

HB51

# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 1, 1991

FURTHER REFERRALS:

Date of Committee Action: 5-9-91

The FINANCE Committee considered:

HB 51

HOUSE BILL NO. 51

APPROP: CHILD CARE GRANT PROGRAM

"An Act making an appropriation to the Department of Community and Regional Affairs for the child care grant program; and providing for an effective date."

**RECOMMENDATIONS:**

be replaced with CS HB 51 (FINANCE)  the same title  
 a new title

have attached amendments(s)

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) \_\_\_\_\_

zero fiscal note \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen P. Maclean</i>	✓	<i>Roll E. C. Hill</i>		✓	
<i>Mike Havame</i>	✓	<i>Bob King</i>		✓	
<i>[Signature]</i>	✓	<i>George J. [Signature]</i>		X	
<i>[Signature]</i>	X	<i>Thomas H. Barnes</i>		X	
<i>Jay Brown</i>					
<i>[Signature]</i>					

*Mike Havame Eileen P. Maclean*  
 CHAIRMAN'S SIGNATURE

CS FOR HOUSE BILL NO. 51 (FINANCE)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES ULMER, Koponen, B.Davis, Ellis, Brown, Taylor

A BILL  
FOR AN ACT ENTITLED

1 "An Act making appropriations to the investment loss trust fund; and providing for an  
2 effective date."

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

4 \* Section 1. The sum of \$45,000,000 is appropriated from the general fund to the investment loss  
5 trust fund established in AS 37.14.300.

6 \* Sec. 2. The sum determined to be necessary to fulfill the purposes of the trust established in  
7 AS 37.14.300, not to exceed \$93,100,000, is appropriated from the budget reserve fund (AS 37.05.540)  
8 conditioned upon a determination being made by the commissioners of administration and revenue that  
9 the balance available in the investment loss trust fund is insufficient.

10 \* Sec. 3. The appropriation made in sec. 2 of this Act is conditioned upon review under the  
11 procedures set out in AS 37.07.080(h).

12 \* Sec. 4. The amount earned on the investment loss trust fund during the fiscal year ending June 30,  
13 1991, is appropriated to the investment loss trust fund.

14 \* Sec. 5. The amount earned on the investment loss trust fund during the fiscal year ending June 30,

1 1992, is appropriated to the investment loss trust fund.

2 \* Sec. 6. The appropriations made by this Act are for capitalization of a trust fund and lapse under  
3 AS 37.14.300.

4 \* Sec. 7. Section 2 of this Act takes effect only if a law is enacted by the First Session of the  
5 Seventeenth Alaska State Legislature that creates an investment loss trust fund.

6 \* Sec. 8. Sections 2 and 7 of this Act take effect on the later of July 1, 1991, or the effective date  
7 of an Act enacted by the First Session of the Seventeenth Alaska State Legislature that creates an  
8 investment loss trust fund.

9 \* Sec. 9. Except as provided in sec. 8 of this Act, this Act takes effect on the effective date of an  
10 Act enacted by the First Session of the Seventeenth Alaska State Legislature that creates an investment  
11 loss trust fund.

CS FOR HOUSE BILL NO. 51 (FINANCE)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES ULMER, Koponen, B.Davis, Ellis, Brown, Taylor

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations to the investment loss trust fund; and providing for an  
2 effective date."

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

4 \* Section 1. The sum of \$45,000,000 is appropriated from the general fund to the investment loss  
5 trust fund established in AS 37.14.300.

6 \* Sec. 2. The sum determined to be necessary to fulfill the purposes of the trust established in  
7 AS 37.14.300, not to exceed <sup>93,100,000</sup> ~~\$89,800,000~~, is appropriated from the budget reserve fund (AS 37.05.540)  
8 conditioned upon a determination being made by the commissioners of administration and revenue that  
9 the balance available in the investment loss trust fund is insufficient.

10 \* Sec. 3. The appropriation made in sec. 2 of this Act is conditioned upon review under the  
11 procedures set out in AS 37.07.080(h).

12 \* Sec. 4. The amount earned on the investment loss trust fund during the fiscal year ending June 30,  
13 1991, is appropriated to the investment loss trust fund.

14 \* Sec. 5. The amount earned on the investment loss trust fund during the fiscal year ending June 30,

1 1992, is appropriated to the investment loss trust fund.

2 \* Sec. 6. The appropriations made by this Act are for capitalization of an ~~endowment trust fund~~ <sup>trust fund and leg.</sup> and

17 3 ~~do not lapse.~~ <sup>worded w/ the provision of AS 39.14.300</sup>

4 \* Sec. 7. Section 2 of this Act takes effect only if a law is enacted by the First Session of the  
5 Seventeenth Alaska State Legislature that creates an investment loss trust fund.

6 \* Sec. 8. Sections 2 and 7 of this Act take effect on the later of July 1, 1991, or the effective date  
7 of an Act enacted by the First Session of the Seventeenth Alaska State Legislature that creates an  
8 investment loss trust fund.

9 \* Sec. 9. Except as provided in sec. 8 of this Act, this Act takes effect on the effective date of an  
10 Act enacted by the First Session of the Seventeenth Alaska State Legislature that creates an investment  
11 loss trust fund.

7-LS0433VG ✓  
 Utermohle  
 5/2/91

CS FOR HOUSE BILL NO. 51 (     )  
 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Funding Information:	General Fund	\$2,390,600
	Other Funds	-0-
		\$2,390,000

Sponsor(s): REPRESENTATIVES ULMER, Koponen, B.Davis, Ellis, Brown, Taylor

A BILL

FOR AN ACT ENTITLED

1 "An Act making an appropriation to the Department of Community and Regional Affairs  
 2 for the child care grant program; and providing for an effective date."

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

4 \* Section 1. The sum of \$2,390,000 is appropriated from the general fund to the Department of  
 5 Community and Regional Affairs for the child care grant program for the fiscal year ending June 30,  
 6 1992.

7 \* Sec. 2. This Act takes effect July 1, 1991.

# Alaska State Legislature

## HOUSE OF REPRESENTATIVES



### REPRESENTATIVE FRAN ULMER

#### MEMORANDUM

May 3, 1991

TO: Rep. Mike Navarre, Co-chair  
Rep. Eileen MacLean, Co-chair  
House Finance Committee

FROM: Rep. Fran Ulmer

RE: HB 51, relating to the child care grant program

The purpose of HB 51 is to increase the grants made to child care providers from the current \$25 per month/per child to the statutory maximum of \$50 per month/per child. The original bill I introduced on this subject made an appropriation of \$8,919,000 to the Child Care Grant Program in the Dept. of Community and Regional Affairs. That four-fold increase was calculated with the assistance of the department based on two months' experience with an increased grant amount last year. The department estimated that twice as many providers would apply for child care grants if the amount of the grant were doubled.

As a result of further review of the figures, I would like to recommend that the committee adopt a committee substitute authorizing an appropriation of \$2.39 million to the child care grant program. The current funding level for this program in the proposed House and Senate budgets is \$2.39 million; the effect of CSHB 51 is to double the current appropriation to the program. Although we may see an increase in the number of providers who wish to participate in the program, the majority of those will be in-home providers; the increase in the number of per-child payments thus will be relatively small.

There are currently 400 providers participating in the Child Care Grant Program. A provider becomes eligible by agreeing to accept clients participating in the Day Care Assistance Program should they ask for placement and space is available. The purpose of child care grants is to assist providers with operating expenses. Grant monies may be used for wages and benefits, meals for children, to purchase developmentally appropriate equipment and supplies, and to promote parental involvement. Although CSHB 51 would double the per child grant, the subsidy provided thereby for early childhood development is still very modest compared to the expenditures made for public education (roughly one-tenth). Studies indicate that early

District 4B — Juneau

P.O. Box V • Juneau, Alaska 99811-3100 • (907) 465-4947



Recycled Paper

childhood development is just as dependent on the quality of care received as later development is on the quality of education.

Unfortunately, the child care industry is on the brink of disaster. Wages for child care workers average about \$5 per hour with few if any benefits. In Alaska, 90% of home care providers and 56% of those who work in child care centers earn poverty level wages or below. Since personnel costs make up 80%-85% of most center budgets, providers must keep wages low and concentrate on those ages which offer a better profit margin. Low wages and lack of benefits create a high turnover rate-- over 41% nationally and even higher in Alaska. A recent survey conducted in Anchorage showed that 48% of the child care workers there had been employed less than one year.

There is no lack of information regarding the need, the problems, and the costs of child care. All of that information tells us that child care as it now operates is not an economically viable industry. If we wish to prevent a continued decline in the availability and quality of child care, we must supplement child care providers' income. HB 51 does that under current statutory guidelines. I urge the committee to increase the small investment the state makes in this industry, an investment which will provide multiple benefits.

## FACT SHEET: CHILD CARE IN ALASKA

### Who provides:

Child care for children in Alaska between the ages 0-5 years is provided by:

#### Private sector:

- Day care in provider's home
- Day care in child care center

#### Public sector:

- Headstart
- Preschool programs in public schools

### Need for child care:

Statewide, there are 15,648 licensed placements for child care. Actual availability of child care (combining both licensed and unlicensed providers) may be twice that number. However, finding childcare is difficult in virtually every Alaska community. As women increasingly enter the job market during the next 10 years, finding quality, affordable childcare will become an impossibility for many low to moderate income families.

### Future growth of need:

Nationally, the number of children under the age of 5 in daycare rose by 11% between 1984-1987. By 1995, 2/3 of all pre-schoolers will have mothers in the workforce.

In Alaska, the need appears to be growing more rapidly. The growth of the waiting list for the Day Care Assistance Program indicates that the need for childcare may grow by as much as 20% over the next few years.

### Why there is a shortage of childcare:

Historically, childcare was the responsibility of the family. As more and more parents entered the workplace and multi-generational families declined to the nuclear family of today, parents were forced to look outside the family for childcare. Increasingly, the need for daycare was filled by the private sector; daycare became a business.

Unfortunately, childcare is almost never a profitable business. 70% of childcare operating expenses are staff salaries. For most parents, childcare of any kind is not affordable. In order to keep costs low and attract more clients, childcare providers cut corners wherever they can and frequently end up subsidizing the cost of childcare by working at poverty level wages without any benefits. Many providers are inevitably driven from the business because of the long hours and low pay.

### Problems of childcare providers:

- nationally, 41% of all childcare workers quit each year
- in Anchorage, 48% of childcare workers quit each year
- the average daycare center enrollment has nearly doubled while the average salaries for child-care workers decreased 20%;
- the majority of childcare workers make \$4.74-\$7.62 per hour for an average wage of \$9,859 - \$15,850;
- few daycare centers offer any benefits

**How the state participates:**

In addition to licensing activities, the state assists in two ways:

**Day Care Assistance Program:** financial assistance is provided to low-income parents for day care expenses; average payment is \$265 per child to low-income parents;

**Child Care Grant Program:** Direct grant to eligible child care providers to assist with operational expenses; currently, the grant is approximately \$22 per month per child in care. State law provides for a maximum grant of \$50 per child per month.

**Total state contribution to child care in Alaska: \$12.3 million**

Day Care Assistance: \$10 million for FY 91

Child Care Grants: \$2.3 million for FY 91

Per child contribution (per licensed slot): \$786 per year

Compare to per child contribution for education in Alaska: \$6873 per year

**Recommendations of the Governor's Interim Commission on Children and Youth:**

1) Increase Child Care Grant funds to the statutory maximum of \$50 per full-time child per month.

2) Provide grant funds to enable early childhood programs to become accredited through the National Academy of Early Childhood Programs.

3) Provide specialized training at local, regional and state levels for early childhood educators and family home care providers in cross-cultural communication; language development; recognition of the symptoms of abuse and neglect; meeting the needs of chronically ill children, disabled children and their families; caring for infants and toddlers.

4) The State Board of Education should adopt a policy urging a maximum of 20 children per teacher in kindergarten through grade 3. The state should help fund local district efforts to meet that ratio.

5) The professional status of childcare workers should be recognized through appropriate compensation and benefits, positive working conditions, recognition of educational standards, creation of professional career ladders, and societal appreciation of their work's value.

6) Increase Education and Training Grant funds from the Department of Community and Regional Affairs so eligible programs, organizations and communities can offer developmentally appropriate early childhood education/training and scholarships for courses and other professional development.

7) The University of Alaska and the Department of Education should develop an early childhood career ladder.

8) More early childhood educators and family childcare providers from Alaska's diverse cultures must be recruited, trained and hired in local communities.

9) Childcare providers, educators and administrators should be trained to heighten their awareness of cultural differences and improve their ability to resolve issues in a culturally appropriate manner.

10) Curriculum and materials culturally appropriate for Alaska should be available to all early childhood programs through the state library and other services.

A WAGE AND BENEFITS STUDY  
OF ANCHORAGE  
CHILD CARE CENTERS

Details of wage scales, benefits and working conditions as well as sizes  
services and hours of operation in 41 Anchorage Child Care Centers

February 1989  
CHILD CARE CONNECTION, INC.  
Mia Oxley, Executive Director

---

## HIGHLIGHTS

### Wage Scales

- \* The average hourly wage scales offered by Child Care Centers are:
  - Caregivers - \$4.74 - \$7.62
  - Assistant Directors - \$7.51 - \$8.74
  - Directors - \$7.50 - \$19.23
  
- \* Non-profit centers offer higher average pay than private proprietary centers.

### Benefits

- \* Centers are most likely to provide benefits to Directors and Assistant Directors and least likely to provide them for Caregivers.
  
- \* Most child care centers in Anchorage provide no benefits to their lowest paid Caregivers.
  - 86% - no retirement or pension plan
  - 67% - no health insurance
  - 54% - no sick or personal leave
  - 34% - no paid vacation
  
- \* Non-profits are more likely than private proprietary centers to offer benefits to all paid employees.
  - Paid Vacation - 68% vs. 42%
  - Paid Sick Leave - 40% vs. 33%
  - Health Insurance - 36% vs. 8%
  - Retirement Plan - 8% vs. 0%
  - Inservice Training - 92% vs. 58%
  - Education - 80% vs. 58%
  
- \* Most child care centers (83%) offer reduced child care fees as a benefit to all or some of their employees.

Turnover

- \* 48% of child care center employees have been in their current place of employment less than 1 year.
- \* 70% of child care center employees have been at that center fewer than 2 years.

Educational Levels

- \* 34% of centers report a 4 year degree or better as the highest educational attainment of their lowest paid caregivers.
- \* 58% of center directors have a 4 year college degree or better.

This study revealed that 48% of the employees of Anchorage centers have been there less than one year - and a full 70% less than 2 years. National surveys have repeatedly shown a strong correlation between turnover and rates of pay. It is highly unlikely for us to see more stability in the child care workforce until working conditions improve.

#### Shortages

The operations section of this report confirms that few centers offer the kinds of care currently in short supply in Anchorage. More operators may begin to offer these services now that the need is identified. In most cases, however, there are economic reasons behind the status quo. Infant care, for example is more expensive to offer because of the lower required adult to child ratio. The result is that cost-conscious operators choose to focus on ages that offer a better profit margin. There are similar disincentives for irregular hours care, and school age care requiring transportation.

#### Non-profit vs Proprietary

The study revealed consistently better wages and benefits in non-profit centers than in proprietary ones. The reason is simple economics. For the most part, parent fees must cover all the costs of running a center. There are limits on the fees parents can afford to pay. Personnel costs make up 80 - 85% of most center budgets. The easiest - perhaps only - way to generate a profit is to keep wages and benefits low.

#### Quality

Can we have an adequate supply of high quality child care with low wages and high turnover? Most observers say we can not. Quality child care is provided by workers who understand child development. That understanding comes with training and experience. It is not innate, nor learned overnight. High turnover and limited training preclude good quality.

Conclusions

Poor working conditions are the most serious obstacles we face in our efforts to build an adequate supply of high quality child care. Unless we increase wages and add some benefits to deter turnover, the problems of low quality and shortages of care will continue.



# CHILD CARE: RECOMMENDATIONS

## 1. Quality

### BACKGROUND

### RECOMMENDATION

#### Salaries/Child Care Grant Program:

20

Child care providers in Alaska receive an average salary of \$4.50 an hour. They sacrifice a fair, equitable salary to provide desperately needed service. They subsidize the industry. "Low wages, long hours and very demanding responsibilities make turnover a persistent problem in the field," wrote Marian Estelle, director of the Petersburg (Alaska) Child Care Center. Quality child care in this state will soon evaporate if staff wages, benefits and status do not improve. We must pay professional scale wages or face consequences that include inadequate, low quality warehousing of children, more children left without supervision and ever fewer qualified child care professionals.

The Alaska program that directly funds child care is the Child Care Grant Program. Licensed child care centers or homes that will accept Day Care Assistance children are eligible to receive a payment each month for each child who attends. The program now has 190 centers and 170 homes under contract. It promotes quality child care in licensed homes and centers by partially funding operating expenses such as wages and benefits, food, staff training, materials and parent education. The FY88 state appropriation was \$600,000, which paid \$10 per full-time child for each month in care, with some geographical adjustments. This program indirectly benefits parents by increasing child care quality in centers or homes paid these grants. The maximum allowed by statute is \$50 per child in full-time care. The state has never paid that amount.

Child Care Grant Program funds should be increased to the statutory maximum of \$50 per full-time child per month to provide additional resources for such purposes as increased staff salaries and professional training.

---

*Child care providers in Alaska receive an average salary of \$4.50 an hour. They sacrifice a fair, equitable salary to provide desperately needed service. They subsidize the industry.*

---



---

*To have affordable, quality child care, Alaska must recognize that society as a whole, and not just parents, is responsible for the care of our future generation.*

---

In Alaska, the Municipality of Anchorage offers a choice of benefits to non-union employees and parents can pick child care at pre-taxed dollars. ARCO-Alaska's Dependent Care Task Force has developed a range of options for that company. Many small professional corporations offer a full range of child care benefits.

Anchorage's Providence Hospital and Ketchikan General Hospital have been among the few employers to offer employees on-site child care.

A partnership of public and private employers, parents and the community must work together to support quality child care in Alaska.

---

## Operating Costs for Quality Child Care

<u>Expense</u>	<u>Cost/Month/Child</u>	<u>Description of Allocation</u>
Teachers	\$300	Full-time teachers @ \$2000/month (\$11.50/hour) and Part-time teachers @ \$1000/month
Food	120	2 meals @ \$2.25 each and 1 snack @\$1/day
Rent and Property Tax	54	\$1 per square foot @ 35 sq. ft./child, 65% usable
Staff Benefits	80	7.5% Social Security, \$75/month health insurance, 2 weeks vacation and 12 days sick leave and reduced child care cost for one-half of one child
Administrators	60	Average of \$2160/month @ 1.6 per program
Supplies and Educational Materials	50	Office, kitchen, classes and equipment
Support Personnel	40	Cook \$1500/month, bus driver \$1500/month, part-time janitor \$1000/month
Utilities	20	2.47% of budget
Maintenance	20	2.47% of budget
Miscellaneous	<u>10</u>	1.23% of budget
Total	<u>\$754</u>	per child per month

Assume a child care program with one class of maximum enrollments in each age group with all children attending full time. Enrollment income would be as follows:

5 infants	@ \$425/month	\$ 2,125
6 toddlers	@ \$375/month	2,250
10 preschoolers	@ \$325/month	3,250
15 kindergartners	@ \$225/month	3,375
20 school age	@ \$150/month	3,000
Total		<u>\$14,000</u>

To calculate staff and benefits costs, assume an average wage of \$5.50 per hour, which while higher than the current average is still not adequate compensation for the level of responsibility, commitment and knowledge required to do a good job.

Benefits were computed as follows:

- 1 day/month sick leave
- 10 days per year vacation time (for full-time employees only)
- 7.5% of gross wage for Social Security
- 2.34% of gross wage for ESC taxes
- 0.47% of gross wage for workman's compensation insurance
- 66% of health insurance premium (no dependent coverage)
- No retirement
- 50% reduced child care charge for first child

Based on the above assumptions, the following are staff costs:

<u>Position</u>	<u>Wages and Benefits/Month</u>
1.5 infant teachers	\$1,923
1.5 toddler teachers	1,923
1.5 preschool teachers	1,923
1 kindergarten teacher (6 hours/day)	1,078
1 school age teacher (3.5 hours/day)	553
1 bus driver (5 hours/day)	787
1 janitor/maintenance (5 hours/day)	787
1 cook (8 hours/day)	1,294
1 director (8+ hours/day)	2,596
Total	<u>\$12,864</u>

The difference between income and staff wages and benefits of \$1,136 must cover rent, insurance, food, vehicle maintenance, utilities, supplies and equipment. Receptionists, typists and accountants are luxuries few child care facilities can afford.

—Prepared by Commission member Patty Meritt.

---

## Comparison of Public Schools and Private Child Care Programs

	<u>Public Schools</u>	<u>Private Child Care Facilities</u>
Program hours/day:	6.5	11 (average)
Children/teachers:	25+:1	5:1 (under 12 months) 6:1 (under 30 months) 10:1 (preschools) 15:1 (kindergarten) 20:1 (school age)
Student days/year:	180	252 (average)
Facilities:	Designed for children Paid for by government	Seldom designed for children Rented and renovated or donated by churches
Teacher qualifications:	Type A certificate/ 4 year degree	None (18 years old) <i>some reg. nur.</i>
Teacher pay:	\$41,000/year, 9 month contract	\$6,890/year, 9 months \$9,186/year, 12 months
State support:	\$435/month/child plus capital appropriations	\$11 to \$25/month/child approximately
Local support:	Approximately 20% of operating budget of school district plus bond support	None, except in occasional rare grants for non-profits in general
Parent funding:	None required	85% to 100%

---

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

- P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

February 4, 1991

## POSITION PAPER

RE: House Bill 51

SPONSOR: Representatives Ulmer, Kopenen, B. Davis, Ellis, Brown

### Program Effects of the Bill

The bill increases the base amount for the Child Care Grant Program to the \$50 maximum as is allowed under AS 44.47.305(3)(c).

### Comments

The Department of Community & Regional Affairs agrees that this amount would be necessary to support the increase in base to the \$50 maximum. At present, there are approximately 15,648 licensed child care spaces statewide. We anticipate 95 percent participation at the higher base rate, which would equate to approximately \$8,919,000. We also anticipate the development of additional child care facilities statewide and these additional spaces will add to the impact on the program even if the percentage of providers using the program is not constant at 95 percent. The higher rate encourages providers who otherwise would not bother with the additional paperwork to participate in the program and take advantage of the funds.

The Department of Community & Regional Affairs supports the Governor's budget. However, if additional funds are received, we would be more than amiable to administering the program in as efficient and cost effective manner as possible.

*Ed, Blatchford*

Edgar Blatchford, Commissioner



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

ALASKA COMMISSION ON CHILDREN AND YOUTH

POSITION PAPER

House Bill 51: Making an Appropriation to the  
Child Care Grant Program

The Child Care Grant Program, once unique to the State of Alaska, has become a national model for improving the quality of care we provide to the children of working parents. Components of Alaska's Child Care Grant Program were incorporated into the federal child care bill passed last year by Congress, which was the first major piece of federal child care legislation in fifty years.

The Child Care Grant Program provides a formula-based subsidy to child care centers and homes. The formula is based on the number of children for whom care is provided on a full time basis, and requires that the applicant be licensed by the state. Although the statutory maximum allowed under the Program is \$50., the amount currently being paid to providers is \$25. and has been as low as \$10.

The purpose of the Program is twofold: to promote quality in child care, and to offer incentives to increase the supply of child care spaces. Applicants are permitted by regulation to use the subsidy to partially fund operating expenses, most especially wages and benefits, meals for children, developmentally appropriate equipment and supplies, and to promote parental involvement.

Child care providers in Alaska receive an average salary of approximately \$5.00 per hour. They sacrifice a fair and equitable salary to provide a desperately needed service. In fact, they subsidize the industry.

Quality child care in this state will soon evaporate if staff wages, benefits and status do not improve. In the last fiscal quarter alone, the number of child care programs in Anchorage has decreased because providers cannot afford to stay in business. We must recognize child care as a profession or settle for inadequate, low quality warehousing of children.

The Child Care Grant program begins to fill the gap between what child care really costs and what parents can afford to

pay. In a Fairbanks study done in 1988, it was noted that the true cost of child care - factoring in a wage and benefits package, nutritious meals, a safe facility, and an adequate supply of toys and educational materials - was approximately \$800. per month per child. There is probably not a working family in this state who could afford to pay the true cost of care. Consequently, the industry absorbs those costs - in the form of low wages, no benefits, an untrained staff, and high turnover - in order to make child care affordable for working parents.

The Child Care Grant Program, when funded at the statutory maximum, will allow child care programs to increase wages and improve quality, encourage more people to become child care providers and increase the availability of child care, and keep the cost of care at a level working parents can afford.

The Alaska Commission on Children and Youth has advocated for increases to the Child Care Grant Program since 1987, and we urge your strong support of this bill.

Contact: Carla Timpone, Executive Director

# KIDPAC

A Voice for Children

## POSITION PAPER HB 51 CHILD CARE GRANT PROGRAM

Forty five percent of Alaskan jobs are held by women.

Compared to women nationally, Alaskan women are younger when they have babies, have more babies and return to work sooner.

Alaska has one of the highest percentages of working mothers and nearly 13% of Alaska's population is five years or younger.

The changing profile of Alaska's workforce has increased the need for reliable, affordable, quality child care.

In recent weeks the problem of availability and access to quality child care has been brought to light with the death of an infant in an unlicensed child care placement in Anchorage.

Quality child care is at a crisis in Alaska and is directly related to staff training, retention and wages. There is a scarcity of child care workers because the low pay, status and lack of benefits is not attracting nor keeping people to work with young children. This scarcity has reached crisis proportions in some urban areas.

The goals of the Child Care Grant program are to increase available, affordable and quality child care through financial assistance to child care practioners.

The grant funds, paid directly to the day care centers and homes can be used to:

Enhance wages and benefits for caregivers.

Increase the number of staff employed.

Meet the health and nutritional requirements of children.

Purchase developmentally and culturally appropriate toys and equipment for the children.

Provide training opportunities for staff and for parents.

Children in licensed child care benefit directly by food and equipment or indirectly through increased staff wages, training and parent education.

HB 51 would allow this program to be fully funded for the first time allowing for the statutory maximum payments equal to \$50 per month per full time equivalent child to be paid to licensed child care centers and homes allowing increased quality to the care our children receive outside their home.

KIDPAC strongly encourages the passage of this legislation and urges your continued support for improved child care programs in Alaska.

CHILD CARE DIRECTOR'S ASSOCIATION-FAIRBANKS  
1414 23rd Avenue  
Fairbanks, Alaska 99701

February 22, 1991

Representative Fran Ulmer  
Post Office Box 'V'  
Juneau, Alaska 99811

Dear Representative Ulmer,

The Child Care Center Director's Association-Fairbanks is an organization representing the thirty-four (34) licensed child care centers in the Fairbanks area. These centers are licensed to care for over fourteen hundred (1,400) children. We believe children to be Alaska's and our country's most precious resource, and that advocating for their welfare is one of our responsibilities as providers.

At our Association meeting on February 21st, it was unanimously agreed that the Association, individually and collectively, would vigorously support the passage and enactment of the following bills currently before the legislature as PRIORITY legislation:

a. House Bill 51--Funding of the Child Care Grant at \$8,919,000.00 for FY 92.

b. House Bill 32--Reimbursement of Alaska Student Loans for individuals trained in and subsequently working in early childhood education programs.

c. House Bill 50--Appropriation of \$4,000,000.00 to the principal of the Alaska Children's Trust Fund.

d. House Bill 43--Child Support Payments to go first to the families, rather than to the State for reimbursement for assistance previously received.

While ALL of the above are considered ESSENTIAL items of legislation requiring enactment, they are listed in the order we consider of greatest significance.

We sincerely appreciate your efforts in the interest of quality, affordable child care for our children.

Sincerely,



GREG WILLIAMS  
President



# Public Policy Report

---

## Child Care: An Endangered Industry

Jerlean Daniel

---

*Editor's note: The following article was presented as testimony at a congressional briefing on the results of the National Child Care Staffing Study held in the U. S. Capitol in October 1989. Presentations by primary investigators Marcy Whitebook, Carollee Howes, and Deborah Phillips and remarks by NAEYC President Ellen Galinsky were included in the briefing.*

---

**I**f you hear nothing else today, please take with you the horror of an industry drowning. We are gasping and thrashing about trying to survive, all the while holding a young child up out of the turbulent waters. We are an industry on the brink of disaster. For years teachers in child care have subsidized the industry with their low wages. They have reached a point where they have nothing left to give but themselves. Unfortunately, as evidenced by national turnover rates of 41% annually, they are doing just that. The saddest part of this saga is that those trained teachers whom we lose and cannot recruit anew are at the heart of what is quality in programs for young children.

There are no exaggerations in the results of the National Child Care Staffing Study. It verified poignantly the facts of life in the child care industry that I live with daily as a center director. In some ways, the study almost understates the problem, when we multiply the findings

---

*Jerlean Daniel, Ph.D., is Director of the University of Pittsburgh Child Development Center, a member of the NAEYC Governing Board, and the chair of NAEYC's Public Policy Committee.*

by all those states with insufficient standards. And, yet, there are parts of the study that shock even me with my 15 years of experience as a director.

Pennsylvania is a state with what are considered to be high standards. Our ratios closely match the 1980 Federal Interagency Day Care Requirements (FIDCR), which were adopted but never implemented. Our standards do not, however, include a cap on group size. Group size and ratios govern the availability of trained staff to individual children in care. There is also no regulation requiring handwashing, despite its importance in reducing the spread of infection and disease. The quality of care in Pennsylvania is made tenuous by these omissions.

The University Child Development Center staff are among the more fortunate. We have paid sick and vacation time as well as health, retirement, and educational benefits. Nationally, the Staffing Study found that only 40% of child care staff receive health coverage and just 20% have a retirement plan. Consequently, perhaps, our turnover rate for the past 12 months among regular full-time staff was 22%. Nearly half (44%) of our staff has been together for seven years.

---

**We are gasping and thrashing about trying to survive, all the while holding a young child up out of the turbulent waters. We are an industry on the brink of disaster.**

---

The average hourly rate for the teaching staff is \$6.37, also higher than the national average of \$5.37 reported in the Staffing Study. Members of our teaching staff average seven years of experience, and 31% have a bachelor's degree or more. The other 69% have some college, including associate degrees. We are seeking accreditation from the NAEYC National Academy of Early Childhood Programs. We are indeed fortunate.

But, let us look more closely at some of the quality factors on a day-to-day basis. Our quality is tenuous at best. I raised program fees