

State of Alaska
FY2006 Governor's Operating Budget

Department of Health and Social Services
Child Care Benefits
Component Budget Summary

Component: Child Care Benefits

Contribution to Department's Mission

Provide child care subsidies to allow low-income parents to obtain and retain employment. Ensure the safety of all children in child care facilities. Promote improvements to the quality of child care.

Core Services

The Child Care Benefits component provides:

Child care subsidies to low-income families who need child care to work or participate in approved work and training activities. The subsidy program is called Parents Achieving Self Sufficiency (PASS). There are three PASS programs:

- PASS I – for families on Temporary Assistance, these families receive one-hundred percent of the state subsidy rate for authorized child care.
- PASS II – for families within one year of transitioning from Temporary Assistance. These families pay a co-pay, based on their income
- PASS III – for low-income families who may or may not have been on Temporary Assistance. These families also pay a co-pay, based on their income.

Oversight of all child care facilities (centers and homes) in the state. This includes licensing and approval functions, responding to complaints about child care, and monitoring compliance with regulations.

Promotion of improvements to the quality of child care through Child Care Grants to licensed child care providers, grants to Child Care Resource and Referral agencies, and licensing activities.

Parent education about what to look for in child care and child care referrals to assist parents in finding child care.

FY2006 Resources Allocated to Achieve Results		
FY2006 Component Budget: \$47,288,100	Personnel:	
	Full time	35
	Part time	0
	Total	35

Key Component Challenges

In FY2004, Child Care functions were consolidated in the Department of Health and Social Services by means of a transfer from the Department of Education and Early Development to the Division of Public Assistance. Having all child care functions in one office promotes collaboration between programs and consistency of policies. Our challenge in FY06 is to explore the best way to effect consolidated licensing services in the department while maintaining the collaborative relationships between all components of child care.

The funding for child care programs is primarily federal dollars, including CCDF (Child Care Development Fund) funding, TANF transfers into CCDF, and direct TANF expenditures. These funding sources allow expenditures to be made over a three year period. In the past, the child care component has had funding from several years to expend in the current year. However, with the transfer of child care programs from the Department of Education and Early Development, all prior year funds were expended. This necessitated using direct TANF funding for PASS II and III child care subsidies for the first time in FY04, and again in FY05. Our current spending exceeds our current revenue; our annual challenge is to

match spending with available revenue while continuing to provide child care assistance to allow parents to enter and stay in the work force.

Child care rates that the state pays have not been raised since July of 2001; they are not keeping up with rates that child care providers charge. We will be implementing cost containment measures in the hopes that a few specific rates can be raised. However, we are experiencing an increased caseload, which may prohibit any rate increases. Careful analysis of the situation will be needed.

Items which provide challenges to managing staff resources include:

- 1) A computerized information management system was implemented in July 2003. This system is not yet operational, but systems were changed on the assumption that it would be. The system was abandoned in October 2003 and DPA IT group is developing a new system. Development of this new system continues to require major staff resources.
- 2) In FY05, the Child Care Program Office initiated a revision to child care regulations for licensing, child care assistance, and the child care grant program. At the same time, the Department of Health and Social Services proposed an omnibus certification licensing package for all licensed facilities that the state licenses. Work on these revisions has taken significant staff resources. In FY06, the work of implementing the regulations will be required.
- 3) In FY05, the Department of Environmental Conservation will discontinue their monitoring of safety and sanitation regulations and playground safety in child care facilities across the state. This change means that we will be responsible for this monitoring which will necessitate additional training of child care licensing specialists and dedicating additional resources (staff time, travel) to licensing.
- 4) In July 2003, the Child Care Program Office assumed the payment of all child care subsidy bills (in prior years, grantees handled these payments), adding an additional workload on accounting and subsidy staff. The new computer system was supposed to make this process more efficient. However, a new computer system has not been implemented, thus making it more difficult to pay the bills, as well as to pull statistics for reports.

Significant Changes in Results to be Delivered in FY2006

A computerized information management system will consolidate all child care subsidy programs and licensing functions into one system. This move will improve data management and customer service for child care providers as well as families participating in the PASS programs.

The Alaska Mental Health Trust funding for the inclusive child care initiative will end in FY06. If we continue to offer the services of this initiative, other services may need to be reduced.

A proposed integration of licensing functions with the Division of Public Health will need to be carefully considered and planned in order to avoid disruption in services, as well as a disconnect from the child care management system and policy formulation.

In FY05, the Department of Environmental Conservation is discontinuing their monitoring of food, water, and playground safety in child care facilities. This will necessitate additional training of child care licensing specialists, as well as dedicating additional resources to this function.

Major Component Accomplishments in 2004

- Did not increase funding, but maintained same or increased level of service.
- Supported self-sufficiency activities of eligible families by subsidizing child care costs for an average of 1,619 children on PASS I and 5,360 children on PASS II and PASS III each month.
- In the transition from EED to DHSS and to a central payment system, avoided disruption in child care subsidy service delivery.
- The number of licensed facilities increased by 65 in the first quarter of FY04 and by 111 from FY02 to FY03.

- Provided child care assistance in more than 30 Alaskan communities through local program administrators.
- Continued child care quality efforts; maintained training opportunities for child care providers; and provided consumer education and referrals for parents.
- Continued to improve the PASS child care subsidy delivery system by more clearly defining policies and procedures for the program and updating child care policy manuals; increased efficiency by revising forms and procedural protocols; began planning for the integration of PASS I into the PASS II and III system.

Statutory and Regulatory Authority

AS 47.27.005 Alaska Temporary Assistance Program
AS 47.25.001 – 006 Day Care Assistance
AS 47.35.005 – 900 Child Care Facilities
4AAC 65 Child Care Assistance Program
4AAC 64 Child Care Grant Program
4AAC 62 Child Care Licensing
7AAC 45 Alaska Temporary Assistance Program

Contact Information
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Child Care Benefits Component Financial Summary

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	2,049.5	2,123.9	2,208.9
72000 Travel	60.0	143.0	143.0
73000 Services	1,134.8	1,966.7	1,541.7
74000 Commodities	25.8	62.6	62.6
75000 Capital Outlay	7.0	0.0	0.0
77000 Grants, Benefits	38,215.1	41,706.9	43,331.9
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	41,492.2	46,003.1	47,288.1
Funding Sources:			
1002 Federal Receipts	34,506.5	38,961.0	40,234.2
1003 General Fund Match	6,229.4	6,248.4	6,259.8
1004 General Fund Receipts	666.8	682.9	683.3
1007 Inter-Agency Receipts	89.5	110.8	110.8
Funding Totals	41,492.2	46,003.1	47,288.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	34,506.5	38,961.0	40,298.4
Interagency Receipts	51015	89.5	110.8	110.8
Restricted Total		34,596.0	39,071.8	40,409.2
Total Estimated Revenues		34,596.0	39,071.8	40,409.2

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	6,931.3	38,961.0	110.8	46,003.1
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	2.9	18.0	0.0	20.9
-Adjust Federal Funding: Transfer from ATAP for Child Care Benefits	0.0	1,200.0	0.0	1,200.0
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	8.9	52.4	0.0	61.3
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	2.8	0.0	2.8
FY2006 Governor	6,943.1	40,234.2	110.8	47,288.1

**Child Care Benefits
Personal Services Information**

Authorized Positions		Personal Services Costs		
<u>FY2005</u>				
<u>Management</u>	<u>Plan</u>	<u>FY2006</u>	<u>Governor</u>	
Full-time	35	35	Annual Salaries	1,552,250
Part-time	0	0	COLA	26,302
Nonpermanent	1	1	Premium Pay	0
			Annual Benefits	847,999
			<i>Less 5.89% Vacancy Factor</i>	(142,951)
			Lump Sum Premium Pay	0
Totals	36	36	Total Personal Services	2,283,600

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	2	0	0	0	2
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	2	1	1	0	4
Administrative Clerk III	2	0	0	0	2
Assoc Coordinator	2	0	0	0	2
Community Care Lic Spec I	6	5	5	0	16
Community Care Lic Spec II	2	1	1	0	4
Public Assist Analyst I	2	0	0	0	2
Public Asst Fld Svcs Mgr I	1	0	0	0	1
Research Analyst II	1	0	0	0	1
Research Analyst III	1	0	0	0	1
Totals	22	7	7	0	36