

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672  
7235 HOUSE STATE AFFAIRS

HB

55

HOUSE COMMITTEE REPORT

(7)

Date Referred: January 22, 1991

FURTHER REFERRALS: Finance

Date of Committee Action: 4-17-91

The STATE AFFAIRS Committee considered:

HB 55

HOUSE BILL NO. 55

APPROP: BUDGET RESERVE FUND

"An Act amending an appropriation to the budget reserve fund; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 55 (STA)  the same title  a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

fiscal impact \_\_\_\_\_

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

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

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

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not Pass	No Rec	Amend
<i>Gene Kubera</i>			X	
<i>Tommy</i>			X	
<i>David</i>			✓	
<i>E. Bruckner</i>			—	
<i>Jim</i>			—	
<i>Mike</i>			—	
<i>Rep. [unclear]</i>			—	

*Gene Kubera*  
Chairman's Signature



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

April 15, 1991

To: House State Affairs Committee  
Rep. Gene Kubina, Chairman  
Rep. Tom Moyer  
Rep. Dave Choquette  
Rep. Betty Bruckman  
Rep. Max Gruenberg  
Rep. Larry Baker  
Rep. Mike Miller

From: Representative Kay Brown *Kay*

I want to express my support for the proposed committee substitute for House Bill 55, an act making appropriations to the Constitutional and Statutory Budget Reserve Funds.

My original intent in introducing House Bill 55 was to amend last session's appropriation of FY91 surplus funds to the statutory budget reserve fund. The bill would have deposited the funds instead into the Constitutional Budget Reserve approved by voters last November.

As you can see by the new version of the bill, I haven't changed my mind about the importance of saving money for future budgets. But the proposed committee substitute would better conform to the House's overall spending plan for the remainder of FY91 and FY92.

The bill no longer amends last session's appropriation to the statutory budget reserve. If projections are correct the statutory budget reserve at the end of this year should receive about \$600 million in surplus funds, \$200 million of which will be needed to support the FY92 budget.

The new version of HB 55 would, instead, appropriate 50% of the balance of the statutory budget reserve, as of June 30, 1992, into the Constitutional budget reserve. And it would deposit 50% of any FY92

- Sponsor Statement -

surplus funds into the Constitutional Budget Reserve and 50% into the statutory Budget Reserve.

If the House spending plan is adopted by the Legislature, this bill would have the effect of depositing about \$200 million into the Constitutional budget reserve and leaving about \$200 million in the statutory reserve. It would also appropriate any FY92 carryforward funds into the two reserve funds on a 50/50 basis, although there is currently no carryforward projected for the end of FY92.

As you are all aware, it's difficult to predict state revenues from month to month, much less year to year. Thus, it seems more sensible to propose appropriations of surplus funds that are based on percentages rather than exact dollar figures.

Thank you for your consideration.

### Comparison: Hickel and House Budget Plans

	Governor	House
FY 91 Available	3,407.4	3,407.4
FY91 Expenditures	3,156.1	2,655.6
Carry Forward/Budget Reserve	138.1	650.6
FY92 Available	2,660.1	2,636.2
<u>FY92 Expenditures</u>	<u>2,422.8</u>	<u>2,639.6</u>
<b>Total Expenditures/FY91&amp;92</b>	<b>5,578.9</b>	<b>5,295.2</b>

#### Reserve Fund Balances:

Balance Left in Budget Reserve	81.7	396.3
Surplus/Unreserved	246.8	.0
Governor's Debt Repayment Fund	105.7	.0
Mental Health Trust Income Balance	60.1	78.2
<b>Total</b>	<b>494.3</b>	<b>474.5</b>

**Brown CS**

**CS FOR HOUSE BILL NO. 55 ( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVES BROWN, Parnell, B.Davis, Finkelstein, Ellis, Navarre, R.Phillips**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act making appropriations to the statutory budget reserve fund and the constitutional  
2 budget reserve fund; and providing for an effective date."

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

4 \* Section 1. An amount equal to 50 percent of the unexpended and unobligated balance in the budget  
5 reserve fund established under AS 37.05.540 on June 30, 1992, is appropriated from that fund to the  
6 budget reserve fund established under art. IX, sec. 17, Constitution of the State of Alaska.

7 \* Sec. 2. An amount equal to 50 percent of the "general fund balance available for appropriation"  
8 in the annual financial report prepared by the Department of Administration under AS 37.05.210(2) for  
9 fiscal year 1992 is appropriated to the budget reserve fund established under art. IX, sec. 17, Constitution  
10 of the State of Alaska.

11 \* Sec. 3. An amount equal to 50 percent of the "general fund balance available for appropriation"  
12 in the annual financial report prepared by the Department of Administration under AS 37.05.210(2) for  
13 fiscal year 1992 is appropriated to the budget reserve fund established under AS 37.05.540.

14 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

# STATE OF ALASKA

## THE LEGISLATURE

### BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
P.O. BOX WF  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3795

### MEMORANDUM

DATE: March 5, 1991

TO: Mike Greany,  
Director

FROM: Nancy J. Slagle, *NJS*  
Fiscal Analyst

SUBJ: Constitutional Budget Reserve Fund

According to the Department of Administration, Division of Finance, the Constitutional Budget Reserve Fund has been established and the following amounts have been transferred into it:

	Deposit Date	Total Received	General Fund Amount
Amerada Hess Case Settlement			
Marathon	6/28/90	\$2,923,676	\$2,178,139
Marathon	7/5/90	76,555	57,033
Marathon	7/9/90	524,942	391,082
ARCO	9/17/90	287,161,781	213,695,740
Freeport	10/15/90	331,000	246,595
Tax Settlements			
Exxon	8/20/90	28,112,801	28,112,801
Marathon	10/90	5,525,000	5,525,000
Mobil	12/90	32,763,614	32,763,614
Mobil	1/23/91	110,293	110,293
Chevron	1/22/91	210,105	210,105
Balance of Fund at March 3, 1991			\$283,290,402

Interest that has been earned on these funds have not yet been transferred to the fund. Finance will be contacting Treasury to inform them that the fund has been established so that interest may now be transferred. Future interest should accumulate to the fund.

The Marathon funds received on 6/28/90 are included in the Constitutional Budget Reserve Fund because they are part of the same settlement that was received on 7/5 and 7/9.

# BALLOT MEASURE NO. 1

## Budget Reserve Constitutional Amendment

[HCS CSSSSJR 5 (Fin) am H]

### BALLOT LANGUAGE

This proposal would create the "Budget Reserve Fund" in the state treasury. Money the state receives from mineral revenue lawsuits or administrative actions would be deposited in the Fund, and invested at competitive rates. The Fund could be used when money available for appropriation in the year is less than the year before, but only to make up the shortfall. The legislature could only appropriate from the Fund for other purposes with a 3/4 vote. At the end of each year, the Fund would have to be paid back from money left in the treasury's general fund.

Should this constitutional amendment be adopted?

Yes  No

### VOTES CAST BY MEMBERS OF THE 16TH ALASKA LEGISLATURE ON FINAL PASSAGE

House: Yeas 38 Nays 2  
Senate: Yeas 15 Nays 5

### LEGISLATIVE AFFAIRS AGENCY SUMMARY

This measure will amend the state constitution by creating the budget reserve fund. Money from certain mineral revenue sources received by the state from an administrative proceeding or litigation is placed in the fund. Income of the fund is kept in the fund.

Appropriations may be made from the fund if money available for a fiscal year is less than the amount appropriated for the prior year. When this occurs the amount that may be taken from the fund is limited. Only the money needed to make up the difference may be appropriated.

Money may also be appropriated from the reserve fund by special vote of the legislature. Three-fourths of the members of each house must approve. The amount that may be taken is unlimited when this vote is obtained.

Money that is appropriated from the reserve fund must be repaid. Surplus general fund money must be deposited in the reserve fund at the end of each year until the reserve fund is repaid.

### FULL TEXT OF PROPOSED LAW

\*Section 1. Article IX. Constitution of the State of Alaska, is amended by adding a new section to read:

SECTION 17: BUDGET RESERVE FUND (a) There is

established as a separate fund in the State treasury the budget reserve fund. Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. Money in the budget reserve fund shall be invested so as to yield competitive market rates to the fund. Income of the fund shall be retained in the fund. Section 7 of this article does not apply to deposits made to the fund under this subsection. Money may be appropriated from the fund only as authorized under (b) or (c) of this section.

(b) If the amount available for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year, an appropriation may be made from the budget reserve fund. However, the amount appropriated from the fund under this subsection may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year.

(c) An appropriation from the budget reserve fund may be made for any public purpose upon affirmative vote of three-fourths of the members of each house of the legislature.

(d) If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law.

\*Section 2. The amendment proposed by this resolution shall be placed before the voters of the state at the next general election in conformity with art. XIII, sec. 1. Constitution of the State of Alaska, and the election laws of the state.

### STATEMENT IN SUPPORT

Cut the budget.  
Reduce state spending.  
Get state spending under control.

Each year these battle cries are raised by Alaskans. While elected officials say they listen and promise to do all they can, the simple fact is the Legislature's record shows it consistently spends most or all of the money available in the treasury. Alaska is confronted with an impending fiscal crisis of staggering proportions as a result of an inevitable "gap" between general fund revenues and current state spending levels. Present levels

HB

61

Date Referred: January 23, 1991

FURTHER REFERRALS: Health, Education & Social Services  
Finance

Date of Committee Action: 2/12/92

The STATE AFFAIRS Committee considered:

HB 61

HOUSE BILL NO. 61

CHILD CARE CENTERS IN PUBLIC BUILDINGS

"An Act relating to child care."

RECOMMENDATIONS:

be replaced with CS HB 61 (STA)  the same title  
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Disc)

fiscal impact \_\_\_\_\_

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

zero fiscal note ADMIN

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

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not Pass	No Rec	Amend
Chairman	<i>Eugene A. Kubisa</i>			
Deputy	<i>Vaid McCaffrey</i>			
Members	<i>E. Bill</i>			
	<i>Jim W. Baker</i>			
	<i>Mike Kelly</i>			
	<i>Max Mumford</i>			
	<i>Tommy</i>			

*Eugene A. Kubisa*  
Chairman's Signature

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 61

Revision Date: \_\_\_\_\_ Department Affected: Community & Regional Affairs  
Title: An Act relating to BRU: Child Assistance  
child care Component: Child Care

Sponsor: Representative Taylor  
Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 

0	6	5	8
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	56.5	58.3	60.1	62.0	63.9	66.1
TRAVEL	12.8	13.8	14.8	15.8	16.8	17.8
CONTRACTUAL	9.5	10.0	10.5	11.0	11.5	12.0
SUPPLIES	1.0	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	4.0	-0-	-0-	-0-	-0-	2.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	83.8	82.6	85.9	89.3	92.7	98.4

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	83.8	82.6	85.9	89.3	92.7	98.4
FEDERAL FUNDS						
OTHER						
TOTAL	83.8	82.6	85.9	89.3	92.7	98.4

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year impact: none

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708

Division: Administrative Services Date: \_\_\_\_\_

Approved by Commissioner: *[Signature]*

Agency: Community & Regional Affairs Date: \_\_\_\_\_

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title Project Coordinator			No. of Positions 1	Range / Step 18/A	Barg. Unit GGU
Time Status Full time	Staff Months 12		Location Anchorage	Election District	
<b>TYPE OF EXPENDITURE</b>			<b>Amount</b>		
Salary	40,522	40,522	<b>Justification</b>  This position would be essential for drafting and implementing regulations, monitoring compliance and issuing appropriate warrants. On-site training and technical assistance for the grantees would be needed to support and effectively administer the funds. Travel would be critical to carrying out the duties described above as would computer and work station equipment.		
Benefits	15,931	15,931			
Premium Pay					
Other					
Total Personal Services		56,453			
Travel		12,800			
Contractual		9,500			
Commodities		1,000			
Equipment		4,000			
Other					
Total Cost		83,753			
<b>FUNDING SOURCE FOR TOTAL COST</b>					
Federal Receipts 1002					
G.F. Match 1003					
General Fund 1004		83,753			
I-A Receipts 1007					
CIP Receipts 1061					
Other					

**Request For  
New Position**

AGENCY Community & Regional Affairs  
BRU Child Assistance  
COMPONENT Child Care

**FY** 92

Page 2 of 2  
Revised Date: \_\_\_\_\_

**FISCAL NOTE**

**STATE OF ALASKA**  
**1991 LEGISLATIVE SESSION**

BILL NO. HB61

Revision Date: \_\_\_\_\_ Department Affected: Community & Regional Affairs  
 Title: An Act Relating to Child Care BRU: Administration and Support  
 Component: Administrative Services  
 Sponsor: Representative Taylor  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 

0	6	8	4
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**Expenditures/Revenues: (Thousands of Dollars)**

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	35.3	36.3	37.3	38.2	39.2	40.3
TRAVEL						
CONTRACTUAL	2.5	1.5	1.5	1.5	1.5	1.5
SUPPLIES	1.4	0.4	0.4	0.4	0.4	0.4
EQUIPMENT	0.0	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>41.2</b>	<b>38.2</b>	<b>39.2</b>	<b>40.1</b>	<b>41.1</b>	<b>42.2</b>

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	41.2	38.2	39.2	40.1	41.1	42.2
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>41.2</b>	<b>38.2</b>	<b>39.2</b>	<b>40.1</b>	<b>41.1</b>	<b>42.2</b>

**POSITIONS:**

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

**ANALYSIS: (Attach a separate page if necessary.)**

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708  
 Division: Administrative Services Date: 2-12-91

Approved by Commissioner: *E. ...*  
 Agency: Community & Regional Affairs Date: \_\_\_\_\_

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).



**FISCAL NOTE**

**STATE OF ALASKA**  
**1992 LEGISLATIVE SESSION**

**BILL NO. HB 61**

Revision Date: \_\_\_\_\_  
 Title: An Act relating to child care  
 Sponsor: Representative Taylor  
 Requestor: \_\_\_\_\_

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

COMPONENT SERIAL NO. 

0	6	5	8
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**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	58.3	60.1	62.0	63.9	66.1	68.1
TRAVEL	13.8	14.8	15.8	16.8	17.8	18.8
CONTRACTUAL	10.0	10.5	11.0	11.5	12.0	12.5
SUPPLIES	1.0	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	4.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>87.1</b>	<b>85.9</b>	<b>89.3</b>	<b>92.7</b>	<b>96.4</b>	<b>99.9</b>

CAPITAL						
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REVENUE FUND SOURCE:						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	87.1	85.9	89.3	92.7	96.4	99.9
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	<b>87.1</b>	<b>85.9</b>	<b>89.3</b>	<b>92.7</b>	<b>96.4</b>	<b>99.9</b>

**POSITIONS:**

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson  
 Division: Administrative Services Division

Phone: 465-4708  
 Date: 2/10/92

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

Date: 2/10/92

Position Title <b>Project Coordinator</b>		No. of Positions <b>1</b>	Range / Step <b>18/A</b>	Barg. Unit <b>GGU</b>
Time Status <b>Full Time</b>	Staff Months <b>12</b>	Location <b>Anchorage</b>		Election District
<b>TYPE OF EXPENDITURE</b>		<b>Amount</b>		
Salary	42,363.0	42,363.0		
Benefits	15,937.0	15,937.0		
Premium Pay				
Other				
<b>Total Personal Services</b>	<b>58,300.0</b>	<b>58,300.0</b>		
Travel		13,800.0		
Contractual		10,000.0		
Commodities		1,000.0		
Equipment		4,000.0		
Other				
<b>Total Cost</b>		<b>87,100.0</b>		
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	87,100.0		
I-A Receipts	1007			
CIP Receipts	1061			
Other				
<b>Justification</b> This position would be essential for drafting and implementing regulations, monitoring compliance and issuing appropriate warrants. On-site training and technical assistance for the grantees would be needed to support and effectively administer the funds. Travel would be critical to carrying out the duties described above as would computer and work equipment.				

**REQUEST FOR  
NEW POSITION**

AGENCY Community and Regional Affairs  
 BRU Child Assistance  
 COMPONENT Child Care

**FY 93**

Page 2 of 2  
 Revised Date:

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HB61

Revision Date: \_\_\_\_\_ Department Affected: Community & Regional Affairs  
 Title: An Act relating to Child Care BRU: Administration and Support  
 Component: Administrative Services

Sponsor: Rep. Taylor  
 Requester: \_\_\_\_\_

COMPONENT SERIAL NO. 

0	6	8	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	36.3	37.3	38.2	39.2	40.3	41.2
TRAVEL						
CONTRACTUAL	2.5	1.5	1.5	1.5	1.5	1.5
SUPPLIES	1.4	0.4	0.4	0.4	0.4	0.4
EQUIPMENT	2.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>42.2</b>	<b>39.2</b>	<b>40.1</b>	<b>41.1</b>	<b>42.2</b>	<b>43.1</b>

CAPITAL						
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REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	42.2	39.2	40.1	41.1	42.2	43.1
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	<b>42.2</b>	<b>39.2</b>	<b>40.1</b>	<b>41.1</b>	<b>42.2</b>	<b>43.1</b>

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson Phone: 465-4706  
 Division: Administrative Services Date: 2/10/92  
 Approved by Commissioner: Ed. Birtz  
 Agency: Department of Community & Regional Affairs Date: 2/10/92

Position Title <b>Accounting Clerk III</b>			No. of Positions <b>1</b>	Range / Step <b>10A</b>	Barg. Unit <b>GGU</b>
Time Status <b>Full-time</b>	Staff Months <b>12</b>		Location <b>Anchorage</b>	Election District	
<b>TYPE OF EXPENDITURE</b>			<b>Amount</b>		
Salary	<b>24,987</b>	<b>24,987</b>	<b>Justification</b>  This position is necessary in order to process the increased grants for Child Care Centers. Establishing facilities in state offices, universities, and private employment firms will add a tremendous impact on the fiscal workload in processing payments and generating various program and accounting reports. Contractual and commodity funds are needed for essential support services and supplies. Equipment needs include a computer terminal, desk, and chair.		
Benefits	<b>11,332</b>	<b>11,332</b>			
Premium Pay					
Other					
<b>Total Personal Services</b>		<b>36,319</b>			
Travel		<b>0</b>			
Contractual		<b>2,500</b>			
Commodities		<b>1,400</b>			
Equipment		<b>2,000</b>			
Other					
<b>Total Cost</b>		<b>42,200</b>			
<b>FUNDING SOURCE FOR TOTAL COST</b>					
Federal Receipts	<b>1002</b>				
G.F. Match	<b>1003</b>				
General Fund	<b>1004</b>	<b>42,200</b>			
I-A Receipts	<b>1007</b>				
CIP Receipts	<b>1061</b>				
Other					

**REQUEST FOR  
NEW POSITION**

AGENCY Community and Regional Affairs

BRU Administration and Support

COMPONENT Administrative Services

**FY 93**

Page 2 of 2

Revised Date:

FISCAL NOTE

BILL NO. CSHB 61 (STA)

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_

Department Affected: Administration

Title: An Act relating to child care

BRU: General Services

Component: Leases

Sponsor: Taylor

Requestor: House State Affairs

COMPONENT SERIAL NO. 

8	1		
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Expenditures/Revenues: (Thousands of Dollars)

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

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)  
The bill will have no effect on the activities of the division.

Prepared by: Anne McCord, Director *AMC*  
Division: General Services

Phone: 465-2250  
Date: \_\_\_\_\_

Approved by Commissioner: Nancy Bear Usara *NBU*  
Agency: Administration

Date: 2/10/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

# Alaska State Legislature

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WESTERN STATES LEGISLATIVE  
FORESTRY TASK FORCE



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## House of Representatives

ROBIN L. TAYLOR  
MINORITY LEADER

### MEMORANDUM

TO: Representative Gene Kubina  
Chair, House State Affairs Committee

FROM: Representative Robin L. Taylor 

DATE: 2/12/92

REF: HB 61 Revisions

Mr. Chairman:

I appreciate the opportunity you afforded me to work with your staff in the drafting of a committee substitute for HB 61. We met with Department of Administration yesterday to consider their recommendations. I believe the compromises reached make the CS a fiscally viable alternative to my original proposal.

In addition to eliminating the requirement that space for child care be provided in leased property, a phrase has been added to Sec. 44.47.325 to make the Child Care Partnership Grant Program dependant on available funding. It is my hope that this section will remain in the legislation as a tool for encouraging the private sector to participate when budgetary considerations allow for implementation of this provision.

You will note that we left in the requirement for a needs assessment when school district and municipal leases are renewed. While not requiring that space for child care be provided in leased space, such an assessment should serve to give communities a better understanding of the child care needs in their area.

Again, thank you for your cooperation in allowing me to help draft the substitute. I again urge your support.

# DIVISION OF LEGAL SERVICES

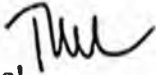
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Court Plaza, Room 500  
Mail Stop 3101

### MEMORANDUM

March 13, 1991

**SUBJECT:** Child Care (HB 61)  
**TO:** Representative Robin Taylor  
**FROM:** Terri Lauterbach   
Legislative Counsel

As you requested, this memo describes the various sections of HB 61. It is a general description; if you have specific legal questions about any particular section, I would be happy to expand upon this memo.

Section 1. Expresses the findings and intent of the legislature about why the bill is proposed.

Sec. 2. Contains the child care requirements for a school district that plans to construct, expand, make a major renovation to, or renew a lease for a school building.

Sec. 3. Adds a reference to child care requirements to a list that must be amended if changes in municipal laws are intended to apply to home rule charter municipalities.

Sec. 4. Contains the child care requirements for a municipality that plans to construct, expand, make a major renovation to, or renew a lease for a municipal building. Makes an exception for cities with a population of less than 500.

Sec. 5. Contains the child care requirements for a state agency that plans to construct, expand, make a major renovation to, or renew a lease for a state building. Includes the University of Alaska, the Alaska Railroad Corporation, and other agencies of the executive, legislative, and judicial branches of state government.

Sec. 6. Establishes a program under which a private employer can obtain a matching grant to help defray the costs of child care paid by it for its employees' dependents.

TML:pl  
91-158.plm

# Alaska State Legislature

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## House of Representatives

ROBIN L. TAYLOR  
MINORITY LEADER

### MEMORANDUM

TO: Rep. Gene Kubina, Chairman STA  
FROM: Rep. Taylor *RT*  
DATE: 4/6/91  
REF: HB 61: DAYCARE IN PUBLIC BUILDINGS

Mr. Chairman:

I would appreciate it if the enclosed information is distributed to your committee as it considers HB 61.

This is in follow-up to the information provided with my formal request of March 23 for a full hearing on this bill.

## Interview

## ON-SITE CHILD CARE IS GAINING IN POPULARITY

Corporate involvement in the issue of child care is "exploding all around us," Marguerite Sallee, president and chief executive officer of Corporate Child Care Inc., told WAF June 5. CCC is a Nashville-based firm which specializes in employer-based child care services.

For example, Marriott Corporation announced June 1 that it will open in the fall an on-site child care center at its international headquarters in Bethesda, Md., and Johnson & Johnson opened May 7 an on-site child care center at its corporate headquarters in New Brunswick, N.J.

Sallee said she has been watching private-sector involvement in child care for the past four years, and that "in the last 12 months, the response has exploded." Up until now, corporate participation in people's child care needs has been "in the closet," but now "it's o.k. to talk about," she said. The explanation for employers' growing recognition that they have a role to play is two-fold, she said: demographics, including projected labor shortages, and a "growing consciousness among CEOs that we all have a stake in the next generation."

Hospitals were the first to offer on-site child care, said Sallee. Hospital personnel have special needs because of irregular hours and also because hospitals are heavily dependent on nurses, most of whom are female. Currently, the hos-

pital industry is facing a severe nursing shortage. Irregular hours and a female-dominated workforce are the two most important factors determining which industry sectors will go into child care, Sallee said.

Banks seem to be the next industry that will be jumping into the child care fray, Sallee observed. Again, she said, bank workers are predominantly female and have somewhat irregular hours. Additionally, bank workers tend to be lower-paid, so it is incumbent on employers to step in.

The "next wave is going to be the *Fortune 500* companies," Sallee said. This group will be doing it "more because it's the right thing to do," she said. In general, she added, the service industry also will be getting more and more involved in child care.

When companies start thinking about providing a child care benefit, Sallee said, they usually explore the feasibility of an on-site center and try to decide where such a center would make sense. Sometimes, she said, putting a child care center on the premises of the corporate headquarters doesn't make sense "because it's in downtown Manhattan."

In general, Corporate Child Care Inc. recommends that employers present an on-site child care center to their employees as a service, like an employee cafeteria, not as part of the benefit package, said Sallee.

## Corporate Models

Marriott's child care center, scheduled to open in the fall, will serve the approximately 4,000 employees at Marriott headquarters in Bethesda, Md., as well as those in satellite offices and local properties in the Washington, D.C., area, according to Jenny Levendusky, corporate relations supervisor.

The 5,600-square-foot center will accommodate 63 children, ages six weeks to 36 months. CCC is developing the center and will operate it as well. In April 1989, Marriott's Food and Services Management division entered into a joint venture with CCC to offer on-site child care services to Marriott business, education, and health care clients. Marriott is a minority shareholder in CCC.

All full- and part-time Marriott employees in the area may use the center, with full-time workers having priority. Fees will range from \$100 to \$160 per week, depending on the child's age, and tuition assistance will be available for qualified employees.

Additionally, drop-in care will be available for \$35 per day.

Marriott also began offering June 1 a child care resource and referral program to its employees, according to Diane Huggins, CCC's director of corporate communications.

Johnson & Johnson's \$5.5 million child care facility was designed to serve the firm's approximately 5,500 employees in the New Brunswick area. Jeffrey Leebaw, a spokesman for Johnson & Johnson, told WAF May 31.

The two-story, 26,000-square-foot building will accommodate an active learning curriculum geared to meet the developmental needs of children ages six weeks through six years. The facility includes a "Get Well Center" for mildly ill children, a computer room, a music room, an audio-visual center, and two outdoor playgrounds. The facility opened with a staff of 15 child care professionals including a full-time nurse.

Some 70 children are already enrolled in the child care center. Attendance is expected to reach 140 children by the end of the year, and the full capacity of 200 should be reached by the end of 1991.

Weekly fees range from \$105 to \$125, with Johnson & Johnson subsidizing a percentage of the cost on a sliding scale, Leebaw said, and making financial aid available according to need.

The program for the center was designed by Resources for Child Care Management, a national child care consulting and management firm based in Berkeley Heights, N.J., that will staff and operate the center. The center itself was designed by the architectural firm of Pei, Cobb, Freed & Partners in New York City.

The center marks the latest in a series of initiatives the company introduced last year as part of its "Balancing Work and Family" program (WAF, May 26, 1989, p. 1). The program includes an expanded leave policy for family care matters, adoption aid, a reimbursement program for dependent care expenses, and alternative work arrangements. □



# The National Report on **WORK & FAMILY**

News on Legislation, Litigation, and Employer Policies

Volume 3, Number 5

BURAFF PUBLICATIONS

February 16, 1990

## Corporate

### LEGO SYSTEMS TO BEGIN CONSTRUCTION OF ON-SITE CHILD CARE CENTER FOR EMPLOYEES

BOSTON — LEGO Systems Inc. is expected to begin construction soon of an on-site daycare center at its corporate headquarters in Enfield, Conn.

LEGO Systems President Peter Eio told WAF Feb. 14 he expects the building's cost to be a "seven-figure number." Even if the building cost is excluded, "at best, we expect to break even or even lose a small amount," he said.

The primary reason for creating the daycare center is that the company is gradually expanding its workforce, Eio said, and it saw a need among its employees for quality child care facilities. LEGO expects the daycare center to help in retaining employees, he added.

The center, which is scheduled to open in September, will be run by an outside child care consultant, according to LEGO spokeswoman Jeanne Hopkins. The company is still in the process of selecting a provider.

"LEGO views the daycare center as a business," she said, "not as a freebie for our employees." The decision to have the center operated by an outside firm was made "because we are not in the daycare business," Hopkins stressed.

LEGO tentatively plans to pay 10 percent of the cost of daycare for employees who use of the facility, Eio said. The daycare provider also will be expected to cover an additional 10 percent of the cost of care for LEGO employees.

"We don't have the necessary expertise to run a daycare center," Eio said. However, the company intends to be involved in the center's on-going operation.

LEGO Systems is a division of the LEGO Group, a privately-held firm based in Denmark. The U.S. Division employs 825 persons at its Enfield headquarters where it manufactures LEGO bricks and DUPLO blocks.

Building on its reputation as a company committed to improving the lives of children, the facility, which will have the outside appearance of life-size LEGO

*(Continued on p. 8)*

## Cities

### DAYCARE NOT PUBLIC'S RESPONSIBILITY, FREMONT VOTERS SAY IN EXIT-POLL STUDY

OAKLAND, Calif. — Voters in Fremont, Calif., overwhelmingly defeated a child care tax measure last June because they believe child care is the parents' responsibility, not the public's, according to a Stanford University study released Feb. 1 based largely on election-day exit polls.

The measure, which would have raised property taxes by \$12 yearly per household to help pay for a \$1.8 million citywide child care program, failed by a 5-to-1 margin in the final ballot vote (WAF, June 9, 1989, p. 5).

The Stanford study found that a large percentage of the voters who voted against the measure — almost 60 percent of the 530 people interviewed — had child care

*(Continued on p. 2)*

## Inside . . .

Action on child care bill stalled until House resolves dispute, aide says . . . p. 2

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Employees and employers underutilize family-supportive benefits, EBRI report says . . . p. 3

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Large majority of Americans in Gallup poll believe employers should be required to provide unpaid family leave . . . p. 4

Labor Department's Women's Bureau publishes 1990 procurement plan for work and family grants and projects . . . p. 5

Tennessee governor asks for \$5 million for new daycare slots in fiscal year 1990 . . . p. 5

AFSCME holds workshop on bargaining for child care benefits . . . p. 6

Only one out of six older people can afford long-term care insurance, study finds . . . p. 7

Minnesota to open child care center for employees' children . . . p. 7

AARP study finds people willing to pay for long-term care coverage . . . p. 8

**Insurance****PEOPLE WILLING TO PAY FOR LONG-TERM CARE, AARP SAYS**

In a public opinion survey, people said they would be willing to pay up to \$50 per month for long-term care coverage, an issue that will be a major public policy and family concern in the 1990s, according to a study released Jan. 26 by the American Association of Retired Persons.

Based on research for AARP, The Daniel Yankelovich Group Inc. found that individuals want nursing home coverage that is available to everyone as part of a federal long-term care program, and that support for such a program will grow as more American families have direct experience with and more knowledge about long-term care.

Individuals are willing to pay \$50 a month for the "right" long-term care package. The researchers said respondents chose this option "even though they were presented with the choice of paying nothing for long-term care."

According to the study, the skyrocketing costs of health care, the advances in medical technology increasing life spans, the gradual aging of the population, increased family mobility, and concerns over the financial effect of long-term care are among the factors focusing both public and family attention on the issue of extended care.

**Public Anxiety**

"As the public ages and direct experience with long-term care becomes more widespread, public anxieties about the issue can only increase," the researchers said.

The study findings are based on a telephone survey conducted between Oct. 21 and Nov. 29, 1989, of 1,490 individuals over age 18. Focus groups were conducted in Edison, N.J., and Overland Park, Kan.

The researchers identified several important factors indicating public support for a federal program covering long-term care: Nursing home coverage is a must for any program, public or private; home-care coverage is valued, but not as the centerpiece of any program; universal eligibility is considered a key factor; and support for a government-provided long-term care program stems "from the recognition that only government can provide what they want at the price they are willing to pay."

For more information, contact AARP, 1900 K St. N.W., Washington, D.C. 20049; telephone (202) 872-4700. □

**Corporate, from p. 1**

bricks, is being constructed adjacent to the firm's headquarters.

While no fee schedule has been determined, the going rate at area daycare centers in northern Connecticut runs from \$100 per week for toddlers to \$140 for infants, Hopkins said. The LEGO center will charge competitive rates.

The center is scheduled to care for children age three months to 12 years. The center will be able to accommodate approximately 120 children and will be open to the children of LEGO employees, employees' relatives, and members of the local community. However, LEGO employees will have priority for available slots.

While plans for the facility are not yet complete, initial proposals call for the 7,600 square-foot center to operate from 6:30 a.m. to 6:00 p.m. on a year-round basis. School-age children will be bused to the facility after classes and may be enrolled for day-long programs in the summer. Hopkins said the busing service will be provided by the management firm hired to run the center. She said the cost of liability insurance for busing is substantially cheaper when obtained by the daycare provider, who is able to spread the risk over a large number of students.

But the company is aware that family care is the benefit issue of the 1990s. In addition to providing the 10 percent subsidy, LEGO employees also may take advantage of a pre-tax child care spending account to pay for daycare. LEGO is hoping to work with a national child care provider that also will be able to provide care for the children of LEGO employees who work outside the Enfield area.

Thirty slots have been reserved for employees of the Connecticut Department of Corrections, which operates a facility near the LEGO Systems plant in Enfield. Several slots also will be made available to low-income residents on a sliding scale basis.

The center is expected to be a showcase for LEGO's educational products. Inside the center will be separate learning areas for different age groups, a computer room, and two "adventureland" playgrounds.

"We envision a very distinctive architectural format which combines good quality facilities within an immediately recognizable LEGO environment," Eio said. "The LEGO Group is committed to improving the lives of children and building a daycare center 'the LEGO way' is a natural spin-off." □

**THE NATIONAL REPORT ON WORK & FAMILY**

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of each of the next two 12-month periods.

- Require employers to post notices to employees describing in full their family and medical leave policies.

- Fine employers \$10,000 if they file false or misleading information with the Labor Department.

- Require the secretary of labor to analyze all the collected information and submit a report to Congress within four years after enactment of the legislation.

The Family and Medical Leave Act, on the other hand, would require employers with more than 50 employees to provide 10 weeks of unpaid family leave upon the birth, adoption, or serious illness of a child or elderly parent, and 15 weeks for an employee's own serious illness. A companion bill in the Senate (S 345) would require employers with 20 or more employees to provide the same family leave and 13 weeks for an employee's own serious illness. □

## Unions

### CHRYSLER/UAW BREAK GROUND FOR JOINT CHILD CARE CENTER

Chrysler Corp. and the United Auto Workers broke ground March 19 for the auto industry's first jointly operated on-site child care and training center on a 14-acre site, a half mile from Chrysler's Huntsville (Ala.) Electronics Division Complex.

Chrysler is allowing 12 to 18 months for construction of the two centers, Lee Sechler, a company spokesman, said. The centers are scheduled to open "some time in 1991," he said.

The 24,000-square-foot child care center and the 60,000-square-foot training center will provide services for more than 3,000 UAW/Acustar/Pentastar workers and their families in the Huntsville area. Provisions for future expansion of the child care center have been incorporated into the construction plans.

The child care center program was announced in mid-1989. The program will be able to serve 148 children between the ages of six weeks and five years during each of two shifts. The center will provide care for mildly ill children as well.

The child care program will be operated by the UAW-Chrysler National Training Center through a contract with a professional child care provider.

"The UAW and Chrysler have worked very hard to meet employee concerns that go beyond the usual issues of wages and benefits," said Anthony P. St. John, Chrysler's vice president for employee relations. "We feel the child care center will address one such concern of the Huntsville workforce: adequate, affordable child care for working parents," he said.

Huntsville was selected as the pilot site for the program because a joint UAW-Chrysler study found that workers come from a large geographic area around the plant and that existing child care facilities did not adequately meet the needs of the workforce.

"We are fully supporting this voluntary effort by the UAW and Chrysler toward expanding joint activities to include on-

site facilities," said Stan Marshall, vice president and director of the union's Chrysler Department. "Building these centers is one way the UAW and Chrysler are working together to make sure workers get the services they need now and in the future," he said. □

## IN BRIEF . . .

■ **The French Model?:** Family benefits in France are partially financed by employers through a universal payroll tax of 9 percent, according to a report issued by a group of 14 American professionals and experts in child care and related fields. The group, which accepted the invitation of the French-American Foundation to visit France in March 1989, sought to identify French practices that could be adapted to the U.S. situation. France spends \$7.12 billion annually — approximately \$130 per capita — on publicly sponsored child care and education, the group reported. Of this amount, national agencies annually spend \$2.78 billion (39 percent), which is raised through value-added sales taxes, and another \$370 million (5 percent), which is raised through payroll taxes on employers. Municipal agencies annually spend \$2.56 billion (36 percent), which is raised through local land taxes. Public programs include free preschools, serving nearly 90 percent of 3-, 4-, and 5-year-old children, and subsidized private schools for the remaining children. In addition, several types of infant-toddler care are available to working parents, including centers, family daycare networks, and independent licensed family daycare providers. Under the French system, a family with two children currently receives at least \$1,117 annually, regardless of its income. Needier families receive higher supplements. The report, *A Welcome for Every Child*, is available for \$10 from the French-American Foundation, 41 East 72nd St., New York, N.Y. 10021.

■ **Workforce in the 90s:** "Family concerns and changing demographics will trigger major changes in the structure of jobs, careers, and benefits" in the American workforce in the 1990s, according to a new report by the National Association of Manufacturers. Such benefits may include referral services for locating nursing homes and daycare for children who are ill, extended leave, and flexible part-time work and leave, NAM said. Additionally, "offering flexible family-oriented benefits will become a major competitive strategy for corporations," the report said. By the year 2000, women will make up 47 percent of the labor force, up from 40 percent in 1976, the study said. Increasingly, NAM said, companies that want to "compete for the best workers will have to respond to their need for day care — whether through on-site facilities, referral services, or tailored benefit packages to help meet the costs of off-site care." Ten years ago, only 100 employers offered some kind of child care support, while now about 4,000 employers offer such assistance, the report said. Copies of *America's Work Force in the 1990s: Trends Affecting Manufacturers* are available at no charge from NAM, 1331 Pennsylvania Ave. N.W., Suite 1500 - North Lobby, Washington, D.C. 20004

■ **Family Involvement in OSHA:** Assistant Labor Secretary Gerard F. Scannell March 15 publicly endorsed the idea

Training for new program participants is scheduled for each September. About 20 of the bank's 1,000 employees currently are participating in the program, up from 10 the first year, Smaldone said. She said she hopes the program can be expanded to include other job categories. □

### *Municipal*

## **S.F. SHOULD EXTEND HEALTH BENEFITS TO UNMARRIED PARTNERS**

The city of San Francisco should offer health benefits to the unmarried partners of its employees, the city's Family Policy Task Force report said June 13.

The task force estimated it would cost \$1.1 million to extend health benefits to domestic partners of city workers for the year 1991-1992, beginning July 1, 1991.

The 25 recommendations released by the task force June 13 are designed to do away with city policies that place families — including gay and lesbian families — at a disadvantage and to remove obstacles to equality for city workers, according to a press release.

The recommendations now must be considered by the Civil Service, Health and Social Service Commissions, the Health Service Board, and the Board of Supervisors. Scott Shafer, a spokesman for Mayor Art Agnos (D), told WAF June 14 decisions on most of the recommendations should be made within a year.

The task force report included a survey of 1,600 city workers, the first major study of that workforce. The survey indicated that, if health benefits were extended to domestic partners and to the other groups recommended in the report, 4,050 children of city workers and 2,100 domestic partners now excluded from coverage would be covered.

Other recommendations include:

- Extending health care benefits to employees' children between the ages of 19 and 24 who are not in college and who are living at home;
- Allowing grandparents and others who are not legal parents but who are raising a child to add the child to their health plan;
- Unpaid family care leave of up to one year for city workers. This would allow employees to address serious family issues, such as the illness of a spouse, domestic partner, child, parent, or other family member;
- Bereavement leave to city workers upon the death of a domestic partner and other extended family members deemed important to the employee.
- Visitation rights at hospitals and health care facilities for domestic partners and extended family members.
- Religious leave for employees who wish to use compensatory overtime for periods when personal religious beliefs require the employee to abstain from work.
- Creation of a "family registry" to make an official record of extended and lesbian and gay families. The listing would not extend benefits but would establish legal commitments and obligations between partners.

Under the city charter, premiums for dependent health coverage are paid by the employee and subsidized by the

Health Service system. According to the report, if the same method of payment is used for these recommendations, the city's general fund will be able to meet its obligations, and employees will face no increase in their out-of-pocket premiums. □

### *Corporate*

## **FIRM SHUTS DAYCARE CENTER, SAYS IT IS NOT COST EFFECTIVE**

NASHVILLE, Tenn. — Permanent General Agency, a Nashville auto insurance company, has announced it will close its four-year-old daycare center on Aug. 15 because it is too expensive to operate given how few employees use it.

"It is a costly benefit," said David Hettinger, vice president and controller of the company. "We need to spend our benefit dollars more equitably among more people."

Parents with children at the center were notified of the closing in a letter from Roy Claverie, chief executive officer of the firm.

Hettinger said the center, begun in 1986, is being used by only 21 of the firm's 150 employees, plus another 25 children of non-employees. "We are under no obligation to underwrite the employees of other companies," he told WAF June 5. Hettinger said it is difficult to estimate some benefits of a child care center, such as the comparative costs of enabling an employee to return to work after maternity leave rather than hiring and training a new employee. "The benefits are hard to measure. Some of them are intangible."

Hettinger said it costs \$5,000 more per month to operate the center than the fees it collects. Permanent General employees pay from \$50 to \$55 per week per child, depending on the age of the child, and non-employees pay \$65 to \$80.

"There are a lot of disappointed parents," said Diane Neighbors, director of the center. She and 11 other center employees have been given 60-day notices that their jobs will be terminated.

Center employees are being given time off to seek other jobs, Hettinger said.

Under previous ownership, the insurance company had 300 employees when it opened the child care center. However, the company has run into financial difficulties in recent years and reduced employment to approximately 150, Hettinger said. If the current management had been in place, "we wouldn't have started it up," he said. Permanent General was recently contacted by a researcher who surveyed 695 employer-sponsored child care centers. Of the 695 centers surveyed, "we had to be the smallest or one of the smallest," Hettinger said. □

### *Conference*

## **INTERGENERATIONAL DAYCARE: IS IT THE WAVE OF THE FUTURE?**

NEW YORK — Employers will offer more child care benefits in the 1990s to help workers with their family concerns, but the benefits will come in new shapes, speakers

leave would not be available, and the employer would have the opportunity to require employees to provide certification that there is no such spouse at home. Under La Falce's bill, an eligible employee would have to exhaust all accrued sick leave, vacation leave, or other paid leave before using the leave provided by the act, and the eight-week leave period would be reduced by the period of paid leave. Employees taking the leave would have to give their employers at least 30 days' advance notice when feasible and seven days' notice of their intent to return. Employers would be required to continue the health benefits of an employee taking leave under the bill, but the employer could require the employee to pay for the benefits. This feature is typical of most state bills, Randels said. The penalty for violators of the law could be no more than twice back pay, whereas under HR 770, the back-pay award could have been quadrupled. □

### Corporate

## MONEY WOES LEAD HOSPITAL TO CLOSE CHILD CARE CENTER

St. Paul Children's Hospital in St. Paul, Minn., has decided to close the on-site child care center it has owned and operated since 1982 because the center is losing money. Connie Carrino, a hospital spokeswoman, told WAF July 24.

When it announced its decision in June, the hospital said that the center had lost more than \$500,000 since its inception and that it was expected to lose another \$46,000 before it closes at the end of December, Carrino said.

At the time of the announcement, the hospital had "more than 800 employees," Carrino said, but only six of those had children enrolled in the center. The center had a total enrollment of 20 children, but a capacity of 79, she said. She added that as long as there are employees' children enrolled in the center, it will stay open until December.

The center's original goal was "to enhance employee recruitment and retention with the provision of child care services," Carrino said. But the center has "never really attracted employees," she added.

The hospital has never subsidized employees' child care costs at the center, Carrino said. However, in addition to building the child care center, the hospital has made an effort to provide "quality day care." For example, a nurse practitioner from the hospital visits the center every day to help the staff determine whether an ill child is contagious and needs to go home.

The fact that the center is losing money, coupled with low participation by hospital employees, led the hospital's board of trustees last year to conclude that they "could not justify the center as an employee benefit," Carrino said.

Originally, the trustees wanted to close the center in August 1989. But when the trustees announced their intention, parents who used the center voted for hefty rate increases of 22 percent over six months. As a result of the decision to raise the rates, the trustees gave the center a grace period until the end of December 1990 to prove itself.

As of April 1989, rates ranged from \$92 per preschool child per week to \$126 per infant per week, Carrino said.

After a 14 percent rate hike in September 1989, prices ranged from \$104 to \$144, and after an additional 7 percent hike in January 1990, from \$111 to \$154. When the hospital originally announced its intention to close the center, the parents claimed that the poor availability of day care in St. Paul was a problem.

In addition to the rate hikes, parents agreed to an increase in the registration fee from \$25 to \$50 and an increase in the charge for diapers, Carrino said. She said that parents previously had balked at these measures.

However, even the rate increases did not enable the center to remain open, Carrino said. Since January, there has been "a continued drop in enrollment." Moreover, when the board re-examined in June whether to keep the center open, it found that "availability was no longer an issue" because several child care centers had opened in St. Paul since December.

Despite "apparent" labor shortages of health care workers in the St. Paul area over the past eight years, "in general, employees seem to be choosing day care that is closer to home, rather than on-site care near their workplace," Carrino said.

Carrino also said that many of the hospital's employees are shift workers. She speculated that there may be "less need" for on-site child care among shift workers, who frequently have chosen to work shifts because this allows them to make inexpensive alternative child care arrangements. □

### Discrimination

## GM'S FETAL PROTECTION POLICY IS FOUND TO BE DISCRIMINATORY

Setting aside a judgment in favor of General Motors Corp., a federal appeals court ruled July 20 that GM's fetal protection policy barring all fertile women from foundry jobs involving exposure to lead is overtly discriminatory on the basis of gender and remanded the case for a determination whether GM's policy qualifies as a bona fide occupational qualification (BFOQ).

The U.S. Court of Appeals for the Sixth Circuit said that on remand GM must demonstrate that the policy is essential to a safe and efficient workplace. "We hasten to add," the court said, "that the employer should be given a full opportunity to establish a factual basis for believing that its exclusionary policy is a necessary precondition to a safe and efficient workplace."

The question whether fetal protection policies are lawful under Title VII is pending before the U.S. Supreme Court in *Auto Workers v. Johnson Controls* (No. 89-215). In March, the justices added the case to their docket for the 1990-91 term (WAF, March 30, p. 3). The U.S. Court of Appeals for the Seventh Circuit had ruled in *Johnson Controls* that the exclusion of women with childbearing capacity was supported by the business necessity and the BFOQ defenses (WAF, Oct. 13, 1989, p. 5).

In December 1981, GM modified an existing policy to restrict fertile women from holding jobs involving potential exposure to specified levels of airborne lead. GM said the

**Corporate****ON-SITE DAY CARE AT VERMONT CREAMERY IS 'RESTRUCTURED'**

Because of business considerations, the Cabot Farmers Cooperative Creamery in Cabot, Vt., which has operated its own on-site day care center since September 1986, has decided to turn over the center to an outside provider, Karen Saudek, vice president of human resources, told WAF Nov. 15. The target date for the switch is Jan. 1, 1991.

Cabot Creamery was the first employer in Vermont to introduce on-site day care, Saudek said, and has served as a model for other Vermont employers.

Since the center was started in 1986, the economy in the region has changed, according to Saudek. It is "sliding," as is the economy in the rest of New England. Saudek suggested that as a result of the downturn in the regional economy, there may be more women at home now who are willing to provide home day care and who offer a less expensive alternative to employer-provided day care than has been available to Cabot Creamery's workers in the past.

**Good Management Is Issue**

In deciding to restructure the day care center at the creamery, the "major issue was good management," according to Saudek. Over time, Cabot Creamery's board had been looking at the center's losses since it opened, said Saudek. Finally, it was decided to go back to the outside provider who originally set up the center and ask her to run the center as a business.

At least for the first year, Cabot Creamery will continue to subsidize the center by handing the facility over to the new operator rent-free, Saudek said. In return, she will try to arrange discounts for employees' children.

The newly structured center will be "more like real life," Saudek said, adding that "before, it was like nirvana." Cabot Creamery "was not running day care in a very business-like way," she said. For example, if an employee needed to use the center starting at 5:30 a.m., arrangements would be made to accommodate that one employee.

In its new incarnation, the center will set reasonable hours and rates, Saudek said. Up until now, the day care center's fees have been below market rates. However, when the changeover is made, there probably will be some increase, she noted.

With the change in operating structure, Cabot Creamery will be "building a far better model for other businesses to replicate," she said.

The main difference, Saudek said, is that, after the transition, there will be "more an arm's length transaction with employees." For example, if there needs to be a rate increase, it will not be coming from the employer.

The new operating structure for the center should be "transparent" to the employees who use the center, Saudek said. There will be the same staff, the same philosophy, and the same level of care. The transition is "happening in a very orderly way," she noted.

The new operator is going to run the center as a non-profit

so that it will be eligible for the same federal food programs in which schools participate. When the center was part of Cabot Creamery, it was not eligible for these programs, Saudek said, adding that she thinks this change will make a difference in the overall viability of the center.

Cabot Creamery is a small dairy manufacturer in northeastern Vermont, a rural area of a rural state, Saudek said. The company employs approximately 200 workers year-round in its multifaceted operations, which include milk pickup; cheese, yogurt, and cottage cheese production; a warehouse operation; a cutting and packaging plant; and a sales and marketing department. It also hires seasonal employees during the holiday season to meet an increased volume of orders.

A few years ago, when the company was anticipating a major capital expansion and had acquired land for that purpose, it acquired a small farmhouse next to the firm's administrative offices, Saudek said.

The president of the company, Bill Davis, looked at the farmhouse, which provides a "home-like setting" and has a backyard, and said, "Hmmm . . . day care," Saudek explained.

The day care center at the creamery came about because the company got the building and had "a visionary president" who saw employees' need for day care, Saudek said.

Thus far, "the presence of the day care has engendered a lot of employee loyalty," Saudek said. For example, when an employee brings his daughter at the age of 3 months to employer-based day care, he is not likely to take his child out of that facility and leave his job. Thus, the center encourages retention and engenders a lot of "warm, fuzzy feelings," Saudek concluded.

Saudek also said that the center has served as a recruitment tool in attracting the company's seasonal employees, most of whom are women and may need day care in order to be able to work.

From the creamery's point of view, many of the advantages afforded the company by the center will be retained under the new structure, said Saudek. There still will be on-site day care and employees still will be able to have lunch with their children.

Saudek said that the company is "really committed to the rightness of the idea that child care belongs on the worksite" — for both business reasons and social reasons and for the sake of both the children and the parents. □

**Research****PREGNANCY DISCRIMINATION ACT IS FOUND COST-EFFECTIVE**

From an economic perspective, the Pregnancy Discrimination Act of 1978 (PDA) has been cost-effective, Roberta Spalter-Roth, deputy director of research at the Institute for Women's Policy Research, said Nov. 2, presenting the results of a yet-to-be-published paper at a IWPR forum.

Spalter-Roth said that the PDA, an amendment to Title VII of the 1964 Civil Rights Act, was "not catastrophic to business," and its benefits to women workers outweighed its



CHILD CARE BENEFITS

## BURUD & ASSOCIATES

PROGRESSIVE

Dear Friend:

Attached is the executive summary of our productivity impact study on the Union Bank on-site child care center. To our knowledge, this is the only such controlled cost/benefit study ever conducted on a corporate child care program nationally, although the findings are consistent with previous anecdotal studies. The bank spent \$105,000 in operating subsidy on the center during 1987, the first year of operation when savings were \$138,000 - \$232,000. (The total start-up cost of the center was \$430,000.)

Although the program more than recovered its cost, it should be noted that savings from reduced absenteeism would be expected to be even greater after the first year. During the first year of this program, most of the children were having their first experience in group care when the incidence of illness is much greater than in subsequent years when they develop immunities.

In addition, with a new tax credit available in California, the bank may be eligible to receive a \$600 tax credit for each full time child in the center - or a total of \$36,000 possible additional tax savings per year. (The credit was not available the first year the center was in operation, which is the year of the study. But it may increase savings in subsequent years.)

Sincerely,

Sandra Burud, Ph.D.  
President

Encl.

Please note our new address is: 56 E. Holly St., Suite 215, Pasadena, CA 91103

553 SOUTH WARENGO SUITE 102 PASADENA CALIFORNIA 91101 • TELEPHONE (818) 796-8256

**PRODUCTIVITY IMPACT STUDY  
OF AN  
ON-SITE CHILD CARE CENTER**

Conducted for

**UNION BANK  
CHILD CARE CENTER**



by:

**Cynthia Ransom & Sandra Burud  
Burud & Associates, Inc.  
56 E. Holly Street, #215  
Pasadena, CA 91103  
(818) 796-8258**

## EXECUTIVE SUMMARY

### PRODUCTIVITY IMPACT STUDY CONDUCTED FOR UNION BANK CHILD CARE CENTER

The Union Bank Child Care Center (UBCCC) provides on site care for children from six weeks old through 5 years old. The Center is open to all Union Bank (UB) employees and is located at the operation center in Monterey Park, CA. Data regarding the impact the Center has on employee attendance, recruitment and productivity and on the company's public image were measured in a longitudinal study which began in January 1986, one year prior to the opening of the Center. Where possible, the study used before-and-after measures to determine these effects. In other cases, the Child Care Center user group was compared with other employees, particularly those with young children in other child care arrangements.

This study is the only one of its kind to be conducted in the United States within the past 15 years. Although companies report a strong awareness that child care has positive effects, such as the recruitment and retention of employees and the reduction of missed work time, none has validated the precise changes that occur and the financial savings which result.

The results of this evaluation show that the UBCCC has had positive effects across the board -- in retaining employees, reducing absenteeism, tardiness and maternity leaves, helping to recruit new employees, improving morale and work performance, and increasing public relations. These effects, detailed below, represent the first year of the center's operation (January to December, 1987).

#### **TURNOVER: THE UBCCC HAS HELPED RETAIN EMPLOYEES WHO USE IT**

- \* Only 2.2% of employees using the UBCCC and those on the wait list have terminated, whereas 9.5% of employees with young children in other child care left the bank in 1987. The bank-wide termination rate was 18%.
- \* No employees using the Child Care Center quit work to stay home to take care of their children; 11 Non-Users did.
- \* 17 employees returned to work at UB after child birth and put their infants in the Center. Six reported that they would not have been able to return to UB if the Center had not been available.
- \* Annual Savings: \$63,000 to \$157,000

#### **ABSENTEEISM: THE UBCCC HAS REDUCED ABSENTEEISM AND MATERNITY LEAVE TIME**

- \* Employees using the Center were absent an average 1.7 days less than other parents with young children in child care.
- \* The maternity leave time of mothers using the Center was 1.2 weeks shorter than that of other employees.
- \* Annual Savings: \$35,000

**RECRUITMENT: THE UBCCC HAS BEEN AN IMPORTANT FACTOR IN MANY APPLICANTS' DECISIONS TO APPLY TO UB AND TO ACCEPT JOBS AT UB.**

- \* 27% of new job applicants said the Center was an important factor in their decision to apply to UB. This number included twice as many nonparents as parents.
- \* 61% of applicants and 5 out of 6 Center Users hired since 1986 said the Center would be or was a factor in their accepting a position at UB.
- \* There has been a significant increase in the proportion of applicants from preferred recruitment channels (e.g. walk-ins and employee referrals), and a decrease in the proportion from ads (a more expensive source) since the Center opened. The proportion of applicants from walk-ins rose from 17% in 1986 to 25% in 1987; Referrals rose from 22% to 30%, and Ads decreased from 55% to 40%.
- \* The proportion of new hires from employee referrals has increased since the Center opened (from 50% to 58%) and the recruitment cost of referrals has declined (from \$24,000 to \$20,000), indicating that 1987 efforts are more cost effective.

**WORK PERFORMANCE: THE UBCCC HAS IMPROVED EMPLOYEES' MORALE AND WORK PERFORMANCE.**

- \* About half the supervisors of Center Users reported an improvement in employees' morale and attitude toward the bank, and many noted improved work performance.
- \* Over 60% of supervisors said their own morale was improved.

**PUBLIC RELATIONS: THE UBCCC HAS BROUGHT UB SUBSTANTIAL POSITIVE PUBLIC RELATIONS.**

- \* The center has been featured in over 27 newspaper and magazine articles (including The Los Angeles Times, Industry Week and American Banker), 2 evening television news spots, and a radio show.
- \* Bank personnel have been invited as featured guests at numerous conferences and seminars to speak about the Child Care Center.
- \* Savings: Approximately \$40,000

Positive effects from the program are expected to continue and increase from this initial year, since the program was only partially full during part of the first year. For example, employee absenteeism, one of the strongest anticipated effects, is expected to continue to decline after the first year of operation. With fewer children in the Center new to group care in the second year, their incidence of illness will be lower, and fewer parent employees will need to be absent from work to care for ill children.

The total financial benefit to Union Bank due to the UBCCC is not known since there are undoubtedly effects in areas that it was not feasible to quantify, such as recruitment and work

performance. The total savings in the areas that were calculable are estimated to be between \$138,000 to \$232,000. This is a conservative estimate because of the estimation methods used.

Spontaneous comments of Center Users, supervisors, and other employees articulate the true worth of the Center. UB employees clearly value the excellent child care services: "Terrific! Wish they'd had one when my children were small" -- "very professional staff" -- "excellent care with developmental approach" -- "one of my employees wants to continue to use the Center even though she has been laid off". The Center's effects on morale, performance, retention, and recruitment are characterized by other comments such as: "a very positive influence on employees" -- "it stabilized her work performance" -- "it keeps people at UB" -- "he took this job because of the Center". But perhaps most importantly, comments reveal its effects on employees' fundamental attitudes and loyalty toward Union Bank: "Good move on UB's part to do child care" -- "The benefits far outweigh the costs" -- "I hope that cutbacks won't affect the Center" -- "The best idea a company has ever done".

For more information regarding the study, please contact:

Burud & Associates, Inc.  
56 East Holly Street, #215  
Pasadena, CA 91103  
818 796-8258

# Alaska State Legislature

P.O. Box Y  
Juneau, AK 99811-3100  
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Legislative Research Agency



March 27, 1991

## MEMORANDUM

TO: Representative Robin Taylor

FROM: Christine M. Cheff *cmc*  
Legislative Analyst

RE: On-Site Child Care in Other States  
Research Request 91.187

You requested information concerning the success of public and private sector on-site child care programs in other states, particularly California and Washington.

A growing number of public and private employers are establishing on-site child care facilities for the convenience of their employees. Public employees in 17 states<sup>1</sup> and employees of approximately 900 U.S. companies have access to on- or near-site child care services.<sup>2</sup> We contacted agencies in California, Florida, New York, and Washington to obtain information about the current status of on-site child care programs in these states.

In addition to awarding grants for the start-up of public on-site centers, the four states surveyed provide space (and utilities) for the centers in public buildings at no charge. Grants, loans or tax incentives are available to private employers in California and Washington who wish to start on- or near-site child care centers.

Whether a center is operated by the agency it serves or a service provider on contract, the consensus among those with whom we spoke is that affordable child care operations cannot be supported on fees for service alone. Most public and private on-site centers receive subsidies for those things which are necessary to maintain high standards of quality, such as staff development, supplies and equipment, professional support services, and nonroutine maintenance.

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<sup>1</sup>Deborah Hatt, "State Perks: On the job child care," *State Government News*, July 1990.

<sup>2</sup>Carolyn Colwell, "Child Care Grows Up," *Planning*, May 1989, p. 12.

## CALIFORNIA

Grants for public employee groups that wish to establish on-site day care centers at their place of employment are included as part of the collective bargaining agreements between the California Department of Personnel Administration (DPA) and three employee unions. State Employee Child Care Program (SECCP) centers were initially established in agencies such as the Franchise Tax Board in Sacramento, the Atascadero State Hospital, and the Department of Transportation in Sacramento. Twenty-one centers are currently operating in Sacramento County alone. Approximately one-half of those centers are nonprofit corporations operated by state employees, the other one-half are operated under separate contracts with child care service providers. Although some centers are licensed for 100 children, the average start-up grant is \$32,520 for a 30-child center.

The Labor/Management Child Care Committee administers the grants and also monitors centers for two years after they open. According to committee spokesperson Constance Wright, only two centers have gone out of business since the grants were established in 1984.<sup>3</sup> Most on-site facilities operate at capacity and have waiting lists.

A 1989 Department of Public Administration report to the California State Legislature outlines some of the problems encountered in establishing on- and near-site child care programs. These include a lack of expertise among employee groups, inconsistencies in management support, and inadequate space (Attachment A). It also describes how those problems were solved and makes recommendations for continuance and expansion of the employee child care program.

Dixie Thomas, child care coordinator for the Child Action, Inc. in Sacramento, says high staff turnover is also a problem which must be addressed. Wages for child care workers are typically very low and qualified applicants are not attracted to the field. Therefore quality of care suffers. It is Ms. Thomas' understanding that employers in the private sector are subsidizing on-site operations to counter the problem.

The Child Development Programs Advisory Committee is a citizens review board which has a statutory mandate to make public policy recommendations concerning child care and development programs to California's governor and legislature. Their expertise is also sought by businesses interested in exploring employee child care options. An advisory committee information package, "Child Care

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<sup>3</sup>One of the centers went out of business because operating costs were too high. Ms. Wright was not sure why the other one did.

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Makes It Work," presents an overview of employee child care options and provides employers with guidelines for evaluating their organization's needs.<sup>4</sup>

One of the incentives California offers to private employers who establish on-site child care programs is a direct tax credit of up to \$50,000 on the initial investment. This tax advantage will be available to employers until 1992. Advisory committee project manager Rod van der Volgen said that approximately 20 corporations and 200 proprietary employers claimed credits last year, but he said there is no way to determine how many of those claims were for costs attributable to on-site child care centers. Mr. van der Volgen counsels that on-site care is not a viable option for all employers. He says it is critical to assess such things as whether the necessary physical space is available for an on-site location and whether there are sufficient numbers of children to economically support the center.

#### FLORIDA

Carolyn Johnson, child care administrator of the Florida State Employee Child Care Services Program in Tallahassee, advises any employer who wants to establish an on-site child care facility "to tread lightly." She says it is difficult to procure quality service at an affordable price and states must make a commitment to subsidize quality. Florida contracts with private agencies to provide services at its four on-site centers. Even though the state absorbs space and utility costs for operating the centers, it was recently necessary to introduce legislation requesting an appropriation to upgrade the facilities.

Because all state agencies "would like to have a child care center in their lobby," a certain amount of Ms. Johnson's time is spent trying to convince employers that they do not have enough of a worker base to support a center. She says an employer should be able to identify 10 pre-school age children in their population base for each available child care slot. Almost all of the centers in Florida are designed to accommodate 100 children and it takes an enrollment of 60 to 80 children to reach a break-even point. Future legislative efforts will be directed toward obtaining funds to establish smaller-scale operations in prisons and mental health institutions. The objective is to attract entry-level employees to the remote areas in which those facilities are generally located.

Several years ago, Florida passed the Child Care Partnership Act which was intended to provide child care program start-up assistance to private employers. According to Carolyn Johnson, sufficient funds were never made available to

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<sup>4</sup>"Child Care Makes It Work" is available at a cost of \$5.00 from the Child Development Programs Advisory Committee, 915 Capitol Mall, Room 250, Sacramento, California, 95814.

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create a grant program. She says there are currently no state-supported employer assistance programs in operation.

#### NEW YORK

New York state's on-site child care program for employees has been in place since 1981 and is one of the most successful in the country. The program, similar to California's, grew out of employee contract negotiations and is managed by the New York State Labor-Management Child Care Advisory Committee (Attachment B). According to staff director Deb Miller, on-site child care centers in public buildings were initially contracted out to a private child care service provider, but the contractor "did not seem to be focused" on the needs of state employees, and quality of care was not maintained. As a result, the labor-management committee took responsibility for establishing the on-site centers as employee-operated, nonprofit corporations and contracts directly with each one for service. Fees for service are based on a sliding scale established by the local area planning committee.

Forty-five New York centers with space for 3,200 children are currently operating at capacity. The population of most on-site child care facilities is comprised of infants and children under three years of age. Approximately one-third of the locations provide after-school care and a few have full-day kindergarten programs. Start-up funds for new centers will not be available after the five centers scheduled to open in 1991 are completed.<sup>5</sup> Existing facilities are currently receiving enrichment grants in the amount of \$67,000 per center per year for equipment upgrades, liability insurance costs, staff development, and staff benefits. The expectation is that equipment expenditures will be of the "one-time-only" variety and more money will eventually be allocated to attract qualified child care workers.

It has been almost two years since the New York Department of Social Services had start-up money available for establishing on-site child care centers in the private sector. Lola Cole, manager of program development and initiatives for the Bureau of Child Care, says her agency is currently administering 1990 grants made to independent day care centers and municipal social service organizations. She does not believe there are any state grants or other incentives available to private employers at this time.

The Governor's Advisory Committee on Child Care recently completed a series of interagency "Business Leadership Breakfast Meeting(s)" designed to encourage private employers to address employee child and elderly care needs. The

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<sup>5</sup>The funding formula is based on a center's license capacity. The average start-up cost for a center with a 30-child capacity is \$45,000.

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breakfasts served to inform employers about the New York Assistance for Dependent Care Project and other community care resources.

#### WASHINGTON

In 1990 the Washington state legislature appropriated \$1.2 million to establish 20 start-up grants for child care programs in school districts around the state. The grant period runs from September 1990 through June 1991. Awards range from \$3,000 to \$40,000 and can be used for facilities, equipment and three months of staff salaries.

In addition to offering child care at five elementary school locations, the Bellevue School District also operates nine full-day on-site preschool centers. Both of these fee-based programs are available on a first come, first served basis and have a current enrollment of over 800 children. A pilot project for infants, handicapped children, and toddlers is in the planning stages. Mary Kay Diekman, director of child care programs, says the district's goal is to establish one of the most comprehensive programs in the country.

A one million dollar appropriation made during the 1990 legislative session will make reimbursement grants or loans of up to \$25,000 available to private-sector employers who establish on- or off-site employee child care centers. Funds are administered by the Employee Business Assistance Center. Center director Beryl Shiels said the applications committee has approved three grants and five loans, but only one grant contract has been signed so far. According to Ms. Shiels, all of the applications have been for grants, but the committee's primary intention is to make five percent loans which are payable within five years. The committee's policy and the fact that a center must be licensed in order to receive reimbursement funds may account for the low number of contracts signed to date.

I hope you find this information useful. Please call if we can be of further assistance on this or any other matter.

Attachments

**ATTACHMENT A**  
**Report to the California State Legislature on the**  
**State Employee Child Care Program, September 15, 1989**

**Report to  
The California State Legislature  
on the  
State Employee Child Care Program**

**September 15, 1989**

**Department of Personnel Administration  
Benefits Division  
(916) 322-0300**

## STATE EMPLOYEE CHILD CARE PROGRAM

### PURPOSE OF THE REPORT

The Department of Personnel Administration has been directed by the Legislature to prepare a report that evaluates: (1) the problems the State Employee Child Care Program has encountered in reaching its objectives; (2) ways the program could be improved, including how the department could take a more active approach in helping employee groups to organize and implement new child care services; (3) whether the program should be continued when it sunsets on June 30, 1991.

In an effort to develop this report, the State Labor/Management Child Care Committee convened three subcommittees to make recommendations on the overall direction of the Program. These subcommittees presented their reports to the full Committee for input. The report presented here is representative of the Committee's recommendation on the Program.

### HISTORY

The State Employee Child Care Program (SECCP) was established in 1984 as part of a collective bargaining agreement between the Department of Personnel Administration (DPA) and three employee unions. The negotiated agreement established a \$1,000,000 fund from the General Fund, to help establish on-site or near-site child care to meet the needs of State employees.

Once the fund was established, a mechanism was needed to oversee the expenditures of the fund. The DPA, along with employee union input, established a Joint Labor/Management Child Care Committee. The Committee was comprised of equal numbers of labor and management representatives and was responsible for making recommendations on the expenditure of the fund. After the establishment of the Committee, the DPA and the Committee set out to develop a grant application process by which employees could access the funds to help in the establishment of on-site or near-site child care centers.

The Program was originally established in 1984, but the development of the processes for granting funds and administering the Program took nearly the next 12 months. In June of 1985, the Program disbursed the first grant--a \$4,000 grant to upgrade the playground of the DOT TOT Child Care Center. Grants are generally disbursed in three phases, that may encompass 12-24 months. Commitments to employee groups have progressed since 1985. Specifically, initial grants were disbursed to employee groups as shown:

1985/86:

Civic Center Child Care Center - San Francisco  
Fairview Employees Child Care Center - Costa  
Mesa  
Franchise Tax Board Child Care Center -  
Sacramento  
Lanterman Developmental Center Child Care  
Center - Pomona  
Lots of Tots, Stockton State Hospital -  
Stockton  
Rainbow Daycare Center - Sacramento

1986/87:

ASH Building Blocks, Atascadero State Hospital  
Kids R Us, CMF, Vacaville - Vacaville  
Wee Acres - Redding

1987/88:

Capitol Area Child Care Consortium - Sacramento  
DMV Child Care Center - Sacramento  
Rainbow Valley School, Sonoma State Hospital -  
Sonoma  
Riverview Child Care Consortium - Sacramento  
Teddy Bear Tymes - San Bernardino

These centers represent over 900 child care slots either enhanced or established as a result of funding through the SECCP. In addition, a number of these centers represent very unique projects outside the original intent of the Program. The Capitol Area Child Care Consortium in Sacramento represented a joint effort of State employees and the YMCA in developing a child care center. The Riverview Child Care Consortium was a joint effort of State, City and County employees to establish additional child care in the downtown Sacramento area. Our most unique project, to date, was the Center at the California Medical Facility at Vacaville. This center represents the first on-site child care center at a correctional facility in the country.

#### CHALLENGES

While the SECCP has had many successes, we have also encountered some major difficulties in the establishment of on-site or near-site child care to address the child care needs of State employees. Among the challenges have been:

1. Lack of Expertise Among Employee Groups

The first requirement for the receipt of funds was that there be an active employee group at the worksite. In some instances, this proved almost impossible to establish. Employees were expected to spend their off-hours completing the extensive process of establishing child care. They then

became legally responsible for the resulting center. Many employees were simply not able to get actively involved because they had small children at home and no available child care after hours. In addition, most State employees know little, if anything, about the operation of a small business and a nonprofit child care center is a small business requiring oversight and general guidance by the board of directors.

2. Inconsistent Level of Management Support

Complicating the process further was the difficulty in gaining the support of management at some worksites. Some managers, or management in some departments, were unwilling to allow State time for the completion of a project that they felt did not have far-reaching impact on their employees, as a whole. This lack of support resulted in employees being required to work on the project after hours and use their own resources for the completion of the project.

Where management was supportive, it made a very positive impact. A prime example would be the Franchise Tax Board who assigned upper-level staff to work on the child care project. We also saw many instances, at State hospitals and developmental centers, where management really got behind the project and committed State time and resources.

3. Complicated Application Process

We also found that the actual process for the receipt of funds was an obstacle in itself. The original application process, for the receipt of grant funds, was extremely complicated and lengthy. Many employee groups were simply overwhelmed by the sheer magnitude of the application completion. The original applications were in excess of 250 pages and included instructions and examples.

4. Inadequate Space Available

The major difficulty in establishing child care, and expending the fund, was in locating space that was licensable for child care purposes. In urban areas, space is at a premium and, therefore, not affordable for child care purposes. Child care providers generally cannot afford to pay fair-market rates for lease of space. In rural areas, space is not generally available. Where the State owns space, such as at hospital settings, space was more attainable; but in other areas where the State leases office space, this has proved difficult to address.

## SOLUTIONS

While the program has faced many challenges in the last 5 years, in general we believe that it has proved to be a success. We have either enhanced or established 15 centers and 922 child care spaces. We have active employee groups at 8 additional sites that represent approximately 350 potential child care spaces. The last two years have shown some major turnaround in the direction and success of the Program. The DPA made a conscious decision to develop the necessary mechanism to ensure the more expeditious start-up of child care at or near the worksite. Among the efforts that have proved beneficial in establishing child care, the following were instrumental:

### 1. Employee Needs Assessment

In 1987, DPA agreed to provide additional support to employees at the worksite by the performance of needs assessment for employee groups. Needs assessment had been a complex and time-consuming process for employee groups that involved two separate survey forms and the evaluation of the resulting data. DPA, by agreeing to perform this function, eliminated one of the tasks that caused many employee groups to falter in the process of establishing child care. Employee groups still have the responsibility of distribution and collection of the survey forms, but DPA has developed an automated survey form and provides the written analysis of the survey results for the employee groups.

### 2. Streamlined Application Process

DPA has developed a streamlined application process that is much less intimidating to employee groups. Separate instructions for the applications have been developed along with a budget handbook and abbreviated applications. This change, alone, has resulted in the more expeditious turnaround of applications both from the employee group to DPA and also from DPA staff to the Committee for action.

### 3. Assignment of a Statewide Coordinator

The biggest commitment, on the part of DPA, towards the success of the program has been in the assignment of a full-time Statewide Coordinator for the Program. The Coordinator has been instrumental in providing the support so many employee groups have needed to ensure the successful establishment of child care for State employees. The Coordinator has provided the expert resource person that so many employee groups have required. In addition, the Coordinator, by means of personal contact at the worksite, has been able to help employee groups to network towards the establishment of child care.

#### 4. Greater Flexibility

The original intent of the Program was to establish on-site child care for State employees. As the Program has evolved, more unique approaches to child care needs have been explored. The "easy" locations had been done - many State hospitals and new State buildings. We are now faced with addressing the more complex issue of limited space, small State employee populations and very rural areas.

In the Crescent City area, where a new prison is opening in 1989, a family day care home network is being established to develop additional child care before the facility is open for business. This came about as a result of contacts within the community who were committed to meeting the perceived child care needs of the new prison staff. We have also seen many more "cooperative" ventures in establishing child care. This has been extremely successful in areas with a limited State employee population or where the State leases rather than owns office space.

#### 5. Improved Marketing

In 1988, DPA determined that more needed to be done to market the Program to those worksites that had been previously overlooked. A major marketing tour was undertaken to present the Program to correctional facilities and other interested worksites. This effort has increased the number of active employee groups and enhanced the management support of the Program.

#### 6. Greater Management Support

The center at the correctional facility in Vacaville became a reality in 1989. This was a direct result of a major commitment on the part of management to have an on-site center. The warden allowed employee time and State resources to ensure that this center became a reality.

More and more employee groups are experiencing the advantages of management support. State time to work on a child care project is being routinely granted. Reasonable State resources are being committed to the project as well.

#### 7. Involvement of Contract Providers

Recent developments have been the issuance of a Request for Interest (RFI). This document has helped to develop a listing of potential child care providers for employee groups opting to contract for child care at the worksite. One of the difficulties

has been keeping employee groups involved in child care and the seeming "forever" aspect of their involvement with the center. By contracting with a proven child care provider, rather than trying to run the center themselves, employee groups can get out of trying to run a small business and spend their energies in performing their regular State jobs. The provider can do what they do best - run a child care center. This has proved to be very successful and eliminated many of the business problems that we have seen at employee run centers.

#### 8. Expanded Space Options

The Program is currently undertaking, on a pilot basis, the purchase of a modular facility to be used for child care purposes at the Camarillo Developmental Center. This is being attempted to evaluate whether it may be a mechanism for addressing the availability of space for child care. By providing a space that is licensable for 30 children, worksites with limited vacant space, but with sufficient property, may be able to have child care available. Camarillo has been attempting to establish child care for over 10 years. Space has always been the stumbling block in the equation. The hospital has been supportive, but renovation costs have eliminated many possible sites. A modular may be the only means of obtaining on-site child care in Camarillo.

In general, the successes of the Program in the past two years, and the increased interest in the Program, are a direct result of: increased awareness of the availability of funds; increased management support for the establishment of child care; increased visibility by the Coordinator; innovative approaches to the establishment of child care; and simplification of the grant process.

#### RECOMMENDATIONS

The SECCP is scheduled to sunset June 30, 1991. Among the concerns of the Committee has been that sunset date. This Program, and the resulting Committee, represent an area where labor and management have wanted the same results--child care for State employees. As a result, for the past two years there has been very little conflict among Committee members. DPA staff have prepared recommendations to the Committee and most of those recommendations have been endorsed. The significant recommendations include:

##### 1. Continue the Program

There is no disagreement on the part of labor or management that the Program should continue to be funded beyond the June 30, 1991, sunset date. The recommendation of the Committee is that the Program be funded, as any other Benefit program, through the

regular budget process, as long as there is a demonstrated need for the establishment of child care at or near the worksite to meet the needs of State employees. This does represent a change in the funding mechanism, as the Program was originally established through collective bargaining. The employee unions are prepared to take this back to the table should funding not be available through the regular budgetary process.

2. 1990/91 - Budget Change Proposal

The Department of Personnel Administration is currently preparing a Budget Change Proposal requesting augmentation of the fund to ensure sufficient monies to cover the remaining time until June 30, 1991. We believe that existing interest will exhaust the fund by early 1990, leaving 12-15 months with no available resources for the establishment of child care spaces and approximately 20 employee groups still in the developmental stages interested in establishing child care.

3. Infant Care

The Committee recommends that a mechanism be developed to facilitate the establishment of additional infant slots for State employees. Infant slots are always at a premium. We are exploring the possibility of accessing existing centers in metropolitan areas.

Employer sponsored child care has proven to be a very popular benefit. Many private employers and governmental entities are exploring the establishment of child care as a benefit for their employees. The State of California is recognized as a leader in employer sponsored child care and is regularly sought out for its expertise. The Program was awarded a "Best On the Block" award from the Congressional Caucus for Women's Issues for our contribution to employer sponsored child care.

We are recommending the continuation of the Program not only as a benefit to State employees, but as an effective mechanism to reduce turnover, absenteeism and increase employee morale.

**ATTACHMENT B**  
**New York State Labor Management**  
**Worksite Child Care Center Initiative**

# NEW YORK STATE LABOR/MANAGEMENT CHILD CARE ADVISORY COMMITTEE

## Worksite Child Care Initiative

The Worksite Child Care Initiative is a national award-winning cooperative effort of the Governor's Office of Employee Relations and the major public employee unions representing New York State employees. This innovative employee benefit program provides the organizational structure and funding for the establishment of a statewide network of child care centers at New York State worksites. Funding participants include: The Civil Service Employees Association, the Public Employees Federation, Council 82/AFSCME, United University Professions, District Council 37, and the Governor's Office of Employee Relations.

The Worksite Child Care Initiative demonstrates the exciting potential of labor/management cooperation in recognizing and addressing the realities of the new American family and workplace. It contributes toward achieving a desirable balance between work and family issues and recognizes that the availability of affordable, quality child care is a legitimate workplace issue.

### THE CENTERS

- \* Forty-five centers currently operate at State facilities across New York State:

16	Office of Mental Health facilities
14	State University campuses
7	Office of Mental Retardation and Developmental Disabilities facilities
5	Multi-agency State Office Buildings
2	Department of Health facilities
<u>1</u>	Department of Corrections facility
45	TOTAL

- \* Approximately 3,000 children are currently being served. Although the vast majority are the children of State employees, children of students enrolled in the State University are also served, as part of a cooperative program with the State University. Additionally, children from the community are accepted on a space-available basis.
- \* Typically, children are accepted from eight weeks through five years of age. Some centers also provide full-day kindergarten, and after-school and all-day summer, holiday, and snow day programs for school-age children.

- Operating hours are set by the individual centers, but generally are 7 a.m. to 5:30 p.m., Monday through Friday. Centers located at mental health facilities or in conjunction with hospitals may also provide second shift coverage and open earlier to accommodate the State's shift schedules.
- All centers are required to obtain and maintain licensing approval from the Department of Social Services or, in the case of centers in the five boroughs of New York City, the New York City Department of Health.
- Additional new worksite centers are being planned. Waiting lists at the network centers and continued requests for technical assistance to expand or develop new programs attest to the need for the quality, affordable child care services provided.

#### PROGRAM

- The Worksite Child Care Initiative is managed by the New York State Labor/Management Child Care Advisory Committee. The Committee is comprised of representatives of the major public employee unions representing State employees, The Civil Service Employees Association (CSEA), the Public Employees Federation (PEF), Council 82 AFSCME, United University Professions (UUP), and District Council 37 and is chaired by a representative of the Governor's Office of Employee Relations.
- The Committee assists labor/management child care committees at State facilities in the establishment of child care centers and in the development of proposals for worksite child care center funding. In addition to providing funding for center start-up, ongoing technical assistance and program monitoring are provided by Committee staff.
- The Committee administers a variety of grants programs: Start-Up, Expansion, Health and Safety, and Enrichment Grants to qualifying centers. The Committee has also taken an active interest in the training needs of the child care center workers and their volunteer boards of directors and has provided substantial support for training, development, and professional networking.

## FINANCIAL SUPPORT

- \* The Worksite Child Care Initiative is an employee benefit program and funding is provided through the collectively negotiated agreements, on behalf of union-represented employees, and through the Governor's Office of Employee Relations, on behalf of managerial and confidential employees who are excluded from negotiating units.
- \* Since the establishment of this labor-management program in December, 1981 approximately \$21 million has been committed to the project.
- \* The Committee uses a funding formula, primarily based on the number of children the center can accommodate, in allocating available funds. The present formula provides a base grant of \$45,000 for a thirty-child center, plus an additional \$500 per child for each child over the thirty-child base. Large centers, those serving at least 50 children, also receive large center supplements of \$7,000. Centers which subsequently expand to serve additional children may apply for further grants.
- \* The start-up funding can be used for equipment and supplies, the first year liability insurance, the cost of incorporation, advertising and the director's salary during the center's start-up phase, generally six months.
- \* The State also provides various in-kind support to the centers including free space, utilities and cleaning.
- \* Centers at State University campuses are also eligible to receive substantial additional funds through the SUNY budget. These funds are designed to ensure child care services for the children of students.
- \* On an ongoing basis, the primary source of operating funds for the centers are user fees paid by parents. The centers use sliding fee schedules based on total family income and endeavor to provide some level of discount to families with more than one child. Additionally, centers generally try to provide some preference to single parent families. Fees typically range from \$50 to \$100 per week per child, but are determined by the individual center boards of directors.

- Enrichment Grants are provided in recognition of the inherent contradiction in maintaining affordable child care services while addressing issues of program quality, particularly the need to stem high staff turnover by improving center employee benefits. Enrichment Grants provide funding for staff benefits, liability insurance, staff development, field trips, advertising, supplies and equipment, professional services such as bookkeeping or legal assistance and utilities and non-routine maintenance.
- Centers also derive revenue from sources such as United Way, fundraising activities, and the U.S. Department of Agriculture Food Reimbursement Program.

### CORPORATE STRUCTURE

- Each center is established as a private, not-for-profit corporation. Each center's board of directors sets personnel, program and fiscal policies to address local concerns and meet local needs.
- The center boards of directors must include individuals with labor and management perspectives. Parents, child care experts, and frequently community persons with legal or business expertise are also invited to serve on the board.
- Child care center employees are employees of the local child care center corporation. They are not State employees.
- The centers carry liability insurance and indemnify the State from liability.

### BARRIERS

- The most frequent barrier to establishing worksite child care centers is the lack of appropriate available space.
- Center establishment is a lengthy and complex process as it entails the start-up and development of a small business/human services organization.
- The current DOB/GOER Guidelines Regarding Requirements for Child Care Centers on State Property provide for expenditure of the negotiated funds within limited categories. These guidelines are currently under revision.

## ALTERNATIVES

- In addition to continuing to expand the worksite network, the New York State Labor/Management Child Care Advisory Committee is exploring other means to assist employees with their child care needs:
  - \* Pilot Evening Shift Programs have been funded at five network centers to serve employees working overtime or other than the day shift.
  - \* A Dependent Care Flexible Spending Account Program is being implemented. This Program will enable employees to defer a portion of their salary to pay all or part of their child care expenses in pre-tax dollars. These expenses will generally be Federal and State tax-free. Additional selected benefits, such as elder care and care for disabled dependents, will be included in the Program. (See page 8 for detailed program information.)
  - \* Legislation was recently enacted authorizing employees using designated State-worksite child care centers to pay their child care fees to the centers through payroll deductions.
  - \* Cooperative projects with other employers and lessors of State space are in planning to increase the availability of child care services to State employees.
  - \* Demonstration projects are underway in conjunction with the Office of Mental Health and the Office of Mental Retardation and Developmental Disabilities. Provision of Child Care Resource and Referral, sick and emergency child care and family day care networks to serve State employees are among the projects being developed. (See page 7 for detailed program information.)

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

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JUNEAU, ALASKA 99811-2100  
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February 13, 1991

## POSITION PAPER

RE: House Bill 61

SPONSOR: Representative Taylor

### Program Effects of Bill

Section 44.47.325 of House Bill 61 would require adding a staff person, (Project Coordinator, Range 18), to the Child Care Section to draft and implement regulations, monitor compliance and issue appropriate warrants. Additional administrative funds are needed to support and effectively administer the funds.

### Comments

This act provides for the creation of privately operated child care centers in public buildings and a grant program for businesses who would assist their employees with child care.

This bill specifically addresses the construction, expansion or major renovations of schools, municipal and state buildings determined to be needed for child care. The space would be leased to a private licensed child care provider to serve the public with preference given to the public or private employees working in or near the building.

The Department of Community and Regional Affairs would be affected by SEC 44.47.325 which proposes that child care partnership grants be applied for annually by private employers, the amount of which could equal up to 50% of that employer's cost for its employee's dependents. The department would adopt necessary regulations to implement this section.

*Edgar Blatchford*

Edgar Blatchford, Commissioner



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Administration	DIVISION General Services	BILL NUMBER HB 61	SPONSOR Taylor
SHORT TITLE OF BILL An Act relating to child care.			
DEPARTMENT POSITION			
PREPARED BY Arne McCord	DATE <i>Arne McCord</i>	COMMISSIONER'S SIGNATURE Nancy Bear Usera	DATE

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Departments of Transportation, Community & Regional Affairs, and Health & Social Services.	CONSTITUENT GROUP(S) AFFECTED BY BILL Parents with child care age children.
ORGANIZATIONAL SUPPORT FOR BILL Unkown.	ORGANIZATIONAL OPPOSITION TO BILL Unknown.

FISCAL IMPACT:  NONE  FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

. See attached.

ANALYSIS OF BILL/PROGRAM EFFECTS

See attached.

AMENOMENTS PROPOSED

None.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

## BILL ANALYSIS

### Background/Legislative Intent

This bill would establish child care centers in State office, municipal and school buildings throughout the state to meet the child care needs of both public and private employees.

### Analysis of Bill/Program Effects

This bill would require the department to determine if a child care facility is needed prior to renewing or rebidding a lease for State office space. The determination must be based on:

- a. the needs of the public and private employees who work in the State leased building or in neighboring buildings,
- b. child care needs of students who attend classes or school functions in the building or neighboring buildings, and
- c. the availability of local licensed child care centers located within a convenient distance from the building.

When required, child care centers would be required in lease space procurements and added to leases in existing buildings when renewed. The operation of the facility would be contracted to a licensed child care services provider and the space leased to the contractor at a rate equal to the child care providers average rental cost within the community.

The child care facilities in State leased space would be open to the general public although workers in or near the building would receive a preference.

The department would develop regulations to implement the program.

The bill would require review of approximately 321 leases in 260 buildings throughout the state to determine if a need existed. Under the assessment criteria in the bill, most leases would require the addition of a child care facility at the time of renewal or rebid.

**FISCAL NOTE**

**STATE OF ALASKA**  
**1992 LEGISLATIVE SESSION**

**BILL NO. HB 61**

Revision Date: \_\_\_\_\_

Department Affected: Administration

Title: An Act relating to child care

BRU: General Services

Component: Leases

Sponsor: Taylor

Requestor: House State Affairs

COMPONENT SERIAL NO. 

R	1		
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	2,036.2	3,202.1	4,453.0	4,978.4	5,386.2	5,316.2
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>2,036.2</b>	<b>3,202.1</b>	<b>4,453.0</b>	<b>4,978.4</b>	<b>5,386.2</b>	<b>5,316.2</b>

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	2,036.2	3,202.1	4,453.0	4,978.4	5,386.2	5,316.2
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
<b>TOTAL</b>	<b>2,036.2</b>	<b>3,202.1</b>	<b>4,453.0</b>	<b>4,978.4</b>	<b>5,386.2</b>	<b>5,316.2</b>

POSITIONS:

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

Estimate of current year impact: None

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

Prepared by: Anne McCord *Anne McCord*  
 Division: General Services

Phone: 465-2250  
 Date: February 6, 1992

Approved by Commissioner: Nancy Bear Usara  
 Agency: Administration

Date: \_\_\_\_\_

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

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(Estimate 60 leases expiring =  $60 \times 1/3 = 20$ )

FY95 \$4,252,992 Annual space subsidy cost for continuing 48  
facilities from previous year and opening 20 more  
this year ( $\$62,544 \times 68 = \$4,252,992$ )  
200,000 Implementation per facility  
( $\$10,000 \times 20 = \$200,000$ )  
\$4,452,992 Total

-----  
(Estimate 30 leases without a facility expiring =  $30 \times 1/3 = 10$ )

FY96 \$4,878,432 Annual space subsidy cost for continuing 68  
facilities from previous year and opening 10 more  
this year ( $\$62,544 \times 78 = \$4,878,432$ )  
100,000 Implementation per facility  
( $\$10,000 \times 10 = \$100,000$ )  
\$4,978,432 Total

-----  
(Estimate 20 leases without facilities expiring =  $20 \times 1/3 = 7$ )

FY97 \$5,316,240 Annual space subsidy cost for continuing 78  
facilities from previous year and opening 7 more this  
year ( $\$62,544 \times 85 = \$5,316,240$ )  
70,000 Implementation per facility  
( $\$10,000 \times 7 = \$70,000$ )  
\$5,386,240 Total

-----  
FY98 No new facilities, continuations only.

\$5,316,240 Annual space subsidy cost for continuing 85  
facilities from previous years.

-----  
NOTE: New facilities required each year FY95 through FY98 are  
estimates only. As more child care facilities are established, fewer  
new facilities are called for.  
-----

FISCAL NOTE ANALYSIS

HB 61

ANALYSIS:

Space Requirements

35 Square feet inside space per child  
x 1.40 40% circulation, fire corridors, bathroom facilities,  
kitchen, other common areas

49 Square feet of inside space per child  
x 50 Children

2,450 Square feet  
x 900 Square feet (one adult per each six children, based on mixed  
ages, infant through school age, at 100 square feet per  
adult.  $50 \div 6 = 8.33 = 9$  adults)

3,350 Total square feet inside space for 50-child facility

3,350 square feet (inside) x \$2.50 (estimated cost per square foot) =  
\$8,375 monthly value of inside space for a 50-child facility in a  
State-owned or leased building.

-----  
75 Square feet of outside space per child  
x 50 Children

3,750 Total square feet outside space for a 50-child facility

3,750 square feet (outside) x \$.10 (estimated cost per square foot) =  
\$375 cost per month for outside space for a 50-child facility in a  
State-owned or leased building.

-----  
\$ 8,375 Cost per month inside space  
+ 375 Cost per month outside space

\$ 8,750 Cost per month total x 12 months = \$105,000 annual space cost  
per 50-child facility in a State-owned or leased facility or  
leased building.

(-3,538) Cost per month for inside and outside space at a typical  
private sector 50-child facility

(3,350 x 1.00 = \$3,350) + (3,750 x .05 = \$187.50) = \$3,537.50  
Inside Space Outside Space

\$ 5,212 Monthly space subsidy cost to be paid by the State (\$5,212

monthly x 12 months = \$62,544 annually)

\$62,544 Annual space subsidy cost to be paid by the State for one (1) 50-child facility

\$62,544 Annual space subsidy cost for one 50-child facility  
10,000 One time costs for implementation, including a needs assessment, review, specifications and acquisition of a childcare provider contract.

+ 5,000 Cost to write regulations

\$77,544 Total cost to implement the first 50-child facility

\$62,544 Annual space subsidy cost for each additional 50-child facility

+10,000 Implementation per facility

\$72,544 Total cost to implement each successive 50-child facility

Based on the recent history of State space renovations and the schedule of lease renewals and replacement, and assuming that 1/3 of all expiring leases would require the equivalent of one 50-child care facility, we estimate that the following number of child care facilities would be implemented each year.

(85 leases expiring = 85 x 1/3 = 28 facilities)

FY93 \$1,751,232 Annual space subsidy cost (\$62,544 x 28 = \$1,751,232 for 28, 50-child facilities  
280,000 Implementation per facility (\$10,000 x 28 = \$280,000)  
+ 5,000 Cost to write regulations  
\$2,036,232 Total

(61 leases expiring = 61 x 1/3 = 20)

FY94 \$3,002,112 Annual space subsidy cost for continuing 28 facilities from previous year and opening 20 more this year (\$62,544 x 48 = \$3,002,112)  
200,000 Implementation per facility (\$10,000 x 20 = \$200,000)  
\$3,202,112 Total

-----  
(Estimate 60 leases expiring =  $60 \times 1/3 = 20$ )

FY95 \$4,252,992 Annual space subsidy cost for continuing 48  
facilities from previous year and opening 20 more  
this year ( $\$62,544 \times 68 = \$4,252,992$ )  
200,000 Implementation per facility  
( $\$10,000 \times 20 = \$200,000$ )  
\$4,452,992 Total

-----  
(Estimate 30 leases without a facility expiring =  $30 \times 1/3 = 10$ )

FY96 \$4,878,432 Annual space subsidy cost for continuing 68  
facilities from previous year and opening 10 more  
this year ( $\$62,544 \times 78 = \$4,878,432$ )  
100,000 Implementation per facility  
( $\$10,000 \times 10 = \$100,000$ )  
\$4,978,432 Total

-----  
(Estimate 20 leases without facilities expiring =  $20 \times 1/3 = 7$ )

FY97 \$5,316,240 Annual space subsidy cost for continuing 78  
facilities from previous year and opening 7 more this  
year ( $\$62,544 \times 85 = \$5,316,240$ )  
70,000 Implementation per facility  
( $\$10,000 \times 7 = \$70,000$ )  
\$5,386,240 Total

-----  
FY98 No new facilities, continuations only.

\$5,316,240 Annual space subsidy cost for continuing 85  
facilities from previous years.

-----  
NOTE: New facilities required each year FY95 through FY98 are  
estimates only. As more child care facilities are established, fewer  
new facilities are called for.  
-----



## Nightmare

### *Lessons from a day-care tragedy*

Last week brought Anchorage a sobering look at the dangers of illegal day care. Police are still investigating the death of an infant at an unlicensed day-care home. They know the child died of viral pneumonia. They don't know whether the home may have contributed to the child's death. Regardless of what that investigation finds, one thing is clear: the care given the other 16 infants and children in the home was disgraceful.

Only one adult was around to look after them. Numerous infants were strapped in car seats and left in out-of-the-way places. One of them was kept in the bathtub. One was found in a closed closet. Another was left wedged between a bed and a wall.

Police said the children's parents knew the operation was unlicensed, but didn't know it was illegal. That leaves only two conclusions: Either parents didn't know enough to demand better, or they didn't have any other choice.

Either one is profoundly troubling. This case reminds everyone that the first and best line of defense for children in day care is well-informed parents. State investigators simply can't ferret out every possible illegal operation. Even caregivers who are licensed don't necessarily offer what children need.

It wouldn't be surprising if many of those parents couldn't afford a better alternative. The home's rates were \$100 a month less than those for the average licensed provider. And regardless of cost, care is in short supply. For children under 30 months old, no more than two dozen licensed spots are open in Anchorage at any given time, according to Child Care Connection, a city-funded referral agency.

The shortage of affordable, high-quality care is a symptom of misplaced social priorities. A child's first few years are the most critical time in life for learning. Yet society essentially leaves working parents and their children to sink or swim on their own. Scattershot day-care aid and underfunded anti-poverty programs are all that's available until children reach school age. Then all of a sudden, children become "our most precious resource" and education becomes a top priority.

Alaska offers day-care aid to lower-income parents, but the waiting list in Anchorage is over 400. The state also offers aid to day-care providers, but it's a pittance — about \$25 a month per child, just half what state law authorizes. The recently passed and much-ballyhooed federal child-care aid program will help, but not much. It offers only \$1.3 billion to the entire state.

The danger here is not so much the prospect of headline-grabbing deaths. The risk is more subtle: long-term harm to children's emotional and intellectual future.

The simplistic response — suggesting that parents stay home — is no solution. Many parents have no choice but to work.

Sending children to day care is not inherently harmful. It's the quality that counts. What is harmful to children is bad day care. With high-quality care, children can prosper. The solution is to give parents the information and financial help they need to obtain good day care.

# Day-care inquiry widens after sleep-inducing medication discovered

By DUSTY RHODES  
Daily News reporter

Two children found in a crowded, unlicensed day-care home had been given a sleep-inducing drug, according to Anchorage police.

The day-care proprietor, Janice Knight, has been under investigation since Jan. 17, when police responded to a report of an infant not breathing at her home. When they arrived at Knight's home, police found more than 15 children, including two infants lying on the floor of a closed closet and

several other babies strapped into car seats.

The 4-month-old boy who was the subject of the police call was pronounced dead at Providence Hospital. An autopsy indicated he died of viral pneumonia.

Police on the scene that day said other infants and toddlers in Knight's home seemed "very lethargic" and "unresponsive." Tom Johnson, an investigator in Anchorage Police Department's Crimes Against Children unit, sent urine samples from eight of the children to the FBI Crime

Lab in Washington, D.C.

Two of those samples tested positive for brompheniramine, an antihistamine found in several over-the-counter medications such as Dimetapp. Johnson said he found Dimetapp in Knight's home Jan. 17.

In an interview with police Tuesday, Knight said the Dimetapp was used by her husband, and she adamantly denied giving any medication to the two children. But Johnson said the par-

Please see Back Page, DAY CARE

ents of the two children — ages 2½ and 1 — were also adamant that they had not given their children any medication.

The autopsy on the 4-month-old revealed no drugs, but Johnson has sent tissue samples from the baby to the FBI crime lab, which he says has more sophisticated equipment than local labs. Once he gets the results of that test, Johnson said, he will present the case to the district attorney's office for possible criminal investigation.

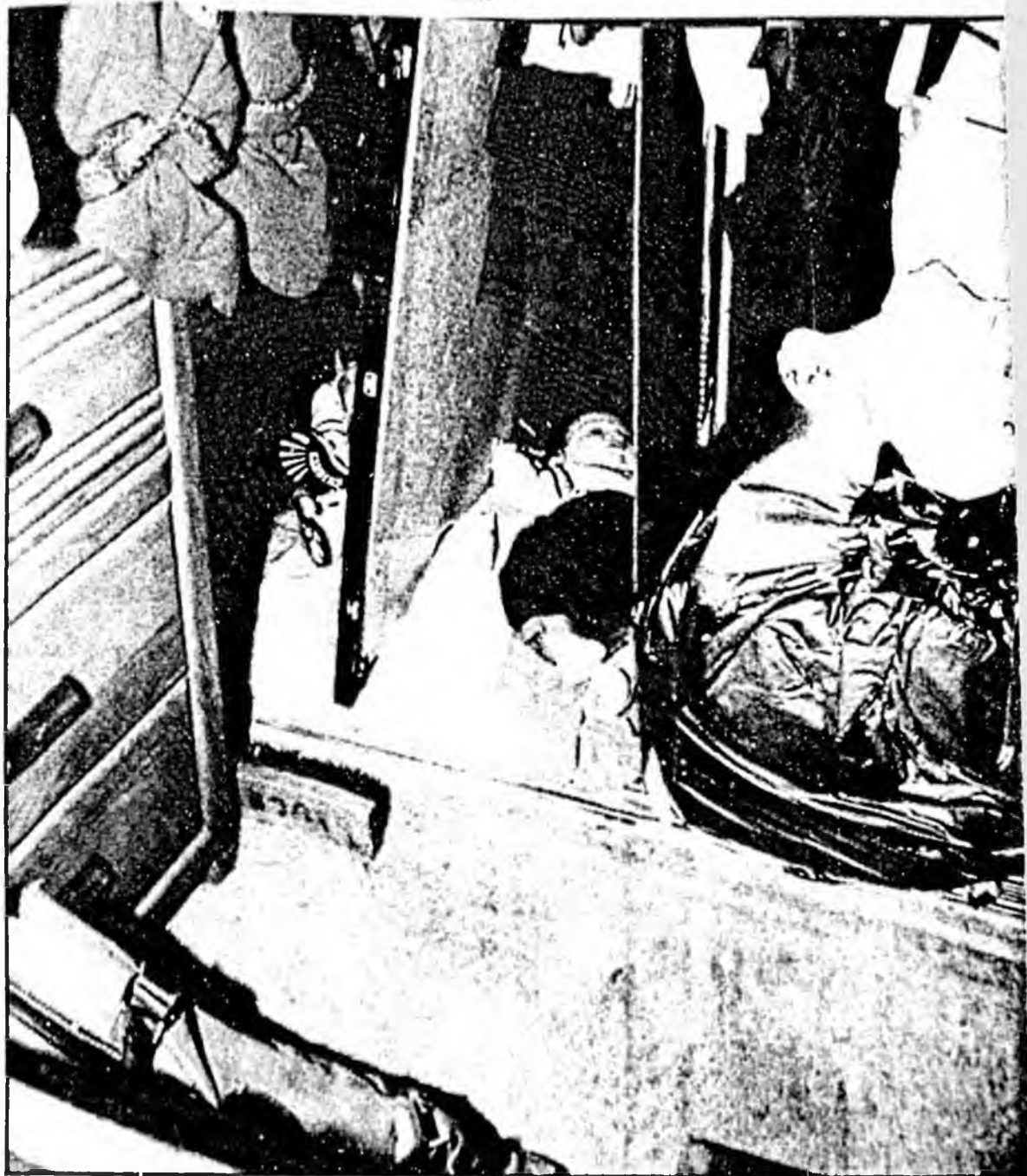
A male who answered Knight's phone Tuesday night said Knight would not talk to reporters.

Johnson said Knight described for him events leading up to the baby's death: The baby was dropped off about 8:30 a.m. by his father, who said the family was planning to take the baby to a doctor because he had a cold. Knight placed the baby in a car seat in a bedroom and closed the door. About three hours later she found the baby still sleeping, but when she checked again around 1 p.m., she found the child's car seat tilted back and the baby twisted around. When he did not respond to her calling his name and patting his cheek, Knight called 911 while her husband started CPR on the baby.

Knight has denied using the closet or the bathtub on a regular basis to hold children, according to Michelle Decker, a day-care home licensing investigator with the Division of Family and Youth Services.

"She said she did that (on Jan. 17 only) to protect them from the trauma of seeing the police and paramedics," Decker said.

Decker said she saw many hazardous items when she inspected Knight's home on Jan. 17. In the only bathroom, there was an open bottle of bleach on the counter. She also found ammonia, lice control spray, several cleansers, deter-



Anchorage Police Department

A 4½-month-old child lies in a closet in the home of day-care operator Janice Knight. The feet of a 1-year-old are visible to the left of the infant, behind a chest.

gents, 3-in-1 Oil, liquid correction fluid, model airplane paints, various medications, hair dye, mouthwash, perfumes and cosmetics — all within easy reach of children.

Twice before, in 1986 and 1987, the DFYS had investigated complaints that Knight was keeping as many as 10 children in her home. After the second complaint, Knight wrote the DFYS a letter stating she was quitting child care and would be

caring for an elderly person instead.

After the Jan. 17 incident, Decker made two unannounced follow-up visits to Knight's home and found no sign that Knight was still providing day care.

Decker said the DFYS decided not to pursue reports that Knight was apparently operating unlicensed day care this year, although the new findings may prompt the DFYS to reopen its investigation. Continued ille-

gal operation of a child-care home can carry a fine of \$200 a day, although the local DFYS office has never imposed that fine.

Knight told both Decker and Johnson that she is currently working out of the home with elderly people.

Johnson said if the District Attorney's office declines to prosecute Knight, he will then present the case to the municipal prosecutor's office.



# House State Affairs Committee

## Representative Gene Kubina, Chair

DATE: February 10, 1992

PLACE: Capitol Room 102

**SUBJECT OF MEETING:**

- \*HCR 43 - Relating to the Twenty-Fourth Annual Girls' State
- \*HCR 44 - Relating to the Twenty-Six Annual Boys' State
- \*HB 61 - Relating to Childcare Centers in Public Buildings

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
✓ Don Valesko	Local 71	2516 Arctic Blvd Anch	99503	346 3821	276 7211	(Y) N	HB 323
✓ Margaret Kitta	Local 71	Box 1144 Sittka AK	99822	747 8930	966 3240	(Y) N	HB 323
Deborah Behr	Dept of Law	P.O. Box 12 Juneau AK	99801		465-3600	Y (N)	HB 3200
Bob Benyhill	AAAP	157 Robinsons Ave JNL	99801			Y (N)	
Duane Petty	Asst. Dir. of Admin	State Office Bldg 700 Bldg 110210	99501	465-225	465-2200	Y N	HB 61 if needed
Anna McLeod	Asst. Dir.	State Office Bldg	99501		3350	Y (N)	HB 61
John STALNAKER	RETIREMENT BENEFIT	T6 P O 1102103 DEPT OF ADMIN.	99511	44701		(Y) N	HB 323 IF NEEDED
Duane Petty	DOA				42250	(Y) N	HB 61
						Y N	
						Y N	
						Y N	

HB

67

# HOUSE COMMITTEE REPORT

(7)

Date Referred: January 23, 1991

FURTHER REFERRALS:

Judiciary

Date of Committee Action: 5-15-91

The STATE AFFAIRS Committee considered:

HB 67

HOUSE BILL NO. 67

IMPOUNDMENT OF MISTREATED ANIMALS

"An Act relating to the impoundment of mistreated animals."

### RECOMMENDATIONS:

be replaced with CS HB 67 (STA)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept, Date) \_\_\_\_\_

fiscal impact Public Safety

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

zero fiscal note Law

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

### SIGNING DO PASS:

### SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not Pass	No Rec	Amend
<u>Gene Kubera</u>	<u>James W. DeWitt</u>		<input checked="" type="checkbox"/>	
<u>T. W. Myers</u>	<u>David M. DeWitt</u>		<input checked="" type="checkbox"/>	
<u>E. Bruden</u>				

Gene Kubera  
Chairman's Signature

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 67

Revision Date: \_\_\_\_\_  
Title: An Act relating to the impoundment of mistreated animals.  
Sponsor: Rep. Koponen  
Requestor: House State Affairs

Department Affected: Public Safety  
BRU: Alaska State Troopers  
Component: Detachments

COMPONENT SERIAL NO. 

	7	9	9
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EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not Included)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL	5.6					
CONTRACTUAL	439.1	423.8	423.8	423.8	423.8	423.8
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>444.7</b>	<b>423.8</b>	<b>423.8</b>	<b>423.8</b>	<b>423.8</b>	<b>423.8</b>

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	444.7	423.8	423.8	423.8	423.8	423.8
FEDERAL FUNDS						
OTHER/PROG RCPT						
<b>TOTAL</b>	<b>444.7</b>	<b>423.8</b>	<b>423.8</b>	<b>423.8</b>	<b>423.8</b>	<b>423.8</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact \_\_\_\_\_

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

Prepared by: Capt. Thomas T. Stearns Phone: 465-4322  
Division: Alaska State Troopers Date: 2/26/91  
Approved by Commissioner: *Richard L. Burton* Richard L. Burton  
Agency: Department of Public Safety Date: 2/26/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & impacted Agency(ies).

Department of Public Safety  
HB 67 Fiscal Note Analysis

The activities required of the Department of Public Safety under HB 67 are as follows:

1. Impoundment and removal of mistreated animals when the responsibility for this is not delegated elsewhere by local ordinance.
2. Provide notice of impoundment.
3. Provide animal owner with an opportunity for an expedited hearing to appeal the impoundment.
4. Establish procedures to allow fee collection from owners wanting to reclaim their animal(s) and for adoption or removal from State custody.
5. Adopt regulations to implement the proposed act.

Not specified in this bill is the agency initially responsible for the following costs and ultimately responsible in the event of non-payment by the animal owner:

1. Obtaining the required certificate of mistreatment by a licensed veterinarian. This would include transportation costs and veterinary fees for the initial exam.
2. Required facilities, food, water and medications during the period of impoundment.
3. Required veterinary fees for follow-up care.

The Department of Public Safety presently does not have either the facilities or animal care expertise to fulfill the obligations set out in this bill. Because the provisions have a statewide application it can be anticipated that reported cases will come from throughout rural and urban Alaska, including sparsely inhabited and inaccessible areas of the State. An example would be a complaint against a big game guide whose base of operations might be deep in the Alaska wilderness. ~~If all of the responsibilities and costs are to fall to the Department of Public Safety, the Department would have to transport the impounded animals, when possible, to the nearest place of care and treatment, and then to contract with individuals or businesses to provide the necessary follow-up care and services.~~ There are likely to be cases where the animal(s) in question could not be transported and would have to be cared for in place. This would add considerably to the cost associated with the requirements of this bill, including shipping of food and other materials to the site of the animals, daily care costs, transportation costs of veterinarian, etc.

The overall rate of such reportings has been low in numbers, but the cases handled by the Department of Public Safety in the recent past have been fairly substantial in terms of the large number of animals per incident. In one case, the Alaska State Troopers in Soldotna had to manage over 100 dogs and several horses in a "cruelty to animals" criminal investigation. Additionally, it could be expected that the number of reported cases would increase sharply once the public became aware of this new law.

While this bill specifies several types of animals as being covered, for purposes of identifying the fiscal impact upon the Department of Public Safety, horses, dogs, and miscellaneous animals will be used to describe baseline data as reported cases generally fall in one of these three categories. This fiscal note is a very conservative estimate of the costs that would result from the adoption of this bill in its present form.

**ESTIMATED NUMBER OF ANIMALS TO BE IMPOUNDED PER YEAR  
by the DEPARTMENT of PUBLIC SAFETY**

1. Horses	50
2. Dogs	100
3. Misc. animals	25

**TRANSPORTATION TO IMPOUND**

Horse tralling: 50 horses x \$1.00/mile per horse x 50 mi. (Includes round trip contingency)	\$ 2,500.00
Air transport for small animals, 25 animals x \$200.00 (Includes round trip contingency)	\$ 5,000.00
Ground transport fee for small animals, \$50.00 x 100 animals (Include round trip contingency)	\$ 5,000.00
Facilities fee, horses \$300.00 per month x 50 horses x 60 days (Includes food/water)	\$ 30,000.00
Facilities fee, small animals, 125 x \$5.00 per day x 60 days	\$ 37,500.00
Veterinarian Services, 175 initial exams, 175 follow-up exams (350 total exams) x \$80.00/hr minimum 4 hours per exam (all animals)	\$ 112,000.00
Medications \$50.00 per animal per incident	\$ 8,750.00
Veterinarian transportation costs - air travel to rural sites for initial inspection (25 trips x \$400.00 per trip)	\$ 10,000.00
Ground transportation fee, 150 trips x \$1.75 per mile x 50 miles (round trip)	\$ 13,125.00
Liability Insurance Costs	\$ 200,000.00
Adoption of Regulations which will require public notice of the proposed regulations and travel to Anchorage, Soldotna/Kenai, Sitka, Ketchikan, Bethel, Kodiak, and Fairbanks to conduct public meetings.	\$ 20,900.00
<b>ESTIMATED TOTAL</b>	<b>\$ 444,775.00</b>

Alaska State Legislature  
Representative Niilo Koponen

Pouch V  
Juneau, Alaska 99811  
(907) 465-4992

House District 21

119 N. Cushman, Suite 207  
Fairbanks, Alaska 99701  
(907) 456-8172

SPONSOR STATEMENT

House Bill 67

"An act relating to the impoundment of mistreated animals"

By Representative Niilo Koponen

Alaska's harsh climate frequently amplifies simple neglect of domestic animals into horrifying episodes of starvation and death. Tragic cases of animal abuse have inspired Alaskan municipalities to equip themselves with the legal ability to take custody of mistreated animals and turn them over to humane societies and other private caretakers until the abusive situation is corrected. Sadly, when such abuse occurs outside borough or municipal boundaries, the State of Alaska is powerless to take action to prevent further suffering.

This bill provides that animals certified by a veterinarian as mistreated may be impounded by Department of Public Safety officials and removed to a setting of proper care and rehabilitation. The Department maintains a current list of volunteer humane associations capable and willing to receive such animals and care for them appropriately.

Facts from Alaskan animal control offices  
 (preliminary figures from Leg. research)

Municipality or Borough	cruelty/mistreatment calls per year	calls investigated	cases prosecuted
Anchorage	1500	"many"	1
Mat-Su Borough	20-25	20-25	none in 4 years
Fairbanks N.S. Borough	155 (in 1990)	155	5
Kenai	50	50	<1
Soldotna	6	6	1
Homer	4-5	4-5	1

Mat-Su Borough: Half or more of calls on mistreated animals are unfounded

Kenai: 90-95% of calls are unfounded

Last case prosecuted was in 1985

Mistreatment cases are usually worked out with owner or animals are confiscated, rather than going to court

Kenai-Soldotna-Homer: Receive calls on animals outside city boundaries, but within borough; city can't do anything, borough has no areawide ability to handle cases

HOUSE BILL NO. 67  
 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES KOPONEN, Moyer

Introduced: 1/23/91

Referred: State Affairs, Judiciary

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the impoundment of mistreated animals."

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

3 \* Section 1. AS 03.55 is amended by adding a new section to read:

4 ARTICLE 2. MISTREATED ANIMALS.

5 Sec. 03.55.110. IMPOUNDMENT OF MISTREATED ANIMALS. (a) ~~Outside of~~  
 6 ~~municipalities and within municipalities that do not provide by ordinance for the impoundment~~  
 7 ~~of mistreated animals, the Department of Public Safety may impound a mistreated animal and~~ *A police officer*  
 8 ~~remove the animal to a place where humane care and treatment can be provided. The department~~  
 9 ~~may impound an animal only if a licensed veterinarian has issued a certificate of mistreatment~~  
 10 ~~regarding the animal.~~ The department shall give a notice of impoundment to the owner, the  
 11 owner's agent, or the person in possession of the animal at the time the animal is impounded.  
 12 If the department cannot notify the owner of the animal or the owner's agent of the impoundment  
 13 at the time of impoundment, the department shall post a conspicuous notice of impoundment at  
 14 the premises where the animal was impounded. If the department cannot notify the owner of the

1 animal or the owner's agent of the impoundment within 72 hours after the impoundment, the  
2 department shall send a notice of impoundment by certified mail to the address, if any, where  
3 the animal was impounded. The cost of impounding and caring for the animal is a lien upon the  
4 animal.

5 ~~(b)~~ A certificate of mistreatment must state that in the professional judgment of the  
6 veterinarian and based on the facts known to the veterinarian the animal that is subject of the  
7 certificate is being mistreated. The certificate shall be signed by the veterinarian issuing the  
8 certificate.

9 ~~(c)~~ A notice of impoundment must contain a description of the animal impounded, a  
10 statement that the animal is in the custody of the state, a statement of the reasons for impounding  
11 the animal, the location of the animal, and a statement of the rights of the owner to appeal the  
12 impoundment or to recover the animal and of the procedures to appeal the impoundment or to  
13 recover the animal.

14 <sup>Who.</sup> ~~(d) The department~~ shall provide an opportunity to the owner of an animal impounded  
15 under this section or the owner's agent for an expedited hearing to appeal the impoundment. An  
16 owner or owner's agent who prevails at an appeal hearing under this subsection is entitled to  
17 immediate recovery of the animal without liability for costs of impoundment or costs of care  
18 while the animal is in state custody. A person who is aggrieved by the decision of the  
19 department at the appeal hearing may appeal the decision to the superior court.

20 <sup>Whoever</sup> ~~(e) Except as provided in (d) of this section, the department~~ may not release an animal  
21 to its owner or the owner's agent unless the owner or the owner's agent pays the costs of  
22 impounding and caring for the animal ~~and the department finds that the conditions leading to~~  
23 ~~mistreatment will not recur.~~

24 (f) If an animal impounded under this section is not reclaimed by its owner or the  
25 owner's agent within 60 days after the impoundment or the dispatch of a notice of impoundment  
26 by certified mail, whichever is later, or is abandoned by the owner, the department may cause  
27 the animal to be offered for adoption or otherwise removed from state custody as provided by  
28 regulation adopted by the department.

29 ~~(g) An employee or agent of the department or a veterinarian who takes an action in~~  
30 ~~good faith under this section is immune from civil or criminal liability for the act~~

31 ~~(h) The department shall adopt regulations to implement this section.~~

*(e) state vet draw up standards*

1 (i) In this section,

2 (1) "animal" means domestic animal;

3 (2) "department" means the Department of Public Safety;

4 (3) "livestock" means a horse, mule, burro, cow, goat, sheep, swine, reindeer, or  
5 rabbit;

6 (4) "mistreatment" means, except in an emergency or circumstances beyond  
7 reasonable control of the owner of the animal, the abandonment of an animal without providing  
8 for the continued health and well-being of the animal or the failure to provide care sufficient to  
9 preserve the health and well-being of an animal including the failure to provide

10 (A) food of sufficient quantity and quality to provide for normal growth  
11 or maintenance of body weight;

12 (B) access to potable water in sufficient quantity to satisfy the animal's  
13 needs; snow or ice is not an adequate water source; *estable*

14 (C) in the case of a animal other than livestock,

15 (i) access to an enclosed structure that is sufficient to protect the  
16 animal from wind, rain, snow, or sun and that has adequate bedding to protect  
17 against cold and dampness;

18 (ii) adequate space for exercise necessary for the health of the  
19 animal;

20 (iii) a clean confinement area, free from excess waste or other  
21 contaminant that could affect the health of the animal;

22 *and (C)* (D) veterinary care considered necessary by a reasonably prudent person  
23 to relieve distress from injury, neglect, or disease. *licensed veterinarian*

*A law enforcement authority may impose a fine  
on the owner for the well-being of the animals, but the health  
of the animals is the priority. This shall be done  
at the owner's expense.*

M E M O R A N D U M

TO: George Utermohle  
FROM: Ron Clarke  
DATE: March 15, 1991  
RE: HB 67

A subcommittee of the House State Affairs Committee has reviewed the latest draft of HB 67 and would like to make the following changes:

1. Substitute "life" for "well-being" (p. 1, line 7; p. 2 line 22; p. 2, line 24).
2. Insert language regarding impounded animals providing for a) non-release of animals in instances of impound for evidence and b) release of animals at the conclusion of an impound period.
3. Insert language regarding appropriate officials to hear any administrative appeals brought by aggrieved owners of impounded animals.
4. Add specific language (p. 2, line 10?) clarifying that the costs of impound and subsequent care shall be a lien upon the animal (legally, is that what the present language accomplishes?).
5. Rewrite p. 2, lines 12 and 13 to read "... within 60 days after the impoundment or the dispatch of a notice of impoundment by certified mail, or at the conclusion of administrative or court proceedings prompted by impoundments under this section, whichever is later,...."
6. Rewrite p. 2, lines 13 and 14 to read "...the animal may be offered for sale or adoption or... ."
7. Add appropriate language to indemnify the owner for damages caused by an impounded animal that is no longer under the control of the owner.
8. Add appropriate language to assume liability for the state for damages to or by the impounded animal with the exception of degradation of the animal's health due to a preexisting condition.

George Utermohle  
March 15, 1991  
Page Two

Finally, please share your thoughts on how best we could accomplish a reasonable guarantee of a speedy hearing for an aggrieved owner whose animal has been impounded, even though the appropriate hearing officer may be a borough or municipal official and not under direct control of the state (p. 2, lines 2 and 3).

Thanks for your help. Holler if you have any questions.

CS FOR HOUSE BILL NO. 67 (STATE AFFAIRS)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:  
Referred:

Sponsors: REPRESENTATIVES KOPONEN, Moyer

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to mistreatment of animals."

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

3 \* Section 1. AS 03.55 is amended by adding a new section to read:

4 ARTICLE 2. MISTREATED ANIMALS.

5 Sec. 03.55.110. IMPOUNDMENT OF MISTREATED ANIMALS. (a) A peace officer  
6 may impound a mistreated animal as evidence of a crime under AS 11.61.140 or 11.61.142 or  
7 in order to protect the health and <sup>life</sup> well-being of the animal. The peace officer may remove the  
8 animal to a place where humane care and treatment can be provided. The peace officer shall,  
9 if practical, give a notice of impoundment to the owner, or the owner's agent at the time the  
10 animal is impounded. If the peace officer cannot notify the owner of the animal or the owner's  
11 agent of the impoundment at the time of impoundment, the peace officer shall post a conspicuous  
12 notice of impoundment at the premises where the animal was impounded. If the peace officer  
13 cannot notify the owner of the animal or the owner's agent of the impoundment within 72 hours  
14 after the impoundment, the peace officer shall send a notice of impoundment by certified mail

1 to the address, if any, where the animal was impounded.

2 (b) The owner of an animal impounded under this section or the owner's agent shall have  
3 an opportunity for an expedited hearing to appeal the impoundment. An owner or owner's agent  
4 who prevails at an appeal hearing under this subsection is entitled to immediate recovery of the  
5 animal without liability for costs of impoundment or costs of care while the animal is in custody.  
6 A person who is aggrieved by the decision at the appeal hearing may appeal the decision to the  
7 superior court.

8 (c) Except as provided in (b) of this section, an animal may not be released to its owner  
9 or the owner's agent unless the owner or the owner's agent pays the costs of impounding and  
10 caring for the animal.

11 (d) If an animal impounded under this section is not reclaimed by its owner or the  
12 owner's agent within 60 days after the impoundment or the dispatch of a notice of impoundment  
13 by certified mail, whichever is later, or is abandoned by the owner, the animal may be offered  
14 for <sup>sale or</sup> adoption or disposed of in a humane manner.

15 (e) The state veterinarian shall adopt by regulation standards for treatment of animals in  
16 order to provide guidelines for identifying mistreated animals.

17 (f) In this section "animal" has the meaning given in AS 11.61.140.

18 \* Sec. 2. AS 11.61 is amended by adding a new section to read:

19 Sec. 11.61.142. MISTREATMENT OF ANIMALS. (a) A person commits the crime  
20 of mistreatment of animals if the person, except in an emergency or circumstances beyond the  
21 control of the person,

22 (1) abandons an animal without providing for the continued health and <sup>life</sup> ~~well-being~~  
23 of the animal; or

24 (2) fails to provide care sufficient to preserve the health and <sup>life</sup> ~~well-being~~ of an  
25 animal including the failure to provide for

26 (A) food of sufficient quantity and quality to provide for normal growth  
27 or maintenance of body weight;

28 (B) access to potable water in sufficient quantity to satisfy the animal's  
29 needs; or

30 (C) veterinary care considered necessary by a licensed veterinarian to  
31 relieve distress from injury, neglect, or disease.

- 1 (b) In this section, "animal" has the meaning given in AS 11.61.140.
- 2 (c) Mistreatment of animals is a class B misdemeanor.

# Alaska State Legislature

Legislative Research Agency



P.O. Box Y  
Juneau, AK 99811-3100  
Phone: (907) 465-3991  
Fax: (907) 463-3351

March 7, 1991

## MEMORANDUM

TO: Representative Niilo Koponen

FROM: Paula d. Scavera *PS*  
Legislative Analyst

RE: Complaints of Animal Mistreatment  
Research Request 91.191

You requested information about the frequency of complaints of animal mistreatment and cruelty to borough animal control authorities. You also requested information about prosecutions regarding animal mistreatment that resulted from these complaints.

Attached is a table which lists the jurisdiction of the animal control authority, the estimated number of complaints per year and the number of prosecutions. In most cases, animal control officers come to some sort of agreement with the animal owner or confiscate the animal, rather than seek a court remedy.

Note that the Kenai Peninsula Borough is not involved with animal control. Each town within the borough has its own animal control authority. These communities receive many complaints of animal mistreatment occurring outside the limits where they have no jurisdiction. Investigations of these complaints are not made. Thus, a large area of the Kenai Peninsula Borough is not under the jurisdiction of any animal control authority.

I hope this information is helpful to you. If you need further assistance, please don't hesitate to contact this office.

Attachment

## COMPLAINTS OF ANIMAL MISTREATMENT

JURISDICTION	ESTIMATED NUMBER OF COMPLAINTS PER YEAR	ACTUAL PROSECUTIONS
Municipality of Anchorage	1,500	Average one prosecution per year.
Fairbanks Northstar Borough	155	Average five court cases per year.
City & Borough of Juneau	7	In the last four years, two prosecutions.
Kenai Peninsula Borough		
Homer	5	One prosecution last year.
Kenai	50	One prosecution in the last six years.
Soldotna	6	One prosecution last year.
Ketchikan Gateway Borough	50	No cases to court in last eight years.
Matanuska-Susitna Borough	20-25	No court cases in the last four years.
City & Borough of Sitka	15	Two pending court cases at this time.

NOTE: All complaints are investigated in each jurisdiction

SOURCES: Animal control officers from each jurisdiction.

Prepared by Legislative Research Agency, March 1991 (91.191).