



**BUSINESS
ADVOCATE**

As the state's premier women's economic needs advocate, the Women's Foundation of Alabama has set its sights on removing a critical workforce barrier for working women.

VOLUME 14 **ISSUE 10**

*A publication of the
Business Council
of Alabama*

THE BUSINESS CASE FOR CHILD CARE

BCA IS THE VOICE FOR ALABAMA BUSINESS. LEARN MORE AT BCATODAY.ORG



Women's Foundation of Alabama is Alabama's thought leader, funder, and policy advocate for women's economic needs. For more than two decades, the foundation has initiated and scaled proven approaches to clearing the path for women to enter and remain in the workforce. By employing tactics that fall broadly into three streams of impact: research, grantmaking, and public policy advocacy, the organization consistently gets results.

After years of building a track record as a philanthropic engine in the greater Birmingham region, Women's Foundation of Alabama expanded its footprint statewide in 2021 to maximize its reach and address issues that impact women in every corner of the state. Since then, the foundation has produced groundbreaking, solutions-oriented research, won and defended six pro-women economic policy solutions, and doubled its investments in high-impact organizations and initiatives focused on accelerating economic opportunity for women. Up next on the powerhouse organization's policy agenda is

increasing the state's investment in the industry that keeps Alabama working: child care.

ADDRESSING THE CHILD CARE CRISIS

Child care is an essential resource for Alabama's workforce, yet the supply of affordable and accessible

families needed access to child care but had no quality options in the communities where they live. This represents 40% of children under age 6 who may need childcare but whose families cannot reasonably access it. In over half of Alabama's counties, there are three times as many children as there are licensed child care spaces. This demand will continue to increase as Alabama's success in industry recruitment and job creation outpaces the increase in available child care slots.

"ALABAMA CANNOT AND WILL NOT MAXIMIZE ITS ECONOMIC GROWTH WITHOUT PROACTIVELY AND INTENTIONALLY ADDRESSING BARRIERS TO WORK THAT ARE UNIQUE TO HALF OF ITS POPULATION."

child care is not keeping up with the growing demand. In 2022, nearly 85,000 hardworking Alabama

"Workforce issues seem to dominate every conversation from Muscle Shoals to Birmingham to Mobile and are critical to economic



growth in our state. Alabama cannot and will not maximize its economic growth without proactively and intentionally addressing barriers to work that are unique to half of its population. Child care is just as important an infrastructure as a road or a bridge. All three are required to get to work. Building and exercising the political will to get child care right is one of Alabama's greatest opportunities," states Melanie R. Bridgeforth, president and CEO, Women's Foundation of Alabama.

According to a report from the U.S. Chamber of Commerce, Alabama ended 2022 with 143,000 job openings – jobs we are still struggling to fill. At the same time, Alabama's labor participation rate sits at 56.9% – one of the lowest in the nation and dead last in the South. To get more Alabamians back into the workforce, we must break down the barriers, like lack of child care, keeping people at home. By closing the child care supply gap, we could increase Alabama's labor force participation rate by an estimated 3%, potentially adding 66,000 hard working Alabamians to the workforce.

BOLSTERING LABOR FORCE PARTICIPATION

Women's Foundation of Alabama's findings and work prove that it is essential for



child care to become an integrated part of economic development. As Alabama's legislature passes winning solutions like "The Game Plan" for job creation and industry recruitment, we must strategically and aggressively create enough child care solutions to sustain this growth and maintain Alabama's economic vitality and competitiveness.

"To meet Alabama's workforce demands and remain competitive in attracting new businesses, we must maximize the potential of Alabama's parents," shares Helena Duncan, Business Council of Alabama President and CEO. "Business stakeholders across the state, including Women's Foundation of Alabama, are actively addressing this crisis to enhance our state's labor participation rate and empower parents to foster their professional growth, ultimately ensuring a highly skilled and plentiful workforce to enhance Alabama's economic future."

Access to high-quality, affordable child care drives labor force participation – especially for women – and fuels regional and statewide economic growth. Employers, in turn, benefit from a deeper pool of potential employees, lower turnover and absenteeism due to child care barriers, and an easier time attracting skilled workers and families to Alabama.

Investing in the child care industry is an investment in Alabama's economy. Child

care businesses – the majority of which are women-owned – account for \$427 million of the state's economic activity. Taking into account multiplier effects and including the spending by childcare businesses and employees, the sector contributes an estimated \$21 billion to the state's economy.

In addition to building awareness in the business community about the importance of child care and the value-add of child care investments, our legislative leaders also have the opportunity to invest in the industry that keeps Alabama working. State-level policy can incentivize the expansion of child care to support Alabama's growing economy and get Alabamians back to work.

PROMOTING PROVEN SOLUTIONS

Last session, Representative Anthony Daniels and Senator Garlan Gudger introduced critical pieces of legislation allowing for Alabama Child Care Tax Credits that would offer tax incentives to employers and child care providers that seek to expand child care access and increase quality in care for working



families. These two tax credits received immense bipartisan support and buy-in from organizations and businesses across the state, including the Business Council of Alabama, Women's Foundation of Alabama, Manufacture Alabama, Toyota, BlueCross BlueShield of Alabama, National Federation of Independent Business, VOICES for Alabama's Children, and more.

The first tax credit is designed to help keep more money in the pockets of hardworking and accommodating businesses, and they are available to employers that provide on-site child care or stipends to employees for child care expenses. Employers are eligible for a refundable tax credit for 100% of the expenses they incur to provide child care for their employees, whether that is on-site child care or through stipends to

employees for child care expenses.

The second tax credit is a direct investment in the industry that keeps Alabama working. This credit is available to child care providers that voluntarily participate in the quality rating program administered by the Alabama Department of Human Resources (ADHR) under the name of Quality Rating and Improvement System (QRIS). The tax credit is based on the average monthly number of eligible children who attend the facility and the quality rating of the child care facility.

Offering tax incentives will undoubtedly lead to increased access to child care, enabling greater workforce participation and strengthening Alabama's economy. As the 2024 legislative session draws near, Women's Foundation of Alabama and other key business stakeholders will once again be promoting this important legislation for our state.

CLEARING THE PATH

Women's Foundation of Alabama is assembling our state's business leaders, industry experts, and elected officials on January 25, 2024, in Birmingham to focus on policy solutions that will ensure Alabama remains competitive in industry recruitment and job creation in today's 21st-century world. The luncheon event, "Clearing the Path: The Business Case for Child Care," will highlight the impact of eliminating one of our state's primary barriers to entering the workforce, addressing our state's labor shortage, and creating economic opportunity for all Alabamians.

Because all Alabamians reap the benefits of a stronger economic future, all Alabamians also have a role to play in helping make it a reality. Parents, employers, business leaders, community advocates, voters, taxpayers, legislators, and policymakers must work together to strengthen our state's economy and families today and for tomorrow. **BA**

The Business Advocate is published by the Business Council of Alabama, a non-partisan, statewide business association representing the interests and concerns of nearly 1 million working Alabamians through its member companies and its partnership with the Chamber of Commerce Association of Alabama. For more information on the Business Council of Alabama please contact us at (800) 665-9647 or visit us online at bcatoday.org.