

HOUSE FINANCE COMMITTEE
March 8, 2022
9:01 a.m.

9:01:20 AM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter (via teleconference)
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

Representative Sara Rasmussen

ALSO PRESENT

Representative Zach Fields, Sponsor; Tristan Walsh, Staff,
Representative Zach Fields.

PRESENT VIA TELECONFERENCE

Candice Richey, Home Child Care Provider, Candi's Tot Stop, Fairbanks; Christina Eubanks-Ohana, Executive Director, Hillcrest Children's Center, Anchorage; Blue Shibler, Southeast Alaska Association for the Education of Young Children, Juneau; Mike Coons, Self, Palmer; Nicole Thibodeau, Hearing Examiner and Administrator, Alaska Labor Relations Agency, Department of Labor and Workforce Development.

SUMMARY

HB 104 MOTOR FUEL TAX; VEHICLE REG. FEE

HB 104 was SCHEDULED but not HEARD.

HB 149 CHILD CARE PROVIDER COLLECTIVE BARGAINING

HB 149 was HEARD and HELD in committee for further consideration.

HB 158 PFD CONTRIBUTIONS TO GENERAL FUND

HB 158 was SCHEDULED but not HEARD.

Co-Chair Merrick reviewed the meeting agenda.

#hb149

HOUSE BILL NO. 149

"An Act relating to allowing certain child day care providers to organize for the purpose of collective bargaining."

9:01:52 AM

REPRESENTATIVE ZACH FIELDS, SPONSOR, introduced the bill. He provided a PowerPoint presentation titled "Raising Wages and Benefits for Child Care Workers (HB 149)" (copy on file). He highlighted the challenges facing local businesses related to workforce and an adequate supply of childcare for people to get back in the labor market as the state recovered from the COVID-19 pandemic. He informed committee members there had been a shortage of childcare for a long time, which was directly related to low wages in the sector. He explained that low wages made it impossible to recruit and retain staff to an adequate level to supply childcare, which was necessary for people to work. He remarked that the pandemic had exacerbated the problem and the childcare system was in crisis.

Representative Fields shared that the House Labor and Commerce Committee had worked to brainstorm every possible idea to support the childcare sector and had passed a couple of related bills. One of the bills was a tax credit for employers who provide childcare onsite or through a subsidy. The second bill was HB 149, which took more of a systematic approach. He remarked it had been interesting to hear from stakeholders during the Labor and Commerce

Committee process. He had personally learned a significant amount through the process. The number one thing he had heard from providers - the impetus for HB 149 - was about their need to be empowered to have more control over their own destiny to fix the systemic problem of inadequate wages to recruit and retain workforce.

Representative Fields believed the problem was fairly obvious. He highlighted that the average [childcare] wage was around \$13.50 per hour and Target and Safeway paid an average of \$20 per hour, meaning there would never be enough childcare providers. He considered the difference between childcare and a coffee shop. He explained that if there was an inadequate supply of coffee at a coffee shop, it did not necessarily have a systemic impact on the economy, whereas an inadequate supply of childcare prevented working age people in every other industry from being at work, which had a negative systemic impact on the economy. He viewed childcare as a necessary service that allowed people to participate in the workforce.

Representative Fields highlighted that early childhood education was essential in terms of human capital development and workforce development. He detailed that early childhood education had the highest return on investment. He elaborated that providing good early childhood care produced workers who were more productive over the long-term. He cited work by the economist James Heckman and pointed to a graph titled "Economic impact of investing in early childhood learning" on the bottom right of slide 3. The graph showed investing in early childhood learning had a higher return on investment than at any other stage in life.

[9:05:51 AM](#)

Representative Fields addressed lessons from other states/nations on slide 4. He highlighted that every other developed country in the world invests a significant amount of money directly to childcare, ranging from \$10,000 to \$30,000 per child per year (with Norway being on the high end). He underscored that the United States (U.S.) invested under \$1,000 per child per year. He stated that the U.S. did not make a meaningful investment in subsidizing childcare for working families, unlike every other western country.

Representative Fields considered what could be done to strengthen the sector if the country was not going to make the political decision to start investing thousands of dollars per child per year. He reported that 11 other states had established bargaining structures for home-based childcare providers to bargain with the state to provide livable wages and benefits that expand the supply of childcare providers. He expounded that Illinois was the first state to develop the structure in 2005 and California was the most recent. He explained that the structure was called a sectoral bargaining model where the entire sector, including workers and owners, bargained as one. He relayed that HB 149 was based on the model.

Representative Fields explained that HB 149 looked at one model for expanding the supply of childcare by directly addressing the issue of inadequate wages. He thought it was important to note that HB 149 and the sectoral bargaining model was not the only option. He reviewed four other options the House Labor and Commerce Committee had considered on slide 5. First, the state could directly supply care; however, he did not believe there was the political will to directly subsidize childcare on an ongoing basis to the tune of thousands of dollars per child per year. He reiterated his earlier statement that it was the method used by every other western country; however, he did not believe there was the political bandwidth to do so. Second, the state could use an opt-in sectoral bargaining structure to negotiate wages/benefits with the state (as envisioned in HB 149).

Representative Fields highlighted a third option to establish a living wage covering all workers in the childcare industry. He noted that many childcare providers had discussed the option. He stated it was a simple policy. He believed the biggest drawback to the option was that the living wage may not be economically viable in the absence of adequate subsidies. For example, if the legislature established the wage at \$18.00/hour but did not provide subsidies, the option forced parents to make up the difference. He pointed out that childcare was already too expensive for many parents. He emphasized that as the legislature looked to strengthen the sector, it needed to be sensitive to not raising prices on parents.

Representative Fields discussed the fourth option to establish prevailing wage policy covering all providers who

receive public funding. He stated it was similar to what the state did with construction. He explained that those receiving construction dollars through the State of Alaska were subject to the Davis-Bacon prevailing wage law, which was currently over \$60/hour. He explained it could be done with the childcare industry. He elaborated that decades back the state had made a choice with construction and had determined it would be a middle class job where workers received a living wage and benefits for public construction. He believed the challenge with mandating prevailing wages in childcare was that he did not think there was currently enough public investment in childcare for a prevailing wage model to work. He explained that the prevailing wage model worked for the construction industry because about \$1 billion per year was put into federal public construction and more was put into state construction. He was not confident the model would work if the critical mass of investment was not put into the childcare sector.

[9:09:22 AM](#)

Representative Fields addressed an illustration on slide 6 titled "Coercion and Expense Tradeoffs." The illustration included the four options considered by the Labor and Commerce Committee. He pointed out that the most coercive option was to mandate a minimum or living wage for childcare providers. He stated that a prevailing wage was a little less coercive. The least coercive option was to pump money into the sector. He would be supportive of the option but did not believe the political bandwidth existed. He relayed that the sectoral bargaining model in HB 149 was the least coercive and least expensive. He recognized it would not fix all of the problems in the childcare sector overnight. He believed it would empower the sector to start fixing some of the problems by getting at their root causes.

Representative Fields reviewed the goals of the bill on slide 7. The goal was to raise wages/benefits, so workers have a living wage, more workers enter the industry and fewer leave, thus increasing the supply of quality childcare available to everyone in the marketplace. The key was to empower the sector to drive the effort, in order to prevent raising prices to an unaffordable level for parents and to ensure economics that worked for childcare providers. He explained that all providers' profits had

been strapped. He spoke to the importance of supporting childcare providers and avoiding putting them out of business. He stated that the last two years had been incredibly hard for the sector and every provider. He believed it was important for the legislature to recognize that circumstances and economics would change for providers and families.

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Representative Fields continued to address slide 7. He believed the policy structure should be flexible enough to let the industry adapt to changing circumstances. He stated that if the industry received another federal funding infusion like it received through American Rescue Plan Act (ARPA), the legislature should empower the industry to invest the funding in the most sensible way.

Representative Wool referenced Representative Fields' statement that he did not want to raise prices to make childcare unaffordable. He asked if that meant Representative Fields was willing to raise the cost a little. He thought childcare was already unaffordable. He stated that many parents opted not to put their children in childcare because it did not pay. He heard from parents who would rather stay home than breakeven and work all day while someone else raised their kids. He asked how to combat the issue.

Representative Fields agreed that childcare was unaffordable for many families. He highlighted what people paid for the care they receive and explained that families who were lucky with high paying jobs were able to send their kids to high quality childcare centers. He shared that he and his wife paid well over \$2,000 per month for their two children, which was larger than most people's mortgage. He stated it was so expensive, it did not make sense to go to work to pay for childcare in many jobs. He emphasized it was terrible for the economy because it deterred people from entering the workforce. He explained that the bill's structure provided a framework for childcare providers to negotiate with the state to allocate scarce resources. For example, if the bill had been in place when the state received \$2 million per year in additional ARPA funding, childcare providers (owners and workers) would have directly been at the table at the Childcare Program Office to allocate the \$2 million per

year. He suspected they would not have wanted to raise prices on parents one penny because parents were strapped during the pandemic as well.

Representative Fields did not want to micromanage decisions on resource allocation. He believed childcare providers should drive the decisions. Currently, the issue was left up to the Childcare Program Office within the Department of Health and Social Services (DHSS). He elaborated that the office had been unstaffed for months and had finally been filled. He stated that long-term DHSS employees were incredibly devoted to their jobs, but there was no substitute for having industry at the table to allocate scarce resources in a challenging sector.

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Representative Fields emphasized that the best state employee would not have the granularity of detail about what was taking place at the sector level if they were not talking with providers. He stressed that providers had to be driving the investments. He stated it was the premise of the bill: the bill did not micromanage how investments were allocated.

Representative LeBon looked at the first bullet under key goals on slide 7: raise wages/benefits so workers have living wage. He believed legislators could all support everyone having a living wage. He remarked that the current pressure on daycare operators was that paying workers a higher salary or benefits meant the need to increase rates charged. He asked if the state had a program to help lower income families receive a subsidy on their payment for daycare services. He asked how the program would work with an increase in wages/benefits. He asked if the added expense could be passed to the state through a subsidy.

Representative Fields confirmed that the state did have a subsidy program for lower income parents, but it did not cover the cost of care. For example, his children's childcare center had subsidized slots, but because the subsidies did not provide the full cost of care, other parents (himself included) subsidized other kids at the school. He added there was also an inadequate number of slots. He explained that the bill did not mandate a living wage or an increased number of slots. He explained that if the state received \$2 million more per year in ARPA

funding, the bill would create a structure where childcare providers would decide how much of the funding would go to higher wages/benefits for workers, how much would increase the dollars per slot (to more closely match the cost to provide care), and how many dollars went to increasing the number of slots. He believed providers would want to do all of those things. Providers would determine how to balance multiple meritorious investments. He believed the legislature needed to provide the right structure and it would be hard as legislators to determine wage and slot increases when they did not have a detailed view of the industry.

9:16:30 AM

Representative LeBon provided a scenario where he was an operator of a daycare center who now needed to provide a higher wage and improved benefits. He noted that the state formula would not help cover the expense as currently written. He considered that perhaps it should be looked at. He wondered if there would be a risk of putting daycare centers out of business if their profit margin was squeezed and added costs could not be passed to the state or families. He noted that some families paid 100 percent of the cost and lower income families received a subsidy for some portion of the cost. He did not know what the split was. He wondered if it was 50/50. He surmised the free market system would say the operator was being squeezed and they may not be able to recover the added cost.

Representative Fields agreed. He explained it was the reason the bill did not mandate a living wage or minimum wage in the sector because he believed there was a risk it may make it uneconomic for some providers. He clarified that all the bill did was provide a framework for childcare providers to work with the state to figure out how to raise wages and allocate scarce resources. He did not believe enough was known to be able to set a minimum wage without potentially having unintended negative impacts on providers.

Representative Wool referred to Representative Fields' statement that he had two children in daycare simultaneously. He shared that his children had not been in daycare at the same time. He recalled waiting for kindergarten to start so he would no longer have to pay for daycare. He stated that at the time kindergarten had been a

half day, but it was currently a full day. He referenced discussions about funding statewide Pre-K, which he assumed had a large price tag. He asked if there was some way the funding could go towards helping daycare programs be more robust and cost-effective as opposed to a "full blown" Pre-K, which he understood required numerous certified teachers and education specialists.

[9:19:55 AM](#)

Representative Fields believed any increase in Pre-K funding in the range of numbers discussed was augmenting care and not replacing the private preschools. He stated that because the need was large, there was not a risk of having too much Pre-K. Only some of the need was being filled.

Representative Josephson asked for verification the plan under the legislation was to allow the childcare sector to negotiate under the Public Employees Relation Act (PERA).

Representative Fields characterized the situation as fairly arcane in terms of labor relations. He stated that the National Labor Relations Act (NLRA) was passed in the 1930s. He described Congress at the time as a body with a northern liberal, southern Dixiecrat coalition and explained that in order to establish collective bargaining rights, the Dixiecrats demanded exclusion of domestic work and farm work because it was primarily done by Black people (a reality of racism at the time). He elaborated that because of the law, state legislatures had the ability to manage labor relations in those two areas: domestic work and farm work. Therefore, the state was allowed to establish a sectoral bargaining structure in the area of childcare rather than the traditional employee/employer bargaining structure used for all other fields. He explained that Alaska would be preempted by federal law from doing the same for healthcare or construction, sectors that were clearly regulated under the NLRA. He detailed that because the NLRA excluded domestic work, the Alaska Legislature had a lot of flexibility to establish a sectoral bargaining model, which had been done by 11 other states.

Representative Fields explained that under a sectoral bargaining model, childcare employees would not be public employees; however, there had to be a way for the employees

to bargain. He explained that in working with Legislative Legal Services, the way to establish a bargaining path would be for the Alaska Labor Relations Agency (ALRA) to manage an election where all providers (employees and employers) would vote on whether to engage in sectoral bargaining. He noted the vote would be conducted by ALRA. He elaborated that if a majority of participants voted in favor, there would be a sectoral bargaining framework. He furthered that the childcare sector would negotiate, not employee versus employer, but by sector with the state childcare program office. He explained it was the method allocation decisions would be made in regard to resources.

Representative Fields clarified that if desired, childcare providers could also negotiate for things like benefits or a minimum wage in the sector that may be linked to training. He stressed that the bill did not mandate the sector to bargain on any specific thing. He stated that sectoral bargaining may not be familiar to many people in the U.S.; however, it was the way most bargaining was done in many northern European countries. He explained that the industry drove the issues addressed at the bargaining table. He listed potential priorities such as wages, safety, benefits, the linkage between wages and training. He emphasized that the bill did not micromanage the issues. He stated that childcare providers would be sensitive to their needs every year. He believed the state should establish a structure that allowed the sector to make the decisions.

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Representative Josephson asked for verification that the ALRA would act as the umpire.

Representative Fields replied that ALRA would conduct the election to determine if the sector "wants to do this."

Representative Johnson referenced the statistics provided on Norway and asked why Representative Fields had selected the particular country.

Representative Fields answered that Norway was at the high end of investment per year; the country had been used to show a range.

Representative Johnson highlighted that Norway had a population of about 5.5 million, \$1.3 trillion in its sovereign wealth fund, a budget of \$18 billion, and a birthrate of 11 children per 1,000 people. She remarked that the country had more money than Alaska. She was interested in an apples-to-apples comparison.

Representative Fields answered that it was a challenge. He fully acknowledged the state would not be investing thousands of dollars per child per year in childcare in the coming year. He contemplated how to establish a structure where providers were empowered to have a little more voice in allocating scarce resources.

Representative Johnson remarked there were 11 states unionized. She asked about Illinois' retention.

Representative Fields answered that the House Labor and Commerce Committee had heard from providers in the State of Washington who had utilized the model. The providers had described the positive impact that had occurred over time within the sector. He relayed that testimony from providers in Illinois had not yet been heard.

Representative Johnson asked why government was getting involved. She thought it was typically a grassroots issue organized by unions or workers.

Representative Fields answered that California was the most recent state to engage in sectoral bargaining. He explained it had taken ten years of working with providers and state policymakers and educating people. He recognized it was complicated policy. He shared that employers and parents were vocalizing there was a real problem [in Alaska] and he did not see solutions on the table; therefore, he had put forward a potential solution. He noted he had been clear in the House Labor and Commerce Committee that if someone had a better idea, it should be pursued. He had not yet seen a better idea. He stated that perhaps the House Finance Committee would have one.

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Representative Johnson asked, "A better idea for what?"

Representative Fields replied, "For how to address the very pressing needs that we have in the childcare sector."

Representative Johnson asked what the needs were.

Representative Fields replied the needs were a lack of adequate childcare supply and affordable childcare for parents.

Representative Johnson asked for the percentage of unfilled need.

Representative Fields replied that it was difficult to say. He had heard many anecdotal stories from parents who had been forced to stay out of the workforce. He had received visitors from business organizations identifying the problem as one of their top issues. He did know if the number of parents who had been unable to get care would be quantifiable.

Representative Wool asked if there were childcare providers who supported the legislation. He asked if providers were concerned that if employees organized, wages would increase, and facilities would have to charge more.

[9:28:20 AM](#)

Representative Fields responded that he had heard support from some childcare providers and questions from others. He clarified that the bill used an opt-in model, also called a right to work model. He explained that if the sector decided to bargain sectorally, no individual childcare provider was required to participate. He did not believe there would be support from providers if it was coercive. He had heard some support for the model. He highlighted the diversity of the sector with hundreds of providers, including home-based providers. One of his goals had been to meet with and talk to as many of them as possible. One thing that was very clear from providers was the desire for more of a voice. He stated it was the number one goal of the bill.

Co-Chair Merrick noted there would be invited testimony.

Representative Wool stated his understanding that the bill would enable workers and childcare facilities to organize to perhaps improve wages and working conditions without raising the rates on parents. He surmised it would be an organized way to get more ARPA funds or government subsidies to fill the gap.

Representative Fields agreed. He referenced a previous question by Representative Johnson and relayed there had been a recent survey showing 77 percent of parents in Alaska reported missing work due to childcare issues in the past three months. He noted it was a survey and did not include every Alaskan. The survey also showed that 36 percent of parents postponed school or training due to childcare issues, 7 percent had to leave a job due to inadequate childcare, and 26 percent of parents had to lean on family members due to a lack of formal childcare.

Co-Chair Merrick asked for the survey source.

Representative Fields answered that the survey was a Center for American Progress report titled "Untapped potential in Alaska."

TRISTAN WALSH, STAFF, REPRESENTATIVE ZACH FIELDS, elaborated that the report was included in committee members' bill packets and was from the U.S. Chamber of Commerce Foundation on untapped potential in Alaska. He relayed that the report had been published in part with the Alaska Chamber of Commerce.

Representative Fields appreciated the engagement by committee members. He noted that in California, the most recent state to implement the model, the providers had worked with the state to negotiate a 15 percent reimbursement rate increase. He reiterated his earlier testimony that the bill was merely a framework and real progress would happen over time as the sector bargained with the state. He highlighted that California had immediately made some measurable progress.

[9:31:53 AM](#)

Representative Carpenter appreciated the opportunity to have a policy conversation. He asked what constitutional authority the bill drew upon.

Representative Fields answered that because the federal government had not preempted states in the area of labor relations with respect to domestic workers, which included childcare, the state had the ability to set labor policy. He clarified that the state's purview was limited to domestic workers and farmworkers under the National Labor

Relations Act [passed in 1935]. He cited Article 10 of the constitution specifying that matters not managed by the federal government were left to the states.

Representative Carpenter clarified that his question pertained to the Alaska Constitution, not the federal constitution.

Representative Fields asked for clarity on the question. He wondered if Representative Carpenter thought the state constitution did not authorize the legislature to deal with childcare policy.

Representative Carpenter highlighted that the legislation focused on making a policy call and setting it in statute. He asked which portion of the state constitution allowed the state to create law that would impact so many sectors of the economy. He wondered if the bill drew on the general welfare clause allowing the state to do what it wanted if there were enough votes. He used an example where the state had to have an education system because it was mandated by the constitution. He asked how the bill's action was authorized under the state constitution.

Representative Fields viewed the bill as simply enabling commerce and full participation by parents in the workforce. He had not looked at the constitutional foundation for legislators to address the issue in statute. He would take a look. He believed the state's engagement in childcare was long established through the Childcare Program Office. The question was how to best do it.

[9:35:04 AM](#)

Representative Carpenter remarked it was a policy call that would potentially bring a subsidy to the industry, which would promote childcare as a means to raise kids. He stated it was a long-term cultural impact across the sector. He asked if the bill was promoting value in other people raising someone's children as opposed to people raising their own children by subsidizing one over the other.

Representative Fields believed every parent should be able to make the choice about the best way to raise their children vis-à-vis how many parents work for wages and whether one or more parents was able to stay home and take care of their kids. He pointed out there were not many jobs

that could support a family where one person could work and the other could remain home to care for the kids. He highlighted the need for childcare for parents to be able to support their family. He was not trying to dictate that childcare was better than parents staying home, but he thought parents should be able to make the choice.

Representative Carpenter suggested what if a solution also included a subsidy for parents to stay home and raise their kids. He remarked it would be a state policy placing value on parents staying home and raising their children as opposed to a policy promoting parents giving the responsibility to someone else.

[9:37:32 AM](#)

Representative Fields believed there was a lot of value in that. He remarked there had been other policy discussions about people who stay home to take care of their elderly relatives. He noted that many states did so.

Representative Josephson referenced a legal case that had stuck with him when he had taught constitutional law for five years. The case was called Laughlin Steel. He elaborated that around 1937 the U.S. Supreme Court held that the right to organize was a fundamental right. He detailed the decision applied to the private sector's right to organize and was an interpretation of Wagner Act or the Fair Labor Standards Act. The other thing to consider relative to Representative Carpenter's point was the freedom of association, which was a part of the right to organize.

Representative Edgmon stated that Alaska's population was aging, and the fastest growing segment was seniors. He remarked there were more people choosing to leave the state for the past nine to ten years consecutively. He noted a few of the years there had been people moving back into the state, providing a net gain in population. He asked about the sector population the bill may affect.

Representative Fields answered that the demographic trends in the state were one of his motivations. There had been significant net outmigration among people of working age. He noted the state had an aging population on the one hand; however, he had heard in the Tribal Affairs Committee earlier in the day that the median age in the AVCP

[Association of Village Council Presidents] region [Yukon Kuskokwim Delta] was 25. He highlighted that the state's population was becoming younger on one end of the spectrum and older on the other. The state was losing people of working age, which was problematic. There were fewer people earning and able to support their families. One of the goals of the bill was to ensure it was affordable for working aged people to stay in Alaska, afford childcare, participate in the workforce, and ensure a good environment to take care of aging relatives. He believed there was an economic imperative to make sure it was practical for families to raise their kids and to care for parents who may be aging. He stated it was a good thing when multigenerational families were retained in Alaska. In contrast, he believed when it was only affordable to take care of multigenerational families outside of Alaska, the loss of population and economic activity was a bad thing.

[9:40:52 AM](#)

Vice-Chair Ortiz thanked Representative Fields for bringing the bill forward. He appreciated the hearty discussion on such a complex issue. He found it fascinating to think about the intersection of economic and social forces and change that had taken place over the past 30 years. He stated the bill aimed to address a real issue. He heard anecdotally all of the time in his community about the need for more childcare options for parents. He thought Representative Carpenter brought up a good point about whether the bill communicated the state was putting higher value on parents' ability to have their children raised by childcare providers. He stated it was a pretty big question. He stated his heart said it was not a good direction to go. He thought it was a great bill for discussion. He stated that ignoring the problem would not help. He lauded the sponsor for bringing the bill forward.

Representative Fields answered that he thought Vice-Chair Ortiz's point about parents being able to provide care was important. In his ideal world, people would have enough access to jobs that every family could have one parent work outside the home and one parent provide care in the home if they chose. His office could follow up to see if the Childcare Program Office had ever looked at the issue and whether subsidies could be extended to parents raising their children at home thereby foregoing wages in the

private market. He thought it would be a balanced approach and he did not know how much it had been considered.

[9:43:21 AM](#)

Co-Chair Merrick moved to invited testimony.

CANDICE RICHEY, HOME CHILD CARE PROVIDER, CANDI'S TOT STOP, FAIRBANKS (via teleconference), shared information about her business. She stated childcare providers were often asked what they needed; however, they were not heard when they provided their opinions. She shared that providers had struggled for a long time to get what they needed and really needed support. She believed HB 149 would provide support. She had been in awe when hearing about the bill because it included topics that had been a concern for many years within the industry. She stated that the bill would give providers a voice and included topics such as wages, health insurance, leave, and retirement. She worked between 12 and 16 hours per day and the wages she earned were not enough to maintain a living and care for her family. She noted the same applied to hiring staff to fill positions.

Ms. Richey highlighted the high rate of turnover in the industry because providers could not afford to pay employees as much as other jobs. Finding qualified staff was difficult and it was hard to retain employees because they could not offer benefits provided by other employers. She referenced money childcare providers had to invest in employees for training and background checks. She remarked that state funds had been invested in the sector, which showed how powerless the industry was when it came to how the funds were used. She shared that benefits were off the table for her business due to high premiums. She stated that creating a retirement for herself had been impossible. She had other bills that were of more immediate importance such as paying to put food on the table and keeping her business open.

Ms. Richey highlighted the high cost of living in Alaska. She relayed the bill would support her career field in many aspects and would give providers a voice in the industry's future. She added that providers would be able to determine where funds were most needed. She emphasized the support was needed more than ever to ensure childcare in Alaska was sustainable, affordable, and competitive with other industries.

9:47:04 AM

CHRISTINA EUBANKS-OHANA, EXECUTIVE DIRECTOR, HILLCREST CHILDREN'S CENTER, ANCHORAGE (via teleconference), read from a prepared statement:

The reality of poor wages and benefits for this workforce detrimentally impacts the working family. A healthy early learning system requires a variety of providers both home and center based that are well trained and compensated and have a voice in the work conditions. I believe that House Bill 149 before you is an avenue to address this issue. Attracting and retaining a quality workforce has been a continued struggle during the 18 years I've worked in Alaska providing childcare services.

While the state has changed regulations that increase the cost of care, the reimbursement rates have not kept pace. This is met in increase in cost to families and continued low wages and little to no benefits for the workers. The foundation of a high-quality early childhood system is a well-trained and fairly compensated workforce. Unfortunately, Alaska's system does not provide for livable wages to keep a trained workforce.

Early childhood educators are one of the lowest paid professions in the state. While the cost of childcare is high, often comparable to a monthly mortgage or rent payment, the income does not cover overhead and wages. This leads to high rates of turnover in providers, which is alarming because of consistency in caregiving during a child's formative years is essential to provide a secure foundation for the child to grow from. This financial investment in early childhood saves the state money in education and health costs in the long-term. While this bill does not fix all of the issues in early childhood, it provides a policy solution that allows a greater voice for staff, center directors, and home providers in working with the state childcare program office. The industry should have a voice in decisions that impact the cost of care.

Ms. Eubanks-Ohana continued to testify in support of the legislation. Childcare providers were the experts at providing childcare in Alaska and should be afforded a seat at the table. She shared that the Childcare Program Office received the primary amount of its funding through the Childcare and Development block grant. She explained that the way the office had written regulations would have incentivized childcare providers to close. Additionally, the office had proposed regulation changes that would have substantially increased the cost of care. Providers had to explain the ramifications to the office. The bill would enable providers to be at the table from the beginning to work together to come up with solutions.

Ms. Eubanks-Ohana addressed an earlier question about the need for childcare. She shared that her center was currently filled through May of 2023. She elaborated that parents often called when they were pregnant to get guaranteed spots. She received one to two calls per day from families currently looking for childcare. She emphasized there were not enough spaces in the state to meet the current need. She stated the bill would hopefully enable the sector to attract more providers. She urged the committee's support for the bill.

[9:51:36 AM](#)

BLUE SHIBLER, SOUTHEAST ALASKA ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN (AEYC), JUNEAU (via teleconference), currently served as the executive director of AEYC. Previously she had been a childcare business owner for over 20 years. She had seen firsthand many of the impacts discussed in the current meeting such as how low wages in the industry impacted the quality of care businesses could provide for families. She pointed out that childcare providers were not trying to raise other people's children. She clarified that providers were partnering with working families to help children get their developmental needs met in high quality environments.

Ms. Shibler reported that childcare as a business model was in market failure and had been for quite some time. She stated that when a necessary service (necessary because families needed to work and put their children somewhere) failed to correct itself in a free market, public intervention was often needed. She highlighted that parents were paying an average of 10 to 20 percent of income on

childcare costs. She stated that the revenue still did not allow programs to pay worthy wages. She explained that because the tuition income from parents was typically the sole source of revenue for childcare businesses, they had no means to compete in the tight labor market. Other businesses were increasing wages and offering benefits, while childcare wages remained flat and falling well below what was considered to be livable in the current economy.

Ms. Shibler believed building a strong, quality supply of affordable childcare was critical in creating economic recovery. The effort needed to start with creating better workforce conditions for providers. She stressed that childcare workers were key stakeholders in the childcare industry and should be heard from when the state was making decisions on how to invest financial resources in their work. She addressed questions from members earlier in the meeting. She shared that in Juneau, as of January 2022, there were 221 children on waitlists for childcare programs. She stated that while some of the programs technically had available slots, they did not have enough staff. She shared that programs reported needing a total of 16 to 20 more employees in order to start taking kids off their waitlists.

[9:55:40 AM](#)

Co-Chair Merrick OPENED public testimony.

MIKE COONS, SELF, PALMER (via teleconference), [poor audio quality] asked how much more it would cost to have unions. He spoke against the legislation. He did not support using California as a model.

Co-Chair Merrick CLOSED public testimony.

[9:59:19 AM](#)

Co-Chair Merrick asked the department to review the fiscal note.

NICOLE THIBODEAU, HEARING EXAMINER AND ADMINISTRATOR, ALASKA LABOR RELATIONS AGENCY, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (via teleconference), shared that Alaska Labor Relations Agency administered the Public Employment Relations Act. The agency's mission was to promote harmonious and cooperative relations between

government and its employees. The mission was carried out by settling disputes between public employers and unions and by overseeing representation elections. She detailed that the legislation would create a bargaining unit of childcare workers and under the Public Employment Relations Act the agency would conduct a mail ballot representation election to determine the unit composition and representatives. She explained the election would be a one-time cost of between \$16,000 and \$46,000 if every employee received a vote. The cost range reflected uncertainty with respect to the bargaining unit size. The agency used estimates of numbers of workers, not providers. She stated that THREAD's 2020 economic impact report estimated about 6,500 direct childcare providers in Alaska. She elaborated that the Department of Labor and Workforce Development Research and Analysis Unit estimated pre-pandemic childcare worker numbers to be between 3,200 and 3,300. The agency's estimate of the bargaining unit size was based on between 3,200 and 6,500 workers or voters.

Ms. Thibodeau reported that after reviewing the agency's last seven years of data, on average the agency conducted about two elections per year and the average unit size was about 19. The agency had a staff of three with a very streamlined budget; therefore, the election would be a one-time significant expense and effort for the agency. The fiscal note included a hearing and estimated that labor would include a temp or contracting out assistance to produce ballots in the neighborhood of \$3,500, ballot postage would cost between \$3,800 to \$7,800, ballot packets would cost between \$4,000 and \$7,000, the regulations project would be about \$500, legal fees to the attorney general office were estimated at zero to \$10,000, the cost for reprinting a pamphlet would be about \$900, and a hearing would potentially cost between \$1,800 and \$15,000 for a total of between \$16,000 and \$46,000.

[10:02:42 AM](#)

Representative Carpenter asked if ALRA managed any other private sector collective bargaining elections.

Ms. Thibodeau answered in the negative. She elaborated that ALRA only handled public sector collective bargaining.

Representative Carpenter referenced previous testimony from the public. His takeaway had been the need for a strong

economy with more high paying jobs was necessary. He had also heard that some amount of state subsidy was necessary. He understood the bill did not include a subsidy and was limited to offering the ability for collective bargaining. He provided a scenario where the state went in the direction of the action under the bill. He asked where a subsidy would come from. He assumed that largely, daycare workers were not paying corporate income tax currently due to their size. He thought the pool of funds the subsidy could come from would be some amount of the corporate income tax collected through non-oil or oil revenue, Permanent Fund earnings, or federal subsidies. He asked the bill sponsor where the additional funding come from.

Representative Fields answered that the ongoing federal funding stream was called the Childcare Development Block Grant, which had been recently increased by federal legislation. He explained that when the grant had increased it had heightened the need to empower providers to negotiate and help drive investments. Whether the state also wanted to increase funding to childcare was a good question, and beyond the bill's contemplation of a sectoral bargaining structure.

[10:06:04 AM](#)

Representative Carpenter asked for clarification that it would be the sponsor's intention that the likely follow-on subsidy would come from federal funds at least to begin with.

Representative Fields replied in the affirmative. He believed that given there were recently increased federal funds, it was a good time to consider whether the state had the best structure for the industry to have a seat at the table working with the state. He noted it was not to preclude the question about whether the legislature should do more for childcare. He believed there was a current need to empower the sector given the increased federal funds.

HB 149 was HEARD and HELD in committee for further consideration.

[10:06:59 AM](#)

AT EASE

[10:07:50 AM](#)

RECONVENED

Co-Chair Merrick reviewed the schedule for the following meeting.

#

ADJOURNMENT

10:08:08 AM

The meeting was adjourned at 10:08 a.m.