

CHILD CARE IN SITKA

CHALLENGES, GAPS, AND
FUTURE PATHWAYS

DATE :
March 2026

SUBMITTED BY :
Southeast Childhood Collective
Blue Shibler, Executive Director



Executive Summary	1
-------------------	---

SECTION ONE

Methodology	4
Sitka Child Care Landscape Overview	5
Child Care Supply and Demand	6
Workforce Conditions and Challenges	7
Affordability and Cost of Care	9
Key Findings	11

SECTION TWO

Solutions Program Framework Overview	13
Program Model Option 1: Workforce Incentives and Operational Cost Relief	14
Proposed HEARTS Award Structure	15
Estimated Annual Cost – HEARTS Awards	15
Program Model Option 2: Direct Operating Grants	17
Moderate Investment Model (\$250 per child per month)	18
Higher Investment Model (\$400 per child per month)	18
Program Model Option 3: Blended Model	19
Estimated Annual Cost – Blended Model	20
Moderate Investment Model (\$250 per child per month)	20
Program Administration and Implementation Considerations	21
Decision Matrix: Program Model Selection Guidance	23
Start-Up and Expansion Support	23

SECTION THREE

Seasonal Demand and Summer Child Care Capacity	24
Policy and Advocacy Opportunities	25
Stakeholder Engagement Summary	27
Economic and Demographic Implications	29
Addendums	30

Executive Summary

This report provides an analysis of Sitka's child care system and presents practical funding options to improve its stability, sustainability, and ability to meet community needs. The goal is to support informed local decision-making by establishing a shared, data-informed understanding of current conditions and identifying strategies that strengthen business viability, support the workforce, and expand access to care.

Sitka's child care system is constrained by three interconnected challenges: limited supply, workforce instability, and affordability pressures. Licensed programs currently serve approximately 204 children, compared to an estimated demand of roughly 485 children ages 0–9 who may require regular care outside of the home. This gap reflects both limited capacity and the effects of staffing constraints on the availability of care. Compensation levels remain below competing sectors and the estimated living wage in Sitka, making it difficult for child care businesses to recruit and retain qualified staff.

This dynamic reflects a broader market failure in the child care sector, in which the true cost of care is not aligned with what families can reasonably afford. Tuition revenue does not fully cover the cost of providing care. Providers require additional revenue to increase wages and sustain operations, yet families are already paying as much as they can reasonably afford. This creates a structural gap in which the true cost of care exceeds both what families can pay and what providers can sustain through tuition alone, limiting both stability and growth across the system.

In this context, there are no market-based solutions to resolve the supply-demand gap. Addressing this imbalance requires public investment to stabilize the system, support the workforce, and reduce financial barriers for families. Effective approaches must align multiple components of the system, including compensation, operating revenue, and affordability.

In response, this report presents three investment framework options that reflect different levels and approaches to public investment. Option 1 focuses on workforce incentives and operational cost relief to stabilize existing providers and support full use of current capacity. Option 2 introduces per-child operating grants to strengthen provider

revenue and support both stability and growth. Option 3 combines these approaches into a blended model that aligns workforce compensation, provider sustainability, and system expansion, with the option to include targeted affordability support for families.

Each option offers a viable pathway forward, with different implications for cost, implementation, and impact. Taken together, they demonstrate that meaningful improvement requires coordinated investment across the workforce, providers, and families. Expanding capacity will also require targeted start-up and expansion support, as providers must absorb high pre-operational costs before generating revenue.

Additional opportunities exist to leverage federal and state tax incentives to support private-sector investment, coordinate with partners such as the Chamber of Commerce, and address seasonal demand fluctuations through flexible summer programming. The City may also consider engaging in targeted state-level advocacy to address licensing barriers, improve access to child care assistance, and support policies that strengthen recruitment and retention of early educators.

This framework provides a clear foundation for the City to consider how best to invest in a more stable, accessible, and sustainable child care system in Sitka.



Methodology

This analysis was conducted using a combined approach that integrates quantitative data review with stakeholder-informed insights. The goal was to develop a clear, grounded understanding of Sitka's child care system and to identify practical considerations for strengthening capacity and stability.

The data review process included analysis of population estimates, workforce data, and licensed child care capacity. Population data for children ages 0–9 and overall workforce estimates were used to estimate the potential demand for child care. Licensed capacity data was gathered directly from local providers to reflect current conditions as accurately as possible, including the number of available slots by age group. Where direct local data was not available, standard planning assumptions were applied based on national labor force participation data from the U.S. Census Bureau and the U.S. Bureau of Labor Statistics, as well as established child care demand modeling practices used in Alaska, including those developed by McKinley Research Group.

In addition to quantitative data, stakeholder input played a central role in informing this analysis. Engagement activities included conversations and listening sessions with families, child care providers, business and community leaders, and other local stakeholders. These discussions were designed to capture lived experience within the system, including challenges related to access, enrollment, staffing, scheduling, and program operations. Stakeholder perspectives helped validate the data findings, provide context for observed gaps, and identify system-level barriers that are not visible in the data alone.

The analysis process involved synthesizing data and stakeholder input to identify patterns across the system. This included examining the relationship between estimated demand and licensed capacity, understanding how supply varies by age group, and identifying structural constraints that limit expansion or full utilization of available capacity. Findings were then used to inform the development of a program framework that reflects both the scale of need and the operational realities of providers in Sitka.

This methodology is intended to provide a realistic and actionable understanding of the

child care landscape rather than a precise point-in-time measurement. Several limitations should be noted. Estimates of demand are based on planning assumptions rather than direct measurement of household need, and actual demand may vary. Licensed capacity does not always reflect real-time availability, as staffing constraints and regulations limit the number of children providers can serve. Additionally, informal and unlicensed care arrangements are not captured in this analysis, though they may play a role in how families meet their needs.

Despite these limitations, the combined use of data and stakeholder input provides a reliable foundation for understanding current conditions and identifying opportunities to strengthen Sitka’s child care system.

Sitka Child Care Landscape Overview

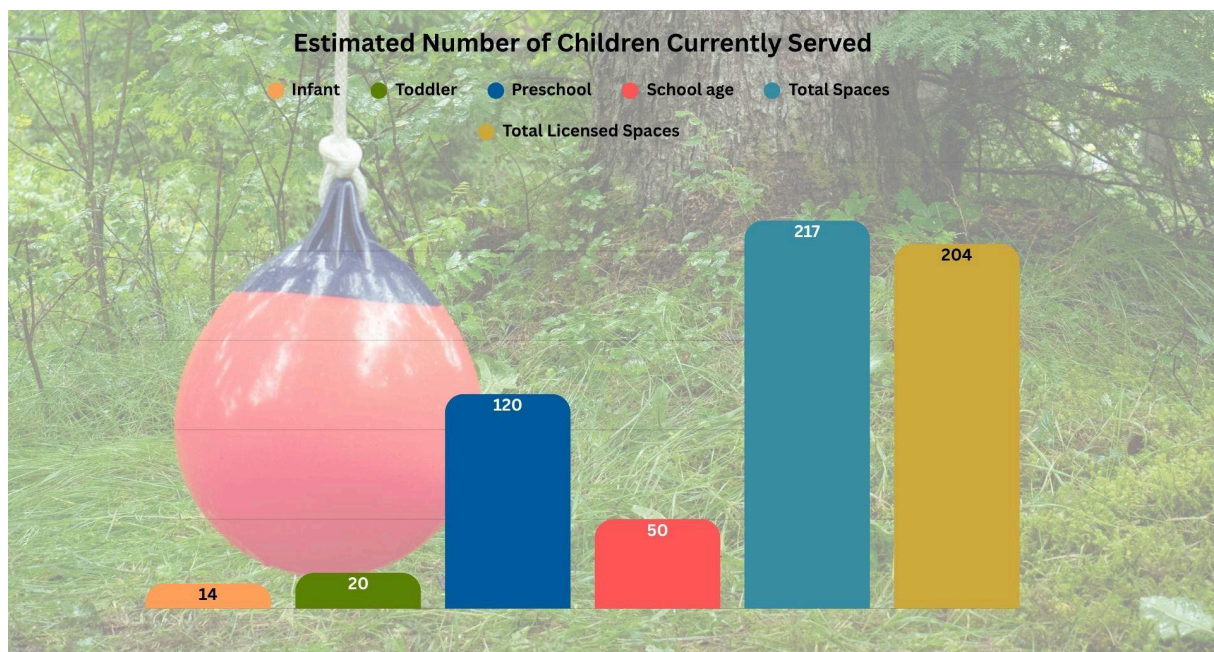
Sitka’s child care system includes a mix of licensed providers and publicly supported early childhood programs that together form the foundation of care available to families. The licensed sector consists of five child care centers, one licensed family child care home, and one licensed group home. Additional programs, including Head Start, a therapeutic preschool, and Tribal or relative care, operate outside of state licensing designations.



Services are not evenly distributed across age groups. Only one center provides infant care, two serve preschool-aged children exclusively, and one serves a combination of preschool and school-age children. This uneven distribution contributes to variation in access across age groups, particularly for younger children.

Child Care Supply and Demand

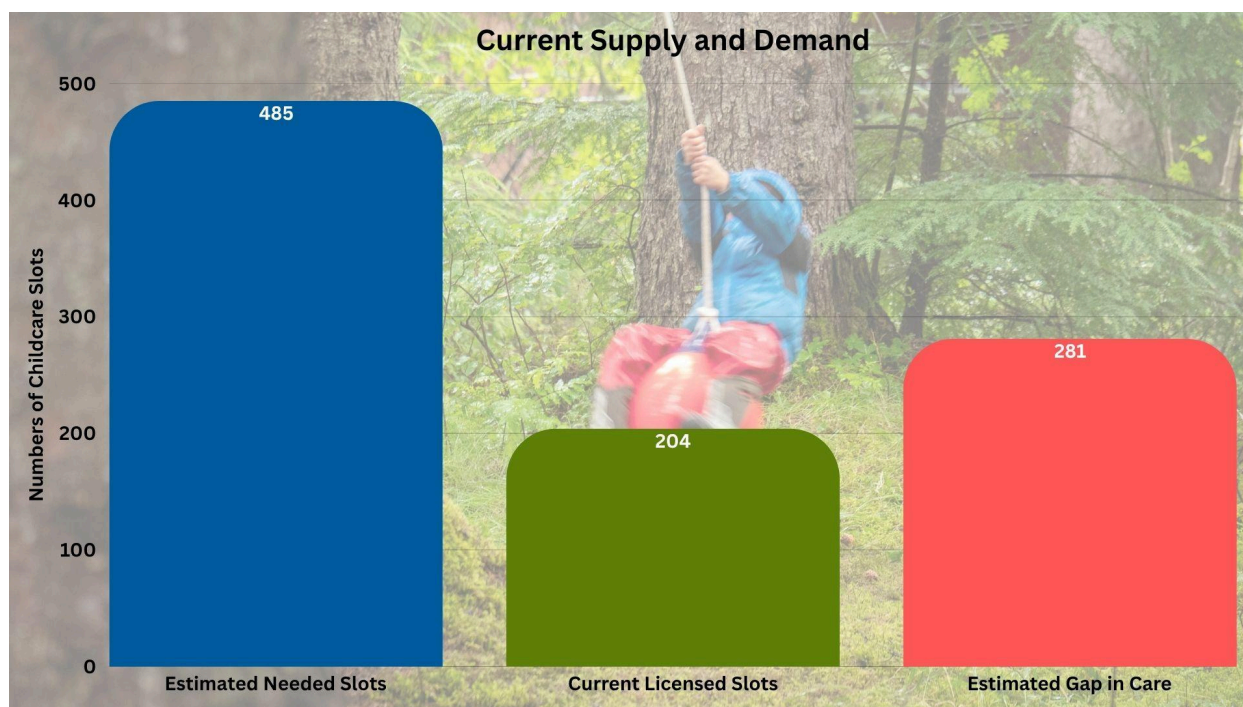
Sitka’s licensed child care system has a capacity for approximately 281 children. Current enrollment reflects approximately 204 children being served, including 14 infants, 20 toddlers, 104 preschool-aged children, and 50 school-age children. Additional programs, including Head Start, a therapeutic preschool, and Tribal or relative care, serve approximately 29 children outside of the state licensing system.



Sitka’s child care system faces a clear mismatch between the number of children likely to need care and the number of available slots. As of July 2025, Sitka has approximately 776 children ages 0–9 (389 ages 0–4 and 387 ages 5–9). Based on national and state workforce participation patterns, an estimated 60–65% of these children are likely to require regular non-parental care, resulting in a demand of approximately 466-504 children, with a midpoint of about 485.

When compared to current enrollment, this represents a gap of approximately 281 slots. This gap is most pronounced for infants and toddlers, where only 34 licensed spaces are available for children ages 0–3. Preschool capacity is higher but remains insufficient to meet demand, particularly for full-day care. School-age care is limited, with potential gaps between available program schedules and family needs.

Actual availability may be lower than these figures suggest. Many providers operate below licensed capacity, reducing the effective supply of care. As described in the workforce section, staffing constraints are a key factor limiting the availability of care. As a result, families experience limited options, waitlists, and gaps in care. The data reflect a sustained imbalance between supply and demand, indicating that Sitka’s child care system does not currently have the capacity to meet community needs.



Workforce Conditions and Challenges

Sitka’s child care system is significantly shaped by workforce conditions that limit both current operations and future growth. Child care is a labor-intensive sector, with staffing typically accounting for 60–80% of operating costs. State-mandated staffing requirements further constrain enrollment. When staffing levels are insufficient,

providers must reduce enrollment to ensure compliance.

Recruitment and retention challenges are driven largely by compensation. Child care programs often cannot compete with wages offered in other sectors, such as retail or hospitality, where employees may earn similar or higher pay with fewer responsibilities or more flexible schedules. Benefits such as health insurance, retirement, and paid leave are limited or not offered in most programs, further reducing the competitiveness of child care employment. As a result, providers frequently struggle to fill open positions and maintain consistent staffing levels.

These conditions are compounded by a wage gap relative to the cost of living in Sitka. According to MIT's Living Wage Calculator, a single adult in Sitka requires approximately \$25 per hour to meet basic needs. In comparison, child care wages average approximately \$18 per hour for assistant teachers, \$22 per hour for lead teachers, and \$30 per hour for program administrators. This gap is most pronounced at entry-level positions, where wages fall well below a basic living standard, making it difficult to attract new workers into the field.

Together, these factors create a reinforcing cycle: limited revenue constrains wages, low wages limit staffing, and staffing shortages reduce the number of children programs can serve. Workforce conditions, therefore, function as a primary constraint on both system stability and the ability to expand capacity over time. Wage data from the Alaska Department of Labor further show that these compensation levels are comparable to or below those of many entry-level occupations, limiting the sector's ability to compete for workers.

Affordability and Cost of Care

Child care costs in Sitka reflect the underlying cost of delivering a labor-intensive service within a constrained system. Tuition levels are driven primarily by staffing requirements, particularly for younger children, where required lower child-to-staff ratios increase per-child costs. At the same time, providers must set rates within what families can reasonably pay, creating ongoing pressure on both affordability and program sustainability.

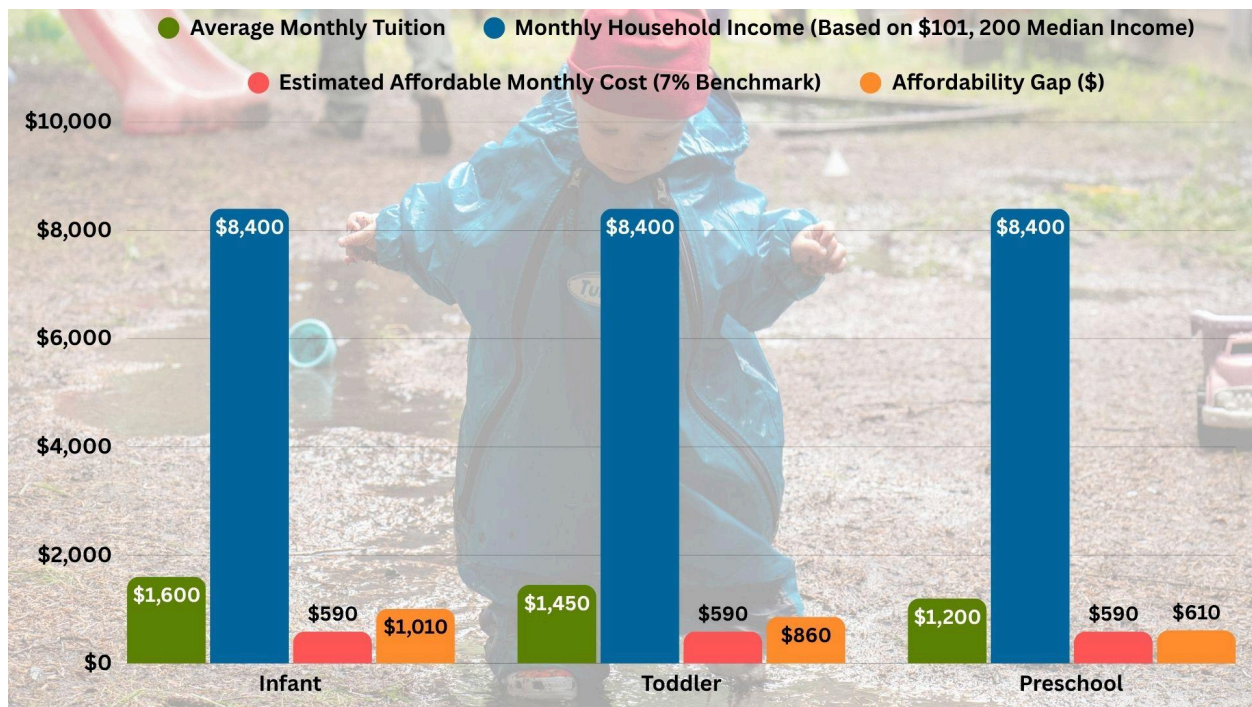
Federal benchmarks define child care as affordable when it does not exceed 7% of household income. In Sitka, many families pay significantly more than this threshold, particularly for infant and toddler care. As a result, families may adjust work schedules, rely on informal care, or forgo employment opportunities altogether.

The figure below illustrates these conditions using estimates from the Alaska True Cost of Child Care Tool, calibrated to a living wage standard. As shown, the cost of providing care, especially for infants and toddlers, exceeds both typical tuition levels and available state subsidy rates. The graphic highlights the gap between the cost of operating a program and the revenue currently available to sustain it.

Alaska True Cost of Child Care Tool		
Center-Based Care		
Click here to update results.		
COST PER CHILD		
	Monthly	Annual
Infants (0-12 months)	\$2,037	\$24,445
Toddlers (13-18 months)	\$3,697	\$44,359
Toddlers (19-35 months)	\$1,786	\$21,430
Preschoolers (36-59 months)	\$1,430	\$17,165
SUBSIDY AND COST COMPARISON		
	Monthly Subsidy	Gap Between Subsidy and Cost
Infants (0-12 months)	\$1,320	-\$717
Toddlers (13-18 months)	\$1,182	-\$2,515
Toddlers (19-35 months)	\$1,182	-\$604
Preschoolers (36-59 months)	\$945	-\$485
CENTER CHARACTERISTICS		
STAFFING		
Total Staff	20.95	FTE
Teaching Staff	16	FTE
Infants (0-12 months)	17	Children
Toddlers (13-18 months)	9	Children
Toddlers (19-35 months)	20	Children
Preschoolers (36-59 months)	34	Children
Children in Care	80	Children
FACILITY		
Size	6,760	Square Feet
CENTER ANNUAL PROFIT/LOSS STATEMENT		
REVENUE		
Infants (0-12 months)		\$269,280
Toddlers (13-18 months)		\$120,564
Toddlers (19-35 months)		\$289,354
Preschoolers (36-59 months)		\$385,560
		\$1,064,758
OPERATING EXPENSES		
Personnel costs		
Wages & Salaries		\$1,192,346
Benefits		\$96,335
<i>Subtotal personnel</i>		\$1,288,681
Occupancy		
Facility rent or debt service		\$163,051
Other occupancy (utilities, maintenance)		\$97,888
<i>Subtotal occupancy</i>		\$260,939
Insurance		\$57,711
Food		\$188,904
Other materials, supplies, and services		\$53,233
Learn & Grow participation costs		\$0
Total Operating Expenses		\$1,849,468
NET INCOME (LOSS)		(\$784,710)
Adjustment for bad debt expense		\$31,943
ANNUAL PROFIT/(LOSS)		(\$816,653)

In practice, this means providers must operate within tight financial margins while families continue to face high out-of-pocket costs. These conditions limit providers' ability to improve compensation, retain staff, or expand capacity, while also constraining access for families.

Public investment plays a critical role in addressing this gap. Federal and state programs, including the Child Care Assistance Program, help offset costs for eligible families but do not reach all households or fully cover the cost of care. As a result, local investment is increasingly recognized as a necessary component of a functioning child care system.



Locally funded subsidy or grant programs can help bridge this gap by reducing costs for families while maintaining stable revenue for providers. When designed effectively, these approaches support affordability without requiring providers to lower tuition or operate at a loss. Instead, public investment helps align available resources with the cost of care, supporting both family access and providers' financial stability.

Key Findings

The analysis of Sitka's child care system highlights interconnected conditions that limit access to care and constrain the system's ability to respond to community needs. Capacity, workforce, and affordability function together as parts of a single system, shaping both the availability of care and the stability of providers.

A persistent gap exists between the need for care and the available supply. Licensed capacity falls short of demand, and providers are often unable to fully utilize existing slots or expand services due to staffing limitations.

Workforce conditions are a primary driver of system performance, with staffing constraints limiting both current availability and the growth potential. Without improvements in compensation and working conditions, providers will remain Constrained.

Affordability limits both family access and providers' financial sustainability. Stakeholder input reinforces these findings. Families report difficulty finding consistent care, while providers describe constraints that limit enrollment and expansion. Across perspectives, there is clear alignment on the demand, but the system lacks the conditions to meet it.

Taken together, these findings reflect a system shaped by reinforcing pressures. Addressing any single factor in isolation is unlikely to produce sustained improvement. Meaningful progress will require coordinated approaches that address capacity, workforce, and affordability together.



SECTION
TWO
SOLUTIONS

Solutions Program Framework Overview

Building on this analysis, the following program framework outlines practical approaches to strengthen Sitka's child care system. Rather than addressing challenges in isolation, these approaches are designed to improve overall system function and long-term sustainability.

The framework supports three primary outcomes: improved stability of existing child care programs, stronger workforce recruitment and retention, and expanded access to care over time. It presents multiple options that reflect different levels and structures of investment, recognizing that there are several viable pathways forward, each with distinct implications for cost, implementation, and impact.

These options are guided by core principles grounded in the realities of operating child care programs in Sitka. Approaches are designed to support long-term sustainability by addressing ongoing operational needs, prioritizing workforce stability, and minimizing administrative burden for both providers and the City. Flexibility is built into the system to reflect variation in provider size, structure, and community context, while maintaining a focus on strengthening the system as a whole.

The sections that follow describe how each model functions, who it supports, and its expected impacts on providers, the workforce, and families. Together, they offer a range of scalable approaches to inform City investment in a more stable and sustainable child care system.

Program Model Option 1: Workforce Incentives and Operational Cost Relief

This option stabilizes Sitka's existing child care system by addressing two primary constraints: low compensation for the workforce and high operating costs. It focuses on strengthening the conditions that allow providers to utilize existing capacity and position themselves for future expansion fully.

Low compensation is a key factor limiting the number of children that programs can serve. Wages in the child care sector fall below both competing industries and the estimated living wage of \$25 per hour for a single person with no children in Sitka. This gap makes it difficult to recruit and retain qualified staff, directly constraining enrollment Capacity.

To address this, the model for Option 1 combines a workforce incentive with facility operational cost offsets.

HEARTS (Hiring, Educating, and Retaining Teaching Staff) awards, a workforce incentive strategy currently in use in Juneau, provides tiered, quarterly payments to educators based on education and experience, functioning as a wage enhancement. In Juneau, this model, developed by SCC, has proven to be highly popular and effective in improving retention and supporting workforce stability. Structuring awards across tiers also creates a clear pathway for professional growth while recognizing existing experience within the workforce.

Participation in the HEARTS program would be tied to defined eligibility requirements. As a result, not all existing providers may qualify in the initial year of implementation. Over time, the program's structure is designed to create clear incentives for providers to meet eligibility requirements, thereby supporting broader participation as the system Stabilizes.

The HEARTS model provides quarterly payments to employees working in licensed child care programs. Award levels are structured in tiers based on education and experience, with experience allowed to substitute for formal credentials to reflect the realities of the current workforce.

Proposed HEARTS Award Structure

Tier	Qualification (Education/Experience)	Equivalent Hourly Increase	Quarterly Award	Annual Award
Tier 1	CDA, 6 ECE credits, or 3 years of experience	~\$2.67/hour	\$1,386	\$5,544
Tier 2	AA degree, Montessori credential, or 6 years of experience	~\$4.00/hour	\$2,080	\$8,320
Tier 3	Bachelor's degree or 9 years of experience	~\$6.00/hour	\$3,120	\$12,480

Note: Hourly equivalents are based on a full-time schedule (40 hours/week, 52 weeks/year).

Estimated Annual Cost – HEARTS Awards

Tier	Annual Award per Employee	Year One: Current Workforce (32 Staff)	Year Two: Expanded Workforce (47 Staff)
Tier 1	\$5,544	11 staff → \$60,984	16 staff → \$88,704
Tier 2	\$8,320	11 staff → \$91,520	16 staff → \$133,120
Tier 3	\$12,480	10 staff → \$124,800	15 staff → \$187,200
Total	—	\$277,304	\$409,024

For planning purposes, estimates assume:

- Current workforce: 32 staff with an even distribution across tiers
- Expanded workforce: 47 staff (including 15 additional positions to support capacity growth)
- Full participation at modeled staffing levels; actual year-one costs may be lower depending on provider eligibility and program uptake

In addition to workforce incentives, this model would include relief from city-controlled operating costs such as utilities and property taxes. These expenses represent a consistent and significant portion of provider budgets. Reducing or eliminating these costs improves provider financial stability, reduces pressure to increase tuition, and allows more revenue to be directed toward employee compensation.

A precise cost estimate for utility and property tax relief is not included in this analysis, as it would require coordination with the City to assess current usage patterns, rate structures, and tax contributions across individual providers. These costs can vary significantly by facility and ownership structure, making a generalized estimate less reliable. However, when aggregated across all licensed programs, these expenses represent a meaningful area of potential public investment and should be considered alongside direct funding strategies.

Option 1 is a targeted stabilization strategy. It addresses the workforce and cost pressures that currently limit providers' ability to operate at full capacity.



Program Model Option 2: Direct Operating Grants

This option strengthens Sitka's child care system by addressing a core structural challenge: the gap between the true cost of providing care and the revenue providers receive from families. It focuses on stabilizing and growing the system by providing predictable operating support tied directly to enrollment.

Tuition alone does not cover the full cost of delivering care, particularly when programs aim to offer wages that are competitive with other sectors or aligned with a living wage. At the same time, increasing tuition to reflect actual costs places additional strain on families. This creates a structural imbalance in which providers are unable to generate sufficient revenue to support wages, maintain staffing levels, or expand capacity. Under this model, licensed providers receive a fixed monthly payment for each enrolled child. These per-child operating grants supplement tuition revenue and provide a stable, predictable funding stream that supports ongoing operations. Because funding is tied to enrollment, it scales naturally as providers increase capacity.

This approach allows providers to make operational decisions based on their individual needs, including increasing compensation, hiring additional staff, or expanding services. It strengthens the overall child care business model rather than targeting a single cost driver.

Affordability is addressed through a tuition stabilization compact. Participating providers maintain current tuition rates for a defined period and limit future increases, demonstrating how public investment reduces the need for cost increases. This approach helps prevent further escalation in family costs while preserving provider sustainability.

Together, these strategies improve financial stability, support workforce growth, and create a clear pathway for expanding access to care.

Operating Grant -Moderate Investment Model (\$250 per child per month)

Scenario	Children Served	Monthly Cost	Annual Cost
Stabilization (Current Enrollment)	204	\$51,000	\$612,000
Growth (Expanded Capacity)	300	\$75,000	\$900,000

Operating Grant -Higher Investment Model (\$400 per child per month)

Scenario	Children Served	Monthly Cost	Annual Cost
Stabilization (Current Enrollment)	204	\$81,600	\$979,200
Growth (Expanded Capacity)	300	\$120,000	\$1,440,000



Program Model Option 3: Blended Model (Workforce Incentives + Operating Grants)

This option combines three coordinated strategies, workforce incentives, per-child operating grants, and a family affordability component, to address the full set of structural challenges in Sitka's child care system. Together, these elements align workforce compensation, provider revenue, and family affordability within a single, comprehensive model.

Under this approach, licensed child care programs receive monthly per-child operating grants, and individuals working in those programs receive quarterly HEARTS awards. Operating grants provide a stable revenue stream tied to enrollment, while HEARTS awards function as direct wage enhancements based on education and experience.

Per-child operating grants are modeled at \$250 and \$400 per month; total City investment scales directly with enrollment as capacity expands.

Affordability is addressed through tuition stabilization and a family scholarship fund. Participating providers maintain stable tuition rates, while the City may offer need-based scholarships, paid directly to providers, to reduce out-of-pocket costs for families.

By aligning workforce compensation, provider revenue, and family affordability, this model supports both short-term stabilization and long-term system growth. Providers are better positioned to fully utilize existing capacity, expand services, and offer more consistent and accessible care to families.

Estimated Annual Cost – Blended Model

The tables below combine workforce incentives, operating grants, and family scholarship investments to illustrate total investment levels under two scenarios.

Moderate Investment Model (\$250 per child per month)

Component	Stabilization (204 children / 32 staff)	Growth (300 children / 47 staff)
HEARTS Workforce Awards	\$277,304	\$409,024
Operating Grants	\$612,000	\$900,000
Base Total	\$889,304	\$1,309,024
Family Scholarship Fund	\$125,000	\$200,000
Total	\$1,014,304	\$1,509,024

Higher Investment Model (\$400 per child per month)

Component	Stabilization (204 children / 32 staff)	Growth (300 children / 47 staff)
HEARTS Workforce Awards	\$277,304	\$409,024
Operating Grants	\$979,200	\$1,440,000
Base Total	\$1,256,504	\$1,849,024
Family Scholarship Fund	\$125,000	\$200,000
Total	\$1,381,504	\$2,049,024

Affordability estimates are based on providing partial tuition support of \$500 per month per child, or \$6,000 annually. This level of support helps close the gap between what families can reasonably afford and current tuition levels without replacing parent contributions or reducing provider revenue. The City could establish eligibility guidelines based on local income levels and cost of living conditions to ensure that support is directed to families with the greatest need.

The budget line for the family scholarship fund reflects a fixed annual investment that can be distributed across eligible families. Based on this level of support, a \$125,000 investment would support approximately 20 families, while a \$200,000 investment would support approximately 33 families. These estimates illustrate how a defined funding amount translates into direct support for families while maintaining predictable program costs.

Program Administration and Implementation Considerations

To support effective implementation, all program options outlined in this framework can be administered using a consistent, streamlined structure that minimizes administrative burden while ensuring accountability and transparency.

Administration of funds could be managed directly by the City or through a contracted entity with experience in early childhood systems and provider support, such as SCC. A third-party administrator, such as a regional organization, can support efficient program delivery by managing provider enrollment, verifying eligibility, processing payments, and tracking participation. This approach allows the City to maintain oversight while reducing the need for internal administrative capacity.

Funding would be distributed on a regular and predictable schedule aligned with program operations. Per-child operating grants would be issued monthly based on verified enrollment, providing consistent cash flow to support ongoing expenses. Workforce incentives, such as HEARTS awards, would be distributed quarterly to align with existing models and reduce administrative complexity. Predictable payment timing is essential to supporting provider stability and workforce retention.

Eligibility requirements would be designed to ensure that funds support licensed programs that meet defined quality and compliance standards. At a minimum, participating providers would be required to hold an active child care license, remain in good standing with state regulations, and participate in basic reporting processes. Additional eligibility criteria may include participation in workforce development initiatives or agreement to maintain stable tuition rates, depending on the program Model.

Accountability measures would focus on verifying participation and tracking system-level outcomes rather than creating excessive administrative burden. Providers would report basic information such as enrollment, staffing levels, and program participation. This information would support ongoing monitoring of program effectiveness, including changes in capacity, workforce stability, and access to care.

This implementation structure is intended to balance simplicity and accountability, ensuring public investment is deployed efficiently while supporting measurable improvements in Sitka's child care system.



Decision Matrix: Program Model Selection Guidance

City Priority / Goal	Best-Fit Option	When This Option Makes Sense	Expected Impact on Capacity (Slots)
Stabilize the existing system.	Option 1: Workforce Incentives + Cost Relief	When the primary goal is to help current providers operate at or closer to licensed capacity, reduce staffing shortages, and stabilize the system in the near term	Minimal growth (0–20 slots) primarily from improved staffing and fuller use of existing capacity
Strengthen provider sustainability and enable growth.	Option 2: Direct Operating Grants	When the City is prepared to make a sustained investment that improves provider revenue, supports expansion of existing programs, and creates conditions that make entry viable for new providers.	Moderate growth (40–100 slots) driven by expansion of existing programs and the addition of new providers supported by predictable operating revenue
Comprehensively strengthen and expand the system.	Option 3: Blended Model	When the goal is to make a coordinated investment that addresses workforce, provider sustainability, and affordability together, and supports both expansion and new program development.	Higher growth (60–120+ slots) through a combination of full utilization, expansion of existing providers, and the addition of new programs
Phase investment over time	Phased Approach (Option 1 → Option 2 → Option 3)	When the City prefers to sequence investment, beginning with stabilization and scaling toward broader system transformation over time	Incremental growth over time (0 → 100+ slots) , starting with stabilization, followed by expansion and new program development



Start-Up and Expansion Support

Along with sustained operational support, expanding Sitka's child care capacity will require addressing the upfront costs of opening or expanding programs. Unlike most small businesses, child care providers must complete licensing, prepare facilities, and hire staff before enrolling children and generating revenue. This process can take several months, resulting in sustained expenses without income.

Targeted start-up and expansion support can help bridge this gap by covering pre-operational costs and reducing financial risk for new and expanding providers. This type of investment makes it more feasible to bring additional capacity online. While Options 1 through 3 focus on stabilizing existing programs, start-up and expansion support plays a complementary role by enabling growth.

The City should consider establishing a dedicated funding mechanism to address these costs, such as grants, low-interest loans, or a combination of both, modeled after programs like the Juneau Economic Development Council's child care loan program. Administered locally, this type of fund could address the timing gap between start-up costs and revenue, support responsible expansion, and allow funds to be recycled over time.

Seasonal Demand and Summer Child Care Capacity

Sitka's child care needs are influenced by seasonal workforce patterns, with demand increasing during the summer months. The influx of seasonal workers, combined with school closures, creates a period of heightened need for both full-day care and school-age programming. At the same time, the availability of care may decrease if programs adjust schedules, reduce staffing, or are unable to expand capacity to meet this temporary surge.

This seasonal mismatch can create challenges for families and employers alike. Working families may face limited options during the summer, while employers—particularly in tourism, fishing, and other seasonal industries—may experience workforce constraints due to gaps in available care.

Addressing seasonal demand may require flexible, short-term strategies that expand capacity during peak periods. Opportunities include partnerships with existing programs that operate during the school year but are inactive in the summer, as well as collaborations with public entities to utilize available space. For example, school district facilities may offer a viable option for hosting summer child care programs, particularly for school-age children, where classroom space is otherwise unused.

The City can play a coordinating role in facilitating these partnerships, helping to align available space, staffing, and program operators to support seasonal expansion, or it could partner with SCC to do this work. Temporary or seasonal licensing pathways, where appropriate, may also help reduce barriers to short-term program operation while maintaining health and safety standards.

By planning for seasonal fluctuations in demand, Sitka can better align child care availability with workforce needs, supporting both families and local economic activity during peak periods.

Policy and Advocacy Opportunities

While many of the strategies outlined in this report can be implemented locally, several structural barriers affecting Sitka's child care system are influenced by a combination of state policies, local decisions, and employer practices. As a result, there are opportunities for the City to engage in both targeted advocacy and local action to support long-term system improvement.

At the state level, one area of opportunity relates to the administration of child care licensing regulations. Licensing requirements play an essential role in ensuring the health and safety of children; however, providers across Alaska have identified challenges related to process complexity, consistency of regulation interpretation, and administrative burden. These challenges can create barriers to opening new programs, expanding existing ones, or maintaining compliance over time. Advocacy focused on improving clarity, consistency, and efficiency within the licensing system could reduce these barriers while maintaining safety standards.

A second state-level opportunity involves the structure of the Child Care Assistance Program. Stakeholders have identified gaps in how eligibility is determined for self-employed families, particularly in communities like Sitka, where seasonal and

independent work, such as commercial fishing, is common. Current policies may not fully reflect the nature of this work, limiting access to assistance for families who would otherwise qualify. Advocacy to modernize eligibility criteria could improve access to care for working families.

A related policy opportunity is the potential adoption of categorical eligibility for child care workers. Under this approach, individuals employed in licensed child care programs would automatically qualify for child care assistance benefits for their own children, regardless of income. This strategy, currently under consideration by the state, has been used elsewhere to support recruitment and retention by reducing financial barriers for early educators. Input from municipalities may help advance progress toward implementation.

In addition to state-level advocacy, there are opportunities for local action. The City may coordinate with the school district to explore extending kindergarten to a full-day model, which can reduce gaps in care for families and improve continuity for children transitioning into the K–12 system.

The City may also partner with the Chamber of Commerce and other economic development organizations to support family-friendly employer practices. Employers play an important role in how families navigate child care constraints. Strategies may include promoting flexible scheduling, predictable work hours, leave policies that accommodate caregiving needs, and, where feasible, employer-supported child care benefits.

The City may also examine opportunities within Alaska's Rural Health Transformation Program (RHTP), a multi-year federal investment aimed at improving health outcomes and system sustainability across the state. RHTP recognizes the connection between workforce stability and access to essential services, including child care. Aligning child care strategies with RHTP priorities may create opportunities to access additional funding to support workforce development, expand capacity, and strengthen cross-sector coordination.

Together, these opportunities reflect a range of actions across policy, funding, and employer practices and address much of what was heard in the listening sessions.

While local investment is essential, alignment across these areas can further strengthen the effectiveness and sustainability of Sitka's child care system.

Stakeholder Engagement Summary

To complement the quantitative analysis, Southeast Childhood Collective convened a series of community listening sessions on February 28 in Sitka. Approximately 40 participants attended across three sessions held throughout the day. Participants included parents, child care providers, and community members. Each session began with a brief overview of local child care conditions, followed by facilitated discussion and opportunities for participants to share input across key topic areas.

Participant feedback reinforced the findings of this analysis and provided additional context on how child care challenges are experienced in the community.

Across sessions, participants consistently described the impact of limited child care availability on families and the broader community. Many noted that parents are often forced to make difficult decisions between employment and caregiving, with implications for household income, career advancement, and workforce participation. Participants also emphasized the role of child care in community stability, noting that limited access contributes to young families leaving Sitka and creates challenges for employers seeking to recruit and retain workers.

Workforce challenges were a dominant theme. Participants identified low wages, limited benefits, and a lack of professional support as key barriers to attracting and retaining early childhood educators. The absence of consistent compensation standards, limited access to training, and the high cost of living in Sitka were frequently cited as reasons. Participants also emphasized the need to elevate the profession by improving compensation, expanding benefits, and strengthening education and training pathways.

Participants also highlighted structural challenges affecting the sustainability of child care programs. High operating costs, licensing complexity, limited access to business support, and challenges maintaining continuity of care across age groups were identified as key barriers. These factors make it difficult to open, sustain, or expand programs, even when demand is clear.

When asked to identify potential solutions, participants consistently emphasized the importance of increased public investment across multiple areas of the system. Improving compensation for child care workers emerged as the most frequently identified priority, reflecting the central role of workforce stability in maintaining and expanding capacity. Participants also highlighted the need for ongoing operating support to offset high costs and strengthen provider sustainability, as well as strategies to improve affordability for families. Expanding infant and school-age care was also identified as a priority. A majority of participants in two of the three sessions indicated support for increased public funding for child care, including willingness to consider higher taxes as part of a broader solution.

Overall, stakeholder input aligns strongly with the data presented in this report. Participants consistently identified workforce conditions, financial sustainability, and affordability as interconnected challenges and expressed support for coordinated, system-level approaches to strengthening Sitka's child care system.

Economic and Demographic Implications

A detailed economic analysis of the child care supply deficit is not included in this report, as the "State of Sitka's Economy 2025" report, conducted by Rain Coast Data and provided as an addendum, offers a comprehensive overview of Sitka's current economic conditions. Key findings from that analysis reinforce the trends identified in this report. Rain Coast Data (2025) identifies a sustained population decline of approximately 10% over the past decade, with the community now at its lowest population level in several decades and a corresponding reduction in the available workforce.

Business survey data indicate that workforce availability is a central challenge, with factors such as housing and access to child care cited as barriers to recruitment and retention, as well as constraints on maintaining and expanding staffing. While the overall economic outlook remains positive, most Southeast Alaska businesses, including those in Sitka, report near-term economic pressure and limited ability to grow their workforce. The report also notes a decline in family households, indicating that fewer working-age families with children can live and remain in the community.

Together, these trends point to a growing mismatch between workforce demand and the conditions necessary to support working families. In this context, limited access to child care not only creates a service gap but also contributes to workforce constraints, population decline, and reduced economic capacity over time.

Addendums Sent as Attachments:

Sitka Child Care System: Executive Brief

SEDA The State of Sitka's Economy 2025

Child Care in Alaska: The True Cost of Care

Sitka Early Childhood Coalition Survey Results