

State of Alaska FY2008 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, quality improvement activities, and licensing activities.
- Parent education about what to look for in child care and child care referrals to assist parents in finding child care.

FY2008 Resources Allocated to Achieve Results		
FY2008 Component Budget: \$49,844,600	Personnel:	
	Full time	35
	Part time	0
	Total	35

Key Component Challenges

- The funding for child care programs is primarily federal dollars, including CCDF (Child Care Development Fund) funding, TANF (Temporary Assistance for Needy Families) transfers into CCDF, and direct TANF expenditures. While the CCDF funding has remained in the range of \$11.3 to \$11.7 million dollars over the last five years, child care expenditures have continued to increase. TANF funding has always filled the gap between the amount of CCDF funding and child care expenditures. However, TANF funding is decreasing. The current challenge is to secure sufficient funding to maintain core child care services.
- State rates for child care assistance have not been raised since 2001, except for the Fairbanks area, where rates were recently raised to match those in Southeast and Anchorage. State rates are not keeping up with

rates that child care providers charge. As state rates decline in relation to the market rate, low income families on child care assistance are faced with an increased financial burden to pay the difference between the state rate and the child care provider's rate (in addition to their required co-payment) or choosing lower priced and usually lower quality child care.

- The omnibus licensing regulations continue to involve considerable time and effort for staff to meet with the entities affected by the regulations and coming to consensus around them. Implementing the recently passed child care assistance and child care licensing regulations through all affected parts of the system is also a considerable undertaking.
- The oversight of preschools continues to be a point of discussion between the Departments of Health and Social Services and Education and Early Development. At this time, limited oversight is provided by the Department of Education and Early Development. We believe that there are many preschools that are currently out of compliance with Alaska Statutes because they are not licensed as child care or certified as a preschool.
- Eligibility determinations for the Child Care Assistance Program are provided throughout the state by local grantees. The current funding methodology used to fund grantees for this service is inconsistent. In FY07, an effort was made to change the funding methodology, the service areas, and the actual services to be provided by grantees. There was considerable negative feedback and the proposal was withdrawn. The current challenge is to develop a procurement plan that is cost effective, promotes efficiency and consistency, and is community based.

Significant Changes in Results to be Delivered in FY2008

- One FY08 increment has been requested for \$1,547.7 general funds for adequate funding to keep up with the number of low-income families who need help with child care costs to keep working.
- As the number of families that move from welfare to work has leveled off, it is especially important to adequately fund child care in order to keep families working and off TANF.
- Improve Child Care Resource and Referral services by measuring program outcomes and utilizing the results.
- In coordination with the Department of Education and Early Development, the Early Learning Guidelines will be published and disseminated, and community workshops will be facilitated regarding their use.
- The PASS I program will be incorporated into the Integrated Child Care Information System (ICIS).

Major Component Accomplishments in 2006

- The Integrated Child Care Information System (ICIS) is being fully utilized by all child care licensing staff and 15 grantees.
- Adopted regulations to implement Child Care Assistance, Child Care Grant, and Child Care Licensing program improvements and cost containment measures.
- Supported self-sufficiency activities of eligible families by subsidizing child care costs for an average of 765 children on PASS I and 5,600 children on PASS II and PASS III each month.
- Provided child care assistance in more than 30 Alaskan communities with the help of local program administrators/grantees.
- Completed extensive new monitoring process of all Child Care Assistance Program grantees.
- Continued child care quality efforts; maintained training opportunities for child care providers; and provided consumer education and referrals for parents.
- Raised child care assistance rates in the Fairbanks/Interior Region to match those in the Southeast and Anchorage/Mat-Su regions.

Statutory and Regulatory Authority

AS 47.27.005, AS 47.27.035 Alaska Temporary Assistance Program
 AS 47.25.001 – .095 Day Care Assistance and Child Care Grants
 AS 47.32.010 - .900 Centralized Licensing and Related Administrative Procedures
 AS 47.05.300 - .390 Criminal History; Registry
 7AAC 41 Child Care Assistance
 7AAC 39 Child Care Grant Program
 7AAC 57 Child Care Facilities Licensing
 7AAC 10 Licensing, Certification, and Approvals
 7AAC 45 Alaska Temporary Assistance Program

Contact Information

Contact: Janet Clarke, Assistant Commissioner
Phone: (907) 465-1630
Fax: (907) 465-2499
E-mail: janet_clarke@health.state.ak.us

Child Care Benefits Component Financial Summary

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	2,041.6	2,431.7	2,760.0
72000 Travel	130.2	143.0	143.0
73000 Services	1,101.6	1,541.7	1,541.7
74000 Commodities	23.9	62.6	62.6
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	39,896.1	43,789.6	45,337.3
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	43,193.4	47,968.6	49,844.6
Funding Sources:			
1002 Federal Receipts	36,810.6	40,994.2	41,276.5
1003 General Fund Match	6,204.9	6,291.1	6,337.1
1004 General Fund Receipts	177.9	683.3	2,231.0
Funding Totals	43,193.4	47,968.6	49,844.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	36,810.6	40,994.2	41,276.5
Restricted Total		36,810.6	40,994.2	41,276.5
Total Estimated Revenues		36,810.6	40,994.2	41,276.5

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	6,974.4	40,994.2	0.0	47,968.6
Proposed budget increases:				
-Child Care Program Caseload Growth	1,547.7	0.0	0.0	1,547.7
-FY 08 Retirement Systems Rate Increases	46.0	282.3	0.0	328.3
FY2008 Governor	8,568.1	41,276.5	0.0	49,844.6

**Child Care Benefits
Personal Services Information**

Authorized Positions		Personal Services Costs		
<u>FY2007</u>				
<u>Management</u>	<u>Plan</u>	<u>FY2008</u>	<u>Governor</u>	
Full-time	35	35	Annual Salaries	1,617,126
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	1,308,345
			<i>Less 5.66% Vacancy Factor</i>	(165,471)
			Lump Sum Premium Pay	0
Totals	35	35	Total Personal Services	2,760,000

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	1	0	0	0	1
Assoc Coordinator	1	0	0	0	1
Community Care Lic Spec I	5	5	5	0	15
Community Care Lic Spec II	2	1	1	0	4
Community Care Lic Spec III	1	0	0	0	1
Elig Qual Cntrl Tech I	1	0	0	0	1
Elig Technician I	1	0	0	0	1
Project Asst	1	0	0	0	1
Public Assist Analyst I	2	0	0	0	2
Research Analyst III	1	0	0	0	1
Totals	21	7	7	0	35