

HB384

(11)

HOUSE COMMITTEE REPORT

Date Referred: March 18, 1992

FURTHER REFERRALS:

Date of Committee Action: 5/4/92

The FINANCE Committee considered:

HB 384

HOUSE BILL NO. 384

ADMIN. COSTS OF DAY CARE PROGRAMS

"An Act relating to administrative costs of contractors under the day care assistance program."

RECOMMENDATIONS:

be replaced with

HB 384

[x] the same title

[] a new title

[] have attached amendments(s)

[x] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

[x] zero fiscal note HFC 05/04/92

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Mike Navarre Navarre	✓	Eileen P. McLean McLean		X	
Mario Boyer Boyer	X	Demora Barnes Barnes		X	
Larry Brown BROWN	✓	Donna Sharp Sharp		X	
Russell Koponen Koponen	✓	Robert Phillips Phillips		X	
Bill Miller Miller	X	Ronald J. Latsun LATSUN		X	

Signature of Mike Navarre, Chairman's Signature, with name MA. LEAN

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 384

Revision Date: _____ Department Affected: COMMUNITY & REGIONAL AFFAIRS
 Title: AN ACT RELATING TO ADMINISTRATIVE COSTS FOR DCAP BRU: CHILD ASSISTANCE
 Component: DAY CARE ASSISTANCE PROGRAMS
 Sponsor: REP. C. DAVIS
 Requestor: HOUSE FINANCE COMMITTEE COMPONENT SERIAL NO.

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Co-Chair Eileen MacLean *Eileen P. MacLean* Phone: 465-4833
Co-Chair Mike Navarre *Mike Navarre* Phone: 465-3779
 Division: House Finance Committee Date: 5/04/92

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

HOUSE BILL NO. 384

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE C.DAVIS

Introduced: 1/13/92

Referred: Health, Education & Social Services, Community & Regional Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to administrative costs of contractors under the day care assistance
2 program."

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

4 * Section 1. AS 44.47.260 is repealed and reenacted to read:

5 Sec. 44.47.260. ADMINISTRATIVE COSTS OF PROGRAM CONTRACTORS. To
6 defray administrative expenses, a contractor under AS 44.47.250(b) may only retain \$1,000 or
7 15 percent, whichever is greater, of the day care assistance program funds it receives from the
8 department under the contract.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 384

Revision Date: _____
Title: An act relating to administrative costs for DCAP

Department Affected: Community and Regional Affairs
BRU: Child Assistance
Component: Day Care Assistance Programs

Sponsor: Rep. C. Davis
Requestor: (H) Hes

COMPONENT SERIAL NO.

1	4	1	4
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	570.0	590.0	590.0	590.0	590.0	590.0
MISCELLANEOUS						
TOTAL OPERATING	570.0	590.0	590.0	590.0	590.0	590.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	570.0	590.0	590.0	590.0	590.0	590.0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	570.0	590.0	590.0	590.0	590.0	590.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: N/A

ANALYSIS: (Attach a separate page if necessary.)
See attached sheet

Prepared By: Remond Henderson
Division: Administrative Services Division

Phone: 465-4708
Date: 1/31/92

Approved by Commissioner: E. Berry
Agency: Department of Community and Regional Affairs

Date: 2-2-92

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 384

By increasing the allowable administrative rate from 10% to 15% the Bill increases the costs to the program by 5% or \$570,000 in FY 93 and by \$590,000 thereafter. The increase of \$20,000 is due to \$400,000 which will be reinstated into the Day Care Assistance Program during the FY 94 that is currently being used as a required GF match to the federal At Risk Assistance child care program. Federal funding decreases by this amount in FY 94 due to the fact that Alaska received two year's worth of funds the first year the program was implemented, FY 92.

If the increment is not funded it will mean a decrease of assistance to approximately 160 children for a full year. Although there has been an influx of new federal funds into the program this year, it has served to clear waiting lists statewide and possibly fund new communities. Another program financial impact which will increase the costs of services during FY 93 is the new market rate survey results. Preliminary data indicate that there will be a 5% - 8% increase in child care provider rates as of July 1, 1992. This item alone would mean fewer people served with the same funds, but it is anticipated that the impact will be minimized due to increased federal dollars. However, the program could not absorb a additional 5% increase of costs without decreasing the number of families assisted.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS



OFFICE OF THE COMMISSIONER

January 31, 1992

POSITION PAPER

RE: House Bill No. 384

Sponsor: Representative Davis

Program Effects of the Bill

This bill effects two items in current Statute: (1) it increases the allowable administrative cost for the contractor from 10% to 15%, and; (2) it allows contractors to utilize Day Care Assistance funds for administrative costs based on the contract amount instead of on the amount expended. This bill will allow greater predictability of annual administrative budget. A contractor will be able to plan on a designated amount for administration where that has not been the case in the past.

The Statute gives priority in contracting for day care administration services to municipalities, but some municipalities have been hesitant to participate because of the uncertainty about the state funds to be received and because at 10% the funds do not cover the full cost of administration. Passage of this bill will encourage more municipalities to participate in the Day Care Assistance Program. It is critical to proper program implementation and oversight that contractors have sufficient staff available to administer the program.

Comments:

The Department of Community & Regional Affairs supports passage of this bill.

Edgar Blatchford

Edgar Blatchford
Commissioner
Department of Community and
Regional Affairs

WALTER J. HICKEL, GOVERNOR

150 THIRD STREET
JUNEAU, ALASKA 99801-1291
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

ALASKA STATE LEGISLATURE

ELECTIVE DISTRICT 1

HYDER
KETCHIKAN
KUPREANOF
MEYERS CHUCK
PETERSBURG
SAXMAN
WRANGELL



HOME

P.O. BOX 5723
KETCHIKAN, AK 99901
PHONE 225-6304

DURING SESSION

P.O. BOX V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE 465-3424

Representative Cheri L. Davis

SPONSOR STATEMENT HB 384

Good morning and thank you for scheduling this bill so promptly.

House Bill 384, is legislation which will increase the amount of money that a day care facility or organization may use for their administrative costs. As the law is written now, Day Care Assistance Programs can only use 10 percent of their annual day care benefits from the state for administrative costs. This legislation increases the amount of money available for administrative costs to 15 percent and insures the facility or organization will not receive less than \$1,000 in administrative payments.

Many cities and boroughs are finding that their administrative costs are in excess of the 10 percent allowed by current law. If a municipality needs more than 10 percent, it must take the money from somewhere else or compromise the quality of their day care assistance program.

Direct operational costs usually exceed 10 percent. These costs have, for example, averaged 12 to 13 percent in the last two fiscal years in the Fairbanks North Star Borough and are 22 percent in Ketchikan. Clients and accountability suffer when administration of the program is underfunded, an increase to 15 percent will alleviate some of the monetary pressures these municipalities are facing.

Again I thank you for hearing this bill today, and I will be glad to try and answer any questions you may have.

Sponsor Statement

February 4, 1992

Representative Georgianna Lincoln
P.O. Box V
State Capitol Building
Juneau, AK 99811

Dear Representative Lincoln,

The Association of Local Administrators of Day Care Assistance supports HB 384, and urges you to do the same.

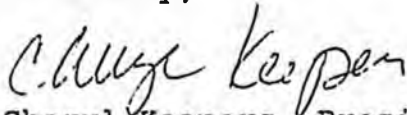
The Local Administrator's Association is an informal organization of local governments and organizations that run the 30 Day Care Assistance programs in Alaska. At our most recent annual meeting (April 1991), the issue of administrative funding was discussed at length. The members present voted unanimously to support changing the existing statute to address both the amount and mechanism of administrative funding for local contractors.

HB 384 addresses both issues. Ten percent is not enough to run a quality program. Clients, child care providers and accountability suffer when administration is underfunded. Actual costs vary from one local contractor to another, but Local Administrators support 15% as a fair level of state support.

The mechanism currently used is reimbursing local contractors on the basis of the amount of subsidy funds paid each month. The amount varies from month to month, and the actual amount of administrative funds a local contractor will receive is not known until after the fiscal year is over - too late to budget effectively. This can lead local contractors to be too conservative in their spending, keeping staffing levels so low that clients can't get appointments when they need them, and leaving subsidy funds unspent.

We urge you to support HB 384. By allowing for more reasonable funding levels and more efficient budget management, local contractors can do a better job of meeting the needs of clients and child care providers, and meeting state administrative requirements. If you have any questions regarding our position, please feel free to contact me at 459-1474.

Sincerely,



Cheryl Keepers, President
Association of Local Administrators
c/o Day Care Assistance
Fairbanks North Star Borough
PO Box 71267
Fairbanks, AK 99707

Local Administrator's Association

1991-92 Officers

President Cheryl Keepers
Fairbanks North Star Borough
PO Box 71267
Fairbanks, AK 99707

Vice-President Linda Inglis
Ketchikan Gateway Borough
215 Main Street #212
Ketchikan, AK 99901

Secretary Alice Gates
Women's Resource & Crisis Center
325 South Spruce
Kenai, AK 99611

Treasurer Pat Booth
Nome Child Care, Inc.
PO Box 1189
Nome, AK 99762

DCAP programs at April 1991 Local Administrator's Association meeting:

Anchorage	Ketchikan
Aniak	Kodiak
Barrow	Kotzebue
Bethel	Mat-Su
Cordova	Palmer
Craig	Sitka
Fairbanks	Skagway
Haines	Valdez
Juneau	Wrangell
Kenai/Soldotna	

Supplemental Information:

Day Care Assistance Administrative Funding

The Day Care Assistance program exists to help eligible families work or train for work by paying for child care costs. To do that, staff must meet with families, work with child care providers, process child care billings and perform related administrative tasks.

Funding comes from the State of Alaska, via the Department of Community and Regional Affairs. The Day Care Assistance grant provides money for child care subsidies and program administration. An amount equal to 10% of monies spent on subsidies can be used for administration. There are three problems with this:

1. families are not served even though subsidy monies go unexpended;
2. program and budget management is less effective; and
3. ten percent is not enough to cover direct operational costs.

Further explanation of each of these follows:

1. Every month the grantee pays for child care: after totalling the amount spent, an additional 10% for administrative costs is added to the invoice to the State. Every month a different amount is spent on subsidies, and the amount of administrative funding changes. Total annual administrative receipts will not be known until the fiscal year is over.

This uncertainty leads to being very conservative in administrative spending - which would be good, except that it means fewer families are served than could have been helped with the available subsidy funds. Keeping staffing levels low enough to be certain to stay within budget

limits restricts the time available for client interviews. People then have to wait for appointment openings. Some families lose job opportunities because they can't cover child care costs until their appointment. This affects some programs more than others, depending in part on program size and local financial support.

2. It is difficult to manage effectively with an ever shifting amount of administrative funding: monies that could have been spent earlier in the year to greater client service are not spent until the end of the year. This results in poorer service to families and child care providers.

3. Direct operational costs to the grantee (salaries, rent, supplies) usually exceed 10%. For example, these costs averaged 12 to 13% in fiscal years 1989 & 90 in the Fairbanks North Star Borough, but increased to 18% in FY 91. In Ketchikan, direct costs are 22%. In both these examples, the local governments have made up the difference.

A sample of administrative costs for FY91:

Anchorage:	12%	(direct)	
Aniak:	14%	(direct)	2% (indirect)
Bethel:	10%	(direct)	
Craig:	14%	(direct)	1% (indirect)
Fairbanks:	18%	(direct)	8.6% (indirect)
Homer:	20%	(direct)	
Juneau:	13%	(direct)	
Kenai:	10%	(direct)	
Ketchikan:	22%	(direct)	

Some local governments do not contribute to their Day Care Assistance programs: those programs are not able to use all of the available grant subsidy funds because they cannot hire enough staff to run the program.

Families are unable to work or go to school because they can't get Day Care Assistance, even though the subsidy monies are there.

The solution being proposed is simple: to change the law to provide administrative funds not to exceed 15% of total day care assistance funds. The administrative amount would be specified in the grant award, so local administrators could budget with certainty. Fifteen percent would be enough to cover direct program operating costs for some organizations: yet it is not enough for any grantee organization to "skim".

If the overall funding for Day Care Assistance does not increase, this could cut into the allowable subsidy funds. However, by promoting more effective management, a greater percentage of subsidy monies will be spent statewide, helping more families.

February 1992
prepared by
Cheryl Keepers
Day Care Assistance
Fairbanks North Star Borough
Fairbanks, AK 99707
459-1474

★ Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 1267

Fairbanks, Alaska 99707

907/452-4761

TO: Representative Jerry Mackie, Chairperson
House Community & Regional Affairs Committee

FROM: Cheryl Keepers, Administrator
Day Care Assistance, Fairbanks North Star Borough

DATE: March 16, 1992

SUBJECT: House Bill 384

House Bill 384 addresses two issues of administrative funding for Day Care Assistance: Fairbanks North Star Borough supports the bill on both counts, and I would like to briefly address each one.

First, the level of funding. In FY 90 & the years immediately before, direct administrative costs to the Borough had been running 12 - 13% of subsidy. Indirect costs added 8.6%. Of that, State reimbursed the Borough 10%, as allowed in statute, and the Borough funded the remaining 11.6%. (Direct costs include salaries, rent, supplies, etc. Indirect costs include Borough support through other departments, such as the accountants who actually cut the checks, etc.)

From a client perspective, new applicants frequently had to wait four to six weeks for an appointment. For someone who has just been given the opportunity to start working, paying for 4-6 weeks of child care can be terribly difficult, perhaps impossible. Subsidy funds were available to pay for that child care, but not accessible.

To put that in context, the Fairbanks Day Care Assistance program has been serving approximately 500 families, paying over 100 child care providers to care for more than 700 children.

In FY 91, the Borough agreed to improve services to clients and providers, and increased their direct contribution to cover one more staff position. Direct costs rose to approximately 20%. Indirect continued at 8.6%.

Waiting time for an appointment for a new applicant now ranges from 1 day to 3 weeks. People who want Day Care Assistance can be seen more quickly, and subsidy funds can be put to their intended use.

I also want to mention that in FY 91 new program regulations and policies were put in place that imposed stricter accountability and performance standards on local contractors. Without that increase in funds from the

Borough, we would have been hard pressed to meet the new requirements.

By increasing the administrative payments to 15%, as proposed by HB 384, the State will bring its level of support back to about half of what it costs to run the program in Fairbanks.

The second issue is how the local contractor receives the administrative fee, or the mechanism involved. The existing statute specifies that local contractors receive an administrative fee based on how much subsidy is spent each month.

Every month we pay bills for child care services for the previous month, then invoice the state for that amount plus 10%. Since child care billings vary from month to month, our administrative fee also varies from month to month.

The cost to provide services to 450 families is about the same as the cost to serve 500 families. However, the administrative fee recovery can vary greatly. The Borough cannot adjust operating expenses every month to keep within the administrative reimbursement - I cannot cut staff hours or lay people off and then rehire them every month to match my admin reimbursement.

I cannot begin to tell you the frustration and difficulty of dealing with this issue. Local economic conditions - fewer jobs - are causing a drop in the numbers of people who use child care assistance programs. Will this trend continue? How much subsidy will we spend in the next 4 months? Will it be enough to cover salaries and fixed costs?

And what kind of service can clients and providers get with this uncertainty about funding and layoffs?

By telling local contractors at the beginning of the fiscal year what their actual administrative budget will be, local contractors can manage their funds more effectively. Predictability will allow the local contractor to do the best possible job of serving parents and child care providers who participate in the program.

The Fairbanks North Star Borough urges the Committee to support HB 384. Passage of this bill would improve services to clients and enhance the overall quality of program management.

cc: Rep. Cherie Davis, Vice-Chair Rep. Richard Foster
 Rep. Larry Baker Rep. John Gonzales
 Rep. Bettye Davis Richard Foster Rep. Gail Phillips

RESOLUTION NO. 968

A RESOLUTION OF THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, SUPPORTING LEGISLATION TO ESTABLISH STABLE AND SUFFICIENT FUNDING FOR COSTS INCURRED IN THE ADMINISTRATION OF THE STATE DAY CARE PROGRAM; AND ESTABLISHING AN EFFECTIVE DATE.

R E C I T A L S

A. The State of Alaska Day Care Assistance program was created to help low and moderate income parents work or train for work by paying for child care costs.

B. In accomplishing this goal, certain administrative tasks are required and costs are incurred by local Day Care Administrators.

C. The current law provides for the reimbursement to local governments for the cost of administration of the program based on actual subsidy expenditures.

D. A change from the current reimbursement method to a flat rate of program allocation method would enable more dollars to be used for parent subsidies rather than lapse, unspent, at the end of the year.

E. The direct operational costs, such as rent, salaries, supplies, and of determining and monitoring parent eligibility and processing provider billings, is substantially higher than the subsidies expended, forcing local governments to make up the cost differential to keep the program stable.

F. The Assembly believes that it is in the best interest of the State of Alaska to continue to have the Day Care Program administered at the local level.

G. Under the Day Care Assistance Program, the State is responsible for providing funds for administration that are sufficient to pay the total cost of direct program operations (administration) and for maximizing the funding available for parent subsidies within each community.

NOW, THEREFORE, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, as follows:

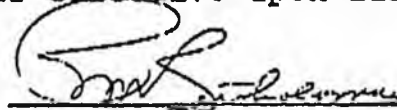
Section 1: The Borough Assembly hereby supports legislation to establish stable and sufficient funding for costs incurred in the administration of the State Day Care Program.

RESOLUTION NO. 968

Page 2


Section 2: When a contract is executed under AS 44.47.250(b)(2) or (b)(4) between the State and a municipality or an organization, the Assembly recommends that the State pay to the municipality or organization the greater of the following: (1) an amount equal to twenty-two percent (22%) of the total annual contract award for Day Care benefits paid to Day Care facilities in the geographic area administered by that municipality or organization (including any subsequently available funds), or (2) one thousand dollars (\$1,000) per year.

Section 3: This Resolution is effective upon adoption.



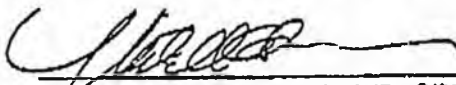
BOROUGH MAYOR

ATTEST:



BOROUGH CLERK

Approved as to form:



INTERIM BOROUGH ATTORNEY

**KIDPAC Position Paper
Day Care Assistance
Administrative Payments**

KIDPAC supports changing how local contractors are paid for administering the Day Care Assistance program.

Administrative payments for local contractors running Day Care Assistance are controlled by statute. There are two problems with the existing law:

1. the amount paid to local contractors is far less than it costs to run the program, and
2. the mechanism (how the administrative payments are made) causes poor service to clients as well as giving local contractors unnecessary fiscal headaches.

KIDPAC supports deleting Section 44.47.260, which restricts administrative payments to 10% of benefits paid for child care, and replacing it with:

Contractor administrative payments may not exceed 15 percent of the annual day care assistance program funds. A contractor may not receive less than \$1,000 in administrative payments.

This change will resolve the mechanism issue, and improve the adequacy of funds to meet costs. Please note that 15% will NOT cover the full cost of running the program: local communities will still be paying something toward administering Day Care Assistance.

We are aware that increasing the administrative funding could impact the funding available for subsidies. However, it would be irresponsible to continue to try to operate the program at the current level, as this does not allow for adequate service to parents, child care providers, or the community at large. It also does not allow adequate program/fiscal accountability.

The proposed language would allow the state discretion in allocating administrative funds, so that programs that only needed, for example, 12% administrative funding would get that. It does not mandate the full 15% be spent on administration.

KIDPAC - A Voice for Children
PO Box 20226
Anchorage, AK 99520
11/91

KIDPAC Position Paper
Day Care Assistance Administrative Funding
Supplemental Information
11/91

The Day Care Assistance program exists to help eligible families work or train for work by paying for child care costs. To do that, staff must meet with families, work with child care providers, process child care billings and perform related administrative tasks.

Funding comes from the State of Alaska, via the Department of Community and Regional Affairs. The Day Care Assistance grant provides money for child care subsidies and program administration. An amount equal to 10% of monies spent on subsidies can be used for administration. There are three problems with this:

1. families are not served even though subsidy monies go unexpended;
2. program and budget management is less effective; and
3. ten percent is not enough to cover direct operational costs.

Further explanation of each of these follows:

1. Every month the grantee pays for child care: after totalling the amount spent, an additional 10% for administrative costs is added to the invoice to the State. Every month a different amount is spent on subsidies, and the amount of administrative funding changes. Total annual administrative receipts will not be known until the fiscal year is over.

This uncertainty leads to being very conservative in administrative spending - which would be good, except that it means fewer families are served than could have been helped with the available subsidy funds. Keeping staffing levels low enough to be certain to stay within budget severely limits the time available for client interviews. People then have to wait for appointment openings. Families lose job opportunities because they can't cover child care costs until their appointment.

2. It is difficult to manage effectively with an ever shifting amount of administrative funding: monies that could have been spent earlier in the year to greater client service are not spent until the end of the year. This results in poorer service to families and child care providers.

3. Direct operational costs to the grantee (salaries, rent, supplies) usually exceed 10%. For example, these costs have averaged 13% in the last two fiscal years in Fairbanks. In Ketchikan, direct costs are 22%. While the 10% was designed to require local contribution, some local governments do not contribute to their Day Care Assistance programs. Those programs are not able to use all of the available grant subsidy funds because they cannot hire enough staff to run the program. Families are unable to work or go to school

because they can't get Day Care Assistance, even though the subsidy monies are there.

Providing administrative funding in this manner is a major flaw in the legislation that created the Day Care Assistance program.

The solution being proposed is simple: to change the law to provide administrative funds not to exceed 15% of total day care assistance funds. The administrative amount would be specified in the grant award, so local administrators could budget with certainty. Fifteen percent would be enough to cover direct program operating costs for many organizations: yet it is not enough for any grantee organization to "skim". This language would also give DCRA some discretion in allocating percentages: it is possible one grantee might only need 12% and another need 16%, as long as the total for all programs would not exceed 15%.

If the overall funding for Day Care Assistance does not increase, this will cut into the allowable subsidy funds. However, by promoting more effective management, a greater percentage of subsidy monies will be spent statewide, helping more families.



KETCHIKAN GATEWAY BOROUGH

Day Care Assistance
360 Main Street
Ketchikan, Alaska 99901
(907) 228-6636

February 15, 1992



Representative Cheri Davis
P.O. Box V
Juneau Alaska 99811

Dear Representative Davis:

As the Local Administrator for the Ketchikan Day Care Assistance Program I am writing in support of HB 384.

The DCAP program has been functioning for the past 12 years with the same percentage (10%) for administrative cost. Two other day care related programs, Transitional Day Care (TCCB) and At Risk Assistance (ARA) both allocate 15% for administrative costs.

I appreciate your efforts to put DCAP in line with TCCB and ARA.

Please add my name to those in support of HB 384.

Sincerely,

Linda Inqlis
Day Care Administrator

February 18, 1992

Representative Cheri Davis
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

RE: HB 384

Dear Representative Davis:

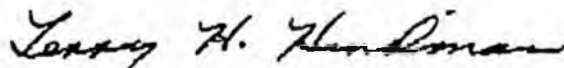
I am the Daycare Assistance Local Administrator in Petersburg and wish to convey to you my strong support for the passing of HB 384.

Administrative costs have remained at 10% since the inception of the Daycare Assistance program which has been nearly 15 years. As we both know, the costs of administrative expenses have done nothing but increase.

Local administrators have had to absorb the increase of phone, postage, office supplies, advertising, gas, etc. even though they have received no increase for administrative costs to help absorb the increase of expenses leaving the local administrators going backwards for too many years and this doesn't even allow for inflation or a recession.

It is long past-due for an increase for administrative expenses and I strongly send my support for the passage of HB 384.

Sincerely,



Terry H. Hindman
Local Daycare Assistance Administrator
P.O. Box 1089
Petersburg, Alaska 99833
(907) 772-3565

cc: Cheryl Keepers



Tom Fink,
Mayor

Municipality of Anchorage



Department of Health and Human Services

825 "L" Street
P.O. Box 196650 Anchorage, Alaska 99519-8650

HB 384

ANCHORAGE DAY CARE ASSISTANCE PROGRAM FACT SHEET

Volume of Program

- 150 - 200 calls/day for services
- 2,655 parents assisted YTD
- 85% of parents make under \$1300 adjusted net/month
- 250+ child care providers receiving payment

Current Situation

- 20% average administrative costs with 13% direct
- Municipality of Anchorage financially supports
- Statute language now allows 10% of subsidies spent: monthly varies due to parent usage, lack of timely billing by providers, and the number of days in month.
- Difficult to manage and plan for future improvement when funding is not predictable and not enough to cover operating expenses.

Benefits of Bill

- financial resources to automate operations would expedite payment to child care providers
- automation would provide required timely statistical information for monthly State reports
- increase of staff to bring parents on program when they need it, answer inquiries, perform contract changes, and maintain appropriate records
- increased and stable administrative rate similar to other federal child care programs

Respectfully submitted,

Day Care Assistance Program

Dianne Alger
Local Administrator
343-6703

3/16/92
C&RA House
Committee Hearing @ 1:30 p.m.



child care resources

9095 Glacier Highway • Juneau, Alaska 99801 • (907) 789-5523

Representative Mike Navarre
Co-Chair House Finance Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

May 1, 1992

Dear Representative Navarre:

Thank you for scheduling a hearing for HB384. Unfortunately I will be out of town on May 4th and unable to attend to present my support for this legislation. Taking this opportunity now, I would like you to know how important this bill is for the administration of the Day Care Assistance Program (DCAP).

As Local Administrators for this program this agency is frustrated by the current statute that designates our administrative percentage as 10% of the amount of subsidy dollars expended at year's end. There are two problems with this, both of which are addressed in HB384. One, our administrative expenses far exceed 10% of our expended subsidy. This limits our ability to provide services to parents, as we cannot support the staffing necessary to meet the community needs and to expend all of the subsidy dollars. Our other programs can not subsidize the DCAP.

I understand the Committee may be reluctant to support this bill with the attached fiscal note. Please be advised that it was the consensus at April's Local Administrator Conference to support this bill without the fiscal note if necessary. In FY92 the DCAP adopted new federal guidelines mandating a 3% parent pay portion for all eligible parents. That is, the maximum subsidy amount paid per parent is 97% of the total monthly cost of child care. This 3% return in additional available subsidy dollars offsets the proposed administrative percentage raise, lessening the actual subsidy dollar impact from 1991 figures to just an additional 2% of available funds. This small program cost increase will translate to improved services and more efficient use of the subsidy dollars. More parents will be served on an annual basis than under the current system, and we will eliminate lost employment opportunities because of processing delays. Be advised that subsidy dollars will be returned this year because of insufficient funds to operate the program at full capacity.

The second section of HB384 is also crucial to program management. This section speaks to the DCAP payment mechanism that limits the allowable administrative percentage to 10% of the total annual

subsidy expended. This creates a situation where we are unable to project our earnings in order to provide adequate staffing to meet client and reporting needs. The DCAP is a complex one, requiring trained staff. I cannot maintain staffing without some confidence that my operating budget will not be slashed by vacillating economic or social trends. In actuality, I can not provide basic services without some assurances that my base operating costs can be met.

Supporting HB384 will address this problem in the original statute by allowing program administrators to retain a percentage of the allotted subsidy amount for operating expenses, without linking that figure to subsidy expended. With careful monitoring by the Department of Community & Regional Affairs, I am confident that this payment mechanism will not threaten accountability.

Thank you for your time and support. Please contact me if I can provide any additional information.

Sincerely,



Cindy Harrington
Program Director



Alaska State Legislature

Please enter into the record my testimony to the Finance Committee
 committee name
 committee on Child Care Grant Program , dated May 1, 1992
 bill/subject

We support 'FULL FUNDING!' for the Child Care Grant Program.

Signed: Linda Meek
 Testifier Linda Meek Director Latchkey
 Ketchikan Gateway Borough
 Representing (Optional)
 344 Front Street
 Address
 Phone No.



Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
committee name

committee on House Bill 384 , dated May 1, 1992
bill/subject

I am the Director of the Latchkey Program in Ketchikan. I support HB384 without a fiscal note attached.

Signed: Linda Meek
Testifier Linda Meek , Latchkey Director
Ketchikan Gateway Borough
Representing (Optional)
344 Front Street
Address

Phone No.



Alaska State Legislature

House Finance Committee

Please enter into the record my testimony to the _____
committee name

committee on Grant Care Grant , dated May 1, 1992
bill/subject

The Child Care Grant provides additional reveuus to day cares for wages, training and supplies, I support full funding for this Grant

Signed: *Linda Inglis*

Testifier Linda Inglis, Day Care Administrator
Ketchikan Gateway Borough.

Representing (Optional)
360 Main St

Address

228 6636

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
 committee name
 committee on House Bill 384, dated May 1, 1992
 bill/subject

The Ketchikan Gateway Borough and the Administrator of the Day Care Assistance Program support House Bill 384 increasing Administration Cost from 10% to 15% without a fiscal note attached. This would allow us to budget for the year and to assist covering the increasing cost of administering the program.

Signed:

Testifier David G. Crow, Borough Manager Linda Inglis, Day Care Administrator
Ketchikan Gateway Borough

Representing (Optional)

360 Main Street

Address

288 6636

Phone No.