

HB

193

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Eric Lee, Director
Division of Community
and Rural Development

DATE: February 14, 1977

FILE NO:

TELEPHONE NO:

FROM: *Jan*
Janice S. Brewer
Field Training Officer

SUBJECT: January FY 77 Child
Care Programs Status
Report

Per your request, information concerning the total number of children and families participating in the day care assistance program as of the January FY 77 Status Report is as follows:

| | <u>AS OF</u> | <u>TOTAL # OF CHILDREN</u> | <u>TOTAL # OF FAMILIES</u> |
|------------|----------------|--------------------------------|--------------------------------|
| Anchorage | 12/76 | 537 | 404 |
| Anderson | 1 /77 | 3 | 2 |
| Bethel | 1 /77 | 9 | 9 |
| Fairbanks | 12/76 | 61 | 50 |
| Ft. Creely | 12/76 | 27 | 15 |
| Juneau | 8 /76 | 77 | 63 |
| Kodiak | 12/76 | 26 | 22 |
| Nome | 12/76 1 /77 | 6 12 | 4 8 |
| Petersburg | 12/76 | 30 | 19 |
| Wasilla | 12/76 | 12 | 5 |

This information will be up-dated on a monthly basis.

JSB:sb

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY


POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99611
907-465-3800

MEMORANDUM

March 22, 1977

SUBJECT: Day Care Statistics (W.O. #3824)

TO: The Honorable Lisa Rudd, Chairman
House Community and Regional Affairs Committee

FROM: Deborah Behr 
Research Analyst

As you requested, I have obtained statistics from the Department of Community and Regional Affairs regarding their AFDC and WIN day care clients. At the present time, the department reports that all of these families are receiving 100% subsidy by the state for their day care payments. Please note that the statistics represent both the AFDC and WIN recipients, as the Department of Community and Regional Affairs records do not separate payments by category of client eligibility.

I hope this answers your questions. If you require additional information on this topic, please do not hesitate to contact me at 465-4917.

DB:jm
Attachments

CHART A

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 DAY CARE PROGRAM
 AFDC DAY CARE EXPENDITURE STATISTICS¹
 (as of March, 1977)

| Location | Number of AFDC Families | Number of AFDC Children | Average Monthly Cost to State Per Child | Average Monthly Cost to State Per Child |
|------------------------|-------------------------------|-------------------------------|---|---|
| Anchorage | 135 | 207 | \$252 | \$3,024 |
| Fairbanks ² | 8 | 10 | \$165 | \$1,980 |
| Juneau ³ | 11 | 15 | \$175 | \$2,100 |
| Kodiak | 2 | 2 | \$217 | \$2,604 |
| Petersburg | 5 | 7 | \$125 | \$1,500 |
| Total | 161 | 241 | \$240 ⁴ | \$2,875 ⁴ |

¹ Includes both WIN and AFDC families receiving day care services.

² Fairbanks uses advance payment procedures, which are negotiated at lower daily rate.

³ Juneau includes more children using day care services on part-time basis, thus the cost per month to state is lower than expected.

⁴ Figure represents average expenditure weighted by number of children utilizing services at that particular monthly payment rate.

CHART B

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 DAY CARE PROGRAM
 AFDC FAMILY INCOME STATISTICS
 (as of March, 1977)

| Net Adjusted Annual Income ¹ | Number of Selected Families by Geographic Location ² | | | |
|---|---|-----------|-----------|----------------------|
| | Anchorage | Juneau | Fairbanks | Total |
| Up to \$3,600 | 8 | 4 | 1 | 13 |
| \$3,601 to \$4,000 | 0 | 0 | 0 | 0 |
| \$4,001 to \$4,500 | 3 | 2 | 0 | 5 |
| \$4,501 to \$5,000 | 3 | 0 | 0 | 3 |
| \$5,001 to \$5,500 | 0 | 0 | 0 | 0 |
| \$5,501 to \$6,000 | 0 | 0 | 1 | 1 |
| \$6,001 to \$6,500 | 6 | 0 | 1 | 7 |
| \$6,501 to \$7,000 | 1 | 1 | 2 | 4 |
| \$7,001 to \$7,500 | 4 | 0 | 0 | 4 |
| \$7,501 and Over | 3 | 4 | 1 | 8 |
| Total | 28 | 11 | 6 | 45 |
| Average Family Net Adjusted Annual Income | \$5,640 | \$5,523 | \$6,395 | \$5,712 ³ |

¹ The Department of Community and Regional Affairs uses certain deductions to determine net adjusted annual income for each family. These deductions include state and federal income taxes, social security deductions, mandatory union dues, and automatic \$1,000 deduction for each child starting with second child in the family.

² Families in sample selected on basis of availability of data. Both AFDC and WIN families are included, as statistics maintained by the Department of Community and Regional Affairs cannot be separated by category of client eligibility.

³ Figure represents average net adjusted annual income for a family, weighted by number of families receiving day care subsidy payment at particular income level.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCS HB 193

Title An Act Relating to Day Care

Requested by Representative Liba Rudd

Date 3/21/77

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs

Program Category Affected Social Services

Budget Request Unit(s) Affected Child Assistance Programs/Day Care Assistance

EXPENDITURES (Thousands of Dollars)

| | FY 77 | FY 78 | FY 79 | FY 80 | FY 81 | FY 82 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | 0 | 0 | 0 | 0 | 0 |
| 200 TRAVEL | | 0 | 0 | 0 | 0 | 0 |
| 300 CONTRACTUAL | | 0 | 0 | 0 | 0 | 0 |
| 400 COMMODITIES | | 0 | 0 | 0 | 0 | 0 |
| 500 EQUIPMENT | | 0 | 0 | 0 | 0 | 0 |
| 600 LAND & STRUCTURES | | 0 | 0 | 0 | 0 | 0 |
| 700 GRANTS, CLAIMS, ETC. | | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | 0 | 0 | 0 | 0 | 0 |

FUNDING (Thousands of Dollars)

| | | | | | | |
|-----------------|--|---|---|---|---|---|
| GENERAL FUND | | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | | 0 | 0 | 0 | 0 | 0 |
| OTHER (Specify) | | 0 | 0 | 0 | 0 | 0 |

POSITIONS

| | | | | | | |
|-----------|--|---|---|---|---|---|
| FULL TIME | | 0 | 0 | 0 | 0 | 0 |
| PART TIME | | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | | 0 | 0 | 0 | 0 | 0 |

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

Assumptions:

1. The Governor's request for the Child Assistance Program in his budget request for FY 78 will be funded.
2. All families eligible to receive Aid to Families With Dependent Children (AFDC) and Work Incentive Program (WIN) benefits will be subsidized for day care assistance according to where their adjusted family incomes places them on the existing Differential Subsidy Schedule.

J. Harvey Pitts

IV. DATE 3/21/77

PREPARED BY J. Harvey Pitts

AGENCY Department of Community & Regional Affairs

PHONE: 279-3462

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

DISCUSSION

During the 1975 Legislative Session, HCS SB 753 as H was enacted. A part of the effect of that legislation was the transfer of day care assistance for families eligible to receive AFDC and WIN from the Division of Social Services, Department of Health and Social Services, to the Department of Community and Regional Affairs Day Care Assistance Program. This created two very different types of day care assistance clientele: 1) non welfare recipient children through age 6 years; and 2) AFDC/WIN recipient children through age 13 years. One of the goals for the Day Care Assistance Program since its inception is to prevent the cost of day care from being or becoming a significant factor in determining whether a family can be or become self-supporting. Having two types of day care recipients works in direct opposition to that goal since there is obviously very little incentive in dropping from the welfare rolls only to learn that one must now assume total liability for paying the cost of day care for one's children - a cost which would be provided at the State's expense should one remain on the welfare rolls. This cost could prove quite significant to a family since the average cost of day care for AFDC/WIN recipient's children varies from a low of \$125 in the City of Petersburg to a high of \$252 per month per child in the Municipality of Anchorage. On the other hand, the non welfare recipients are certainly treated unequally since they must currently assume total liability for the cost of their children's day care when the child reaches age 7 years.

FISCAL EFFECT

The fiscal and social impact projected for AFDC/WIN program recipients is minimal. Based on current families subsidized only 6 children would be ineligible for day care assistance should the age limitation be reduced from age 14 to age 11. All these children live in Anchorage, and once dropped from the Day Care Assistance Program, their families would then be liable for their day care costs. In return they would receive an offsetting increase in their AFDC/WIN cash entitlement - 50% of which is Federally funded and which would result in savings to the State General Fund, and the remaining 50% State Funded through the Division of Public Assistance.

The greatest impact will be in increasing the age limitations for non welfare recipients from age 7 to age 11. Several considerations were analyzed to determine fiscal and social impact: 1) school age children are subsidized predominantly on a part-time day care need basis except on school holidays and summer vacations; 2) cost savings realized from removing the 100% preferential rate from AFDC/WIN recipients and providing day care assistance according to family income; and 3) increase in number of persons enabled to work or train as a result of day care assistance. It is estimated that the savings gained from dropping the 100% preferential assistance rate for AFDC/WIN clientele will result in an annual savings of \$133,000 to the Day Care Assistance Program. This savings would become a liability to the Division of Public Assistance and, as above, the State would realize a savings of \$66,500 - the State's share of AFDC cash entitlements.

Of the 831 children who were receiving day care assistance on 2/29/77, 241 (or 29%) were from families who are AFDC/WIN eligible. The average age of the AFDC/WIN child receiving day care assistance is 4 years 2 months. Since the AFDC family's child is eligible for day care through age 13, we assume that raising the age limitation for non welfare recipients would not significantly increase the average age of their day care assisted children. This assumption is based on the 29% sample of AFDC/WIN recipients which could have been subsidized to a significantly higher age.

Children aged 6 years and over who attended school need day care assistance for less than full time. We estimated these children need part-time care for 8 months annually while they attend school and full time care for only 4 months during holidays and summer vacations. The estimated cost for each of these children is \$2,400 annually in day care of which the State would pay approximately 75% or \$1,965. Since dropping the preferential 100% rate for AFDC/WIN recipients would result in an estimated savings of \$133,000, an additional 68 children or an increase of 8% over the total currently assisted could be added at no additional cost to the Program. Since we feel that current AFDC/WIN recipients are a good representative sample of the program should the age limitation be raised to 11 years, and because only 20 of the 241 welfare children subsidized are over age 7, which is the current age limitation, we feel that at most only an 8% increase in total children subsidized would result. This increase would then be offset by abolishing the 100% preferential AFDC/WIN rate.

In summary, we feel the proposed adjustment of age limitation for assistance eligibility would: result in equal treatment for all families; allow an increase in the number of children and families assisted; assist more families in becoming self-supporting; provide incentive for low income or single parent families to work or train; not result in an increase in cost to the State.


*J - file w/ other info on raising
age to 11 (will use in floor
debate)*

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

March 24, 1977

SUBJECT: Day Care Statistics (W.O. #3824)
TO: The Honorable Lisa Rudd, Chairman
House Community and Regional Affairs Committee
FROM: Deborah Behr 
Research Analyst

Attached please find the additional material you requested.

If you require more information on this topic, please do not hesitate to contact me.

DB:jm
Attachments

*59 over me. Lurks
on AFDC - Aneb. - Fby -
Jm.*

CHART C

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 SELECTED AFDC FAMILIES' NET ADJUSTED INCOME
 DAY CARE PROGRAM SUMMARY STATISTICS

| Region | Total AFDC Families | Total AFDC Families in Sample | % AFDC Families Represented | Total in Sample AFDC Families With Income Over \$6,900 (Juneau) or \$7,700 (Anch & Fbks) | % of Sample With Incomes Over \$6,900 (Juneau) or \$7,700 (Anch & Fbks) | Range of Net Adjusted Annual Income Over Set Figures |
|--------------|---------------------|-------------------------------|-----------------------------|--|---|--|
| Anchorage | 135 | 95 | 70 % | 31 | 33 % | \$7,000 to \$13,264 |
| Juneau | 11 | 11 | 100 % | 5 | 45 % | \$6,998 to \$ 9,897 |
| Fairbanks | 8 | 8 | 100 % | 2 | 25 % | \$7,200 to \$10,008 |
| Kodiak | 2 | 0 | 0 % | N/A | N/A | N/A |
| Petersburg | 5 | 0 | 0 % | N/A | N/A | N/A |
| Total | 161 | 114 | 71 % | 38 | 33 % | \$6,998 to \$13,264 |

CHART D

(Anchorage - Page 1)

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS }
 ANCHORAGE AFDC DAY CARE }
 FAMILIES OVER \$7,000 }

Anch - 49 }
 JMO - 8 } 59
 Eby - 2 }

| Department of Community and Regional Affairs Family ID Number | Number of Children in Family | Ages of Children | Family Net Adjusted Income |
|---|------------------------------|---------------------------------|----------------------------|
| # 2 | 2 | 2 Years 14 Months | \$ 7,136 |
| # 5 | 2 | 6 Years 9 Years | \$ 8,167 |
| #12 | 1 | 3 Years | \$10,790 |
| #17 | 2 | 1 Year 5 Years | \$ 7,316 |
| #20 | 3 | 4 Years 10 Years 11 Years | \$ 9,954 |
| #21 | 1 | 9 Years | \$ 7,463 |
| #24 | 1 | 2 Years | \$ 7,083 |
| #31 | 1 | 4 Years | \$ 7,291 |
| #32 | 1 | 4 Years | \$ 7,214 |
| #33 | 1 | 1 Year | \$ 7,694 |
| #34 | 1 | 4 Years | \$ 7,106 |
| #37 | 2 | 6 Years 8 Years | \$ 8,642 |
| #41 | 1 | 3 Years | \$ 7,259 |
| #42 | 2 | 5 Years 9 Years | \$ 9,635 |

2.1

CHART D (continued)

(Anchorage - Page 2)

 DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 ANCHORAGE AFDC DAY CARE
 FAMILIES OVER \$7,000

| Department of Community and Regional Affairs Family ID Number | Number of Children in Family | Ages of Children | Family Net Adjusted Income |
|---|---------------------------------|-------------------------------|-------------------------------|
| #43 | 2 | 5 Years 11 Years | \$ 8,278 |
| #46 | 2 | 3 Years 4 Years | \$ 9,112 |
| #47 | 1 | 2 Years | \$ 7,186 |
| #51 | 3 | 3 Years 5 Years 9 Years | \$ 9,806 |
| #52 | 1 | 5 Years | \$ 7,000 |
| #53 | 2 | 4 Years 6 Years | \$13,264 |
| #54 | 1 | 7 Years | \$ 7,249 |
| #55 | 2 | 3 Years 6 Years | \$11,669 |
| #58 | 2 | 3 Years 6 Years | \$ 7,371 |
| #63 | 2 | 3 Years 4 Years | \$11,156 |
| #65 | 1 | 11 Months | \$ 7,594 |

CHART D (continued)

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
ANCHORAGE AFDC DAY CARE
FAMILIES OVER \$7,000

| Department of Community and Regional Affairs Family ID Number | Number of Children in Family | Ages of Children | Family Net Adjusted Income |
|---|---------------------------------|---------------------|-------------------------------|
| #70 | 2 | 4 Years 6 Years | \$ 9,793 |
| #72 | 1 | 7 Months | \$11,142 |
| #73 | 1 | 3 Years | \$ 9,314 |
| #76 | 2 | 5 Years 9 Years | \$ 9,485 |
| #89 | 2 | 2 Years 4 Years | \$ 7,911 |
| #90 | 1 | 2 Years | \$11,624 |

9
19
21

49

CHART E

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 FAIRBANKS AFDC DAY CARE
 FAMILIES OVER \$7,000

| Department of Community and Regional Affairs Family ID Number | Number of Children in Family | Ages of Children | Family Net Adjusted Income |
|---|---------------------------------|---------------------|-------------------------------|
| #110 | 1 | 3 Years | \$10,008 |
| #113 | 1 1/2 | 7 Years | \$ 7,200 |

CHART F

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 JUNEAU AFDC DAY CARE
 FAMILIES OVER \$6,900

| Department of Community and Regional Affairs Family ID Number | Number of Children in Family | Ages of Children | Family Net Adjusted Income |
|---|---------------------------------|------------------------|-------------------------------|
| # 96 | 1 | 3 Years | \$9,004 |
| # 97 | 1 | 2 Years | \$7,972 |
| #100 | 2 | 3 Years 4 Years | \$9,897 |
| #104 | 2 | 1 1/2 Years 3 Years | \$6,998 |
| #105 | 2 <hr/> 8 | 5 Months 5 Years | \$8,182 |

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

Division of Community and Rural Development

*keep w/ bill on defini-
tion of child, etc.*

JAY S. HAMMOND, GOVERNOR

*(LSP committee
file)*

Division of
Community & Rural Development
Bayview Commercial Bldg., Suite 230
619 Warehouse Avenue
Anchorage, Alaska 99501

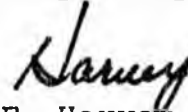
April 4, 1977

Representative Lisa Rudd
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Rudd:

Enclosed is a copy of a letter which I received from Don Kemp in the Division of Public Assistance regarding my inquiry as to whether or not it would be possible to place AFDC/WIN recipients who are receiving day care assistance on our sliding fee schedule. It appears there will be no difficulty in accomplishing this since the payments received by families eligible for AFDC/WIN recipients would in no case ever result in a reduction of eligibility for day care assistance under our current program guidelines. If I can be of further assistance to you please do not hesitate to call upon me.

Very truly yours,



F. Harvey Pitts
Child Care Programs
Coordinator

FHP:sb

Enclosure

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

JAY S. HAMMOND, GOVERNOR

POUCH H 07 - JUNEAU 99811

March 25, 1977

Mr. F. Harvey Pitts
Child Care Programs Coordinator
Division of Community & Rural Development
Bayview Commercial Building - Suite 230
619 Warehouse Avenue
Anchorage, Alaska 99501

Dear Mr. Pitts:

Re: Your March 7, 1977 Letter

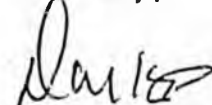
Mr. Landes and I have discussed Representative Rudd's request that you explore the possibility of reducing the 100% subsidy of AFDC/WIN recipients' day care costs; there is nothing in federal regulations or in our AFDC State Plan that would prohibit such a change.

Under 45 CFR 233.20, all reasonable costs of earning must be deducted from gross earned income in determining AFDC eligibility and grant amounts. Any payment for work-necessary child care which is verified as made by an AFDC recipient will be reflected dollar for dollar in her AFDC grant. For example, if you began charging a recipient \$50 per month for day care, and she had been previously subsidized at 100% and was receiving a \$150 AFDC monthly payment, we would rebudget her case and increase her grant to \$200. (AFDC funding is 50% federal, 50% state general fund match.)

We would be concerned about the effect of subsidy reduction upon AFDC recipients who are in a training program and who have no income other than their AFDC payments. If your income schedules count AFDC payments, and our maximum allowable AFDC payments would place such clients in a less-than-100% subsidy category, the AFDC program cannot increase payment to them, and they would suffer a net loss in total available income. We can deduct only the costs of child care directly related to the earning of income.

Obviously, any contemplated change in your subsidization patterns will produce a corresponding change in the AFDC component of the Assistance Payments BRU. Because of this, and because of the time which will be required for our field staff to rebudget our shared clients, we would appreciate the earliest possible notice of any subsidy change.

Sincerely,



Don Kemp
Acting Director

SUPPORT RAISING DAY CARE ASSISTANCE AGE TO 11 FOR SCHOOL AGE
CHILDREN AFTER SCHOOL

977 MAR 22 PM

RICK WICKS DIRECTOR BUTTERFLY CHILDRENS CENTER
3388 WEST NORTHERN LIGHTS ANCHORAGE 99583

WE ENCOURAGE YOUR SUPPORT TO EXTEND CHILD CARE FROM AGE 7
TO 12 YEARS UNDER CRA PROGRAM

JANE AGNEW, DIANNA ANDERSON, SHARON BLAKE, SUSAN BURRIS,
LENN CARROLL, BEATRICE CANN, ELIZABETH DRAMOSH, JOYCE HARDY,
CHRISTINE HODGE, SUSAN JOHNSON, CRETCHIE MANIX, MARILYN
MILLER, NANCY MORGAN, JANE MULLINGS, FREDA SCHWARZ,
CARI SMITH, MARILYN SWANSON, JEFF WESLEY, RUBY WOOD, PAULY
PAXTON

SUPPORT THE AMENDMENT TO HB215 RAISING THE AGE LIMIT
FOR DAY CARE ASSISTANCE

LYNN STEARNS 752 FAIRBANKS ST ANCHORAGE AK 99501

SUPPORT RAISING DAY CARE ASSISTANCE AGE TO 11 FOR SCHOOL
AGE CHILDREN AFTER SCHOOL

MATHEE LAGERQUIST
2532 DISCOVERY COURT
ANCHORAGE AK 99515

SV11 0903 11.13 J601 0010 11.20 03/03/77

J601 ATTN: JESSIE DOOSO
RE: DAY CARE AMENDMENT

SUGGEST THE FOLLOWING BE INTRODUCED TO RESOLVE CURRENT AND ANTICIPATED PROBLEMS:

SEC. 44.47.230 (4)
DELETE ALL

SEC 44.47.310

DELETE LANGUAGE TO BE ADDED THAT IS EFFECTIVE FOR FY 77 ONLY IN REFERENCE TO AFDC. (THE HOUSE CRA COM. WILL BE ADDING THIS TO CORRECT A MISTAKE BY THE REVISOR. IT IS NECESSARY TO MAKE ALL OF OUR PAYMENTS THIS YEAR LEGAL AND WILL BE MADE RETRO TO JULY 1, 1976). THIS SHOULD THEN BE DELETED EFFECTIVE JULY 1, 1977 AND REPLACED WITH THE FOLLOWING:

((44.47.310 (3) DEFINITION OF A CHILD
(3) "CHILD" MEANS A PERSON WHO HAS NOT YET REACHED THE AGE OF 11))

THIS REDUCES THE AGE OF THE AFDC RECIPIANT CHILDREN FROM AGE 14 AND RAISES THE OTHERS FROM AGE 7. THE NET EFFECT SHOULD APPROXIMATELY BALANCE OUT IN NUMBERS. WE DO PROJECT AN ACTUAL COST SAVINGS BECAUSE WE WOULD NO LONGER NEED TO FUND ALL AFDC AT 100%. EVERYONE WOULD BE TREATED EQUALLY.

NEED TO GET INTRODUCED PROMPTLY. PLEASE ADVISE.

ERIC

also, if they don't have to work w/ federal funds next year they plan to institute adm. changes which will save \$1000 per day

*Natural cut off seems to be age 11
11 kids in day care program now over age 11 (out ~ 800)
14% more kids eligible w/ new age than now*

*4056
HE 193*

POSITION PAPER
ON
HOUSE BILL NO. 193

"An Act relating to child care; and providing for an effective date."

This bill would make certain amendments to AS 47.35.101(b), which was enacted last year by sec. 3, ch. 253 SLA 1976, to provide for delegation by the Department of Health and Social Services of its powers relating to nurseries to municipalities which have adopted their own ordinance to provide for day care licensing.

The first proposed change is the addition of a requirement that the municipality notify the Department in writing that licensing powers have been assumed and that the department formally delegate its licensing powers within 90 days from receipt of the written notification. By providing for a written request for delegation of licensing powers and a time period for action, a more orderly process can be followed which will reduce confusion between the municipality and the Department.

The second proposed change would make it clear that delegation of licensing powers by the Department applies to home rule municipalities which derive their powers from the Alaska Constitution. The addition of home rule municipalities corrects an oversight in the technical aspects of the original statute. The City of Anchorage claims that their ordinance was enacted prior to the new state statute and was derived from Article 10, Sec. 11 of the Alaska Constitution, not under AS 29.48.030(a) (20). Anchorage, therefore, will not accept delegation of powers. This amendment to the Bill will clarify legislative intent.

Additional proposed changes are to clarify the intent of the Bill in its relationship to day care licensing.

The Department supports this Bill as a necessary step in appropriately fulfilling the intention of the statute. During the past 6 months, letters were mailed by The Division of Social Services in the Department to each of the 180 units of local government eligible to assume day care licensing power, providing information about the statute and offering technical assistance. The communities of Anderson, Bethel

and Nome enacted ordinances. The City of Nome had the misunderstanding that the assumption of licensing powers was required to receive State funds under the Day Care Assistance program. When this misunderstanding was corrected, the City Council rescinded the ordinance. The cities of Hoonah, Tununak and Petersburg made inquires, but have taken no action.

The Department supports the bill without change.

Recommended By: Sam J. [Signature] 2/15/77
Director (Date)

Approved By: [Signature] 2/15/1977
Commissioner (Date)

Comments by Governor's Office:

By: _____ (Date)

AFDC

COLUMBIAN WHITE CO.

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|-------|-----------|----------------------------|---------------------|--------------------------------|--------------------------------|--------------------------|--|---------------------|-------------------------|--------------------------------------|
| Fam # | Community | Ages of Ch. Assisted (Yrs) | No. of Ch. Assisted | Amount of Assistance Per Child | Total Assistance Col (2) X (3) | Family Income (Adjusted) | Cost to State Using 100% Assistance - Annual | % of ASST Using DSS | Cost to State Using DSS | Ch. Savings Under Proposed State DSS |
| 1 | Anchorage | 6 | 1 | 252- | 252- | 6056 | 3,024 | 80 | 2,419 | 605 |
| 2 | " | 2 | 2 | 252- | 504- | 7136 | 6,048 | 20 | 4,832 | 1210 |
| | | 14 mo | | | | | | | | |
| 3 | " | 6 | 1 | 252- | 252 | 6206 | 3024 | 20 | 2419 | 605 |
| 4 | " | 12 mo | 1 | 252- | 252 | 3600 | 3024 | 100 | 3024 | - |
| 5 | " | 6 | 2 | 252- | 504 | 8,167 | 6,048 | 60 | 3629 | 2419 |
| 6 | " | 9 | | | | | | | | |
| 6 | " | 4 | 2 | 252- | 504 | 4200 | 6042 | 100 | 6042 | - |
| | | 2 1/2 | | | | | | | | |
| 7 | " | 3 | 2 | 252 | 504 | 4671 | 6042 | 100 | 6042 | - |
| | | 2 | | | | | | | | |
| 8 | " | 6 | 1 | 252 | 252 | 3600 | 3024 | 100 | 3024 | - |
| 9 | " | 3 | 1 | 252 | 252 | 3600 | 3024 | 100 | 3024 | - |
| 10 | " | 6 | 2 | 252 | 504 | 4200 | 6,048 | 100 | 6,048 | - |
| | | 4 | | | | | | | | |
| 11 | " | 5 | 1 | 252 | 252 | 6716 | 3024 | 20 | 2419 | 605 |
| 12 | " | 3 | 1 | 252 | 252 | 10,770 | 3024 | 20 | 1814 | 1210 |
| 13 | " | 2 | 1 | 252 | 252 | 3600 | 3024 | 100 | 3024 | - |
| 14 | " | 1 | 1 | 252 | 252 | 3600 | 3024 | 100 | 3024 | - |
| 15 | " | 2 | 1 | 252 | 252 | 3600 | 3024 | 100 | 3024 | - |
| 16 | " | 11 mo | 1 | 315 | 315 | 4856 | 3780 | 100 | 3780 | - |
| 17 | " | 1 | 2 | 252 | 504 | 7316 | 6048 | 20 | 4832 | 1210 |
| | | 5 | | | | | | | | |
| 18 | " | 3 | 1 | 252 | 252 | 6251 | 3024 | 20 | 2419 | 605 |
| 19 | " | 1 | 2 | 252 | 504 | 6241 | 6042 | 20 | 4832 | 1210 |
| | | 6 | | | | | | | | |
| 20 | " | 4 | 3 | 252 | 756 | 9954 | 9072 | 60 | 5442 | 3629 |
| | | 10 | | | | | | | | |
| | | 11 | | | | | | | | |
| 21 | " | 9 | 1 | 252 | 252 | 7163 | 3024 | 20 | 2419 | 605 |
| 22 | " | 2 | 1 | 252 | 252 | 6357 | 3024 | 20 | 2419 | 605 |
| 23 | " | 3 | 1 | 252 | 252 | 3600 | 3024 | 100 | 3024 | - |
| 24 | " | 2 | 1 | 252 | 252 | 7082 | 3024 | 20 | 2419 | 605 |
| 25 | " | 5 | 2 | 252 | 504 | 4200 | 6804 | 100 | 6804 | - |
| | | 6 mo | | 315 | | | | | | |
| 26 | " | 5 | 1 | 252 | 252 | 3600 | 3024 | 100 | 3024 | - |
| 27 | " | 7 | 1 | 252 | 252 | 6476 | 3024 | 20 | 2419 | 605 |
| 28 | " | 3 | 3 | 252 | 756 | 4200 | 9072 | 100 | 9072 | - |
| | | 7 | | | | | | | | |
| | | 8 | | | | | | | | |
| | | | | | | | 122,972 | | 106,744 | 15,028 |

| | (INDEX FACTOR) | (BASE) | 103.75 | 107.50 | 115.00 | 118.75 | 126.25 | 130.00 | 133.75 |
|--------|--------------------------------|----------------------------------|---|--|---------------------------------|--------|--------------------|-------------------|--------------------------|
| | INCOME GROUP (Net Adjusted) | Anchorage Juneau Ketchikan | Petersburg Wrangell Sitka, Palmer | Kodiak, Homer Seward, Kenai Hoonah | Fairbanks College Cordova | Valdez | Nome Dillingham | Bethel Emmonak | Healy Clear Tanana |
| | INCOME GROUP I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State | 100 % | | | | | | | | |
| Parent | 0 % | 5,999 | 6,224 | 6,449 | 6,899 | 7,124 | 7,574 | 7,799 | 8,024 |
| | INCOME GROUP II | 6,000 | 6,225 | 6,450 | 6,900 | 7,125 | 7,575 | 7,800 | 8,025 |
| State | 80 - 100 % | | | | | | | | |
| Parent | 20 - 0% | 7,999 | 8,299 | 8,599 | 9,199 | 9,499 | 10,099 | 10,399 | 10,699 |
| | INCOME GROUP III | 8,000 | 8,300 | 8,600 | 9,200 | 9,500 | 10,100 | 10,400 | 10,700 |
| State | 60 - 80 % | | | | | | | | |
| Parent | 40 - 20 % | 10,999 | 11,411 | 11,824 | 12,649 | 13,061 | 13,886 | 14,299 | 14,711 |
| | INCOME GROUP IV | 11,000 | 11,412 | 11,825 | 12,650 | 13,062 | 13,887 | 14,300 | 14,712 |
| State | 40 - 60 % | | | | | | | | |
| Parent | 40 - 60 % | 12,999 | 13,486 | 13,974 | 14,949 | 15,436 | 16,411 | 16,899 | 17,386 |
| | INCOME GROUP V | 13,000 | 13,487 | 13,975 | 14,950 | 15,437 | 16,412 | 16,900 | 17,387 |
| State | 20 - 40 % | | | | | | | | |
| Parent | 80 - 60 % | 14,999 | 15,561 | 16,124 | 17,249 | 17,811 | 18,936 | 19,499 | 20,061 |

"An Act relating to child care; and providing for an effective date."

Although this bill amends existing statutes governing the Department of Community and Regional Affairs Day Care Assistance Program, two of its provisions would impact this Department's Aid to Families with Dependent Children (AFDC) cash assistance program:

1. Sec. 2 of CHSB No. 193 would reduce the maximum age of AFDC eligible children covered by the Day Care program from age 14 to age 11. The AFDC parents of children in this deleted age group would therefore be required to pay their own full day care costs. Community and Regional Affairs notes that 6 AFDC children would become ineligible for day care subsidy if this measure were to be enacted, and that current costs of day care for these 6 children averages \$2600 per year per child.

Federal Regulations governing the AFDC program mandate that all reasonable costs of earning income, including client-paid day care costs, be deducted from gross monthly income in determining AFDC eligibility and payment amounts (45 CFR 232.20). Under this provision, client-paid day care expenses would qualify as a budgeting deduction, decreasing AFDC adjusted gross income and thus increasing the amount of the monthly AFDC grant on a dollar-for-dollar basis.

Thus the parents of each of these 6 affected AFDC children would be required to pay an average of \$2600 per year per child to their day care contractor, but each client would receive an exactly compensatory increase in AFDC monthly payments. The effect of this change would be to increase expenditures within the AFDC program component of the Assistance Payments BRU by \$15,600 in FY 78 (6 children times \$2600 per child per year = \$15,600). Since AFDC funding is 50% federal, 50% State General Fund matching, and the Day Care program is 100% General Funds, the impact of passage of Sec. 2 upon the General Fund expenditures would be a net reduction of \$7,800 for FY 78.

2. Sec. 3 of CHSB No. 193 would remove all AFDC eligible children from 100% subsidization of Day Care costs and place such children upon varying percentage subsidies appropriate to family income levels. Currently C & RA serves 235 AFDC children who would be affected by enactment of this measure; they estimate that placement on existing subsidy/income schedules would require parents of these children to pay an average of \$499.57 per year per child for day care.

As noted above, the AFDC grants to each of the families affected would have to be increased to allow a dollar-for-dollar compensation for the actual client-paid day care expenses. Thus the effect of enactment of Sec. 3 upon the FY 78 Assistance Payments BRU would be to increase AFDC program expenditures by \$117,400 (235 children times \$499.75 per child per year = \$117,400; \$58,700 Federal Funds, \$58,700 in State General Funds). The net effect of passage of Sec. 3 upon total General Fund expenditures would be a net reduction of \$58,700 for FY 78.

The Department supports the concept of removing the preferential treatment for working AFDC recipients which might tend to emphasize their welfare-related status and to reinforce dependency patterns. The Department further supports the concept of expanding the availability of the Day Care Assistance Program without increasing total State expenditures.

However, if CSHB No. 193 were to be enacted, an increased appropriation of 133.0 for FY 78 for the Assistance Payments BRU would be required. Such increase would result in a net savings of 66.5 SGF.

E. J. Lander
Dir. Public Assistance
3/04/77

"For Your Information"
OFFICE OF CHILD ADVOCACY
2457 Arctic Boulevard
Anchorage, Alaska 99503

FACTS ABOUT DAY CARE IN ANCHORAGE -- 1974

I. DAY CARE NEEDS (see page 4 for further statistics)

10,677 children need out of home day care
1,043 licensed day care slots available
as recorded by Division of Family
& Children Services

II. FINANCIAL COSTS OF OPERATING A DAY CARE CENTER

A. Minimal Budget

Based on enrollment of 40 children at an average
of \$150.00 a month per child.

$$40 \text{ children} \times \$150/\text{month} = \$6,000.00$$

Budget sheet on page 5 shows average expenditures
for a center based on this income with minimal
staff and minimal expenses

B. Well Balanced Budget

A well balanced program with trained and well paid
staff would cost \$10,600.00 a month. (see budget sheet
on page 7 for further explanation)

COSTS FOR A WELL DEVELOPED CENTER WITH TRAINED AND WELL
PAID STAFF IS PRESENTLY PROHIBITIVE. QUALITY DAY CARE
CANNOT BE DEMANDED DUE TO FINANCIAL UNFEASIBILITY.

page 2

MONTHLY BUDGET

SUMMARY:

| | |
|------------------------|------------|
| Ending Balance: | .00 |
| Expected Income: | \$6,232.00 |
| Expected Expenditures: | \$6,232.00 |
| Balance: | .00 |

| | Explanation | | Final |
|-------------------------------|--------------------------------------|--|-------------------|
| <hr/> | | | |
| 40 Children x \$150 per month | | | |
| <hr/> | | | |
| I. | Fixed Expenditures | | |
| | *Rent | \$.70/sq. ft. x 2,000 sq. ft. = \$1,400 | \$1,400.00 |
| | Insurance | \$350/yr. ÷ 12 mo. = \$30 | 30.00 |
| | Licensing | \$25 Business License + \$25 Inspection | 50.00 |
| | Total | | <u>\$1,480.00</u> |
| II. | Administrative Costs | | |
| | Director's Salary | \$10,000 ÷ 12 mo. = \$820/mo. | \$ 820.00 |
| | FICA & Workmans Comp. | 15% of \$10,000 = \$1500 ÷ 12 mo. = \$125/mo. | 125.00 |
| | **Consultants | | |
| | **Mileage | | |
| | **Staff Conferences | | |
| | Office Supplies | \$20/mo. | 20.00 |
| | Total | | <u>\$ 965.00</u> |
| III. | Operational Costs | | |
| | Heat | \$55.00 | |
| | Light | 16.00 | |
| | Water | 6.00 | |
| | Garbage | 4.00 | |
| | Telephone | 10.00 | |
| | Sewer | 9.00 | |
| | | <u>\$109.00</u> | \$ 109.00 |
| | Paper Products | 30.00 | |
| | Soap | 10.00 | |
| | Kitchen Supplies | 10.00 | |
| | Advertising | .00 | |
| | | <u>\$50.00</u> | 50.00 |
| | Total | | <u>\$ 150.00</u> |
| IV. | Staff | | |
| | Teachers (list name, time, & amount) | 2 staff x 11 hrs. = 22hr. x \$2.60/hr. 2 staff x 11 hrs. = 22hr. x \$3.25/hr. | \$2,574.00 |
| | Cook | 3 hr./day x \$3.00/hr. x 22 days | 198.00 |
| | **Secretary | | |
| | **Janitor | | |
| | **Bookkeeper | | |
| | FICA & Workmans Comp. | 15% of \$2,772.00 = \$415.00 | 415.00 |
| | Total | | <u>\$3,187.00</u> |
| V. | Instructional Supplies | | |
| | Paper, paint, brushes, paste | | |
| | Expendible Equipment (list) | \$10.00/mo | \$ 10.00 |
| | Total | | <u>\$ 10.00</u> |
| VI. | Food | \$.50/day x 22 days x 40 children = \$440 | \$ 440.00 |
| | Total | | <u>\$ 440.00</u> |
| VII. | Transportation | | |
| | **Total | \$.00 | <u>\$.00</u> |
| VIII. | Maintenance | | |
| | **Building | | |
| | **Equipment | | |
| | Total | \$.00 | <u>\$.00</u> |
| <hr/> | | | |
| TOTAL OPERATING COSTS | | | <u>\$6,232.00</u> |

| | | |
|--------------------|--------|---------------|
| IX. Capital Outlay | \$.00 | |
| **Facility | .00 | |
| **Program | .00 | |
| Total | | <u>\$.00</u> |

| | | |
|--------------------|--|------------|
| TOTAL EXPENDITURES | | \$6,232.00 |
|--------------------|--|------------|

| | | |
|------------------------------------|--------------------------------------|---------------|
| X. Income (Figured on 40 children) | | |
| Tuition | \$150/no. x 40 = \$6,000 | \$6,000.00 |
| Supply Fee | \$10/yr x 40 = \$400 - 12 no. = \$34 | 34.00 |
| Pre-Registration Fee | \$5/yr x 40 = \$200 - 12 no. = \$18 | 18.00 |
| Miscellaneous (Sales, grant) | \$180.00 | <u>180.00</u> |
| Total | | \$6,232.00 |

*Licensing Requirement: 50 sq. ft. per child

**no money allotted

MODEL MONTHLY BUDGET

| | Explanation | Final |
|---------------------------|------------------------------|--|
| I. | Fixed Expenditures | |
| | *Rent | \$2,000.00 |
| | Insurance | 40.00 |
| | Licensing | 50.00 |
| | Total | <u>\$2,090.00</u> |
| II. | Administrative Costs | |
| | Director's Salary | \$1,100.00 |
| | FICA & Workmans Comp. | 140.00 |
| | Consultants | in gratis |
| | Mileage | |
| | **Staff Conferences | Substitute payment=\$3.50/hrx2hr/mo = \$23.00 |
| | Office Supplies | \$20/mo. |
| | Total | <u>\$1,383.00</u> |
| III. | Operational Costs | |
| | Heat | \$55.00 |
| | Light | 10.00 |
| | Water | 6.00 |
| | Garbage | 4.00 |
| | Telephone | 10.00 |
| | Sewer | 5.00 |
| | Total | <u>\$100.00</u> |
| | Paper Products | 30.00 |
| | Soap | 10.00 |
| | Kitchen Supplies | 10.00 |
| | Advertising | .00 |
| | Total | <u>\$150.00</u> |
| IV. | Staff | |
| | ***Teachers | \$4,040.00 |
| | Cook | 4 hr./day x \$300/hr. x 22 days = \$300 |
| | ****Secretary | |
| | Janitor | 2 hr./day x \$2.00/hr. x 22 days = \$154 |
| | Bookkeeper | 32 hrs./month x \$3.50 = \$112 |
| | FICA & Workmans Comp. | 15% of \$5,414 = \$810 |
| | Total | <u>\$6,224.00</u> |
| V. | Instructional Supplies | |
| | Paper, paint, brushes, paste | \$25 |
| | Expendible Equipment | \$15 |
| | Total | <u>\$40.00</u> |
| VI. | Food | |
| | Total | \$.75/day x 22 days x 40 children = \$670 |
| | Total | <u>\$ 670.00</u> |
| VII. | Transportation | |
| | ****Total | \$.00 |
| VIII. | Maintenance | |
| | Building | \$30 |
| | Equipment | \$20 |
| | Total | <u>\$ 50.00</u> |
| IX. | Capital Outlay | |
| | ****Facility | .00 |
| | ****Program | .00 |
| | Total | <u>\$.00</u> |
| <u>TOTAL EXPENDITURES</u> | | <u>\$10,000.00</u> |

*Licensing Requirement: 50 sq. ft. per child

**Staff Conferences: Substitute payment--coverage for 2 hours a week to enable staff to utilize training services.

***Teachers' Salaries:

| | | |
|---|-----------|---------------|
| \$5.00 x 2 morning teachers @ 7 hr./day | 308 hr/mo | \$1,540.00 |
| \$4.00 x 2 morning teachers @ 6 hr./day | 264 hr/mo | 1,056.00 |
| \$5.00 x 2 afternoon teachers @ 7 hr./day | 308 hr/mo | 1,540.00 |
| \$4.00 x 2 afternoon teachers @ 4 hr./day | 176 hr/mo | <u>704.00</u> |
| | | \$4,840.00 |

***No money allotted