

ALASKA STATE LEGISLATURE
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES STANDING COMMITTEE

April 1, 2008

3:05 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Bob Roses, Vice Chair
Representative Anna Fairclough
Representative Wes Keller
Representative Paul Seaton
Representative Sharon Cissna
Representative Berta Gardner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 285(FIN)

"An Act relating to the power and duties of the Department of Education and Early Development for improving instructional practices in school districts; and providing for an effective date."

- MOVED HCS CSSB 258(HES) OUT OF COMMITTEE

HOUSE BILL NO. 266

"An Act relating to the approval and administration of child care services by the Department of Administration primarily for the benefit of state officers and employees; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 403

"An Act appropriating \$100,000,000 to the Alaska achievers' scholarship fund; and providing for an effective date."

- MOVED HB 403 OUT OF COMMITTEE

CS FOR SENATE BILL NO. 28(FIN)

"An Act relating to limitations on mandatory overtime for registered nurses and licensed practical nurses in health care facilities; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 285

SHORT TITLE: STATE INTERVENTION IN SCHOOL DISTRICT

SPONSOR(S): SENATOR(S) STEVENS

02/19/08 (S) READ THE FIRST TIME - REFERRALS
02/19/08 (S) SED, FIN
02/27/08 (S) SED AT 8:00 AM BUTROVICH 205
02/27/08 (S) Heard & Held
02/27/08 (S) MINUTE(SED)
02/29/08 (S) SED AT 8:00 AM BUTROVICH 205
02/29/08 (S) Moved CSSB 285(SED) Out of Committee
02/29/08 (S) MINUTE(SED)
02/29/08 (S) SED RPT CS 1DP 2NR 1AM SAME TITLE
02/29/08 (S) DP: STEVENS
02/29/08 (S) NR: DAVIS, OLSON
02/29/08 (S) AM: HUGGINS
03/01/08 (S) SED AT 10:00 AM SENATE FINANCE 532
03/01/08 (S) -- MEETING CANCELED --
03/10/08 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/10/08 (S) Heard & Held
03/10/08 (S) MINUTE(FIN)
03/15/08 (H) HES AT 9:00 AM CAPITOL 106
03/15/08 (H) <Bill Hearing Canceled>
03/19/08 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/19/08 (S) Moved CSSB 285(FIN) Out of Committee
03/19/08 (S) MINUTE(FIN)
03/19/08 (S) FIN RPT CS 2DP 3NR 1AM SAME TITLE
03/19/08 (S) LETTER OF INTENT WITH FIN REPORT
03/19/08 (S) DP: ELTON, THOMAS
03/19/08 (S) NR: STEDMAN, HOFFMAN, OLSON
03/19/08 (S) AM: DYSON
03/24/08 (S) FIN LETTER OF INTENT AMENDED
03/24/08 (S) TRANSMITTED TO (H)
03/24/08 (S) VERSION: CSSB 285(FIN)
03/25/08 (H) READ THE FIRST TIME - REFERRALS
03/25/08 (H) HES, FIN
03/27/08 (H) HES AT 3:00 PM CAPITOL 106
03/27/08 (H) Heard & Held
03/27/08 (H) MINUTE(HES)
04/01/08 (H) HES AT 3:00 PM CAPITOL 106

BILL: HB 266

SHORT TITLE: STATE EMPLOYEE DEPENDENTS CHILD CARE CTRS

SPONSOR(S): REPRESENTATIVE(S) KERTTULA

01/04/08 (H) PREFILE RELEASED 1/4/08
01/15/08 (H) READ THE FIRST TIME - REFERRALS
01/15/08 (H) STA, HES, FIN
03/18/08 (H) STA AT 8:00 AM CAPITOL 106
03/18/08 (H) Scheduled But Not Heard
03/20/08 (H) STA AT 8:00 AM CAPITOL 106
03/20/08 (H) Moved CSHB 266(STA) Out of Committee
03/20/08 (H) MINUTE(STA)
03/25/08 (H) STA RPT CS(STA) 6DP 1NR
03/25/08 (H) DP: DOLL, LYNN, ROSES, JOHANSEN,
JOHNSON, GRUENBERG
03/25/08 (H) NR: COGHILL
04/01/08 (H) HES AT 3:00 PM CAPITOL 106

BILL: HB 403

SHORT TITLE: APPROP: SCHOLARSHIP FUND

SPONSOR(S): REPRESENTATIVE(S) GUTTENBERG

02/19/08 (H) READ THE FIRST TIME - REFERRALS
02/19/08 (H) HES, FIN
03/13/08 (H) HES AT 3:00 PM CAPITOL 106
03/13/08 (H) Scheduled But Not Heard
03/25/08 (H) HES AT 3:00 PM CAPITOL 106
03/25/08 (H) Heard & Held
03/25/08 (H) MINUTE(HES)
04/01/08 (H) HES AT 3:00 PM CAPITOL 106

WITNESS REGISTER

TIM LAMKIN, Staff
to Senator Gary Stevens
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the House committee substitute (HCS) for CSSB 285(FIN) on behalf of Senator Gary Stevens, sponsor.

EDDY JEANS, Director
School Finance and Facilities Section
Department of Education and Early Development (EED)

POSITION STATEMENT: Expressed support for the proposed amendments to CSSB 285(FIN).

REPRESENTATIVE BETH KERTTULA
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Spoke as the sponsor of HB 266.

LIA CARPENETI, Staff
to Representative Beth Kerttula
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Responded to questions regarding HB 266 on behalf of Representative Kerttula, sponsor.

NIKKI MORRIS, Childcare Referral Counselor & Publications Specialist
Association For The Education Of Young Children - Southeast Alaska (AEYC-SE Alaska)
Juneau, Alaska

POSITION STATEMENT: Provided statewide vacancy and capacity statistics for private child care services.

VERN JONES, Chief Procurement Officer
Division of General Services
Department of Administration (DOA)
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to HB 266.

CHRISTIAN GOU-LEONHARDT, Staff
to Representative David Guttenberg
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 403 on behalf of Representative Guttenberg, sponsor.

ACTION NARRATIVE

CHAIR PEGGY WILSON called the House Health, Education and Social Services Standing Committee meeting to order at [3:05:31 PM](#). Representatives Wilson, Keller, Seaton, and Gardner were present at the call to order. Representatives Fairclough, Cissna, and Roses arrived as the meeting was in progress.

SB 285 - STATE INTERVENTION IN SCHOOL DISTRICT

[3:06:30 PM](#)

CHAIR WILSON announced that the first order of business would be CS FOR SENATE BILL NO. 285(FIN), "An Act relating to the power and duties of the Department of Education and Early Development

for improving instructional practices in school districts; and providing for an effective date."

3:07:43 PM

REPRESENTATIVE FAIRCLOUGH moved to adopt the proposed House committee substitute (HCS) for SB 285, Version 25-LS1522\0, Mischel, 4/1/08, as the work draft. There being no objection, Version 0 was before the committee.

3:08:20 PM

TIM LAMKIN, Staff to Senator Gary Stevens, Alaska State Legislature, reviewed the changes incorporated into Version 0. On page 3, line 12, the phrase, "based on low student performance," was added to provide a clear and bright line as to when the Department of Education and Early Development shall begin the process of stepping into the district. On page 3, line 13, the words, "as necessary," were struck because they were deemed unnecessary. On page 3, line 14, the words, "as described in AS 14.07.030(14) or (15);" were added at the request of the department. He said this clarifies that this intervention is only the state's accountability system intervention and is unrelated to No Child Left Behind (NCLB). On page 5, line 21, the phrase, "material, and student management tools" was added. However, he pointed out, the drafter omitted the word "learning", as the sponsor had intended the added phrase to read, "material, and student learning management tools". He requested that the committee consider a conceptual amendment to add the word "learning".

CHAIR WILSON pointed out an additional change that was made on page 3 [line 28] where the word "redirecting" was substituted for the word "withhold".

MR. LAMKIN confirmed that this substitution fixed a technical error identified by the prior committee.

3:11:38 PM

EDDY JEANS, Director, School Finance and Facilities Section, Department of Education and Early Development (EED), stated that the [EED] supports the amendments.

REPRESENTATIVE ROSES said he believes the concerns he had expressed last time were addressed by the desk audit regulations that were just passed by the school board. The regulations

referenced how notice for intervention would be given, provided an end date to the intervention - the same as the bill does - and delineated the process that would occur. He asked whether Mr. Jeans is comfortable that these regulations satisfy the committee's concerns.

MR. JEANS responded the regulations do not include the end date that is included in statute; it is in the bill itself. He said [EED] asked for and received latitude from the state board to make any necessary conforming amendments to the regulations based on the final passage of SB 285. Some adjustments will probably be needed and [EED] will do that once session is over, he advised.

[3:13:10 PM](#)

REPRESENTATIVE ROSES reviewed the concerns he had expressed at the last meeting. One concern was in regard to the petitioning by the districts as to when they would continue or discontinue the department intervention. He said Version 0 satisfies his concern about giving adequate notice to the districts that an intervention is going to be done. The other concern he had had was with targeting a district, or three schools out of twelve, or six schools out of twelve, and going in with an intervention that required all schools to participate. He said it appears to him that, under Version 0, the audits are very specific and would go to a school and not a district. He inquired whether Mr. Jeans is comfortable the committee has addressed that adequately.

MR. JEANS replied the statutory language before the committee does refer to school or district, but the intent of this is to do school-level intervention before having to get to district-level intervention under adequate yearly progress (AYP). Under NCLB, the department is required to intervene when districts fail AYP for multiple years. Judge Gleason's issue was that that is too long for the state to sit back. The state needs to be looking at individual schools and helping those schools improve earlier. [The department] has the data to do that and it just so happens to be the same data that [the department] is collecting under NCLB.

REPRESENTATIVE ROSES related his understanding that it is EED's intent to do interventions on a school-by-school basis and not a districtwide basis. The districtwide basis comes into play when there are requirements and mandates under NCLB.

MR. JEANS stated he agreement.

REPRESENTATIVE ROSES noted that [Version O] references AS 14.17 regarding the redirection of funds. He said his understanding is that the redirection of funds would occur from the [federal] Title I funds and, in particular, it would be that same 20 percent offset that is required under NCLB - when a school is non-compliant the requirement is that 20 percent be set aside for remediation. Is it the intent of the department that that is where the redirected funds would come from, he asked.

MR. JEANS answered the [federal] Title I funds currently apply to the NCLB interventions where the department is requiring districts to hire a district coach and utilize their school improvement grants. The school improvement grants are in addition to the regular Title I funds. So, under NCLB, districts are receiving additional support for school interventions, and to have the department direct those funds absolutely seems appropriate, he said. The department's concern in this particular statute was whether those district coaches or school coaches would be a school district employee or a department employee. There is approximately \$220,000 in the department's fiscal note under contractual expenses, he explained, and it is the department's intent to use that money to hire the school coaches or district coaches where they are required. If additional funding is required, the department will come back and ask for a supplemental, but if the legislature does not give that request, this would allow the department to utilize some foundation funds to hire those contract employees.

[3:17:45 PM](#)

REPRESENTATIVE ROSES offered his understanding it would be the department's intent to take some of the foundation funds if the 20 percent of Title I funds had not yet been impacted under NCLB or if there were additional grants given through NCLB for implementation of remediation programs. The department's intent would be to only take the Title I funds if it did not have the money or the foundation grants.

MR. JEANS concurred.

REPRESENTATIVE ROSES said as long as that intent is clearly in the record he has no problem supporting the language of this bill.

REPRESENTATIVE KELLER characterized SB 285 as a good bill, and stated his support, particularly given that it is tied directly to the proficiency of the student.

[3:19:01 PM](#)

MR. JEANS, in response to Representative Seaton, confirmed that the department supports adding the word "learning" on page 5, line 21, between the words "student" and "management".

REPRESENTATIVE SEATON moved that the committee adopt Conceptual Amendment 1, as follows:

Page 5, line 21, following "and student";
Insert "learning"

There being no objection, Conceptual Amendment 1 was adopted.

REPRESENTATIVE FAIRCLOUGH inquired as to whether EED has received some "push back" from the school districts when the department has tried to intervene.

MR. JEANS said yes.

REPRESENTATIVE FAIRCLOUGH declared her support for the bill because it clarifies the roles and the reach that EED has in making sure students achieve the educational goals that have been set. She asked Mr. Jeans whether he believes, as she does, that the state has always had that authority to intervene in school districts.

MR. JEANS concurred that the bill does clarify those issues, and that the department believes it has that authority, and relayed that the department's attorneys would argue that such is the case.

REPRESENTATIVE FAIRCLOUGH said she would be voting to move Version 0 out of committee in order to show her support for EED and its authority to make sure Alaskans receive the quality education they are entitled to through the Alaska State Constitution.

REPRESENTATIVE ROSES stated that the intent is for the department to continue updating the legislature through its annual report as to what interventions have taken place and what the status of those schools is. This will ensure that the

legislature is coordinated with the department in terms of the legislature's responsibility.

MR. LAMKIN drew attention to page 4, lines 30-31. He suggested that the words "as necessary" be deleted in order to conform to the words being struck from page 3, line 13.

REPRESENTATIVE KELLER moved that the committee adopt Conceptual Amendment 2, as follows:

Page 4, lines 30-31,
Delete "as necessary"

There being no objection, Conceptual Amendment 2 was adopted.

REPRESENTATIVE SEATON asked whether the fiscal note is still current given the changes that have been made to the bill.

MR. LAMKIN responded yes.

[3:24:12 PM](#)

REPRESENTATIVE ROSES moved to report the proposed HCS for SB 285, Version 25-LS1522\0, Mischel, 4/1/08, as amended, out of committee with the attached letter of intent, individual recommendations, and the accompanying fiscal notes. There being no objection, HCS CSSB 285(HES) was reported from the House Health, Education and Social Services Standing Committee.

HB 266 - STATE EMPLOYEE DEPENDENTS CHILD CARE CTRS

[3:24:58 PM](#)

CHAIR WILSON announced that the next order of business would be HOUSE BILL NO. 266, "An Act relating to the approval and administration of child care services by the Department of Administration primarily for the benefit of state officers and employees; and providing for an effective date." [CSHB 266(STA) was before the committee.]

[3:25:28 PM](#)

REPRESENTATIVE BETH KERTTULA, Alaska State Legislature, sponsor, testified that trying to alleviate the "great crush" on Alaska's childcare needs is at the heart of HB 266; it would ease that tremendous need by allowing state departments, in consultation with the Department of Administration (DOA), to locate a

childcare center in a department's building or, if there is no space in the building, to enter into a childcare consortium. A department could choose whether to get paid for the childcare. Half of the states in the U.S. have on-site childcare for state employees, she reported. The emphasis in HB 266 is for state employees, but other people can be allowed to participate when space is available.

[3:27:07 PM](#)

LIA CARPENETI, Staff to Representative Beth Kerttula, Alaska State Legislature, sponsor, added that 45 percent of Alaskan families with young children said they found it difficult to find childcare and 36 percent of Alaskan families with young children said someone in their family could not work or had to restrict his/her work hours due to the cost, quality, or availability of childcare.

[3:28:25 PM](#)

NIKKI MORRIS, Childcare Referral Counselor & Publications Specialist, Association For The Education Of Young Children - Southeast Alaska (AEYC-SE Alaska), provided the committee with a list of parents willing to be contacted to talk about their situation. She said AEYC-SE Alaska is the local childcare resource and referral agency in Southeast Alaska. She relayed that across Alaska there is a 2-3 percent vacancy rate at any time for infant care - children under 30 months of age - in part because childcare licensing regulations allow providers a much smaller number of children under that age. From 30 months to 5 years and into school age, the vacancy rate fluctuates throughout the year, but the average is 9-30 percent. Ms. Morris said she knows from talking with parents every day that they are generally very hard pressed to find a situation that will work for them, especially if their child is younger.

REPRESENTATIVE SEATON inquired whether statistics are available for state employees who do not have access to or who cannot afford childcare, as opposed to statistics from across the state in general.

MS. MORRIS said not at this time.

REPRESENTATIVE KELLER asked why there is a shortage in childcare providers.

MS. MORRIS replied that one reason is that there is a limited number of spaces for the age group under 30 months. In Juneau the birth rate is about 40 births per month, but a 2-3 percent vacancy rate means only two to six [childcare] spots are available per month. Another reason is financial - childcare is a difficult business. Regardless of the setting, the hours are long, very few programs can afford health insurance, and there is an education requirement for providers. For every year in childcare, providers must receive 15 hours of training. Additionally, the assistance rate for childcare has not been raised since 2001. Thus, families are struggling to pay for childcare, and may not be able to afford it even if an opening becomes available. Also, a provider may not be able to provide childcare at a rate a family can afford.

[3:32:44 PM](#)

REPRESENTATIVE CISSNA inquired whether the unavailability of childcare is detrimental to people working for the state.

MS. MORRIS answered yes. For example, one mother she talked to could only work about 10-15 hours a week and still might have to quit her job. The couple was paying \$1200 a month for a nanny because infant care was non-existent at the time.

REPRESENTATIVE SEATON asked whether providing a state-supported childcare center, which would likely pay higher wages, would result in taking an already limited number of qualified people away from private childcare centers, thus resulting in even fewer childcare slots being available in the community.

MS. MORRIS posited that it wouldn't because the higher pay would attract more qualified people.

CHAIR WILSON surmised that the profitability would be better in a childcare center where the numbers are larger than in a home setting.

MS. MORRIS replied that that might be the case.

REPRESENTATIVE SEATON surmised that the allowable number of children a provider can supervise would hold true regardless of the setting. How would the economics per provider change in a center setting, he inquired.

REPRESENTATIVE KERTTULA answered that the problem is a lack of space, not a lack of providers, and is one reason why other

states have gone to allowing centers in their state office buildings. People would have to go to a lot of work to open centers in state buildings, but if there was space and they worked with the DOA it could be done, she opined, and offered to get further information to the committee.

REPRESENTATIVE SEATON restated his concern about the state taking providers from the private sector.

REPRESENTATIVE KERTTULA responded that the intent is to provide state employees with their own childcare space and thereby alleviate the shortage of childcare space for others in the community.

[3:39:53 PM](#)

REPRESENTATIVE KELLER asked how childcare subsidies get paid and whether they can be subsidized by the parent.

REPRESENTATIVE KERTTULA said she has not focused specifically on the issue of subsidies because the bill doesn't.

REPRESENTATIVE ROSES said his daughter is a childcare provider in Colorado, and when his daughter looked at leasing space in Colorado, it was cost prohibitive because the number of children that she could take in, with herself and one employee, was too small to be able to make any profit after paying the lease, utilities, and insurance. He noted that the finance subcommittee on which he serves just authorized a rate increase for the state's childcare subsidy. Depending on income, the subsidy can now go up to \$70 a day.

REPRESENTATIVE KELLER asked what drives the pricing and what prevents the provider from raising the price.

REPRESENTATIVE ROSES surmised that such is controlled by supply and demand.

[3:43:12 PM](#)

CHAIR WILSON told the committee about a childcare provider in her area who is unable to raise her prices because the parents cannot afford more. Chair Wilson further related that this childcare provider has helped her employees go to school, but then these employees would like to have an increased paycheck after completing the schooling. This provider looked at moving her childcare from her home to a large center, but it was

unaffordable and the provider would have had to work for nothing. The economics are a dilemma and the state's rules and regulations are stiff, said Chair Wilson. Additionally, it is different in every town. The childcare subsidy to the provider is based on the Institute of Social and Economic Research (ISER) formula for each community. Right now, an effort is being put into changing the regulations to create a tiered system which will be helpful, particularly to the parents. For instance, a "four star" provider has more training and child development education and is more skilled at working with children and helping them develop.

[3:46:19 PM](#)

REPRESENTATIVE FAIRCLOUGH cited paragraph two in the fiscal note which states: "Many of the facts needed to determine program costs are unknown, such as numbers of children to be served, amounts of facility space necessary, location, staffing levels, and the magnitude of employee contributions that would offset program costs." She said she is unhappy with the fiscal note because a determination cannot be made as to whether the state can afford to offer an additional subsidy. She asked what the current subsidy is for state employees.

REPRESENTATIVE KERTTULA agreed that it is not a great fiscal note. However, she said, there was discussion in the prior committee that none of "this" will be allowed unless there is a needs assessment and unless the departments work hand in hand with the DOA. It would then be up to the DOA whether to approve it, and if it is cost prohibitive, the department is not going to allow it. She said she felt there could have been much more work done in developing the fiscal note in terms of looking for information from around the state. This bill would allow state employees who cannot find childcare to go to their department to see about a space. She said she did not think it will be cost prohibitive but that instead there will be better communication between employees who have the need and department heads. Representative Kerttula said she did not know the current subsidy for childcare, but she would get that information for the committee.

[3:49:07 PM](#)

REPRESENTATIVE FAIRCLOUGH asked Representative Kerttula to address the issue of subsidized childcare in a state facility for legislative session workers and the possibility that that

could put other childcare providers in the community out of business.

REPRESENTATIVE KERTTULA said she is of the belief that the need is so great that this would not be the case and is certainly not her intent. The bill was specifically changed to not allow state employees to do the childcare; it would be completely private enterprise taking this over, she advised. If a private provider does not want to be involved, that provider will not come forward.

REPRESENTATIVE FAIRCLOUGH asked where the \$70 per child subsidy mentioned by Representative Roses is coming from.

REPRESENTATIVE KERTTULA responded that that is the childcare assistance for those with low income, and that she will get that information to Representative Fairclough.

REPRESENTATIVE ROSES added that that is through Medicare and Medicaid, and was adjusted this year by about 6 percent in the finance subcommittee. He said it is up to \$70 after all the area cost-differentials have been applied, and is the highest someone will get.

[3:52:14 PM](#)

REPRESENTATIVE FAIRCLOUGH inquired whether this means that under the Medicare system, the state is reimbursing 50 percent of the cost, or whether all of it is coming from the federal government.

REPRESENTATIVE ROSES replied that it is matching funds.

REPRESENTATIVE FAIRCLOUGH surmised, then, that there is a cost to the state associated with that subsidy.

REPRESENTATIVE KERTTULA said it is for everyone of low income, not just state employees.

CHAIR WILSON said she envisions that what the bill is proposing would be used by a department that is having difficulty retaining employees and that has a space available; that department could provide the space free to a private childcare provider and it would be a benefit for the state employee to have childcare on the spot, and it would not cost the state much money. Each department could figure out how to best enter into such an arrangement.

REPRESENTATIVE KERTTULA added that she thinks the DOA would figure out what the cost to the state would be and would find providers who could reimburse the state. She relayed that she has heard of so many people having to leave jobs, or not take jobs, or not be able to work because of the childcare situation, and this bill is one step towards addressing the needs of state employees.

CHAIR WILSON asked whether HB 266 would apply to the legislature as well.

REPRESENTATIVE KERTTULA answered yes, the legislature would be allowed to do childcare as well, and offered her belief that all members of Legislative Council have supported this.

[3:55:19 PM](#)

REPRESENTATIVE KELLER requested clarification regarding whether HB 266 would apply to others besides state employees.

REPRESENTATIVE KERTTULA responded that under HB 266, childcare for state employees would be the primary emphasis, but childcare for other people could be available if a particular space is large enough. She relayed that every childcare provider she has talked to feels that if state employees had other sources of childcare, then the pressure on the rest of the community would be alleviated.

REPRESENTATIVE KELLER inquired how a determination would be made regarding which parents [in the community] could make use of the state facility.

REPRESENTATIVE KERTTULA replied there are currently working models in Juneau and she has been assured by Joy Lyon of AEYC-SE Alaska that it would not be difficult to follow those kinds of models, though it would be something each department would have to work out with the provider based on its own employees' needs, and would be market driven as well.

MS. MORRIS added that she spoke with the director of the Gold Creek facility and was told that that facility has a 50 percent preference for federal employees and then it is made available to others on a first-come-first-served basis.

[3:57:30 PM](#)

REPRESENTATIVE CISSNA observed that under HB 266 the DOA has flexibility, and that the provision on page 2 [lines 3-6] requires the department to first determine whether it would be competing with current private childcare services in the area. She said she therefore thinks it is a good idea to have something like this in place and she supports the bill.

CHAIR WILSON noted that any department deciding to spend money on a childcare facility would have to come to the legislature and request an appropriation.

REPRESENTATIVE KERTTULA agreed.

REPRESENTATIVE SEATON noted, however, that the language on page 1, line 8, says in part: "the Department of Administration shall approve". He questioned, therefore, whether the word "shall" should be changed to "may".

REPRESENTATIVE KERTTULA replied that the DOA has a duty to conduct a review and do a needs assessment. She said she therefore thinks the word "shall" is necessary because the other departments will have determined whether to allow childcare services. In terms of the review and approval, the DOA is going to approve the service if it is satisfactory. Approval is not mandatory, but employees can work with their departments to first see if there is space available. Then that department would work with the DOA. She said she imagines that the DOA would not approve a childcare center if the needs assessment doesn't illustrate a need. She suggested that the language [on page 1, line 11] could be changed to say, "review and may approve requests", since that is certainly the intent.

[4:03:13 PM](#)

REPRESENTATIVE SEATON noted that language on page 2, lines 25-28, says: "The cost of child care services provided under AS 39.90.200 - 39.90.290 shall be offset by fees charged to the state officers and employees or other parents who use the child care services. The department may provide for a sliding fee schedule, with fees charged on the basis of household income." He surmised that the department could fully offset the fees if it did not want to come before the legislature for funding.

REPRESENTATIVE KERTTULA argued that the legislature reviews a department's budget regardless of whether things are paid for or not, and thus the legislature would have oversight. Furthermore, a department may want to have everything offset or

it may want to institute a sliding fee schedule. The desire is to give discretion to the departments to be able to work this out with the DOA.

REPRESENTATIVE KELLER inquired whether there has been an attempt to work this out in salary negotiations as a benefit.

REPRESENTATIVE KERTTULA replied she does not believe so, though a union representative provided testimony in the last committee.

[4:05:57 PM](#)

REPRESENTATIVE GARDNER commented that HB 266 has more state involvement than she had anticipated, as she had originally thought the bill was only going to allow departments to make space available for a childcare center to be run. She cited Ms. Morris's testimony that the problem is a lack of places for childcare facilities rather than a lack of providers. She suggested it may be effective to just rent state space to a private childcare business and have no other state involvement other than ensuring that the facility is safe.

REPRESENTATIVE KERTTULA answered that that is what this bill is attempting to allow. The department would set aside the space and then work with the DOA, but after that it is pretty much turned over to the private provider. The bill makes clear that the provider can charge a sliding scale and it makes clear that the department may ask to have the building fees offset, or the department may choose not to.

REPRESENTATIVE GARDNER surmised that parents would pay their childcare bill with whatever subsidy they currently get, and there would be little cost to the state.

REPRESENTATIVE KERTTULA conceded that the fiscal note has not proved helpful, and noted that the person who prepared the fiscal note, Mr. Jones, is in the audience.

[4:09:03 PM](#)

REPRESENTATIVE GARDNER opined that if a childcare service was operated in the way that's intended, there would be no cost to the state for staffing or employee contributions. Also, the number of children to be served would be irrelevant other than with regard to how many children can legally be in the space.

REPRESENTATIVE ROSES pointed out there could potentially be a cost because, as indicated on page 2 [lines 21-22] the childcare program could be located in a state-owned building or in a privately-owned building leased by the state. Therefore, there would be cost to the state if the facility is leased, and the anticipation would be that part of the sliding scale would be to offset that cost.

REPRESENTATIVE KERTTULA agreed. She said she thinks that is why the fiscal note is indeterminate, though she has not talked with Mr. Jones about that point.

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VERN JONES, Chief Procurement Officer, Division of General Services, Department of Administration (DOA), stated that he prepared the fiscal note, and that the DOA does not support HB 266 because it does not believe that providing childcare is an appropriate function of state government.

REPRESENTATIVE GARDNER asked Mr. Jones whether he thinks it is appropriate for the state to rent excess space to a childcare center or any other kind of business, like a coffee shop, that might be of benefit to state employees.

MR. JONES acknowledged that such is currently done in some state facilities. For example, there is a credit union in a Juneau facility and a coffee shop in an Anchorage facility.

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REPRESENTATIVE CISSNA pointed out that the fiscal note needs to reflect what is in the bill regardless of whether the DOA supports it, and that the bill provides that the state utilize space in an existing building on an availability basis. What cost would there be to just use space, she inquired.

REPRESENTATIVE KERTTULA replied that there are costs with risk management and overall insurance costs, so there might be costs to the state for renting space. She pointed out that a provision to have state employees do childcare work has been stripped from CSHB 266(STA), so now the bill just provides for making use of space or entering into a consortium. She asked Mr. Jones if that made any difference in the analysis.

MR. JONES said that when he generated the fiscal note [specifically for CSHB 266(STA)], his understanding was that

there would be other work involved aside from simply providing space. He offered to get a number for the state's space averages. The department would have to contract out for experts to do needs assessments because it does not have staff who are expert in this field, he advised, and he is unsure of what other types of work would be involved. There would have to be a lot of analysis and qualification of providers. He pointed out that when the state procures leased space for state offices, one of the specific goals is to not have any vacancy because that is a waste of state funds. Thus, the current inventory of unused space is very low and is temporary.

REPRESENTATIVE GARDNER pointed out that the paying tenant could be a licensed childcare center.

REPRESENTATIVE SEATON noted that language on page 2 [lines 17-19] says in part, "In addition, centers may be located in privately owned buildings conveniently located to the place of employment". He asked if the intention is that the state would lease an additional building and make it available free of charge to a childcare provider.

REPRESENTATIVE KERTTULA said the intent is that in those areas where there was absolutely no state office space, a consortium could be entered into with other state entities or a municipality, and the childcare provider could be required to pay for that space. A municipality or a school might have space, for example. The state is leasing for other uses and purposes, so why not allow it to do so for childcare when it is cost effective and will not hurt competition.

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REPRESENTATIVE SEATON surmised that the intent is that if space is not available, an agency could propose to the DOA that it would like to lease another building, or space in another building, and that it may or may not lease jointly with someone else. That space would then be sublet to a childcare provider.

REPRESENTATIVE KERTTULA responded that that is where the childcare provider may or may not be required to pay it all back - that would be up to the state agencies and the DOA.

REPRESENTATIVE SEATON commented that if a space existed in the community and the provider could afford it, the provider would be leasing that space and the state would not be involved at all.

REPRESENTATIVE KERTTULA replied that the bill allows departments the flexibility to work with its employees and childcare providers. The state might choose to give the provider a break, or it may not if it is cost prohibitive. If a department finds it is losing employees due to childcare pressures, the department may decide to work that out with the employees, and that is what the bill is really structured to do. She relayed that she would get language to the committee that clears up any question about departmental authorities.

CHAIR WILSON noted that the state may want to look into whether it is more cost effective to give employees raises or to provide childcare. She said she is not advocating that the state provide the childcare, but she is advocating that when there is space, the state could use that to allow someone to provide the childcare.

REPRESENTATIVE KERTTULA reiterated that the bill originally said that a state employee could provide the childcare if there was no private provider available. However, she added, she became convinced in the last committee that a private provider would do it if the space issue could be worked out. She said she would talk further with the DOA and individuals to clarify some of the language.

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REPRESENTATIVE CISSNA noted that for legislators, it is hard to find a place to stay in Juneau, let alone places for members' employees to stay, let alone for them to arrange for childcare. She said she thinks it is a state responsibility to work with its employees to make sure they can continue to work so as to avoid constantly having to hire and train new employees or deal with employees not being at work because they could not find childcare. While the DOA may not support HB 266, it's the legislature sets policy, she opined, and this bill offers an option to the department that it may not have thought of before but needs to think about. If the bill passes and a department does not want to arrange for childcare, it won't, but it gives a state agency the ability to come up with its own solution quickly.

CHAIR WILSON pointed out that legislators have requested childcare service for themselves, as well. Legislative Council has talked about this quite a bit because of these requests, she relayed, and the people that came to Legislative Council with

the request said they would be glad to pay for the service if they could just find a place for their children.

REPRESENTATIVE FAIRCLOUGH voiced her concern about competition with the private sector through the subsidization of one business and not another. If it is not exclusive to state employees, it could create a disparity. She relayed that she, herself, was a stay-at-home mother who did childcare for a neighbor so she could stay at home with her own children. She noted that if the state does not have excess space, then going out to lease that space has a real cost.

REPRESENTATIVE KERTTULA assured the committee that there is no intention to create competition. She said she would take the committee's comments into consideration and come back with an improved product.

[CSHB 266(STA) was held over.]

HB 403 - APPROP: SCHOLARSHIP FUND

[4:28:23 PM](#)

CHAIR WILSON announced that the final order of business would be HOUSE BILL NO. 403, "An Act appropriating \$100,000,000 to the Alaska achievers' scholarship fund; and providing for an effective date."

[4:28:45 PM](#)

CHRISTIAN GOU-LEONHARDT, Staff to Representative David Guttenberg, Alaska State Legislature, sponsor, explained that HB 403 is the funding mechanism for legislation the committee has already passed out.

REPRESENTATIVE SEATON moved to report HB 403 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE KELLER objected. He said he will recommend do not pass because, in his perspective, providing a needs-based program instead of a merit-based program is not a wise use of educational funding. It will create an entitlement situation, he predicted, and suggested that other criteria be considered for awarding these scholarships.

REPRESENTATIVE KELLER then withdrew his objection.

CHAIR WILSON, after ascertaining that there were no further objections, announced that HB 403 was reported from the House Health, Education and Social Services Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 4:32 p.m.