

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:

- ▶ 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



\$343 million

Annual spending on early care and learning



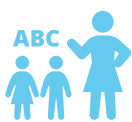
2,000 +

Providers of early care and learning services



15%

Share of Alaska resident workforce supported by early care and learning



7,700

Jobs for caregivers and others
(includes direct, indirect, and induced)



\$512 million

Total economic activity in Alaska



\$2 billion

Wages Alaskans are able to earn as a result of access to care for their children



\$230 million

Wages for caregivers and others
(includes direct, indirect, and induced)



\$1 = \$1.50

Economic multiplier



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



15% of the Alaska resident workforce is able to work because of the early care and learning sector

7,700*

Alaska early care and learning service workforce:



48,900

Adults able to participate in the labor force because of early care and learning services:



Income

Annual labor income in Alaska's early care and learning sector:

\$230 million*

Approximate annual earnings by adults able to participate in Alaska's workforce because of early care and learning services:

\$2 billion



Economic Output

Economic output, including household and public sector expenditures on early care and learning programs and services:

\$512 million

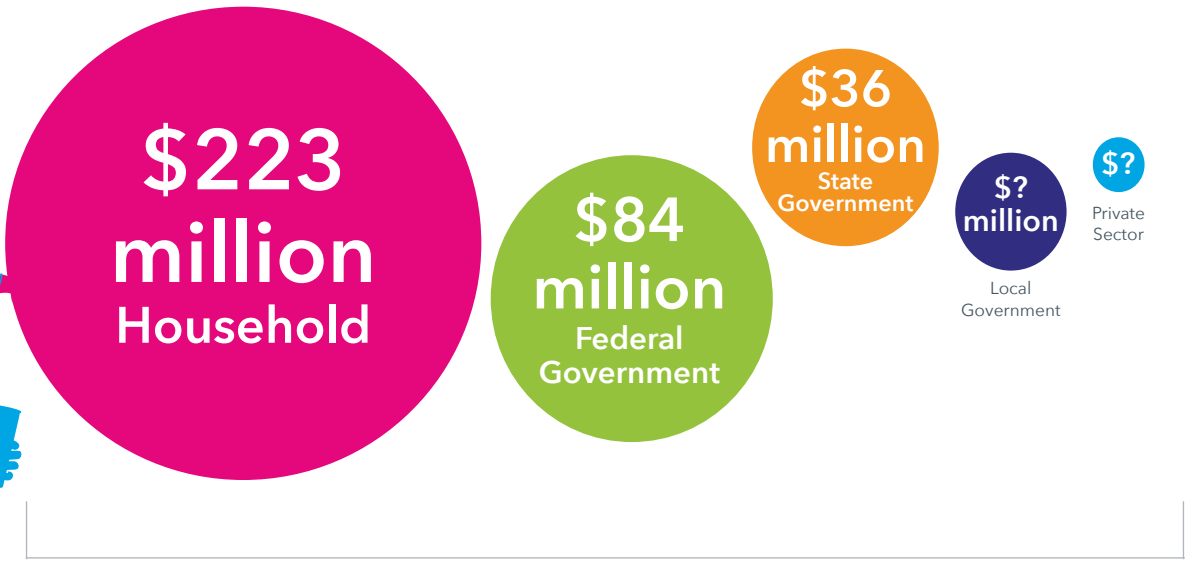


Economic Multiplier

For every dollar spent on early care and learning in Alaska, there is \$1.50 in total economic activity.

\$1 = \$1.50

* direct, indirect, and induced



More than \$343 million

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.

Spending for Paid Care



TIME in care for children in paid care (hours per month):

Under 6 Years of Age	6 through 12 Years of Age
118	51
\$582	\$262

118

51



SPENDING per month for children in paid care:

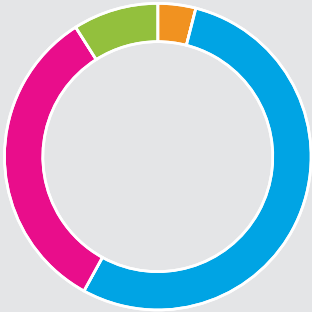
\$582

\$262

*Note: Averages include children in full-time, part-time, or occasional 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.
(based on average median family income for families with own children under 18 years of age).

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

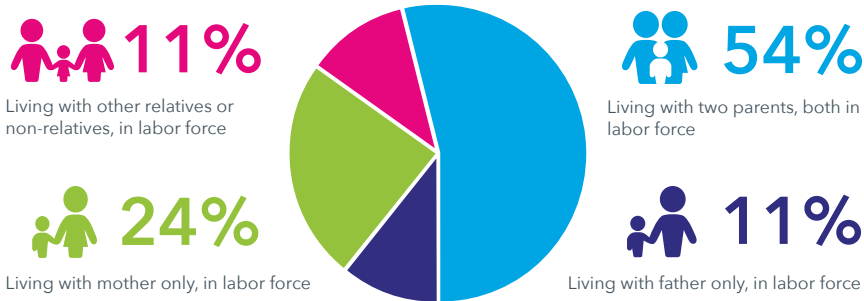


- 33% Somewhat accommodating
- 38% Very accommodating
- 9% Not accommodating
- 4% Don't know/refused

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.



Children living in households with all available adults in the labor force



*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.

Utilization of Care



Under 6 years of age 6 through 12 years of age

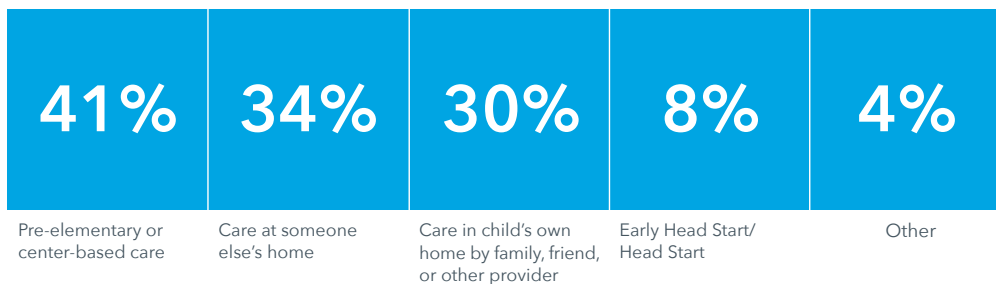
55% 42%

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.

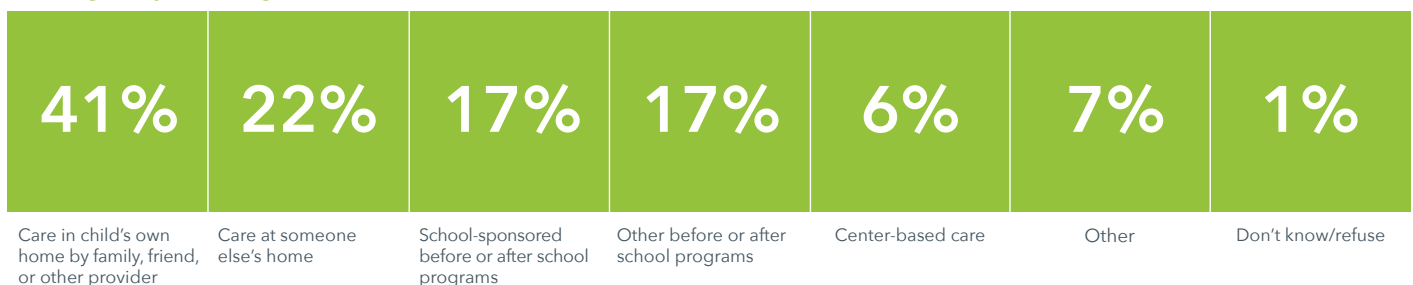
Types of Early Care and Learning Services Utilized

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



6 through 12 years of age

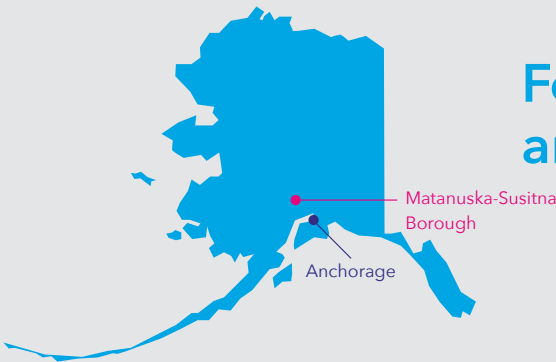
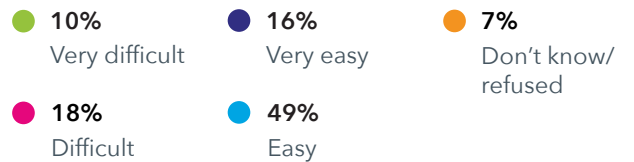
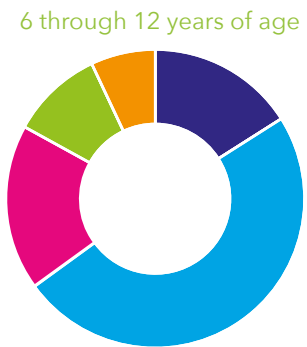
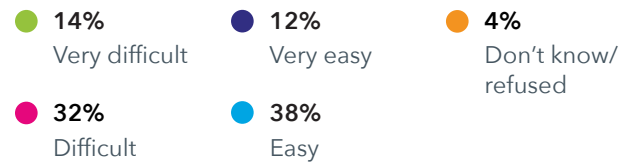
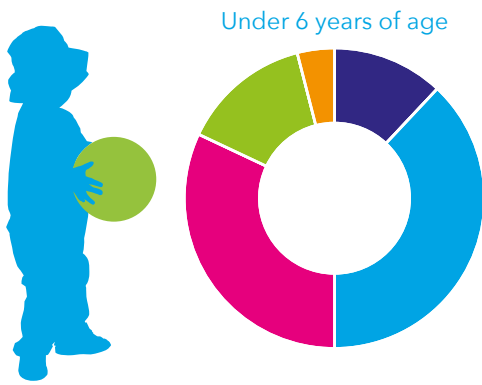


Results from the 2015 Alaska Early Care and Learning Household Survey

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*

	Anchorage		Mat-Su Borough	
	Under 6 Years of Age	6 through 12 Years of Age	Under 6 Years of Age	6 through 12 Years of Age
Children typically in early care and learning services	62%	42%	54%	37%
Average hours in paid early care and learning services	121	54	105	39
Average spending per child on paid early care and learning services	\$628	\$275	\$407	\$308
Children who received financial assistance for early care and learning services	14%	8%	21%	9%
Difficulty finding care	54%	33%	27%	29%
Households where employment was restricted by lack of early care and learning services	25%		21%	

* Additional household surveys were conducted in Anchorage and the Mat-Su with generous support from ARISE and the Mat-Su Health Foundation.

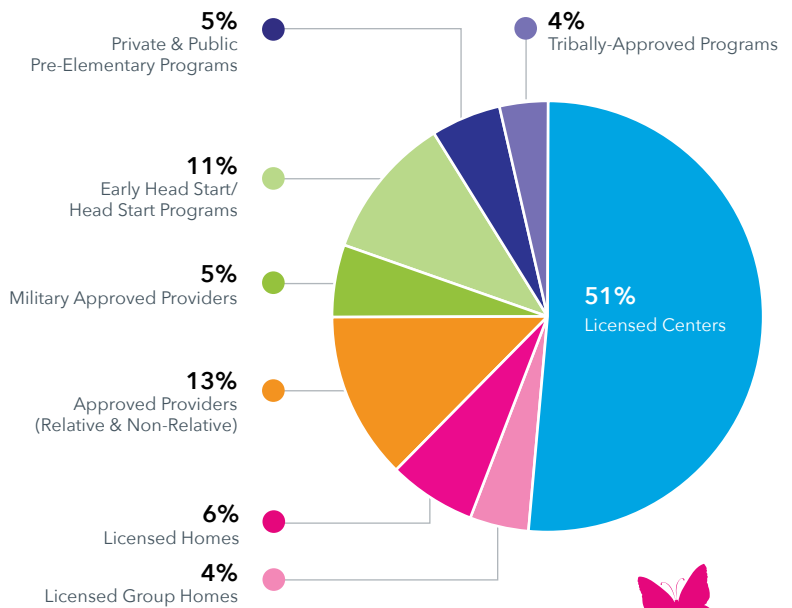
Employment in Alaska's Early Care and Learning Sector

Alaska's early care and learning industry includes over:

6,500 
DIRECT JOBS

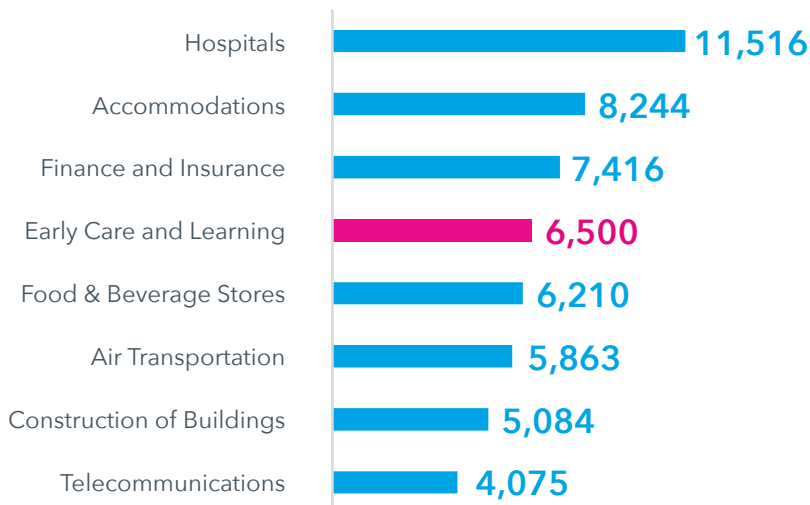
\$170 million
DIRECT WAGES

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



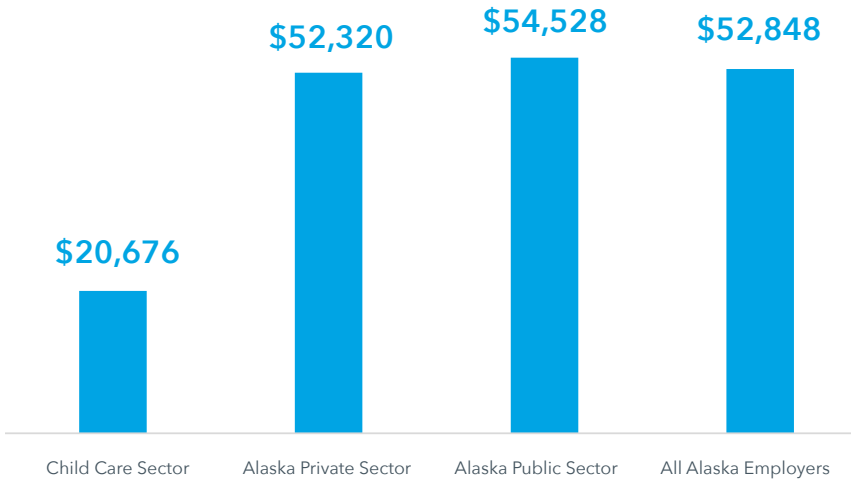
Relative Size of the Early Care and Learning Industry (Direct Jobs)

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



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.



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.



Basic Quality Licensed Care **\$740**
per child/month

High Quality Licensed Care **\$970**
per child/month

- Highly skilled providers
- Lower staff turnover
- Staff training
- Age-appropriate curriculum

Approx. \$230 more per child, per month

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:



BEST BEGINNINGS
Alaska's Early Childhood Investment



ARISE



at the discretion of
Dr. Matt Hirschfeld



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.



Prepared by:



Juneau • Anchorage