

# Fiscal Note

Kenai Peninsula Borough  
Fiscal Year 2024

Ordinance/Resolution:  
Fiscal Note Number:  
Publish Date: 5/20/2024

Title: Establish a Child Care Grant Funding Program. Annual grants providing three funding tiers for startup and existing facilities. Assuming a July 1, 2025 start date.

Department: Assembly

Sponsor: Ecklund

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

	Current Year Estimate	Out-Year Cost Estimates	
	Year1	Year2	Year 3
	2025	2026	2027
<b>Operating Expenditures</b>			
Personnel <i>1 FTE Program Manager</i>	\$ 193,255	\$ 198,666	\$ 204,229
Program Grants	\$ 705,000	\$ 705,000	\$ 705,000
Services <i>Printing, Adv, trvl, postage</i>	\$ 11,490	\$ 8,359	\$ 8,469
Capital Outlay <i>Software</i>	\$ 2,000	\$ 2,000	\$ 2,000
Other <i>Wkstation/software/Tools</i>	\$ 1,665	\$ 500	\$ 500
<b>Total Operating</b>	<b>\$ 913,410</b>	<b>\$ 914,525</b>	<b>\$ 920,198</b>

Revenue Sources			
	2025	2026	2027
Borough wide tobacco excise tax	913,410	914,525	920,198
	-	-	-
<b>Total</b>	<b>913,410</b>	<b>914,525</b>	<b>920,198</b>

Number of Positions			
	2025	2026	2027
Full-Time	1		
Part-Time			
Temporary			

Estimated Supplemental Funding: 913,410

### ASSOCIATED REGULATIONS

Will the legislation result in procedural or regulation changes within a department? Y N (circle one)

If yes, by what date are the regulations to be adopted, amended or repealed? \_\_\_\_\_

Assumed that ordinance to govern the tobacco excise taxes would need to pass to fund childcare funding program, or General Fund would fund through current structure

Prepared By: **Brandi Harbaugh, Finance Director**

*Brandi Harbaugh*

# Governor's Task Force on Child Care 2023 Report #1

Prepared by Denali Daniels + Associates  
Submitted December 31, 2023

## Executive Summary

Mike Dunleavy, Governor of the State of Alaska, under the authority of Article III, Sections 1 and 24 of the Alaska Constitution issue Administrative Order 346, established the Governor's Task Force on Child Care ("Task Force") within the Alaska Early Childhood Coordinating Council (AECCC). The Task Force is entrusted with the responsibility of presenting both an initial report to the Governor by December 31, 2023, and a final report by July 31, 2024, encompassing several key deliverables outlined in Administrative Order 346, Task Force on Child Care.

A robust child care system is critical to ensure the healthy development of Alaska's young children and families, to enable parents to participate in the workforce and drive economic growth across all sectors. Over half of young children in Alaska live in households where all parents are employed, underscoring the critical role of child care for young families and the barrier many parents face in participating in the workforce. Sixty-one percent of Alaskans reside in communities considered to be a child care desert, meaning that, in these communities, there is an insufficient number of licensed child care facilities for the number of children who need care. Alaska has lost nearly 10 percent of its licensed child care providers since January 2020, and more licensed facilities are anticipated to close after federal pandemic relief is used up. The Governor's Healthy Families Initiative recognizes that strong families are the foundation for a healthy society and vibrant economy, and has three pillars: Healthy Beginnings, Health Care Access, and Healthy Communities. The Task Force on Child Care (Task Force) supports the Healthy Beginnings pillar to develop policies that recognize that our children are our future, and policies that make Alaska the best place to raise a family.

The purpose of the Task Force is to develop a plan to improve availability and affordability of quality child care throughout Alaska. The Task Force will consult existing resources, including strategic plans and needs assessments on child care, to develop specific policy recommendations for the Governor with the goal of increasing access to high-quality child care for Alaskan families. The three major components of a child care system are affordability, accessibility, and quality which is achieved with a strong and robust workforce.

To accomplish the purpose of the task force the members engaged employers, nonprofit organizations, child care providers, tribal entities, elected officials, and the public to receive input and feedback to the creation of the 33 recommendations to address the child care challenges for background checks, licensing, and workforce.

On behalf of the Task Force, this document is presented to the Governor as the initial report due by December 31, 2023.

## Acknowledgments

### The Task Force on Child Care, under AO 346 was tasked with the following:

- Identify evidence-based policy solutions to key child care workforce constraints including recruitment, retention, compensation, and benefits.
- Identify child care regulations that pose barriers to increasing availability of licensed child care slots, without compromising quality and safety.
- Develop solutions to incentivize employer-sponsored child care facilities or benefits.
- Identify opportunities to foster public-private partnerships in addressing child care workforce and affordability challenges.
- Develop 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.
- Identify any other innovative solutions that the task force recommends to deliver affordable, quality child care to Alaskans.

### Task Force on Child Care Members

- **Commissioner Heidi Hedberg** (Chair), Department of Health
- **Deputy Commissioner Heidi Teshner**, Department of Education and Early Development
- **Acting Commissioner Cathy Munoz**, Department of Labor and Workforce Development
- **Robert Barr**, representative who is a local government official with experience developing local/community-based solutions to child care issues
- **Stephanie Berglund**, representative of a nonprofit that supports licensed child care programs
- **Matthew Bitinas**, representative of the general public who are parents who have navigated Alaska's child care system
- **Kati Capozzi**, representative of a statewide organization representing business communities throughout Alaska
- **Representative Julie Coulombe**, Alaska House of Representatives Ex-Officio
- **Kim Hays**, representative from an organized labor group
- **Jennifer Patronas**, representative of a faith-based or community-based child care program (including in-home programs)
- **Jennifer Taylor**, representative of a licensed child care program
- **Senator Löki Tobin**, Alaska State Senate Ex-Officio
- **Bridie Trainor**, representative of a tribal child care program
- **Heather Weafer**, representative of a military child care program
- **Child Care Program Office Staff** (Dependent on topic)

The Task Force appreciates the federal, state, Tribal, and local governments, community organizations, families, and individuals who contributed their time and efforts to address the child care crisis in Alaska.

## Table of Contents

Executive Summary	1
Acknowledgements & Task Force Members	2
Table of Contents	3
Introduction	4
Development of Recommendations	5
Recommendations	6 – 8
Appendix A: Summary of 2023 Public Comment Received	9 - 11
Appendix B: 2023 Task Force on Child Care Meeting Schedule	12 - 13

## Introduction

Alaska faces a significant child care crisis, marked by a shortage of accessible and affordable child care services across the state. The scarcity of reliable child care options places a substantial burden on working parents, hindering their ability to maintain employment and pursue economic opportunities. Alaska's employers are particularly impacted, with child care challenges noted as a primary reason for absenteeism and staff turnover. The shortage is acute in rural areas, where geographical challenges compound the difficulty of establishing and sustaining child care centers. In 2021, The U.S. Chamber of Commerce Foundation report "Untapped Potential: How Childcare Impacts Alaska's Workforce Productivity and the State Economy" projected a \$165 million annual loss for Alaska's economy due to child care issues. This crisis not only affects parents' ability to participate in the workforce but also has broader implications for the well-being and early education of Alaska's children.

The child care workforce in Alaska is confronted with various challenges. Extensive public input has surfaced innovative ways to update and modernize licensing and background check processes to allow child care providers to enter the workforce more easily. Lack of competitive compensation and benefits for child care providers makes it difficult to attract and retain qualified professionals, negatively impacting the quality of care provided to children. These workforce constraints intensify the overall child care crisis, creating a cycle of instability that affects both families and the dedicated individuals working in the field. Addressing these challenges is essential for building a sustainable child care system that can meet the needs of both Alaska's families and child care providers.

Efforts to address the child care crisis in Alaska require a comprehensive approach that consider both the supply and demand sides of the issue. Increased focus on education, training, and professional development for child care providers, coupled with new initiatives can contribute to a more stable and qualified workforce. Further, assessing available infrastructure for centers, both in the public and private sector, may provide more sustainable options for new child care programs or options for employers interested in investing in their workforce by providing child care benefits. Technical support and resources can also help expand the availability of child care services and remove barriers for parents, providers, and employers in collectively addressing the need across the state.

A collaborative effort involving government, private sector stakeholders, and communities is essential to implement effective policies and initiatives that will mitigate factors that negatively impact the child care sector, fostering a supportive environment for Alaska's families and promoting quality early childhood development.

## Development of Recommendations

To enhance the child care landscape in Alaska, a total of 14 meetings between May and December 2023 were conducted to develop a comprehensive set of recommendations. These recommendations cover areas of background checks, licensing, workforce, employer-based programs, and tribal authority. One of the most crucial steps in this process was engaging with and hearing directly from Alaskans to gather diverse perspectives and insights. Through two public comment hearings and a robust written comment process, Alaskans were given a platform to voice their concerns, share experiences, and suggest potential improvements. This inclusive approach ensured that the recommendations were reflective of the varied needs and expectations of Alaskans who directly engage with child care services.

Further, the process included presentations by experts and stakeholders in the child care field at the local, state, and national levels. These presentations served as a knowledge-sharing platform, providing Task Force members with focus group and research findings, shared experiences, and valuable insights from many professionals. By hearing the expertise of these individuals and their findings, the Task Force gained a deeper understanding of the complexities within the child care landscape and was equipped to develop informed recommendations.

To review a detailed schedule of the meetings, please refer to *Appendix B: 2023 Task Force on Child Care Meeting Schedule*. As of the completion of this report, presenter recordings are posted on the project landing page: <https://ddaalaska.com/alaskachildcaretaskforce/>

Collaboration played an important role in the development of recommendations, as Task Force members worked together throughout these 14 meetings to synthesize community input and expert knowledge. The Task Force is pleased to present the following 33 well-informed and thorough recommendations organized into the areas of background checks, licensing, workforce, employer-based programs, and tribal authority.

## Recommendations on Background Checks

Increasing timely, efficient, and affordable background checks.

### **The Task Force recommends:**

- Implement Livescan digital fingerprinting at State office buildings to increase accessibility and improve reliability; decreasing processing time and cost to providers and applicants.
- Expand access to mobile livescan digital fingerprinting to increase accessibility for rural communities without a state office.
- Establish a secure online portal for submitting background check applications to eliminate whitelisting requirements.
- Evaluate barrier crimes matrix and identify differences between state and federal background check requirements. Determine appropriate changes to state regulations.
- Evaluate the ability to use Child Care Development Fund (CCDF) or other funding sources to cover processing fees for background checks.

## Recommendations on Licensing

Increasing training for child care licensing staff to support consistent technical assistance and accountability to meet child care regulations.

### **The Task Force recommends:**

#### **Technical Assistance**

- Develop coaching or navigation services to guide current and prospective applicants through the licensing process.
- Develop an online application process that can track progress, submissions, and approvals to increase communication transparency.
- Improve navigation, usability, and accessibility of the Child Care Program Office (CCPO) website.
- Develop web-based forms that can be digitally filled out for the convenience of all users.
- Develop educational materials about the variance process that are accessible on the improved CCPO website.
- Increase awareness and visibility of current resources on business plans, tax implications, and startup costs to meet the need for education and training to start a child care business.

#### **Remove Barriers**

- Provide funding to offset the costs of the licensing process, particularly for startup support.
- Remove the Child Care Associate requirement<sup>1</sup>.

---

<sup>1</sup> Removing the Child Care Associate designation requirement allows more flexibility with decision-making for program administrators. This need has been expressed statewide as a barrier, limiting administrators, and requiring them to be onsite more than is necessary. Removing this requirement addresses a barrier but should not reflect negatively in quality of programs which is still a priority.



## Recommendations on Workforce

Elevate a professionally paid and supported workforce ensuring access to benefits, professional development, and pathways to advancement.

### **The Task Force recommends:**

#### **Pathways**

- Develop an occupational endorsement to meet the Administrator qualifications through educational institutions and ensure that virtual options are available.
- Build apprenticeship programs to support the educational pipeline for early childhood education.
- Update regulations to broaden Administrator qualifications.
- Update child care assistance regulations to remove diploma or GED requirement for relative and in-home care.
- Update regulations to allow Administrators to delegate authority to appropriate staff in their absence.
- Continue supporting access to affordable professional development, continuing to build on strengths of current investment and proven success.
- Provide leadership, management training, and professional development to support current and new child care Administrators and business owners.
- Enhance consultation support and access to Infant Early Childhood Mental Health and behavioral health services to build early educator skills to address challenging behaviors.

#### **Benefits**

- Create a sustainable state-funded wage subsidy for licensed child care professionals to support a living wage in Alaska<sup>2</sup>.
- Develop an option for child care professionals to become part of a health insurance network.
- Explore a child care substitute pool to bolster the child care workforce and provide wellness breaks and coverage for child care programs.
- Establish categorical eligibility for subsidized child care for employees of licensed child care facilities.

#### **Recognize the Profession**

- Recognize child care professionals as essential workers in Alaska.
- Recognize child care as a profession and adopt best practice language when addressing the child care sector in all state written and verbal communication. This includes for individuals: child care professional/early childhood educator (early educator). And for program businesses: child care program/early childhood education program.

---

<sup>2</sup> There was extensive Task Force deliberation on this recommendation, based on the Workforce Report to the Task Force. The majority of Task Force members agreed that compensation should be prioritized, however, there was some division over identifying funding. The inclusion of “state-funded” was approved by the majority of the Task Force members.

## Recommendations on Employer-Based Programs

Increase collaboration between the business sector and state government to design a child care system that meets the needs of Alaska's current and potential workforce.

### **The Task Force recommends:**

- Inventory state owned, school districts, and private sector facilities to identify space that may be available for employer sponsored child care programs.
- Consider tax credits/incentives to encourage the private sector to transform existing spaces into child care facilities.
- Establish a position or contractor to assist employers and/or businesses with technical assistance to provide on-site or near-site child care.
- Consider capital funding options for remodeling spaces to meet child care health and safety requirements for employer programs.

## Recommendations on Tribal Authority

Recognize Tribal authority and create pathways for tribal providers and parents to access state subsidies.

### **The Task Force recommends:**

#### **Tribal Coordination**

- The State of Alaska should request approval from the Administration of Children and Families to allow the Alaska Child Care Program Office (CCPO) to accept tribally approved health and safety standards and background checks; authorization to license facilities; creating pathways for tribal providers and parents to access state and federal subsidies.
- Work with federal partners to recognize tribally approved background check processes.

## Conclusion

Alaska's child care challenges were addressed by the Task Force through evidence-based policy solutions which informed recommendations in the areas of background checks, licensing, workforce, employer-based programs, and tribal authority. Consideration for promoting employer-based child care programs and successful public-private partnerships were determined to be crucial for statewide impact. The recommendations recognize the role of innovative solutions in ensuring affordable, quality child care for all Alaskans. The Task Force will continue its work in developing another set of recommendations for its second report due on July 31, 2024, that will address access, quality and subsidies.

## Appendix A: Summary of 2023 Public Comment Received

### Written Comments

A public comment period was held between November 15, 2023, and November 29, 2023. A total of 33 recommendations were posted for public comment in the areas of background checks, licensing, and workforce. Some topics also fell into the added categories of tribal authority and employers. Members of the public were provided a link to an online survey which allowed the ability to comment on individual recommendations.

A total of 76 individuals provided written comments. Comments that explicitly noted the support of a recommendation were counted as “support”, similarly only those that stated opposition were counted as “opposed”. All others were counted as “additional comments”.

**Overall, the public comments suggest significant support for the recommendations.**

### Background Checks

There were 81 total comments on the topic of Background Checks; of which 58 were in support, 1 opposed, and 22 additional comments. Overwhelmingly strong and urgent support exists for the swift implementation of digital fingerprinting and streamlining background checks, especially in rural areas facing limited access to fingerprinting services. The 1 opposed indicated that the secure online portal would place a burden on programs to have to learn a new system.

### Licensing

There were 109 total comments on the topic of Licensing; of which 68 were in support, 1 opposed to web-based forms, 4 opposed to removing the Child Care Administrator (CCA) requirement, and 36 additional comments. Regarding Technical Assistance, many of the public comments express support for digital tools to streamline the child care licensing process, especially in rural areas. There is support for an online portal that provides accessible, transparent, and user-friendly information, and quicker responses from licensing authorities. The 1 opposed indicated concern for privacy issues regarding the development of web-based forms. Regarding Removing Barriers, there was consensus in supporting the recommendations, especially those addressing staff shortages, employee exhaustion, and center closures. There was recognition that the CCA designation has been a cause of administrator burnout and that variances have been needed frequently to meet the requirements. The 4 opposed referenced the need to maintain educational standards for other staff in the early childhood education environment.

### Workforce

There were 255 total comments on the topic of Workforce; of which 173 were in support of the workforce recommendations, 1 in opposition to developing an occupational endorsement, 1 in opposition to building an apprenticeship program, 1 in opposition to updating regulations to broaden administrator qualifications, 1 in opposition to updating child care assistance regulations to remove diploma/GED requirement for relative or in-home care, 2 in opposition to a child care substitute pool, and 76 additional comments. Many agreed with the recommendations and noted the potential positive impact on the child care system. The comments reflected support for paying child care professionals

higher wages and providing benefits. Themes include the recognition that higher wages would encourage workforce retention, enhance the availability of qualified professionals, and ensure that parents can afford quality child care. The comments that were opposed indicated concerns and questions over feasibility and funding, as well as the importance of quality in the child care field.

### **Employer-Based Programs**

There were 52 total comments on the topic of Employers; of which 41 were in support, with no opposition, and 11 additional comments. There was overarching support for these recommendations, public comments expressed strong support for urgent action and emphasized the need for collaboration across various sectors and immediate public investment. The public comments also advocated for partnerships, tax credits and other incentives, and capital funding.

### **Tribal Authority**

There were 17 total comments on the topic of Tribal Authority; of which 12 were in support, with no opposition, and 5 additional comments. The public comments encouraged these recommendations and emphasized the need to recognize tribal licensure by the state to allow access to state subsidies for qualified families and reduce the burden on individuals trying to start child care programs in remote regions. Public comments noted the importance of local knowledge and adherence to tribal standards for better access to child care services.

### **Any Other Additional Comments**

There were 28 additional comments provided from individuals and organizations with the following organizations represented:

- Alaska Children’s Trust
- Kawerak, Inc.
- Camp Fire Alaska
- KinderCare
- Alaska After School Network
- Boys & Girls Clubs Alaska

### **Letters of Support:**

- Fairbanks Chamber of Commerce
  - “We support and encourage policies and initiatives that address barriers and facilitate efforts to increase employment opportunities, retain and expand existing businesses, and incentivize entrepreneurs and new businesses to be successful.”
- KinderCare
  - “I write in support of many of the task force recommendations that will support child care providers, incentivize child care capacity building, and further expand access to children and families across the state.”
- Alaska Municipal League
  - “Each of the preliminary recommendations addresses barriers faced by families, child care providers, and child care workers. Implementing the recommendations will make the child care sector run more smoothly.”

### **Verbal Comments**

Eleven individuals provided testimony on November 29, 2023. The recording of the testimony is posted on the project website. **The following themes emerged from the public comments at the hearing:**

- Support of the Recommendations
- Workforce Support
- Wage Increases
- Recognition/Professionalization of the Field
- Child care Access and Affordability
- Licensing and Requirements
- Education and Training
- Background Checks
- Funding and Sustainability
- Collaboration and Municipal Involvement
- Zoning Challenges

## Appendix B: 2023 Task Force on Child Care Meeting Schedule

<b>June 28, 2023</b>	<ul style="list-style-type: none"> <li>• Overview of the Child Care Landscape: Stephanie Berglund, CEO, thread</li> </ul>
<b>July 12, 2023</b>	<ul style="list-style-type: none"> <li>• Landscape of Child Care in Alaska: Part 2 <ul style="list-style-type: none"> <li>○ CCPO Overview</li> </ul> </li> <li>• Panel Presentations <ul style="list-style-type: none"> <li>○ Tribal Child Care, Bridie Trainor</li> <li>○ Military Child Care, Heather Weafer</li> <li>○ Licensed Child Care, Jenny Taylor</li> <li>○ Tribal Pre-K, Anne Shade</li> </ul> </li> </ul>
<b>July 26, 2023</b>	<ul style="list-style-type: none"> <li>• The Background Check Process <ul style="list-style-type: none"> <li>○ Commissioner Heidi Hedberg, Department of Health</li> <li>○ Staci Collier, Child Care Programs Office, DOH</li> <li>○ Jennifer Ball, Background Check Office, DOH</li> <li>○ Nate Allen, Chair, Background Check Variance Committee, DOH</li> <li>○ Leah Van Kirk, Office of the Commissioner, DOH</li> </ul> </li> </ul>
<b>August 9, 2023</b>	<ul style="list-style-type: none"> <li>• The Child Care Licensing Process <ul style="list-style-type: none"> <li>○ Paul Noski and Cathy Jackson, Region 10 Office of Child Care</li> </ul> </li> </ul>
<b>August 23rd, 2023</b>	<ul style="list-style-type: none"> <li>• Workforce Landscape <ul style="list-style-type: none"> <li>○ Untapped Potential: How Child care Impacts Alaska Workforce Productivity and State Economy – Kati Capozzi, Alaska Chamber of Commerce</li> <li>○ System for Early Education Development (SEED) – Meghan Johnson, Cassie Hulse, thread</li> </ul> </li> </ul>
<b>September 6, 2023</b>	<ul style="list-style-type: none"> <li>• Introduction to the Workforce Study: Iris Matthews, Stellar Group</li> <li>• Employer Child Care Benefits: An Out-of-state perspective Carmi Medoff, Onsite Kids</li> </ul>
<b>September 20, 2023</b>	<ul style="list-style-type: none"> <li>• Public Comment on <i>Licensing Barriers and Workforce</i></li> <li>• Focus Group Update (Agnew::Beck)</li> <li>• Recommendations Work Session</li> </ul>
<b>October 4th, 2023</b>	<ul style="list-style-type: none"> <li>• Alaska’s Child Care Education Pipeline: Dr. Tonia Dousay, University of Alaska Anchorage</li> <li>• Recommendations Work Session</li> </ul>
<b>October 18th, 2023</b>	<ul style="list-style-type: none"> <li>• Recommendations Work Session</li> </ul>
<b>November 1, 2023</b>	<ul style="list-style-type: none"> <li>• Panel on Employer Based Child Care Centers</li> <li>• Follow-up discussion: Task Force Recommendations</li> </ul>
<b>November 7, 2023</b>	<ul style="list-style-type: none"> <li>• Focus Group Presentation: Agnew Beck</li> <li>• Discussion: Administration for Children and Families, Office of Child Care-</li> </ul>

	<p>Region X</p> <ul style="list-style-type: none"> <li>• Workforce Study Presentation: Stellar Group</li> <li>• Follow-up discussion: Task Force Recommendations</li> </ul>
<b>November 13, 2023</b>	<ul style="list-style-type: none"> <li>• Follow up discussion: Task Force Recommendations</li> </ul>
<b>November 29, 2023</b>	<ul style="list-style-type: none"> <li>• Public Comment Hearing</li> </ul>
<b>December 6, 2023</b>	<ul style="list-style-type: none"> <li>• McKinley Research Group: Cost of Care Presentation</li> <li>• Review of Public Comments</li> <li>• Approve Final 2023 Preliminary Recommendations</li> </ul>

HOW CHILDCARE IMPACTS  
ALASKA'S WORKFORCE  
PRODUCTIVITY AND THE  
STATE ECONOMY



U.S. Chamber of Commerce  
Foundation

Untapped  
Potential in

AK





The U.S. Chamber of Commerce Foundation is dedicated to strengthening America's long-term competitiveness. We educate the public on the conditions necessary for business and communities to thrive, how business positively impacts communities, and emerging issues and creative solutions that will shape the future.

Copyright © 2021 by the United States Chamber of Commerce Foundation. All rights reserved. No part of this publication may be reproduced or transmitted in any form—print, electronic, or otherwise—without the express written permission of the publisher.



# Untapped Potential: How Childcare Impacts Alaska's Workforce Productivity and the State Economy

## CONTENTS

---

<b>03</b>	Introduction
<b>04</b>	Executive Summary
<b>08</b>	Survey Results
<b>36</b>	Conclusions & Implications
<b>39</b>	Appendix

Having a dynamic and competitive labor force increases the incentive to focus on supporting childcare efforts in the state.

# Introduction

The U.S. Chamber of Commerce Foundation has always seen childcare as a two-generation workforce issue: essential to support the workforce of today and vital to develop our workforce of tomorrow.

Before the COVID-19 public health crisis, access to affordable, quality childcare was hard to come by for working parents trying to enter, re-enter, or stay in the workforce. The pandemic exacerbated the existing issues in America's childcare system and created an impossible situation for parents, employers, and childcare providers. Working parents struggled to balance home childcare and work as childcare providers fought to stay open and serve their communities, leaving employers wondering how and when their employees with children can return to work.

The first five years of life are critical for children to build a strong foundation upon which future learning is built, yet currently, supply cannot meet demand—a problem that existed prior to the COVID-19 pandemic, which has only become more severe as a result. The challenges we face are persistent and complex but solvable, and the business community must be part of that solution.

As a result of these challenges, a stronger understanding of how childcare breakdowns impact working parents, their employers, and the state economy was necessary. The Chamber Foundation partnered with The Alaska Chamber on this report to better understand the unique needs of working parents in Alaska and examine the current childcare landscape.

Since the height of the pandemic, Alaska's unemployment rate has slowly started to return to pre-pandemic levels, falling by more than five percentage points since April of 2020. As more Alaska residents return to the labor force, it is important that there are adequate and affordable options for childcare. If parents are not able to return to work because of childcare, there are financial impacts to both parents and the economy.

Our report estimates how often parents are missing work or educational opportunities because of insufficient childcare. With that information in hand, we model the financial impact to the Alaska economy to understand the untapped economic potential due to childcare breakdowns. The results highlight the challenges facing families with young children and clearly show the need for flexible access to high-quality, affordable care. It is essential that any proposed solution be developed by and tailored to the unique needs and distinct challenges of each community, and directly address the issues of access, affordability, and quality.

The Chamber Foundation is committed to supporting positive steps forward in advancing access and affordability in childcare. To do so, partnerships between early education advocates and the business community are vital to ensure that Alaska's children, families, businesses, and economy are strong. The persistent childcare challenges will not be fixed overnight, and they won't be remedied by a single sector. It is our hope that this report and the data it presents provide a better understanding of the challenges being faced and create opportunities for partners to discover the solutions.

# Executive Summary

There have been numerous studies highlighting the developmental benefits of high-quality childcare for young children as well as the professional benefits for their parents. Children gain a strong foundation and their parents can pursue careers or enhance their education or vocational skills. When there are breakdowns in the childcare system, it can cause children to miss valuable opportunities and parents may experience disruptions to their work or education. Despite the myriad benefits resulting from high-quality childcare, many families are struggling to find viable options for their children. In 2019, the U.S. Chamber of Commerce Foundation conducted studies in four states—Idaho, Iowa, Mississippi, and Pennsylvania—to better understand the size of the childcare problem in those communities. The report estimated that each state lost hundreds of millions of dollars in economic activity due to breakdowns in childcare. The following year, the U.S. Chamber examined how parents, employers, and providers were responding during the pandemic to childcare choices, workplace situations, and the provision of care. In 2021, the U.S. Chamber of Commerce Foundation has conducted case studies in Alaska, Arizona, Arkansas, Missouri, and Texas.

Building on that work, the U.S. Chamber of Commerce Foundation partnered with the Alaska Chamber and thread, a nonprofit organization dedicated to better outcomes for Alaska's children, to understand how much breakdowns in childcare are currently costing Alaska.

In this study, we looked at the causes of childcare challenges as well as motivations behind why parents select various childcare arrangements. Many employers want to facilitate greater access to childcare as a way of creating productive work environments and satisfied employees, but do not know where to begin or how to expand or improve current benefits or options. To answer these questions, we sought to learn what types of childcare benefits working parents are currently receiving and which benefits they desire most from employers. Importantly, we considered the effects of the COVID-19 pandemic on childcare, which put an unprecedented burden on parents who saw schools and childcare settings closed or rendered unsafe for millions of children.

The results of our research confirm what many stakeholders already know—childcare issues prevent many Alaska parents from working or pursuing postsecondary education. As a result of childcare challenges, such as breakdowns in care, affordability, or lack of access, working parents arrive late to work or leave early, forgo promotions, postpone school and training programs, and sometimes leave the workforce altogether.

As policymakers and business leaders consider ways to position Alaska for success, supporting childcare solutions could enable Alaska to capitalize fully on its resources and compete with other states and businesses across the country.

TOPLINE FINDINGS

**-\$165M**

**THE UNTAPPED POTENTIAL:**  
Childcare issues result in an estimated \$165 million loss annually for Alaska's economy

**-\$13M**

Alaska loses an estimated \$13 million annually in tax revenue due to childcare issues

**-\$152M**

Absences and employee turnover cost Alaska employers an estimated \$152 million per year

**77%**

77% of parents reported missing work due to childcare issues in the past 3 months

**26%**

In addition to the majority of households in which parents, stepparents, or guardians provide childcare, 26% of households use other family members and friends to supplement care

**~7%**

Approximately 7% of parents voluntarily left a job due to childcare issues

**36%**

36% of parents postponed school or a training program due to childcare issues