Role of Early Care & Education in Alaska’s Economy

- Generates economic activity
- Prepares children for school and life
- Allows workforce participation
- Improves Alaska’s standard of living

Prepared for thread | October 2023

2023 Economic Impact Report
Early Care & Education (ECE) - Empowering Alaska’s Labor Force

Nearly **50,000 adults can work** because care for their children is available.

$**4.6 billion**

In earnings by adults because care is available.

For families, access to ECE services means:

- **$89,400**
  Average earnings for a single father able to participate in the labor force.

- **$78,500**
  Average earnings for a single mother able to participate in the labor force.

- **$41,000 ↑**
  Average increase in earnings for two-parent households when the second parent participates in the labor force.

Families Benefit from Accessible, Affordable and Quality ECE Services in the following ways:

- **43%**
  Less stress

- **42%**
  Increase in income

- **14%**
  More stable employment

- **6%**
  More employment opportunities

- **5%**
  More family time
Additional Early Care & Education Services Could Allow More People to Work

51% of families cannot fully participate in the labor force due to cost, availability, or quality of ECE services.

Quality, availability, or cost of ECE services impacts family members’ ability to be employed or work more hours for:

46% Anchorage families
47% Fairbanks families
58% Mat-Su Borough families
68% Juneau families

Difficulty accessing services negatively impacts working families:

39% Worked fewer hours to provide care for a child.
14% Changed jobs, rearranged schedule, or switched to remote work to accommodate child care needs.
14% Had to quit their job to provide care for a child.
6% Quit school or switched to online school to care for a child.

Why is finding care difficult?

- **Availability**
  - Anchorage: 64% 59%
  - Fairbanks: 74% 61%
  - Juneau: 82% 67%
  - Mat-Su Borough: 65% 78%
  - Rural areas: 87% 49%

- **Cost**
  - Anchorage: 27% 32%
  - Fairbanks: 61% 30%
  - Juneau: 26% 21%
  - Mat-Su Borough: 26% 49%
  - Rural areas: 21% 26%

- **Quality**
  - Anchorage: 59% 32%
  - Fairbanks: 61% 30%
  - Juneau: 78% 26%
  - Mat-Su Borough: 78% 26%
  - Rural areas: 49% 21%

Barriers to Finding Care

57% of families with children younger than 13 years of age find it difficult or very difficult to find care.

59% Rural Communities
53% Urban Areas
63% children 0 through 5 years of age
52% children 6 through 12 years of age

Barriers for families searching for ECE services include:

- Availability/ lack of providers: 74%
- Cost: 60%
- Quality: 27%

*Other barriers reported include location, convenience, schedule, and availability of transportation.*
Early Care & Education is Everybody’s Business

Who Pays for Early Care & Education?

Over $580 million is spent on ECE services and programs in Alaska each year.

Employers are facing significant child care related challenges:

- Absenteeism: 77% related to child care issues
- Loss of productivity: 72% related to child care issues
- Turnover: 56% related to child care issues

Employers gain from providing child care benefits to employees:

- Decreased employee turnover and absenteeism: 60%
- An improved culture of trust: 54%
- Higher employee job satisfaction: 53%
- Increased employee engagement: 45%
- More women in management positions: 38%
- Competitive advantage when hiring: 29%
- Increases in overall productivity: 23%
- Improved growth and/or profitability: 17%

More than 70% of adults in families with children younger than 13 years of age report their employer is somewhat or very accommodating of their ECE needs.

COVID-19 Stimulus Impacts on ECE in Alaska

The State of Alaska received $95.5 million through the Coronavirus Response & Relief Supplemental Act and American Rescue Plan Act to help stabilize child care programs and keep families in the labor force during the COVID-19 pandemic.

Funds were distributed by thread and the Alaska Child Care Program Office (CCPO) in the form of Child Care Stabilization Grants with a focus on access, affordability, improvements, and infrastructure.

To date, an estimated $51 million has been awarded to approximately 446 licensed child care programs serving 9,600 children statewide.
Early Care & Education Services are **Hard to Afford** for Many Families

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**12%** of household income for married couple households.

**35%** of household income for single female households.

**20%** of household income for single male households.

**15%** of household income each year for families with children.

**Financial assistance** from an employer or the government helps pay for ECE services for **23%** of children.

**Demand** for Early Care & Education Services is Greater than Supply

The number of licensed ECE programs in Alaska has **decreased by 20%** since 2019.

**Children who need early care and education services so their family can participate in Alaska’s labor force:**

- **36,200** Children 0 through 5 years of age
- **43,900** Children 6 through 12 years of age

**Children in ECE services by age:**

- **64%** Children 0 through 5 years of age
- **53%** Children 6 through 12 years of age

**Type of ECE services varies by age:**

- **47%** Preschool or center-based care
- **31%** Head Start or Early Head Start
- **20%** Care at someone else’s home
- **13%** Care in home by other family, friend, or another provider
- **12%** School-sponsored before or after school program
- **9%** Center-based care
- **8%** Typically cares for themselves

**Time in Care** average hours in a typical week by age for children in ECE services:

- Children under 6 years of age: **28 hours/week**
- Children 6 - 12 years of age: **17 hours/week**

**Spending** for all care types per month per child on ECE services by age:

- Children under 6 years of age: **$689/month**
- Children 6 - 12 years of age: **$315/month**

**Note:** Averages include children in full-time, part-time, or occasional care.
Early Care & Education Workforce

Essential but Underpaid:

Wages in the ECE sector are among the lowest in the economy, yet people employed in this sector are entrusted with children’s care and education at a critical time of development.

Average monthly wages by sector:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Average Monthly Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>$7,090</td>
</tr>
<tr>
<td>Seafood Processing</td>
<td>$5,705</td>
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<tr>
<td>Health Care &amp; Social Assistance</td>
<td>$5,642</td>
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<td>Government</td>
<td>$5,448</td>
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<td>All Industries, Average</td>
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<tr>
<td>Educational Services</td>
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<tr>
<td>Nursing &amp; Residential Care</td>
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<td>Personal Care Services</td>
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<tr>
<td>General Retail</td>
<td>$2,927</td>
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<td>Gasoline Stations</td>
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<tr>
<td>Child Care</td>
<td>$2,457</td>
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<tr>
<td>Arts, Entertainment, &amp; Recreation</td>
<td>$2,379</td>
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<tr>
<td>Food Services &amp; Drinking Places</td>
<td>$2,324</td>
</tr>
</tbody>
</table>

Note: Most recently available data from Alaska Department of Labor and Workforce Development, 2023.

$29,500

Average annual earnings for child care workers in Alaska. This is not a livable wage and many child care workers struggle to support their own families.

6,900

The ECE services sector includes an estimated 6,900 full and part-time jobs that are directly connected to providing ECE services in Alaska.

46%

Early care & education services sector employees earn 46% of the average wage for all Alaska workers.

Early Care & Education Sector

Economic Impacts:

Economic impacts of early care and education activities include:

- Direct jobs in the early care & education sector at day care centers, home care providers, and other settings
- Indirect jobs and wages supported when ECE providers buy goods and services from other Alaska businesses
- Induced jobs and wages supported as day ECE employees spend their wages in the local economy

8,000 Jobs in Alaska

Including direct, indirect, and induced impacts

$400 million

In Labor Income in Alaska

Including direct, indirect, and induced impacts

$700 million

In Economic Activity in Alaska

Including direct, indirect, and induced impacts
Benefits of Investment in Early Care & Education

Public and private investments are needed to support a sustainable and effective ECE workforce and affordable, high quality, and accessible ECE services. Opportunities for change include:

- Diversify early childhood system financing and ensure livable wages for early childhood educators.
- Maintain costs for ECE services at a level families can afford.
- Ensure children have access to high quality care that is safe, healthy, and playful.
- Support businesses that invest in ECE, family-friendly policies, and child care support for their employees.

ECE services are a critical aspect of Alaska’s socioeconomic fabric and offer a range of benefits. These benefits:

- Fill a critical role in early childhood learning and brain development.
- Make it possible for thousands of people in Alaska to work.
- Prepare our future workforce.

Alaska’s opportunity for change

Though there is growing recognition of the importance of quality ECE to Alaska families and the economy, little progress is being made in key areas:

- Access to quality child care continues to be difficult, especially for infants and toddlers.
- More than 50% of families are unable to fully participate in the workforce, due to lack of access to care.
- Families continue to bear most of the ECE cost burden.
- ECE labor force wages remain among the lowest in the economy.
- More licensed child care programs have closed than opened over the last three years.
- While more children are in care, fewer are in licensed quality child care.

Alaska’s opportunity is to support meaningful levels of public and private investment in ECE that benefits children, families, communities, and the economy overall.