

**Child Care and Early Education in Anchorage: The Problem,  
 The Solution, and How the ACCEE Fund Fits In**

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## *Introduction*

A quality child care and early education sector supports working families, helps us grow a strong economy, and equips our next generation with tools for the future. But Anchorage, like most communities across the nation, is facing a child care crisis. Our community lacks affordable and accessible care options, and most programs are experiencing staff shortages and long waitlists. To tackle these challenges, Anchorage voters passed Proposition 14 in April 2023, which sets aside all marijuana tax revenue collected by the Municipality of Anchorage to fund child care and early education programs (Anchorage Child Care & Early Education Fund, or ACCEE Fund). The ACCEE Fund will be Anchorage's most comprehensive and reliable investment in child care and early education to date.

The funds begin accumulating in January of 2024, with an estimated five million dollars available annually. The ACCEE Fund can be spent creating access to child care and early education programs; supporting reading programs; supporting child care or early education provider training, professional development, staffing, or livable wages; or funding facilities. Funding can be delivered in a variety of ways, including through the issuance of grants or the completion of studies or research related to child care and early education.

Proposition 14 also established an Accountability Board of Child Care and Early Education, to be appointed by the Anchorage Mayor and confirmed by the Anchorage Assembly. The Board, which is not yet seated, will advise the Mayor and Assembly on use of the funds and present a proposed budget to both annually. In the fall of 2024, the Board will propose its first budget. After it is reviewed and finalized by the Mayor and Assembly, funds will start being dispersed in 2025.

The Municipality of Anchorage and Alaska Children's Trust formed a public private partnership to strategically implement the ACCEE Fund. Out of this partnership came the ACCEE Fund Implementation Team, which is responsible for analyzing child care and early education best practices, strategies, and trends; communicating and engaging with the public about the ACCEE Fund; participating in listening sessions and meeting with stakeholders; bringing forward an ordinance to the Anchorage Assembly laying out the Accountability Board's responsibilities, composition, and operations; and developing a draft three-year strategic plan and first budget for the Accountability Board to consider once it is seated and as it creates its FY2025 budget.

Although the ACCEE Fund will generate approximately \$5 million annually, it will not be enough to meet all needs in the sector. The Implementation Team will be responsible for evaluating potential uses of the ACCEE Fund and making recommendations to the Accountability Board, which will be responsible for determining those uses, with the Mayor and Assembly's approval. This white paper was written by the ACCEE Fund contractor, Austin Quinn-Davidson, to inform the Implementation Team's evaluation and recommendation process. All suggestions in this document were made by the contractor. The content has not yet been reviewed or evaluated by

the Implementation Team or the Accountability Board, but instead serves as a starting point for discussions leading to the implementation of the ACCEE Fund.

## *The Problem: Where Are We, And How Did We Get Here?*

### *Overview of the Problem*

Columnist Catherine Rampell of the Washington Post recently warned that the United States “is facing a cascading crisis not only for the children losing care, their families and the small businesses that watch and educate children, but also every *other* sector of the economy that needs the care industry to exist so parents can work.”<sup>1</sup> And just last month, an article in The Anchorage Daily news stated that “[l]ong waitlists, low wages, lack of availability and soaring tuition have left Alaska’s child care sector in crisis,” noting that for the first time in 20 years, there are fewer than 200 licensed child care programs operating in Anchorage.<sup>2</sup> These articles are singing the same tune as a growing number of other voices: The child care sector as we know it is unsustainable – for children, for child care and early education providers, for parents, and for our local and national economies.

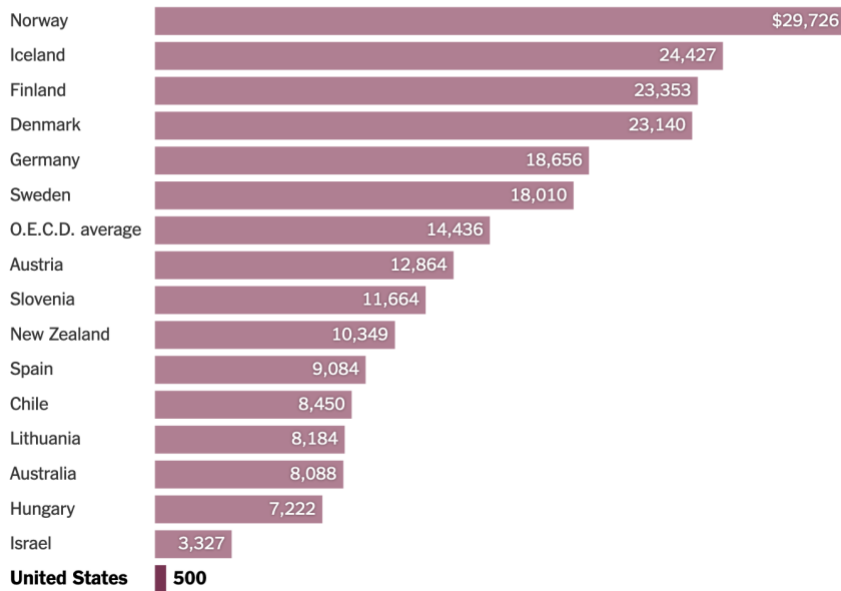
Demand for child care services outpaces availability, and it is getting worse. Since 2019, the number of licensed programs in Alaska has dropped by 20%, and 51% of Alaskan families cannot fully participate in the labor force due to the cost, availability, or quality of child care.<sup>3</sup> The inability to fully participate in the labor force reflects a substantial financial loss for those families; the average two-parent household income increases by \$41,000 annually if child care services are available.<sup>4</sup> McKinley Research Group also found that the 50,000 Alaskans who *can* work because they have sufficient, available child care services for their children had \$4.6 billion in possible earnings.<sup>5</sup> These earnings of course benefit the families who have access to care, but the economic benefits don’t stop there. Sufficient care for all families who need it means consistent jobs for providers, more production and profits for businesses when employees fully participate in the labor force, and an overall benefit to the broader economy when more workers are working and spending their increased earnings.

### *Reasons for the Problem: Lack of Government Investment, High Prices for Parents, Low Pay for Providers*

So why, if there is such demand from families and these services are so beneficial and essential for families and employers, are child care services shrinking instead of growing? Unfortunately, the American child care system is based on an unsustainable model. Our system relies on predominantly parent-paid tuition with little government investment, resulting in high child care rates for families and simultaneously low pay for workers. Most modernized, western countries make significant investments in early childhood education and care, whereas the American system predominantly relies on parents to pay for it.

## How Much Governments Spend on Child Care for Toddlers

Annual public spending per child on early childhood care.



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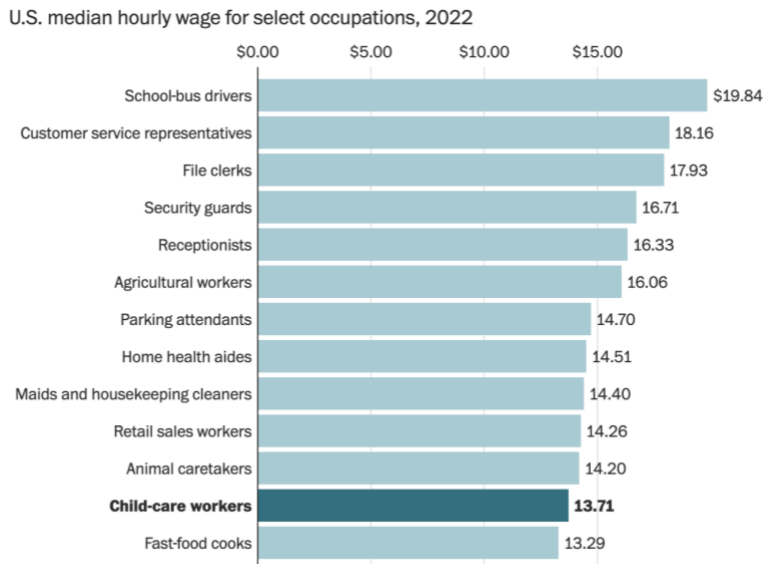
Federal, state, and local governments combined provide \$16,390 per K-12 student annually.<sup>7</sup> In Alaska specifically, that figure jumps to \$21,325 per student.<sup>8</sup> The federal contribution is highest in Alaska than any other state, at \$3,343<sup>9</sup>, and local and state governments fund the remainder. In contrast, of the approximately \$580 million spent on early education and child care services and programs in Alaska each year, State and Tribal governments *combined* only contribute \$35 million in funding, with the federal government contributing \$146 million.<sup>10</sup> Almost all of the funding comes from families themselves – \$401 million per year.<sup>11</sup>

The average American parent pays \$1,100 a month per child for care.<sup>12</sup> In 2021, the U.S. Chamber of Commerce Foundation found that the average cost for Alaskan households using child care per month was \$982, with higher income families paying an average of \$1,167.<sup>13</sup> Spots with licensed providers in Anchorage are typically in the \$1,200-\$1,800 range. At Bright Beginnings in Anchorage, which at one point operated four child care centers in Anchorage, families of infants and toddlers pay \$1,800 per month per child.<sup>14</sup> This goes down to \$1,300 for preschoolers.<sup>15</sup> McKinley Research Group found that the cost of licensed care represented 15% of parents' annual income.<sup>16</sup> This jumps to 20% of a single male household, or 35% of a single female household.<sup>17</sup> Interestingly, this isn't the only instance where gender is related to child care. For child-free adults, American labor force participation is 79% for women and 84% for men.<sup>18</sup> After men and women have children, labor force participation for men rises to 96% and drops for women to 67%.<sup>19</sup> This could be due to men's ability to earn more or the need for women to be home to feed their new child, among other reasons.

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The vastly different approaches to funding the education of children 5 years and above to those younger than 5 has resulted in a better-funded, relatively strong K-12 system where teachers – while arguably still underpaid – are at least paid a living wage, yet early education and child care teachers make some of the lowest wages in the country. In 2020, the median annual pay of early educators was \$25,218 per year.<sup>20</sup> If these teachers were paid commensurate with their peers who teach kindergarten through eighth grade in the public school system, they would make \$60,602 – more than double what they make caring for children 0-5 years in age.<sup>21</sup> Taking into account the number of early childhood education teachers across the country, this discrepancy reflects over \$80 billion in lost wages.<sup>22</sup>

Unfortunately, things aren't getting any better with time. The average American child care worker in 2022 made under \$14 per hour – less than retail sales workers, receptionists, file clerks, and parking attendants. In Alaska, the annual wage for child care workers is \$29,484 – a mere 46% of the average wage for all Alaskan workers.<sup>23</sup> This is not a livable wage and is often not enough for workers to support their own families.<sup>24</sup> Nolan Klouda, Director of the Center for Economic Development at the UAA Business Enterprise Institute, explained that rent for a typical one-bedroom apartment in Anchorage would consume more than half of an average child care worker's paycheck.<sup>25</sup> And the Economic Policy Institute has shown that the families of child care workers are twice as likely as others to live in poverty.<sup>26</sup>



Source: U.S. Bureau of Labor Statistics

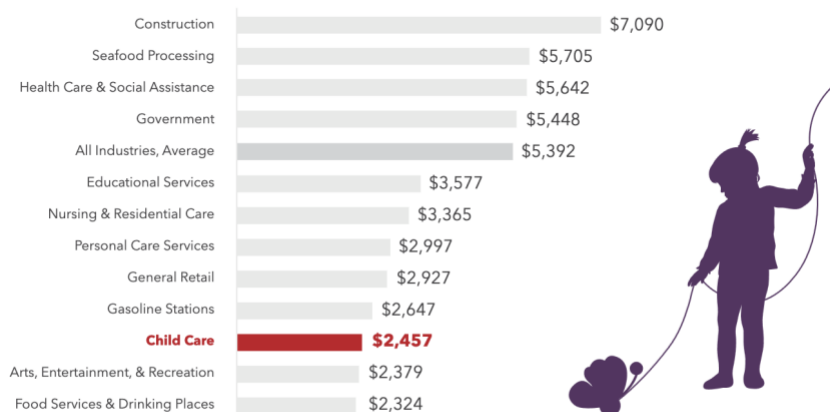
THE WASHINGTON POST

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## 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:



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

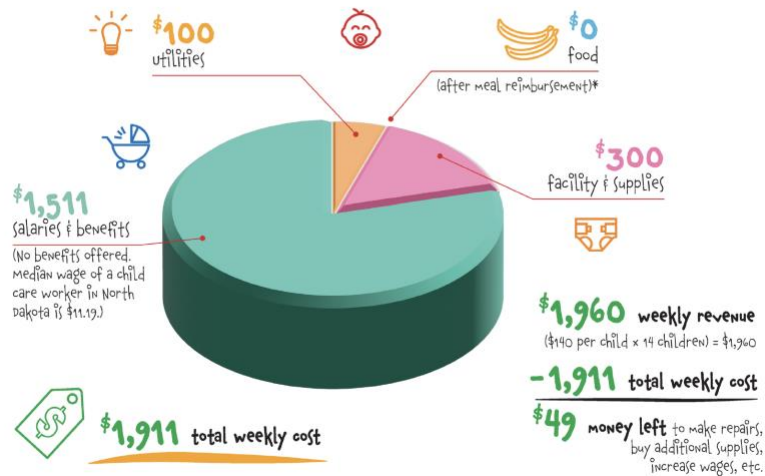
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These low wages are in spite of an unprecedented investment in the child care sector during the COVID-19 pandemic.<sup>29</sup> Acknowledging that parents who kept their children – and the corresponding tuition – at home during the pandemic were causing child care businesses already on the edge to dip below being financially viable, the federal government made major infusions of cash into the sector to keep it afloat, subsidizing tuition and therefore pay for providers. While this investment kept many businesses from closing, it was a temporary band aid on an already-failing industry that is still struggling post-COVID-19. Most recipients of the funds used their final dollars in the fall of 2023, and are now left to survive – or not.

Child care businesses by and large are not paying workers sufficient wages, nor offering benefits, but at the same time feel they cannot raise tuition and further burden parents. They are also limited by child-teacher ratios – ratios most teachers support as they support a standard level of quality in care, but that further limit creativity in the business model. It's commonly known in the sector that providers often lose money on infant and toddler rooms. They make up that loss, if at all, caring for children three and above. In Anchorage, the minimum teacher to infant ratio is 4-1 (11 months or younger), 5-1 for children age 12-18 months, 6-1 for toddlers (18-36 months), and 10-1 for children 3-12 years in age, including after school programs.<sup>30</sup>

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## The weekly cost of a nonprofit child care



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With low worker pay, high tuition for parents, specific ratios that must be met, and minimal government investment, it's no wonder why child care businesses are closing locally and across the country. Nationwide, an estimated 16,000 child care providers across 37 states closed their doors between December 2019-March 2021.<sup>32</sup> There are many examples of closures in Anchorage, but one is the recent closure of two Bright Beginnings centers. In July of 2023, Bright Beginnings operated four child care centers across Anchorage and was licensed to care for 450 children.<sup>33</sup> As of December 2023, two centers had closed and Bright Beginnings is now licensed to care for just 200 kids.<sup>34</sup> Heather DeLoach, corporate finance manager at Bright Beginnings, stated "[w]e couldn't hire and retain enough quality people in order to enroll enough children to break even...We had to make a decision, unfortunately, to consolidate our resources and just try to get our two main locations as strong and solid as possible in order to stay open."<sup>35</sup> Data show a 30% overall decline in Alaska in the child care and early education workforce from 2018 to 2022.<sup>36</sup> This will no doubt be the continued trajectory in the sector without real and lasting change. Estimates from the Century Foundation indicate more than 70,000 child care programs around the country will soon be closing, resulting in the closure of over half of all licensed programs in some states.<sup>37</sup>

On top of being good for parents, providers, and the economy, something that sometimes gets lost in this discussion is that high-quality reliable child care is also incredibly beneficial to children, and to society. High-quality care has long-term benefits, including increased cognitive ability, improved language development, better relationships with peers, and fewer conflicts with caregivers.<sup>38</sup> Early care and education increase test scores and reading levels, but are also known to have more long-term benefits such as improved family formation, increase in productive employment, avoidance of criminal behavioral and reliance on social support, and even increased earnings and improved health.<sup>39</sup> And the return on investment is huge: Early

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education has been shown to not only lead to individual benefits, but benefits to our broader communities and society, including to local, state, and federal governments, who see a decreased need in costly services as a result of quality early education.<sup>40</sup> Specific studies have shown a rate of return of anywhere from \$4 to \$10 *per dollar invested* in early education.<sup>41</sup> So however we solve this problem, one thing is for sure: kids, parents, providers, businesses, the economy, and our broader society will benefit if and when we do.

### *The Solution: Where are We Headed?*

The good news is that despite all of these challenges, child care and early education workers love their jobs. In a 2023 survey of 455 early childhood education employees in Alaska, 100% – *one hundred percent!* – of respondents said they enjoy being early childhood educators.<sup>42</sup> Nearly two-thirds of workers plan to stay in the field, with only 7% planning to leave.<sup>43</sup> Unsurprisingly, when child care workers consider leaving their jobs, it's overwhelmingly because of the low pay: pay is a factor for 62% of workers, better working conditions is a factor for 36%, and finding a job with better health benefits is a factor for 33%.<sup>44</sup> The Stellar Group report also highlighted the importance of being appreciated and respected by the public and by management, as well as the negative impacts of chronic under-staffing in the sector.<sup>45</sup>

### *Federal Legislation and Funding*

The Biden-Harris administration has supported increased funding for the child care sector. In his FY2024 budget, the President called for \$400 billion over ten years to increase child care worker pay and limit costs to families – the goal being that most families would not pay over \$10 per day for care.<sup>46</sup> The President also signed an executive order in April of 2023 directing nearly every cabinet-level agency to expand access to affordable, high-quality care and provide increased support for providers.<sup>47</sup> Federal agencies have since proposed to cap co-payments for approximately 80,000 families receiving assistance.<sup>48</sup> In July of 2023, the White House hosted its first child care convening, gathering legislators from nearly all states to discuss ways to improve the sector. And most recently, the President requested \$16 billion in supplemental funding to support the sector.<sup>49</sup> This funding would support more than 220,000 child care providers across the country and serve more than 10 million children.<sup>50</sup> In Alaska specifically, the request would result in \$31 million dollars of additional federal funds for child care, which would serve 460 providers and over 17,000 children.<sup>51</sup>

While these federal efforts are promising, the need is vast and Congress is often unable to deliver for the American people. As a result, leaders in cities and states across the country have started tackling challenges themselves and working to strengthen their local child care and early education sectors.

## Case Studies

### State of New Mexico

In November 2022, voters in New Mexico approved a ballot measure known as Constitutional Amendment One.<sup>52</sup> Seventy percent of New Mexico voters supported this amendment, which originated as a Joint Resolution in the New Mexico legislature in March of 2021 and was also signed off by the U.S. Congress since the origin of the funding, the Land Grant Permanent Fund, was established by federal law.<sup>53</sup> This change to the state's constitution – the first ever in the country – directs an estimated \$150-486 million, depending on the year, of annual funding to early childhood education.<sup>54</sup> More specifically, 60% of the total allocation of funding provided for in the constitutional amendment (which is 1.25% of the five-year average of year-end market values of the money in the Land Grant Permanent Fund, a fund made up of revenues from oil and gas lease royalties) will be spent on early childhood education, and 40% on public education.<sup>55</sup> At the time of the amendment's passage, New Mexico ranked 50<sup>th</sup> in the country for child well-being.<sup>56</sup>

Availability of child care and early education are expected to greatly improve as a result of this funding. As of this summer, New Mexico pre-kindergarten was expected to increase by 40%, with an increase to hours of operation, number of kids being served, and pay for workers providing care.<sup>57</sup> The state's Early Childhood Education and Care Department estimated this summer they would need an additional 600 to 800 child care professionals statewide, and planned to support college students pursuing early childhood degrees as well as pay increases to bolster recruitment.<sup>58</sup> In December of 2023, the New Mexico Early Childhood Education and Care Department presented its FY2025 budget request to the Legislative Finance Committee, which contained an almost \$150 million increase from FY2024.<sup>59</sup> The plan would fund increased quality of care, support increases to compensation for child care and early education providers, and make child care free for a majority of New Mexico families.<sup>60</sup> This new program is quickly becoming a model leaders in other states and cities are watching as they develop their own programs and funding streams.

### State of Tennessee

In July of 2019, the state of Tennessee Department of Human Services (TDHS) added a 15 percent bonus to child care provider subsidy rates located in counties identified as distressed or in a child care desert.<sup>61</sup> The state also added an additional 15 percent bonus to providers providing care during nontraditional hours (6pm-6am).<sup>62</sup> In October of 2021, TDHS further increased the payment assistance rates by 10 percent across all categories of care in the Child Care Certificate Program, a program that partially offsets costs for families who meet income guidelines.<sup>63</sup> At the same time, it added an additional 15 percent increase for any child with disabilities or special needs.<sup>64</sup> Then, on July 1, 2022, TDHS again announced that it would be increasing child care payment assistance reimbursement rates by 20 percent across all

categories of care in the Child Care Certificate Program.<sup>65</sup> TDHS's increases to reimbursement rates meant participating families would save money by reducing the portion they would have to pay to cover their children's tuition. Additionally, from August 1, 2022 through December 31, 2022, the Department waived co-pay costs for families participating in the State's child care assistance programs.<sup>66</sup>

Most recently, on October 1, 2023, the state further increased child care reimbursement rates for most licensed child care businesses in the Child Care Certificate Program.<sup>67</sup> This followed a collaboration between the Tennessee Department of Human Services and University of Tennessee's Boyd Center for Business and Economic Research to set more appropriate reimbursement rates.<sup>68</sup> The adjustment to reimbursement rates was meant to adjust funding support for child care providers to at least the 60<sup>th</sup> percentile of the market rate survey completed by the University of Tennessee Boyd Center.<sup>69</sup> The Department also partnered with the University's Social Work Office of Research and Public Service to update a comprehensive map of child care deserts.<sup>70</sup> At the same time it increased reimbursement rates, the state increased infant and toddler care assistance by 15 percent, noting increased costs for infant and toddler care.<sup>71</sup> The state also provides bonuses for programs based on quality, adding an additional five, 15, or 20 percent to the base state reimbursement rate based on a rating of one, two, or three stars, respectively.<sup>72</sup>

Beyond the many increases to reimbursement rates over the past few years, the state of Tennessee is making a number of other child care investments. First, the state operates an education-based salary supplement program – called WAGE\$ – meant to reduce turnover in child care facilities, address the low pay of educators working in the early childhood field, and reward educators for higher education achieved.<sup>73</sup> The WAGE\$ program gives an annual supplement to educators who: (1) work in a licensed facility, (2) have worked in that facility for at least six months, (3) make \$20 per hour or less, (4) have at least six credit hours of early childhood education coursework or a bachelor's degree in any field, and (5) work at least ten hours per week with children birth to five years old.<sup>74</sup> Educators who meet these criteria can qualify for an annual supplement that varies from \$600 to \$7,800, depending on the level of educational credits or degrees attained (\$600 reflects 6 credit hours in early childhood education, whereas \$7,800 reflects a master's degree with coursework specifically in early childhood education).<sup>75</sup>

The state also sponsors a shared services and resources program, which provides business management, human resources, and program administration tools and classroom resources at no cost to providers, allowing providers to focus more on providing care and less on running a business.<sup>76</sup> Licensed providers also have access to shared services, including bulk purchasing at discounted pricing.<sup>77</sup> In addition, the state funds child care enhancement grants, which are available to licensed providers to increase capacity, strengthen quality, and/or promote compliance with state licensing standards.<sup>78</sup> These grants of \$4,000 are available with \$1,000 supplements for each of these criterion that is satisfied: (1) physically operating in an

economically distressed county, (2) having completed infant and toddler specialization, (3) seeking national accreditation, (4) participating in the Child Care Certificate Program and meeting all associated required criteria, and (5) being in need of compliance or remediation of deficiencies, as identified by the state.<sup>79</sup> Further, the state offers a safety supplemental grant, which funds programs up to \$4,000 for programs seeking to enhance safety and security.<sup>80</sup> These grants can be spent on equipment; program enhancements, including supplies; and consultants and coaches, whether for support on curriculum or payment of professional fees, such as tax advisors to improve financial stability.<sup>81</sup> On top of all of these services, the state also provides pediatric first aid and CPR training free of charge, free business academies to promote best practices and strengthen business operations, and establishment and expansion grants, which are available for furniture, equipment, supplies, and curriculum costs associated with opening a new child care center or expanding licensed capacity at an existing organization.<sup>82</sup>

In addition to its many supports for providers, which ultimately benefit both providers and parents, the state also offers direct financial support for child care to parents making up to the 85<sup>th</sup> percentile of the state's median income, so long as they meet certain criteria.<sup>83</sup> Those criteria include having a child or children age six weeks to five years old and working or going to school 30 hours or more per week.<sup>84</sup> For a household size of three, for those who earn at the tenth percentile of the state median income (up to \$511 per week), the parent copay for one child in care is only \$4 per week.<sup>85</sup> For a family income at the 85<sup>th</sup> percentile (\$4,344 per week), the parent copay for one child in care is still only \$46 per week.<sup>86</sup> These values go up roughly proportionately per child.

### State of Kentucky

In 2022, the state of Kentucky made all child care employees eligible for free child care for their own children, regardless of household income.<sup>87</sup> Employees are eligible so long as they work 20 or more hours per week.<sup>88</sup> Kentucky's then director of its Division of Care, Sarah Vanover, realized that while there were many child care classrooms with space for more children, there just weren't enough workers to care for them.<sup>89</sup> She posited that free care would be a huge draw for parents considering child care as a career, and the result would be more available child care spots for other kids. Her idea worked. In 2022, only 17,000 children in Kentucky were accessing child care assistance.<sup>90</sup> A year later, the number of children receiving state subsidies jumped to 40,000.<sup>91</sup> But only 3,600 of these children are the children of child care employees, meaning that many more kids are now accessing these subsidies since more child care spots are available.<sup>92</sup> Vanover has heard from a number of child care centers who are happy that they are finally able to fully staff their operations. She's also heard from 30 other states interested in Kentucky's successful model.<sup>93</sup>

## State of Maine

In Maine, Governor Janet Mills announced this spring that she would use a \$24 million federal grant to strengthen the state's early childhood system.<sup>94</sup> The grant will be used over the course of three years to provide expanded outreach and programming to families with young children, for pilot projects to make pre-k more accessible, for professional development for early childhood educators, to provide financial support to providers to improve their program offerings, and to support the development of an Early Childhood Integrated Data System to help make data-driven decisions about policies and programs for children throughout the state.<sup>95</sup> This comes on the heels of three years of bolstering the sector, including by allocating \$15 million to renovate, expand, and build new child care facilities; providing \$12 million of permanent monthly salary supplements to providers who directly care for children, and creation of the state's first-ever Child Care Plan for Maine, which lays out the state's plan for improving child care quality, accessibility, and affordability.<sup>96</sup> As a result, there are now more child care spots in Maine than existed pre-pandemic.<sup>97</sup>

## State of Minnesota

Minnesota's legislature, following the leadership of Governor Walz, passed landmark child care and early learning legislation this spring.<sup>98</sup> The legislation promises \$750 million of new spending on child care and early learning, adding 1,000 new child care spots, raising reimbursement rates for providers, and lowering costs for families.<sup>99</sup> The legislation expands eligibility for assistance to include relative custodians and foster parents, broadens assistance eligibility, establishes new provider retention payments (\$316.1 million for 2024-25 and \$259.7 million for 2026-27), provides stabilization transition grants (\$42.5 million for 2024-25), supports workforce development grants for the child care sector (\$2 million per year beginning in 2025), creates new shared services for family child care providers, and provides technology grants for child care providers, among other things.<sup>100</sup>

## State of New York

In New York, Governor Hochul announced child care as one of her top priorities, highlighting her ultimate goal of universal child care for all families in the state.<sup>101</sup> She proposed a workforce retention grant program to provide payments to child care providers in 17,000 programs in New York, tasked her State and Child Care Availability Task Force with evaluating alternative workforce compensation models, increased income eligibility for child care assistance from 300% of the Federal Poverty Level to up to 85% of the state median income, proposed categorical eligibility for families enrolled in other public assistance programs, and proposed reducing family co-pays to 1% of income over the Federal Poverty Level, among others actions.<sup>102</sup>

## State of Iowa

Iowa expanded its eligibility for child care assistance in 2023, from 145 percent of the federal poverty level to 160 percent.<sup>103</sup> That means a family of four with a household income of up to \$48,000 would be eligible for assistance.<sup>104</sup> The increase is expected to raise use of assistance by 15 percent.<sup>105</sup> At the same time, the state increased how much it reimburses child care providers.<sup>106</sup> The changes are expected to cost more than \$25 million per year to implement.<sup>107</sup>

## State of Oregon

In Oregon, Governor Kotek has called on the legislature to raise reimbursement rates, and in her 2023 budget, she proposed spending \$1.395 billion for the Department of Early Learning and Care, including a \$62.5 million increase for early learning programs and \$43.1 million to increase rates for providers.<sup>108</sup> There were also several bills proposed in the 2023 legislative session that aimed to improve the sector, including funding a study to evaluate barriers to improving the child care workforce, creating a child care incentive fund that could be used to help child care providers pay off student loans or pay for their own child care while they are studying to become a child care provider, and making it easier for workers trained internationally to transition into working in child care in the United States.<sup>109</sup> Another bill would require local governments to review zoning and other land use and building requirements to make it easier for child care businesses to function.<sup>110</sup>

## King County, Washington

In 2015, voters in King County, Washington approved the county's first Best Starts for Kids Levy, also known as *Best Starts*, which initially invested \$400 million over a six-year period into a broad range of community-based organizations that support children, youth, young adults, and families.<sup>111</sup> Services and supporting organizations range from prenatal and other prevention programs, including parenting supports, maternal and child health services, and youth and family homelessness prevention; environmental supports to address lead and other toxins; school-based health centers; programs intended to stop the school-to-prison pipeline; immunization programs; capital projects including the repair, expansion, and construction of new facilities that serve children and youth; and other projects partnering with and strengthening communities within King County.<sup>112</sup>

In August 2021, King County voters renewed their commitment to this program, opting to continue it through 2027 and investing over \$800 million between 2022-2027.<sup>113</sup> This iteration of Best Starts specifically included a Child Care Subsidy Program and Workforce Demonstration Project, funded for the 2022-2027 period.<sup>114</sup> This program invests between \$22 and \$39 million annually, for a total of \$199 million over the five-year period.<sup>115</sup> The program funds expanded access to child care for children and their families who are otherwise just above the eligibility threshold for local, state, and federal subsidy programs; to those who for some reason are

categorically ineligible for programs despite meeting income requirements (includes parents who are homeless, unemployed, live in unincorporated areas, or are students, or children who are undocumented); and for those whom existing subsidies still render care unaffordable.<sup>116</sup> Funding also supports investments in the child care workforce itself through a wage boost demonstration.

The child care subsidy programming is intended to supplement other existing subsidies, such as those provided by Washington State (Working Connections Child Care, Head Start, and the Early Childhood and Assistance Program) and the City of Seattle programs (Child Care Assistance Program and the Seattle Preschool Program).<sup>117</sup> In 2021, the Washington State legislature passed Engrossed Second Substitute Senate Bill 5257, the Fair Start for Kids Act, which significantly expanded income eligibility for the Working Connections Child Care and Early Childhood Education and Assistance Program.<sup>118</sup> At the time of the publishing of the Best Starts Implementation Plan in October of 2021, families making up to 60 percent of the State median income (\$52,000 annually for a family of three) were expected to be eligible for child care subsidies, and eligibility was expected to include those families making up to 75 percent of the State median income by July of 2025.<sup>119</sup>

Best Starts is supporting families by limiting participating families' copays to seven percent of their income.<sup>120</sup> Best Starts contracts with third party intermediaries to administer its subsidy program and partners with local organizations to ensure effective outreach and support for families and child care providers as they access the subsidy program.<sup>121</sup> At the time the Implementation Plan was published, Best Starts was exploring ways to support family, friend, and neighbor caregivers in addition to the existing support of child care health consultation, infant mental health, and play and learn groups.<sup>122</sup> Best Starts estimated at that time that it could support 3,000 children and their families per year<sup>123</sup>, but in its 2022 Annual Report it reported it was able to support 2,000 children aged birth to 12 years, with 812 children specifically receiving a subsidy.<sup>124</sup> It partnered with five community-based organizations to administer subsidies, share training and space for cross-collaboration between providers, and improve the quality of services by increasing outreach and convening a workgroup of providers, caregivers, and early learning advocates to offer input on the new programs.<sup>125</sup> Best Starts invested \$7.6 million in its child care subsidy program in 2022.<sup>126</sup>

Best Starts also began its workforce demonstration project in 2022. It invested \$5.5 million in this program over the course of the year.<sup>127</sup> The program provides salary supplements to child care providers working with children ages birth to 12 years at licensed centers, and also to family child care providers.<sup>128</sup> The project includes both hourly wage boosts and retention bonuses based on length of service, prioritizing those working in areas with limited child care access or serving low-income families.<sup>129</sup> The City of Seattle contributed \$2.4 million, leveraging Best Starts funding. Child Care Resources administered the funds, reaching 11,986 child care workers from 1,794 different programs with one-time payments.<sup>130</sup> While distributing funds,

Child Care Resources also gathered data to inform and shape the pilot project as it moves forward.

Best Starts also supports infant and early childhood (ages 0-5) mental health through providing services that strengthen the ability of caregivers and providers to support children.<sup>131</sup> Services are culturally relevant and appropriate and reach approximately 400 providers annually through trainings and reflective consultations.<sup>132</sup> Best Starts has also been funding expanded learning programs since its inception, and has invested over \$15 million into the organization School's Out Washington, which increases access and improves quality within summer and after school programs through partnering with community organizations.<sup>133</sup> Additionally, Best Starts funds a capital program that supports the cost of building repairs, renovations, and new construction or expansion to improve access to high quality programs and services for low-income children, young people, and families, with a priority for those serving BIPOC communities.<sup>134</sup>

While too new to have extensive outcome data to share, both the child care subsidy and wage boost demonstration programs supported by Best Starts appear to be successful and productive and are certainly supporting families and parents. With several years remaining and likely more after that, this is a program to watch and learn from.

### Other Jurisdictions

Beyond those discussed above, many other states and cities are looking for – and finding – ways to fund essential supports for the child care sector. Rhode Island uses federal Perkins V Act funding to increase child care provider wages to \$18 an hour and provide benefits, Washington D.C. authorized \$53.9M of new revenue from a wealth tax to be distributed to early childhood educators (one-time payments between \$10,000 and \$14,000, depending on workers' responsibilities), Hawaii is using vacant schools to host child care centers, and Washington State uses a capital gains tax to fund substitute pools.<sup>135</sup>

Missouri and Maryland followed Louisiana's lead in finding alternative sources of funding and are now paying for early childhood education through sports betting.<sup>136</sup> Another model is the tri-share program, where child care costs are split evenly among parents, employers, and the state. Michigan was the first state to pursue this model in 2021 and has since improved staff retention by 80 percent.<sup>137</sup> North Carolina is now pursuing a similar model.<sup>138</sup>

Nevada just completed its Nevada Early Care and Education (ECE) Workforce Framework, which lays out a vision to support a "well-prepared, qualified, diverse, equitably compensated, and thriving early childhood workforce in Nevada."<sup>139</sup> The priorities laid out in the framework also include ensuring early childhood professionals have access to a living wage and affordable benefits package, strengthening and enforcing program standards and policies intended to ensure positive work environments, ensuring leaders and stakeholders have access to and use



timely and accurate data about the ECE workforce to inform decision making, and developing a policy agenda and public awareness campaign.<sup>140</sup>

## *State of Alaska Current Actions and Proposals*

### **City and Borough of Juneau Child Care Program**

For the past few years, the City and Borough of Juneau has made consistent investments in the child care sector.<sup>141</sup> The City and Borough initially used ARPA and CARES Act dollars to fund its program, but now primarily makes these investments using its annual budget from a mix of property and sales tax revenue.<sup>142</sup> Juneau pays providers up to \$400 a month per toddler or infant and \$100 a month per preschooler.<sup>143</sup> Juneau also pays providers \$100 a month per child using state child care assistance.<sup>144</sup> The City and Borough was also recently awarded a thread INNOVATION grant (remaining State of Alaska ARPA funds), which is allowing it to pay a \$600 per employee provider stipend, as well as operate an apprenticeship program.<sup>145</sup> The City and Borough will pay the salary of five apprentices for two years while they take classes and work in child care centers. None of the apprentices are currently working in the child care field. Juneau designed the program such that when the current funding expires, the City and Borough will be eligible to apply for state and federal grants to hopefully continue it.<sup>146</sup> The Association for the Education of Young Children, Southeast administers Juneau's program.<sup>147</sup> Organizations not eligible for stipends include those that receive 30 percent or more of their operating revenue from federal, state, or city sources, including programs within the school district.<sup>148</sup> Programs also must be open full-time, year-round to be eligible.

Juneau also funds a program called Hearts Awards, which is similar to the statewide Retaining Our Outstanding Teachers (ROOTS) program, operated by thread.<sup>149</sup> Juneau representatives suggest working with thread to better fund this program to support Anchorage providers.

Finally, Juneau operates a loan program that provides child care businesses with start-up support.<sup>150</sup> This program has not been as successful as the other programs, in large part because potential child care operators are hesitant to take out a loan, not knowing how they'll pay it back. If the ACCEE Fund follows Juneau's lead with a similar program, Juneau representatives suggest that it be a grant program rather than a loan program.<sup>151</sup>

This year, Juneau is also able to offer \$120,000 in grants to existing child care providers and those looking to open new centers, in an effort to increase the number of licensed child care spots in Juneau.<sup>152</sup> The City is using remaining funds from the subsidy program to fund this program. Juneau child care centers only have capacity to meet about half the demand in the area.<sup>153</sup>

Provider pay now averages \$20 per hour in Juneau, far ahead of what it was before the program was started, and significantly higher than other average child care worker pay in Alaska.

Stephanie Berglund, Executive Director of thread, has called Juneau a “leader” in Alaska.<sup>154</sup> Juneau representatives note, however, that \$20 per hour is “still not...a livable wage...much less a thriving wage. We want child care providers to thrive. And if we care about the quality of child care, we want to be able to pay a wage that would attract somebody who has education and experience in the field.”<sup>155</sup>

## Alaska Legislative Proposals

Last year, despite being one-time funds, the Alaska Senate passed what would have been a monumental investment in child care. The Senate included \$15 million in its 2024 budget – enough to increase provider pay to \$19 an hour throughout the state. But the House reduced this funding to \$7.5 million, which was then appropriated to the Department of Health for workforce supports. The Department has since collaborated with thread, which is now dispersing grants.<sup>156</sup> thread is also providing \$14 million in INNOVATION grants to 17 community projects that will support the planning and implementation of additional quality child care.<sup>157</sup> This includes projects to build and sustain the child care workforce, increase capacity for affordable, high-quality child care, and grow child care infrastructure across the state. thread is also administering almost \$1 million in IMPROVE grants.<sup>158</sup> These grants were dispersed to 12 licensed child care center and 12 licensed child care home programs.<sup>159</sup> These funds are to be used for improvements such as new outdoor equipment and toys, health and safety and security repairs, ADA compliance, and supplies for classrooms.<sup>160</sup>

There are also several bills proposed in the Alaska legislature that would provide some support to the sector. Arguably the most beneficial to the sector is House Bill 46, proposed by Representative Fields and a number of other legislators. This bill would do two primary things: (1) allow child care workers to sectorally bargain, i.e. bargain together for better wages as a sector (rather than with their individual employees, via collective bargaining), and (2) provide tax credits to businesses paying state taxes in the amount of up to 50 percent of their investment in child care for their employees.<sup>161</sup> A number of other states already have bargaining policies in place, which have successfully secured training, health and other benefits, paid time off, and wage increases for child care workers.<sup>162</sup> Representative Fields’ bill was introduced last year and passed through the Labor and Commerce Committee. It is now being considered in the Health and Social Services Committee.

House Bill 89, introduced by Representative Coulombe in 2023, would provide the same tax credits to businesses and would also increase the number of families eligible for child care assistance.<sup>163</sup> It would broaden eligibility to include families who earn up to 105 percent of the median state household income.<sup>164</sup> This bill passed through the Health and Social Services Committee and is now being considered in the Finance Committee.

House Bill 206 was introduced by Representative Ortiz at the end of last session, and is currently being considered by the Health and Social Services Committee.<sup>165</sup> It would provide a state-

funded matching benefit to providers for individuals whose employers directly pay a portion of their child care expenses, up to \$400 monthly.<sup>166</sup>

### Governor's Task Force on Child Care

On April 6, 2023, Governor Dunleavy signed Administrative Order 346, establishing the Governor's Task Force on Child Care (Task Force).<sup>167</sup> The purpose of the Task Force is to develop a plan to improve availability and affordability of quality child care throughout Alaska.<sup>168</sup> Task Force members include the Commissioners of the Department of Health, Education and Early Development, and Labor as well as a member from thread, the Alaska Chamber, the Alaska AFO-CIO, military and Tribal child care programs, State of Alaska Senator Tobin and Representative Coulombe, the City and Borough of Juneau City Manager, and several others. The Task Force has been meeting at least monthly since it was established, exploring challenges and opportunities for improvement in the sector and hosting a variety of experts and businesses tackling the child care crisis.

Governor Dunleavy's Administrative Order tasked the Task Force with producing two reports: an initial report due by December 31, 2023, and a second due by July 31, 2024. According to the Administrative Order, the reports should: (1) identify evidence-based policy solutions to key child care workforce constraints, including retirement, retention, compensation, and benefits; (2) identify child care regulations that pose barriers to increasing availability of licensed child care slots, without compromising quality and safety; (3) develop solutions to incentivize employer-sponsored child care facilities or benefits; (4) identify opportunities to foster public-private partnerships in addressing child care workforce and affordability challenges; (5) develop a framework for a pilot program to offer on-site child care facilities in a State of Alaska office to serve as a model for employer-provided child care benefits; and (6) identify any other innovative solutions that the task force recommends to deliver affordable, quality child care to Alaskans.<sup>169</sup> The Task Force has stated that the first report will focus on background checks, licensing, and workforce issues, and the second will address access, quality, and subsidies.<sup>170</sup> Reports are available on the Task Force website.<sup>171</sup>

The Task Force's initial recommendations are also available.<sup>172</sup> There are several categories of recommendations that contain more specific suggestions, some relevant to Anchorage but some more applicable to other parts of the state. The categories include: (1) background checks, (2) licensing, (3) workforce, (4) employers, and (5) Tribal authority.<sup>173</sup> Most specific recommendations were supported by all members of the Task Force, but the specific recommendation to "create a sustainable wage subsidy/award for licensed child care professionals to support a living wage in Alaska," which was debated at the Task Force's November 13, 2023 and December 6, 2023 meetings, was only included in the recommendations via a one-vote margin. Many members who voted against including that specific recommendation expressed concern over tax and other burdens that would result from state-supported subsidies.

## Individual Business Efforts

Many Alaska businesses are also making efforts to solve the child care crisis. Credit Union 1 has operated a child care facility for its employees for more than 15 years.<sup>174</sup> Credit Union 1's child care center isn't free, but provides below market rate care. Credit Union 1 employees who are not located in Anchorage do not have access to a center, but are provided financial assistance to help cover child care costs.<sup>175</sup> The Anchorage center is only licensed to serve 32 children, and there is high demand for those spots.<sup>176</sup>

The program is managed by Providence, which has experience operating its own program. The Providence Center for Child Development has existed for 40 years – the longest running employer-sponsored child development center in the state.<sup>177</sup> It has capacity for 120 children of Providence employees and is open 12 hours a day, Monday-Friday.<sup>178</sup> Providence subsidizes the program to be able to pay – and retain – high caliber staff without high costs for families.<sup>179</sup> The center's consistent high standards have earned it awards from thread; it is the first center in Alaska to achieve Level 3 Learn & Grow recognition.<sup>180</sup> The Providence center has a waiting list of over 200 children.<sup>181</sup>

Businesses providing child care assistance to employees report happier staff and better retention rates, so it makes sense that many other workplaces are following Providence and Credit Union 1's lead.<sup>182</sup> The Alaska Native Tribal Health Consortium opened its child care center in 2018.<sup>183</sup> The facility is licensed for 100 children and is operated by KinderCare, which also operates a center for Southcentral Foundation and a center for federal employees.<sup>184</sup> According to Angie Lantz, KinderCare Executive Director, “[c]hild care is second to only health care as the most important employer-provided benefit...[a]bove benefits like retirement, dental, and even paid leave. It's a huge perk.”<sup>185</sup> According to Lantz, parents enjoy the financial benefit as well as the opportunity to be closer to their children during the work day.

A new project by Northlink Aviation at the Ted Stevens' International Airport will also provide on-site child care, both to its employees and other terminal workers.<sup>186</sup>

Nationally, the Washington Post has identified providing on-site child care as the “newest way to woo workers.”<sup>187</sup> Hormel is building a \$5 million child care facility in Austin, Minnesota; VGM Group is converting 8,000 square feet of office space into a child care facility in Waterloo, Iowa; Tyson Foods operates a center in Humboldt, Tennessee; Micron Technology in Boise, Idaho is opening a child care center across the street from its headquarters and at a manufacturing plant in central New York; and the country's largest employer, Walmart, is finalizing an early learning center in Bentonville, Arkansas that will serve over 500 children.<sup>188</sup> In November of last year, the Pittsburgh International Airport opened a facility that serves about five dozen children.<sup>189</sup> KinderCare, which is one of the country's largest child care operators, says the number of employers looking for information about on-site child care has risen by 54 percent in the past year.<sup>190</sup> The benefits of these on-site, employer-provided programs is twofold: they provide

needed care for their employees, but they also free up space in other community facilities, lessening the overall pressure on the sector.<sup>191</sup>

## *The ACCEE Fund: Our Role in the Solution*

For the first time, Anchorage now has reliable, consistent funding specifically dedicated to improving the child care and early education sector. The Municipality's alcohol tax, passed in 2020 and first implemented in 2021, has typically also supported child care and early education programs with about \$2 million of annual funding. The difficult task is now deciding where to focus the limited Anchorage Child Care and Early Education Fund dollars for the best return. At its current five percent tax rate, marijuana tax revenues collected by the Municipality typically fall between \$5-6 million per year. After deducting costs for administration of the funds (which cannot exceed ten percent), we should expect around \$5 million of stable funding per year to support the sector.

While having reliable funding specifically to improve access to affordable, quality child care will be a welcome change, the ACCEE Fund dollars will not be sufficient to address all challenges in the sector. As Trevor Storrs, President & CEO of the Alaska Children's Trust and co-chair of the Implementation Team has said, this funding isn't a drop in the bucket – it's a pour in the bucket. We should be looking for opportunities to raise additional funds as well as leverage the ACCEE Fund while we pursue implementation of the existing funds.

The following is a description of various strategies for most effectively using the ACCEE Fund, separated into three categories: (1) high priority to fund, (2) medium priority to fund, and (3) fund if we are able.

### *High Priority to Fund*

#### **Raise Wages and Other Compensation for Child Care and Early Education Providers**

Put simply, it is not possible to genuinely improve the sector without raising wages and other compensation, like health benefits, for child care and early education providers. The Stellar Group relayed to the Governor's Task Force that 93 percent of early childhood educators say that benefits are at least moderately important for their retention. And child care operators have anecdotally cited that approximately eighty percent of their costs are labor related. Without earning a more reasonable wage and benefits for the difficult work they do, providers will continue to flee the sector in search of less stressful, easier, and better paying jobs. It is also true that while pay and benefits aren't everything, to a certain extent compensation conveys to an employee how valuable they are, and the embarrassingly low pay and minimal benefits most child care workers earn continues to send the message that despite caring for our children every day, child care and early education providers are not playing a valuable role in society. This has to change for the sector to attract new workers and retain those already in the profession,

thereby ensuring there is available child care for families whose parents want to work outside the home, enabling businesses and other workplaces – and the broader economy – to thrive.

The Implementation Team should consider recommending to the Accountability Board to include compensation subsidies as part of its first budget. Advice consistently shared by providers is to make any grants noncompetitive and based on child care enrollment rather than attendance. That said, the Implementation Team will want to consider how to strategically design any subsidies to shape a fragile sector, and that could mean making larger investments in a limited number of grantees rather than dividing up any funding set aside for subsidies equally. Beyond requiring that any funding to operators be used specifically for wages or other compensation, the Implementation Team might consider requiring that any entities receiving grants also provide a living wage and/or health benefits. According to the Massachusetts Institute of Technology, the living wage in Alaska for a household with two adults and two children with both parents working is \$25 per hour.<sup>192</sup>

Providing health and other benefits is relatively expensive. It is cheaper, however, when a large group of users can negotiate rates. If the Accountability Board required that any employer who received an ACCEE Fund grant for wages or other compensation provided health benefits, the employer could then explore the best options for providing those benefits. The two most effective methods to provide these benefits would likely be: (1) make providers Municipal employees and therefore eligible for the Muni's health plan, or (2) encourage providers' employers to work with labor unions to identify the union with the best plan for its employees. Given Alaska's incredibly high rate of both union membership and government employment and a lack of mid-size businesses, there may not be the opportunity to pursue alternative health benefit pools. The advantage of engaging with unions is that they are set up via the Pacific Health Coalition to negotiate on behalf of thousands of members to get the best rates and services available. It could also be possible to work with thread or another similar entity to explore pooling health care plans among operators. Whatever the method, using ACCEE Funds to improve wages and secure health benefits should be a top priority.

### Fund Free Child Care for Providers' Children

This investment has been incredibly successful in other locations. In Kentucky, children using assistance more than doubled between 2022-2023 (from 17,000 statewide to 40,000) after implementation of a similar program. But importantly, only 3,600 of those children accessing subsidies were providers' children. By bringing in more parents to work as providers, not only are their children cared for, but more spots are available for other children. Some programs in Anchorage already fund this type of program, but there is a lot of room to grow. According to Blue Shabler, Executive Director of the Southeast Association for the Education of Young Children, she received the most positive feedback on this single recommendation out of all of the Governor's Task Force's preliminary recommendations. She believes such an action would help recruit and retain teachers.

## Invest In and Partner with Model Programs

The Implementation Team might also want to consider recommending that the Accountability Board make select investments and form partnerships with local businesses and organizations seeking to establish or expand on-site or adjacent child care. The benefit to working with a third party who wants to create child care opportunities for their employees is that they are likely to bring match dollars, thereby leveraging the impact of the ACCEE Fund dollars while raising overall pay for providers. Funding these sites would also mean more child care available in the community, thereby lessening the demand on other sites. If the ACCEE Fund were used to fund business-provided care, it should consider requiring that the business provide a living wage and/or health benefits.

The Accountability Board should also consider investing in technical assistance, whether provided by staff to the Board or otherwise, to assist new child care programs with business development as well as child care licensing and other regulatory processes. Opening or expanding a program can be difficult to navigate; having someone to help with questions and make the process easier could lead to the creation of additional programs.

## Provide Awards and Incentives to Providers

The current ROOTS program, operated by thread, is popular but consistently underfunded. All paid employees of licensed child care facilities who are members of SEED are eligible to apply for these awards, including support staff who might not work directly with children but still play a critical role in operations of the child care facility (such as cooks, drivers, administrative staff, etc.). Any funded awards should reward retention and years of experience in the field.

Experts have consistently noted that one of the biggest challenges in the sector is that child care and early education providers feel unappreciated. This is in part due to the low pay and benefits they receive, but also to a lack of recognition of the important role they play in our society. Increasing ROOTS awards, or providing awards via another mechanism, would be an important step in shifting this narrative.

The Stellar Group has recommended that these types of incentives should consist of payments to eligible educators twice yearly and be combined with grants and scholarships for professional development. Standards vary by state but typically include: (1) earning less than a locally-established income cap, (2) working with children 0-5, (3) working at least 10 hours a week in a licensed program, (4) and having worked at least six months in the same child care program. Programs also might consider awarding employees' different amounts depending on their level of education and experience in the sector, like the Tennessee program.

## Fund Training and/or Paid Time Off for Training for Providers

By and large, providers are very interested in professional development opportunities, but often don't have the time off of work to pursue them, or if they do, they must pay for it themselves. Stellar Group recommends that governments fund leadership development courses, including courses that enhance team management skills and tie to credentialing requirements, as well as professional development, such as developing peer support and communities of practice. Funding leadership and professional development would not only make providers more successful in their everyday work caring for children, but bolster pride in the sector.

## Fund Mental Health Supports for Providers and Children

One of the most common requests from providers, after better wages and benefits and appreciation of their professional contributions, is making mental health supports available to both them and the children they care for. With the rise of mental health challenges and awareness also comes an increase in the need for support. Getting providers supports they need to adequately care for children in their programs could mean the difference between them staying in the child care field or pursuing other job opportunities.

### *Medium Priority to Fund*

## Fund Capital Investments to Renovate, Expand, or Build New Facilities

While ultimately our community will need more space and facilities to meet the demand for child care services, this isn't a high priority in the short term. The reason is that currently, many existing programs are not operating at full capacity. So lack of child care spots is not as much about lack of space as it is about lack of *workers* – workers who aren't compensated adequately and are therefore fleeing the sector. What we need in the immediate term is support for those workers so that we can retain them in the field. Next, we need to make this sector more attractive so that child care organizations can fully staff up. After that, investing in new or improved spaces will become a top priority.

The Accountability Board should pursue a partnership with Senator Lisa Murkowski – a partnership that should begin sooner than later to lay the groundwork for future needs. Senator Murkowski is known for her ability to procure funds for Alaskan communities via the Congressionally Directed Spending (CDS) program, otherwise known as earmarks, which as of a couple of years ago is back at the Congressional level. Senator Murkowski's staff noted at a child care event in the fall of 2023 that of hundreds of CDS requests, only three were for child care centers. Staff also noted that Senator Murkowski is interested in adding additional child care capital investments to future CDS requests.



While awarding capital grants might not be an immediate high priority for the ACCEE Fund, if the Accountability Board hires staff, it would be wise to have staff pursue conversations with Senator Murkowski's office now about how to partner to create and support additional child care supply. Similarly, staff would want to work with the Anchorage School District, as directed in the proposition language itself, to explore vacant school buildings and what would be needed to renovate or prepare these to be used as child care centers. Finally, staff would want to investigate Care Access Real Estate, a real estate investment trust (REIT). Under this model, capital used to create new child care spots is initially funded by investors, but the child care operator tenant can purchase the space later, once they have adequate funds to do so. Similarly, the Accountability Board could pursue a program sponsoring mortgages and leases for home-based providers.

### Fund Supports for the Child Care and Early Education Career Pipeline

There is a lot of opportunity to partner with the University of Alaska, King Tech, and the Anchorage School District to ensure we not only have child care providers today, but in the future. Staff to the Accountability Board should explore paying education costs for those interested in the child care field, as well as collaborate with high schools to educate students about careers in the child care sector. Like in Juneau, there is also opportunity to explore and support apprenticeship programs, bringing new staff into the field.

### Fund Supports Specifically for In-Home Providers

Some locations, like Washington State, are supporting substitute pools, which make it easier for in-home providers to take time off. The Accountability Board should explore doing this in Anchorage, as well as creating a program where administrative and other business supports are pooled. These are typically challenging aspects of an in-home provider's job, often done at night after working all day caring for children.

### Provide Funding for Start-Up Costs for Both Employers and Employees

Child care organizations often struggle to get off the ground, so supporting start-up costs such as fire inspections and other Municipal code requirements could be a big help. The Accountability Board might also consider funding potential employees' fingerprinting and background checks, which would result in more individuals going through the process to apply to work in the child care sector.

### Explore Mobile Child Care Units and Drop-In Care

While this anecdotally hasn't been a top request from providers or parents, it's likely that is because we're mostly hearing from providers who provide full-time care and parents who access – or are trying to access – more traditional care for their children. Mobile child care units

that could meet families where they're at or drop-in care that could provide families the support to leave their children in trusted hands for a day or even a few hours while getting other important things done – taking other children to medical appointments, for example – could be a big benefit to Anchorage families at a relatively low cost.

### *Fund if We Are Able*

#### Increase Child Care Assistance Paid to Families

The Accountability Board could take King County, Washington's lead and supplement state-provided child care assistance. More families would be eligible for assistance, enabling more working families to access care. There are two reasons this might not be the top priority for the ACCEE Fund: (1) although the increase could be insufficient, the State legislature is currently exploring expanding assistance, and we might want to see the result of this effort before taking our own actions in Anchorage, and (2) this alone would not address the problem of supply, i.e. there are too few providers and too few child care spots. Broadening who is eligible for assistance would help some families but would not solve the larger problem, which is that providers are not making sufficient pay to stay in or enter the sector.

#### Evaluate the Municipal Regulatory Framework for Licensed Providers

While it never hurts to evaluate the benefits and burdens associated with controlling regulations, and if we had endless funds it would be worth engaging in this evaluation, it's possible this isn't as much of a priority as other potential uses of the ACCEE Fund. Anecdotally, most providers seem generally happy with the regulatory structure in Anchorage, although feedback has been shared that they would appreciate a more collaborative and less punitive approach to the Municipal Code requirements. But overall it does not seem that Municipal Code is incredibly burdensome, and some providers have even said that they are pleased they are regulated by the Municipality instead of the State of Alaska. Providers generally seem to appreciate the low child-to-teacher ratios Anchorage requires and the higher-quality of care that results.

One inquiry that would be particularly helpful is an exploration of fire code requirements. For instance, school-aged programs are often located in Anchorage School District buildings, which are already inspected and up to fire code requirements. Nonetheless, the child care programs also must complete their own inspections, which has been highlighted as being cumbersome and unnecessary.

#### Explore Paying Parents to Care for Their Own Children

Some jurisdictions, like King County, Washington, are currently exploring this model. While there are benefits – parents can care for their children while making a wage and overall demand

goes down for child care spots – it seems that paying for free child care for parents who work at a child care organization provides more reward for the investment. In the latter case, not only is an additional child provided with care, but three or more *additional* children will then have access to child care. This seems more effective and as a result a higher priority with our limited funding.

## Conclusion

People all around the country are talking about challenges related to child care. We in Anchorage are incredibly fortunate – due to the hard work and vision of the Proposition 14 campaign team – that not only are we aware of the challenges, but we are poised to dedicate reliable, substantial funding to solve them, both those in the near-term and the more complex, systemic challenges. Our experiences and initial investments will also set Anchorage up to explore what else is needed, and ultimately how to reach our vision of a community where kids can thrive, parents’ work-related decisions are not based on the availability of child care, employers can hire and retain reliable employees, and the economy can flourish.

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<sup>1</sup> Washington Post, “Think Child Care is Hard to Find Now? Wait a Couple of Months.” August 27, 2023.

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<sup>162</sup> The Center for Law and Social Policy, “Unionizing Home-Based Providers to Help Address the Child Care Crisis.” April 2023. [https://www.clasp.org/wp-content/uploads/2023/04/4.3.2023\\_Unionizing-Home-Based-Providers-to-Address-the-Child-Care-Crisis.pdf](https://www.clasp.org/wp-content/uploads/2023/04/4.3.2023_Unionizing-Home-Based-Providers-to-Address-the-Child-Care-Crisis.pdf)

<sup>163</sup> Alaska Legislature, HB 89. <https://www.akleg.gov/basis/Bill/Text/33?Hsid=HB0089B>

<sup>164</sup> Id.

<sup>165</sup> Alaska Legislature, HB 206. <https://www.akleg.gov/PDF/33/Bills/HB0206A.PDF>

<sup>166</sup> Id.

<sup>167</sup> State of Alaska, Administrative Order 346. <https://ddaalaska.com/wp-content/uploads/2023/06/04.06.23-AO-346-Task-Force-on-Child-Care.pdf>

<sup>168</sup> Id.

<sup>169</sup> Id.

<sup>170</sup> State of Alaska Task Force on Child Care, “Preliminary Recommendations.” November 2023. <https://ddaalaska.com/wp-content/uploads/2023/12/TFCC-Recommendations.pdf>

<sup>171</sup> State of Alaska Task Force on Child Care, “Project Reports.” January 2024. [https://ddaalaska.com/alaskachildcaredtaskforce\\_project\\_reports/](https://ddaalaska.com/alaskachildcaredtaskforce_project_reports/)

<sup>172</sup> State of Alaska Task Force on Child Care, “Preliminary Recommendations.” November 2023. <https://ddaalaska.com/wp-content/uploads/2023/12/TFCC-Recommendations.pdf>

<sup>173</sup> Id.

<sup>174</sup> Alaska Public Media, “As Alaska’s child care crisis looms, some businesses opt to launch centers for their employees’ kids.” June 14, 2023. <https://alaskapublic.org/2023/06/14/as-alaskas-child-care-crisis-looms-some-businesses-opt-to-launch-centers-for-their-employees-kids/>

<sup>175</sup> Id.

<sup>176</sup> Id.

<sup>177</sup> Anchorage Daily News, “Alaska’s longest running child development center is a guiding star for sustainable child care.” Accessed January 10, 2023. <https://www.adn.com/sponsored-content/2024/01/04/alaskas-longest-running-child-development-center-is-a-guiding-star-for-sustainable-child-care/>

<sup>178</sup> Id.

<sup>179</sup> Id.

<sup>180</sup> Id.

<sup>181</sup> Id.

<sup>182</sup> Alaska Public Media, “As Alaska’s child care crisis looms, some businesses opt to launch centers for their employees’ kids.” June 14, 2023. <https://alaskapublic.org/2023/06/14/as-alaskas-child-care-crisis-looms-some-businesses-opt-to-launch-centers-for-their-employees-kids/>

<sup>183</sup> Id.

<sup>184</sup> Id.

<sup>185</sup> Id.

<sup>186</sup> Id.

<sup>187</sup> Washington Post, “Newest way to woo workers: Child care at airports, schools, and poultry plants.” October 29, 2023. [https://www.washingtonpost.com/business/2023/10/29/childcare-workplace-onsite-employment/?utm\\_campaign=wp\\_post\\_most&utm\\_medium=email&utm\\_source=newsletter&wpisrc=nl\\_most](https://www.washingtonpost.com/business/2023/10/29/childcare-workplace-onsite-employment/?utm_campaign=wp_post_most&utm_medium=email&utm_source=newsletter&wpisrc=nl_most)

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<sup>189</sup> Id.

<sup>190</sup> Id.

<sup>191</sup> Alaska Public Media, “As Alaska’s child care crisis looms, some businesses opt to launch centers for their employees’ kids.” June 14, 2023. <https://alaskapublic.org/2023/06/14/as-alaskas-child-care-crisis-looms-some-businesses-opt-to-launch-centers-for-their-employees-kids/>

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