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
- **$587 million** in economic activity

**Over 8,700 Jobs**

including direct and indirect jobs

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* 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.

- **$216 million** by households
- **$131 million** by the federal government
- **$45 million** by the State & Tribal Gov.

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

Children in ECL Services

<table>
<thead>
<tr>
<th></th>
<th>Of children under 6 years of age</th>
<th>Of children 6 - 12 years of age</th>
</tr>
</thead>
<tbody>
<tr>
<td>94% of children not in ECL services</td>
<td>48%</td>
<td>30%</td>
</tr>
<tr>
<td>stay home with a household member.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Children in ECL Services

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 93%

Allow adults to be employed 87%

Allow adults time for activities outside of work 50%

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

<table>
<thead>
<tr>
<th>Type of Care</th>
<th>Under 6 years of age</th>
<th>6 - 12 years of age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Care at someone else’s home</td>
<td>25%</td>
<td>28%</td>
</tr>
<tr>
<td>Care in child’s own home by family, friend, or other provider</td>
<td>23%</td>
<td>32%</td>
</tr>
<tr>
<td>Pre-elementary or center-based care</td>
<td>51%</td>
<td>7%</td>
</tr>
<tr>
<td>Early Head Start/Head Start</td>
<td>10%</td>
<td>N/A</td>
</tr>
<tr>
<td>School-sponsored before or after school programs</td>
<td>N/A</td>
<td>22%</td>
</tr>
<tr>
<td>Other before or after school programs</td>
<td>N/A</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>5%</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Community</th>
<th>Cost</th>
<th>Quality</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchorage</td>
<td>59%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>Mat-Su Borough</td>
<td>42%</td>
<td>27%</td>
<td>30%</td>
</tr>
<tr>
<td>Fairbanks</td>
<td>48%</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>Juneau</td>
<td>50%</td>
<td>17%</td>
<td>33%</td>
</tr>
</tbody>
</table>

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

- **Under 13 years of age**
- **Households**

<table>
<thead>
<tr>
<th>Community</th>
<th>Under 13 years of age</th>
<th>Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchorage</td>
<td>41,000</td>
<td>25,500</td>
</tr>
<tr>
<td>Mat-Su Borough</td>
<td>12,000</td>
<td>5,600</td>
</tr>
<tr>
<td>Fairbanks</td>
<td>13,000</td>
<td>8,800</td>
</tr>
<tr>
<td>Juneau</td>
<td>4,000</td>
<td>2,900</td>
</tr>
</tbody>
</table>

Percent of children in ECL services, by community

- **Under 6 years of age**
- **6 - 12 years of age**

<table>
<thead>
<tr>
<th>Community</th>
<th>Under 6 years of age</th>
<th>6 - 12 years of age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide</td>
<td>48%</td>
<td>30%</td>
</tr>
<tr>
<td>Fairbanks</td>
<td>56%</td>
<td>14%</td>
</tr>
<tr>
<td>Anchorage</td>
<td>49%</td>
<td>38%</td>
</tr>
<tr>
<td>Juneau</td>
<td>47%</td>
<td>23%</td>
</tr>
<tr>
<td>Mat-Su Borough</td>
<td>38%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Want to know more about supply & demand in your community? Visit the Early Care & Learning Dashboard at threadalaska.org.
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**
  - **2015**: 46%
  - **2020**: 56%
  - **6 - 12 years of age**
  - **2015**: 28%
  - **2020**: 47%

Difficulty finding care is greater in rural communities than urban areas

- **Rural Communities**: 61%
- **Urban Areas**: 51%

Barriers to finding ECL services

<table>
<thead>
<tr>
<th>Availability/lack of providers</th>
<th>Total</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>61%</td>
<td>60%</td>
<td>65%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>38%</td>
<td>42%</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30%</td>
<td>31%</td>
<td>24%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Convenience</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11%</td>
<td>13%</td>
<td>0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23%</td>
<td>26%</td>
<td>8%</td>
</tr>
</tbody>
</table>

*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.

<table>
<thead>
<tr>
<th>Time in Care</th>
<th>Spending per month per child in paid care:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 6 years of age</td>
<td>$650</td>
</tr>
<tr>
<td>6 - 12 years of age</td>
<td>$322</td>
</tr>
</tbody>
</table>

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

- Cost of care averages **17%** of household income each year for families with children
- 12% of household income for married couple households
- 23% of household income for single male households
- 34% of household income for single female households

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Average Monthly Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing Stores</td>
<td>$1,508</td>
</tr>
<tr>
<td>Arts, Ent. &amp; Rec.</td>
<td>$1,818</td>
</tr>
<tr>
<td>Early Childhood Educators</td>
<td>$1,845</td>
</tr>
<tr>
<td>Gasoline Stations</td>
<td>$2,154</td>
</tr>
<tr>
<td>Grocery Stores</td>
<td>$2,314</td>
</tr>
<tr>
<td>Educational Services</td>
<td>$2,733</td>
</tr>
<tr>
<td>Residential Construction</td>
<td>$3,658</td>
</tr>
<tr>
<td>Seafood Processing</td>
<td>$3,935</td>
</tr>
<tr>
<td>All Industries</td>
<td>$4,434</td>
</tr>
<tr>
<td>Private Sector</td>
<td>$4,343</td>
</tr>
</tbody>
</table>

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

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.

- 43,300 people in the workforce because of ECL services
- $1.9 billion in wages earned by parents and caregivers because of ECL services

- $41,000 increase in earnings for a two-parent household with the second parent in the labor force
- $62,000 average earning for a single father able to participate in the labor force
- $50,000 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.

- 25% in Fairbanks
- 17% in Mat-Su Borough
- 24% in Anchorage
- 22% in Juneau

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

- 51% Cost
- 28% Availability
- 20% Quality

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