

ALASKA LEGISLATURE COMMITTEE FILES 1903-1904 86/2

2363 SHESS SB 431 2363

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF FAMILY AND YOUTH SERVICES

POUCH H-05
JUNEAU, ALASKA 99811
PHONE: (907) 465-3170

February 29, 1984

DOCUMENT NO. # 84-57

The Honorable Mae Tischer
Representative
The Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Tischer:

This is in response to your request for information regarding the staff-to-child ratio at facilities in which the Division of Family and Youth Services places children. In order to put the specific information in context, you should be aware that licensing regulations require a staff to child ratio of 1:6 during daytime hours, and 1:12 during sleeping hours. The exact staff to child ratio on any given day will vary due to enrollment fluctuations. In addition, if there is a crisis due to a child or children acting up, extra staff may be called in to deal with the crisis.

In order to have comparable data for this request, we asked facilities to give us the exact staff-to-child ratio they experienced on Saturday, February 4, a day when children would not be in school although some might be on home visits. On that day, the staff-to-child ratios were as follows:

February 4, 1984

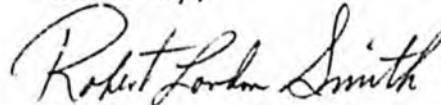
<u>Facility</u>	<u>Actual Ratio Staff:Children</u>
Bethel Group Home	1:4
Bethel Receiving Home	1:4
Booth Memorial Home	1:6
Alaska Children's Services:	
Jesse Lee	1:5.8
Rabbit Creek	1:5
Adventure Based Program	3:13
Emergency Shelter	3:13
Intensive Care Unit	2:5
Colletti House (Group Home)	1:5
North Star (Group Home)	1:5
Aquarius (Group Home)	1:5
Alaska Family Baptist Service Center	4:11

February 29, 1984

<u>Facility</u>	<u>Actual Ratio Staff:Children</u>
Kenai Community Care Center	1:5
Kodiak Baptist Mission (ES & Group Home)	3:10
North Star Borough Children's Receiving Home	1:3
Crossroads Youth Center	2:5
North Star Children's Home	1:3
Presbyterian Hospitality House	4:17
Maniilaq Group Home	2:3
Nome Receiving Home	1:6
Juneau Receiving Home	1:6
Sitka Receiving Home	1:4
Ketchikan Teen Homes	1:5

I hope this information is of assistance to you. Please feel free to contact me should you have any further questions.

Sincerely,



Robert London Smith, Ph.D.
Commissioner

SECTIONAL ANALYSIS OF SB 431 - AN ACT RELATING TO THE PURCHASE OF RESIDENTIAL CHILD CARE SERVICES; EFD.

HISTORY:

In 1982, the Legislature found the provisions of the Full Cost of Care statutes were ineffective in providing equitable funding to residential care facilities for children in custody of the state. The Legislature suspended the statutes (as 47.40) for a two year period, with a study to be completed by the Department of Health and Social Services and members representative of the providers. The study group was to present their findings to the Legislature on an equitable method of funding in 1984. This bill is a result of that study, it provides for contracts for care.

SECTION 1 AMENDS THE COMPETITIVE BID STATUTE TO ELIMINATE CONTRACTS FOR RESIDENTIAL CHILD CARE.

SECTION 2 REPEALS THE "FULL COST OF CARE" STATUTE.

SECTION 3 47.40.005 PROVIDES THAT THE DEPARTMENT PURCHASE RESIDENTIAL SERVICES FOR CHILDREN BY GRANTS TO LOCAL GOVERNMENT OR NONPROFIT CORPORATIONS FOR A SPECIFIED NUMBER OF BEDS.
REGULATIONS SHALL BE ADOPTED FOR AWARDDING GRANTS, SERVICES PROVIDED, ALLOWABLE COSTS AND METHOD OF PAYMENT.
JAILS AND PENAL INSTITUTIONS MAY NOT BE USED.

47.40.015 PROVIDES THAT FACILITIES MUST COMPLY WITH LICENSING REQUIREMENTS IF REQUIRED TO DO SO BY THE DEPARTMENT.

47.40.025 PROVIDES FOR ACCOUNTING PROCEDURES TO BE USED BY FACILITIES UNDER THIS CHAPTER; THAT THE FACILITY SHALL DEMONSTRATE THE ACTUAL COST OF SERVICES, AND PROVIDE THE DEPARTMENT AND LEGISLATIVE AUDIT WITH ALL FISCAL INFORMATION AND RECORDS ON REQUEST.

47.40.035 (a) PROVIDES THAT GRANTS SHALL BE AWARDED FOR UP TO A THREE YEAR PERIOD WITH AN ANNUAL COST OF LIVING ADJUSTMENT.
(b) PROVIDES THAT DEPARTMENT NOTICES FOR SERVICES SHALL INCLUDE: GEOGRAPHIC AREA, TYPES OF SERVICES, NUMBER OF BEDS AND DAYS OF CARE.
(c) GRANTS MAY NOT INCLUDE PAYMENT FOR:
1. costs of fund raising or lobbying
2. capital and major equipment costs for lease or purchase except depreciation
3. educational costs duplicating public schools.
4. costs of religious training.

5. costs of services substandard to or exceeding requirements
6. costs funded by other government sources

47.40.045 DEFINITIONS

- SECTION 4 PROVIDES THAT GRANTS AWARDED IN FY 85 MAY BE FOR ONE TO THREE YEARS.
- SECTION 5 REPEALS THE STATUTE REQUIRING YEARLY MEETING TO SET THE RATES FOR RESIDENTIAL CARE.
- SECTION 6 AMENDS LANGUAGE FROM SLA 1982 TO ALLOW THE RESIDENTIAL RATE STATUTE TO GO INTO EFFECT WHEN REGULATIONS ARE ADOPTED.
- SECTION 7 AMENDS LANGUAGE FROM SLA 1982 TO ALLOW THE RESIDENTIAL RATE STATUTE TO GO INTO EFFECT WHEN REGULATIONS ARE ADOPTED
- SECTION 8 PROVIDES THAT THE RATE STRUCTURE SET OUT IN 1982 SHALL BE INCREASED BY 10% FOR FY 85 PAYMENTS.
- SECTIONS 9-10 EFFECTIVE DATES.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB No. 431
 Title: An Act....purchase of residential child care services
 Sponsor: Rules Committee
 Requestor: Governor
 Date of Request: _____

FISCAL DETAIL

Agency Affected: HEALTH AND SOCIAL SERVICES
 Program Category Affected: _____
 BRU, Program or Subprogram(s) Affected: JUVENILE CUSTODY

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS			811.1	851.6	894.2	938.9
900 MISCELLANEOUS						
TOTAL OPERATING			811.1	851.6	894.2	938.9
CAPITAL			-0-			
REVENUE			-0-			

FUNDING: (Thousands of Dollars)

GENERAL FUND			811.1	851.6	894.2	938.9
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Mina Keeler, Acting for Michael Price Phone: 465-3170
 Division: Family and Youth Services Date: 1/9/84 JCC

Approved by Commissioner: Robert Paul Smith Date: 1/30/84
 Agency: Health & Social Services

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

SENATE BILL NO. 431

FISCAL NOTE

IV. ANALYSIS

A. ASSUMPTIONS

Promulgation of regulations and the monitoring of all programs and facilities will be done by current staff. The Department will negotiate for the number of beds needed and types of services by geographic area.

B. PROGRAM SUMMARY

This bill establishes a grant program whereby the Department would specify the number of beds and types of services needed in specific geographical areas, and facilities would indicate their ability to provide those services. Grants would then be negotiated with facilities throughout the state and the Division would monitor placements to ensure that children did not stay in placement longer than necessary.

C. COMPUTATIONS

Computations are based on the FY 84 Budget, the FY 85 Governor's Budget and then a 5% COLA for subsequent years.

FY 85 Governors Budget	5% COLA	= FY 86
\$16,222.3	\$811.1	\$17,033.4
FY 86	5% COLA	= FY 87
\$17,033.4	\$851.6	\$17,885.0
FY 87	5% COLA	= FY 88
\$17,885.0	\$894.2	\$18,779.2
FY 88	5% COLA	= FY 89
\$18,779.2	\$938.9	\$19,718.1

D. ECONOMIC IMPACT

The Department will be able to stay within budget allocations and provide residential care for those who are most in need.

E. IMPACT ON LOCAL GOVERNMENTS

There will be no impact on local governments.

Joe, Rick, Pappy

March 9

Bill Brinner

Comm. adapting regulations

Bill repeats same
Sec 2 repeats
→ transition clause

SB 431 - purchase of residential services
for children.

Nike Price - DFPS

Reimbursement for care is through
"full cost of care" formula.

New method a great process.
Legislature been concerned that
DHSS could not control the cost of
care. Capped budget in 1982 →
task force w. alternate methods

Accountant (provided) took part in
study. "it is a good compromise -
will allow appropriate care and
budget controls

* \$10.76/day (foster) * \$116/day cost of care (avg.). 122/day 1984
accelerated beyond inflation rate →
formula could be manipulated.

have made an effort to reduce
to no. of children in institutional care.
Emphasizing foster care. screen and
evaluate carefully.

Mina Keeler - DFYS

DFYS will determine services needed,
no. of beds, no. of days.
quality of care, professionalism of

Dale Veltz - Juvenile Receiving Home

Most child care facilities put on
hold. Bill better than what they've
had in the past. Rural facilities
have problems in funding
disparity in rates a problem

John Pugh - Rep. Com. on DH & SS

Parental provider input in
study. Met w/ all providers twice
and 2 providers on study group.
They have had input, improve.
minutes of mtgs. Sent out after
all mtgs.

Majority of states have contract
or grants.

42.40 - Came from Jim Chance - was
considered a model. Some areas were
manipulated.

REPORT TO THE LEGISLATURE
on the
PAYMENT RATE STUDY COMMITTEE

**DEPARTMENT OF HEALTH
AND SOCIAL SERVICES**

JANUARY, 1984

REPORT TO THE LEGISLATURE ON
THE PAYMENT RATE STUDY COMMITTEE

January, 1984

RECEIVED

1/11/84

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Appendices:

- I. Minutes of Meetings
- II. Chapter 138, SLA 1982
- III. AS 47.40
- IV. AS 47.05
- V. Current regulations, 7 AAC 50.900--7 AAC 50.960

EXECUTIVE SUMMARY

In June, 1982, the Twelfth Legislature suspended operation of AS 47.40.040 and AS 47.40.050 and ordered the Department of Health and Social Services to establish a Committee to study alternatives to the method of establishing payment rates under AS 47.40.

The charge to the Committee was as follows:

The Department of Health and Social Services shall conduct a study of alternatives to the method of establishing payment rates under AS 47.40. The study shall be conducted by a Committee of five members appointed by the Commissioner of the Department of Health and Social Services. Three members of the Committee shall be employees of the Department of Health and Social Services and two members shall be providers of residential child care services. The study shall contain, among other matters determined by the Department, a suggested redefinition of the manner in which rates for residential child care services are calculated, a consideration of the method and amount of reimbursement for capital costs of residential child care facilities, and the availability and use of other sources of money to finance residential child care services and to finance the construction of residential child care facilities. The Committee shall report its findings to the Legislature on or before the 30th day of the Second Session of the Thirteenth Legislature.

The three Department representatives on the Committee have been John Pugh, Deputy Commissioner; Marsha Hubbard, Director, Division of Budget and Finance; and Joe Betit, Assistant Commissioner. Representing private providers have been John Garvin, Director, Alaska Children's Services, and Linden Staciokas, who served on the Committee while she was Director of Presbyterian Hospitality House. Since her resignation she has been replaced by Dale Voltz, who had previously served as a nonvoting alternate, and who has attended all meetings.

The Committee met from November, 1982, through November, 1983. The work of the Committee began with a review of other states' systems, a comparison of the strengths and weaknesses of five rate setting methods, and discussions of what would be contained in an ideal rate-setting system. At the request of the Committee, staff initially prepared two draft bills for discussion purposes; a contracting bill and a bill that modifies the existing purchase of service system. While the Committee originally favored modifying the cost of care system to create more Departmental controls, as work progressed, Committee members shifted their preference to a contracting or granting mechanism. The final recommendation of the Committee, therefore, creates a grant system whereby the Department would advertise for the type of services, specified number of beds anticipated to be needed in specific geographical areas, and maximum number of days of care.

These grants would be exempt from competitive bid requirements, and would be awarded through Departmental granting regulations. The grants would not include payment for costs incurred in raising funds or lobbying; original and replacement costs of facilities other than depreciation or use allowance costs; costs of academic education duplicating the public education system; costs of religious training, costs of services which are substandard to or exceed the Department's requirements; or costs funded by other governmental sources. Grants could be renewed for up to three years, depending on the availability of funds and on the results obtained in performance evaluations during grant review site visits and in periodic fiscal audits.

THE FULL COST OF CARE SYSTEM

AS 47.40, the Purchase of Service statute, was passed in 1970. It was written to become a purchase statute for a variety of Departmental programs, but has only been applied to the children's programs operated by the Division of Family and Youth Services and its predecessors. It supplanted contracting for services with individual facilities.

AS 47.40 sets per child daily rates by calculating the unit cost in the past year based on the full cost of providing services to the number of children in care, and adding to the unit cost a cost of living and staff salary increase. The occupancy rates for the facility become very important in determining the next year's rates, since there are a number of fixed costs to running a facility regardless of the number of children in care. If the occupancy of a facility is low, those costs, when divided among a fewer number of children will lead to higher per child rates. AS 47.40 has therefore become known as the "full cost of care" statute because the State is obligated to pay for the "full cost of services" provided by the facilities.

Each year rates are calculated based on each facility's prior year financial experience. The total allowable cost for operating the facility is divided by the number of days of care provided to children during that year. This figure serves as a base daily rate upon which to increase rates further by an inflation factor. Over the years, some major problems have developed with this method of calculating rate structures for the providers. First, when calculating the total cost for the facility in the prior year, no consideration is given to the vacancy rate in the facility. If the facility is licensed for 10 children, but cares for only 5, the operating cost in the prior year will often include the overhead cost for the entire 10 beds, thereby effectively increasing the per child rates. In addition, the rate is determined by dividing the overall operating cost by the census and, therefore, a low census will result in a higher rate in the upcoming year.

This vacancy factor also creates problems of cycles of feast and famine for facilities should their occupancy rate rise and fall. In a year where the occupancy is low, the facility may have difficulty managing. However, their rates will increase significantly in the next year. Should their occupancy suddenly increase, the raise in rates will result in the facility receiving more money than is necessary for ongoing operations. Similarly, if occupancy rates were high in the prior year upon which rates for this year were calculated, and the number of children decrease, this year's rate will not adequately cover the operating expenses. In short, the full cost of care system of calculating rates tends to create uncertainty for the facilities and often results in the daily rates the State pays for care not accurately reflecting the cost of actual services provided.

Secondly, because the daily rates the State must pay to facilities this year is based on total expenditures from last year, the facilities have claimed that the State must include in the rate determinations all other income received by the facility, be it private donations, community contributions, and even State and Federal sources of funds. This interpretation of the statutes means that the cost to the State can rise dramatically in a cumulative fashion, and that local communities are not encouraged to provide ongoing support for facilities benefiting the community.

An additional problem with the rate calculation system under full cost of care is that provisional rates are established in August for the following fiscal year on the basis of records of actual expenditures for the prior year provided by the facilities. Subsequently, the Department's auditors have to audit the prior records to establish a final audited rate. Often, there may be disparity between the provisional and final rates which results in either the Department owing money to the facility or the facility owing money to the State. This creates an additional hardship on both the facilities and the Division in budgeting and in living within their budget.

Finally, this system does not lend itself to working within the budget cycle. Since the initial budget figures are developed more than a year prior to the time the budget goes into effect, there is no way to project the rates the Department will be paying facilities. While the Department may come close to projecting numbers of children needing placement based on past experience, there have been no adequate indicators to guide in projecting daily rates.

PAYMENT RATE STUDY COMMITTEE

Chapter 138 ordered the Department of Health and Social Services to appoint a committee of five members, three of whom were to be Department employees, and two of whom were to represent private providers. In July, 1982, Commissioner Helen Beirne appointed three Departmental representatives: John Pugh, then Director of the Division of Family and Youth Services, and now, Deputy Commissioner; Joe Betit, then Director of the Division of Administrative Services, and now Assistant Commissioner; and Marsha Hubbard, Director, Division of Budget and Finance. Two providers were appointed: John Garvin, Executive Director of Alaska Children's Services, Anchorage, and President of the Alaska Association of Homes for Children; and Linden Staciokas, Director of Presbyterian Hospitality House, Fairbanks. Two non-voting members were also asked to represent the small and bush facilities: Dale Voltz, Director of Juneau Receiving Home, and Bill Webb, Director of the Nome Receiving Home. Upon Ms. Staciokas' resignation in April, 1983, Dale Voltz was asked to become a voting member of the Committee.

The Committee met from November, 1982, until January, 1984, holding nine meetings during that time. The Committee directed Division staff to develop draft bills for consideration, one revising the full cost of care system, and the other, a contracting bill. These drafts went through numerous revisions. Finally, the Committee decided to abandon the cost of care system altogether and recommended going to a granting system. The Bill which was drafted by the Committee staff and approved by the Committee, was referred to the Office of the Attorney General, and reviewed by staff there. The Bill is now being introduced by the Governor as one of his legislative recommendations, and is included on page 13 of this report.

The Committee also directed staff to develop a draft set of regulations, which would address some of the major areas of concern the Committee addressed. While these regulations will need further revision to ensure compatibility with the Department's granting regulations and with the revised Bill, they are presented in this report to indicate the major areas the Committee thought should be included in regulations. These draft regulations are included on page 18 of this report.

ISSUES

There were three topics that the Legislature requested be included in the study: rate-setting mechanisms, capital costs, and sources of funding. In addition, the Committee addressed another five issues: allowable expenses, service providers, cost comparisons among facilities, accreditation, and appeal procedures. Each of these issues will be discussed in detail.

Rate Setting Mechanism: Chapter 138 stated that the "study shall contain, among other matters determined by the Department, a suggested redefinition of the manner in which rates for residential care services are calculated." In order to study methods, the Committee reviewed a number of rate setting mechanisms and compared the strengths and weaknesses of each from the perspective of providers (P) and of the administration (A):

1. Flat Rate/Scheduled Rate Method

Under this method, a specified rate is paid to all facilities regardless of the actual costs involved in providing the necessary care. As a result, although the rates paid are often based on surveys of provider costs or on general governmental indices, some providers are underreimbursed for their expenses while others can realize a "profit." However, a scheduled rate method is the easiest and least costly method to administer.

(Discussion based on assumption that rates set prior to appropriation.)

<u>Strengths</u>	<u>Weaknesses</u>
A Easy to administer	A Profits and severe underfunding could affect quality of care
P Pre-determined knowledge of rate	P Failure to take into account individual agencies' programming
A Uniformity and, with proper levels of care, could be fairness	A Difficulties in developing levels of care
A Costs for next FY established prior to budget	P Negotiations take time, resources, etc.
	P Rate is generally set historically, fails to keep pace with inflation and industry norms (COLA)

A=Administration
P=Provider

2. Negotiated Rates

This method relies on the supply/demand relationship between the number of institutions able to provide the required care and the amount of public funds available to pay for that care. Negotiated rate methods often start out as cost-based methods, but deviate from them if provider costs increase more quickly than government revenues.

(Based on contract - but could be a grant process also.)

<u>Strengths</u>	<u>Weaknesses</u>
A/P Individualized contracts for each agency	A/P Complexity and difficulty of administration (RFP process)
A Creation of new programs where needed	A/P Possible lack of continuity
A Competition among providers	A Capital projects paid by the State decrease competition*
A Ability to live within appropriation	A Necessitates the specification of type of care needed
A Administration can set limits on costs, expenditures (based on appropriation)	A/P Adversarial process
P More "sophisticated" providers would have an advantage in RFP process	A/P Could be more out-of-state bidders
P Would know the projected revenue from thr. State at the beginning of the fiscal year	1. not knowledgeable about Alaska
	2. megabucks behind them and out-of-state bidders unaware of high ongoing salary costs

A = Administration
P = Provider

*State funded buildings would have to be taken into account in administration of a negotiated program.

3. Fee for Component Service Method

This method is more sophisticated than the flat rate method in terms of relating the rate paid to the service provided. There are two basic approaches under a fee for component service method. The first is to set rates for various groups of institutions providing similar services. The other approach is to set rates for specific services to be provided to an individual child, such as certain types of therapy or tutoring.

Strengths

- A/P Allows for individual programming/child (cost-incentive) and allows for payment of those services
- A This type of system would be necessary to implement a goal oriented system (GOSS) which could allow for evaluation of services for each child
- A/P Truer picture of costs per type of child .

A = Administration
P = Provider

Weaknesses

- A/P Staff resources
- A Administrative problems - fiscal, audit
- P Additional administrative costs to the provider
- A/P Possibility for conflict between provider and administration over services needed

4. Cost Based Method

This method bases the rate paid on the costs incurred by the institution in providing care to the child. Determination of costs may be accomplished either by taking historical costs and applying a cost-of-living adjustment to allow for the intervening time lag, or by using costs which have been projected by the provider for the period to be covered by the rate.

Strengths

- P Helps providers to keep up with increasing costs
 1. Inflation factor
 2. Upgrading of program
- P Program continuity
- A/P Up-front administrative costs are minimal

Weaknesses

- A/P Great fluctuation in percentage increases/decreases
- P Providers have major cash flow problems since it's retrospective rate setting
- A Difficulty in initiating new programs

A/P Detailed regs can provide a clearer understanding of allowables/unallowables, etc., (Preferred by providers)

P Provides an opportunity for improved quality of care if resources are available

A/P Better Department/provider rapport

A = Administration

P = Provider

5. Alaska's Full Cost of Care System

Strengths

P Helps provider keep pace
-inflation
-development

P Program continuity

A/P Administrative costs are minimal

A/P Opportunity for improved quality of care

A/P Provider/State rapport is good

A If programs stay full, there is an advantage to the State

A Private dollars do supplement State dollars

A Provider competition

A No incentive for cost effectiveness

A Requires audit resources

A Lack of control over program development and costs

A Inability to adequately forecast rates for budget purposes

A Lack of ability to influence programming

A Severe problems with emergency shelter

Weaknesses

A/P Lack of detail regs
-lack of specificity of allowable costs
-lack of depreciation as allowable

A Annual audit for rate-setting is required and audit staff are insufficient

P High increases by one or few providers means decreasing dollars for others

A/P Uncontrollable costs escalation (private dollars can escalate costs)

A Leads to deficit spending

- A/P Extreme fluctuation in rates
- P Cash flow problems
- P Funding problems for ES
- A Inability to control program development

A = Administration
P = Provider

6. Ideal System

Following the comparisons of the five methods, the Committee considered the elements that an "ideal system" might include. Providers and the State representatives were in agreement that an ideal system would be easy to administer, would improve quality of care for children, provide continuity of care and for a reasonable growth in the amount of beds. In addition, it would control cost escalation, provide for individualized programming for children, would address other income sources and depreciation, and would set program standards. There was also agreement that emergency shelter beds would be treated as a separate component, ideally.

Providers felt that their ideal system would allow for program development autonomy. They would like to see a formal rate setting mechanism which is not totally controlled by the Department, but would allow them to influence the rate setting process.

In addition, they would like system reimbursement of a predetermined number of beds rather than per diem, a prepayment system on a monthly basis, and for payment of all allowable expenses. They would like salaries to be not less than 80% nor more than 100% of the comparable State salaries, not including benefits. They would also like to see accreditation by a body like the Joint Commission on Accreditation of Hospitals (JCAH), the Child Welfare League of America (CWL.A), the National Association of Homes for Children (NAHC), or the Council on Accreditation for Services to Children and Families (COSA).

The State representatives felt an ideal system would allow the State program control and a predictable system to forecast costs for budget, would provide for competition and cost-effectiveness, would require an 85% census for full payment and 70% for emergency shelter care.

Conclusions: Originally, the providers favored retaining the cost of care provisions for regular group home and institutional beds, but felt that this system was not workable for emergency shelter beds. There was agreement that the State should enter into negotiations for a specified number of emergency shelter beds, through either a grant or contract mechanism. As the work of the Committee progressed, however, there was

more interest among providers in having the State contract for care, especially in smaller facilities. Finally, in October, 1983, the providers instructed their representatives to seek a change to the system that would allow for contracts or grants for all facility types, if there were a cost of living provision built in. Thus, the proposed bill changed from a revision of the cost of care system to a granting mechanism.

Capital Costs:

In discussing capital costs, Committee members agreed that there should be a broad range of options for covering capital costs. Currently, construction costs for some facilities are paid by the sponsoring nonprofit facility, often through gifts or fund-raising drives. In some communities, as in Juneau, the municipality owns the facility building. In other communities, the State may have to assume the costs where a facility is needed and there are no other existing options. This has been the case in Kenai and in Nome, and to a certain extent in Kotzebue, where the State provided construction costs to the Maniilaq nonprofit organization. Having the State assume capital costs was seen as a last option, with preference given to private or municipality funding wherever possible. The Committee also considered a related issue in allowing for the depreciation of buildings or use allowance in the proposed amendment to AS 47.40 and in proposed draft regulations.

Sources of Funding: Under the present full cost of care system, there are few incentives for building in other sources of funding beyond the State on an ongoing basis. Two or three facilities do have fund raising campaigns. Donated funds are then used not only for construction, but also for program enrichment. However, under the present system, if facilities can fund program enrichment one year, those costs will be built into the State rates in subsequent years.

Alaska is unique in having facilities totally dependent on State funding. This has developed even when facilities might have preferred more program autonomy, and where they have charitable contributions from churches. The present system automatically incorporates donated funds into ongoing State rates. This has developed a relationship which has led to greater dependency of facilities on State funding.

Allowable Expenses: Providers and State representatives on the Committee agreed early on that one of the problems in the current system is that providers hadn't been given clear enough guidance on the kinds of expenses that were allowable and those which were not. This has contributed to the problems in administering the full cost of care system. Therefore, the Committee instructed staff to develop a fairly complete list of allowable expenses, to be included in draft regulations.

Service Providers: The issue raised by providers was: who should the State purchase services from? At the present time all providers of

service are either private nonprofit organizations or municipalities. However, profit making organizations can receive licensing, and the purchase bill and regulations are the appropriate place to consider the issue of profits vs. nonprofits. The decision was made that it was preferable to restrict the purchase of services to nonprofit organizations and municipalities. This restriction would be consistent with the Department's granting regulations 7 AAC 78.010 - 7 AAC 78.320 which restrict grants to nonprofit organizations.

Accreditation: Another issue which received consideration was whether accreditation by a national body such as the Association of Homes for Children or the Council on Accreditation for Services to Children and Families should be a requirement for licensure. This topic was discussed in some depth at the October meeting attended by all providers. In favor of this requirement, there were arguments that accreditation provides for an outside review which leads to program improvements. Given present staff shortages within the Division, there was some concern that licensing activities would be curtailed, which currently have served to improve programs. After much debate, it was decided that due to the additional cost factors, accreditation should not be required; however, it will be encouraged by including accreditation expenses in the list of allowable expenses in regulations.

Cost Comparisons Among Facilities: The Committee requested staff to conduct a study comparing costs among facilities to include both personnel and non-personnel costs, and comparing costs in privately operated facilities to costs in State operated facilities. The results of that study are included in this report.

Appeal Procedures: Providers raised concern that at present there are no means to resolve grievances between the providers and the State. Upon further exploration, this issue was subdivided into two issues: appeals regarding the award of funding or level of funding; and those regarding placement or removal of children. Under the proposed system of granting funds to facilities, the Department's grant regulations, 7 AAC 78.010 - 7 AAC 78.320, do provide for appeals regarding awards. This kind of appeal will be incorporated into regulations for this program. It was further decided that it is inappropriate to deal with placement appeals in the purchase system, but that the Division should come up with a mechanism whereby regional managers will be involved in hearing placement appeals.

REVISIONS TO AS 47.40

Revised January 31, 1984

*Section 1. AS 37.05.230 is amended by adding a new paragraph to read:

(11) The provisions of this section relative to competitive bids do not apply to the purchase of residential child care services under AS 47.40.

Sec. 2. AS 47.40.010 -- 47.40.080 are repealed.

Sec. 3. AS 47.40 is amended by adding new sections to read:

Section 47.40.005. PURCHASE OF SERVICES. (a) When the department purchases residential services for children for whom the state has assumed responsibility under AS 47.10, the department shall

(1) award grants to local governmental units or non-profit corporations;

(2) award grants for a specified number of beds as provided for in AS 47.40.035.

(b) The department shall adopt regulations necessary to carry out the provisions of AS 47.40.005 -- 47.40.045, including regulations establishing the procedures to be followed in awarding grants, the types of services for which payment may be made, costs that may be paid with grant money, and the method of payment.

(c) Services of jails and other penal institutions may not be included in services purchased by the state in this chapter.

Sec. 47.40.015. LICENSING AND SUPERVISION. Facilities providing services which are purchased by the department under this chapter, shall, if required by the department, be licensed and supervised as provided for in AS 47.35.010 - AS 47.35.080.

Sec. 47.40.025. REQUIRED ACCOUNTING PROCEDURES. Facilities

which solicit or receive grants from the department for 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;

(2) demonstrate the expenditures for the services provided using cost accounting procedures in accordance with department regulations;

(3) upon request, furnish the department and the division of legislative audit all fiscal information, books, records, and accounts pertaining to services paid for under this chapter.

Sec. 47.40.035. GRANTS. (a) The department will award grants in accordance with regulations adopted by the department. To the maximum extent possible, grants shall be for a period of three years. Multi-year grants shall be adjusted annually to include a cost of living allowance.

(b) Notices published by the department regarding the opening of the application process for an impending grant award will specify the geographical area in which services are needed, the type of services, the number of beds anticipated to be needed, the maximum number of days of care, and any other requirements established by the department. Grants authorized under this section are exempt from the competitive bid requirements of AS 37.05.230.

(c) Grants may not include payment for

(1) costs, including salaries and fees, incurred in raising funds or lobbying;

(2) original and replacement costs of facilities, major equipment, and other capital assets, including those capital assets

obtained by purchase, construction or lease with option to purchase, other than costs for depreciation or use allowance, as specified in regulations;

(3) costs of academic education which duplicates the public education system except as provided for in regulation;

(4) costs of religious training; and

(5) costs which are funded by other governmental sources.

Sec. 47.40.045. DEFINITIONS. In this chapter

(1) "bed" means space in a facility which is usable for occupancy by a child for 365 days a year;

(2) "cost of living allowance" means the percentage change from the preceding calendar year based on the Department of Labor's All-Urban Consumer Price Index (CPI) for Anchorage for January 1 through December 31, or a comparable index as specified in regulations;

(3) "department" means the Department of Health and Social Services;

(4) "nonprofit corporation" means a corporation organized under AS 10.20;

(5) "residential services" means 24 hour care and supervision of children in residential child care facilities, which are otherwise known as group homes and institutions.

*Sec. 4. TRANSITION. Grants awarded under sec. 3 of this Act during fiscal year 1985 may be for periods of one, two or three years.

*Sec. 5. AS 47.05.010(14) is repealed.

*Sec. 6. Section 1, ch. 138, SLA 1982 is amended to read:

Sec. 1. FINDINGS. The legislature finds that the present method for establishing payment rates under AS 47.40 for residential child care services is inadequate. The Department of Health and Social Services shall conduct a study of alternatives to the method of establishing

payment rates under AS 47.40. The study shall be conducted by a committee of five members appointed by the commissioner of the Department of Health and Social Services. Three members of the committee shall be employees of the Department of Health and Social Services and two members shall be providers of residential care services. The study shall contain, among other matters determined by the department, a suggested redefinition of the manner in which rates for residential child care services are calculated, a consideration of the method and amount of reimbursement for capital costs of residential child care facilities, and the availability and use of other sources of money to finance residential child care services and to finance the construction of residential child care facilities. The committee shall report its findings to the legislature on or before the 30th day of the Second Session of the Thirteenth Legislature. The legislature further finds that the rates established under AS 47.40 should be suspended from June 30, 1982 to the effective date of regulations adopted by the Department of Health and Social Services under AS47.40.005(b) [JULY 1, 1984].

*Sec. 7. Section 2, ch. 138, SLA 1982, is amended to read:

Sec. 2. The operation of AS 47.05.010(14), AS 47.40.010, 47.40.040, and 47.40.050 is suspended from July 1, 1982 to the effective date of regulations adopted by the Department of Health and Social Services under AS 47.40.005(b) [THROUGH JUNE 30, 1984]. During the period of suspension, payment for services provided by residential child care facilities shall be made solely in accordance with the provisions of secs. 3 and 4 of this Act.

*Sec. 8. Section 4, ch. 138, SLA 1982, is amended to read:

Sec. 4. For fiscal year 1985 [1984] the payment rates for residential child care services shall be the amounts set out in sec. 3

of the Act increased by 10 [TFN] percent.

*Sec. 9. AS 47.40.005(b), enacted in sec. 3 of this Act, and secs. 6 -- 9 of this Act take effect immediately in accordance with AS 01.10.070(c).

*Sec. 10. AS 47.40.005(a) and (c) and 47.40.015 -- 47.40.045, enacted in Sec. 3 of the Act, and secs. 1, 2, 4, and 5 of this Act take effect on the effective date of regulations adopted by the Department of Health and Social Services under AS 47.40.005(b), enacted in sec. 3 of this Act.

DRAFT RESIDENTIAL CHILD CARE GRANT REGULATIONS

January 16, 1984

Note: The following set of draft regulations is not totally inclusive, but is a beginning effort to identify some of the areas which committee members thought should be included in regulations. In addition to these areas, the department will review 7 AAC 78.010 - 7 AAC 78.320 and modify appropriate sections regarding letters of intent, the application process, the awarding of grants and administration of the grant program.

* * *

SCOPE. The provisions of 7 AAC 50.____ - 7 AAC 50.____ apply to the purchase of residential care services for children the department must place away from their own homes. It is the policy of the department that when children must be placed away from their own homes, they will be placed in the least restrictive setting and as near to their homes as is possible and consistent with their treatment plans.

SERVICES PROVIDED. Services include: (a) Direct child care including food, shelter, ongoing clothing needs, personal incidentals: such as allowances and school supplies, medicine chest supplies and first aid materials, routine transportation, recreation, opportunity to engage in culturally relevant experiences, emotional nurturing, supervision of the child, discipline appropriate to the growth and development of the child, and other items which are normal and usual in the care of a child;

(b) intake evaluations and decisions relative to the placement of a child;

(c) social work services with the child and with the child's parents or relatives as specified in the case plan and approved by the division;

(d) preparation of written reports and summaries;

(e) collateral contacts with schools, doctors, legally responsible agents or relatives as specified in the case plan and approved by the division; and

(e) preparation of the child for placement and discharge.

LICENSING AND SUPERVISION. (a) Facilities must be licensed prior to finalization of a grant, and must remain in compliance with the licensing requirements in order to be eligible for payment under these regulations.

(b) The division will visit placed children, review records, and inspect the facility as necessary to insure that appropriate care is provided to children in placement.

(c) The division will conduct on-site administrative and case evaluations at a minimum of one time a year.

REQUIRED ACCOUNTING PROCEDURES. (a) Requirements for keeping books; type of records kept; and frequency.

(b) Compliance audits.

DIRECT AND INDIRECT COSTS. (a) Cost of residential care services for children will be designated as direct or indirect costs according to the provisions of U. S. OMB circular A-122 (6/27/80) at points B and C.

(b) Indirect cost rates will be determined in accordance with the provisions of U. S. OMB circular A-122 (6/27/80) at point P. Notwithstanding the above, however, the indirect cost rate may not exceed the equivalent of 20% of total direct costs of residential care services.

ALLOWABLE AND NON-ALLOWABLE EXPENSES. (a) To be allowable under these regulations, costs must be

(1) reasonable for the performance of the service, and be allocatable thereto;

(2) conform to any limitations or exclusions in these regulations or instructions;

(3) be determined in accordance with generally accepted accounting principles;

(4) not be included as a cost under any other program of funding; and

(5) be adequately documented.

(b) Examples of specific allowable and non-allowable costs are listed in (c) - (h), below. Failure to mention a particular item is not intended to imply that it is either allowable or non-allowable. Generally the determination as to allowability shall be based on the treatment of similar or related items of costs. Agencies shall obtain written approval with the Department of Health and Social Services prior to incurring special or unusual costs.

(c) Personnel and training.

(1) Salaries. Salaries and wages earned by a facility's regular employees (full or part-time) and by temporary employees.

(A) Allowable.

(i) Reasonable salaries for qualified personnel necessary for the efficient operation of the facility. Records must be supported by personnel activity reports, such as time sheets, which meet the following standards:

- The reports must reflect an after-the-fact determination of the actual activity of each employee.
- Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the facility.
- Each report must be supported by records indicating the total number of hours worked each day.
- The report must be signed by the individual employee, and by a responsible supervisory official having first-hand knowledge of the activities performed by the employee, and who can certify that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the report.
- The reports must be prepared at least monthly and must coincide with one or more pay periods.

(ii) The value of free housing and meals furnished by the facility to the employee will be included for the purposes of determining whether the employee's total compensation is reasonable.

(B) Non-allowable. Salaries funded by other sources.

(2) Employee Health and Retirement Benefits. Hospitalization insurance, retirement plan contributions; group life insurance payments, and other fringe benefits.

(A) Allowable. Fringe benefits which may include health insurance, retirement plan contributions, and other fringe benefits. A reimbursable fringe benefit plan is one which is reasonable and available to all permanent employees.

(i) Retirement plans, provided that such plans meet the test of reasonableness, the methods of cost allocation are not

discriminatory, and the cost assigned to each fiscal year is determined in accordance with generally accepted accounting principles.

(d) Non-allowable.

(i) If retirement plans require a certain number of years for vesting, and the employee quits before that period of time, payments to the employee are not allowable.

(ii) Self-insuring costs.

(3) Payroll taxes and other related expenses. Social Security, employer's portion of FICA, federal and state unemployment insurances, workmen's compensation insurance, etc.

(A) Allowable. Employer's share of FICA taxes, unemployment insurances, workmen's compensation insurance and other required expenses related to the employment of staff.

(B) Non-allowable.

(i) Taxes and related expenses which are the employee's responsibility.

(ii) Penalties and interest on delinquent tax reports and deposits.

(4) Training.

(A) Allowable. Costs of on-the-job training and part-time education related to the job requirements of bona fide employees including textbooks, tuition and fees charged by educational institutions.

(B) Non-allowable.

(i) The costs of training courses taken by a bona fide employee to acquire basic skills which the employee should have brought to the job, or to qualify the person for duties other than those related to the facility's goals.

(ii) Convention and/or conference expenses which do not constitute acceptable training experiences for direct service staff and staff having line management responsibility in the service area.

(iii) Expenses not supported with necessary documentation as to actual cost, purpose of trip, etc.

(d) Administrative Services, supplies, etc.

(1) Professional fees, and contract service payments: purchased services including those of attorneys, auditors, accountants, and psychiatrists which are purchased by the agency on a fee for service basis.

(A) Allowable.

(i) Fees authorized by the Department paid to psychiatrists, psychologists, and other specialists providing a specific reimbursable service to the facility.

(ii) Fees paid to CPA's for the cost of an annual audit or other services.

(B) Non-allowable.

(i) Retainer fees paid to professionals.

(ii) Fees, salaries or honorarium for board members.

(iii) Fees paid to lobbyists, or to professionals engaged in fund-raising activities for the facility.

(2) Supplies: costs of office supplies, medical supplies, building, and ground supplies.

(A) Allowable.

(i) Stationary, typing, accounting and office supplies.

(ii) Medications not covered by Medicaid, first aid supplies, bandages, aspirin, etc.

(iii) Janitorial and ground maintenance supplies such as shovels, brooms, soaps, light bulbs, toilet paper, paper towels, etc.

(iv) Dishwashing detergent, paper napkins or kitchen supplies, utensils, etc.

(v) Bedding, laundry supplies, linens, etc.

(B) Non-allowable. Supplies and materials which are nonexpendable.

(3) Telephone and Telegraph. Telephone and communication costs related to the facility's program.

(A) Allowable.

(i) Reasonable and necessary long distance calls which are supported by documentation as to person placing the call, party called, telephone number of called party and date of call.

(ii) Purchase, installation and local charges related to business use of telephone.

(iii) Emergency communication and/or telephone answering services.

(B) Non-allowable. Telephone and communications costs not related to the facility's child care program.

(4) Postage and shipping: mailing costs including stamps and payments on postage meter readings, and freight and shipping costs.

(A) Allowable. Postage and shipping costs related to child care functions.

(B) Non-allowable.

(i) Cost for mailing brochures or pamphlets, the primary purpose of which is the solicitation of contributions.

(ii) Stamps or payments on postage meter readings applicable to personal usage or other business interests.

(5) Outside printing and art work for public relations and community education: Brochures, leaflets, films and other informational materials and cost of their distribution

(A) Allowable. Cost of disseminating informational materials pertaining to the facility's program of service.

(B) Non-allowable. Cost of literature, brochures, films, whose primary purpose is fund raising or the promotion of the facility's name.

(6) Conferences, conventions, and meetings. Travel, lodging, meals, and other expenses related to conventions, conferences and meetings.

(A) Allowable. Costs of meals, transportation, rental of facilities for meetings and costs incidental thereto when the primary purpose of the incurrence of such costs is the dissemination of technical information directly related to the operation of the facility's programs or services, and is directly related to the duties performed by staff within the facility.

(E) Non-allowable.

(i) Costs for such meetings which are not directly related to the performance of services purchased by the state or to the operation of the program.

(ii) Costs of more than one trip outside the state per year.

(iii) Expenses not supported with necessary documentation as to the actual cost, purpose of trip, etc.

(7) Costs of subscriptions, reference and resource publications.

(A) Allowable.

(i) Subscriptions, reference and resource materials for direct use by residents, or those materials used by staff in the performance of their duties with the facility.

(B) Non-allowable.

(i) Those materials not directly related to the services purchased by the department.

(ii) Materials related to fund raising purposes.

(8) Membership dues.

(A) Allowable.

(i) Agency dues or membership fees to associations which have a direct relationship to the child care program and help to maintain or improve the agency program.

(B) Non-allowable.

(i) Dues or membership fees paid on behalf of an individual to any organization.

(ii) Membership fees paid for the use of credit cards.

(9) Miscellaneous. Moving and recruitment costs, bonding insurance, other interests, state and local licenses and operating fees, general liability insurance, directors' and officers' liability insurance, etc.

(A) Allowable.

(i) Expenses involved in bonding.

(ii) Payments to Department of Commerce for filing annual reports and other such fees and necessary licenses required by state or municipal government.

(iii) Reasonable and necessary cost of "want ads" for employees' positions.

(iv) Moving expenses for employees within the regulations and amounts governing state employees.

(v) Insurance costs for the liability protection of the facility, its staff and board of directors in the fulfillment of its mission, including comprehensive liability and malpractice liability.

(vi) Interest on short term loans for emergency program operating expenses is allowable only with prior department approval documented in writing.

(vii) Expenses involved in achieving accreditation as a residential care facility.

(B) Non-allowable.

(i) Bad debts, including losses (whether actual or estimated) arising from uncollectible accounts and other claims, related collection costs and related legal costs.

(ii) Bid and proposal costs.

(e) Real property and equipment.

(1) Physical Plant and Major Equipment: Rent, utilities, building maintenance, property insurance and taxes, mortgage interest, and other building occupancy expenses.

(A) Allowable.

(i) Rental Costs.

(a) Rental costs of land, buildings, equipment, and other personal property are allowable if the rates are reasonable in light of such factors as rental rates of comparable facilities and market condition in the area, the type, life expectancy, condition, and value of the facilities leased, options available, and other provisions of the rental agreement.

(b) The cost of utilities or other services included in the rental agreement.

(c) Charges in the nature of rent between plants, division or organizations under common control are allowable to the extent such charges do not exceed the normal costs of ownership, such as depreciation, taxes, insurance, interest and

maintenance; provided that no part of such costs shall duplicate any other allowed costs.

(ii) Utilities: Includes the cost of any of the following unless the cost of one or more of them is included in the rent: heating fuel, water, gas, electricity, rubbish removal, sewage, etc.

(a) Only the net portion of utility bills.

(b) Only utility bills that are applicable to the child care program.

(iii) Repairs and maintenance costs: Normal maintenance and repairs costing less than \$5,000, which are necessary for the upkeep of property which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition.

(iv) Property insurance. Fire insurance, general liability, boiler insurance, elevator insurance, etc. (reasonable and based on market valuation of property insured).

(v) Property taxes: Allowable with Department approval after all attempts to maintain exemption have failed.

(a) Property taxes, including those which are incurred in the rental of facilities or parts of facilities used in child care programs.

(b) Personal property taxes on equipment and furnishings which are not otherwise exempt.

(vi) Mortgage interest: interest paid on the mortgage secured by real estate.

(a) Mortgage interest on property related to child care services.

(b) Interest penalty for prepayment with Department approval.

(vii) Depreciation and use allowance for buildings, capital improvements and equipment. Compensation for the use of buildings, other capital improvements, and equipment on hand may be made through use allowances or depreciation. However, except as provided in Section __, below, a combination of the two methods may not be used in connection with a single class of fixed assets (e.g., buildings, office equipment, computer equipment, etc.).

The computation of use allowances or depreciation shall be based on the acquisition cost of the assets involved. The acquisition cost of an asset donated to the organization by a third party shall be its fair market value at the time of the donation.

The computation of use allowances or depreciation will exclude: (1) the cost of land; and (2) any portion of the cost of buildings and equipment borne by or donated by government entity irrespective of where title was originally vested or where it presently resides.

(a) Use allowance. Where the use allowance method is followed, the use allowance for buildings and improvements (including land improvements such as paved parking areas, fences and sidewalks) will be computed at an annual rate not exceeding six and two-thirds percent of acquisition cost. When the use allowance method is used for buildings, the entire building must be treated as a single asset; the building's components (e.g., plumbing system, heating and air conditioning, etc.) cannot be segregated from the building shell. The 6-2/3% limitation, however, need not be applied to equipment which is merely attached or fastened to the building but not permanently fixed to it and which is used as furnishings or decorations or for specialized purposes (e.g., counters, dishwashers, carpeting, etc.). Such equipment will be considered as not being permanently fixed to the building if it can be removed without the need for costly or extensive alterations or repairs to the building or the equipment. Equipment that meets these criteria will be treated according to a three year or five year depreciation, and subject to a 33-1/3% or 20% equipment use allowance limitation.

(b) Depreciation method. Where depreciation method is followed, the depreciation schedules established by the Internal Revenue Service may be followed.

(c) Charges for use allowances or depreciation must be supported by adequate property records and physical inventories must be taken at least once every two years to ensure that assets exist and are usable and needed. When the depreciation method is followed, adequate depreciation records indicating the amount of depreciation taken each period must also be maintained.

(B) Non-allowable.

(i) Costs of idle facilities or idle capacity including costs such as maintenance repair, housing rent and other related costs, e.g., property taxes, insurance, and depreciation or use allowances.

(ii) Rental costs under certain conditions:

(a) Rental charges for office space utilized by affiliated organizations or persons not engaged in the child care program.

(b) Charges in the nature of rent or lease between organizations under common control to the extent such charges exceed the normal costs of ownership.

(c) Rent or lease costs on equipment or furnishings utilized by affiliated organizations or on office space utilized by persons not engaged in the child care program.

(iii)* Repairs and maintenance costs: leasehold or building improvements costing more than \$5000.

(iv) Property insurance on property not used in the child care program.

(v) Property taxes:

(a) Property taxes on buildings unrelated to the child care program.

(b) Personal property taxes on leased equipment or furnishings.

(vi) Mortgage interest:

(a) Mortgage interest on property not related to the child care program.

(b) Interest obligations incurred on mortgage money secured in excess of costs of property or in improvements.

(c) Interest obligations incurred on borrowed money to build, remodel, etc., prior to the payment of said money to the contractor.

(d) Interest penalty for default.

(2) Minor equipment: Minor purchase of equipment, equipment rentals, repairs and maintenance.

(A) Allowable.

(i) Purchase of equipment costing \$5,000 per item, or less.

(ii) Maintenance agreements on various pieces of equipment.

(iii) Minor repairs to equipment or furnishings.

(iv) Rental or lease costs on equipment and other personal property if the rates are reasonable in light of such factors as rental costs of comparable equipment and market conditions in the area, the type, life expectancy, condition and value of the equipment leased, options available, and other provisions of the rental agreement.

(v) Interest paid on the purchase of equipment related to the child care program.

(B) Non-allowable.

(i) Purchase of equipment costing in excess of \$5,001 per item.

(ii) Repairs on equipment or furnishings not related to the child care program.

(iii) Lease costs in excess of the purchase price plus a reasonable service fee and charges in the nature of rent or lease between organizations under common control to the extent such charges exceed the normal costs of ownership.

(f) Program services.

(1) Recreation and craft supplies used for program services.

(A) Allowable.

(i) Arts and crafts material, sheet music, phonograph records and tapes, etc.

(ii) Materials and supplies for therapy and testing.

(iii) Pet supplies which are reasonable and necessary related to the program for the children.

(iv) Feed for livestock and poultry if used for program purposes.

(B) Non-allowable. Pet supplies and expenses which are not reasonable or necessary.

(2) Program expenses.

(A) Allowable. Costs incurred in a special prearranged program that has the Department's prior approval.

(B) Non-allowable. Costs incurred in special programs that have not received prior department approval.

(3) Education costs.

(A) Allowable.

(i) Tutoring for individual children.

(ii) Academic education which has the prior written approval of the director of the division of family and youth services or his designee.

(g) Food, clothing, allowances, other.

(1) Cost of food supplies.

(A) Allowable.

(i) Necessary and reasonable costs incurred for purposes of feeding the children both in the facility and while attending school or programs away from the institution.

(ii) The cost of meals provided to child care staff as a condition of employment (this applies only to staff who have no free meal period but must remain on duty in order to meet the physical and emotional needs of the children being served).

(B) Non-allowable.

(i) Food items which exceed what may be considered reasonable in cost, quantity and/or quality.

(ii) Cost of staff meals not provided as a condition of employment or as compensation.

(2) Costs related to the personal needs, clothing, allowances, etc., of the children in care.

(A) Allowable.

(i) Children's allowances: Reasonable amounts paid to children on a weekly or monthly basis. Documentation for money allocated as allowances must be available.

(ii) Clothing costs and care, such as laundry, dry cleaning, mending as well as initial purchase when not otherwise provided.

(iii) Personal grooming expenses for children such as haircuts, toothpaste, etc.

(iv) Educational materials, textbooks, other school supplies, including paper, paste, crayons, etc.

(v) School expenses.

(vi) Gifts for birthdays, Christmas, etc.

(B) Non-allowable.

(i) Any expenditures not documented by properly executed vouchers.

(ii) Any costs which are not reasonable.

(h) Travel and transportation. Mileage payments to staff, lease of vehicles, cost of repairing and maintaining agency vehicles, auto insurance, parking fees, airplane, bus and taxi fares, and other expenses including meals related to travel.

(A) Allowable.

(i) Travel costs include costs of transportation, lodging, subsistence, and incidental expenses incurred by facility personnel in a travel status while on official business.

(ii) Travel costs may be based upon actual costs incurred, or on a per diem or mileage basis in lieu of actual cost, or on a combination of the two, provided the method does not result in an unreasonable charge.

(iii) Reasonable and necessary costs incurred within Alaska by board members for all official activities related to board meetings required by department regulations.

(iv) Lease of vehicles for a facility.

(v) Costs of maintaining and repairing agency owned vehicles.

(vi) Auto insurance.

(vii) Reimbursement for staff use of their own vehicles at a rate comparable to that paid by the state.

(B) Non-allowable.

(i) Personal mileage and home-to-office mileage.

(ii) Direct charges for meals or motel where employees or professional person are on a per diem.

(iii) Direct charges for meals or motels where employee or professional fee persons received reimbursement for same on his/her travel voucher (duplicate payments).

(iv) The difference in cost between first class and less than first class air accommodations except when less than first class air accommodations are not reasonably available to meet necessary mission requirements such as where less than first class accommodations would (a) require circuitous routing; (b) require travel during unreasonable hours; (c) greatly increase the duration of the

flight; (d) result in additional costs which would offset the transportation savings, or (e) offer accommodations which are not reasonably adequate for the medical needs of the traveler.

REASONABLE COSTS. A cost is reasonable if in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining the reasonableness of a given cost, consideration shall be given to:

(1) whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the provision of services;

(2) the restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, and federal and state laws and regulations;

(3) whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees and clients, the public at large, and the state;

(4) significant deviations from the established practices of the facility which may unjustifiably increase the costs.

REQUIRED INSURANCE. Facilities receiving under \$50,000 in payment annually from the state are required to have bodily injury liability insurance for not less than \$250,000 per occurrence and \$250,000 per annual aggregate. Facilities receiving over \$50,000 annually are required to have limits of \$500,000 per annual aggregate.

REVENUES. Facilities are required to report all funds or revenues by categorical source.

RECORDS. Facilities must maintain records for a period of seven years.

TEMPORARY ABSENCE OF A CHILD FROM A FACILITY. (a) A child may be temporarily absent from a facility due to a planned home visit which may lead to a return home or to another permanent placement, due to a hospitalization or due to runaway.

(b) For a child who is going on a planned visit which may lead to a return home or to another permanent placement, a facility may hold a bed for a period of 30 days if the planned visit has been approved in writing by the division in advance.

(c) For a child who is hospitalized a facility may hold the bed until the child returns or until the plan for a child changes; however, the facility must receive approval to hold the bed either prior to hospitalization or in the case of emergency hospitalization, as soon as possible after the admission of the child to the hospital.

(d) The facility may hold a bed for a runaway child for a period of ten days after notifying the division the child has run away. Upon approval of the division, the bed may be held for a longer period of time.

OUT OF STATE PLACEMENTS. The department will make every effort to place children in facilities in the state; however, when the services needed by a child are not available within the state, the department may enter into agreements with out of state facilities at the rates determined by the out of state facility. Out of state facilities must be licensed or approved by the licensing authority in that state, and must comply with licensing and purchase regulations established by this department, or their equivalent. The department will monitor and supervise those placements, including program audits of the facilities at least once during a fiscal year.

COST SURVEY

The Purchase of Service Committee determined that there was a need to gather baseline data on costs for existing facilities. The committee requested staff to conduct a survey of all in-state residential child care providers who are receiving placements from the Division of Family and Youth Services. The committee further requested that studies include personnel and non-personnel costs and that an analysis of costs in relation to state facilities be conducted, where comparable data was available. It was suggested that the job description developed in a California cost study be utilized in the survey.

The survey was mailed to all providers who were under the full cost of care statute. The survey was broken down into two parts. Part I of the survey asked each facility to list the number of positions by job description for all staff of each unit. It further required that the facility indicate if the position was full or part time, the average salary of the position, and to indicate all benefits provided the employee. Benefits included, but were not limited to, room and board, health insurance, workman's compensation, sick leave, vacation, and retirement.

The second part of the survey asked each facility to fill out charts showing their staffing patterns for a typical week at each housing unit. Two charts were included, one for staff providing direct care to residents and the other chart for those employees not involved in direct child care. Facilities were given the option of being able to list staff on both charts. Staff could possibly spend part of their time providing direct child care and part of their time providing support or administrative services. Facilities were to refer to the job titles and descriptions provided in order to assure some measure of comparability. Worker's name, days worked and the code for the job title were to be listed on the top line of the page and hours worked were to be marked off on the chart. A copy of the facilities 1982-1983 operating budget was to be attached to the survey.

All facilities mailed in the survey but not all included their 1982-1983 operating budget. Information from each facility was then reviewed. All wages were converted into monthly salaries for each employee. Employees were grouped into four categories: Director, Administration, Support Service, or Direct Care staff. The chart was further grouped into non-profit and state operated facilities. The facilities were then divided into three groups according to the licensed capacity size.

Facility size was divided into three groups:

- 1) The first included facilities ranging in capacity from 5 to 12 children. There were 10 non-profit facilities and one state facility in this group.

- 2) The second included facilities ranging in capacity from 16 to 30. There were 5 non-profit facilities and one state facility in this group.
- 3) The third included facilities ranging in capacity from 45 to 107. There were two non-profit facilities and one state facility in this group.

Under each of these facility sizes three categories were listed:

- 1) Number of employees. This includes the total number of employees in all the facilities in a particular grouping. The number of employees were further separated to show the highest number of employees for a facility, the lowest number in a facility and the average number of employees in the facilities.
- 2) Full time salaries. This includes the salaries paid to full time employees by category in this group of facilities: The salaries were further divided into 5 sections:
 - 1) the highest salary paid by a facility to a particular category,
 - 2) the lowest salary paid,
 - 3) the average salary paid,
 - 4) the average salary paid where room and board were not included as a benefit,
 - 5) the average salary paid when room and board were provided as part of the benefits.
- 3) Part time salaries: This includes the salaries paid to part time employees by categories. This grouping covered employees who worked in two different categories i.e., direct child care and administration. The part time salaries were also divided into 5 sections:
 - 1) the highest salary paid by a facility to a particular category,
 - 2) the lowest salary paid,
 - 3) the average salary paid,
 - 4) the average salary paid where room and board were not included as a benefit,
 - 5) the average salary paid when room and board were provided as part of the benefits.

The data indicated that direct care workers were paid the least but worked the longest hours. It also showed that the smaller facilities paid their direct line staff on the average, more than the larger facilities. The lowest monthly pay for a direct care worker was \$500 a month and the highest \$3750 per month for non-profit corporations. State workers on the average were paid more per month than their counterparts. In the smaller facilities, state workers received 36% more

wages than their private counterparts; in middle-sized facilities, 46% more; and in large facilities 59% more.

The results of the study further indicate that in larger facilities more money was being spent on salaries for administration, support services and directors than on direct care staffing, while in the smaller facilities more of the money is spent on direct care staff and less on administration and support. Support staff includes social workers, janitors, program coordinators, cooks, nurses, etc. In smaller facilities, the direct line workers are also responsible for cooking, cleaning, counseling, and other duties. The majority of the small facilities are located in small communities and use people from the community to enhance their program. However, resources are somewhat limited in the smaller communities and therefore programs are less sophisticated than in large communities.

The attached table indicates results of the cost comparison survey.

SALARY BREAKDOWN
RESIDENTIAL FACILITIES

	FACILITIES		NUMBER OF EMPLOYEES		DIRECTOR SALARY		ADMINISTRATION		SUPPORT SERVICE		DIRECT CARE	
	NON PROFIT	STATE	NON PROFIT	STATE	NONPROFIT	STATE	NONPROFIT	STATE	NONPROFIT	STATE	NONPROFIT	STATE
CAPACITY 12 & UNDER	10	1	78	13								
Highest # Employees			15									
Lowest # Employees			3									
Average # Employees			8									
FULL TIME												
Highest Salary					3630	3917	3000	1889	2320	3605	2670	3146
Lowest Salary					2126		680	1889	462	2157	625	2300
Average					2823		1840	1889	1218	2673	1724	2662
Average Without Room & Board											1879	
Average With Room & Board											1125	
PART TIME												
Highest Salary			1100				830		1225		1225	
Lowest Salary			500				500		1000		65	
Average			742				652		1123		574	
Average Without Room & Board			800									
Average With Room & Board			625									
CAPACITY 16 - 30	5	1	107	22								
Highest # Employees			29									
Lowest # Employees			12									
Average # Employees			21									
FULL TIME												
Highest Salary					3000	3668	1560		3125	2547	3750	3249
Lowest Salary					943		900		500	2270	500	2073
Average					1985		1255		1574	2408	1337	2436
Average Without Room & Board					2231		1326		1843		1444	
Average With Room & Board					1250		900		800		976	
PART TIME												
Highest Salary							1600		1417	1321	1612	
Lowest Salary							500		397		340	
Average					2400		824		951		829	
Average Without Room & Board												
Average With Room & Board												

	FACILITIES		NUMBER OF EMPLOYEES		DIRECTOR SALARY		ADMINISTRATION		SUPPORT SERVICE		DIRECT CARE	
	NONPROFIT	STATE	NONPROFIT	STATE	NONPROFIT	STATE	NONPROFIT	STATE	NONPROFIT	STATE	NONPROFIT	STATE
CAPACITY 45 - 107	2	1	176	120								
Highest # Employees			140									
Lowest # Employees			26									
Average # Employees			83									
FULL TIME					5245	4386	4882	4107	3104	3162	2000	3073
Highest Salary					3524		950	1510	1443	2061	950	1914
Lowest Salary					4384		2522	2213	2282	2406	994	2405
Average									2307		957	
Average Without Room & Board					4384				1459		1158	
Average With Room & Board												
PART TIME												
Highest Salary							2033		1480		1160	
Lowest Salary							557				462	
Average							1225				541	
Average Without Room & Board											462	
Average With Room & Board											1160	

APPENDIX I

MINUTES OF MEETINGS

MEETING DATES

PURCHASE OF SERVICE COMMITTEE

November 8, 1982

December 20, 1982

February 7, 1983

March 11, 1983

April 11, 1983

August 31, 1983

October 5, 1983

November 14, 1983

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF FAMILY AND YOUTH SERVICES

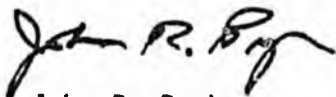
POUCH H-05
JUNEAU, ALASKA 99811
PHONE: (907) 465-3170

November 23, 1982

Dear Residential Child Care Provider:

I am enclosing for your information, a copy of minutes of the first meeting of the Committee appointed to study payment rates paid by the Division of Family and Youth Services for residential child care. As you will note in the minutes, all facilities currently under full cost of care and identified in CCSHB 357 will receive copies of all minutes of the meetings of this Committee. In addition, we are sending the minutes to other facilities who may potentially come under the statute. Should you have any comments or concerns regarding the issues to be addressed by this Committee, I encourage you to contact me directly.

Sincerely,



John R. Pugh
Director

Enclosure

cc: Committee Members

JRP:NK:kk:pjb

MINUTES OF THE RCCF
PAYMENT RATE STUDY COMMITTEE

November 8, 1982

BACKGROUND:

CCSHB 357, which was passed by the Twelfth Legislature in 1982, suspended operation of AS 47.05.010(14), AS 47.40.010, 47.40.040, and 47.40.050 from July 1, 1982 through June 30, 1984 and established a five member committee to study alternatives to the method of establishing payment rates under AS 47.40. Under CCSHB 357, the committee is to be composed of five members appointed by the Commissioner of the Department of Health and Social Services, three of whom are to be employees of the Department of Health and Social Services (DHSS), and two are to be providers of residential child care services. The following persons were appointed by Commissioner Helen D. Beirne to serve on the committee: John Garvin, Executive Director of Alaska Children's Services and President of the Alaska Association of Children's Homes; Linden Staciokas, Director of Presbyterian Hospitality House; Joe Betit, Deputy Director of the Division of Administrative Services (DHSS); Marsha Hubbard, Director of the Division of Management and Budget (DHSS); and John Pugh, Director of the Division of Family and Youth Services (DHSS). Dale Voltz, Director of the Juneau Receiving Home, and Bill Webb, Director of the Nome Receiving Home, were appointed as non-voting members of the committee to service as alternates in the case of the absence of a voting residential child care provider, as well as to provide comments from the perspective of smaller and rural facilities.

FIRST MEETING:

The first meeting of the committee was held in Juneau on the morning of November 8, 1982, the purpose of which was to delineate the scope and plan the work of the committee. Present were Joe Betit, John Pugh, Marsha Hubbard, John Garvin, and Dale Voltz. Linden Staciokas was absent due to illness. Bill Webb was not present since the travel costs for the short meeting did not appear to be justified. Ted Sponsel, Presbyterian Hospitality House, attended the meeting, and two staff members of the Division of Family and Youth Services (Jackie Damon and Nina Kinney) were present to provide staff support for the committee.

John Pugh was chosen chairman of the committee.

ISSUES:

After reviewing CCSHB 357, the committee members identified the following issues to be addressed by the committee:

1. Rate Setting Mechanism: Consideration will be given to the full cost of care method, contracts, grants, and any other methods identified by the committee or DFYS staff.
2. Methods of reimbursement for capital costs, including lease-back depreciation.

3. Sources of Funding: The availability and use of other sources of money to finance residential child care services and to finance the construction of residential child care facilities.
4. Allowable Expenses
5. Who shall be the service providers? John Garvin suggested consideration of this topic to include consideration of the types of organizations the Department should purchase from (profit, non-profit, municipalities, etc.) and whether the Department should require accreditation by an independent body.
6. Purchase of Service Regulations: Once the rate setting approach and other major issues are decided on, the final committee report will include a preliminary draft of regulations which would be needed to implement the committee's recommendations. There was agreement that it would not be feasible to have a finished set of regulations, but that at least the broad categories and approaches would be addressed by the committee and the Division would complete a first draft.

TIME FRAMES:

CCSHB 357 requires a report to the Legislature by the 30th day of the second session of the 13th Legislature (approximately mid-February, 1984). However, the committee decided it would be preferable to complete the work by November 15, 1983.

INFORMATION GATHERING:

There was a discussion regarding sources and methods of gathering information with the following decisions made:

1. The Division will review information on purchase of residential child care services from other states, and provide an analysis to committee members, and copies of any particularly useful documents.
2. John Garvin has compiled material from the Child Welfare League Library and offered to share an analysis and copies of relevant information.
3. John Pugh stated that the Region X Resource Center for Children, Youth, and Families at the University of Washington is planning a workshop on purchase of residential child care services. As soon as he receives the dates and agenda, John will notify committee members.
4. If outside consultants are available free of charge to the committee, they will be requested to provide information. Mention was made of Jim Mann, Western Regional Representative of the Child Welfare League of America, and the possibility of ORPSCA sharing the information they compiled two years ago from all the states.

COMMUNICATION WITH RCCF PROVIDERS:

There was discussion regarding the ways in which the committee could solicit and receive comments from providers. It was decided that everyone receiving full cost of care should receive a summary of the minutes of each meeting, and that they would be asked to share any concerns, comments, and reactions with

the Chairman of the Committee, John Pugh. Providers would thus receive ongoing communication as issues are addressed and would have the opportunity to provide comments.

There was also a suggestion made that teleconferencing could be utilized by the committee, especially when consultants are available.

DECISION-MAKING:

Plans are for the committee to meet in work sessions, primarily in Juneau to minimize the number of people who need to travel, and to be able to provide staff support to the committee. Meetings are open to the public, and prior to any votes on recommendations, the Department will give written public notice.

The Committee adopted Robert's Rules of Order, requiring a simple majority for any votes taken. If the Committee does not reach consensus on issues, the final report will include minority reports indicating the minority views and identifying the committee member votes.

COMMUNICATION WITH THE LEGISLATURE:

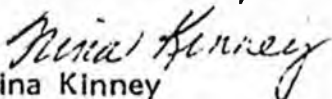
It was decided that it would be useful to keep the Chairmen of Health, Education, and Social Services Committees in the House and Senate apprised of the work of the committee. Therefore, once the chairmen are appointed, the Division will send them copies of the preceding minutes and provide other information as requested.

NEXT MEETING:

The next meeting, and first full committee meeting will be held on Monday, December 20, 1982, at 8:30 a.m. The topic for this meeting will be the rate-setting mechanism.

The following meeting will focus on capital costs (Issue #2) and the subsequent meeting will address allowable costs (Issue #4).

Minutes Taken By:


Nina Kinney
Social Services Program
Coordinator
Division of Family and
Youth Services

Approved By:


John R. Pugh, Director
Division of Family and Youth Services
Chairman of Committee

Minutes of the RCCF Payment Rate Study Committee

December 20, 1982

The second meeting of this Committee was held on December 20, 1982 in Juneau. Present were: John Garvin, Linden Staciokas, Joe Betit, Joann Clark (for Marsha Hubbard), John Pugh, Dale Voltz, and Bill Webb. The Division of Family and Youth Services staff members present were: Jackie Damon and Nina Keeler.

John Pugh convened the meeting and asked for feedback on the minutes of the previous meeting. There being none, John Garvin reported on the meeting of the Alaska Child Care Providers Assn. which occurred subsequent to the first meeting of this Committee. Mr. Garvin stated that the members of the Assn. want to try to preserve the basic components of the current reimbursement system for cost of care. They feel that controls can be instituted by developing purchase of service regulations which address other income plus a mechanism for reimbursement of capital expenses.

Review of Materials From Other States

The Division of Family and Youth Services presented copies of selected materials from other states (purchase statutes, regulations and cost manuals), and the Committee reviewed the packet. In addition, John Garvin added comments on some of the states systems based on his discussions with providers from other states. States which were discussed included:

- a. Michigan. Michigan uses a utilization rate of 85%, with a reimbursement rate range of \$45-\$100/day, which is based on the previous year's costs. There is no mandated cost of living increase factor, but cost of living is taken into account in rate-setting. A facility can spend donated funds on allowable costs and these costs will then be factored into the following year's rate. Significant programming changes must have approval of licensing and program staff of the State.

Each facility has a master contract which includes an average number of beds the agency will provide. The department's appropriation amount determines the maximum number of children who will be served. In last year's negotiations with the State the Michigan Association agreed that rates would not escalate more than 15%. This year's rates, however, are frozen. The material sent by the state of Michigan on interim rate setting will be useful to review in more depth.

- b. Pennsylvania. Pennsylvania is organized by county, and their system would not be workable for Alaska.
- c. Wisconsin. Wisconsin negotiates individual contracts with facilities, and has a prospective rate setting system with

partial cost setting. They require a surety bond for advances.

The providers at this meeting stated that cash advances for receiving homes would be very helpful, because providers of emergency shelter care have such a hard time with the current system.

- d. Alabama. Alabama also provides exceptions for emergency shelter care.

Two other issues arose in reviewing material from states. Cost of living adjustments if allowed must be used with discretion. For example, applied to fixed capital costs, COLA becomes very inflationary. Contracts or written agreements are not currently required under full cost-of-care; however, the Department of Administration is moving towards requiring RFP's and contracts with many more providers, and it may be that they will be required in the future.

The Committee then chose to compare rate setting methods by comparing the strengths and weaknesses in each method from the perspective of both the administration (State) and the providers. The following tables will provide comparisons, and will identify providers by a (P) and the State administration by (A).

STRENGTHS AND WEAKNESSES OF THE
FLAT RATE/SCHEDULED RATE METHOD

Description:

Under this method, a specified rate is paid to all facilities regardless of the actual costs involved in providing the necessary care. As a result, although the rates paid are often based on surveys of provider costs or on general governmental indices, some providers are underreimbursed for their expenses while others can realize a "profit". However, a scheduled rate method is the easiest and least costly method to administer.

(Discussion based on assumption that rates set prior to appropriation.)

Strengths

- A. Easy to administer
- P. Pre-determined knowledge of rate
- A. Uniformity and, with proper levels of care, could be fairness
- A. Costs for next FY established prior to budget

Weaknesses

- A. Profits and severe underfunding could affect quality of care
- P. Failure to take into account individual agencies' programming
- A. Difficulties in developing levels of care
- P. Negotiations take time, resources, etc.
- P. Rate is generally set historically, fails to keep pace with inflation and industry norms (COLA)

A = Administration
P = Provider

NEGOTIATED RATES

Description

This method relies on the supply/demand relationship between the number of institutions able to provide the required care and the amount of public funds available to pay for that care. Negotiated rate methods often start out as cost-based methods, but deviate from them if provider costs increase more quickly than government revenues.

(Based on contract - but could be a grant process also.)

<u>Strengths</u>	<u>Weaknesses</u>
A/P Individualized contracts for each agency	A/P Complexity and difficulty of administration (RFP)
A Creation of new programs where needed	A/P Possible lack of continuity
A Competition among providers	A Capital projects paid by the State decrease competition*
A Ability to live within appropriation	A Necessitates the development of levels of care
A Administration can set limits on costs, expenditures (based on appropriation)	A/P Adversarial process
P More "sophisticated" providers would have an advantage in RFP process	P Smaller/rural programs may have difficulty competing
	A/P More out-of-state bidders - 1. not knowledgeable about Alaska - 2. megabucks behind them and out-of-state bidders unaware of high ongoing salary costs

*Taking State funded buildings into account in negotiation would be very difficult.

A = Administration

P = Provider

FEE FOR COMPONENT SERVICE METHOD

Description:

This method is more sophisticated than the flat rate method in terms of relating the rate paid to the service provided. There are two basic approaches under a fee for component service method. The first is to set rates for various groups of institutions providing similar services. The other approach is to set rates for specific services to be provided to an individual child, such as certain types of therapy or tutoring.

Strengths

- A/P Allows for individual programming/child (cost-incentive) and allows for payment of those services
- A This type of system would be necessary to implement a goal oriented system (GOSS) which could allow for evaluation of services for each child
- A/P Truer picture of costs per type of child

A = Administration
P = Provider

Weaknesses

- A/P Staff resources
- A Administrative problems - fiscal, audit
- P Additional administrative A costs to the provider
- A/P Possibility for conflict between provider and administration over services needed

COST BASED METHOD

Description:

This method bases the rate paid on the costs incurred by the institution in providing care to the foster child. Determination of the costs may be accomplished either by taking historical costs and applying a cost-of-living adjustment to allow for the intervening time lag, or by using costs which have been projected by the provider for the period to be covered by the rate.

Strengths

- P Helps providers to keep up with increasing costs
 - 1. Inflation factor
 - 2. Upgrading of program
- P Program continuity
- A/P Up-front administrative costs are minimal
- A/P Detailed regs can provide a clearer understanding of allowables/unallowables, etc., (Preferred by providers)
- P Provides an opportunity for improved quality of care if resources are available
- A/P Better Department/provider rapport

Weaknesses

- A/P Great fluctuation in percentage increases/decreases
- P Providers have major cash flow problems since it's retrospective rate setting
- A Difficulty in initiating new programs
- A Provider competition
- A No incentive for cost effectiveness
- A Requires audit resources
- A Lack of control over program development and costs
- A Inability to adequately forecast rates for budget purposes
- A Lack of ability to influence programming
- P Severe problems with emergency shelter

A = Administration

P = Provider

ALASKA'S FULL COST-OF-CARE SYSTEM

Strengths

- P Help provider keep pace
 - inflation
 - development
- P Program continuity
- A/P Administrative costs are minimal
- A/P Opportunity for improved quality of care
- A/P Provider/State rapport is good
- A If programs stay full, there is an advantage to the State
- A Private dollars do supplement State dollars

Weaknesses

- A/P Lack of detailed regs
 - lack of specificity of allowable costs
 - lack of depreciation as allowable
- A Annual audit for rate-setting is required and audit staff are insufficient
- P High increases by one or few providers means decreasing dollars for others
- A/P Uncontrollable cost escalation (private dollars can escalate costs)
- A/P Inability to forecast rates for budgeting purposes
- A Leads to deficit spending
- A/P Extreme fluctuation in rates
- P Cash flow Problems
- P Funding problems for ES
- A Inability to control program development

A = Administration
P = Provider

IDEAL SYSTEM

Following the comparisons of the five methods, the Committee considered the elements that an "ideal system" might include. Providers and the state representatives were in agreement that an ideal system would be easy to administer, would improve quality of care for children, provide continuity of care and for a reasonable growth in the amount of beds. In addition, it would control cost escalation, provide for individualized programming for children, would address other income sources and depreciation, and would set program standards. There was also agreement that emergency shelter beds would be treated as a separate component, ideally.

Providers felt that their ideal system would allow for program development autonomy. They would like to see a formal rate setting mechanism which is not totally controlled by the Department, but would allow them to influence the rate setting process.

In addition, they would like system reimbursement of a predetermined number of beds rather than per diem, a prepayment system on monthly basis, and for payment of all allowable expenses. They would like to salaries to be not less than 80% nor more than 100% of the comparable State salaries, not including benefits. They would also like to see accreditation by a body like JCAH, CWLA, or NAHC.

The state representatives felt an ideal system would allow the state program control and a predictable system to forecast costs for budget, would provide for competition/cost-effectiveness, would require an 85% census for full payment and 70% for emergency shelter care.

CONCLUSIONS

After review of the above methods, the Committee requested the staff members to prepare for the next meeting two items for their consideration:

1. An amendment to AS 47.40
2. A bill for contracting

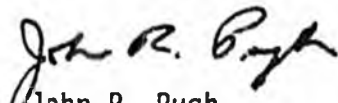
The next meeting was set for Monday, February 7, 1983, in Juneau.

Minutes taken by:



Nina Keeler
Social Services Program
Coordinator

Approved by:



John R. Pugh
Director

Minutes of the RCCF Payment Rate Study Committee
February 7, 1983

The third meeting of the RCCF Payment Rate Study Committee was held on February 7, 1983. Present were: John Garvin, Joe Betit, Bill Webb (voting in Linden Staciokas' absence), John Pugh, Dick Renninger (for Marsha Hubbard), and Dale Voltz. Division of Family and Youth Service staff members present were Yvonne Elder Walker, Jackie Damon and Nina Keeler. Also present were members of the Alaska Association of Homes for Children.

Joe Harrington, with the accounting firm of Good & Fowler, in San Francisco, California, was present as a guest of the Association. Mr. Harrington's firm was responsible for working with the State of California in a payment rate study, and he shared with the Committee results of their study and his recommendations. The system California is moving towards as a result of this study includes the development of a historical base with COLA and a maximum self-enrichment amount built in to control costs.

The committee then discussed possible legislative changes to AS 47.40, reviewing two draft bills prepared by Division staff for discussion purposes.

One draft discussion bill amended the existing statute to retain full cost of care but with amendments that would better address the needs of the State for control of cost escalation while providing safeguards for providers.

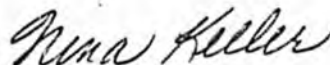
The other draft discussion bill required that contracts be developed each year with all providers. The committee reviewed the pros and cons of contracting and solicited Mr. Harrington's views, based on his experience with the California study.

The committee decided to continue consideration of amendments to the existing statute and directed the staff to revise the draft discussion bill in line with recommendations made by the committee. These revisions will be prepared for the next committee meeting. One unresolved issue which will need further consideration is how to address occupancy levels.

The committee also discussed the need to gather baseline data on costs for existing facilities, recognizing some existing inequities. Mr. Harrington discussed the survey schedules which his project had developed in the California study. Mr. Garvin then moved that the committee conduct a survey of all residential child care providers including personnel and non-personnel costs and that an analysis of costs in relation to state facilities be conducted, where comparable data is available. The motion was seconded by Bill Webb, and was approved by the committee members present. It was suggested that the job descriptions developed in the California study be utilized in this survey.

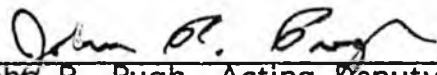
Topics for consideration at the next meeting include: 1) a schedule for depreciation; and 2) sources of funding. The next meeting was set for March 7, 1983 in Juneau; however, due to conflicting meetings has subsequently been changed to March 11, 1983.

Minutes taken by:



Nina Keeler
Social Services Program
Coordinator

Approved by:



John R. Pugh, Acting Deputy
Commissioner

3/9/83

Date

Minutes of the RCCF Payment Rate
Study Committee
March 11, 1983

The fourth meeting of the RCCF Payment Rate Study Committee was held on March 11, 1983 in Juneau. Members present were: Joe Betit, John Garvin, Marsha Hubbard, John Pugh, and Dale Voltz (voting for Linden Staciokas who was absent.) Also present were Michael Price, Director, Division of Family and Youth Services, Dick Renninger, Division of Budget and Finance, and Nina Keeler, Division of Family and Youth Services.

The minutes of the previous meeting were read and approved by the members present. There was some discussion of the rate survey which was voted on at the previous meeting, and affirmation that the salary comparisons are to exclude benefits. There was also discussion of using the cost groupings used in the California but also including donations, whether of staff time (as in volunteer or missionary positions) or buildings, as is true for some facilities. The committee also discussed the advisability of bringing Joe Harrington up to provide consultation on the study if at all possible.

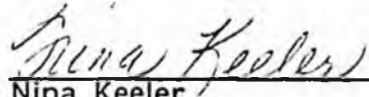
The committee members then discussed the time table for the study, and John Garvin moved that the study be completed in sixty days, or by June 30, 1983. Joe Betit seconded the motion, and it was passed by the committee.

The committee then reviewed materials from the California study which were sent by Mr. Harrington. They included statements on legal rules for contributions, categorization of facilities, a description of California's proposed rate recommendation system, their cost group limitation methodology, and excerpts from assembly Bill 2695 which addressed definitions of allowable costs and the provisions for new programs being initiated by facilities.

Following the review of those materials, the committee discussed amendments to AS 47.40, using the revisions to the draft bill which had been discussed at the previous meeting. Much of the discussion centered around allowable costs, donated funds depreciation, and a method for setting a ceiling on rate increases. It was determined that with a ceiling on the rate increase, there would be no need to set occupancy factors. A provision was also added to allow for new programs to be developed if needed, and to allow for programs to change, and have their rates changed. Suggested revisions to the draft bill will be incorporated following the meeting.

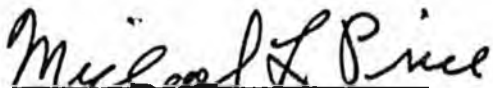
It was decided that the next meeting should address allowable expenses, and that it would be useful to meet with the Department's audit staff. A tentative meeting date of Monday, April 11 was suggested, and will be confirmed once arrangements are made to meet with audit staff. Mr. Garvin suggested that we use a document on allowable expenses prepared by the U.S. Department of Health and Human Services as a resource document for the next meeting.

Minutes taken by:



Nina Keeler
Nina Keeler
Social Services Program
Coordinator

Approved by:



Michael L. Price
Michael L. Price
Director

NK:pjb

MINUTES OF THE RCCF PAYMENT RATE STUDY COMMITTEE
April 11, 1983

The fifth meeting of the RCCF Payment Rate Study Committee was held on April 11, 1983 in Juneau. Members present included: Joe Betit, John Garvin, Marsha Hubbard, John Pugh, and Dale Voltz, who replaced Linden Staciokas as a voting member since she has resigned her position as Director of Presbyterian Hospitality House. Also present were Michael L. Price, Director, Division of Family and Youth Services, Dick Renninger, Division of Budget and Finance, and Nina Keeler, Division of Family and Youth Services.

The minutes of the previous meeting were read and approved by the members.

The Committee reviewed the latest draft of the suggested amendments to the existing Purchase of Service statute. Two minor changes were made to Section 4, AS 47.40.040(d)4 and (e), both clarifying the intent of the Committee.

The Committee was then joined by Millie Duxbury, Internal Auditor, Division of Budget and Finance. Millie reviewed some of the areas that pose problems under the existing statute and regulations. These include:

1. depreciation
2. Sources of funding, fund-raising, and participation in United Way
3. Problems in record-keeping, accruing, and not having census logs up-to-date.
4. Taking children on trips is not covered under current regulations
5. Allowances and payment to children for doing work are not well substantiated by facilities
6. There is no way to handle records for eating out and some recreation, like video games
7. Overtime pay

John Garvin distributed copies of Circular A-122, "Cost Principles for Non-profit Organizations", dated July 8, 1980. It was suggested that these cost principles might be useful in developing regulations. The

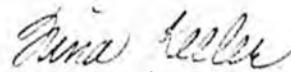
Committee reviewed the Cost Principles. It was recommended that the federal schedule be used for depreciation, and that the regulations address buildings built by the State both directly, as in the case of the Kenai Care Center and indirectly, i.e., through a non-profit corporation, like Maniilaq. It was also suggested that a maximum indirect cost rate be set by regulations.

Appeal procedures were discussed, as were audits. The State auditors are not currently doing compliance audits, but are moving into them. The possibility of independent audits were discussed, and it was mentioned that the costs of audits are high, some agencies can't afford them, and it was pointed out that some audits haven't been of professional quality in the past. It was suggested that compliance audits be required and that in establishing new rates the audit costs be built into the new rates.

John Garvin mentioned that a Cost of Care Task Force in 1975-76 developed a document regarding allowable costs and requested that Division employees search for a copy of that report.

Prior to the next meeting, tentatively scheduled for June 13, 1983, staff will conduct the salary survey and send the draft Bill out for comments.

Minutes taken by:



Nina Keeler
Social Services Program
Coordinator

NK:pjb

Bill No. 1: Amendment to Existing Purchase of Services Statute

Draft for Discussion by Purchase of Service Committee Only
Revised April 7, 1983

Section 1. AS 47.05.010 is amended by repealing subsection #14.

Section 2. AS 47.40.010 is amended to read:

Sec. 47.40.010. PURCHASE OF SERVICES. (a) When the department purchases services for children [PERSONS] for whom the state has assumed responsibility under AS 47.10 [THE LAWS OF THE STATE,] the department shall

(1) adopt regulations establishing the services [LEVELS OF CARE] to be provided and the allowable costs to be paid for those services;

(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] in accordance with the regulations;

[(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 - 47.35.010 - 47.35.080 (§ch 136 SLA 1970) Section 3. AS 47.40.030 is amended to read:

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;

(2) [UPON REQUEST BEFORE THE MEETINGS PROVIDED FOR IN AS 47.05.010(14),] demonstrate the actual cost of services offered using cost accounting procedures as provided for by the department;

(3) upon request, furnish the division of legislative audit all fiscal information, books, records, and accounts pertaining to services paid for under this chapter. (§ 1 ch 136 SLA 1970)

Section 4. AS 47.40.040 is amended to read:

Sec. 47.40.040. DETERMINATION OF THE RATES OF PAYMENT FOR [FULL COST OF] SERVICES. (a) Except as specified in (b) and (c), the rate of payment ["FULL COST"] of services shall be determined by the per person, per day allowable cost in the preceding fiscal year plus a cost of living adjustment. [PLUS A PROPORTIONATE SHARE OF ANTICIPATED COST OF LIVING AND STAFF SALARY INCREASES FOR THE FISCAL YEAR FOR WHICH THE FULL COST OF SERVICES, DETERMINED TO BE NECESSARY BY THE DEPARTMENT, IS BEING DETERMINED. CHILD CARE COSTS FOR FOSTER HOME SHALL BE COMPUTED IN THE SAME MANNER AS FOR CHILD CARE AND NURSING HOME INSTITUTIONS EXCEPT THAT NO SALARY COSTS MAY BE CONSIDERED.]

(b) For emergency shelter care facilities, the department will enter into contracts for a specified number of beds.

(c) Notwithstanding the provisions of (a) and (b) of this section, a facility may be eligible for establishment of a new rate of payment for services, upon approval by the Department, if the facility can document that a new rate is needed for a program which

(1) serves a geographical area which has previously not been served;

(2) provides a service which is needed by the state; or

(3) improves an existing service to better serve the needs of children or to meet licensing requirements.

(d) [FULL COST OF SERVICES DOES] Payment rates may not include the following:

(1) costs [EXPENSES], including salaries and fees, incurred in raising funds;

(2) original and replacement costs of facilities [FUNDS EXPENDED FOR CONSTRUCTION], major equipment and other capital [EXPENDITURES] assets, including those obtained by purchase, construction or capitalized lease;

(3) [DEPRECIATION AND] replacement costs of, and costs of additions to [MAJOR PROPERTY AND EQUIPMENT] facilities, major equipment, and other capital assets;

(4) costs of formal academic education or religious training which duplicate the public education system [RELIGIOUS TRAINING AND EDUCATION]; [AND]

(5) costs of services provided which are substandard to, or exceed, the requirement of the department; and [.]

(6) costs which are funded by other governmental sources.

(e) In any given year the rate may not be in excess of 105% of the prior year's rate plus cost of living allowance.

Section 5. AS 47.40.050 is repealed.

Section 6. AS 47.40.080 is amended to read:

Sec. 47.40.080 DEFINITIONS. In this chapter

(1) "anyone" means any person, city, organized borough and private or voluntary institution or agency;

(2) "cost of living allowance" means the figure established by the Department of Labor's All-Urban Consumer Price Index (CPI) for Anchorage for the preceding calendar year, or a comparable index as specified in regulation.

(3) "department" means the Department of Health and Social Services.

(4) "emergency shelter care facilities" means facilities caring for children for less than sixty days.

(5) "services" means 24 hour care and supervision of children in foster homes and residential child care facilities, which are otherwise known as group homes and institutions, [FAMILY, CHILD WELFARE AND NON PROFIT NURSING HOMES SERVICES] but does not include [HEALTH] hospitals [PROFIT-MAKING] or nursing homes [OR MEDICAL SERVICES].

APPENDIX II

CHAPTER 138, SLA 1982



LAWS OF ALASKA

1982

Source

CCSHB 357

Chapter No.

138

AN ACT

Relating to vision and hearing screening examinations, public assistance, and other assistance provided by the state; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 10

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: June 24, 1982
Actual Effective Date: July 1, 1982

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AN ACT

Relating to vision and hearing screening examinations,
public assistance, and other assistance provided by the
state; and providing for an effective date.

* Section 1. FINDINGS. The legislature finds that the present method for establishing payment rates under AS 47.40 for residential child care services is inadequate. The Department of Health and Social Services shall conduct a study of alternatives to the method of establishing payment rates under AS 47.40. The study shall be conducted by a committee of five members appointed by the commissioner of the Department of Health and Social Services. Three members of the committee shall be employees of the Department of Health and Social Services and two members shall be providers of residential child care services. The study shall contain, among other matters determined by the department, a suggested redefinition of the manner in which rates for residential child care services are calculated, a consideration of the method and amount of reimbursement for capital costs of residential child care facilities, and the availability and use of other sources of money to finance residential child care services and to finance the construction of residential child care facilities. The committee shall report its findings to the legislature on or before the 10th day of the Second Session of the Thirteenth Legislature. The legislature further finds that the rates established under AS 47.40 should be suspended from June 30, 1982 to July 1, 1984.

* Sec. 2. The operation of AS 47.05.010(14), AS 47.40.010, 47.40.040, and 47.40.050 is suspended from July 1, 1982 through June 30, 1984. During the

Chapter 138

1 period of suspension, payment for services provided by residential child care
2 facilities shall be made solely in accordance with the provisions of secs. 3
3 and 4 of this Act.

4 * Sec. 3. For fiscal year 1983, the payment authorized per day for each
5 child placed by the Department of Health and Social Services in an existing
6 residential care facility is:

7	Alaska Children's Services Receiving Home (Anchorage)	\$149.85
8	Alaska Children's Services Jesse Lee Home (Anchorage)	165.46
9	Alaska Children's Services Rabbit Creek Group Home (Anchorage)	166.40
10	Alaska Children's Services North Star Home (Anchorage)	103.55
11	Alaska Children's Services Aquarius House (Anchorage)	107.60
12	Alaska Children's Services Colletti House (Anchorage)	117.51
13	Alaska Baptist Family Service Center (Anchorage)	117.02
14	Booth Memorial Home (Anchorage)	146.90
15	Hilltop Home, Inc. (Anchorage)	85.53
16	Kenai Peninsula Community Care Center (Kenai)	91.74
17	Kodiak Baptist Mission (Kodiak)	61.61
18	Turning Point Boys Ranch (Willow)	105.37
19	North Star Children's Home (Dot Lake)	62.25
20	Presbyterian Hospitality House (Fairbanks)	111.98
21	Juneau Receiving Home (Juneau)	106.17
22	St. Jude Center, Inc. Receiving Home (Juneau)	72.33
23	Nome Receiving Home (Nome)	116.97
24	Manilaq Group Home (Kotzebue)	167.00
25	North Slope Borough Children's Receiving Home (Barrow)	168.35
26	Ketchikan Teen Home I (Ketchikan)	74.26
27	Ketchikan Teen Home II (Ketchikan)	81.61
28	Ketchikan Children's Home Intensive Treatment Unit (Ketchikan)	152.56
29	Sitka Receiving Home (Sitka)	40.66

1	Bethel Receiving Home (Bethel)	75.52
2	Bethel Group Home (Bethel)	59.06
3	Covenant High School (Unalakleet)	51.16

4 * Sec. 4. For fiscal year 1984 the payment rates for residential child
5 care services shall be the amounts set out in sec. 3 of this Act increased by
6 five percent.

7 * Sec. 5. For fiscal years 1983 and 1984 the Department of Health and
8 Social Services may contract for residential child care services with a
9 facility not listed in sec. 3 of this Act at a rate to be determined by the
10 department.

11 * Sec. 6. AS 14.30 is amended by adding a new section to read:

12 Sec. 14.30.075. VISION AND HEARING SCREENING EXAMINATIONS. (a) A
13 vision and hearing screening examination shall be given to each child
14 attending school in the state. The examination shall be made when the
15 child enters school or as soon thereafter as is practicable, and at
16 regular intervals specified by regulation by the governing body of the
17 district.

18 (b) The Department of Health and Social Services shall

19 (1) set standards for the performance of vision and hearing
20 screening;

21 (2) train and certify public health nurses and school district
22 employees to conduct hearing and vision screening tests;

23 (3) assist with referral and follow-up of children needing
24 professional examination or treatment; and

25 (4) assist with maintenance and repair of screening equipment.

26 * Sec. 7. AS 44.29.020 is amended to read:

27 Sec. 44.29.020. DUTIES OF DEPARTMENT. The Department of Health
28 and Social Services shall administer the state programs of public health
29 and social services, including: (1) maternal and child health services;

APPENDIX III

AS 47.40

Chapter 40. Purchase of Services

Section

- 10. Purchase of services
- 20. Licensing and supervision
- 30. Required accounting procedures
- 40. Determination of full cost of services

Section

- 50. Services
- 60. - 70. [Repealed]
- 80. Definitions

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. (Sec. 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. (Sec. 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;
- (2) upon request before the meetings provided for in AS 47.05.010 (14), demonstrate the actual cost of services offered using cost accounting procedures as provided for by the department;
- (3) upon request, furnish the division of legislative audit all fiscal information, books, records, and accounts pertaining to services paid for under this chapter. (Sec. 1 ch 136 SLA 1970)

Sec. 47.40.040. Determination of full cost of services. (a) In this chapter, "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, determined to be necessary by the department, is being determined. Child care costs for foster homes shall be computed in the same manner as for child care and nursing home institutions except that no salary costs may be considered.

- (b) Full cost of services does not include the following:
- (1) expenses, including salaries and fees, incurred in raising funds;
 - (2) funds expended for construction, major equipment and other capital expenditures;
 - (3) depreciation and replacement costs of, and costs of additions to, major property and equipment;

- (4) religious training and education; and
- (5) services provided which are substandard to, or exceed, the requirements of the department. (Sec. 1 ch 136 SLA 1970)

Sec. 47.40.050 Services. When determining the levels of service to be required the department shall consider program services as outlined within the Catalogue of Functional or Program Service Categories published by the United Funds and Councils of America, September 1967. (Sec 1 ch 136 SLA 1970)

Sec. 47.40.060. Temporary placement.
Repealed by Sec. 1 ch 210 SLA 1970.

Sec. 47.40.070. Permanent placement.
Repealed by 1 ch 210 SLA 1970.

Sec. 47.40.080. Definitions. In this chapter

(1) "anyone" means any person, city, organized borough and private or voluntary institution or agency;

(2) "services" means family, child welfare and nonprofit nursing home services but does not include health, hospital, profit-making nursing homes or medical services;

(3) "department" means the Department of Health and Social Services.
(Sec 1 ch 136 SLA 1970; am Sec. 2 ch 210 SLA 1970; am Sec. 55 ch 71 SLA 1972)

APPENDIX IV

AS 47.05

Alaska Statutes

Title 47. Welfare, Social Services and Institutions.

Chapter

- 05. Administration of Welfare, Social Services and Institutions (§§ 47.05.010 — 47.05.060)
- 07. Medical Assistance for Needy Persons (§§ 47.07.010 — 47.07.080)
- 08. Catastrophic Illness Assistance (§§ 47.08.010 — 47.08.140)
- 10. Delinquent Minors and Children in Need of Aid (§§ 47.10.010 — 47.10.290)
- 15. Uniform Interstate Compact on Juveniles (§§ 47.15.010 — 47.15.080)
- 17. Child Protection (§§ 47.17.010 — 47.17.070)
- 20. Exceptional Children (§§ 47.20.005 — 47.20.050)
- 21. Adventure-Based Education (§§ 47.21.010 — 47.21.020)
- 23. Child Support Enforcement Agency (§§ 47.23.010 — 47.23.280)
- 25. Destitute and Needy Persons (§§ 47.25.010 — 47.25.990)
- 30. Mentally Ill and Insane Persons (§§ 47.30.010 — 47.30.620)
- 35. Private Institutions (§§ 47.35.010 — 47.35.100)
- 37. Uniform Alcoholism and Intoxication Treatment Act (§§ 47.37.010 — 47.37.270)
- 40. Purchase of Services (§§ 47.40.010 — 47.40.080)
- 45. Alaska Longevity Bonus (§§ 47.45.010 — 47.45.170)
- 50. Office of Child Advocacy (§§ 47.50.010 — 47.50.050)
- 60. Multi-Purpose Senior Centers (§§ 47.60.010 — 47.60.090)
- 70. Interstate Compact on the Placement of Children (§§ 47.70.010 — 47.70.080)
- 75. Social Services Planning (§§ 47.75.010 — 47.75.060)
- 80. Persons with Handicaps (§§ 47.80.010 — 47.80.900)

Chapter 05. Administration of Welfare, Social Services and Institutions.

Section

- 10. Duties of department
- 20. Confidential character of public assistance records
- 30. Misuse of public assistance lists and records

Section

- 40. Consent to conditions of federal programs
- 50. Policy
- 60. Purpose and policy relating to children records

Sec. 47.05.010. Duties of department. The Department of Health and Social Services shall

(1) administer old age assistance, aid to dependent children, aid to the blind, and all other assistance programs, and receive and spend funds made available to it;

(2) adopt regulations necessary for the conduct of its business and for carrying out federal and state laws granting old age assistance, aid to dependent children, aid to blind persons and other assistance;

(3) establish minimum standards for personnel employed by the department and make necessary rules and regulations to maintain those standards;

(4) require those bonds and undertakings from persons employed by it which in its judgment are necessary, and pay the premiums on them;

(5) cooperate with the federal government in matters of mutual concern pertaining to old age assistance, aid to dependent children, aid to blind persons and other forms of public assistance;

(6) make the reports, in the form and containing the information, which the federal government from time to time requires;

(7) cooperate with the federal government, its agencies or instrumentalities in establishing, extending and strengthening services for the protection and care of homeless, dependent and neglected children in danger of becoming delinquent, and receive and expend funds available to the department by the federal government, the state or its political subdivisions for that purpose;

(8) cooperate with the federal government in adopting state plans to make the state eligible for federal matching in appropriate categories of assistance, and in all matters of mutual concern, including adoption of the methods of administration which are found by the federal government to be necessary for the efficient operation of welfare programs;

(9) adopt regulations, not inconsistent with law, defining need, prescribing the conditions of eligibility for assistance, and establishing standards for determining the amount of assistance which an eligible person is entitled to receive; the amount of the assistance is sufficient when, added to all other income and resources available to an individual, it provides the individual with a reasonable subsistence compatible with health and well-being; an individual who meets the requirements for eligibility for assistance shall be granted the assistance promptly upon application for it;

(10) grant to a person claiming or receiving assistance and who is aggrieved because of the department's action or failure to act, reasonable notice and an opportunity for a fair hearing by the department, and the department shall establish regulations relative to this;

(11) enter into reciprocal agreements with other states relative to public assistance, welfare services, and institutional care which are considered advisable;