

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

Anchorage, Alaska

July 28, 2021

2:07 p.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Ivy Spohnholz, Co-Chair
Representative Calvin Schrage
Representative Ken McCarty
Representative David Nelson

MEMBERS ABSENT

Representative Liz Snyder
Representative James Kaufman

COMMITTEE CALENDAR

OVERVIEW(S): SUPPORT FOR ALASKA'S CHILDCARE SECTOR

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

SHAWNDA O'BRIEN, Director
Division of Public Assistance
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: During the Support for Alaska's Childcare Sector overview, gave a PowerPoint presentation, titled "Child Care Program Update: Status of Relief Funding."

CHRISTINA HULQUIST
Division of Public Assistance
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Offered information during the Support for Alaska's Childcare Sector overview.

STEPHANIE BERGLUND, CEO

thread

Anchorage, Alaska

POSITION STATEMENT: Provided invited testimony during the Support for Alaska's Childcare Sector overview.

CHRISTINA EUBANKS-OHANA, Executive Director

Hillcrest Children's Center

Anchorage, Alaska

POSITION STATEMENT: Provided invited testimony during the Support for Alaska's Childcare Sector overview.

KAYLA SVINICKI, Owner

Little Moon Day Care

Juneau, Alaska

POSITION STATEMENT: Provided invited testimony during the Support for Alaska's Childcare Sector overview.

SUSAN DELOACH, Owner and CEO

Bright Beginnings Early Learning Center

Anchorage, Alaska

POSITION STATEMENT: Provided invited testimony during the Support for Alaska's Childcare Sector overview.

ACTION NARRATIVE

[2:07:34 PM](#)

CO-CHAIR ZACK FIELDS called the House Labor and Commerce Standing Committee meeting to order at 2:07 p.m. Representatives Schrage, McCarty, Spohnholz, Nelson, and Fields were present at the call to order.

PRESENTATION(S): SUPPORT FOR ALASKA'S CHILDCARE SECTOR

[CO-CHAIR FIELDS announced that the only order of business would be the Support for Alaska's Childcare Sector overview.]

[The committee took an at-ease to address technical issues.]

[2:15:13 PM](#)

SHAWNDA O'BRIEN, Director, Division of Public Assistance, Department of Health and Social Services, gave an overview on Support for Alaska's Childcare Sector via a presentation, entitled "Child Care Program Update: Status of Relief Funding." She listed relief funding appropriations [slide 2]: the Coronavirus Response and Relief Supplemental Appropriations Act

of 2021 (CRRSAA); and the American Rescue Plan Act (ARPA) of 2021. The CRRSAA funding [slide 3] is \$18.8 million for: direct childcare services subsidies; implementation of virus mitigation policies and practices; grants to stabilize childcare providers; and assistance to providers not participating in the subsidy system prior to the pandemic. She noted a link to a letter to the Administration for Children and Families (ACF). Ms. O'Brien covered ARPA funding [slide 4], which is \$73 million: \$45 million for childcare stabilization grants; and \$28 million in "supplemental discretionary funds" to expand access to high quality care and improve the equity of the childcare system.

MS. O'BRIEN listed uses of relief funding [slide 5] for: childcare stabilization grants, applications available August 2021; free training for providers through thread, July 1 through fiscal year 2022 (FY 22); a "SEED ROOTS" wage bonus for the childcare workforce, applications available December 2021; and parent co-pays for June through September 2021. She mentioned other uses of funds. She addressed planning efforts [slide 6], listing the highest priority as the stabilization grants, which require the use of applications - available August 2021 - by providers. She mentioned other efforts [listed on slide 6]. Ms. O'Brien concluded by noting a list of resources [slide 7] and offering to answer question from the committee.

[2:25:53 PM](#)

MS. O'BRIEN, in response to a question from Representative Schrage, said these are federal funds for this year; however, there was a permanent increase in the area of childcare development. She said \$45 million to stabilization efforts is anticipated to take longer to spend down, after which the division will assess the remaining balance. She indicated it is unknown at this point how much of the funds will "go out the door initially."

[2:28:56 PM](#)

MS. O'BRIEN, in response to Representative McCarty, clarified that she is speaking in terms of the fiscal year. She talked about maintaining provider rates and forming a partnership to figure out how the state can help providers "meet that level of need." She said she understood the desire for a sustainable model but said it will take time and effort to outline what that is.

[2:34:18 PM](#)

MS. O'BRIEN, in response to a question from Co-Chair Spohnholz regarding reimbursement rates for subsidized childcare, said the Institute of Social and Economic Research (ISER) has been helping with the surveys, and information will be made public in the next couple of weeks. She said the requirement [to survey] aligns with the three-year effective period of the state plan.

[2:38:00 PM](#)

CHRISTINA HULQUIST, Division of Public Assistance, Department of Health and Social Services, confirmed the timing is every three years.

[2:38:21 PM](#)

CO-CHAIR FIELDS moved to invited testimony.

[2:39:00 PM](#)

STEPHANIE BERGLUND, CEO, thread, described thread as a non-profit organization supporting early education, with a focus on childcare. She mentioned the \$90 million and emphasized there is great need for this funding and other COVID resources. She talked about the support of thread during the pandemic, and its work with the state and the Municipality of Anchorage. She talked about concerns related to childcare pre-COVID and how they have increased. She said quality childcare costs more than parents can afford. She noted surveys that have shown that early childcare programs are in a fragile state and need financial support to stay open. Over 87 percent of childcare programs express uncertainties about continuing service. Precious COVID funding was used to pay for personal protection equipment (PPE) and staff, while not covering other operating costs. The primary support needed are for wages and bonuses. Ms. Berglund advised as to the urgent need of funding.

MS. BERGLUND shared quotes from the surveys relating the critical need of support. She talked about recommendations made by childcare professionals: increased payment, including payment based on enrollment rather than attendance; improved payment policies; increased wages, including health insurance benefits; and support for childcare in underserved populations. She offered other factors, including the need for supplies, safety, recruitment, and retention. In addition to the federal dollars, thread recognizes other opportunities to leverage

financial support through local resources, businesses, and other state departments. She recommended bringing back the early childhood degree in the University of Alaska system and providing incentives for businesses and local governments to leverage subsidies and support for childcare. She noted plans of support and the need for leadership capacity at all levels. She concluded by stating that childcare needs to be more of a priority in Alaska.

[2:49:19 PM](#)

CHRISTINA EUBANKS-OHANA, Executive Director, Hillcrest Children's Center, expressed appreciation for the broadcast of the Child Care Program Office on July 19, 2022, which outlined the plan for federal disaster funding, the highest priority being the stabilization grants to qualified providers working on long-term sustainability, and she emphasized the need for that funding to be distributed immediately. She discussed the negative effects of having insufficient staff, the consequences of quarantines during the pandemic, and how previous aid barely made a difference for the average childcare worker making \$13.96 an hour when the living wage in Anchorage for a single person without children is \$15.27 an hour. She asked for transparency in CCPO's funding plans so that providers can plan accordingly. Money awarded should make a noticeable difference in pay for workers to positively effective recruitment and retention of workers. She said quarterly payments of \$500 are required to raise the workforce to a living wage. She said the childcare workforce shortage is increasing and providers need funds now to sustain programs, and she encouraged "making a strong financial impact now for programs in the workforce with these one-time funds."

[2:54:14 PM](#)

KAYLA SVINICKI, Owner, Little Moon Day Care, expressed disappointment in the state of the "city childcare office" regarding fund distribution. She said she testified in May, and this is not a new issue. She shared her history of childcare, with increasing capacity based on the need of the community. She remarked on the low wages of childcare staff and the importance of childcare. She said, "We can't support our revolving budget from the pockets of families." She described an intergenerational care program. She stated that the childcare services cannot survive without the immediate release of the federal funds. She asked when the application for funds would be issued and what "some" time means in terms of the

division's figuring out what it will do. She emphasized the importance of being a reliable and safe environment to which families can bring their children, especially during a pandemic. She questioned what programs would be available for the funds, and she remarked on planning for deficits.

3:04:27 PM

SUSAN DELOACH, Owner and CEO, Bright Beginnings Early Learning Center, discussed the difficulty of running childcare programs during the pandemic. She expressed gratitude for the generous grants and loans that have been awarded but advised that additional funds are required in order to remain operational. She recommended a one-time grant of a certain dollar amount per child spot. She talked about increasing childcare assistant rates and a program that provides training and assistance to licensed childcare centers. She thanked the committee for its commitment to improving the quality and availability of childcare for Alaska's children.

3:06:35 PM

MS. O'BRIEN, in response to the question from Ms. Svinicki, said the application is being developed in partnership with thread; the procurement process is lengthy, but the division is on target to distribute the applications next month. She said \$5 million is being split between 540 providers through the application process; applications will be submitted to thread. In response to Co-Chair Fields, she said approximately 11 other states are already in the process of distributing the funds. She emphasized the planning involved in complying with [federal] guidelines. To another question, she said the state has not been able to incorporate the "cost of care" system, and she emphasized the importance of balance between cost of services and sustainability.

3:12:01 PM

CO-CHAIR FIELDS commented that he would like to see a breakdown of how funds are disbursed.

3:12:51 PM

MS. SVINICKI, in response to Representative McCarty, specified the issue with staff availability is retention.

MS. DELOACH added that hiring quality staff is challenging.

[3:16:10 PM](#)

MS. O'BRIEN, in response to Representative Schrage, said the division communicates with providers through its web page, e-mail, and via thread, and she speculated on how the day-to-day work of providers may affect the timing of their reading the communications. To a follow-up question, she confirmed there are funds that are directed toward communications.

[3:19:05 PM](#)

MS. BERGLUND offered details of how thread would reach providers regarding the application.

[3:20:34 PM](#)

MS. HULQUIST, in response to Co-Chair Fields, emphasized the need for funds to be applied toward stabilization of the childcare workforce.

MS. SVINICKI concurred with Ms. Hulquist and emphasized the desire for stabilization funds - the release of the block grant.

[3:23:13 PM](#)

CO-CHAIR FIELDS thanked the presenter and invited testifiers.

[3:23:50 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 3:24 p.m.