

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

5654 HOUSE HEALTH, EDUCATION & SOCIAL SERVICES

# Stepping Out of Foster Care Into Independent Living

15(2)

by Eileen Mayers Pasztor, Jean Clarren,  
Elizabeth M. Timberlake and Linda Bayless

**A**lthough the overall foster care population continues to decrease, the proportion of adolescents in foster care has increased to the point that adolescents now comprise nearly half of the foster care population as compared to 20 percent a decade ago. Moreover, a large number of youths are remaining in the foster care system until the legal age for emancipation.<sup>1</sup>

To address the needs of older youths in foster care, the Children's Bureau,ACYF, funded a project in 1983 designed to prepare older adolescents to move out of foster care into responsible living. The project, entitled "Stepping Out Of Foster Care Into A More Self-Sufficient Independent Living Network," was conducted by the Baltimore County Department of Social Services.<sup>2</sup> In addition to accomplishing its primary objective, the research and demonstration project realized three secondary objectives: It combined resources from the public social services, the business and the academic sectors to meet local needs and reduce a potential drain on community resources; it integrated aspects of the model into agency policy and service delivery to youth and families; and it assessed the replicability of the model by other agencies and communities. In addition

to the authors, core project staff included three child welfare associates from the National Catholic School of Social Service, Deborah Brittain, Jane Park Cutler, D.S.W., and Judith Sheagren.

Project Stepping Out focused on increasing adolescents' competence in performing daily life management tasks, using resources to achieve economic self-sufficiency, improving social skills and developing psychosocial coping strengths. Based on an understanding of late adolescence as a transition period, the project sought to enhance the fit between the youths and their future social environment. Project social workers emphasized strengths and needs and provided "thinking," "feeling" and "doing" opportunities with respect to adult role functioning and social networking.

For adolescents who had experienced stressful life situations, uprooting and developmental difficulties, the project forged social support networks, which functioned as sources of support and encouraged the sharing of goods and services. Through these networks, the youths learned survival strategies, values and skills necessary for accomplishing developmental tasks.

## Target Population

Project Stepping Out provided services to 31 adolescents in family foster

homes and group homes. The youths ranged in age from 15 to 20, with an average of 17.1 years. There were slightly more females (54.8 percent) than males, and two-thirds of the youths were white and the remainder black. Academically, 15.2 percent were performing at a below average level, 35.5 percent at an average level and 49.4 percent, above average. Ninety percent were attending school, with 38.7 percent in the 11th or 12th grades. Three quarters of the youths said they had previous work experience, but only a little more than a quarter had held a part-time job over four months.

Their time in foster care ranged from two months to 20 years, with an average of 6.5 years in care and 2.4 placements. Sixty-one percent were initially placed during adolescence, usually between the ages of 14 to 16 years. At the time of the project, the youths had established few bonds with their birth families. Half saw their birth mothers less than several times a month, and almost half had no contact with their fathers. Although the majority had birth siblings, only one quarter lived in a foster care situation with a sibling.

**A**lmost half (48.4 percent) of the youths remained in care because of behavioral, health or intellectual problems related to the child. The majority, however, remained in care because of such family-related reasons as abandonment, family inability to plan and follow through, danger of abuse or neglect, financial or housing problems and a parent who was under arrest or who had a physical or mental illness.

## Service Delivery

Six service components were used to meet the project's objectives:

**Project social workers.** Three graduate students and three agency child welfare workers were assigned to Project Stepping Out on a part-time basis. They provided each young person with regular agency social work services as well as the project's special intervention services. Prior to the project's imple-

mentation, the service providers participated in a 28-hour training program presented by Nova University's Institute for Social Services to Families, and they received ongoing training, supervision and consultation from a field instructor provided by Catholic University's National Catholic School of Social Service.

**Strengths/Needs Assessment.** Adolescents' strengths and needs were explored in the areas of special interests, social and personal assets, education and employment, support systems of family and friends, values and attitudes, physical and mental health, and emancipation plan.

One assessment tool used by the adolescent and social worker was the life space diagram, which uses symbols to create a picture of the young person's experiences and feelings. On the diagram, a circle symbolizes a person, a square indicates a place and a triangle represents a situation.

For example, Jack—who had been suspended from school for fighting—drew a life space diagram that contained circles representing himself, his classmate sparring opponent and his teacher; a triangle symbolizing the problem of suspension for fighting; and a square signifying school. In the process of drawing the diagram with his social worker, Jack was able to perceive how his anger concerning the fight that led to his suspension was related to the underlying problem of conflicts with his brother, which he viewed as the cause of his own placement in foster care. Jack realized then that his angry feelings and striking out at friends represented "baggage" from the past that he carried in the present.

**B**y contrast, another assessment tool, the life history chart, provided an opportunity for the adolescents to probe earlier experiences with their birth families, reasons why they had entered and remained in foster care and their experiences in care.

Together, these tools enabled the youths to review the past, examine the

present and plan for the future.

**Task Groups.** These groups, co-led by project and agency staff, included six to 12 young people who identified, discussed and practiced skills for independent living. In a session on goal identification and planning, for example, youths discussed preparation for such occupations as veterinarian, beautician and construction worker. Activities in related sessions focusing on job search, career development and maintaining employment included resume writing, practice in asking a work supervisor for assistance and discussion of how to dress appropriately for work.

A session on daily living skills stressed practice in renting an apartment, writing checks and grocery shopping, while another on social networking centered on enhancing the youths' skills in meeting and keeping friends, living with roommates, reconnecting with birth parents and siblings and maintaining ties with foster families.

**One Day Workshop.** The workshop, conducted by project and agency staff, was designed to compress the knowledge and skills learned in the task groups into an extensive examination of three primary topics: housing, vocational skills and independent living skills. The youths divided into small groups that rotated among the three discussion topics, and afterwards, they prepared and shared a meal—which, participants agreed, was a highlight of the day.

**Volunteers.** Adults to act as role models or mentors were recruited from local civic clubs and businesses to work with adolescents who needed a one-to-one relationship with a mature, responsible adult. Volunteers completed a 4-hour training program—conducted by the Baltimore County Department of Social Service's volunteer coordinator, the National Catholic School of Social Service's volunteer trainer and a Nova University Institute for Social Services to Families trainer—to prepare them to support the adolescent's growth toward autonomy and to teach remedial skills in selected areas.

One young person in residential care

was able to be discharged into family foster care because a volunteer provided transportation to the youth to out-patient treatment. Another adolescent, who found a job in a bakery, practiced making change with his volunteer while a third youth worked with her volunteer to make a new dress.

**Apprenticeships.** Community leaders were asked to approach potential apprenticeship providers on behalf of the project in general as well as individual youth. Profiles that included information about the young person's interests, strengths and needs regarding employment were shared with potential employers. The project was able to generate six additional apprenticeships apart from fast food services and the usual community summer employment, but only two-thirds of the youths who wanted jobs were able to obtain them. Two of the youths were placed in jobs through existing community projects.

## Implementing the Project

During the 9 month period of service delivery, each of the 31 adolescents participated in an average of three of the six service components. To assess the impact of these services, researchers from the National Catholic School of Social

*Eileen Mayers Pasztor, who was co-director and trainer for Project Stepping Out under the auspices of the National Catholic School of Social Service, Catholic University of America, and Nova University's Institute for Social Services to Families, is currently a Child Welfare Associate with the Child Welfare Institute, Atlanta. Jean Clarren, the project's principal investigator, is Assistant Director for Child Welfare, Baltimore County Department of Social Services, Towson, Md. Elizabeth M. Timberlake, D.S.W., the project's principal researcher and program consultant, is Associate Professor, National Catholic School of Social Service, Washington, D.C., and Linda Bayless, Ph.D., the project's curriculum developer and trainer, is Assistant Director, Institute for Social Services to Families, Nova University, Fort Lauderdale, Fla.*

Service compared the project participants with a control group of 29 adolescents who were also in the foster care program of the Baltimore County Department of Social Services but were not receiving project services. To control for the influence of possible differences between the two groups, a pre- and post test design was used. The experimental group's growth was measured by a psychosocial functioning scale and an emancipation social functioning scale.<sup>1</sup>

**O**n the emancipation social functioning scale, the difference between the experimental and control groups was substantial. Adolescents receiving project services achieved significantly more growth in the social functioning skills needed for emancipation, as measured by their total score in the areas of independent living, employment and social network skills, than did those adolescents who received no project services.

On the other hand, the percent of difference between the two groups on the psychosocial functioning scale was not significant. Adolescents participating in project services did not grow significantly in psychosocial functioning as measured by eight indicators: self-image, peer relationships, adult relationships, self-control, motivation, handling the learning demands of school and home, learning style and expression of feelings.

### Impact on Adolescents

That the experimental group achieved substantially more positive changes than the control group in social functioning was not surprising for a variety of reasons. Five of the services focused primarily on the knowledge, values and skills basic to social functioning after emancipation. Since the social functioning tasks and skills necessary for sorting out early career interests, functioning well on the job and handling day-to-day experiences are

concrete, they are probably learned and incorporated early.

Experiences dealing with employment skills and issues are also likely to capture the young person's interest since jobs and spending money are considered both current and future needs. Nor should satisfaction derived from the immediate monetary rewards of the job be overlooked. While their actual skill development in the areas of employment, independent living and social networking may have been slight, these youths perceived themselves as having grown in their ability to step out of foster care into independent living.

The lack of significant, positive changes in the general level of psychosocial functioning was disappointing but not surprising, since only the social work service component addressed psychosocial issues as well as issues related to social functioning and coping with independent living. The foremost reason for this lack, however, was that the project was designed to meet the short-term goal of preparing adolescents for independent living rather than addressing their residual developmental conflicts and problems. Given the youths' vulnerability, the psychosocial developmental tasks inherent in the transition from foster care to independent living take on special significance for them and require more than short-term social work remediation and personal growth.

### Impact on the Agency

The six service components have been integrated into agency policy, programs and practices to varying degrees. The need for a core unit of social workers with specialized training to provide individualized services and mobilize supplementary resources for older youths in foster care has been clearly identified, and Baltimore County has an established Specialized Adolescent Program Unit which provides most of the Stepping Out service components. For agency staff with clients not served by the Specialized Unit, the project offered some exposure to the knowledge, values and skills basic to competence-oriented emancipation services. Thus,

all adolescent clients could be encouraged to complete life space diagrams, strengths/needs assessments and a mutual action plan.



Although the adolescents responded well to the task groups, this component is difficult to incorporate into standard agency service delivery because of scheduling and transportation problems. While it is also difficult to coordinate transportation for youths who participated in the one day workshop in independent living skills, agency staff members felt that evaluations from the workshop were positive enough to replicate this service periodically.

**A**lthough there were fewer volunteers than desired, agency staff believed the volunteers were positive role models for the youths and, as a result, the agency volunteer coordinator is establishing a volunteer mentorship program for adolescents in foster care. As with the volunteers, there was a scarcity of apprenticeships. Because time constraints hampered the project's community liaison efforts to set up apprenticeship opportunities, most jobs came from an established county program for youths with special needs.

### Replication

Although the project's combination of resources was quite effective in meeting the needs of the target population, there were organizational, scheduling and transportation problems that developed when service providers were brought in from the outside. Overcoming these obstacles required great expenditure of time and effort that is cause for concern in setting up future service delivery programs. While the project's emancipation services achieved positive results, the age-old child welfare dilemma of time, cost and staff remains to inhibit replication.

### Recommendations

Both the positive outcomes and barriers encountered in service delivery have implications for future foster care policies, programs and practices.

These implications are the basis for the following recommendations:

- To help move youths in foster care into independent living, agencies need to provide the six service components of Project Stepping Out. Agency social workers, for example, need specialized caseloads and training to provide individualized services and mobilize resources for older youths in foster care. Instead of focusing on problem-oriented assessment and intervention, the emphasis should be on each adolescent's strengths and needs. To make task groups and workshops accessible as well as available, agencies need to develop support systems to solve scheduling and transportation problems. Agency staff should also invest time and energy in community development, education and liaison activities to mobilize apprenticeship and volunteer resources.

- Agencies need to create training programs for foster parents that would provide information about the developmental needs of older adolescents in foster care and the goals of independent living. Such programs have to teach skills that would prepare foster parents to support adolescents' growth toward self-sufficiency, as well as skills for working with volunteers and other community resources available to youths in foster care.

- Since service providers have been sensitized to issues of separation and loss, and identity development and emancipation, by their own experiences, approaches should be developed to facilitate service providers' self-awareness and help them keep their own issues distinct from those of the youths with whom they work.

- Agencies need to begin to work with youths toward the goal of emancipation at a much earlier point in their foster care experience. Adolescents in foster care need help to resolve residual developmental conflicts and problems as well as current problems in making the transition into independent living.

- For clarity in planning, service delivery has to be divided into three phases: intake, continuing service and termination. Many service structures

and technologies are common to all three phases and yet have different emphases or uses in each phase.

- Support and rehabilitative services for both families are crucial to achieve permanency, planning goals and to develop their ability to serve as support networks when their adolescents move out of foster care into independent living.

- Finally, agencies have to approach the goal of emancipation not simply as movement from one place to another but as a multidimensional process designed to enhance the young person's growth toward autonomy and mastery of life experiences. Transitional funding must be provided for older youths in foster care to meet basic needs and enable them to build resources toward the goal of full emancipation.

### Conclusion

Without an explicit policy commitment to individualized service planning for older youths in foster care, agency programs and social work practice will not meet their critical needs. Without clearly defined federal, state and local foster care policies and allocation of funds, it is difficult for agencies to establish or sustain programs and resources. It is only with such programs as Project Stepping Out that social work staff can create and use appropriate intervention techniques to help older adolescents move out of foster care into responsible living. ■

<sup>1</sup>See R. Hubbell, *Foster Care and Families* (Philadelphia: Temple Press, 1981); E. Tomberlake, J. Cutler and J. Strohms, *A Study of the Children in Foster Care in One County Department of Social Services* (Washington, D.C.: National Catholic School of Social Service, 1980); A. Gruber, *Children in Foster Care* (New York: Human Sciences Press, 1978); A. Shine and A. Schneider, *A National Study of Social Services to Children and Their Families* (Washington, D.C.: National Center for Child Advocacy, Westat, 1978).

<sup>2</sup>Baltimore County Department of Social Services, National Catholic School of Social Service, Institute for Social Services to Families, *Final Report: Project Stepping Out of Foster Care Into a More Self-Sufficient Independent Living Network* (DHHS, OHS, ACYF Children's Bureau Grant 90-CC-0223-01, 1985).

<sup>3</sup>These measures are described in the project's *Final Report*.



# Alaska Foster Parents Association

P. O. BOX 140651 • ANCHORAGE, ALASKA 99508



## POSITION PAPER HB 177 PRE-EMANCIPATION SERVICES FOR MINORS

The Alaska Foster Parent Association supports the concept and intent of this legislation, which is to provide pre-emancipation services to youth in the custody of the state in order to prepare them for independent living.

One concern is that, although some youth age 16 and above coming into care may need a specific pre-emancipation setting or supervised independent residence, all youth need to have access to pre-emancipation skill building. Youth also need a home setting in which to be nurtured. Federal laws require the least restrictive setting possible, which is usually defined as foster care. Therefore, we need to insure that this bill also provides for pre-emancipation skills to be provided in each foster home and in residential facilities providing care for youth.

During the past year several foster parents have applied for grants from the Division of Family & Youth Services to help foster parents prepare youth for independent living based on materials from Eastern Michigan University, Institute for the Study of Families and Children called "PREPARING YOUTH FOR EMANCIPATION FROM FOSTER CARE". Foster parents are the logical choice to teach youth these skills, both in specific programs and in every day living that incorporates good role modeling, gradual independence, and an opportunity to test new skills in the community in which they live.

The Alaska Foster Parent Association would support independent living residences for those youth for whom this is the only option, but would also ask for the same support and grants to enhance foster parents' ability to prepare youth for independence that would, hopefully, produce productive and healthy young adults that would not continue to be a burden on society. Grants should be awarded to foster parent groups that are willing to incorporate independent living skills as a program of foster care in their area. Specific supports and provisions within policy would also be needed to support this concept.

We must remember that each and every youth will be an independent young adult soon. We must work to prepare all of them for emancipation or we will perpetuate the cycle of welfare and dependent families.

*Miriam Sumner*  
Miriam Sumner  
President

*Frank H. Wasmer*  
Frank H. Wasmer  
Vice President

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

POUCH V - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. HESS 3-10-89

6-0691H  
Lauterbach  
4/17/89

Original sponsor: Health, Education and  
Social Services Committee

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 177 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the pre-emancipation services for  
7 certain minors."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 47.10.080(b) is amended to read:

10 (b) If the court finds that the minor is delinquent, it shall

11 (1) order the minor committed to the Department of Health  
12 and Social Services for a period of time that does not [TO] exceed two  
13 years and that does not [OR IN ANY EVENT] extend past the minor's 19th  
14 birthday [DAY THE MINOR BECOMES 19], except that the department may  
15 petition for and the court may grant in a hearing (A) two-year ex-  
16 tensions of commitment that [WHICH] do not extend beyond the minor's  
17 [CHILD'S] 19th birthday if the extension is in the best interests of  
18 the minor and the public; and (B) an additional one-year period of  
19 supervision past the minor's 19th birthday [AGE 19] if continued  
20 supervision is in the best interests of the minor or the minor is  
21 receiving pre-emancipation services, [PERSON] and the minor [PERSON]  
22 consents to the additional period of supervision [IT]; the department  
23 shall place the minor in the juvenile facility [WHICH] the department  
24 considers appropriate, [AND] which may include a juvenile correctional  
25 school, detention home, or detention facility; the minor may be re-  
26 leased from placement or detention and placed on probation on order of  
27 the court and may also be released by the department, in its dis-  
28 cretion, under AS 47.10.200;

29 (2) order the minor placed on probation, to be supervised

1 by the department, and released to the minor's parents, guardian, or a  
2 suitable person; if the court orders the minor placed on probation, it  
3 may specify the terms and conditions of probation; the probation may  
4 be for a period of time that does [,] not [TO] exceed two years and  
5 that does not [IN NO EVENT] extend past the minor's 19th birthday [DAY  
6 THE MINOR BECOMES 19], except that the department may petition for and  
7 the court may grant in a hearing

8 (A) two-year extensions of supervision that [WHICH] do  
9 not extend beyond the minor's [CHILD'S] 19th birthday, if the  
10 extension is in the best interests of the minor and the public;  
11 and

12 (B) an additional one-year period of supervision past  
13 the minor's 19th birthday, [AGE 19] if the continued supervision  
14 is in the best interests of the minor [PERSON] and the minor  
15 [PERSON] consents to it;

16 (3) order the minor committed to the department and placed  
17 on probation, to be supervised by the department, and released to the  
18 minor's parents, guardian, other suitable person, or suitable non-  
19 detention setting such as a family home, group care facility, [OR]  
20 child care facility, or supervised independent residence, whichever  
21 the department considers appropriate to implement the treatment plan  
22 of the predisposition report; if the court orders the minor placed on  
23 probation, it may specify the terms and conditions of probation; the  
24 department may transfer the minor, in the minor's best interests, from  
25 one of the probationary placement settings listed in this paragraph to  
26 another, and the minor, the minor's parents or guardian, and the  
27 minor's attorney are entitled to reasonable notice of the transfer;  
28 the probation may be for a period of time that does not [, NOT TO]  
29 exceed two years and that does not [IN NO EVENT] extend past the

1 minor's 19th birthday [DAY THE MINOR BECOMES 19], except that the  
2 department may petition for and the court may grant in a hearing

3 (A) two-year extensions of commitment that [WHICH] do  
4 not extend beyond the minor's [CHILD'S] 19th birthday, if the  
5 extension is in the best interests of the minor and the public;  
6 and

7 (B) an additional one-year period of supervision past  
8 the minor's 19th birthday, [AGE 19] if the continued supervision  
9 is in the best interests of the minor or the minor is receiving  
10 pre-emancipation services, [PERSON] and the minor [PERSON] con-  
11 sents to the additional period of supervision; [IT; OR]

12 (4) order the minor to make suitable restitution in lieu of  
13 or in addition to the court's order under (1), (2) or (3) of this  
14 subsection; or [.]

15 (5) order the minor committed to the Department of Health  
16 and Social Services for placement in an adventure-based education  
17 program established under AS 47.21.020 with conditions the court  
18 considers appropriate concerning release upon satisfactory completion  
19 of the program or commitment under (1) of this subsection if the  
20 program is not satisfactorily completed.

21 \* Sec. 2. AS 47.10.080(c) is amended to read:

22 (c) If the court finds that the minor is a child in need of aid,  
23 it shall

24 (1) order the minor committed to the department for place-  
25 ment in an appropriate setting, which may include a supervised in-  
26 dependent residence, for a period of time that does not [TO] exceed  
27 two years and that does not extend [OR IN ANY EVENT] past the minor's  
28 19th birthday [DATE THE MINOR BECOMES 19 YEARS OF AGE], except that  
29 the department may petition for and the court may grant in a hearing

1 (A) two-year extensions of commitment that [WHICH] do not extend  
2 beyond the minor's 19th birthday, if the extension is in the best  
3 interests of the minor and the public; and (B) an additional one-year  
4 period of supervision past the minor's 19th birthday, [AGE 19] if the  
5 continued supervision is in the best interests of the minor or the  
6 minor is receiving pre-emancipation services, [PERSON] and the minor  
7 [PERSON] consents to the additional period of supervision [IT]; the  
8 department may transfer the minor, in the minor's best interests, from  
9 one placement setting to another, and the minor, the minor's parents  
10 or guardian, and the minor's attorney are entitled to reasonable  
11 notice of the transfer;

12 (2) order the minor released to the minor's parents, guard-  
13 ian, or some other suitable person, and, in appropriate cases, order  
14 the parents, guardian, or other person to provide medical or other  
15 care and treatment; if the court releases the minor, it shall direct  
16 the department to supervise the care and treatment given to the minor,  
17 but the court may dispense with the department's supervision if the  
18 court finds that the adult to whom the minor is released will ade-  
19 quately care for the minor without supervision; the department's  
20 supervision may not exceed two years and may not [OR IN ANY EVENT]  
21 extend past the minor's 19th birthday [DATE THE MINOR REACHES AGE 19],  
22 except that the department may petition for and the court may grant in  
23 a hearing

24 (A) two-year extensions of supervision that [WHICH] do  
25 not extend beyond the minor's 19th birthday, if the extension is  
26 in the best interests of the minor and the public; and

27 (B) . an additional one-year period of supervision past  
28 the minor's 19th birthday, [AGE 19] if the continued supervision  
29 is in the best interests of the minor [PERSON] and the minor

1 [PERSON] consents to it; or

2 (3) by order, upon a showing in the adjudication by clear  
3 and convincing evidence that there is a child in need of aid under  
4 AS 47.10.010(a)(2) as a result of parental conduct and upon a showing  
5 in the disposition by clear and convincing evidence that the parental  
6 conduct is likely to continue to exist if there is no termination of  
7 parental rights, terminate parental rights and responsibilities of one  
8 or both parents and commit the child to the department or to a legally  
9 appointed guardian of the person of the child, and the department or  
10 guardian shall report annually to the court on efforts being made to  
11 find a permanent placement for the child.

12 \* Sec. 3. AS 47.10.230 is amended by adding new subsections to read:

13 (h) The department shall provide appropriate pre-emancipation  
14 services to a child 16 years of age or older who has been committed to  
15 the custody of the department and for whom the department finds that  
16 pre-emancipation services are appropriate or needed. The services may  
17 include

18 (1) assistance in completing academic or vocational train-  
19 ing designed to make the child employable;

20 (2) assistance in acquiring and managing suitable housing;  
21 assistance under this paragraph may include financial assistance to  
22 the child;

23 (3) training and supervision in skills needed for indepen-  
24 dent living;

25 (4) assistance in petitioning for removal of the disabili-  
26 ties of minority; and

27 (5) social support and services coordination.

28 (i) The department may award a grant to or contract with a  
29 municipality or with an entity incorporated under AS 10.20 to provide

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

pre-emancipation services under (h) of this section. The commissioner shall adopt regulations establishing criteria for the award of grants under this subsection.

(j) The department may recruit and train foster parents to provide pre-emancipation services under (h) of this section.

HB

178

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

POUCH V - STATE CAPITOL  
BUREAU, ALASKA 99511  
907-465-3800

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. HESS 4-23-87

H. HESS 5-5-87

H. HESS 4-6-87

H. HESS 1-16-80



### FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: DEYS  
 Title: An Act relating to civil liability BRU: Purchased Services  
and uninsured losses related to foster children.  
 Sponsor: \_\_\_\_\_ Components: Foster Care  
 Requestor: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		50.0	50.0	50.0	50.0	50.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		50.0	50.0	50.0	50.0	50.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND		50.0	50.0	50.0	50.0	50.0
FEDERAL FUNDS						
OTHER						
TOTAL		50.0	50.0	50.0	50.0	50.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary) The Department cannot accurately estimate the cost should this bill become law. There will be an increase in claims, the degree of which cannot be determined at this point. Claims could be as low as \$5,000 or as high as \$105,000 or more.

Prepared by: Yvonne M. Chase, Director Phone: 465-3170  
 Division: Family and Youth Services Date: 3/16/89

Approved by Commissioner: Myra M. Yunson, Commissioner Date: 3/17/89  
 Agency: Department of Health and Social Services

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

# MEMORANDUM

State of Alaska

TO: The Honorable Johnny Ellis  
Chairperson  
House HESS

DATE: March 16, 1989

FILE NO: 790/10755

TELEPHONE NO: 465-3170

THRU:

SUBJECT: Committee Request

FROM: Yvonne M. Chase, ACSW  
Director  
Division of Family  
and Youth Services  
Department of Health  
and Social Services

*YMC*

During the hearings in foster care week, the HESS committee requested copies of the Division's policy and procedural manual for the youth corrections section of this agency. This manual has recently been revised; the family services section's manual is in the final stages of revision and will be sent to the printer before the end of March. I would also be happy to provide the committee with copies of that manual as soon as they are available. I have attached a memo from Richard Illias, the field administrator for youth corrections, which addresses the specific question of the committee.

YMC: jsd

Attachments

## MEMORANDUM

State of Alaska

TO: Yvonne Chase, Director  
Family & Youth Services


DATE: March 13, 1989

FILE NO:

TELEPHONE NO:

THRU:

SUBJECT: Special Needs

FROM: Dick Illias   
Youth Corrections Administrator

I understand that foster parents recently raised a concern during a legislative hearing that Youth Corrections required them to provide a police report before approving a special needs request for damages or loss. That is not true.

The Youth Corrections policy and procedure manual covers this issue in the last paragraph of page 153 and in sub-paragraph #5 on page 154. If the financial loss was caused by theft or criminal mischief, the foster parent must report the incident to the local law enforcement agency. Foster parents are not required to produce a copy of the police report. The requirement to report the loss to a local law enforcement agency is contained on the instructional sheet accompanying DFYS form #06-3440, titled "Foster Parent Report of Stolen/Damaged Property or Personal Injury". The documentation is provided in a section of the foster parent report. A copy of the report form and instructions is contained in the Youth Corrections procedure manual appendix, page #5.a.1 & 2.

A request for special needs will not be denied because a foster parent is unable to document the police report number. If a foster parent documents the date, time, and police agency notified; Youth Corrections staff may accept that information as documentation or may directly request additional information from the law enforcement agency. Ordinarily we would request additional information because the police investigation report may provide evidence to determine the foster child's responsibility.

Prior to final approval of a special needs request to reimburse a foster parent for damages or loss, it must be determined if the youth in foster care was responsible for the loss or damage. The potential for the youth to directly reimburse the foster parents through restitution is also examined as an alternative to special needs approval. If the loss or damage was the result of a law violation by a foster child, a court order for restitution may be obtained. Approval of a special needs request may be delayed while this information is being gathered by Youth Correction's staff. If there is insufficient evidence to determine that a youth in foster care was

Yvonne Chase  
3/13/89

Page 2

responsible for damage or loss, then the special needs request may be disapproved. Reference page 154, paragraphs #4 and #7 of the Youth Corrections procedure manual and the instructions on the Foster Parent Report of Stolen/Damaged Property.

DI/br

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Health and Social Services  
 Title: An Act Relating to Civil Liability for Purchased Services  
and uninsured loss related to foster children  
 Sponsor: HESS Committee Components: Foster Care  
 Requestor: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	50.0	50.0	50.0	50.0	50.0	50.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	50.0	50.0	50.0	50.0	50.0	50.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary) The Department cannot accurately estimate the cost should this bill become law. There will be an increase in claim the degree of which cannot be determined at this point. Claims could be as low as \$5,000 or as high as \$105,000 or more.

Prepared by: Russ Webb Phone: 465-3170  
 Division: Family and Youth Services Date: 1/17/90  
 Approved by Commissioner: Mira Munson Date: Jan 15, 1990  
 Agency: Health and Social Services

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Health and Social Services  
 Title: An Act Relating to Civil Liability, Purchased Services  
and uninsured loss related to foster children  
 Sponsor: HESS Committee Components: Foster Care  
 Requestor: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	50.0	50.0	50.0	50.0	50.0	50.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATI	50.0	50.0	50.0	50.0	50.0	50.0
CAPITAL						
REVENUE						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	50.0	50.0	50.0	50.0	50.0	50.0
FEDERAL FUNDS						
OTHER						
TOTAL	50.0	50.0	50.0	50.0	50.0	50.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary) The Department cannot accurately estimate the cost should this bill become law. There will be an increase in claim the degree of which cannot be determined at this point. Claims could be as low as \$5,000 or as high as \$105,000 or more.

Prepared by: Russ Webb Phone: 465-3170  
 Division: Family and Youth Services Date: 1/17/90  
 Approved by Commissioner: Myra Munson Date: Jan 15, 1990  
 Agency: Health and Social Services

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

# HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES



P.O. BOX V, JUNEAU 99811  
(907) 465-3759

STATEMENT ON HB 178  
by the  
HOUSE HESS COMMITTEE

House Bill 178 "tort liability related to foster care", was introduced as one of a package of measures proposed or supported by the House HESS Committee, as a result of the Committee's interim comprehensive review of the state's child protection and foster care systems. This bill responds to testimony presented at hearings in the fall of 1988 regarding the effectiveness of the state's foster care system.

HB 178 is similar to HB 258 which was heard by the House HESS Committee in the last legislature. It incorporates several suggested amendments to that bill. This measure is designed primarily to aid in the recruitment and retention of foster parents.

Section one relieves foster parents, state employees and representatives of the state of most civil liability associated with the care of foster children, except civil damages resulting from gross negligence or reckless or intentional misconduct.

Section two guarantees that property damages in excess of \$100 dollars caused intentionally by a foster child will be covered by the state, if there is otherwise no insurance coverage for such losses. The state may continue to cover losses up to \$100.

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: DFYS  
 Title: An Act relating to civil liability and uninsured losses related to foster children BRU: Purchased Services  
 Sponsor: \_\_\_\_\_ Components: Foster Care  
 Requestor: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		50,000	50,000	50,000	50,000	50,000
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		50,000	50,000	50,000	50,000	50,000

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND		50,000	50,000	50,000	50,000	50,000
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		50,000	50,000	50,000	50,000	50,000

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary) The Department cannot accurately estimate the cost should this bill become law. There will be an increase in claims, the degree of which cannot be determined at this point. Claims could be as low as \$5,000 or as high as \$105,000 or more.

Prepared by: Yvonne M. Chase, Director Phone: 465-3170  
 Division: Family and Youth Services Date: 3/1/89  
 Approved by Commissioner: Myra M. Munson, Commissioner Date: 3/8/89  
 Agency: Department of Health and Social Services

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: HB 178  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Economic Dev.  
 Title: An Act relating to civil liability and uninsured property losses related to foster children BRU: Insurance  
 Sponsor: HESS Committee Components: Operations  
 Requester: \_\_\_\_\_

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULLTIME	0	0	0	0	0	1
PARTTIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Bill does not impact the division.

Prepared by: Joan Brown, Administrative Officer Phone: 465-2597  
 Division: Insurance Date: 2-22-89

Approved by Commissioner: Larry Mercurieff Phone: \_\_\_\_\_  
 Agency: Department of Commerce & Economic Development Date: 4/27/89

Distribution (by preparer):

Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

POSITION PAPER

HOUSE BILL NO. 178

For an Act entitled: "An Act relating to civil liability and uninsured property losses related to foster children".

Section 1 of this bill provides foster parents, state employees, and representatives of the state with immunity from liability for acts or omissions of a foster child placed in care of the foster parent. The bill also provides immunity from liability for negligent acts or omissions of the foster parents, state employees, or representatives of the state that result in harm to a child placed in a foster parent's care under AS 47.

Section 1 would relieve foster parents, state employees, and representatives of the state of virtually all liability for their own acts or omissions, except those which were intentional or grossly negligent. The Department supports this section of the proposed legislation.

Section 2 mandates the Department to reimburse a licensed foster parent for lost or damage exceeding \$100 on uninsured tangible property that was harmed by the intentional misconduct of a foster child in the foster home.

The ability of foster parents to obtain and afford insurance and to collect because of loss damage to property is erratic at best, creating a hardship. Should a foster parent's natural child destroy property, the insurance company will pay. If foster children destroy property, foster parents are finding it more difficult, if not impossible, to collect damages. Should they be able to collect for damages, the foster parents can expect their insurance rates to increase.

Additionally, the issue of potential property losses by foster parents has been problematic to the Department because of the costs involved and as a factor increasing the difficulty of recruiting and retaining foster parents. Foster parents generally have been told by their insurance companies that they are not protected from loss or damage to their property caused intentionally by a foster child in their care. The Department of Administration, Division of Risk Management has verbally advised the Department of Health and Social Services that this may be incorrect, but to date it has not been tested through litigation, and there is no definitive answer.

In the absence of a definitive answer to this problem, and in the face of refusal of private insurers to cover such claims, the Department has chosen to reimburse foster parents for their documented losses upon request. Though the Department has been under no legal obligation to reimburse foster parents for such losses and has received advice against the practice, a policy

Position Paper  
House Bill No. 178  
Page 2

decision was made to continue doing so in order to facilitate retention of qualified foster parents. However, there is no statutory basis or dedicated funding for making reimbursements. Currently, reimbursement for foster parent losses is made from funds budgeted to meet the needs of children in foster care. Use of these funds to cover foster parent losses causes several problems, including:

1. decreased money available to meet the needs of children in care;
2. several limitations on the amount of funds available to cover losses; and
3. inequity in reimbursement because, although these funds are used for dual purposes, they must be allocated between regions based on child foster care placements and needs of children rather than on the basis of unpredictable foster parent losses, with the result that losses in one region may not be covered because of insufficient funds, while losses in another region are reimbursed.

This mechanism has been functionally unsatisfactory and potentially insufficient to deal with even a single large universal property loss (such as destruction of a foster family home by an intentionally set fire). Fortunately, recent losses have been relatively small when compared to potential loss. However, the Department cannot estimate the cost, should this bill become law. There will be an increase in claims, the degree of which cannot be determined at this point.

While not intentional, Section 2 of the bill, in fact, creates an adversarial relationship between foster child and foster parent, if the only way a foster parent can collect for damages is by proving the child's intentional misconduct contributed to the loss of or damage to the property. This places the foster parent in the position of proving the foster child's behavior was deliberate. In some cases it will be the foster child's word against the word of the foster parent. It is not necessary nor desirable to place foster children and foster parents into an adversarial relationship. In addition, recovery by foster parents for damages to their property will be limited. Eliminating the requirement

Position Paper  
House Bill No. 178  
Page 3

that the damage was intentional will allow the foster parent to claim for accidental damages.

The Department recommends that additional funds be budgeted specifically to reimburse foster parents for their losses, with administration of these funds and determinations on reimbursement to be made by the Division of Risk Management commensurate with accepted insurance practice.

DEPARTMENT POSITION

The Department supports Section 1 of HB 178, which would extend immunity protection to state employees, representatives of the state, and foster parents. However, because the delicate relationship between those being cared for and those caring for children in out-of-home placement would deteriorate or be destroyed with the necessity of proving intentional damage to property, the Department recommends that Section 2 be deleted from HB 178 and that funding be appropriated to pay for damages based on accepted insurance practice. Administration of these funds and determination of reimbursement is most appropriate in the Division of Risk Management, Department of Administration.

RECOMMENDED: *Yvonne M. Chase*  
Yvonne M. Chase, ACSW  
Director  
Division of Family  
and Youth Services

DATE: 3/8/89

APPROVED: *Myra M. Munson*  
Myra M. Munson  
Commissioner  
Department of Health  
and Social Services

DATE: 3/8/89



# Alaska Foster Parents Association

P. O. BOX 140651 • ANCHORAGE, ALASKA 99508



## POSITION PAPER HB 178 LIABILITY OF FOSTER PARENTS

Alaska Foster Parent Association supports this legislation which would address civil liability and uninsured property losses of foster parents. The importance of this legislation is far reaching and will positively impact the entire foster care system.

Limiting the liability of foster parents is a national priority whose time has come. Fear of liability has severely limited the recruitment and retention of foster homes. Valuable foster parents have been lost when they realize that they could be liable for acts or omissions and are possibly jeopardizing their income and property by volunteering to be foster parents. It is difficult to recruit foster homes when they have no liability protection or liability insurance.

We do want recognition that foster parents may make mistakes, but do not want to exempt foster parents from negligent acts. Therefore, we suggest deletion of the word negligent on line 16.

Reimbursement to foster parents for loss or damage is important, especially when foster parents are reimbursed only for cost of care. Since many of the children and youth are emotionally damaged, they "act out" their anger, hurt, and frustrations in many ways, including damage. This is not intentional misconduct, but a normal reaction to the rage found in abused and neglected youngsters. We suggest deletion of the word "intentional" on line 27.

At some time, the \$100.00 limit needs to be addressed and defined. Does this \$100.00 limit refer to each incident or to an accumulation over a set time frame? Some youth create damage or loss that clearly exceeds this \$100.00 limit, while others are regularly destructive. Each incident may be relatively minor but could amount to several hundred dollars per month.

We feel an additional section needs to be added to this bill to provide for coverage of costs to the foster parents for medical attention or psychological intervention needed to correct problems caused by a foster child in state custody. This might be for medical attention for a foster youth assaulting a foster parent or their children. Or it might be therapy and/or medical treatment if a foster youth physically or sexually abuses a member of the foster family. Although these occasions are not common, the damage is disastrous and a real financial burden to foster parents.

*Miriam Sumner*  
Miriam Sumner  
President

*Frank H. Wasmer*  
Frank H. Wasmer  
Vice President

# MEMORANDUM

State of Alaska

TO The Honorable Johnny Ellis  
Chairperson  
House HESS

DATE March 16, 1989

FILE NO 790/10755

TELEPHONE NO 465-3170

THRU:

SUBJECT Committee Request

FROM: Yvonne M. Chase, ACSW *YMC*  
Director  
Division of Family  
and Youth Services  
Department of Health  
and Social Services

During the hearings in foster care week, the HESS committee requested copies of the Division's policy and procedural manual for the youth corrections section of this agency. This manual has recently been revised; the family services section's manual is in the final stages of revision and will be sent to the printer before the end of March. I would also be happy to provide the committee with copies of that manual as soon as they are available. I have attached a memo from Richard Illias, the field administrator for youth corrections, which addresses the specific question of the committee.

YMC:jsd

Attachments

## MEMORANDUM

State of Alaska

TO: Yvonne Chase, Director  
Family & Youth Services


DATE: March 13, 1989

FILE NO:

TELEPHONE NO:

THRU:

SUBJECT: Special Needs

FROM: Dick Illian   
Youth Corrections Administrator

I understand that foster parents recently raised a concern during a legislative hearing that Youth Corrections required them to provide a police report before approving a special needs request for damages or loss. That is not true.

The Youth Corrections policy and procedure manual covers this issue in the last paragraph of page 153 and in sub-paragraph #5 on page 154. If the financial loss was caused by theft or criminal mischief, the foster parent must report the incident to the local law enforcement agency. Foster parents are not required to produce a copy of the police report. The requirement to report the loss to a local law enforcement agency is contained on the instructional sheet accompanying DFYS form #06-3440, titled "Foster Parent Report of Stolen/Damaged Property or Personal Injury". The documentation is provided in a section of the foster parent report. A copy of the report form and instructions is contained in the Youth Corrections procedure manual appendix, page #5.a.1 & 2.

A request for special needs will not be denied because a foster parent is unable to document the police report number. If a foster parent documents the date, time, and police agency notified, Youth Corrections staff may accept that information as documentation or may directly request additional information from the law enforcement agency. Ordinarily we would request additional information because the police investigation report may provide evidence to determine the foster child's responsibility.

Prior to final approval of a special needs request to reimburse a foster parent for damages or loss, it must be determined if the youth in foster care was responsible for the loss or damage. The potential for the youth to directly reimburse the foster parents through restitution is also examined as an alternative to special needs approval. If the loss or damage was the result of a law violation by a foster child, a court order for restitution may be obtained. Approval of a special needs request may be delayed while this information is being gathered by Youth Corrections staff. If there is insufficient evidence to determine that a youth in foster care was

Yvonne Chase  
3/13/89

Page 2

responsible for damage or loss, then the special needs request may be disapproved. Reference page 154, paragraphs #4 and #7 of the Youth Corrections procedure manual and the instructions on the Foster Parent Report of Stolen/Damaged Property.

DI/br

Legislative Audit continues to support a better management information system for DFYS. Ending the need for maintaining both an antiquated automated payments system and a manual information system would allow overburdened line staff to devote more time to actual social work. The need for timely, accurate, pertinent information is absolutely critical to the effective management of a division as large, complex, and geographically dispersed as DFYS.

Recommendation No. 3

DFYS should develop standardized foster care procedures and encourage compliance through improved training and supervisory review. In addition, DFYS should continue working toward improved relations with foster parents in order to sustain a more viable foster care program.

Foster care costs have increased by more than two-thirds in the last three years to over \$6.3 million in FY 86. Over the last five years, foster care expenditures have almost doubled while there has been little growth in residential care expenditures making foster care even more important to DFYS' service delivery system. The increasing use of foster care has also resulted in more difficult children being placed in the care of foster parents.

Our current review revealed several areas in foster care which would benefit from increased DFYS commitment:

1. Licensing activities are not in compliance with DFYS procedures due to lack of timeliness.
2. Complaints are not classified and investigated consistently and often are not adequately documented.
3. Augmented rates for specialized foster care are not being equitably administered.
4. Training provided varies across the state and is rarely documented in foster parent files.
5. Foster parents are not fully informed about liability and loss which may result from foster care.
6. Relations between DFYS and foster parents are often less than cooperative.

Many of these deficiencies were identified in a 1983 Legislative Audit report. Management should review the situation in each area and act according to DFYS priorities.

foster parent orientation classes prior to licensing, while others use a home visit and an informal review of the regulations as orientation for foster parents.

During FY 86, DFYS contracted with the Alaska Foster Parent Association to provide statewide ongoing training. The contract required DFYS to jointly participate in implementation, however, DFYS did little to facilitate the successful completion of this contract. The training that was provided was geographically limited and of questionable value to some of the purported beneficiaries.

Foster parents who want training have been obtaining it through their local foster parent associations, college classes, and training sponsored by DFYS. In recent years, DFYS has been considering the possibility of requiring a certain amount of training to receive and maintain a foster care license. Those foster parents receiving augmented rates under the Youth Services program are currently required to have a certain amount of training. In our review of foster home license files across the state, we found only Southcentral Youth Services files to reflect a record of training received.

Increased DFYS commitment to foster parent training would not only promote better relations between foster parents and DFYS, but would also provide DFYS with a more qualified pool of foster parents. A multi-media self-study program such as that being developed by Southcentral Youth Services may be a cost-effective method for providing statewide training. Maintaining a record of training received in each foster home file would make it easier for those making placements to match the child's needs with the qualifications of the foster home.

#### Foster Parent Liability

Liability is currently an extremely volatile issue for foster parents. In 1981, DFYS made efforts to define areas of responsibility for various types of liability or losses resulting from foster care. The Foster Parents' Handbook tells foster parents that they are protected by the State against legal actions for accidental injury to the child and against suit for damages caused to third parties by the child.

In an effort to address foster parents' current concerns over liability, DFYS has contacted the Attorney General's Office and the Division of Risk Management. Discussions with Risk Management confirm that in the absence of gross negligence, foster parents will be protected by the State

for both injury to the child and to third parties. However, this assurance is not echoed in a recent memo from the Attorney General's Office which concludes:

foster parents will generally be shielded from liability for injury to a child where they have attempted, in good faith, to conduct themselves reasonably. There is no insurance protecting a foster parent from the negligence of a child. And, except for the possible protection of AS 34.50.02, there is no protection against suit by third persons against foster parents because of negligent conduct of a child.

The foster care regulations make clear that this liability insurance "will not cover matters for which foster parents are normally expected to have insurance, such as fire insurance for their home." The implication that foster parents' insurance will cover their loss if the foster child burns their home is true only if the act was accidental. As DFYS discovered in their 1981 efforts, deliberate acts by foster children are generally not covered by homeowner's insurance policies.

We recommend that DFYS, in conjunction with the Attorney General and the Division of Risk Management, develop some cohesive guidelines in the area of foster parent liability with regard to third party damages. Once determined, this information should be included in the Foster Parents' Handbook, as should some warning of the limitations of common homeowner's insurance. Foster parents need this information in order to make informed choices in accepting and rejecting placements.

#### Relations With Foster Parents

In our 1983 audit we noted that DFYS neglected to maintain a cooperative relationship with the foster parent community. In a March 1986 letter to the president of the Alaska Foster Parent Association (AFPA), the director of DFYS states "It would be less than candid of me to not admit that there has been a history of conflict and resentment between AFPA and the division."

The training contract for fiscal year 1986 was a disappointment for both parties. This contract emphasized "joint" responsibility for both DFYS and AFPA, but neither was satisfied with the other's performance. The quality and quantity of training which resulted would likely have increased if DFYS and AFPA had been more cooperative in implementing the terms of the contract.

6-0752E  
Lauterbach  
4/5/89

Original sponsor: Health, Education and  
Social Services Committee

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 178 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to indemnity and uninsured property  
7 losses related to foster children."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 47.35 is amended by adding new sections to read:

10 Sec. 47.35.110. INDEMNIFICATION OF FOSTER PARENTS. (a) The  
11 state shall indemnify a foster parent, a state employee, and a repre-  
12 sentative of the state for civil damages that are a result of

13 (1) acts or omissions by a minor placed in the care of the  
14 foster parent under this title; or

15 (2) negligent acts or omissions by the foster parent, state  
16 employee, or representative of the state that result in harm to a  
17 minor placed in the care of the foster parent under this title.

18 (b) This section does not apply to civil damages that are a  
19 result of gross negligence or reckless or intentional misconduct of a  
20 foster parent, state employee, or representative of the state.

21 Sec. 47.35.120. UNINSURED PROPERTY LOSS. (a) The division of  
22 risk management, Department of Administration, shall reimburse a  
23 licensed foster parent for the uninsured loss of, or uninsured damage  
24 to, tangible property under the lawful control of a foster parent to  
25 the extent that the loss or damage exceeds \$100 if the loss or damage  
26 resulted from the misconduct of a child in the custody of the state  
27 who was placed in the care of the foster parent under this title.

28 (b) Under the conditions described in (a) of this section, the  
29 division of risk management may reimburse a foster parent for an

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

uninsured loss or uninsured damage that does not exceed \$100.

6-0752H  
Lauterbach  
1/15/90

Original sponsor(s): HESS Committee

1 IN THE HOUSE

BY THE HESS COMMITTEE

2 CS FOR HOUSE BILL NO. 178 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to indemnity of foster parents and  
7 foster parents' uninsured property losses related to  
8 foster children."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 47.35 is amended by adding new sections to read:

11 Sec. 47.35.110. INDEMNIFICATION OF FOSTER PARENTS. (a) The  
12 state shall indemnify a foster parent for civil damages that are a  
13 result of

14 (1) acts or omissions by a minor placed in the care of the  
15 foster parent under this title; or

16 (2) ~~negligent~~ acts or omissions *as within the best possible judgment* by the foster parent that  
17 result in harm to a minor placed in the care of the foster parent  
18 under this title.

19 (b) This section does not apply to civil damages that are a  
20 result of gross negligence or reckless or intentional misconduct of a  
21 foster parent.

22 Sec. 47.35.120. UNINSURED PROPERTY LOSS. (a) The division of  
23 risk management, Department of Administration, shall reimburse a  
24 licensed foster parent for the uninsured loss of, or uninsured damage  
25 to, tangible property under the lawful control of a foster parent to  
26 the extent that the loss or damage exceeds \$100 per incident if the  
27 loss or damage was proximately caused by the acts of a child in the  
28 custody of the state who was placed in the care of the foster parent  
29 under this title.

1 (b) Under the conditions described in (a) of this section, the  
2 department may reimburse a foster parent for an uninsured loss or  
3 uninsured damage that does not exceed \$100.  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

HB

181

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL  
FAIRBANKS, ALASKA 99711  
907-465-3800

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. HESS

2-6-87

Original sponsors: Gruenberg and  
Zawacki

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 181 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the private manufacture of and  
7 the definition of an alcoholic beverage; and provid-  
8 ing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 04.21 is amended by adding a new section to read:

11 Sec. 04.21.015. PRIVATE MANUFACTURE OF ALCOHOLIC BEVERAGES. (a)  
12 Except as provided in (b) of this section, the provisions of this  
13 title do not apply to the private manufacture of alcoholic beverages.

14 (b) This section does not apply to AS 04.16.050, 04.16.051,  
15 04.16.080; AS 04.21.010, 04.21.020; alcoholic beverages manufactured  
16 in a quantity that exceeds the limit imposed on private manufacture  
17 under federal law; or an area that has adopted a local option law  
18 under AS 04.11.490 - 04.11.500.

19 \* Sec. 2. AS 04.21.080(b)(1) is amended to read:

20 (1) "alcoholic beverage" means spirituous, vinous, malt or  
21 other fermented or distilled liquids, whatever the origin, that are  
22 intended for human consumption as a beverage and that contain one-half  
23 of one percent or more of alcohol by volume, whether produced commer-  
24 cially or privately;

25 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).  
26  
27  
28  
29

# State of Alaska

## Committees

CO-CHAIR, HOUSE JUDICIARY  
VICE-CHAIR, HOUSE LABOR AND COMMERCE  
HOUSE HEALTH, EDUCATION  
AND SOCIAL SERVICES



P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-4712  
465-4968/4986  
(SESSION)


914 CLAY COURT  
ANCHORAGE, ALASKA 99501  
(907) 276-6844

Representative Max F. Gruenberg, Jr.  
District 11  
Spenard, Upper Midtown Anchorage

April 6, 1989

## MEMORANDUM

TO: Members of the House HESS Committee

FROM: Representative Max Gruenberg 

RE: HB 181, "An Act relating to the private manufacture of an alcoholic beverage; and providing for an effective date."

In 1986 the definition of an alcoholic beverage was rewritten to encompass privately produced alcoholic beverages to eliminate a perceived loophole in local option statutes. Inadvertently, this has been interpreted to ban "homebrewing" in all areas of the state. Although it is within the ABC Board's authority to issue licenses for the private manufacture of homebrew, the Board has declined to do so.

HB 181 would exempt "homebrewing" from most provisions governing alcoholic beverages - mainly those related to licensing. Homebrewing would still be prohibited in both "damp" and "dry" local option areas; municipalities would continue to have the authority to regulate "homebrewing" and possession, consumption or sale of homebrew for persons under age 21 would be prohibited.

The bill has received no opposition, has a zero fiscal note, and is supported by the Department of Revenue.

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Private manufacture of an  
alcoholic beverage  
Sponsor: Rep. Gruenberg  
Requestor: House HESS Committee

Agency Affected: Department of Revenue  
BRU: Alcoholic Beverage Control  
Board  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Patrick L. Sharrock, Director Phone: 277-8638  
Division: Alcoholic Beverage Control Board Date: March 1, 1989  
Approved by Commissioner: Hugh Malone Date: 3/1/89  
Agency: Revenue

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)



Department of Transportation & Public Facilities

# POSITION PAPER

**BILL NO:** SB127

**APPROVED:** *Mark S. Hily*

**TITLE:**

**DATE:** January 23, 1989

---

"An Act relating to the private manufacture of and the definition of an alcoholic beverage; and providing for an effective date."

Section 2 of CSSB127 changes the definition of alcoholic beverages in Alaska's statutes (04.21.080(b)(1)) by adding a threshold of one-half percent or more of ... by volume to the current definition. The proposed language is identical with the wording that appears in the Code of Federal Regulations, Section 1208.3. Since the language is identical, this change should ensure that Alaska continues to meet the federal requirements for establishment of a National Minimum Drinking Age in each state. Alaska must meet these requirements to avoid the withholding of federal funds for highway construction.

## [§ 23394]

(e) **ILLEGALLY PRODUCED WINE.**—Notwithstanding subsection (a), any wine produced in the United States at any place other than the bonded premises provided for in this chapter shall (except as provided in section 5042 in the case of tax-free production) be subject to tax at the rate prescribed in subsection (b) at the time of production and whether or not removed for consumption or sale.

[Sec. 5041 as amended by Act of June 30, 1959, P. L. 86-75, 73 Stat. 157; Act of June 30, 1960, P. L. 86-564, 74 Stat. 290; Act of June 30, 1961, P. L. 87-72, 75 Stat. 194; Act of June 28, 1962, P. L. 87-508, 76 Stat. 114; Act of June 29, 1963, P. L. 88-52; Act of June 30, 1964, P. L. 88-348; Act of June 21, 1965, P. L. 89-44, 79 Stat. 136; Act of Oct. 26, 1974, P. L. 93-490, 88 Stat. 1466; Act of Oct. 4, 1976, P. L. 94-455, 90 Stat. 1520; Act of Nov. 10, 1988, P. L. 100-647, 102 Stat. 3342, applicable to wine removed after Dec. 31, 1988.]

## [§ 23395]

**Sec. 5042. Exemption from Tax. (a) TAX-FREE PRODUCTION.**—(1) **CIDER.**—Subject to regulations prescribed by the Secretary, the noneffervescent product of the normal alcoholic fermentation of apple juice only, which is produced at a place other than a bonded wine cellar and without the use of preservative methods or materials, and which is sold or offered for sale as cider and not as wine or as a substitute for wine, shall not be subject to tax as wine nor to the provisions of subchapter F.

(2) **WINE FOR PERSONAL OR FAMILY USE.**—Subject to regulations prescribed by the Secretary—

(A) **EXEMPTION.**—Any adult may, without payment of tax, produce wine for personal or family use and not for sale.

(B) **LIMITATION.**—The aggregate amount of wine exempt from tax under this paragraph with respect to any household shall not exceed—

(i) 200 gallons per calendar year if there are 2 or more adults in such household, or

(ii) 100 gallons per calendar year if there is only 1 adult in such household.

(C) **ADULTS.**—For purposes of this paragraph, the term "adult" means an individual who has attained 18 years of age, or the minimum age (if any) established by law applicable in the locality in which the

household is situated at which wine may be sold to individuals, whichever is greater.

(3) **EXPERIMENTAL WINE.**—Subject to regulations prescribed by the Secretary, any scientific university, college of learning, or institution of scientific research may produce, receive, blend, treat, and store wine, without payment of tax, for experimental or research use but not for consumption (other than organoleptical tests) or sale, and may receive such wine spirits without payment of tax as may be necessary for such production.

## [§ 23396]

(b) **CROSS REFERENCES.**—

(1) For provisions relating to exemption of tax on losses of wine (including losses by theft or authorized destruction), see section 5370.

(2) For provisions exempting from tax samples of wine, see section 5372.

(3) For provisions authorizing withdrawals of wine free of tax or without payment of tax, see section 5362.

[Sec. 5042 as amended by Act of Oct. 4, 1976, P. L. 94-455, 90 Stat. 1520; Act of Oct. 13, 1978, P. L. 95-458, 92 Stat. 1255.]

## [§ 23397]

**Sec. 5043. Collection of Taxes on Wines. (a) PERSONS LIABLE FOR PAYMENT.**—The taxes on wine provided for in this subpart shall be paid—

(1) **BONDED WINE CELLARS.**—In the case of wines removed from any bonded wine cellar, by the proprietor of such bonded wine cellar; except that—

(A) in the case of any transfer of wine in bond as authorized under the provisions of section 5362(b), the liability for payment of the tax shall become the liability of the transferee from the time of removal of the wine from the transferor's premises, and the transferor shall thereupon be relieved of such liability; and

(B) in the case of any wine withdrawn by a person other than such proprietor without payment of tax as authorized under the provisions of section 5362(c), the liability for payment of the tax shall become the liability of such person from the time of the removal of the wine from the bonded wine cellar, and such proprietor shall thereupon be relieved of such liability.

(2) **FOREIGN WINES.**—In the case of foreign wines, by the importer thereof.

(3) **OTHER WINES.**—Immediately, in the case of any wine produced, imported, received, removed, or possessed otherwise than as authorized by law, by any person

brewers under common control where one or more of the brewers is not a corporation.

(3) **TOLERANCES.**—Where the Secretary finds that the revenue will not be endangered thereby, he may by regulations prescribe tolerances for barrels and fractional parts of barrels, and, if such tolerances are prescribed, no assessment shall be made and no tax shall be collected for any excess in any case where the contents of a barrel or a fractional part of a barrel are within the limit of the applicable tolerance prescribed.

## [§ 23412]

(b) **ASSESSMENT ON MATERIALS USED IN PRODUCTION IN CASE OF FRAUD.**—Nothing contained in this subpart or subchapter G shall be construed to authorize an assessment on the quantity of materials used in producing or purchased for the purpose of producing beer, nor shall the quantity of materials so used or purchased be evidence, for the purpose of taxation, of the quantity of beer produced; but the tax on all beer shall be paid as provided in section 5054, and not otherwise; except that this subsection shall not apply to cases of fraud, and nothing in this subsection shall have the effect to change the rules of law respecting evidence in any prosecution or suit.

## [§ 23412A]

(c) **ILLEGALLY PRODUCED BEER.**—The production of any beer at any place in the United States shall be subject to tax at the rate prescribed in subsection (a) and such tax shall be due and payable as provided in section 5054(a)(3) unless—

(1) such beer is produced in a brewery qualified under the provisions of subchapter G, or

(2) such production is exempt from tax under section 5053(e) (relating to beer for personal or family use).

[Sec. 5051 as amended by Act of June 30, 1959, P. L. 86-75, 73 Stat. 157; Act of June 30, 1960, P. L. 86-564, 74 Stat. 290; Act of June 30, 1961, P. L. 87-72, 75 Stat. 194; Act of June 28, 1962, P. L. 87-508, 76 Stat. 114; Act of June 29, 1963, P. L. 88-52; Act of June 30, 1964, P. L. 88-348; Act of June 21, 1965, P. L. 89-44, 79 Stat. 136; Act of Oct. 4, 1976, P. L. 94-455, 90 Stat. 1520, effective Feb. 1, 1977; Act of Oct. 17, 1976, P. L. 94-529, 90 Stat. 2485; Act of Oct. 13, 1978, P. L. 95-458, 92 Stat. 1255.]

## [§ 23413]

Sec. 5052. **Definitions.** (a) **Beer.**—For purposes of this chapter (except when used

§ 23412 26 U. S. C. 5052

with reference to distilling or distilling material) the term "beer" means beer, ale, porter, stout, and other similar fermented beverages (including sake or similar products) of any name or description containing one-half of 1 percent or more of alcohol by volume, brewed or produced from malt, wholly or in part, or from any substitute therefor.

## [§ 23414]

(b) **GALLON.**—For purposes of this subpart, the term "gallon" means the liquid measure containing 231 cubic inches.

## [§ 23415]

(c) **REMOVED FOR CONSUMPTION OR SALE.**—Except as provided for in the case of removal of beer without payment of tax, the term "removed for consumption or sale," for the purposes of this subpart, means—

(1) **SALE OF BEER.**—The sale and transfer of possession of beer for consumption at the brewery; or

(2) **REMOVALS.**—Any removal of beer from the brewery.

## [§ 23416]

(d) **BREWER.**—

For definition of brewer, see section 5052.

[Sec. 5052 as amended by Act of Jan. 12, 1971, P. L. 91-673, 84 Stat. 2056.]

## [§ 23417]

Sec. 5053. **Exemptions.** (a) **REMOVALS FOR EXPORT.**—Beer may be removed from the brewery, without payment of tax, for export, in such containers and under such regulations, and on the giving of such notices, entries, and bonds and other security, as the Secretary may by regulations prescribe.

## [§ 23418]

(b) **REMOVALS WHEN UNFIT FOR BEVERAGE USE.**—When beer has become sour or damaged, so as to be incapable of use as such, a brewer may remove the same from his brewery without payment of tax, for manufacturing purposes, under such regulations as the Secretary may prescribe.

## [§ 23419]

(c) **REMOVALS FOR LABORATORY ANALYSIS.**—Beer may be removed from the brewery, without payment of tax, for laboratory analysis, subject to such limitations and under such regulations as the Secretary may prescribe.

## [§ 23419A]

(d) **REMOVALS FOR RESEARCH, DEVELOPMENT, OR TESTING.**—Under such conditions and regulations as the Secretary may prescribe, beer may be removed from the brewery without payment of tax for use in research, development, or testing (other than consumer testing or other market analysis) of processes, systems, materials, or equipment relating to beer or brewery operations.

## [§ 23419B]

(e) **BEER FOR PERSONAL OR FAMILY USE.**—Subject to regulation prescribed by the Secretary, any adult may, without payment of tax, produce beer for personal or family use and not for sale. The aggregate amount of beer exempt from tax under this subsection with respect to any household shall not exceed—

(1) 200 gallons per calendar year if there are 2 or more adults in such household, or

(2) 100 gallons per calendar year if there is only 1 adult in such household.

For purposes of this subsection, the term "adult" means an individual who has attained 18 years of age, or the minimum age (if any) established by law applicable in the locality in which the household is situated at which beer may be sold to individuals, whichever is greater.

## [§ 23420]

(f) **REMOVAL AS SUPPLIES FOR CERTAIN VESSELS AND AIRCRAFT.**—

For exemption as to supplies for certain vessels and aircraft, see section 308 of the Tariff Act of 1930, as amended (19 U. S. C. 1308).

[Sec. 5053 as amended by Act of June 21, 1965, P. L. 89-44, 79 Stat. 136; Act of Jan. 12, 1971, P. L. 91-673; 84 Stat. 2056; Act of Oct. 4, 1976, P. L. 94-455, 90 Stat. 1520; Act of Oct. 13, 1978, P. L. 95-458, 92 Stat. 1255.]

## [§ 23421]

**Sec. 5054. Determination and Collection of Tax on Beer.** (a) **TIME OF DETERMINATION.**—(1) **BEER PRODUCED IN THE UNITED STATES.**—Except as provided in paragraph (3), the tax imposed by section 5051 on beer produced in the United States shall be determined at the time it is removed for consumption or sale, and shall be paid by the brewer thereof in accordance with section 5061.

(2) **BEER IMPORTED INTO THE UNITED STATES.**—Except as provided in paragraph (4), the tax imposed by section 5051 on beer imported

into the United States shall be determined at the time of importation thereof, or, if entered for warehousing, at the time of removal from the 1st such warehouse.

(3) **ILLEGALLY PRODUCED BEER.**—The tax on any beer produced in the United States shall be due and payable immediately upon production unless—

(A) such beer is produced in a brewery qualified under the provisions of subchapter G, or

(B) such production is exempt from tax under sections 5053(a) (relating to beer for personal or family use).

(4) **UNLAWFULLY IMPORTED BEER.**—Beer smuggled or brought into the United States unlawfully shall, for purposes of this chapter, be held to be imported into the United States, and the internal revenue tax shall be due and payable at the time of such importation.

## [§ 23422]

(b) **TAX ON RETURNED BEER.**—Beer which has been removed for consumption or sale and is thereafter returned to the brewery shall be subject to all provisions of this chapter relating to beer prior to removal for consumption or sale, including the tax imposed by section 5051. The tax on any such returned beer which is again removed for consumption or sale shall be determined and paid without respect to the tax which was determined at the time of prior removal of the beer for consumption or sale.

## [§ 23424]

(c) **APPLICABILITY OF OTHER PROVISIONS OF LAW.**—All administrative and penal provisions of this title, insofar as applicable, shall apply to any tax imposed by section 5051.

[Sec. 5054 as amended by Act of Oct. 4, 1976, P. L. 94-455, 90 Stat. 1520; Act of Oct. 13, 1978, P. L. 95-458, 92 Stat. 1255; Act of Oct. 21, 1986, P. L. 99-509, 9100 Stat. 2786, applicable to removals during immediately periods ending on or after Dec. 31, 1986.]

## [§ 23425]

**Sec. 5055. Drawback of Tax.** On the exportation of beer, brewed or produced in the United States, the brewer thereof shall be allowed a drawback equal in amount to the tax found to have been paid on such beer, to be paid on submission of such evidence, records and certificates indicating exportation, as the Secretary may by regula-

## BET

certain, or according as a question disputed between them is settled in one way or the other. *Coulter v. State*, 122 Tex.Cr.R. 9, 53 S.W.2d 477, 480.

A contract by which two or more parties agree that a sum of money, or other thing, shall be paid or delivered to one of them on the happening or not happening of an uncertain event. *Gloms v. Knox*, 25 Ala.App. 153, 142 So. 542.

In a "bet" or "wager" money belongs to the persons placing it, each of whom has a chance to win it, but, in the case of a "purse" or "premium" money belongs to the person offering it, who has no chance to win it, but is certain to lose it. *Tomney v. Fenwick*, 78 Mehl. 166, 243 P. 243, 245, 4 A.L.R. 793.

Bet and wager are synonymous terms. *Woodrock v. McQueen*, 11 Ind. 16; *Shumate v. Com.*, 13 Crat. 154, 640.

**BETHLEHEM.** See *Bedlam*.

**BETTING BOOK.** A book kept for registering bets on the result of a race as operated on race track. In a broader sense, the "betting book" is that book which enables the professional bettor to carry on his business, and to promote a race, and it includes the book, the making book and the bookmaker. *State v. Austin*, 142 La. 354, 76 So. 909, 810; *People v. Semmler*, 345 Ill. 272, 178 N.E. 100, 101.

**BETRAYAL.** A "betrayal," as of a professional secret on the part of a physician, signifies a wrongful disclosure in violation of the trust imposed by the patient. *Simonsen v. Swenson*, 104 Neb. 224, 177 N.W. 831, 832, 9 A.L.R. 1250.

**BETROTHED.** One who has exchanged promises to marry. The term may be synonymous with "intended wife." *Mace v. Grand Lodge, A. O. U. W. of Massachusetts*, 234 Mass. 299, 125 N.E. 549.

**BETROTHMENT, BETROTHAL.** Mutual promise of marriage; the plighting of troth; a mutual promise or contract between a man and woman competent to make it, to marry at a future time.

**BETTER DESCRIBED.** More fully delineated or more fully pictured or painted. *Katzin v. Kravant*, 99 N.J.Eq. 619, 133 A. 516, 517.

**BETTER EQUITY.** See *Equity*.

**BETTERMENT.** An improvement put upon an estate which enhances its value more than mere repairs. The improvement may be either temporary or permanent. *People v. Klee*, 782 Ill. 440, 113 N.E. 754, 757.

Also applied to denote the additional value which an estate acquires in consequence of some public improvement, as laying out or widening a street, etc. *Chase v. Sioux City*, 16 Iowa, 621, 51 N.W. 323.

**BETTERMENT ACTS.** Statutes which provide that a bona fide occupant of real estate making lasting improvements in good faith shall have a lien upon the estate recovered by the real owner to the extent that his improvements have increased the value of the land. Also called "occupying claimant acts." *Jones v. Hotel Co.*, 96 F. 384, 30 C.C.A. 108.

**BETWEEN.** A space which separates. *Hobson v. Postal Telegraph-Cable Co.*, 161 Tenn. 419, 12 S.

W.2d 1046. Strictly applicable only with reference to two things, but this may be understood as including cases in which a number of things are discriminated collectively as two wholes, or as taken in pairs, or where one thing is set off against a number of others. In re *McShane's Will*, 298 N.Y.S. 680, 682, 158 Misc. 777. Sometimes used synonymously with "among". In re *Moore's Estate*, 157 Pa.Super. 296, 43 A.2d 359.

As a measure or indication of distance, this word has the effect of excluding the two terminals. *Morris & E. R. Co. v. Central R. Co.*, 31 N.J.Law, 212.

If an act is to be done "between" two certain days, it must be performed before the commencement of the latter day. In computing the time in such a case, both the days named are to be excluded. *Hodges v. Fitzgub*, 94 Fla. 343, 114 So. 521, 522. But a clause in a contract of sale to the effect that the purchaser could require the vendor to repurchase between the fifth and sixth year from a certain date means during the sixth year. *Van Demark v. California Home Extension Ass'n*, 43 Cal.App. 625, 125 P. 996, 998.

In case of a devise to A. and B. "between them," these words create a tenancy in common. *Lashbrook v. Cook*, 2 Met. 70.

Between equal equities the law must prevail. This is hardly of general application.

**BEVERAGE.** A liquor or liquid for drinking. *Burnstein v. U. S.*, C.C.A.Cal. 55 F.2d 599, 602. Especially pleasant or refreshing drink, or a habitual one. *Tennant v. F. C. Whitney & Sons*, 133 Wash. 581, 234 P. 666, 670.

This term is properly used to distinguish a sale of liquor to be drunk for the pleasure of drinking, from liquor to be drunk in obedience to a physician's advice. *Palmer Corporation v. Allen*, D.C.Mo., 79 F. 643, 645; or from a liquid which it is possible to swallow, but which is not reasonably palatable or fit for drinking. *Tennant v. F. C. Whitney & Sons*, 133 Wash. 581, 234 P. 666. Thus, it is held that pure alcohol is not a "beverage" but a violent irritant. *Chas. L. Joy & Co. v. Carlsbad*, 28 Idaho 642, 134 P. 640, 641.

This term sometimes has a narrower meaning signifying a drink artificially prepared. *Comas Dairy Co. v. Mulder*, 78 Colo. 477, 243 P. 666, 668. *United States v. Robeson*, D.C.Kan., 28 F.3d 991, 992.

**BEWARED.** O. Eng. Expended. Before the Britons and Saxons had introduced the general use of money, they traded chiefly by exchange of wares. *Wharton*.

**BEYOND A REASONABLE DOUBT.** In evidence means fully satisfied, entirely convinced, satisfied to a moral certainty. *State v. Harris*, 28 S.E.2d 232, 237, 223 N.C. 697; and phrase is the equivalent of the words clear, precise and indubitable. *Ferguson Packing Co. v. Mihalic*, 99 Pa.Super. 158, 162.

An accused's guilt must be established "beyond a reasonable doubt," which means that facts proved must be of such a nature as to establish guilt. *People ex rel. Schubert v. Prosser*, 9 N.Y.S.2d 312, 313, 179 Misc. 345.

**BEYOND SEA.** Beyond the limits of the kingdom of Great Britain and Ireland; outside the United States; out of the state.

Beyond sea, beyond the four seas, beyond the seas, and out of the realm, are synonymous. Prior to the union of the two crowns of England and Ireland, so the expression of James I., the phrase "beyond the four seas," "beyond the seas," and "out of the realm," signified out of the

## A non-alcoholic haze

A sloppily written law sometimes mocks the intentions of its author. Look at the statute governing the definition of alcoholic beverages.

In 1986, concerned but careless lawmakers decided that any beverage with even a miniscule amount of alcohol in it should meet the same sales restrictions as beer, wine and the hard stuff. The law also implicitly required the same taxes for real and imitation alcoholic beverages.

Meanwhile, supermarkets, groceries and gourmet shops already were selling beers and wines containing traces of alcohol. That made them lawbreakers, although the Alcoholic Beverage Control Board never enforced the law — and distributors, until at least perhaps a few days ago, never paid taxes.

Near-beers and non-alcoholic wines have less than a half a percent of alcohol in them. Vanilla extract (35 percent alcohol) or Nyquil (25 percent) are far more potent common supermarket products. A tippler will become exhausted drinking fake beer and wine substitutes long before feeling even the slightest effects of alcohol.

Lawmakers should go back and make the statute congruent with common sense. 'Why not adopt the federal standard that defines an alcoholic beverage as anything with .5 percent or more alcohol? That standard would at least make present practices legal.

Customers who want near-beer and wine substitutes shouldn't have to patronize liquor stores. Let them pick up bread, milk and a punchless six-pack in a supermarket that's not violating a flaky section of the law.

From the ANCHORAGE  
DAILY NEWS,  
March 22, 1989  
(ED. section)

# 'Near-beers' get the boot

Alcohol board wants products  
to be sold only in liquor stores

From the  
ANCHORAGE DAILY NEWS,  
March 18, 1989,  
Metro sec.

By JOHN TETPON  
Daily News reporter

Reginald "Rusty" Gray, 55, loves his near-beer. He claims there is not an ounce, not even a smidgeon, of alcohol in his cans of Texas Select.

He buys it at the grocery store and sees no problem in that. "I don't get drunk on it," he said indignantly, "because there's no booze in it."

The Alcohol Beverage Control Board disagrees. There is almost a half-percent of alcohol in the brew, and the board says Gray will have to go to a liquor store to buy it.

"If the product has alcohol in it, it is an alcoholic beverage," said Patrick Sharrock, director of the liquor board. And alcoholic beverages may not be sold in grocery stores.

The flap over what is and isn't liquor came to a head last month because the state legislature decided in 1986 — and reinforced it by later rulings — that any beverage "meant for human consumption" with even minute amounts of alcohol is to be treated the same as 80 proof vodka.

But for two years now, Sharrock said, the liquor board has been trying to loosen up on the law, from one that says anything with any amount of alcohol in it is booze, to one that equals the federal definition of an alcoholic beverage — .5 percent.

Sharrock said if the legislature goes along with that, grocery stores will legally be able to sell near beers and de-alcoholized wines.

He denied, however, that the liquor board was trying to force lawmakers to act on their proposal.

Nevertheless, under the new ruling, only retailers with liquor licenses can sell near-

Please see Page C-3, ALCOHOL

## ALCOHOL: Board wants 'near-beers,' 'de-alcoholized' wines off grocery store shelves

Continued from Page C-1

beers and de-alcoholized wines, a privilege currently extended only to package liquor stores.

Carrs Sears Mall store manager Terry Hegge said he estimates that fake beer and wines have been displayed in food sections for more than a year. He also said he was not aware of the ABC Board ruling.

The Sears Mall store stocks several brands of near-beer and de-alcoholized wines in its Fancy Foods section.

"No one has notified us to pull anything off the shelves," Carrs official Richard Watts said.

Most of the stores canvassed by the Daily News this week said they were not aware of the ruling, either.

Sharrock admitted that not everyone has been notified and that the ABC Board was relying on liquor wholesalers to get the word out.

"They (wholesalers) have the responsibility to sell the beverages only to those who are licensed," Sharrock said.

Wholesaler Gary Griffith, owner of Specialty Imports, said the ruling defeats the

purpose of having non-alcoholic beverages available. And people who buy non-alcoholic beverages don't generally go to liquor stores, he said.

"It's a stupid, ridiculous ruling on their (ABC Board) part," he said.

Griffith also noted that sales of non-alcoholic drinks do poorly when placed in liquor stores and do well when placed in grocery sections.

The latest squeeze of alcohol rules follows a board decision last Christmas that liqueur-filled candies were really alcoholic beverages and retailers needed liquor licenses to sell them.

Several months later, the board said amateur beer and wine makers could not submit their home brew for the annual Fur Rendezvous ribbons because a Kotzebue judge said home brewing was illegal under current law.

Rather than upset tradition, the legislature exempted the wine and beer competitions from state law for the duration of the festival.

According to Suya Hizer, manager of Safeway Stores Northway Mall liquor store, Safeway does not stock the fake beers and

wines in its food section. "Anyone who wants the beverage has to come to our liquor stores," she said.

Liquor board enforcement officer Bill Roche said although the agency would not be out raiding retailers, grocery stores and restaurants who know about the law and are caught selling fake liquor without a real liquor license can get themselves in plenty of hot water — up to a year in jail and a \$5,000 fine.

In local-option damp communities like Bethel and Kotzebue, where liquor posses-

sion is allowed but sale is prohibited, the penalty is even stiffer.

Selling the stuff without a license is a Class C felony and is punishable by a maximum five-year prison term and a \$50,000 fine, Roche said.

Sharrock said the liquor board likely will have to discuss the issue some more at its meeting in April.

To some, alcohol is alcohol — no matter how little of it there is.

HB

185

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 17, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 4/5/89

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee considered: HB 185

HOUSE BILL NO. 185 [STATE FOUNDATION FORMULA-SMALL DISTRICTS]  
"An Act relating to state aid for education; and providing for an effective date."

RECOMMENDS:

- replacing with \_\_\_\_\_  the same title
- the attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published: \_\_\_\_\_
- zero fiscal notes(s) published: \_\_\_\_\_

SIGNING DO PASS:

\_\_\_\_\_

\_\_\_\_\_

*W. J. ...*

*Chris Davis*

*[Signature]*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SIGNING OTHER THAN DO PASS:  
(Do Not Pass, No Recommendation, Amend)

\_\_\_\_\_

*Peter ... NR*

*Mark Baker // DO NOT*

*Pass without full review*

*of foundation formula*

*[Signature] no rec.*

\_\_\_\_\_

*[Signature]*

Chairman's signature

HOUSE BILL 185

RELATING TO STATE AID FOR EDUCATION AND EFD

BY

REPRESENTATIVE KAY WALLIS

INDEX

FISCAL NOTES	6
DOE AND LEGAL	12
POSITION STATEMENTS FROM SCHOOL DISTRICTS	17
POSITION PAPER BY S.E.R.R.C	30

1 IN THE HOUSE

BY WALLIS AND JACKO

2 HOUSE BILL NO. 185

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for education; and  
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 14.17.041 is amended by adding new subsections to read:

10 (e) A district with an ADM of 3,000 or less that consists of one  
11 funding community shall increase the elementary and secondary instruc-  
12 tional units received under (a) or (b) of this section by multiplying  
13 the instructional units by a percentage determined under the following  
14 table:

15	District ADM	Percentage
16	1 - 250	1.12
17	251 - 525	1.08
18	526 - 1000	1.06
19	1001 - 2000	1.04
20	2001 - 3000	1.03

21 (f) A district with an ADM of 1,000 or less that consists of two  
22 funding communities shall increase the elementary and secondary in-  
23 structional units received under (a) or (b) of this section by multi-  
24 plying the instructional units by a percentage determined under the  
25 following table:

26	District ADM	Percentage
27	1 - 250	1.08
28	251 - 525	1.04
29	526 - 1000	1.02

1 \* Sec. 2. This Act takes effect July 1, 1989.

## Bill Explanation

The purpose of this bill is to provide a permanent solution to address a weakness in the Public School Foundation Program. The weakness is that for a school district of two or less funding communities, the instructional unit schedules which determine a district's entitlement to basic need do not generate sufficient revenue to provide for fixed costs, e.g., district administration and operation/maintenance of plant. These districts must fund fixed costs by decreasing the instructional program or increasing local taxes, if possible. Those districts which have more than two funding communities gain enough from replicating the instructional schedules to provide for these fixed costs.

The bill adds a percentage to the number of K-12 units to cover these fixed costs. The percentages are stepped on a sliding scale. That is, the smaller districts receive a larger percentage. These percentages were determined after analyzing expenditure patterns of these districts and identifying the fixed/variable costs of district operations according to district size.

The 1987 and 1988 Legislatures were cognizant of the problem with the formula and made special appropriations of \$2,000,000 and \$3,500,000 respectively. This bill will provide a permanent solution by which districts can plan their budgets and adequately meet expenses.

## **HIGHLIGHTS**

### **SINGLE-DUAL SITE FINANCIAL CONSORTIUM STUDY REPORT**

#### **BACKGROUND**

In April of 1988 a number of Alaska School District Board of Education members and superintendents met to discuss their belief that the funding formula had a disparate impact on single and dual-site school districts.

The group determined to form a consortium to investigate the effects of the application of House Bill 126 on small single and dual-site school districts. The membership included single and dual-site school districts with enrollments of less than 3,000 students. The consortium contracted for a study to investigate how these school districts had been impacted by the new Foundation Program.

#### **FINDINGS**

The major findings of the study are as follows:

1. All districts in Alaska experienced a reduction in expenditures per ADM (average daily membership) between fiscal years 1986 and 1989.
2. Single/dual site and small school districts experienced a greater reduction in dollars per ADM than did multiple site and larger school districts - that is, the changes in funding resulted in disproportionate/disparate program curtailments that negatively affected small single and dual-site school districts more than larger and multiple-site school districts.
3. Larger and multiple-site school districts have now approximated their FY 1986 dollar per ADM expenditure levels.
4. Smaller single and dual-site school districts have remained at a level relatively constant with the level to which they had fallen after the FY 1987 budget constrictions.
5. To bring the smaller school districts back to their relative position when compared to the larger districts, an increased expenditure of approximately \$10 million would be necessary.
6. The researchers concluded and recognized that multiple-site school districts are more costly to operate than single/dual site school districts.

## SOLUTION

The researchers generated and evaluated several methods of addressing the funding problem. The researchers identified and recommended a funding scheme which would result in a percentage increase added to the Foundation Formula allocation to each of the small single and dual-site school districts. They generated three alternative solutions which the Consortium could consider, all of which would cost between .89% and 1.23% of the State of Alaska Education Foundation Allocation for FY 1989.

<u>SOLUTION</u>	<u>AMOUNT TO BE DISTRIBUTED</u>
A	\$4,672,724
B	\$4,072,837
C	\$5,539,129

## CONCLUSION

The Consortium membership has no interest in competing with other school districts for existing dollars. It is the belief of the Single and Dual-Site Consortium membership that additional money in the amount of \$4,672,724 should be added to the Foundation Formula Allocation and distributed among the school districts negatively affected by application of House Bill 126.

FISCAL NOTES

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: State Aid for Education  
Sponsor: Eliason, Zahroff et. al.  
Requestor: Eliason

Agency Affected: Education  
BRU: K-12 Support  
Components: Foundation

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		4,703.4	4,703.4	4,703.4	4,703.4	4,703.4
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>4,703.4</b>	<b>4,703.4</b>	<b>4,703.4</b>	<b>4,703.4</b>	<b>4,703.4</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0	4,703.4	4,703.4	4,703.4	4,703.4	4,703.4
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

See attached analysis of impact on the Foundation program.

Prepared by: Mary Haka Phone: 465-2800  
Division: Commissioner's Office Date: 2/23/89  
Approved by Commissioner: William G. Demmert Date: 2/23/89  
Agency: Education

**Distribution (by preparer):**

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

1 DEPARTMENT OF EDUCATION  
 2 PROJECTED PERIOD FY90 FOUNDATION  
 3 SINGLE/DUAL SITE PROPOSED SOLUTION (A)  
 4

5	-----							
6	PROJECTED	ADJUSTMENT	INCREASED	AREA	ADJUSTED	COLUMN 13-		
7	SCHOOL	K-12	FACTOR	K-12	COST	INCREASED	TIMES	
8	DISTRICT	FY90 ADM	SINGLE/DUAL	UNITS	DIFF.	K-12 UNITS	\$40,000	
9	-----							
10	SCHOOL							
11	ADAK REGION	638.00	48.53	6%	2.91	1.27	3.70	\$222,000
12	ALASKA GATEWAY	477.00	57.59		0.00	1.19	0.00	0
13	ALEUTIAN REGION	115.00	22.36		0.00	1.31	0.00	0
14	ANCHORAGE	38,747.00	2,591.49		0.00	1.00	0.00	0
15	ANNETTE ISLAND	414.00	33.60	8%	2.69	1.03	2.77	\$166,200
16	BERING STRAIT	1,298.00	161.33		0.00	1.39	0.00	0
17	BRISTOL BAY	246.00	24.62	8%	1.97	1.27	2.50	\$150,000
18	CHATHAM	317.00	44.31		0.00	1.03	0.00	0
19	CHUGACH	101.00	17.54		0.00	1.14	0.00	0
20	COPPER RIVER	588.00	68.65		0.00	1.14	0.00	0
21	CORDOVA	428.00	34.53	8%	2.76	1.11	3.06	\$183,600
22	CRATE	217.60	20.51	12%	2.46	1.03	2.53	\$151,800
23	DELTA GREELY	900.00	65.13	6%	3.91	1.16	4.54	\$272,400
24	DILLINGHAM	460.00	36.67	8%	2.93	1.27	3.72	\$223,200
25	FAIRBANKS	13,175.00	903.94		0.00	1.04	0.00	0
26	GALENA	145.00	15.67	12%	1.88	1.30	2.44	\$146,400
27	HAINES	365.00	33.06	4%	1.32	1.05	1.39	\$83,400
28	HOONAH	235.00	21.62	12%	2.60	1.08	2.81	\$168,600
29	HYDABURG	106.00	12.83	12%	1.54	1.03	1.59	\$95,200
30	IDITAROD	407.00	56.41		0.00	1.33	0.00	0
31	JUNEAU	4,675.00	316.34		0.00	1.00	0.00	0
32	KAKE	183.00	18.20	12%	2.18	1.03	2.25	\$135,000
33	KASHUNAHUT	165.00	17.00	12%	2.04	1.33	2.71	\$162,600
34	KEULAI	8,476.00	672.77		0.00	1.00	0.00	0
35	KETCHIKAN	2,491.00	174.64	3%	5.24	1.00	5.24	\$314,400
36	KING COVE	133.00	14.87		0.00	1.27	0.00	0
37	KLAMOCK	184.00	18.27	12%	2.19	1.03	2.26	\$135,600
38	KODIAK	2,250.69	180.20		0.00	1.09	0.00	0
39	KUSPUK	402.00	56.16		0.00	1.33	0.00	0
40	LAKE & PENINSULA	367.15	63.72		0.00	1.31	0.00	0
41	LOWER KUSKOWIM	2,735.50	291.46		0.00	1.42	0.00	0
42	LOWER YUKON	1,301.00	145.56		0.00	1.33	0.00	0
43	MAT-SU	8,252.00	578.13		0.00	1.00	0.00	0
44	MENANA	196.00	19.07	12%	2.29	1.20	2.75	\$165,000
45	MOYE	765.00	56.73	6%	3.40	1.34	4.56	\$273,600
46	NORTH SLOPE	1,259.00	122.78		0.00	1.45	0.00	0
47	NORTHWEST ARCTIC	1,613.97	164.17		0.00	1.45	0.00	0
48	PELICAN	41.00	6.63	12%	0.80	1.08	0.86	\$151,600
49	PETERSBURG	647.00	48.89	6%	2.93	1.00	2.93	\$175,800
50	PRIBILOF	163.00	20.47	8%	1.64	1.30	2.13	\$127,800
51	RAILBELT	336.00	37.66		0.00	1.23	0.00	0
52	SAND POINT	155.00	16.33		0.00	1.27	0.00	0
53	SITKA	1,602.80	111.93	4%	4.48	1.00	4.48	\$268,800
54	SKAGWAY	135.00	15.00	12%	1.80	1.05	1.89	\$113,400
55	SOUTHEAST ISLAND	509.00	81.05		0.00	1.04	0.00	0
56	SOUTHWEST REGION	495.00	68.20		0.00	1.31	0.00	0
57	ST. MARY'S	112.00	13.33	12%	1.60	1.30	2.08	\$124,800
58	TANANA	88.00	11.33	12%	1.36	1.30	1.77	\$106,200
59	UNALASKA	180.00	18.00	12%	2.16	1.27	2.74	\$164,400
60	VALDEZ	715.00	53.61	6%	3.22	1.11	3.57	\$214,200
61	WRANGELL	523.00	40.49	3%	3.24	1.00	3.24	\$194,400
62	YAKUTAT	128.00	14.53	12%	1.74	1.08	1.88	\$112,800
63	YUKON FLATS	345.00	52.85		0.00	1.46	0.00	0
64	YUKON-KOYUKUK	506.00	71.32		0.00	1.34	0.00	0
65	YUPIIT	300.00	36.67		0.00	1.41	0.00	0
66	-----							
67								
68	TOTALS	101,809.71	7,896.89		69.28		78.14	\$4,728,400

SCHOOL DISTRICT	PROJECTED	K-12	ADJUSTMENT	INCREASE	AREA	DIFFERENTIAL	UNITS ADJ	BASIC NEED INC	DOE	TOTAL
	FY 90	UNITS	FACTOR	UNITS	(EXISTING)	FOR COST	UNIT VALUE		FY 90	FY 90
ADAK	638 00	48 53	6 00%	2 91	1 27	3 70	\$221 879		\$4 116 600	\$4 118 479
ANNETTE ISLAND	414 00	33 60	8 00%	2 68	1 03	2 77	\$166 118		\$2 495 400	\$2 661 518
BRISTOL BAY	246 00	24 67	8 00%	1 97	1 27	2 51	\$150 388		\$2 315 200	\$2 455 588
CORDOVA	428 00	34 53	8 00%	2 76	1 11	3 07	\$183 976		\$2 701 200	\$2 885 176
CHANG	217 60	20 51	12 00%	2 46	1 03	2 54	\$152 102		\$1 448 000	\$1 601 102
DELTA GREELY	900 00	65 13	6 00%	3 91	1 16	4 53	\$271 983		\$5 253 800	\$5 625 783
DILLINGHAM	460 00	36 67	8 00%	2 93	1 27	3 73	\$223 540		\$1 312 600	\$1 536 140
GALENA	145 00	15 67	12 00%	1 88	1 30	2 44	\$146 671		\$1 458 000	\$1 604 671
HAINES	365 1	33 06	4 00%	1 32	1 05	1 38	\$83 311		\$2 385 000	\$2 468 311
HOONAH	235 00	21 67	12 00%	2 60	1 08	2 81	\$168 506		\$1 632 600	\$1 801 106
HYDABURG	106 00	12 83	12 00%	1 54	1 03	1 59	\$95 147		\$984 000	\$1 079 147
KAKE	161 00	16 20	12 00%	2 16	1 03	2 25	\$134 971		\$1 381 200	\$1 516 171
KASHUNAHUIT	165 00	17 00	12 00%	2 04	1 33	2 71	\$162 792		\$1 782 000	\$1 944 792
KETCHIKAN	2 491 00	174 64	3 00%	5 24	1 00	5 24	\$314 352		\$12 246 000	\$12 560 352
KING COVE	133 00	0 00	0 00%	0 00	0 00	0 00	\$0		\$0	\$0
KLAWOCK	184 00	16 27	12 00%	2 19	1 03	2 26	\$135 490		\$1 410 000	\$1 545 490
NENANA	196 00	19 07	12 00%	2 29	1 20	2 75	\$164 765		\$1 660 000	\$1 844 765
NOME	765 00	56 73	6 00%	3 40	1 34	4 56	\$273 646		\$5 410 800	\$5 684 446
PELICAN	41 00	6 63	12 00%	0 80	1 06	0 86	\$51 555		\$559 200	\$610 755
PETERSBURG	647 00	48 89	6 00%	2 93	1 00	2 93	\$176 004		\$3 472 800	\$3 648 804
PUBLIC OF ISLANDS	163 00	20 47	8 00%	1 64	1 30	2 13	\$127 733		\$1 908 000	\$2 035 733
SAND POINT	155 00	0 00	0 00%	0 00	0 00	0 00	\$0		\$0	\$0
SITKA	1 602 80	111 93	4 00%	4 48	1 00	4 48	\$268 832		\$7 959 000	\$8 227 832
SKAGWAY	135 00	15 00	12 00%	1 80	1 05	1 89	\$113 400		\$1 085 400	\$1 198 800
ST. MARYS	112 00	13 33	12 00%	1 60	1 30	2 08	\$124 768		\$1 357 200	\$1 481 968
TAMANA	88 00	11 33	12 00%	1 36	1 30	1 77	\$106 049		\$1 117 800	\$1 223 849
UNALASKA	180 00	18 00	12 00%	2 16	1 27	2 74	\$164 592		\$1 636 200	\$1 800 792
VADIZ	715 00	53 61	6 00%	3 22	1 11	3 57	\$214 226		\$3 888 000	\$4 102 226
WRANGELL	523 00	40 49	8 00%	3 24	1 00	3 24	\$194 352		\$2 838 600	\$3 032 952
YAKUTAI	128 00	14 53	12 00%	1 74	1 08	1 84	\$112 965		\$1 222 200	\$1 335 165
TOTAL	12 761 40	1004 99	8 57%	69 29	1 07	78 40	\$4 703 955		\$78 147 800	\$83 851 755

9

DISTRICT	PROJECTED	FY 89	ADM	FY 89	K-17	ADJUSTMENT	INCREASED	UNITS	DIFFERENTIAL	AREA	INCREASE IN	INSTITUTIONAL	UNIT	VALUE	PER ADM
										(EXISTING)	FOR COST				
ADAK	563.00	42.75	8.00%	2.97	1.27	3.26	\$195,453								
ARLETTE ISLAND	430.00	34.87	8.00%	2.77	1.03	2.86	\$171,408								
BRISTOL BAY	240.00	24.00	8.00%	1.92	1.27	2.44	\$148,204								
CORDOVA	429.00	34.80	8.00%	2.77	1.11	3.07	\$184,249								
CRAXI	213.00	20.20	12.00%	2.42	1.03	2.50	\$149,803								
DELTA QUELTY	844.00	68.13	8.00%	4.09	1.18	4.74	\$284,511								
DELTA QUELTY	488.00	38.08	8.00%	3.05	1.27	3.87	\$232,138								
GALENA	148.00	15.33	12.00%	1.84	1.20	2.29	\$143,488								
HAYNES	384.00	33.18	4.00%	1.33	1.05	1.39	\$83,563								
HOOBAY	235.00	21.80	12.00%	2.58	1.08	2.80	\$187,982								
HYDRAKING	110.00	13.18	12.00%	1.58	1.03	1.83	\$87,595								
KAYE	188.00	17.28	12.00%	2.07	1.03	2.13	\$128,000								
KADISHARUIT	188.00	17.28	12.00%	2.07	1.33	2.73	\$165,282								
KETCHIKAN	2,502.00	175.23	3.00%	5.28	1.00	5.28	\$315,414								
KING COVE	134.00	0.00	0.00%	0.00	0.00	0.00	\$0								
KIANKOOK	172.00	17.47	12.00%	2.10	1.33	2.18	\$128,558								
MEHUA	200.00	19.33	12.00%	2.32	1.20	2.78	\$187,011								
MOKE	748.00	58.55	8.00%	3.33	1.34	4.47	\$287,873								
PELIKAN	50.00	7.75	12.00%	0.93	1.08	1.00	\$60,284								
PETERBURNO	830.00	47.83	8.00%	2.87	1.08	2.87	\$172,188								
PRIDE OF BELMOR	184.00	20.71	8.00%	1.88	1.20	2.15	\$129,230								
SAHO PORT	145.00	0.00	0.00%	0.00	0.00	0.00	\$0								
SITKA	1,810.00	112.98	4.00%	4.52	1.00	4.52	\$271,178								
SPACEMAN	135.00	15.00	12.00%	1.80	1.05	1.89	\$113,400								
ST. MARYS	115.00	13.58	12.00%	1.83	1.20	2.12	\$127,108								
TAKANA	88.00	11.17	12.00%	1.34	1.20	1.74	\$104,581								
TRINITY	180.00	18.87	12.00%	2.00	1.27	2.54	\$182,430								
VALDEZ	885.00	52.34	8.00%	3.14	1.11	3.49	\$228,181								
WYANDOT	508.00	38.43	8.00%	3.15	1.00	3.15	\$189,284								
YAKUTAI	130.00	14.88	12.00%	1.78	1.08	1.90	\$114,152								
<b>TOTAL</b>	<b>12,874.00</b>	<b>989.83</b>	<b>8.57%</b>	<b>68.87</b>	<b>1.07</b>	<b>77.88</b>	<b>\$4,872,725</b>								

© \$60,000

SCHOOL DISTRICT	LEIS MED	LEIS	PROJECTED	PROJECTED	COST IN
	FF 90	FF 90	FF 90	FF 90	FF 90
	EFFORT	PL 81 814	FF 90	STATE AID	FF 90
	LOCAL	DISCRETABLE	STATE AID	STATE AID	FF 90
ALAN	\$0	\$1,930,997	\$2,637,662	\$2,185,601	\$2,718,879
ARLINGTON (LA MO)	\$0	\$1,316,212	\$1,347,396	\$1,101,188	\$166,118
BROOKING HAV	\$472,721	\$289,639	\$1,691,238	\$1,742,840	\$150,388
COCKEYVA	\$664,616	\$75,300	\$2,395,462	\$2,211,686	\$193,876
CRAND	\$159,136	\$20,833	\$1,425,134	\$1,223,032	\$152,102
DELTA COUNTY	\$0	\$1,051,663	\$4,574,120	\$4,302,137	\$271,983
DELTA COUNTY	\$486,205	\$222,618	\$2,727,319	\$2,503,279	\$223,540
DELTA	\$18,365	\$302,686	\$1,223,645	\$1,078,878	\$146,671
ELM 3	\$150,452	\$14,584	\$2,003,285	\$1,918,954	\$84,331
HEWLETT	\$90,888	\$172,908	\$1,537,312	\$1,384,886	\$166,506
HEWLETT	\$37,968	\$0	\$1,041,151	\$944,004	\$97,147
HART	\$10,921	\$171,838	\$1,273,432	\$1,138,441	\$134,971
HENNINGHAM	\$0	\$801,186	\$1,143,828	\$988,834	\$162,992
HETTINGER	\$1,331,958	\$10,920	\$9,272,474	\$8,903,122	\$369,352
HINDS CREEK	\$0	\$0	\$0	\$0	\$0
HOCKESS	\$18,712	\$209,344	\$1,201,434	\$1,093,944	\$125,490
HUNTER	\$46,062	\$0	\$1,278,703	\$1,013,938	\$164,765
KEOKU	\$580,232	\$2,568	\$5,071,548	\$4,797,902	\$273,646
KEOKU	\$42,421	\$0	\$668,134	\$518,529	\$151,593
PETE HENNING	\$692,336	\$18,282	\$2,882,186	\$2,248,182	\$178,004
PARISH (LA MO)	\$0	\$480,485	\$1,575,328	\$1,447,595	\$127,733
SAND POINT	\$0	\$0	\$0	\$0	\$0
SIBIA	\$1,096,627	\$0	\$4,330,985	\$4,082,383	\$254,602
SKIDAWAY	\$221,334	1547	\$878,419	\$863,019	\$113,400
ST MARYS	\$16,238	\$0	\$1,683,230	\$1,340,481	\$124,759
TAMPA	\$48,048	\$192,877	\$980,124	\$874,074	\$106,049
UNION AREA	\$286,275	\$22,465	\$1,242,042	\$1,177,480	\$164,582
VALENT	\$1,331,810	\$10,466	\$2,780,430	\$2,644,204	\$214,226
WINDFELL	\$417,279	\$2,420	\$2,612,953	\$2,618,601	\$184,212
WINDFELL	\$78,188	\$125,089	\$1,123,318	\$1,020,233	\$112,985
TOTAL	\$11,431,283	\$1,671,141	\$44,748,821	\$40,044,876	\$4,703,914

DEPARTMENT OF EDUCATION

LEGAL

# STATE OF ALASKA

## DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

GOLDBELY PLACE  
801 WEST 10TH STREET  
P.O. BOX F  
JUNEAU, ALASKA 99811-0500

March 23, 1989

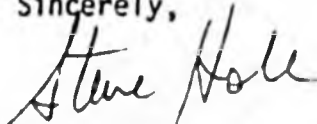
The Honorable Richard Eliason  
Alaska State Senator  
Post Office Box Y  
Juneau, Alaska 99811

Dear Senator Eliason:

You have asked why the Department of Education cannot, on its own motion, expend funds from the \$3.5 million appropriated by sec. 264(b), ch 173, SLA 1988. The appropriation is limited to "...implementing changes in the public school foundation program (AS 14.17)..." That language expressly means that the legislature must enact legislation to authorize the Department to spend the money.

If I can provide additional information do not hesitate to contact me at your convenience.

Sincerely,



Steve Hole  
Deputy Commissioner

cc: Senator John Binkley

STATE OF ALASKA  
THE LEGISLATURE

HOUSE STATE CAPITOL  
JUNEAU ALASKA 99801  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 29, 1989

SUBJECT: Appropriation for changes in the school  
foundation program (SCS HB 543(Fin))

TO: Senator Dick Eliason

FROM: Tamara Brandt Cook *TBC*  
Director  
Division of Legal Services

You have supplied me with information relevant to an appropriation enacted by the legislature last year in SCS HB 543 (Fin), sec. 264. It provides:

The sum of \$3,500,000 is appropriated from the general fund to the Department of Education for the fiscal year ending June 30, 1989, for the purpose of implementing changes in the public school foundation program (AS 14.17) as identified by the governor or by the McDowell area cost differential report prepared for the Legislative Budget and Audit Committee during fiscal year 1989.

Steve Hole, Deputy Commissioner of Education, has informed you by letter that the department cannot expend those funds without legislation authorizing the expenditure. In HB 154, sec. 13, introduced by the governor the appropriation is amended to provide that the money simply go into the foundation program. You have asked whether I am in agreement with Mr. Hole regarding the need for legislation to authorize expenditure of the funds. I do agree with Mr. Hole.

The language of the appropriation itself is probably too imprecise to be implemented. On the one hand, it refers to changes in the foundation program, suggesting that the statute itself is to be modified, and on the other hand, it refers to changes identified by the governor or by the McDowell report. Neither the governor nor the McDowell report have the power to change the statutorily established foundation program, so it is unclear what role they are to

Senator Dick Eliason  
Page 2  
March 29, 1989

play with respect to this appropriation. The legislature cannot delegate its "power of the purse" to the governor or anyone else without establishing pretty clear guidelines for expenditures, nor may it accomplish a delegation in an appropriation act.

Aside from the uncertainty of the language used in the appropriation, the section appears to violate the confinement requirement. When the legislature appropriates money to an agency to conduct a particular function, the agency must have the power to perform that function under other law, since an appropriation act itself cannot contain substantive law. (Article II, Section 13, Constitution of the State of Alaska) The Department of Education does not have general authority to pass out money to school districts, except under the foundation formula. It cannot deviate from that statutorily established formula unless authorized to do so by law. (See Legislature v. Hammond, 1JU-80-1163 Civil (Alaska Superior Court, May 25, 1983); Kelly v. Hammond, C.A. 77-4 (Alaska Superior Court, April 12, 1987 reporter's transcript of record)

The letters of intent adopted by the House and Senate do not have the force of law and cannot serve to grant to the Department of Education authority to spend an appropriation of the department otherwise lacks that authority. In this case, the House and Senate letters are not identical, so they do not provide the department with a clear indication of how the legislature as a whole expects this money to be distributed. If the legislature wants to make extra money available to small municipal school districts and REAA school districts to make up for perceived underfunding in the past, the legislature will need to make specific appropriations to each recipient or the legislature will need to establish in substantive law a special grant program and authorize the Department of Education to make grants based upon criteria set out in the law.

TBC:kb  
wkk3/049

## REVIEW OF DEPARTMENT OF EDUCATION'S POSITION

The Department of Education's review of the consortium of single/dual site school districts recommended change to the foundation program (Tom Ryan to Steve Hole February 17, 1989) recommends that the State Board of Education oppose the legislation.

The Department's opposition is that single/dual site districts do not have a common problem, only a common complaint-not enough revenue. Furthermore, the DOE attributes these complaints as not being a foundation formula problem, but that these districts having difficulty maintaining a level of program offerings acceptable to their community.

Weaknesses in the Department's fiscal analysis is that they examined foundation revenues only and did not pay any attention to total revenues available to the district. They did not examine how much effort above 4 mills single/dual site districts had to make to provide for district operations. This additional local effort is indicative that "basic need" for single/dual site districts is inadequate.

The Department did not examine patterns of expenditure for districts but dismissed expenditure patterns as "people tend to spend what they have;" moreover, that breadth of program could not be achieved because small size means inefficiency. No analysis was made of how efficient single/dual sites are compared to multiple site districts (Consortium study shows single/dual sites are very efficient with the funds available).

The Department claims to have used a statistical measure called the "coefficient of variation" to examine the relative changes within three groups of districts. No evidence is presented between groups using this measure only variations within groups. However, the reasons for these variations is not explained. The DOE concedes that the single/dual site districts had the least variation in terms of dollars per ADM between 1983, 1986 and 1988.

Response to DOE by <sup>16</sup>South East Reg Resource Center

POSITION STATEMENTS FROM SCHOOL DISTRICTS

# GALENA CITY SCHOOL DISTRICT

GALENA, ALASKA 99741

PHONE (907) 658-1205

SUPERINTENDENT'S  
OFFICE



February 6, 1989

Representative F. Kay Wallis  
Alaska State Legislature  
P. O. Box V (MS 3100)  
Juneau, Alaska 99811

Dear Representative Wallis:

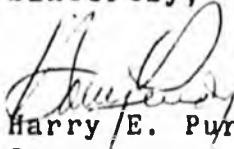
For the past year, the Galena City School District has been cooperating with a number of other Alaska school districts in evaluating the effects of the current school foundation formula. A financial consortium which represents the interests of these 28 school districts has been formed. This consortium has conducted an exhaustive analysis of funding patterns which clearly demonstrates that single site and dual site school districts have been negatively impacted by application of the current funding scheme. Galena City School District agrees with the findings of the analysis and is supportive of the Consortium's efforts to obtain additional funding.

The problems associated with the current funding formula have been recognized by the Legislature since the date of implementation. In 1987, the Legislature appropriated 2.0 million dollars to offset the adverse impacts of the formula; an appropriation of 3.5 million dollars was made in 1988 for the same purpose. This year, the Single and Dual Site District Consortium is attempting to introduce legislation which would result in an appropriation of 4.6 million to be distributed among 28 member school district. This amount was determined through the analysis recently completed and submitted to you in the report Single Site/Dual Site District Consortium Financial Study Report, December, 1989.

Representatives of the Consortium will be working with all groups in the educational community to obtain the desired funding. Additionally, a number of districts have also secured the services of Mr. Nels Anderson, former member of the Legislature. He will assist the Consortium in their efforts and will be visiting your office in the near future to acquaint you with the goals of the Single/Dual Site Consortium. He will also be requesting your support on the consortium's behalf.

We urge you to give the Consortium request your serious consideration. If you need additional information regarding the specific impacts on Galena City School District, Please contact me.

Sincerely,



Harry E. Purdy  
Superintendent

# GALENA CITY SCHOOL DISTRICT

GALENA, ALASKA 99741  
PHONE (907) 856-1205

SUPERINTENDENT'S  
OFFICE



March 31, 1989

Representative Kay Wallis  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Fischer:

The Department of Education at the request of the Senate Health, Education and Social Services Committee, provided and presented a finding program which would modify the current education finance formula. This proposal was prompted by SB-179 which effects single/dual site funding.

The Department of Education proposal presents a number of concerns, not the least of which is the fact that this Proposal was developed in the absence of a research or data gathering effort.

There are a number of questions that the Department of Education should be asked about this proposal and are as follows:

1. What evidence exists to limit the funding proposal to single funding sites and to eliminate dual site from any financial enhancement?
2. The Department of Education has been aware of certain inequities that exist in single and dual site districts. No effort has been to address either the programmatic deficiencies or the funding deficiencies. Why did the Department elected to ignore these problem?
3. The Department of Education formula proposal eliminates one-third of the assessed value of the State of Alaska in determining assessed value per pupil. What is the rationale for this determination?
4. What rationale supports the Department of Education's determination to adopt the Kake/Dillingham temporary solution suggested more one than one year ago?
5. Why has the Department waited until this late date to develop a funding proposal when audited financial data and programmatic inequities in the Single/Dual school districts were known nearly one year ago.
6. Why has the Department of Education changed its position regarding the recognition of the deficiencies? Why does the Department of Education currently support a proposed Foundation Formula change when less than one month ago the Department claimed that no

problems existed in the funding single and dual site school districts?

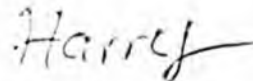
7. Why has the Department of Education declined to provide the Single/Dual Site Consortium information related to the rationale for their financial proposal.

8. Mr. Huxel, instrumental in drafting the Foundation Formula, indicates that the existing formula includes front-end loading which is advantageous to multiple site school districts. The disparity between multiple and single/dual site school districts is excessive and the Single/Dual Site Consortium Study supports and demonstrates this excess. Why hasn't the Department of Education addressed this issue.

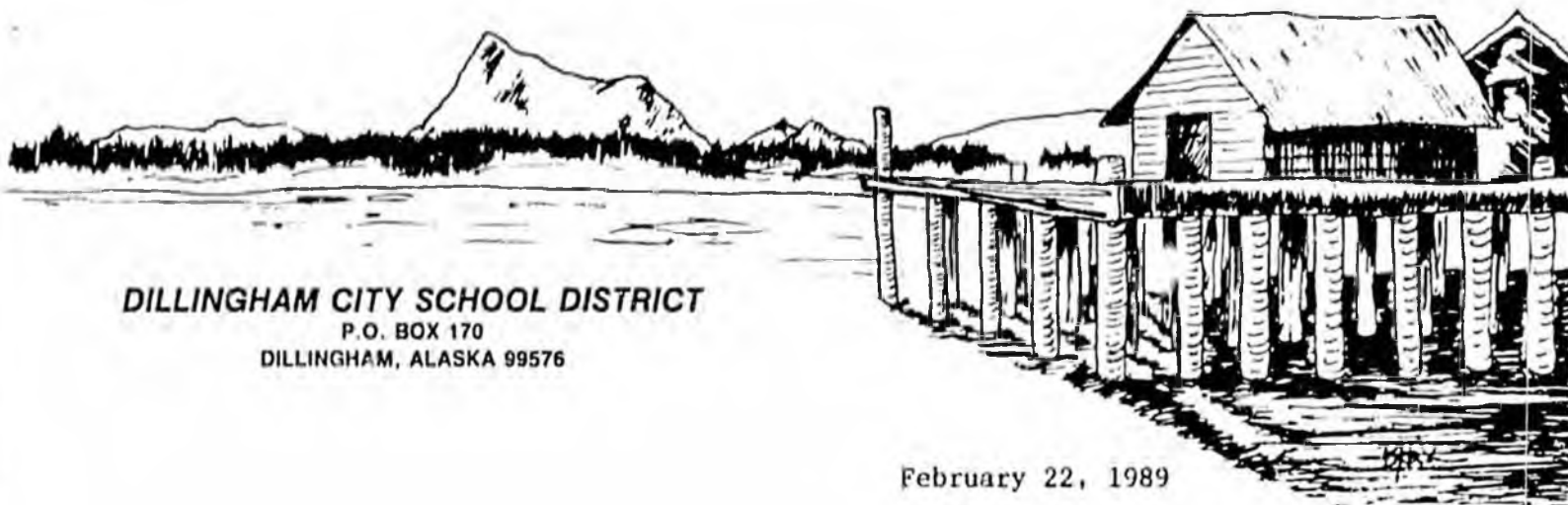
As stated above, it is my opinion that the Department of Education should be required to respond to these important concerns. Legislators, if they are to reach a reasonable conclusions regarding the structure of the funding formula, need this information as well. Should the Department of Education be able to adequately defend their funding proposal with statistical and programmatic, the Single/Dual Site Consortium would probably accept their findings. However, in the absence of an empirical analysis, it is quite difficult for the school districts which are disparately affected to accept the proposed formula change which is not based on analysis or study.

Your interest in this communication is genuinely appreciated.

Sincerely,



Harry Purdy, Superintendent  
Galena City Schools



**DILLINGHAM CITY SCHOOL DISTRICT**  
P.O. BOX 170  
DILLINGHAM, ALASKA 99576

February 22, 1989

F. Kay Wallis  
House of Representatives  
P. O. Box V  
Juneau, AK 99811

Dear Representative Wallis:

When the new foundation funding formula for schools was adopted in 1986, it was recognized by the Legislature and the Department of Education that some inequities may exist.

Single site school districts have taken reductions in state revenues much higher than in other school districts. Dillingham City School District has lost 34% of its state revenues, has 20 fewer employees, receives City support and still faces the need to reduce our FY 90 proposed budget. An amount of approximately \$350,000 must be reduced from a budget which is already at the minimum necessary to maintain an adequate educational program. To make this reduction will have a severe impact on the education of our children.

In 1988 single and dual site school districts met and organized a research effort which supports minor changes in the foundation formula for 28 school districts. While the foundation formula is an excellent method to distribute school funds, SB 179 and HB 185 would correct inequities, strengthen the formula and allow single site districts to continue serving a student population which is largely rural and Native Alaskan. In addition, full funding of the education unit at \$60,000 will also be needed by all Alaskan school districts if we are to maintain positive school programs for children.

Your positive support for SB 179 and HB 185 is needed.

Sincerely,

Henry Kilmer  
Superintendent

Sincerely,

H. Sally Smith  
School Board President

HSS:HK:dh

22

March 7, 1989

Honorable Kay Wallis  
Alaska House of Representatives  
P.O. Box V  
Juneau, AK 99811

HB 185  
SB 179

Dear Representative Wallis:

I appreciated the opportunity last week of meeting with Pat Williams of your staff relative to several concerns of the St. Mary's School District.

First of all, we should again like to thank you for your sponsorship of HB185 regarding single and dual funding community school districts. I was able to meet with several other legislators while in Juneau to solicit support for the bill. Most seem to recognize that the proposed legislation does address an inequity in the foundation program. However, they expressed concern about the \$4.7 million price tag, and they felt that there were several "well off" districts that would benefit which did not have a pressing need for the additional funds.

Nonetheless, the St. Mary's School District views this as a serious equity question. The current foundation program was promoted and enacted upon the presumption that it provided an equitable distribution of state funds to school districts by taking into account the several critical variables that affect the cost of operating a district. It is clear that there are different cost variables at play in the operation of small single or dual funding community districts vis a vis larger districts and those with more funding communities. Thus if the legislature is to accomplish what it set out to do, some adjustment is necessary along the lines of your bill.

The same equity issue can be raised relative to necessary adjustments to the area differential factor. The area differentials were originally based upon the results of a study that was conducted for a purpose other than determining the geographic cost variables associated with the operation of school districts. Now that a more appropriate study has been completed, it is clear that a number of changes in area differentials are necessary if the legislature is to approach the level of funding equity to which it was striving when the current foundation program was adopted. Thus we urge you to support HB119 dealing with area cost differentials. Passage of this bill would have a significant positive impact on the St. Mary's School District which has suffered more than any other district under the current foundation program.

Tied closely to the need for the aforementioned technical corrections in the foundation program is the importance of full funding for the \$60,000 foundation unit. We recognize that state revenues are down and that there is great competition for the dollars that are available. However, we believe that the future success of our state will largely be determined by the efficacy of our public school system.

E  
M  
A INC

Therefore, every effort should be made to ensure that state financial support is not diminished.

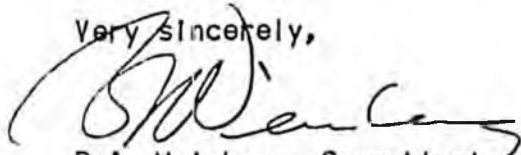
The other school district funding measure which we should like to address at this time is HB37 dealing primarily with school construction funding through debt retirement and Department of Education grants. Although this appears to be an attempt to achieve equity in the way school districts acquire capital funds from the state, we are not convinced that the bill will accomplish that goal. We believe that this proposed legislation deserves much more review, especially as regards the allocation schedule in Section 19.

There are of course other issues before the legislature in which the St. Mary's School District has a keen interest, but we will address these in more detail later. For now, suffice it to say that we are against any legislation that would create mandatory boroughs or that would involuntarily consolidate school districts, as these are unwarranted intrusions into the area of local self-determination.

We also vigorously oppose binding interest arbitration in school district collective bargaining. Such legislation would seriously undermine public control of public education by improperly delegating critical economic and policy decisions to third parties who are not accountable to the electorate for the results of those decisions.

The St. Mary's School District is very appreciative of the interest, concern, and support you have shown us. If there is any way that we can be of assistance to you relative to the above mentioned matters or other education issues, please feel free to contact Jim Zuelow or myself.

Very sincerely,



B.A. Weinberg, Consultant  
ST. MARY'S SCHOOL DISTRICT  
(Educational Management Associates, Inc.)

BAW/gt

cc: Senator John Binkley  
Jim Zuelow

March 10, 1989

The Honorable F. Kay Wallis  
House Finance Committee  
House of Representatives  
P.O. Box V  
Juneau, AK 99811

Dear Representative Wallis:

The current public school foundation program was designed, promoted, and adopted on the basis that it provided a much more equitable framework for the distribution of state funds for education than its predecessor. For the most part, this goal was accomplished, a fact lauded by most people in the education community. This was a notable accomplishment for which the Governor, the Legislature, and the Department of Education should be proud.

Nonetheless, it was recognized at the time of its passage that the legislation still had a few flaws that produced adverse consequences to certain districts. These were related to the area cost differentials, some of which were obviously inappropriate, and the "penalty" to districts which do not have multiple funding communities.

These adverse consequences were recognized at the outset, and the Legislature was far-sighted enough to make appropriations to address these problems -- \$2 million in FY'88 and \$3.5 million in FY'89. At the same time, a study was commissioned to better determine actual area cost differentials as they relate to the operation of school districts. That study shows that the necessary adjustments to area differentials will have no cost impact on the state.

Thus the remaining problem is with smaller single and dual funding community districts. In order to compensate for the cost of operating schools in multiple funding communities, the formula is "front-end loaded" to provide a funding base for each site. Whether the formula has overcompensated for multiple funding community districts or undercompensated for smaller single dual funding community districts is academic. The fact is that entirely too great a disparity has been generated.

An actual comparison of two districts graphically illustrates the problem. It happens that the St. Mary's School District has an FY'89 ADM of 110.9. The Aleutian Region School District has an ADM of 111. St. Mary's has one funding community, and Aleutian Region has six. The dramatic disparity resulting from single versus multiple funding communities is outlined below.

2/21/89  
copy to  
Wallis

E  
M  
A inc

25

	<u>K-12 Units</u>	<u>Total Value</u>	<u>Value Per ADM</u>
Aleutian Region	21.70	\$1,302,000	\$11,730
St. Mary's	13.24	\$ 794,400	\$ 7,163
Difference	8.46	\$ 507,600	\$ 4,569

Thus, without regard to the other components of the foundation formula, St. Mary's basic funding for K-12 is 36% less than Aleutian Region simply as a function of the front-end load applied to each funding community. Such a disparity cannot be justified on the basis of the operational cost differences between a one-site and a six-site district. This disparity has a lesser impact upon large single/dual-site districts and a lesser impact on dual-site districts than single-site districts.

Although the adverse consequences to individual districts is substantial relative to inappropriate area cost differentials and the single/dual site penalty, the impact upon the state is negligible. As has been indicated, there is no state cost to fix the area differentials under HB119. The cost to address the single/dual site problem under HB185 is less than \$4.7 million, or approximately 1% of the foundation program. To be within 1% of equity for such a massive program is notable; thus it would be all the more a pity if these two problems are not addressed so that the program may fulfill its avowed purpose.

As you know, these two issues have been before the Legislature ever since the current foundation program was adopted, because the adverse impacts to the affected districts are in the most cases too substantial to be ignored. If the problems are not solved this year, they will continue to be brought before the Legislature until they are solved. In the meantime, the quality of education is bound to suffer in many of the affected districts.

Critics of the proposed single/dual-site solution sometimes say that school consolidation is the answer. We do not deny that the issue of consolidation is one that must be addressed. However, because of its inherent complexity and the political and other ramifications, consolidation is really a future issue. The single/dual-site problem is an immediate issue that speaks to a basic inequity in the foundation program as it now exists.

Others say that certain "well-off" districts would benefit from the adjustment and do not really need the additional funds. It is true that because of extraordinary assessed valuations or PL874 revenues, some districts are more fortunate than others. This was the case in the past and will likely continue into the future. However, it is irrelevant in consideration of the fact that an inherent inequity exists in the allocation of the cornerstone of the foundation formula -- the basic K-12 unit. This inequity should be resolved. Then, if there is a way to address windfalls, that should be done later. However, care must be taken with regard to the latter to ensure that the disparity applicart is not upset so as to jeopardize the state's eligibility under PL874.

In conclusion, we urge you to support HB119 and HB185 to address these blemishes on an otherwise outstanding foundation program. If you have any questions, please do not hesitate to contact Jim Zuelow, Superintendent of the St. Mary's School District, or myself.

Very sincerely,



B.A. Weinberg, Consultant  
ST. MARY'S SCHOOL DISTRICT  
(Educational Management Associates, Inc.)

BAW/gt

# TANANA CITY SCHOOL DISTRICT

P.O. Box 89  
Tanana, Alaska 99777  
(907) 366-7203

Dr. Vince Barry  
Superintendent/Principal  
Mr. Joe R. Young  
Administrative Assistant

January 26, 1989

Senator John Binkley and  
Representative Kay F. Wallis  
Alaska State Legislature  
P. O. Box V (MS 3100)  
Juneau, AK 99811

Dear Senator Binkley and Representative Wallis:

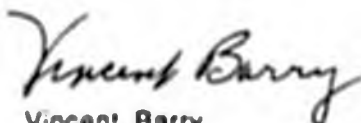
For the past year, the Tanana City School District has been cooperating with a number of other Alaska school districts in evaluating the effects of the current school foundation formula. A financial consortium which represents the interests of these 28 school districts has been formed. This consortium has conducted an exhaustive analysis of funding patterns which clearly demonstrates that single site and dual site school districts have been negatively impacted by application of the current funding scheme. Tanana City School District agrees with the findings of the analysis and is supportive of the Consortium's efforts to obtain additional funding.

The problems associated with the current funding formula have been recognized by the Legislature since the date of implementation. In 1987, the Legislature appropriated 2.0 million dollars to offset the adverse impacts of the formula; an appropriation of 3.5 million dollars was made in 1988 for the same purpose. This year, the Single and Dual Site District Consortium is attempting to introduce legislation which would result in an appropriation of \$4.6 million to be distributed among the 28 member school districts. This amount was determined through the analysis recently completed and submitted to you in the report Single Site/Dual Site District Consortium Financial Study Report, December, 1988.

Representatives of the Consortium will be working with all groups in the educational community to obtain the desired funding. Additionally, a number of the districts have also secured the services of Mr. Neil Anderson, former member of the Legislature. He will assist the Consortium in their efforts and will be visiting your office in the near future to acquaint you with the goals of the Single/Dual Site Consortium. He will also be requesting your support on the consortium's behalf.

We urge you to give the Consortium request your serious consideration. If you need additional information regarding the specific impacts on Tanana City School District, please contact me.

Sincerely yours,



Vincent Barry  
Superintendent

VB/lac

The Purpose of the Tanana school is:

To help all children succeed in obtaining the necessary knowledge, skills and attitudes to live a happy, productive life as a contributing member of society.

JAN 30 1989

# SKAGWAY CITY SCHOOL

P.O. Box 497 • Skagway, Alaska 99840 • (907) 983-2960

March 31, 1989

To Whom It May Concern:

The Skagway City School District is recognized as one of the most underfunded districts in the state and unless the city government approves a 58% INCREASE in local contributions, many existing programs will be lost.

The following EXISTING programs will be eliminated unless legislation supporting the small and dual site consortium is supported:

One full-time elementary teaching position which will result in combining multi-grades in one class

Elimination of all community education activities

Elimination of satellite education courses (The district added Advanced Senior English, Japanese, and Spanish through satellite television this year.)

Deferring substantial building and maintenance projects

Reduction of instructional materials

Reduction of extra-curricular activities

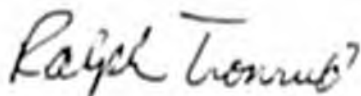
Filling existing vacancies with first year teachers only - no prior experience or advanced degrees

Reduction of classified staff

These reductions may seem insignificant but Skagway City School District only has 144 students, 12 certified staff, 6 classified staff and an operating budget of \$1,081,000 - THESE REDUCTIONS WOULD HAVE A SIGNIFICANT IMPACT ON THE QUALITY AND EDUCATIONAL OPPORTUNITY AVAILABLE TO OUR CHILDREN.

Your support would be greatly appreciated.

Sincerely,



Ralph Tronrud, President  
Board of Education