

COMMITTEE REPORT

4/6/76

SENATE

Mr. President:

Date _____

The Committee on Finance has had SB 635
special approp. to Hope Cottage
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:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:

_____ Chairman

COMMITTEE REPORT

FINANCE

2/12/76

SENATE

Mr. President:

Date 4-5-76

HEALTH, EDUCATION

The Committee on AND SOCIAL SERVICES has had SB 635 special appropriation to Hope Cottage 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>Colletta</u>	<u>DO Pass</u>	_____
<u>Bradley</u>	<u>No Pass</u>	_____
<u>Lenic Chavez</u>	<u>No Pass</u>	_____
_____	_____	_____

Members NOT concurring in the Majority report:

<u>Ferguson</u>	recommends: <u>No Rec</u>
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

Ferguson Chairman

635
-fin

Introduced: 2/12/76
Referred: Health, Education
and Social Services and
Finance

1 IN THE SENATE

BY WILLIS

2 SENATE BILL NO. 635

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to Hope Cottage;
7 and providing for an effective date."

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

9 * Section 1. The sum of \$100,000 is appropriated from the general fund to
10 Hope Cottage.

11 * Sec. 2. This Act takes effect July 1, 1976.

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COMMITTEE COPY

ALASKA STATE LEGISLATURE

NINTH Legislature SECOND Session

SENATE BILL NO. 635

By WILLIS

"An Act making a special appropriation to Hope Cottage; and providing for an effective date."

spec. approp. Hope Cottage

Introduced in the Senate 2/12/76, 19....

HISTORY IN THE SENATE

1976

2 12

Read first time and referred to Committee on

Health, Education and Social Services and Finance

Reported back with recommendation that *Pass 3-10 pass 1-mover to Finance*

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No.



- FILE -

2805 Bering Street, Suite 2A
Anchorage, Alaska 99503
Telephone: 278-9641 (Administration)
274-1581 (Program)

George A. Hall, President
Board of Directors

Raymond L. Kent
Executive Director

April 2, 1976

Senator Genie Chance
Alaska State Senate
State Capital
Pouch V
Juneau, Alaska 99811

Dear Genie:

You have probably heard that Ray Kent has resigned as Executive Director of Hope Cottage, and I have been appointed Acting Executive Director. I am writing this letter to enlist your aid to again help Hope Cottage.

We currently have two issues, both extremely critical, which must be addressed. You have knowledge of much of the circumstances surrounding these problems, and I am hoping that, as a friend of Hope Cottage, you can be a spokeswoman for us in the Legislature.

The first extremely critical problem is the construction of the "New Chalet". I am sure you remember your championship of our cause when the Legislature appropriated \$200,000.00 for matching monies to a \$100,000.00 Federal Grant in 1975. At that time, a total fund of \$300,000.00 seemed more than enough. However inflation and State and Federal requirements have raised the construction cost of this building to an estimated \$378,000.00, as per attached sheets. This is almost exactly \$100,000.00 more than our available monies. We cannot go to bid (Federal Regulations again) unless we can show financial capability of constructing the project. We have tried, unsuccessfully, to obtain a letter of credit from a local lending institution, which would enable us to go for bid, and obtain a mortgage. This we cannot do, (see attached letter) because of the various lending restrictions. Unless Hope Cottage can go to bid and award a contract before July 1, 1976, we will lose the \$100,000.00 Federal portion of the grant. If this happens, in order to finance construction, we would need \$200,000.00 from the State, which, with the usual delays, etc. would probably not be forthcoming until 1977, causing another delay; and with it, another rise in cost, resulting in another fund shortage, and so on. We have no alternative but to obtain legislative funding, either through a grant, or a loan. If this project has to be deleted due to the lack of the additional monies, the consequences will be far reaching, 1) the State's deinstitutionalization plan will receive a serious blow, 2) A.P.I. will still have to care for

the mentally retarded children in its care which are scheduled to move into the "New Chalet", and 3) Hope Cottage will have a crushing debt of over \$46,000.00 in Architectural/ Engineering fees to pay, with no chance for reimbursement. What this will do to the entire Hope Cottage Program is obviously predictable.

The second and most critical problem again deals with a money situation at Hope Cottage. Senator Ed Willis introduced Senate Bill #635 on February 12, 1976; an Act to reimburse Hope Cottage for the cost of the very necessary Adult Program, which was unfunded by the State of Alaska until January of 1976. Hope Cottage set up this program in February of 1971. In August of 1972 it was expanded to take in men as well as women, and, until January of 1976, it was funded entirely by Hope Cottage and the residents themselves. I am attaching a description of Hope Cottage's continuing effort to convince the State it should accept its responsibilities in assisting these persons in maximizing their potential in the community. Funding this program has exhausted our resources, and, unless we receive reimbursement from the State, it is likely that Hope Cottage will be unable to continue its other programs for deinstitutionalization wherever possible, as mandated by the State and Federal Governments. Yesterday our Finance Committee met with our banking representative and learned that our ability to obtain bank loans has ended. Our cash flow situation is critical. I urge you to do whatever you can to assist Hope Cottage in the successful passage of SB 635.

Any questions you may have, any information you may need to assist us in resolving our problems as rapidly as possible, please let me know. I plan to be in Juneau soon to see what I can do to expedite SB 635, and the resolution of the "New Chalet" construction financing.

Sincerely,


Roger O. Weed, Acting
Executive Director

ROW/db

Enclosures

cc: Senators: Bill Ray, George Hohman, Kay Poland, John Rader
Jalmar Kertulla, Ed Willis, Chancy Croft,
Mike Coletta, W.E. Bradley, Frank Ferguson

Representatives: Hugh Malone, Susan Sullivan, Keith Specking,
Kathryn Ostrosky, Mike Miller, Helen Beirne

WRITTEN TESTIMONY BY HOPE COTTAGE

IN SUPPORT OF

SENATE BILL 635

Since the intent of Senate Bill 635 is to provide Hope Cottage with reimbursement for debt that has accrued over a substantial period of time as a result of a program which should have been adequately funded by the State of Alaska from its inception, this will be an attempt to collate the facts as they occurred so that you might be apprised of what caused the situation, as well as what is recommended for solution.

Hope Cottage initiated the Program presently known as Hope Cottage's Program "C" in February, 1971. The program was initiated at the request of Mr. James Doak, who was then the Coordinator for Developmental Disabilities for the State of Alaska. His request was motivated by the fact that Chugach Rehab Industries, a workshop activity center operating at that time, was closing. This facility provided housing for the adults they employed, or who were involved in the activity center there. Following the closing of that facility, the Association for Retarded Citizens took over the function of the workshop and activity center and renamed the facility Rehab Industries. Hope Cottage was requested to provide housing since the Association for Retarded Children did not provide this kind of service and there was substantial need for at least ten people who were then residents of Chugach Rehab Industries, while being employed by the workshop. Therefore, in February of 1971, Hope Cottage purchased a building presently known as Hope Chalet and began providing housing for ten adults. The State was then approached for funding, and a contract proposal was submitted to

Mr. Stan Harris, who was then Director of the Division of Family and Children's Services. Mr. Stan Harris responded by saying that the State Department of Health & Social Services did not have any money to fund a program that was starting in mid-year, and suggested that Hope Cottage fund the program in order to justify its need until the end of the fiscal year, at which time Stan indicated, the State would consider it for funding. Following the format normally used for AS 47.40, and at the suggestion of Mr. Stan Harris, Hope Cottage revised its contract application, and resubmitted it to be effective June 30, 1971, for a 12-month period in order to establish eligibility for AS 47.40 (full-cost-of-care) funding. This proposal was rejected by the State and further negotiations were conducted with the then-Commissioner Frederick McGinnis. Dr. McGinnis also refused to fund the program; ~~however by this time a substantial~~ waiting list had developed and, if Hope Cottage was going to continue to be responsive to the need, it would have been necessary to relocate in order to accept some twenty additional referrals to the program made during the time period previously mentioned. This information was passed on to Commissioner McGinnis and another request was made for funding the adult program at a new location.

This new location is the present site of the facility, 2805 Bering Street. The move was effected in August of 1972, at which time the program expanded from ten residents to 36 residents. Again, funding was requested and denied. Hope Cottage operated the program from February 6, 1971, through the end of that fiscal year, June 30, 1971, and was told then that funding could not be considered

until the following year, because one-year experience had to be established in order to justify rate structure for full-cost-of-care funding.

On June 30, 1972, a full seventeen months from the date of its starting, a new budget and contract proposal were submitted to Commissioner McGinnis, and again rejected, using the statement that adult programs did not qualify for full-cost-of-care funding and there were no funds in the budget to write a contract. This information was relayed to the Hope Cottage Board of Directors, who again voted to continue the program for another year and also for Hope to continue the attempt to find alternative funding sources.

The problem was bandied back and forth for some time after that, and finally on July 1, 1974, a minor breakthrough occurred and we were able to write a contract for ten people in what was identified as Hope Cottage's Program "D", or the New Adult Program. This was a new concept of care for adults that would be housed in small groups in individual, leased apartments in the community. It reduced the size of the original program substantially, and shortly after the initial period of negotiation, the program was expanded to twenty individuals. Shortly after July 1, 1974, Hope ended up with twenty people of the original group of thirty-six, which had by then been reduced to thirty, funded and ten people still not funded. On January 1, 1975, we were successful in getting a contract for the remaining ten people.

For approximately four years, Hope Cottage has been totally supporting a program that should have been the responsibility of the State Department of Health and Social Services. I might add that, if the staff of the Department hadn't changed, probably the

solution would not have been arrived at to date. I have to give a lot of credit to Commissioner Williamson, recently, and to Dr. Gregovich, who came on the scene about two years ago and has really done an excellent job of trying to respond to the needs of the Developmentally Disabled.

However, the fact that these Programs are now funded does not solve the problem of the debt that has accrued over this time period relative to these Programs. This debt is somewhat over \$100,000.00. During this same time period, Hope Cottage dumped some 250 to 300 thousand dollars in funds it raised in the community to support the various aspects of these Programs. So, over the four and one-half year time period, approximately 400 thousand dollars was invested into these programs, and approximately 300 thousand dollars came from funds raised in the community or generated by the residents in some form or other. Hope Cottage's intent now is to recover only the amount of money that it wasn't able to secure through other resources during that time period, i.e. \$100,000.00. This is clearly identified in the attached budget sheets.

I believe the foregoing correctly summarizes the history of the Adult Program. It was in actuality much more complicated than it may appear there. Additionally, I am providing you with a copy of the current contract to Program "C" and Program "D", in order for you to have a good description of the kind of service the program provides.

HOPE COTTAGE'S POSITION

Simply stated, Hope Cottage's position is that it exists entirely for the benefit of its residents. These residents are

people the State would normally have to provide services for in some form or other, i.e. at A.P.I. or Harborview Memorial Hospital. They are all in need of out-of-home support or maintenance care services. Hope Cottage exists simply to provide services for the State of Alaska to the Developmentally Disabled people who the State is not able to serve because of the lack of adequate State facilities. All facilities exist because of an expressed need by the State Department of Health and Social Services, and an agreement to contract with Hope Cottage to provide these services. Hope Cottage has since 1970 invested approximately \$100,000.00 annually via fund-raising activities into these programs, and will continue to do so. However, if we are going to be successful in providing services for those people for whom the State has determined that services are necessary, then it must be able to recover any losses in excess of that \$100,000.00 ~~in order to remain solvent and to~~ stay a viable resource.

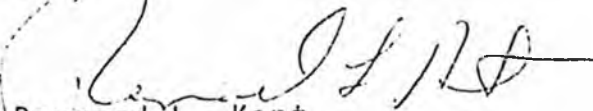
As a result of the policy of supporting the Adult Programs "C" and "D", Hope Cottage finds itself in debt for approximately \$100,000, with no resources for the recovery of that amount of money other than this Senate Bill 635. We feel that the documentation attached is adequate for the purposes of securing this reimbursement. The budget pages you have, with the disbursements, are those excerpts from proposals submitted to the State Department of Health and Social Services on the dates indicated at the top of the page. Hope Cottage believes that during this time period the State was very remiss in its acceptance of its obligations to provide services to those residents of the state who are so handicapped as to require them. Hope Cottage also feels that the State Administration has

did not carry out the intent of the Legislature as indicated by Alaska Statute 47.40. It is our hope that this present Legislature will review the situation and vote positively in favor of Hope Cottage, which, for many years has strived diligently to provide first-class services for those people for whom the State has assumed responsibility.

It appears to us that a substantial injustice has occurred and we are looking forward to discussing this with this Legislature. We are confident that this Legislature will be interested in correcting this injustice.

If further justification for this request is required, please don't hesitate to call. I would be more than happy to supply anything that you ask for, and will be available to testify if you so desire.

Respectfully submitted,



Raymond L. Kent
Executive Director

RLK/db

Attachments



NATIONAL
Bank of Alaska

Main Branch • Box 600 • Anchorage, Alaska 99510 • (907) 272-8547

March 31, 1976

Hope Cottage
2805 Bering Street
Suite A
Anchorage, Alaska 99503

Gentlemen:

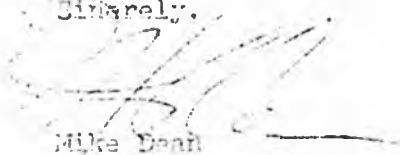
Thank you for your request for a letter of credit for the balance of funds necessary to complete the Chalet facility.

Present bank policies on long term financing preclude us from being able to comply with your request. We are not making long term loans on restricted use properties at this time.

We hope you are successful with your negotiations with the state and are able to go forth with your project.

If you should have any questions in regards to this matter, please do not hesitate to contact us.

Sincerely,



Mike Dean
Assistant Vice President
& Branch Manager

MD/rs

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF FACILITIES ENGINEERING AND PROPERTY MANAGEMENT

CONSTRUCTION DOCUMENTS AND DATA AFFIRMATION

Project Number (State) 065-50-515
 Project Type Home for Handicapped Retarded Teenagers
 Applicant Hope Cottage, Inc.
 Project Location Lot 3, Block 1, Norton Park Subdivision
 Proposed Bidding Package -

The following proposed invitation-for-bid documents are attached:	CHECK HERE
Advertisement for Bids	(X)
Information for Bidders	(X)
Bid Form Proposal Form	(X)
Bid Bond Form	(X)
Contract Form	(X)
Performance - Payment Bond Form	(X)
Construction Contract General Conditions	(X)
Supplemental Construction Contract Conditions (if required) ...	(X)
Special Conditions (if required)	(X)
Final Technical Specifications	(X)
Final Drawings	(X)
Other (List under comments next page)	(X)

Data Affirmation

The current estimated construction cost is as follows:	<u>NEW</u>	<u>OTHER</u>
Building Cost	\$ 281,438	
Built-in Equipment	5,000	
Site Work	15,000	
Central Utility Plant -(Off-Site Work).....	30,000	
Total Construction	331,438	
Basic A/E Fee	30,142	
Supervision & Inspection	2,000	
Survey, Tests & Boring	4,420	
Other A/E Costs	10,000	
Total A/E Costs	46,562	
Construction Management Fees	None	
TOTAL	\$ 378,000	

Introduced: 2/12/76
Referred: Health, Education
and Social Services and
Finance

1 IN THE SENATE

BY WILLIS

2 SENATE BILL NO. 635

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to Hope Cottage;
7 and providing for an effective date."

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Introduced: 2/12/76
Referred: Health, Education
and Social Services and
Finance

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2 SENATE BILL NO. 635

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4 NINTH LEGISLATURE - SECOND SESSION

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POSITION PAPER
SB 635

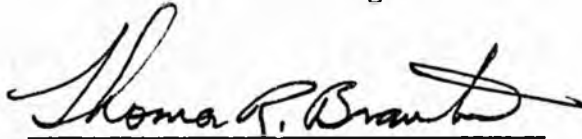
"An Act making a special appropriation to Hope Cottage; and providing for an effective date."

Effect of the Bill: Provide a direct appropriation to a private non-profit community-based residential facility for the mentally retarded.

Discussion: It is reported to the Division of Mental Health and Developmental Disabilities that over the past three years the Hope Cottage "C" program has accumulated an operating deficit of approximately \$108,000.00. This corporation is now requesting a special appropriation act to offset this operating deficit. State agencies are the primary users of this facility program. However, this program was opened as a result of Hope Cottage's own initiative and without prior discussion or approval by the using agencies.

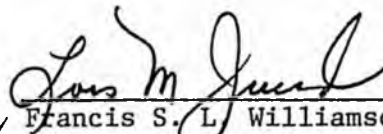
Recommendation: The Department does not recommend the passage of this bill, inasmuch as it is in excess of the Governor's budget.

Recommended:



Thomas R. Branton, Asst. Director Date
Division of Mental Health and
Developmental Disabilities

Approved:


for Francis S. L. Williamson, Commissioner 3/1/76

Date

100-16181-101

HOPE COTTAGE, INC.

BERING INTAKE UNIT HISTORY

	<u>FY 1972-73</u>	<u>FY 1973-74</u>	<u>FY 1974-75</u>	<u>TOTAL</u>
SALARY EXPENSE				
Salaries	\$ 22,650.45	\$ 30,998.07	\$ 27,913.44	\$ 81,561.96
Taxes	6,309.82	2,387.45	1,210.48	9,907.75
Benefits	847.83	1,019.03	728.25	2,595.11
TRANSPORTATION	1,012.31	—	—	1,012.31
Auto Rental	—	385.70	221.74	607.44
Repairs & Maintenance	—	168.80	262.83	431.63
Gas & Oil	—	372.64	453.12	825.76
Other	—	137.45	156.81	294.26
OCCUPANCY COSTS				
Rent	25,200.00	29,407.38	15,845.12	70,452.50
Utilities	4,910.98	5,540.54	2,937.85	13,389.37
Telephone	489.21	710.80	929.87	2,129.88
Repairs & Maintenance	2,158.71	1,308.14	1,003.78	4,470.63
Supplies	1,795.88	1,743.46	1,755.20	5,294.54
Linen & Laundry	290.32	58.74	157.30	506.36
PROFESSIONAL FEES & CONTRACTUAL SERVICES				
Medical	7.00	154.78	—	161.82
Accounting	229.46	157.45	226.05	612.96
Other	41.99	399.76	991.48	1,433.23
ACTIVITIES	42.18	106.43	450.91	599.52
RECREATION SUPPLIES	—	—	414.46	414.46
FOOD	7,757.21	7,769.94	8,007.33	23,534.48
CLOTHING	—	5.45	146.62	152.07
GENERAL EXPENSE				
Office Supplies & Expense	538.28	723.88	1,779.44	3,041.60
Postage	49.91	59.24	147.24	256.39
Dues, Subscriptions etc.	26.54	58.44	134.50	219.48
Outside Printing	86.56	78.69	217.19	382.44
Advertising	26.21	26.89	72.35	125.45
Insurance	504.72	1,225.10	1,056.49	2,786.31
Interest	384.92	57.43	222.72	665.07
Travel	507.95	580.96	684.52	1,773.43
Training	—	—	12.70	12.70
Other	34.57	38.17	42.10	114.84
TOTAL	\$ 75,903.05	\$ 85,680.81	\$ 68,181.89	\$ 229,765.75
REVENUES COLLECTED	41,357.54	21,269.06	58,351.56	120,980.16
FUNDING DEFICIT	\$ 34,543.51	\$ 64,411.75	\$ 9,830.33	\$ 108,785.59

Totals Date

Prepared By _____
Approved By _____

STATE OF ALASKA
CHILD CARE INSTITUTIONS
MONTHLY FINANCIAL REPORT

HOPE COTTAGE, INC.

Program "C"

CUMULATIVE REPORT: July 1, 1974 through June 30, 1975

EXPENDITURES	PROGRAM	ADM. &	TOTAL
	SERVICES	SOCIAL SERVICES	
PAYROLL EXPENSE			
Salaries & Wages	111863.61	16044.80	27913.41
Payroll Taxes	470.57	739.91	1210.48
Employee Benefits	367.23	360.02	727.25
Contractual Services			
TRANSPORTATION			
Auto Rental	—	221.74	221.74
Repairs & Maintenance	—	262.83	262.83
Gas & Oil	11.00	442.12	453.12
Mileage Reimbursement	105.98	43.27	149.25
Miscellaneous	—	7.56	7.56
OCCUPANCY COSTS			
Rent	15047.12	798.00	15845.12
Utilities	2553.31	354.54	2907.85
Telephone & Telegraph	496.37	433.00	929.37
Repairs & Maintenance	792.96	210.82	1003.78
Supplies	1662.13	14.42	1736.60
Linen & Laundry	157.30	—	157.30
Miscellaneous	18.60	—	18.60
PROFESSIONAL FEES			
Legal	—	27.50	27.50
Accounting	—	226.05	226.05
Consultants	—	777.10	777.10
Educational	—	—	—
Physical Therapy	—	—	—
Miscellaneous	163.00	118.85	186.85
ACTIVITIES & ALLOWANCES			
FOOD	436.76	14.15	450.91
CLOTHING	8007.33	—	8007.33
SCHOOL LUNCH PROGRAM	146.62	—	146.62
GENERAL EXPENSES			
Office Supplies & Expense	—	777.44	777.44
Postage	—	147.24	147.24
Bank Charges	—	11.14	11.14
Dues & Subscriptions	21.33	113.17	134.50
Outside Printing	—	217.17	217.17
Advertising	20.21	52.14	72.35
Promotion	—	—	—
Insurance	147.37	909.12	1056.49
Interest	—	222.72	222.72
Adm. Travel, Conferences & Conventions	—	634.52	634.52
Training	—	12.70	12.70
Miscellaneous	—	30.96	30.96
RECREATION SUPPLIES & EQUIP.	—	414.40	414.40
TOTAL EXPENDITURES	42500.38	2569.51	68181.89

STATE OF ALASKA
CHILD CARE INSTITUTIONS
MONTHLY FINANCIAL REPORT

Prepared By
Approved By

HOPE COTTAGE, INC. - Program "C"
2805 Baring Street, Anchorage, Alaska 99503

CUMULATIVE REPORT:
July 1, 1973 through 6-30-74

EXPENDITURES	TOTAL	PROGRAM	ADMINISTRATIVE
		SERVICES	SERVICES
PAYROLL EXPENSE			
Salaries & Wages	30978.07	25394.85	5603.22
Payroll Taxes	2357.45	1950.79	436.66
Employee Benefits	1019.03	836.78	182.25
Contract Services	49.45	—	49.45
TRANSPORTATION			
Auto Rental	385.70	—	385.70
Public Transportation	1.50	1.50	—
Repairs & Maintenance	168.80	—	168.80
Gas & Oil	372.64	52.43	320.21
Miscellaneous	135.95	125.55	10.40
OCCUPANCY COSTS			
Rent	29407.38	29447.08	294.30
Utilities	5540.54	5382.24	151.30
Telephone & Telegraph	710.80	488.69	222.11
Repairs & Maintenance	1308.14	1279.87	28.27
Supplies	1743.46	1727.89	13.57
Linen & Laundry	587.41	587.41	—
Miscellaneous	—	—	—
PROFESSIONAL FEES			
Medical-Dental	148.50	148.50	—
Drugs & Prescriptions	6.28	6.28	—
Legal	78.30	—	78.30
Accounting	157.45	—	157.45
Consultants	262.88	250.00	12.88
Educational	—	—	—
Physical Therapy	—	—	—
Miscellaneous	9.13	—	9.13
ACTIVITIES & ALLOWANCES			
FOOD	7767.94	7767.94	—
CLOTHING	5.45	5.45	—
SCHOOL LUNCH PROGRAM			
GENERAL EXPENSES			
Office Supplies & Expense	723.88	—	723.88
Postage	59.24	—	59.24
Bank Charges	14.42	—	14.42
Dues & Subscriptions	58.44	—	58.44
Outside Printing	78.69	—	78.69
Advertising	26.89	—	26.89
Promotion	235.11	—	235.11
Insurance	1225.10	—	1225.10
Interest	57.43	—	57.43
Adm. Travel, Conferences & Conventions	580.76	—	580.76
Training	—	—	—
Miscellaneous	23.75	—	23.75
TOTAL EXPENDITURES	55715.92	74705.01	11207.93

HOPE COTTAGE, INC. - BERING COTTAGE PROGRAM FOR ADULTS

SCHEDULE OF OPERATING COSTS BY FUNCTION - Fiscal '72-'73

	<u>Total</u>	<u>Program</u>	<u>Admin. Services</u>
Payroll Expense			
Salaries and Wages	\$ 22,650.45	\$ 16,662.44	\$ 5,988.01
Payroll Taxes	6,309.82	1,325.94	4,983.88
Employee Benefits	847.83	726.86	120.83
Transportation - Local	1,012.31		1,012.31
Occupancy Costs			
Rent	25,200.00	25,200.00	
Utilities	4,910.98	4,756.50	154.48
Telephones and Telegraph	489.21	285.88	203.33
Repairs and Maintenance	2,158.71	2,130.57	28.14
Supplies	1,788.04	1,737.93	50.11
Linen and Laundry	290.32	290.32	
Miscellaneous	7.84		7.84
Professional Fees			
Medical-Dental	7.04		7.04
Legal	41.99		41.99
Accounting	229.46		229.46
Activities and Allowances	42.18	42.18	
Food	7,757.21	7,757.21	
General Expenses			
Office Supplies and Expense	538.28		538.28
Postage	49.91		49.91
Bank Charges	23.48		23.48
Dues and Subscriptions	26.54		26.54
Outside Printing	86.56		86.56
Advertising	26.21		26.21
Entertainment and Promotion	236.26		236.26
Insurance	504.72	76.33	428.39
Interest	384.92	139.37	384.92
Conferences and Conventions	38.56		38.56
Administrative Travel	469.39		469.39
Miscellaneous	11.09		11.09
<u>Total Operating Costs</u>	<u>\$ 76,139.31</u>	<u>\$ 61,131.53</u>	<u>\$ 15,007.78</u>
Resident Care Revenue	41,359.54		
Deficit not covered by Operating Revenue	<u>(\$ 34,779.77)</u>		

The Cost per Adult per Day based on the above figures and 5086 Service Units for this period is \$14.97/Child/Day. The monthly rate, determined by the State formula using 366 days in a year, is calculated to be \$455.90/Month for 11 months of operation.

WRITTEN TESTIMONY BY HOPE COTTAGE

IN SUPPORT OF

SENATE BILL 635

Since the intent of Senate Bill 635 is to provide Hope Cottage with reimbursement for debt that has accrued over a substantial period of time as a result of a program which should have been adequately funded by the State of Alaska from its inception, this will be an attempt to collate the facts as they occurred so that you might be apprised of what caused the situation, as well as what is recommended for solution.

Hope Cottage initiated the Program presently known as Hope Cottage's Program "C" in February, 1971. The program was initiated at the request of Mr. James Doak, who was then the Coordinator for Developmental Disabilities for the State of Alaska. His request was motivated by the fact that Chugach Rehab Industries, a workshop activity center operating at that time, was closing. This facility provided housing for the adults they employed, or who were involved in the activity center there. Following the closing of that facility, the Association for Retarded Citizens took over the function of the workshop and activity center and renamed the facility Rehab Industries. Hope Cottage was requested to provide housing since the Association for Retarded Children did not provide this kind of service and there was substantial need for at least ten people who were then residents of Chugach Rehab Industries, while being employed by the workshop. Therefore, in February of 1971, Hope Cottage purchased a building presently known as Hope Chalet and began providing housing for ten adults. The State was then approached for funding, and a contract proposal was submitted to

Mr. Stan Harris, who was then Director of the Division of Family and Children's Services. Mr. Stan Harris responded by saying that the State Department of Health & Social Services did not have any money to fund a program that was starting in mid-year, and suggested that Hope Cottage fund the program in order to justify its need until the end of the fiscal year, at which time Stan indicated, the State would consider it for funding. Following the format normally used for AS 47.40, and at the suggestion of Mr. Stan Harris, Hope Cottage revised its contract application, and resubmitted it to be effective June 30, 1971, for a 12-month period in order to establish eligibility for AS 47.40 (full-cost-of-care) funding. This proposal was rejected by the State and further negotiations were conducted with the then-Commissioner Frederick McGinnis. Dr. McGinnis also refused to fund the program, ~~however by this time a substantial~~ waiting list had developed and, if Hope Cottage was going to continue to be responsive to the need, it would have been necessary to relocate in order to accept some twenty additional referrals to the program made during the time period previously mentioned. This information was passed on to Commissioner McGinnis and another request was made for funding the adult program at a new location.

This new location is the present site of the facility, 2805 Bering Street. The move was effected in August of 1972, at which time the program expanded from ten residents to 36 residents. Again, funding was requested and denied. Hope Cottage operated the program from February 6, 1971, through the end of that fiscal year, June 30, 1971, and was told then that funding could not be considered

until the following year, because one-year experience had to be established in order to justify rate structure for full-cost-of-care funding.

On June 30, 1972, a full seventeen months from the date of its starting, a new budget and contract proposal were submitted to Commissioner McGinnis, and again rejected, using the statement that adult programs did not qualify for full-cost-of-care funding and there were no funds in the budget to write a contract. This information was relayed to the Hope Cottage Board of Directors, who again voted to continue the program for another year and also for Hope to continue the attempt to find alternative funding sources.

The problem was bandied back and forth for some time after that, and finally on July 1, 1974, a minor breakthrough occurred and we were able to write a contract for ten people in what was identified as Hope Cottage's Program "D", or the New Adult Program. This was a new concept of care for adults that would be housed in small groups in individual, leased apartments in the community. It reduced the size of the original program substantially, and shortly after the initial period of negotiation, the program was expanded to twenty individuals. Shortly after July 1, 1974, Hope ended up with twenty people of the original group of thirty-six, which had by then been reduced to thirty, funded and ten people still not funded. On January 1, 1975, we were successful in getting a contract for the remaining ten people.

For approximately four years, Hope Cottage has been totally supporting a program that should have been the responsibility of the State Department of Health and Social Services. I might add that, if the staff of the Department hadn't changed, probably the

solution would not have been arrived at to date. I have to give a lot of credit to Commissioner Williamson, recently, and to Dr. Gregovich, who came on the scene about two years ago and has really done an excellent job of trying to respond to the needs of the Developmentally Disabled.

However, the fact that these Programs are now funded does not solve the problem of the debt that has accrued over this time period relative to these Programs. This debt is somewhat over \$100,000.00. During this same time period, Hope Cottage dumped some 250 to 300 thousand dollars in funds it raised in the community to support the various aspects of these Programs. So, over the four and one-half year time period, approximately 400 thousand dollars was invested into these programs, and approximately 300 thousand dollars came from funds raised in the community or generated by the residents in some form or other. Hope Cottage's intent now is to recover only the amount of money that it wasn't able to secure through other resources during that time period, i.e. \$100,000.00. This is clearly identified in the attached budget sheets

I believe the foregoing correctly summarizes the history of the Adult Program. It was in actuality much more complicated than it may appear there. Additionally, I am providing you with a copy of the current contract to Program "C" and Program "D", in order for you to have a good description of the kind of service the program provides.

HOPE COTTAGE'S POSITION

Simply stated, Hope Cottage's position is that it exists entirely for the benefit of its residents. These residents are

people the State would normally have to provide services for in some form or other, i.e. at A.P.I. or Harborview Memorial Hospital. They are all in need of out-of-home support or maintenance care services. Hope Cottage exists simply to provide services for the State of Alaska to the Developmentally Disabled people who the State is not able to serve because of the lack of adequate State facilities. All facilities exist because of an expressed need by the State Department of Health and Social Services, and an agreement to contract with Hope Cottage to provide these services. Hope Cottage has since 1970 invested approximately \$100,000.00 annually via fund-raising activities into these programs, and will continue to do so. However, if we are going to be successful in providing services for those people for whom the State has determined that services are necessary, then it must be able to recover any losses in excess of that \$100,000.00 ~~in order to remain solvent and to~~ stay a viable resource.

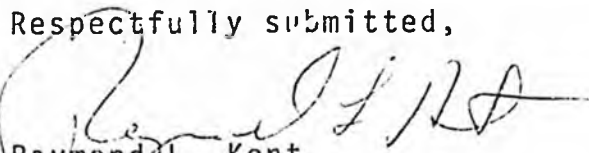
As a result of the policy of supporting the Adult Programs "C" and "D", Hope Cottage finds itself in debt for approximately \$100,000, with no resources for the recovery of that amount of money other than this Senate Bill 635. We feel that the documentation attached is adequate for the purposes of securing this reimbursement. The budget pages you have, with the disbursements, are those excerpts from proposals submitted to the State Department of Health and Social Services on the dates indicated at the top of the page. Hope Cottage believes that during this time period the State was very remiss in its acceptance of its obligations to provide services to those residents of the state who are so handicapped as to require them. Hope Cottage also feels that the State Administration has

did not carry out the intent of the Legislature as indicated by Alaska Statute 47.40. It is our hope that this present Legislature will review the situation and vote positively in favor of Hope Cottage, which, for many years has strived diligently to provide first-class services for those people for whom the State has assumed responsibility.

It appears to us that a substantial injustice has occurred and we are looking forward to discussing this with this Legislature. We are confident that this Legislature will be interested in correcting this injustice.

If further justification for this request is required, please don't hesitate to call. I would be more than happy to supply anything that you ask for, and will be available to testify if you so desire.

Respectfully submitted,



Raymond L. Kent
Executive Director

RLK/db

Attachments

POSITION PAPER
SB 635

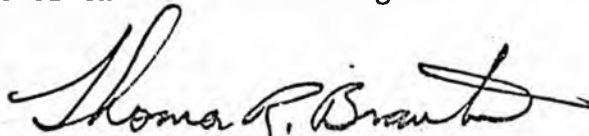
"An Act making a special appropriation to Hope Cottage; and providing for an effective date."

Effect of the Bill: Provide a direct appropriation to a private non-profit community-based residential facility for the mentally retarded.

Discussion: It is reported to the Division of Mental Health and Developmental Disabilities that over the past three years the Hope Cottage "C" program has accumulated an operating deficit of approximately \$108,000.00. This corporation is now requesting a special appropriation act to offset this operating deficit. State agencies are the primary users of this facility program. However, this program was opened as a result of Hope Cottage's own initiative and without prior discussion or approval by the using agencies.

Recommendation: The Department does not recommend the passage of this bill, inasmuch as it is in excess of the Governor's budget.

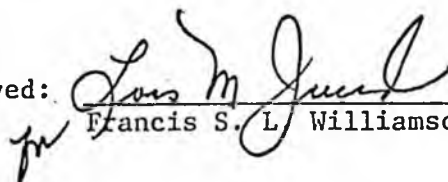
Recommended:



2/27/76

Thomas R. Branton, Asst. Director Date
Division of Mental Health and
Developmental Disabilities

Approved:



Francis S. L. Williamson, Commissioner

3/1/76
Date

SECRET

HOPE COTTAGE, INC.

BERING INTAKE UNIT HISTORY

	<u>FY 1972-73</u>	<u>FY 1973-74</u>	<u>FY 1974-75</u>	<u>TOTAL</u>
SALARY EXPENSE				
Salaries	\$ 22,650.45	\$ 30,998.07	\$ 27,913.44	\$ 81,561.96
Taxes	6,309.82	2,387.45	1,210.48	9,907.75
Benefits	847.83	1,019.03	728.25	2,595.11
TRANSPORTATION	1,012.31	—	—	1,012.31
Auto Rental	—	385.70	221.74	607.44
Repairs & Maintenance	—	168.80	262.83	431.63
Gas & Oil	—	372.64	453.12	825.76
Other	—	137.45	156.81	294.26
OCCUPANCY COSTS				
Rent	25,200.00	29,407.38	15,845.12	70,452.50
Utilities	4,910.98	5,540.54	2,937.85	13,389.37
Telephone	489.21	710.80	929.87	2,129.88
Repairs & Maintenance	2,158.71	1,308.14	1,003.78	4,470.63
Supplies	1,795.88	1,743.46	1,755.20	5,294.54
Linen & Laundry	290.32	58.74	157.30	506.36
PROFESSIONAL FEES & CONTRACTUAL SERVICES				
Medical	7.04	154.78	—	161.82
Accounting	229.46	157.45	226.05	612.96
Other	41.99	399.76	991.48	1,433.23
ACTIVITIES	42.18	106.43	450.91	599.52
RECREATION SUPPLIES	—	—	414.46	414.46
FOOD	7,757.21	7,769.94	8,007.33	23,534.48
CLOTHING	—	5.45	146.62	152.07
GENERAL EXPENSE				
Office Supplies & Expense	538.28	723.88	1,779.44	3,041.60
Postage	49.91	59.24	147.24	256.39
Dues, Subscriptions etc.	26.54	58.44	134.50	219.48
Outside Printing	86.56	78.69	217.19	382.44
Advertising	26.21	26.89	72.35	125.45
Insurance	504.72	1,225.10	1,056.49	2,786.31
Interest	384.92	57.43	222.72	665.07
Travel	507.95	580.96	684.52	1,773.43
Training	—	—	12.70	12.70
Other	34.57	38.17	42.10	114.84
TOTAL	\$ 75,903.05	\$ 85,680.81	\$ 68,181.89	\$ 229,765.75
REVENUES COLLECTED	41,359.54	21,269.06	58,351.56	120,980.16
FUNDING DEFICIT	\$ 34,543.51	\$ 64,411.75	\$ 9,830.33	\$ 108,785.59

STATE OF ALASKA
CHILD CARE INSTITUTIONS
MONTHLY FINANCIAL REPORT

Prepared By _____
Approved By _____

HOPE COTTAGE, INC.

Program "C"

CUMULATIVE REPORT: July 1, 1974 through June 30, 1975

EXPENDITURES	PROGRAM	ADM. &	TOTAL
	SERVICES	SOCIAL SERVICES	
PAYROLL EXPENSE			
Salaries & Wages	118,632.1	17,041.30	279,134
Payroll Taxes	17,057	7,397.91	12,164
Employee Benefits	37,723	3,600	7,383
Contractual Services			
TRANSPORTATION			
Auto Rental		2,174	2,174
Repairs & Maintenance		3,253	3,253
Gas & Oil	11,100	1,212	4,513
Mileage Reimbursement	1,297	1,271	1,492
Miscellaneous		756	756
OCCUPANCY COSTS			
Rent	150,172	79,800	159,151
Utilities	25,531	25,154	27,375
Telephone & Telegraph	4,947	1,300	7,787
Repairs & Maintenance	7,929	21,052	1,003
Supplies	1,621	742	1,346
Linen & Laundry	1,520		1,573
Miscellaneous	1,560		1,845
PROFESSIONAL FEES			
Legal		2,750	2,750
Accounting		2,265	2,265
Consultants		7,710	7,710
Educational			
Physical Therapy			
Miscellaneous	1,300	1,825	1,365
ACTIVITIES & ALLOWANCES			
FOOD	4,246	1,115	4,507
CLOTHING	1,462		1,462
SCHOOL LUNCH PROGRAM			
GENERAL EXPENSES			
Office Supplies & Expense		17,774	17,774
Postage		1,724	1,473
Bank Charges		114	114
Dues & Subscriptions	2133	11,317	13,450
Outside Printing		2,177	2,177
Advertising	2021	531	723
Promotion			
Insurance	14,737	9,092	16,564
Interest		2,272	2,272
Adm. Travel, Conferences & Conventions		2,552	2,345
Training		1,270	1,270
Miscellaneous		3,094	3,094
RECREATION SUPPLIES & EQUIP.			
		4,144	4,144
TOTAL EXPENDITURES	425,003	256,151	681,154

STATE OF ALASKA
CHILD CARE INSTITUTIONS
MONTHLY FINANCIAL REPORT

Prepared by
Approved by

HOPE COTTAGE, INC. - Program "C"
2805 Baring Street, Anchorage, Alaska 99503

CUMULATIVE REPORT:
July 1, 1973 through 6-30-74

EXPENDITURES	TOTAL	PROGRAM SERVICES	ADMINISTRATIVE SERVICES
PAYROLL EXPENSE			
Salaries & Wages	30,983.00	25,391.85	5,603.15
Payroll Taxes	2,357.45	1,750.27	1,361.18
Employee Benefits	1,019.03	836.78	152.25
Contract Services	49.15	—	49.15
TRANSPORTATION			
Auto Rental	355.70	—	355.70
Public Transportation	1.50	1.50	—
Repairs & Maintenance	165.80	—	165.80
Gas & Oil	2,706.41	52.43	3,702.98
Miscellaneous	135.95	125.55	10.40
OCCUPANCY COSTS			
Rent	29,407.38	29,113.05	294.33
Utilities	55,100.21	53,562.41	1,513.80
Telephone & Telegraph	710.80	1,556.79	2,222.11
Repairs & Maintenance	1,308.14	1,219.57	288.57
Supplies	1,713.46	1,729.59	13.13
Linens & Laundry	587.11	587.11	—
Miscellaneous	—	—	—
PROFESSIONAL FEES			
Medical-Dental	1,185.00	1,185.00	—
Drugs & Prescriptions	6.28	6.28	—
Legal	78.30	—	78.30
Accounting	157.15	—	157.15
Consultants	262.88	250.00	122.88
Educational	—	—	—
Physical Therapy	—	—	—
Miscellaneous	9.13	—	9.13
ACTIVITIES & ALLOWANCES			
FOOD	7,167.94	7,167.94	—
CLOTHING	5.15	5.15	—
SCHOOL LUNCH PROGRAM			
GENERAL EXPENSES			
Office Supplies & Expense	723.55	—	723.55
Postage	59.21	—	59.21
Bank Charges	14.42	—	14.42
Dues & Subscriptions	58.41	—	58.41
Outside Printing	78.67	—	78.67
Advertising	26.51	—	26.51
Promotion	235.11	—	235.11
Insurance	1,225.10	—	1,225.10
Interest	57.13	—	57.13
Adm. Travel, Conferences & Conventions	580.76	—	580.76
Training	—	—	—
Miscellaneous	23.75	—	23.75
TOTAL EXPENDITURES	557,154.22	747,020.01	1,120,671.11

HOPE COTTAGE, INC. - BERING COTTAGE PROGRAM FOR ADULTS

SCHEDULE OF OPERATING COSTS BY FUNCTION - Fiscal '72-'73

	<u>Total</u>	<u>Program</u>	<u>Admin. Services</u>
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Salaries and Wages	\$ 22,650.45	\$ 16,662.44	\$ 5,988.01
Payroll Taxes	6,309.82	1,325.94	4,983.88
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Miscellaneous	7.84		7.84
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Accounting	229.46		229.46
Activities and Allowances	42.18	42.18	
Food	7,757.21	7,757.21	
General Expenses			
Office Supplies and Expense	538.28		538.28
Postage	49.91		49.91
Bank Charges	23.18		23.18
Dues and Subscriptions	26.54		26.54
Outside Printing	86.56		86.56
Advertising	26.21		26.21
Entertainment and Promotion	236.26		236.26
Insurance	504.72	76.33	428.39
Interest	384.92	139.37	384.92
Conferences and Conventions	38.56		38.56
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Resident Care Revenue	41,359.54		
Deficit not covered by Operating Revenue	<u>(\$ 34,779.77)</u>		

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Simply stated, Hope Cottage's position is that it exists entirely for the benefit of it's residents. These residents are

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As a result of the policy of supporting the Adult Programs "C" and "D", Hope Cottage finds itself in debt for approximately \$100,000, with no resources for the recovery of that amount of money other than this Senate Bill 635. We feel that the documentation attached is adequate for the purposes of securing this reimbursement. The budget pages you have, with the disbursements, are those excerpts from proposals submitted to the State Department of Health and Social Services on the dates indicated at the top of the page. Hope Cottage believes that during this time period the State was very remiss in its acceptance of its obligations to provide services to those residents of the state who are so handicapped as to require them. Hope Cottage also feels that the State Administration has

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Respectfully submitted,



Raymond L. Kent
Executive Director

RLK/db

Attachments

POSITION PAPER
SB 635

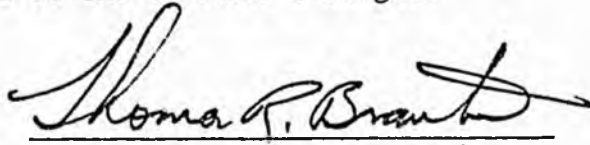
"An Act making a special appropriation to Hope Cottage; and providing for an effective date."

Effect of the Bill: Provide a direct appropriation to a private non-profit community-based residential facility for the mentally retarded.

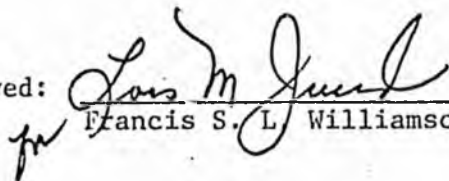
Discussion: It is reported to the Division of Mental Health and Developmental Disabilities that over the past three years the Hope Cottage "C" program has accumulated an operating deficit of approximately \$108,000.00. This corporation is now requesting a special appropriation act to offset this operating deficit. State agencies are the primary users of this facility program. However, this program was opened as a result of Hope Cottage's own initiative and without prior discussion or approval by the using agencies.

Recommendation: The Department does not recommend the passage of this bill, inasmuch as it is in excess of the Governor's budget.

Recommended:


Thomas R. Branton, Asst. Director 2/27/76
Division of Mental Health and Date
Developmental Disabilities

Approved:


Francis S. L. Williamson, Commissioner 3/1/76
Date

100-100000

HOPE COTTAGE, INC.

BERING INTAKE UNIT HISTORY

	<u>FY 1972-73</u>	<u>FY 1973-74</u>	<u>FY 1974-75</u>	<u>TOTAL</u>
SALARY EXPENSE				
Salaries	\$ 22,650.45	\$ 30,998.07	\$ 27,913.44	\$ 81,561.96
Taxes	6,309.82	2,387.45	1,210.48	9,907.75
Benefits	847.83	1,019.03	728.25	2,595.11
TRANSPORTATION	1,012.31	—	—	1,012.31
Auto Rental	—	385.70	221.74	607.44
Repairs & Maintenance	—	168.80	262.83	431.63
Gas & Oil	—	372.64	453.12	825.76
Other	—	137.45	156.81	294.26
OCCUPANCY COSTS				
Rent	25,200.00	29,407.38	15,845.12	70,452.50
Utilities	4,910.98	5,540.54	2,937.85	13,389.37
Telephone	489.21	710.80	929.87	2,129.88
Repairs & Maintenance	2,158.71	1,308.14	1,003.78	4,470.63
Supplies	1,795.88	1,743.46	1,755.20	5,294.54
Linen & Laundry	290.32	58.74	157.30	506.36
PROFESSIONAL FEES & CONTRACTUAL SERVICES				
Medical	7.04	154.78	—	161.82
Accounting	229.46	157.45	226.05	612.96
Other	41.99	399.76	991.48	1,433.23
ACTIVITIES	42.18	106.43	450.91	599.52
RECREATION SUPPLIES	—	—	414.46	414.46
FOOD	7,757.21	7,769.94	8,007.33	23,534.48
CLOTHING	—	5.45	146.62	152.07
GENERAL EXPENSE				
Office Supplies & Expense	538.28	723.88	1,779.44	3,041.60
Postage	49.91	59.24	147.24	256.39
Dues, Subscriptions etc.	26.54	58.44	134.50	219.48
Outside Printing	86.56	78.69	217.19	382.44
Advertising	26.21	26.89	72.35	125.45
Insurance	504.72	1,225.10	1,056.49	2,786.31
Interest	384.92	57.43	222.72	665.07
Travel	507.95	580.96	684.52	1,773.43
Training	—	—	12.70	12.70
Other	34.57	38.17	42.10	114.84
TOTAL	\$ 75,903.05	\$ 85,680.81	\$ 68,181.89	\$ 229,765.75
REVENUES COLLECTED	41,359.54	21,269.06	58,351.56	120,980.16
FUNDING DEFICIT	\$ 34,543.51	\$ 64,411.75	\$ 9,830.33	\$ 108,785.59

STATE OF ALASKA
CHILD CARE INSTITUTIONS
MONTHLY FINANCIAL REPORT

Form: CA
Prepared By _____
Approved By _____

HOPE COTTAGE, INC. - Program "C"

CUMULATIVE REPORT: July 1, 1974 through June 30, 1975

EXPENDITURES	PROGRAM	ADM. &	TOTAL
	SERVICES	SOCIAL SERVICES	
PAYROLL EXPENSE			
Salaries & Wages	11,963.41	1,604.13	13,567.54
Payroll Taxes	1,101.57	739.91	1,841.48
Employee Benefits	3,712.31	326.02	4,038.33
Contractual Services			
TRANSPORTATION			
Auto Rental		221.74	221.74
Repairs & Maintenance		222.83	222.83
Gas & Oil	111.00	143.12	254.12
Mileage Reimbursement	105.77	132.27	238.04
Miscellaneous		75.61	75.61
OCCUPANCY COSTS			
Rent	1,504.12	792.00	2,296.12
Utilities	2,553.31	251.54	2,804.85
Telephone & Telegraph	492.87	433.00	925.87
Repairs & Maintenance	792.92	211.62	1,004.54
Supplies	1,262.13	74.42	1,336.55
Linen & Laundry	157.30		157.30
Miscellaneous	176.01		176.01
PROFESSIONAL FEES			
Legal		27.50	27.50
Accounting		226.05	226.05
Consultants		777.10	777.10
Educational			
Physical Therapy			
Miscellaneous	123.20	123.20	246.40
ACTIVITIES & ALLOWANCES	136.76	11.15	147.91
FOOD	8,007.32		8,007.32
CLOTHING	142.62		142.62
SCHOOL LUNCH PROGRAM			
GENERAL EXPENSES			
Office Supplies & Expense		1,777.41	1,777.41
Postage		147.21	147.21
Bank Charges		11.14	11.14
Dues & Subscriptions	213.33	113.17	326.50
Outside Printing		217.17	217.17
Advertising	202.11	52.14	254.25
Promotion			
Insurance	1,473.37	907.12	2,380.49
Interest		222.72	222.72
Adm. Travel, Conferences & Conventions		254.52	254.52
Training		12.70	12.70
Miscellaneous		30.92	30.92
RECREATION SUPPLIES & EQUIP.		114.42	114.42
TOTAL EXPENDITURES	42,500.35	25,651.51	68,151.86

STATE OF ALASKA
CHILD CARE INSTITUTIONS
MONTHLY FINANCIAL REPORT

Prepared by
Approved by

HOPE COTTAGE, INC. - Program "G"
2805 Bering Street, Anchorage, Alaska 99503

CUMULATIVE REPORT:
July 1, 1973 through 6-30-74

EXPENDITURES	TOTAL	PROGRAM SERVICES	ADMINISTRATIVE SERVICES
PAYROLL EXPENSE			
Salaries & Wages	301,913.07	253,971.85	57,941.22
Payroll Taxes	255,145.	175,000.	80,145.
Employee Benefits	116,190.00	83,478.	32,712.
Contract Services	49,415.	—	49,415.
TRANSPORTATION			
Auto Rental	385.70	—	385.
Public Transportation	1.50	1.50	—
Repairs & Maintenance	16,580.	—	16,580.
Gas & Oil	3,172.61	52.13	3,120.48
Miscellaneous	135.95	12,555.	11,435.
OCCUPANCY COSTS			
Rent	294,073.88	291,113.08	2,960.80
Utilities	55,405.01	53,582.11	1,822.90
Telephone & Telegraph	710.80	1,854.91	1,144.11
Repairs & Maintenance	13,681.41	12,191.57	1,489.84
Supplies	12,431.66	12,221.57	210.09
Linen & Laundry	587.11	587.11	—
Miscellaneous	—	—	—
PROFESSIONAL FEES			
Medical-Dental	1,181.50	1,181.50	—
Drugs & Prescriptions	6.25	6.25	—
Legal	75.30	—	75.30
Accounting	157.45	—	157.45
Consultants	262.58	250.00	12.58
Educational	—	—	—
Physical Therapy	—	—	—
Miscellaneous	9.13	—	9.13
ACTIVITIES & ALLOWANCES			
FOOD	776,794.	776,794.	—
CLOTHING	5.45	5.45	—
SCHOOL LUNCH PROGRAM			
GENERAL EXPENSES			
Office Supplies & Expense	723.55	—	723.55
Postage	59.21	—	59.21
Bank Charges	14.42	—	14.42
Dues & Subscriptions	58.41	—	58.41
Outside Printing	75.67	—	75.67
Advertising	24.57	—	24.57
Promotion	235.11	—	235.11
Insurance	1,225.10	—	1,225.10
Interest	57.13	—	57.13
Adm. Travel, Conferences & Conventions	580.76	—	580.76
Training	—	—	—
Miscellaneous	23.75	—	23.75
TOTAL EXPENDITURES	557,157.2	747,650.01	112,507.19

HOPE COTTAGE, INC. - BERING COTTAGE PROGRAM FOR ADULTS

SCHEDULE OF OPERATING COSTS BY FUNCTION - Fiscal '72-'73

	Total	Program	Admin. Services
Payroll Expense			
Salaries and Wages	\$ 22,650.45	\$ 16,662.44	\$ 5,988.01
Payroll Taxes	6,309.82	1,325.94	4,983.88
Employee Benefits	847.83	726.86	120.83
Transportation - Local	1,012.31		1,012.31
Occupancy Costs			
Rent	25,200.00	25,200.00	
Utilities	4,910.58	4,756.50	154.48
Telephones and Telegraph	489.21	285.88	203.33
Repairs and Maintenance	2,158.71	2,130.57	28.14
Supplies	1,788.04	1,737.93	50.11
Linen and Laundry	290.32	290.32	
Miscellaneous	7.84		7.84
Professional Fees			
Medical-Dental	7.04		7.04
Legal	41.99		41.99
Accounting	229.46		229.46
Activities and Allowances	42.18	42.18	
Food	7,757.21	7,757.21	
General Expenses			
Office Supplies and Expense	538.28		538.28
Postage	49.91		49.91
Bank Charges	23.48		23.48
Dues and Subscriptions	26.54		26.54
Outside Printing	86.56		86.56
Advertising	26.21		26.21
Entertainment and Promotion	236.26		236.26
Insurance	504.72	76.33	428.39
Interest	384.92	139.37	384.22
Conferences and Conventions	38.56		38.56
Administrative Travel	469.39		469.39
Miscellaneous	11.09		11.09
Total Operating Costs	\$ 76,139.31	\$ 61,131.53	\$ 15,007.78
Resident Care Revenue	41,359.54		
Deficit not covered by Operating Revenue			<u>(\$ 34,779.77)</u>

The Cost per Adult per Day based on the above figures and 5086 Service Units for this period is \$14.97/Child/Day. The monthly rate, determined by the State formula using 366 days in a year, is calculated to be \$455.90/Month for 11 months of operation.

WRITTEN TESTIMONY BY HOPE COTTAGE

IN SUPPORT OF

SENATE BILL 635

Since the intent of Senate Bill 635 is to provide Hope Cottage with reimbursement for debt that has accrued over a substantial period of time as a result of a program which should have been adequately funded by the State of Alaska from its inception, this will be an attempt to collate the facts as they occurred so that you might be apprised of what caused the situation, as well as what is recommended for solution.

Hope Cottage initiated the Program presently known as Hope Cottage's Program "C" in February, 1971. The program was initiated at the request of Mr. James Doak, who was then the Coordinator for Developmental Disabilities for the State of Alaska. His request was motivated by the fact that Chugach Rehab Industries, a workshop activity center operating at that time, was closing. This facility provided housing for the adults they employed, or who were involved in the activity center there. Following the closing of that facility, the Association for Retarded Citizens took over the function of the workshop and activity center and renamed the facility Rehab Industries. Hope Cottage was requested to provide housing since the Association for Retarded Children did not provide this kind of service and there was substantial need for at least ten people who were then residents of Chugach Rehab Industries, while being employed by the workshop. Therefore, in February of 1971, Hope Cottage purchased a building presently known as Hope Chalet and began providing housing for ten adults. The State was then approached for funding, and a contract proposal was submitted to

Mr. Stan Harris, who was then Director of the Division of Family and Children's Services. Mr. Stan Harris responded by saying that the State Department of Health & Social Services did not have any money to fund a program that was starting in mid-year, and suggested that Hope Cottage fund the program in order to justify its need until the end of the fiscal year, at which time Stan indicated, the State would consider it for funding. Following the format normally used for AS 47.40, and at the suggestion of Mr. Stan Harris, Hope Cottage revised its contract application, and resubmitted it to be effective June 30, 1971, for a 12-month period in order to establish eligibility for AS 47.40 (full-cost-of-care) funding. This proposal was rejected by the State and further negotiations were conducted with the then-Commissioner Frederick McGinnis. Dr. McGinnis also refused to fund the program; however by this time a substantial waiting list had developed and, if Hope Cottage was going to continue to be responsive to the need, it would have been necessary to relocate in order to accept some twenty additional referrals to the program made during the time period previously mentioned. This information was passed on to Commissioner McGinnis and another request was made for funding the adult program at a new location.

This new location is the present site of the facility, 2805 Bering Street. The move was effected in August of 1972, at which time the program expanded from ten residents to 36 residents. Again, funding was requested and denied. Hope Cottage operated the program from February 6, 1971, through the end of that fiscal year, June 30, 1971, and was told then that funding could not be considered

until the following year, because one-year experience had to be established in order to justify rate structure for full-cost-of-care funding.

On June 30, 1972, a full seventeen months from the date of its starting, a new budget and contract proposal were submitted to Commissioner McGinnis, and again rejected, using the statement that adult programs did not qualify for full-cost-of-care funding and there were no funds in the budget to write a contract. This information was relayed to the Hope Cottage Board of Directors, who again voted to continue the program for another year and also for Hope to continue the attempt to find alternative funding sources.

The problem was bandied back and forth for some time after that, and finally on July 1, 1974, a minor breakthrough occurred and we were able to write a contract for ten people in what was identified as Hope Cottage's Program "D", or the New Adult Program. This was a new concept of care for adults that would be housed in small groups in individual, leased apartments in the community. It reduced the size of the original program substantially, and shortly after the initial period of negotiation, the program was expanded to twenty individuals. Shortly after July 1, 1974, Hope ended up with twenty people of the original group of thirty-six, which had by then been reduced to thirty, funded and ten people still not funded. On January 1, 1975, we were successful in getting a contract for the remaining ten people.

For approximately four years, Hope Cottage has been totally supporting a program that should have been the responsibility of the State Department of Health and Social Services. I might add that, if the staff of the Department hadn't changed, probably the

solution would not have been arrived at to date. I have to give a lot of credit to Commissioner Williamson, recently, and to Dr. Gregovich, who came on the scene about two years ago and has really done an excellent job of trying to respond to the needs of the Developmentally Disabled.

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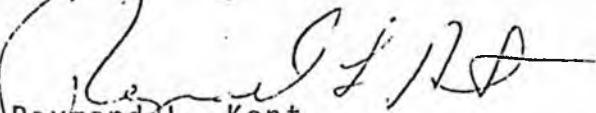
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Executive Director

RLK/db

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