

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



## **ANCHORAGE** CHILD CARE & EARLY EDUCATION **FUND**



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January 2024*

## *The Problem*

- Since 2019, the number of licensed child care programs in Alaska has **dropped by 20%**
- For the first time in 20 years, **fewer than 200 licensed programs in Anchorage**
- **51% of Alaskan families cannot fully participate in the labor force** due to cost, availability, or quality of child care



**ACCEE**  
FUND

## *Benefits of Available Care*

- **Good for families, employers, and the economy**
  - Average two-parent household income increases by \$41k annually if child care is available
- **Supports working families, especially working women**
  - For child-free adults, American labor force participation is 79% for women and 84% for men. After men and women have children, labor force participation for men rises to 96% and drops for women to 67%.

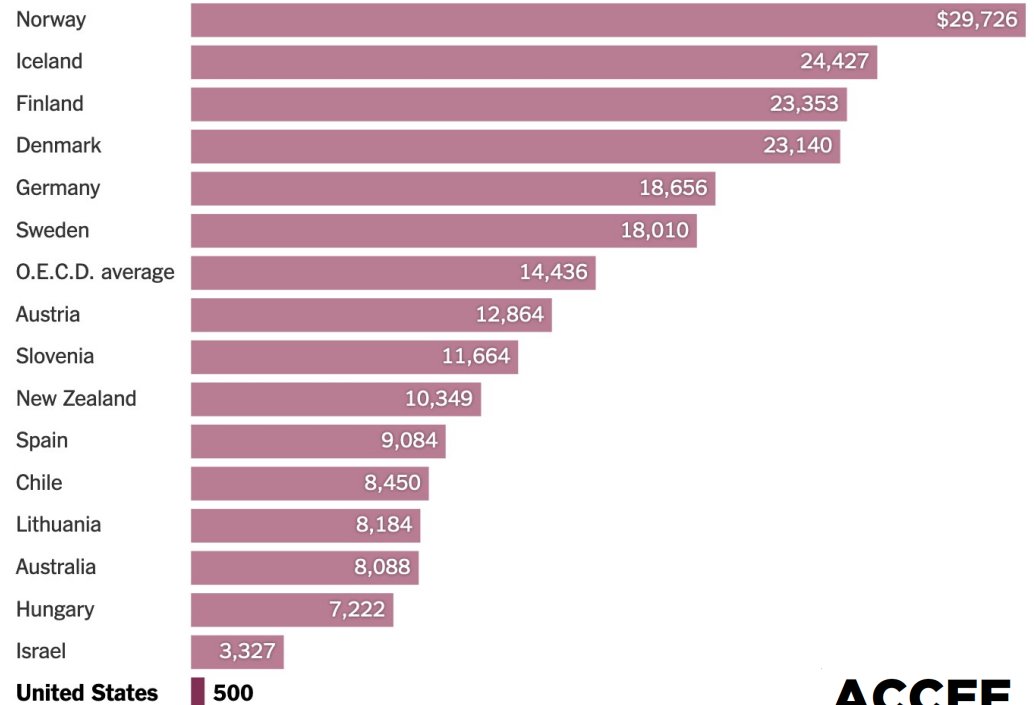


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## How Much Governments Spend on Child Care for Toddlers

Annual public spending per child on early childhood care.



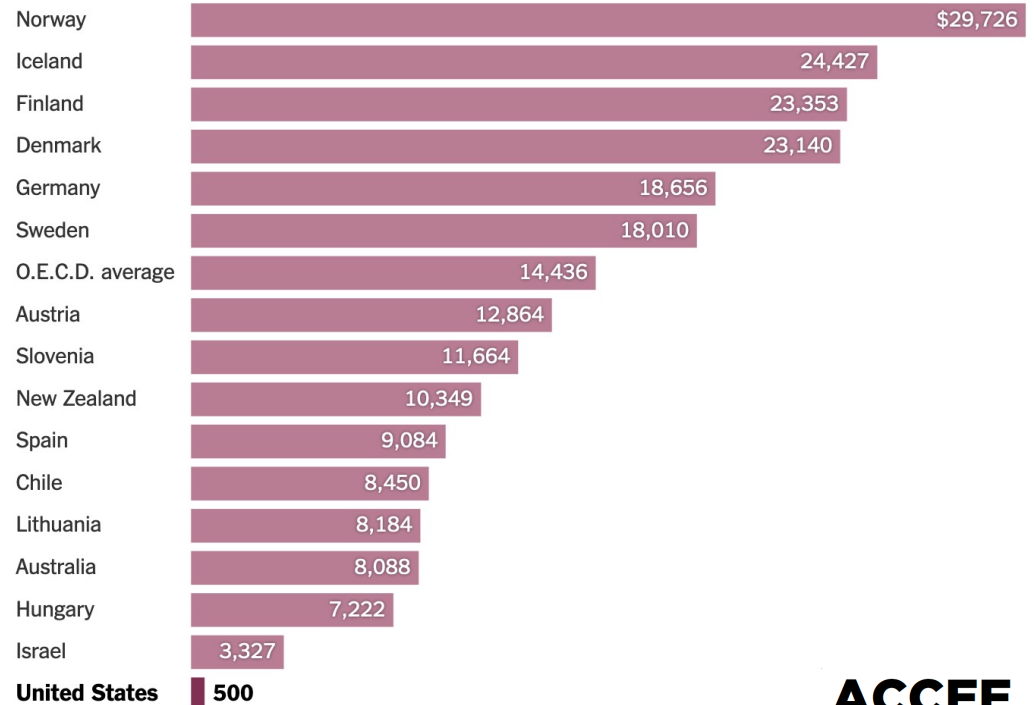
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**Compare to K-12 investment:**

- \$16,390 per student annually
- In Alaska, \$21,325 per student

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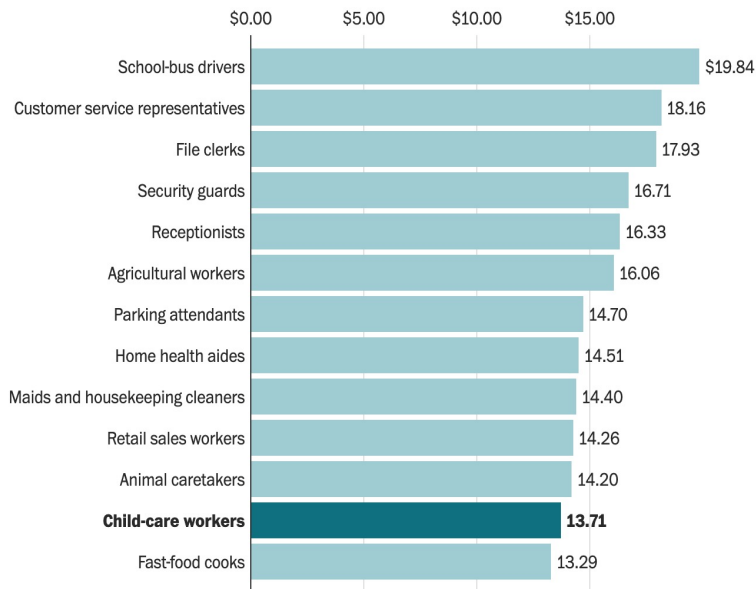
## *The Problem: High cost to parents, low pay for providers*

- Average cost for Alaskan households using child care per month was \$982, with higher income families paying an average of \$1,167
- Many spots in Anchorage cost up to \$1800/month
- Cost of licensed care represents **15% of Alaskan parents' annual income**
- This jumps to 20% of a single male household, or 35% of a single female household



# The Problem: High cost to parents, low pay for providers

U.S. median hourly wage for select occupations, 2022



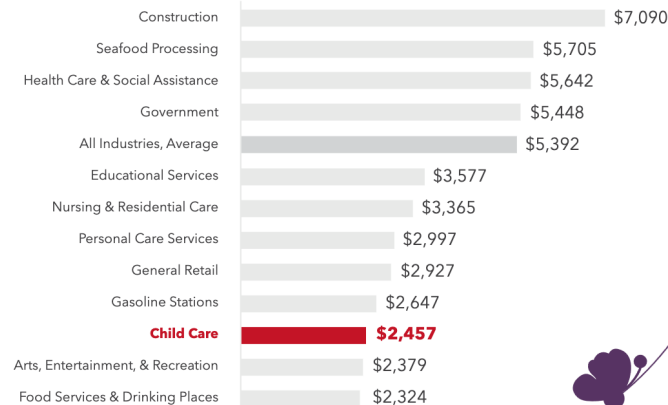
Source: U.S. Bureau of Labor Statistics

THE WASHINGTON POST

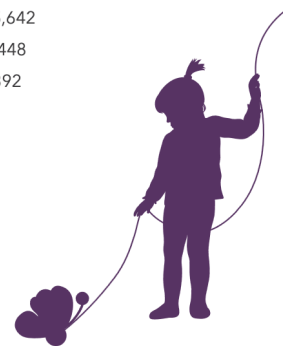
## Early Care & Education Workforce Essential but Underpaid:

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.







*The average provider  
in Alaska makes under  
\$30k a year*

*Not a living wage and  
often not enough to  
support their own  
families*

*Families of child care  
workers are twice as  
likely to live in poverty*

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*We need to change this system, now.*



## ***Solutions: case studies of investments***

*Federal investment headed in the right direction – current administration is supportive of the sector. **But the need is vast.***

# Solutions: case studies of investments

- **New Mexico:** passed the country's first constitutional amendment that directs funds from their land grant permanent fund (from oil and gas royalties): \$150-486 million annually
- **King County, WA:** Best Starts – five-year county tax just renewed by the public
- **Minnesota:** Legislature, in partnership with Governor, passed landmark child care legislation in spring 2023, committing \$750 million

Federal investment headed in the right direction – current administration is supportive of the sector. *But the need is vast.*



The screenshot shows the New Mexico Early Childhood website. The header includes navigation links: Apply for Services, Newsroom, About ECECD, Regulation Changes, Grants & RFPs, and EPICS Provider Dashboard. The main content area features a large teal headline: "ECECD finalizes child care regulations to make child care affordable for most New Mexico families". The website also includes social media icons and a language selection dropdown.

## *Solutions: case studies of investments*

- **Maryland & Missouri:** revenue from sports betting
- **Washington, D.C.:** wealth tax – workers get one-time payments between \$10-14k, depending on workers' responsibilities
- **Washington State:** uses capital gains tax to fund substitute pools
- **Juneau:** mix of property and sales tax, and also using a thread grant right now for their apprenticeship program

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- Grants to increase capacity
- Grants for curriculum, equipment, capital costs



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- Investment in data systems to help policy-makers make data-driven decisions



# *What should Anchorage do?*

- The marijuana tax typically generates \$5-6 million per year. Can use up to 10% to administer the funds, so about \$5 million of funds available per year.
- \$5 million isn't enough to do everything, so start with top priorities.
- At the same time, look for opportunities to leverage funding and raise new revenue.
- These are merely ideas – we need to hear from the public and experts before shaping our draft strategic plan and budget



## High Priority

- Raise wages and other compensation for child care and early education providers.
  - Divide funds equally or make larger investments into a limited number of grantees?
  - Could partner with a limited number of programs and require that they provide a living wage (in Alaska, \$25 an hour) and/or health benefits.
- Explore, with experts, supporting a pooled health benefits program.



## High Priority

- Provide free child care for providers' children.
  - In addition to finding care for their child, a parent also brings the ability to care for three or more kids, opening up spots for other families.
- Partner with new on-site programs.
  - Could likely provide match and thereby pay providers well.
  - Would create more overall child care spots in the community.
- Provide technical assistance to new child care programs for business development, licensing, other processes.



## High Priority

- Provide awards and incentives to providers.
  - Could use the existing ROOTS program operated by thread.
- Provide paid time off and paid time for free training for providers.
  - Funding leadership and professional development would make providers more successful in caring for children and also bolster pride in the sector.
- Fund mental health supports for providers and for children.



## Medium Priority

- Capital investments to renovate, expand, or build new facilities.
  - Partnering with Senator Murkowski.
  - Exploring vacant ASD buildings for new child care locations.
  - Exploring Care Access Real Estate.
- Fund a focus on the early education career pipeline.
- Fund supports for in-home providers, like substitute pools.



## Medium Priority

- Fund start-up costs for employers and employees.
  - Fire inspections.
  - Background checks and fingerprinting.
- Explore mobile child care and drop-in care.
  - Could fill gaps in care and really help families not accessing more traditional, full-time care.



## *Fund if We Are Able*

- Increase assistance to families.
- Evaluate the Municipal regulatory framework for licensed providers.
  - In general, good feedback from child care providers.
  - Duplicative fire code requirements.
- Paying parents to care for their own children.
  - While it would lessen the need for additional child care spots, it doesn't have the added bonus of *adding* new spots, like paying for child care for providers' kids.



*These are just initial ideas. Still need to:*

- Hear from the public
- Engage experts
- Have more IT conversations about how we want to use the ACCEE funds
- Discuss our approach to strategic planning and development of the first budget





*What's next?  
What do you want to hear  
more about?  
Who do you want to invite  
to speak to you?  
Other ideas or feedback?*

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