

**State of Alaska
FY2007 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

FY2007 Resources Allocated to Achieve Results		
FY2007 Component Budget: \$48,718,600	Personnel:	
	Full time	35
	Part time	0
	Total	35

Key Component Challenges

- In FY04, 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 throughout the programs. In FY06, the decision was made to keep child care licensing functions in the Division of Public Assistance, in lieu of the Certification & Licensing Office in the Division of Public Health. In FY07, the Child Care Program Office and the Certification & Licensing Office will continue to explore ways to share resources in efforts to achieve better licensing efficiencies.

- 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. The state started using direct TANF funds to support PASS II and III in FY04. The 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. DPA will be implementing cost containment measures and improved monitoring of child care authorizations and payments to decrease child care assistance expenditures, in the hopes that a few specific rates can be raised. However, an increased caseload may prohibit any rate increases. Careful analysis of the situation will be needed.
- In FY05, the Department of Environmental Conservation discontinued their monitoring of safety and sanitation regulations and playground safety in child care facilities across the state. Once the DHSS environmental health and safety regulations for licensing are adopted, monitoring of environmental health and safety will become the responsibility of child care licensors. This will necessitate additional training of licensing specialists and dedicating additional resources (staff time, travel) to licensing. This challenge will carry forward into FY07.
- The omnibus licensing regulations have involved considerable time and effort for staff to meet with all of the entities affected by the regulations and coming to consensus around them.
- The integrated Child Care Information System is in its final stages of implementation. In the transition from other computer management systems, accurate data has been difficult to extract. One of the goals of the new management system is to be able to produce accurate data to use for planning and evaluation purposes.

Significant Changes in Results to be Delivered in FY2007

- In FY07, the Child Care Program Office will change from a grant procurement system for child care assistance eligibility services, to performance contracts. In addition, the number of entities providing eligibility services will be significantly reduced from 15 grantees.
- As hundreds of families move from welfare to work, it is critical that affordable, quality child care is available to them. An increase in funding for low-income child care assistance is necessary to continue the success of welfare reform, moving families off of the Alaska Temporary Assistance Program (ATAP) and into employment and providing supports that will reduce their chances of needing to return to welfare. The FY07 budget request provides TANF funded increases for child care subsidy. These funds will provide additional child care subsidy and related services to income eligible families. Low-income working families need access to subsidized child care in order to retain their current employment and stay off welfare.

Major Component Accomplishments in 2005

- Implemented the Integrated Child Care Information System.
- Nearing passage of changes in regulations for Child Care Assistance, Child Care Grant, Child Care Licensing, and omnibus licensing Health and Safety.
- Supported self-sufficiency activities of eligible families by subsidizing child care costs for an average of 1,324 children on PASS I and 5,370 children on PASS II and PASS III each month.
- 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; developed and implemented new grantee monitoring instruments and processes, and implemented regulations for the PASS I program, aligning it with the PASS II and PASS III programs.

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
4AAC 65 Child Care Assistance Program
7AAC 41 Child Care Assistance (proposed regs, adoption expected in early 2006)
4AAC 64 Child Care Grant Program
7AAC 39 Child Care Grant Program (proposed regs, adoption expected in early 2006)
4AAC 62 Child Care Licensing
7AAC 57 Child Care Facilities Licensing (proposed regs, adoption expected in early 2006)
7AAC 10 Licensing, Certification, and Approvals (proposed regs, adoption expected in early 2006)
7AAC 45 Alaska Temporary Assistance Program

Contact Information
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**Child Care Benefits
Component Financial Summary**

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	1,898.4	2,283.6	2,431.7
72000 Travel	93.4	143.0	143.0
73000 Services	2,067.2	1,541.7	4,961.7
74000 Commodities	45.7	62.6	62.6
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	40,139.8	42,400.4	41,119.6
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	44,244.5	46,431.3	48,718.6
Funding Sources:			
1002 Federal Receipts	37,234.8	39,366.9	40,994.2
1003 General Fund Match	6,251.3	6,270.3	6,291.1
1004 General Fund Receipts	663.4	683.3	1,433.3
1007 Inter-Agency Receipts	95.0	110.8	0.0
Funding Totals	44,244.5	46,431.3	48,718.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Managem nt Plan	FY2007 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	37,234.8	39,366.9	40,994.2
Interagency Receipts	51015	95.0	110.8	0.0
Restricted Total		37,329.8	39,477.7	40,994.2
Total Estimated Revenues		37,329.8	39,477.7	40,994.2

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	6,953.6	39,366.9	110.8	46,431.3
Adjustments which will continue current level of service:				
-Adjust Federal Funding: Transfer from Alaska Temporary Assistance Program To Child Care Benefits	0.0	1,500.0	0.0	1,500.0
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	5.8	35.6	0.0	41.4
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	0.9	5.2	0.0	6.1
-FY 07 Retirement Systems Cost Increase	10.8	66.4	0.0	77.2
Proposed budget decreases:				
-Delete Inter Agency Receipts	0.0	0.0	-110.8	-110.8
Proposed budget increases:				
-Early Childhood Development	750.0	0.0	0.0	750.0
-Risk Management Self-Insurance Funding Increase	3.3	20.1	0.0	23.4
FY2007 Governor	7,724.4	40,994.2	0.0	48,718.6

**Child Care Benefits
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2006</u> <u>Management</u> <u>Plan</u>	<u>FY2007</u> <u>Governor</u>		
Full-time	35	35	Annual Salaries	1,545,477
Part-time	0	0	COLA	42,707
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	952,301
			<i>Less 4.28% Vacancy Factor</i>	<i>(108,785)</i>
			Lump Sum Premium Pay	0
Totals	35	35	Total Personal Services	2,431,700

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	6	5	5	0	16
Community Care Lic Spec II	1	1	1	0	3
Elig Technician I	1	0	0	0	1
Project Asst	1	0	0	0	1
Public Assist Analyst I	2	0	0	0	2
Public Asst Fld Svcs Mgr I	2	0	0	0	2
Research Analyst III	1	0	0	0	1
Totals	21	7	7	0	35