

H/B . 290

COMMITTEE REPORT

3/12/75

HOUSE

FINANCE

Mr. Speaker:

Date 3-18-76

The Committee on C&RA has had HB 290

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 HB 290 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:

[Signature]

[Signature]

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

AMENDMENT

OFFERED IN THE HOUSE:

By: Community & Regional
Affairs Committee

To: _____ HOUSE BILL No. 290

SENATE BILL No. _____

PAGE: 2

LINE: 1-3, 9, 13-14

Lines 1-3: DELETE

Line 9: After "loans" and before "under"

INSERT: "held by the Department of Commerce and
Economic Development"

Lines 13-14: DELETE

HB 290, 291

Chairman cotten asked for the consensus of the Committee on these two bills. The members wanted them left in Committee until next year.

HB 377

Freeman doesn't see any reason for the bill. The rest of the Committee concurs. DEAD.

SB 125

This is the same one as HB 172 passed out earlier. Hershberger suggests leaving this one in committee and letting HB 172 go through the stages. Let a representative have this one. Rest of the members concur.

HB 293

The Chairman received a telegram from Kodiak who are opposed to this bill. Freeman said that the Anchorage city and borough are interested. Want to wait for more testimony on this one.

HB 259

Hackney wants to study for the rest of the session. Cotten said the sponsor doesn't want to see it again. Dead for now.

HB 218
SB 209

Cotten said there was a constitutional problme with these bills. Dead for now.

HB 322, 359

Hackney wants rep. Specking to come. Also Chenoweth. These bills will be taken up tomorrow.

ADJOURN

Meeting was adjourned at 10:00.

NO TAPE OF
THIS MEETING

House Committee on
COMMUNITY & REGIONAL AFFAIRS

Meeting Minutes
April 7, 1975

Meeting was called to order at 8:00 for discussion of HB 290. Present:

- Representative Sam Cotten, Chairman
- " Kathryn Ostrosky
- " Larry Davis
- " Glenn Hackney
- Barbara Englert Thomas, Staff
- Andrea Guernsey, Staff
- Rep. Duncn, Sponsor
- Eric Lee, Director SEOO, C&RA
- Susan Clark, League of Women Voters
- Larry Epenbach, Deputy Commissioner, Revenue
- Dr. McGinnis, Deputy Commissioner, H&SS
- Bill ~~Miller~~, *Commerce Atabomb, came with Eric Lee*
- Pete Jean, Director Small Business

Revolving Loan - Deputy Commissioner Epenbach gave a description of Fund
Fund a revolving loan fund: self perpetuating-the proceeds of the loan are paid back and put into new loans. A fund is actually a line appropriation, not a pot of money. The money stays in the general fund until called upon. HB 290 sets up the conditions of a revolving loan but calls upon the general fund.

Amendments from Revenue - The Dept. of Commerce has the loan making apparatus and power. Revenue and Commerce agree that the power should be in Commerce, not C&RA. Reserve the certification procedure for C&RA.

Revenue suggests: eliminating revolving since this is not a true revolving fund; substitute Commerce for Community & Regional Affairs on page 1; use C&ra on page 2; change 240(a) to Commissioner of Commerce; eliminate provision of Dept. of Revenue purchasing notes; delete subsection 240. Have the dept. of Revenue put notes and mortgages in a permanent fund instead of general fund (if HB 324 passes). Rep. Cotten asked if deleting section 240 would necessitate taking out revolving? The Bill is open-ended with sec. 240, Eppenbach said. Revolving is misleading.

H&SS Amendments Page 2, line 1 & 2-Office of child development should be depp. of Health and Social Services. They want the limit to be \$15,000 instead of \$10,000.

Licensing Day
Care Centers Rep. Hackney asked for a run down of the licensing procedures: 1) center will indicate an interest to HESS; 2) person from the Division of Family and Children Services makes a personal visit. Checks for motivation, services, room etc; 3) person makes extensive report. 4) makes recommendation to local officials; 5) report sent to Juneau, reviewed and sent to Commissioner. The new Commissioner of HESS is now having the certificate issued at the divisional level instead of by the Commissioner.

Both the State and local fire marshall inspect the facility and it is included in the recommendation.

C&RA Position Eric Lee agreed with the opinions of the others. C&RA does not want the banking power in their dept. They are not currently set up to handle administering the revolving fund but if CSSB 120 passes they will have the manpower already there.

Condition of
Loan Rep. Hackney asked about page 2, line 7--"money not available to applicant from private lending institutions". Mr. Jean said this clause forces people to go to the bank and get a letter saying that they can't get a loan. It really serves no purpose, he said.

Small Business
Loans Mr. Jean said that his division has had a couple of applications from day care centers for a loan from the small business revolving fund, but they wanted \$100,000 and couldn't finance them.

Pre-school vs.
day care center Hackney wanted to know the difference between a pre-school and day care center. McGinnis said that certain powers are given to the dept. of Education when it is a pre-school and HESS when a day care center. There is a whole set of regulations that constitutes the difference. Hackney asked for a copy of these regs.

Sale & Transfer
of Notes Rep Hackney asked Mr. Eppenbach how many veterans loans have been sold direct to lending institutions? None at this time. Hackney suspects the same will be true in this case.

Interest McGinnis asked if the interest was frozen or used again? The principal is used again and the interest is put in the general fund. Rep. Duncan envisions the money being used again. Wants to retain the concept of revolving fund Pete Jean said the \$50,000 itself would revolve but the rest goes to the general fund.

Adjourn The Chairman said the committee will have to consider the proposed amendments. He would also like to talk to Mr. L. after he attends the 3 day conference being held on Day care needs in Alaska. Meeting was adjourned at 9:15.

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

March 18, 1976

The meeting was called to order at 9:20 am by Chairman Cotten for discussion of HB's 290/291. Present were:

Rep. Cotten
Rep. Hackney
Rep. Rudd
Rep. Kelley
Rep. Ostrosky

Rep. Freeman
Rep. Duncan
Rosalee Walker, Dept. of Education
Larry Eppenbach, Revenue
Pete Jeans, Economic Development
Eric Lee, Community & Regional Affairs
Barbara Englert Thomas, Staff
Vicci Hansen, Staff

Rep. Rudd explained the bill. She said that Rep Ostrosky and herself had drawn up a CS for HB 290 which tried to meet the concerns of the committee which were made the last meeting in two areas. She explained these areas.

Rep. Duncan suggested certain language changes and Rep. Hackney asked if this was not customary language.

Chairman Cotten stated that if the day care centers did quit, it was probably because they were out of money.

Hackney said that he felt that this might present legal problems.

Rep. Rudd stated that she was in favor of Rep Duncan's language because there was more of a chance of recouping the loss.

Pete Jeans from Economic Development said that there is no wording such as this at present.

Rep Duncan stated that this language is not included in other loan funds and he would be happy with leaving it completely out.

Rep Kelley asked on the other loan funds what is the ratio of playback.

Pete Jeans said that an average of 3% delinquency on the loans that they now have.

Chairman Cotten asked what the wish of the committee was to do about Line 12 page 2.

Rep Rudd said that she would prefer to take the wording out.

Eric Lee from Community & Regional Affairs said that the Department was pleased with the language of this bill. Larry Eppenbach from Revenue said that it was agreeable with their Department also.

There was more discussion on the bill and Rep. Ostrosky made a motion to pass the bill out. Meeting was adjourned at 9:50 am.

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

March 10, 1976

The meeting was called to order at 9:00 am for discussion of HB's 290/291.
Present were:

Rep. Cotten	Harvey Pitts, C&RA
Rep. Davis	Susan Clark, League of Women Voters
Rep. Ostrosky	Rosalee Walker, Dept. of Education
Rep. Rudd	Larry Eppenback, Dept. of Revenue
Rep. Freeman	Barbara Englert Thomas, Staff
Rep. Hershberger	Vicci Hansen, Staff
Rep. Hackney	
Rep. Jim Duncan	

Side 1

- 0000 Rep. Jim Duncan was asked to briefly explain the bills. HB 291 would establish a child care facility revolving loan fund and the purpose of that loan fund would be to make loans for construction, renovation or equipping child care facilities. It provides that the maximum amount any one facility can receive for one loan would be \$10,000.00 so this bill does not involve a large amount of money. Rep. Duncan explained that after it is determined whether or not a facility would qualify for a loan, the loan could be made by the Department which is determining if the loan is needed, determines that the day care facility, if it qualifies, would make that loan. The mortgages and notes shall be purchased by the Dept. of Revenue. The Department of C&RA would determine the eligibility and perhaps issue the Certificate of Need and then they could come to the Dept. of Commerce and draw the \$10,000.00 and the Dept. of Commerce would go to Dept. of Revenue and sell them that note and then at that time they would be able to replenish their fund and they would then have \$50,000.00 in their fund.
- 0165
- 0244 Rep. Ostrosky brought out the fact that she was reviewing the notes from last year and she found that Eppenback had made the point that "revolving" is not an appropriate term because it is misleading. Eppenback agreed and stated that the concept of "revolving" implies that somehow this is sitting within a self-contained fund and loans are made from it and they are paid back and new loans are made. Somehow these loans turn over within some confined area. That is not really the case.
- 0402 The language of the bill was discussed within the committee.
- 0472 Chairman Cotten asked the question that of the other loan funds that are operated in the same manner, are there limits on any of those? Eppenback said that there is no set rule but most of them do have limits.
- 0549 Susan Clark testified and stated that the reason they are suggesting the loan is because day care is not a "make money" proposition. It is low income. People who are doing the day care are frequently on poverty wages or below minimum wages. They are not the kind of people who are going to child care to make money. The people who are going into child care to make money are doing a pretty poor job at child care. This bill is to aid those people who for the most part need simply a small renovation in their homes. Rep. Hershberger misunderstood the term of day care.

There was discussion as to the difference between Foster care and day care.

0591 Susan Clark explained that a Day Care Center is different than a Day Care Home. This bill is aimed toward Day Care Homes. The regulations for Day Care have different requirements than Foster Care.

0616 Clark explained the problems of Day Care in Alaska.

0756 Harvey Pitts from C&RA stated that he felt that a realistic figure for start up for this bill would be \$250,000.00.

Susan Clark felt that \$10,000.00 was a sufficient amount for minor renovations.

0819 Rosalee Walker from Dept. of Education was asked to testify. She stated that \$10,000.00 would be sufficient in that this way you would not be tempting the people to lie. She stated that in Anchorage last week were four homes closed down simply because they had not planned and did not follow through with paying the taxes that they withheld from the salaries. She felt that \$10,000.00 was sufficient for any renovation on a home.

0950 Meeting adjourned at 10:00 am.

ALASKA
STATE LEGISLATURE

March 12, 1972

MEMORANDUM

Rep Rudd -

I talked with Eppenbach at Revenue and he said it was fine as drafted. He did note that by making the whole loan payable on cessation of operation creates a hardship - as the

↓ is a return. not note.

people probably won't have the money to pay back the entire balance. He suggested a grace period. Let me know if you have any changes.

home carpenter

#3
[(b)]

#1
↑
held by the Dept
(of General Services. Dev.)

10/15/52
23

POSITION PAPER
ON
HOUSE BILL 290

An act creating a child care facility revolving loan fund.

This bill coupled with the Special Appropriation Bill, HB 291, would allow Day Care Centers, Family Day Care Homes, and schools for pre-school aged children to apply for a loan to assist them in start up costs or facility expansion costs.

In the Department's position as licensing agent for Family Day Care Homes and Day Care Centers, we have encountered many proposed facilities that were deficient in appropriate fire exits, kitchen facilities, and equipment. Child care is not a big money making operation, and frequently non-profit parent groups are turned down for loans which would allow a proposed facility to meet standards. In some very fine proposed Day Care Homes the Department has had to deny a license because there was not an appropriate second fire exit or, the family could not afford to purchase the necessary cribs, fire extinguisher, and the few toys required for licensure. Since income obtained by a Family Day Care mother is marginal, a small business loan is difficult to obtain. A low interest loan would greatly assist in the development of day care resources.

Head Start facilities in rural communities are not currently licensed by the Department of Health and Social Services or certified by the Department of Education. This bill would allow low-interest loans for sub-standard Head Start facilities to meet fire and sanitation codes, which in turn would make them eligible for licensure or certification.

The Department believes that the items under Certificate of Need are appropriate. We do not feel that it is appropriate to speak to loan terms. The Department of Commerce could be consulted in this regard.

The Department recommends two changes in the bill:

Page 2, lines 1 and 2 - delete the words "Office of Child Development" and insert the words "Department of Health and Social Services".

Page 2, lines 20 and 21 - delete the words "Office of Child Development" and insert the words "Department of Health and Social Services"

Page 2, line 11 - delete the amount "\$10,000" and insert the amount "\$15,000".

Page 2, line 24 - delete the amount "\$10,000" and insert the amount "\$15,000".

For our DEPARTMENT

The Department believes that for renovation and equipment \$15,000 is a more appropriate figure. That amount is not so high that it would allow major renovation of a sub-standard building, but it is high enough to allow for necessary renovation and equipment costs for new programs.

* The Department strongly supports the concept of this bill. *We do not recommend that the Governor's Budget be exceeded.*
Recommended By: Freda M. Borchick, Acting Director 4-7-75
(Date)

Approved BY: Frederick M. Gunning 4/7/75
Francis S. L. Williamson, Commissioner (Date)

Comments by Governor's Office:

By: _____ (Date)

* We note that this is a loan program and thereby funds used may be considered as an investment rather than an expenditure.

(✓ ✓
Bill 324 passed.
Perm. Loan Fund.

STATE OF ALASKA

OFFICE OF CHILD ADVOCACY

JAY S. HAMMOND, Governor

Pouch AL
Juneau, Ak. 99811
Phone: (907) 465-3584

March 3, 1976

Representative Sam Cotten
Pouch V
Juneau, Ak. 99811

Dear Representative Cotten:

I am sorry that I will be out of town on March 5th so will be unable to attend the Hearing on HB 290 and HB 291, but I appreciate being invited.

Although the Board of Child Advocacy has not reviewed this Bill at this Session, I, as Executive, would like to make the following comments:

- 1) On Page 2, line 2, reference is made to the Office of Child Development as the licensing agency which is incorrect; the Department of Health and Social Services is the licensing agency for day care facilities in this State at this time.
- 2) It is apparent, since SB 120 and 121 became effective in July, that one of the main difficulties for providing day care (either in Centers or in homes) is the lack of licensed facilities. Part of the reason for this is that some of the regulations for licensing as presently written are inappropriate, especially for rural Alaska. However part of the problem also is that people do not have any "start-up" monies to repair the facilities (home or center) so they CAN meet licensing requirements. If the concept is that \$50,000 would be used for such kinds of funding, then this might be a feasible Bill; if it is limited to help build a new facility, then \$50,000 would be inconsequential. I also wonder whether the administrative costs for such a program would outweigh the total appropriation.
- 3) There is no question that more day care facilities for both infant, preschool, and school age children are needed, but it is questionable without an "outreach" program by DHSS and/or Community and Regional Affairs to inform people of the availability of such funding, that the Bill as written would have a great impact on helping to provide more care.

Sincerely,

Betsey W. McGuire Lkh
Betsey W. McGuire

Executive Director
BWMc/kh

cc: Fran Ulmer
Eric Lee

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HB 291
 Title: Appropriation for child care facility revolving loan fund
 Requested by: _____ Date: _____
 Return Date Requested: _____
 Agency: Commerce & Economic Devel. Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Division of Business Loans

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<u>CAPITALIAZTION</u>	50.0	---	---	---	---	---
TOTAL	50.0					

B. FUNDING: (Thousands of dollars)

GENERAL FUND	50.0	---	---	---	---	---
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	---/	---/	+/	+/	+/
MAN MONTHS (P./T.)	0 / 0	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

V. DATE: 3-17-76 PREPARED BY: *[Signature]*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. CS HB 290

Title: Child Care Facility Revolving Loan Fund

Requested by: _____ Date: _____

Return Date Requested: _____

Agency: Commerce & Economic Devel. Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: DIVISION OF BUSINESS LOANS

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	5.9	23.5	24.7	25.9	27.2	28.6
200 TRAVEL	.5	2.0	2.0	2.1	2.1	2.2
300 CONTRACTUAL	5.0	5.0	3.0	3.2	3.4	3.7
400 COMMODITIES						
500 EQUIPMENT	1.7	---	---	---	---	---
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	13.1	30.5	29.7	31.2	32.7	34.5

B. FUNDING: (Thousands of dollars)

GENERAL FUND	13.1	30.5	29.7	31.2	32.7	34.5
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	1 / 0	1 / 0	1 / 0	1 / 0	1 / 0	1 / 0
MAN MONTHS (P./T.)	3 / 0	12 / 0	12 / 0	12 / 0	12 / 0	12 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Assumption is made that administration of the Child Care Facility Revolving Loan Fund will be consolidated with the Division of Business Loans.
2. Figures represent the total cost of administering the program.
3. 5% inflation factor used.
4. Contractual, promulgation of regulations, publishing and printing, equipment lease.
5. Assumption is made that approximately 30 applications will be received and processed the first year.
6. FY 76 is figured for 3 months only.

IV. ATTACHMENTS

V. DATE: 3-17-76 PREPARED BY: [Signature]

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Request for New Positions

POSITION TITLE Loan Examiner I		RANGE 15	LOCATION Juneau		GOVERNOR
TYPE OF POSITION (PFT, PPT, SEAS) _____		NEW XX	MAINT. _____		APPROVED <input type="checkbox"/> DISAPPROVED <input type="checkbox"/>
		RPA# _____	CHANGE _____		
		PRIORITY _____		PAGE/LINE _____	
TYPE OF EXPENDITURE	AMOUNT	FUNDING SOURCE			DETAIL OF RELATED EXPENSES
		GF	OTHER	RECEIPT CODE	
PERSONAL SERVICES	21,787	21.8			18,156 and benefits of 3,631
TRAVEL		[Hatched Area]			
CONTRACTUAL					
COMMODITIES					
EQUIPMENT	1,700				
OTHER					
TOTAL	23,487	23.5			BRU COMPONENT

JUSTIFICATION:

This position will be responsible for promulgation of regulations and administration of this program. This person will handle all correspondence and applications including disbursement of funds and any inspection trips that may be required. A good working relationship must be maintained with the Department of Community and Regional Affairs, the Department of Education, and the Department of Health and Social Services.

BRU _____ BRU CODE _____ REVISED _____

13 PERSONAL SERVICES
 REQUEST FOR NEW POSITION



