Child Care and the Economy

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University of Alaska Center for Economic Development
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Under the 7% standard, a family would need $195,000 in annual income to afford care for one child.

At about $15 per hour, ECE teachers earn less than half the Alaska average wage.
Alaska’s tight labor market

Two job openings per unemployed person! Reasons include:

- Aging of population
- Out-migration trend
- Pandemic disruptions
- Lack of child care
Prime age population is back to work

Labor force participation in the US, ages 25-54.

Pre-pandemic level

Pandemic low point

Source: BLS
Before kids:

Men: 84%

Women: 79%
How labor force participation changes

Before kids:
Men: 84%
Women: 79%

After kids:
Men: 96%
Women: 67%

Source: St. Louis Federal Reserve, 2021
Alaska employers are concerned about child care

36% of Alaska nonprofits say lack of child care “affects recruitment and retention.”

58% of private employers say child care services are a “very important” issue for the Anchorage economy.

Sources: National Council of Nonprofits, Foraker Group, Anchorage Economic Development Corporation, 2023
What large corporations look for in a place

- Employers need workers
- People need places with high quality of life
- Places that attract people have an advantage
- Child care anyone?

### Site Selection Factors

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Factor</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Labor costs</td>
<td>89.1</td>
<td>96.4 (1)**</td>
</tr>
<tr>
<td>2.</td>
<td>Quality-of-life</td>
<td>87.1</td>
<td>82.1 (11T)</td>
</tr>
<tr>
<td>3.</td>
<td>Availability of skilled labor</td>
<td>85.8</td>
<td>94.9 (2)</td>
</tr>
<tr>
<td>4.</td>
<td>Energy availability</td>
<td>82.3</td>
<td>94.7 (3)</td>
</tr>
<tr>
<td>5.</td>
<td>Construction costs</td>
<td>81.2</td>
<td>82.1 (11T)</td>
</tr>
<tr>
<td>6.</td>
<td>ICT/broadband</td>
<td>80.7</td>
<td>36.8 (26)</td>
</tr>
<tr>
<td>7.</td>
<td>Corporate tax rate</td>
<td>79.7</td>
<td>87.7 (7)</td>
</tr>
<tr>
<td>8.</td>
<td>Energy costs</td>
<td>79.4</td>
<td>N/A</td>
</tr>
<tr>
<td>9.</td>
<td>Environmental regulations</td>
<td>79.0</td>
<td>82.5 (9)</td>
</tr>
<tr>
<td>10.</td>
<td>Available land</td>
<td>78.1</td>
<td>62.5 (19)</td>
</tr>
</tbody>
</table>

Source: Area Development Magazine, national survey 2022
Thank you!

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