

**State of Alaska**  
**FY2004 Governor's Operating Budget**

**Department of Education and Early Development**  
**Child Care Assistance & Licensing**  
**BRU/Component Budget Summary**

## **BRU/Component: Child Care Assistance & Licensing**

**(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)**

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### **Component Mission**

To promote excellence in child care standards that help to ensure safe, healthy, quality child care is affordable and accessible to all Alaska's children and families.

### **Component Services Provided**

- The Child Care Assistance Program provides support for eligible families by paying a portion of direct child care costs so that parents can work or participate in education or training programs.
- Child Care Resource and Referral agencies provide:
  - Individualized information and referral services for families seeking quality child care;
  - Education, work-related information, and training for child care providers to reduce risk to children in care, increase provider proficiency, and help meet approved and licensed care standards; and
  - Consumer education to inform the public of the indicators and importance of high quality child care programs, and to promote safe and healthy child care environments.
- The Child Care Grant program promotes quality child care by supporting licensed child care providers with small monthly grants to supplement their programs. Grants assist providers with the purchase of health and safety related items, education and training, and age-appropriate curriculum and activities for children in care.
- Child Care Licensing promotes the attainment of national quality standards and reduces risk to children in care through the enforcement of health and safety standards.

### **Component Goals and Strategies**

- Increase consumer education and awareness so that families come to expect high quality child care conditions for their children.
- Promote parental choice by providing families with a broad range of options in addressing their child care needs.
- Maintain availability of child care assistance benefits for all eligible families.
- Promote greater accessibility to child care assistance program services for children with special needs.
- Assist and support providers in meeting health and safety requirements.
- Increase the number of licensed child care facilities.
- Increase the number of accredited child care programs.

### **Key Component Issues for FY2003 – 2004**

- Research links optimal early development with quality early childhood education. Children benefit when non-parental caregivers are well qualified, well trained and well compensated; when child-adult ratios allow for responsive care; when facilities are safe, comfortable and well maintained; and, when activities are engaging and age appropriate.
- Great progress has been made in the availability and quality of child care services in the past year. Initial efforts to support families moving from welfare to work have also been successful. To sustain this success requires an even greater demand on child care subsidy services than in the past. Affordable, quality child care for low-income families are key issues. Work schedules often require parents to seek child care for non-traditional hours (night shifts, weekends, late evening, etc.) and this type of child care is difficult to find.
- Coordination of child care licensing functions within other child care programs will develop a comprehensive system for early development that will ensure safe, healthy and nurturing environments for Alaska's pre-K children.

### **Major Component Accomplishments in 2002**

- Provided child care assistance in more than 35 Alaskan communities through local program administrators.

- Supported employment of eligible low-income families by subsidizing child care costs for approximately 5,700 children a month.
- Promoted child care quality through the Child Care Grant program by issuing grant awards to 425 licensed child care providers a month.
- Implemented higher standards for child care providers through new regulations.
- Provided additional support to parents of children with special needs through the Enhanced Referral System.
- Initiated a tiered reimbursement system.
- Revised the family income and contribution schedule.
- Updated and distributed consumer education materials.
- Resource and Referral agencies conducted the Family Child Care Outreach program to rural child care providers.
- Coordinated service delivery with other division programs resulting in an efficient expansion of services.
- Implemented state initiatives to improve the quality of child care and early education.

### **Statutory and Regulatory Authority**

45 CFR Part 98 and 99  
AS 14.37.010-200  
AS 14.38.100-199  
19 AAC 65.011-901  
PL 104-193

### **Key Performance Measures for FY2004**

**Measure:**

**the percentage change in the number of children served in licensed and in registered child care facilities;**  
Sec 51(b)(1) Ch 124, SLA 2002(HB 515)

**Alaska's Target & Progress:**

Children served (capacity) in licensed care from FY01 to January 1, 2003 decreased 2% or 318 slots.

Children served (capacity) in approved care from FY01 to January 1, 2003 decreased 21% or 1,199 slots.

In October 2002, there were 572 licensed child care facilities in Alaska with a capacity to serve 15,489 children and 750 active approved providers with a capacity to serve 3750 children.

**Benchmark Comparisons:**

	<b>FY2001</b>	<b>FY2002</b>	<b>January 1, 2003</b>
No. of Licensed Facilities	580	564	578
Capacity/Served	15,509	15,389	15,191
No. of Approved Facilities	1,456	750	925
Capacity/Served	5,824	3,750	4,625

Effective July 1, 2002, the Department of Education & Early Development took over the statewide responsibility for licensing child care facilities. New child care regulations have been adopted that will improve quality care and move facilities from a category of approved care to licensed care. Approved care is limited to having no more than 4 unrelated children in care, and no more than 5 children including the provider's own children, and is not eligible for the child care grant program.

This combination of factors contributed to the slight decrease in the capacity served from FY2001 through January 1, 2003 as shown in the above chart, i.e.: program transition to different agency and changes in licensing regulations. The change in staff ratio requirements has increased the quality of care provided for Alaska's children while minimally affecting overall capacity.

Data currently available does not specifically address the measure of number of children served, but rather the capacity, or the number of spaces, available for child care in Alaska. With implementation of new licensing regulations, the number of licensed facilities will increase because the provision for approved care requires facilities in that category to become licensed within 1 year.

**Background and Strategies:**

Child care licensing provides consumer protection through quality assurance. Minimum licensing standards should be the floor and not the ceiling. The high percentage of children in licensed facilities indicates that parents, as consumers of child care at all income levels, are seeking quality child care. Incentives are being developed to encourage more providers to pursue licensing.

A high percentage of states have moved to tiered reimbursement rates, paying more for higher quality care. Licensing is usually used to identify the lowest level of quality acceptable for funding, with some states ruling out programs with poor licensing records. There are different ways to distinguish between levels of quality. So far, most states have two levels: licensing and facilities that are both licensed and accredited.

To achieve Alaska's goal of high quality, safe child care, the department is:

1. Revising standards through regulation to reflect the higher expectations of the system.
2. Continuing to provide technical assistance to unlicensed facilities to meet minimum licensing standards.
3. Re-structuring the payment system to provide incentives for achieving and maintaining high quality care.
4. Developing a mechanism to eliminate the "cliff effect" for parents in the child care assistance program. The new system was effective September 1, 2002.
5. Working closely with DHSS to create a seamless transition from PASS I to PASS II. By the end of FY03, parents moving from PASS I to PASS II will not have to complete duplicate paperwork, or in most cases, have an in-person appointment to be enrolled in PASS II.

**Measure:**  
**the percentage change in the number of eligible children served in a Head Start program;**

**This measure has been moved to Teaching and Learning Support**  
 Sec 51(b)(2) Ch 124, SLA 2002(HB 515)

**Measure:**  
**the percentage change in the number of staff in child care facilities who received at least 15 hours of training in the current fiscal year;**  
 Sec 51(b)(3) Ch 124, SLA 2002(HB 515)

**Alaska's Target & Progress:**

As a result of federal funding, comprehensive data collection is now possible. This initial effort at centralizing training data by individual staff members in facilities across the state was implemented June 30, 2002. The information, when compiled, will serve as a baseline to assess progress in future years. A special report that analyzes year 1 and 2 data will be completed by September 30, 2003.

**Benchmark Comparisons:**

Statewide data will be maintained by EED and individuals can add to their training profiles as they complete additional training and provide appropriate documentation. A status report will be generated annually.

**Background and Strategies:**

Training and credentialing are both strategies for capacity building and achieving higher quality in child care. Alaska's SEED program is implementing a system of professional development for early childhood education that identifies the types of training and education necessary to achieve competency in the areas essential for early childhood programs.

**Measure:**  
**the percentage change in the number of children who receive federally funded meals;**

**This measure has been moved to Teaching and Learning Support.**  
 Sec 51(b)(4) Ch 124, SLA 2002(HB 515)

**Measure:**  
**the change in the ratio of registered providers compared to licensed providers.**  
 Sec 51(b)(5) Ch 124, SLA 2002(HB 515)

**Alaska's Target & Progress:**

	<b>FY2001</b>	<b>FY2002</b>	<b>January 1, 2003</b>
No. of Approved Providers	1,456	750	925
No. of Licensed Providers	580	564	578
<b>Ratio</b>	<b>3:1</b>	<b>1.5:1</b>	<b>2:1</b>

**New regulations have been implemented as of January 1, 2002. These regulations have enhanced the health and safety requirements for children in child care facilities and require approved providers who accept public funds to become licensed.**

**Benchmark Comparisons:**

New regulations have passed with an implementation date of January 1, 2002, that will eliminate the category of registered care. These regulations enhance the health and safety requirements for children in child care facilities and require registered providers who accept public funds to become licensed. The Department of Education & Early Development is expecting approximately 75% of registered facilities to apply for licensing in FY2002.

**Alaska currently has 750 registered facilities that may apply for licensing in calendar year 2003. The Department of Education & Early Development is expecting approximately 75% of these facilities to apply for licensing.**

**Background and Strategies:**

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A high percentage of states have moved to tiered reimbursement rates, paying more for higher quality care. Licensing is usually used to identify the lowest level of quality acceptable for funding, with some states ruling out programs with poor licensing records. There are different ways to distinguish between levels of quality. So far, most states have two levels: licensing and facilities that are both licensed and accredited.

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5. Working closely with DHSS to create a seamless transition from PASS I to PASS II. By the end of FY03, parents moving from PASS I to PASS II will not have to complete duplicate paperwork, or in most cases, have an in-person appointment to be enrolled in PASS II.

**Child Care Assistance & Licensing**  
**Component Financial Summary**

*All dollars in thousands*

	<b>FY2002 Actuals</b>	<b>FY2003 Authorized</b>	<b>FY2004 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	2,086.4	1,967.5	0.0
72000 Travel	201.0	200.0	0.0
73000 Contractual	1,013.6	3,394.0	0.0
74000 Supplies	245.0	92.0	0.0
75000 Equipment	98.3	15.6	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	32,773.5	33,482.1	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>36,417.8</b>	<b>39,151.2</b>	<b>0.0</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	12,919.9	16,174.1	0.0
1003 General Fund Match	3,133.4	3,624.9	0.0
1004 General Fund Receipts	1,987.8	992.2	0.0
1007 Inter-Agency Receipts	18,376.7	18,360.0	0.0
<b>Funding Totals</b>	<b>36,417.8</b>	<b>39,151.2</b>	<b>0.0</b>

## Child Care Assistance & Licensing

### Proposed Changes in Levels of Service for FY2004

This component is being transferred to the Department of Health and Social Services for the consolidation of services.

#### **Efficiencies through consolidation at DHSS (-\$350.0)**

Savings through efficiencies achieved through consolidation of services at DHSS.

#### **Transition grant from the U.S. Department of Labor (\$349.5)**

Increase federal receipt authority to receive a transition grant from the U.S. Department of Labor.

#### **Alaska Inclusive Child Care Initiative (\$95.0)**

This program provides funds to increase the availability of inclusive child care to families having children who are beneficiaries of the AMH Trust. The funds are used to support planning and policy development through a statewide steering committee, training and demonstration projects, and grants to provide these services.

#### **Annualize FY2003 COLA increase for General Government and Supervisory Bargaining Units (\$20.0)**

In FY2003 COLA increases were not in effect for the entire year for the General Government, Confidential and Supervisory bargaining units. This request adds funding to pay the COLA for these bargaining units for the full year in FY2004.

#### **\$75 per Month Health Insurance for Non-covered Staff (\$25.7)**

The employer contribution to health insurance for non-covered staff will increase by \$75.00 from \$630.00 per month to \$705.00 per month.

### Summary of Component Budget Changes

#### From FY2003 Authorized to FY2004 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2003 Authorized</b>	<b>4,617.1</b>	<b>16,174.1</b>	<b>18,360.0</b>	<b>39,151.2</b>
<b>Adjustments which will continue current level of service:</b>				
-Transfer to Department of Health & Social Services	-4,275.0	-16,549.7	-18,466.7	-39,291.4
-\$75 per Month Health Insurance for Non-covered Staff	7.9	12.1	5.7	25.7
-Annualize FY2003 COLA Increase for General Government and Supervisory Bargaining Units	0.0	14.0	6.0	20.0
<b>Proposed budget decreases:</b>				
-Efficiencies through consolidation at DHSS	-350.0	0.0	0.0	-350.0
<b>Proposed budget increases:</b>				
-Alaska Inclusive Child Care Initiative	0.0	0.0	95.0	95.0
-Transition grant from the U.S. Department of Labor	0.0	349.5	0.0	349.5
<b>FY2004 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>



**Child Care Assistance & Licensing**

**Personal Services Information**

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	41	0	Annual Salaries	0
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	0
			<i>Less 0.00% Vacancy Factor</i>	(0)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>41</b>	<b>0</b>	<b>Total Personal Services</b>	<b>0</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
No personal services.					
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>