

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

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.

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

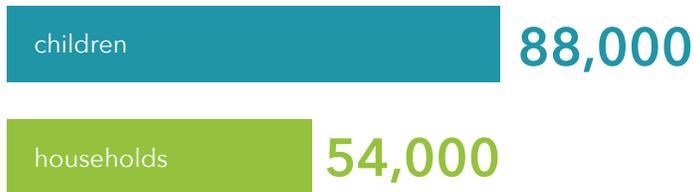


Spending of wages earned by ECL providers

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



Note: Children 0 through 12 years of age.

Children in ECL Services



Of children under 6 years of age

Of children 6 - 12 years of age

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%

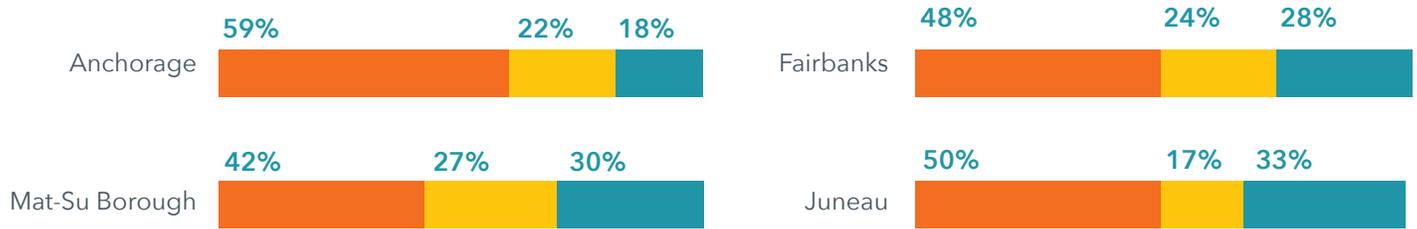
Results include children in multiple types of care.

Alaska's Largest Cities & Boroughs in Focus



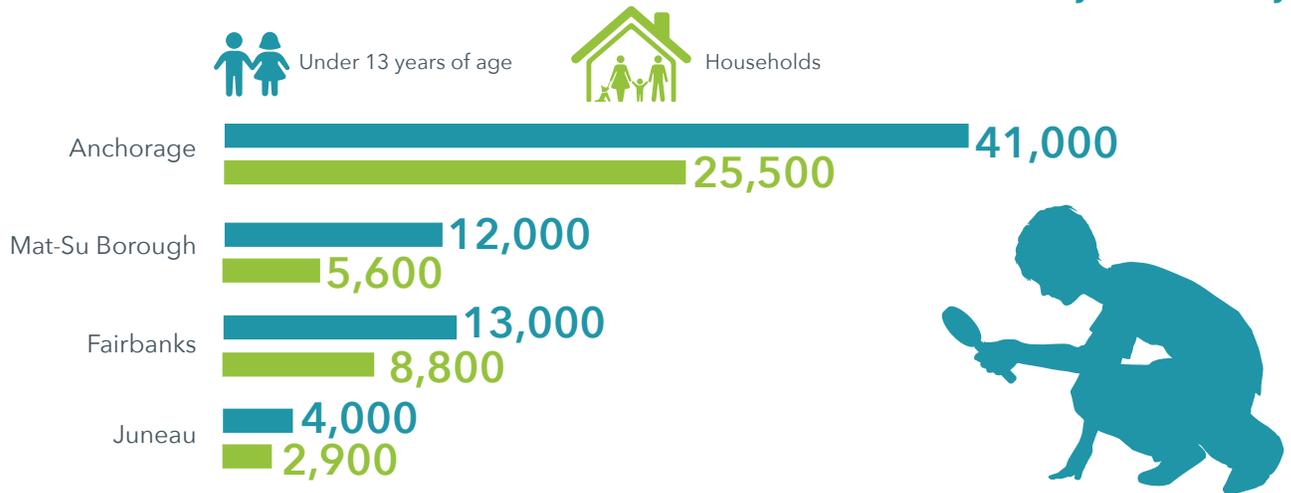
ECL service factors with the greatest impact on household member's ability to participate in the workforce

● Cost ● Quality ● Availability



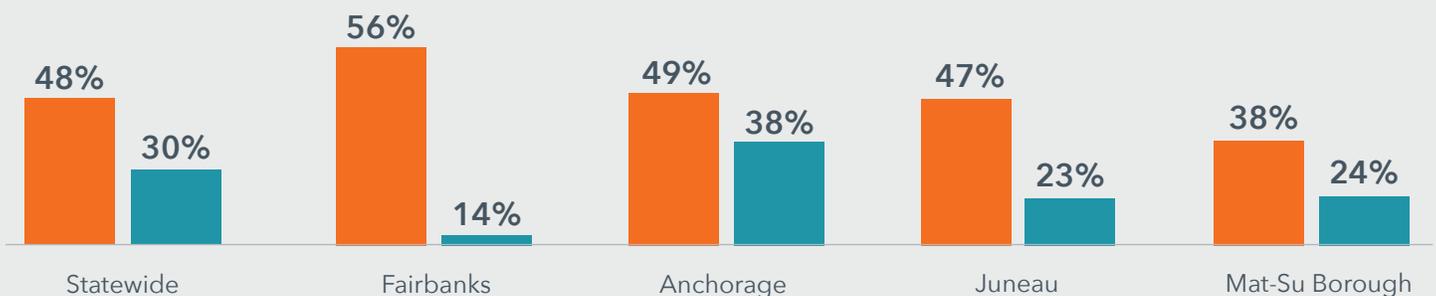
Note: numbers may not add to 100% due to a small percent of survey respondents who did not answer the question.

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



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

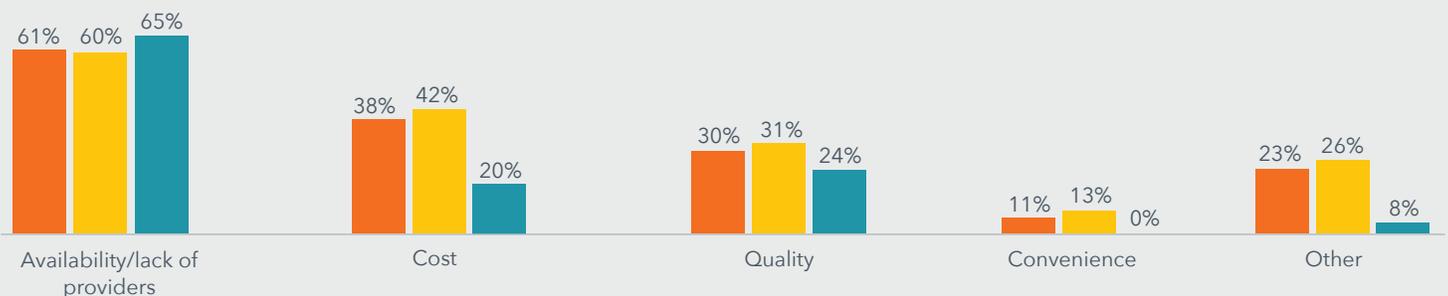


Difficulty finding care is greater in rural communities than urban areas



Barriers to finding ECL services*

● Total ● Urban ● Rural

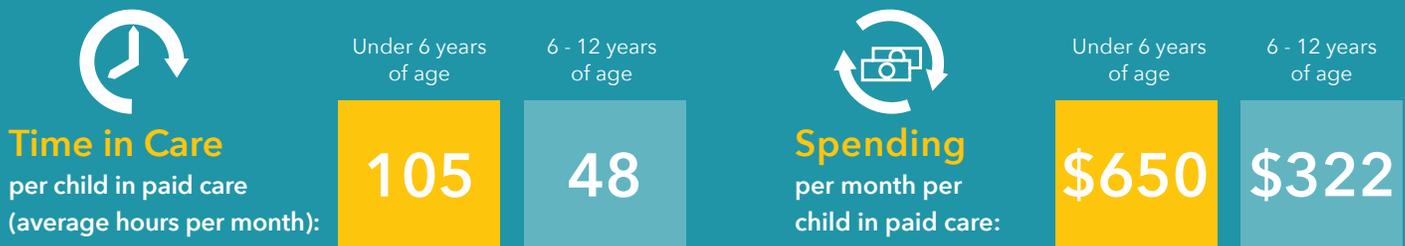


* For families who report difficulty finding care for their child.

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.



Note: Averages 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



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

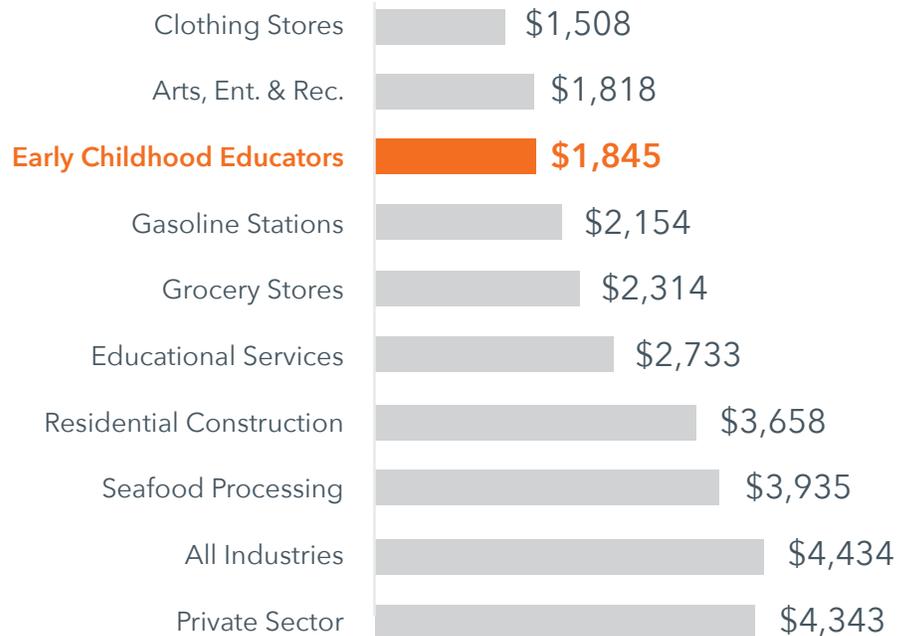
Employment in Alaska's ECL sector



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



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



Parents and caregivers are in the workforce because of ECL services



In wages are earned by parents and caregivers because of ECL services



Average increase in earnings for a two-parent household with the second parent in the labor force



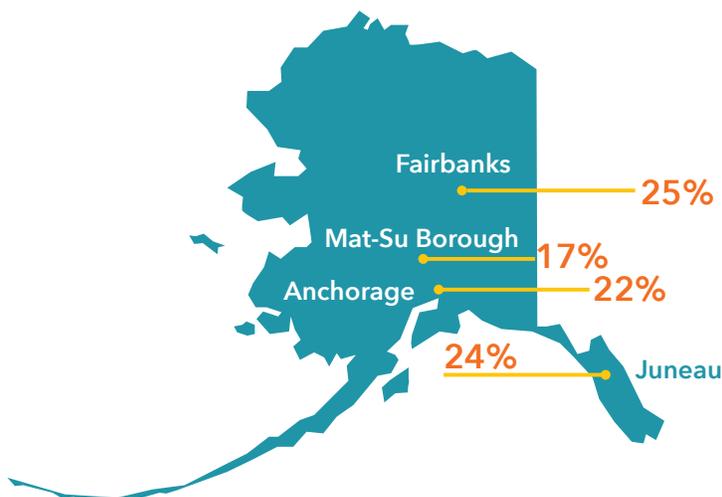
Average earning for a single father able to participate in the labor force



Average earnings for a single mother able to participate in the labor force

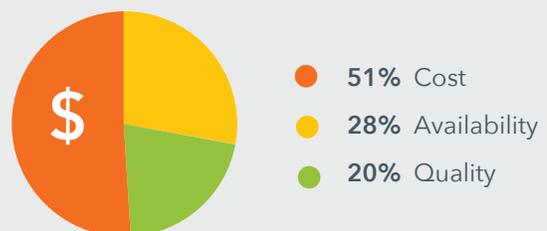
Lack of access to ECL services restricts employment

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.

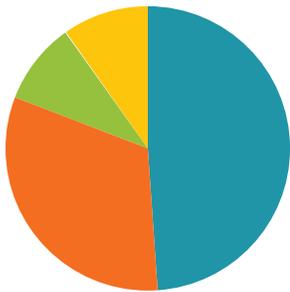
Factor with the greatest impact on families' ability to find child care



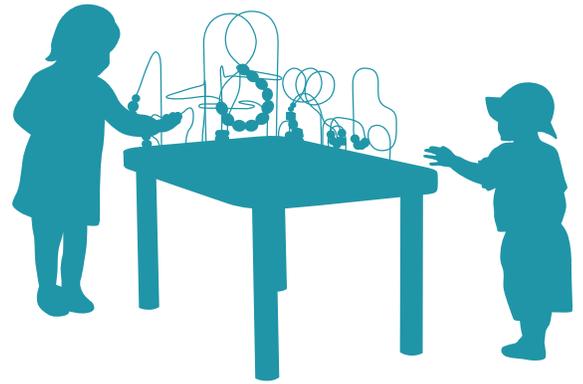
Note: Among households with a member not employed, or working less hours because of lack of access to child care.

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



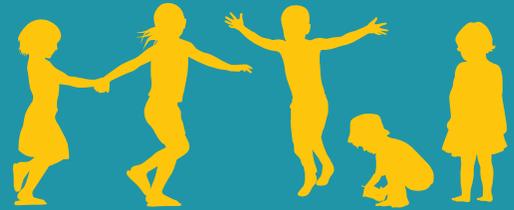
Alaska employers see value in these ECL employee benefits that result in **increased productivity and attendance**

- ▶ 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.

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