

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3134

16

RESULTS AT A GLANCE

EDUCATION & EARLY DEVELOPMENT

- 5% increase from 2005 in the number of schools demonstrating Annual Yearly Progress, for a total of 307 out of 497 schools making the target.
- 1% increase from 2005 of students in grades 3 through 10 who meet proficiency levels in Standard Based Assessments in **reading**
- 1.2% increase from 2005 of students in grades 3 through 10 who meet proficiency levels in Standard Based Assessments in **writing**
- 1.9% increase from 2005 of students in grades 3 through 10 who meet proficiency levels in Standard Based Assessments in **mathematics**
- 4% increase in proficiency levels on the state high school graduation qualifying exam for 10th grade students in **reading** (2003-2006)
- 6.5% increase in proficiency levels on the state high school graduation qualifying exam for 10th grade students in **writing** (2003-2006)
- 6.9% increase in proficiency levels on the state high school graduation qualifying exam for 10th grade students in **mathematics** (2003-2006)

Alaska Commission on Postsecondary Education

- 10% increase in federal education loan volume, showing progress toward goal of 35% of overall lending through guaranteed education loans and increasing federal revenues to the AlaskAdvantage programs.
- 38% increase in Alaskans served through the College Goal Sunday program, which assists Alaskans in preparing to finance their college attendance.
- The job placement rate for graduates from Alaska vocational institutions was 79%, exceeding the goal of 75%.

RESULTS AT A GLANCE

ENVIRONMENTAL CONSERVATION

- Impacts of new and historical pollution to land and water were reduced with a 3% increase in the number of polluted environments remediated or restored for use. (2005-2006)
- 100% of the population is living in areas in compliance with health based Air Quality Standards (natural events excluded).
- The department's four year strategic plan to establish protective standards for the environment is on track with 74.5 % of priority program revisions completed.
- 99.5% of newly reported spills of oil and hazardous substances and contaminated sites were cleaned up, exceeding the 98% annual target to contain and cleanup pollution in the environment.
- 99.7% of regulated facilities and vessel operators are without major violations of their contingency plans.
- 33% of criminal violations were successfully resolved with the other 67% still under investigation.
- In FY2006, there were only two public illness outbreaks in the state's 5,767 regulated food facilities, with 19 people becoming ill. There were no public illness outbreaks in the 3,187 public drinking water facilities across the state.
- The department's four year strategic plan to establish protective standards for protecting citizens from unsafe sanitary practices exceeds expected performance with 96.0 % of food safety standards completed.
- 98% of Class I and Class II municipal landfills, regulated industry landfills and storage transfer areas are properly located, operating and authorized/permited. The remaining 2% are in process.
- 83% of serviceable rural Alaska homes are served by safe and sustainable sanitation facilities.

RESULTS AT A GLANCE

DEPARTMENT OF FISH & GAME

- 9.7% increase in the ex-vessel value of Alaska's commercial fisheries (2004-2005).
- 42% increase in number of aquatic farms operating under approved permits (2003-2005).
- 100% of fishery limitations implemented meet constitutional and statutory criteria for limited entry since the year 2000.
- 11 % increase in number of days anglers spent sport fishing statewide (2003-2005)
- Surpassed target (450,000) by 8% for number of sport fishing licenses sold in 2005.
- Let a bond in 2006 to support construction of new hatcheries which will allow the Division of Sport Fish to meet hatchery production goals in coming years.
- Completed fish passage assessments for nearly 48% of state owned roads since 2000, leading to the completion of 70% of all state-owned roads by the end of 2007.
- A 2% increase in sales of hunting and trapping licenses (2004-2005), with 2005 sales exceeding the 3-year average total.
- A 300% increase since 2004 in the number of forums, lectures, brochures, news articles, radio programs and webpages produced by the Division of Wildlife Conservation offering the public opportunities to learn about wildlife and wildlife management in Alaska.
- Comprehensive subsistence harvest data collected and reported for select communities in all 6 regions of the state in 2006 for the first time in the past 5 years.
- Two-fold increase since 2003 in reporting and disseminating subsistence harvest data in web-accessible information systems and technical paper formats for management, planning, and to provide continued subsistence hunting and fishing opportunities throughout Alaska.

RESULTS AT A GLANCE

OFFICE OF MANAGEMENT & BUDGET

- In FY 06, 100% of recurring expenditures were paid with current revenues
- \$2.4 billion beginning balance in Constitutional Budget Reserve FY2007
- AA credit rating
- 75% of agencies show progress towards achieving desired end results

RESULTS AT A GLANCE

HEALTH & SOCIAL SERVICES

- 5% reduction in the number of children placed in out-of-state residential psychiatric treatment centers (2004-2006)
- 47% change in the percentage of children maltreated by an Out of Home Provider moving Alaska from a high of 2.09% to 1.1% in three years and closer to the goal of .57%.
- 19% change in the rate of substantiated child abuse reports (2002-2004), showing improvement towards the goal of child safety.
- The rate of maltreatment within six months of a substantiated report was 10.6% in 2005 moving Alaska closer to the goal of 6.1% or less.
- 6% change in rate of children unified with parents within 12 months of discharge from foster care (2002-2004), heading in a positive direction towards achieving the federal PIP goal of 57.91% by 2006.
- Pioneer Home average injury rate decreased from 2.2% to 1.43% between FY2005 and FY2006.
- 20% decline in juvenile crime referrals (2003- 2005).
- 21% reduction in API re-admissions from FY2004 to FY2006 (16.2% to 12.7%) bringing Alaska closer to the goal of 10%.
- 18% decline in the number of clients receiving temporary assistance cash benefits (2004-2006).

RESULTS AT A GLANCE

LABOR AND WORKFORCE DEVELOPMENT

- Non-Resident Workers in Alaska increased slightly in FY 2004 to 18.4%. This percentage has held relatively steady over recent years. (2001-2004)
- 55% of certified payrolls for public construction projects were checked for compliance with resident hire requirements in FY 2006. With the new on-line system the checked percentage should rise to 100% in FY 2008.
- 52% of Workforce Investment System participants entered employment in FY 2006. This level will serve as the baseline for future results reporting.
- There were 79,228 participants in the Workforce Investment System in FY 2006. This level will serve as the baseline for future results reporting.
- In FY 2006 524 individuals with disabilities exited the Vocational Rehabilitation program employed. This is an increase from 521 in FY 2005.
- 5,276 fewer job openings were listed on the department's labor exchange system in FY 2006 than were listed in FY 2005. With the transition to an online system now complete the 48,634 listings are expected to increase annually.
- 96% of participants trained by department grant programs entered employment in FY 2006. This is an increase of 4% over FY 2005.
- 62% of participants trained by department grant programs in FY 2006 were trained in priority occupations as identified by the Alaska Workforce Investment Board. This is an increase from 58% in FY 2005.
- 2% reduction in the rate of lost workday accidental injury and illness in FY 2006 as compared to FY 2005. This brings the rate down to 2.24 per 100 employees.
- There were 6 accidental workplace fatalities in FY 2006 at workplaces subject to Alaska Occupational Safety and Health Administration jurisdiction. This is an increase from 4 in FY 2005.
- 22% increase in employers participating in voluntary safety programs administered by the Alaska Occupational Safety and Health Administration. This is an increase to 22 employers in FY 2006 up from 18 in FY 2005.

RESULTS AT A GLANCE

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

Overall, the department end result targets are being met with a 90% success rate, our strategy targets are being met with an overall success rate of 95%.

- 100% of the Alaska Army National Guard and Air Guard units attain minimum readiness standards.
- 84% of jurisdictions completed their plans for the State's Three Year Emergency Exercise Plan in 2006
- 100% of emergency events are responded to directly or through coordination with multiple agencies (2005/2006).
- Over 90% of cadets are placed in school or work at the time they graduate from the residential phase of the Alaska Military Youth Academy. This target has been exceeded over the past 4 years.
- In FY2006, the Veterans Service office assisted in the dollar recovery of over \$22 million dollars, which is 10% over the prior year. Even higher increases are anticipated in FY2007 due to the return of the Veterans' Education Approving Office to the department.
- STARBASE has increased their student attendance by 20% from 1st to 2nd quarter 2007. (Science, Technology, Academics, Reinforcing Basic Aviation and Space Exploration)
- 10% more communities now have emergency satellite telephone communications systems available and the number will continue to grow at an expected rate of 15% annually.

RESULTS AT A GLANCE

DEPARTMENT OF NATURAL RESOURCES

- Facilitated the increase of the total employment in the Natural Resources & Mining Industries category, as reported in the Alaska Economic Trends, by 9%--from 10,700 in 2005 to 11,650 in 2006.
- Maximized non-tax revenue from state oil and gas production through the collection of \$2.4 billion in revenues.
- Issued only 84% of the authorizations (target was 90%) for new applications received for the environmentally sound use and development of state lands and resources due to staffing levels and vacancies in Claims, Permit, & Leasing Component.
- Acquired title to 1,489,618 acres of land from the Federal government promised at Statehood, a 49% increase over the FY06 target of 1,000,000 acres.
- Experienced a 17% annual increase for web site hits (61 million in 2005 to 71.5 in 2006) and a 19% increase in the # of terabytes of data downloads (from 2,113 GB in 2005 to 2,513 in 2006), making it easier for the industries we serve to do business with the State without requiring staff intervention.
- Transferred 243,359 acres (target was 80,000 acres) of state land to municipalities under the Municipal Entitlement Act.
- More than a 20-fold increase in accessions of geologic resource and hazards information highlights the increased activity in nearly all sectors of resource and infrastructure development over a three year period.- user sessions were FY04 248,806, FY05 1,670,802, and FY06 5,789,148.
- Sold 24.9 million board feet of state timber in 61 sales to Alaskan purchasers for value-added processing. This timber directly helped support 34 different businesses, including 14 new purchasers.
- 99.7% of all developers were in compliance with Fish Habitat permits protecting fish, wildlife, and their habitats. The staff increased the number of permits processed from 2,397 in FY05 to 2,648 in FY06.
- Provided safe and healthy access to 121 of our park facilities for more than 4 million visits, 80% of which are estimated to be from Alaska residents.
- Increased the Federal Phytosanitar certification inspections 165% from 2004 to 2006 facilitating over 20 million dollars of forest and agriculture products sold.

RESULTS AT A GLANCE

PUBLIC SAFETY

- 53% reduction in homicide rate in the area of Alaska where the department has primary jurisdiction (FY2005-2006).
- 25% reduction in deaths as a result of motor vehicle accidents (MVA) over previous 3-year average (CY2005).
- 38% reduction in driving under the influence (DUI) fatalities compared to previous 3-year average (CY2005).
- 17% reduction in dollar value of property loss due to fire compared to the previous 5-year average (CY2004-2005).
- 93% of sex offenders known to the department submitted required documentation on quarterly or annual basis per AS 12.63 (Registration of Sex Offenders), moving towards goal of 100% (FY2006).
- Increase of 4% in FY2006 in rate of unsolved criminal investigations aided by Alaska's DNA database, continuing trend from previous year.
- 56% increase in the number of DNA forensic profiles entered into the DNA database (FY2006).
- 82% increase in the number of latent fingerprints identified using automated identification systems (FY2006).

RESULTS AT A GLANCE

DEPARTMENT OF REVENUE

- Five of the six funds managed by Treasury exceeded their benchmarks for the year ended June 30, 2006; 29 of the 33 sub-funds also exceeded their benchmarks for this time period.
- During FY2006, the Tax Division's voluntary compliance efforts yielded 855 new taxpayers. Of these, 700 were the result of the Internet tobacco tax compliance project.
- Online applications for the Permanent Fund Dividend increased by more than 143,000 over the previous dividend year, from 34% in 2005 to 57% in 2006. PFD surpassed their 2006 goal of having 50% of all applicants using online filing.
- The Child Support Services Division increased collections of child support by 3.72%, or \$3.3 million, when compared to the previous fiscal year (calculation is net of garnished PFD payments.)
- Complaints received by the Long-term Care Ombudsman from or on behalf of Alaskan seniors decreased by 9.42% during FY2006, compared to the previous fiscal year.
- The Alaska Municipal Bond Bank issued \$77 million for 14 loans to eleven communities during FY2006. These communities are estimated to have saved over \$3.8 million in reduced issuance costs and lower interest expense.

RESULTS AT A GLANCE

TRANSPORTATION & PUBLIC FACILITIES

- 27% reduction in highway fatalities per 100 million vehicle miles traveled (2003-2005).
- 6% decrease in the number of state-owned bridges that are considered deficient by FHWA standards. 151 out of 765 state owned bridges are considered structurally deficient or functionally obsolete. (2003-2006)
- 4.5% reduction in the annual injury rate of department employees as a result of increased emphasis on safety training, inspections and hazard analysis (2004-2005).
- 19% reduction in the number of airports that are closed seasonally as airport reconstruction and surface improvements address seasonal closure issues (2005-2006).
- 11% increase in estimated investments at Alaska's rural airports, well over the department's annual goal of 5% (2005-2006).

RESULTS AT A GLANCE

UNIVERSITY OF ALASKA

- The number of UA students graduating with degrees qualifying them to work in Alaska high demand jobs – like nursing, allied health, behavioral health, engineering, computer networking, construction management and technology, and many others - is up more than 22 percent since FY99. The UA system is fully integrated in this effort, with more than half of these graduates using courses from several different campuses to meet degree requirements.
- UA has doubled the number of graduates who are able to become registered nurses over the last five years, meeting the state's need for new nurses.
- Student demand for programs qualifying them to work in Alaska high demand jobs is large. Annual fall semester enrollment in these programs has grown by more than 3,000 students since FY99.
- The University continues to expand its revenue generating ability through sources such as federal funding and university receipts. University generated revenue grows by an average of 8 percent per year and is up \$164M since FY99.
- UA's research enterprise is strong with annual grant-funded research expenditures growing by \$42M over the last five years, a 50 percent increase.
- A significant portion of the University's research is in areas of importance to the State of Alaska such as health/biomedical, climate change, resource development, fisheries and ocean science, logistics, geosciences and atmospheric sciences. In FY06, UA received 335 new research grant awards in areas of importance to the state of Alaska, an increase of 38 percent over the last five years.
- Undergraduate retention for students in certificate, associate and baccalaureate programs is up 11 percentage points (a 20 percent increase) since FY99 and is at an all time high of 66 percent.
- Student credit hour enrollment at the University of Alaska has grown 15 percent, about 76,000 student credit hours in total, since FY99.

Office of Management and Budget
Missions and Measures
www.gov.state.ak/omb/results
907-465-4660

2/2/07

**PERS/TRS:
OVERVIEW
&
UPDATE**

SFIN

FILE

Sen. G.
Stevens
Rep. Hawker



Department of Administration

Financial Overview
PERS and TRS

Senate Finance

February 2, 2007

Department of Administration
PERS and TRS
Financial Overview



- I Protections put in Place with Enactment of SB 141

- II Financial Reports
 - 1 Actuarial Valuation as of June 30, 2005
 - 2 Level Dollar Amortization Schedule
 - 3 Experience Study PERS and TRS

- III Financial Summary Sheet with Contribution Amounts

Department of Administration
PERS and TRS
Financial Over



SB 141 Established the Alaska Retirement Management Board (ARMB). AS 37.10.210 states, "The board has the fiduciary obligation to manage and invest these assets in a manner that is sufficient to meet the liabilities and pension obligations of the retirement systems."

SB 141 also provided for Important Protections under AS 37.10.220

- Conduct experience analysis not less than once every four years
- Healthcare assumptions shall be reviewed annually
- Actuarial assumptions shall be reviewed and certified by a second actuary
- Independent Audit of actuary conducted not less than once every four years
- Independent audit of performance consultant not less than once every four years



Actuarial Valuation Results

In November 2005 Buck Consultants was awarded contract to provide professional actuarial services to the Division of Retirement and Benefits.

In March of 2006 Buck performed a replication and actuarial review of methods and assumptions used by Mercer in the June 30, 2004, valuations. Correction of errors discovered in the replication process were incorporated into the June 30, 2005, valuation reports for PERS and TRS. Principal replication findings are summarized as follows:

- Did not find significant errors or concerns regarding *pension* liabilities for PERS or TRS.
- Found several items in replication process where Mercer failed to properly value medical liabilities for PERS. This resulted in approximately \$399 million understatement for PERS medical liabilities.

Based on the valuation results, the increase to the employer contribution rates for FY08 compared to FY07 are as follows:

	<u>FY07</u>	<u>FY08</u>
PERS	28.19%	32.51%
TRS	41.78%	42.26



Level Dollar Amortization Schedule

At the request of the ARMB, Buck Consultants calculated FY08 rates based on a level dollar amortization of the unfunded liability for the PERS and TRS. The current funding policy adopted in 2002 amortizes the initial unfunded liability and the change in the unfunded liability in subsequent years over a fixed 25-year period, using a 4.25% payroll growth assumption.

The plan is now closed to new members so it is appropriate to not use a 4.25% payroll growth assumption. The ARMB adopted the rates developed using the level dollar amortization method.

Two important points:

- Closing the defined benefit plans to new members does not increase the unfunded liability to the plans
- Adopting the level dollar amortization schedule does not increase the unfunded liability to the plans

What does not using the payroll growth factor do?

- Removing the payroll growth factor acts to increase the contribution rates for FY08. However, according to Buck it will result in a lower contribution schedule in future years.

	<u>FY07</u>	2005 Valuation <u>FY08</u>	Level Dollar Amortization <u>FY08</u>
PERS	28.19%	32.51%	39.76%
TRS	41.78%	42.26%	54.03%



Actuarial Experience Analysis

Buck Consultants completed the actuarial experience analysis in October 2006. Purpose of actuarial experience study is to compare actual plan experience with actuarial assumptions used in the valuation. The experience study looked at the five year period from 2001 through 2005.

- (1) Actuary will recommend changes to assumptions if sufficient data is available that shows material difference between expected and actual experience.
- (2) Future experience is likely to be different given recent trends.

Several of the assumptions include: investment return, healthcare, mortality, retirement, salary, Alaska residency, actuarial cost method, and disability.

To get an understanding of the impact of the revised assumptions and actuarial methods, Buck recalculated FY08 rates using the revised assumptions and actuarial methods. The results are summarized below.

	2005 Valuation <u>FY08</u>	Level Dollar Amortization <u>FY08</u>	Actuarial Experience Study <u>FY08</u>
PERS	32.51%	39.76%	46.64%
TRS	42.26%	54.03%	59.56%

The ARMB adopted the recommendations by Buck, which had been reviewed by GRS (second actuary) and determined to be reasonable. The revised assumptions and actuarial methods will be incorporated into the June 30, 2006, actuarial valuation reports.

Alaska Public Employees' and Teachers' Retirement Systems Earnings – Actuarial Rate – Employer Rates – Funding Ratios

Public Employees' Retirement System

Valuation Year	FY 01	FY 02	FY 03	FY 04	FY 05
Employer Contribution Fiscal Year	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
Actual Investment Return	(5.25%)	(5.48%)	3.67%	15.08%	8.95%
<u>Actuarial</u> Investment Return	8.25%	8.25%	8.25%	8.25%	8.25%
Unfunded Liability, <u>in billions</u>	\$0.73	(\$2.4)	(\$2.9)	(\$3.4)	(\$4.4)
Average Calculated Rate	6.77%	24.91%	25.63%	28.19%	32.51%
Board Adopted Rate	6.77%	11.77%	16.77%	21.77%	*39.76%
Funding Ratio – Assets \ Liabilities					
Total Benefits	100.9%	75.2%	72.8%	70.2%	65.7%
Total Employer Contribution Amount In Millions	\$105.6	\$178.2	\$272.3	\$354.8	\$676.8

Teachers' Retirement System

Valuation Year	FY 01	FY 02	FY 03	FY 04	FY 05
Employer Contribution Fiscal Year	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
Actual Investment Return	(5.35%)	(5.49%)	3.68%	15.09%	9.01%
<u>Actuarial</u> Investment Return	8.25%	8.25%	8.25%	8.25%	8.25%
Unfunded Liability, <u>in billions</u>	(\$0.2)	(\$1.7)	(\$2.1)	(\$2.3)	(\$2.5)
Average Calculated Rate	14.44%	35.57%	38.85%	41.78%	42.26%
Board Adopted Rate	12.00%	16.00%	21.00%	26.00%	*54.03%
Funding Ratio – Assets \ Liabilities					
Total Benefits	95.0%	68.2%	64.3%	62.8%	60.9%
Total Employer Contribution Amount In Millions	\$68.7	\$93.5	\$128.0	\$164.3	\$351.7
Total PERS/TRS Unfunded Liability	\$0.053	(\$4.4)	(\$5.0)	(\$5.7)	(\$6.9)

On Oct 4, 2006, the ARMB was presented with the results of the Actuarial Experience Analysis by Buck Consultants that recommended adjustments to the assumptions for PERS and TRS. The ARMB adopted Buck's recommendations. The recommended adjustments will be incorporated into the FY06 valuations that will set the FY09 employer rates for PERS and TRS. Using the FY05 valuations, Buck Consultants has estimated the adjustments to the assumptions will increase the unfunded liability to approximately \$8.6 billion (\$5.5 PERS and \$3.1 TRS).

October, 2006
Division of
Retirement and
Benefits

* Level dollar amortization schedule adopted by the ARMB.

2/6/07

**MEDICAID
PROGRAM
REVIEW**

SFIN

FILE

Housekeeping: As noted in this meeting's announcement, the full Medicaid report is available online for you to download. It can be found at <http://www.aksenate.org> and includes more than 250 pages. The complete Lewin Group forecast report is available on the Department of Health and Social Services' website. The handouts provided are summary pages from these two reports.

Medicaid Program Review Introduction

Like most of our offices, I too, receive a high percent of calls from Medicaid clients who are frustrated with their health care, and from health care providers who are frustrated with the growing paperwork requirements and varied reimbursement rates. Department staff are working diligently to run the Medicaid program as efficiently as possible and are equally frustrated with juggling an overwhelming amount of details that impact every client, provider, the agency's internal organization and the legislature.

I sympathize with how complex the Medicaid program is for clients, health care providers, program managers as well as for the budget staff. I also find it difficult to find a remedy through statute if all of us do not fully understand the implications of our actions.

The first step to better understanding came from the Department of Health and Social Services' fiscal forecast prepared by the Lewin Group and ECONorthwest. The key findings of this report were:

1. The Medicaid program will change fundamentally over the next 20 years from one focused on children to a program geared to caring for Alaska's growing senior and Alaska Native populations.
2. State matching funds will increase from approximately \$500 Million per year to more than \$2 Billion for a total program cost of more than \$5 Billion.

ECONorthwest developed a computer program by which the department can continue to update data to develop more accurate program criteria and generate funding forecasts. The establishment of baseline data and developing the forecasting model is step-one in implementing program change.

Step Two – Program Change. After recovering from sticker shock of the projected costs for Medicaid, the Senate Finance Committee released an RFP for a program review consultant to help us understand Medicaid and make suggestions to improve Alaska's program. In April 2006, a contract was awarded to the Pacific Health Policy Group based out of Irvine, California. Their charge was to help establish the programmatic baseline so that the legislature and the administration could make program changes to improve Alaska's Medicaid program.

Issue:

I hear many opinions regarding the services provided and the eligibility criteria but it is very difficult to fully understand the implications of change because the program is so complicated and impacts so many varied stakeholders.

1. We are asked to make changes to Medicaid statutes, but how do we, as legislators, make sound recommendations when we may not fully understand the implications to the client, health care providers, agency staff or the budget?
 - What program changes can be made to better serve Alaska's needy population? How can we make the changes based on sound research rather than assumptions?
 - The Pacific Health Policy Group evaluated Medicaid eligibility and service coverage policies and provided an overview that defines the populations that Alaska is required to serve and the services it is required to cover under federal law.

- As legislators, we frequently want to know how our programs compare to those of other states. To help us make this comparison, the Pacific Health Policy Group reviewed Alaska's service coverage policies and eligibility criteria and ranked Alaska with the other 49 states and Washington DC. These rankings can be found under Appendix A in the report.

Issue:

Alaska's Medicaid State Plan was approved in 1974. Since that time, all changes have been made by amendment and create a difficult sequence of rules to follow.

2. If the Medicaid director or key staff positions turn over, how much knowledge is lost during the transition and, therefore, how much is dropped through the cracks?
 - How can the legislature and agency program staff create a tool to better understand the relationship of the State Plan, statutes, and regulations?
 - To this issue, The Pacific Health Policy Group completed a crosswalk of Alaska's State Plan, statutes, and regulations to help identify where, if any, pieces did not relate well with its counterparts. This information is provided in Appendix B of the final report.

Issue:

When there were optional services mandated to constrain the Medicaid program to spend within a limited budget, the restriction could not hold up to unanticipated growth in program costs and client needs.

3. It was frustrating to see very large supplemental requests come before the Legislature each year with relatively no option for legislators, except to pay for the cost of this important program.
 - How do we create a program that is more predictable?
 - Program reform options are outlined in Chapters 2 through 6. Many of these options are tried and true changes that have been proved successful in other states. Although Alaska has unique obstacles when compared to other states, the Pacific Health Policy Group has identified options that may create positive changes for Alaska.

Pacific Health Policy Group has shown great success in program reform most recently in the states of Arizona, Oklahoma, Vermont and West Virginia. With their work in Arizona and Oklahoma, PHPG worked extensively with the Indian Health Service and tribal providers. One of the reforms you will hear about was initiated by the PHPG in the states of New York, Oklahoma, Rhode Island and Vermont, and should prove to be an exciting prospect for Alaska.

I would now like to introduce Scott Wittman and Andy Cohen with the Pacific Health Policy Group to walk you through their report.

Scott Wittman is located in the mid-west and worked most specifically on the review of program compliance and development of reform options. **Andy Cohen** works out of California and worked specifically on the evaluation of program policies and the comparison of Alaska's policies to those of other states.

I now turn the presentation over to Scott Wittman and Andy Cohen.

Alaska Medicaid Program Review



PRESENTATION OF FINDINGS

The Pacific Health Policy Group
February 2007

MEDICAID REVIEW

Introduction

Pacific Health Policy Group

- PHPG is a health care consulting firm, founded in 1994
- Offices in California and Illinois
- Our focus is Medicaid/SCHIP and other government-funded health care programs
- Have provided assistance to 20+ states
- We also have worked with counties, providers, foundations and private health insurers

MEDICAID REVIEW

Introduction

Project objectives:

- Evaluate the Alaska Medicaid program relative to other states ("50-state analysis")
- Ensure that program operations reflect current statutes, rules and policies ("regulatory review")
- Assess current program operations and identify best practices from other states ("operational review")
- Assist the legislature with the evaluation of short and long term program reform initiatives – identify strategies that enable the program to operate with the flexibility necessary to best serve Alaskans, recognizing budgetary realities
- Identify oversight priorities for the legislature

1/11/09 10:10:37 AM

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MEDICAID REVIEW

Introduction

Potential reforms defined in RFP:

- Developing public/private partnerships between Medicaid and employers – adopting market-based reforms
- Introducing managed care, to the extent feasible
- Enacting cost sharing – premiums/co-pays, perhaps tied to benefits
- Containing costs through program caps
- Increasing federal financial participation by obtaining matching dollars for services funded with state dollars only
- Strengthening the tribal health system

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MEDICAID REVIEW *Introduction*

Work Steps:

- Interviewed provider representatives and beneficiary stakeholders
- Consulted with DHSS and other state agency staff
- Reviewed recently-issued reports examining Medicaid's long term growth; long term care system; and behavioral health system
- Compared Alaska enrollment and expenditure data to comparable data for the other fifty states
- Evaluated best practices and innovative approaches in other states for applicability to Alaska
- *Note: DHSS has not had the opportunity to review figures/assumptions*

PHHS/Indigo/1/2017

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9:21:49 AM

MEDICAID REVIEW *Introduction*

Topics to be Covered Today

1. Summary findings from 50-state review
 - Demographics and Medicaid eligibility
 - Covered services & aggregate expenditures
2. Current operations & trends, by service type
 - Acute care
 - Long term care - elderly/physically disabled & MR/DD
 - Behavioral health
 - Tribal health (all services)
 - Administration
3. Recommendations for reform and oversight

PHHS/Indigo/1/2017

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9:23:38 AM

MEDICAID REVIEW

Introduction

"Executive Summary":

- Alaska is expensive, on a per beneficiary basis
- However, the state falls into the middle range in most areas, in terms of the populations and services covered
- The aging of the state's population is going to place significant pressures on the delivery system and Medicaid's budget
- There are a number of reforms within the existing Medicaid structure that can be taken to improve services and better control costs
- There also are structural reforms that the state should consider to ensure the program's long term sustainability

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9:24:30 AM

50-STATE SUMMARY

Demographics & Medicaid Eligibility

Overview

- Medicaid eligibility is segmented into mandatory and optional populations
- Mandatory groups have a "categorical" linkage to eligibility - e.g., children, pregnant women, disabled
- Optional groups typically are persons who meet mandatory/categorical criteria but whose income is too high
- Every state covers some optional groups, although the extent of the coverage varies widely
- Some states also cover "medically needy" persons through Medicaid - similar to Alaska's Chronic & Acute Medical Assistance (CAMA) eligibles

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9:26:25 AM

50-STATE SUMMARY Federally Defined Coverage Groups

Mandatory Group	Optional Group
1) Children under age 6 in households with income below 133 percent of FPL (\$21,943 for a family of two in Alaska)	1) Children under age 6 in households at or above 133 percent of FPL
2) Children ages 6 and older in households with income below 100 percent of FPL (\$18,500 for a family of two)	2) Children ages 6 and older in households at or above 100 percent of FPL
3) Parents at or below a state's AFDC cutoffs from July 1996, when welfare reform was enacted (75 percent of FPL for non-working parents, 81 percent for working parents)	3) Low-income parents above the state's AFDC cutoff
4) Pregnant women at or below 133 percent of FPL	4) Pregnant women above 133 percent of FPL
5) Aged, blind and disabled SSI beneficiaries with income below 75 percent of FPL (\$2,168 for a household of one)	5) Aged, blind and disabled beneficiaries between 75 and 100 percent of FPL
6) Working disabled persons at or below SSI limits	6) Working disabled above SSI limits
7) Medicare eligibles above SSI limits qualifying for limited benefits (DVB, SSVB and O groups)	7) Nursing home residents above SSI limits but below 350 percent of SSI
	8) Individuals at risk of needing nursing facility or CFMR placement but served through an HCBS waiver
	9) Women with breast or cervical cancer
	10) Medically needy individuals

FDHS Findings Report

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9:29:36 AM

50-STATE SUMMARY Alaska Optional Coverage Groups (sfy'05)

Group	Enrollment		Expenditures		
	Enrollees	Percent of Total Enrollment	Expenditures	Percent of Total Expenditures	Expenditures per Enrollee
Children (non-disabled)					
Title X, Title TAN AP, Family Directed Aid Care	20,703	33.8%	\$43,773,609	4.3%	\$2,114
Title X, Childcare & Foster Care	2,097	1.6%	\$22,833,156	2.2%	\$10,888
Pregnant Women					
Pregnant's First Payment / Pregnant women whose household income is between 133 and 175% of FPL	976	0.8%	\$1,919,066	0.2%	\$1,966
Aged, Blind & Disabled					
Optional Adult Family Assistance / Persons whose SSI cash income and up to 10% of FPL (only 70%)	8,568	6.5%	\$12,883,255	1.2%	15,166
CFMR Cash / Persons whose SSI cash income and residing in Nursing Facility or approved HCBS waiver	1,762	1.4%	\$5,360,130	0.3%	\$3,018
Disabled Children					
Title XIX Coverage / Disabled children at home not receiving SSI and are under federal Title XIX cutoffs	421	0.3%	\$4,843,270	0.5%	\$11,450
Subsidized Activities / Children with title XIX SSI	268	0.2%	\$2,016,519	0.2%	\$7,526
BCC Women					
Women eligible due to diagnosis of breast or cervical cancer	171	0.1%	\$1,632,435	0.2%	\$11,531
Working Disabled					
Working disabled persons with incomes at or below 250% of FPL	807	0.6%	\$3,836,187	0.3%	\$4,752
Subtotal - All Optional	15,430	27.0%	\$35,990,125	3.5%	\$2,332
Mandatory	50,531	73.0%	\$718,657,865	66.5%	\$14,210
Grand Total - Medicaid	131,736	100.0%	\$1,024,918,000	100.0%	\$7,816

FDHS Findings Report | Fiscal Year 2005 | Alaska Department of Health & Social Services

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50-STATE SUMMARY *Coverage of Optional Populations*

Alaska is middle-range in coverage of major optional categories, such as children and pregnant women

	Under One Year	Ages 1 – 5	Ages 6 – 19	Pregnant Women
US Requirement	133%	133%	100%	133%
Highest State	215%	300%	200%	175%
Lowest State	133%	133%	100%	133%
Alaska <i>Alaska Rank</i>	175% <i>36th</i>	175% <i>19th</i>	175% <i>17th</i>	175% <i>36th</i>

Source: State Health Facts

PHIG Findings 1/30/07

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50-STATE SUMMARY *Coverage of Optional Populations*

Overall, Alaska's optional groups account for a smaller than average portion of enrollment and spending

Enrollment (2005)



Expenditures (2005)



PHIG Findings 1/30/07

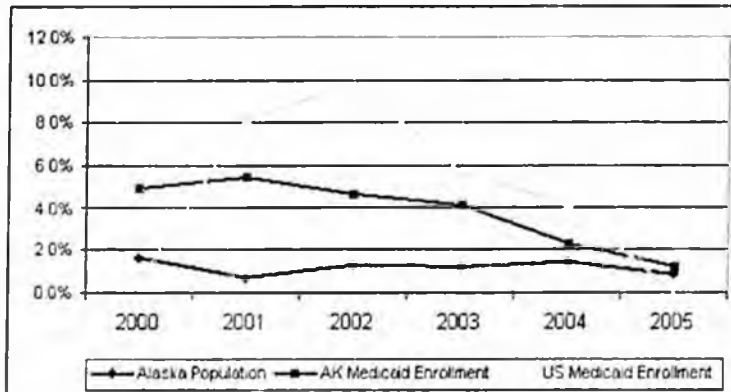
Source: CMS and 2005 FMS Medicaid Budget Unit

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50-STATE SUMMARY Enrollment Growth

Total Medicaid enrollment until 2005 exceeded state population growth, but trailed the national rate



Sources: US Census Bureau, CPS Data and DHS Fiscal Year 2007 Budget Overview

PHN Findings Feb 07

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50-STATE SUMMARY Medicaid & Uninsured Populations

Medicaid covers a large percentage of Alaskans, but the percentage without insurance is also relatively high

Percent with Medicaid		
Rank	State	Percent
1	District of Columbia	21.9%
2	Mississippi	21.1%
3	Vermont	19.9%
4	Alaska	19.7%
5	Maine	19.6%
6	New York	18.4%
7	Rhode Island	17.2%
8	New Mexico	17.0%
9	Tennessee	16.4%
10	Arizona	16.1%
(16)	Alabama	10.1%

Percent Uninsured		
Rank	State	Percent
1	Texas	24.2%
2	Florida	20.7%
3	New Mexico	20.4%
4	Arizona	20.2%
5	California	19.4%
6	Georgia	18.9%
7	Louisiana	18.8%
8	Oklahoma	18.6%
9	West Virginia	17.9%
(15)	Alaska	17.6%
(10)	Arkansas	17.8%

Sources: US Census Bureau, CPS Data (2005)

PHN Findings Feb 07

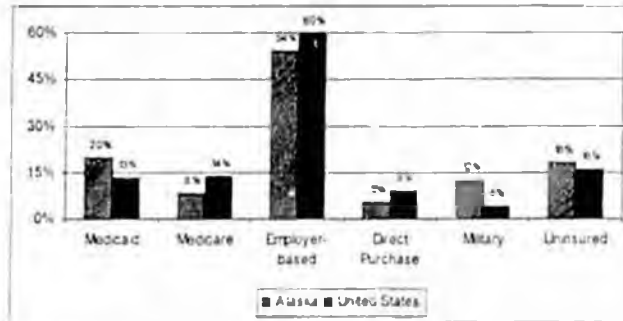
14

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50-STATE SUMMARY

Distribution by Payor Mix

Relatively fewer Alaskans have employer-sponsored coverage, not surprising given the prevalence of small employers in the state



Source: US Census Bureau, CPS Data (2005)

11/11/2009 11:00

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50-STATE SUMMARY

Medically Needy & CAMA

Overview

- Medically Needy programs serve persons whose incomes exceed categorical limits, but who incur medical expenses sufficient to qualify on that basis
- Alaska is one of 16 states without a Medically Needy program
- The state's CAMA program is similar to a Medically Needy program, but is funded with state dollars only (\$2.2 million in 2004)
- Some states have added CAMA-like populations to Medicaid through waivers, thereby capping the state's financial liability, while drawing down additional federal matching dollars

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50-STATE SUMMARY

Medically Needy & CAMA

Overview

- Example: Mississippi added a program in 2005 through a Section 1115a waiver covering most of the same groups as CAMA (cancer, diabetes etc.)
- Mississippi projected the program would be "budget neutral" by forestalling onset of disabling conditions requiring long term care
- Converting the CAMA program would likely not require legislation, unless the eligibility standards for the program were altered

11/17/2006 10:07

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50-STATE SUMMARY

Covered Services

Overview

- Medicaid-covered services are also segmented into mandatory and optional groups (children are entitled to a wider range of mandatory services than adults)
- Alaska is comparable to most other states in terms of the optional services offered
- Alaska spends more per beneficiary than other states and costs grew rapidly in the first part of the decade
- DHSS has taken a number of steps to contain costs, consistent with actions in other states
- Demographic trends are going to impose serious cost pressures in the next decade

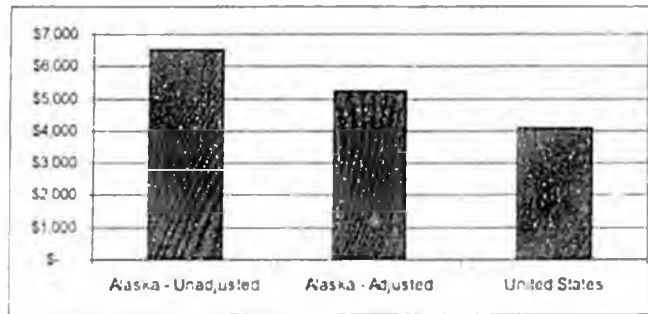
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50-STATE SUMMARY *Expenditures per Beneficiary*

Alaska spent more than the national average per beneficiary in 2003, even after adjusting for cost-of-living



Source: State health facts. Adjustment made by applying ratio of FPL dollar income in the contiguous 48 states to Alaska FPL, and multiplying the unadjusted value by that ratio.

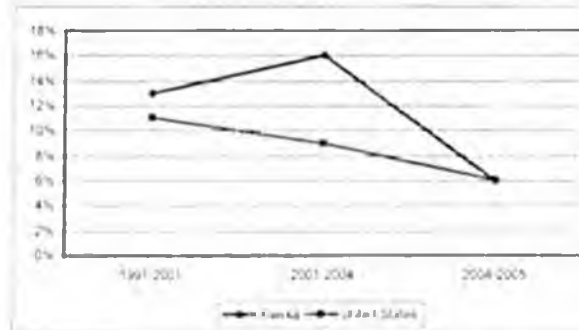
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50-STATE SUMMARY *Expenditure Growth*

Alaska's Medicaid expenditures grew faster than the average annual rate early in the decade, but have since fallen back to the middle-range



Source: State health facts. U.S. state health facts. U.S. state health facts. U.S. state health facts. U.S. state health facts.

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50-STATE SUMMARY

Expenditures by Beneficiary Type

Alaska ranked in the top 5 in every category
(unadjusted dollars)

	Children	Adults	Elderly	Blind & Disabled	Total
United States	\$1,467	\$1,872	\$10,799	\$12,265	\$4,072
Lowest State	\$012	\$813	\$5,054	\$5,623	\$2,520
Alaska	\$3,504	\$4,443	\$17,921	\$23,402	\$6,512
Alaska Rank	2nd	1st	5th	2nd	3rd

Source: State Health Facts

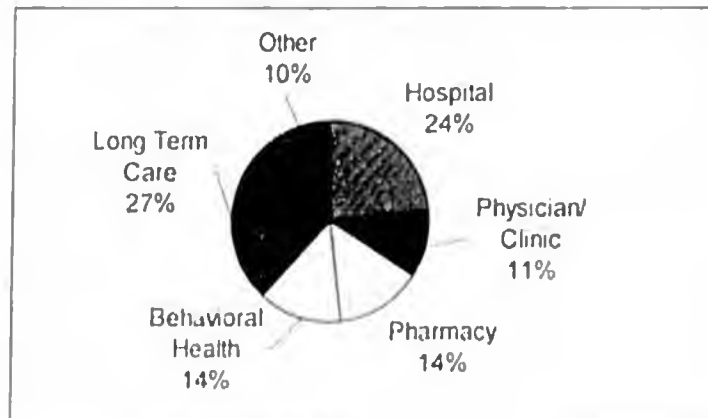
HMW/Estimote, Inc.

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ALASKA MEDICAID

Where Are the Dollars Spent?

Most spending falls into five major service categories



Source: Alaska 2002 Budget

HMW/Estimote, Inc.

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ALASKA MEDICAID

Acute Care

Hospital Services

- In 2003, Alaska spent \$1,200 per beneficiary for inpatient services, fourth highest in the country
- Alaska spent \$168 per beneficiary for outpatient services, second highest in the country
- The higher costs occurred despite lower than average utilization

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ALASKA MEDICAID

Acute Care

Physician/Clinic

- Alaska's physician payment rates are the highest in the country, partly because of the prevalence of tribal and cost-based providers
- Physicians perceive the fee schedule to be essential for supporting their practices - the reverse of what normally occurs
- The state faces a worsening physician supply shortage - one that could be exacerbated by cutting fees
- Telemedicine is a promising concept for stretching provider capacity. The state implemented payment regulations in 2002, but utilization remains low

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ALASKA MEDICAID

Acute Care

Pharmacy

- In 2003, prescription drug expenditures per beneficiary (before rebates) were \$788, 13th highest in the country
- The state has taken a number of cost containment actions, including joining a purchasing pool and introducing a preferred drug list
- Alaska pays among the highest rates for drugs and dispensing fees - which to some extent supports critical access pharmacies
- The state should consider differential pricing strategies, targeting urban chains for discounts. This likely could be enacted through regulation, without the need for a statutory change

PHARMACY (1/05)

25

ALASKA MEDICAID

Long Term Care

Nursing Facilities/HCBS

- LTC accounted for one-quarter of Medicaid expenditures in 2005, but is projected to grow significantly as the state's elderly population grows in size (from 55,000 seniors in 2005 to 80,000 in 2015)
- Under current trend lines, Medicaid LTC spending is projected to increase from \$273 million in 2005 to \$877 in 2015
- Nursing home rates are highest in the country, but utilization is the lowest, partly due to a lack of beds
- Pioneer Homes, which are licensed as Assisted Living Facilities, are becoming de facto Alzheimer's providers, though in a relatively costly setting

NURSING FACILITIES (1/05)

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ALASKA MEDICAID Long Term Care

Nursing Facilities/HCBS

- The state has two HCBS waiver programs for elderly and physically disabled persons (OA and OPD), but neither are designed to serve persons with Alzheimer's/dementia.
- The waivers also offer limited in-home support services, encouraging many to seek Personal Care Attendant (PCA) services outside the waiver
- In 2005, PCA costs reached \$80 million, while the two waivers amounted to only \$42 million
- The state has introduced prior authorization rules for PCA, but a comprehensive pre-admission screen encompassing all community services (with PCA converted to a waiver service) would allow the state operate a more holistic system

PCG Long Term Care

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9:45:49 AM

ALASKA MEDICAID Long Term Care

Nursing Facilities/HCBS Recommendations

- Institute up-front, comprehensive pre-admission screening and care planning
- Convert PCA to a waiver service
- Add waiver services targeted to Alzheimer's/Dementia as less costly alternatives to Pioneer Homes (e.g., AFC) and/or establish case-mix adjusted payments for Pioneer Homes
- Also consider a provider tax on Nursing Facilities as a revenue source (also recommended by PCG in its report). Federal law permits up to a six percent tax
- The tax would require legislative action. The other recommendations would require federal approval

PCG Long Term Care

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9:46:47 AM

ALASKA MEDICAID *Long Term Care*

Developmentally Disabled

- Alaska serves all DD beneficiaries through waivers, outside of institutional settings – one of only a handful of states to do so (making it a leader)
- In 2004, expenditures per waiver beneficiary were sixth highest in the country (\$63,000 versus \$37,000 average)
- DHSS should develop and introduce a mandatory, uniform cost reporting tool for providers (and audit requirements)
- Rates should be updated through application of a reasonable annual inflator and rebased periodically (e.g., every four or five years)
- This likely could be implemented at the regulatory level through changes to the principles of reimbursement

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ALASKA MEDICAID *Long Term Care*

Developmentally Disabled

- About 12 percent of the state's DD spending is through state-funded grants (\$18 million in 2005) – average for the fifty states, but below states that have achieved close to 100 percent federally-matched programs
- Unmatched DD dollars are being spent, in part, on persons on the DD waiver waiting list and persons deemed not eligible under current screening criteria – the reverse of the elderly/physically disabled program
- The state could create a second waiver, with distinct eligibility criteria. Enrollment could be capped at the numbers served today with state dollars – and the dollars matched
- The new waiver would require federal approval and possibly legislative action, if the waivers are authorized in statute

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ALASKA MEDICAID *Behavioral Health*

Overview

- Over 80 percent of behavioral health dollars in 2005 went toward treating children, with 90 percent of all spending split between Residential Psychiatric Treatment Centers (RPTCs) and general mental health
- The state spends very little on early intervention activities, to prevent or treat behavioral health conditions at an initial stage
- CMHC rates have been flat for over a decade – with most additional funding going to serve persons in crisis
- The “Bring the Kids Home” initiative is an important effort, though it will bring Alaska only to the stage many states reached years ago and will leave Alaska dependent on inpatient care
- Savings achieved through Bring the Kids Home should be at least partly invested in early intervention/community-based services, in line with trends in other states

PHS/Indio/1/07

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ALASKA MEDICAID *Tribal Health*

Overview

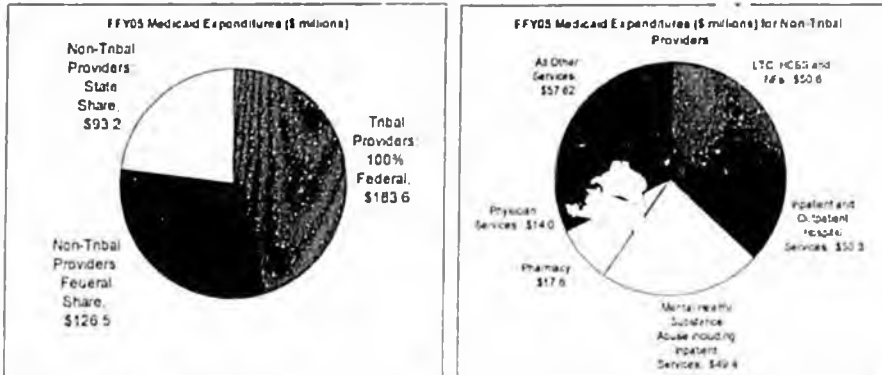
- American Indian/Alaska Natives (AI/AN) represent 40 percent of the state's Medicaid population; tribal health is a \$740 million delivery system
- The tribal system faces significant fiscal challenges, as IHS funding has been increasing at 1 – 2 percent per year
- The health status of Alaska Natives is significantly worse than that of the general population on many key measures, such as tuberculosis and diabetes
- The AI/AN population is younger than average, but its elderly segment is growing significantly and will require a tribal LTC provider infrastructure that does not exist today
- The state may have an opportunity to dramatically alter the fiscal landscape – and provider system – for AI/AN beneficiaries

PHS/Indio/1/07

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ALASKA MEDICAID Tribal Health

AI/AN Current Medicaid Funding



Source: DHS Tribal Funding Office

PHS Findings 1/07

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ALASKA MEDICAID Tribal Health

Tribal Health Recommendation

- Alaska spends about \$19 million per year on nursing facility costs for AI/AN beneficiaries residing in non-tribal facilities (\$8 million state dollars)
- The state should consider investing in development of tribal long term care capacity, to allow beneficiaries to be served closer to family/friends, while garnering 100 percent federal matching dollars. For example:

	State	Federal	Total
Nursing Facility Expenditures - Non-Tribal Provider			
Cost per nursing facility day	\$170	\$233	\$400
Estimated Medicaid expenditures to serve 50 facilities	\$1,050,000	\$4,200,000	\$5,250,000
Ten-year Medicaid expenditures (9% annual growth)	\$44,855,652	\$60,891,947	\$105,747,599
Investment in Tribal Provider Infrastructure			
State investment (equal to estimated construction cost of tribal facility)	\$8,000,000	—	\$8,000,000
Federal investment (100% match)	—	\$8,000,000	\$8,000,000
Total investment	\$8,000,000	\$8,000,000	\$16,000,000
Projected State Savings Over Ten Years			
Single Facility	\$30,855,652	—	\$30,855,652

PHS Findings 1/07

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ALASKA MEDICAID

Tribal Health

Tribal Health Recommendation

- Medicaid expenditures within the tribal health system receive 100 percent federal funding; services provided to AI/AN beneficiaries by non-tribal providers are matched at the regular rate
- Under a Section 1115a waiver, the state, in collaboration with tribal providers, could designate the tribal system as a managed care entity
- The entity would be funded for all care - including services furnished by non-tribal providers. However, the "capitation payment" would be submitted for 100 percent federal match
- The new entity would have flexibility to invest savings into areas of greatest need for AI/AN beneficiaries
- This initiative would require federal approval, which is not assured

PHSA Endorsed 1/07

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ALASKA MEDICAID

Administration

Overview

- DHSS was reorganized into four major divisions in 2003 - the department overall falls into the "super agency" structure adopted by many states to consolidate public health/behavioral health/Medicaid
- In 2003 (pre-reorganization), Medicaid's administrative costs were \$504 per beneficiary (or \$403, adjusting for cost-of-living), versus a national average of \$224
- Administrative costs represented 6.8 percent of total expenditures, closer to the national average of five percent
- Administrative spending also grew more slowly in Alaska from 1997 to 2004 than it did nationally

PHSA Endorsed 1/07

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ALASKA MEDICAID *Administration*

Program Integrity/Provider Payments

- The federal government is phasing-in a new audit structure for states, known as the Payment Error Rate Measurement (PERM) process; Alaska's first audit is scheduled for 2008
- States that have error rates significantly above the national rate face disallowances and may be ordered to refund federal monies
- DHSS has established a Program Integrity and Analysis function and has re-codified service regulations, as a means of bringing better clarity and oversight to the payment process; the Department also has conducted test audits to prepare for PERM
- However, the PERM audit will overlap with implementation of a new MMIS - on a schedule which appears to be very ambitious
- The legislature should monitor both processes closely because of their fiscal implications for the program

PHS/Endigo 1/2007

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ALASKA MEDICAID *Administration*

Regulations

- The updating of Medicaid regulations, beginning with HCBS waiver rules, was essential and is already yielding results
- The Department's recently-issued draft regulations for covered services comply with federal law and regulations, with only a few areas for potential follow-up by DHSS identified
- Of the 481 regulations reviewed, only 8 potential inconsistencies were detected, representing 1.66% of the total
- It appears that Alaska performed a very thorough review of applicable federal authorities when it sought to repeal existing state regulations and propose revised rules

PHS/Endigo 1/2007

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ALASKA MEDICAID

Broad-Based Reform

Planning for Reform

- The federal government in recent years has shown a willingness to grant states greater flexibility in running their Medicaid programs, if presented as part of a comprehensive reform model
- Vermont, Massachusetts and, to a lesser extent, Florida have undertaken major reforms under the aegis of 1115a waivers
- Under such waivers, states agree to operate their programs at no greater cost than would have occurred without reform. In return, the federal government agrees to "waive" traditional rules governing how the program operates and who can be served
- Denali KidCare operates under an 1115a waiver

11/19/2014 10:59:58 AM

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ALASKA MEDICAID

Broad-Based Reform

Reform Objectives

- Ensure the best use of public resources to meet Alaskans' health care needs
- Ensure the program is culturally appropriate and recognizes Alaska's unique demography
- Ensure the program is fiscally sustainable for the long term
- Encourage preventive care and early intervention
- Promote access to quality care
- Ensure the state has the necessary tools to quickly respond to client needs, changes in the delivery system and fiscal constraints

11/19/2014 10:02:05 AM

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ALASKA MEDICAID *Broad-Based Reform*

Reform Steps

- Define Medicaid's top programmatic needs over the next decade
- Project likely spending authority over same period
- Draft waiver proposal seeking flexibility to restructure program
- Identify specific reforms to be undertaken
 - CAMA program
 - Tribal health
 - DD waiver
 - Long Term Care

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MEDICAID REVIEW *Summary*

Program Area	Recommendation	Action Required
CAMA Program	<ul style="list-style-type: none"> ➢ Convert to federally-matched model under a Section 1115a waiver 	<ul style="list-style-type: none"> ➢ Federal approval ➢ Possible statutory action (if covered populations/services change)
Pharmaceutical Pricing	<ul style="list-style-type: none"> ➢ Differential pricing strategies, by location 	<ul style="list-style-type: none"> ➢ Regulatory amendments
Personal Care Attendant (PCA)	<ul style="list-style-type: none"> ➢ Comprehensive pre-admissions screening 	<ul style="list-style-type: none"> ➢ Regulatory changes ➢ Possible statutory action (if covered populations/services change)

PHG 1.04.02.1.1.09

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10:05:25 AM

MEDICAID REVIEW *Summary*

Program Area	Recommendation	Action Required
Personal Care Attendant (PCA)	<ul style="list-style-type: none"> ➤ Convert to waiver service ➤ Target alternatives for individuals with Alzheimer's/dementia 	<ul style="list-style-type: none"> ➤ Federal Approval
Nursing Facilities	<ul style="list-style-type: none"> ➤ Provider Tax ➤ 6% tax allowed by Federal Law 	<ul style="list-style-type: none"> ➤ Statutory approval
Developmentally Disabled	<ul style="list-style-type: none"> ➤ Mandatory, uniform cost reporting tool ➤ Fixed rate increases 	<ul style="list-style-type: none"> ➤ Regulatory changes

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MEDICAID REVIEW *Summary*

Program Area	Recommendation	Action Required
"Bring the Kids Home"	<ul style="list-style-type: none"> ➤ Reinvest savings in early intervention/community based services 	<ul style="list-style-type: none"> ➤ Evaluate options for enhanced community based services
Tribal Health	<ul style="list-style-type: none"> ➤ Designate tribal system as managed care entity ➤ Construct tribally-operated nursing facility 	<ul style="list-style-type: none"> ➤ Develop application for Section 1115a waiver ➤ Develop detailed cost-benefit analysis
PERM and MMIS	<ul style="list-style-type: none"> ➤ Legislative monitoring 	<ul style="list-style-type: none"> ➤ Routine status reporting

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ECONorthwest

**Long Term Forecast of
Medicaid Enrollment and
Spending in Alaska: 2005-2025**

Prepared for:

Alaska Department of Health and Social Services

Prepared by:

The Lewin Group and ECONorthwest

February 15, 2006

Long Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005-2025

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Department of Health and Social Services

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Finance and Management Services

February 15, 2006

This report is available on the Internet at:

www.nss.state.ak.us/das

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Executive Summary

In April 2005 the Alaska Department of Health and Social Services (ADHSS) contracted with the Lewin Group and ECONorthwest to develop a long-term forecasting model of Medicaid spending for the State of Alaska. This document describes the steps undertaken in the development of the forecasting model and provides details on the projected growth in enrollment, utilization, and spending on Alaska's Medicaid program through 2025.

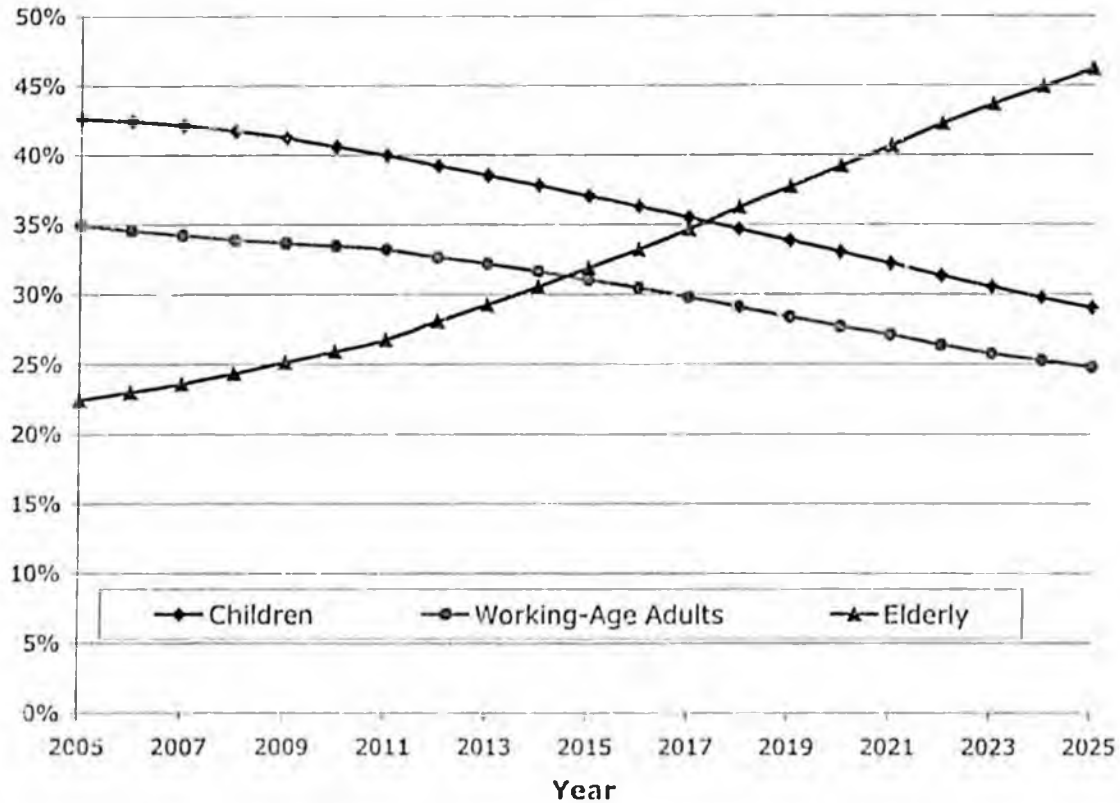
This report is intended to inform ADHSS executives and the Alaska State Legislature of the substantial projected growth in total spending on Alaska's Medicaid program and the projected growth in state matching fund spending on the Medicaid program. The projections of total and state matching fund spending presented in this report assume that the mix of Medicaid services remains constant and that eligibility criteria do not change in the future. These assumptions were necessary to show how Medicaid spending in Alaska would grow under the program's status quo. The statistical models developed for this analysis will be provided to ADHSS staff providing them the ability to update the Medicaid forecast as more timely data become available.

KEY FINDINGS

The Alaska Medicaid program will fundamentally change over the next 20 years from a program that centers on children to one that is dominated by seniors (age 65 and older). This is a result of changes in Alaska's demographic profile, which will include many more seniors. On a per-recipient basis, spending on Medicaid services for seniors is substantially higher than spending for children. As this portion of the population grows rapidly over the next 20 years, Medicaid spending will also grow rapidly. In calendar year 2005, approximately 42% of spending on Medicaid claims was devoted to children and 22% was devoted to seniors. By 2025, we expect that approximately 45% of Medicaid spending will be devoted to seniors and approximately 30% will be devoted to children. As Figure 1 shows, we expect spending on Medicaid claims for the elderly to surpass spending on the working-age population by 2015 and to surpass spending on children by 2018.

Figure 1: Spending on Elderly will Surpass Spending on Other Age Groups by 2018

Forecasted Proportion of Total Spending on Medicaid Claims by Age Group, 2005-2025



Source: Lewin Group & ECONorthwest analysis of Alaska Department of Health and Social Services data.
Note: Spending projections are on an incurred service basis.

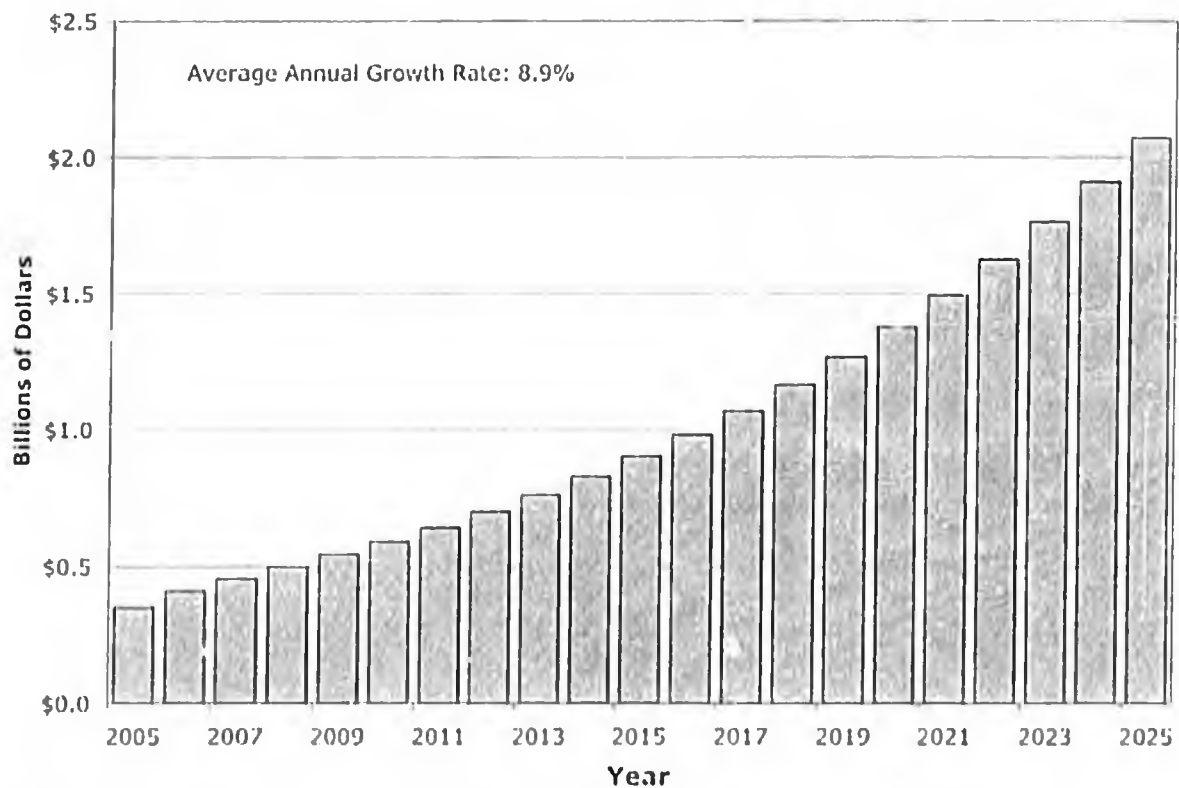
Among the key findings of this report are the following:

- More important than any of the other factors in our projection of the Alaska population, the 65 and older population is projected to grow rapidly, almost tripling from 43,000 to 124,000 between 2005 and 2025.
- Alaska's Medicaid program has been a program dominated by spending on services for children but it will change to one much more focused on the elderly. This change will affect the mix of benefits that Medicaid provides and, more importantly, the cost. Average per-recipient costs of Medicaid services are much higher for the elderly than for children.

- Projected to grow a little faster than the state’s population, we expect Medicaid enrollment—on a full time equivalent basis—to reach 131,000 by 2025 (compared to 95,000 in 2004).
- Total spending on Medicaid claims will increase from approximately \$975 million in CY 2005 to approximately \$4.7 billion in CY 2025.
- An increasing share of the Medicaid burden will be shifted away from the federal government to the state. State matching funds for Medicaid claims are projected to increase at a faster rate than the total Medicaid program—8.9% versus 7.6% for total funds (see Figure 2).

Figure 2: State Matching Fund Spending on Medicaid to Grow 8.9% Annually

Total Forecasted State Matching Funds for Medicaid Claims (in Millions of Dollars), 2005-2025



Source: Lewin Group & ECONorthwest analysis of Alaska Department of Health and Social Services data.
 Note: Spending projections are on an incurred service basis. Not adjusted for inflation.

Table 1 and Table 2 show projected utilization and spending for the five fastest growing Medicaid service categories. With the exception of Vision Services, these categories are also expected to be among the most expensive Medicaid services provided in 2025. In fact, As Table 2 shows, over half of state matching funds will be spent on just two service categories—Personal Care and HCB Waiver. These are two of the most important Medicaid service categories for Alaska’s seniors.

Table 1: Forecast of the 5 Fastest Growing Service Categories by Utilization, 2005-2025

Medicaid Service	Calendar Year					Average Annual % Change (2005-2025)	Rank by Avg. Annual % Change
	2005	2010	2015	2020	2025		
Personal Care	5,029	8,626	14,587	23,617	35,311	2.7%	1
HCB Waiver	4,167	7,004	11,428	17,686	25,263	9.0%	2
Residential Psych./BRS	1,227	1,898	2,766	3,889	5,319	7.3%	3
Therapy/Rehabilitation	9,949	15,240	22,242	31,135	41,529	7.1%	4
Vision	24,288	35,006	47,669	61,614	75,190	5.7%	5
Unduplicated Count of Medicaid Recipients	113,953	130,047	141,184	148,117	150,743	1.4%	NA
Unduplicated Count of Medicaid Enrollees	132,344	151,036	163,971	172,022	175,073	1.4%	NA

Source: Lewin Group & ECONorthwest analysis of Alaska Department of Health and Social Services data.

Note: In this analysis we define service utilization as the annual unduplicated count of persons who used a particular Medicaid service during the fiscal year.

Table 2: Forecast of the 5 Fastest Growing Service Categories by State Matching Funds (In Millions of Dollars), 2005-2025

Medicaid Service	Calendar Year					Avg. Annual % Change (2005-2025)	Rank by Avg. Annual % Change
	2005	2010	2015	2020	2025		
Personal Care	\$48.7	\$105.0	\$200.6	\$367.3	\$629.1	12.8%	1
HCB Waiver	\$49.0	\$100.6	\$181.8	\$316.1	\$520.4	11.8%	2
Residential Psych./BRS	\$27.1	\$52.9	\$88.0	\$141.1	\$221.5	10.5%	3
Therapy/Rehabilitation	\$11.5	\$21.7	\$35.4	\$56.3	\$85.9	10.0%	4
Vision	\$0.4	\$0.8	\$1.2	\$1.7	\$2.4	8.6%	5
All Medicaid Services	\$350	\$591	\$902	\$1,377	\$2,070	8.9%	NA

Source: Lewin Group & ECONorthwest analysis of Alaska Department of Health and Social Services data.

Note: Dollars are not adjusted for inflation.

- State matching fund spending on claims provided by the Alaska Medicaid program will grow from approximately \$350 million in calendar year 2005 to just over \$2 billion in calendar year 2025.
- The main factors responsible for growth in spending on Medicaid services are population growth, aging of the population, increasing utilization of Medicaid services by enrollees, and growth in the prices of medical services.
- Growth in total (federal and state funds) spending on claims will slow from the pace of the last decade. On an average annual basis, total spending on Medicaid claims is projected to increase by 7.8%. Comparatively, between 1998 and 2004, spending on Medicaid claims increased by 16.6%.
- In calendar year 2005, state-matching fund spending on Medicaid claims was approximately \$500 per Alaskan citizen. We project this will grow to approximately \$2,600 by 2025—an 8.0% average annual growth rate. Comparatively, per-capita personal income in Alaska is projected to grow by less than 3.0% per year over this same period.
- By 2025, more than half of state matching fund spending on Medicaid claims is expected to be for Personal Care and HCB Waiver. In CY 2005 these two service categories account for less than 30% of the state's spending on Medicaid claims.
- Medicaid enrollment will grow at almost twice the annual rate of Alaska's population (1.4% vs. 0.86%).
- For the elderly, Medicaid enrollment is also projected to grow at a greater annual rate than the population (6.3% vs. 5.3%).
- Medicaid utilization will grow by approximately 4.3% per year between 2005 and 2010, but this rate of growth will decline to approximately 2.1% between 2020 and 2025.
- We project relatively slow growth in the enrollment rates of eligibility categories specific to children (e.g. Title XIX Kids), but high rates of growth in eligibility

categories geared more heavily toward the elderly (e.g. Long Term Care Non-Cash).

- The elderly population in Alaska will almost triple between 2005 and 2025 from 43,000 to 124,000; while the child population will remain relatively stable growing only from 205,000 to 245,000 in 20 years.
- The Native population will increase on average by 1.71% per year, while the Non-Native population is expected to increase by only 0.67%. The difference between the two growth rates is expected to result in the Native proportion of the population increasing from approximately 17% in 2005 to approximately 21% by 2025.
- Currently, Natives are almost three times as likely to be enrolled in Medicaid as are non-Natives.
- The enrollment of males into the Medicaid program is projected to grow slightly faster than females. Still, due to greater life expectancies, higher rates of poverty, and pregnancy and related needs, we expect the proportion of females in the Medicaid program to remain higher than males.
- The Anchorage/Mat-Su region, with almost half of all Medicaid enrollees in 2005, is expected to increase its Medicaid population by 2.0% per year—the fastest growth of any of the regions.

Introduction—Alaska Medicaid Spending Projection

In this study, we develop long-term forecasts of Medicaid program spending from 2005 through 2025. We project spending for 20 categories of services provided under the Alaska Medicaid program. Although results are presented at state level for all residents, analysis is conducted on a regional basis for demographic subgroups of the population.

In addition to this report, the models constructed for and used in the analysis will be installed on Alaska Department of Health and Social Services (ADHSS) computers. This will provide ADHSS staff the ability to update the forecast as more timely data become available. The models were developed in the Statistical Package for the Social Sciences (SPSS) at the request of agency staff. The SPSS modeling syntax serves as documentation of the analysis, allowing ADHSS staff to operate and, if necessary, modify the models. Indeed, the primary contributions of this project are the development of a methodology and set of statistical models that will allow ADHSS staff to prepare long-term forecasts of Medicaid spending into the future. Neither the demographic profile of Alaska's population, nor the administrative aspects of the Medicaid program are static. It is important, therefore, that ADHSS staff has the ability to inform Medicaid administrators and policy makers about fiscal issues related to the Medicaid program. ADHSS now has a tool that they can use to project the impact of proposed changes to the Medicaid program.

This report presents the findings from our analysis of long-term Medicaid spending in Alaska. It is based on the most currently available data and represents a benchmark for future forecasts, but does not reflect changes in Alaska's Medicaid program made since the last year of historical data (fiscal year 2004). We recognize that changes to the Medicaid program ADHSS has implemented since FY 2004 already have had—and will continue to have—an impact on enrollment, utilization, and spending.¹ With the new long-term forecasting model in hand, these changes will be reflected in ADHSS' future updates of the forecast. Revised projections will have the same validity as the benchmarking projection because they will be based on the same model.

¹ Examples of changes made to the Medicaid program since FY 2004 include numerous changes implemented to contain costs, the Bring the Kids Home initiative to return children in out-of-state residential psychiatric treatment centers to Alaska, changes to the Personal Care Attendant program, and the launch of Medicare's prescription drug benefits.

SUMMARY OF METHODOLOGY

The main factors responsible for growth in spending on Medicaid services are population growth, aging of the population, increasing utilization of Medicaid services by enrollees, and growth in the prices of medical services. Our methodology, therefore, entailed detailed analysis of each of these factors in order to formulate a series of statistical models to project total spending on Medicaid services. The statistical models of Medicaid enrollment, and service utilization and spending were developed using historical enrollment-level data provided by ADHSS. Population forecasts for five regions of Alaska were based on historical Census population estimates and statewide population forecasts developed by the Alaska Department of Labor and Workforce Development.

The forecast of total spending on Medicaid services depends on the following key demographic, economic, and program-related factors:

- Growth in Alaska's resident population and changes in demographic composition
- Changes in the Medicaid enrollment rate
- Changes in the utilization of Medicaid services by Medicaid enrollees
- Personal health services specific price inflation

The creation of the long-term Medicaid forecasting model for Alaska required the development of five separate modeling tasks. These include:

- **Task 1: Project population of Alaska by regional-demographic grouping:** The first step in determining the demand for Medicaid services in future years is to understand the size of the Medicaid eligible population, its demographic characteristics, and its regional distribution. We do this by projecting Alaska's population through 2025 by the following four characteristics:
 - Region (5)
 - Age Cohort (11)
 - Gender (2)
 - Native/non-Native (2)

This results in 220 subpopulations ($5 * 11 * 2 * 2 = 220$) that we project for each year from 2005 to 2025. The purpose of projecting Alaska's population at such detail is that eligibility for and consumption of Medicaid services differs greatly by age and gender; the federal match rate varies between Medicaid service categories and by Native/non-Native status; there may be regional differences in the eligibility and participation rates for Medicaid, as well as in the costs of service.

Task 2: Project Medicaid enrollment rate for each of the 220 subpopulations: Using Medicaid enrollment data provided by the Alaska Medicaid program for fiscal years 1997-2004, we estimated regression equations of Medicaid enrollment rates for children (0-19 years of age), working-age adults (20-64 years of age), and the elderly (65+ years of age). These equations included a range of demographic variables designed to measure differences in enrollment for these groups, including age, gender, Native/non-Native status, and region of residence.² Coefficient estimates from the regression equations were used to project the proportion of each of the 220 subpopulations enrolled in Medicaid through 2025. Medicaid enrollment is then allocated across the 11 eligibility classes based on historic trends. Medicaid eligibility classifications were determined by ADHSS staff.

Task 3: Project utilization by Medicaid service class for each of the 220 subpopulations: Using historic Medicaid data on utilization of Medicaid services for each of the 20 service classes, we project Medicaid utilization for each of the 20 service classes within each of the 11 eligibility groups and the 220 subpopulations. Service utilization is modeled using logistic regression, a statistical modeling technique used for estimating the probability of an event occurring. For our purposes, the event is the utilization of a particular service within a given year.

Task 4: Forecast the average and total cost per year of Medicaid services by subpopulation: Using linear regression analysis, average spending per recipient of each Medicaid service category was regressed on demographic and other explanatory

² In addition, we examined statewide economic data, including total personal income, per capita personal income, and employment. The statewide data provided no explanatory power in the enrollment rate models and was, therefore, dropped from the models. Regional economic data were not examined because we know of no available long-term forecasts of such data. Statewide economic data from the University of Alaska's Institute for Social and Economic Research (ISER) were also considered in the regression models. The economic data, however, did not provide additional explanatory power and were, therefore, dropped from the models.

variables.³ One regression model was developed and estimated for each of the 20 service categories. The results obtained from the 20 models were used to project total *real* spending *per Medicaid recipient* through 2025. Using national-level forecasts of medical inflation, we then project total annual *nominal* spending per recipient through 2025.

Task 5: Forecast total state matching fund spending on Alaska's Medicaid program: The State's obligation to cover the cost of an individual's Medicaid costs differs according to the individual's Medicaid eligibility group, category of Medicaid service, provider of Medicaid-related service, and Native/non-Native status. Based on cost share information from ADHSS and our projections of total Medicaid spending by service category, we forecast total state matching fund spending through 2025 by the State of Alaska.

Task 6: Forecast the cost of other payments and offsetting recoveries: This final component of Medicaid spending is not directly tied to individual claims and, therefore, cannot be forecasted by the same methods described above. Rather, for projections of Offsetting Recoveries, future credits are assumed to grow at approximately the same rate as in the past. For the forecasts of Medicare Part A & Part B Premiums, the historical relationship between spending on this program and growth in the elderly population (65 and older) was statistically measured and used as a basis for projecting future spending by ADHSS on Medicare Part A & Part B Premiums. Finally, for the Supplemental Hospital Payments program, the relationship between spending on this program and spending on the Inpatient and Outpatient Hospital services categories was statistically measured and used as a basis for projecting future spending on the Supplemental Hospital Payments program.

MODEL ASSUMPTIONS AND LIMITATIONS

The Lewin Group and ECONorthwest realize that the value of economic analysis depends on the quality of the data and assumptions employed. We have worked carefully to ensure the quality of our work and the accuracy of our data. Throughout this report we identify our sources of information and the assumptions used in the analysis. We have undertaken considerable effort to validate the forecast and to confirm the reasonableness of the data and assumptions on which the forecast is based.

³ Note: Annual Medicaid spending for each of the historical years of data is inflation adjusted into 2004 dollars.

Nonetheless, we acknowledge that any forecast of the future is uncertain. The fact that we view the forecasts in this report as reasonable does not guarantee that actual enrollment in, utilization of, and spending on the Alaska Medicaid program will equal the projections in this report. ADHSS administrators and the Alaska's elected representatives must recognize the inherent uncertainty that surrounds forecasts in considering the long-term Medicaid spending projections. The primary benefit of this report to Medicaid administrators and Alaska's policy makers is information on the direction and approximate magnitude of changes in the Medicaid program.

There are many assumptions underlying the forecast, which the Lewin Group and ECONorthwest have deemed to be reasonable. ADHSS established a steering committee of program and financial managers experienced in Medicaid policy to provide guidance throughout the process of developing the forecast models. The steering committee provided valuable feedback on the suitability of our assumptions and the reasonableness of our results. Throughout the analysis, we relied upon the best available information, including historic Medicaid claim data, the State of Alaska's official population forecast, and nationally recognized information on trends in medical prices. In addition, in no instances do we impose any speculation on future Medicaid policies or procedures. Rather, we develop the long-term forecast as if the policies and practices of today will be the status quo throughout the forecast period. Assumptions of particular importance, include, but are not limited to, the following:

- The mix of currently available Medicaid services is assumed to be constant throughout the forecast period. The State of Alaska currently provides Medicaid services not mandated by the federal government. We assume the State will continue to provide these services throughout the forecast period.
- Medicaid eligibility requirements will not change throughout the length of the forecast period.
- With respect to gender and age cohort, Alaska's population will grow at approximately the rate forecasted by the Alaska Department of Labor and Workforce Development in their February 2005 report. Relative population growth by region of the state and by Native/non-Native status will be similar to that experienced between 1990 and 2000.
- The growth rate in the prices of Alaska's Medicaid services will be the same as the projected growth rate in the prices of personal health care services, embodied

in the Center for Medicare and Medicaid services' national personal health care deflator.

- Neither the historical data nor the spending forecast will directly correspond to the ADHSS accounting or budget systems. Additionally, the claims data is based on date of service while the accounting and budget systems are based on dates of payment. There are three reasons for this:
 1. The data used in the forecast of total spending are based on date of service and not on date of payment;
 2. The payment amounts include only claim payments processed through the Medicaid Management Information System (MMIS) and do not include any payments or accounting adjustments not made through MMIS (i.e., the data do not directly correspond to accounting records);
 3. The historical data are based on the State's fiscal year, but the forecasts are on a calendar year basis. This was done to remain aligned with the population forecast.
- Claim data for Fiscal Year 2005 are used as a benchmark for the long-term forecast. These data were not, however, used in the development of the forecast. The reason for this is that the statistical models used in this analysis were developed in Q2 and Q3 2005, and the earliest the FY 2005 claim data became available was a month or more into Q3 2005. Further, because this analysis is on an incurred basis and many claims are not paid for several months or more after the service is incurred, there is currently and will continue to be for several months much missing cost data in the FY 2005 claim data.
- Data for years 1997, 1999, 2001, and 2003 are not shown in historical tables of utilization and spending because of limited space. Average annual growth rates are slightly lower when considering the period 1997-2004.
- Forecast data are only shown for 2005, 2010, 2015, 2020, and 2025. The model, however, forecasts each year from 2005 through 2025.
- The enrollment and claims data provided by ADHSS were from their Juneau Claims and Enrollment (JUCE) database. JUCE contains Medicaid enrollment records and claim-level data on paid claims, adjustments, and voids. JUCE does not include denied claims, claims pending adjudication, payments not processed through MMIS, or administrative costs. For the long-term forecasting model, ADHSS summarized enrollment and paid claims data into one record for each individual enrolled in the Medicaid program for each complete fiscal year available (1997-2004) using the following 10 criteria.

1. Claim date is based on the date the service was provided (incurred), not the date the claim was paid.
2. Only complete fiscal years are included in the data file. Data for fiscal year 2005 are excluded because there is a lag between providing the service and paying the claim. Many of the claims incurred during fiscal year 2005 will not be paid until fiscal year 2006.
3. There is one record per individual for each fiscal year he/she is enrolled in Alaska's Medicaid program, regardless of whether he/she is enrolled for one month during the fiscal year or for the entire fiscal year.
4. Data were grouped so that classifications are consistent with those typically used by ADHSS in budgeting analyses and financial reporting. The list of variables include ID, year, region, gender, race (Native/non-Native), age, months in program, eligibility classification, and service classification.
5. To protect the privacy of clients, no personally identifying information (i.e., name, birth date, social security number) was included in the data file. The Medicaid client identification numbers were recoded by ADHSS to create the ID variable and cannot in any way be used to identify individuals.
6. The race variable is one of two values: Native or non-Native. The Native category includes anyone identified as Alaska Native or American Indian. Race is a self-identified optional field on the enrollment application. Natives who left this item blank would be counted as non-Native.
7. The Months-in-Program variable is the number of months during the fiscal year in which the individual was enrolled in Medicaid. Eligibility is determined on a monthly basis. If a person is eligible for one day in the month, they are eligible for the whole month.
8. When summarizing enrollment data, if multiple values were encountered in the region, gender, race, or age variables, one of the values was chosen randomly by assigning an integer between 1 and 12 (inclusive). The integer represented the month of the fiscal year in which to determine the individual's value for the entire fiscal year.
9. The 11 eligibility classifications are based on groupings of eligibility subtype codes (See Appendix A). If a client's situation changes over time, he/she is reassigned to the eligibility code that best fits. Consequently, there is a great deal of movement between classifications and it is common

for individuals to have more than one eligibility code during the year. If multiple eligibility codes were encountered during a fiscal year, the last value was chosen.

10. Claim data were aggregated into 20 service classifications based on ADHSS categories of service (See Table 9) The net amount of claims paid, including debits, credits, and voids, was summarized for each individual enrolled for each fiscal year. Not all enrollees had claims in all service classifications. In fact, some enrollees did not have any claims at all for a fiscal year.

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EDUCATION

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Public School Funding Program Overview

Updated January 2007



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STUDENT BASED FORMULA

District Adjusted Average Daily Membership (ADM)

- Step 1. Adjust: ADM for School Size
 - Step 2. Apply: District Cost Factor
 - Step 3. Apply: Special Needs Factor
 - Step 4. Add: Intensive Services Count
 - Step 5. Add: Correspondence Student Counts
- = District Adjusted (ADM)

ADM Reporting Requirements

ADM – is the average number of enrolled students during the 20-school day count period. The 20-school day count ends the fourth Friday of October. Reports are due within two weeks after the end of the 20-school day count period.

School Size Adjustment [Step 1]

For each school in the district subtract from the ADM all correspondence counts. Adjust the remaining ADM of each school using the school size factor table.

1. A community with an ADM under 10:
 - Added to the smallest school with an ADM greater than 10.
2. A community with an ADM from 10 - 100:
 - Grades K-12 ADM combined and adjusted once, adjusted as one school.
3. A community with an ADM from 101 – 425:
 - ADM for grades K-6 and 7-12 are adjusted separately; adjusted as two schools.
4. A community with an ADM greater than 425:
 - Each facility administered as one school, counted as one school, ADM is adjusted as one school.
 - Alternative schools with an ADM of less than 200 combined are adjusted with the school with the greatest ADM in the district.
 - If an alternative school ADM is greater than 200, the ADM will be adjusted once.
 - A Charter school with an ADM of 150 or greater will be adjusted once.

Using the proper formula from the school size factor table, calculate the adjusted ADM for each school.

School Size Table

Reference:	School Size:	Formula:
1.	10-19.99	39.60
2.	20-29.99	$39.60 + (1.62 * (ADM - 20))$
3.	30-74.99	$55.80 + (1.49 * (ADM - 30))$
4.	75-149.99	$122.85 + (1.27 * (ADM - 75))$
5.	150-249.99	$218.10 + (1.08 * (ADM - 150))$
6.	250-399.99	$326.10 + (.97 * (ADM - 250))$
7.	400-749.99	$471.60 + (.92 * (ADM - 400))$
8.	Over 750	$793.60 + (.84 * (ADM - 750))$

Intensive services and correspondence student counts are not adjusted for size.

District Cost Factors [Step 2]

- Cost factors are specific to each school district.
- District cost factors range from 1.000 to 1.736.
- The department monitors the district cost factors and submits a report to the legislature on January 15 every other fiscal year, beginning in FY01.

The districts school size adjusted ADM is multiplied by the district cost factor.

Special Needs Funding [Step 3]

Vocational education, special education (except intensive special education), gifted/talented education, and bilingual/bicultural education are block funded. A district must file a plan with the department indicating the special needs services that will be provided, Section 14.17.420(2)(b), to qualify for special needs funding.

The districts' previously adjusted ADM is now multiplied by the Special Needs factor of 1.20.

Intensive Services Funding [Step 4]

A school district receives funding for intensive special education students that:

- Are receiving intensive services, and;
- Are enrolled on the last day of the 20 school day count period, and;
- Have an established Individual Education Plan (IEP).
- The districts intensive student count is multiplied by five.

The district's Intensive count is added to previously adjusted ADM.

Correspondence Programs [Step 5]

Funding for correspondence programs is calculated by multiplying the correspondence ADM by 80%.

The district's correspondence count is now added to the previously adjusted ADM to arrive at the Final Adjusted ADM.

Basic Need

Multiply the district Final Adjusted ADM by the Base Student Allocation to determine Basic Need. The base student allocation is \$5,380.

PUBLIC SCHOOL FUNDING ELEMENTS

The components of Public School Funding are *State Aid, Required Local Contribution,* and *Title VIII Impact Aid.*

State Aid Entitlement

Basic Need minus a required local contribution minus 90% eligible Federal Impact Aid plus the amount of funding 'Floor' plus Quality School Grants equal State Aid Entitlement.

Required Local Contribution

The equivalent of a 4-mill tax levy on the Full and True Value of the taxable real and personal property in the district not to exceed 45% of the district's Basic Need for the preceding fiscal year. *However,* beginning in FY02, only 50% of the *increase* in real and personal property over the 1999 Full and True Value is used for the 4 mill equivalent calculation. If the latest Full and True Value doesn't exceed the 1999 Full and True Value, then the latest value is utilized.

Title VIII Impact Aid

Federal Impact Aid provides funds to school districts for children of parents living and/or working on federal property "in-lieu of local tax revenues." 90% of the eligible funds are used in the calculation of state aid.

ADDITIONAL FUNDS ABOVE BASIC NEED

Maximum Local Contribution

If the City or Borough would like to contribute more than Required then the Maximum Local Contribution applies. To calculate this use the Required Local Contribution plus 23% of Basic Need or a 2-mill equivalent of the Full and True Value of the taxable and real property within the district, whichever is *greater*. The additional amount is added to the Required Local Effort to reach the Maximum Local Contribution.

For Example:

Nome's: 23% of Basic Need = \$1,920,853 OR
 .002 of Full & True Value = \$505,451

RESULT:

Required Local Effort:	\$ 889,303
<u>Additional Local Contribution:</u>	<u>+\$1,920,853</u> [23% of Basic Need]
<i>Maximum Local Contribution:</i>	\$2,810,156

Adjustments to the Funding 'Floor'

The funding 'Floor' was established as a bridge between the new funding formula implemented in FY99 and the old formula that was in place in FY98.

For Example:

OLD Formula	\$1,100,000 State Entitlement
<u>NEW Formula</u>	<u>\$1,000,000 State Entitlement</u>
Difference	\$ 100,000 <i>Supplemental 'Floor'</i>

All adjustments to the 'Floor' are reductions. Those adjustments will continue until the 'Floor' reaches a balance of zero. There are two ways that the 'Floor' can be adjusted:

- 1) If the Basic Need in the current fiscal year is greater than the Basic Need in the prior fiscal year, then take the difference, and multiply it by 40%. Subtract this number from the funding 'Floor' to arrive at the new 'Floor' amount for the current fiscal year.
- 2) If the ADM decreases by 5% or more over FY99, then reduce the funding 'Floor' by that same percentage.

Please Note: No action is taken to the funding 'Floor' if:

- 1) The current fiscal year Basic Need is less than the prior year Basic Need or,
- 2) The ADM has not decreased by 5% or more since FY99.

Quality School Grants

The districts adjusted ADM multiplied by \$16 generates the amount the school district is eligible to receive.

Example: Nome School District

I. Basic Need Calculation

Column

Projected ADM	804.00	L
Determining School Size Adjustment		
[Utilizing Table from page 4]	ADM	
Nome Elementary School	400	[Anvil (Alt.) School is adjusted
Anvil City Science Academy	+ 44	with Greatest ADM see pg. 3]
	= 444	
Nome/Beltz Jr. & Senior High	= 340	
Nome Youth Facility	= 14	
	$471.60 + (.92 \times (444 - 400)) = 512.08$	
	$326.10 + (.97 \times (340 - 250)) = 413.40$	
	<u>14 = 39.60</u>	
School Size Adjusted ADM	965.08	
Adjusted ADM-School Size	965.08	O
Apply District Cost Factor	x 1.319	
	1,272.94	Q
Apply Special Needs Factor	x 1.20	
	1,527.53	R
Add Intensive Service Counts	20.00	T
(4 x 5) = 20.00	1,547.53	U
Add Correspondence Counts	4.80	V
(6 * .80) = 4.80		
District Adjusted ADM	1,552.33	W
Multiply by \$5,380 base allocation	x \$5,380.00	
Basic Need:	\$8,351,535	B
II. Nome's State Aid		
Basic Need	\$8,351,535	B
Required Local Contribution	(889,303)	C
Impact Aid	<u>(35,984)</u>	F
State Aid	\$7,426,248	G
III. Quality Schools Grant		
District adjusted ADM x \$16	1,552.33	
	x \$16.00	
	\$24,837	I
State Aid	\$7,426,248	G
FY2008 Adjusted 'Floor'	0	H
Quality Schools Grant	<u>24,837</u>	I
Total State Aid Entitlement	\$7,451,085	J

Alaska Department of Education & Early Development

January 2007 Updated
FY2008 Projections

Department of Education & Early Development
Foundation

I	School District	L+M			OxP		Or1.20	SxS		R+T	Mr.80	U+V	
		K	L	N	O	P	Q	R	S	T	U	V	W
		PROJECTED FY08 ADM	PROJECTE D FY08 Corresp. ADM	FY08 PROJECTED Total ADM	Adj for School Size ADM	District Cost Factor	Adjusted for Cost Factor	Special Needs Factor 1.20	Special Ed Int.	Adjusted for Spec Ed Int *5.00	Students + Intensive Special Education	District Corresp. 80%	District Adjusted ADM
2	Alaska Gateway	370.00	38.00	408.00	627.48	1.291	810.08	972.10	6	30	1002.10	30.40	1032.50
3	Aleutian Region	43.00	0.00	43.00	118.80	1.736	206.24	247.49	0	0	247.49	0.00	247.49
4	Aleutians East	244.00	0.00	244.00	453.98	1.423	646.01	775.21	0	0	775.21	0.00	775.21
5	Anchorage	47798.75	836.00	48634.75	52256.36	1.000	52256.36	62707.63	680	3400	66107.63	668.80	66776.43
6	Annette Island	323.25	0.00	323.25	461.31	1.011	466.38	559.66	4	20	579.66	0.00	579.66
7	Bering Strait	1705.00	0.00	1705.00	2744.93	1.525	4186.02	5023.22	17	85	5108.22	0.00	5108.22
8	Bristol Bay	178.00	2.00	180.00	281.26	1.262	354.95	425.94	3	15	440.94	1.60	442.54
9	Chatham	189.00	2.00	191.00	347.36	1.120	389.04	466.85	3	15	481.85	1.60	483.45
10	Chugach	75.00	135.00	210.00	150.94	1.294	195.32	234.38	0	0	234.38	108.00	342.38
11	Copper River	510.00	48.00	558.00	829.98	1.176	976.06	1171.27	10	50	1221.27	38.40	1259.67
12	Cordova	409.50	0.00	409.50	554.46	1.096	607.69	729.23	6	30	759.23	0.00	759.23
13	Craig	347.60	412.94	760.54	487.61	1.010	492.49	590.99	10	50	640.99	330.35	971.34
14	Delta/Greeley	883.00	456.00	1339.00	1124.26	1.106	1243.43	1492.12	8	40	1532.12	364.80	1896.92
15	Denali	330.00	300.00	630.00	383.38	1.313	503.38	604.06	3	15	619.06	240.00	859.06
16	Dillingham	541.40	0.00	541.40	692.36	1.254	868.22	1041.86	8	40	1081.86	0.00	1081.86
17	Fairbanks	14108.00	281.00	14389.00	15976.37	1.039	16599.45	19919.34	262	1310	21229.34	224.80	21454.14
18	Galena	229.00	3400.00	3629.00	341.17	1.348	459.90	551.88	1	5	556.88	2720.00	3276.88
19	Haines	289.00	15.00	304.00	447.86	1.008	451.44	541.73	5	25	566.73	12.00	578.73
20	Hoonah	142.00	0.00	142.00	233.12	1.055	245.94	295.13	4	20	315.13	0.00	315.13
21	Hydaburg	75.00	0.00	75.00	122.85	1.085	133.29	159.95	1	5	164.95	0.00	164.95
22	Iditarod Area	255.00	100.00	355.00	495.49	1.470	728.37	874.04	0	0	874.04	80.00	954.04
23	Juneau	4989.00	92.00	5081.00	5454.53	1.005	5481.80	6578.16	145	725	7303.16	73.60	7376.76
24	Kake	98.00	0.00	98.00	152.06	1.025	155.86	187.03	4	20	207.03	0.00	207.03
25	Kashunamiut	350.00	0.00	350.00	490.20	1.389	680.89	817.07	4	20	837.07	0.00	837.07
26	Kenai Peninsula	8310.00	857.00	9167.00	10606.95	1.004	10709.62	12851.54	83	415	13266.54	685.60	13952.14
27	Keetchikan Gateway	2237.00	48.00	2285.00	2741.34	1.000	2741.34	3289.61	25	125	3414.61	38.40	3453.01
28	Klawock	135.00	0.00	135.00	223.35	1.017	227.15	272.58	3	15	287.58	0.00	287.58
29	Kodiak Island	2503.00	90.00	2593.00	3116.77	1.093	3406.63	4087.96	25	125	4212.96	72.00	4284.96
30	Kotzebue	400.00	0.00	400.00	727.00	1.434	1042.52	1251.02	0	0	1251.02	0.00	1251.02
31	Lake & Peninsula	374.50	0.00	374.50	772.30	1.558	1203.24	1443.89	2	10	1453.89	0.00	1453.89
32	Lower Kuskokwim	3981.00	0.00	3981.00	5849.52	1.491	8721.63	10465.96	61	305	10770.96	0.00	10770.96
33	Lower Yukon	2037.00	0.00	2037.00	3094.62	1.438	4450.06	5340.07	13	65	5405.07	0.00	5405.07
34	Mat-Su	14318.00	1217.00	15535.00	16483.78	1.010	16648.62	19978.34	125	625	20603.34	973.60	21576.94
35	Nenana	215.00	390.00	605.00	326.05	1.270	414.68	496.90	3	15	511.90	312.00	823.90
36	Nome	798.00	6.00	804.00	965.08	1.319	1272.94	1527.53	4	20	1547.53	4.80	1552.33
37	North Slope	1614.00	0.00	1614.00	2252.61	1.504	3387.93	4065.52	9	45	4110.52	0.00	4110.52
38	Northwest Arctic	1980.00	0.00	1980.00	2869.56	1.549	4444.95	5333.94	18	90	5423.94	0.00	5423.94
39	Pelican	18.00	0.00	18.00	39.60	1.290	51.08	61.30	0	0	61.30	0.00	61.30
40	Petersburg	579.00	0.00	579.00	788.49	1.000	788.49	946.19	11	55	1001.19	0.00	1001.19
41	Prudhoe	128.00	0.00	128.00	223.11	1.419	316.59	379.91	0	0	379.91	0.00	379.91
42	Saint Mary's	170.70	0.00	170.70	271.99	1.351	367.46	440.95	1	5	445.95	0.00	445.95
43	Sitka	1432.00	36.00	1468.00	1719.27	1.000	1719.27	2063.12	3	180	2243.12	28.80	2271.92
44	Skagway	95.00	0.00	95.00	148.25	1.143	169.45	203.34	1	5	208.34	0.00	208.34
45	Southeast Island	185.40	2.00	187.40	411.83	1.124	462.90	555.48	5	25	580.48	1.60	582.08
46	Southwest Region	673.70	0.00	673.70	1123.81	1.423	1599.18	1919.02	6	30	1949.02	0.00	1949.02
47	Tanana	47.00	0.00	47.00	81.13	1.496	121.37	145.64	0	0	145.64	0.00	145.64
48	Unalaska	420.00	0.00	420.00	565.80	1.245	704.42	845.30	2	10	855.30	0.00	855.30
49	Valdez	751.00	0.00	751.00	958.37	1.095	1049.42	1259.30	11	55	1314.30	0.00	1314.30
50	Wrangell	360.00	0.00	360.00	501.00	1.000	501.00	601.20	1	5	606.20	0.00	606.20
51	Yakutat	104.00	0.00	104.00	177.16	1.046	185.31	222.37	0	0	222.37	0.00	222.37
52	Yukon Flats	266.68	0.00	266.68	494.21	1.668	824.34	989.21	5	25	1014.21	0.00	1014.21
53	Yukon/Koyukuk	350.00	1150.00	1500.00	646.20	1.502	970.59	1164.71	6	30	1194.71	920.00	2114.71
54	Yupik	462.00	0.00	462.00	739.58	1.469	1086.44	1303.73	4	20	1323.73	0.00	1323.73
55	Ni. Edgecumbe	420.00	0.00	420.00	490.00	1.000	490.00	588.00	0	0	588.00	0.00	588.00
56													
57	TOTALS	119,747.48	9,913.94	129,661.42	144,696.85	0.000	159,216.63	191,059.97	1,644	8,220	199,279.97	7,931.15	207,211.12

Alaska Department of Education & Early Development

January 2007 Updated
 FY2008 Projections
 Department of Education & Early Development
 Foundation

	A	B	C	D	E	F	G	H	I	J
1	School District	\$5,380 Basic Need	Repaired Local Effort	Eligible Federal Impact AID	Impact AID Percent	Deductible Impact AID 90.0%	State AID	FY2008 PROJECTED Adjusted Floor	Quality Schools	FY08 PROJECTED Total State Entitlement
2	Alaska Gateway	5,554,950	0	245,277	100.00%	220,749	5,334,101	0	16,520	5,350,621
3	Aleutian Region	1,331,496	0	105,220	100.00%	94,698	1,236,798	19,808	3,960	1,260,566
4	Aleutians East	4,170,630	396,534	865,015	47.76%	371,974	3,402,122	0	12,403	3,414,525
5	Anchorage	359,257,193	88,989,480	11,570,436	55.90%	5,821,086	264,446,627	0	1,068,423	265,515,050
6	Annette Island	3,118,571	0	1,426,478	100.00%	1,283,830	1,834,741	0	9,275	1,844,016
7	Bering Strait	27,482,224	0	8,301,933	100.00%	7,471,740	20,010,484	0	81,732	20,092,216
8	Bristol Bay	2,380,865	630,578	216,583	71.51%	139,391	1,610,896	0	7,081	1,617,977
9	Chathara	2,600,961	0	221,932	100.00%	199,739	2,401,222	0	7,735	2,408,957
10	Chugach	1,842,004	0	99,457	100.00%	89,511	1,752,493	273,316	5,478	2,031,587
11	Copper River	6,777,025	0	275,663	100.00%	248,097	6,528,928	0	20,155	6,549,083
12	Cordova	4,084,657	662,014	40,306	47.18%	17,115	3,405,528	0	12,148	3,417,676
13	Craig	5,225,809	393,391	274,084	42.97%	105,997	4,726,421	0	15,541	4,741,962
14	Delta/Greely	10,205,430	0	106,127	100.00%	95,514	10,109,916	0	30,351	10,140,267
15	Denali	4,621,743	640,542	12,502	46.15%	5,193	3,976,008	0	13,745	3,989,753
16	Dillingham	5,820,407	670,693	637,370	56.84%	326,053	4,823,661	0	17,310	4,840,971
17	Fairbanks	115,423,273	23,962,498	11,404,060	59.07%	6,062,740	85,396,035	0	343,266	85,741,301
18	Galena	17,629,614	76,915	128,473	4.62%	5,342	17,547,357	0	52,430	17,599,787
19	Haines	3,113,567	942,101	0	66.30%	0	2,171,466	0	9,260	2,180,726
20	Iloonaah	1,695,399	124,253	362,603	25.13%	82,010	1,489,136	0	5,042	1,494,178
21	Hydaburg	887,431	33,834	243,357	35.61%	77,993	775,604	9,014	2,639	787,257
22	Iditarod Area	5,132,735	0	545,480	100.00%	490,932	4,641,803	79,029	15,265	4,736,097
23	Juneau	39,686,969	13,485,969	0	62.26%	0	26,201,000	0	118,028	26,319,028
24	Kake	1,113,821	75,488	395,672	25.46%	90,664	947,669	0	3,312	950,981
25	Kashunamiut	4,503,437	0	1,658,684	100.00%	1,492,816	3,010,621	0	13,393	3,024,014
26	Kenai Peninsula	75,062,513	20,447,690	0	54.88%	0	54,614,823	0	223,234	54,838,057
27	Ketchikan Gateway	18,577,194	4,682,492	3,469	52.91%	1,652	13,893,050	0	55,248	13,948,298
28	Klawock	1,547,180	133,610	487,953	34.35%	150,851	1,262,719	0	4,601	1,267,320
29	Kodiak Island	23,053,085	4,141,788	1,435,942	47.23%	610,376	18,300,921	0	68,559	18,369,480
30	Kuspuk	6,730,488	0	1,459,639	100.00%	1,313,675	5,416,813	0	20,016	5,436,829
31	Lake & Peninsula	7,821,928	220,534	1,442,442	14.60%	189,537	7,411,857	0	23,262	7,435,119
32	Lower Kuskokwim	57,947,765	0	11,622,749	100.00%	10,460,474	47,487,291	0	172,335	47,659,626
33	Lower Yukon	29,079,277	0	8,966,263	100.00%	8,065,637	21,009,640	0	86,481	21,096,121
34	Mat-Su	116,083,937	20,975,565	0	52.99%	0	95,108,372	0	345,231	95,453,603
35	Nenana	4,432,582	81,591	1,296	81.67%	953	4,350,038	0	13,182	4,363,220
36	Nome	8,351,535	889,303	85,947	46.52%	35,984	7,426,248	0	24,837	7,451,085
37	North Slope	22,114,598	10,548,636	2,931,302	43.90%	1,158,157	10,407,805	0	65,768	10,473,573
38	Northwest Arctic	29,180,797	1,533,646	4,953,635	36.41%	1,623,257	26,023,894	0	86,783	26,110,677
39	Pelican	329,794	44,599	0	85.18%	0	285,195	115,072	981	401,248
40	Petersburg	5,386,402	1,048,787	0	51.13%	0	4,337,615	0	16,019	4,353,634
41	Pribilof	2,043,916	0	616,103	100.00%	554,493	1,489,423	0	6,079	1,495,502
42	Saint Mary's	2,399,211	19,160	0	27.37%	0	2,380,051	0	7,135	2,387,186
43	Sitka	12,222,930	3,162,938	15,038	60.85%	8,236	9,051,756	0	36,351	9,088,107
44	Skagway	1,120,869	326,955	0	55.87%	0	593,914	80,608	3,333	677,855
45	Southeast Island	3,131,590	0	22,208	100.00%	19,987	3,111,603	42,795	9,313	3,163,711
46	Southwest Region	10,485,728	0	2,838,701	100.00%	2,554,831	7,930,897	0	31,184	7,962,081
47	Tanana	783,543	23,603	14,085	100.00%	12,677	747,263	0	2,330	749,593
48	Unalaska	4,601,514	1,649,696	15,944	62.42%	8,957	2,942,861	0	13,685	2,956,546
49	Valdez	7,070,934	3,242,930	12,885	58.26%	6,756	3,821,248	0	21,029	3,842,277
50	Wrangell	3,261,356	572,448	2,245	68.59%	1,386	2,687,522	0	9,699	2,697,221
51	Yakutat	1,196,351	194,834	155,812	38.81%	54,424	947,093	21,556	3,558	972,207
52	Yukon Flats	5,456,450	0	645,293	100.00%	580,764	4,875,686	244,020	16,227	5,135,933
53	Yukon-Koyukuk	11,377,140	0	1,291,205	100.00%	1,162,085	10,215,055	0	33,835	10,248,890
54	Yupit	7,121,667	0	1,917,899	100.00%	1,726,109	5,395,558	0	21,180	5,416,738
55	Mr. Edgemunbe	3,163,440	0	612,623	100.00%	551,361	2,612,079	0	9,408	2,621,487
56										26,027,300
57	TOTALS:	1,114,795,825	205,225,095	80,687,390		55,649,803	853,920,927	885,518	3,315,375	884,149,120




Alaska Public School Funding Formula Overview

Presented by
Eddy Jeans, Director
Division of School Finance
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(907) 465-2891



Public School Funding Formula Overview


**Alaska Public School
 Funding Formula Overview**

Presented by
 Eddy Jeans, Director
 Division of School Finance
 Eddy.Jeans@eed.state.ak.us
 (907) 465-2891

A

9:05:53

Senate Bill 36

The current state public school funding formula was adopted under SB 36 in 1998. And was implemented in 1999.

The public school funding formula is defined in Alaska Statute 14.17

B

9:06:20

This presentation provides an overview of:

1. Calculation of Adjusted Average Daily Membership (ADM)
2. Calculations of Basic Need - (*Entitlement*)
3. Components of Basic Need - (*Who Pays*)
4. Additional Funds above Basic Need
5. Components of State Aid

C



Public School Funding Formula Overview

Average Daily Membership

ADM Reporting Requirements

- Average Daily Membership - is the number of enrolled students during the 20-school-day count period ending on the fourth Friday of October.
- Reports are due within two weeks after the end of the 20-school-day count period.
- Projected student count reports are due November 5.

A

9:06:45

Who Qualifies as a Student?

Eligibility for State Foundation Funding:

- A child who is 6 years of age before September 1st, and under the age of 20, and has not completed the 12th grade. (AS 14.03.070)
- A child who is 5 years of age before September 1st, following the beginning of the school year, may enter kindergarten. (AS 14.03.060 rd)
- A child with a disability and an active Individualized Education Program (IEP) may enter school at the age of 3 and under the age of 22. (AS 14.30.180 (1))

B

9:07:19

5 Steps to District Adjusted ADM

USED TO CALCULATE ENTITLEMENT

- Step 1. *Adjust:* ADM for School Size
 - Step 2. *Apply:* District Cost Factor
 - Step 3. *Apply:* Special Needs Factor
 - Step 4. *Add:* Intensive Services Counts
 - Step 5. *Add:* Correspondence Student Counts
- = District Adjusted ADM

C

9:08:50



Public School Funding Formula Overview

Step 1. Adjust the ADM for School Size

ADM under 10:
Added to the smallest school with an ADM greater than 10

A Community with an ADM of 10 through 100:
Grades K-12 ADM is combined and adjusted once; adjusted as one school.

A Community with an ADM of 101 through 425:
ADM for grades K-6 and 7-12 are adjusted separately; adjusted as two schools.

A Community with an ADM greater than 425:
The ADM of each facility administered separately as one school is adjusted.

- Alternative schools with an ADM of less than 200 shall be counted as a part of the school in the district with the highest ADM.
- If the ADM is greater than 200 and administered as a separate facility the ADM will be adjusted separately.
- Charter school with an ADM of 150 or greater is adjusted as a separate facility

A

9:09:38

Step 1. Example: Nome City Schools Projected FY08 ADM by School

Nome Elementary School.....	400.00
Nome-Beltz Jr/Sr High School.....	340.00
Anvil City Science Academy.....	44.00
Nome Youth Facility.....	14.00
Total ADM.....	798.00

B

9:11:23

Step 1. Example: Nome City Schools Adding ADM's to the appropriate School in the District

School Size Adjustment

- The alternative schools ADM are added to the highest ADM school in the district before adjusting for size
- A school with a population under 10 should be added to the smallest school in the district

Nome Elementary + Anvil
400 + 44 = 444.00

C

9:12:36



Public School Funding Formula Overview

Step 1. Example: Nome City Schools

Reference	School Size	Formula
1.	10-1999	39.60
2.	20-2999	$39.60 + (1.62 * (ADM - 20))$
3.	30-7499	$55.80 + (1.49 * (ADM - 30))$
4.	75-14999	$122.85 + (1.27 * (ADM - 75))$
5.	150-24999	$218.10 + (1.08 * (ADM - 150))$
6.	250-39999	$326.10 + (.97 * (ADM - 250))$
7.	400-74999	$471.60 + (.92 * (ADM - 400))$
8.	Over 750	$791.80 + (.84 * (ADM - 750))$

K-6 Adjusted ADM's

$$\text{ref. 7 } 471.60 + (.92 * (444.00 - 400)) = 512.08$$

7-12 Adjusted ADM's

$$\text{ref. 6 } 326.10 + (.97 * (340.00 - 250)) = 413.40$$

$$\text{ref. 11 Youth facility's ADM 14} = + 39.60$$

$$\text{School Size Adjusted ADM} = 965.08$$

A

9:12:47

Step 2. District Cost Factors

The Department monitors District Cost Factors and submits a report to the Legislature on January 15th every other fiscal year, beginning January 2001.

- Cost factors are specific to each school district.
- Lowest District Cost Factor is 1.000 and the highest is 1.736.

Multiply the School Size Adjusted ADM by the District Cost Factor for Nome:

$$965.08 \times 1.319 = 1,272.94$$

B

9:15:47

Step 3. Special Needs Funding

➤ All categorical programs; special education (except intensive), vocational education, gifted/talented and bilingual/bicultural are block funded at 20%.

➤ To qualify for funding under this section school districts must file a plan with the department indicating special needs services that will be provided.

AS 14.17.420 (b)

C

9:16:17



Public School Funding Formula Overview

Step 3. *Example:* Nome City Schools

Multiply the adjusted ADM (from Step 2) by
the Special Needs Factor

$$1,272.94 \times 1.20 = 1,527.53$$

(Shown on Column B, page 8)

A

9:16:48

Step 4. Intensive Services Funding

A school district will receive funding for intensive services students that:

1. Are receiving intensive services and are;
2. Enrolled on the first day of the 20 school-day count period and who have;
3. Established Individual Education Plan (IEP) for each intensive services student.

An Intensive Services student generates \$26,900.

(Intensive Student Count) x 5 = Intensive Student Funding

B

9:17:04

Step 4. *Example:* Nome City Schools

Multipl the Intensive Student Count by 5
and add to the adjusted ADM (from Step 3)
~ Nome City Schools has 4 Intensive Student ~

$$4 \times 5 = 20$$

$$1,527.53 + 20 = 1,547.53$$

(Shown on Column E, page 8)

C

9:23:08