

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672

6855 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

The rationale for operative delivery is to minimize the risk of injury, disease or death for mother and child. The only practical yardstick for international comparison is the perinatal mortality rate. When these operative delivery rates are compared with national perinatal mortality rates in the European countries in question, only very weak correlations are found. This means that the frequency of operative deliveries does not contribute much, if anything, to the variation in perinatal mortality rates among the countries.

Obstetrical interventions have been increasing in a number of countries in Europe and this, combined with the great variation, has been causing concern among the European countries. But the obstetrical intervention rates in the United States far exceed those of any country in Europe. Indeed, the caesarean section rate in the United States ranges from nearly double to over triple that of European countries. The cost (both financial and human) in the United States for so many caesarean section births is staggering. Let me illustrate briefly.



In 1986 in the United States, the caesarean section rate was 24.1% - of the 3,731,000 live births, 899,171 were born by caesarean section. Everyone, including a National Institute of Health Consensus Conference on Caesarean Section and the American College of Obstetrics and Gynaecology (the organization of obstetricians in the US), agrees that this number of caesarean births far exceeds that really necessary for the health of mother and baby. What could we save if we had fewer caesarean sections? A meeting organized by WHO with experts from many countries in North and South America and Europe (including US experts) stated that "countries with some of the lowest perinatal mortality rates in the world have caesarean section rates of less than 10%. There is no justification for any region to have a rate higher than 10-15%." The Scandinavian countries with some of the very lowest perinatal and infant mortality rates in the world now have caesarean section rates around 15%. What if then, for example, 15% of all births in the United States were caesarean sections instead of 24%? Then in 1986, instead of 899,171 caesarean sections, there would have been 559,650 caesarean sections: that is, by this criterion, there were 339,521 caesarean sections too many in the United States that year. If we say that each caesarean section cost \$3000 more than a vaginal birth (a conservative estimate), then these excess caesarean sections cost \$1 018 563 000 - over one billion dollars for that year alone. If the US caesarean section rate in 1986 had been the same as the Netherlands (6.5%) instead of 24%, there would have been 242,515 caesarean sections, leaving an excess of 656,656 caesarean sections that year in the United States at a cost of \$1 969 968 000 or just under two billion dollars. It is not reasonable to assume that this two billion dollars is saving lives, since both the perinatal mortality and the infant mortality are lower in the Netherlands than in the US. Finally, since caesarean section birth carries a greater risk of illness and death, both for woman and baby, the US is also paying a considerable human price for this excess obstetrical intervention.



The fourth aspect of pregnancy and birth care in Europe with important implications for the US is midwifery. In every European country there is a large group of practising midwives - they far outnumber obstetricians. In no European country do obstetricians provide the primary health care for most women with normal pregnancy and birth. This pattern of having the midwives provide the majority of pre- and postnatal care as well as being the principal birth attendant at uncomplicated births is fundamental to the entire perinatal

Appendix B:
Pg. 6

care system in the European Region. This division of labour is important since in general midwives and doctors have quite different styles of care during pregnancy and birth. The midwife stays with the woman during all stages of labour and birth and sees her role as encouraging and assisting the woman without taking over, while also serving as the woman's advocate when needed. This is a more social, non-interventionist clinical approach. The physician does not stay with the woman but rather comes when called by the midwife to diagnose and treat any undesirable deviation. The physician's role is more interventionist and medical in nature. These two styles nicely complement each other. In several countries, the midwife's presence even at complicated births (including caesarean section) is an essential reminder to all those present that most of what is going on is still normal.

The implications of midwifery practice in Europe for the situation in the United States are profound. Every single country in the European Region with perinatal and infant mortality rates lower than the United States uses midwives as the principal and only birth attendant for at least 70% of all births, i.e. there is no physician in the room at the birth. This fact alone should dispel any notions that obstetricians are safer than midwives as birth attendants at uncomplicated births. As mentioned earlier, there is also evidence that a strong independent midwifery profession is an important counterbalance to the obstetrical profession in preventing excessive interventions in the normal birth process. Consequently, it is perhaps not surprising that in the US one finds the highest obstetrical intervention rates as well as a serious problem with malpractice suits. The European experience and our data strongly support the urgent need for the introduction of widespread, independent midwifery practice in the United States as a most important counterbalance to the present situation.

With regard, then, to the approximately 70% of infant mortality which occurs in the first month of life, clearly what is needed is not more resources thrown at the problem but rather a major shift in priorities and in where the present resources are spent. Every country in Europe with a lower infant mortality than the United States spends less of their gross national product on health than the US. What is needed is less money spent on medically-oriented prenatal care, more resources shifted to social and financial support and maternity benefits for families, far less money spent on interventionist obstetrical care and more resources put into building up a large, strong, independent midwifery profession.

What is the situation with the approximately 30% of infants who die between one month and one year of age (post neonatal mortality)? The United States and the European countries have approximately the same number of babies dying from sudden infant death and from accidental death during this time interval. But beyond these common problems, the United States has an excess numbers of babies dying from infections like pneumonia and gastroenteritis. This is surprising and at first glance might suggest that what is needed is more medical care for the families with such infants, so they could receive more antibiotics earlier, etc. However, a more careful analysis makes it very clear that these deaths are related to poor housing, poor nutrition, inadequate child supervision and, generally speaking, poor social and economic conditions. It is these poor conditions which, in turn, lead to the weakened condition of the infant who is more susceptible to contracting such infections and because of inadequate resistance, dies. So once more it is clear that the solution to the problem of post neonatal

Time-honored profession,

Daily News-Miner, Fairbanks, Alaska, Sunday, April 28, 1985

midwifery, must be encouraged

By VICKI PENWELL, R.M.

Currently in the state of Alaska, there is a strong push by the medical profession to outlaw and annihilate the time-honored profession of midwifery. A recent Medical Review Board opinion stated that "assisting healthy women in the natural delivery of their infants at home" constituted the practice of medicine. The Medical Review Board decision did not come about because of any charge or complaint against a midwife.

Pending in the Legislature is HB 335 that would define and regulate the practice, making midwifery clearly legal and setting high standards of training and practice. While public opinion in favor has been overwhelming (legislators are saying they have never seen such positive input on any subject) a small but vocal percentage of Alaskan doctors are adamantly and venomously opposed.

There were many factors that contributed to the drop in infant and maternal mortality around the turn of this century. Understanding aseptic technique was a major factor. (Deaths were never higher than when women first began going to hospitals in the early 1900s and doctors would examine them with blood on their hands from another patient or corpse). Other factors were better nutrition, better living conditions, and fewer children in a family.

About this time, the medical profession, only recently interested in obstetrics, waged a high smear campaign to discredit midwives as "ignorant, dirty, superstitious grannies." Many of the midwives during this period were European immigrants, who had gone through much the same training as a doctor in their native countries, and were highly respected professionals back home. However, because of

language and cultural barriers, midwives in America were not able to unite and successfully fight off this unprovoked attack. In areas of the deep South and in poor rural areas, midwives continued to practice, and it is significant, if not sad, to note that as long as midwives only assisted poor women who had no money to pay a doctor, they went unopposed.

In the past 20 years, the demand for midwives in this country has been steadily increasing, this time cutting across all social and economic lines and now the opposition is heard.

Not all physicians agree with opposition to midwifery, however. Current studies have shown outcomes as good and better than physician-attended hospital births. Dr. Robert Mendleson, M.D., says that "Modern Medicine invents a crisis out of a normal situation. By treating childbirth as a disease, the obstetrician makes his intervention indispensable." He goes on to say that 95 percent of births proceed entirely without complication and should occur in a home setting.

In 1977, Dr. Lewis Mehl, M.D., did the only truly matched study to date comparing home with hospital births. He matched two groups of 1,046 women each, for race, age, parity, education, socio-economic status, and risk factors. None of the home birth group were attended by board-certified obstetricians and none of the hospital group were attended by midwives. His findings were:

For the hospital group: 3.7 times more babies required resuscitation, respiratory distress was 17 times higher, six times more fetal distress, four times higher infection rate, 2.5 times more meconium aspiration pneumonia, five times more maternal high blood pressure, eight times more shoulder dys-

Guest opinion

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tocia, three times more maternal hemorrhage. In every area, complications were much worse for the hospital group.

Dr. David Stewart, president of the National Association of Parents and Professionals for Safe Alternatives in Childbirth, states that "other studies have yielded similar results. The conclusion that we draw is that hospitals pose hazards to mothers and babies that are unique to the hospital."

All of the findings used to argue the danger involved in out-of-hospital births are no more than raw statistics and data collected by Public Health departments; they are not carefully modeled studies such as those done by Dr. Mehl. When doctors quote a study that claims hospital births are five times safer, they are using a study done by the Health Department in 11 states that clumped all out-of-hospital births together: Premature births before viable age, accidental births while in transit to the hospital, unplanned home deliveries, and planned home deliveries with no attendant and no prenatal care at all.

The Farm, a community of families in Tennessee, has carefully compiled statistics of over 1,000 births attended at home by midwives. The perinatal outcomes are excellent, more than three times less than that of the state of Tennessee, and as much as four times less than several other medical centers

Cont....

around the country.

Midwives do not use drugs or surgery in the course of normal pregnancy, labor, and delivery. (The definition of the practice of medicine has commonly been "drugs and surgery"). If it seems likely that a mother or her baby would benefit from either of these, she is taken to a hospital. Use of drugs or surgery place a mother and baby in a high-risk category and she should be under a doctor's care. Midwives who assist at home deliveries in Alaska follow a standard of care which recognizes potential problems. Transfers to a medical facility are rarely emergencies. For example, the standard of care requires consult or transfer for a woman who does not show appropriate weight gain or uterine growth, or when the baby is presenting other than head first. A transfer rate of 10 to 12 percent is realistic, in view of the fact that midwives' first concern is for safety, and not for "homebirth at any cost." A significant factor here is that 88 to 90 percent of women who seek midwifery care deliver with no drugs and no surgical intervention at all. Compare this with the local hospital statistics of drug use in 90 percent of all birth, and surgical procedures in almost 100 percent of vaginal deliveries (amniotomy—artificially breaking the bag of water, and episiotomy—cutting the vagina) and 20 percent cesarean deliveries (major abdominal surgery) to extract the baby.

From these local statistics it is easy to see that childbirth is, in the majority of cases, able to occur safely outside of a hospital, and without medical intervention. The fact that most doctors use surgery and drugs on practically every woman in their care does not mean that it is necessary, or in fact desirable.



VICKI PENWELL
Registered Midwife

It has been stated that regardless of setting, delivery is risky to the baby. How much more so for an infant whose small system is already compromised by drugs and interventions used on his mother during labor? The American Academy of Pediatrics has stated that no drug has been proven safe for the unborn baby. Dr. Caldreyo-Barcia, president of the International Federation of Obstetricians and Gynecologists, published a study that proved artificially breaking the bag of water produced a significant adverse effect on the unborn baby.

In June 1984, Dr. Philipson, et al., in an article published in the American Journal of Obstetrics and Gynecology, found that even a simple seemingly harmless local anesthetic right before birth has dangerous effects on the baby (commonly used lidocaine, given prior to episiotomy, goes into the baby's bloodstream in less than 1 minute).

Yet all of these are common practices during childbirth in a hospital.

I find it interesting to note that when a doctor is faced with the issue of lay midwifery, he often cites the "medical model" training of certified nurse-midwives as ideal. However, there have been certified nurse-midwives in this community as well as other places in Alaska who have been restricted in their practice or not allowed to work at all because no doctor would back them, even for hospital births. CNMs rarely attend home deliveries because, not being an independent practice, they need physician approval for their very existence. It is obvious to me that many if not most physicians in Alaska are merely giving lip service to the desire to work with midwives, and really wish we could all be wiped off the face of the earth.

With the exception of two doctors in Homer, I know of no physicians in this state willing to attend out-of-hospital births. In fact the trend throughout Alaska is for doctors to deny care of any kind to pregnant women expressing a desire not to be hospitalized for childbirth. For a Fairbanks doctor to say that a woman who wants a homebirth has the option of seeking care from a CNM or physician is misleading and completely false. That option does not exist.

The Midwives Association of Alaska is a professional, self-regulating organization, which offers a two-year training program that incorporates coursework (teaching modules that use obstetrical textbooks as the base) with a clinical apprenticeship or preceptorship. This apprenticeship or preceptorship may be with a physician, certified nurse-midwife or registered midwife. If physicians are concerned about what midwives may or may not know, it is

their option to help train them, as is the case in New Mexico, where Taus Holy Cross Hospital and individual OBs and pediatricians supervise midwives doing prenatals, labor managements and deliveries, and newborn exams.

Midwives are also taught emergency measures, and carry emergency equipment with them to out of hospital deliveries.

The midwifery standard of care espouses the following principles: individualized prenatal care; special attention to nutrition; family centered, natural childbirth; home or birth center delivery; immediate family-infant bonding; and early and extended breast feeding.

Nobody wants to go backwards to the days in which many babies and sometimes mothers died in childbirth.

Midwifery of today is moving forward, looking to work as equal members of the health care team to lower our astonishingly high infant death rate in this country. There is room for both doctor and midwife, especially in Alaska, where medical help is not readily available or financially feasible to all citizens. Midwives have proven themselves to be a safe alternative for healthy women. Now it is a freedom of choice issue. It would be discrimination of the worst kind to deny Alaskan women the right of attendance in childbirth if they will not or cannot be hospitalized.

Public Opinion Messages on this matter can be sent to members of the House and Senate free of charge, through the Legislative Information Office. I urge all who believe people should have freedom to choose safe alternatives in childbirth to voice their opinions now.

Vicki Penwell, R.M., is director of the Midwives Association of Alaska. Licensed by the state of New Mexico and a member of the International Confederation of Midwives, she currently practices in Fairbanks.

A Birth Place

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Suzanne Rich, Licensed Midwife

February 10, 1992

Dear Legislator,

I wish to urge you to vote in favor of House Bill 382 concerning the licensure of midwives. This is a long awaited bill whose time has come. I have four main points I would like to make: 1. Midwives are safe. 2. Midwives are a desired resource 3. Midwives are cost effective. 4. Midwives need a midwife board.

1. Midwives are safe. Scientific research in medical journals (list enclosed) have shown midwives to be as safe or safer than doctor attended births of normal healthy women. Also the World Health Organization endorses the widespread use of midwives in the United States and Alaska in particular. Industrial countries that employ midwives exclusively for healthy women have lower infant and maternal death than the U.S.
2. Midwives are a desired resource. Throughout my 12 years service as a midwife I have been asked by poor women on medicaid to serve them in childbirth. I have lowered my fees for some of them but for a majority neither I or they could afford the accomodation. Also women who have insurance are often not allowed to choose a midwife as the insurance company does not make payments to Alaska unlicensed midwives. I have a license from the state of New Mexico which satisfies some insurance companies but not all. Therefore my services are denied many families. There are some clients who because of their strong desire to have a midwife attend them have paid out of their own pocket even though they have insurance or qualify for medicaid. There is no reason why they should be penalized. Other midwives have the same story of clients desiring their services.
3. Midwives are cost effective. I probably do not need to point out that midwife attended births cost much less than hospital births. One reason is that overhead costs are much less and secondly midwives regularly promote preventative measures (teach good health practices). When World Health Organization official Dr, Marsden Wagner visited Alaska in 1988, he pointed out that the State of Alaska was spending millions of dollars on unnecessary cesarean births. Midwife attended births result in a dramatic lowering of cesarean rates with no higher risk outcome. Native Alaskan women could stay at home in their small communities if attended by a licensed midwife saving the state millions of dollars in expensive air flights, housing, drugs and needless technology and at the same time improve infant and maternal outcome.
4. Midwives need a midwife board. In order to govern and protect midwife issues, midwives need a board who actively desires to see midwifery promoted. That means only midwives and those supportive of midwives should be on the board.

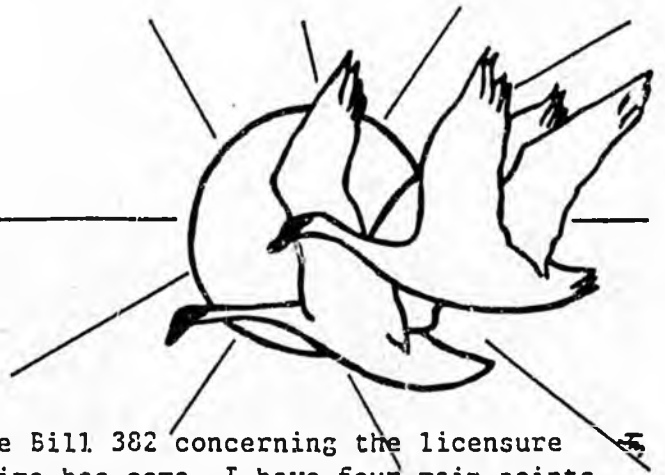
Midwives have much more to offer than current law allows. Let Alaska join the progressive states such as New Mexico and New Hampshire that have already licensed midwives and granted us medicaid payments. Vote YES for HB 382,

Please feel free to contact me for any further discussion you may desire.

Very Sincerely,

Suzanne Rich

Suzanne Rich BA LM



THE SCIENTIFIC SUPPORT FOR MIDWIFERY AND/OR HOME BIRTH
AN ANNOTATED BIBLIOGRAPHY

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IMPORTANT NOTE: The studies listed here are but a sample of the published reports supporting home birth and midwifery. For an exhaustive survey, discussion, and bibliography, citing hundreds of references, see the book, **THE FIVE STANDARDS FOR SAFE CHILDBEARING**, by Dr. David Stewart, available from NAPSAC International, Box 646, Marble Hill, MO 63764. Price \$9.95 ppd. This 484 page publication is the most comprehensive review of the statistics of midwifery and home birth ever compiled. It is used as the definitive publication by courts of law and government agencies in the U.S., Canada and other countries. It is used by the World Health Organization.

MIDWIFERY PRACTICE:

AN URGENT NEED

Marsden Wagner

In every European country, there is a large group of practicing midwives. They far outnumber obstetricians. *In no European country do obstetricians provide the primary health care for most women with normal pregnancy and birth.* This pattern of having the midwives provide the majority of pre- and postnatal care, as well as being the principal birth attendants at uncomplicated births, is fundamental to the entire perinatal care system in the European region.

The implications of midwifery practice in Europe for the situation in the United States are profound. Every single country in the European region with perinatal and infant mortality rates lower than the United States uses midwives as the principal and only birth attendants for at least 70 percent of all births; that is, there is no physician in the room at the birth. This fact alone should dispel any notions that obstetricians are safer than midwives as birth attendants at uncomplicated births. There is also evidence that a strong independent midwifery profession is an important counterbalance to the obstetrical profession in preventing excessive interventions in the normal birth process.

Consequently, it is perhaps not surprising that in the United States one finds the highest obstetrical intervention rates as well as a serious problem with malpractice suits. The European experience and our data strongly support the urgent need for the introduction of widespread independent midwifery practice in the United States as a most important counterbalance to the present situation.

[Reprinted with permission from Marsden Wagner's testimony before the US Commission to Prevent Infant Mortality, delivered February 2, 1988, at the United Nations in New York City.]

Marsden Wagner, MD, (59) is a pediatrician, neonatologist, perinatal epidemiologist, and father of four. A native Californian, he has been living in Copenhagen, Denmark, and working for 12 years with the Maternal and Child Health Division of the World Health Organization, as regional officer for 32 European countries. His current work focuses on the demedicalization of human reproduction, pregnancy, childbirth, and childrearing.

Birth Is Not An Illness!

17 Recommendations From The World Health Organization

The recommendations are based on the principle that each woman has a fundamental right to receive proper prenatal care; that the woman has a central role in all aspects of this care, including participation in the planning, carrying out and evaluation of the care; and that social, emotional and psychological factors are decisive in the understanding and implementation of proper prenatal care.

• The whole community should be informed about the various procedures in birth care, to enable each woman to choose the type of birth care she prefers.

• The training of professional midwives or birth attendants should be encouraged. Care during normal pregnancy, birth, and afterwards should be the duty of this profession.

• Information about birth practices in hospitals (rates of cesarean section, etc.) should be available to the public.

• There is no indication for public shaving or a pre-delivery enema.

• Birth should not be induced (artificially started) for convenience. No geographic region should have rates of induced labor over 10%.

• Artificial early rupture of membranes, as a routine process, is not justifiable.

• There is no evidence that routine electronic fetal monitoring during labor has a positive effect on the outcome of pregnancy. Electronic fetal monitoring should be carried out only in carefully selected medical cases (related to high perinatal

mortality rates) and in induced labor.

• Pregnant women should not be put in a lithotomy (lying down flat) position during labor or delivery. They should be encouraged to walk about during labor and each woman must freely decide which position to adopt during delivery.

• During delivery, the routine administration of analgesic or anesthetic drugs, that are not specifically required to correct or prevent a complication in delivery, should be avoided.

• The systematic use of episiotomy is not justified.

• There is no justification in any specific geographic region to have more than 10- 15% cesarean section births.

• There is no evidence that a cesarean section is required after a previous transverse low segment cesarean section birth. Vaginal deliveries after a cesarean should normally be encouraged wherever emergency surgical capacity is available.

• The immediate beginning of breastfeeding should be promoted, even before the mother leaves the delivery room.

• The healthy newborn must remain with the mother whenever possible. Observation of the healthy newborn does not justify separation from the mother.

• Governments should consider developing regulations to permit the use of new birth technology only

after adequate evaluation.

• Technology assessment should involve all those using the technology, epidemiologists, social scientists, health authorities, and the women on whom the technology is used.

• Obstetric care that criticizes technological birth care and respects the emotional, psychological, and social aspects of birth should be encouraged.

These recommendations are taken from a report on Appropriate Technology for Birth published by the World Health Organization in April, 1985. The full set of 27 recommendations is published and available from the WHO Regional Office for Europe, 8 Scherfigvej 8, DK-2100 Copenhagen 8, Denmark.

In Fairbanks, Ak. it is 20%
Copies of this leaflet can be obtained from:

**FAMILY MIDWIFERY
1249 McCARTY
FAIRBANKS, AK 99701**

Similar leaflets are published in Italy by MINA, in France by Nouvelles Dimensions Familiales, in the US by Childbirth Alternatives Quarterly.



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Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1000

February 4, 1992

Representatives Pat Carney & Georgianna Lincoln, Co-Chairs
House Health, Education & Social Services Committee
Alaska State Legislature
Box V
Juneau, Alaska 99811

Dear Representatives Carney and Lincoln,

The Fairbanks North Star Borough supports HB 384, and urges its passage. The bill addresses two issues: the level and method of administrative funding for local contractors. Both are important.

The first issue is clear: the costs to local contractors are simply not covered by 10%. The State requires local contractors to follow state policies and procedures, and those requirements cannot be met at 10% cost. Adequate service to program participants cannot be met at 10% funding.

Direct costs in the FNSB for several years averaged 12 - 13%, with indirect costs an additional 8.6%. The Borough was therefore contributing more than the State. In the last two years, DCRA has made many program changes. The Borough has also improved the level of service. As a result, costs have risen. Direct costs last fiscal year approached 20%: indirect costs continue at 8.6%. Raising the State contribution to 15% will approach a more equal sharing of the cost.

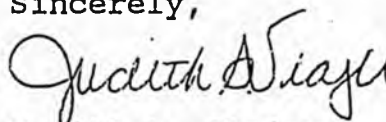
Equally important is setting the administrative fee on the contract award rather than on the amount of benefits paid. The costs locally to operate the Day Care Assistance program do not fluctuate in direct relationship to the benefits paid out each month. For example, the cost one month to qualify 400 clients for the program is not materially different that to qualify 375 clients for the program the next month. However, the administrative fee recovery can be very different. We cannot adjust our operating costs month by month, such as laying off staff, rehiring staff, etc. to keep the administrative fee recovery in line with the operating expenses.

The current situation causes local contractors who cannot subsidize the State's administrative fee to keep their operating costs down permanently by understaffing the program. This understaffing causes day care benefits to lapse and not to reach the clients as the program intended.

In December 1990, the Borough Assembly adopted a resolution urging the Legislature to change the level and method of administrative funding for local contractors. A copy is attached in support of HB 384.

Should you have any questions or need further information, do not hesitate to contact me or the Borough's Day Care Assistance administrator, Cheryl Keepers. Thank you for your consideration.

Sincerely,



Judith A. Slajer
Chief Financial Officer

encl. as stated

cc: House HESS Committee Members:

Rep. Bettye Davis, Vice-Chairman

Rep. Cheri Davis

Rep. John C. Gonzales

Rep. Mary Miller

Rep. Mark Hanley

James Sampson, Mayor

Fairbanks North Star Borough

Hank Hove, Presiding Officer,

Fairbanks North Star Borough Assembly

Edgar Blatchford, Commissioner

Dept. of Community and Regional Affairs

By: Juanita Helms
Introduced: 12/13/90
Adopted: 12/13/90

RESOLUTION NO. 90-123

PROPOSING A CHANGE IN ALASKA STATUTES TO ESTABLISH A
STABLE AND ADEQUATE ADMINISTRATIVE FEE FOR ADMINISTRATION
OF THE DAY CARE PROGRAM

WHEREAS, the Day Care Assistance program was created to help low and moderate income parents work or train for work by paying for child care costs; and

WHEREAS, to accomplish this goal certain administrative tasks are required and costs are incurred; and

WHEREAS, the current law provides for a reimbursement to local program administrators for costs of administration based on actual subsidy expenditures; and

WHEREAS, a change from the reimbursement method to a flat rate of program allocation would enable more dollars to be used for parent subsidies rather than lapse (unspent) at year-end; and

WHEREAS, the direct operational costs (such as rent, salaries, supplies) of determining and monitoring parent eligibility, and processing provider billings is 12-13% of the subsidies expended, therefore, the local governments are making up the dollars to keep the program stable; and

WHEREAS, it is in the best interest of the State to continue to have the Day Care Program administered at the local level; and

WHEREAS, the State is responsible to provide funds for administration sufficient to:

- 0 3 5 4 2 3 1 1 0 1
1. pay the total cost of direct program operations (administration), and
 2. maximize the funding available for parent subsidies.

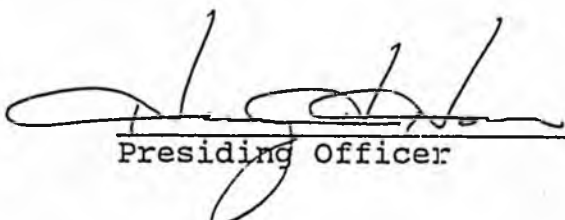
NOW, THEREFORE, BE IT RESOLVED, that the Assembly of the Fairbanks North Star Borough supports amending A.S.44.47.260 to read

Section 44.47.260 Payments to municipality or organization. When a contract is made under AS 44.47.250(b)(2) or (b)(4) between the department and a municipality or an organization, the department shall pay to that municipality or organization the greater of

(1) an amount equal to 13 [10] percent of the total annual contract award to [day care benefits paid to day care facilities in the geographic area administered by] that municipality or organization, or

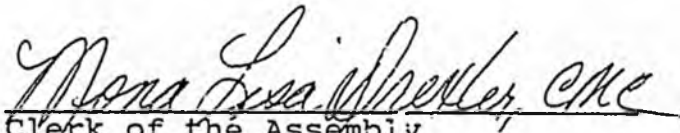
(2) \$1,000 per year.

PASSED AND APPROVED THIS 13TH DAY OF DECEMBER, 1990.



Presiding Officer

ATTEST:



Clerk of the Assembly

February 4, 1992

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

Dear Representative Lincoln,

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

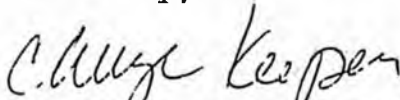
The Local Administrator's Association is an informal organization of local governments and organizations that run the 30 Day Care Assistance programs in Alaska. At our most recent annual meeting (April 1991), the issue of administrative funding was discussed at length. The members present voted unanimously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

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

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

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

Sincerely,


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

Local Administrator's Association

1991-92 Officers

President	Cheryl Keepers Fairbanks North Star Borough PO Box 71267 Fairbanks, AK 99707
Vice-President	Linda Inglis Ketchikan Gateway Borough 215 Main Street #212 Ketchikan, AK 99901
Secretary	Alice Gates Women's Resource & Crisis Center 325 South Spruce Kenai, AK 99611
Treasurer	Pat Booth Nome Child Care, Inc. PO Box 1189 Nome, AK 99762

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

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

Supplemental Information:

Day Care Assistance Administrative Funding

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

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

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

Further explanation of each of these follows:

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

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

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

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

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

A sample of administrative costs for FY91:

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

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

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

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

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

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



Alaska State Legislature

Please enter into the record my testimony to the ^H ~~Health, Education, and Social~~
~~committee name~~ Services
 committee on HB 155 and HB 157, dated February 5, 1992
 bill/subject

Dear members of the Committee:

HB 155 and HB 157 will go a long way in addressing some of Sitka's accessibility issues and afford relief to many who will have difficulty in complying with The Americans With Disabilities Act of 1990.

The building which houses the Forest Service needs designated accessible parking facilities, and a level transition from the graveled lot to the sidewalk which leads to the entry.

A major medical center has a wheelchair ramp which fails to meet accessibility guidelines in it's design and caused me to tip over and fall out of my wheelchair. It has not been rectified to date. It is unusable to those with less than good upper body strength or power assisted wheelchairs and certainly not to one who is really ill and needs to see a physician.

Signed: Jerry Kainulainen Jerry Kainulainen
 Testifier

 Representing (Optional)
4401 HPR, Sitka
 Address
747-4703
 Phone No.

1 of 2

The Swan Lake Terrace, under the jurisdiction of the Alaska State Housing Authority, houses senior citizens and has a graveled parking lot in the front of the building and a cement ramped sidewalk to the entrance. One very rainy dark night after visiting a friend I was trying to get down off the sidewalk onto the gravel when I tipped out of my chair as front wheels sunk into the gravel. After 20 soaked minutes and a pound of gravel in my clothes I was able to get into vehicle. This is enough to dampen anyone's spirit about going out into inaccessible places. The administration said it has tried to get the parking lot paved but to now avail.

The Health and Social Services also has an inaccessible entrance. It also has a gravel parking area, no designated accessible parking and sidewalk curbs with no curb cuts. Immunizations by persons using wheelchairs must be done in their vehicles with advance notice given to the public health nurse. This disrupts office efficiency. I haven't had to get a shot in the rear yet but that would be either embarrassing or illegal or both!

The only book store in town is inaccessible and I love to browse in book stores, 3 restaurants' entrances are inaccessible, 2 others are very difficult to get into. A clothing store, electronic store, travel agency, beauty shop and a house furnishings store are inaccessible. The only theatre in town is inaccessible through the front door. Some of these owners say it is very difficult for them to make their establishments accessible because of lack of financial resources.

HB 155 and HB 157 will contribute to the movement to restore self esteem and self reliance to persons with disabilities by removing the physical barriers which keep them from integrating into their community and at the same time help the open more doors of government and business to employment of some of the 62% to 67% of persons with disabilities who are not currently working .

Thank you.



STATE OF ALASKA

LEGISLATIVE AFFAIRS AGENCY

DIVISION OF PUBLIC SERVICES

DATE: 2-6-92

Please accept the enclosed original(s) of written testimony for the House Health, Ed & SS teleconference hearing that was scheduled on Thurs. Feb 6, 1992

A copy of this testimony was transmitted to your committee via fax on Feb 5 1992.

Thank you,

Tina Wittereen



Alaska State Legislature

Please enter into the record my testimony to the House Health, Education & Social
committee name Services
committee on HB 384, dated Thursday, February 6, 1992.
bill/subject

SEE ATTACHED.

Signed: _____
Testifier
Jeri Jensen

Representing (Optional)

Address
710 Mill Bay Road - Kodiak, AK 99615

Phone No. 486-5736



Kodiak Island Borough

710 MILL BAY ROAD
KODIAK, ALASKA 99615-6340
PHONE (907) 486-5736

February 5, 1992

Representative Cheri Davis
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Davis:

I would like to offer supporting testimony for HB384 that proposes to increase reimbursement of administrative costs for contractors under the day care assistance program from 10% to 15%.

The current 10% is not adequate to properly staff and operate the Kodiak Day Care Assistance Program office.

The Kodiak grant for the Day Care Assistance Program (excluding At Risk Assistance and Transitional Child Care Benefits) was originally designated as \$146,239. Ten percent administrative costs of \$14,623 is what must be budgeted to staff and operate the program.

The Kodiak office is staffed with a half-time person, with office hours of 9 a.m. to 1 p.m., Monday - Friday. Additional staff is necessary to cover when the local administrator is out for vacation, sick leave, training, interaction with coordinating agencies and day care provider training. Though the current program spending plan allots \$9,001 to salary and benefits, \$6,495 or 72% has been expended through January 31, 1992.

The program participants are very diverse and have a wide range of ethnic backgrounds. Currently the program services clients who know little, if any english. They are from Korea, Mexico, El Salvador, and the Philipines. One day care provider employs a woman from Viet Nam who also has limited language skills. She prepares the monthly Facility Attendance and Billing Reports. These types of language barriers cause the need to spend more time with clients and places a real burden on the cost of delivering program services.

Program regulations which require detailed recordkeeping, client contact and follow-up and monthly reporting demand specifically trained personnel.

Several aspects of the DCAP program require effort without compensation. Complex wait lists and inactive lists must be maintained, however administrative

REPRESENTATIVE CHERI DAVIS

February 5, 1992

Page 2

reimbursement is determined solely on "active participants". The local administrator is required to maintain files on day care providers who participate in the Child Care Grant program and to report to the Grants Administrator of the State Child Care Programs office.

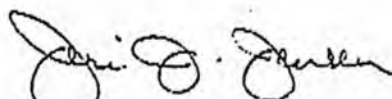
Year-to-date the Kodiak Day Care Assistance office has served 66 eligible families with 109 children. DCAP clients represent 76% of all clients served.

The Kodiak economy has been unpredictable this year with high unemployment due to the closure of local fish processing plants. September had an unemployment rate of 3% and December 14.4%. This had a direct impact on program demand and may, if high unemployment continues, result in our program receiving less administrative reimbursement than what has been budgeted.

Support services provided by the Kodiak Island Borough include Central Switchboard/Receptionist, Mailroom, Data Processing, Finance, and Purchasing. Costs for these services supporting the program are not currently budgeted or reimbursed. They are "hidden costs" that local government is bearing to administer a state program.

In closing I urge you to approve this increase as proposed. The result will be improved program delivery to the very people you are intending to serve without shifting expense to local government.

Sincerely,



JERI J. JENSEN
Local Administrator

cc: Cheryl Keepers, Fairbanks

ALASKA STATE LEGISLATURE

ELECTIVE DISTRICT 1

HYDER
KETCHIKAN
KUPREANOF
MEYERS CHUCK
PETERSBURG
SAXMAN
WRANGELL



HOME

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

DURING SESSION

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

Representative Cheri L. Davis

SPONSOR STATEMENT HB 384

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

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

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

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

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

Sponsor Statement

STATE OF ALASKA
DEPT. OF COMMUNITY & REGIONAL AFFAIRS

WALTER J. HICKEL, GOVERNOR

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

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

RECEIVED
2-5-92

OFFICE OF THE COMMISSIONER

January 31, 1992

POSITION PAPER

RE: House Bill No. 384

Sponsor: Representative Davis

Program Effects of the Bill

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

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

Comments:

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

Edgar Blatchford

Edgar Blatchford,
Commissioner
Department of Community and
Regional Affairs

(2) contract with municipalities, or, if necessary, with day care facilities, to perform duties of the department under AS 44.47.250 — 44.47.310 within that municipality; with the approval of the department, the municipality may subcontract with another organization in the community to perform administrative duties, or, if necessary, the department may contract with another organization to perform administrative duties;

(3) *[Repealed, § 1 ch 272 SLA 1976.]*

(4) contract with day care facilities outside of municipalities; to provide more effective administration of programs in the unorganized borough, the department may contract with another organization in the community or with an organization serving the region in which the community is located to perform administrative duties.

(c) *[Repealed, § 20 ch 102 SLA 1989.]* (§ 2 ch 66 SLA 1975; am § 1 ch 272 SLA 1976; am §§ 3, 4 ch 112 SLA 1981; am § 45 ch 106 SLA 1986; am § 20 ch 102 SLA 1989)

Effect of amendments. — The 1986 amendment added subsection (c).

The 1989 amendment, effective September 10, 1989, repealed subsection (c).

Sec. 44.47.260. Payments to municipality or organization. When a contract is made under AS 44.47.250(b)(2) or (b)(4) between the department and a municipality or an organization, the department shall pay to that municipality or organization the greater of

(1) an amount equal to 10 percent of the total annual day care benefits paid to day care facilities in the geographic area administered by that municipality or organization; or

(2) \$1,000 per year. (§ 2 ch 66 SLA 1975; am § 2 ch 272 SLA 1976; am § 5 ch 112 SLA 1981)

Sec. 44.47.270. Conditions of receipt of benefits. Benefits may be paid for the care of children of a low or moderate income family only if a parent or guardian, because of the day care, is freed to work or to seek work or to attend school. Benefits may not be paid for the care of children of a family where one parent or guardian is not working, actively seeking work, or attending school and is physically and mentally capable of caring for the children. (§ 2 ch 66 SLA 1975; am § 6 ch 112 SLA 1981)

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

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

(2) number of children in the family;

RESOLUTION NO. 968

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

R E C I T A L S

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

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

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

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

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

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

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

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

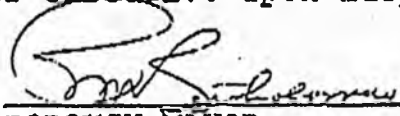
Section 1: The Borough Assembly hereby supports legislation to establish stable and sufficient funding for costs incurred in the administration of the State Day Care Program.

RESOLUTION NO. 968

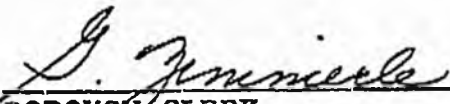
Page 2

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

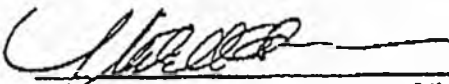
Section 3: This Resolution is effective upon adoption.


BOROUGH MAYOR

ATTEST:


BOROUGH CLERK

Approved as to form:


INTERIM BOROUGH ATTORNEY

KIDPAC Position Paper Day Care Assistance Administrative Payments

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

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

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

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

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

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

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

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

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

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

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

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

Further explanation of each of these follows:

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

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

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

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

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

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

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

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



Fairbanks North Star Borough

800 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707 1267

907/454-11111

January 27, 1992

Representative Cheri Davis
P.O. Box V
State Capitol Bldg.
Juneau, AK 99811

Dear Representative Davis,

Thank you for introducing HB 384. The issue of administrative funding for local organizations who run the Day Care Assistance program is of great concern to me, as the Local Administrator of the Fairbanks North Star Borough Day Care Assistance program, and to my colleagues across the state. As you may know, Local Administrators have an informal association which meets annually. At our meetings in both 1990 and 1991 this came up as the top priority issue. Over 20 of the 30 programs were represented at the April 1991 meeting: the vote to support changing the statute was unanimous.

There are actually two issues that need to be addressed in this change. One is the percentage, as you note: 10% is not enough to run a quality program. Clients and accountability suffer when administration of the program is underfunded. Actual costs vary from one municipality/organization to another, but Local Administrators supported 15% as a fair compromise.

The second issue is the mechanism, i.e. payments based on the amount of subsidy expended. This is a complex problem, but the bottom line is that not knowing how much administrative funding one will receive until after the year is over (and the administrative funds spent) leads organizations to be so conservative in their administrative spending that people who need the assistance may not get it, even when subsidy funds are available. Please refer to the attached "supplemental information" for greater detail on this aspect of the problem. I would ask you to consider rewording HB 384 to address this issue as well.

Again, thank you for your work on this issue. Please let me know how we, as Local Administrators of the Day Care Assistance program, can assist in passage of HB384.

Sincerely,

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

P. 85

**Day Care Assistance
Administrative Payments
Position Paper**

Administrative payments for local contractors running Day Care Assistance are controlled by statute. The relevant section of the statute currently reads:

Sec. 44.47.260 Payments to municipality or organization. When a contract is made under AS 44.47.250(b) between the department and a municipality or an organization, the department shall pay to that municipality or organization the greater of

- (1) an amount equal to 10 percent of the total annual day care benefits paid to day care facilities in the geographic area administered by that municipality or organization under the contract; or*
- (2) \$1,000 per year.*

There are two problems with the existing law:

1. the mechanism (how the administrative payments are made) causes poor service to families and ineffective program management; and
2. the amount paid to local contractors is far less than it costs to run the program.

Local Administrators support deleting Section 44.47.260 and replacing it with:

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

This change will resolve the mechanism issue, and improve the adequacy of funds to meet costs of running the program.

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

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

Supplemental Information: DCA Administrative Funding

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

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

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

Further explanation of each of these follows:

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

This uncertainty leads to being very conservative in administrative spending - which would be good, except that

it means fewer families are served than could have been helped with the available subsidy funds. Keeping staffing levels low enough to be certain to stay within budget limits restricts the time available for client interviews. People then have to wait for appointment openings. Some families lose job opportunities because they can't cover child care costs until their appointment. (This affects some programs more than others. It is not a current problem in Fairbanks because the Borough partially funds the administrative budget. It was a problem in Fairbanks as recently as 1 year ago.)

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

3. Direct operational costs to the grantee (salaries, rent, supplies) usually exceed 10%. For example, these costs have averaged 12 to 13% in the last two fiscal years for the Fairbanks North Star Borough. In Ketchikan, direct costs are 22%. In Fairbanks, the Borough has made up the difference in general fund revenues. Some local governments do not contribute to their Day Care Assistance programs: those programs are not able to use all of the available subsidy funds because they cannot hire enough staff to

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

Providing administrative funding in this manner is a major flaw in the legislation that created the Day Care Assistance program. Day Care Assistance administrators statewide are working toward correcting the problem.

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

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

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 384

Revision Date: _____
Title: An act relating to administrative costs for DCAP
Sponsor: Rep. C. Davis
Requestor: (H) Hes

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

COMPONENT SERIAL NO.

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

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

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
-------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: N/A

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

Prepared By: Remond Henderson *Remond Henderson*
Division: Administrative Services Division

Phone: 465-4708
Date: 11/31/92

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

Date: 2-2-92

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No.

HB 384

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

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

HOUSE COMMITTEE REPORT

(7)

Date Referred: January 13, 1992

FURTHER REFERRALS: Community & Regional Affairs
Finance

Date of Committee Action: 2/6/92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 384

HOUSE BILL NO. 384

ADMIN. COSTS OF DAY CARE PROGRAMS

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

RECOMMENDATIONS: [] the same title
 be replaced with _____ [] a new title

[] have attached amendments(s)

[] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

[] fiscal impact Community & Regional Affairs] fiscal note(s) _____

[] zero fiscal note _____ [] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	✓				
<i>Betty Davis</i>	✓	<i>Mary Miller</i>		✓	
<i>Cheri Davis</i>	✓	<i>Mark Stanley</i>		X	
<i>J. L. Soyales</i>	✓				

[Signature]
CHAIRMAN'S SIGNATURE

(7)

Date Referred: January 14, 1992

FURTHER REFERRALS:

Resources
Finance

Date of Committee Action: 2/6/92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 393

HOUSE BILL NO. 393

HUNTING AND FISHING BY PROXY

"An Act relating to the taking of fish and game by proxy for a person with physical disabilities or for a person who is 60 years of age or more."

RECOMMENDATIONS: CS HB 393 (NES) the same title
be replaced with CS HB 393 (NES) a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

fiscal note(s) _____

zero fiscal note Public Safety

zero fiscal note(s) _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Cheri Davis</u>	<input checked="" type="checkbox"/>	<u>Patricia King</u>		<input checked="" type="checkbox"/>	
		<u>Betty Davis</u>		<input checked="" type="checkbox"/>	
		<u>J. E. ...</u>		<input checked="" type="checkbox"/>	
		<u>Mark ...</u>		<input checked="" type="checkbox"/>	

Patricia King
CHAIRMAN'S SIGNATURE

H B

3 8 8

January 14, 1992

**Representative Mark Boyer
House of Representatives
State Capitol, Juneau, AK 99801-1182
Mail Stop 3100, Capitol Rm 411**

Dear Representative Boyer,

The Southcentral Coalition for Assistive Technology strongly supports the proposal for the "TOOLS FOR LIFE" assistive technology guaranteed loan fund. This loan fund will enable many Alaskans with disabilities to become integrated and productive members of their communities. We also strongly suggest that a Grant Program be incorporated into the proposed legislation to accommodate those special cases where assistive technology is needed for independent living and the consumer has no ability to pay back a loan. The proposed legislation will assist Alaskans with disabilities in their efforts to become working productive members of their communities and will assist families in their efforts to purchase needed equipment for their children with disabilities.

Several very successful loan programs have been developed in the Lower 48. We strongly suggest that these programs be reviewed as examples as the Alaska program is legislated and developed.

In Maine, The Adaptive Equipment Loan Program (AELP) has been in operation since 1988. AELP has closed a total of 129 loans effective July 1991 at \$1,286,510 and have only experienced one default.

In another program Kurxwell/Xerox joined forces with the American Foundation for the Blind in a private-public cooperative venture to make \$2,000,000 available to blind consumers for purchase of reading machines. Over 85 loans were made through the Bank of Boston with no defaults.

The California Department of Rehabilitation administers two assistive technology financing programs: 1) The Handicapped Transportation Loan Guarantee Program and 2) The Assistive Technology Guarantee Program. Both programs have been successful and a third program is being considered for fleet van purchases for adult consumers.

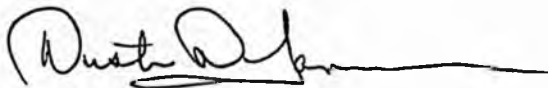
We reviewed the work draft of the bill dated 1/2/92, and have some concerns regarding the consumer qualifications outlined for loan eligibility and have some questions regarding specific qualifications (refer to the enclosed Work Draft):

- (1) Specifically how will a disability determination be made?**
- (2) Why a four year payback requirement?**
- (4) What is a less costly source?**
- (5) Is there any way to provide the needed technology when the person with the disability or their family does not have the means to pay back a loan?**
- (6) How does this deal with a consumer who needs a vehicle to become employed and is not working because they do not have transportation?**
- (d) A more specific definition of durable equipment, adaptive aids and assistive devices is needed.**

We are confident that as this bill is written these qualifications will be reviewed and the final product will be a bill that will successfully provide appropriate financial assistance to people with disabilities. We would be happy to assist in the development of this bill and would be available to provide information throughout the process.

Thank you for your efforts to provide critically needed services for people with disabilities in Alaska.

Technologically yours,



**Dustin D. Farnum
TOOLS FOR LIFE Committee
Southcentral Coalition for Assistive Technology
3610 Woodland Park Drive, Suite 900
Anchorage, Alaska 99517
(907) 248-4777**

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE-CHAIRMAN
HOUSE FINANCE COMMITTEE



House of Representatives

FAIRBANKS

SUITE 205
119 NORTH CUSHMAN STREET
FAIRBANKS, ALASKA 99701-2879
(907) 456-6473

JUNEAU

STATE CAPITOL
JUNEAU, ALASKA 99801-1182
(907) 455-3466

February 3, 1992

Dustin D. Farnum
TOOLS FOR LIFE Committee
Southcentral Coalition for Assistive Technology
3610 Woodland Park Drive, Suite 900
Anchorage, AK 99517

Dear Dustin,

Thank you for your letter regarding HB 388, the assistive technology loan guarantee bill that I've sponsored. I appreciate your support and would like to respond to your questions.

(c)(1) How will a disability determination be made?

The Division of Vocational Rehabilitation (DVR) has criteria already established for determining a disability. Since they will be administering the loan guarantee program, they will adopt regulations and establish criteria to make the determinations.

(c)(2) Why a four year pay back requirement?

This is an area I am reviewing with the hope of allowing a longer pay back period for vehicle purchases and similar high cost items.

(c)(4) What is a less costly source?

Some individuals may be able to obtain the assistive technology they need through programs such as Medicaid, Medicare or charitable foundations. DVR would inform potential applicants of possible sources.

FAIRBANKS 20B

Dustin D. Farnum
January 31, 1992
Page Two

- (c)(5) Is there any way to provide the needed technology when the person with the disability or his/her family does not have the means to pay back a loan?

Not through HB 388. I recognize the need for some type of grant program and would support it. However, the political realities often mean taking an "ideal" package and breaking it up into smaller parts that are easier for the legislature, as a whole, to accept. So the first step, in my opinion, is a loan guarantee program. It provides for greater self-sufficiency than a grant and does not have as large a fiscal impact on the state budget as a grant program. This is not to say that a grant program will never be established. Just not this year.

- (c)(6) How does this deal with a consumer who needs a vehicle to become employed and is not working because he/she does not have transportation?

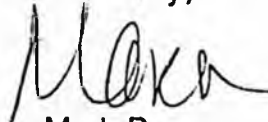
I hope to change this provision to allow individuals to qualify if they have just been hired or received a written job offer.

- (d) A more specific definition of durable equipment, adaptive aids and assistive devices is needed.

DVR will establish more specific definitions. To place more specific definitions in statute would make it difficult to allow for unforeseen needs and new technologies.

Thanks again for your thoughtful review of this bill. I look forward to working with you on this issue.

Sincerely,



Mark Boyer
Representative

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE-CHAIRMAN
HOUSE FINANCE COMMITTEE



House of Representatives

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

MEMORANDUM

TO: Rep. Georgianna Lincoln, Co-Chair
Rep. Pat Carney, Co-Chair
House Health, Education and Social Services Committee

FROM: Rep. Mark Boyer *MB*

DATE: March 25, 1992

RE: HB 388, assistive technology loan guarantee

Attached is a draft committee substitute for HB 388 that makes the following changes to the original version:

- In answer to a concern that banks will have nothing to lose with a full guarantee program, subsection (b) provides, instead, for a 90% guarantee.
- Since a maximum four year payback of a loan could require prohibitive monthly payments for larger loans, subsection (c)(2) provides for a six year payback for loans of \$10,000 or more.
- The employment requirement for a vehicle loan in subsection (c)(6) was changed from 12 months to 90 days. The draft also clarified in this subsection that the employment requirement is for the applicant, not the handicapped person

Also attached is an explanation of the steps that would be taken to guarantee a loan and to provide an interest subsidy.

I would appreciate it if the HESS Committee could consider this legislation at your earliest convenience. The Senate version, SB 373, passed out of the Senate HESS Committee Tuesday.

FAIRBANKS 20B

Sponsor  *Statement*

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE-CHAIRMAN
HOUSE FINANCE COMMITTEE



House of Representatives

FAIRBANKS
1098 LAKEVIEW TERRACE
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STATE CAPITOL
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(907) 465-3466

March 27, 1992

HB 388

ASSISTIVE TECHNOLOGY LOAN GUARANTEE PROGRAM

The Assistive Technology Loan Guarantee Program would be established to assist persons with disabilities, their families, or their employers to purchase durable equipment, adaptive aids, assistive devices, and vehicles, in order to obtain or maintain employment or to live more independently.

The program would allow the Division of Vocational Rehabilitation (DVR) to guarantee 90% of loans from private institutions so that persons with disabilities, their families, or their employers who cannot qualify for other assistance or private loans can obtain necessary adaptive technology. DVR would work with financial institutions to extend the time period during which a loan is paid back, as well as buy down interest rates, to make payments more manageable for consumers. An applicant's permanent fund dividend could be used as collateral.

HOW IT WORKS

The person with the disability in need of the assistive technology, or the person's family or employer, must be unable to obtain the needed equipment through DVR, Medicare, Medicaid, or other funding sources such as insurance companies. In making decisions about eligibility, DVR would also determine that the applicant was unable to obtain the equipment or device from a free or less costly source. In addition, the division would review the request to determine that the device or equipment would be appropriate or best-suited to the applicant's disability. The DVR office that does the initial screening would document its determinations.

Assuming the division's determinations indicate the applicant would be an appropriate candidate for this program, a loan application would be completed and signed by the applicant and forwarded to a local cooperating financial institution for review. The financial institution would evaluate the applicant's ability to make loan payments based on income and general credit history and return its recommendation to DVR. The division would then determine whether or not to guarantee 90% of the loan. They would also determine whether or not to subsidize the interest.

Conditions for vehicle loan:

A person with a disability, or that person's family, could apply for a vehicle loan. The loan program could be used for the purchase or modification of a vehicle to provide transportation for the individual with a disability. To be eligible, the person would have to be living independently or with a parent or guardian. An income limit would be set, and the applicant would have to be steadily employed a minimum of 90 days prior to the date of the initial loan request. This employment requirement is only for a vehicle loan.

HB 388

ASSISTIVE TECHNOLOGY LOAN GUARANTEE PROGRAM

Step-by-step procedures for an assistive technology loan guarantee and interest subsidy:

1. The consumer (disabled individual or his/her family or employer) approaches DVR for loan guarantee to purchase assistive technology (durable equipment, an adaptive aid, an assistive device, or vehicle) in order to obtain or maintain employment or to live more independently.
2. DVR determines whether the desired assistive technology is appropriate to the disability. They also determine if there is another source of funding, such as Medicaid, Medicare, other federal programs or grants.
3. DVR has the consumer complete a loan application.
4. DVR forwards the application to a cooperating bank (or credit union).
5. The bank completes the credit check and makes a recommendation regarding the consumer's ability to repay the loan.
6. Based on the information provided by the bank, DVR decides whether or not to guarantee 90% of the loan. DVR may also choose to subsidize all or part of the interest to make the payments affordable for the consumer.
7. DVR informs the bank when they will guarantee a loan. The bank makes the loan, if they agree, to the consumer.
8. The state will hold in reserve a percentage of the total amount of guarantees. The actual percentage would be determined based on the risk of the loans and, as the program progresses, the history of defaults. (Note: similar programs in other states have shown very low default rates.)

POSITION PAPER: DEPARTMENT OF EDUCATION

Division Vocational Rehabilitation Bill Number HB 388

Bill Title "An act establishing a loan guarantee and interest rate subsidy program for assistive technology"

Sponsor Representative Boyer

Position Statement: Explain briefly what the bill does, its impacts and Department's position, i.e., a) support, b) do not support, c) neutral or d) oppose.

SEE ATTACHED EXPLANATION

APPROVED:

Director Keith J. Anderson Division Vocational Rehabilitation

Signature Keith J. Anderson Date 9 March 1992

Commissioner/Deputy Jerry Covey

Signature Mark Mahan Date 3/11/92

DOE POSITION

POSITION PAPER: DEPARTMENT OF EDUCATION
House BILL NO. 388

THE DEPARTMENT'S POSITION:

The Department of Education supports this bill. It would meet an identified need by a group of individuals in the State of Alaska which is not now being addressed. It is recommended that the mechanics of the loan guarantee and interest subsidies be clarified. Other than student loans by the Commission on Post Secondary Education, the Department is not in the loan business, and does not have the infrastructure to support significant responsibilities in this area. This would best be handled by banking institutions.

WHAT THE BILL DOES:

This bill would provide two types of assistance to individuals who need help in order to acquire assistive devices:

LOAN GUARANTEE

This bill provides for the state to guarantee loans issued to individuals who need assistive devices. The process for accessing the guarantee is as follows:

1. The individual completes an application available from their local assistive technology office.
2. The local office personnel will evaluate the degree to which the individual meets pre-established criteria for acquiring a loan and certifies those who qualify.
3. The individual presents the certification, along with an application for a loan, to a bank of his/her choice.
4. The bank acts on the application. After the loan is made it is treated as any other loan. If the person defaults on the loan the state is liable to meet the outstanding obligation.

SUBSIDIZED INTEREST

Based on the ability of the individual to repay the loan, the state can subsidize the interest rate up to that required by the loaning institution.

IMPACT OF THE BILL:

If passed, this bill would make it possible for citizens of the State of Alaska to gain access to technological devices necessary for them to function more independently in their homes and communities. It is estimated that there are approximately 4,000 persons in the state who are in need of these devices. The cost of these devices vary broadly from a few dollars to several thousand dollars.

FISCAL NOTE:

No additional staff cost.



Alaska State Legislature

Please enter into the record my testimony to the House HESS
committee name

committee on HB 388, dated April 3, 1992.
bill/subject

PLEASE RECORD MY STRONG SUPPORT FOR HB 388.
 IN THIS AGE OF TECHNOLOGICAL ADVANCEMENT
 MANY ASSISTIVE & ADAPTIVE DEVICES HAVE BEEN
 DEVELOPED THAT HAVE THE CAPACITY TO GREATLY
 IMPROVE THE QUALITY OF LIFE FOR A PERSON
 WITH A DISABILITY. UNFORTUNATELY MANY OF THESE
 PEOPLE DO NOT HAVE THE FINANCIAL RESOURCES TO
 ACQUIRE THESE DEVICES. THE BILL BEFORE YOU TODAY
 HAS THE ABILITY TO MAKE A SIGNIFICANT DIFFERENCE
 IN THE LIFE OF MANY PEOPLE WITH DISABILITIES.
 THANKS FOR YOUR CONSIDERATION.

Signed: ROGER BROBST
 Testifier
CENTER FOR COMMUNITY
 Representing (Optional)
Box 6069 SITKA 99825
 Address
747 - 6960
 Phone No.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 388

Revision Date: 3-11-92

Department Affected: Education

Title: An Act establishing a loan guarantee and interest rate subsidy program for assistive technology.

BRU: Vocational Rehabilitation

Component: Assistive Technology

Sponsor: Representative Boyer

Requestor: (H) HESS

COMPONENT SERIAL NO.

1	2	0	2
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

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

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Stan Ridgeway
Division: Vocational Rehabilitation

Phone: 465-2814
Date: 3-11-92

Approved by Commissioner: *Jerry Covey*
Agency: Education

Date: 3-12-92

FN & DOE

7-LS1720D
Lauterbach
3/24/92

CS FOR HOUSE BILL NO. 388 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE BOYER

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing a loan guarantee and interest rate subsidy program for assistive
2 technology."

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

4 * Section 1. AS 23.15 is amended by adding a new section to read:

5 Sec. 23.15.125. ASSISTIVE TECHNOLOGY LOAN GUARANTEE AND INTEREST
6 SUBSIDY PROGRAM. (a) An assistive technology loan guarantee fund is established in the
7 agency. The fund consists of money appropriated to it.

8 (b) Subject to (c) of this section, the agency may use money in the fund established
9 under this section to guarantee 90 percent of the principal amount of a loan or to subsidize the
10 interest rate of a loan guaranteed by the agency for appropriate assistive technology that is best
11 suited for enabling

12 (1) a handicapped individual to obtain or maintain employment; or

13 (2) an individual having a physical or mental disability to live more
14 independently.

1 (c) The agency may guarantee a loan or subsidize the interest rate of a loan guaranteed
2 under this section if

3 (1) the loan is made to a handicapped or disabled person, a member of the
4 person's family, or the employer or prospective employer of a handicapped or disabled person;

5 (2) the term of the loan does not exceed four years if the loan amount is less than
6 \$10,000 and does not exceed six years if the loan amount is \$10,000 or greater;

7 (3) the loan is originated and serviced by a state or federally chartered financial
8 institution located in the state;

9 (4) the agency determines that the person requesting the loan guarantee or subsidy
10 is not able to obtain the needed assistive technology from a less costly source;

11 (5) the agency determines that the person or the family of a child reasonably can
12 be expected to repay the loan given their expected income or other resources; and

13 (6) for a loan to purchase or modify a vehicle to provide transportation for a
14 handicapped person, the applicant has been steadily employed for the 90 days immediately
15 preceding the date of the loan application.

16 (d) In this section, "assistive technology" means durable equipment, adaptive aids, and
17 assistive devices.

INFO-BYTE #1

March 1991

Assistive Technologies of Alaska

What is Assistive Technology?

- * **Daily Living Aids:** Self-help devices that enable people who experience a disability to be more independent around the house - eating, cooking, maintenance, etc...
- * **Augmentative Communication:** Electronic and non-electronic devices that help people without speech to express themselves verbally as well as receive communication.
- * **Computer Applications:** Devices that enable people with disabilities to use a computer - headsticks, alternate keyboards, special software, etc...
- * **Environmental Control Systems:** Usually electronic systems that enable someone to control household appliances, thermostat, TV, stereo, door locks, etc...
- * **Home/Worksite Modifications:** Usually structural adaptations in the home or work such as ramps, raised tables, etc...
- * **Prosthetics and Orthotics:** Braces, artificial limbs and other equipment that replaces or augments missing or malfunctioning body parts.
- * **Seating and Positioning:** Accommodations to a wheelchair or other seating system to provide the user with greater body stability, support, posture, etc...
- * **Aids for Vision/Hearing Impaired:** Aids for people with specific disabilities including magnifiers, Braille devices, hearing aids, etc...
- * **Wheelchairs/Mobility aids:** Manual and electric wheelchairs, and other equipment that assists people with disabilities to move about.
- * **Vehicle Modification:** Hand controls, wheelchair lifts, modified vans, etc...

misc. back-up

1192

ASSISTIVE TECHNOLOGY LOAN GUARANTEE PROGRAM

The Assistive Technology Loan Guarantee Program will be established to assist persons with disabilities or their employers to purchase durable equipment, adaptive aids, assistive devices, and vehicles, in order to obtain or maintain employment or to live more independently.

The program will allow the Division of Vocational Rehabilitation to guarantee loans from private institutions so that persons with disabilities, their families, or their employers who cannot qualify for other assistance or private loans can obtain necessary adaptive technology. The Division is able to work with financial institutions to extend the time period during which the loan is to be paid back, as well as buy down interest rates, to make payments more manageable for consumers. An applicant's permanent fund dividend could be used as collateral.

How it Works

The person with the disability in need of the equipment, or their family must be unable to obtain the needed equipment through the Division of Vocational Rehabilitation, Medicare, Medicaid or other funding sources such as insurance companies. In making decisions about eligibility, the Division shall also determine that the person requesting a loan guarantee is unable to obtain the equipment or device from a free or less costly source. This must be documented by the DVR office that does the initial screening.

An application will be completed with the assistance of the local DVR staff, signed by the applicant and forwarded to the Juneau office for processing. DVR will be responsible for evaluating the applicant's ability to make loan payments based on income and general credit history.

The application will also be reviewed by the DVR to assure that the device or equipment is appropriate or best-suited to the applicant's disability.

The Division of Vocational Rehabilitation will make an initial determination for eligibility for the loan guarantee program and will contact the applicant and a local cooperating financial institution to initiate the lending institution's loan process. The lending institution

will then process the loan pursuant to their standard procedures by incorporating the Division's offer to guarantee the loan and buy down the interest rate to make the payments affordable. The lending institution then notifies the applicant and the Division when the loan is approved. The Division retains the discretion to deny the loan guarantee should the lender's review of the application reveal additional information which reflects negatively on the applicant's ability or willingness to repay the loan.

Optional conditions for vehicle loan

A person with a disability or their parent or legal guardian may apply for a vehicle loan. The loan program can be used for the purchase or modification of a vehicle to provide transportation for the disabled person. To be eligible, the person must be living independently or with their parents or guardians. An income limit will be set, and the applicant must be steadily employed a minimum of one year prior to date of initial loan request.

ASSISTIVE TECHNOLOGIES OF ALASKA

A report on the need for tools that enable Alaskans with disabilities to live, learn, work and play more independently



ASSISTIVE TECHNOLOGIES OF ALASKA

This booklet has been paid for with federal funds as part of a grant from the National Institute on Disability and Rehabilitation Research, U.S. Department of Education, and was administered by the Alaska Division of Vocational Rehabilitation.

For more information, additional copies or a non-print format of this document contact Assistive Technologies of Alaska at the following address:

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ASSISTIVE TECHNOLOGIES OF ALASKA

The goal of Assistive Technologies of Alaska (ATA) is to increase awareness of specialized equipment that can enhance the independence of people with disabilities, and to provide access to this equipment and technology.

ATA works in a direct and complementary role with other service providers. It plans to establish channels for information on new technologies and resources to be shared by various organizations and distributed to those who may benefit from them.

Four significant findings pave the way for ATA

This document summarizes a study conducted in the spring of 1991 by the Institute of Social and Economic Research (ISER), at the University of Alaska, Anchorage.

Surveyors polled Alaska residents at random by telephone, uncovering the following four major findings. These findings are significant in setting the goals and directions for Assistive Technologies of Alaska.

- **Communications devices represent Alaska's largest single assistive technology need.**
- **Almost 4,000 Alaskans with disabilities lack current information regarding assistive technology.**
- **Alaska Natives exhibit a much higher need for assistive technology than do other races.**
- **Rural Alaskans with disabilities experience the greatest need for all forms of assistive technology.**

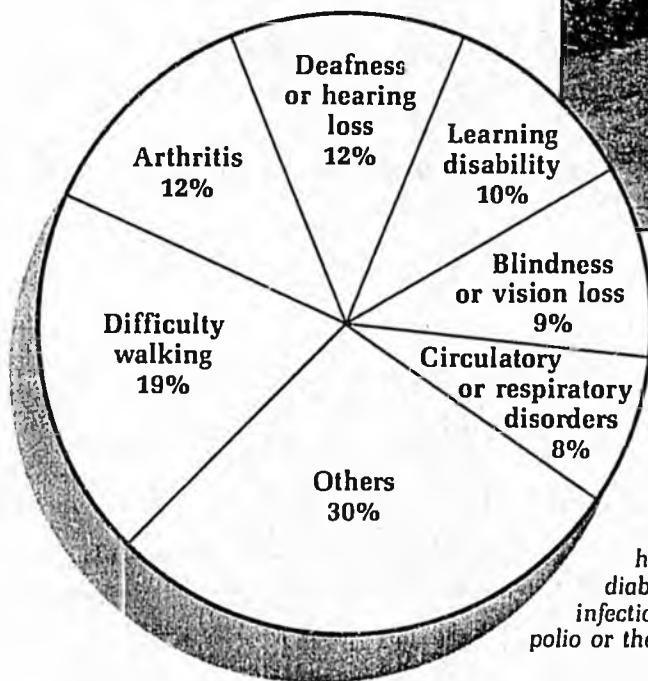
Complete survey results follow. It is important to note that the telephone poll may have resulted in low figures for deaf persons and those living in rural areas where telephone service is limited. The survey also excluded persons living in institutional settings. The numbers presented in this booklet are arrived at by a method known as statistical inferences.

More than 22,000 Alaskans with disabilities live on their own

The Institute of Social and Economic Research, at the University of Alaska, Anchorage, found 22,220 Alaskans, 4 percent of the state population, have disabilities and live outside of institutions. Their survey found that many of these Alaskans could benefit from additional equipment or services to help them become more self sufficient.

Difficulty in walking is the most common disability

Although Alaskans with disabilities often have more than one, the inability or difficulty in walking is the most common. This is followed by arthritis, deafness or hearing loss, learning disabilities, blindness or vision loss, and circulatory or respiratory problems.



Other disabilities include those with emotional or communicative disorders, head injuries, developmental disabilities, diabetes, stroke, seizure, drug/alcohol addiction, infectious disease, amputation, Alzheimer's disease, polio or the HIV virus.

Many services can help Alaskans with disabilities improve their lifestyles

One of the central goals of persons with disabilities is to live a more independent lifestyle. Alaskans with disabilities expressed a need for many of the following services. Most of the 22,220 identified are getting medical care, but 15 percent (3,416 Alaskans) are not receiving adequate medical care.

Persons Who Need Service	Service	% Not Receiving Service
13,013	Newsletters informing them of services	81%
6,355	Support groups	76%
14,007	Equipment for daily living and information on new products	58%
10,548	A centralized information source	55%
14,092	Help getting benefits available to them	37%
11,456	Job training	32%
10,505	Counseling	32%
17,724	Information on their disabilities	30%
13,790	Advocates to make their problems known	28%
22,220	Medical care	15%

14,000 Alaskans with disabilities would benefit from special equipment

About 14,000 Alaskans felt that special equipment could help them live, learn, work and play more independently. However, these same persons said they were not aware of all of the available equipment and need information on newer products.

More than half are not getting the special equipment they need

Of the 14,007 Alaskans with disabilities who need special equipment, 7,608 (58%) do not have access to the equipment that can help them live more self sufficient lives.

This equipment, called assistive technology, is often far from technical

The equipment available to help persons with disabilities function more independently is called "assistive technology." Some people associate this technology with complex computers or robotics. While these are forms of assistive technology, most Alaskans with disabilities could benefit from very simple tools that help with daily living. Some of the most common types of assistive technology include items that help people hear, such as hearing aids; read, with glasses or magnifiers; communicate, through voice synthesizers; or move, with the aid of walkers or wheelchairs.

Assistive technology is needed most often for communications

The task in which the greatest number of Alaskans with disabilities need assistance is in face-to-face communication with others. More than 1,900 Alaskans could benefit from assistive technology such as hearing aids and voice synthesizers.

Help with long distance communication was the second greatest need. Almost 1,700 Alaskans could benefit from tools such as TDDs or speaker phones.



Alterations in the home or office are also important

More than 1,600 Alaskans with disabilities need changes to their home or office, including building modifications or special appliances. Assistive technology designed for these uses includes wheelchair ramps, chair lifts, grab bars, pull down door knobs, tables, desks or cabinets that are raised or lowered, and similar devices.

About 1,100 felt a need for specialized control switches for lights, appliances and other environmental control systems.

Computers are adaptable tools

Neariy 1,700 Alaskans with disabilities could use some type of adapted computer equipment. Computers are easily adapted with assistive technology such as magnifiers for the video screen, braille keyboards or verbal input/output devices.





Accessible transportation is needed

Modifications to vans, buses and cars such as hand controls and wheelchair lifts can often make it easier for persons with disabilities to get around. An estimated 1,400 Alaskans see a need for this kind of transportation.

Alaskans with disabilities would like to enjoy recreation activities

A new sense of freedom and ability is often experienced by persons with disabilities when they are better able to enjoy their leisure time through the aid of recreational equipment. Almost 1,200 Alaskans desire access to equipment such as cycle chairs and adapted skis.



Tools that help with personal care are needed by a few people

Assistive aids that help with personal care and hygiene include catheters, bathing aids and commode chairs. This is a significant need for close to 1,000 Alaskans.



Technology can make persons with disabilities better workers

By raising a desk to accommodate a wheelchair, adding screen enlargement software to a computer, or installing pull down door knobs and wheelchair ramps, an employee with disabilities can become a more productive worker. Almost 800 Alaskans believe these assistive aids could help them.

Some Alaskans need help getting around

Slightly more than 700 Alaskans with disabilities need mobility aids. These may include basic wheelchairs, walkers or a guide dog for a blind person.

Type of Assistive Technology	Persons Not Receiving Needed Tools
Face-to-face communication	1,901
Long distance communication	1,686
Adapted computer	1,686
Building modifications	1,632
Accessible transport	1,383
Recreational devices	1,187
Household aids	1,124
Personal care	984
Work modifications	778
Mobility enhancement	735

Almost 4,000 Alaskans with disabilities lack the information they need

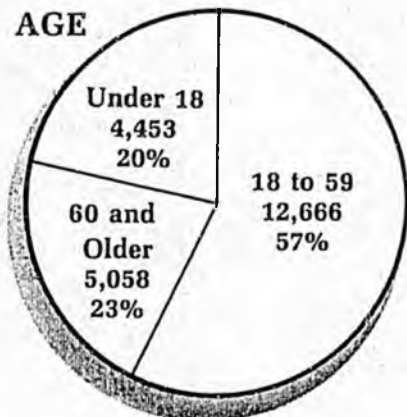
In order to get the assistive aids they need, Alaskans with disabilities need help finding information on what's available and obtaining financial assistance to buy or lease equipment. Almost 4,000 lack current information about new forms of assistive technology that could help them live more independently.

Type of Service	Persons Not Receiving Needed Information
Information on new technology	3,900
Finding companies that sell or service equipment	2,900
Financial aid	2,300

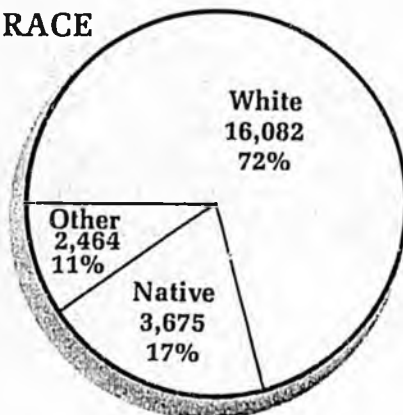
A profile of Alaskans with disabilities

Most Alaskans with disabilities are white, between 18 and 59 years of age and live in Southcentral Alaska. However, a significant number of Alaskans with disabilities are Native, many are 60 years or older and many reside in rural or Bush Alaska.

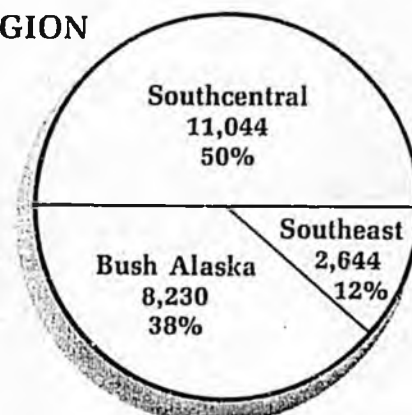
AGE



RACE



REGION



Younger Alaskans with disabilities see a need for computer-related aids

Alaskans with disabilities under 18 years-old seemed to show the greatest interest in technology adapted to computers. However, this younger group showed less interest in other forms of assistive technology, as did persons who were 60 years or older. This may be because many of their needs are being met by a parent or other member of their household.



Assistive technology is a big need for persons of working age

Technology in the workplace and at home was requested most often by persons with disabilities in the 18-59 age bracket. This is not surprising, since 18-59 is the average span of working years and a time when people usually live independently.

Alaska Natives have a greater need for assistive aids than other races

Alaska Natives, who represent 17% of Alaskans with disabilities, have a greater need for all forms of assistive technology. Their greatest need was for equipment to improve their ability to move around. Natives represented 41% of all Alaskans with disabilities requesting mobility assistance. The second greatest need expressed by Natives was for assistive technology in the home. Accessible transportation, aids to help with face-to-face communication and personal care assistance were the next greatest needs, in that order.



Rural Alaskans with disabilities represent the largest unmet need

A much larger number of rural Alaskans with disabilities require assistive technology of all kinds, compared to the state's major cities. Southcentral Alaska residents showed less need for assistive aids, possibly indicating a greater availability to residents in this region compared to the rest of the state.

The right tools must be found to meet these needs

The ISER study clearly shows that Alaskans with disabilities have many needs that are not being met for all forms of assistive technology. However, the study did not ask exactly how people expected to use this technology to meet their needs. As a result, it is difficult to determine what specific kinds of devices are required. In the case of computer-related technology, specific uses should be determined before deciding what role this often complex equipment may take.

Information services can help determine which tools are best

Access to information about the most current technology available to help with an individual's unique disability will help Alaskans make wiser decisions regarding which forms of assistive technology can best meet their needs.

Major findings from congressional hearings

The following points were documented during Congressional hearings prior to the adoption of the Technology-Related Assistance for Individuals with Disabilities Act in 1988.

- Technology is a powerful force in the lives of most U.S. residents.
- Technology can provide tools to make performing tasks quicker and easier.
- Assistive technology is a necessity that enables individuals with disabilities to engage in many tasks.
- There exists already a substantial number of assistive technology devices.
- The use of assistive technology devices and services can reduce the cost of disabilities to society.
- Many individuals with disabilities do not have access to assistive technology devices and services that would allow them to function commensurate with their abilities.
- There are insufficient incentives for commercial pursuit of the application of devices because of limited markets.
- There is a lack of coordination at the federal level among agencies that provide or pay for the provision of assistive technology devices and services.

The above findings were provided by the RESNA Technical Assistance Project, 1101 Connecticut Avenue, N.W., Suite 700, Washington, DC 20036.

Photo credits: All but two of the enclosed photos were taken by Gina Murrow, additional photography was done by Frank Flavin.