

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8672

1422 SHESS DAY CARE-CORRESPONDENCE

*Draft*

Register

EMERGENCY REGULATIONS  
COMMUNITY AND REGIONAL AFFAIRS

19 AAC 55.180  
19 AAC 55.180

(13) "municipality" includes a home rule, general law, or unified municipality, as defined in AS 29;

(14) "organization" means a local, nonprofit organization which has organized under state law, adopted by-laws and elects its governing body in a manner that insures equal representation of the people residing in the community.  
(Effective / / , Register )

Authority: AS 44.47.250  
AS 44.47.301

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TITLE 19.  
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- Part 2. Municipal Services Revenue Sharing Program  
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- Part 4. Division of Rural Development Assistance
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- 35. Senior Citizen Property Tax Exemption  
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Chapter 55 19 AAC 55.030  
Department of Community and Regional Affairs

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14. Use of Div'sion Forms
15. Monitoring of a Grant
16. Revocation of Grant or Contract
17. Fraud
18. Appeals
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20. Definitions

19 AAC 55.010. PURPOSE OF REGULATIONS. The regulations in this chapter are intended to implement, interpret, and make specific the act providing state assistance in the operation of child care facilities under AS 44.47.301. (Effective / / Register ).

Authority: AS 44 47.301

19 AAC 55.020. DELEGATION OF AUTHORITY. The authority of the department under AS 44.47.250 - 44.47.310 is delegated to the division of local government assistance. (Effective / / Register ).

Authority: AS 44.47.250

19 AAC 55.030. PROGRAM OPERATION. (a) The division may contract with a municipality, with day care facilities within a municipality or with an organization to perform the administrative duties of this chapter.

(b) An application for a contract under this chapter will be made on a form prescribed by the director.

(c) By March 1 of each state fiscal year the division will send application forms to each municipality which has a day care facility within its boundaries, to day care facilities outside a municipality and to other organizations which participated in the program during the previous state fiscal year. Applications for organizations serving unincorporated communities are available upon request.

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19 AAC 55.030

19 AAC 55.035

(d) If a borough, a city and an organization within the borough or city apply for a contract to administer the child care grant program, the division will award the contract, if at all, to the borough. This section does not preclude the city and borough from entering into an agreement to jointly administer the contract nor may it be construed to preclude the borough from subcontracting portions of its administrative responsibilities to one or more cities or organizations located within it.

(e) As a condition to receiving a contract for administration of this program under this chapter for a state fiscal year, an applicant must return the application to the division postmarked no later than April 15 of the preceding state fiscal year. (Effective / / , Register ).

Authority: AS 44.47.250  
AS 44.47.301

19 AAC 55.031. DECISION ON APPLICATION AND CONTRACT. (a) A decision to provide a contract will be made by the director. The director's decision will be based upon the following criterion: the applicant meets the eligibility criteria described in 19 AAC 55.030.

(b) In making a decision to approve an application, the director may, in his discretion make the contract contingent upon additional stipulations not contained in the application.

(c) Upon approval or denial of an application, the applicant will be notified in writing.

(d) A contract will be awarded when the application has been approved and when the applicant and the director have signed a contract specifying, among other items, the purpose of the contract, the contract allocation of money and the period of performance. (Effective / / , Register ).

Authority: AS 44.47.250  
AS 44.47.301

19 AAC 55.035. SUBCONTRACTS. A contractor which is a municipality may enter into a subcontract with an organization within the municipality for the performance of administrative duties under the contract if

(1) the contractor has the written permission of the division;

(2) the contractor has published notice of its intent to enter into the subcontract in a manner which reasonably ensures that interested parties are aware that the contractor is accepting proposals for the subcontract, and

(3) the subcontractor meets the qualifications established in 19 AAC 55.038(a).

(4) a copy of the subcontract is sent to the division within 30 days of the execution of the subcontract with the subcontractor. (Effective / / , Register ).

Authority: AS 44.47.250  
AS 44.47.301

19 AAC 55.036. SEPARATE ACCOUNTING. A contractor must establish a separate fund or separate accounting codes within its accounting system for the receipt and disbursement of money under this chapter. The contractor must furnish the division with a copy of its annual audit or its annual statement of income and expenditures. (Effective / / , Register ).

Authority: AS 44.47.250  
AS 44.47.301

19 AAC 55.037. RELEASE OF INFORMATION. A contractor must provide the division with statistics, financial records, and grantee records relating to the program, within 30 days after the date of receipt of a written request from the division or as otherwise required in the contract. (Effective / / , Register ).

Authority: AS 44.47.250  
AS 44.47.301

19 AAC 55.038. ADMINISTRATOR. (a) A contractor shall appoint an administrator. If the contractor has entered into a subcontract under 19 AAC 55.035, the subcontractor shall appoint the administrator. An administrator must have training or experience in accounting, bookkeeping, records management, and management of a state or federal program regardless of whether the state or federal program relates to day care assistance, or a related field.

(b) A contractor or subcontractor shall assign to the administrator appointed under (a) of this section responsibility for the administration of the contractor's or subcontractor's duties under the contract. The administrator's responsibilities under this subsection must include, but are not limited to, the following:

(1) maintenance of the contractor's or subcontractor's financial records and grantee records relating to the program;

(2) preparation of statistical reports requested by the division;

(3) maintenance of a file for each day care facility located within the contractor's boundaries, if the contractor is a municipality, or located within the contractor's or subcontractor's region or community, if the contractor or subcontractor is an organization described in 19 AAC 55.030 or in 19 AAC 55.200;

(4) other responsibilities established in this chapter.

(C) The files maintained under (b)(3) of this section must include the expiration dates of the day care facilities' licenses. (Effective / / , Register ).

Authority: AS 44.47.250  
AS 44.47.301

19 AAC 55.040. ALLOCATION OF FUNDS. (a) Each state fiscal year, three percent of the appropriated funds for this program will be set aside for those child care facilities which meet the eligibility as described in 19 AAC 55.050 but which did not contract with the division, municipality or organization in the previous fiscal year. If this money is not allocated by December 31 of the state fiscal year for which it was appropriated, this money will be reallocated as provided for in (b) 1 through (4) and (c) of this subsection.

(b) The division will allocate to a contractor a share of the money appropriated to the program for the fiscal year to which the contract applies. The division will determine the contractor's share by June 15 of the preceeding fiscal year or within 20 days after the enactment of the state operating budget for the fiscal year to which the contract applies, whichever is later. The division will determine the contractor's share of the child care grant program money by;

(1) using the current division of family and youth services printout of child day care licensed facilities in Alaska, add all licensed child care positions by geographic area; and

(2) subtract from the sum of (1) above of this subsection those child day care positions from the geographic areas where an application to contract for administration of this program has not been received and subtract those military facilities which are not licensed by the state; and

(3) divide the amount of money appropriated to the program for the fiscal year to which the contract applies by the difference obtained through (2) of this subsection.

(4) using the quotient of (3) of this subsection, multiply by the number of child day care positions as described in (b) 1 of this subsection for each contractor. This product is the allocation to each contractor for money appropriated for the child care grant program.

(c) To receive all or part of the money allocated to it under (b) of this section, a contractor must submit to the division evidence which shows, to the satisfaction of the division that the contractor will use the money in accordance with 19 AAC 55.070.

(d) Program funds are subject to reallocation during the fiscal year, subject to the utilization by the contractor.

(1) reallocation will be made to contractors based on need, as established by waiting lists described in 19 AAC 50.115; and

(2) determining reallocation will be by January 1, March 1, and May 1 of the fiscal year to which the contract applies; and

(3) the contractor will be notified in writing that the division intends to reallocate under-utilized money and an amendment to the existing contract will be sent for the contractor's signature. (Effective / / , Register ).

Authority: AS 44 47.250  
AS 44.47.301

19 AAC 55.050. ELIGIBLE GRANTEE APPLICANT. A child care facility may apply for a child care grant if

(1) the facility has a current license under AS 47.35.010 - 47.35.080; and

(2) the facility has a current municipal permit, if the municipality where child care is provided requires a municipal permit; and

(3) the facility has a current Alaska business license; and

(4) the facility is geographically located where a contractor has a current contract with the division to administer the day care assistance program as provided for in 19 AAC 50.020; and

(5) the facility agrees to participate in the day care assistance program and follow the facility operator's duties as provided for in 19 AAC 50.210; and

(6) the facility agrees to provide care under a payment system as provided in AS 44.47.301(g)

(7) the facility will enter into a contract with the division a municipality, or an organization if the division has contracted its administration of this program to a municipality or an organization. (Effective / / Register ).

Authority: AS 44.47.301.

19 AAC 55.060. GRANTEE APPLICATION. (a) An application for a grant under this chapter must be made on forms prescribed by the director.

(b) By May 1 of each year, the division or contractor will mail application forms to each licensed child care facility whose name appears on the current social services facilities index prepared by the division of family and youth services, Department of Health and Social Services.

(c) As a condition to receiving a grant contract under this chapter for a state fiscal year, an applicant must return the application to the division, or contractor postmarked no later than June 15 of the preceding state fiscal year.

(d) Beginning July 1 of each year and each month thereafter, the division or the contractor will forward application forms to each new child care facility, whose name appears on the current month's social services facilities index or who receives from the division of family and youth services, Department of Health and Social Services, a letter stating the facility is now currently licensed. A copy of that letter or the Department of Health and Social Services form N159 06 3345 must also be received by the division or the contractor. The completed application must be returned to the division or the contractor, within 45 days of the application being postmarked.

(e) Application forms are available, upon request, from the division. (Effective / / Register ).

Authority: AS 44.47.301.

19 AAC 55.070. USE OF MONEY. Child care grants are to be used for the operation of a child care facility for the following purposes:

- (1) facility staff salaries and fringe benefits;
- (2) increase facility staff;
- (3) meet the health and nutritional requirements of children attending/enrolled at the facility;
- (4) purchase equipment for use by the children attending/enrolled at the facility;

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19 AAC 55.100

(5) facility staff training;  
(6) parent education and involvement. (Effective /  
/ Register ).

Authority: AS 44.47.301.

19 AAC 55.080. GRANT LIMITATIONS. (a) A child care grant to a facility will be made if the conditions in 19 AAC 55.050 of this chapter are in effect for each month the facility requests the grant.

(b) The base grant is \$50 a month for each full time equivalent child at the facility. Geographic adjustments of the base grant will be made in accordance with AS 14.17.051.

(c) If, for a state fiscal year, the legislature fails to appropriate an amount sufficient to allow full payments under 19 AAC 55.080(b), the division or contractor will reduce the payment to each grantee under 19 AAC 55.080 by a proportionate amount. (Effective / / Register ).

Authority: AS 44.47.301.

19 AAC 55.090. REVIEW OF GRANTEE APPLICATIONS. (a) Within 10 working days of receipt of a grant application the division or contractor will review it and determine if it contains the information required by this chapter. If the application is determined to be complete, the application will be evaluated in accordance with the criteria established in 19 AAC 55.100 and a written recommendation for or against funding will be made to the director. When a municipality or an organization is administering this program, the contractor for this program will make the decision for or against funding, using the criteria in 19 AAC 55.100.

(b) If an application is found to be incomplete, it will be returned to the applicant together with comments, an explanation of the deficiencies and a request for additional information necessary to correct the deficiencies.

(c) The director or contractor will deny funding if the application is not eligible under 19 AAC 55.100. (Effective / / Register ).

Authority: AS 44.47.301.

19 AAC 55.100. DECISION OF GRANTEE APPLICATION. (a) A decision to provide a child care grant will be made by the director or contractor. The decision will be based upon the following criteria:

(1) the applicant meets the eligibility criteria described in 19 AAC 55.050; and

(2) the proposed expenditure of money is in accordance with eligible use of money as described in 19 AAC 55.070.

(t) In making a decision to approve a grant application, the director or contractor may, in his/her discretion make the grant contingent upon additional stipulations not contained in the grant application.

(c) Upon approval or denial of a grant application, the applicant will be notified in writing.

(d) A grant will be awarded when the application has been approved and when the applicant and the director or contractor have signed a contract specifying, among other items, the purpose of the grant, the grant amount and the period of performance. (Effective / / Register ).

Authority: AS 44.47.301.

19 AAC 55.110. MONTHLY BILLING FORMS. (a) To receive a grant payment under this chapter, the grantee must submit a monthly attendance formula form, a monthly enrollment formula form, and a monthly billing form to the division or the contractor.

(b) Within 15 working days after receipt of the monthly forms under (a) of this section, the division or contractor will review the forms and determine if these are accurate and complete. If the division determines that the forms are accurate and complete, the division or contractor will authorize payment and forward the billings for payment to the facility. If there are errors or deficiencies in the monthly forms, the division or contractor will correct the errors or deficiencies and then forward the forms for payment.

(1) Billings for less than a \$1,000 will be paid by a state field warrant from the Department's division of administrative services, Anchorage and mailed directly to the grantee.

(2) Billings \$1,000 and over will be paid by a state warrant from the Department of Administration, Juneau, and mailed directly to the grantee.

(c) The division will determine the amount of payment in accordance with the provisions of 19 AAC 55.080. (Effective / / Register ).

Authority: AS 44.47.301.



(b) If the grantee or contractor fails to comply with (a) of this section, the division or contractor, after giving at least 15 days written notice, may;

(1) notify the grantee or contractor that the grant or contract has been revoked, stating the cause, and stating that this closure will be considered in the evaluation of any future application; and

(2) require the grantee or contractor to repay all or part of the grant money received. (Effective / / , Register )

Authority: AS 44.47.301

19 AAC 55.170. FRAUD. (a) If the division or contractor suspects that fraud has been or is being committed, the division or contractor will obtain the information relating to the suspected act of fraud, assemble the information, and report its conclusion to the director. Upon receipt of the division's or contractor's report, the director will review all pertinent information.

(b) If the director determines, on the basis of the information received under (a) of this section, that a person has committed or is committing fraud, the director will notify the person in writing, by certified mail of his determination and of the reasons for his determination. The notice must include the action the director will take under (c) of this section, if any, and a statement of the person's right to an appeal under 19 AAC 55.180.

(c) No sooner than 1 days after the person receives the notice described in (b) of this section or, if the person unsuccessfully appeals the division's determination under 19 AAC 55.180, at the conclusion of the appeals under 19 AAC 55.180, the division will, in its discretion, cease making payments under this chapter to the child care facility or contractor for a period of up to two years. (Effective / / , Register )

Authority: AS 44.47.301

19 AAC 55.180. APPEALS. (a) Within 30 days of receipt of a letter advising an applicant, grantee or contractor that the director or contractor has denied a grant application or contract or the director has revoked a grant or contract, the applicant or grantee may appeal that decision to the commissioner. The appeal must be in writing and must identify the part or parts of the decision to which the appellant objects.

(b) Within 30 days of receipt of an appeal of a decision, the commissioner will review the facts and any relevant supplemental material and will notify the applicant, grantee, or contractor of the final determination affirming, reversing, or modifying the decision, and of the reasons for the final determination.

(c) During an appeal to the commissioner under (b) of this section, an applicant, grantee or contractor may request a hearing. At a hearing, the applicant, grantee or contractor may present evidence, examine witnesses, be represented by counsel and testify on his own behalf.

(d) If the applicant, grantee or contractor fails to file an appeal within the time set forth in (a) of this section, the director's decision constitutes the final determination of the department. (Effective / / , Register )

Authority: AS 44.47.301

19 AAC 55.190. TECHNICAL ASSISTANCE. The division will make reasonable efforts to respond to a request by a potential or actual grantee or contractor for technical assistance in preparing a grant application and in aspects of program planning, administration, and implementation. (Effective / / , Register )

Authority: AS 44.47.301

19 AAC 55.200. DEFINITIONS. In this chapter,

(1) "commissioner" means the commissioner of community and regional affairs;

(2) "contractor" means a municipality or other organization which has entered into a contract with the department under this chapter;

(3) "day care" means the care, supervision, and guidance of a child or children unaccompanied by a parent on a regular basis for periods of less than 24 hours a day;

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

(5) "director" means the director of the division of local government assistance;

(6) "division" means the division of local government assistance in the Department of Community and Regional Affairs;

(7) "fraud" means the deliberate misrepresentation of a material fact to obtain assistance under this chapter or to receive a payment under this chapter;

(8) "full time equivalent" means a child care position that is filled more than five hours per day, but less than ten hours; Monday through Friday, every week of a given month.

(9) "grant" means a child care grant;

(10) "grantee" means an entity which has received a child care grant and has signed a contract with the division or contractor;

(11) "contract" means a written document between the grantee and the division or contractor which specifies the terms of the grant;

(12) "license" includes AS 47.35.010-47.35.080 and any permit or other supplemental requirement of a municipality;

(13) "municipality" includes a home rule, general law, or unified municipality, as defined in AS 29;

(14) "participate" means notifying the local administrator of the day care assistance program that the child care facility will care for children whose parents qualify and are receiving assistance under 44.47.250-310, and then carrying for those children, if requested and positions are available.

(15) "organization" means a local, nonprofit corporation which has organized under state law, adopted by-laws and elects its governing body in a manner that insures equal representation of the people residing in the community.  
(Effective / / , Register )

Authority: AS 44.47.250  
AS 44.47.301

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TITLE 19.  
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

- Part 1. Local Boundary Commission  
(19 AAC 05 - 19 AAC 20)
- Part 2. Municipal Services Revenue Sharing Program  
(19 AAC 30)
- Part 3. Division of Local Government Assistance  
(19 AAC 35 - 19 AAC 70)
- Part 4. Division of Rural Development Assistance  
(no regulations filed)
- Part 5. Rural Affairs Commission (no regulations filed)
- Part 6. Division of Community Planning  
(19 AAC 85 - 19 AAC 90)

PART 3.  
DIVISION OF LOCAL GOVERNMENT ASSISTANCE

Chapter

- 35. Senior Citizen Property Tax Exemption  
(19 AAC 35.010 - 19 AAC 35.120)
- 38. Farm and Agricultural Land  
(19 AAC 38.010 - 19 AAC 38.060)
- 40. Legal Assistance Grant Program  
(19 AAC 40.010 - 19 AAC 40.100)
- 42. Coastal Energy Impact Program  
(19 AAC 42.010 - 19 AAC 42.330)
- 50. Day Care Assistance Program  
(19 AAC 50.010 - 19 AAC 50.260)
- 55. Child Care Grant Program  
(19 AAC 55.010 - 19 AAC 55.200)
- 56. Education and Training Grant Program  
(19 AAC 56.010 - 19 AAC 56.180)
- 60. Rural Development Assistance Grant Program  
(19 AAC 60.010 - 19 AAC 60.200)
- 70. Bulk Fuel Storage Facilities Grant Program  
(19 AAC 70.010 - 19 AAC 70.200)

1. Purpose of Regulations
2. Delegation of Authority
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7. Subcontractors
8. Separate Accounting
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10. Use of the Money
11. Administrator
12. Eligible Applicant Grantee
13. Monitoring of a Contract
14. Revocation of a Contract
15. Fraud
16. Appeals
17. Technical Assistance
18. Definitions

19 AAC 56.010. PURPOSE OF REGULATIONS. The regulations in this chapter are intended to implement, interpret, and make specific the act providing state assistance in the education and training grants for child care employees and administrators under AS 44.47.301(d). (Effective / / Register ).

Authority: AS 44.47.301

19 AAC 56.020. DELEGATION OF AUTHORITY. The authority of the department under AS 44.47.250 - 44.47.310 is delegated to the division of local government assistance. (Effective / / Register ).

Authority: AS 44.47.301

19 AAC 56.030. PROGRAM OPERATION. (a) The division will contract with not more than two child care facilities within any municipality to administer the education and training grants for eligible applicants within the municipality.

(b) Child care facilities outside a municipality may contract with a child care facility within a municipality to administer the education and training grant for it, or may directly contract with the division.

(c) Child care facilities within two or more municipalities may join together to administer the education and training grant for eligible applicants within the municipalities.

(d) In those municipalities where there is an affiliate of the Association for the Education of Young Children, child care facilities are encouraged to work with, or subcontract to, the affiliate to carry out the administration of the program in this chapter. (Effective / / Register ).

Authority: AS 44.47.301

19 AAC 56.040. ALLOCATION OF FUNDS. (a) Each state fiscal year, three percent of the appropriated funds for this program will be set aside for those child care meeting the requirements of 19 AAC 56.120 but which did not contract with the division in the previous fiscal year. If this money is not allocated by December 31 of the state fiscal year for which appropriated, this money will be allocated as provided for in (b) (1) through (4) of this subsection.

(b) The division will allocate to a contractor a share of the money appropriated to the program for the fiscal year to which the contract applies. The division will determine the contractor's share by June 15 of the preceeding fiscal year or within 20 days after the enactment of the state operating budget for the fiscal year to which the contract applies, whichever is later. The division will determine the contractor's share of the education and training grants money by:

(1) using the current division of family and youth services printout of child day care licensed facilities in Alaska, add all the licensed child care positions by geographic area and total; and

(2) subtract from the sum of (1) of this subsection those child day care positions from the geographic areas where an application to contract for administration of this program has not been received; and

(3) divide the amount of money appropriated to the program for the fiscal year to which the contract applies by the difference obtained through (2) of this subsection.

(4) using the product of (3) of this subsection, multiply by the number of child day care positions for family day care homes, as described in (a) (1) of this subsection for each contractor applying to administer the money on behalf of the family day care homes. The product is the allocation to each contractor for money for family day care homes.

(5) using the quotient of (3) of this subsection, multiply by the number of child daycare positions for day care centers, as described in (a) (1) of this subsection for each contractor applying to administer the money on behalf of day care centers. The product is the allocation to each contractor for money appropriated for the education and training grant money for day care centers. (Effective / / Register ).

Authority: AS 44.47.301

19 AAC 56.050. APPLICATION. (a) An application for a contract under this chapter will be made on a form prescribed by the director.

(b) By May 1 of each state fiscal year the division will send application forms to each licensed facility. Family day care homes within a municipality are encouraged to select one facility to make the contract application on behalf of all the family day care homes within the municipality. Day care centers within a municipality are encouraged to select one facility to make the contract application on behalf of all the day care centers within the municipality.

(c) As a condition to receiving contract under this chapter for a state fiscal year, an applicant must return the contract application to the division postmarked no later than June 15 of the preceding state fiscal year for which funds are appropriated. (Effective / / Register ).

Authority: AS 44.47.301

19 AAC 56.060. DECISION ON APPLICATION AND CONTRACT. (a) A decision to provide a contract will be made by the director. The director's decision will be based upon the following criteria:

(1) The application demonstrates that over 50 percent of the licensed childcare capacity of facilities within the geographic area for which the application is made, concurs that the applicant administer this program on its behalf;

(2) The applicant meets the eligibility criteria described in 19 AAC 56.120; and

(3) the proposed expenditure of money is in accordance with eligible use of money as described in 19 AAC 56.100.

(b) In making a decision to approve a contract application, the director may, in his/her discretion make the contract contingent upon additional stipulations not contained in the application.

(c) Upon approval or denial of a contract application, the applicant will be notified in writing.

(d) A contract will be awarded when the application has been approved and when the applicant and the director have signed a contract specifying among other items, the purpose of the contract, the contract allocation of money and the period of performance. (Effective / / Register ).

Authority: AS 44.47.301

19 AAC 56.070. SUBCONTRACTORS. A contractor may enter into a subcontract with an organization for the performance of administrative duties under the contract if:

(1) the contractor has the written permission of the division;

(2) the contractor has published notice of its intent to enter into the subcontract in a manner which reasonably ensures that interested parties are aware that the contractor is accepting proposals for the subcontract; and

(3) the subcontractor meets the qualification established in 19 AAC 56.110 (a).

(4) a copy of the contract between the contractor and subcontractor is sent to the division within 30 days of a fully executed subcontract. (Effective / / Register ).

Authority: AS 44.47.301

19 AAC 56.080. SEPARATE ACCOUNTING. A contractor must establish a separate fund or separate accounting code within its accounting system for the receipt and disbursement of money under this chapter. The contractor must furnish the division with a copy of its annual audit or its annual statement of income and expenditures. (Effective / / Register )

Authority: AS 44.47.301

Register , 1982, COMMUNITY AND REGIONAL AFFAIRS 19 AAC 56.090  
19 AAC 56.110

19 AAC 56.090. RELEASE OF INFORMATION. A contractor must provide the division with statistics, financial records, and grantee records relating to the program, within 30 days after the date of receipt of a written request from the division or as otherwise required in the contract. (Effective / / , Register )

Authority: AS 44.47.301

19 AAC 56.100. USE OF THE MONEY. A contractor may use money it receives under this chapter only for education and training of eligible applicants in accordance with 19 AAC 56.120. A violation of this section is cause for immediate termination of a contract. (Effective / / , Register )

Authority: AS 44.47.301

19 AAC 56.110. ADMINISTRATOR. (a) A contractor shall appoint an administrator. If the contractor has entered into a subcontract under 19 AAC 56.070, the subcontractor shall appoint the administrator. An administrator must have training or experience in accounting, bookkeeping, records management and management of a state or federal program regardless of whether the state or federal program relates to child care facilities, or a related field.

(b) A contractor or subcontractor shall assign to the administrator appointed under (a) of this section responsibility for the administration of the contractor's or subcontractor's duties under the contract. The administrator's responsibilities under this subsection must include, but are not limited to, the following:

(1) maintenance of the contractor's or subcontractor's financial records and grantee records relating to the program;

(2) preparation of statistical reports requested by the division;

(3) maintenance of a file for each day care facility or family day care home, or both, located within the contractor's boundaries, if the contractor is a municipality, or located within the contractor's or subcontractor's region or community, if the contractor or subcontractor is an organization described in 19 AAC 56.030 or in 19 AAC 56.080;

(4) other responsibilities established in this chapter.

(c) The files maintained under this section must include the expiration dates of the day care facilities' licenses. (Effective / / , Register )

Authority: AS 44.47.250

19 AAC 56.120. ELIGIBLE APPLICANT GRANTEES. (a) Child care employees or administrators may apply for education and training if the facility where the applicant grantee is employed;

(1) has a current license under AS 44.35.010-47.35.080; and

(2) has a current municipal permit, if the municipality where child care is provided requires a municipal permit; and

(3) is geographically located where a contractor has a current contract with the division to administer the day care assistance program as provided for in 19 AAC 50.020; and

(4) agrees to participate in the day care assistance program and follow the facility operator's duties as provided for in 19 AAC 50.210; and

(5) agrees to provide payment of child care as provided in AS 44.47.301(g)

(b) The applicant grantee agrees to enter into an education and training program as provided for by the contractor in this chapter. (Effective / / , Register )

Authority: AS 44.47.301

19 AAC 56.130. MONITORING OF A CONTRACT. (a) The contractor shall, upon request of the division, at any time during normal business hours, make available to the division all records of administration of the grant.

(b) The contractor shall retain grant records for three state fiscal years or if there is a state audit, until the audit is complete. (Effective / / , Register )

Authority: AS 44.47.301

19 AAC 56.140. REVOCATION OF A CONTRACT. (a) If the contractor fails to comply with the contract or any other contract stipulations, the division will, in its discretion give written notice by certified mail to the contractor, describing the failure and stating the action needed to correct the problem. The contractor shall take corrective action within 10 working days of receipt of such written notice. The division will, in its discretion, withhold payment of contract money until there is compliance by the contractor.

(b) If the contractor fails to comply with (a) of this section, the division, after giving at least 15 days written notice, may:

(1) notify the contractor that the contract has been revoked, stating the cause, and stating that this closure will be considered in the evaluation of any future application; and

(2) require the contractor to repay all or part of the contract money received. (Effective / / ,  
Register )

Authority: AS 44.47.301

19 AAC 56.150. FRAUD. (a) If the division suspects that fraud has been or is being committed, the division will obtain the information relating to the suspected act of fraud, assemble the information, and report this conclusion to the director. Upon receipt of the division's report, the director will review all pertinent information.

(b) If the director determines, on the basis of the information received under (a) of this section, that a person has committed or is committing fraud, the director will notify the person in writing, by certified mail of his determination and of the reasons for his determination. The notice must include the action the director will take under (c) of this section, if any, and a statement of the person's right to an appeal under 19 AAC 56.160.

(c) No sooner than 10 days after the person receives the notice described in (b) of this section or, if the person appeals the division's determination under 19 AAC 56.160, unsuccessfully at the conclusion of the appeals under 19 AAC 56.160, the division will, in its discretion cease making payments under this chapter to the contractor for a period of up to two years. (Effective / / ,  
Register )

Authority: AS 44.47.301

Register , 1982, COMMUNITY AND REGIONAL AFFAIRS 19 AAC 56.160  
19 AAC 56.180

19 AAC 56.160. APPEALS. (a) Within 30 days of receipt of a letter advising an applicant or contractor that the director has denied an application or revoked a contract, the applicant or contractor may appeal that decision to the commissioner. The appeal must be in writing and must identify the part or parts of the decision to which the appellant objects.

(b) Within 30 days of receipt of an appeal of a decision, the commissioner will review the facts and any relevant supplemental material and will notify the applicant or contractor of the final determination affirming, reversing, or modifying the decision, and of the reasons for the final determination.

(c) During an appeal to the commissioner under (b) of this section, an applicant or contractor may request a hearing. At a hearing, the applicant or contractor may present evidence, examine witnesses, be represented by counsel and testify on his/her own behalf.

(d) If the applicant fails to file an appeal within the time set forth in (a) of this section, the director's decision constitutes the final determination of the Department.  
(Effective / / , Register )

Authority: AS 44.47.301

19 AAC 56.170. TECHNICAL ASSISTANCE. The division will make reasonable efforts to respond to a request by a potential or actual contractor for technical assistance in preparing an application and in aspects of program planning, administration, and implementation of the contract. (Effective / / , Register )

Authority: AS 44.47.301

19 AAC 56.180. DEFINITIONS. In this chapter,

(1) "commissioner" means the commissioner of community and regional affairs;

(2) "contractor" means a state licensed child care facility, who participates in the day care assistance program and provides for payment of child care as required in AS 44.47.301 (g);

Register , 1982, COMMUNITY AND REGIONAL AFFAIRS 19 AAC 56.180  
19 AAC 56.180

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

(4) "director" means the director of the division of local government assistance;

(5) "division" means the division of local government assistance in the Department of Community and Regional Affairs;

(6) "fraud" means the deliberate misrepresentation of a material fact to obtain assistance under this chapter or to receive a payment under this chapter;

(7) "grant" means an education and training grant;

(8) "grantee" means a person who is eligible to participate in the education and training grant program and who agrees to take such training or education;

(9) "license" includes AS 47.35.010-47.35.080;

(10) "municipality" includes a home rule, general law, or unified municipality, as defined in AS 29;

(11) "permit" means stipulations which a municipality has for day care facilities;

(12) "organization" means a local, nonprofit corporation which has organized under state law, adopted by-laws and elects its governing body in a manner that insures equal representation of the people residing in the community. (Effective / / ,  
Register )

Authority: AS 44.47.250  
AS 44.47.301

THE FOLLOWING DOCUMENT(S) MAY NOT FILM  
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ORIGINAL.

65.

March 13, 1981

Honorable Donald L. Cloekin  
Alaska State Legislature  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Cloekin:

During the recent evening hearing on House Bill No. 43 relating to Day Care Assistance, you asked if I could indicate how many communities may be interested in participating in the Day Care Assistance Program if local administrative costs are covered. I responded that I didn't know, but it was my opinion additional communities would be attracted to participate if administrative costs are allowed.

Since I believe that expansion of the Day Care Assistance Program to non-participating communities is important to funding stability for providers of care and to parents needing subsidized care, I asked for a computer run of licensed facilities. The enclosed chart indicates communities where there are licensed day care facilities, but there is no participation in the Day Care Assistance Program. Obviously, this chart does not mean that all these communities would be interested, but does indicate where the expansion might be.

I hope this information is useful.

Sincerely,

John P. Pugh  
Director

Enclosure

cc: Walter L. Carter  
Dept. of Community and  
Regional Affairs

JRP: [Signature]

ALASKAN COMMUNITIES HAVING LICENSED  
 DAY CARE FACILITIES WITH NO PARTICIPATION  
 IN THE DAY CARE ASSISTANCE PROGRAM

<u>Community</u>	<u>Day Care Center</u>	<u>Center Capacity</u>	<u>Day Care Hours</u>	<u>Home Capacity</u>	<u>Facility Total</u>	<u>Capacity Total</u>
Dillingham	-0-	-0-	1	6	1	8
Homer	1	20	1	4	2	24
Palmer	1	44	4	21	5	67
Seward	1	30	-0-	-0-	1	30
Soldotna	1	43	-0-	-0-	1	43
Tyonek	1	10	-0-	-0-	1	10
Valdez	1	24	1	1	2	25
Wainwright	1	20	-0-	-0-	1	20
Wrangell	1	45	-0-	-0-	1	45
Barrow	One Planned		-0-	-0-		
TOTALS					15	268

THE PRECEDING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.



# Alaska State Legislature

## House of Representatives

### Committee on

### Health, Education & Social Services

Rep. Don Clocksin, Chairman  
465-3797

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: House HESS Committee Members  
FROM: Rep. Don Clocksin, Chair  
RE: Additional Amendments to CS for SSHB 43  
DATE: April 8, 1981

#### Proposed Amendments to CS for SSHB 43 (Conceptual language)

1. Page 2, line 8 (d)  
amended to reflect the following concept:

Grants in addition to those in (c) of this section may be provided to day care centers for the sole purpose of training administrators and day care teachers.

The amount of grants will be determined according to availability of training services or types of potential contractual arrangements.

2. Page 2, line 28, insert words and parents after providers.

3. Page 4, lines 4 - 10 delete.

4. Page 4, line 15. after part-time enrollment, insert:

In addition, each day care facility receiving a grant under AS 44.47.250 - 44.47.310 - shall make at least 20% of its slots available for children eligible for day care assistance who may wish to pay based on the attendance policy.

DC:sp

*Accepted w/ a condition # 5*

*OK*

*3*

### Legislative Requests

1. That the amount presently placed in the state HESS budget for respite care be raised to \$364,223 from the current figure of \$264,000.
2. That the language of the grant be changed from "in-home" respite to "in-home and center-based" respite care; and that the 19 year age limit be deleted.
3. That the sum of \$336,199 be placed in the state HESS 81/82 budget to fund a subsidized specialized day care to be located in the Anchorage area.
4. That the sum of \$700,422 (specialized day care and respite total cost) be placed in the State HESS budget with the directive that the money be sent to the municipality of Anchorage who will administer the bidding procedure and supervise the execution of the grants.
5. That 1.9 million dollars be appropriated so as the municipality can purchase the Carriage House.
6. That the age restriction placed on day care placement be changed from 12 to 21 for handicapped children, same as Anchorage School District Special Education program.

ANCHORAGE SCHOOL DISTRICT  
SPECIAL EDUCATION

SUMMARY BY HANDICAPPING CONDITION  
January 12, 1981

Mentally Retarded	247
Learning Disabled	1,998
Emotionally Disturbed	88
Orthopedically Handicapped	59
Speech Impaired	977
Visually Impaired	10
Health Impaired	38
Hard of Hearing	57
Deaf	41
Gifted & Talented	1,490
TOTAL	5,005

*Senator Tom Kelly*

W H A T   A R E   W E   A S K I N G ?

1. That the State Legislature fund two programs: .

Center - based respite	\$364,223.00
Subsidized specialized day care	\$336,199.00

2. That the sum of \$700,422.00 be put into the State Department of HSS budget for the two programs; and that the Municipality of Anchorage receive the funds and administer the programs utilizing the legally prescribed bidding process.

3. *That.* Municipality of Anchorage *should receive* recipient of these bids in finding a temporary building for these programs until such time as a permanent structure can be completed.

**A PROPOSAL FOR FUNDING SUPPORT  
FOR DAYCARE CENTER FOR EXCEPTIONAL  
CHILDREN AND A CENTER-BASED RESPITE PROGRAM**

Attached are copies of proposals for funding that if approved by the legislature and funded through the Department of Health and Social Services or the Municipality of Anchorage will aid the many families needing these services. As a further attempt to reduce expenses, a proposed budget for both proposals to be managed together in one location by one management unit is also attached.

A PROPOSAL FOR FUNDING SUPPORT  
FOR DAY CARE FACILITIES  
FOR EXCEPTIONAL CHILDREN  
AGES INFANT THROUGH TWELVE AND  
FOR NON-EXCEPTIONAL CHILDREN  
AGES INFANT THROUGH NINE

Background

A Daycare center for handicapped and exceptional children has been a need required by parents of multi-handicapped children in the urban Anchorage area for many years. Services of this nature were provided in the earlier years by ARCA (Association for Retarded Citizens of Anchorage) and for the last 18 months by ADC (Alaska Developmental Center for Exceptional Childrer. Inc.). Both of these fine organizations have ceased operations for daycare centers because of financial difficulties experienced by the high cost of operations due to the high ratio of children to teachers/aids needed to provide care to handicapped children. There are several daycare centers located in Anchorage to service "normal" children. They are profit motivated and as a result it is not practical for them to accept handicapped children as clients since the student/teacher ratio is about two-thirds higher for normal children than for handicapped children. For example, one teacher can be responsible for five handicapped children or ten "normal" children.

If the cost to the parent is \$200 per month per child, the daycare center will receive \$1,000 of revenue per teacher for handicapped children and \$2500 per teacher for "normal" children.

The Problem

Since past history has shown that services for handicapped children are substantially higher than normal children, that the personnel caring for these children must have special aptitudes and feeling to dedicate themselves to handicapped children, and that parents of handicapped children already experience higher expenses in the raising of a handicapped child, there is a disparity against parents of handicapped children because they are not able to place their children in daycare centers or find employment to supplement their family incomes. Further, because of financial difficulties experienced by previous providers of this service, the parents and children have been displaced and uprooted every two years or so because the service is discontinued causing major trauma to parents, children and employers of parents since new arrangements must be made to care for the handicapped children.

Therefore, a solution to this problem would be a subsidized daycare center. By subsidizing a daycare center, continuity of programs can be established allowing parents and children to become confident in their setting without the trauma of discontinued service nor the additional financial obligation of paying the true costs associated with a daycare center for handicapped children.

Purpose of Proposal

The purpose of this proposal is to provide funding for the required staff, contractual services, commodities and equipment for a daycare center for handicapped and mainstream children that can be competitive for the paying parents with "normal" daycare centers. Currently, the representative group has requested ARCA to build an appropriate building and Catholic Social Services is considering administering the program. The following is a proposed budget for a subsidized daycare center for handicapped and mainstreamed children located in the Municipality of Anchorage:

100

Personnel Services

1. Business manager/coordinator	\$ 35,000
2. Personnel/staff trainer	20,000
3. Daycare center staff 3 ea. daycare supervisor at \$1,000 per mo. x 12 x 3	36,000
8 ea. daycare aide @ \$800 per mo. x 12 x 8	76,800
Overtime at 1', x 4.62/hrs. x 300 hrs. per year to cover sick, annual leave and replacement of staff	2,070
4. Secretary/receptionist @ \$800 per mo. \$800 x 12 x 1	9,600
5. Full charge bookkeeper @ \$2600 per mo. \$2600 x 12 x 1	31,200
6. Fringe benefits (20% of salary without overtime \$208,600 x 20%)	<u>41,720</u>
Total Personnel Services	<u>\$252,399</u>

200

Travel Expense

30 cents per mile for use of employee vehicles during business - 1,500 miles	<u>450</u>
Total Travel	<u>450</u>

300

Contractual Services

1. Insurance (building, fire liability)	3,000
2. Utilities: Gas \$100 per mo. 1,200 Electrical \$50/mo. 600 Telephone \$100/mo. 1,200 Long distance tele- phone \$50/mo. 600 Garbage/sewer \$50/mo. 600	6,600
3. Independent Quarterly Audit	5,000
4. Building Rent/Lease \$4000/mo.	48,000
5. Janitoria: \$200/mo.	2,400
6. Postage \$50/mo.	600
Equipment rental Coping equipment 150/mo. 1,800 Mag Card 150/mo. 1,800 Maint. of equip. 400/yr. 400	<u>4,000</u>
Total Contractual Services	<u>\$ 66,600</u>

400 Commodities

Paper supplies, housekeeping supplies		<u>8,000</u>
Total Commodities		<u>8,000</u>

500 Equipment - one time expense only

7 desks @ \$400	\$2,100	
3 executive chairs @\$200	600	
4 secretarial chairs @ \$150	600	
8 reception chairs (side chairs) @ \$80	640	
3 file drawer legal size file cabinets @ \$150	450	
3 standard typewriters @\$800 ea.	2,400	
Toys, training aids, special use educational aids	<u>2,000</u>	<u>8,790</u>
Total Equipment		<u>8,790</u>

100	Personnel services	252,399
200	Travel	450
300	Contractual services	66,600
400	Commodities	8,000
500	Equipment	<u>8,790</u>

\$336,199

Estimated Revenue

Fee Schedule

Part time (up to five hours per day) \$175/mo.  
 Full time (over five hours per day plus lunch)  
 \$265/mo.

20 students (part time x 9 mos. (school year) x \$175 per mo.)	\$ 31,500
35 full time students x 9 mos. (school year) x \$265 per mo.	83,475
55 full time students x 3 mos. (summer months) x \$265 per mo.	<u>43,725</u>
Total Estimated Revenue	<u>\$158,700</u>

Notes

Personnel services based on average of seven students per aide and five students per supervisor for a total of 71 students. Aides and supervisors would only be hired as the population of clientele demanded.

Revenue based on 35 full time and 20 part time students to start. If the program does not exceed revenue estimates, approximately \$63,360 in personnel services would lapse and return to the State at the end of the fiscal year.

Funds requested for rent of a building would lapse if ARCA is successful in its attempt to acquire funds to build a unit designed especially for a daycare center. Building rent would only be an interim expense until the new building would be occupied.

A PROPOSAL FOR FUNDING SUPPORT  
FOR CENTER BASED RESPITE FACILITIES  
FOR EXCEPTIONAL CHILDREN

Background

Parents of handicapped children have accepted their responsibilities by providing home care for these children, rather than making them wards of the State. Besides the higher expense associated with the rearing of these children, there is a basic need to get relief from the responsibilities of these children for short periods of time by the parents.

For the past 18 months a successful center based respite program has been operated by Alaska Development Center for the exceptional children. On April 1, 1981, they ceased operations and closed their doors because of financial difficulties with other programs offered by A. D. C.

Problem

With the loss of center-based respite care, the cost of providing the service goes up substantially to the State, and the parents are greatly inconvenienced and reluctant to use the in-home respite care that is now being offered on an interim basis. With center-based respite, two aides can care for five to seven children at a time in a location that is equipped to handle the problems associated with multi-handicapped children. With in-home respite the aide must go to the children, work in unfamiliar surroundings, "invade" the privacy of the family and increase the cost and reduce the efficiency of the service.

Purpose of Proposal

The purpose of this proposal is to provide funding for the required staff, contractual services, commodities and equipment for a center-based respite program for handicapped children. With the closing of the A. D. C. program the continuity of program has caused emotional trauma for the parents, teachers and children serviced by the program. Right now, if an emergency came up with any one of the families formerly serviced by center-based respite care, they could not get immediate care for their handicapped children so that they could take care of the emergency. The Anchorage School District has identified 483 multi-handicapped children who would be potential clients of center-based respite services. The following is a proposed budget for center-based respite care.

**BUDGET PROPOSAL**  
**CENTER-BASED RESPITE CARE**

**100 Personnel services**

1.	Business manager/coordinator		\$:30,000
2.	15 each aides @ \$1,100 per mo.	\$198,120	
	Mid-shift differential @ 3.75%	2,477	
	Grave shift differential @ 7.5%	4,954	
	Overtime for holiday coverage	<u>6,858</u>	
			212,409
3.	Fringe benefits (20% of salary without overtime)		<u>45,624</u>
	<b>Total personnel services</b>		<u><b>288,033</b></u>

**200 Travel expense**

**Total travel expense**

-  
-

**300 Contractual Services**

1.	Insurance (building, fire, liability)		3,000
2.	Utilities		
	Gas @ \$100 per mo.	1,200	
	Electrical @ \$50 per mo.	600	
	Telephone @ \$50 per mo.	600	
	Garbage, sewer @ \$50 per mo.	<u>600</u>	
			3,000
3.	Independent quarterly audit		5,000
4.	Building rent/lease @ \$4,000 per mo.		48,000
5.	Janitorial @ \$200 per mo.		2,400
6.	Postage @ \$20 per mo.		<u>240</u>
	<b>Total contractual services</b>		<u><b>58,640</b></u>

**400 Commodities**

**Paper supplies, housekeeping supplies**

**Total commodities**

8,000  
8,000

500	Equipment - one time only expense		
	2 standard typewriters @ \$800 ea.	\$ 1,600	
	3 desks @ \$400 ea.	1,200	
	3 executive chairs @ \$20 ea.	<u>600</u>	\$ 3,400
	Respite care furniture		4,000
	1 five-drawer, legal size file cabinet @ \$150	150	
	Toys, training aids, special use educational aids	<u>2,000</u>	<u>2,150</u>
			<u>\$ 9,550</u>

100	Personnel services	\$288,033	
200	Travel	0	
300	Contractual services	58,640	
400	Commodities	8,000	
500	Equipment	<u>9,550</u>	
	Total Proposed Budget		<u>\$364,223</u>

**BUDGET PROPOSAL  
CENTER-BASED RESPITE  
DAY CARE CENTER FOR EXCEPTIONAL  
AND NON-EXCEPTIONAL CHILDREN**

<b>100</b>	<b><u>Personnel Services</u></b>		
	1. Business manager/coordinator @ \$3000/mo.		\$ 36,000
	2. Full-charge bookkeeper @\$2,600 per mo.		31,200
	3. Personnel/staff trainer @\$1,660 per mo.		19,920
	4. 15 each respite aides @ \$1,100 per mo.	\$198,120	
	Mid-shift differential @ 3.75%	2,477	
	Graveyard shift differential @ 7.5%	4,954	
	Overtime for holiday coverage	<u>6,858</u>	212,409
	5. 3 each day care supervisor @ \$1,000 per mo.	36,000	
	8 each day care aides @\$800 per mo.	76,800	
	Overtime @ 1½ x \$4.62 hr. estimated 300 hrs. per yd. to cover annual leave, sick leave and replacement of staff	<u>2,079</u>	114,879
	6. Secretary/receptionist @\$800 per mo.		9,600
	7. Fringe benefits (20% of salary without overtime \$415,071 x 20%)		<u>83,104</u>
	<b>Total Personnel Services</b>		<b><u>\$507,022</u></b>

<b>200</b>	<b><u>Travel Expense</u></b>		
	30 cents per mile for use of employee vehicle during business - 1,500 miles		450

<b>300</b>	<b><u>Contractual Services</u></b>		
	1. Insurance (building, fire, liability)		3,000
	2. Utilities		
	Gas @ \$120 per mo.	1,440	
	Electrical @ \$60 per mo.	720	
	Telephone @ \$100 per mo.	1,200	
	Long distance telephone @\$50 per mo.	600	
	Garbage, sewer @ \$50 per mo.	<u>600</u>	4,560
	3. Independent quarterly audit		5,000
	4. Building rent/lease @ \$6,000 per mo.		72,000
	5. Janitorial services @ \$300 per mo.		3,600
	6. Postage @ \$50 per mo.		600
	7. Equipment rental		
	Copier equipment @ \$150 per mo.		1,800
	Mag Card typewriter @ \$150 per mo.		1,800
	Equipment Maintenance		<u>400</u>
	<b>Total Contractual Services</b>		<b><u>\$ 93,660</u></b>

400	<u>Commodities</u> Paper supplies, housekeeping supplies, office supplies		\$ <u>10,000</u>
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500	<u>Equipment - one time expense only</u>		
	8 desks @ \$400 ea.	\$3,200	
	4 executive chairs @ \$200 ea.	800	
	4 secretarial chairs @ \$150 ea.	600	
	8 reception/side chairs @ \$80 ea.	640	
	3 standard typewriters @ \$800 ea.	2,400	
	4 five-drawer legal-size file cabinets @ \$150 ea.	600	
	respite care furniture	4,000	
	toys, training aids, special use education toys	<u>2,500</u>	<u>14,740</u>
	Total Equipment		\$ <u>14,740</u>

**Budget Recap**

100	Personnel Services	\$ 507,022	
200	Travel	450	
300	Contractual Services	93,660	
400	Commodities	10,000	
500	Equipment	<u>14,740</u>	
	Total Proposed Budget		\$ <u>625,872</u>

### Legislative Requests

1. That the amount presently placed in the state HESS budget for respite care be raised to \$364,223 from the current figure of \$264,000.   
 \ 2/ disabled
2. That the language of the grant be changed from "in-home" respite to "in-home and center-based" respite care; and that the 19 year age limit be deleted.
3. That the sum of \$336,199 be placed in the state HESS program 81/82 budget to fund a subsidized specialized day care to be located in the Anchorage area. handicapped to age 21
4. That the sum of \$700,422 (specialized day care and respite total cost) be placed in the State HESS budget with the directive that the money be sent to the municipality of Anchorage who will administer the bidding procedure and supervise the execution of the grants.
5. That 1.9 million dollars be appropriated so as the municipality can purchase the Carriage House. now vacant - for #1 + #3
6. That the age restriction placed on day care placement be changed from 12 to 21 for handicapped children, same as Anchorage school district special Education program.

DHSS - Allen Korhonen

Admin - Dick Smith

Anch - Jewell Jones

**POSITION PAPER SB 517 and 518**  
**DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS**  
**LOCAL GOVERNMENT ASSISTANCE DIVISION**

**Palmer McCarter**  
**Director**  
**465-4707**

**Lare'**  
**Child Care Program Manager**  
**264-2201**

"An Act relating to day care assistance."

The Department supports the four major concepts of these bills (SB 517-518) that relate to the day care assistance program.

1. raising the day care subsidy scale to include moderate income.
2. administrative relief for local municipalities, or in the absence of a local municipality a local group, who administers the day care assistance program.
3. provision for child care assistance while parent(s) seek work.
4. child care grant program.

The cost of implementing these four concepts is estimated to be \$7,464,800 in FY 1982. This is \$7,464,800 over the Governor's budget request for the coming fiscal year.

Alaska's children are a vital resource to this young and growing state and need the developmental assistance just as fishing, timber, farming, tourism and other resource development has secured assistance. One method of assisting children is by providing quality of child care.

Nationally, over 50 percent of the women who have children under 16 years are in the labor force. Alaska women participate in the labor force at about the national rate. And

this rate is growing. The participation rate of both parents in the labor force, who have children under six years of age, is also growing and is predicted to be 50 percent by 1990.

Studies of young children point to the need of nurturing and trained caregivers, good nutrition and age appropriate equipment and supplies if the child is to grow and meet her/his potential and the expectations of the larger society.

The Department believes SB 517 begins to address this quality of care.

#### Section 1. Findings and Purposes

The Department supports the concepts and statements in the findings and purpose.

We believe the proposed federal cuts in the child nutrition and CETA programs will have a devastating impact on child care facilities. In a brief survey the Department conducted in the fall of 1980, most of the responding facility operators were using the child nutrition program and a majority of the child care centers were using CETA as a means of augmenting staff.

Alaska and child care providers are faced with the same dilemma as other states and industrial nations. How to provide a nurturing and developmental environment for children at a price parents can afford to pay.

The Department believes the child care grant program will lessen the impact of the federal cuts and begin to address the dilemma of affordable care.

Section 2. AS 44.47.250(a)(1)

The Department supports the inclusion of moderate income families. We project, with this inclusion, that the Day Care Assistance Program will serve a monthly average of 1542 families. The families are projected to have 2317 children who will participate in the program.

However, a limitation on both the projected dollars and people served is the straight line projection we have used based on current parent useage. Our current parents are low income wage earners and are frequently the most volatile in the labor market. That is, they are the last to be hired, work irregular hours, and are the first to be dismissed. These employment characteristics are generally not held to be true of moderate income wage earners. We may find that the new group of families to be served are more stable in the work force and thus the per child cost may be dramatically understated.

Section 3. 44.47.260 CONTRACT ADMINISTRATION

The Department supports this concept.

As the Day Care Assistance Program has expanded to include more and more families, and with the advent of the enrollment policy, the demand on local administrators' time has also increased.

We are concerned, however, that grants to municipalities for administration not come from program dollars for child care.

Therefore, we suggest that the language be amended to include:

"A separate grant award will be made to the department to pay this portion of the contractor's cost, but in no circumstance is this payment to come from grants appropriated for family child care."

The current day care assistance statute provides in 44.47.250 that outside of municipalities, the Department may contract with day care facilities and in the unorganized borough may contract with an organization to administer the program.

The proposed language in this section appears to prohibit administrative funds to these other entities. The Department would hope that all contractors could participate in receiving payment for a portion of the cost of administering the Day Care Assistance Program.

Section 44.47.270

The Department supports child care assistance to parents while seeking work.

Currently, many parents without the support of an extended family or friends to care for their young children are in a "Catch 22". They do not have funds to pay for the care of their children until they have work, but they cannot seek employment because they have no one to care for the children.

Many other states and the federal Title XX day care provide assistance while parents seek work. The local administrators of the Day Care Assistance Program have also identified a need for parents who are seeking work to have this type of assistance.

Section 44.47.305.

The Department supports the Child Care Grant Program.

The purpose of the grant program is to help licensed day care facilities meet the rapidly rising costs of providing quality child care without imposing an inordinate financial burden on parents using child care facilities. To this end, the program permits the award of grants to licensed day care facilities, adjusted for geographic regions, based on the average daily

enrollment of the facility for the month preceding the application.

Further, the current language states "may not exceed \$100 per child per month" end

(c) "application is made monthly."

The Department supports the concept of subsidizing child care costs by making direct grants of funds to child care facilities. However, the Department would like to see two changes made to the bill and clarifying language.

First, we would recommend that language in the bill requiring monthly grants be deleted or amended so as to allow the Department discretion in determining for what period grants are made. For example, we see no reason why the grants could not be made on a quarterly basis, thereby significantly reducing the administrative work load.

Second, we recommend that "not to exceed \$100 per child per month" be amended to read "not to exceed \$100 per full time equivalent child per month." It is possible for one licensed slot to be filled by as many as five children in a day. On the other hand, there are child care facilities who provide care 24 hours a day, seven days a week. We believe by amending this language both conditions can be met.

(d) We would recommend adding (line 25) "and any applicable municipal licensing requirements."

The Department also contracts with military bases for child care. The Department has no recommendation on whether this group should be included in the grant program.

(e) The Department supports the purposes for which this grant shall be used.

Salaries for child care givers have historically, and are currently, abysmally low. Most frequently they are minimum wage, long hours, and provide few, if any, benefits. This causes massive staff turnover and is disruptive to the child's sense of well being when constantly faced with new caregivers. Concurrently, it is a management nightmare to center operators and adds undo stress to parents when a child care home provider says "\$400 a month, for 12 hour days is not just compensation. I'm quitting."

There are currently about 1254 child care givers in licensed facilities in Alaska. SB 516 provides \$4 million for the total grant program or \$3 million for caregiver salaries. This translates into a yearly increase of \$2,392, a monthly increase of \$199 or an hourly increase of about 90¢. Thus, it would bring the child care home providers wage up to about \$600 per month, and the center staff up to \$836 per month. Again, few if any fringe benefits are provided for these caregivers.

The figures cited above are for current staff in licensed facilities. We believe these figures will not translate into this level of increased staff salaries. Nationally, 90 percent of the home childcare givers are not licensed. We believe this grant program will be an incentive for those homes not currently licensed to do so and will improve care. In addition, even with the poor return on the time and money expended for child caregivers, the demand for child care has caused more centers and homes to open. The Department is also getting more inquiries from rural areas where there are no licensed facilities reflecting changing community needs. Currently, Selawik, Hooper Bay, Aniak, McGrath, Nenana and Talkeetna are asking for assistance to develop childcare programs. Therefore, it appears that the increasing demand, coupled with this program, will in fact provide for less increases for staff salaries as projected above.

The Department works closely with the licensing staff of the Division of Family and Youth, Department of Health and Social Services. We understand that staff is working at capacity. To monitor already licensed facilities and to license new providers may be beyond the current staff capacity.

The remaining \$1 million in the child care grant program will be used for nutrition, equipment or staff training. All three components are essential for the developing child.

Alaska has lagged behind many states in providing training for child care providers. It appears that both programmatic and management training are needed by facility operators and caregivers.

The Department believes these types of training will not only add to the quality of child care but will strengthen the financial ability of providers.

### SB 518

#### Section 2

The Department believes the figure of \$50,000 for administrative costs to contractors may be in error. The Governor's budget for FY '82 for grants to families for child care is \$4,072,400. Ten percent of this figure would be \$407,240. The proposed language in Section 44.47 260 (SB 517) provides that the Department will pay ten percent of the billing figure. For instance, in March the 16 local contractors billed the state for \$262,560 for family child care. If the proposed language were in effect, the Department would have paid administrative costs to the local contractors of \$26,256. At that rate of expenditure, it would take less than two months to use \$50,000.

Again, the Department believes this administrative appropriation should be a separately funded grant and should not be comingled with the grants for family child care.

**THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE**

**FISCAL NOTE**

**I. REQUEST**

Bill/Resolution No. SB 517 and 518  
 Title "An Act relating to day care"  
 Requested by Senate Community & Regional Affairs Date April 28, 1981

**II. FISCAL DETAIL**

Agency Affected Department of Community and Regional Affairs  
 Program Category Affected Community Development  
 BRU, Program, or Subprogram(s) Affected Day Care Assistance Program  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		37.5	41.5	45.6	50.2	55.2
200 TRAVEL		4.0	4.4	4.8	5.3	5.8
300 CONTRACTUAL		4.3	4.7	5.2	5.7	6.3
400 COMMODITIES		.2	.2	.2	.3	.3
500 EQUIPMENT		2.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		7,464.8	8,476.4	8,926.0	9,402.6	9,902.0
	-0-					

**TOTAL**

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	7,512.8	8,527.2	8,931.8	9,464.1	9,969.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	1	1	1	1	1
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

These figures include the day care grant funds as a result of the raise in subsidy scale level, local municipal administration cost for the program, and the child care grants, using as a base 5746 child care slots. This also includes the need to employ an additional Field Training Officer to monitor grant and program activities.

This does not include revising the scale annually, recognition that median income families may use the program on a more constant level, thus increasing the child per care costs, more municipalities (organizations or day care centers, outside municipalities) may choose to contract with the department, or that more child care facilities will become licensed.

Future costs are projected assuming 10% inflation and program growth at 5% annually.

IV: DATE April 28, 1981 PREPARED BY *Pro*  
 AGENCY Department of Community & Regional Affairs  
 PHONE 264-2201  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

# What Is the Day Care Assistance Program?

The **Day Care Assistance Program** is to provide financial assistance for the cost of licensed day care to enable low-income parents or guardians to work or participate in a certified educational or training program.

# Who Is Eligible for the Program?

If you are a parent who is: working or going to school or, participating in a training program and need assistance to pay for day care costs.

Assistance is based on a sliding scale which uses your adjusted net income as its guidelines. The adjusted net income is the gross income minus the mandatory deductions for taxes, social security and a deduction for each child under the age of 18 living in the home.

# Where Do You Apply?

Call your local **Day Care Assistance Program Administrator** at...

# Who Chooses the Day Care Facility?

The parent or guardian chooses the day care facility. This home or center must be licensed. Check with your local Day Care Assistance Program Administrator

# What Do You Bring?

(What documents do you need)

1. Birth records of your children or other proof that you are the responsible parent or guardian.
2. Verification of employment and a work schedule or registration and participation in school or any other training program.
3. Divorce decrees, separation papers, or child support information if applicable.
4. Verification of income: income records, pay stubs, social security or pension award letters, child support information.



# The Juneau Day Care Assistance Program

IF YOU DON'T ALREADY KNOW ABOUT THE DAY CARE ASSISTANCE PROGRAM, PERHAPS YOU SHOULD. DAY CARE IS A BIG EXPENSE, IT PROBABLY COSTS YOU AT LEAST \$210.00 A MONTH FOR ONE CHILD. BECAUSE OF THE CURRENT TREND IN THE ECONOMY YOU CAN EXPECT DAY CARE COSTS TO INCREASE OVER THE NEXT YEAR.

WHAT DO YOU DO? GET HELP! THE CITY AND BOROUGH'S DAY CARE ASSISTANCE PROGRAM IS DESIGNED TO BRING THE COST OF DAY CARE WITHIN REACH. WORK AND DAY CARE GO HAND IN HAND. IF A PARENT IS UNABLE TO PAY FOR DAY CARE THEY ARE UNABLE TO WORK. THE DAY CARE ASSISTANCE PROGRAM MAY BE ABLE TO HELP YOU. IT WORKS ON A SLIDING SCALE BASIS THE GREATER YOUR NEED THE LESS YOU MUST PAY FOR DAY CARE.

THERE IS A GOOD CHANCE YOU ARE ELIGIBLE IF YOU: 1) ARE WORKING, GOING TO SCHOOL, OR IN A TRAINING PROGRAM. IN A TWO-PARENT FAMILY BOTH YOU AND YOUR SPOUSE MUST BE WORKING GOING TO SCHOOL, OR IN A TRAINING PROGRAM. IF ONE PARENT IS HOME WHILE THE OTHER PARENT IS GONE DUE TO EMPLOYMENT OR SCHOOL, YOU WOULD NOT BE ELIGIBLE UNLESS THE PARENT AT HOME IS NOT CAPABLE OF CARING FOR THE CHILDREN DUE TO MENTAL FOR PHYSICAL REASONS. 2) IF YOUR CHILD IS UNDER 11 YEARS OLD; 3) IF HE OR SHE GOES TO A LICENSED DAY CARE HOME OR CENTER; 4) IF YOUR MONTHLY NET (TAKE HOME) INCOME OR COMBINED NET INCOME FOR TWO-PARENT FAMILIES MINUS \$100.00 FOR EACH DEPENDENT CHILD IS ~~\$1,975.00~~ 1,975.00 OR LESS. YOU ARE ALSO ALLOWED A DEDUCTION FOR MAJOR MEDICAL EXPENSES NOT COVERED BY INSURANCE AND COURT-ORDERED PAYMENTS.

IF YOU THINK YOU MAY BE ELIGIBLE FOR THE DAY CARE ASSISTANCE PROGRAM, OR WOULD LIKE TO HAVE FURTHER INFORMATION, PLEASE CONTACT: MIKE STANLEY AT 586-3300 EXT. 52 OR, COME BY ROOM 203 OF THE MUNICIPAL BUILDING AT 155 SOUTH SEWARD STREET, JUNEAU

HOUSE RESEARCH AGENCY  
Pouch Y - State Capitol  
Juneau, Alaska 99811  
465-3991

MEMORANDUM

TO: Representative Jim Duncan

FROM: Susan Brody and Jack Fagnoli  
Issues Analysts

RE: Day Care Assistance--Alternatives for Legislative  
Action  
Research Request No. 50

This memorandum is in response to your request for an evaluation of possible changes in the present Day Care Assistance Program, for purposes of improving the long term financial stability of day care facilities. Our evaluation is based on interviews with 25 day care center operators throughout the state, and discussions with Lianne Wesley, administrator of the State day care program, and municipal program directors in Anchorage, Fairbanks, Juneau and elsewhere. Our interview findings are summarized in the Appendix to this memorandum and in our two earlier memoranda to you on the day care issue (February 11 and March 5, 1980).

The following alternatives for legislative action are discussed below:

- . amendments to the existing day care assistance statute;
- . supplemental subsidies to day care centers;
- . a State grant program to provide funds to day care centers for equipment acquisition, capital improve and staff training; and,
- . a State revenue sharing program for day care services.

The grant program could be initiated in conjunction with either of the first two alternatives. We have not had an opportunity to estimate the budget implications of these alternatives but will do so in another memorandum to be completed by mid-April.

AMENDMENTS TO THE DAY CARE ASSISTANCE STATUTE

Our interviews indicate that three of the primary problems in the operation of the current State program are: (1) escalating operating costs of day care centers; (2) the present State method of reimbursing day care centers for services provided; and, (3) the increasing financial burden of day care costs on families who receive little or no subsidy from the State.

Several amendments to the existing day care assistance statute (AS 44.47.250-310) are suggested below as a means of alleviating these problems.

1. Require the Department of Community and Regional Affairs to establish rates of payment which reflect the full cost of services provided by day care facilities, and review and revise those rates annually.

Our interviews indicate that the current rates paid by the Department of Community & Regional Affairs for day care services do not reflect the actual costs of providing services in many centers. Even in those centers where the rates "appear" adequate to cover costs, this may be the case only because staff salaries are extremely low (\$3-\$4/hour), or because rents or other basic expenses are subsidized. If rates are to keep pace with likely increases in operating costs, some formal mechanism of rate setting and review should be established. It may be especially important to review the current rates paid for infant care, as our interviews indicate that the lack of adequate rates has discouraged many centers from providing services for infants.

The Department of Health and Social Services currently operates under statutory provisions which establish a fairly concrete method for determining and reimbursing

the full cost of certain services under its jurisdiction. AS 47.40.040 states that the "full cost of services shall be determined by the per person, per day cost in the preceding fiscal year plus a proportionate share of anticipated cost of living and staff salary increment increases for the fiscal year for which the full cost of services... is being determined" (statute attached). Certain expenses are specifically excluded from the determination, such as major capital expenditures, religious training or education, and services which exceed the requirements of the department.

This method of determining costs of care could also be used in the present Day Care Assistance Program. It would eliminate the lag which now occurs between actual increases in the costs of care and the decision to adjust rates to reflect those increases. It would also allow day care facilities to offer adequate salaries, and, thus, decrease the extremely high rate of staff turnover which now exists.

A requirement for rate setting and review could be added to AS 44.47.250 (attached), which defines the powers and duties of the Department of Community and Regional Affairs in regard to the Day Care Assistance Program.

2. Require the State to reimburse day care providers, for services rendered to eligible families, on the basis of monthly enrollment rather than actual daily attendance.

At present, the State reimburses day care centers only for those days on which the children of subsidized families actually attend. This method of reimbursement is practiced by both the Department of Community and Regional Affairs and the Department of Health and Social Services, and results in centers not being able to recapture a significant portion of fixed costs which do not disappear simply because children are not in attendance on a particular day, or for a number of days each month. Day care centers are free to bill families not receiving subsidies, however, on an enrollment

basis (a practice many centers have adopted).

The number of subsidized children served as a proportion of total enrollment varies from center to center. For nine of the centers we interviewed, less than 25 per cent of their enrollment consisted of children receiving subsidies either through the Community and Regional Affairs program or through the Department of Health and Social Services. For an equal number of centers interviewed, however, 50 per cent or more of their enrollment was comprised of children receiving subsidies. An extreme example is the Childrens' Community Center in Juneau, where all but one of the children in their care receive State subsidies.

As the number of subsidized children enrolled in a center increases, the larger becomes the percentage of operating costs reimbursed on an attendance basis only. When this is coupled with a low rate of attendance, day care centers are likely to suffer financially. In fact, our calculations suggest that this may be the most important component of the monthly operating deficits which many centers are currently experiencing.

The difference between enrollment and actual attendance at centers seems clear among the centers we contacted. Of the twenty-five day care centers surveyed, almost all had actual attendance levels that fell below the number of children enrolled in the center. The majority estimated that, on most days, attendance averaged around 80-90 per cent of enrollment, while several centers indicated that their attendance was as low as 65-75 per cent of enrollment. Absences are often the result of sickness, but may also increase dramatically at certain times of the year. Day care centers typically experience significant declines in attendance during the summer months, and during December and January when families take vacations.

To understand the financial implications of reimbursing centers for costs on an attendance basis

only, we calculated the monthly operating costs for two hypothetical centers which have characteristics typical of many of the centers interviewed:

Consider one center with an enrollment of 75 children (all 2 years and over), of which 40 (53%) are receiving subsidies from the State, and where attendance averages about 80 per cent of enrollment. \$18,900 represents the total monthly operating costs for the center. (75 full time children X \$12/day X 21 days/month = \$18,900). This assumes that most of the standard operating costs (salaries, rent, insurance, maintenance, etc.) are fixed costs which must be paid regardless of whether all the children attend. Since 40 children out of 75 are receiving subsidies, 53 per cent of these costs are subject to reimbursement on an attendance basis only (53% X \$18,900 = \$10,017). If the subsidized children are absent from the center approximately 20 per cent of the time, then \$2,003 (\$10,017 X 20%) of the center's fixed operating costs will not be reimbursed by the State. In other words, the center might expect to run an operating cost deficit as high as \$2,000 per month.

Even for a center with fewer subsidized children and a better attendance record, monthly operating cost losses could be substantial. Consider a second center with 50 children, where 12 of the children (25%) receive subsidies. If these children are absent 10 per cent of the time, the monthly deficit would be \$315 per month, as indicated below:

- 50 children X \$12/day X 21 days = \$12,600  
monthly operating costs
- \$12,600 X 25% = \$3,150 X 10% = \$315 per month loss.

A provision requiring the Department of Community and Regional Affairs to reimburse costs (through municipalities) on an enrollment rather than an attendance basis could be added to AS 44.47.300, which establishes how benefits shall be paid. A similar change in the reimbursement policies of the Department of Health and Social Services might be made to insure that centers are not penalized

for offering day care services to children participating in those programs. In the past, the Division of Social Services has followed the lead of the Department of Community and Regional Affairs in the method of reimbursement used and the rate paid.

3. Require that the income levels which qualify a family for day care assistance be reviewed and adjusted annually to reflect increases in the statewide median income.

Currently, AS 44.47.280 requires the Department of Community and Regional Affairs to determine the eligibility of families for day care assistance based on the net income of the family, the number of children in the family, and whether there is one parent responsible for the care of the family. No mechanism is established, however, for periodically adjusting the qualifying net income levels as incomes rise.

If the desired goal is to identify a population in need of assistance (i.e., "low income" as stated in the statute), it may be helpful to define "need" in terms of how a family's income relates to the median income within the state or a particular region. Then, as the statewide or regional median income rises, the income level qualifying a family for assistance would also rise. Without such an adjustment, fewer and fewer families would qualify for assistance as salaries increase to conform with cost of living increases.

The median family income for Alaska is estimated annually by the U. S. Bureau of the Census (with a 1-2 year time lag), and provides a relatively simple mechanical basis for making this kind of annual adjustment. Other measures exist, such as the mean family income of families and the mean level of personal disposable income; but the median family income would appear to be the soundest basis for distinguishing between "low" and "middle" income families, and thus the most straightforward measure for adjusting family income eligibility levels.

The ratio of family income eligibility levels to the statewide median family income could be established for a base year, and that ratio could then be maintained as the statewide median income rises. For example, the qualifying net income for day care assistance is currently \$16,000, or 58 per cent of the statewide median income (\$27,572 in 1978). Under the proposed method, if the median family income increased by 8 per cent, the income level qualifying a family for day care assistance would also rise by 8 per cent, to \$17,280.

We discussed this possible means of adjusting family income eligibility levels with Jim Sullivan, economist with the Division of Economic Enterprise. He believes it to be a satisfactory method, but also noted that the method would be somewhat more accurate if movement (up or down) in the statewide median income level were also adjusted for movement in the statewide consumer price index, as salary levels often lag behind increases in the cost of living.

A provision requiring this kind of annual adjustment of family income eligibility levels could be added to AS 44.47.280, which establishes the eligibility of families for day care benefits.

The three statutory adjustments described above probably would do much to alleviate the most pressing financial difficulties of day care centers and, to some degree (through annual adjustment of eligibility income levels), ease the burden of rising day care costs on families currently not qualified to receive subsidies. In the following three sections of the memorandum, several additional approaches are discussed which go farther in these respects, and which might be a basis for more comprehensive revision of the State day care statute (and program) in the future.

#### SUPPLEMENTAL SUBSIDIES TO DAY CARE CENTERS

In discussing any plan for increasing the current State subsidy rates, it seems necessary to consider the effects of such an action on non-subsidized families. The logic for

this is straightforward: if the current per-child subsidy is considered insufficient to cover the actual costs of providing care, then it is also likely that the present fees charged for non-subsidized families (which generally are keyed to State per-child subsidy amounts) are also inadequate. A reasonable expectation, therefore, is that any increase in the State subsidy amount would probably be accompanied by a rise in charges to non-subsidized families. Particularly in the long term, then, as day care costs (and subsidies) continued to rise, the accompanying increases in cost for non-subsidized families could become a significant burden.

One possible approach to mitigating this effect could be an additional subsidy to day care centers, per licensed slot, for both subsidized and non-subsidized children. This would be in addition to the current State subsidy for qualifying children, but would be in lieu of any anticipated increase in that subsidy. In effect, then, the additional subsidy would achieve the same effect as a rate increase, but would mitigate any increased financial burden on non-subsidized families. The chief drawback to this approach, of course, is that the ultimate cost to the State would be somewhat higher than simply raising the per cent per-child subsidy rate. Another consideration is that such an action would constitute a direct subsidy of families which are not "low income", and thus could blur the distinction achieved by eligibility criteria.

A more direct means of accomplishing the same purpose would be to consider increasing (as distinct from annually adjusting) the income levels currently used to determine subsidy eligibility. This would allow more families to qualify for a State subsidy, and thus alleviate for them the burden of a straightforward increase in subsidy rate levels. A further adjustment might be to consider revising the current statutory language of AS 44.47.250, to identify "middle income" as well as "low income" families as qualified for day care assistance. While the implications of an approach such as this have not been investigated in detail, some combination of these two options presumably could be found which would significantly reduce the burden of increasing day care costs on the majority of families.

### STATE GRANTS TO DAY CARE CENTERS

While much of the preceding discussion has focused on possibilities for increasing State day care assistance, it is important to note that the emphasis consistently has been on minimal increases (income level and rate adjustments, billing procedures, etc.). Apart from these remedies, however, which attempt only to make day care operations economically feasible on a day-to-day basis, a number of other important needs remain largely unaddressed. The most important of these, as evidenced by most of the day care centers contacted, include (1) the need for major capital improvements, (2) training of staff, and (3) the acquisition of necessary equipment.

The most obvious source of relief is for day care centers to obtain loans which would satisfy some of these needs. Most day care centers, however, are in no shape financially to undertake any kind of debt repayment, and thus it is unlikely that a loan mechanism would afford any realistic possibility for relief. Furthermore, the only existing loan program specifically for day care centers (the Childcare Facility Revolving Loan Fund, administered through the Department of Commerce & Economic Development) limits loans to a maximum of \$30,000, has very strict collateral requirements, and provides only for loans necessary to meet licensing or certification requirements.

Creation of a grant mechanism, therefore, would seem the most viable approach for assisting day care centers in obtaining needed capital improvements, training for staff, and equipment necessary for their daily operations. While determining the amount of funding for such a grant program would require more detailed information than has been collected to date, it seems clear that the administrative apparatus required is already at least minimally in place: specifically, the present Day Care Assistance Program within the Department of Community & Regional Affairs, and its established linkages with participating municipalities. Thus, the major concern would appear not to be the mechanical feasibility of such a grant program, but rather a matter of the ultimate costs involved and whether grants for such purposes (capital improvements, staff training, equipment) are considered part of a State responsibility to provide day care services.

Implementing such a grant program, however, would almost certainly require amending the current day care statute (AS 44.33.240-275) to provide for the expansion in authority. The only potential obstacle immediately apparent, as with all the day care adjustments discussed, might be the granting of public monies to those day care centers which are profit-making. (This topic has been discussed in an earlier memorandum; however, a legal opinion may be necessary which focuses on the distinction between providing public monies for day care services as a public purpose, as opposed to day care center improvements as a public purpose.)

#### REVENUE SHARING FOR DAY CARE SERVICES

A possible alternative to the existing State Day Care Assistance Program would be to incorporate day care services within the present State revenue sharing program. The possibility is a novel one, and has not been investigated in depth, but at face value at least appears to pose no legal or mechanical problems. A major advantage of this approach would be that a predictable amount of funding would be guaranteed for statewide day care services. The pro rata format for distributing shared revenues would also assure that funding for day care services would be distributed equitably among all Alaska communities with qualifying (i.e., licensed) day care centers. Yet an additional advantage would be that, as part of the total annual revenue sharing entitlement, day care funds would pass through municipalities, which at present already are the administrative nexus for State day care funding. Thus, although adjustments might be necessary, in general, no new administrative burden would be created for municipal governments.

One potential problem with this approach, however, is that the shared revenue entitlement each year is fixed, and therefore any inclusion of day care uses might result in a decrease in shared revenues currently allocated for other purposes. The total annual entitlement could be increased to compensate for the inclusion of day care services, by an amount equivalent to the expanded funding needs discussed in this memorandum, but it is unclear at this point what obstacles such an action might encounter. A corollary problem is that at present there is no statutory guarantee or requirement that municipalities must use shared revenues for the purposes identified in computing the allocation. Department of Community

6 Regional Affairs regulations currently require only that a minimum of 20% of shared revenues, or the equivalent, be allocated by municipalities for specific purposes. Thus, statutory language similar to that currently provided for hospitals (e.g., "Funds received under this paragraph may be used only for day care centers (sic) and shall be apportioned among qualifying day care centers (sic) as the municipality may determine") probably would be required.

A further consideration is that the trend in shared revenue legislation may be away from specific per capita entitlements, and towards the combining of intended uses within general and miscellaneous shared revenue accounts (although specific exceptions may be possible). Part of the intent, for example, of proposed legislation such as CSHB 192 appears to be to permit municipalities more discretion in allocating shared revenues. This also raises the possibility that monies originally intended for day care services might ultimately be diverted at the municipal level to other purposes. (The converse possibility, of course, is that such a general account mechanism could also allow municipalities to allocate extra shared revenues for day care services, if they so desired.)

Overall, however, it may be too soon to be considering the inclusion of day care services in the revenue sharing program. Unlike police services, hospitals, roads, etc., the overall contours of the statewide need for day care services are fairly indeterminate at present, and probably will not emerge with any definiteness until the State program has been in operation (as is, or expanded) for a longer period of time than it has been to date. Until specific day care needs and basic operating problems are better identified, therefore, it may not be wise to artificially fix concepts (and, in effect, funding levels) by including day care services within the revenue sharing model. Such action could be premature if undertaken at this time, and possibly might arrest or make difficult the emergence of a developing public service.

A final consideration worth noting, however, is that, in the long term, inclusion of day care services within the State revenue sharing program (if feasible) probably would address

Representative Jim Duncan  
Page No. 12

the two most central concerns of day care advocates: guaranteed annual funding, and recognition of day care as an acknowledged public responsibility.

APPENDIX

A. Day Care Problems (Findings From Interviews)

B. Relevant Statutes

## APPENDIX A

### Day Care Problems: Findings From Interviews

#### Interview Sample

The issues and problems presented in this discussion are based on telephone interviews conducted recently with 25 day care center administrators throughout the state. Our sample represents 32 per cent of the 70 day care centers currently funded by the State, and a regional representation proportionate to population. The selection criteria for the centers contacted included enrollment capacity, regional representation, and participation in the Day Care Assistance Program. In our initial selection process, we attempted to identify those centers having financial problems, but also included centers operating in good financial health. Our sample is as follows:

<u>City</u>	<u>Number of Centers</u>	<u>Number Interviewed</u>
Anchorage	32	9
Fairbanks	19	2
Juneau	9	4
Ketchikan	2	1
Petersburg	1	0*
Sitka	2	2
Cordova	1	1
Bethel	2	2
Wasilla	3	1
Ft. Greely	1	0
Nome	1	1
Kotzebue	1	1
Kodiak	2	1
Anderson	1	0
Total:	70	25

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\*Although we did not conduct an interview with Petersburg, we are in receipt of a letter from the Center's Director that will be referenced throughout this report. The letter, submitted to the Juneau Association of Child Care Providers, details child care concerns in Petersburg.

Specific areas identified by administrators during our interviews are as follows:

- . escalating operating costs
- . attendance vs. enrollment
- . capital acquisitions and improvements
- . staffing costs
- . insufficient salaries
- . staff/child ratios
- . decrease in CETA funding
- . high cost of infant care
- . need for additional infant care providers.

These, as well as other problems and issues identified, are discussed in the pages following.

#### Escalating Operating Costs

Fifty-two per cent of the providers interviewed are experiencing program deficits. The extent of deficit ranges in severity from slight to extreme. However, several of the administrators undergoing slight financial shortfalls have projected a trend of increasing deficits. No administrator interviewed perceived a means for recovery beyond programmatic reduction or rate increases.

A major factor contributing to the current deficits of day care centers is increasing operating costs. The rise in costs is especially apparent in the areas of salaries, supplies and other commodities. For example, center operators reported increases ranging anywhere from 25 per cent to 158 per cent in food costs between FY 77 and FY 79.

#### Attendance vs. Enrollment

Throughout their fiscal year, day care administrators find themselves frustrated by efforts to meet fixed costs with an undependable and fluctuating income. A chief cause of this frustration, according to administrators, is the fact that the

operating policies established by the Department of Community and Regional Affairs for the Day Care Assistance Program establish a payment structure based on attendance rather than enrollment.

In the course of our interviews, administrators complained that their operating costs cannot be adjusted to the daily fluctuations in attendance, which is the current basis for payment. Several managers mentioned this has weakened the organizational structure of their centers. Paula Fridgen, Supervisor of St. Joseph Child Care in Cordova, added:

"Because the employment situation has been very poor here all winter, our child care volume has decreased 40 to 50 per cent. Because of this, trying to balance out workers and salaries is a real strain. Some of our workers don't know from day to day or hour to hour when they will be working. It's a real strain for the Director."

Day care center operators in communities experiencing seasonal economic downturns, such as Cordova, expressed special concern about the attendance method of reimbursement. In Fairbanks, one administrator stated her second largest cause for absence, beyond children's illness, to be parents' finances. Economic decline in the community results in parents' inability to pay for child care.

#### Capital Acquisitions and Improvements

The effects of inflation on operating budgets have caused many providers to neglect capital expansion and maintenance. In some instances, centers developed deficits when operators were forced to make emergency capital repairs and no funds were available for this purpose. In addition, several center operators noted the need for play equipment as an important component of quality care. Patti Meritt, Director of Play n' Learn in Fairbanks, stressed the statewide need for indoor/outdoor large-muscle equipment as essential for preventing developmental learning disabilities such as dyslexia, and added that day care centers do not have the funds necessary for equipment purchases of this magnitude.

### Staffing Costs

A major concern of the day care operators surveyed is the large percentage of program budgets committed to staff salaries. Funds obligated toward salaries and benefits range somewhere between 75-85 per cent of a center's operating budget. Since FY 77, however, some centers have been experiencing salary cost increases which have surpassed the rate of inflation. Between FY 77 and FY 79, St. Ann's Nursery had a 51 per cent increase in salaries with only a 17 per cent enrollment increase. In other centers salary increases have not kept pace with inflation. One Anchorage center showed only a 13 per cent salary increase over a two-year period. Another Anchorage provider lowered salaries to prevent an impending deficit.

### Insufficient Salaries

Most center administrators indicated that current salaries are not competitive with other similar job classifications in their communities. One indication of the effects of low pay scales is the high turnover rate among staff. The average length of employment in centers can be as low as three to six months, as is the case in Petersburg. Lee M. Robertson, Director of Carousel Child Care Center in Anchorage, stated a need she believes to be shared by all providers - funding to "pay our staff an attractive and fair wage," thereby providing an incentive "to remain in this dedicated field, when the children we care for is our America of Tomorrow." Some center administrators expressed apprehension about their ability to attract quality staff with substandard pay scales. Vicki Malone, Director of Bethel Social Services, stated that neither of the community's two day care center administrators is drawing a salary commensurate with her skills and training.

### Staff/Child Ratios

State regulations for licensed child care establish staff/child ratios, a requirement which all respondents agreed places demands on staffing volumes and costs.

Day care supervisors in Anchorage and Kodiak noted correlations between their programs' financial problems and the 1977 State regulatory amendment requiring more stringent staff/child

ratios. In Kodiak, both the manager and administrator of the U. S. Coast Guard Base Day Care Center stated that they periodically have considered removing the center from State affiliation in order to abandon the current ratio requirements. They have chosen not to exercise this option because they believe the ratios to be necessary, and because they do not want to sacrifice quality of care. They view the problem not to be the ratios, but rather the lack of income necessary to support the costs which required staff/child ratios entail.

Other day care managers viewed the currently required staff/child ratios as minimum guidelines, in contrast to their own centers' quality standards. The centers in Bethel, for example, offer comprehensive programs in child development, which require a more strict ratio of 1:6 for children and 1:3.5 for infants. Several providers added that competent staff, rather than ratios, is the truer measure of quality care.

#### Decrease in CETA Funding

Voluntary or subsidized employment assistance is the most often mentioned means of coping with the high cost of staffing. Fifty-six per cent of the centers contacted are relying on CETA or some form of employment assistance. Administrators expressed concern to us about the transitory nature of these funds, particularly CETA funds. Directors indicated that they would have no means of absorbing losses without CETA positions. Vicki Malone of Bethel projected a combined deficit of \$75,000 annually for the community's two centers. Administrators in Petersburg and Nome both stated that their centers "would fold without CETA." Excluding one administrative staff position, Kotzebue's child care center is staffed solely through 5 CETA positions.

Federal funding modifications of CETA during FY 90 have resulted in a decline in the total number of jobs per collar. The effect of this on day care centers receiving CETA funds from the State will be a 47 per cent decrease in total positions by 9/30/90. This does not include any additional decreases projected by Indian Prime Sponsor funding sources.

#### High Cost of Infant Care

Currently, 72 per cent of the day care centers contacted provide infant care. Of these, 27 per cent consider the cost of

care for infants to be significantly greater than the care costs for children.\* The Day Care Assistance Program's present rate schedule pays providers \$15.00 per day for full-time infant care, or an additional 25% above the rate established for children. However, 38 per cent of the providers interviewed believe the cost of infant care to exceed child care costs by as much as two or three times.

The primary reason cited for the disproportionate costs of infant care is a mandatory staff/child ratio (1 care giver for every five infants) which is double that for child care. Most operators regarded the staff/infant ratios to be necessary, however, and in fact many considered them to be substandard. The issue raised, in short, was not the validity of the ratios, but the financial burden which they create.

Another problem cited with regard to infant ratios concerned their inflexibility. Several operators cited problems in increasing their enrollment of infants beyond five, since the addition of a sixth or seventh infant would require a second full-time staff person.

Operators also questioned the accuracy of the age breakdowns in the ratios. A home administrator found that infant care required a 1:3 staff ratio, and discontinued the service. An administrator in Bethel noted a similar disparity and extended her thoughts to the rate structure, stating that the adequacy of the infant care rate depends on the number of toddlers enrolled because toddler care is less expensive than younger infant care. In light of these concerns about staff ratios, it is interesting to note that the new federal standards proposed for adoption include the following divisions:

<u>Age of Child</u>	<u>Staff/Child Ratio (Attendance)</u>	<u>Staff/Child Ratio (Enrollment)</u>
0-2 years	1:3	1:3
2-3 years	1:4	1:4
3-5 years	1:5	1:9

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\*Four centers were not polled on this question; the percentage could be higher.

### Need for Additional Infant Care Providers

The final issue raised in the interviews concerned the need for additional infant care providers. Six of the centers interviewed currently maintain infant waiting lists, while two centers have considered establishing an infant care service, but all are apprehensive about the added expense. Marion Estelle, Director for Petersburg Day Care Center, cited an "extremely urgent need for more licensed care in Petersburg, especially to care for infants and school-aged children." The future of existing infant care programs is being questioned in some other centers. Ricki Govaars, Supervisor of The Nest in Ketchikan, has found infant care to be an overwhelming expense which is draining the financial health of the center. She may need to terminate her infant care program, she said, but is exploring other options because the center is the sole source for this service in Ketchikan.

### Other Issues

Several approaches to other issues emerged during the course of our interviews which, while exceeding the boundaries of the current project, are noted below for future consideration:

An examination of the ramifications of the State's renewed participation in (federal) Title XX (Alaska is the only state not participating at present in the federal program).

A formalized mechanism for communication and resource coordination between day care centers and public schools.

A modification of the Department of Health and Social Services Child Protection Day Care Program, to provide less transitory placement of children needing assistance.

An exploration of the staff training needs of child care providers, for consideration in development of a statewide in-service program.

Expansion of Day Care Assistance staff to upgrade monitoring capabilities and to add training functions.

APPENDIX B

RELEVANT STATUTES

**Section**

270. Conditions of receipt of benefits  
 280. Eligibility of families for benefits  
 290. Contributions by parent or guardian

**Section**

300. Child care facilities  
 310. Definitions

**Editor's note.** — Section 1, ch. 66, SLA 1975, provides: "Findings of fact purpose. The legislature finds that a need exists in the state for the provision of adequate day care facilities for families with low income. Adequate child care facilities allow the parent or guardian to work outside the home and in many cases to avoid the need

for welfare and other forms of public assistance. The purpose of this Act is to establish in the Department of Community and Regional Affairs a program to aid low income families in urban and rural areas of the state in providing adequate care for their children."

\*

**Sec. 44.47.250. Powers and duties.** (a) The department shall

(1) implement and administer a program to assist in providing day care for the children of low-income families according to the requirements of §§ 250—310 of this chapter;

(2) establish standards of eligibility for day care benefits;

(3) contract for the care of children of eligible families;

(4) establish procedures to periodically review the needs of families receiving day care benefits;

(5) provide notification to the local government body of the request for a contract with a day care facility.

(b) The department may

(1) adopt regulations necessary for the performance of its duties under §§ 250—310 of this chapter.

(2) contract with municipalities to perform its duties under §§ 250—310 of this chapter within that municipality; with the approval of the department, the municipality may subcontract with another organization in the community to perform administrative duties;

(3) [deleted]

(4) contract with day care facilities outside of municipalities to provide more effective administration of programs in the unorganized borough; the department may contract with another organization in the community or with an organization serving the region in which the community is located to perform administrative duties. († 2 ch 66 SLA 1975; am § 1 ch 272 SLA 1975)

**Effect of amendment.** — The 1976 amendment deleted "with day care facilities" following "contract" in paragraph (2) of subsection (a), and in subsection (b) substituted "municipalities" for "local agencies" in paragraph (2), added the language beginning "within that municipality" in the end of paragraph (2), changed paragraph (3), which read "select

recommendations from local governing bodies regarding local agencies which may provide contractual services under this section," and added paragraph (4).

**Legislative committee report.** — For report on ch 66 SLA 1975 (HCS CSSB 120), see 1975 Senate Journal, p. 237, 1975 House Journal, p. 674.

Sec. 44.47.260. Local participation. When a contract is made under § 250(b)(2) of this chapter between the department and a municipality, the municipality shall pay the costs of administering the contractual duties within its jurisdiction. (§ 2 ch 66 SLA 1976; am § 2 ch 272 SLA 1976)

Effect of amendment. — The 1976 borough or city of the state" and for amendment substituted "municipality" for "incorporated borough or city." "local agency within an incorporated

Sec. 44.47.270. Conditions of receipt of benefits. Benefits may be paid for the care of children of a low income family only if a parent or guardian, because of the day care, is freed to work or to attend school. In no event shall benefits be paid for the care of children of a family where one parent or guardian is not working or attending school and is physically and mentally capable of caring for the children. (§ 2 ch 66 SLA 1975)

Sec. 44.47.280. Eligibility of families for benefits. The department shall determine the eligibility of families for day care benefits on the basis of the following factors:

- (1) net income of the family including salary, alimony, child support, retirement benefits, social security, and any other source of income;
- (2) number of children in the family;
- (3) whether there is one parent or guardian solely responsible for the care of the family;
- (4) whether the family receives aid to families with dependent children and is eligible for day care service under aid to families with dependent children.
- (5) other factors found relevant by the department. (§ 2 ch 66 SLA 1975)

Sec. 44.47.290. Contributions by parent or guardian. The department shall develop a sliding fee scale based on the factors listed in § 280 of this chapter for purposes of determining the amount to be contributed by the parent or guardian for child care. The contribution of the parent or guardian shall be paid to the day care facility. (§ 2 ch 66 SLA 1975)

Sec. 44.47.300. Child care facilities. (a) Parents or guardians shall select the day care facility for the care of their children.

(b) Benefits shall be paid by the department directly to the municipality contracting with the day care facility or, outside of a municipality, to the facility upon receipt of a billing from a municipality or facility. (§ 2 ch 66 SLA 1975, am § 3 ch 272 SLA 1976)

Effect of amendment. — The 1976 amendment reworded the section.

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Sec. 44.47.310. Definitions. In §§ 250—310 of this chapter

(1) "day care facility" means a center or home licensed in accordance with the provisions of AS 47.35.010—47.35.080 or recognized by the federal government for the care of children;

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

(3) "child" means a person who has not reached the age of 7;

(4) "day care" means the care, supervision, and guidance of a child or children unaccompanied by a parent or legal guardian on a regular basis for periods of less than 24 hours a day.

(5) "municipality" includes a home rule, general law and unified municipality, as defined in AS 29. (§ 2 ch 66 SLA 1975; am §§ 6—8 ch 253 SLA 1976; am §§ 4, 5 ch 272 SLA 1976)

Revisor's note (1976). — Paragraph (3) of AS 44.47.310 was amended by both § 7, ch. 253, SLA 1976, and § 4, ch. 272, SLA 1976. Since the two amendments appear to be inconsistent, and ch. 253 is superseded by ch. 272, only the later enactment has been given effect here.

Effect of amendments. — The first 1976 amendment retroc paragraphs (1) and (3) and added paragraph (4).

The second 1976 amendment substituted "who has not reached the age of 7" for "up to the mandatory school age" in paragraph (3) and added paragraph (5).

### Part 3. Administrative Officers.

#### Chapter

50. Notaries Public ( §§ 44.50.010 — 44.50.190)

53. Foreign Commissioners for Acknowledgments ( §§ 44.53.010 — 44.53.020)

Cross reference. — As to public administrator, see AS §§ 13.310 — AS §§ 13.350

### Chapter 50. Notaries Public.

6	Appointment and commission	110	Application of Administrative Procedure Act to revocation of notary commission
20	Qualifications	120	Bond
30	Term of office	120	Filing oath and bond
36	Fees	140	Disposition of bond
37	Chapter not a limitation on postmasters	150	Copy of bond as evidence
40	Duties	160	Misconduct or neglect
70	Presence and identification required	170	State employees as notaries
80	Seal	180	Postmasters as notaries
90	Preprint of bill or note	190	Savings clause
100	Return of papers to incumbent governor		

(10) "intoxicated person" means a person whose mental or physical functioning is substantially impaired as a result of the use of alcohol;

(11) "office" means the office of alcoholism within the Department of Health and Social Services;

(12) "treatment" means the broad range of emergency, outpatient, intermediate, and inpatient services and care which may be extended to alcoholics and intoxicated persons, including diagnostic evaluation, medical, psychiatric, psychological, and social service care, vocational rehabilitation and career counseling. (§ 1 ch 207 SLA 1972; am § 4 ch 116 SLA 1978)

Effect of amendment. — The 1978 amendment inserted "or through a grant awarded under AS 47.40.475" in paragraph (3).

Quoted in *Peter v. State*, Sup. Ct. Op. No. 1112 (File No. 2185), 531 P.2d 1263 (1975).

Chapter 40. Purchase of Services.

Section	Section
10 Purchase of services	50 Services
20 Licensing and supervision	60 — 70 (Repealed)
30 Required accounting procedures	80 Definitions
60 Determination of full cost of services	

Sec. 47.40.010. Purchase of services. (a) When the department purchases services for persons for whom the state has assumed responsibility under the laws of the state, the department shall

- (1) adopt regulations establishing the levels of care to be provided;
- (2) determine the rates of payment for the full cost of services required;
- (3) pay all expenses related directly to the full cost of services at the levels of care required;
- (4) make the placement of persons in accordance with the levels of care provided for in the regulations.

(b) Services of jails and other penal institutions may not be included in services purchased by the state in this chapter. (§ 1 ch 136 SLA 1970)

Sec. 47.40.020. Licensing and supervision. Anyone providing services which are purchased by the department under this chapter shall, if required by the department, be licensed and supervised in the same manner as boarding homes, foster homes and other institutions as provided for in AS 47.35.010 — 47.35.080 (§ 1 ch 136 SLA 1970)

Sec. 47.40.030. Required accounting procedures. Anyone who solicits or receives funds from the department for the cost of services provided under this chapter shall

- (1) meet accepted standards of fiscal accountability for public funds and shall, upon request, submit a complete financial statement by an independent, certified public accountant to the department and to the division of legislative audit.

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