

LEG. FINANCE - BILLS 1975 - 1976 518

SB 120



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

2/8/90
Date

I. REQUEST
 Bill No. CSSB 120
 Title: Day Care Assistance
 Requested by: Senate Finance Date: 2-20-75
 Return Date Requested:
 Agency: Dept. Comm. & Reg. Affairs Program: Social Service

II. FISCAL DETAIL
 Budget Request Unit(s) Affected: Division of State Economic Opportunit
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES		47.5				
200 TRAVEL		16.0				
300 CONTRACTUAL		92.3				
400 COMMODITIES		0.3				
500 EQUIPMENT		0.9				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		156.9				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		156.9				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2 / 0	/	/	/	/
MAN MONTHS (P./T.)	/	24 / 0	/	/	/	/

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

IV. ATTACHMENTS

V. DATE: 2-25-75 PREPARED BY: Eric Lee
 Eric Lee, Director
 Div. State Economic Opportunit

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

COMMITTEE REPORT

2/20/75

SENATE

Mr. President:

Date 2/27/75

The Committee on FINANCE has had SB 120
relating to day care facilities

under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

Rep. Kay _____
Sen. ... _____

Members NOT concurring in the Majority report:

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

Rep. Kay Chairman

A M E N D M E N T

Offered in the SENATE

By _____

To: _____ SENATE BILL NO. _____

_____ HOUSE BILL NO. _____

AMENDMENT: Page _____ Line _____

That the bill be amended,

by striking the word "and" in line 1 of section 1, and inserting in lieu thereof the words "and the following shall be added to the bill:

SECTION 1. That the following shall be added to the bill:

SECTION 2. That the following shall be added to the bill:

SECTION 3. That the following shall be added to the bill:

SECTION 4. That the following shall be added to the bill:

SECTION 5. That the following shall be added to the bill:

Original sponsor: Ray, Rader,
Kerttula, et al

Offered: 2/20/75
Referred: Finance

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 120

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to day care facilities; and providing
7 for an effective date."

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

9 * Section 1. FINDINGS OF FACT; PURPOSE. The legislature finds that a
10 need exists in the state for the provision of adequate day care facilities
11 for families with low income. Adequate child care facilities allow the
12 parent or guardian to work outside the home and in many cases to avoid the
13 need for welfare and other forms of public assistance. The purpose of this
14 Act is to establish in the Department of Community and Regional Affairs a
15 program to aid low income families in urban and rural areas of the state in
16 providing adequate care for their children.

17 * Sec. 2. AS 44.47 is amended by adding new sections to read:

18 ARTICLE 6. DAY CARE ASSISTANCE.

19 Sec. 44.47.180. POWERS AND DUTIES. (a) The department shall

- 20 (1) implement and administer a program to assist in providing
21 day care for the children of low income families according to the re-
22 quirements of secs. 180 - 230 of this chapter;
- 23 (2) establish standards of eligibility for day care benefits;
- 24 (3) contract with day care facilities for the care of
25 children of eligible families;
- 26 (4) establish procedures to periodically review the needs of
27 families receiving day care benefits;
- 28 (5) provide notification to the local government body of the
29 request for a contract with a day care facility.

1 (b) The department may

2 (1) adopt regulations necessary for the performance of its
3 duties under secs. 180 - 230 of this chapter;

4 (2) contract with local agencies to perform its duties under
5 secs. 180 - 230 of this chapter;

6 (3) solicit recommendations from local governing bodies
7 regarding local agencies which may provide contractual services under
8 this section.

9 Sec. 44.47.190. CONDITIONS OF RECEIPT OF BENEFITS. Benefits may
10 be paid for the care of children of a low income family only if a parent
11 or guardian, because of the day care, is freed to work or to attend
12 school.

13 Sec. 44.47.200. ELIGIBILITY OF FAMILIES FOR BENEFITS. The depart-
14 ment shall determine the eligibility of families for day care benefits
15 on the basis of the following factors:

16 (1) net income of the family including salary, alimony, child
17 support, retirement benefits, social security, and any other source of
18 income;

19 (2) number of children in the family;

20 (3) whether there is one parent or guardian solely responsible
21 for the care of the family;

22 (4) whether the family receives aid to families with depen-
23 dent children and is eligible for day care service under aid to families
24 with dependent children;

25 (5) other factors found relevant by the department.

26 Sec. 44.47.210. CONTRIBUTIONS BY PARENT OR GUARDIAN. The depart-
27 ment shall develop a sliding fee scale based on the factors listed in
28 sec. 200 of this chapter for purposes of determining the amount to be
29 contributed by the parent or guardian for child care. The contribution

1 of the parent or guardian shall be paid to the day care facility.

2 Sec. 44.47.220. PAYMENT TO CHILD CARE FACILITIES. (a) The depart-
3 ment will contract with the day care facility selected by the parent or
4 guardian for the care of the children;

5 (b) Benefits shall be paid by the department directly to the
6 facility providing the child care; payments shall be made promptly upon
7 receipt of a billing from a facility.

8 Sec. 44.47.230. DEFINITIONS. In secs. 180 - 230 of this chapter

9 (1) "day care facility" means a center or home licensed by
10 the Department of Health and Social Services or recognized by the
11 federal government for the care of children;

12 (2) "department" means the Department of Community and
13 Regional Affairs;

14 (3) "child" means a person up to the mandatory school age.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

SENATE JOURNAL

SENATE FINANCE COMMITTEE

LEGISLATIVE INTENT

ON

COMMITTEE SUBSTITUTE FOR SENATE BILL 120

It is the intent of the Legislature that the administration by the Departments of Health and Social Services and Community and Regional Affairs of their respective day care programs be reviewed annually by the Legislature and that continued funding be contingent upon the successful coordination of both day care programs such that certification efforts are sufficient to not restrict the supply of day care services, client populations do not overlap, the quality of services are the same for both programs, and that funds are utilized to secure services for the maximum number of clients with maximum dispersion throughout the State. Failure of the Departments to allocate sufficient Departmental resources to accomplish these goals will be considered as evidence of low priority for the programs and as reason for the Legislature to henceforth appropriate scarce funds to more urgent needs.

Bill Ray, Chairman
Senate Finance Committee

APPENDIX E

Excerpts from "Sliding Fee Schedules, a Simulation Analysis of Child Care Service and Cost Under Welfare Reform," Prepared for the Office of Child Development by Abt Associates, Inc., July 1972

A. WHAT IS A FEE SCHEDULE?

It is clear that a fee schedule is simply a formula for determining how the full cost of child care is to be shared between families using child care services and (a) public agency(ies). In practice, the fee which a family must pay under a fee schedule is usually a function of family income and almost always an increasing function of family income—i.e., the higher the income, other things equal, the more a family must pay for the same service. A fee schedule may also be a function of family size, the number of children in child care, and the full cost of child care services.

A fee schedule may take a wide variety of forms. Perhaps the simplest form for a fee schedule is the linear form; this form may be represented graphically as a straight line which connects the income level at which a minimum fee (or no fee) is charged, with the income level at which the fee charged is equal to the full cost of care. For example, consider the fee schedule in Illustration II.a. [Not included]. This schedule applies to a family using child care services worth \$1,500 a year—i.e., \$1,500 is the full dollar cost of the child care services this particular family is using, over a year's period. The fee schedule defines how much of that \$1,500 the family must pay; this fee is clearly an increasing function of the family income. In this example, at incomes below \$4,000, the family receives the service free. At incomes above \$4,000, the higher the income, the higher the fee, up to an income of \$10,000. Thus, at a family income of \$6,000, the fee would be \$500; at a family income of \$8,000, the fee would be \$1,000.

TABLE II.b.—EXAMPLE OF A FEE SCHEDULE

Annual family income	Annual fee to family
\$0.....	0
\$1,000.....	0
\$2,000.....	0
\$3,000.....	0
\$4,000.....	0
\$5,000.....	\$250
\$6,000.....	500
\$7,000.....	750
\$8,000.....	1,000
\$9,000.....	1,250
\$10,000 and over.....	1,500

At an income of \$10,000, the fee this particular family must pay according to the fee schedule, is equal to the full cost of the child care service being used (i.e., \$1,500). At incomes above \$10,000, the fee remains at \$1,500, (since any higher fee would mean that this family would be paying more than the full cost of care; Government fee schedules rarely, if ever, require a payment greater than the full cost of care).

This simple fee schedule illustrates a number of characteristics of customary fee schedules:

- There is a minimum income below which no fee (or only a nominal fee) is charged to the family,

- The fee does not decrease as income increases,

- Over some income range, the fee increases as income increases,

- Over the income range where the fee is increasing, the increase in the fee is less than the increase in income (in this example, the fee increases \$25 for every \$100 increase in income over the \$4,000 to \$10,000 income range)

- At some income level above the minimum, the fee equals the full cost of care; at higher incomes, the fee remains at the full cost level.

Also, the four basic features or parameters of a fee schedule are illustrated and easily identified in this example. The parameters are:

- The income level above which the service is no longer free to the family (\$4,000 in the example),

- The income level at which the fee to the family is equal to the full cost of the service (\$10,000 in the example)

- The full cost of the service (\$1,500 in the example),¹

- The shape of the schedule (straight line in the example)

The shape of the curve, and any other two parameters (basic features), determines the fourth parameter. For example, once we have specified the income level above which the service is no longer free to the family (\$4,000 in the example), the full cost of the service (\$1,500 in the example), and the shape of the schedule (a straight line, in the example), the income level at which the fee to the family is equal to the full cost of the service has to be a certain number (\$10,000 in the example).

If the fee schedule described above were actually to be used in an operating program, it would probably be presented in a table, with a particular fee specified for various income ranges. While such a table is not exactly the same as the schedule displayed above, it is close enough for practical purposes. For example, the above fee schedule might be represented in a table such as the following:

¹ Thus, any fee schedule may be said to be a function of the full cost of care. Some analysts have attempted to distinguish between schedules which are only functions of income and schedules which are functions of income and cost. This distinction does not apply to fee schedules under consideration here, since a basic requirement of H.R. 1 fee schedules is that they continue to increase with income until the full cost of care is reached.

fee this particular family must pay according to the full cost of the child care service. For incomes above \$10,000, the fee remains constant. This would mean that this family would be paying the Government fee schedules rarely, if ever, (the full cost of care).

...es a number of characteristics of custom...

...ome below which no fee (or only a nominal...

...as income increases, the fee increases as income increases. Where the fee is increasing, the increase in income (in this example, the \$1,000 increase in income over the \$4,000 to...

...ove the minimum, the fee equals the full cost. Above this level, the fee remains at the full cost level.

...parameters of a fee schedule are illustrated in the example. The parameters are:

...which the service is no longer free to the family (the full cost),

...h the fee to the family is equal to the full cost (in the example)

...e (\$1,500 in the example),¹

...e (straight line in the example)

...ny other two parameters (basic features),

... For example, once we have specified the fee to the family (\$1,000)

...the service (\$1,500 in the example), and

...ght line, in the example), the income level

...equal to the full cost of the service has to be specified (in the example).

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...the full cost of care is reached, the fee remains constant.

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...e (\$1,500 in the example),¹

...e (straight line in the example)

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...ranges. While such a table is not exactly the same as the one

...red above, it is close enough for practical purposes.

TABLE II.C.—FEE SCHEDULE TABLE, FOR ADMINISTRATION OF FEE SCHEDULE¹

Annual family income	Fee to family	
	Weekly	Yearly
0 to \$3,999.....	0	0
\$4,000 to \$4,199.....	\$1.00	\$50
\$4,200 to \$4,399.....	2.00	100
\$4,400 to \$4,599.....	3.00	150
\$4,600 to \$4,799.....	4.00	200
\$4,800 to \$4,999.....	5.00	250
\$5,000 to \$5,199.....	6.00	300
\$5,200 to \$5,399.....	7.00	350
\$5,400 to \$5,599.....	8.00	400
\$5,600 to \$5,799.....	9.00	450
\$5,800 to \$5,999.....	10.00	500
\$6,000 to \$6,199.....	11.00	550
\$6,200 to \$6,399.....	12.00	600
\$6,400 to \$6,599.....	13.00	650
\$6,600 to \$6,799.....	14.00	700
\$6,800 to \$6,999.....	15.00	750
\$7,000 to \$7,199.....	16.00	800
\$7,200 to \$7,399.....	17.00	850
\$7,400 to \$7,599.....	18.00	900
\$7,600 to \$7,799.....	19.00	950
\$7,800 to \$7,999.....	20.00	1,000
\$8,000 to \$8,199.....	21.00	1,050
\$8,200 to \$8,399.....	22.00	1,100
\$8,400 to \$8,599.....	23.00	1,150
\$8,600 to \$8,799.....	24.00	1,200
\$8,800 to \$8,999.....	25.00	1,250
\$9,000 to \$9,199.....	26.00	1,300
\$9,200 to \$9,399.....	27.00	1,350
\$9,400 to \$9,599.....	28.00	1,400
\$9,600 to \$9,799.....	29.00	1,450
\$9,800 to \$9,999.....	30.00	1,500
\$10,000 and over.....	30.00	1,500

¹ Assuming care provided for 50 weeks per year, leaving 2 weeks for vacation.

Technically speaking, this table represents a "step" function. Any fee schedule may be approximated by such a table, for purposes of administration; the federal income tax tables are a familiar example. Our example of a fee schedule illustrates still another obvious but important characteristic of customary schedules; over a wide range of income (0 to \$10,000 in the example), the family pays less than the full cost of care; the difference between full cost and what the family pays is, in government sponsored programs, paid by the government. The sum of what families pay and what the government pays is equal to the full cost of care. We can augment Table II.b to show the government cost schedule corresponding to our exemplary fee schedule:¹

TABLE II-d.—GOVERNMENT CONTRIBUTION TO COST¹ OF CARE

Annual family income	Annual fee to family	Government contribution
\$0	\$0	\$1,500
1,000	0	1,500
2,000	0	1,500
3,000	0	1,500
4,000	0	1,500
5,000	250	1,250
6,000	500	1,000
7,000	750	750
8,000	1,000	500
9,000	1,250	250
10,000	1,500	0
11,000	1,500	0
12,000	1,500	0

¹ Full cost equals \$1,500.

Note: This table serves as a reminder that a fee schedule is simply a *formula* for determining how the full cost of child care is to be shared between families using child care services and the Federal Government. A fee schedule, *per se*, implies nothing about the *administrative mechanism* by which money is transferred from families and/or the government to the provider of child care services. A very important consequence of this observation is the realization that the *income disregard mechanism for government subsidy of child care is, in fact, just a particular kind of fee schedule—but one which is associated with a particular kind of administrative mechanism.* (See section D, Direct Payment Mechanism vs. Income Disregard.) It is the *mechanism* of the disregard which makes that particular type of fee schedule interesting, not the particular cost-sharing formula which has been chosen.

Most fee schedules are more complicated than the simple one discussed above. Two major factors contribute to this complexity:

Family characteristics—fee schedules may be adjusted for certain family characteristics, such as family size, number of children in the family requiring child care services, and the ages of the children needing child care services.

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represents a "step" function. Any fee schedule can be represented by a table, for purposes of administration. A familiar example. Our example of a step function is an obvious but important characteristic of a family's income (0 to \$10,000 in the full range of income; the difference between the full cost of care; the difference between what the Government pays is, in government sponsored programs, the difference between the full cost of care and what the Government pays. We can augment Table II.b with a fee schedule corresponding to our exemplary fee

CONTRIBUTION TO COST OF CARE

Fee to family	Government contribution
\$0	\$1,500
0	1,500
0	1,500
0	1,500
0	1,500
250	1,250
500	1,000
750	750
1000	500
250	250
500	0
500	0
500	0

that a fee schedule is simply a formula for sharing the cost of care between families using government services. A fee schedule, per se, implies a mechanism by which money is transferred from the provider of child care services. A very important realization that the income disregard mechanism is, in fact, just a particular kind of fee schedule with a particular kind of administrative mechanism. (Income Disregard vs. Income Mechanism.) It makes that particular type of fee schedule formula which has been chosen.

indicated than the simple one discussed - to this complexity: fee schedules may be adjusted for certain family size, number of children in the family, and the ages of the children need-

Fee schedules designed to charge families according to their ability to pay often include an adjustment for family characteristics. Assuming that family income is the best index of family ability to pay, it is commonly believed that, for any given income, the larger the family the less that family is "able" to pay for child care. Thus, it might be appropriate to use a different fee schedule for families of different sizes, such that at any given family income, the larger the family the lower the fee charged.

Of course, the number and ages of children in a family who require child care will be an important factor in determining the full cost of child care services for the family. Frequently, adjustments are made in fee schedules to effect equity among families having different numbers of children and/or children of different ages. Thus, for example, fee schedules could be designed so that a family of four with two children in child care would not have to pay twice the fee of a similar family with only one child in child care. Or, a family of three with an infant in child care might not have to pay a higher fee than a family of three with a school-age child in child care, at any given income.² One way to take account of the age and number of children in a family is to set the minimum income for eligible families and the shape of the fee schedule, and allow the full cost of child care for the family to determine the family income level at which the fee to the family would equal the full cost (at which the Government no longer subsidizes).

The shape of the fee schedule.—The fee schedule need not be linear. In fact, there are some good arguments for using non-linear, (concave) curves, rather than straight lines, in designing a fee schedule.

Non-linear, concave curves have the advantage of charging families with low incomes a smaller marginal fee per additional dollar earned than a straight line with the same end points. Of course, this means that families with relatively high incomes are charged a larger marginal fee, per additional dollar.

B. WHY HAVE A FEE SCHEDULE?

Benefits from fee schedules have been discussed by a number of writers.³ Three principal reasons are frequently cited for using a fee schedule in the provision of child care services under H.R. 1; a fee schedule can

Allocate scarce resources in an objective fashion, in such a way as to spread the benefit of limited resources.

Avoid disincentives for families to increase their incomes (i.e., avoid "notch" effects).

Achieve equity among families of certain similarities.

Allocating Scarce Resources

Assuming that there are not sufficient funds to completely subsidize child care services for all H.R. 1 eligible families, a well-designed fee schedule is a good way of serving as many families as possible by requiring the financial participation of families who can pay part of their costs. With any given Government budget for child care, if child care were free to some families (fully-subsidized) and full-cost to all others, (not subsidized), some Gov-

² Care for an infant is generally more expensive than care for a school-age child.

³ For a detailed discussion of the reasons for fee schedules, see Mary Siegel's "Issue Paper for Fee Schedules," from the FAP-IM office (June 30, 1971) and Terence Kelly's Urban Institute (draft) paper "Fee Schedules and Social Services."

ernment funds would be unnecessarily wasted and some families would not participate who need partial subsidy to participate. This is because some of the families receiving full subsidy would in all probability have been willing to pay *some* part of their cost. Also some families who did not participate probably would have done so with a partial subsidy. The likely greater efficiency in the use of Government dollars for child care is a major reason for introducing fee scales.

Avoid Disincentives

A properly designed fee schedule should result in a family being better off financially by working rather than not working, or by working more rather than working less.

Achieve Equity

A properly designed fee schedule can result in the same treatment of families in the same situation (horizontal equity) and the treatment of families in different situations in a way which is generally agreed to be fair (vertical equity).

Introduced: 2/3/75
Referred: Community and
Regional Affairs and
Finance

BY RAY, RADER, KERTTULA,
CHANCE, SACKETT, CROFT,
RODEY AND MILLER

1 IN THE SENATE

2 SENATE BILL NO. 120

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to day care facilities; and providing
7 for an effective date."

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

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10 need exists in the state for the provision of adequate day care facilities
11 for families with low income, who either do not qualify for or choose not to
12 receive aid to families with dependent children. Adequate child care
13 facilities allow the parent or guardian to work outside the home and in
14 many cases to avoid the need for welfare and other forms of public assistance.
15 The purpose of this Act is to establish in the Department of Community and
16 Regional Affairs a program to aid low income families in urban and rural
17 areas of the state in providing adequate care for their children.

18 * Sec. 2. AS 44.47 is amended by adding new section. to read:

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22 of day care for the children of low income families according to the
23 requirements of secs. 180 - 240 of this chapter;

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25 (3) contract with day care facilities for the care of
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10 support, retirement benefits, social security, and any other source of
11 income;

12 (2) number of children in the family;

13 (3) whether there is one parent or guardian solely responsible
14 for the care of the family;

15 (4) other factors found relevent by the department.

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22 ment will contract with the day care facility selected by the parent or
23 guardian for the care of the children;

24 (b) Benefits shall be paid by the department directly to the
25 facility providing the child care; payments shall be made promptly upon
26 receipt of a billing from a facility.

27 Sec. 44.47.240. DEFINITIONS. In secs. 180 - 230 of this chapter

28 (1) "day care facility" means a center or home licensed by
29 the Department of Health and Social Services for the care of children

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while the parent or guardian is working or in school;

(2) "department" means the Department of Community and Regional Affairs;

(3) "child" means a person up to and including five years of age.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99801

MEMORANDUM

TO: Hon. John Rader
Finance Committee
Alaska State Senate

DATE: February 26, 1975

FROM: Milt Barker *MB*
Fiscal Analyst
Legislative Finance

SUBJ: Day Care

In response to your request, I have inquired of HEW Region X and Health and Social Services as to whether the Federal requirements for a single state agency for social services (including day care) applies only to the expenditure of Federal funds if solely State funded programs would be included as well. Their opinions as well as my own reading of the new Title XX of the Social Security Act, which authorizes Federal funds for State social service programs, are that Federal participation in existing social service programs will not be jeopardized by a solely State funded day care program in an agency other than that administering the Title XX funds, i.e. Health & Social Services.

Of course, H&SS could administer the day care program proposed in CSSB 120. Then there would be no question about a single State agency. In fact, Federal participation for CSSB 120 day care costs would be possible for former or potential assistance recipients whose incomes are as high as 150% of the assistance standard were it not for the fact that no more Federal funds are available under the Title IV-A & XVI ceiling.

Recognizing this, H&SS requested an additional \$836,400 in General Funds in the FY 76 budget for an additional 734 day care children of working poor mothers. The Governor disallowed this.

It should be noted that currently Federal participation is for persons who are categorically related (former or potential AFDC, AB, AD, OAA recipients). However, under the new Title XX governing social services as of October 1, 1975, Federal participation for social services would not be limited to categorically related individuals and incomes could be as high as 80% of the median State income. The problem remains the ceiling on Federal funds.

Appended are the regulations governing State certification of day care facilities which apply to any facility operating in the State regardless of the funding source for its clients. This certification is performed by H&SS.

POSITION PAPER
ON
SENATE BILL 120

Committee for

R. Wright No. 1

*PAT MONTGOMERY
2170*

An act relating to Day Care Facilities; and providing for an effective date.

This bill coupled with Senate Bill 121 ^{*propose to*} will provide funding for day care for approximately 1,100 children of low-income parents. The \$1,600 to \$2,000 per year it now costs for full time day care is clearly beyond the means of many working parents. Consequently, large numbers of children are currently receiving inadequate day care or no day care. This bill ~~will~~ provide funding for adequate care for those children. It would also allow low-income parents who have not previously been able to enter the labor market to do so or to enter training programs and see that their children are receiving adequate care.

There is an impact on the Department of Health and Social Services in that virtually all licensed day care slots in the state are currently being utilized. There are only a handful of unused slots for the approximately 1,100 children this bill would fund. The Department does not have sufficient staff to license the number of slots needed to serve children under this bill. Slots are as follows:

51 Day Care Centers	1,600 licensed capacity slots
143 Family Day Care Homes	490 licensed capacity slots
30 Head Starts	900 slots estimated
	<u>2,990</u> capacity slots

Fewer than 500 of those slots can take children under age three. We estimate that nearly 550 children eligible under this bill will be under age three. This Department is currently using ~~700~~ ⁵⁵⁰ of the licensed capacity slots for persons who are eligible for Aid to Families with Dependent Children (AFDC) day care. The general public is using the remainder of the slots.

There are three potential major consequences. First, the vast majority of the funds under this bill will remain un-utilized. Low income parents will remain out of employment or training, or, they will continue to be forced to place their children in inadequate facilities if they are working. Second, many working parents who are making marginal salaries but are above the income that would be allowable in this bill and who are currently using licensed care will be squeezed out of the licensed facilities, forcing them to either quit their jobs or training or to use inadequate day care. Third, parental choice in selecting the day care facilities will be removed. Over 60% of parental choice is for family day care. This is especially true where infants and toddlers are in care.

D. McGowan

Committee Substitute

The Department estimates a need for 13 licensing professionals and four clerical support staff to provide an additional 2,730 licensed capacity slots, largely in Family Day Care Homes. The general public has as much right as state and federally funded children to use licensed slots. It has been the experience of the Division that there is high pressure on licensed facilities, particularly Day Care Homes, where family day care mothers receive up to three phone calls a day from mothers looking for child care for their children. In order to adequately provide slots for state/federally funded children, licensed slots should exceed the number of funded children by 3 to 1. The 13 requested positions would provide this flexibility, would prevent children who are currently in licensed care from being displaced, and would provide additional safe facilities and good programming for the general public.

The Department strongly supports this bill.

Recommended By: _____

Freda M. Borchick
Acting Director

2/21/95
Date

Approved By: _____

Francis S. L. Williamson
Commissioner

Date

Comments by Governor's Office:

By: _____

Date

POSITION PAPER
ON
COMMITTEE SUBSTITUTE FOR SENATE BILL 120

An act relating to Day Care Facilities; and providing for an effective date.

This bill coupled with Senate Bill 121 proposes to provide funding for day care for approximately 1,100 children of low-income parents. The \$1,600 to \$2,000 per year it now costs for full time day care is clearly beyond the means of many working parents. Consequently, large numbers of children are currently receiving inadequate day care or no day care. This bill would provide funding for adequate care for those children. It would also allow low-income parents who have not previously been able to enter the labor market to do so or to enter training programs and see that their children are receiving adequate care.

We note this bill vests in the Department of Community and Regional Affairs the responsibility for the following:

the administration of day care assistance program
the establishment of an eligibility determination unit
contractual powers for day care facilities and with local agencies to perform the functions
establish eligibility standards
develop a sliding fee scale
establish a monitoring mechanism for periodic reviews with needs of families receiving day care
To provide local governments with day care facility requests

These are the duplicative functions that are currently carried on by the Department of Health and Social Services. They FY76 Budget level does not permit the Department to carry out the expanded function as proposed in this bill, because of limited funds and manpower.

If the licensing function for the proposed program expansion is placed with the Department of Health and Social Services, the position and the funding specified on the attached fiscal note will be required in order to carry out the licensing function specified in CSSB 120.

Francis S. L. Williamson, Commissioner

Recommended by:

Freda M. Borchick 3/27/75

Freda M. Borchick, Acting Director

Comments by Governor's Office:

By: _____

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CS for Senate Bill No. 120
 Title: An Act relating to day care facilities; and providing for an effective date.
 Requested by: _____ Date: _____
 Return Date Requested: _____
 Agency: Health & Social Services Program: Social Service Day Care
Family & Children Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected Social Services

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES		293.4	322.7	355.0	390.5	429.6
200 TRAVEL		7.4	8.1	8.9	9.8	10.8
300 CONTRACTUAL		28.2	31.0	34.1	37.5	41.3
400 COMMODITIES		3.4	3.7	4.1	4.5	5.0
500 EQUIPMENT		18.1	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
TOTAL		350.5	365.5	402.1	442.3	486.7

B. FUNDING: (Thousands of dollars)

GENERAL FUND		350.5	365.5	402.1	442.3	486.7
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	17 /	17 /	17 /	17 /	17 /
MAN MONTHS (P./T.)	/	204 /	204 /	204 /	204 /	204 /

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

- A. Assumptions - for the sake of simplicity a 10% overall inflation factor was assumed.
- B. 13 Child Care Specialists and 4 Clerk-Typist III's will be required. Forms 13 are attached showing details of cost.

IV. ATTACHMENTS

Forms 13

V. DATE: 2-25-75 PREPARED BY: Ada Gleason

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

RESOURCE MATERIAL
Reference to SB120.

"Sec. 44.47.180 (a) (1) implement and administer a program to aid in the provision of day care for the children of low income families."

1. Trends -

- A. The national trend of mothers in the work force increased more than eightfold from 1940 to 1972; one in three now have children under age 6. In Alaska, due to the high cost of living and young population, there may be as many as two of every three working mothers with children under age 6.
- B. In 1973 13% of all families in the nation were headed by women due to high divorce rates and illegitimacy rates.
- C. Larger numbers of young mothers are entering and remaining in the labor force due to changing attitudes toward the woman's role, increased education, more job opportunities, smaller families, and more economic strain.
- D. The supply of free day care is diminishing sharply, due to the Minimum Wage Law, the breakup of the extended family through geographic mobility, and increasing isolation between neighbors.

2. Need -

- A. By 1976 numbers of children in day care because mothers and single fathers are in the labor force will include 28,628 children under age 9, 18,820 under age 6 and 9,695 under age three. These numbers are based on 1970 census data for working mothers and civilian workforce increase projections of 55% from 1970 to 1976. An even age distribution which is appropriate for Alaska's young population is assumed.
- B. Present funding is for children under age 14 of single working or training parents who are currently receiving AFDC financial assistance. Less than 3% of the 28,628 children in care are funded compared to 5% to 10% in four other states contacted.
- C. The recently passed amendments to the Social Security

Act commonly referred to as Title XX would allow 75% federal matching monies for day care on an income related basis. Service could be provided free to persons with 80% of the Nations's median income, \$12,051. Additionally service could be provided on a sliding fee basis to families up to 115% of the nations median income. Unfortunately, the ceiling on Alaska's spending is set at \$4,000,000 for FY76. This small amount for all Social Services will not allow expansion of service to persons who are not current AFDC recipients. Incomes of current working recipients generally range from a few dollars up to \$6,000 per year.

- D. Clearly the \$1,600 to \$2,00 per year it now costs for full time day care is beyond the means of many working parents. Consequently large numbers of children are receiving inadequate care or no care. No combination of data from census on other sources will yield population numbers of working parents with young children by income level. The indicators are:

Children under 18 years old were 31% of the total population in the country, but 41% of the low income population. Preschool aged children are more likely to comprise the bulk of the low income group because their parents are on the average younger and do not yet have high earning power.

In 1972, 912 million or 14% of all children were in families below the low income line. Half of these children or 7% were in fatherless families.

Almost 45% of the children in low income two-parent families had fathers who worked all year at full-time jobs. The low income must have resulted from low earnings.

- E. The obvious priority in day care need lies in the single parent family where the parent must work or receive financial assistance. This priority includes single teenage mothers.

Most families with both parents working are financially able to provide adequate day care for their children. Data shows that among white children in two parent families median income in 1972 was \$14,198 when the mother was in the labor force and \$12,441 when she was not. For black children, the figures were \$11,027

and \$7,837. Examples of two parent families needing assistance include:

Both parents training with minimal income.

One parent working with the other parent in training or treatment program.

Both parents with part time low paid service work needing part time care.

Rural summer day care. Father fishing and mother preparing food for the winter and/or working in a cannery operation.

Child overwhelming parent. Relief protective service day care.

One parent incapacitated (disabled, alcoholism, drugs etc.) with the other parent working.

F. If eligibility for subsidized day care were raised in FY76 to include some of the above families not receiving AFDC, what increased number of children 0-8 and per cent of the total day care population would be involved?

5%	445 children	10%	1891 children
6%	734 children	15%	3337 children
7.5%	1,168 children		

Section 44.47.240 DEFINITIONS

(1) "DAY CARE FACILITY"

Current licensed capacity is as follows:

44 day care centers	1361 licensed capacity slots
143 family day care homes	490 licensed capacity slots
	<u>1851</u> licensed capacity slots

Staff: 3 1/2 full time equivalent child care licensing personnel.

Assuming the primary age range of need for day care is 0-8, there are licensed capacity slots for 6% of the population. Current AFDC children are utilizing nearly half of the capacity slots with the general public utilizing the remainder. With many requests for licensed homes from the general public there is constant pressure to establish resources for AFDC children. Expanding day care assistance would require development of additional

licensed homes.

The bulk of unlicensed care is given in family day care homes. The number of positions to fully implement the licensing law could approach 75 positions. National studies indicate 1 person can efficiently license and provide consultation to 60 homes with an average capacity of 3.5 slots per home, excluding the mothers own children. Thirteen positions could provide an additional 2730 licensed slots. Paraprofessionals assisting licensing personnel could perhaps double that number.

(3) "CHILD"

While the greatest need for protection of children in day care is 0-5 years, many school aged 6, 7, and 8 year olds need before and after school care as well as summer care. When the Juneau before and after school day care program closed, one child previously in the program was hit by a truck and seriously injured. Care and supervision for children exceeding 8 years of age depends on the maturity of individual children.

FINAL NOTE:

In recent months the Division has received an increased number of complaints on dangerous unlicensed family day care homes. Usually these homes offer cut rates and care for large numbers of children. Parents who cannot afford adequate day care are most likely to place their children in these homes.

A M E N D M E N T

OFFERED IN THE SENATE

BY THE FINANCE COMMITTEE

TO: CS FOR SENATE BILL NO. 120

Page 1, line 29: Delete the period and insert a semicolon

Page 1, after line 29: Insert the following new paragraph:

(6) contract with local agencies to perform its duties under sec. 200 of this chapter.

Page 2, lines 4 and 5: Delete all matter on lines 4 and 5

Page 2, line 6: Delete "(3)" and insert "(2)"

Page 2, between lines 8 and 9: Insert the following new section:

Sec. 44.47.185. CONTRACTS WITH LOCAL AGENCIES. The administrative costs of determining eligibility under sec. 200 of this chapter which are contracted to local agencies under sec. 180(a)(6) of this chapter shall be shared equally by the department and the local agency contracting with the department.

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH H 01 • JUNEAU 99811

~~X FOLIO X X NO. 99801~~

February 14, 1975

The Honorable Bill Ray
Alaska State Senate
Pouch V
Juneau, Alaska 99801

Dear Senator Ray:

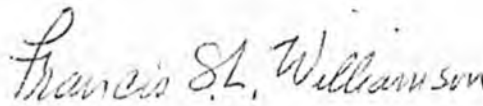
This material is being sent to you in response to your request for back up material on child care and Senate Bill 126.

Enclosed please find:

1. Specific information relating to need behind S. B. No. 120.
2. The Conclusions of the Day Care Issue Analysis which also appears in the Program Services BRU.
3. An analysis of sliding fee schedules.
4. HEW Publications on day care to be utilized as Senate Resource materials.

I hope this information is helpful. Department staff is available to answer any questions you may have.

Sincerely,



Francis S. L. Williamson
Commissioner

Enclosures

FY 76 ISSUE ANALYSIS SUMMARY

THE STATE OF ALASKA'S

ROLE IN DAY CARE

One of the most dramatic social changes in recent decades has been the rapid increase in employment of women. Working mothers and single parent fathers are faced with the difficult problem of obtaining adequate day care for their children while they are away from home. By FY 76 there will be close to 27,000 Alaskan children under age 9 whose mothers will be in the labor force. As the agency designated with responsibility for resource development and licensing of homes and centers, we have become frequently aware of the gross inadequacies in some day care arrangements. There are licensed resources for only 6% of the population. Fewer than three percent of the children in day care are state funded. Realizing that Alaskan children whose working parents are just above eligibility criteria for financial assistance, are most likely to be receiving a very low level of care--if care is provided at all--the department requested day care funding for potential recipients and the working poor in the preliminary budget request. In response, the Division of Budget and Management in the Department of Administration assigned an issue analysis to the Department on this topic. Major conclusions follow:

CONCLUSIONS

1. The State of Alaska's role in day care has been concentrated on the limited welfare population. Changed expectations about women's roles, combined with the economic needs of families in Alaska, have caused the numbers of mothers who work to increase. The needs of this additional population have in large part been ignored. In assessing the alternatives to expanding state involvement, it becomes clear that Alaska can provide enough day care of adequate quality to protect and enhance the development of the State's youngest population only by substantially increasing State commitment and monies. Leadership and commitment have not come from the Federal Government and are not anticipated to come in the near future. Within a full range of State commitments, and lacking federal support, the State should provide the resources for a reasonable level of day care expansion. This conclusion recognizes that the State's poor families have no powerful lobby, and that the inadequate day care arrangements for these children place swelling numbers of our chief resource in high risk. Alaska's children cannot wait.

2. The children in need of day care service are children of working mothers and single parent fathers. An estimated 28,914 children ages 0 through 8 are currently receiving or in need of day care services. Potentially 14% of that population, 4,000 children, live in families where one or both parents are working, training, or incapacitated and are unable to afford the financial burden of providing adequate day care for their children. The number of these children who are left in their own homes without care is not known, but estimated at 10%. Alaska

currently funds less than 3% of the day care population in comparison to 5 to 10% in other states. A reasonable expansion considering needed resource development would extend eligibility to 6% of the children in day care or an additional 734 children. Eligibility criteria should parallel federal criteria to maximize federal claiming, should the funding ceiling on social services change. Since federal criteria would allow more than the 734 children, criteria should begin low and be phased up over FY 76 quarters until the 6% is attained. It is essential that this expansion be pursued only with adequate resource development.

3. Alaska's minimum standards for day care are clearly in need of revision. Additionally, Alaska has been found to be substantially out of compliance with Federal Day Care Standards. The costs of meeting the Federal Standards far exceed the Federal monies allotted to Alaska. Therefore, Alaska should not attempt to provide excessively high quality programs for a few and ignore the remaining children. Alaska's minimum standards should set the best level of care possible at the most feasible cost. Negotiations should take place with Federal officials for reasonableness of criteria in "translating" the 1968 Federal Requirements in exchange for additional State requirements covering infant care and other items not addressed in the 1968 Federal Requirements. The focus of any trade-offs should be on the care and protection and enrichment of children in the first two years of life. Program scope which often meets adults needs may be limited.

4. Arranging for the day care of children is becoming increasingly difficult for Alaskan parents. An estimated 18% of non-working mothers are not working solely because of no adequate day care arrangements but many work in spite of inadequate arrangements. The consumer protection afforded parents in the licensing law has never been fully implemented. Licensed slots are available only for 6% of the day care population. The concentration of licensed slots is in centers. Because centers are visible, there is a danger that day care will be conceived only in terms of day care centers with family day care largely ignored, yet most of Alaska's day care children are in unlicensed family day care homes. Full implementation of the licensing law could require up to 75 licensing specialists. Restrictions on state resources and limits to available trained personnel make full implementation unfeasible. Thirteen licensing specialists are being requested in the social services budget to provide an additional 2730 licensed slots for children, 734 for additional funded children. This will provide expansion at a pace that allows sufficient time for training licensing staff, for strategically locating resources, and for evaluating the effects of a variety of day care resources on the families and children that use them. Additional training for day care providers is needed to augment the quality level of care in state standards.

5. Publicly supported day care should be committed to the strengthening of the family. The parents role in day care programs should be no more optional than the physical safety of children. Communities should be mobilized around the child and his parents to create the good aspects of day care rather than fending off the worst aspects. Incentive grants should be considered.

6. The increasing trend of Alaskan mothers to enter the labor market is expected to increase by a minimum of 32% between 1975 and 1984 as job opportunities increase. The additional children requiring day care will greatly increase demand. Planned expansion is paramount and should include a joint effort of all levels of government, related agencies, and individuals in communities.

Federal - The state should support the principles of the recently introduced Child and Family Services Act with a recommended additional provision for a funding formula equitable for Alaska's vast geography, high cost, and small population.

State - In addition to the role outlined above, the state could offer increased opportunities for part time employment allowing working mothers the flexibility of combining a career with parenting. Need profiles should be established for data processing on both parents and children who apply for state funded day care to establish age range, appropriateness of hours, location, program desired and the special needs of children for future planning. Appropriate human resource agencies should be contacted for increased necessary support services: nutrition, early health screening, safety, labor, community affairs, and education. The value of utilizing short hour pre-schools as a community training base should be explored as well as stepped up parent training in secondary schools.

Local - Local communities may be encouraged to utilize Revenue Sharing or other funds to establish neighborhood networks of day care resources. Legislation providing incentive grants should be considered which may include business and industry sponsors.

Individuals - A consumer education program could be initiated to assist parents in the decision for day care and in making appropriate arrangements for their children. Individuals from teenagers to senior citizens should be encouraged to serve as day care volunteers in their neighborhoods.

Given the magnitude of day care expansion in the next 10 years, major planning and evaluation should be accomplished every two years. The above conclusions have been written into implementation objectives proposed as the most rational role for the State of Alaska to assume in day care.

- to allocate funds for purchase of day care for 6% of Alaska's day care population, an additional 734 children.
- to obtain need profiles on state funded children for future planning.
- to revise Alaska's minimum day care standards for the best level of care possible at the most feasible cost by March 1975.
- to negotiate with Federal officials for reasonableness of criteria in interpreting the 1968 Federal Interagency Day Care Requirements.
- to fully implement revised requirements by June 1976.
- to provide an additional 2730 licensed day care slots for children by June 1976.
- to implement 3 University training programs.
- to establish parent involvement as an integral component in Alaska's minimum standards.
- to work with the Office of Child Advocacy for passage of the Child and Family Services Act.
- to promote to all State Agencies part-time employment for increased opportunities to combine careers and parenting.

- to contact appropriate human resource agencies for increased necessary support.
- to submit legislation for incentive grants to encourage local communities and businesses to establish neighborhood networks of day care resources.
- to initiate a consumer education program for the working parents of children in care.

FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST
 Bill No. CSSB 120
 Title: Day Care Assistance
 Requested by: Senate Finance Date: 2-20-75
 Return Date Requested: _____
 Agency: Dept. Comm. & Reg. Affairs Program: Social Service

II. FISCAL DETAIL
 Budget Request Unit(s) Affected: Division of State Economic Opportunit
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES		47.5				
200 TRAVEL		16.0				
300 CONTRACTUAL		92.3				
400 COMMODITIES		0.3				
500 EQUIPMENT		0.9				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		156.9				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		156.9				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2 / 0	/	/	/	/
MAN MONTHS (P./T.)	/	24 / 0	/	/	/	/

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

IV. ATTACHMENTS

V. DATE: 2-25-75 PREPARED BY: Eric Lee, Director
 Div. State Economic Opportunit

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

III. Analysis

A. Assumptions

1. Dept. of Community & Regional Affairs staff would be housed in existing DCRA facilities in Juneau.
2. All case work would be contracted with a local agency.
3. Div. of State Economic Opportunity in DCRA would administer program.
4. It would require 1 man day per month to handle 10 children.
5. First year would be in areas with operating licensed centers or Homes
6. Office space & related costs would be provided in kind by the contractor.
7. At the minimum, eligibility requirements will follow Title XX Social Services Act as amended.
8. SEEO will be funded for FY 76.
9. Assistance will be appropriated at 1.2 million dollars.

B. Program Summary (See attachment #1)

1. Two new positions would be required in the DSEO.
 - a. Coordinator to set up the program, draft regulations & forms, negotiate for contractual services, conduct analysis and evaluation, and general supervise & administration of the program.
 - b. Field Representative would be responsible for training of contracted personnel, on site program monitoring and technical assistance to contractor and other duties as assigned by the Director and Coordinator.
 - c. The DSEO will provide accounting and clerical support with current staff.
2. Travel
 - a. It will be necessary for the Coordinator and Field Representative to travel to the individual communities involved for the purpose of training personnel, contract administration, program monitoring & evaluation.

Contractual

All phases of the program directly related to contract with individual recipients and day-care centers or homes will be contracted to local

agencies in those communities affected. (See formula par. C). Additional contractual cost are primarily for space and support of the new position. (See attachment #1).

3. Other Funding -- None.

C. Computations

1. Based upon the aforementioned assumption arrived at using the Juneau Model City program as a guide and modified to meet state-wide needs the following formula was used to determine the total cost for contractual services (\$81,900.00).

Time required per child = 1/10 man-day

Approximately 1300 children
served by the \$1.2 million.
recommended

$1/10 \times 1300 = 130$ man-days per month =
11,700 man-hours per year

Average hourly wage & benefits
for Eligibility Worker II = \$7.00 (approx.)

11,700 man-hours x \$7.00 per hour = \$81,900.00

2. Travel was based on the estimation that approximately 20 communities would have facilities and eligible recipients during the first year and that two trips during the year would be necessary; the first for training and orientation; the second for follow-up and evaluation.

PERSONAL SERVICES

Coordinator -- Range 21	\$23,774.00
Field Representative -- Range 16	16,447.00
	<hr/>
	40,221.00
Benefits @ 18%	7,240.00
	<hr/>
	\$47,461.00

TRAVEL

On-site training of new contractual personnel @ \$500 average per trip for 20 day-care sites	\$10,000.00
Monitoring and counseling at each site @ \$300 average per trip	6,000.00
	<hr/>
	\$16,000.00

CONTRACTUAL

Phones	
Basic Charge	600.00
Long Distance	3,400.00
Postage	400.00
Printing of Regulations	1,000.00
Advertising of Public Hearings	500.00
Office Rent	
350 sq. ft. @ \$.45/sq. ft.	2,000.00
Xerox	500.00
Contracted Services	
11,700 yearly manhours @ \$7.00/hr.	81,900.00
Transportation of new employee personal effects	2,000.00
	<hr/>
	\$92,300.00

COMMODITIES

Office supplies and reference materials \$300.00

EQUIPMENT

2 Desks @ \$270.00 \$540.00

2 Chairs @ \$95.00 190.00

2 Chair mats @ \$30.00 60.00

2 Desk Lamps @ \$45.00 90.00

\$880.00

TOTAL ADMINISTRATIVE EXPENSES \$156,941.00

CONSULTANTS

The following persons and agencies were consulted in preparation of this fiscal note.

Pat Monroe, Day Care Consultant, Dept. of H&SS
Ada Gleason, Day Care Licensing, Dept. of H&SS
Rosalie Walker, Early Childhood Specialist, Dept. of Ed.
Jennifer Peterson, Model Cities Administrator, City of Juneau
Mike Harper, Deputy Director, Dept. of Comm. & Reg. Affairs
Reed Stoops, STAP, Division of State Economic Opportunity
Margaret Levitt, Research Analyst, DSEO
Heather Flynn, Human Resources, League of Women Voters
Ann Gorsuch, " " " " " "
Elaine Huthengren, " " " " " "
Carol Johnson, Early Childhood Education, ASOSS
Sally Meade, Foster Parents Coordinator, Anch. Comm. College
Margaret Wolf, Child Care Consultant, G.A.A.B. Health Dept.
Betsey McGuire, Exec. Dir., Office of Child Advocacy
Roger Mooney, Head Start, RurAL CAP
Pete Luttermoser, Region X, Office of Child Development
Phil Smith, Exec. Director, RurAL CAP
Lynn Wegener, Administrative Officer, DCRA
Mary McClintock, DCRA

PERSONAL SERVICES

Coordinator -- Range 21	\$23,774.00
Field Representative -- Range 16	16,447.00
	<hr/>
	40,221.00
Benefits @ 18%	7,240.00
	<hr/>
	\$47,461.00

TRAVEL

On-site training of new contractual personnel @ \$500 average per trip for 20 day-care sites	\$10,000.00
Monitoring and counseling at each site @ \$300 average per trip	6,000.00
	<hr/>
	\$16,000.00

CONTRACTUAL

Phones	
Basic Charge	600.00
Long Distance	3,400.00
Postage	400.00
Printing of Regulations	1,000.00
Advertising of Public Hearings	500.00
Office Rent	
350 sq. ft. @ \$.45/sq. ft.	2,000.00
Xerox	500.00
Contracted Services	
11,700 yearly manhours @ \$7.00/hr.	81,900.00
Transportation of new employee personal effects	2,000.00
	<hr/>
	\$92,300.00

COMMODITIES

Office supplies and reference materials \$300.00

EQUIPMENT

2 Desks @ \$270.00	\$540.00
2 Chairs @ \$95.00	190.00
2 Chair mats @ \$30.00	60.00
2 Desk Lamps @ \$45.00	90.00
	<hr/>
	\$880.00

TOTAL ADMINISTRATIVE EXPENSES \$156,941.00

CONSULTANTS

The following persons and agencies were consulted in preparation of this fiscal note.

Pat Monroe, Day Care Consultant, Dept. of H&SS

Ada Gleason, Day Care Licensing, Dept. of H&SS

Rosalie Walker, Early Childhood Specialist, Dept. of Ed.

Jennifer Peterson, Model Cities Administrator, City of Juneau

Mike Harper, Deputy Director, Dept. of Comm. & Reg. Affairs

Reed Stoops, STAP, Division of State Economic Opportunity

Margaret Levitt, Research Analyst, DSEO

Heather Flynn, Human Resources, League of Women Voters

Ann Gorsuch, " " " " " "

Elaine Huthengren, " " " " " "

Carol Johnson, Early Childhood Education, ASOSS

Sally Meade, Foster Parents Coordinator, Anch. Comm. College

Margaret Wolf, Child Care Consultant, G.A.A.B. Health Dept.

Betsey McGuire, Exec. Dir., Office of Child Advocacy

Roger Mooney, Head Start, RurAL CAP

Pete Luttermoser, Region X, Office of Child Development

Phil Smith, Exec. Director, RurAL CAP

Lynn Wegener, Administrative Officer, DCRA

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH H 01 • JUNE AU 99811

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February 14, 1975

The Honorable Bill Ray
Alaska State Senate
Pouch V
Juneau, Alaska 99801

Dear Senator Ray:

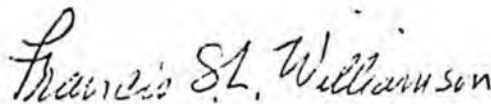
This material is being sent to you in response to your request for back up material on child care and Senate Bill 120.

Enclosed please find:

1. Specific information relating to need behind S. B. No. 120.
2. The Conclusions of the Day Care Issue Analysis which also appears in the Program Services BRU.
3. An analysis of sliding fee schedules.
4. HEW Publications on day care to be utilized as Senate Resource materials.

I hope this information is helpful. Department staff is available to answer any questions you may have.

Sincerely,



Francis S. L. Williamson
Commissioner

Enclosures

APPENDIX E

Excerpts from "Sliding Fee Schedules, a Simulation Analysis of Child Care Service and Cost Under Welfare Reform," Prepared for the Office of Child Development by Abt Associates, Inc., July 1972

A. WHAT IS A FEE SCHEDULE?

It is clear that a fee schedule is simply a formula for determining how the full cost of child care is to be shared between families using child care services and (a) public agency(ies). In practice, the fee which a family must pay under a fee schedule is usually a function of family income and almost always an increasing function of family income—i.e., the higher the income, other things equal, the more a family must pay for the same service. A fee schedule may also be a function of family size, the number of children in child care, and the full cost of child care services.

A fee schedule may take a wide variety of forms. Perhaps the simplest form for a fee schedule is the linear form; this form may be represented graphically as a straight line which connects the income level at which a minimum fee (or no fee) is charged, with the income level at which the fee charged is equal to the full cost of care. For example, consider the fee schedule in Illustration II.a. [Not included]. This schedule applies to a family using child care services worth \$1,500 a year—i.e., \$1,500 is the full dollar cost of the child care services this particular family is using, over a year's period. The fee schedule defines how much of that \$1,500 the family must pay; this fee is clearly an increasing function of the family income. In this example, at incomes below \$4,000, the family receives the service free. At incomes above \$4,000, the higher the income, the higher the fee, up to an income of \$10,000. Thus, at a family income of \$6,000, the fee would be \$500; at a family income of \$8,000, the fee would be \$1,000.

TABLE II.b.—EXAMPLE OF A FEE SCHEDULE

Annual family income	Annual fee to family
\$0.....	0
\$1,000.....	0
\$2,000.....	0
\$3,000.....	0
\$4,000.....	0
\$5,000.....	\$250
\$6,000.....	500
\$7,000.....	750
\$8,000.....	1,000
\$9,000.....	1,250
\$10,000 and over.....	1,500

At an income of \$10,000, the fee this particular family must pay according to the fee schedule, is equal to the full cost of the child care service being used (i.e., \$1,500). At incomes above \$10,000, the fee remains at \$1,500, (since any higher fee would mean that this family would be paying more than the full cost of care; Government fee schedules rarely, if ever, require a payment greater than the full cost of care).

This simple fee schedule illustrates a number of characteristics of customary fee schedules:

- There is a minimum income below which no fee (or only a nominal fee) is charged to the family,

- The fee does not decrease as income increases,

- Over some income range, the fee increases as income increases,

- Over the income range where the fee is increasing, the increase in the fee is less than the increase in income (in this example, the fee increases \$25 for every \$100 increase in income over the \$4,000 to \$10,000 income range)

- At some income level above the minimum, the fee equals the full cost of care; at higher incomes, the fee remains at the full cost level.

Also, the four basic features or parameters of a fee schedule are illustrated and easily identified in this example. The parameters are:

- The income level above which the service is no longer free to the family (\$4,000 in the example),

- The income level at which the fee to the family is equal to the full cost of the service (\$10,000 in the example)

- The full cost of the service (\$1,500 in the example),¹

- The shape of the schedule (straight line in the example)

The shape of the curve, and any other two parameters (basic features), determines the fourth parameter. For example, once we have specified the income level above which the service is no longer free to the family (\$4,000 in the example), the full cost of the service (\$1,500 in the example), and the shape of the schedule (a straight line, in the example), the income level at which the fee to the family is equal to the full cost of the service *has* to be a certain number (\$10,000 in the example).

If the fee schedule described above were actually to be used in an operating program, it would probably be presented in a table, with a particular fee specified for various income ranges. While such a table is not exactly the same as the schedule displayed above, it is close enough for practical purposes. For example, the above fee schedule might be represented in a table such as the following:

¹ Thus, any fee schedule may be said to be a function of the full cost of care. Some analysts have attempted to distinguish between schedules which are only functions of income and schedules which are functions of income and cost. This distinction does not apply to fee schedules under consideration here, since a basic requirement of H.R. 1 fee schedules is that they continue to increase with income until the full cost of care is reached.

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to the full cost of the child care serv-
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TABLE II.C.—FEE SCHEDULE TABLE, FOR ADMINISTRATION OF FEE SCHEDULE¹

Annual family income	Fee to family	
	Weekly	Yearly
0 to \$3,999	0	0
\$4,000 to \$4,199	\$1.00	\$50
\$4,200 to \$4,399	2.00	100
\$4,400 to \$4,599	3.00	150
\$4,600 to \$4,799	4.00	200
\$4,800 to \$4,999	5.00	250
\$5,000 to \$5,199	6.00	300
\$5,200 to \$5,399	7.00	350
\$5,400 to \$5,599	8.00	400
\$5,600 to \$5,799	9.00	450
\$5,800 to \$5,999	10.00	500
\$6,000 to \$6,199	11.00	550
\$6,200 to \$6,399	12.00	600
\$6,400 to \$6,599	13.00	650
\$6,600 to \$6,799	14.00	700
\$6,800 to \$6,999	15.00	750
\$7,000 to \$7,199	16.00	800
\$7,200 to \$7,399	17.00	850
\$7,400 to \$7,599	18.00	900
\$7,600 to \$7,799	19.00	950
\$7,800 to \$7,999	20.00	1,000
\$8,000 to \$8,199	21.00	1,050
\$8,200 to \$8,399	22.00	1,100
\$8,400 to \$8,599	23.00	1,150
\$8,600 to \$8,799	24.00	1,200
\$8,800 to \$8,999	25.00	1,250
\$9,000 to \$9,199	26.00	1,300
\$9,200 to \$9,399	27.00	1,350
\$9,400 to \$9,599	28.00	1,400
\$9,600 to \$9,799	29.00	1,450
\$9,800 to \$9,999	30.00	1,500
\$10,000 and over	30.00	1,500

¹ Assuming care provided for 50 weeks per year, leaving 2 weeks for vacation.

Technically speaking, this table represents a "step" function. Any fee schedule may be approximated by such a table, for purposes of administration; the federal income tax tables are a familiar example. Our example of a fee schedule illustrates still another obvious but important characteristic of customary schedules; over a wide range of income (0 to \$10,000 in the example), the family pays less than the full cost of care; the difference between full cost and what the family pays is, in government sponsored programs, paid by the government. The sum of what families pay and what the government pays is equal to the full cost of care. We can augment Table II.b to show the government cost schedule corresponding to our exemplary fee schedule:¹

TABLE II-d.—GOVERNMENT CONTRIBUTION TO COST OF CARE

Annual family income	Annual fee to family	Government contribution
\$0	\$0	\$1,500
1,000	0	1,500
2,000	0	1,500
3,000	0	1,500
4,000	0	1,500
5,000	250	1,250
6,000	500	1,000
7,000	750	750
8,000	1,000	500
9,000	1,250	250
10,000	1,500	0
11,000	1,500	0
12,000	1,500	0

¹ Full cost equals \$1,500.

Note: This table serves as a reminder that a fee schedule is simply a *formula* for determining how the full cost of child care is to be shared between families using child care services and the Federal Government. A fee schedule, *per se*, implies nothing about the *administrative mechanism* by which money is transferred from families and/or the government to the provider of child care services. A very important consequence of this observation is the realization that the income disregard mechanism for government subsidy of child care is, in fact, just a particular kind of fee schedule—but one which is associated with a particular kind of administrative mechanism. (See section D, Direct Payment Mechanism vs. Income Disregard.) It is the *mechanism* of the disregard which makes that particular type of fee schedule interesting, not the particular cost-sharing formula which has been chosen.

Most fee schedules are more complicated than the simple one discussed above. Two major factors contribute to this complexity:

Family characteristics—fee schedules may be adjusted for certain family characteristics, such as family size, number of children in the family requiring child care services, and the ages of the children needing child care services.

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ernment funds would be unnecessarily wasted and some families would not participate who need a partial subsidy to participate. This is because some of the families receiving full subsidy would in all probability have been willing to pay *some* part of their cost. Also some families who did not participate probably would have done so with a partial subsidy. The likely greater efficiency in the use of Government dollars for child care is a major reason for introducing fee scales.

Avoid Disincentives

A properly designed fee schedule should result in a family being better off financially by working rather than not working, or by working more rather than working less.

Achieve Equity

A properly designed fee schedule can result in the same treatment of families in the same situation (horizontal equity) and the treatment of families in different situations in a way which is generally agreed to be fair (vertical equity).

FY 76 ISSUE ANALYSIS SUMMARY

THE STATE OF ALASKA'S

ROLE IN DAY CARE

One of the most dramatic social changes in recent decades has been the rapid increase in employment of women. Working mothers and single parent fathers are faced with the difficult problem of obtaining adequate day care for their children while they are away from home. By FY 76 there will be close to 27,000 Alaskan children under age 9 whose mothers will be in the labor force. As the agency designated with responsibility for resource development and licensing of homes and centers, we have become frequently aware of the gross inadequacies in some day care arrangements. There are licensed resources for only 6% of the population. Fewer than three percent of the children in day care are state funded. Realizing that Alaskan children whose working parents are just above eligibility criteria for financial assistance, are most likely to be receiving a very low level of care--if care is provided at all--the department requested day care funding for potential recipients and the working poor in the preliminary budget request. In response, the Division of Budget and Management in the Department of Administration assigned an issue analysis to the Department on this topic. Major conclusions follow:

CONCLUSIONS

1. The State of Alaska's role in day care has been concentrated on the limited welfare population. Changed expectations about women's roles, combined with the economic needs of families in Alaska, have caused the numbers of mothers who work to increase. The needs of this additional population have in large part been ignored. In assessing the alternatives to expanding state involvement, it becomes clear that Alaska can provide enough day care of adequate quality to protect and enhance the development of the State's youngest population only by substantially increasing State commitment and monies. Leadership and commitment have not come from the Federal Government and are not anticipated to come in the near future. Within a full range of State commitments, and lacking federal support, the State should provide the resources for a reasonable level of day care expansion. This conclusion recognizes that the State's poor families have no powerful lobby, and that the inadequate day care arrangements for these children place swelling numbers of our chief resource in high risk. Alaska's children cannot wait.

2. The children in need of day care service are children of working mothers and single parent fathers. An estimated 28,914 children ages 0 through 8 are currently receiving or in need of day care services. Potentially 14% of that population, 4,000 children, live in families where one or both parents are working, training, or incapacitated and are unable to afford the financial burden of providing adequate day care for their children. The number of these children who are left in their own homes without care is not known, but estimated at 10%. Alaska

currently funds less than 3% of the day care population in comparison to 5 to 10% in other states. A reasonable expansion considering needed resource development would extend eligibility to 6% of the children in day care or an additional 734 children. Eligibility criteria should parallel federal criteria to maximize federal claiming, should the funding ceiling on social services change. Since federal criteria would allow more than the 734 children, criteria should begin low and be phased up over FY 76 quarters until the 6% is attained. It is essential that this expansion be pursued only with adequate resource development.

3. Alaska's minimum standards for day care are clearly in need of revision. Additionally, Alaska has been found to be substantially out of compliance with Federal Day Care Standards. The costs of meeting the Federal Standards far exceed the Federal monies allotted to Alaska. Therefore, Alaska should not attempt to provide excessively high quality programs for a few and ignore the remaining children. Alaska's minimum standards should set the best level of care possible at the most feasible cost. Negotiations should take place with Federal officials for reasonableness of criteria in "translating" the 1968 Federal Requirements in exchange for additional State requirements covering infant care and other items not addressed in the 1968 Federal Requirements. The focus of any trade-offs should be on the care and protection and enrichment of children in the first two years of life. Program scope which often meets adults needs may be limited.

4. Arranging for the day care of children is becoming increasingly difficult for Alaskan parents. An estimated 18% of non-working mothers are not working solely because of no adequate day care arrangements but many work in spite of inadequate arrangements. The consumer protection afforded parents in the licensing law has never been fully implemented. Licensed slots are available only for 6% of the day care population. The concentration of licensed slots is in centers. Because centers are visible, there is a danger that day care will be conceived only in terms of day care centers with family day care largely ignored, yet most of Alaska's day care children are in unlicensed family day care homes. Full implementation of the licensing law could require up to 75 licensing specialists. Restrictions on state resources and limits to available trained personnel make full implementation unfeasible. Thirteen licensing specialists are being requested in the social services budget to provide an additional 2730 licensed slots for children, 734 for additional funded children. This will provide expansion at a pace that allows sufficient time for training licensing staff, for strategically locating resources, and for evaluating the effects of a variety of day care resources on the families and children that use them. Additional training for day care providers is needed to augment the quality level of care in state standards.

5. Publicly supported day care should be committed to the strengthening of the family. The parents role in day care programs should be no more optional than the physical safety of children. Communities should be mobilized around the child and his parents to create the good aspects of day care rather than fending off the worst aspects. Incentive grants should be considered.

6. The increasing trend of Alaskan mothers to enter the labor market is expected to increase by a minimum of 32% between 1975 and 1984 as job opportunities increase. The additional children requiring day care will greatly increase demand. Planned expansion is paramount and should include a joint effort of all levels of government, related agencies, and individuals in communities.

Federal - The state should support the principles of the recently introduced Child and Family Services Act with a recommended additional provision for a funding formula equitable for Alaska's vast geography, high cost, and small population.

State - In addition to the role outlined above, the state could offer increased opportunities for part time employment allowing working mothers the flexibility of combining a career with parenting. Need profiles should be established for data processing on both parents and children who apply for state funded day care to establish age range, appropriateness of hours, location, program desired and the special needs of children for future planning. Appropriate human resource agencies should be contacted for increased necessary support services: nutrition, early health screening, safety, labor, community affairs, and education. The value of utilizing short hour pre-schools as a community training base should be explored as well as stepped up parent training in secondary schools.

Local - Local communities may be encouraged to utilize Revenue Sharing or other funds to establish neighborhood networks of day care resources. Legislation providing incentive grants should be considered which may include business and industry sponsors.

Individuals - A consumer education program could be initiated to assist parents in the decision for day care and in making appropriate arrangements for their children. Individuals from teenagers to senior citizens should be encouraged to serve as day care volunteers in their neighborhoods.

Given the magnitude of day care expansion in the next 10 years, major planning and evaluation should be accomplished every two years. The above conclusions have been written into implementation objectives proposed as the most rational role for the State of Alaska to assume in day care.

- to allocate funds for purchase of day care for 6% of Alaska's day care population, an additional 734 children.
- to obtain need profiles on state funded children for future planning.
- to revise Alaska's minimum day care standards for the best level of care possible at the most feasible cost by March 1975.
- to negotiate with Federal officials for reasonableness of criteria in interpreting the 1968 Federal Interagency Day Care Requirements.
- to fully implement revised requirements by June 1976.
- to provide an additional 2730 licensed day care slots for children by June 1976.
- to implement 3 University training programs.
- to establish parent involvement as an integral component in Alaska's minimum standards.
- to work with the Office of Child Advocacy for passage of the Child and Family Services Act.
- to promote to all State Agencies part-time employment for increased opportunities to combine careers and parenting.

- to contact appropriate human resource agencies for increased necessary support.
- to submit legislation for incentive grants to encourage local communities and businesses to establish neighborhood networks of day care resources.
- to initiate a consumer education program for the working parents of children in care.

RESOURCE MATERIAL
Reference to SB120.

"Sec. 44.47.180 (a) (1) implement and administer a program to aid in the provision of day care for the children of low income families."

1. Trends -

- A. The national trend of mothers in the work force increased more than eightfold from 1940 to 1972; one in three now have children under age 6. In Alaska, due to the high cost of living and young population, there may be as many as two of every three working mothers with children under age 6.
- B. In 1973 13% of all families in the nation were headed by women due to high divorce rates and illegitimacy rates.
- C. Larger numbers of young mothers are entering and remaining in the labor force due to changing attitudes toward the woman's role, increased education, more job opportunities, smaller families, and more economic strain.
- D. The supply of free day care is diminishing sharply, due to the Minimum Wage Law, the breakup of the extended family through geographic mobility, and increasing isolation between neighbors.

2. Need -

- A. By 1976 numbers of children in day care because mothers and single fathers are in the labor force will include 28,628 children under age 9, 18,820 under age 6 and 9,695 under age three. These numbers are based on 1970 census data for working mothers and civilian workforce increase projections of 55% from 1970 to 1976. An even age distribution which is appropriate for Alaska's young population is assumed.
- B. Present funding is for children under age 14 of single working or training parents who are currently receiving AFDC financial assistance. Less than 3% of the 28,628 children in care are funded compared to 5% to 10% in four other states contacted.
- C. The recently passed amendments to the Social Security

Act commonly referred to as Title XX would allow 75% federal matching monies for day care on an income related basis. Service could be provided free to persons with 80% of the Nations's median income, \$12,051. Additionally service could be provided on a sliding fee basis to families up to 115% of the nations median income. Unfortunately, the ceiling on Alaska's spending is set at \$4,000,000 for FY76. This small amount for all Social Services will not allow expansion of service to persons who are not current AFDC recipients. Incomes of current working recipients generally range from a few dollars up to \$6,000 per year.

- D. Clearly the \$1,600 to \$2,00 per year it now costs for full time day care is beyond the means of many working parents. Consequently large numbers of children are receiving inadequate care or no care. No combination of data from census on other sources will yield population numbers of working parents with young children by income level. The indicators are:

Children under 18 years old were 31% of the total population in the country, but 41% of the low income population. Preschool aged children are more likely to comprise the bulk of the low income group because their parents are on the average younger and do not yet have high earning power.

In 1972, 912 million or 14% of all children were in families below the low income line. Half of these children or 7% were in fatherless families.

Almost 45% of the children in low income two-parent families had fathers who worked all year at full-time jobs. The low income must have resulted from low earnings.

- E. The obvious priority in day care need lies in the single parent family where the parent must work or receive financial assistance. This priority includes single teenage mothers.

Most families with both parents working are financially able to provide adequate day care for their children. Data shows that among white children in two parent families median income in 1972 was \$14,198 when the mother was in the labor force and \$12,441 when she was not. For black children, the figures were \$11,027

and \$7,837. Examples of two parent families needing assistance include:

Both parents training with minimal income.

One parent working with the other parent in training or treatment program.

Both parents with part time low paid service work needing part time care.

Rural summer day care. Father fishing and mother preparing food for the winter and/or working in a cannery operation.

Child overwhelming parent. Relief protective service day care.

One parent incapacitated (disabled, alcoholism, drugs etc.) with the other parent working.

F. If eligibility for subsidized day care were raised in FY76 to include some of the above families not receiving AFDC, what increased number of children 0-8 and per cent of the total day care population would be involved?

5%	445 children	10%	1891 children
6%	734 children	15%	3337 children
7.5%	1,168 children		

Section 44.47.240 DEFINITIONS

(1) "DAY CARE FACILITY"

Current licensed capacity is as follows:

44 day care centers	1361 licensed capacity slots
143 family day care homes	<u>490</u> licensed capacity slots
	1851 licensed capacity slots

Staff: 3 1/2 full time equivalent child care licensing personnel.

Assuming the primary age range of need for day care is 0-8, there are licensed capacity slots for 6% of the population. Current AFDC children are utilizing nearly half of the capacity slots with the general public utilizing the remainder. With many requests for licensed homes from the general public there is constant pressure to establish resources for AFDC children. Expanding day care assistance would require development of additional

licensed homes.

The bulk of unlicensed care is given in family day care homes. The number of positions to fully implement the licensing law could approach 75 positions. National studies indicate 1 person can efficiently license and provide consultation to 60 homes with an average capacity of 3.5 slots per home, excluding the mothers own children. Thirteen positions could provide an additional 2730 licensed slots. Paraprofessionals assisting licensing personnel could perhaps double that number.

(3) "CHILD"

While the greatest need for protection of children in day care is 0-5 years, many school aged 6, 7, and 8 year olds need before and after school care as well as summer care. When the Juneau before and after school day care program closed, one child previously in the program was hit by a truck and seriously injured. Care and supervision for children exceeding 8 years of age depends on the maturity of individual children.

FINAL NOTE:

In recent months the Division has received an increased number of complaints on dangerous unlicensed family day care homes. Usually these homes offer cut rates and care for large numbers of children. Parents who cannot afford adequate day care are most likely to place their children in these homes.

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

COMMITTEE REPORT

4/2/75

HOUSE

Mr. Speaker:

Date 11/2/75

The Committee on FINANCE has had CS 123

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
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_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends: _____

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

EXECUTIVE COMMITTEE

ALASKA ASSOCIATION FOR QUALITY EDUCATION
ALASKA CHILD CARE CENTERS ASSOCIATION

E. W. G. G. G.
SB 120

DR. DEL A. BROCK
DR. MARGARET GREEN
BUD BIRD
SHIRLEY BRATCHER

February 15, 1975

The Honorable Hugh Malone
State Legislature
Pouch V
Juneau, AK 99801

Dear Mr. Malone:

I regret that we were unable to attend the public hearing on Senate bills 120 and 121 held yesterday in Anchorage and request that this written testimony be entered in the record.

Our organization represents 20 members providing day care and private school to approximately 2000 children in Alaska.

We would urge that a clarification of Senate bill 120 be made prior to passage, concerning the intent as to whether private centers will be funded to care for the children qualified or whether Agency centers will be funded to be in direct competition with private centers. As worded, it would seem that the Agency could choose to enter the field, both regulating and operating. The care to be provided by this legislation is needed, but the great expense per child, which would result from the inefficient operation by a government agency, would limit its benefits. Past experience in other states shows that private centers can provide the services under contract at much lower costs, thereby benefiting more children. The typical charge for day care in Anchorage is \$1800 per year. Parents cannot afford to pay more and centers cannot provide more care under present regulations.

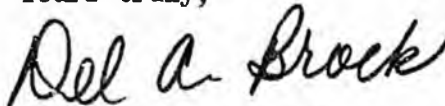
If there are insufficient facilities available now for the number of families requiring service, it is due to the restrictions imposed by state staffing regulations which make operation of a center difficult, if not impossible, unless the operation is fortunate enough to have free rent, free staff or other benefits adequate to offset the deficit. Contributing to this marginal operation is the low rate paid by the state for the care of children of families receiving state aid. State compensation currently paid is less than that paid by the public for the same service, while requiring centers much additional record keeping and billing for only those state children. Payments arrive 60 days after the payment would have been received had the care been provided to the paying public.

The often quoted "federal interagency day care standards," considered the base standard in the country, have recently been modified by Congress to allow lower operating costs in day care. To quote from the January 8, 1975, issue of Education Daily's "Report on Preschool Education": President Signs Social Services Bill - - "Major eligibility changes for social services under the Social Security Act and a relaxation of Federal day care standards are among provisions of H.R. 17045, which passed both houses of Congress on December 20 by voice vote.... Lowers Staffing Ratios. In an effort to reduce yearly Federal day care costs which are approaching \$3,000 per child, provisions of H.R. 17045 loosen minimum staffing ratios and education program

requirements of day care centers. The bill requires that ratios of one adult for every 20 children aged 10-14 be maintained, and a 1 to 15 ratio for children 3-9 years old. The conference committee earlier scrapped a provision which would have required a staffing ratio of one adult for every two infants under 3 years of age, and instead voted to leave the final requirements to the Secretary of Health, Education, and Welfare.

We urge that the Legislature adopt the new Federal staffing requirements in Senate bill 120 and commit Senate bills 120 and 121 to only contracting day care services with private and non-profit operated centers.

Yours truly,

A handwritten signature in cursive script that reads "Del A. Brock".

Del A. Brock, Ph.D.

DB:rm

AMENDMENT #1

OFFERED IN THE HOUSE:

By: House Community &
~~Regional Affairs Committee~~

To: Amend _____ HOUSE BILL No. _____

SENATE BILL No. SB 120am

PAGE: 2

LINE: 12

On page 2, line 12, after the word "shall" add the words "give approval to and".

SENATE FINANCE COMMITTEE

LEGISLATIVE INTENT

ON

COMMITTEE SUBSTITUTE FOR SENATE BILL 120

It is the intent of the Legislature that the administration by the Departments of Health and Social Services and Community and Regional Affairs of their respective day care programs be reviewed annually by the Legislature and that continued funding be contingent upon the successful coordination of both day care programs such that certification efforts are sufficient to not restrict the supply of day care services, client populations do not overlap, the quality of services are the same for both programs, and that funds are utilized to secure services for the maximum number of clients with maximum dispersion throughout the State. Failure of the Departments to allocate sufficient Departmental resources to accomplish these goals will be considered as evidence of low priority for the programs and as reason for the Legislature to henceforth appropriate scarce funds to more urgent needs.



Bill Ray, Chairman
Senate Finance Committee

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH 8-JUNEAU 99801

March 5, 1975

The Honorable Susan Sullivan
Chairperson, House Health
& Social Services Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Ms. Sullivan:

Re: HB 161 & 162 (Day Care)

The Department of Community and Regional Affairs, Division of State Economic Opportunity, has done extensive research on the Day Care bills now before the State Legislature. We have presented both written and verbal testimony to the appropriate Senate committees holding hearings on the bills.

It is our understanding that HB 161 and the accompanying appropriations bill, HB 162, are identical to bills introduced in the Senate as SB 120 and SB 121. SB 120 was replaced by CSSB 120 and amended by the Finance Committee before its adoption. This department wholeheartedly supports those amendments to wit:

1) The department may adopt regulations for the performance of its duties.

2) The department may contract with local agencies to perform its duties under the act.

3) The department may solicit recommendations from local governing bodies regarding local agencies which may provide the contractual services under this section.

4) A contribution of the parent or guardian shall be made directly to the day care facility.

The Honorable Susan Sullivan
Alaska State Legislature

March 5, 1975

- 2 -

5) That definition of "day care" should also include those homes licensed or recognized by the federal government for the care of children.

6) That the age be changed for the definition of "child" up to the mandatory school age.

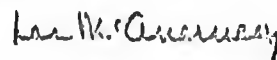
7) Incorporated local governments cover under contract terms necessary administrative costs.

It is the department's philosophy that under this type of a bill we would be administering under a contractual arrangement a program similar to grants or special revenue sharing. It is our position that a program administered in this fashion could realize considerable savings to the state, as well as having the desirable effect of local control over the project.

Attached are supportive documents as submitted to the Senate Finance Committee outlining how the department would administer the program under the guidelines of the Senate adopted version of the bills.

If you have questions regarding these documents or if we could assist you by offering verbal testimony we are more than happy to accommodate you.

Sincerely,



Lee McAnerney
Commissioner

LM:bf

Enclosures

cc: Eric Lee, Director
State Economic Opportunity

Lynn Wegener, Administrative Officer

Legislative Finance

Budget & Management
Dept. of Administration

FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CSSB 120 (as amended)
 Title: Day Care Assistance
 Requested by: Senate Finance Date: 2-20-75
 Return Date Requested:
 Agency: Dept. Comm. & Reg. Affairs Program: Social Service

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Div. State Economic Opportunity

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES		47.5			
200 TRAVEL		5.0			
300 CONTRACTUAL		10.4			
400 COMMODITIES		0.3			
500 EQUIPMENT		0.9			
600 LAND & STRUCTURES					
700 GRANTS, CLAIMS, ETC.					
TOTAL		64.1			

B. FUNDING: (Thousands of dollars)

GENERAL FUND		64.1			
FEDERAL FUNDS					
OTHER					

C. POSITIONS:

PERMANENT/TEMPORARY	/	2/0	/	/	/
MAN MONTHS (P./T.)	/	24/0	/	/	/

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

IV. ATTACHMENTS

V. DATE: 2-25-75 PREPARED BY: Fric Lee, Director
Div. State Economic Oppor.

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

III. Analysis

A. Assumptions

1. Dept. of Community & Regional Affairs staff would be housed in existing DCRA facilities in Juneau.
2. All case work would be contracted with a local agency.
3. Div. of State Economic Opportunity in DCRA would administer program.
4. First year would be in areas with operating licensed centers or homes.
5. Administration and associated costs would be contracted to local communities.
6. At the minimum, eligibility requirements will follow Title XX Social Services Act as amended.
7. SFOO will be funded for FY 76.
8. Assistance will be appropriated at 1.2 million dollars.

B. Program Summary

1. Two new positions would be required in the DSEO.
 - a. Coordinator to set up the program, draft regulations and forms, negotiate for contractual services, conduct analysis and evaluation, and general supervision and administration of the program.
 - b. Field Representative would be responsible for training of contracted personnel, on site program monitoring and technical assistance to contractor and other duties as assigned by the Director and Coordinator.
 - c. The DSFO will provide accounting and clerical support with current staff.
2. Travel
 - a. It will be necessary for the Coordinator and Field Representative to travel to the individual communities involved for the purpose of training personnel, contract administration, program monitoring and evaluation.
 - b. Contractual -- All phases of the program directly related to contract with individual recipients, day-care centers or homes will be contracted to local agencies in those communities affected. Additional contractual costs are primarily for space and support of the new position.
3. Other Funding -- None.

CSSB 120

PERSONAL SERVICES

Coordinator -- Range 21	\$23,774.00
Field Representative -- Range 16	16,447.00
	<hr/>
	40,221.00
	7,240.00
	<hr/>
	\$47,461.00

TRAVEL

Monitoring and counseling at each site @ \$300 average per trip	\$5,000.00
	<hr/>
	\$5,000.00

CONTRACTUAL

Phones	
Basic	600.00
Long Distance	3,400.00
Postage	400.00
Printing of Regulations	1,000.00
Advertising of Public Hearings	500.00
Office Rent	
350 sq. ft. @ \$.45/sq. ft.	2,000.00
Xerox	500.00
Transportation of new employee personal effects	2,000.00
	<hr/>
	\$10,400.00

COMMODITIES

Office supplies and reference materials	\$300.00
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EQUIPMENT

2 Desks @ \$270.00	\$540.00
2 Chairs @ \$95.00	190.00
2 Chair mats @ \$30.00	60.00
2 Desk Lamps @ \$45.00	90.00
	<hr/>
	\$880.00

TOTAL ADMINISTRATIVE EXPENSES	\$64,041.00
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DISTRIBUTION OF LICENSED HOMES, LICENSED DAY CARE CENTERS,
AND HEAD START FACILITIES IN ALASKA

City of Anchorage:

27 centers with slots for 850 children (one is for part-time only)
97 licensed homes
3 Head Start locations which serve 100 children (approximately four hours per day)

City of Fairbanks:

8 centers with slots for 213 children
18 licensed homes
Head Start serves 80 children

City and Borough of Juneau:

5 centers with slots for 199 children (one is for summer only)
22 licensed homes

South Central Alaska:

Palmer: 2 centers with slots for 75 children
3 licensed homes
Chugiak: 1 center with slots for 30 children
Seward: 1 center with slots for 20 children
2 homes
Eagle River: 2 homes
Kenai: 1 home
Valdez: 1 center with slots for 24 children

Southeast Alaska:

Hoonah: 1 center with slots for 30 children
Ketchikan: 2 centers with slots for 42 children
2 homes
Sitka: 1 center with slots for 37 children
2 homes

Petersburg: 1 center with slots for 28 children

Southwest Alaska:

Kodiak: 1 center with slots for 49 children
3 homes

Dillingham: 1 home

Western Alaska:

Bethel: 1 center with slots for 30 children

Kotzebue: 1 center with slots for 50 children

Northern Alaska:

Barrow: School district operated program for 50 children

Rural Alaska:

30 villages have Head Start programs (which are not
day care); each serves from 15 to 30 children
3-1/2 to 5 hours per day.

HEAD START VILLAGES

Alakanuk	31 children	Nondalton	16 children
Chevak	21 children	Noatak	17 children
Emmonak	21 children	Noorvik	29 children
Fort Yukon	16 children	Nunapitchuk	21 children
Gambell	14 children	Nulato	20 children
Fortuna Ledge	18 children	Old Harbor	16 children
Hooper Bay	32 children	Point Hope	16 children
Kake	23 children	Saint Paul	21 children
Kaltag	13 children	Savoonga	20 children
Kiana	19 children	Selawik	15 children
Kodiak	20 children	Stebbins	30 children
Kwethluk	22 children	Togiak	26 children
Manokotak	21 children	Wainwright	21 children
Mekoryuk	15 children	Yakutat	20 children
Mountain Village	26 children	(operated by school district)	

CONSULTANTS

The following persons and agencies were consulted in preparation of this fiscal note:

Pat Monroe, Day Care Consultant, Dept. of H&SS
Ada Gleason, Day Care Licensing, Dept. of H&SS
Rosalie Walker, Early Childhood Specialist, Dept. of Ed.
Jennifer Peterson, Model Cities Administrator, City of Juneau
Mike Harper, Deputy Commissioner, Community & Regional Affairs
Reed Stoops, STAP, Div. of State Economic Opportunity, C&RA
Margaret Levitt, Research Analyst, DSEO, C&RA
Heather Flynn, Human Resources, League of Women Voters
Ann Gorsuch, " " " " " "
Elaine Huthengren, " " " " " "
Carol Johnson, Early Childhood Education, ASOSS
Sally Meade, Foster Parents Coordinator, Anch. Comm. College
Margaret Wolf, Child Care Consultant, G.A.A.B. Health Dept.
Betsey McGuire, Exec. Dir., Office of Child Advocacy
Roger Mooney, Head Start, RurAL CAP
Pete Luttermoser, Region X, Office of Child Development
Phil Smith, Executive Director, RurAL CAP
Lynn Wegener, Administrative Officer, C&RA
Mary McClinton, Rural Development Assistance, C&RA

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Northern Alaska

Barrow: School district operated program for 50 children

Rural Alaska:

30 Villages have Head Start programs (which are not day care) each serves from 15 to 30 children 3 1/2 to 5 hours a day.

650
250
200
100
100

HEAD START VILLAGES

Alakanuk	31 children	Selawik	15 children
Chevak	21 children	Stebbins	30 children
Emmonak	21 children	Togiak	26 children
Fort Yukon	16 children	Wainwright	21 children
Gambell	14 children	Yakutat	20 children (operated by school district)
Fortuna Ledge	18 children		
Hooper Bay	32 children		
Kake	23 children		
Kaltag	13 children		
Kiana	19 children		
Kodiak	20 children		
Kwethluk	22 children		
Manokotak	21 children		
Mekoryuk	15 children		
Mountain Village	26 children		
Nondalton	16 children		
Noatak	17 children		
Noorvik	29 children		
Nunapitchuk	21 children		
Nolato	20 children		
Old Harbor	16 children		
Point Hope	16 children		
Saint Paul	21 children		
Savoonga	20 children		

SB was read the first time and referred to the Committee on
227 Community and Regional Affairs.
am

REPORTS OF STANDING COMMITTEES

CSSB The Finance Committee has had COMMITTEE SUBSTITUTE FOR
120 SENATE BILL NO. 120 amended (relating to day care facili-
am ties; effective date) under consideration and a majority
of the members of the Committee recommends it be replaced
with HOUSE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE
FOR SENATE BILL NO. 120 (same title) and that it do pass.
The report was signed by Mr. Malone, Chairman, and con-
curred in by Buchholdt, Duncan, Itta, Naughton, Gruening,
Cowper and Malone. Not concurring was Haugen who has no
recommendation.

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 120 amended was
referred to the Rules Committee for placement on the calen-
dar.

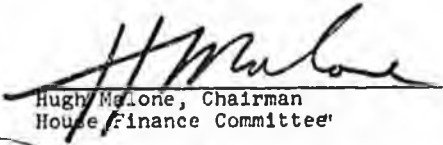
The Finance Committee Chairman's report on the above bill
appears as follows:

" FINANCE COMMITTEE REPORT

ON

COMMITTEE SUBSTITUTE FOR SENATE BILL 120 AMENDED

The House Finance Committee, in reporting out CSSB
120 am., intends the appropriation to be used solely
for daycare services. Any costs of administration
in the current fiscal year will be absorbed by the
department's FY 75 budget. The administrative costs
for FY 76 will be appropriated separately.


Hugh Malone, Chairman
House Finance Committee

SB The Finance Committee has had SENATE BILL NO. 121 (special
121 appropriation to the Department of Community and Regional
Affairs for funding the day care assistance program; effec-
tive date) under consideration and a majority of the mem-
bers of the Committee recommends it be replaced with HOUSE
COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 121 (same title)
and that it do pass. The report was signed by Mr. Malone,
Chairman, and concurred in by Buchholdt, Duncan, Itta,
Naughton, Gruening, Cowper and Malone. Not concurring was
Haugen who has no recommendation.

SENATE BILL NO. 121 was referred to the Rules Committee
for placement on the calendar.

" April 21, 1975

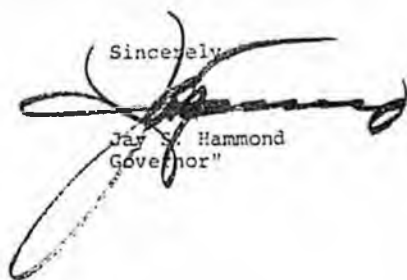
The Honorable Mike Bradner
 Speaker of the House
 Alaska State Legislature
 Juneau, Alaska 99811

Dear Mr. Speaker:

I have read the following resolution and am transmitting the enrolled and engrossed copies to the Lieutenant Governor's Office for permanent filing:

SENATE CONCURRENT RESOLUTION NO. 39 amended

SCR
 39
 AM

Sincerely,

 Jay S. Hammond
 Governor"

MESSAGES FROM THE SENATE

A message dated April 21, 1975 was read stating the Senate has passed the following and the same are transmitted herewith for consideration:

SENATE JOINT RESOLUTION NO. 30

SENATE BILL NO. 227 amended

FIRST READING AND REFERENCE OF SENATE RESOLUTIONS

SENATE JOINT RESOLUTION NO. 30 by Rodey, Hohman, Orsini and Willis

SJR
 30

Relating to proposed regulations to restrict the sale of handgun ammunition

was read the first time and referred to the Committees on Commerce and Judiciary.

FIRST READING AND REFERENCE OF SENATE BILLS

SENATE BILL NO. 227 amended, by Kerttula and Rodey, entitled:

SB
 227
 AM

"An Act relating to sale or other disposition by an organized borough of agricultural land."

FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CSSB 120 (as amended)

Title: Day Care Assistance

Requested by: _____ Date: 4-2-75

Return Date Requested: _____

Agency: Dept. Comm. & Reg. Affairs Program: Social Service

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Div. State Economic Opportunity

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES		52.3			
200 TRAVEL		5.0			
300 CONTRACTUAL		10.4			
400 COMMODITIES		0.3			
500 EQUIPMENT		0.9			
600 LAND & STRUCTURES					
700 GRANTS, CLAIMS, ETC.					

TOTAL

68.9

B. FUNDING: (Thousands of dollars)

GENERAL FUND		68.9			
FEDERAL FUNDS					
OTHER					

C. POSITIONS:

PERMANENT/TEMPORARY	/	2/0	/	/	/
MAN MONTHS (P./T.)	/	24/0	/	/	/

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

Adjusts original fiscal note for current salary increases.

IV. ATTACHMENTS

V. DATE: 4-2-75

PREPARED BY: *Eric Lee*

Eric Lee, Director
Div. State Economic Oppor.

CSSB 120 AM

PERSONAL SERVICES

Coordinator -- Range 21	\$26,832.00
Field Representative -- Range 16	17,592.00
	<hr/>
	44,424.00
	7,920.00
	<hr/>
	\$52,344.00

TRAVEL

Monitoring and counseling at each site @ \$300 average per trip	\$ 5,000.00
	<hr/>
	\$ 5,000.00

CONTRACTUAL

Phones	
Basic	\$ 600.00
Long Distance	3,400.00
Postage	400.00
Printing of Regulations	1,000.00
Advertising of Public Hearings	500.00
Office Rent	
350 sq. ft. @ 45¢/sq. ft.	2,000.00
Xerox	500.00
Transportation of new employee personal effects	2,000.00
	<hr/>
	\$10,400.00

COMMODITIES

Office supplies and reference materials	\$ 300.00
--	-----------

EQUIPMENT

2 Desks @ \$270.00	\$ 540.00
2 Chairs @ \$95.00	190.00
2 Chair mats @ \$30.00	60.00
2 Desk Lamps @ \$45.00	90.00
	<hr/>
	\$ 880.00

TOTAL ADMINISTRATIVE EXPENSES \$68,924.00

DEPARTMENT OF
COMMUNITY & REGIONAL AFFAIRS
DIVISION OF
STATE ECONOMIC OPPORTUNITY

Day Care
Coordinator

Accountant

Field
Rep.

Clerk

↑ Requests
Regulations
Guidelines
Needs assessment
Contract monitoring
Evaluation
↓

Training
Tech. Ass't.
↓

Block Funds →
← Reports

LOCAL
COMMUNITIES

↑ Requests
Eligibility
Counseling
Selection
Sliding Scale
↓

Payments ↓
↑ Billings

PARENTS

Billing
Payments →

HOMES & CENTERS