Alaska’s early care and learning sector is unique in the breadth of its contribution to the economy. The sector supports:

- Thousands of jobs for Alaskans
- Increased opportunity for Alaskans to work and earn income
- A stable resident workforce for Alaska employers
- Economic benefits that far exceed costs

The Economics of Early Care and Learning in Alaska

Alaska’s early care and learning sector is unique in the breadth of its contribution to the economy. The sector supports:

- 2,000+ Providers of early care and learning services
- 7,700 Jobs for caregivers and others (includes direct, indirect, and induced)
- $343 million Annual spending on early care and learning
- $2 billion Wages Alaskans are able to earn as a result of access to care for their children
- $512 million Total economic activity in Alaska
- $230 million Wages for caregivers and others (includes direct, indirect, and induced)
- $1 = $1.50 Economic multiplier
- 15% Share of Alaska resident workforce supported by early care and learning
- Increased standard of living for Alaska families

Early care and learning: It’s a great investment!

Prepared for: Alaska Early Childhood Coordinating Council | October 2015
Alaska’s early care and learning sector accounts for over half a billion dollars of economic activity.

Early care and learning activity in Alaska creates jobs for thousands of Alaskans; allows thousands more to participate in the workforce because care is available; and generates millions of dollars in spending by households and the public sector. This spending generates even more economic activity through related expenditures in communities throughout the state.

### Jobs

- **7,700**
- 15% of the Alaska resident workforce is able to work because of the early care and learning sector

### Income

- **$230 million**
  - Annual labor income in Alaska’s early care and learning sector
  - Approximate annual earnings by adults able to participate in Alaska’s workforce because of early care and learning services

- **$2 billion**

### Economic Output

- **$512 million**
  - Economic output, including household and public sector expenditures on early care and learning programs and services

### Economic Multiplier

- **$1 = $1.50**
  - For every dollar spent on early care and learning in Alaska, there is $1.50 in total economic activity
Spending for Paid Care

Full-time center-based care in Alaska can cost over $1,000 per month per child, or more than $12,000 per year.

Survey data show Alaska families spend an average of $582 per month for each child in paid care, or $7,000 annually.

Families with two children in a full-time early care and learning center can spend a third of their annual income on care.

(Note: Averages include children in full-time, part-time, or occasional care.)

Alaska’s early care and learning sector accounts for $343 million + in annual spending.

Note: This estimate of spending is conservative as it does not account for investment by local government, including school districts, and the private sector.

Alaska Employer Support for Employee Early Care and Learning Needs, as Reported by Employees

- 33% Somewhat accommodating
- 38% Very accommodating
- 9% Not accommodating
- 4% Don’t know/refused

More than $343 million
Demand: Nearly 90,000 children under 13 years of age in approximately 53,000 households are potentially in need of early care and learning services.

### Utilization of Care

<table>
<thead>
<tr>
<th>Under 6 years of age</th>
<th>6 through 12 years of age</th>
</tr>
</thead>
<tbody>
<tr>
<td>55%</td>
<td>42%</td>
</tr>
</tbody>
</table>

55 percent of children under six years of age and 42 percent of children age six through 12 years of age typically receive care by someone other than a parent or a guardian.

*These numbers may underestimate the true number of Alaska households with early care and learning needs, as survey results suggest many households with an adult who does not participate in the labor force still regularly use early care and learning services.

### Types of Early Care and Learning Services Utilized

Type of early care and learning services received varies by age group. Results include children in multiple types of care.

#### Under 6 years of age

<table>
<thead>
<tr>
<th>Type of Care</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-elementary or center-based care</td>
<td>41%</td>
</tr>
<tr>
<td>Care at someone else’s home</td>
<td>34%</td>
</tr>
<tr>
<td>Care in child’s own home by family, friend, or other provider</td>
<td>30%</td>
</tr>
<tr>
<td>Early Head Start/ Head Start</td>
<td>8%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

#### 6 through 12 years of age

<table>
<thead>
<tr>
<th>Type of Care</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Care in child’s own home by family, friend, or other provider</td>
<td>41%</td>
</tr>
<tr>
<td>Care at someone else’s home</td>
<td>22%</td>
</tr>
<tr>
<td>School-sponsored before or after school programs</td>
<td>17%</td>
</tr>
<tr>
<td>Other before or after school programs</td>
<td>17%</td>
</tr>
<tr>
<td>Center-based care</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
</tr>
<tr>
<td>Don’t know/refuse</td>
<td>1%</td>
</tr>
</tbody>
</table>
Results from the 2015 Alaska Early Care and Learning Household Survey

Access to Care

46% of parents with children under 6 years of age report difficulty finding care.

28% of parents with children 6 through 12 years of age report difficulty finding care.

Focus on Municipality of Anchorage and the Matanuska-Susitna Borough*

<table>
<thead>
<tr>
<th></th>
<th>Anchorage</th>
<th>Mat-Su Borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 6 Years of Age</td>
<td>62%</td>
<td>54%</td>
</tr>
<tr>
<td>6 through 12 Years of Age</td>
<td>42%</td>
<td>37%</td>
</tr>
<tr>
<td>Average hours in paid early care and learning services</td>
<td>121</td>
<td>105</td>
</tr>
<tr>
<td>Average spending per child on paid early care and learning services</td>
<td>$628</td>
<td>$407</td>
</tr>
<tr>
<td>$275</td>
<td>$308</td>
<td></td>
</tr>
<tr>
<td>Children who received financial assistance for early care and learning services</td>
<td>14%</td>
<td>21%</td>
</tr>
<tr>
<td>8%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Difficulty finding care</td>
<td>54%</td>
<td>27%</td>
</tr>
<tr>
<td>33%</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>Households where employment was restricted by lack of early care and learning services</td>
<td>25%</td>
<td>21%</td>
</tr>
</tbody>
</table>

* Additional household surveys were conducted in Anchorage and the Mat-Su with generous support from ARISE and the Mat-Su Health Foundation.
Alaska’s early care and learning industry includes over:

**6,500** DIRECT JOBS

**$170 million** DIRECT WAGES

### Alaska’s Early Care and Learning Workforce, by Number of Workers

- **51%** Licensed Centers
- **11%** Early Head Start/Head Start Programs
- **5%** Military Approved Providers
- **13%** Approved Providers (Relative & Non-Relative)
- **6%** Licensed Homes
- **4%** Licensed Group Homes
- **5%** Private & Public Pre-Elementary Programs
- **4%** Tribally-Approved Programs

### Relative Size of the Early Care and Learning Industry (Direct Jobs)

The early care and learning sector is on par with prominent Alaska industries, in terms of annual average employment.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals</td>
<td>11,516</td>
</tr>
<tr>
<td>Accommodations</td>
<td>8,244</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>7,416</td>
</tr>
<tr>
<td>Early Care and Learning</td>
<td>6,500</td>
</tr>
<tr>
<td>Food &amp; Beverage Stores</td>
<td>6,210</td>
</tr>
<tr>
<td>Air Transportation</td>
<td>5,863</td>
</tr>
<tr>
<td>Construction of Buildings</td>
<td>5,084</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>4,075</td>
</tr>
</tbody>
</table>
Children who attend high-quality early care and learning programs are better prepared to start school than children who attend lower quality programs (Huntsman, 2008).

In recent interviews with 19 early care and learning programs in Alaska, thread found that the additional cost of educating children in high-quality programs was, on average, $230 more per month per child than basic programs.

Additional costs are associated with training and retaining highly qualified staff and making developmentally appropriate quality improvements to classrooms.

Low Wages: A Challenge for the Early Care and Learning Sector

Average annual wages in the Alaska child care sector total only 40% of average statewide annual wages. This results in attracting an entry-level workforce with high turnover and poor continuity of care.

<table>
<thead>
<tr>
<th>Child Care Sector</th>
<th>Alaska Private Sector</th>
<th>Alaska Public Sector</th>
<th>All Alaska Employers</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20,676</td>
<td>$52,320</td>
<td>$54,528</td>
<td>$52,848</td>
</tr>
</tbody>
</table>

Source: based on data from Alaska Department of Labor and Workforce Development

Cost of Quality Early Care and Learning

Children who attend high-quality early care and learning programs are better prepared to start school than children who attend lower quality programs (Huntsman, 2008).

In recent interviews with 19 early care and learning programs in Alaska, thread found that the additional cost of educating children in high-quality programs was, on average, $230 more per month per child than basic programs.

Additional costs are associated with training and retaining highly qualified staff and making developmentally appropriate quality improvements to classrooms.

Information provided by Northern Economics
Benefits of Investment in Early Care and Learning

Investment in the early care and learning industry plays an important role in Alaska’s economy. A growing body of national research strongly suggests that the most efficient means to boost productivity in the workforce over the next few decades is to invest in today’s youngest children. Early care and learning services:

- Provide quality education and human skills that are foundational for economic productivity.
- Allow parents of young children to more effectively participate in the workforce.

Research also shows early childhood education can reduce negative and costly outcomes for government and society. The savings realized from these more desirable outcomes outweigh the cost of investing in early care and learning programs. Studies document:

- An inverse relationship between crime and education, as well as other societal benefits derived from quality care and early education.
- Savings by government and society from reduction in crime, delinquency, reliance on welfare, lost wages, and health care treatment.

It is evident Alaska would experience many of the same benefits from further investment in early care and learning measured elsewhere in the country.

This Economic Impact Report was prepared for the Alaska Early Childhood Coordinating Council with generous support from:

The Alaska Early Childhood Coordinating Council (AECCC) promotes positive development, improved health and mental health outcomes, and school readiness for Alaska’s children, prenatal through 8 years of age. The AECCC creates a culturally responsive, comprehensive, and accessible service delivery system that links service providers, empowers families, and engages communities. The AECCC facilitates integration and alignment of services, planning efforts, resources, policy development, and funding as well as strengthens connections between health, mental health, education, and family support systems and public and private partners.

AECCC Priority Recommendations Include:

- Expand early childhood services to 5,000 new children and families through in home and out of home services.
- Identify methods to increase pay in early childhood settings, particularly for those with higher degrees.
- Implement the QRIS (Quality Recognition and Improvement System) plan, including an implementation time-line of activities and funding.
- Increase awareness of the Alaska Early Learning Guidelines (ELGs) by coordinating efforts (public and private) to include the “universal” early care and learning workforce (parents, extended family, community).
- Embed “Strengthening Families” protective factors through systems across the board to include grant proposals, policies, materials development, and sustainability of long-term funding efforts.
- Support and promote a local partnerships grant process to invest in early childhood and family support.
- Seek to ensure every child has full access to well-child exams that follow the Alaska Periodicity Schedule, which is based on the recommendations of the American Academy of Pediatrics.
- Seek to ensure every child and their family has full access to age appropriate services that promote physical, emotional, and behavioral health and safety.