

COMMITTEE REPORT

SENATE

2/20/75

Mr. President:

Date 2/28/75

The Committee on FINANCE has had SB 121  
~~special appropriation for funding day care centers~~  
under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

|                    |       |       |
|--------------------|-------|-------|
| <u>[Signature]</u> | _____ | _____ |
| <u>[Signature]</u> | _____ | _____ |
| <u>[Signature]</u> | _____ | _____ |
| <u>[Signature]</u> | _____ | _____ |

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:

[Signature] Chairman

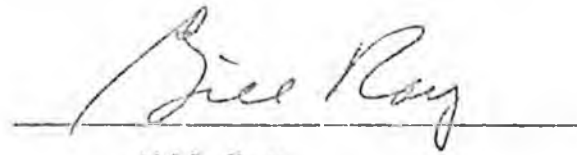
SENATE JOURNAL

SENATE FINANCE

Legislative Intent

S.B. 121

It is the Intent of the Legislature that the funds appropriated by Senate Bill No. 121 be expended solely for the purchase of day care services. Any costs incurred by the Department of Community & Regional Affairs for the administration of day care during Fiscal Year 1975 shall be funded from resources available in the Department's existing FY 75 budget. An appropriation to the Department of Community & Regional Affairs, separate from S.B. 121, will be made for the Department's administrative costs for Fiscal Year 1976.

A handwritten signature in cursive script, reading "Bill Ray", is written over a horizontal line.

Bill Ray  
Chairman  
Senate Finance Committee

Introduced: 2/3/75  
Referred: Community and  
Regional Affairs and  
Finance

BY RAY, RADER, KERTTULA,  
CHANCE, SACKETT, CROFT,  
RODEY AND MILLER

1 IN THE SENATE

2 SENATE BILL NO. 121

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Community and Regional Affairs for funding  
8 the day care assistance program; and providing for  
9 an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. The sum of \$1,200,000 is appropriated to the Department of  
12 Community and Regional Affairs for the day care assistance program.

13 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
14 070(c).

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# STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH H 01 • JUNEAU 99801

~~X PDHCR XX JUNEAU 99801~~

February 14, 1975

The Honorable Bill Ray  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99801

Dear Senator Ray:

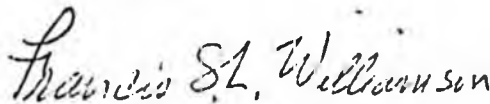
This material is being sent to you in response to your request for back up material on child care and Senate Bill 120.

Enclosed please find:

1. Specific information relating to need behind S. B. No. 120.
2. The Conclusions of the Day Care Issue Analysis which also appears in the Program Services BRU.
3. An analysis of sliding fee schedules.
4. HEW Publications on day care to be utilized as Senate Resource materials.

I hope this information is helpful. Department staff is available to answer any questions you may have.

Sincerely,



Francis S. L. Williamson  
Commissioner

Enclosures

## APPENDIX E

### Excerpts from "Sliding Fee Schedules, a Simulation Analysis of Child Care Service and Cost Under Welfare Reform," Prepared for the Office of Child Development by Abt Associates, Inc., July 1972

#### A. WHAT IS A FEE SCHEDULE?

It is clear that a fee schedule is simply a formula for determining how the full cost of child care is to be shared between families using child care services and (a) public agency(ies). In practice, the fee which a family must pay under a fee schedule is usually a function of family income and almost always an increasing function of family income—i.e., the higher the income, other things equal, the more a family must pay for the same service. A fee schedule may also be a function of family size, the number of children in child care, and the full cost of child care services.

A fee schedule may take a wide variety of forms. Perhaps the simplest form for a fee schedule is the linear form; this form may be represented graphically as a straight line which connects the income level at which a minimum fee (or no fee) is charged, with the income level at which the fee charged is equal to the full cost of care. For example, consider the fee schedule in Illustration II.a. [Not included]. This schedule applies to a family using child care services worth \$1,500 a year—i.e., \$1,500 is the full dollar cost of the child care services this particular family is using, over a year's period. The fee schedule defines how much of that \$1,500 the family must pay; this fee is clearly an increasing function of the family income. In this example, at incomes below \$4,000, the family receives the service free. At incomes above \$4,000, the higher the income, the higher the fee, up to an income of \$10,000. Thus, at a family income of \$6,000, the fee would be \$500; at a family income of \$8,000, the fee would be \$1,000.

TABLE II.b.—EXAMPLE OF A FEE SCHEDULE

| Annual family income   | Annual fee to family |
|------------------------|----------------------|
| \$0.....               | 0                    |
| \$1,000.....           | 0                    |
| \$2,000.....           | 0                    |
| \$3,000.....           | 0                    |
| \$4,000.....           | 0                    |
| \$5,000.....           | \$250                |
| \$6,000.....           | 500                  |
| \$7,000.....           | 750                  |
| \$8,000.....           | 1,000                |
| \$9,000.....           | 1,250                |
| \$10,000 and over..... | 1,500                |

At an income of \$10,000, the fee this particular family must pay according to the fee schedule, is equal to the full cost of the child care service being used (i.e., \$1,500). At incomes above \$10,000, the fee remains at \$1,500, (since any higher fee would mean that this family would be paying more than the full cost of care; Government fee schedules rarely, if ever, require a payment greater than the full cost of care).

*This simple fee schedule illustrates a number of characteristics of customary fee schedules:*

- There is a minimum income below which no fee (or only a nominal fee) is charged to the family,
- The fee does not decrease as income increases,
- Over some income range, the fee increases as income increases,
- Over the income range where the fee is increasing, the increase in the fee is less than the increase in income (in this example, the fee increases \$25 for every \$100 increase in income over the \$4,000 to \$10,000 income range)
- At some income level above the minimum, the fee equals the full cost of care; at higher incomes, the fee remains at the full cost level.

*Also, the four basic features or parameters of a fee schedule are illustrated and easily identified in this example. The parameters are:*

- The income level above which the service is no longer free to the family (\$4,000 in the example),
- The income level at which the fee to the family is equal to the full cost of the service (\$10,000 in the example)
- The full cost of the service (\$1,500 in the example),<sup>1</sup>
- The shape of the schedule (straight line in the example)

The shape of the curve, and any other two parameters (basic features), determines the fourth parameter. For example, once we have specified the income level above which the service is no longer free to the family (\$4,000 in the example), the full cost of the service (\$1,500 in the example), and the shape of the schedule (a straight line, in the example), the income level at which the fee to the family is equal to the full cost of the service *has* to be a certain number (\$10,000 in the example).

If the fee schedule described above were actually to be used in an operating program, it would probably be presented in a table, with a particular fee specified for various income ranges. While such a table is not exactly the same as the schedule displayed above, it is close enough for practical purposes. For example, the above fee schedule might be represented in a table such as the following:

<sup>1</sup> Thus, any fee schedule may be said to be a function of the full cost of care. Some analysts have attempted to distinguish between schedules which are only functions of income and schedules which are functions of income and cost. This distinction does not apply to fee schedules under consideration here, since a basic requirement of H.R. 1 fee schedules is that they continue to increase with income until the full cost of care is reached.

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TABLE II.C.—FEE SCHEDULE TABLE, FOR ADMINISTRATION  
OF FEE SCHEDULE<sup>1</sup>

| Annual family income    | Fee to family |        |
|-------------------------|---------------|--------|
|                         | Weekly        | Yearly |
| 0 to \$3,999.....       | 0             | 0      |
| \$4,000 to \$4,199..... | \$1.00        | \$50   |
| \$4,200 to \$4,399..... | 2.00          | 100    |
| \$4,400 to \$4,599..... | 3.00          | 150    |
| \$4,600 to \$4,799..... | 4.00          | 200    |
| \$4,800 to \$4,999..... | 5.00          | 250    |
| \$5,000 to \$5,199..... | 6.00          | 300    |
| \$5,200 to \$5,399..... | 7.00          | 350    |
| \$5,400 to \$5,599..... | 8.00          | 400    |
| \$5,600 to \$5,799..... | 9.00          | 450    |
| \$5,800 to \$5,999..... | 10.00         | 500    |
| \$6,000 to \$6,199..... | 11.00         | 550    |
| \$6,200 to \$6,399..... | 12.00         | 600    |
| \$6,400 to \$6,599..... | 13.00         | 650    |
| \$6,600 to \$6,799..... | 14.00         | 700    |
| \$6,800 to \$6,999..... | 15.00         | 750    |
| \$7,000 to \$7,199..... | 16.00         | 800    |
| \$7,200 to \$7,399..... | 17.00         | 850    |
| \$7,400 to \$7,599..... | 18.00         | 900    |
| \$7,600 to \$7,799..... | 19.00         | 950    |
| \$7,800 to \$7,999..... | 20.00         | 1,000  |
| \$8,000 to \$8,199..... | 21.00         | 1,050  |
| \$8,200 to \$8,399..... | 22.00         | 1,100  |
| \$8,400 to \$8,599..... | 23.00         | 1,150  |
| \$8,600 to \$8,799..... | 24.00         | 1,200  |
| \$8,800 to \$8,999..... | 25.00         | 1,250  |
| \$9,000 to \$9,199..... | 26.00         | 1,300  |
| \$9,200 to \$9,399..... | 27.00         | 1,350  |
| \$9,400 to \$9,599..... | 28.00         | 1,400  |
| \$9,600 to \$9,799..... | 29.00         | 1,450  |
| \$9,800 to \$9,999..... | 30.00         | 1,500  |
| \$10,000 and over.....  | 30.00         | 1,500  |

<sup>1</sup> Assuming care provided for 50 weeks per year, leaving 2 weeks for vacation.

Technically speaking, this table represents a "step" function. Any fee schedule may be approximated by such a table, for purposes of administration; the federal income tax tables are a familiar example. Our example of a fee schedule illustrates still another obvious but important characteristic of customary schedules; over a wide range of income (0 to \$10,000 in the example), the family pays less than the full cost of care; the difference between full cost and what the family pays is, in government sponsored programs, paid by the government. The sum of what families pay and what the government pays is equal to the full cost of care. We can augment Table II.b to show the government cost schedule corresponding to our exemplary fee schedule:<sup>1</sup>

TABLE II-d.—GOVERNMENT CONTRIBUTION TO COST OF CARE

| Annual family income | Annual fee to family | Government contribution |
|----------------------|----------------------|-------------------------|
| \$0                  | \$0                  | \$1,500                 |
| 1,000                | 0                    | 1,500                   |
| 2,000                | 0                    | 1,500                   |
| 3,000                | 0                    | 1,500                   |
| 4,000                | 0                    | 1,500                   |
| 5,000                | 250                  | 1,250                   |
| 6,000                | 500                  | 1,000                   |
| 7,000                | 750                  | 750                     |
| 8,000                | 1,000                | 500                     |
| 9,000                | 1,250                | 250                     |
| 10,000               | 1,500                | 0                       |
| 11,000               | 1,500                | 0                       |
| 12,000               | 1,500                | 0                       |

<sup>1</sup> Full cost equals \$1,500.

Note: This table serves as a reminder that a fee schedule is simply a *formula* for determining how the full cost of child care is to be shared between families using child care services and the Federal Government. A fee schedule, *per se*, implies nothing about the *administrative mechanism* by which money is transferred from families and/or the government to the provider of child care services. A very important consequence of this observation is the realization that the income disregard mechanism for government subsidy of child care is, in fact, just a particular kind of fee schedule—but one which is associated with a particular kind of administrative mechanism. (See section D, Direct Payment Mechanism vs. Income Disregard.) It is the *mechanism* of the disregard which makes that particular type of fee schedule interesting, not the particular cost-sharing formula which has been chosen.

Most fee schedules are more complicated than the simple one discussed above. Two major factors contribute to this complexity:

Family characteristics—fee schedules may be adjusted for certain family characteristics, such as family size, number of children in the family requiring child care services, and the ages of the children needing child care services.

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presents a "step" function. Any fee schedule, for purposes of administration, is a familiar example. Our example of a step function is, in government sponsored programs, the difference between the full cost of care; the difference between what families pay and what the government pays. We can augment Table II.b corresponding to our exemplary fee

### CONTRIBUTION TO COST OF CARE

| to family | Government contribution |
|-----------|-------------------------|
| \$0       | \$1,500                 |
| 00        | 1,500                   |
| 00        | 1,500                   |
| 00        | 1,500                   |
| 00        | 1,500                   |
| 50        | 1,250                   |
| 00        | 1,000                   |
| 50        | 750                     |
| 00        | 500                     |
| 50        | 250                     |
| 00        | 0                       |
| 00        | 0                       |
| 00        | 0                       |

at a fee schedule is simply a formula for sharing costs between families using government. A fee schedule, per se, implies a mechanism by which money is transferred from the provider of child care services. A very important realization that the income disregard mechanism is, in fact, just a particular kind of fee schedule with a particular kind of administrative mechanism (vs. Income Disregard.) It takes that particular type of fee schedule formula which has been chosen.

ated than the simple one discussed -  
to this complexity:  
schedules may be adjusted for certain  
family size, number of children in the  
family, and the ages of the children need-

Fee schedules designed to charge families according to their ability to pay often include an adjustment for family characteristics. Assuming that family income is the best index of family ability to pay, it is commonly believed that, for any given income, the larger the family the less that family is "able" to pay for child care. Thus, it might be appropriate to use a different fee schedule for families of different sizes, such that at any given family income, the larger the family the lower the fee charged.

Of course, the number and ages of children in a family who require child care will be an important factor in determining the full cost of child care services for the family. Frequently, adjustments are made in fee schedules to effect equity among families having different numbers of children and/or children of different ages. Thus, for example, fee schedules could be designed so that a family of four with two children in child care would not have to pay twice the fee of a similar family with only one child in child care. Or, a family of three with an infant in child care might not have to pay a higher fee than a family of three with a school-age child in child care, at any given income.<sup>2</sup> One way to take account of the age and number of children in a family is to set the minimum income for eligible families and the shape of the fee schedule, and allow the full cost of child care for the family to determine the family income level at which the fee to the family would equal the full cost (at which the Government no longer subsidizes).

*The shape of the fee schedule.*—The fee schedule need not be linear. In fact, there are some good arguments for using non-linear, (concave) curves, rather than straight lines, in designing a fee schedule.

Non-linear, concave curves have the advantage of charging families with low incomes a smaller marginal fee per additional dollar earned than a straight line with the same end points. Of course, this means that families with relatively high incomes are charged a larger marginal fee, per additional dollar.

#### B. WHY HAVE A FEE SCHEDULE?

Benefits from fee schedules have been distussed by a number of writers.<sup>3</sup> Three principal reasons are frequently cited for using a fee schedule in the provision of child care services under H.R. 1; a fee schedule can

Allocate scarce resources in an objective fashion, in such a way as to spread the benefit of limited resources.

Avoid disincentives for families to increase their incomes (i.e., avoid "notch" effects).

Achieve equity among families of certain similarities.

#### *Allocating Scarce Resources*

Assuming that there are not sufficient funds to completely subsidize child care services for all H.R. 1 eligible families, a well-designed fee schedule is a good way of serving as many families as possible by requiring the financial participation of families who can pay part of their costs. With any given Government budget for child care, if child care were free to some families (fully-subsidized) and full-cost to all others, (not subsidized), some Gov-

<sup>2</sup> Care for an infant is generally more expensive than care for a school-age child.

<sup>3</sup> For a detailed discussion of the reasons for fee schedules, see Mary Siegel's "Issue Paper for Fee Schedules," from the FAP-IM office (June 30, 1971) and Terence Kelly's Urban Institute (draft) paper "Fee Schedules and Social Services."

ernment funds would be unnecessarily wasted and some families would not participate who need partial subsidy to participate. This is because some of the families receiving full subsidy would in all probability have been willing to pay *some* part of their cost. Also some families who did not participate probably would have done so with a partial subsidy. The likely greater efficiency in the use of Government dollars for child care is a major reason for introducing fee scales.

*Avoid Disincentives*

A properly designed fee schedule should result in a family being better off financially by working rather than not working, or by working more rather than working less.

*Achieve Equity*

A properly designed fee schedule can result in the same treatment of families in the same situation (horizontal equity) and the treatment of families in different situations in a way which is generally agreed to be fair (vertical equity).

FY 76 ISSUE ANALYSIS SUMMARY

THE STATE OF ALASKA'S

ROLE IN DAY CARE

One of the most dramatic social changes in recent decades has been the rapid increase in employment of women. Working mothers and single parent fathers are faced with the difficult problem of obtaining adequate day care for their children while they are away from home. By FY 76 there will be close to 27,000 Alaskan children under age 9 whose mothers will be in the labor force. As the agency designated with responsibility for resource development and licensing of homes and centers, we have become frequently aware of the gross inadequacies in some day care arrangements. There are licensed resources for only 6% of the population. Fewer than three percent of the children in day care are state funded. Realizing that Alaskan children whose working parents are just above eligibility criteria for financial assistance, are most likely to be receiving a very low level of care--if care is provided at all--the department requested day care funding for potential recipients and the working poor in the preliminary budget request. In response, the Division of Budget and Management in the Department of Administration assigned an issue analysis to the Department on this topic. Major conclusions follow:

## CONCLUSIONS

1. The State of Alaska's role in day care has been concentrated on the limited welfare population. Changed expectations about women's roles, combined with the economic needs of families in Alaska, have caused the numbers of mothers who work to increase. The needs of this additional population have in large part been ignored. In assessing the alternatives to expanding state involvement, it becomes clear that Alaska can provide enough day care of adequate quality to protect and enhance the development of the State's youngest population only by substantially increasing State commitment and monies. Leadership and commitment have not come from the Federal Government and are not anticipated to come in the near future. Within a full range of State commitments, and lacking federal support, the State should provide the resources for a reasonable level of day care expansion. This conclusion recognizes that the State's poor families have no powerful lobby, and that the inadequate day care arrangements for these children place swelling numbers of our chief resource in high risk. Alaska's children cannot wait.

2. The children in need of day care service are children of working mothers and single parent fathers. An estimated 28,914 children ages 0 through 8 are currently receiving or in need of day care services. Potentially 14% of that population, 4,000 children, live in families where one or both parents are working, training, or incapacitated and are unable to afford the financial burden of providing adequate day care for their children. The number of these children who are left in their own homes without care is not known, but estimated at 10%. Alaska

currently funds less than 3% of the day care population in comparison to 5 to 10% in other states. A reasonable expansion considering needed resource development would extend eligibility to 6% of the children in day care or an additional 734 children. Eligibility criteria should parallel federal criteria to maximize federal claiming, should the funding ceiling on social services change. Since federal criteria would allow more than the 734 children, criteria should begin low and be phased up over FY 76 quarters until the 6% is attained. It is essential that this expansion be pursued only with adequate resource development.

3. Alaska's minimum standards for day care are clearly in need of revision. Additionally, Alaska has been found to be substantially out of compliance with Federal Day Care Standards. The costs of meeting the Federal Standards far exceed the Federal monies allotted to Alaska. Therefore, Alaska should not attempt to provide excessively high quality programs for a few and ignore the remaining children. Alaska's minimum standards should set the best level of care possible at the most feasible cost. Negotiations should take place with Federal officials for reasonableness of criteria in "translating" the 1968 Federal Requirements in exchange for additional State requirements covering infant care and other items not addressed in the 1968 Federal Requirements. The focus of any trade-offs should be on the care and protection and enrichment of children in the first two years of life. Program scope which often meets adults needs may be limited.

4. Arranging for the day care of children is becoming increasingly difficult for Alaskan parents. An estimated 18% of non-working mothers are not working solely because of no adequate day care arrangements but many work in spite of inadequate arrangements. The consumer protection afforded parents in the licensing law has never been fully implemented. Licensed slots are available only for 6% of the day care population. The concentration of licensed slots is in centers. Because centers are visible, there is a danger that day care will be conceived only in terms of day care centers with family day care largely ignored, yet most of Alaska's day care children are in unlicensed family day care homes. Full implementation of the licensing law could require up to 75 licensing specialists. Restrictions on state resources and limits to available trained personnel make full implementation unfeasible. Thirteen licensing specialists are being requested in the social services budget to provide an additional 2730 licensed slots for children, 734 for additional funded children. This will provide expansion at a pace that allows sufficient time for training licensing staff, for strategically locating resources, and for evaluating the effects of a variety of day care resources on the families and children that use them. Additional training for day care providers is needed to augment the quality level of care in state standards.

5. Publicly supported day care should be committed to the strengthening of the family. The parents role in day care programs should be no more optional than the physical safety of children. Communities should be mobilized around the child and his parents to create the good aspects of day care rather than fending off the worst aspects. Incentive grants should be considered.

6. The increasing trend of Alaskan mothers to enter the labor market is expected to increase by a minimum of 32% between 1975 and 1984 as job opportunities increase. The additional children requiring day care will greatly increase demand. Planned expansion is paramount and should include a joint effort of all levels of government, related agencies, and individuals in communities.

Federal - The state should support the principles of the recently introduced Child and Family Services Act with a recommended additional provision for a funding formula equitable for Alaska's vast geography, high cost, and small population.

State - In addition to the role outlined above, the state could offer increased opportunities for part time employment allowing working mothers the flexibility of combining a career with parenting. Need profiles should be established for data processing on both parents and children who apply for state funded day care to establish age range, appropriateness of hours, location, program desired and the special needs of children for future planning. Appropriate human resource agencies should be contacted for increased necessary support services: nutrition, early health screening, safety, labor, community affairs, and education. The value of utilizing short hour pre-schools as a community training base should be explored as well as stepped up parent training in secondary schools.

Local - Local communities may be encouraged to utilize Revenue Sharing or other funds to establish neighborhood networks of day care resources. Legislation providing incentive grants should be considered which may include business and industry sponsors.

Individuals - A consumer education program could be initiated to assist parents in the decision for day care and in making appropriate arrangements for their children. Individuals from teenagers to senior citizens should be encouraged to serve as day care volunteers in their neighborhoods.

Given the magnitude of day care expansion in the next 10 years, major planning and evaluation should be accomplished every two years. The above conclusions have been written into implementation objectives proposed as the most rational role for the State of Alaska to assume in day care.

- to allocate funds for purchase of day care for 6% of Alaska's day care population, an additional 734 children.
- to obtain need profiles on state funded children for future planning.
- to revise Alaska's minimum day care standards for the best level of care possible at the most feasible cost by March 1975.
- to negotiate with Federal officials for reasonableness of criteria in interpreting the 1968 Federal Interagency Day Care Requirements.
- to fully implement revised requirements by June 1976.
- to provide an additional 2730 licensed day care slots for children by June 1976.
- to implement 3 University training programs.
- to establish parent involvement as an integral component in Alaska's minimum standards.
- to work with the Office of Child Advocacy for passage of the Child and Family Services Act.
- to promote to all State Agencies part-time employment for increased opportunities to combine careers and parenting.

- to contact appropriate human resource agencies for increased necessary support.
- to submit legislation for incentive grants to encourage local communities and businesses to establish neighborhood networks of day care resources.
- to initiate a consumer education program for the working parents of children in care.

RESOURCE MATERIAL  
Reference to SB120.

"Sec. 44.47.180 (a) (1) implement and administer a program to aid in the provision of day care for the children of low income families."

1. Trends -

- A. The national trend of mothers in the work force increased more than eightfold from 1940 to 1972; one in three now have children under age 6. In Alaska, due to the high cost of living and young population, there may be as many as two of every three working mothers with children under age 6.
- B. In 1973 13% of all families in the nation were headed by women due to high divorce rates and illegitimacy rates.
- C. Larger numbers of young mothers are entering and remaining in the labor force due to changing attitudes toward the woman's role, increased education, more job opportunities, smaller families, and more economic strain.
- D. The supply of free day care is diminishing sharply, due to the Minimum Wage Law, the breakup of the extended family through geographic mobility, and increasing isolation between neighbors.

2. Need -

- A. By 1976 numbers of children in day care because mothers and single fathers are in the labor force will include 28,628 children under age 9, 18,820 under age 6 and 9,695 under age three. These numbers are based on 1970 census data for working mothers and civilian workforce increase projections of 55% from 1970 to 1976. An even age distribution which is appropriate for Alaska's young population is assumed.
- B. Present funding is for children under age 14 of single working or training parents who are currently receiving AFDC financial assistance. Less than 3% of the 28,628 children in care are funded compared to 5% to 10% in four other states contacted.
- C. The recently passed amendments to the Social Security

Act commonly referred to as Title XX would allow 75% federal matching monies for day care on an income related basis. Service could be provided free to persons with 80% of the Nations's median income, \$12,051. Additionally service could be provided on a sliding fee basis to families up to 115% of the nations median income. Unfortunately, the ceiling on Alaska's spending is set at \$4,000,000 for FY76. This small amount for all Social Services will not allow expansion of service to persons who are not current AFDC recipients. Incomes of current working recipients generally range from a few dollars up to \$6,000 per year.

- D. Clearly the \$1,600 to \$2,00 per year it now costs for full time day care is beyond the means of many working parents. Consequently large numbers of children are receiving inadequate care or no care. No combination of data from census on other sources will yield population numbers of working parents with young children by income level. The indicators are:

Children under 18 years old were 31% of the total population in the country, but 41% of the low income population. Preschool aged children are more likely to comprise the bulk of the low income group because their parents are on the average younger and do not yet have high earning power.

In 1972, 912 million or 14% of all children were in families below the low income line. Half of these children or 7% were in fatherless families.

Almost 45% of the children in low income two-parent families had fathers who worked all year at full-time jobs. The low income must have resulted from low earnings.

- E. The obvious priority in day care need lies in the single parent family where the parent must work or receive financial assistance. This priority includes single teenage mothers.

Most families with both parents working are financially able to provide adequate day care for their children. Data shows that among white children in two parent families median income in 1972 was \$14,198 when the mother was in the labor force and \$12,441 when she was not. For black children, the figures were \$11,027

and \$7,837. Examples of two parent families needing assistance include:

Both parents training with minimal income.

One parent working with the other parent in training or treatment program.

Both parents with part time low paid service work needing part time care.

Rural summer day care. Father fishing and mother preparing food for the winter and/or working in a cannery operation.

Child overwhelming parent. Relief protective service day care.

One parent incapacitated (disabled, alcoholism, drugs etc.) with the other parent working.

- F. If eligibility for subsidized day care were raised in FY76 to include some of the above families not receiving AFDC, what increased number of children 0-8 and per cent of the total day care population would be involved?

|      |                |     |               |
|------|----------------|-----|---------------|
| 5%   | 445 children   | 10% | 1891 children |
| 6%   | 734 children   | 15% | 3337 children |
| 7.5% | 1,168 children |     |               |

#### Section 44.47.240 DEFINITIONS

(1) "DAY CARE FACILITY"

Current licensed capacity is as follows:

|                           |                                    |
|---------------------------|------------------------------------|
| 44 day care centers       | 1361 licensed capacity slots       |
| 143 family day care homes | <u>490</u> licensed capacity slots |
|                           | 1851 licensed capacity slots       |

Staff: 3 1/2 full time equivalent child care licensing personnel.

Assuming the primary age range of need for day care is 0-8, there are licensed capacity slots for 6% of the population. Current AFDC children are utilizing nearly half of the capacity slots with the general public utilizing the remainder. With many requests for licensed homes from the general public there is constant pressure to establish resources for AFDC children. Expanding day care assistance would require development of additional

licensed homes.

The bulk of unlicensed care is given in family day care homes. The number of positions to fully implement the licensing law could approach 75 positions. National studies indicate 1 person can efficiently license and provide consultation to 60 homes with an average capacity of 3.5 slots per home, excluding the mothers own children. Thirteen positions could provide an additional 2730 licensed slots. Paraprofessionals assisting licensing personnel could perhaps double that number.

(3) "CHILD"

While the greatest need for protection of children in day care is 0-5 years, many school aged 6, 7, and 8 year olds need before and after school care as well as summer care. When the Juneau before and after school day care program closed, one child previously in the program was hit by a truck and seriously injured. Care and supervision for children exceeding 8 years of age depends on the maturity of individual children.

FINAL NOTE:

In recent months the Division has received an increased number of complaints on dangerous unlicensed family day care homes. Usually these homes offer cut rates and care for large numbers of children. Parents who cannot afford adequate day care are most likely to place their children in these homes.