

**State of Alaska**  
**FY2009 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 Assistance Program is funded by the federal Child Care Development Fund (CCDF) block grant and a required percentage of state expenditures, and supplemented with funds made available through the federal Temporary Assistance for Needy Families (TANF) block grant. 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.

FY2009 Resources Allocated to Achieve Results		
<b>FY2009 Component Budget: \$43,932,000</b>	<b>Personnel:</b>	
	Full time	35
	Part time	0
	<b>Total</b>	<b>35</b>

**Key Component Challenges**

- Stabilizing child care rates. The number of working families participating in the Child Care Assistance Program has decreased over the past year. The decrease is partially attributed to State rates for child care not keeping up with the rates that child care providers charge. State rates for child care assistance have not been raised since 2001, except for the Fairbanks area, where rates were raised in 2006 to match rates in Southeast and Anchorage. 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 decline in state rates in relation to the market rate has resulted in fewer families being assisted by the Child Care Assistance Program and child care providers being less able to provide care at state payment levels.

- Maintaining a sufficient supply of quality child care to support working parents. Child care as a business is becoming more and more difficult to operate. Rising costs of doing business such as fuel and personnel costs, increased standards to ensure safety, flat child care rates and funding for quality improvement initiatives have all contributed to decreased availability of licensed child care throughout the state.
- Eligibility determinations for the Child Care Assistance Program are provided throughout the state by local grantees. Historically, the methodology used to support this community-based service was inequitable and inconsistent; the department is in the second year of a three-year plan to standardize funding among grantees. As this effort moves forward, the department is working to minimize the negative fiscal impact on grantees that have experienced a decrease in the number of children participating in the program in the past year.
- Establishing and implementing common standards for measuring quality of care in child care facilities.

### Significant Changes in Results to be Delivered in FY2009

- The Governor's FY09 budget proposes an increment of \$185.7 to stabilize the funding for local grantees providing eligibility determinations for families that apply for help from the Child Care Assistance program.
- 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, work to integrate the Early Learning Guidelines into existing systems and to inform the public of the Early Learning Guidelines.
- Align the PASS I data and program management system with the Integrated Child Care Information System for PASS II and PASS III.
- Increase availability of licensed child care providers through improved outreach and technical assistance efforts.
- Participate in field testing of quality of care standards in centers and homes providing early care and education services.

### Major Component Accomplishments in 2007

- In partnership with the Department of Education and Early Development, completed draft quality of care standards for early care and education programs in the state.
- Achieved increased consistency across the state in child care licensing and child care assistance functions.
- Implemented new Child Care Assistance, Child Care Grant, and Child Care Licensing program regulations which included program improvements and cost containment measures.
- Supported self-sufficiency activities of eligible families by subsidizing child care costs for over 5,600 children each month.
- Provided child care assistance in more than 30 Alaskan communities with the help of local program administrators/grantees.
- Continued child care quality efforts; maintained training opportunities for child care providers and consumer education and referrals for parents.

### 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

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**Child Care Benefits  
Component Financial Summary**

*All dollars shown in thousands*

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	2,181.6	2,819.0	2,961.3
72000 Travel	98.3	143.0	143.0
73000 Services	1,124.2	1,541.7	1,541.7
74000 Commodities	38.6	62.6	62.6
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	36,799.2	44,037.7	39,223.4
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>40,241.9</b>	<b>48,604.0</b>	<b>43,932.0</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	33,069.8	41,382.4	36,690.5
1003 General Fund Match	6,291.1	6,290.2	6,310.1
1004 General Fund Receipts	881.0	931.4	931.4
<b>Funding Totals</b>	<b>40,241.9</b>	<b>48,604.0</b>	<b>43,932.0</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	33,069.8	41,382.4	36,690.5
<b>Restricted Total</b>		<b>33,069.8</b>	<b>41,382.4</b>	<b>36,690.5</b>
<b>Total Estimated Revenues</b>		<b>33,069.8</b>	<b>41,382.4</b>	<b>36,690.5</b>

**Summary of Component Budget Changes  
From FY2008 Management Plan to FY2009 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2008 Management Plan</b>	<b>7,221.6</b>	<b>41,382.4</b>	<b>0.0</b>	<b>48,604.0</b>
<b>Adjustments which will continue current level of service:</b>				
-FY 09 Health Insurance Increases for Exempt Employees	0.0	0.2	0.0	0.2
-FY 09 Bargaining Unit Contract Terms: General Government Unit	19.9	122.2	0.0	142.1
<b>Proposed budget decreases:</b>				
-Reduce excess federal authorization for child care programs	0.0	-5,000.0	0.0	-5,000.0
<b>Proposed budget increases:</b>				
-Eligibility Services Grants for Child Care Assistance Programs, Phase 2 of 3	0.0	185.7	0.0	185.7
<b>FY2009 Governor</b>	<b>7,241.5</b>	<b>36,690.5</b>	<b>0.0</b>	<b>43,932.0</b>

**Child Care Benefits  
Personal Services Information**

Authorized Positions		Personal Services Costs		
<u>FY2008</u>				
<u>Management</u>		<u>FY2009</u>		
<u>Plan</u>		<u>Governor</u>		
Full-time	35	35	Annual Salaries	1,823,651
Part-time	0	0	COLA	125,090
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	1,028,105
			<i>Less 0.52% Vacancy Factor</i>	(15,546)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>35</b>	<b>35</b>	<b>Total Personal Services</b>	<b>2,961,300</b>

**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	2	0	0	0	2
Community Care Lic Spec I	5	5	4	0	14
Community Care Lic Spec II	1	1	1	0	3
Community Care Lic Spec III	1	0	0	0	1
Coordinator	0	0	1	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 II	0	0	1	0	1
<b>Totals</b>	<b>20</b>	<b>7</b>	<b>8</b>	<b>0</b>	<b>35</b>