

ALASKA STATE LEGISLATURE
SENATE HEALTH, EDUCATION AND SOCIAL SERVICES STANDING COMMITTEE

February 21, 2007

1:34 p.m.

MEMBERS PRESENT

Senator Bettye Davis, Chair
Senator Joe Thomas, Vice Chair
Senator John Cowdery
Senator Kim Elton
Senator Fred Dyson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 81

"An Act extending the termination date for the Board of Certified Direct-Entry Midwives; and providing for an effective date."

MOVED SB 81 OUT OF COMMITTEE

SENATE BILL NO. 4

"An Act extending the cash assistance benefit program for seniors under the senior care program and increasing the benefit amount; and providing for an effective date."

MOVED SB 4 OUT OF COMMITTEE

OVERVIEW: Foundation Formula

PREVIOUS COMMITTEE ACTION

BILL: SB 81

SHORT TITLE: EXTEND BOARD OF MIDWIVES

SPONSOR(s): SENATOR(s) DAVIS

02/12/07 (S) READ THE FIRST TIME - REFERRALS

02/12/07 (S) HES, FIN

02/21/07 (S) HES AT 1:30 PM BUTROVICH 205

BILL: SB 4

SHORT TITLE: SENIOR CARE PROGRAM

SPONSOR(s): SENATOR(s) OLSON

01/16/07 (S) PREFILE RELEASED 1/5/07
01/16/07 (S) READ THE FIRST TIME - REFERRALS
01/16/07 (S) HES, FIN
02/19/07 (S) HES AT 1:30 PM BUTROVICH 205
02/19/07 (S) Heard & Held
02/19/07 (S) MINUTE(HES)
02/21/07 (S) HES AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

Richard Benavides, Aide
to Senator Davis
Alaska State Capitol
Juneau, AK

POSITION STATEMENT: Presented SB 81 for the sponsor

Nikki Rouget
Division of Legislative Audit
Juneau, AK

POSITION STATEMENT: Available for questions on SB 81

Kaye Kanne, Executive Director
Juneau Family Birth Center
Juneau, AK

POSITION STATEMENT: Supported SB 81

Dana Brown, Director
Alaska Family Health and Birth Center
Fairbanks, AK

POSITION STATEMENT: Supported SB 81

Elinor Fitzjarrald, Acting Director
Division of Public Assistance
Juneau, AK

POSITION STATEMENT: Available for questions on SB 81

ACTION NARRATIVE

CHAIR BETTYE DAVIS called the Senate Health, Education and Social Services Standing Committee meeting to order at [1:34:55 PM](#). Present at the call to order were Senators Dyson, Elton, Cowdery, Thomas, and Chair Davis.

SB 81-EXTEND BOARD OF MIDWIVES

CHAIR DAVIS announced SB 81 to be up for consideration.

[1:36:43 PM](#)

RICHARD BENAVIDES, staff to Senator Davis, sponsor of SB 81, explained that the bill extends the sunset date for the Board of Certified Direct-Entry Midwives (BCDEM) to June 30th, 2015. The extension is in line with legislative audit recommendations. The board serves to educate midwives of the level of service, experience, and education expected of them, regulating the profession while ensuring public safety.

SENATOR COWDERY asked for the number of other states that have a board of midwives, and if the length of the proposed extension is normal.

MR. BENAVIDES said that the extension is average.

SENATOR COWDERY asked if the members are paid.

MR. BENAVIDES said that he believes they only receive a per diem while on board business.

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NIKKI ROUGET, with the Division of Legislative Audit (DLA), said that the DLA conducted a review of the BCDEM and concurred that the board is operating in the best interest of the public and should be extended, with no operational recommendations. In 2005 the typical extension was changed from four years to eight years.

SENATOR ELTON commented that the previous administration had the idea to reduce the instance of board overlap, and said he wondered if anyone knew of a similar plan by the current administration.

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KAY KANNE, Executive Director of the Juneau Family Birth Center (JFBC), said that she has been a midwife in Juneau for 23 years, since there were no midwife laws. The board was created in 1992 and she served two consecutive terms; it strives for the highest levels of training and service, and is looked to as an example for other states, most of which have midwife boards. The JFBC serves 10 percent of birth population in Juneau.

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SENATOR COWDERY asked where midwives are concentrated in the state.

MS. KANNE replied that most midwives are concentrated in Juneau, Anchorage, and Fairbanks, and are required to practice near a hospital. The midwife population has been relatively stable in recent years.

SENATOR THOMAS asked if midwife training is readily available in the state.

MS. KANNE replied that it is readily available in Juneau, coupled with an approved program with an option for a masters' degree. Training generally takes two to three years.

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BRODIE ANDERSON, aide to Representative Kawasaki, said that he was available for questions but did not plan to testify.

DANA BROWN, Director of Alaska Family Health and Birth Center, said that she wants to see the board extended because it does a good job of serving the profession and contributing to public safety. The responsibilities of the board include investigating midwives, overseeing regulations, and providing continuing education.

She added that the Fairbanks Birth Center assists in 11 percent of local births, and in Wasilla the percentage is 25.

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CHAIR DAVIS commented that all kinds of health services are needed across Alaska.

SENATOR ELTON said that he was surprised by the high fees for board membership, and added that the board is important for monitoring confidence and it ensures excellence of care.

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SENATOR DYSON said that expensive legal cases brought against the board mean penalization of innocent members; in general, though, the board has done an excellent job of serving its members.

SENATOR DYSON made a motion to move SB 81 from committee with individual recommendations and attached fiscal note(s). There being no objection, the motion carried.

SB 4-SENIOR CARE PROGRAM

[1:56:07 PM](#)

CHAIR BETTYE DAVIS announced SB 4 to be up for consideration.

ELLIE FITZJARRALD, Acting Director for the Division of Public Assistance (DPA), said that she was available for questions on the fiscal notes of SB 4.

JANET CLARK, Assistant Commissioner for the Department of Health and Social Services (DHSS), said that the governor introduced a senior care bill, SB 90, that morning and that she could provide a comparison of the two.

MS. FITZJARRALD said that the current Senior Care Program (SCP) provides \$120 a month to seniors whose income is under 135 percent of the 2005 federal poverty levels. The governor's bill maintains the \$120 payment, raises the income qualifying limit to 135 percent of the 2007 poverty level, and allows it to increase proportionally each year; SB 4 increases the payment to \$150 and maintains the former income qualifying levels. Both bills eliminate the little-used prescription drug benefit. In addition, the governor's proposal doesn't allow for a person to receive both senior care and the longevity bonus; although the provision is not included in SB 4, the intent is the same.

She added that 5040 seniors will qualify for the governor's proposal. For SB 4, the number would be 4835. The total cost of benefit payments under the governor's bill would be \$7,002,557, and \$8,000,701 under SB 4. SB 90 would allow for a five-year extension, while SB 4 does not provide a sunset date.

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SENATOR OLSON said that he was not an expert on the governor's proposal and could only comment on his own bill.

CHAIR DAVIS said she had not expected the governor's bill to be seen by the committee that day, and she asked Senator Olson to try and combine some of the differences between his and the governor's bill.

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MS. CLARK said that the governor's plan would cost \$7.3 million, while SB 4 would cost \$8.7 million. The main differences are that SB 4 increases the benefit amount, and the governor's proposal increases the income eligibility.

SENATOR COWDERY asked where the governor's funding would come from.

MS. CLARK said that a provision currently in the budget would fund the proposal.

SENATOR COWDERY commented that he would like to see the longevity bonus funding taken from Permanent Fund earnings.

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SENATOR ELTON said that it appeared that more seniors would opt for senior care than he expected, and asked for an explanation.

MS. CLARK said that 2500 individuals are eligible for the senior care payment but not the longevity bonus.

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SENATOR OLSON said that he is willing to work with the administration on changes in his bill, and that the main priority is to care for Alaska's seniors as best and quickly as possible. Most of the issues between the two bills may be best brought up in the finance committee.

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SENATOR ELTON made a motion to move SB 4 from committee with individual recommendations and attached fiscal note(s).

SENATOR DYSON commented that he would have preferred to hear the governor's bill before deciding on the sunset date, and said that he objected to passing the bill from committee.

A roll-call vote was taken, and Senators Cowdery, Elton, Thomas, and Chair Davis voted yea; Senator Dyson voted nay. Therefore, SB 4 passed from committee.

OVERVIEW: PUBLIC SCHOOL FUNDING FORMULA

CHAIR DAVIS announced the committee would hear an overview of public school funding formula.

[2:11:38 PM](#)

EDDY JEANS, Director of School Finance for the Alaska Department of Education and Early Development (DEED), said that he would be presenting the Foundation Funding Formula, as defined in AS 14.17. The Adjusted Average Daily Membership (AADM) is the school's population adjusted by the base student allocation, which equals the basic need.

He explained that the count period of the ADM population ends the 4th Friday in October; the result is the number of enrollments in a district. Qualifying students must be six years of age by September 1st of the school year or under the age of twenty-one and have not graduated. Also, students of five yrs of age may enter kindergarten. Children with disabilities may enter school at the age of three and may continue through their twenty-first year.

He said that the first step in calculating the AADM is adjusting the student population by the school size, multiplying the result by the student cost factor, and finally adding the intensive service funding and the correspondence count. Community funding is determined by a population-based scale; a population of 10-100 is funded as a single school and a population of 101-425 is funded as two schools.

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SENATOR COWDERY asked if the percentage of vocational funding is the same statewide or if it depends on the status of the community as urban or rural.

MR. JEANS replied that such funding is contained within block funding.

SENATOR COWDERY asked for the dropout rate in high schools.

MR. JEANS replied that he did not have the answer with him.

He continued to explain that a community with more than 425 students would have each of its facilities funded separately, excepting alternative schools or technical schools. Charter schools must have at least 150 students to be counted separately.

He used the Nome school district as an example to explain the school size adjustment table for different population levels, and said that the larger the student population in a school, the smaller the adjustment because larger schools are more efficient. He then gave an example of how to adjust a school's daily average.

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SENATOR THOMAS asked if the adjustment for charter schools is a severe disadvantage to their funding, and why small schools are added to the largest.

MR. JEANS said that the DEED wants to encourage charter school efficiency, and that the population threshold used to be 200 students.

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SENATOR DYSON said he thinks the threshold needs to be revisited, and that some schools are being penalized through this formula. For charter schools to meet safety requirements, finding rentable space is a big challenge. However, some districts have found ways to get more revenue for charter schools.

MR. JEANS said that in the last three years there have been supplemental appropriations for smaller charter schools, allocated on a per-student basis. He then continued to explain the adjustment table using an example school. He added that youth detention facilities are counted separately for funding purposes.

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SENATOR ELTON said that youth facilities have shifting populations and asked how funding is determined.

MR. JEANS replied that funded is allocated on a per-bed basis.

He then explained the next step in determining school funding, and said that adjustments to cost differentials are required every other year. He said that he doesn't find the Institute of Social and Economic Research (ISER) report evaluating cost differentials to be 100 percent accurate, but that cost differentials will always be a point of contention.

CHAIR DAVIS asked when the first study was conducted.

MR. JEANS replied that it was done in 2002.

He continued to say that the next step in the funding formula is the adjustment for special needs, which is a 20 percent block allocation; intensive needs children, however, are funded separately. A study was required to determine the impact of the change from individual to block funding, and it showed that the new method generated \$14 million more than the previous one. Also, categorical funding in the previous funding formula generated fixed amounts of money; now departments have to justify their spending.

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SENATOR ELTON asked if new block grants penalize vocational education over other categories like bilingual programs.

MR. JEANS agreed that the most pressure is put on vocational programs, which must compete for funding.

SENATOR ELTON asked if there are now fewer vocational programs than before the block funding was implemented

MR. JEANS replied affirmatively; he said that the intent of block funding was to stop labeling children to unfairly generate revenue. The percentage could be increased, but distribution would still be the same.

SENATOR ELTON commented that vocational education shouldn't be lumped in with other subjects, because districts are forced to take funding away from it when money is needed.

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SENATOR DYSON said that he thinks funding for gifted and talented children isn't necessarily more important than vocational or bilingual education.

MR. JEANS said that gifted and talented funding is also under pressure.

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MR. JEANS explained how to adjust the allocation for special needs children, and that intensive needs costs are based on a one-day count period. These students are also included in other funding categories as well as in intensive needs. The DEED has been conducting audits of intensive needs cases because they had increased disproportionately in recent years. The department used to do random sampling and districts were only held accountable for the inappropriate claims found. Now audits are done on a 100 percent basis; children are still being improperly claimed and so districts are being penalized. There was a DEED meeting in Anchorage in January to discuss intensive funding; 2 percent block funding was suggested; audits would be ceased, and unique circumstances would be accounted for. Yearly intensive children cost \$65,000 to \$75,000 thousand apiece.

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SENATOR DYSON referenced a newspaper article about a child whose out-of-state treatment expenses were being paid by the school district who could not provide them itself, and asked if this would become a trend.

MR. JEANS said that such a decision would not be the parents'. A hearing would have to be held, and the school district would still be able to claim such kids for its funding.

SENATOR ELTON said that such children need to be evaluated as either mental health or educational responsibilities.

CHAIR DAVIS commented that required intensive needs funding takes funds away from the general student population.

MR. JEANS said that school districts want to receive 100 percent reimbursement for such funding, but that such a program would be enormously costly, and another mechanism should be used.

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MR. JEANS gave an example of how to calculate intensive needs and correspondence needs for a total entitlement figure, and showed a spreadsheet with district AADMs and basic need figures.

He explained that there are three school funding sources: required local contribution, state aid, and federal aid. The state assessor determines the district taxable value to calculate the required local effort.

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SENATOR DYSON asked if a community can not meet the required local contribution, if the state must pay the rest.

MR. JEANS said that was correct. He explained that areas that have struggling economies have dropping property values and are still paying the same percentage of required contribution, while some more rapidly growing areas pay lower percentages of their value. The percentage disparity needs to be leveled out to avoid cost problems.

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SENATOR ELTON commented that lowering the required contribution would limit voluntary contribution.

MR. JEANS said that this is true, but the loss would be made up by state funds.

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SENATOR THOMAS asked how less money can be available when property valuations are going up.

MR. JEANS said that the funding burden is being shifted from the local taxpayers to the state.

He explained that the required local effort can't exceed 45 percent of the district's basic need from the prior year, which guarantees funding from the state.

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MR. JEANS explained that federal impact aid comes in lieu of property taxes, and much comes from Alaska Native Claim Settlement Act (ANCSA) lands. Federal aid is required to be treated as local revenue, and unorganized school districts have no required contribution.

He added that there is a cap to additional local contribution. The supplemental funding floor, for which nine districts qualify, is under \$1 million now and is disappearing.

There being no further business to come before the committee, Chair Davis adjourned the meeting at [3:03:30 PM](#).