

Why child care is hard to find

The shortage predates COVID, but it has gotten worse

By SARA TEEL

Alaska and the nation faced a critical lack of child care after the pandemic hit, but the shortage began long before COVID-19.

A 2018 analysis¹ estimated that 61 percent of Alaskans and about half of Americans lived in a "child care desert" — an area with more than 50 children younger than 5 that either has no providers or so few options that children outnumber available providers three-to-one.

Rates were similar for low-income and high-income Alaska families: 66 percent and 68 percent lived in child care deserts, respectively.

Pandemic was the perfect storm for providers and parents alike

When the pandemic began in March 2020 and prompted widespread shutdowns, many companies turned to remote work and schools to online learning.

Like restaurants and stores, child care providers

¹Thread Alaska data via the Center For American Progress

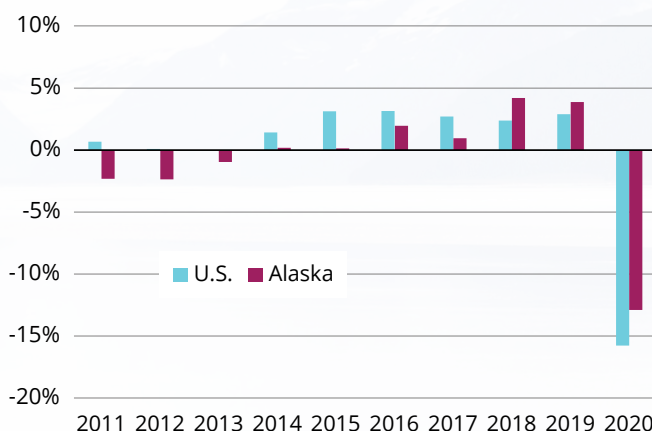
How much child care workers made, May 2020

	Avg hourly wage	Avg annual wages*
United States	\$12.88	\$26,790
Alaska	\$14.40	\$29,952
Anchorage/Mat-Su	\$13.96	\$29,037
Fairbanks North Star	\$18.56	\$38,605
Rest of state	\$14.50	\$30,160

*For full-time work

Source: U.S. Bureau of Labor Statistics

Child care employment dropped in Alaska and nationwide in 2020



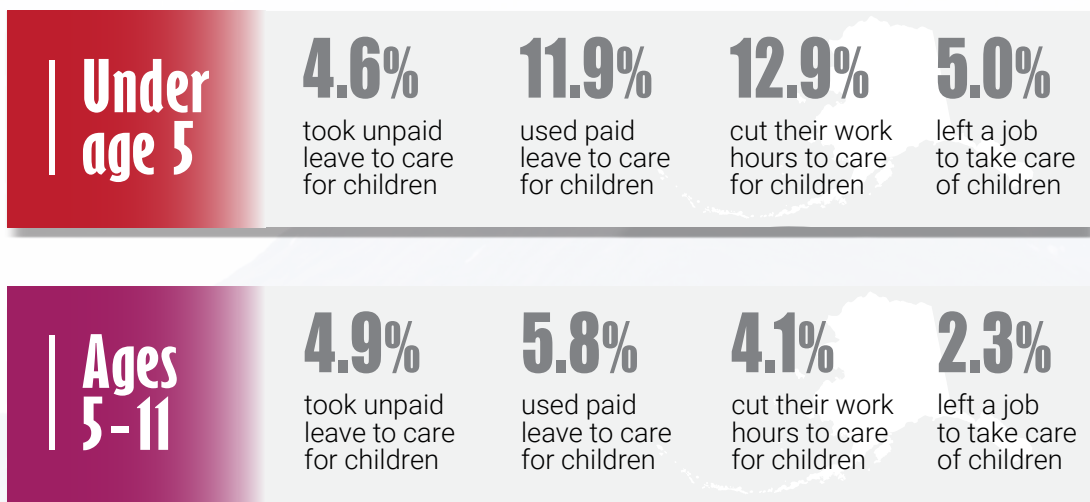
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

grappled with small profit margins, high turnover, and changing regulations. Low pay, lack of benefits, rising costs, and health and safety concerns worsened their ability to hire and keep employees.

Parents who did have care faced spotty reliability when centers had outbreaks or lost staff, and working parents unable to find day care often reduced their hours or dropped out of the labor force.

Since April 2020, the U.S. Census Bureau has regularly asked households how the pandemic affected them over the past four weeks.

The most recent Household Pulse Survey, ending March 14 of this year, found that 4.1 percent of Alaskans with children between 5 and 11 had worked fewer hours over the last month because of child care problems, and 2.3 percent had quit a job to care for children. When the child was younger than 5, the percentages jumped to 12.9 and 5.0 percent, respectively.



Sources: U.S. Census Bureau, Household Pulse Survey for Alaska taken between March 2 and March 14, 2022; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

An unmet need for child care hampers economic recovery

Scarce child care and high costs limit parents' job opportunities, and that ripples through the economy and slows recovery. Growing inaccessibility keeps more people out of the job market, especially working and low-income mothers, which exacerbates worker shortages in multiple industries.

A 2021 report from the U.S. Chamber of Commerce Foundation found that the loss of productivity from child care issues costs Alaska's economy an estimated \$165 million a year, with \$152 million coming from absences and turnover.

Alaska had five times more kids than child care spaces in 2020

In 2020, Alaska was home to 123,445 children under age 12, and 48,972 of those were younger than 5. (See the maps on page 8.)

In December 2020, Alaska had 24,337 total slots in licensed child care, accredited child care, and school-age-only programs. (See the sidebar on the next page.) Although the number of available child care slots doesn't include family and friends who provide informal care in their homes, it shows Alaska had over five times more children than it had documented active slots.

For context, over the last decade, the average

number of monthly spaces ranged from a low of 16,595 in 2010 to a high of 30,756 in 2015.

The pandemic and its staffing problems muddled the idea of availability, too, as spaces didn't translate into concrete openings if they weren't adequately and consistently staffed.

What the loss of spaces and providers meant for employment

Almost a fifth of Alaska's licensed child care facilities have closed since March 2020, mainly because of financial losses and the lack of workers.

Widespread business closures nationwide meant steep job losses for child care, starting in April 2020. In just one month, Alaska lost 37.3 percent of its child care jobs (-679). Relative to the previous April, total child care employment was down 39.5 percent.

Nationally, almost 320,000 child care jobs disappeared from March to April, a 34.2 percent loss. In terms of loss over the year, the U.S. had 33.9 fewer child care jobs in April 2020 than it had the previous April.

Some jobs came back as the year progressed. By December, Alaska's count rebounded to about 11.5 percent below the previous December. Nationally, it was still 15.8 percent lower.

Job recovery has continued, albeit slowly. By September 2021, Alaska had about 1,600 child

care jobs, or 13.9 percent fewer than we had in September 2019. Still, it was an improvement from the lows of 2020. Alaska had 3.8 percent more child care employment during the first nine months of 2021 than during the same period the previous year.

The shortage of child care has affected women most

Since the pandemic began, the consequences of the child care shortage have mostly fallen on women. According to a Harvard Business Review survey, over a quarter of American women unemployed during the pandemic lost their jobs because they didn't have child care.

The U.S. Bureau of Labor Statistics' time-use studies consistently show that women typically shoulder the responsibility for child care, senior care, and housework.

Lack of child care led to reduced hours for 23 percent of Black mothers and 15 percent for all other races. By relationship status, 22 percent of single, divorced, separated, or widowed mothers had to cut their hours. For married mothers, it was 15 percent.

Nationally, the labor force participation rate among women fell to 54.6 percent in April 2020, its lowest level since 1985 and a 2.5 percentage point drop from March. (The rate for men also fell 2.5 percentage points over the same month, to 66.1 percent.)

How much care costs, and why

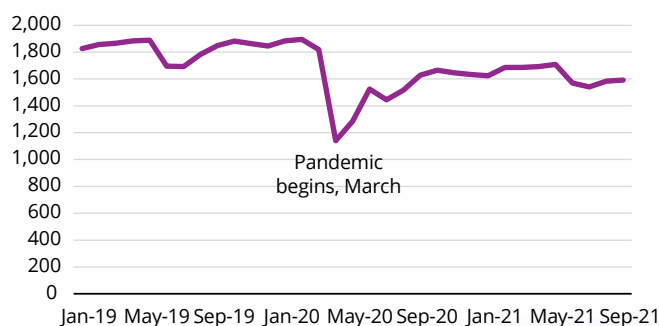
The average U.S. family spends more than \$9,000 a year on care per child, which eats up about 10 percent of a two-parent household's income and 34 percent for a single parent.

As with many goods and services in Alaska, Alaskans pay more for child care. Costs vary by location, type, and quality but can be prohibitive, sometimes rivaling a rent or mortgage payment.

In 2019, infant care averaged \$11,832 — 11.7 percent of an Alaskan's median income. The Fairbanks area topped the list at \$15,324, with Sitka a close second at \$14,280. (See the table on the next page.)

While these 2019 costs are the most recent for Alaska at this level of detail, in 2021 the U.S.

Total child care employment in Alaska by month, 2019-2021



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Who counts as a child care provider for this article

Child care services include jobs in nursery schools, preschools and other pre-kindergarten centers, child day care services, babysitting services in someone's home (excluding informal or unpaid care), and Head Start programs.

They do not include programs connected with elementary schools.

Chamber of Commerce estimated the average price tag for child care in Alaska at \$11,784. That's more than a year of full-time university attendance in Alaska. For comparison, tuition and fees at the University of Alaska Anchorage for lower-division classes during the 2022-23 school year (12 credits each semester) will be just over \$7,000.

Child care costs are high for multiple reasons, including labor costs and the state and local regulations that stipulate how many children one worker can oversee. The limit often depends on the children's age.

Labor costs can be as much as 56 to 68 percent of a child care provider's expenses, depending on whether they pay benefits. For comparison, restaurants' labor costs range from 25 percent for fast food to 40 percent for full service.

Even with such high labor costs, pay tends to be low for caregivers, and they typically don't receive benefits such as health insurance.

Child care workers nationwide made an average of \$12.88 an hour in 2019 — \$26,790 a year for full-time.

Alaska's average was slightly higher at \$14.40 an hour, or \$29,952 annually. (Notably, Fairbanks was the state's highest-cost area but also paid child care workers about \$4 more per hour than the statewide average.)

With the pandemic-induced tight job market and broad pressure on employers to pay more, many former child care workers have found higher-paying jobs — often with benefits and work environments where virus spread is less of a concern.

Federal funds, telework have eased the strain somewhat

To offset child care costs for providers as well as families last year, the federal government enacted The American Rescue Plan Act of 2021. It provided almost \$24 billion in child care stabilization grants to states, territories, and tribes.

ARPA includes an income-based child tax credit of up to \$3,600 for children under age 6 and \$3,000 for those between 6 and 17. About 88 percent of American children qualify.

Alaska's child care providers began to receive almost \$100 million in COVID relief in 2021, quadrupling the funds typically available for these programs. Disbursement has been slow, however; only about \$5 million had been paid out by the end

Yearly child care center costs in Alaska, 2019

	Annual price, infant	% of median income	Annual price, age 4	% of median income
Anchorage	\$12,072	11.3%	\$9,900	9.2%
Dillingham Census Area	\$10,896	13.1%	\$8,700	10.5%
Fairbanks North Star Borough	\$15,324	16.6%	\$10,200	11.1%
Juneau, City and Borough	\$14,820	12.6%	\$12,864	10.9%
Kenai Peninsula Borough	\$10,200	10.0%	\$8,280	8.1%
Ketchikan Gateway Borough	\$9,492	9.5%	\$7,284	7.3%
Matanuska-Susitna Borough	\$9,096	9.0%	\$8,004	7.9%
Petersburg Borough	\$10,224	9.0%	\$9,180	8.1%
Prince of Wales-Hyder Census Area	\$11,664	12.2%	\$9,216	9.7%
Sitka, City and Borough	\$14,280	12.4%	\$10,500	9.1%
Statewide	\$11,832	11.7%	\$9,895	9.8%

Source: Child Care Aware of America

of October 2021.

The ability to work at home mitigated the child care obstacle for some parents. According to the U.S. Bureau of Labor Statistics, 22 percent of working people nationwide worked from home in 2019. That nearly doubled by 2020, to 42 percent.

The option to telework is industry-specific and often income-dependent. People whose jobs didn't require in-person interaction teleworked more during the pandemic, and those jobs also tended to pay more. Examples include positions in finance, engineering and other consulting, and education.

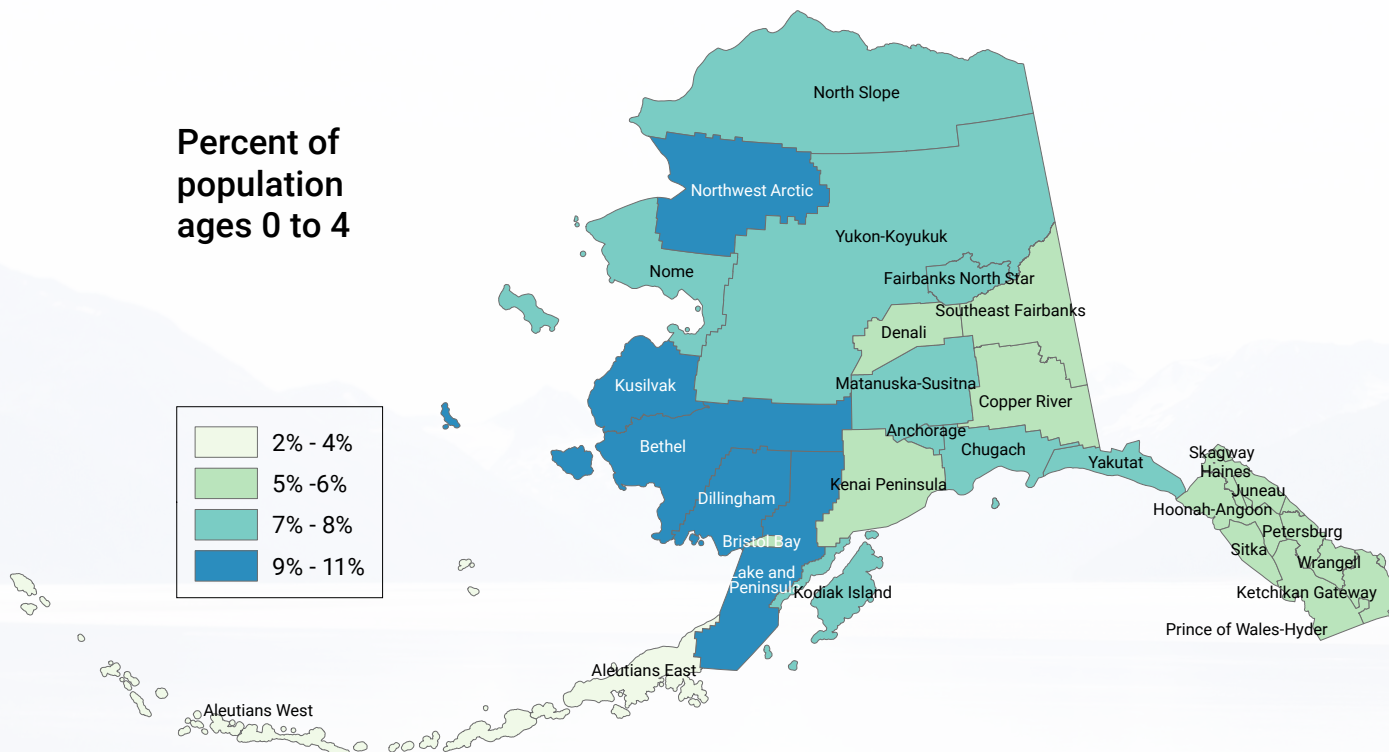
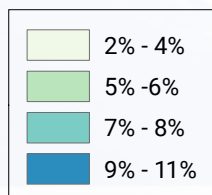
At the same time, accessibility and affordability became even bigger challenges for parents who worked in restaurants, manufacturing plants, hotels, and stores. These positions typically pay less and aren't suited to telework. (See the August 2021 issue for more on teleworking.)

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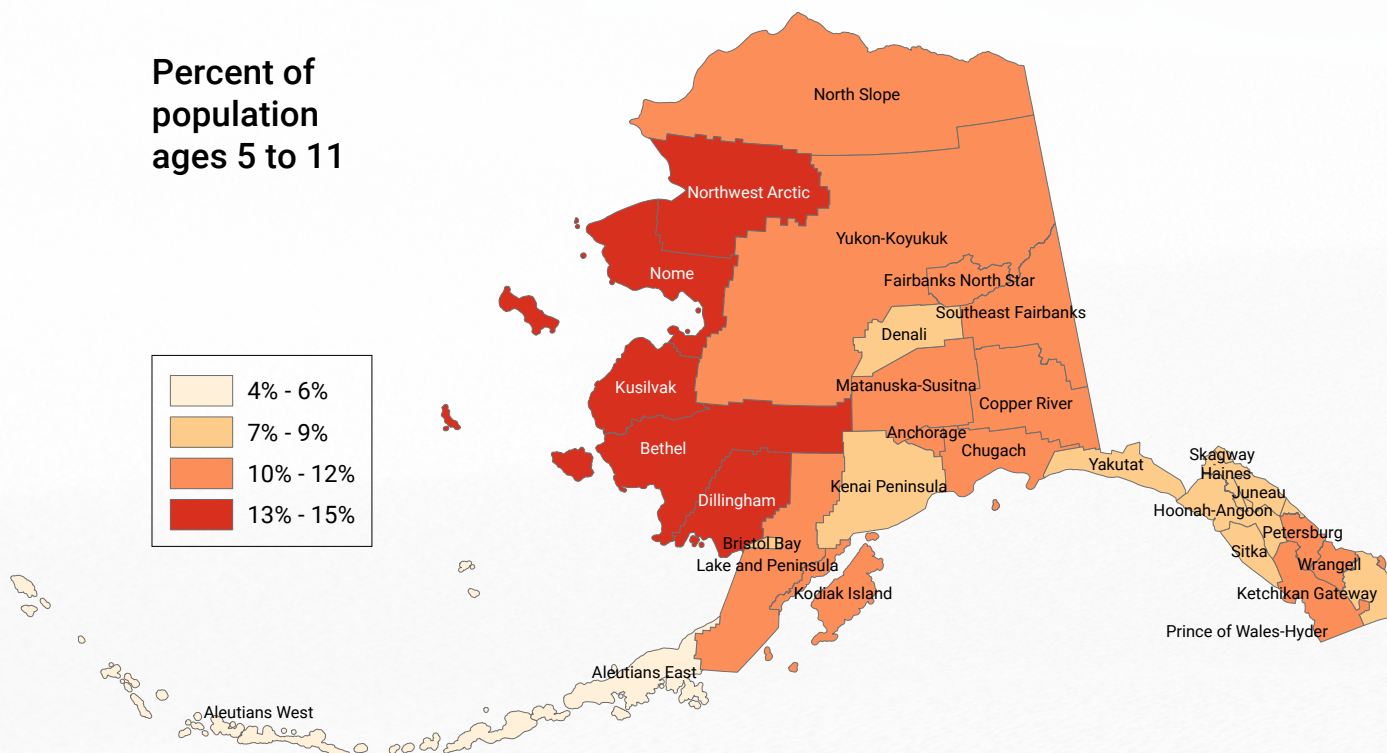
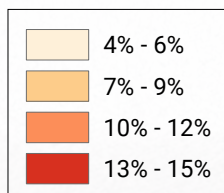
65% of low-income Alaska households care for their own children at home. Among high-income families, it's 33%.

Concentrations of children in Alaska by borough or census area, 2020

Percent of population ages 0 to 4



Percent of population ages 5 to 11



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section