Temporary Assistance for Needy Families](#), Head Start is short for the [Head Start and Early Head Start programs](#); IDEA is the [Individuals with Disabilities Education Act](#), and CACFP is the [Child and Adult Care Food Program](#). These programs are depicted in the attached chart.

**5) Other than those funds addressed in the above question, how much state and federal funding has gone to licensed child care providers over the past five fiscal years? Please disaggregate and list separately any one-time relief funds related to the pandemic response.**

There are no additional funds other than those addressed above. Below is the breakdown of the federal and state funds that went directly to child care providers and industry workforce.

Funds included in this response include Child Care Assistance Subsidies; Child Care Grant; AlaskaIN!; Scholarships to the University of Alaska System; and funding awarded through the System for Early Education and Development (SEED) and Learn & Grow, Alaska's Quality Recognition and Improvement System. Child Care Assistance funds are a family benefit, but paid directly to the child care provider.

Not included in the below response are funds that are used to support licensed child care providers, such as free training and technical assistance.

Below is the amount of federal and state funds that have gone out to licensed child care providers from state fiscal year (SFY) 2017-2020. Due to a cyber-attack experienced by the Department in 2021, some data is unavailable at this time.

- **SFY2017: \$21,664,412**
- **SFY2018: \$21,470,707**
- **SFY2019: \$21,247,687**
- **SFY2020: \$18,049,844**

The DOH indicated that nearly 100 percent of the totals listed above are federal funds. We have requested to know the portion, for each SFY, that is state general funds, but have not yet received a response from the Department.

The Department did not fulfill our request to provide totals for "the past five fiscal years." According to the DOH, the cyber-attack has left the Department unable to generate reports for some of the above information using the programs that are ordinarily available. It may be possible to tally these figures manually upon request, although the DOH feels this would be considerably time-consuming at present. The Department hopes to have the systems in question come back online in the coming months.

Below are the Federal Child Care Relief Funds distributed to Child Care Providers and workforce:

- **SFY2020: \$19,402,214** Child Care Development Fund CARES ACT Funding, Alaska State Legislature, State of Alaska General CARES Act funding.
- **SFY2021: \$210,000** Coronavirus Relief and Response Supplemental Act.
- **SFY2022: \$23,477,200** Coronavirus Relief and Response Supplemental Act and American Rescue Plan Act - Stabilization.

- **SFY2023: \$39,751,914** Coronavirus Relief and Response Supplemental Act and American Rescue Plan Act - Stabilization.

**6) How many licensed child care providers are there in Alaska?**

Currently, there are 431 Licensed Child Care Programs in Alaska.

**7) Is the Child Care Program Office able to calculate the average portion of household income that goes toward childcare in Alaska?**

We have information on household income for families participating in child care assistance, but do not have private pay family information.

Regarding the data for our recipients, the requested information is not part of the regular reports we pull. We could work with our contractor to pull an ad hoc report, however there are several tasks that are federal requirements ahead of this request. As such, a timeline of when this could be provided is unknown.

**8) What is the annual funding Alaska receives from the Child Care Development Block Grant from FFY 2013 to FFY 2023?**

Federal Fiscal Year (FFY)	Mandatory	Federal Share Matching	Discretionary	CARE S Act Funds	ARP Act Discretionary Funds	ARP Act Stabilization Funds	CRRSA Act Funds	Total Federal-Only
2013	3,544,811	4,381,790	4,237,327					12,163,928
2014	3,544,811	4,331,328	4,534,812					12,410,951
2015	3,544,811	4,380,942	4,601,148					12,526,901
2016	3,544,811	4,406,113	5,151,163					13,102,087
2017	3,544,811	4,398,182	5,330,830					13,273,823
2018	3,544,811	4,315,556	9,252,713					17,113,080
2019	3,544,811	4,265,909	9,433,272					17,243,992
2020*	3,544,811	4,253,722	10,383,130	6,489,103**				24,670,766
2021	3,544,811	5,492,459**	10,675,920		28,345,643	45,336,010	18,899,904	112,294,747
2022***	3,544,811	5,472,745**	10,126,788					19,144,344
2023***	3,544,811	5,446,955	13,260,771					22,252,537

\*Figures are not final.

\*\***Note 6: [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act, 2020 \(P.L. 116-136\) Visit disclaimer page](#)** (PDF)

\*\*\*Includes Federal share of matching funds for States including ARP Act increase

\*\*\*\*Based on Appropriations, figures are not final.

**9) Is an increase in Child Care Development Block Grant expected this year (FY23-24), or when it is reauthorized?**

Yes, there was an approximate increase of \$4.4 million in the division's federal grant for the Child Care Development Fund in Federal Fiscal Year 2023, because of a permanent increase in the Federal Medical Assistance Percentage..

**10) How are the grant funds split up; how much federal revenue is dedicated to child care assistance subsidies?**

The Child Care Development Fund requires that no less than 70 percent disbursement on direct services (Child Care Subsidies), an 11 percent set aside for quality improvement (including 3 percent for infants and toddlers) and a 5 percent allowance for administrative costs.

**11) Are any portion of the funds dedicated to child care assistance subsidies unspent from year to year? If so, what happens to those funds?**

The state's allotment for the Child Care Development Fund is fully expended each year. Child Care Subsidies vary from year to year depending on factors such as program participation. Programs and services administered by the Child Care Program Office include subsidies, child care licensing, and quality and capacity building.

In addition to the information provided above, the following two documents provide additional data points that may be of interest:

- “[Alaska Child Care Market Price Survey Report 2020 and 2021](#),” prepared by the Institute of Social and Economic Research for the Alaska Child Care Program Office. Please note that the data informing this report was last collected in the midst of the global pandemic, which will have had a significant impact on the data. As such, you may also wish to review the [2017 survey](#).
- “[A Needs Assessment of Alaska's Mixed-Delivery System of Early Childhood Care and Education](#),” prepared in 2019 by the McDowell Group for the Association of Alaska School Boards.