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# **Economic Summit on Early Care & Learning thread Alaska**

**Anchorage, AK**

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# Overview

1. Child Care Basics
2. The Supply Gap
3. The Business of Child Care
4. Understanding Parents



# Child Care Basics



## The National Child Care Landscape

642,400 businesses in 2016

Average size of centers varies widely

Annual revenue of \$60B



## Child care employs 2 million workers

Split evenly between centers and family child care homes

Workforce is aging

96% female

Median years experience:

- 10 years for center teacher
- 13.7 years for FCCH



## The average wage is low—\$13.71/hour /\$28,520 annually

Federal poverty for a family of three is \$24,860

Nearly half child care workers are in a public assistance program

Most lack benefits including health insurance

Considered essential workers during COVID-19

Nearly one-third of children under six, whose parents are working, need some regular form of care but are outside the formal system.

Alaska

# Child Care Supply Gap

**Potential need: 35,661**

Children under 6 with parents in labor force

- Living with both parents, both parents in the labor force
- Living with one parent, parent in labor force

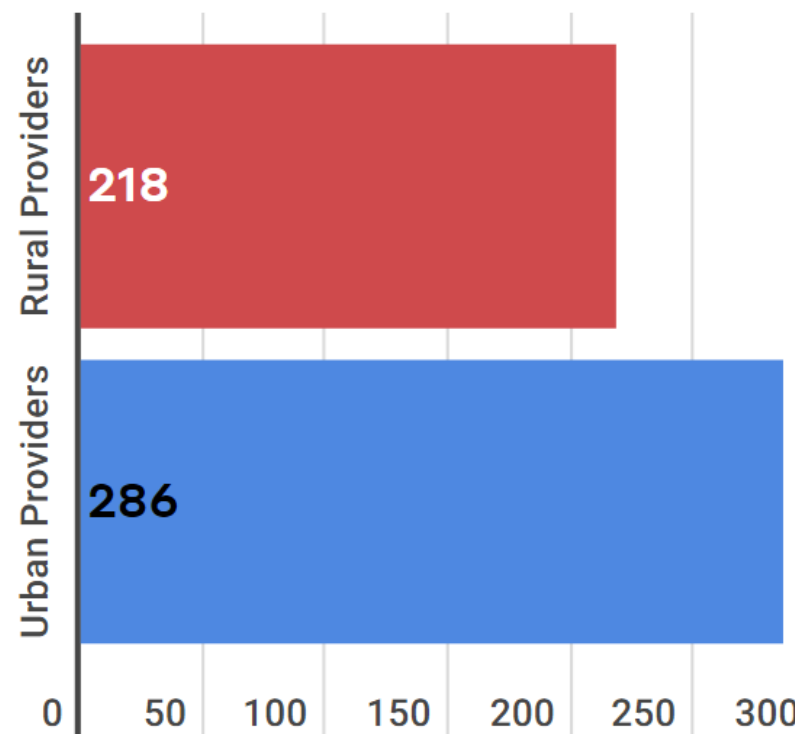
**Gap: 21,081 children**

**Percent Gap: 59%**

Children needing child care are matched to facilities within a specified distance from the block group they live in:

- 3.5 miles in urban areas
- 10 miles in rural areas

Rural vs. Urban Child Care Gap



# A Failing Business Model

## The Demand

Unstable demand and unreliable income create challenges for businesses.

Decrease in enrollment, no matter how small, can have dramatic impact.

- Parents' needs change (work hours/work site)
- Parent preferences change
- Parents' ability to pay

*As a result, directors are reluctant to raise teacher pay out of fear that they won't have the revenue to cover it.*

## The Supply

Understanding the supply side—or operating costs:

- Labor costs 75%
- Fixed costs 25%

Labor is the single biggest expense:

- Adult/child ratios
- Ages of children served
- Capacity vs enrollment
- Wages paid

### Why does it cost so much if teachers are so poorly paid?

Here's an example of why:

- Adult ratios for infant = 1:4
- Hours of operation = 12 per day
- Teacher wages alone cost = \$180
- Infant rate = \$43/day
- Income assuming full enrollment = \$172
- **LOSS OF \$8 BEFORE FIXED COSTS, SUPPLIES**
- If one child leaves, the loss is over \$50/day

# Mending A Failing Business Model

Balancing income vs. expenses in child care is a constant challenge:

- Most programs don't operate at 100% occupancy.
- Parents resist paying when their children aren't present.
- Income from 3 and 4-year-olds offset the cost of younger children.
- Public Pre-K can destabilize child care if done incorrectly.

Balancing is like squeezing a balloon—if fees were based on the actual cost of quality, more low-income working families will be priced out of the market.



# Understanding Parents' Use of Child Care

- 25% don't know their schedules more than two weeks in advance.
- 25% need non-traditional hour and weekend child care.
- Most need care between 6-8 a.m. and 6-8 p.m.
- Many parents prefer informal child care, even if formal care were free and convenient.
- Safety and trust are top of mind when making child care decisions.



**56%** of parents report child care impacted their decision to accept a job.



**52%** of parents report child care impacted their decision to reduce hours at work.



**38%** of parents report child care impacted their decision to quit a job.



**30%** of parents report child care impacted their decision to leave the workforce.

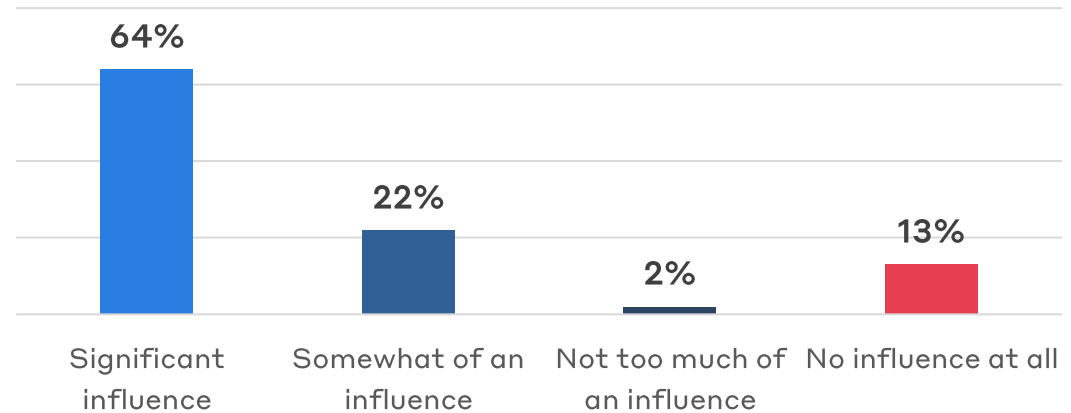
Source: Bipartisan Policy Center, 2023. "The Role of Child Care in the Mind of Employed Parents and Business Owners."

# Understanding Rural Parents

- Parents in smaller rural communities have less access to child care.
- Nearly half report they or their spouse provides child care.
- 86% of rural parents not working said child care responsibilities influenced that decision.
- Safety, trust, and cost are top-of-mind factors for rural parents.

How much of an influence, if at all, did child care responsibilities have in your and/or your partner or spouse's decision not to work?

Rural parents who are personally or spouse/partner is not currently working, N=206





# Conclusion

The child care landscape varies but there is consistently an unmet need for care.

Solutions to better meet this need will look different across the state and communities.

Need to set a bigger table: Business, philanthropy, economic development, faith community, parents.



# More Information

- [The Economic Impact of America's Child Care Gap](#)
- [Child Care Gaps Assessment](#)
- [National and State Child Care Data Overview](#)
- [From the Ground Up: Improving Child Care and Early Learning Facilities](#)



# Thank you!

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