

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

Anchorage, Alaska

October 27, 2021

2:03 p.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Ivy Spohnholz, Co-Chair
Representative Calvin Schrage (via teleconference)
Representative Liz Snyder
Representative James Kaufman (via Microsoft Teams)
Representative Ken McCarty (via Microsoft Teams)

MEMBERS ABSENT

Representative David Nelson

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: Provided an overview on Support for Alaska's Childcare Sector.

JASMIN SMITH
Business Owner
Anchorage, Alaska

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

BRITTANY FORD, Daycare Provider
Fairbanks, Alaska

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

CHRISTINA EUBANKS-OHANA
Children's Center
Anchorage, Alaska

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

KAYLA SVINICI, Owner
Little Moon Childcare
Juneau, Alaska

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

ACTION NARRATIVE

[2:03:16 PM](#)

CO-CHAIR ZACK FIELDS called the House Labor and Commerce Standing Committee meeting to order at 2:03 p.m. Representatives Schrage (via teleconference), Story (via teleconference), Kaufman (via Microsoft Teams), McCarty (via Microsoft Teams), Spohnholz, and Fields were present at the call to order. Representative Snyder arrived as the meeting was in progress.

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

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

[2:04:17 PM](#)

SHAWNDA O'BRIEN, Director, Division of Public Assistance, Department of Health and Social Services, began the overview on Support for Alaska's Childcare Sector. She reported that the division has developed an application for fund requests. The grant program is managed by the department. She offered her understanding that as of today, there are over 350 applications being processed, and \$1.5 million of the available \$5 million has been distributed thus far. She spoke about a legislative liaison position and collaboration with tribal partners. She said staffing has not increased at this time. There has been engagement with community stakeholders, with some discussion

revolving around infrastructure and community help with costs. A week-long meeting with childcare providers is planned to discuss specific operating costs, with incoming programming requirements of the funding still being issued by federal oversight agencies.

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MS. O'BRIEN, in response to Co-Chair Fields, clarified the division is discussing the American Rescue Plan Act of 2021 (ARPA) and the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA) [pronounced "Crissa"] funds currently in receipt. To a follow-up question, she said she could not say what the permanent increased authorization through ARPA is, because the division has not received it yet.

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MS. O'BRIEN, in response to questions from Representative McCarty, said the division has allocated \$5 million for phase one. She said \$95 million was awarded, and approximately 55 percent of that has been dedicated to stabilization efforts. About \$1.5 million has been processed. The division notified providers, and approximately 360 providers have submitted applications thus far.

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MS. O'BRIEN, in response to Co-Chair Spohnholz, stated that at this time the only funding received by the division is that which expires September 2023, and she confirmed that any additional funding may come from an infrastructure bill currently being considered by the legislature.

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MS. O'BRIEN, in response to Co-Chair Fields, confirmed that the division had received an increase in funding to its childcare development block grant, and she estimated the amount was approximately \$2 million. She proffered that permanent plans related to increasing wages could be better deciphered after further consideration of resources and impacts. She explained the limits in phase one to get funds out quickly in response to a spring survey. The initial grant amount does not include a bonus; she assumed higher figures could be awarded in phase two.

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MS. O'BRIEN, in response to Co-Chair Spohnholz, informed that providers were not required to provide information on why they decided not to participate; however, she said she hoped that ongoing communication would address any existing barriers. In response to a question about a recent cyberattack, she indicated there would be a separate presentation to address the issue.

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CO-CHAIR FIELDS said the committee would hear from childcare provider/owners from Fairbanks, Juneau, and Anchorage, Alaska.

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JASMIN SMITH, Business Owner, stated that she has used childcare services, has supported employees who use the services, and has been a case manager helping clients sign up for childcare. She addressed the issues of availability and accessibility. The system does not accommodate parents who own businesses or work nontraditional schedules. She expressed interest in the regulatory side of childcare and commented on the chronic long-term view of addressing problems in the program when some short-term solutions could be offered. In response to Co-Chair Fields, she confirmed that issues related to childcare affect the ability of employers in hiring.

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BRITTANY FORD, Daycare Provider, emphasized a lack of childcare, especially for those children under 30 months of age. She spoke about the problem with licensing and varied interpretations of regulations. She reported that childcare serves have not been paid on time for the past couple months and noted the issues cause by that. She talked about those who do not qualify for childcare and the lack of help they receive, and she recommended raising the income level upon which qualification is based. She commented on the uncertainty of grant funds used to raise wages. She pleaded for the entire system to be fixed.

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CHRISTINA EUBANKS-OHANA, Children's Center, stated that the \$11,500 maximum in this round of funding is 1 percent of the annual budget. She talked about the proposed increase in the subsidy payments that would support families. She asked that payments be set based on the level of quality care desired. She

said childcare facilities cannot operate with lack of funding and delayed background checks. She expressed gratitude for the minimum \$1.00 an hour wage increase in 2022; however, she noted the Children's Center currently has three open staff positions. She asked for transparency, cooperation, and a focus on providing high-quality care for Alaska's children.

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MS. EUBANKS-OHANA, in response to Representative McCarty, said workers at the Childcare Center stay for eight years on average, pre-COVID-19. She indicated there is a teen program from which she can recruit workers; she looks for people who care about children, then she works on their competency skills. In response to another question from Representative McCarty, she said state background checks are required, and she agreed that third-party background checks would expedite the process.

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CO-CHAIR FIELDS asked about the possibility of emergency regulations to allow the division to accept third-party background checks.

MS. O'BRIEN answered that she cannot speak to that, but offered to follow up with the unit that oversees background checks.

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KAYLA SVINICI, Owner, Little Moon Childcare, noted she had testified in July and still there are no tools for planning. She talked about feeling stressed when there is uncertainty, no control, a lack of information, and the feeling of being unheard. She talked about challenges faced, including "consistent closure" of her two facilities, storm damage, labor shortage, and turnover of both staff and children and families. The money from stabilization grants can help the situation. She spoke of the increasing operation costs and uncompensated administrative time leading to mental and emotional exhaustion. She emphasized the state of crisis. She urged extending money to programs so that each can use it to cover their needs as they see fit. She said the small amounts of money are offensive and the wait for funds is untenable. She said she thinks everyone has agreed that one-time release funds are "the only way," and she recommended the state consider "budgeting childcare as infrastructure."

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MS. O'BRIEN responded to questions that had been submitted by Representative Story and read by Co-Chair Fields. She said the division has considered [stipends] as part of the phase two award; the division also included bonuses in phase one for providers that were doing extra. She explained the delays within the department in regard to licensing and payment, and the effects of the aforementioned cyberattack. She estimated that phase two payments could be paid starting in January [2022]. She highlighted the unique factors of providers and Alaska.

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MS. O'BRIEN continued answering questions from Representative Story [who had now arrived in person] and offered further detail on the work involved in getting applications ready to process for payment, saying she hoped it could happen as early as December [2021]. She explained that the division must collect operational costs from providers before it can begin phase two, and she mentioned federal guidance under these funds. Regarding a query whether funds beyond the 1 percent in phase one could be sent now, she explained that this is allocated funding based on the U.S. Census. She said 50 percent of the funds have been allocated to stabilization, which is \$47 million in Alaska; the first phase of that was \$5 million. She talked about meeting federal requirements without causing undue hardship for providers. To another question, she explained that the division currently does not have operational costs for providers; bonuses were based on four categories of care. In further response, she said the division could - in phase 2 - consider giving \$600 per child, as has been done in some other states.

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MS. SVINICI offered to provide operational costs to Ms. O'Brien. She recalled offering that information in the phase one application, as well as in May 2020.

MS. O'BRIEN said information for all providers still needs to be collected for phase two; further discussions needed to be held with providers to ensure following the program requirements. In response to a follow-up question, she said she would have to get back to the committee regarding the timing of processing. She indicated there may be additional staff brought on, but at this time she could not commit to what the specific timelines would

look like. She said feedback from providers would help the division.

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MS. EUBANKS-OHANA emphasized her concern in the face of massive budget shortfalls. She criticized the 1 percent given and the lack of communication the division has had with the party it is working with to make this happen. She said the information is available now.

MS. O'BRIEN expressed appreciation for the feedback but said she had nothing further to add in response.

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CO-CHAIR FIELDS thanked the presenters. He noted that Congress is considering a budget reconciliation bill, a part of which would provide a substantial amount of money for early childhood education and pre-kindergarten.

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CO-CHAIR SPOHNHOLZ highlighted the frustration heard from providers, as well as some of the barriers faced by the division. She urged finding a way to make it as easy as possible for providers to access funds, since they are operating on such small margins.

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ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [3:13] p.m.