

Economic Impact of Early Education and Child Care Services in Alaska

Final Report

***PREPARED FOR:
System for Early Education Development
(SEED)
University of Alaska Southeast***



Research-Based Consulting

Juneau
Anchorage
Kodiak

July 2006

Economic Impact of Early Education and Child Care Services in Alaska

Final Report

***PREPARED FOR:
ALASKA SEED
System for Early Education Development
University of Alaska Southeast
Bill Ray Center
1108 F Street
Juneau, Alaska 99801
907-796-6414***

PREPARED BY:



Juneau • Anchorage • Kodiak

July 2006

Acknowledgements

The McDowell Group study team would like to acknowledge the invaluable assistance provided by the Project Steering Committee. The Committee included Mary Lorence (Manager, Alaska Child Care Programs, Department of Health and Social Services), Joy Lyon (Executive Director, Association for the Education of Young Children, SE Alaska), Mary Lou Madden (Madden Associates), and Carol Prentice (SEED Program Manager).



SEED Council Members

SEED Council Chair:

Patty Meritt, Associate Professor, Coordinator, Early Childhood Program, Tanana Valley Campus, UA Fairbanks

Chair Elect:

Candace Winkler, Chief Executive Officer, Child Care Connection

SEED Council Members:

Diedre Bailey, Youth Programs Manager, Department of Labor and Workforce Development

Margaret Bauer, Director, Worklife Services, Center for Child Development, Providence Alaska Medical Center

Marcey Bish, Child Care Licensing Manager, Department of Health and Social Services

Gara Bridwell, Executive Director, Play 'N Learn, Inc.

Cynthia Curran, Administrator, Teacher Education and Certification, Department of Education and Early Development

Barb Dubovich, Executive Director, Camp Fire USA

MaryEllen Fritz, Director, Southcentral Foundation Head Start

Cindy Harrington, Program Director, Distance Early Childhood Education AAS Program, University of Alaska

Eileen Hughes, Assoc. Professor and Coordinator of the Early Childhood Program, College of Education, UA Anchorage

Sarah Kuenzli, Technical Assistance Specialist, ACF-Region 10 and Alaska Native Head Start Programs

Mary Lorence, Manager, Alaska Child Care Programs, Department of Health and Social Services

Joy Lyon, Executive Director, Association for the Education of Young Children, SE Alaska

Kay McCarthy, Assistant Professor of Education, School of Education, University of Alaska Southeast

Sally Mead, Director of Allied Health Sciences, Community and Technical College, University of Alaska Anchorage

Shirley Pittz, Coordinator, Early Childhood Comprehensive Systems, Department of Health and Social Services

Bonnie Powell, Technical Assistance Specialist, ACF-Region 10 and Alaska Native Head Start Programs

Kerry Reardon, Instructor, Early Childhood Education, King Career Center

Audrey M. Inukuyuk Saganna Sr., Workforce Development Director, Native Village of Barrow

Claudia Shanley, Systems Reform Administrator, Office of Children's Services, Depart. of Health and Social Services

Paul Sugar, Head Start Collaboration Director, Department of Education and Early Development

Consultants and Staff:

Marjorie Fields, Early Childhood Professor Emeritus, University of Alaska Southeast, Consultant

Mary Lou Madden, Madden Associates, Evaluator

Carol Prentice, SEED Program Manager, University of Alaska Southeast

TABLE OF CONTENTS

Executive Summary	1
Chapter I. Introduction and Industry Profile	4
Scope of Study	4
Industry Profile	4
Demographic Profile	5
Chapter II. Economic Impact Analysis	8
Employment	8
Wages and Revenue	10
Contribution to Alaska’s Labor Force and Household Income	15
National Research on the Economic Benefits of Child Care	15
Chapter III. Household Survey Results	19
Perceived Importance of State Funding for Early Education and Child Care Services in Alaska	19
Child Care Services Used by Alaskan Families	21
Appendix.....	26
Detailed Survey Results: Child Care Funding	26
Demographics	27

The purpose of this study was to measure the economic impacts of business, organizations and individuals that provide early education and child care services to Alaskan children under six years of age. Economic impacts are measured in terms of employment, spending on child care services, and the role that child care services play in making it possible for Alaska families to earn income. From this study, three key conclusions can be drawn about Alaska's early education and child care industry:

- Early childhood education and child care services play a critical role in Alaska's economy.
- Alaskans place a high priority on funding for education, including early childhood education.
- The availability of quality, affordable child care remains a challenge for many Alaska families.

Detailed study findings are summarized below.

Demographics

- In 2004, Alaska's population included 62,913 children under six years of age, according to State of Alaska estimates.
- Approximately 63 percent (39,400 children) are living in households where all available parents are in the labor force. These children resided in approximately 29,400 Alaska households.
- Among Alaska households where all available parents are in the labor force, 26 percent are single-parent families, including 18 percent where the mother is the only parent at home and 8 percent where the father is the only parent at home.

Economic Impacts

The economic impact of the early education/child care sector includes jobs for thousands of Alaskans, millions of dollars in spending by households and governments, and indirect contributions of Alaska's resident labor force and family income.

- At least 6,500 Alaskans directly participate in the child care sector workforce. Total direct and indirect employment is estimated at 7,400 jobs, accounting for \$124 million in annual payroll.
- In Alaska, State and federal government spending totaled approximately \$88 million on early education/child care programs and child care assistance in FY 2005. The Federal government contributed 85 percent of this total (\$75 million), while the state contributed 15 percent (\$13 million).
- Alaska families spend approximately \$150 million on child care services in Alaska annually. The cost of full-time child care in Alaska generally ranges

from \$400 to \$900 per month, depending on the age of the child and the location of the care. Working parents with two children under six years of age may spend \$15,000 or more a year on child care services.

- In total, approximately \$240 million is spent annually on early education and child care services, including household and government spending.
- There are 29,400 Alaskans in the workforce because child care services are available to them. This accounts for 8.2 percent of the Alaska resident workforce.
- Though specific data is not available, based on economy-wide averages, families using child care services earned total annual wages estimated at \$850 million. This is an average of \$28,820 per family in additional annual income indirectly made possible by child care services, equal to approximately 40 percent of Alaska's mean family income in 2003.

This study also examines research conducted elsewhere in the U.S. that measures the broader societal economic benefits stemming from quality child care services. This research has shown conclusively that although investment is required to provide quality early care to infants, toddlers, and preschoolers, the rate of return far exceeds that initial investment. Benefits include:

- increased earnings capacity projected from higher educational attainment along with higher taxes paid from better paying jobs,
- lower criminal justice system costs,
- reduced welfare costs, and
- savings on school remedial services budgets.

Household Survey Findings

This study included a telephone survey of 725 randomly selected Alaska households from across the state. The primary purpose of the survey was to collect information on the types of child care services Alaska families use and how much households spend on child care services. The survey also collected information on Alaskans' attitudes about the importance of state government funding for early education and child care services.

The survey sample included 323 Alaska households with a total of 459 children under six. About two-thirds (65 percent) of these children were less than 4 years of age, and one-third (35 percent) were 4 or 5 years old.

Alaska household use of child care services

- Approximately 58 percent of children in the surveyed households received child care services of some type during the month of January 2006 (the time period considered in the survey). This includes 54 percent of the children under 4 years of age and 62 percent of children aged 4 or 5.
- Among children in child care services, 49 percent were in a preschool or child care center. Just under one-third (31 percent) were being cared for at someone else's home. Just over one-quarter (27 percent) were receiving child care services in their own home. Eight percent were in a Head Start program.

Some children were cared for in more than one setting, such as Head Start and home care.

- Children spent an average of 26 hours per week in a preschool or child care facility (among children enrolled in preschool or a child care center). The average was 25 hours for care at someone else's home, 20 hours for in-home care, 18 hours in a Head Start program, and 11 hours in a before or after school care program. Again, some children are cared for in more than one setting.
- Forty-five percent of Alaska households with children under six in a child care situation found it difficult or very difficult to find acceptable child care. About the same percentage (49 percent) found it either easy or very easy to find acceptable child care.
- Among Alaska households with children under six, 36 percent reported that the quality, cost or availability of child care services had prevented someone in their household from seeking employment or had in some way restricted the number of hours they could work.
- When asked which factor had the greatest impact on ability to find acceptable child care, cost was most often cited. Half (50 percent) indicated that cost had the greatest impact, while 26 percent cited quality and 23 percent cited availability. Cost is the more critical issue in urban Alaska while availability is the more important issue in rural Alaska.
- About one in seven households with children in child care services received some form of child care assistance during the month of January.

Government funding priority for early education/child care

- Nearly nine out of ten Alaska residents (87 percent) think it is important or very important for state government to provide financial support for early education and child care.
- When compared to other government services, Alaskans also give early learning a high priority for state funding. Two-thirds (66 percent) of Alaskans feel that the state should give early learning and child care a high funding priority. Among the categories of government spending presented to survey respondents, only K-12 education earned more "high priority" ratings.
- More than three-quarters of Alaska residents feel that early learning and child care is more important to fund than support for local government or construction of new roads and highways. Only K-12 education was rated as more important to fund than early learning/child care by more Alaskans, among the categories of government spending presented to survey respondents.

CHAPTER I. INTRODUCTION AND INDUSTRY PROFILE

Scope of Study

The purpose of this study is to measure the economic impacts of the early education and child care sector of Alaska's economy. This study focuses on education and care of children under six years of age. Economic impacts are measured in terms of employment, spending on child care services, and the role that child care services play in making it possible for Alaska families to earn income. This study also examines research conducted elsewhere in the U.S. that measures the broader societal economic benefits stemming from quality child care services.

A key component of this project was a telephone survey of 725 randomly selected households. The primary purpose of the survey was to collect information on the types of child care services Alaska families use and how much households spend on child care services. The survey also collected information on Alaskans' attitudes about the importance of state government funding for early education and child care services.

Industry Profile

Alaska's early education and child care sector includes a wide variety of service providers. It includes any program providing care for children birth to age 6. Examples of these programs include center-based child care, family child care, Head Start, Early Head Start, private and public preschools, Montessori programs, and Pre-kindergarten services. It includes licensed and unlicensed providers.

The State of Alaska approves or licenses six types of providers; Approved Provider, Approved Relative, Approved In-home, Licensed Center, Licensed Group Homes and Licensed Home. The Municipality of Anchorage licenses child care facilities within its boundaries. The military also certifies child care providers serving the military population in Alaska. Child care providers must be Approved, Licensed, or certified by the military to participate in the state's child care assistance program.

Approved Provider: Provides child care for up to and including four children unrelated to the provider. Approved Providers may care for no more than a total of five different children under 12 years of age, including the provider's own children. No more than two of these children may be under 30 months of age. This category of provider needs to be licensed within 12 months to continue to be eligible for payment through the Child Care Assistance Program. There are 288 approved providers in Alaska.

Approved Relative: Has the same requirements as Approved Provider except the only eligible children are the caregiver's grandchildren, great-grandchildren, sibling (only if living in a separate residence), niece or nephew (not great niece or nephew). These providers are not required to be licensed to continue to be eligible for payment through the Child Care Assistance Program. There are 572 approved relative providers in Alaska.

Approved In-home Provider: Provides child care in the child's own home. There are 387 in-home providers approved by the state of Alaska.

Licensed Center: A licensed child care facility for 13 or more children. There are 217 licensed centers in the state.

Licensed Group Home: A licensed child care facility for nine through 12 children and may be in an occupied residence. There are 88 licensed group homes in Alaska.

Licensed Home: A licensed child care facility, usually in an occupied residence, for no more than eight children. There are 435 licensed homes in Alaska.

A total of approximately 2,000 approved or licensed providers are included in the preceding categories.

Other providers: There are a variety of other child care providers in Alaska that may not be recorded in the state's data, including providers that do not require state approval or licensing. These include:

- **Facilities on military bases** (Fort Richardson, Eielson Air Force Base, Fort Wainwright, Elmendorf Air Force Base and the Kodiak Coast Guard Base all have child care centers and family child care homes that are certified by the military.)
- **Tribal groups** (There are 136 family child care providers who are tribally approved, but not state approved or licensed. There are also 142 tribally-approved in-home child care providers.)
- **Head Start programs** (There are 18 Head Start grantees in Alaska, which operate 138 programs in 106 communities across Alaska. Sixteen (16) Head Start programs are also licensed as child care programs by the state.)
- **Preschools** (There are 22 certified preschools in Alaska including four preschools that are also licensed as child care facilities. There are also 41 school districts that offer preschool programs for children with special needs and their peers.)
- **Legally exempt providers** (Child care providers are legally exempt from licensing requirements as long as they care for no more than four children unrelated to them. The number of such providers in Alaska is not known.)
- **Others** (Providers who are not licensed or approved by the State of Alaska or the Municipality of Anchorage who care for more than four unrelated children are considered to be operating illegally. No doubt such providers exist, but the number is unknown.)¹

Demographic Profile

According to Alaska Department of Labor and Workforce Development (DOLWD) estimates, in 2005 there were 63,785 children under six years of age residing in Alaska. This component of Alaska's population has been growing at an annual rate of 1.7 percent since 2001, slightly faster than the overall population growth rate of 1.2 percent. In 2004, there were 62,913 children under six years of age in Alaska, according to DOLWD estimates.

¹ Source: <http://health.hss.state.us/pda/programs/ccare/eligible-providers.html>

U.S. Census data for 2000 provides more detailed data on Alaska's population of children under six years of age. In 2000, Census data indicates there were 57,620 children under six years of age living in Alaska.² Just over 90 percent lived with their own parents, while 8 percent lived with other relatives, 2 percent with non-relatives, and less than 1 percent in group quarters.

**Alaska's Population of Children Under 6 Years of Age,
by Living Arrangement, 2000 Census**

Living Arrangement	Number of Alaska Children Under 6 Years of Age	Percent of Total
With Own Parents (or parent)	51,908	90.1%
With Other Relatives	4,437	7.7%
With Non-Relatives	1,074	1.9%
In Group Quarters	201	0.3%
Total	57,620	100%

Source: 2000 Census, Summary File 1. Table P29, Relationship by Age For the Population Under 18 Years.

Also according to Census data, in 2000 there were 41,915 families in Alaska with related children under six years of age.³ This includes married couple families and single householder families. This indicates that households with children under six years of age had an average of 1.34 children under 6.⁴

**Alaska Families with Related Children Under 6 Years of Age,
by Family Type, 2000 Census**

Family Type	Number of Alaska Families with Children Under 6 Years of Age	Percent of Total
Married-couple families	30,367	72.4%
Male Householder, no wife present	3,467	8.3%
Female Householder, no husband present	8,081	19.3%
Total	41,915	100%

Source: 2000 Census, Summary File 3. Table P17, Family Type by Presence of Related Children Under 18 Years of Age by Age of Related Children.

Alaska's population of children under six years of age included 32,463 children living in households with their own parents, where both parents were in the labor force, or in the case of single parent households, that parent was in the labor force.⁵ Based on data for children that are living with their own parents, almost two-thirds (62.5 percent) of Alaska's children under six years of age lived in families where all parents were in the labor force (as of 2000). If it is assumed that this held true for all children under six, including those living with relatives or non-relatives (rather than with their own parents), the total number of children in households where all available adults are in the labor force would have been 35,887 in 2000.

² Source: 2000 Census, Summary File 1. Table P29, Relationship by Age For the Population Under 18 Years.

³ Source: 2000 Census, Summary File 3. Table P17, Family Type by Presence of Related Children Under 18 Years of Age by Age of Related Children

⁴ Based on Census data there were 56,345 children under six living their parents or parent, or with a relative. These children resided in 41,915 households, for an average of 1.34 per household.

⁵ Source: 2000 Census, Summary File 3. Table P46, Age of Own Children Under 18 Years in Families and Subfamilies by Living Arrangements by Employment Status of Parents.

**Alaska Children Under 6 Years of Age,
by Employment Status of Parents, 2000 Census**

Family Type	Number of Alaska Families with Children Under 6 Years of Age	Percent of Total
Living with two parents, both in labor force	21,098	65%
Living with father, in labor force	3,781	12%
Living with mother, in labor force	7,584	23%
Total	32,463	100%

Source: 2000 Census, Summary File 3, Age of Own Children Under 18 Years in Families and Subfamilies by Living Arrangements by Employment Status of Parents.

If the average of 1.34 children under six years of age per household is assumed to hold true for households where all parents are in the labor force, in 2000 there would have approximately 26,800 Alaska households in need of child care services of some type.⁶

The Census Bureau's 2004 American Community Survey provides more recent data. According to that data, there were 55,308 children under 6 years of age living with their own parents, including 35,608 children living in households where all parents are in the labor force.⁷ This is a 9.7 percent increase over 2000 in the number of children living in households where all parents are in the labor force.

Applying this percentage increase to the number of households in need of child care services indicates that in 2004, there were 29,400 Alaska households in need of child care services for their children under six years of age.

In summary, in 2004, Alaska's population included 62,913 children under six years of age. Approximately 63 percent (39,400) of these children live in households where all available parents are in the labor force. These children reside in 29,400 Alaska households. This suggests that in 2004 there were 29,400 Alaska households potentially in need of child care services. For several reasons, which are described in the next chapter, the number of households actually requiring child care services is likely somewhat higher than this estimate.

⁶ An estimated 35,887 children in households where all parents are in the labor force divided by an average of 1.34 children under six per household.

⁷ Source: U.S. Census Bureau, 2004 American Community Survey, Alaska, Selected Economic Characteristics: 2004.

CHAPTER II. ECONOMIC IMPACT ANALYSIS

This chapter examines the economic impact of the early education and child care sector in Alaska. The chapter begins with an overview of published employment data, followed by an assessment of employment based on licensing and other data. Following that is an analysis of published wage and earnings data. In addition, total household and government spending on child care services and programs are estimated. Finally, several landmark studies conducted elsewhere in the country, which assessed broader socioeconomic benefits of quality child care services, are summarized. Though not specific to Alaska, the findings of these studies are certainly relevant to this project.

Employment

This analysis indicates that 6,400 Alaskans participate in the state's early education and care workforce. This estimate is derived from a variety of published and unpublished data sources, as described below.

Data Sources

There are a number of government data sources for employment in the child care sector in Alaska. For reasons described below, all provide an incomplete picture of the number of people who earn income providing child care. It is important to describe these data sources, however, as they are often cited in discussions about the role of child care employment in the economy.

State of Alaska data sources: The Alaska Department of Labor and Workforce Development (DOLWD) compiles and publishes employment data for non-agricultural wage and salary employers in Alaska. For 2004 (the latest available full-year data), DOLWD reports 167 employers in the "Child Day Care" sector (classification number 6244 in the North American Industry Classification System, NAICS⁸). These employers reported total average monthly employment of 1,532 workers. Peak month employment occurred in May at 1,603 workers, and low-month employment occurred in July at 1,376 workers.

This data presents only a partial picture of employment in child care services in Alaska, for two reasons. First, it excludes self-employed workers, who account for a significant portion of the child care workforce. Second, it fails to capture child care workers employed by larger organizations or businesses, for which employment is reported in other sectors of the economy. For example, child care employment in a hospital would most likely be reported in the health care sector rather than the child care sector. This is not a matter of misreporting by DOLWD, but rather a matter of how organizations and businesses report their employment to DOLWD.

To estimate child care-related employment not captured in DOLWD data for the child care services sector, the study team examined licensing data provided by Alaska Department of Health and Social Services Child Care Program Office. By cross checking that licensing data with DOLWD employment data for all employers in the state, the study team was able to identify licensed child care centers whose employment was not captured in the DOLWD data for the child care sector. That analysis identified another 1,100 workers (annual average) employed by

⁸ This sector is comprised of "establishments primarily engaged in providing day care of infants or children. These establishments generally care for preschool children, but may care for older children when they are not in school and may also offer pre-kindergarten education programs." <http://www.census.gov/econ/census02/naics/sector62/62441.htm>

organizations such as health care facilities, school districts, private schools, university campuses, recreation centers, for-profit businesses and others.

Federal government data sources: The U.S. Department of Labor, Bureau of Labor Statistics (BLS), published similar data. For 2004, BLS reports 1,535 employees with 155 private establishments and 50 employees with one federal government establishment. This data suffers from the same limitations as DOLWD data in that it does not include the self-employed, and it does not capture misclassified employment.

The U.S. Census Bureau publishes data on non-employers – those self-employed child care providers that have no paid employees. The Bureau’s 2003 Nonemployer Statistics show that in sector 6244, Child day care services, there were 2,118 nonemployer establishments in Alaska in 2003.

Other data sources: State licensing data probably provides the most comprehensive data on child care industry employment in Alaska. The state’s licensed and approved provider database includes the number of employees for each provider. That data indicates that licensed centers had total staff of 3,621, licensed group homes had staff of 184, and licensed homes had staff of 411. (It is important to note that this data is not comparable with DOLWD data because it is a measure of the total number of participants, not annual average employment.) State data also indicates that there are 351 approved providers/relatives and 391 in-home care providers.

However, this data is also incomplete in that it excludes a number of providers who are not required to have state approval or licenses. This includes Head Start programs, military establishments, tribal providers, certified preschools, school district preschools, and others.

Head Start programs account for significant employment in Alaska. According to data provided by the Alaska Department of Education and Early Development, Head Start programs around the state were staffed by a total of 901 workers in 2004-2005.⁹

Certified pre-schools in Alaska had total staff of 113. Some of this employment is captured in the state licensing data. Employment data for school district preschools is not available and therefore was not included in this report.

Employment at child care facilities on military bases includes 75 caregivers at Fort Richardson Army Base, 87 at Eielson Air Force Base, 26 at the Kodiak Coast Guard base, 83 at Fort Wainwright and 219 at Elmendorf Air Force Base. These estimates include providers in center-based facilities as well as certified home care providers.

Tribal organizations that are not state approved or licensed account for approximately 278 workers.

Finally, there are 33 people employed by the State of Alaska Child Care Program Office; 20 people employed by the Municipality of Anchorage child care licensing office; 38 people employed by the three child care resource and referral agencies; 42 people employed by grantees who determine child care assistance eligibility; 16 people employed by child care food programs; and at least 12 people employed by Tribal organizations to administer their federal child care funds – for a total of 162 people in program administration, licensing, etc.

⁹ Source: Head Start Program Information Reports. Alaska Department of Education and Early Development.

Employment Summary

The various sources of child care sector employment described above account for just over 6,900 jobs. There is, however, some duplication among the data sets (several Head Start programs and preschools are captured in the state licensing data, for example). After adjusting for this duplication, it is estimated that at least 6,500 Alaskans participate in the child care sector workforce. This should be viewed as a very conservative estimate in that it does not include an undetermined number of at-home providers who care for four or fewer unrelated children or any number of related children and therefore are not required to be licensed.

Child Care and Early Education Employment in Alaska, 2005

	Employment
Licensed Centers	3,621
Licensed Group Homes	184
Licensed Homes	411
Approved Provider/Relative	351
Head Start Programs	901
Certified Preschools	113
State In-home Care Providers	391
Military Facilities	490
Tribally-approved family child care and In-home providers	278
Program Admin., Resource and Referral Staff	162
Total	6,902
Net Total (after adjustment for double-counting)	6,500

In 2004, the Alaska economy included 428,000 jobs. Though child care and early education account for a small portion of total employment (1.5 percent), the sector's employment is comparable to other significant industries in Alaska.¹⁰ For example, the residential and nonresidential building construction sector employed an average of 6,000 workers in Alaska in 2004. Alaska's air transportation sector employed an average of 6,400 workers that year.

Wages and Revenue

Wage Data

Published wage data for Alaska (and for other states) is incomplete. Much of the payroll earned in the sector is misclassified in other sectors of the economy, and much of the income is not reported at all. Nevertheless, a review of available data is informative.

DOLWD payroll data indicates that the 1,532 workers employed in the "child day care" sector earned a total annual payroll of \$24.7 million in 2004. The average monthly wage was \$1,342. This average is well below the average for all sectors of the Alaska economy. In 2004, the average monthly wage in Alaska was \$3,218.

¹⁰ Includes wage and salary employment and proprietors employment, from the Bureau of Economic Analysis.

BLS also reports total wages in private child care establishments of \$24.7 million plus \$1,133,000 in wages at the one reported federal government establishment. BLS also reports an average weekly wage of \$309 for employees of private establishments and \$434 in the federal facility in 2004. Average annual pay was \$16,093 in private establishments and \$22,547 in the federal facility.¹¹

DOLWD publishes wage data for several hundred occupations in Alaska, including workers in the child care sector. Child care workers earned an average hourly wage of \$9.87 in 2004, while administrators in preschool and child care programs earned an average wage of \$19.07¹² The average hourly wage in all sectors of the Alaska economy is approximately \$20 per hour.

Hourly Wage Rates in Alaska's Child Care Sector

	Mean	Median	Mean Entry	Mean Experienced
Ed Admin, Preschool & Child Care Center/Program	\$19.07	\$16.90	\$11.67	\$22.76
Child Care Workers	\$9.87	\$9.11	\$7.89	\$10.86

Source: Alaska Department of Labor and Workforce Development

Child Care Provider Revenue and Government Funding

There are two sources of spending on early education and child care services, government funding for child care assistance programs and program administration, and spending by parents on child care services. Again, published data portrays only a partial picture. This section describes the published data, summarizes government program spending, and assesses household spending on child care services, based on survey results and other demographic data.

Published Data

U.S. Census Bureau 2002 Economic Census data indicates that businesses engaged in providing child care services in Alaska had total receipts of \$45.1 million in 2002. This data is for 174 establishments.¹³ This data is incomplete in that it excludes revenue for child care services offered by larger organizations or businesses outside the child care sector. These revenues are reported in other sectors of the economy. It also excludes non-employer establishments. U.S. Census Bureau non-employer statistics indicate that Alaska's 2,118 non-employer establishments engaged in child care had \$25.2 million in receipts in 2003.¹⁴

State and Federal Government Spending

The State of Alaska Department of Health and Social Services Child Care Program Office has a FY 2006 budget of \$44.7 million. This includes \$37.7 million in federal funds and \$7 million in State funds.¹⁵

Of the Program's total budget \$32.6 million is spent as payments to child care providers on behalf of parents who qualify for financial assistance. The remaining \$12.1 million is spent on child care licensing and Child Care Grant programs, grants

¹¹ Source: <http://data.bls.gov/PDQ/servlet/SurveyOutputServlet>

¹² Source: <http://www.labor.state.ak.us/research/wage/swoes.htm#39-9011>

¹³ Source: http://www.census.gov/econ/census02/data/ak/AK000_62.HTM

¹⁴ Source: http://www.census.gov/epcd/nonemployer/2003/ak/AK000_62HTM

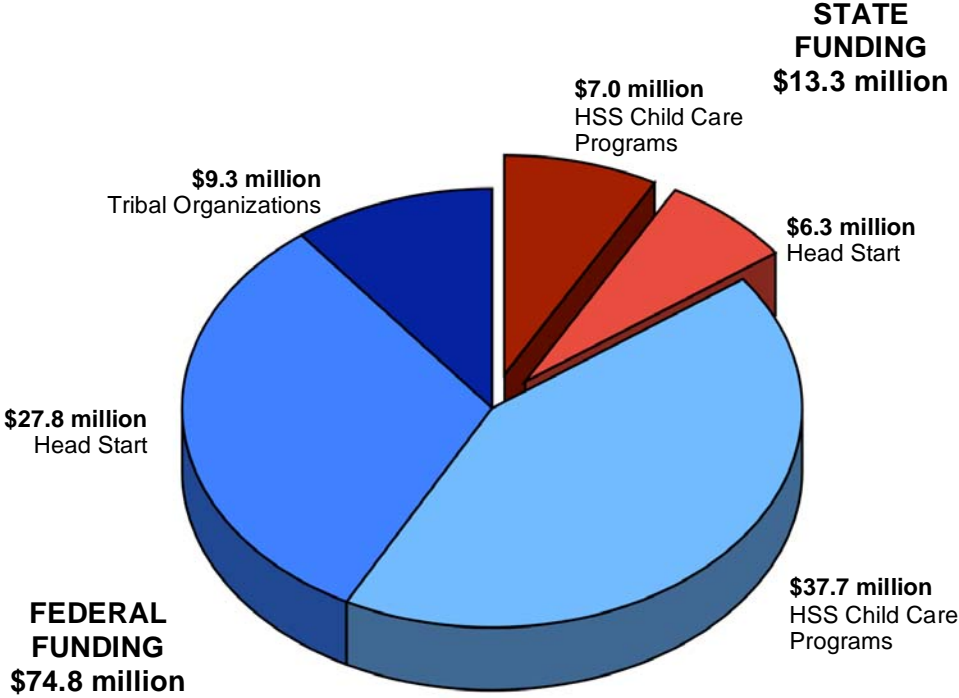
¹⁵ A portion of child care program funding is spent on services for children six years of age and over. Though no detailed data is available, it is estimated that approximately one-quarter of this spending is on children six years of age and over.

to determine child care assistance eligibility, child care resource and referral agencies, special child care initiatives, and the Child Care Program Office.

The federal government gives \$9.3 million directly to tribal organizations in Alaska for child care services. Federal allocations to Alaska tribal organizations range from \$24,000 to \$1.7 million. Among the tribal organizations receiving over \$1 million in funding include the Association of Village Council Presidents, Cook Inlet Tribal Council, Tanana Chiefs Council, and Central Council of Tlingit & Haida Indian Tribes of Alaska.

State and federal government funding for Head Start programs in Alaska totals \$34 million for FY 2006. This includes \$27.8 million in federal funds paid directly to grantees and \$6.3 million in state funds.

State and Federal Funding for Child Care Services in Alaska



Survey Results

Data from the telephone survey of 725 Alaska households provides an indication of how much money Alaska households spend on child care services each year (detailed survey results are provided in Chapter III). Among the 725 households in the survey sample:

- 323 households reported children under six years of age
- These households reported 459 children under six years of age (1.4 per household)
- 58 percent of these children (266 children) were receiving child care services.

This survey data is consistent with demographic data available from the Census. In 2000, the Census recorded 38,758 families with children under 6 years of age and a total of 51,908 children under six residing in Alaska (counting only children living with their parents), or 1.34 children under six per household. Among children under six, 32,463 children, or 63 percent, were in households where all available parents were in the labor force.

Survey results indicate that households spent approximately \$318 per month per child for child care. This average includes full-time and part-time care in all types of settings, including centers, others' homes, in-home, Head Start (for which there is generally no cost to parents) and others.

Applying the \$318 per month average to all children under six in households where all parents are in the labor force indicates total Alaska household spending on child care of approximately \$150 million annually. This is based on the estimate that in 2004, there were 39,400 children living in households where all available parents were in the labor force.

There are several reasons why this estimate of total spending on child care services could either understate or overstate actual spending on child care services. This estimate may slightly overstate spending in that it is possible for a parent or both parents to be in the labor force and not need paid child care services. For example, parents could work different times of day, each looking after children when not at work. Similarly, in single parent households, the parent could stay home with children during the school day then work during hours when older siblings are available to provide care. It is also true that not all people in the labor force are actually employed. Depending on the time year and location around the state, unemployment rates can vary from 5 percent to 15 percent (or higher in rural areas).

At the same time, this estimate of total household spending on child care does not include money spent on child care by parents on who are in school or otherwise engaged in training programs. Further, the total estimate does not capture child care expenditures where the mother or father are not in the labor force but nevertheless occasionally or regularly enroll their children in a child care service. Nationally, 31 percent of the 8.2 million preschoolers (children under five) of non-employed mothers were in at least one child care arrangement on a regular basis.¹⁶

Another source of uncertainty around the spending estimate is the seasonality of child care expenditures. The \$318 per month estimate is for the month of January. For many households the need for child care spending changes in the summer, when children are out of school. Further, many local economies in Alaska are very seasonal, with seafood industry, tourism and other economic activity occurring primarily in the summer. For parents employed in these industries, the need for child care services can be greatest in the summer.

In any case, the \$318 per month average expenditure, which includes full-time, part-time and unpaid care (such as Head Start), is reasonable given child care services rates around Alaska. The following table provides data on prevailing child care rates in Alaska.

¹⁶ Source: "Who's Minding the Kids? Child Care Arrangements: Winter 2002," U.S. Census Bureau, October 2005.

Current Child Care Rates in Alaska

Full Time	Infant	Toddler	Preschool Age
Licensed Center Care & Group Home	\$480-\$900	\$475-\$810	\$375-\$775
Licensed Home	\$480-\$970	\$440-\$921	\$300-\$850
Approved Care	\$464-\$600	\$400-\$500	\$400-\$500
Part Time	Infant	Toddler	Preschool Age
Licensed Center Care & Group Home	\$250-\$600	\$237-\$550	\$205-\$550
Licensed Home	\$200-\$720	\$200-\$700	\$180-\$700
Approved Care	\$303-\$400	\$295-\$361	\$240-\$293

Source: HSS Child Care Program Office.

The average rate for full time infant care was \$655, for toddlers \$572, and for preschoolers \$572, according to data from the 2005 Market Rate Survey.

National data also generally supports the \$318 per month estimate used in this study. For example, data published by the Congressional Research Service indicates median child care payments for families with children under five years of age with working mothers averaged \$69 per week in 1999, or approximately \$310 per month. Converting this to 2005 dollars suggests median monthly spending of \$362.¹⁷ This estimate (and the 1999 estimate) is total family payments and may include families with two children under five years of age. Nationally, there were 1.42 children under six years of age in households with any children under six.¹⁸ The average number of children under five would be somewhat lower. Nevertheless, if we assume an average of 1.4, median per child spending would be approximately \$260, slightly below the average calculated in this study for Alaska families.

Summary

In Alaska, revenue to child care providers for the direct care of children includes household spending on child care and government spending on child care assistance programs. Based on the preceding analysis, Alaska households may be spending \$150 million annually on child care services for children under six years of age. Government spending on child care totals \$88 million for FY 2006 (government spending that goes directly to providers is estimated at \$77.5 million annually, also based on FY 2006 budgets).¹⁹ Together, approximately \$238 million is spent in Alaska on child care services for young children, including \$228 million in total revenue to providers.

Summary of Employment, Income and Spending

The preceding analysis indicates that direct employment in Alaska's child care sector totaled 6,500 jobs in 2004 and \$228 million in provider revenue. Using IMPLAN, an input/output economic impact model widely used in Alaska and elsewhere, it is possible to estimate other aspects of the child care sector's economic impact in Alaska, including indirect and induced effects. Indirect impacts occur when child care providers (businesses) spend money in support of their businesses, for example, on rent, food or other supplies related to providing child care services. This

¹⁷ Inflation adjustment based on Consumer Price Index – All Urban Consumers, 1999 – 2005, U.S. City Average. From U.S. Department of Labor, Bureau of Labor Statistics.

¹⁸ Census 2000 Summary File 3, Tables P15 and P46.

¹⁹ This includes \$32.6 million through the State of Alaska, \$33 million for Head Start programs, and 90 percent of \$9.3 million in funding to tribal organizations (assuming 10 percent is spent on program administration).

spending creates additional jobs and income in the support sector. Induced impacts occur when employees in the child care sector spend their payroll dollars on goods and services.

IMPLAN indicates the total direct, indirect and induced impact of the child care sector in Alaska is 7,400 jobs and \$124 million in total annual labor income (employee payroll and income for proprietors).²⁰ This estimate of labor income includes \$96 million in direct income and \$28 million in indirect and induced income.

Contribution to Alaska's Labor Force and Household Income

Child care providers make it possible for 29,400 Alaskans to enter the labor force (one adult for each household with children under six years of age where all parents are in the labor force). The particular employment status and characteristics of these parents are unknown. However, it is possible to broadly approximate the income implications of child care services for these households.

According to DOLWD data, in 2003, Alaska's workforce included 309,000 Alaska residents (81.9 percent of the state's total labor force). These residents earned \$8.92 billion in wages.²¹ The 29,400 Alaskans (a 2004 estimate) that are in the workforce because child care services are available to them account for 9.5 percent of the Alaska resident workforce. If these working parents also account for 9.5 percent of all Alaska resident wages, their total annual wages would be just under \$850 million (based on 2003 wage data). This indicates an average of \$28,820 per family in additional Alaska annual income indirectly made possible by child care services, equal to approximately 40 percent of Alaska's mean family income in 2003.²²

Other data suggests a similar household income impact related to adding a second wage earner. In 2004, median family income for families with one wage earner was \$43,709. Median family income for families with two wage earners was \$77,159, a difference of \$33,450.²³

This analysis of course assumes that the typical parent who is in the labor force because child care services are available to him or her earns the same wages as the average Alaska worker. This may or may not be true given the demographics of families with young children. Nevertheless, it is clear that the availability of child care has major implications on income for Alaska residents in general and on family household income in particular.

National Research on the Economic Benefits of Child Care

A host of studies have been done to track the long term economic impacts of high quality early childcare development on society. Though none of these studies focuses on Alaska, the implications for Alaska are relevant.

²⁰ IMPLAN analysis indicates that \$225 million in provider revenue should directly account for 6,045 jobs, quite close to the employment measured in this study. This estimate does not include government program administration or resource/referral jobs, which are theoretically captured in the measure of indirect impacts.

²¹ Source: *Nonresidents Working In Alaska – 2003*. Alaska Department of Labor and Workforce Development, January 2005.

²² Based on 2003 mean family income, \$71,852, from 2003 American Community Survey, U.S. Census Bureau.

²³ U.S. Census Bureau, American Community Survey, 2004, Table B19121. Median Family Income in the Past 12 Months (In 2004 Inflation-Adjusted Dollars) by Number of earners in Family.

The results of these studies have shown conclusively that although investment is required to provide quality early care to infants, toddlers, and youths, the rate of return far exceeds that initial investment. The largest benefit by those provided with quality early care was increased earnings capacity projected from higher educational attainment along with higher taxes paid from better paying jobs. Other benefits are lower criminal justice system costs, reduced welfare costs, savings for crime victims, and savings on school remedial services budgets. The results of several studies are described below.

Return on investment

The Ypsilanti/Perry Study, which tracked 58 low-income children who participated in a two-year program starting at age three, shows a nearly 13:1 cost-benefits ratio (\$12.90 per dollar spent) after tracking the participants up to age 40. This calculates to a benefit of \$258,888 per participant.²⁴

The Chicago Longitudinal Study, which tracked 1,400 low-income children who participated in a one and a half year early-childhood intervention programs, shows a 7:1 cost-benefits ratio, or \$47,559 in benefits to society per participant.²⁵

A recent California study by RAND Labor and Population examining the impact of instituting a one-year public preschool program in that state determined that California would receive a return of \$1.95 to \$4.21 for every dollar invested, with an average rate of return of \$2.62. To understand the lower ratio it should be noted that the California program, unlike the Chicago and Ypsilanti programs, would not focus only on children from low-income families. The California study also focused on a shorter program span.²⁶

Studies also note that expenditures on education that are focused on K-12 may be misplaced given that brains develop rapidly in the early years (0-4), then develop at a much slower pace from age 4 through 18. The implication is that the earlier the investment on early education, the higher the return on investment will be.

High school graduation rates

Studies indicate early education results in higher achievement, grade retention, and less need for special education placement, resulting in students more likely to graduate from high school. Long-term studies in five school systems (Louisville, Kentucky; Rome, Georgia; Chicago, Illinois; Ypsilanti, Michigan; and Baltimore, Maryland) show a significant positive effect on the high-school graduation rate. The Chicago Longitudinal Study showed a high-school completion rate of 29 percent higher than the comparison group that does not have the benefit of quality early care

²⁴ In the 1960s, the High/Scope Perry Preschool Project targeted children from low-income African-American families. Children were provided with a comprehensive preschool program including education and health and family support services. Three- and four-year-old children attended the preschool program five days a week, two and one half hours a day, for three quarters of the year. The high-quality preschools were staffed by teachers who were well-qualified, who served no more than eight children at a time, and who visited these families as part of the program to discuss their child's development. The two-year cost of the program was \$14,400 per child and was funded by the state of Michigan. Source: Schweinhart, Lawrence J. "The High/Scope Perry Preschool Study Through Age 40: Summary, Conclusions, and Frequently Asked Questions." Ypsilanti, MI: High/Scope Press, November 2004. Available at: www.highscope.org/Research/PerryProject/PerryAge40_SumWeb.pdf

²⁵ Source: A. Reynolds et. al., "Age 21 Cost-Benefit Analysis of the Title I Chicago Child-Parent Center Program: Executive Summary," June 2001, The Chicago Longitudinal Study. Available at: www.waisman.wisc.edu/cls/cbaexecsum4.html

²⁶ Source: Karoly, Lynn A. & Bigelow, James H. "The economics of investing in universal preschool education in California." Rand Corporation, March 30th, 2005. Available at: www.rand.org/pubs/monographs/2005/RAND_MG349.pdf

(50 percent compared to 39 percent). In the Ypsilanti study, individuals who participated in the early care project significantly outperformed those who had not academically, with 65 percent of early care participants finishing high school compared with 45 percent of the control group. This difference was even greater when it came to females, with 84 percent of early care females graduating versus 32 percent of others.

Teenage birth rates

In a study at the University of North Carolina at Chapel Hill, young adults in the intervention group were, on average, two years older (19 years) when their first child was born compared with those in the control group (17 years). This study, called the Abecedarian Project, followed 111 infants from low-income families through their childhood, with half given early intervention child care for five years.

In the Ypsilanti study, rates of teenage pregnancy were also dramatically lower.

College attendance

The Abecedarian study provided low-income infants with five years of high quality early education. Those with early care were significantly more likely still to be in school at age 21: 40 percent of the early care group compared with 20 percent of the control group. A significant difference was also found for the percent of young adults who ever attended a four-year college. About 35 percent of the young adults in the early care group had either graduated from or were at the time of the assessment attending a four-year college or university. In contrast, only about 14 percent in the control group had done so.

Cost of grade retention and special education

Sixteen studies of early childhood programs show a reduction in grade retention and special education rates. The studies were conducted in school systems in Chicago, Houston, Milwaukee, Harlem, Washington, DC, and Pittsburgh. The Chicago Longitudinal Study, one of the nation's largest and longest studies of public early-childhood education, showed a 40 percent drop in retention and in special education placement. Further, a study of the Pittsburgh Early Care Initiative (ECI) found that in school districts within ECI communities the average primary grade retention rate was 23 percent; for ECI children, the rate was less than 2 percent. In these same Pittsburgh communities, the average special education placement rate was 21 percent; for ECI children, the rate was less than 1 percent.

Crime

Long-term studies show that preschool programs significantly reduce the juvenile crime rate and had found that the risk of arrest for teens and young adults can be cut in half by enrollment in quality early care. Studies show that children without early care were 70 percent more likely to be arrested for violent crimes by the age of 18 than those with early care. The Ypsilanti Study shows significantly fewer lifetime arrests and significantly fewer arrests for violent crimes, property crimes, and drug crimes.

Welfare

The Ypsilanti study showed that fewer participants received welfare benefits (59 percent versus 80 percent for the control group). It shows that many more women participants were married (40 percent versus 8 percent) and that fewer women participants had children born out of wedlock (57 percent versus 83 percent).

Employment rate, earnings, and home ownership

Studies, including a 1997 report by the National Conference of State Legislatures, have concluded that early childhood education is critical to the productivity and earnings-power of the workforce and the nation's economic health. An analysis of the Abecedarian study found that children in high quality early care programs can expect to make roughly \$143,000 more over their lifetimes than children not receiving these benefits, and that mothers of these same children can expect higher earnings – about \$133,000 more over their lifetimes. The Ypsilanti Longitudinal Study found that at age 27, participants earned \$2,000 more per year than the nonparticipating control group. By age 40, 60 percent of the participants earned more than \$20,000 per year compared to just 40 percent of the non-participants.

In the Abecedarian study, young employment rates were higher (65 percent) for the treatment group than for the control group (50 percent). In the Ypsilanti project, significantly more members of the program group were employed at age 40 (76 percent versus 62 percent) than the non-program group.

Many more members of the Ypsilanti project early care participants owned their own homes. At age 27, 27 percent of participants owned their own home versus 5 percent of non-participants, and at age 40, 37 percent of participants owned their own home versus 28 percent of non-participants. In the Chicago Longitudinal Study, the per capita tax revenue from the improved earning power of preschool attendees was projected to be over \$20,000.

CHAPTER III. HOUSEHOLD SURVEY RESULTS

In February 2006, the McDowell Group conducted a telephone survey of 725 randomly selected households from throughout Alaska. The sample included 462 households from urban Alaska, defined as all communities with more than 8,000 residents. The sample also included 111 surveys from households in communities with between 2,000 and 8,000 residents (labeled "Rural I") and 151 surveys from households in communities with fewer than 2,000 residents (labeled "Rural II"). In conducting statewide analysis of survey results, data from these areas of the state were weighted to reflect their actual proportion of the state's population.

The survey asked all households a series of questions about state funding support for early learning and child care services in Alaska. Households with children under six years of age were asked about their use of child care services. Households with children under six years of age that were receiving child care services were asked a series of questions about the nature and cost of that child care.

For the total survey sample, the maximum margin of error is ± 3.8 percent at the 95 percent confidence level. The margin of error is higher for survey subsamples, as illustrated in the following table.

**Maximum Margin of Error by Survey Sample Size
at the 95% Confidence Level**

Sample Size ("n")	Maximum Margin of Error
700	$\pm 3.8\%$
500	$\pm 4.5\%$
400	$\pm 5.0\%$
300	$\pm 5.8\%$
200	$\pm 7.1\%$
100	$\pm 10\%$

Survey results are provided below. Sample sizes for each subgroup are reported as the "n". For example, for the Rural I subsample described above, the n is equal to 111. A copy of the survey instrument is provided in the appendix to this report.

Perceived Importance of State Funding for Early Education and Child Care Services in Alaska

Nearly nine out of ten Alaska residents (87 percent) think it is important or very important for state government to provide financial support for early education and child care. Among residents with children under six years of age, 94 percent think state support is important or very important. Even among residents without young children, 86 percent think state financial support is important or very important. Further, urban and rural residents alike feel it is important for state government to provide funding for early education and child care.

How important do you think it is for State government to provide financial support for early learning and childcare for children under 6 years old?

	With children		Without children		Urban (n=464)	Rural I (n=111)	Rural II (n=151)
	Total (n= 725)	<6 yrs (n=323)	<6 yrs (n=402)				
Very important	56%	72%	53%	55%	69%	56%	
Important	31	22	33	31	28	37	
Not important	8	3	9	9	4	4	
Not at all important	4	3	4	5	0	3	
Don't Know/Refused	1		1	1	0	0	

Residents in communities with populations of between 2,000 and 8,000 residents (Rural I) were more likely to consider government funding for early education and child care very important: 69 percent compared to the statewide average of 56 percent.

A variety of other population subgroups expressed above average support for state funding of early education and child care. They include:

- Alaska residents aged 45 to 54 (66 percent stating “very important”).
- Female residents (64 percent stating “very important,” compared to 46 percent for males).
- Residents with annual household income under \$25,000 and residents with income greater than \$75,000 (both groups were at 63 percent “very important”)

Other subgroups expressed below average support for state funding of early education and child care, including:

- Residents less than 25 years of age (47 percent stating “very important”).
- Residents over 65 (41 percent stating “very important”).

Funding Priority

Alaskans also give early learning a high priority for state funding. Two-thirds (66 percent) of Alaskans feel that the state should give early learning and child care high funding priority. Among the categories of spending presented to survey respondents, only K-12 education was rated as a high priority more often.

I’m going to read you a list of state-funded programs. Please tell me what level of funding priority you think the state should give to each program: high, medium, or low.

Funding Priority	All Households (n=725)			
	High	Medium	Low	Don't know
K-12 education	88%	10%	1%	1%
Early learning and childcare	66	23	10	1
University education	57	35	6	2
New roads/highways	31	52	16	1
Support local government	31	51	17	1

Subgroups that placed the highest priority on early learning and child care include:

- Households with children under six (76 percent rating high priority)
- Female residents (72 percent)
- Residents aged 35 to 44 years (77 percent)
- Low income residents (<\$25,000 annual income, 76 percent)
- High income residents (>\$100,000 annual income, 73 percent).

Subgroups that placed lower than average priority on funding for early education and child care included:

- Residents aged 65 or over (42 percent)

Relative Importance

A third question regarding Alaskan’s perception of the importance of funding for early and child care focused on relative importance. More than three-quarters of Alaska residents feel that early learning and child care is more important to fund than support for local government or construction of new roads and highways. Almost two-thirds (63 percent) feel that funding for early learning and child care is more important than funding for university education. Among the various programs, only K-12 education is viewed as more important than early learning and child care (only 25 percent of households thought it more important to fund early learning and child care than K-12 education).

Which do you think is more important to fund, early learning and child care or...

	Percent stating early learning is more important to fund
Support for local government	78%
Construction of new roads and highways	76
University education	63
K-12 education	25

This series of questions regarding perceived importance of State funding for early education and child care services in Alaska indicates that Alaskans place a high priority on funding for education in Alaska, including early education and child care. Additional survey research would be warranted to further prioritize early education spending relative to a broader range of state-funding programs (including health and social services, public safety, etc.), identify specific early education and child care programs that residents feel are most important to fund, and identify preferred funding sources for early education and child care programs.

Child Care Services Used by Alaskan Families

Type of Care

The survey sample included 323 households with children under 6 years of age. These households included a total of 459 children under 6. About two-thirds (65 percent) of these children were less than 4 years of age, and one-third (35 percent) were 4 or 5 years old.

Approximately 58 percent of children in the surveyed households received child care services of some type during the month of January, 2006.²⁷ This includes 54 percent of the children under 4 years of age and 62 percent of children aged 4 or 5.

Among the 42 percent of children who did not receive child care services in January, about 10 percent were not in a child care setting because such services were either too expensive, not available, of poor quality, or some combination of these factors.

Among those children receiving child care services, 49 percent were in a preschool or child care center. Just under one-third (31 percent) were being cared for at someone else's home. Just over one-quarter (27 percent) were receiving child care services in their own home. Eight percent were in a Head Start program.

Type of Child Care Services Used by Alaska Households*

Types of Child Care	Total (n= 268)	Urban (n=117)	Rural I (n=32)	Rural II (n=40)
Preschool or child care center	49%	43%	27%	36%
Care at someone else's home	31	42	52	22
Care in your home	27	34	26	21
Head start	8	0	8	32
Before or after school care	8	7	11	2
Other	1	0	0	3
Don't know	0	0	0	0

*Percentages do not add to 100% because households may have children in more than one child care setting. Sample sizes ("N") for Total are number of children under six years of age. Sample sizes for subgroups are number of households.

Survey results show some regional variation in types of child care used. First, households in communities with populations of between 2,000 and 8,000 residents (Rural I) appear to be less likely to utilize preschool or child care centers. Also, households in communities of under 2,000 residents are much more dependent on Head Start programs. Caution is urged, however, in drawing any firm conclusions from this data due to small sample sizes.

Among children in preschool or a child care center, an average of 26 hours per week was spent in a preschool or child care facility. The average was 25 hours for care at someone else's home, 20 hours for in-home care, 18 hours in a Head Start program, and 11 hours in a before or after school care program.

Average Hours per Week in Care By Type of Care

Type of care	Average Hrs.
Preschool or childcare center (n=117)	26
Care at someone else's home (n=93)	25
Care in your home (n=69)	20
Head start (n=25)	18
Before or after school care (n=18)	11

²⁷ The survey asked householders about their child care usage during the month of January, 2006, the month preceding the date of the survey.

Finding Acceptable Child Care

About as many Alaskans found it difficult to find acceptable child care as found it easy. Forty-nine (49) percent of households with children under six in a child care situation found it either easy or very easy to find acceptable child care. Forty-five (45) percent found it difficult or very difficult.

In general, how easy or difficult is it for you to find acceptable childcare?

	Total (n= 268)
Very easy	19%
Easy	30
Difficult	29
Very difficult	16
Don't know	2
Refused	4

Urban households apparently found it somewhat easier to find acceptable child care than rural households. For example, 15 percent of urban households found it very easy, while 6 percent of Rural I households and 7 percent of Rural II found it very easy.²⁸

Among households with children under six years of age, 36 percent reported that the quality, cost or availability of child care services had prevented someone in their household from seeking employment or had in some way restricted the number of hours that they could work.

In the last 12 months, has the quality, cost or availability of child care prevented anyone in your household from seeking employment or restricted the number of hours that they could work?

	Total (n=324)	Urban (n=196)	Rural I (n= 49)	Rural II (n=79)
Yes	36%	37%	37%	26%
No	62	62	63	62
Don't know/Refused	2	1	-	2

Among households in Alaska's smallest communities (the "Rural II" areas, or communities under 2,000 residents), 26 percent reported that the quality, cost or availability of child care services had prevented someone in their household from seeking employment or had in some way restricted the number of hours that they could work. This difference (to the extent that it is statistically significant) between rural and urban in this regard is probably not due to better child care service in rural areas, but rather to the fact that rural areas have fewer employment opportunities available.

Among those households where cost, quality or availability of child care services have been a constraint, cost was a major factor for 78 percent of households. Availability had a major impact on 56 percent of households and quality on 48 percent.

²⁸ Data in the table is for children under six in a child care situation, while regional data is for households with children under six, thus the household average is slightly less than the average for all children under six.

Factors Affecting Ability to Find Acceptable Child Care

(n=116)	Major Impact	Minor Impact	No Impact	Does not apply
Cost	78%	12%	7%	3%
Availability	56	28	11	2
Quality	48	35	12	3

When asked which factor had the greatest impact on their ability to find acceptable child care, cost was most often cited. Half (50 percent) indicated that cost had the greatest impact on their ability to find acceptable child care, while 26 percent cited quality and 23 percent cited availability.

Cost is apparently more of an issue in urban Alaska while availability is more of an issue in rural Alaska. Just over half of urban households (54 percent) indicated that cost had the greatest impact, compared to 29 percent in Rural I areas and 21 percent in Rural II areas. Conversely, within Rural II areas, just over half of households reported that availability had the greatest impact, compared to 43 percent of Rural I and only 19 percent of urban areas. (Caution is urged in interpreting this data due to small subsample sizes.)

Which of these three factors, quality, cost, or availability, has the greatest impact on your ability to find acceptable child care?

	Total (n=116)	Urban (n=75)	Rural I (n= 19)	Rural II (n=22)
Cost	50%	54%	29%	21%
Quality	26	26	28	26
Availability	23	19	43	53
Don't know/Refused	1	1	-	-

Spending on Child Care

Alaska households with children under six years of age in child care services spent an average of \$318 on child care in January. This is a weighted average based on the number of children in each type of child care setting multiplied by the average monthly expenditure for that type of service. Average expenditures for each type of service are shown in the following table. These averages include children receiving care ranging from just a few hours per week to full-time.

Average Monthly Spending on Child Care by Type of Care and Age of Child

	Total	0-3 years	4-5 years
Head start (n=25)	\$15	\$48	\$-
Preschool or childcare center (n=117)	334	406	258
Before or after school care (n=18)	239	-	239
Care at someone else's home (n=93)	293	318	233
Care in your home (n=69)	161	212	87
Other (n=3)	17	10	55

Among survey respondents, the cost of full-time care (31 or more hours per week) in a child care center averaged \$517 per month. The cost of full-time care in someone else's home averaged \$429 per month.

Financial Assistance

About one in seven households with children in child care services received some form of child care assistance during the month of January. As would be expected, survey data also indicates that financial assistance is concentrated in lower-income households.

**Financial Assistance for Child Care Services
By Household Income Level***

Financial Assistance?	Total (n= 268)	<\$25,000 (n=34)	\$25-\$35K (n=19)	\$35-\$50K (n=24)	\$50-\$75K (n=42)	\$65-\$100K (n=37)
Yes	14%	29%	38%	31%	0%	0%
No	78	67	62	47	97	88
Don't know/Ref.	8	5	0	22	3	12

*Sample sizes ("N") for Total are number of children under six years of age. Sample sizes for subgroups are number of households.

Among the small number of households in the survey sample receiving financial assistance for child care services, the average assistance for the month of January was \$539.

Additional Survey Results: Importance of Child Care Funding

How important do you think it is for State government to provide financial support for early learning and childcare for children under 6 years old?

	Total (n= 725)	Male (n=299)	Female (n=425)	Married (n=446)	Not Married (n=265)
Very important	56%	46%	64%	57%	55%
Important	31	37	27	26	39
Not important	8	11	6	12	3
Not at all important	4	6	3	5	3
Don't know/Refused	1	1	0	0	0

	Total (n= 725)	<25 years (n=71)	25-34 years (n=170)	35-34 years (n=159)	45-54 years (n=159)	55-64 years (n=93)	65+ years (n=69)
Very important	56%	47%	59%	60%	66%	50%	41%
Important	31	45	32	31	25	28	36
Not important	8	3	5	9	4	11	20
Not at all important	4	5	2	1	3	10	2
Don't know/Refused	1	0	2	0	1	1	1

	Total (n= 725)	<\$25,000 (n=138)	\$25K-\$35K (n=77)	\$35K-\$50K (n=99)	\$50K-\$75K (n=137)	\$75K-\$100K (n=109)	Over \$100K (n=98)
Very important	56%	63%	46%	50%	50%	63%	63%
Important	31	29	34	37	42	25	25
Not important	8	2	11	13	4	7	11
Not at all important	4	5	9	0	4	4	1
Don't know/Ref.	1	0	1	0	0	1	1

Demographics

Demographics of Survey Respondents

Annual Income		Total n=726
Less than \$15,000		12%
\$15,000 to \$25,000		7
\$25,000 to \$35,000		9
\$35,000 to \$50,000		13
\$50,000 to \$75,000		17
\$75,000 to \$100,000		16
Over \$100,000		14
Don't know		3
Refused		9
Gender		
Male		44%
Female		56
Marital Status		
Married		56%
Divorced		11
Widowed		4
Single		26
Other		2
Refused		1