

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8857 SENATE HEALTH EDUCATION & SOCIAL SERVICES

What Has Been Done and Is Currently Being Done

ACPE has taken aggressive steps to address the concerns of the most recent Division of Legislative Audit report by providing "a long range operational plan capable of servicing the entire student loan business cycle and an assessment of the commission's current capabilities to implement this plan." This has been accomplished since the Fall of 1993 when the first audit report was published. The following text summarizes the sincere efforts of the Commission to respond, in a proactive manner, to those 1993 audit recommendations:

Administrative Changes -

- **A New Executive Director** - On December 1, 1993, Dr. McCormick came to the Corporation with more than 25 years of experience in the student loan industry at both the state and national level.
- **Restructuring Commission Staff** - In his first five months at the commission, the Executive Director implemented the following changes:
 - **Hired an internal auditor** to monitor all Commission functions and assess progress toward corrective loan servicing functions - January 1994.
 - **Hired a new finance officer** to oversee the Commission's accounting department - April 1994.
 - **Reassigned functions of the Commission staff** to maximize the efficiency and effectiveness of the workforce and to "flatten the organizational structure" of the Commission staff.
- **Information Support Services division** was created to direct and coordinate all information management functions related to the computer mainframe and network of the entire Commission. Presently, there are four full-time programmer analysts with several years of work experience in the student loan servicing industry to assist in maintaining the loan servicing system whereas one year ago there were no data processing staff in the Commission.
- **Issued \$50.0 million** in student loan bonds fully insured by AMBAC (the 1993 student loan bonds were uninsured) - July 1994.
- **Initiated a 72-hour turnaround time** for processing ASLP applications (in prior years the Commission took up to eight weeks to process loan applications). This is now a required job performance standard.
- **Backlogs in correspondence, processing deferrals, and paid-in-full accounts** have all but been eliminated and are no longer acceptable.
- **Telephone Service at ACPE** has greatly improved to the point that the Commission now maintains an overall 98+% answer rate.

In addition to the above milestones, the ACPE has also developed a long range plan to address its more serious problems in loan servicing. In order to retain our favorable bond rating we must replace our outdated loan servicing software. A September 1994 study by the auditing firm of Peat Marwick concluded that a new software system is necessary for us to effectively and efficiently service student loans. The Legislative Budget and Audit

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Committee approved the first funding phase of this project in December 1994. ACPE requested the remaining \$1.4 million from corporate receipts as a component of the Governor's Capital Budget request to the 1995 Legislature which fully funded it. When fully installed, this new loan servicing system will insure the proper servicing of Alaska Student Loans at the lowest possible cost.

Legislative Changes - During the 1994 Legislative Session, ACPE sought and received statutory changes to the ASLP that improved the program administration and made the ASLP more financially sound. These changes included:

- Tying the interest rate on loans to the interest paid on bonds and the cost of servicing.
- Restricting a borrower's ability to receive a new loan if previous loans were written off.
- Restricting renewal of state occupational licenses for defaulted ASLP borrowers.
- Receiving a legal assignment of wages from borrowers with defaulted loans.

Proposed 1995 Legislative Changes - these changes would further improve ASLP's financial soundness and increase program effectiveness. They include:

- Increasing loan limits for students in degree programs.
- Decreased loan limits for short-term vocational programs.
- Begin the charging of interest on loans during deferment periods.
- Changing the definition of default from 120 days past due to 180 days to be consistent with student loan industry norms and to allow for more time to perform due diligence activity on the loan.
- Reducing the grace period allowance from twelve months to six months.
- Implementing a minimum required payment of \$50 per loan per month.
- Reducing the military deferment period from six years to three years.
- Increasing ACPE flexibility to set an "origination fee" of up to five percent of the loan amount. Fee used to offset losses due to death, disability and loan write-offs.
- Altering the terms of repayment to allow for fifteen year repayment schedule and a \$50 per loan minimum payment.
- Allow student and family member to have both ASLP and FELP in same year.
- Prohibiting loans to certain incarcerated students.
- Various technical amendments to increase program efficiency.

As the above activity indicates, the Alaska Commission on Postsecondary Education has done, and is doing all it can to address the original Division of Legislative Audit (DLA) recommendations "to develop a long range plan and to make administrative and

programmatic changes" to the Alaska Student Loan Program. The remaining proposals to follow in this position paper will address the DLA recommendation that *"the mission of the ACPE and the ASLP be reexamined."*

Re-examination of the Mission of ACPE

Historical Role of the Commission - The original role assigned to the Alaska Commission on Postsecondary Education and the role it actively serves today are noticeably different. The original role of the Commission as set forth in Section 14.42.030 of the enacting legislation, authorized this body to perform the following broad functions for Alaska:

- Higher Education Planning
- Higher Education Advising
- University of Alaska Budget Review
- Coordination of Higher Education Consortia Participation
- Report on these activities to the Legislature and the Governor

The statute further directed the Commission to:

- administer the student loan programs
- administer the regulation of postsecondary educational institutions
- serve as the state agency required by several federal mandates (SEIG, SPRE, GSLP, etc.)
- resolve disputes related to consortiums
- develop a statewide plan for coordinated postsecondary education
- establish a state advisory council on community colleges and develop statewide plan for the expansion of community colleges.

Over the past twenty years, higher education policy changes in Alaska have definitely resulted in the obsolescence of ACPE's original role as described above. Currently:

- 1) The ACPE has no oversight nor coordination responsibility for the University of Alaska and its programs;
- 2) The community college system in Alaska was dismantled and absorbed by the University of Alaska system;
- 3) There has been zero growth in the number of private or public traditional higher education institutions (only two small private colleges in Alaska), thus confining the Commission's regulatory oversight to numerous small, for-profit proprietary schools; and
- 4) The activity of the ACPE has increasingly shifted toward student financial aid programs (particularly the Alaska Student Loan Program) and away from the coordination and oversight role of higher education originally envisioned.

The Role of ACPE Today - Today ACPE carries out four main functions:

- (1) administration of the student loan and other student aid programs, (2) regulation of the

state's private and proprietary schools, (3) coordinates and acts as advisory agency for postsecondary education, and (4) provides student consumer protection and information dissemination. The major tasks involved in these functions are:

Consumer Protection

- Monitor school advertising and contracts with students.
- Respond to customer complaints.
- Help to assure loan/tuition refunds and student teach-outs when schools close.

Institutional Authorization

- Provide biennial review and licenses for approximately 100 postsecondary institutions.
- Regulate program and degree offerings.
- Approve Alaska institutions for Veterans programs.

Student Financial Aid

- Full-time, half-time, teacher scholarship, and family education loans.
- Special state and federal scholarship loans.
- State and federal grants for low income students.
- Tuition subsidy for professional programs not available in Alaska:
- WICHE Professional Exchange and WAMI Medical Programs.
- Tuition breaks for Alaskans enrolled in certain regional undergraduate and graduate programs (WUE).

State Postsecondary Review Entity (SPRE) Program to insure continuing availability of Federal Title IV eligible Alaska institutions.

Administrative support provided to the Governor's Council on Vocational Education.

As the above functions clearly indicate, it is time for the state of Alaska to redefine a more appropriate, up-to-date role for the ACPE in light of what has evolved in postsecondary education in Alaska over the past twenty years. The need for a postsecondary education commission, as identified in 1971, does not currently exist. Since 1988, when the Alaska Student Loan Corporation was created to issue tax-exempt bonds to finance the Alaska Student Loan Program and the work of the ACPE, the Commission has primarily served the role of a state student financial aid agency.

With no regulatory oversight responsibilities for the University of Alaska and no community colleges to oversee, its institutional oversight and licensing function has been limited to a number of short-term training programs that offer non-degree, non-accredited programs of less than one year in length. Very few of the Alaskan proprietary schools seek accreditation by regional and national accrediting associations nor do they qualify for federal student financial aid programs. These schools depend heavily on participation in the ASLP.

An Updated Role for ACPE - What is now needed and will continue to be a need in the state's postsecondary education future is a strong state delivery system of student aid programs and services that support them and their children as they continue their education beyond high school with a viable, up-to-date set of state student financial aid programs administered by a single state agency. This need is created by the uniqueness of Alaska and the diverse educational goals of its citizens. As the cost of all education climbs, the burden of paying for this commodity will continue shifting more and more to the individual and their family. ACPE/ASLC can play a key part in providing the financial assistance necessary for future generations of Alaskans under a new paradigm of a single student aid corporation.

ACPE should be relieved of its institutional licensing function and focus only on the necessary requirements for schools to participate in the ASLP. A school wanting to offer short-term, non-degree, non-accredited programs should seek its license to operate a business in Alaska in the same place all other businesses in Alaska go: the Department of Commerce and Economic Development. The quality of these training programs (as well as the need for new programs that overlap existing programs) should be regulated by the Departments of Commerce & Economic Development and Labor, based on standards established through state-wide coordination of vocational technical training involving the University of Alaska System, the Department of Education, the Alaska Commission on Postsecondary Education, the Department of Commerce & Economic Development, and the Department of Labor.

ACPE should continue its consumer protection role and intensify its efforts to advise students to make careful, well-thought-out choices as to the type of postsecondary education they will pursue. Our citizens need to be aware of the potential job market for the training sought, the reputation of the school in job placement and in the business community, the quality of instruction and course content at the school being considered, etc.

In order for this new role of the ACPE to be carried out in the most efficient manner possible, it is proposed that the ACPE and the ASLC be combined into one new state agency, the Alaska Student Aid Corporation (ASAC). This new corporation could be constituted as follows:

Eleven Member Board of Directors

Appointed by the Governor:

Commissioner of Revenue (or delegate)

Commissioner of Education (or delegate)

Five Public Members (four year staggered terms and one to be a student)

Appointed by the Speaker of the House:

Two members of the House (one majority and one minority member)

Appointed by the President of the Senate:

Two members of the Senate (one majority and one minority member)

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Purpose of the Alaska Student Aid Corporation

- 1) Administer all state and/or federal programs of student financial aid in Alaska;
- 2) Provide Student Consumer Information about Postsecondary Education available to Alaskans;
- 3) Promote Access to Postsecondary Education Opportunities for all Alaskans;
- 4) Administer the Alaska Student Loan Fund, manage the assets of the Fund, issue tax-exempt student loan bonds to provide student loan capital for the Alaska Student Loan Program, and use sums from the Fund as needed to properly administer the Alaska Student Aid Corporation, its programs and services.

Further Administrative/Programmatic Changes to ASLP

Final Passage of SB123 - ACPE must put forth every effort to secure final passage of SB123 in the 1996 Legislative Session. The provisions contained in SB123 represent a major step toward the financial solvency of the Alaska Student Loan Fund and cannot be delayed any longer. *Current estimates from our bond underwriter and financial advisor indicate that the ASLP will be unable to issue bonds in about three years under present circumstances.*

The Alaska Student Loan Program must be made financially sound in order to insure that thousands of future Alaskans enjoy the same opportunity for a postsecondary education that ASLP has provided for so many Alaskans these past twenty years. Financial solvency means lower default rates, interest charged for the life of the loan, and higher standards for schools participating in the loan program. These are politically difficult decisions, but the circumstances surrounding the loan program compel these policy changes to be made with all dispatch.

A New Standard for School Participation in the ASLP - The ACPE should be legislatively mandated to raise its standards of eligibility for schools to participate in the ASLP to require at a minimum only schools that are:

- 1) nationally or regionally accredited by an accrediting association recognized and approved by the U. S. Department of Education;
- 2) certified eligible to participate in the federal student aid programs; and
- 3) have been in full operation with classes and students for a minimum of two years.

The Alaska Student Loan Program is a most valuable asset to the future well-being of thousands of Alaskans who deserve the opportunity to use the ASLP to help pay college costs. We must protect the assets and future of the loan fund and demand that high standards of quality education be offered to Alaska students who use ASLP loan funds.

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Many of these schools are not accredited nor approved to participate in federal student aid programs and their operations, to a great extent, are dependent on participation in the ASLP. Due to the legal exposure which accompanies the licensing of proprietary schools (litigation costs), this activity is a drain on the ACPE and the Alaska Student Loan Fund. There is little justification for the continuation of this role. These schools are marginal at best and there is serious concern as to the quality of training being provided.

This change could be accomplished by one simple change to the Alaska statutes governing the administration of the ASLP: amend AS 14.43120(b) to require that for an ASLP loan to be used at a career education program, the career education program school must be approved to participate in federal Title IV student aid programs. Federal requirements for school participation in their student aid programs require the school to be fully accredited by a national or regional accrediting body recognized by the U.S. Secretary of Education.

Accrual of Interest for the Life of the Loan - for years the ASLP has not charged interest on the student loan during the "in-school" period when a student is actually receiving loans and during the "deferment" period when a student has temporarily suspended his repayments. The loan fund has simply suffered a loss of interest income and failed to cover the true costs of the loan during those loan periods.

The Division of Legislative Audit has recommended that interest accrue during the entire life of the loan in both their 1993 and 1994 audits of the ASLP. The rating agencies and bond insurers would definitely look more favorably on the financial soundness of the ASLP knowing that interest is charged for the entire life of the loan. The student borrower would owe more money by the time he or she graduated, but the accrual of interest during the "in-school" period would serve as a deterrent to needless borrowing. This is a long overdue change needed to the ASLP.

In a related recommendation, the December 1994 Legislative Audit report also suggested that the ACPE move toward the capitalization of interest or the use of compound interest. Virtually all other student loan programs nationwide charge interest on interest by "capitalizing" the accrued interest and adding it to principal at various times in the life of a loan (at the end of grace and deferment periods). This recommendation, if implemented, would improve program administration and enhance earned interest income to the ASLP.

Summary

While the recommendations outlined in this position paper are controversial and do represent only the opinion of the author, they are not new issues in the policy debate surrounding the ASLP. As shown in the introduction, these ideas have been discussed and recommended by the Legislative Research and Legislative Audit agencies since May 1989. They are important issues to be addressed for the future well-being of the ASLP and the ACPE. Granted these recommendations are not the position of the Commission itself and do not represent a broad consensus among the postsecondary education community in Alaska, but there are definite advantages to the ASLP, the ACPE, the state of Alaska, and to the future generations of students in adopting these recommendations.

Combining the ACPE and the ASLC into one organization will cut overhead and administrative costs now incurred to administer both organizations. Simply moving from two governing boards with a total of nineteen board members to a new single board with eleven members will represent greater efficiency and cost savings to the state. Increasing the members of the corporation to include both minority as well as majority Legislative members will contribute to a greater understanding and hopefully, bipartisan consensus on Alaska student financial aid policy. There needs to be a greater continuity of policy and purpose to the role of the ACPE as opposed to dramatic changes in direction every time Alaska elects a new Governor.

Redefining the role of ACPE and the ASLP to more accurately reflect the present and future needs of the postsecondary educational community in Alaska is long overdue. Services provided by state government need to be more focused and well defined in order to insure that Alaskans get the most bang for their buck!

Strengthening the criteria for schools that can participate in the Alaska Student Loan Program and requiring that the loan program be run on a financially sound basis will insure that future generations of Alaskans have the opportunity to pursue a quality postsecondary educational experience and have the financial resources to do so. The rating agencies and bond insurers will have much greater confidence in the Alaska Student Loan Program and its financial future. Further, by requiring Alaska schools to be eligible for federal student aid in order to participate in the ASLP, students will benefit from federal dollars they might otherwise miss out on. With limited resources from the state of Alaska, it is responsible public policy to make use of all federal sources of aid before we rely on our own limited state dollars.

Although these recommendations are a dramatic departure from the past and may be highly controversial, what we do now in the present will determine whether or not there is a future for thousands of young Alaskans who deserve their opportunity to pursue a postsecondary education without fear of financial constraints. These recommendations, if enacted, move the Alaska Student Loan Program toward a secure financial future enabled to meet the financial needs of generations of Alaskans to come.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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MEMORANDUM

TO: Honorable Gail Foohey, Co-Chair
Honorable Con Bunde, Co-Chair
House HESS Committee
Honorable Lyda Green, Chair
Senate HESS Committee

FROM: Diane Barrans, Executive Director
Alaska Commission on Postsecondary Education

DATE: January 17, 1996

SUBJECT: Documents Pertinent to Executive Order #97

Attached for your information are three documents which may be helpful as a preface to the joint meeting of your committees to consider Executive Order #97.

Attachment A is a bullet sheet which summarizes the impact of the reorganization of functions by this Executive Order.

Attachment B is correspondence from Ken Vassar of Wohlforth, Argetsinger, Johnson & Brecht, Bond Counsel to the Alaska Student Loan Corporation. Mr. Vassar has reviewed the Executive Order to ensure that there would be no legal concerns which the Corporation would need to address. Mr. Vassar has been Bond Counsel to the Corporation since it was created and his general comments may be of interest to your members.

Attachment C is a memorandum from Teresa Williams, Department of Law, addressing some of the archaic federal laws which will be transferred from the Commission to the Department of Education.

Please let me know if any additional information is needed. My number is 465-6740.

Attachment A

Reorganization Resulting from Executive Order #97

- **Move Higher Education Policy and Planning Functions to DOE (Secs. 3 -6)**

The actual impact of this change will be that the Department of Education can broaden the scope of its policy and planning activity to include postsecondary issues. The impacts of these changes have the appearance of being quite broad because Section 3 of the EO references federal statutes which were repealed sometime after the Alaska laws were enacted. The necessary corrections may only be made through the legislative process.

- **Move Alaska Student Loan Corporation from Education to Revenue and Rename Alaska Student Aid Corporation; staff of Commission becomes staff of Corporation (Secs. 7 and 9)**

Impact is that the proximity to, and strengthened relationship with, Revenue will illustrate Alaska's commitment to strengthen and support these Programs. Will translate well to the Corporation's external customers (bond holders, rating agencies, bond insurers). Also clarifies that the Corporation Board (majority of public members), not the Commissioner of Revenue, will direct the operation of the agency "which has a legal existence independent of and separate from the state."

- **Expand Corporation Board Membership from 5 to 7 (Sec. 8)**

Impact is that both the finances and operations of the Program will be administered by a single board that will be structured to react quickly when necessary to program changes or market shifts. Also are inherent administrative efficiencies of have a 7 member board rather than two boards with a total of 17 members. Two cabinet level positions (Commissioners of Administration and Revenue) are taken from existing Corporation statutes and one Administration representative (Representative of the Department of Education) and four public members are taken from existing Commission statutes. Eliminates special-interest representation on Board. Also resolves constitutional issue of having legislative members on a regulation-setting board.

- **Move Financial Aid Program Administration and Institutional Authorization functions Within the Authority of the Corporation (Secs. 10 - 76)**

Agency staff will continue to function so that no negative impact of the EO is experienced by the external customers of the Corporation.

- **Technical Changes Necessitated by Phase-out of Commission and/or Transfer of some functions from Commission to Corporation (Secs. 77 - 84)**

Clean-up necessary for Corporation to be fully operational on effective date of EO.

Attachment B

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

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ANCHORAGE, ALASKA 99501-3040TELEPHONE
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LULIUS J. BRECHT
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BRADLEY E. MEYER
DENNY E. SASTAR
ERIC L. WOHLFORTH

January 10, 1996

REC'D ACPE

JAN 12 1996

Diane Barrans
Executive Director
Alaska Student Loan Corporation
3030 Vintage Boulevard
Juneau, Alaska 99801-7109

RE: Executive Order No. 97
Our File No. 4908 0213

Dear Ms. Barrans,

At your request, I have reviewed Executive Order No. 97 relating to the Commission on Postsecondary Education and the Alaska Student Loan Corporation. Under the Executive Order, the current powers and duties of the Commission would be transferred primarily to the Corporation, with certain of those powers and duties being transferred to the Department of Education. The Corporation would be renamed the Alaska Student Aid Corporation and would be transferred from the Department of Education to the Department of Revenue for administrative purposes. The Commission would be abolished. There would be some additional amendments to the Corporation's statutes, including a modification of the membership of its board of directors.

I have reviewed the Executive Order particularly to determine whether it violates any agreements with holders of the Corporation's outstanding bonds or with the insurer of those bonds. In my review I have found nothing in the Corporation's Indenture, any of the Corporation's Supplemental Indentures, or any other documents relating to the issuance of the Corporation's bonds that would prevent the implementation of the Executive Order or that would be violated by the implementation of the Executive Order.

In addition, I believe that the changes suggested by the Executive Order will be beneficial to the Corporation's efforts to finance the student loan program through the sale of its bonds and beneficial to the student loan program generally. The existence of two, separate state agencies with identical staff and possessing powers and duties relating to the same program (i.e., the student loan program) is confusing. Even the members of the Commission and the members of the

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Corporation have been confused as to the boundaries of their respective powers and duties. Our firm on more than one occasion has provided "seminars" to each entity for the purpose of helping to define their roles. With such confusion within the agencies themselves, confusion among bond investors and insurers is almost certain, and explanations of the relationship between the Commission and the Corporation is a part of each year's bond issuance procedure. Consolidating the functions of the two entities into the Corporation will eliminate the confusion and ease the sales efforts for the Corporation's bonds.

The consolidation will also eliminate the inefficiencies of having two entities that must transact the same business with one another. Under the existing arrangement, the Commission makes the loans and the Corporation finances them with bond proceeds. The bonds are secured by the loans and the revenues derived from the loans, which means that the Commission must take steps to perfect a pledge of the loans as security for the bonds. Then, pursuant to a separate agreement between the Corporation and the Commission, the Commission must service the loans and see to it that revenues are transferred in a timely manner to the funds created by the Corporation for the benefit of the bonds. In the meantime, the Commission's regulations relating to the award, terms, and servicing of loans affect the size, timing of issuance, and security for the Corporation's bonds. It would improve the efficiency of the entire process to have the same entity responsible for these interwoven procedures, as the Executive Order would provide.

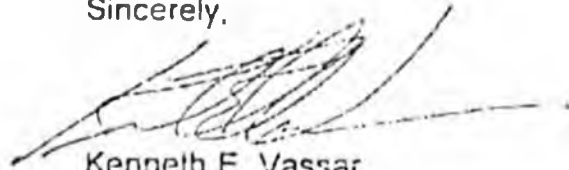
The two entities were created, to the best of my knowledge, only because the reason for the Corporation's existence arose long after the Commission had already been in existence. When the ability to finance student loans of the type made by the Alaska program became part of the tax code in 1986, the Legislature responded by passing legislation to create the Corporation so that tax-exempt bond financing of the Alaska program could be used to replace direct appropriations. At that time, it made sense to create the Corporation as a financing entity but to leave the Commission in place to continue performing the duties it had performed for many years before the Corporation was created. However, as the years have passed and it has become clear that the Corporation is likely to continue to provide financing for the program and can also perform the duties of the Commission, the continuing need for the Commission is not as apparent.

As mentioned above, I believe the changes proposed by the Executive Order will not violate any provisions of outstanding bond documents of the Corporation and, moreover, I believe the changes are beneficial to the operation

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of the student loan program and financing efforts for the program. I am, of course, happy to respond to any questions you may have.

Sincerely,



Kenneth E. Vassar

.cc Teresa Williams
Section Chief
Fair Business Practices
Attorney General's Office

MEMORANDUM

State of Alaska


Department of Law

TO: Diane Barrans
Executive Director
Ak Postsecondary Educ. Comm'n

DATE: January 17, 1996

FILE NO.: 221-96-0022

TEL. NO.: 269-5200

FROM: 
Teresa Williams
Assistant Attorney General
Fair Business Practices Section
Anchorage

SUBJECT: EO 97 -- Postsecondary
Education Commission

In drafting the executive order transferring functions of the Alaska Commission on Postsecondary Education, all statutory functions must be transferred to another state entity -- whether or not those functions continue to be viable. In the attached memo, I noted that some mandates under AS 14.42.030(b) refer to federal laws that are no longer in effect. Additionally, you have advised me that no "consortium" exists as referenced in AS 14.42.030 and 14.42.055. Nevertheless, these functions had to be transferred, so they are transferred to the Department of Education along with the planning and advisory functions also transferred.

The resulting division of all of the commission's statutory functions between the Alaska Student Aid Corporation and the Department of Education is as follows:

STUDENT AID CORP.	DEPT' OF EDUC.
<i>Existing -- student loan financing, servicing, information dissemination, fund management, and related functions under current law: AS 14.42.100 - 14.42.390</i>	Resolve consortium disputes: AS 14.07.020(i)(16) and 14.07.032 Advisory function regarding consortia: AS 14.07.020(c)(4)
Student loan program administration consolidated in corporation: AS 14.42.195(a) and (b) (including repealed federal mandates)	Serve as state agency required under (repealed) federal mandates: AS 14.07.020(a)(17)-(19)
Appointment of executive officer, authorization of staff positions, establish salaries: AS 14.42.160	Advisory and planning function regarding postsecondary education: AS 14.07.020(c)(1)
Regulate postsecondary education institutions: AS 14.42.195(a)(3)	Advisory function regarding colleges and universities: AS 14.07.020(c)(2)
Administer WAMI Medical Exchange Program: AS 14.42.195(b)	Advisory function re: college and university budget requests: AS 14.07.020(c)(3)
Administer WICHE program: AS 14.44.035	Power to establish task forces, make studies, and collect data to carry out functions listed above: AS 14.07.030(14) and 14.07.033

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To assist in reviewing the disposition of provisions that establish the Alaska Commission on Postsecondary Education and its functions, I've prepared the following:

EXISTING STATUTE	PLACEMENT BY EO	SEC.
AS 14.42.010	remains	
AS 14.42.015 - 14.42.025, 14.42.045	deleted	
14.42.030(a)	14.07.020(c)	4
14.42.030(b)(1), (2), and (6)	14.07.020(a)(16) - (18)	3
14.42.030(b)(3)	divided between 14.07.020(a)(19) and 14.42.195(a)(2)	311
14.42.030(b)(4) and (5)	14.42.195(a)(1) and (3)	11
14.42.030(c)	14.07.030(14)	5
14.42.030(d)	14.42.195(b)	11
14.42.032	14.42.215	14
14.42.035	14.07.033	6
14.42.040	14.42.160	9
14.42.050	14.42.180	10
14.42.055	14.42.032	6

REMAINING EXECUTIVE ORDER SECTIONS

Sec. 7 -- rename the corporation and move to the Department of Revenue

Sec. 8 -- expand membership of corporation board

Sec. 47 -- move regulation of the WICHE program to corporation

Sec. 76 -- move regulation of postsecondary educational institutions to corporation

Secs. 2, 12-13, 15-46, 48-75, and 77-84 -- necessary conforming changes to AS 08.02.025(a), AS 14.42.170, 14.42.200(18), 14.42.210(a) and (b), 14.42.390, AS 14.43.090 - 14.43.115, 14.43.120(b), (c), (f), (g), (i), (m), (r) and (t) - (v), 14.43.122(a), 14.43.125(a), 14.43.150(a), 14.43.160(1), 14.43.255(a) and (c), 14.43.300(g), 14.43.320(a), 14.43.415, 14.43.620, 14.43.630(a), 14.43.650(a), 14.43.720(a) and (b), 14.43.730, 14.43.740(d), 14.43.990, AS 14.48.010(a), 14.48.020, 14.48.030(b), 14.48.040 - 14.48.060, 14.48.070(a) - (c), (f), and (g), 14.48.080(a), (c), (d), and (f), 14.48.090(a), 14.48.100 - 14.48.150, 14.48.180 - 14.48.200, 14.48.210(2) - (4), AS 39.25.110(11), AS 39.50.200(32), and AS 43.23.067.

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January 17, 1996

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Sec. 85 -- Transition section

Sec. 86 -- March 9, 1996 effective date.


I will be available on conference from the Legislative Information Office in Anchorage during the joint House and Senate Health, Education, and Social Services committees' hearing on January 18, 1996 to answer any questions.

MEMORANDUM

State of Alaska

Department of Law

TO: Deborah Behr
Assistant Attorney General
Attorney General's Office

FROM: 
Teresa Williams
Assistant Attorney General
Fair Business Practices Section
Anchorage

DATE: November 17, 1995

FILE NO.:

TEL. NO.: 269-5200

SUBJECT: Federal law changes
affecting AS 14.42

AS 14.42.030(b) refers to a number of functions formerly mandated by federal law. Those laws are no longer in effect:

- (1) 20 U.S.C. 51142(a) and (b) codified sec. 1202 of Title XII
repealed by sec. 1201 of P.L. 96-374
 - (2) prior 20 U.S.C. 51135 codified sec. 1001 of Title X
repealed by sec. 100(a) of P.L. 96-374
 - (3) 20 U.S.C. 51005 (1986)
replaced by P.L. 96-347 and sec. 101 of P.L. 99-48
- 20 U.S.C. 51123 (1986)
replaced by P.L. 96-374
- 20 U.S.C. 51142 (a) and (b) codified sec. 1202 of Title XII
repealed by sec. 1201 of P.L. 96-374

I recommend that these provisions be deleted in a revisor's bill.

TW:jjc

cc: Diane Barrans
Gina Atkinson

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

120 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

November 21, 1995

SUBJECT: Federal Law changes affecting AS 14.42

TO: Deborah Reir
Assistant Attorney General

FROM: Pamela Finley *Pam Finley*
Revisor of Statutes

Thank you for sending me a copy of Teresa Williams' memo to you concerning federal law changes affecting AS 14.42. I will not attempt to amend AS 14.42.030(b) in the revisor's bill because I don't know whether the legislature would want to delete the references to the federal law or delete the requirements (which appear to arise from requirements of repealed federal L.w) in their entirety. However, I appreciate your bringing this to my attention. Assuming that a bill deleting the archaic references does not pass this session, I will add a note indicating that those federal laws have been repealed.

PF:gle
95-449.gle

Post-It® Fax Note	7671	Calls	1
To	Don Sanders	From	Teresa Williams
Co./Dept.	AKA/LEGISLATION	Co.	AKA
Phone #		Phone #	AKA-5307
Fax #		Fax #	

RECEIVED

NOV 24 1995

Attorney General's Office
Juneau

REVISOR'S NOTES
 Formerly AS 14.40.907. Renumbered in 1982.

Sec. 14.42.030 Functions Of The Commission

(a) The commission has the following functions, advisory to the governing boards of institutions of public and private higher education in Alaska, to the governor, the legislature, and to other appropriate state and federal officials:

- (1) coordinate the development of comprehensive plans for the orderly, systematic growth of public and private postsecondary education, including community colleges and occupational education, in the state and submit recommendations on the need for, and location of, new facilities and programs;
- (2) advise as to the functions and purposes of the colleges and universities, both public and private, in the state and counsel as to the programs appropriate to each;
- (3) review the annual budgets and capital outlay requests of the University of Alaska and of each of the private colleges and universities in the state, and present comments on the general level of support sought;
- (4) review and advise as to the working of all consortia and other cooperative agreements between the institutions of higher education in the state that are parties to them;
- (5) (Repealed, Sec. 35 ch 126 SLA 1994.)

(b) The commission shall

- (1) develop a comprehensive statewide plan for coordinated postsecondary education in the state and serve as the state commission on postsecondary education required under sec. 1202 of Title XII of the Higher Education Act of 1965, as amended by the Education Amendments of 1972 (P.L. 92-318, sec. 196; 86 Stat. 324);
- (2) establish a state advisory council on community colleges and develop a comprehensive statewide plan for the expansion and improvement of the community colleges under sec. 1001 of Title X of the Higher Education Act of 1965, as amended by the Education Amendments of 1972 (P.L. 92-318, sec. 186, 86 Stat. 312, 313);
- (3) serve as the state agency required under sec. 105 of Title I (Community Service and Continuing Education), 603 of Title VI (Financial Assistance for Undergraduate Education), 704 of Title VII (Construction of Academic Facilities), and Part B of Title IV (Guaranteed Student Loan Program) of the Higher Education Act of 1965 (P.L. 89-329; 79 Stat. 1220, 1262; 20 U.S.C. 1005, 1123) as authorized by sec. 1202(c) of Title XII of the Higher Education Act of 1965, as amended by the Education Amendments of 1972 (P.L. 92-318, sec. 196; 86 Stat. 324);
- (4) administer the provisions of AS 14.43.090 - 14.43.160 (student loan program);
- (5) administer the provisions of AS 14.48 (regulation of postsecondary educational institutions);
- (6) resolve any disputes that exist or arise under a consortium or other cooperative agreement between institutions of public and private higher education in the state.

(c) The commission may establish task forces, committees or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions assigned by state or federal statute. The commission may contract with, or use, existing institutions of higher education or other individuals or organizations to make studies, conduct surveys, submit recommendations or otherwise contribute to the work of the commission. The commission may appoint a committee to be responsible for the area of student financial aid.

(d) The commission may enter into agreements with government or postsecondary education officials of this state or other states to provide postsecondary educational services and programs.

CHARLIE PARR
909 John Kalinas Road
Fairbanks, AK 99712
(907) 488-2555

January 17, 1996

FAX to Rep Con Bundy 465-3871

Thank you for notifying me of the hearing on Executive Order 97. I hadn't heard about it. Unfortunately I'm going into the hospital for surgery that morning and can't take part.

I did get and read the order. It seems to remove functions the Commission has never performed (to my knowledge), and reduces the new governing board to a more realistic size. The HESS and Finance Committee hearings may turn up matters my quick study didn't.

Best wishes

Sincerely,

Charles H Parr
Commissioner

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 11000
Juneau, Alaska 99811-0001
907-465-3500
Fax: 907-465-3532

January 8, 1996

EO 97

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Pearce:

Under the authority of art. III, sec. 23, of the Alaska Constitution, I am transmitting an Executive Order relating to the transfer of functions of the Alaska Commission on Postsecondary Education.

This Executive Order is the first step in creating a new management structure to provide for the long-term stability of the Alaska student aid programs. This new structure should assure the financial community of Alaska's continued commitment to the financial viability of that program. Additionally, the transfer will streamline the student aid program and help integrate postsecondary education into the comprehensive statewide plan for education and training in the Department of Education.

The Executive Order accomplishes these goals in three ways.

First, the Executive Order eliminates the 14-member Alaska Commission on Postsecondary Education and transfers many of its functions to the Alaska Student Loan Corporation. That corporation is, in turn, renamed the Alaska Student Aid Corporation with an expanded board of seven members. This should reduce costs and result in a better integrated program.

Second, the Alaska Student Aid Corporation is transferred to the Department of Revenue. All management and administration functions of the Alaska Commission on Postsecondary Education for student aid funds are transferred to the corporation. These transfers should provide additional expertise and streamline the investment functions for the student loan funds.

The Honorable Drue Pearce

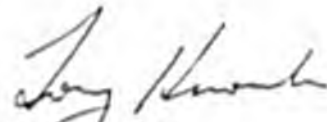
January 8, 1996

Page 2

Third, the policy and planning functions of the postsecondary commission are transferred to the Department of Education. The department can provide the central focal point for all education programs, including postsecondary, to be sure that Alaskans can be competitive in today's workplace.

I urge your support of this Executive Order. It will result in improved program operation while reducing administrative costs. These changes will help the vital student loan program become self-sufficient, so that low cost financial aid remains available to future generations of Alaskans pursuing postsecondary educational opportunities.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tony Knowles".

Tony Knowles
Governor

FISCAL NOTE

No. 1
 Bill Version: EO 97

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

(S) Publish Date: 1/8/96

Revision Date _____ Dept. Affected: Revenue
 Title: EO Postsecondary Education BRU: Alaska Student Aid Corporation
 Component: Alaska Student Aid Corporation
 Sponsor: Rules
 Requester: Governor COMPONENT SERIAL NO. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF Program Receipts						
1006 GF MHTIA						
1007 Interagency Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This fiscal note acknowledges the transfer of the Alaska Student Aid Corporation from the Department of Education to the Department of Revenue due to an Executive Order. Funding within the Department of Revenue will be reflected in FY97 Governor's budget amendments.

Prepared by: Bob Barako Phone: 465-2312
 Division: Administrative Services Division Date: 1/5/96
 Approved by: _____
 Commissioner: Deborah Vogt Date: 1/5/96
 Agency: Revenue

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FISCAL NOTE

No. 2
 b Version: EO 97
 (S) Publish Date: 1/8/96

**STATE OF ALASKA
 1996 LEGISLATIVE SESSION**

Revision Date: _____ Dept. Affected: Revenue
 Title: EO: Postsecondary Education BRU: Administration & Support
 Component: Administrative Services Division
 Sponsor: Rules
 Requester: Governor COMPONENT SERIAL NO. 125

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 Interagency Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Division will be incurring additional administrative costs due to the transfer of the Alaska Student Aid Corporation from the Department of Education to the Department of Revenue. It is our intent to submit a budget amendment in the amount of \$40.0 in interagency receipts attributable to a Reimbursable Services Agreement (RSA) between the Alaska Student Aid Corporation and the Administrative Services Division. Services to be provided will be in the areas of personnel, payroll and budgeting.

Prepared by: Bob Baratko Phone: 465-2312
 Division: Administrative Services Division Date: 1/3/96
 Approved by: _____ Date: 1/4/96
 Commissioner: Deborah Vogt
 Agency: Revenue

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FISCAL NOTE

No. 3

Bill Version: EO 97

(S) Publish Date: 1/8/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date	Dept. Affected: <u>EDUCATION</u>
Title	BRU: <u>AK Commission on Postsecondary Educ</u>
	Component: <u>Program Administration</u>
Sponsor	
Requester	COMPONENT SERIAL NO. <u>212</u>

Expenditures Revenues:	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL	20.01					
CONTRACTUAL	2.01					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(22.01)	0.01	0.01	0.01	0.01	0.01

CAPITAL EXPENDITURES

CHANGES IN REVENUES

FUNDING:	(Thousands of Dollars)					
*002 Federal Receipts						
*003 GF Match						
*004 GF						
*005 GF Program Receipts						
Other *022 Corporate Receipts	(22.01)	0.01	0.01	0.01	0.01	0.01
TOTAL	(22.01)	0.01	0.01	0.01	0.01	0.01

Estimate of current year (FY96) cost: (11.5)

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary)

The membership on the commission and corporation would be reduced from a total of 19 members to 7 members, and the subcommittees would be eliminated. The smaller membership and subsequent reduction in the number of meetings would:

- 1) eliminate costs for obtaining meeting space and allow for meetings to take place in the Anchorage student loan office conference room
- 2) reduce travel costs
- 3) reduce staff time and money preparing and mailing fewer meeting packets; and
- 4) reduce the number of meetings held each fiscal year (including subcommittees) from approximately 16 to 4.

This fiscal note is for information only. All FY97 budget impacts will be submitted as a Governor's budget amendment.

Prepared by <u>Gillian R. Hays Legislative Liaison</u>	Phone: <u>465-6718</u>
Division <u>Alaska Commission on Postsecondary Education</u>	Date: <u>January 5, 1996</u>
Approved by Acting Executive Director <u>Diane Barrans</u>	Date: <u>January 5, 1996</u>
Agency <u>Alaska Commission on Postsecondary Education</u>	

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FISCAL NOTE

Bill Version: EO 97 No. 4
 (S) Publish Date: 1/8/96

**STATE OF ALASKA
 1996 LEGISLATIVE SESSION**

Revision Date: _____ Dept. Affected: EDUCATION
 Title: Executive Order transferring functions of the BRU: Executive Administration
Alaska Commission on Postsecondary Education Component: Administrative Services
 Sponsor: Rules Committee
 Requester: Governor COMPONENT SERIAL NO. 157

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
----------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
Other: 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY96) cost: \$ 45.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary) The Division of Administrative Services provided human resource, payroll, finance and budget support to the Alaska Commission on Postsecondary Education (ACPE) through a budgeted Reimbursable Services Agreement. The FY97 budget for Administrative Services has been adjusted for changes in the cost allocation plan based on the proposed transfer of the ACPE and consolidation of accounting functions. No additional funding is required.

Prepared by: Karen J. Rehfeld, Director
 Division: Administrative Services
 Approved by Commissioner: Shirley J. Holloway, Ph.D.
 Agency: Department of Education

Phone: 465-8650
 Date: January 4, 1996
 Date: January 4, 1996

FISCAL NOTE

No. 5

Bill Version: EO 97

(S) Publish Date: 1/8/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date _____ Dept. Affected: EDUCATION
 Title: Executive Order transferring functions of the BRU: Executive Administration
Alaska Commission on Postsecondary Education Component: Commissioner's Office
 Sponsor: Rules Committee
 Requester: Governor COMPONENT SERIAL NO. 185

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
---------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
Other 1007 I A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY96) cost: 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary) Sections 3, 4, 5 and 6 of the Executive Order list duties relating to postsecondary education in Alaska which are being transferred from ACPE to DOE. Those paragraphs which were enacted in compliance with federal mandates or which refer to coordination of the community college system and the University of Alaska budget are archaic due to federal and state statutory changes. The Department will support clean-up legislation to address these areas. The general policy and planning duties will be an expansion of the scope of the Board of Education's current activities, creating a linkage between secondary and postsecondary training. These functions, as they currently exist in statute are diverse and complex. DOE, with current and anticipated budgetary constraints, would not be able to afford the additional professional and administrative staff to perform these functions and still comply with our elementary and secondary education oversight responsibilities.

Prepared by Kimberly Homme, Special Assistant
 Division: Commissioner's Office
 Approved by Commissioner: Shirley J. Holloway, Ph.D.
 Agency: Department of Education

Phone: 465-2803
 Date: January 4, 1996
 Date: January 4, 1996

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SB

2

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SB 2

Revision Date: _____

Department Affected: Education

Title: Unemployment Compensation: Noncertificated

BRU: Executive Administration

School Employees

Component: Commissioner's Office

Sponsor: Senator Lincoln

Requester: Senate HESS Committee

COMPONENT SERIAL NO. 185

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY95) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)

Senate Bill 2 will have no fiscal impact on the Department of Education. However, this legislation will have a significant impact on local school districts. Please see the attached page for further detail.

Prepared by: Sheila Peterson, Special Assistant

Phone: 465-2803

Division: Commissioner's Office

Date: April 25, 1995

Approved by Commissioner: *Shirley J. Holloway*

Shirley J. Holloway, Ph.D.

Agency: Education

Date: April 25, 1995

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**SB 2 - Unemployment Compensation:
Noncertificated School Employees**

Fiscal Note Analysis for Local School Districts

Based on *Alaska Industry Occupation Outlook*, the Department of Labor (DOL) estimates that 9,000 people are employed as noncertificated school workers. From this total, DOL estimates that approximately 3,800 employees would be potentially eligible for UI benefits during the summer months.

The Department of Labor estimates the following:

Using an average weekly benefit amount for all UI claimants of \$171 and projecting an average duration of 8.3 weeks, the potential total cost of benefits is estimated at \$5,393,340.

As reimbursable employers under the State's unemployment insurance program, school districts would be billed quarterly for actual benefits paid to their seasonal workers.

In the first year of eligibility, it is estimated that approximately 1,500 noncertificated employees will file for unemployment insurance. Cost to school districts is projected at \$2,128,950.

During the second year of eligibility, it is estimated that approximately 2,260 will file for unemployment insurance. Cost to school districts is projected at \$3,207,618.

In the third and subsequent years of eligibility, it is estimated that approximately 2,600 will file for unemployment insurance. Cost to school districts is projected at \$3,690,180.

NOTE: If a school district is on a percentage of payroll method, over time, the financial impact to the school district will be even more significant.

Cheryl L. Clark
320 N. Spruce Dr.
Wasilla Ak 99654
(907) 376-3721 (Home)
(907) 373-7775 (Work)

February 28, 1995

Senator Gianne Lincoln
State Capitol
Juneau AK 99801-1182

SUBJ: SB 2

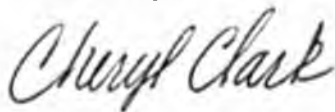
Dear

I would like to address my support of SB 2 which you recently sponsored.

I am a secretary in the Mat-Su Borough School District. The prospect of each upcoming summer with no income tends to put rise my anxiety level about this time during each school year. It is difficult to obtain one to three months employment to supplement my income.

Thank you.

Sincerely,



Cheryl L. Clark

/cc



NEA-ALASKA

Affiliated with the National Education Association

NEA-ALASKA POSITION STATEMENT SB 2

NEA-Alaska supports SB 2, *"An Act relating to unemployment compensation for persons employed by educational institutions in other than educational, research, or principal administrative capacities."*

NEA-Alaska supports passage of SB 2 to correct an inequity that exists between noncertified school employees, who work less than one year but don't qualify for unemployment benefits, and private and public sector workers, who work part of a year but qualify for unemployment benefits.

Current state law prohibits a noncertified school employee from drawing unemployment benefits during the summer months. School employees are not treated in the same manner as seasonal, local government or state employees or, for that matter, private sector employees who qualify for unemployment during periods when they do not work and yet have an expectation to work after their period of unemployment.

The history of denying unemployment benefits to noncertified school employees changed when President Bush signed into law the Emergency Unemployment Compensation Act (PL 102-164) in 1991 that provided for the lifting of the prohibition.

In Alaska slight exceptions have been made for some noncertified employees. Even though state interim benefits (SIB) are currently not funded, Section 23 20 354 of the Alaska Employment Security Act provides SIB to noncertified individuals who provide compensated service to a school district for teaching indigenous languages.

Alaska has many noncertified school employees who work nine, ten or eleven months with no expectation of employment for the three months, two months or one month they do not work. What makes matters worse for these employees is having no opportunity to accrue full year retirement credit while not working. In other words, they are not considered twelve month employees compared to certified employees who are compensated as yearly employees. Noncertified employees receive no compensation from the school district during the summer.

It is difficult for a cafeteria worker, secretary, teacher aid, custodian or mechanic to secure limited one to three month employment opportunities in the private or public sectors. The reality of this situation is a person works only nine months but must stretch personal and family budgets in order to pay for twelve months of family expenses.

Another inequity within the system is that noncertified employees who are employed under a separate district contract, such as bus drivers or cafeteria workers, are eligible for unemployment benefits. It is unfair that employees who are performing the same job should be discriminated against depending on where they work in Alaska.

Many noncertified school employees are permanent Alaskan residents. Benefits provided them will be spent in local stores and businesses. In 1992, Alaska paid \$25.4 million in benefits to those who had worked and earned wages during their base period in Alaska, but they lived and spent unemployment benefits out of the state. It doesn't seem fair to provide benefits in this manner while at the same time denying those same benefits to school support personnel.

The benefit is small. If a person makes \$17,000 annually, the unemployed individual will receive \$172 per week plus \$24 per dependent for a maximum duration not to exceed ten or eleven weeks. However, this small benefit may provide an unemployed Alaskan basic family necessities. The level of benefits will likely not cause a person to choose unemployment over the opportunity to work.

It is difficult to estimate the direct financial cost to school districts. Some employees will not apply for benefits for numerous reasons, and other employees will not be available for work during the summer. Therefore, it is difficult to calculate use. Additional complications include not having clear data on the length of employment, compensation paid and the number of dependents of noncertified employees.

The shortened work year causes a noncertified school employee to depend on another working spouse or another short term job just to make ends meet. The extension of unemployment benefits simply protects those who are unable to find work and want to work.

NEA-Alaska urges the committee to pass SB 2.

4-24-95

4/24/95

GRADE 1 Community School Clerk Monitor Kitchen Aide Receptionist
GRADE 2 Central Kitchen Aide Mail Clerk/Copy Machine Operator
GRADE 3 Clerk Typist Elementary Kitchen Supervisor Maintenance Helper Teacher Aide/Regular
GRADE 4 Data Entry Operator Jr./Sr. H.S. Kitchen Supervisor School Monitor/Campus Monitor
GRADE 5 Account Payable Clerk Career Preparation Aide Computer Operator Custodian Dominant Language Tutor Food Service Accounts Clerk Purchasing/Warehouse Clerk Secretary Spec Ed Work Study Aide Special Ed Vocational Aide Teacher Aide/Spec Ed Teacher Aide's Assistant Teacher Aide/Voc Ed Dry Custodian 1A Day I 1B Day II 1C Day III 1D Day IV
GRADE 6 Accounts Payable Clerk ANE Instructional Aide ANE/Home School Liaison Bilingual/Bicultural Tutor/Less Bus Scheduler Cafeteria Central Kitchen Supervisor Chapter I/Program Study Assistant Chapter I Reading Assistant Food Service Assistant Soup Library Assistant Payroll Clerk Teacher Aide/Emotionally Impaired Teacher Aide/SP Handicap Warehouse person Lead Custodian: 6A Lead I 6B Lead II 6C Lead III 6D Lead IV Carpenter Lead Custodian
GRADE 7 Administrative Secretary Operations Equipment Custodian Mechanic I Printer
GRADE 8 Computer Technician Fluid Airm/Airm wing Technician Grease Clerk Grease Technician Network Technician/Data Processing Egn. Lang. Interpretation/Translator
GRADE 9 Maintenance Mechanic II

Claudia,

Here are the classifications listed on the ESSA salary schedule.

If there is anything else, give me a call.

Ellen

APPENDIX A

**Kenai Peninsula Borough School District
Salary Range Assignments - 1994-96**

RANGE	JOB TITLES
1	Cashier/Kitchen Assistant Cook/Kitchen Assistant
2	Food Service Manager I-S
3	Cashier/Driver (Paul Banks) Clerk/Typist Head Baker/Cook Receptionist
4	Custodian Food Service Manager I-P Health Records Clerk Instructional Aide/Pool Instructional Aide/Title V Library Aide Special Ed Bus Driver Aide Teacher Aide
5	*Lead Custodian (grandfathered) School Secretary I
6	Food Service Manager II Head Custodian I *Lead Custodian (grandfathered) Pool Custodian
7	Administrative Secretary I Assistant Technical Director Bilingual Instructor Food Service Driver Records Clerk School Secretary II Special Ed Aide Special Ed Interpreter for Deaf/Non-Licensed
8	Acct. Spec/Accts Payable Clerk Administrative Secretary II Data Technician Food Service Driver/Storekeeper Storekeeper Purchasing Secretary/Buyer Theatre Technician Warehouse Driver/Courier

*Range 5 & 6 Lead Custodian (grandfathered) Range and salary no longer in effect as of 1987-88 school year

9

Acct Spec I/Encumbrance
 Acct Spec I/Fixed Assets
 Bus Driver
 Chapter I Tutor
 Food Service Secretary
 Equipment Buyer
 Head Custodian II
 Microcomputer Technician
 New Construction Equip Buyer
 Elementary/Secondary
 Curriculum Secretary
 Payroll Specialist I
 Special Ed Bus Driver
 Technical Director

10

Administrative Secretary III
 Food Service Manager III

11

Acct Spec II/Accounts Payable
 Bus Driver Supervisor
 Food Service Coordinator
 Head Custodian III
 School Secretary III

12

13

Community School Coordinator
 SpEd Interpreter for
 Deaf/Cert/Licensed

14

15

Summer Pool Director

Many of these employees have summer jobs and thus will not be eligible for the benefit. School employees working twelve months will by virtue of their work be excluded. Employees who are unemployed in the summer who cannot find work should be included in the unemployment insurance program because they are not working. Many of these employees want to work but comparable jobs are not available.

This bill is designed to help workers and their families during difficult periods of unemployment by removing an exclusion that is indefensible.

DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
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130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 20, 1995

SUBJECT: Sectional Summary of SB 2. (Unemployment compensation for noncertificated school employees)

TO: Senator Georgianna Lincoln

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Sections 1 - 4 remove reference to AS 23.20.381(h) from the statutes relating to unemployment compensation to conform to the repeal of that subsection in sec. 5 of the bill.

Section 5 repeals AS 23.20.381(h). That subsection makes noncertificated employees of school districts, regional educational attendance areas, and other educational institutions ineligible to receive unemployment compensation if they are unemployed between school years. The subsection states

Benefits based on services for an educational institution in other than an instructional, research, or principal administrative capacity may not be paid to an individual for a week of unemployment that begins during the period between two successive academic years or terms if the individual performed those services in the first of those academic years or terms and there is a reasonable assurance that the individual will perform those services in the second of those academic years or terms. If an individual is denied benefits for any week under this subsection and the individual is not later offered an opportunity to perform services for the educational institution in the second academic year or term, the individual is entitled to a retroactive payment of benefits for each week for which the individual filed a timely claim for benefits and for which benefits were denied solely under this subsection.

Senator Georgianna Lincoln

February 20, 1995

Page 2

(Under AS 23.20.381(e), teachers and administrators who have a contract or reasonable assurance of reemployment for the second school year are ineligible for unemployment compensation for periods between school years.)

TC.klb

95-089.klb



NEA-ALASKA

Affiliated with the National Education Association

February 23, 1995

Position Paper

SB 2

NEA-Alaska supports passage of Senate Bill 2 because it corrects an inequity currently existing between noncertified school employees who work less than a full year and don't qualify for unemployment benefits while private and public sector workers who can work part of a year do qualify for unemployment benefits. Current state law prohibits a noncertified school employee from drawing unemployment benefits during the summer months. By this practice school employees are not treated in the same manner as seasonal local government or state employees, or for that matter, private sector employees who qualify for unemployment during periods when they do not work and have an expectation to work after their period of unemployment.

The history of denying unemployment benefits to noncertified school employees changed when President Bush signed into law the Emergency Unemployment Compensation Act (P.L. 102-164) from 1991 providing for the lifting of the prohibition.

In Alaska slight exceptions have been made for some noncertified employees. Even though state interim benefits (SIB) are currently not funded, Section 23.20.354 of the Alaska Employment Security Act provides SIB to noncertified individuals who provide compensated service to a school district for teaching indigenous languages.

Many noncertified Alaska school employees who work nine, ten or eleven months with no expectation of employment for the three months, two months or one month they do not work. These employees have no opportunity to accrue retirement credit while not working and receive no compensation from the school district during summer.

It is difficult for a cafeteria worker, secretary, teacher aide, custodian or mechanic to secure limited one to three month employment opportunities in either private or public sectors. Such employees must work only nine months but stretch personal and family budgets to pay for twelve months of expenses.

Many noncertified school employees are permanent Alaska residents. Benefits provided them will be spent in local stores and businesses. Alaska paid \$25.4 million in benefits during 1992 to those who have worked and earned wages during their base period in Alaska but lived and spent unemployment benefits out of state. It seems unfair for the state to provide benefits in this manner while denying them to resident school support personnel.

The benefit is small. During 1994 a person who made \$17,000 annually would receive \$172 per week plus \$24 per dependent for a maximum duration likely to not exceed ten or eleven weeks. This small benefit can provide an unemployed Alaskan basic family necessities. Such a level of benefits will not likely cause a recipient to choose unemployment over the opportunity to work.

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FAIRBANKS REGIONAL OFFICE • 211N Chestnut Street • Fairbanks, Alaska 99701 • (907) 456-4433 • FAX (907) 456-2139

The direct financial cost to school districts is difficult to estimate. Some employees will likely oppose applying for benefits for a variety of reasons while others may not be available for work during summer months. To establish costs would require data on length of employment, compensation paid and number of dependents of noncertified employees in this workhorse pool.

Noncertified school employees who work shortened years must depend on another working family member or various short-term jobs to make ends meet. Extension of unemployment benefits is a legitimate investment for state government to make to protect those who are unable to find work and want to work.

NEA-Alaska urges the Senate HESS Committee to pass SB 2. Thank you for your consideration.

POL Espubert III

Unemployment Insurance Benefit Payments

Chapter 2

This chapter focuses on the payment of unemployment insurance (UI) benefits - where the money goes. A general description of the regular UI benefit payment system is presented first, with discussions of eligibility provisions, the benefit schedule, dependents benefits, and duration. Next, brief summaries of extended benefits, the new emergency unemployment compensation program (EUC), and state supplemental benefits programs are provided. Finally, the distribution of payments by industry and area is covered; a comparison of the characteristics of EUC recipients with those who claimed only regular UI benefits in 1992; and some highlights from a study of claimant repeaters done on the calendar year 1992 recipients of regular benefits.

UI Benefit Payments Increase for the Third Year

In 1992, Alaska paid \$175,832,126 in unemployment compensation to 64,482 claimants covered under state and federal systems. (See Table 2.2 on page 30 and Table 2.14 on page 45.) This was 36.2% more benefit dollars paid than in 1991, and 76.3% more than was paid in 1990. The number of claimants in 1992 increased 13.6% from the prior year, and 29.0% from 1990.

Total unemployment compensation benefit payments had been steadily increasing from 1980 until 1986. But in 1987 total dollars paid (\$139.2 million) began to decline and continued to do so through 1989 (\$81.9 million). In 1990, however, the trend changed again and benefit payments increased 21.8% over the prior year, and have increased each year since then. (See Table 2.14).

The proportion of total unemployment compensation benefit payments made to out-of-state claimants declined steadily from 1987 through 1991. In 1992, the trend was halted when out of state claimants took 21.5% of all benefit payments

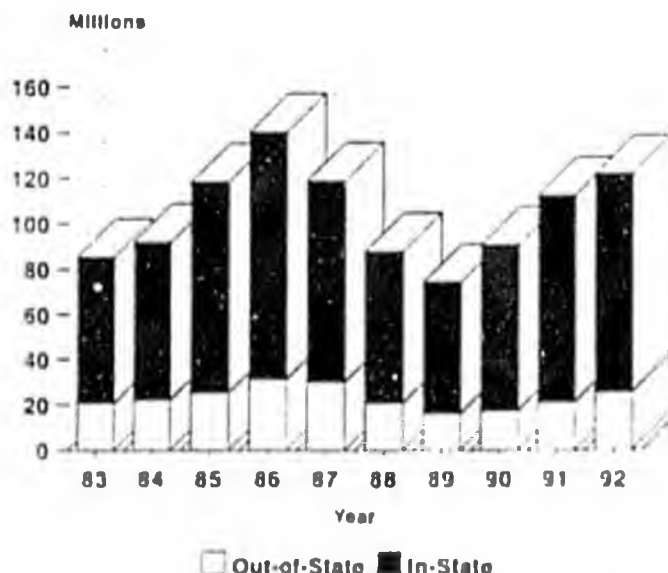
Unemployment compensation payments were distributed through four different programs in Alaska in 1991 and 1992. In 1992, the regular unemployment insurance program (regular benefits) accounted for 72.9% of all dollars paid; the Extended Benefits (EB) program was eclipsed by the EUC program which accounted for 26.8% of all dollars paid; and the State Supplemental Benefits (SSB) program accounted for about 0.3% of all dollars paid.

"Regular Benefits" is the Basic UI Program in All States

The regular UI benefits program—the state's largest unemployment insurance program—has been in existence since the Employment Security Act of 1937, and is the only program continuously available in all states. Eligibility for regular benefits in Alaska is established by earning at least \$1,000 in the claimant's "base period" with at least \$100 earned outside the quarter of highest earnings.

Amount of UI Payments, Regular Benefits 1983-1992

Figure 2.1



Note: Does not include benefit payments made through federal programs.
Source: Alaska Department of Labor, Research & Analysis Section.

Unemployment Insurance Claimant Characteristics, 1992

Table 2.2

Characteristics	All Recipients		Characteristics	All Recipients	
	Number	% of Total		Number	% of Total
Total	64,482	100.0	Average Annual Earnings (\$):		
Sex:			1,000-9,999	18,853	29.2
Male	41,698	64.7	10,000-19,999	20,230	31.4
Female	22,784	35.3	20,000-29,999	12,446	19.3
Age:			30,000-39,999	0,331	0.8
Less than 21	1,691	2.6	40,000-49,999	3,331	5.2
21-24	6,257	9.7	50,000-59,999	1,752	2.7
25-34	21,947	34.0	60,000-69,999	878	1.4
35-44	20,193	31.3	70,000-79,999	418	0.6
45-54	9,993	15.5	80,000-89,999	168	0.3
55-64	3,889	6.0	90,000+	75	0.1
65+	512	0.8	Geographic Location:		
Number of Dependents:			Alutian Islands East C.A.	82	0.1
0	39,262	60.9	Alutian Islands West C.A.	95	0.1
1	9,988	15.5	Anchorage Borough	17,254	26.8
2	8,954	13.9	Bethel Census Area	859	1.3
3+	6,278	9.7	Bristol Bay Borough	86	0.1
Ethnic Background:			Denali Borough	173	0.3
Alaska Natives/American Indian	9,108	14.1	Cillingham Census Area	292	0.5
Asian and Pacific Islander	3,025	4.7	Fairbanks North Star Borough	6,609	10.4
Black	2,444	3.8	Haines Borough	324	0.5
Hispanic	2,136	3.3	Juneau Borough	2,227	3.5
White	47,256	73.3	Kenai Peninsula Borough	5,957	9.2
No Information	513	0.8	Ketchikan Gateway Borough	1,852	2.8
Industry			Kodiak Island Borough	1,589	2.5
Agriculture, Forestry and Fishing	539	0.8	Lake & Peninsula Borough	103	0.2
Mining	4,366	6.8	Matanuska-Susitna Borough	5,108	7.9
Oil and Gas	3,706	5.9	Nome Census Area	740	1.1
Other Mining	570	0.9	North Slope Borough	266	0.4
Contract Construction	8,692	13.5	Northwest Arctic Borough	738	1.1
Manufacturing	9,525	14.8	Prince of Wales-Outer Ketchikan C.A.	873	1.4
Food Products	6,118	9.5	Sitka Borough	652	1.0
Lumber and Wood Products	1,926	3.0	Skagway-Yakutat-Angoon Census Area	607	0.9
Paper Products	438	0.7	Southeast Fairbanks Census Area	574	0.9
Other Manufacturing	1,043	1.6	Valdez-Cordova Census Area	1,120	1.7
Transport, Communications and Util.	5,672	8.8	Wade Hampton Census Area	409	0.6
Trade	11,404	17.7	Wrangell-Petersburg Census Area	841	1.3
Finance, Insurance and Real Estate	2,036	3.2	Yukon-Koyukuk Census Area	724	1.1
Services	14,591	22.6	Total In-State	50,044	77.6
Public Administration	7,211	11.4	Out-of-State	14,438	22.4
Unclassified	331	0.5	Local Office:		
Occupation:			Anchorage	15,684	24.3
Agriculture, Fishing and Forestry	3,122	3.3	Bethel	448	0.7
Benchwork	374	0.6	Central - Interstate Claims	14,438	22.4
Clerical and Sales	12,802	19.9	Central - Mail Claims	6,051	9.4
Machine Trades	3,024	4.7	Cillingham	302	0.5
Processing	4,071	6.3	Eagle River	1,516	2.4
Professional, Technical and Managerial	10,139	15.7	Fairbanks	6,679	10.4
Service	8,678	13.5	Glennallen	340	0.5
Structural Work	18,707	24.4	Homer	1,283	2.0
Miscellaneous and Unknown	7,565	11.7	Juneau	2,149	3.3
			Kenai	3,652	5.7
			Ketchikan	1,514	2.3
			Kodiak	1,508	2.3
			Kotzebue	709	1.1
			Matanuska-Susitna	4,887	7.6
			Nome	482	0.7
			Petersburg	377	0.6
			Seward	881	1.4
			Sitka	616	1.0
			Valdez	580	0.9
			Toe	388	0.6

Note: Percentages may not add up to 100% due to rounding.

Source: Alaska Department of Labor, Research and Analysis
RESP 8003, Claimant Characteristics Tape

Alaska's UI Benefit Financing System

Chapter 3

The Other Side of Unemployment Insurance

This chapter focuses on the other side of unemployment insurance (UI): where the money comes from to pay benefits. The core of the financing system is discussed first with its benefit costs and the benefit cost rate. The UI trust fund is described, along with a discussion of the general level and trends of employer and employee taxes. This is followed by an explanation of the tax calculation procedures and formulas, experience rating, and the trust fund solvency adjustment. Then the administration of the program and revenue from direct reimbursements to the fund are examined. Finally the issue of subsidies is addressed, and a short explanation of the impact of the EUC program on Alaska's tax rates.

Unemployment Insurance is a Self-Financing System

Unemployment compensation is an insurance program, not a social welfare program. As such it should be self-supporting. This means that, in the long run, employer and employee contributions and reimbursements must be roughly equal to benefits paid out to claimants. Each state has its own financing system to achieve that goal by varying employer taxes and in some cases employee taxes. Alaska is one of only two states that tax employees each year in order to pay for part of benefit costs.

Alaska's system previously was based solely upon the "reserve multiple" (a system still used in many states), which varies tax rates according to a schedule based on the ratio of UI trust fund reserves to payroll. In 1980, state law transformed the unemployment insurance tax structure into a self-adjusting financial system based less upon trust fund reserves and more upon UI benefit costs. The tax base automatically adjusts to changes in average earnings and the tax rate automatically adjusts to changes in benefit costs, payroll, and the trust fund reserve ratio.

Benefit Costs and the Benefit Cost Rate Drive the UI System

The primary purpose of any financing system is to cover benefit costs. The cost of benefits is expressed as the ratio of the amount of benefits paid in the current year to the total payroll during the previous year. This ratio is called the **benefit cost rate (BCR)**. It is a measure of the potential funding needed to pay unemployment benefits, and the financial impact of unemployment benefits on the economy of the state.

Alaska's benefit cost rate is high compared to other states. The benefit cost rate for taxable employment was 2.4% in 1992 and averaged 2.4% for the ten-year period from 1983 to 1992. (See Table 3.1 on page 55.) Rates for all other states are usually well below 2.0%. The high benefit cost rate in Alaska is attributable to both the greater seasonality of employment, and the fact that a larger proportion of the unemployed in Alaska receive UI benefits than in any other state.

Benefit cost rates in reimbursable employment tend to be about one third the rate in taxable employment. The benefit cost rate in reimbursable employment was 0.6% in 1992 and averaged about 0.7% over the ten-year period from 1983 to 1992. These low benefit cost rates result from the generally stable and non-seasonal employment practices of our major reimbursable employers: state and local government.

The UI Trust Fund Is a Savings Account for Paying Benefits

Each state has a **trust fund** for the sole purpose of paying unemployment insurance benefits. Withdrawals are made from reserves as needed to make payments to claimants; taxes, reimbursements, interest, and other sources of contributions are deposited into the fund to build reserves.

UI Regular Benefit Payments (Taxable and Reimbursable) by Industry—Interstate as a Percentage of Total, 1983-1992 Table 2.12

INDUSTRY	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
NUMBER OF WEEKS PAID										
Totals (incl. unclass.)	25.0	24.2	21.0	21.4	23.7	22.0	20.3	18.2	17.7	19.8
Ag., For. & Fish	18.9	20.5	20.8	21.3	19.1	18.4	15.8	22.4	21.8	20.8
Mining	25.8	26.9	25.3	29.5	29.6	21.7	19.5	13.4	17.4	19.7
Oil and Gas	23.7	24.6	23.1	29.4	29.6	21.4	18.9	12.6	16.3	19.6
Other Mining	33.7	33.6	33.2	30.0	29.6	23.9	21.7	19.2	23.0	20.5
Construction	18.9	20.6	17.8	18.9	18.1	13.5	11.4	16.7	10.9	10.4
Manufacturing	45.2	41.2	36.9	34.5	34.6	34.0	32.1	35.3	35.8	39.2
Food Products	52.9	52.9	45.1	42.8	41.1	36.9	35.4	40.9	40.0	44.6
Lumber & Wood	38.6	37.3	31.1	32.4	31.8	32.1	29.6	29.2	33.2	33.8
Paper Products	13.6	11.8	18.9	17.8	22.1	33.6	34.9	33.5	37.2	39.8
Other Mfg.	20.4	23.2	19.0	18.2	21.6	23.8	17.6	19.1	14.3	16.6
Trans., Comm. & Util.	21.6	20.5	19.1	19.9	20.8	20.1	18.7	14.0	16.2	16.2
Trade	23.4	21.7	18.9	20.2	23.8	22.8	19.9	16.7	13.5	16.3
Fin., Ins. & R.E.	28.1	26.9	26.2	27.3	30.5	28.6	27.1	24.6	19.6	22.2
Services	21.8	23.5	20.5	20.4	23.5	21.8	19.6	17.6	15.9	17.9
Public Admin.	20.2	18.8	17.4	20.1	23.3	23.7	19.7	18.9	16.6	16.7
Unclassified	20.2	24.3	20.0	18.7	18.6	12.6	13.0	18.9	12.2	14.6
NUMBER OF FIRST PAYMENTS										
Totals (incl. unclass.)	22.6	20.6	18.6	19.1	20.6	18.7	18.1	16.5	16.7	18.2
Ag., For. & Fish	20.8	19.1	19.7	22.4	16.5	20.2	14.7	24.9	22.7	24.1
Mining	25.1	24.1	24.8	27.0	24.3	18.5	15.8	13.5	16.0	17.6
Oil and Gas	22.9	22.1	22.7	27.0	24.4	17.7	15.4	12.8	15.2	17.7
Other Mining	32.8	30.5	33.8	26.9	23.6	22.7	17.3	20.3	19.9	16.5
Construction	17.2	18.1	15.7	15.2	15.2	10.9	10.3	9.4	9.5	9.2
Manufacturing	44.0	36.8	34.4	33.5	33.2	31.5	31.5	34.4	35.6	39.1
Food Products	52.3	50.2	44.1	42.5	38.9	35.4	36.2	40.2	41.1	48.4
Lumber & Wood	39.2	31.6	31.3	30.0	30.2	29.2	26.8	29.4	31.3	32.1
Paper Products	10.0	7.7	8.5	14.8	26.3	26.1	33.7	28.9	29.1	31.6
Other Mfg.	18.7	20.6	18.3	16.9	18.5	17.1	15.5	13.5	12.9	13.3
Trans., Comm. & Util.	18.9	18.2	17.1	17.9	17.1	17.1	15.6	12.7	13.5	13.6
Trade	20.4	17.2	16.1	16.9	20.6	18.3	16.7	14.3	12.4	14.0
Fin., Ins. & R.E.	24.5	22.1	23.7	23.6	26.2	24.0	23.3	21.3	17.0	19.5
Services	17.1	19.0	17.2	17.0	19.4	17.9	16.7	14.3	14.2	15.4
Public Admin.	16.4	15.4	14.3	17.6	20.6	18.3	16.9	15.0	13.9	13.7
Unclassified	18.2	18.8	16.6	15.4	13.8	9.8	11.9	13.2	14.1	9.5
AMOUNT OF PAYMENTS										
Totals (incl. unclass.)	24.4	24.2	21.3	22.4	25.4	23.7	21.9	19.3	18.9	21.0
Ag., For. & Fish	19.3	22.1	21.9	23.1	19.4	19.6	17.5	25.1	25.1	30.7
Mining	25.5	27.0	26.2	30.5	30.7	23.0	20.6	14.2	19.0	21.1
Oil and Gas	23.9	25.1	24.0	30.4	30.6	22.7	20.2	13.4	18.0	21.0
Other Mining	32.8	33.2	34.3	31.7	31.4	25.1	22.2	19.9	24.5	21.0
Construction	19.0	21.2	18.1	17.3	18.9	13.6	12.0	16.7	10.3	10.0
Manufacturing	43.2	38.8	35.8	34.7	35.8	36.6	33.5	36.7	37.0	40.6
Food Products	53.7	54.8	47.3	47.2	45.4	42.0	38.2	43.9	42.5	47.4
Lumber & Wood	38.1	36.6	31.3	33.6	32.9	33.8	30.4	30.3	33.6	34.8
Paper Products	13.9	11.0	15.9	17.5	23.1	37.7	37.2	34.0	38.7	42.5
Other Mfg.	19.4	23.4	18.7	17.9	22.7	23.4	19.6	20.6	15.7	18.2
Trans., Comm. & Util.	22.3	21.0	19.7	21.2	22.7	22.3	20.5	14.9	16.6	17.4
Trade	23.5	21.8	19.1	21.6	26.1	25.6	22.7	18.7	15.1	17.8
Fin., Ins. & R.E.	27.6	27.5	27.5	29.8	32.4	30.6	28.6	26.6	20.9	24.5
Services	22.2	24.8	22.6	22.3	26.6	24.7	22.0	19.6	17.7	16.7
Public Admin.	21.5	19.9	19.3	22.7	26.2	26.8	22.6	21.1	18.4	18.6
Unclassified	18.5	25.4	18.1	21.1	21.6	16.0	15.7	22.8	16.3	15.6

Source: Alaska Department of Labor, Research and Analysis
UC-217 report, Benefit Payments by Industry and Area

Amount of Benefits Varies by Industry

In 1992, 54.8% of all regular benefit payment dollars were paid to former employees of three industries: services (22.2%), trade (16.7%), and construction (15.9%). (See Table 2.11 on page 40.) Payments increased in all industries but two (paper products manufacturing and metal-coal-mineral mining). Total regular benefit payments increased over all from 1990 (\$90,477,466) to 1992 (\$121,771,578).

Within several industries regular benefit payments increased dramatically from 1990 to 1992: food products (an 82.8% increase in regular benefit dollars paid), other manufacturing (75.6%), agriculture-forestry-fishing (73.8%), and wholesale and retail trade (63.9%).

As with employment (See Chapter 1), the recession of 1986-87 changed the distribution of UI benefit payments in Alaska. Since 1985 (just prior to the recession) the change in the distribution is obvious for several industries. Claimants from the construction industry received 32.4% of regular benefits in 1985; by 1992 that percentage had fallen to 15.9%. On the other hand, the percentage for claimants

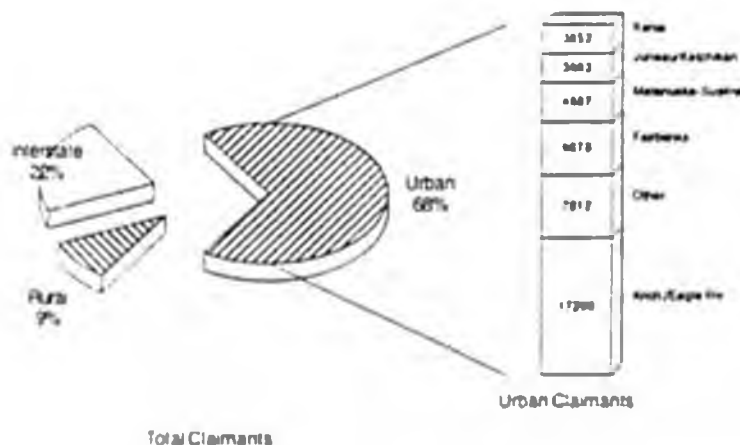
in the wholesale and retail trades increased from 14.1% in 1985 to 16.7% in 1992. Similarly, percentages increased between 1985 and 1992 for claimants in services (from 17.0% in 1985 to 22.2% in 1992), manufacturing (8.5% to 14.2%), and oil and gas mining (2.9% to 7.7%).

Proportion of Benefits Paid Out-of-State is High for Alaska

Between 1983 and 1992 the proportion of regular benefit payments sent out of state has remained between 25.4% (1987) and 19.3% (1990). (See Table 2.12 on page 42.) In 1992, Alaska paid \$25,589,312 in interstate regular benefits (excluding federal programs) to the 22% of those UI claimants filing through the Interstate claims office. These interstate claimants are those who have worked and earned wages during their base period in Alaska. (See Figures 2.3 and 2.5) Slightly less than half of all interstate regular benefits were paid to claimants in the three western states of Washington (23.9%), Oregon (10.8%), and California (13.9%). (See Table 2.15 on page 46.) Of those regular benefit payment dollars sent out of state, over 60% were for former employees of three industry groups: manufacturing (27.4%), services (20.9%), and trade (14.2%). (See Table 2.10.)

Claimants by Selected Local Offices, 1992

Figure 2.5



Since 1985, the average weekly benefit amount and average duration has been higher for those filing from out-of-state than for those filing in-state. In 1992 the average weekly benefit amount for interstate claimants was \$173.26 with average duration of 17.8 weeks. Intrastate claimants averaged weekly benefit amounts of \$161.22 with 16.0 weeks duration. (See Tables 2.9 and 2.10 on pages 36-39.)

Wage Replacement and Benefit Adequacy

Unemployment compensation is intended to replace a worker's earnings during a temporary spell of unemployment. How much of the claimant's earnings should be replaced has been an important issue since the conception of the program. A low earnings replacement implies insufficient support; an excessively high earnings replacement could result in a disincentive to return to work.

Source: Alaska Department of Labor, Research & Analysis Section

BETHEL COMMUNITY SCH ID: APR 26 95 9:16 No.002 P.02

LKESPA

PO Box 726-Bethel, AK 99559

April 26, 1995

Lyda Green, Chair HESS Committee

Ms Green;

Thank you for bringing SB2 for a hearing so the public may discuss this very important issue.

I am urging you to vote yes on Senate Bill 2 and pass it out of HESS.

Public employees deserve equitable treatment which is afforded by the State of Alaska to private workers, such as bus drivers, which are doing the same jobs are and are eligible for unemployment benefits.

The State of Alaska sends unemployment benefits to fishermen in Florida, Texas, Hawaii, Puerto Rico and all 50 states after their short fishing season ends. This money leaves the state and does not help those workers who live and try to subsist in Alaska with its higher cost of living.

School Board Members oppose letting employees receive these benefits at the same time these same school board members receive a full years retirement for their part-time involvement, a benefit all non-12 month employees do not enjoy.

Unemployment benefits would not only help those employees which need to pay for food, housing, fuel and medical costs incurred without benefits during this time out of employment but also benefit other economic bases within the state. These workers live outside the state and only take money.

Thank you for your concern with this important issue.


Ted Simmons, President

SB

15

FRANK H. WASMER

P.O. BOX 231
SKAGWAY, ALASKA 99840

The Honorable Johnny Ellis
Alaska State Legislature
Juneau, Alaska 99801

February 28, 1995

Dear Senator,

Please provide the following to members of committees considering SB 15.

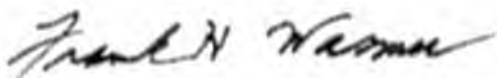
As a president of the Alaska Foster Parents Association, I spent a great deal of time working with members of the legislature on HB 19, which created A.S. 47.10.400. The intent was a program that would assure quality of care for children in state custody. It was also intended as a tracking system which would provide meaningful answers to the legislature and the public concerning the quality of care within the child welfare system. Lastly, it was intended to prevent long term out of home placements and open a door out of the system for children who find themselves being parented by the state.

Quality would be assured by review by ordinary people who contribute their knowledge and common sense. Where this system exists in other states, dramatic reductions of time in care have occurred.

Under this statute an annual report would be presented to the legislature. Having worked with many legislators, I am aware that when contacted by a constituent questioning an action in a CINA case, there is little or nothing the legislator can do. If any one of you attempts to gain information from the Division of Family and Youth Services (DFYS), you are told that the matter is confidential. Each record is sealed by the court. The laws protecting confidentiality protect DFYS much more than the child. I believe that implementation of Citizen Review System would provide a very clear picture of where we are and what improvements can be made. I also believe that the overall cost of the system would be reduced by either earlier return to family or by executing a permanent placement plan which removes the child from the custody and responsibility of the state.

Please extend the termination date of A. S. 47.10.400.

Sincerely,



Frank H. Wasmer

JOHNNY ELLIS
SENATOR




STATE CAPITOL, ROOM 9
JUNEAU, ALASKA 99801-1182
(907) 465-3704
FAX: (907) 465-2529

ALASKA STATE LEGISLATURE
SENATE

MEMORANDUM

TO: Senator Lyda Green, Chair
Senate Health, Education and Social Services Committee

FROM: Senator Johnny Ellis 

DATE: January 26, 1995

RE: Back-up for Senate Bill 15: Extend the Foster Care Review Board

Attached is a current sponsor statement for SB 15, along with some additional information on the Citizens' Review Panel for Permanency Panel to include in the HESS Committee members' packets.

I am still awaiting a fiscal note and letters of support for the measure, which I will forward to your office as soon as I get them.

Thank you for your consideration.

ALASKA STATE LEGISLATURE

Senate Health, Education and
Social Services Committee

Senate Judiciary Committee

Department of Health and Social
Services Budget Subcommittee

Department of Law
Budget Subcommittee



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SENATOR JOHNNY ELLIS

Sponsor Statement for Senate Bill 15 Extending the Foster Care Review Panel

SB 15 extends the Citizens Review Panel for Permanency Planning to June 30, 1997. This follows the recommendations of the Legislative Auditor in his audit of the Department of Administration Citizen's Review Panel for Permanency Planning published in September of 1993.

The Citizens Review Panel for Permanency Planning is the result of bipartisan efforts in the Sixteenth Legislature, when Representative Virginia Collins, (R) - Anchorage, sponsored a House bill to establish the panel, and as a Representative in the House, Senator Ellis co-sponsored Rep. Collins bill. The measure passed both bodies of the Sixteenth Legislature unanimously. The Citizens Review Panel for Permanency Planning is a group of Alaskans who look over the shoulders of social workers at the Division of Family and Youth Services to ensure that children in state custody, specifically foster care, receive placements that are in their best interest. Before the creation of this panel, we saw hundreds of Alaska's children bounce from placement to placement because of inappropriate foster care placement, essentially falling through the cracks in the system.

As the attached audit explains, there is great need for the Citizens' Review Panel in order to meet the intent of the enabling statute that was passed in 1990. A pilot citizens' review project in Anchorage has shown to be successful, but in order to truly measure its effectiveness, an extension of the board's sunset date to 1997 is needed.

On behalf of all of Alaska's foster children and foster parents, I urge your support and prompt passage of SB 15.

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SB 15

Revision Date: _____ Dept. Affected: Administration
 Title: "An Act extending the termination date of the
Citizen's Review Panel for Permanency Planning..." BRU: Office of the Commissioner
 Sponsor: Sen. Ellis Component: Permanency Planning
 Requestor: Sen. Ellis COMPONENT SERIAL NO. 1888

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	136.6	136.6	136.6	0.0	0.0	0.0
TRAVEL	1.0	1.0	1.0	0.0	0.0	0.0
CONTRACTUAL	18.0	18.0	18.0	0.0	0.0	0.0
SUPPLIES	3.5	3.0	3.0	0.0	0.0	0.0
EQUIPMENT	11.5	0.5	0.5	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	170.6	159.1	159.1	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	170.6	159.1	159.1	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
Total	170.6	159.1	159.1	0.0	0.0	0.0

Estimate of current year (FY 95) cost: 565.0

POSITIONS:

FULL-TIME	3	3	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)
 (Please see attached)

Prepared by: Sharon Barton, Director
 Division: Administrative Services

Phone: 465-5655
 Date: _____

Approved by Commissioner: Mark Boyer
 Agency: Department of Administration

Date: 1/25/95

PREPARED TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

SB 15 would extend the life of the Citizen's Review Panel for Permanency Planning until June 30, 1997. Under AS 44.66.010 (b), the review panel could remain in existence until June 30 of the succeeding year (1998) for the purpose of concluding its affairs. The fiscal note assumes the office would remain open until June 30, 1998.

Personal services costs are based on two full time Social Worker II positions and one Administrative Assistant II position.

Travel will consist of one or two trips between Anchorage and Juneau.

Contractual costs are comprised of office lease expense and telephone expenses.

Supplies costs are comprised of miscellaneous office supplies expenses.

First year equipment includes office and computer equipment. These start up costs are necessary because the pilot program has been operating for the past eighteen months with office furniture (personal property) on loan from the former Deputy Commissioner. Computers obtained from state surplus are barely functional and are so old they cannot run current software. If the program is to be continued these basic items must be purchased. FY 97 and FY 98 equipment would cover miscellaneous equipment expenses.

FY95 funding runs out about March 15, 1995. The current plan calls for shutting down the program and laying off staff on that date. If the program is to be continued supplemental funding for FY95 in the amount of \$65.0 would be necessary.

CS FOR HOUSE BILL NO. 19 (Finance) was read the third time.

SENATE JOURNAL

May 6, 1990

4031

HB 19 cont'd

The question being: "Shall CS FOR HOUSE BILL NO. 19 (Finance) (An Act relating to citizen review panels for certain children in state custody; court review of cases relating to children; establishing the Citizens' Review Panel for Permanency Planning; and providing for an effective date) pass the Senate?" The roll was taken with the following result:

CSHB 19 FIN 3RD

Yeas: 16 Adams, Binkley, Coghill, Duncan,
Fahrenkamp, Faiks, Halford, Kelly,
Kerttula, Pearce, Pourchot, Rodey,
Sturgulewski, Szymanski, Uehling,
Zharoff

Nays: 0

Absent: 4 Eliason, Fischer, Frank, Jones
and so, CS FOR HOUSE BILL NO. 19 (Finance) passed the
Senate.

Senator Rodey moved and asked unanimous consent that the vote on the passage of the bill be considered the vote on the effective date clause. Without objection, it was so ordered.

CS FOR HOUSE BILL NO. 19 (Finance) was signed by the President and Secretary and returned to the House.

CSHB 19(Fin) was read the third time.

The question being: "Shall CSHB 19(Fin) pass the House?"
The roll was taken with the following result:

April 10, 1990 HOUSE JOURNAL 3231
CSHB 19(Fin)
CSHB 19(FIN)

Yeas: 34 Barnes, Boucher, Boyer, Brown,
Collins, Cotten, Davis, C.,
Davis, M., Donley, Ellis,
Finkelstein, Furnace, Goll,
Gruenberg, Grussendorf, Hanley,
Hudson, Koponen, Kubina, Larson,
Leman, Martin, Menard, Miller,
Navarre, Pettyjohn, Phillips,
Rieger, Sharp, Swackhammer,
Taylor, Ulmer, Wallis, Zawacki

Nays: 0

Excused: 3 Foster, Jacko, MacLean

Absent: 3 Davidson, Hoffman, Shultz

And so, CSHB 19(Fin) passed the House.

Representative Navarre moved and asked unanimous consent
that the roll call on the passage of the bill be considered
the roll call on the effective date clause. There being no
objection, it was so ordered.

CSHB 19(Fin) was referred to the Chief Clerk for
engrossment.

CSHB 19(Fin)

4/5/90

Rules

); REP. Collins, Gruenberg, Ulmer, Furnace, Hanley,
Ellis, Goll, Barnes, Boucher, Hudson, Foster, Phillips
BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 19 (Finance)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SIXTEENTH LEGISLATURE - SECOND SESSION
A BILL

"An Act relating to citizen review panels for certain children in state custody; court review of cases relating to children; establishing the Citizens' Review Panel for Permanency Planning; and providing for an effective date."

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

* Section 1. FINDINGS AND PURPOSE. The legislature finds that there is a need in the state for a citizen review process for the cases of children in state custody who are in either foster care or other out-of-home placement. The purpose of this Act is to establish a citizen review process in order to ensure that children do not linger unnecessarily in out-of-home placements, but rather that they receive the support and benefits of a permanent home. The goal of this Act is to reunite the children with their families by ensuring that services are available and appropriate for reunification, and if reunification is not in the best interests of the child, to expeditiously place the child in a secure, permanent home.

* Sec. 2. AS 47.10 is amended by adding new sections to read:

ARTICLE 6. CITIZENS' REVIEW PANEL FOR PERMANENCY PLANNING.

Sec. 47.10.400. CITIZENS' REVIEW PANEL FOR PERMANENCY PLANNING.

(a) There is created in the Department of Administration the Citizens' Review Panel for Permanency Planning. The state panel consists of five voting members appointed by the governor from among present members of local citizen review panels established under AS 47.10.420. The governor shall appoint at least one voting state panel member from each judicial district. The governor may not appoint a person who has committed a felony or violated AS 11.51.130 or a law with substantially similar elements. The panel also includes the following five nonvoting members who serve ex officio or their designees: the commissioner of health and social services, the director of the office of public advocacy, the attorney general, the public defender appointed

panels.

Sec. 47.10.420. APPOINTMENT OF LOCAL PANELS. (a) The governor shall appoint for each judicial district a local citizen out-of-home care review panel composed of five members and two alternates who are residents of the judicial district. Members shall serve three-year terms except that when a local panel is initially appointed, two members shall be appointed for three-year terms, two members for two-year terms, and one member for a one-year term. Alternates shall be appointed to three-year terms.

(b) The governor shall appoint to a local panel persons who have training, experience, special knowledge, or a demonstrated interest in the welfare of children. An out-of-home care provider or a person employed by the court system, the department, the office of public advocacy, the Public Defender Agency, or the Department of Law may

not serve as a member or alternate member of a local panel. The governor may not appoint a person who has committed a felony or violated AS 11.51.130 or a law with substantially similar elements.

(c) The composition of a local panel must be reasonably representative of the various social, economic, racial, ethnic, and cultural groups of the district from which the members are appointed.

(d) If the state panel determines that additional local panels are necessary in a judicial district because of excessively large or complex caseloads for review or because of the demographics of cases, or determines that a local panel is not necessary because of a reduced caseload, the governor may create or dissolve a local panel. The governor may not reduce the number of panels in a judicial district to fewer than one. Appointments to a panel established under this subsection are governed by (a) - (c) of this section.

(e) When a person is appointed to serve on a local panel, the person shall swear or affirm to keep confidential all information that comes before the local panel except for nonidentifying case information included in a report to the state panel, information for reports required under AS 47.17, or as required by court order for good cause shown. A local panel member may also share confidential information with other members of the local panel and staff who serve the local panel.

Sec. 47.10.430. MEETINGS; EXPENSES. (a) A local panel shall conduct its meetings in the judicial district in which its members reside.

(b) The local panel shall elect one of its members to serve as chair for a term of one year.

(d) In reviewing a case, the local panel shall consider the case plan and any progress report of the department or the child's guardian ad litem, court records, and other relevant information about the child and the child's family. The local panel shall also provide to the following persons an opportunity to be interviewed by the panel in person or by telephone or to provide written material to the panel:

(1) the child whose case is being reviewed if the child is 10 years of age or older;

(2) the parents, custodians, or other relatives of the child;

(3) the child's out-of-home care provider;

(4) the child's guardian;

(5) the child's guardian ad litem;

(6) the case worker or social worker assigned to the case;

(7) if the case is governed by 25 U.S.C. 1901 - 1963 (Indian Child Welfare Act),

(A) the child's Indian custodian; and

(B) the designated representative of the child's Indian tribe if the tribe has intervened in the case; and

(8) other persons with a close personal knowledge of the case.

(e) At the discretion of the child's guardian ad litem, if the child whose case is being reviewed is under 10 years of age, the child may be present at interviews conducted under (d) of this section and during review by the panel, or may be interviewed. At the child's request, a child who is 10 years of age or older shall be allowed to be present at interviews or a review of the local panel that concerns the child's case unless the panel determines that for good cause the child's presence would be contrary to the best interests of the child or there is other good cause for denying the child's request.

(f) During a review under (a) of this section, a local panel shall

(1) determine whether the child has a case plan designed to achieve placement in the least restrictive, most family-like setting available in close proximity to the home of the child's parents that is consistent with the best interests of and special needs and circumstances of the child;

(2) evaluate the continuing necessity and appropriateness of the child's placement, the extent of the compliance with the child's case plan, and the extent of progress that has been made toward mitigating the causes that necessitated placement away from

the

child's parents;

mem-

ber's duties under AS 47.10.400 - 47.10.490 except as required under AS 47.17 or as required by court order for good cause shown. A local panel member may share with the state panel communications made during

the local panel member's performance of official duties if the local panel member omits identifying information.

(c) A local panel proceeding is not governed by AS 44.62.310.

Sec. 47.10.470. COURT REVIEW OF REPORT. (a) When a report is admissible under court rules, the court may consider the report of the local panel in its review under AS 47.10.080(f) and at other disposition hearings other than hearings related to delinquency proceedings.

(b) The court may refer to the local panel a case called for a special review under AS 47.10.080(f).

Sec. 47.10.480. INDEMNIFICATION OF PANEL MEMBERS. A state panel member and a local panel member shall be indemnified by the state for civil liability for a negligent act or omission of the panel member that occurs in the performance of the member's duties under AS 47.10.400 - 47.10.490 unless the civil liability results from the panel member's violation of

(1) AS 47.10.460(b); or

(2) the oath or affirmation required under AS 47.10.420(e).

Sec. 47.10.490. DEFINITIONS. In AS 47.10.400 - 47.10.490

(1) "local panel" means a local citizen out-of-home care review panel appointed under AS 47.10.420;

(2) "out-of-home care provider" means an agency or a person, other than the child's legal parents, with whom the child is currently placed and who is in the custody of the state under AS 47.10.080(b)(3), (c)(1), or (c)(3), 47.10.142, or 47.10.230(c), including a foster parent, a relative other than a parent, a person who has petitioned for adoption of the child, or a residential child care facility;

(3) "state panel" means the Citizens' Review Panel for Permanency Planning established under AS 47.10.400.

* Sec. 3. AS 44.66.010(a) is amended by adding a new paragraph to read:

(17) Citizens' Review Panel for Permanency Planning under AS 47.10.400 -- June 30, 1994.

* Sec. 4. AS 47.10.080(f) is amended to read:

(f) A minor found to be delinquent or a child in need of aid is a ward of the state while committed to the department or the department has the power to supervise the minor's actions. The court shall review an order made under (b) or (c)(1) or (2) of this section annually, and may review the order more frequently to determine if

(h) Within 18 months after a minor is committed to the department under this section, the court shall review the placement plan and actual placement of the minor under AS 47.10.080(I).

* Sec. 7. Notwithstanding AS 47.10.400, enacted by sec. 2 of this Act, the governor shall appoint the initial public members of the Citizens' Review Panel for Permanency Planning so that one serves a one-year term,

two serve two-year terms, and two serve three-year terms. The initial public members must be persons who have training, experience, special knowledge, or a demonstrated interest in the welfare of children.

* Sec. 8. This Act takes effect July 1, 1990.

CITIZENS' REVIEW PANELS FOR PERMANENCY PLANNING
SUMMARY OF ACTIVITY
Fiscal Year 94

The Legislature appropriated \$125,000 for FY94 for the Citizens' Review Panels, a program that provides for external reviews of children in out-of-home placement in the interest of determining a permanent placement. Permanent placement could mean unification with family, adoption, emancipation, or extended out-of-home care.

Planning for implementation began prior to the beginning of the fiscal year. Information from other states was gathered and reviewed to find programs that could be tailored to fit Alaska's situation. The final product uses parts from several states. The program is in Anchorage where half of the children in out-of-home care reside. It was designed to be a model program so that expansion could more easily occur should other funding become available. Since reviews will take place only in Anchorage, the administrative members of the state-wide panel became an advisory board. This avoided the necessity of appointing local panels in an area where citizen reviews would not take place and saved time and expenses for travel of the state-wide panel.

Roberley Waldron supervises the program. The Governor's office was asked to appoint twenty or more citizen panelists. Twenty-one members were appointed and currently there are 15 active panelists.

The program has progressed as follows:

- * The advisory board met several times to plan for implementation.
- * A contract was negotiated with a social worker-attorney to devise procedures, forms, etc. to meet all state and federal standards.
- * The list of panelists was received from the Governor's office on October 29, 1993.
- * An administrative assistant and social worker III were hired in October, a social worker II in November.
- * Training of panelists was accomplished in November and the list of children to be reviewed was received.
- * Seventeen children were reviewed in December.
- * Twenty-six children have been referred for review in January.

Comments from all associated parties regarding the process have been very favorable. The foster parents are particularly pleased to be included. Several calls have been received from parents asking that their child be reviewed by the panel (referrals are received from the court).

Here is a sample statement from a foster parent regarding her participation in the review process: "This is my first opportunity to comment to the review process. One concern I would like to share is the value of keeping the foster parents apprised of the

COMMENTS ON THE CITIZENS' REVIEW PANEL'S RECOMMENDATIONS

The citizen panelists bring a wide spectrum of backgrounds and knowledge into the process; many of them are professionals in this or related fields. Their comments and recommendations usually complement those of the social worker and other service providers, but may add refinements or give a different perspective.

In the majority of cases reviewed, the Panel has found that the Division of Family and Youth Services' social workers have been diligent and have often gone the extra mile to serve the children and their families. However, a frequent finding was that the Case Plan in DFYS's records did not apply to the child's current placement, situation and/or needs. For example, in one case record, the Case Plan referred to the children in their own home, when in fact they were all in foster care. Better computerization could help eliminate this problem by having every entry go directly into the record.

A second frequent recommendation had to do with Alaska Native tribal intervention. In two cases specifically, the Native Council had filed a motion of intention to intervene, but was frustrated by the fact that after eight to twelve weeks they had received no information from the Court, the Division, or anyone. The Panel felt that the spirit of Indian Child Welfare Act (ICWA) was not being met in these cases. Another aspect of the ICWA process is the lack of information or ability to intervene on the part of the Native Council.

In one notable case, the Division of Family and Youth Services and Office of Public Advocacy had no contact with the child's mother since placement, about three months. They said they did not know her whereabouts. The mother received the invitation sent out by the Citizens' Review staff, and came to the review. During the review, she stated that she would like to have her child adopted by her parents, who had custody, and she was able to discuss and confirm this decision with her parents who were participating by teleconference from their bush village. At the end of the meeting, the Division social worker and the guardian ad litem had set up an appointment with the mother to arrange for the necessary legal documentation. In this case, the panel believes the citizens' review hastened permanent placement.

RECOMMENDATIONS FROM THE STAFF and STATE-WIDE ADVISORY BOARD

1. The legislature should review their support for the external review concept for children in foster care. If there is legislative support, consideration must be given to funding. Funding at the continuation level of \$125,000 will pay for two eleven month employees if the Social Worker III is reduced to a lower classification. A Social Worker III, step B, costs \$54,491 per year. In addition, the funds will pay for office space and very little else. The three employees in the current project are

More importantly, if all the information regarding the child is not available to both this program and the DFYS social workers, neither agency can make the best recommendation for the welfare of the child.

GENERAL COMMENTS

There is no funding allowed for the support of the volunteers on the Citizen Panels; there have been difficulties in establishing an adequate pool. Individuals who cannot afford to pay child care, all day parking and lunch have declined appointment to the panel. One has resigned for that reason. The Legislature should consider a small per diem (lunch and parking, for example) for each full day a panel meets. There is a question of how much time and money the state can reasonably expect even extremely dedicated panelists to volunteer. Some excellent panelists are now telling us that they will serve only one day per month, which limits the number of days that can be scheduled for reviews. Further, it puts us in an untenable position should someone cancel at the last minute. A scheduled review can not be held without a quorum.

Though this program has been active for a short period, the public acceptance has been excellent. This office has received numerous calls from parents requesting that their child be reviewed. Foster parents have come by the office or telephoned with concerns they believe must be addressed in a meaningful way while the child is in foster care. They appreciate being a part of the external review process.

It has become evident that some of the Native Village Councils who can, by law, intervene in the case of a Native child do not know the specific process for legal intervention. Staff has spent time on the telephone telling them what is available to them and assisting them in participation. We plan to recommend to the Alaska Federation of Natives that they provide training to the villages in this regard. Community and Regional Affairs staff has offered to include educational information in their newsletter.

The Citizen's Review Panels were scheduled to sunset in 1994 and were reviewed for that purpose in 1993. That report, which recommended continuation, is available in Legislative Audit.

Alaska State Legislature

Anchorage • District 10

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(907) 561-2040

Member
Alaska Legislative
Council
Labor & Commerce
Committee
Special Committee
on Foreign Trade
Finance Sub-Committee
for Labor

Representative Virginia Collins

SPONSOR STATEMENT

CSHB 19 (FIN)

This bill would create in the Department of Administration a statewide foster care review system for certain children in state custody. It would establish a ten-member state panel composed of five voting members who are appointed by the governor and five non-voting agency members. It would also establish five-member local citizen review panels for children in state custody in each of the state's four judicial districts. Administrative staff would be provided to the panels.

Within 180 days after a child is removed from the home and every six months thereafter, the local citizen review panels would review the case to determine whether the child has a case plan in place consistent with the best interests of the child, evaluate the necessity and appropriateness of the placement, and ascertain the date by which a child may be returned to the home or placed for adoption or legal guardianship. The panel would make advisory recommendations based on the review.

The state panel would prepare an annual report to the legislature regarding the activities of the panels and make recommendations for program improvements.

There are 21 other states which have implemented similar programs and have found it to show a cost-savings. More importantly, these states have found that children are not languishing as long in foster care.

FEB 01 1995

Audit Report

DEPARTMENT OF ADMINISTRATION
CITIZEN'S REVIEW PANEL
FOR PERMANENCY PLANNING

September 1, 1993



Audit Control Number:

02-1420-93

Division of Legislative Audit

P.O. Box 113300, Juneau, Alaska 99811-3300

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P. O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347

September 1, 1993

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF ADMINISTRATION CITIZENS' REVIEW PANEL FOR PERMANENCY PLANNING

September 1, 1993

Audit Control Number

02-1420-93

The audit reports on whether the Citizens' Review Panel for Permanency Planning (the panel) should continue its existence. Currently AS 44.66.010 has the panel scheduled for termination on June 30, 1994 and provides the panel with a year in which to conclude its affairs. We recommend that the legislature extend the panel's termination date to June 30, 1997 with the provision that sufficient funds be appropriated to allow the pilot project in Anchorage to perform reviews that can be used to evaluate the economic feasibility and rate of success for citizens' reviews.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section of this report.

A handwritten signature in cursive script, appearing to read "Randy S. Welker".

Randy S. Welker, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the intent of Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Citizens' Review Panel for Permanency Planning (the panel) to determine if it should continue in existence.

Objectives

As required by legislative intent, this report shall be considered during the legislative oversight function in determining whether the panel should be reestablished. The law currently specifies that the panel will terminate on June 30, 1994.

Scope

Since the panel was never implemented (see Report Conclusions on page 7) it has not been given an opportunity to demonstrate how it could operate in the public interest. However, continuing public support for the concept of citizens' reviews has led to a pilot panel project being started in Anchorage in fiscal year 1994. We have limited our review and report conclusions to addressing plans for the pilot project in Anchorage. We have limited our review of Department of Health and Social Services, Division of Family and Youth Services' (DFYS') internal case reviews to those being conducted in their Anchorage office for the southcentral region.

Methodology

During the course of our examination, we reviewed and evaluated the following:

1. Titles IV-B and IV-E of the Social Security Act.
2. Alaska Statute 47.10, Article 5.
3. Applicable sections of DFYS policies and procedures manual.
4. Budget documents.
5. DFYS case files at southcentral region.
6. Office of Management and Budget, *Foster Care Review Report No. 06-56*, January 1992.
7. National Association of Foster Care Reviewers, *An Overview of Early Foster Care Review*
8. National Association of Foster Care Reviewers, *An Overview of Citizen Involvement in Foster Care Review*

9. Office of the Ombudsman closed case file.
10. Minutes of panel meetings.
11. Interviews with people appointed to the panel.
12. Interviews with Department of Administration personnel.
13. Interviews with DFYS personnel.
14. Interviews with guardians ad litem.
15. Interview with a Master of the Children's Court.

ORGANIZATION AND FUNCTION

The law establishing the Citizens' Review Panel for Permanency Planning (the panel) was signed by Governor Cowper on June 14, 1990. The purpose of the act was to establish a citizens' review process in order to ensure that children do not linger in out-of-home placements, but receive the benefits of a permanent home. The goal of the act was to reunite children with their families. But in those cases where reunification was not in the best interest of the child, the process would expeditiously place the child in a secure, permanent home.

Duties of state and local panels

The panels, which were to be effective on July 1, 1990, were created in the Department of Administration. The panels would include both a state panel and several local panels. The state panel's statutory responsibilities include the following:

1. Adopting policies and procedures to carry out its duties and governing the performance of the duties of the local panels.
2. Ensuring that local panel members receive the minimum level of training necessary to effectively carry out their duties.
3. Coordinating and reviewing the activities of the local panels and making recommendations to the governor on appointments to the local panels.
4. Annually reporting (see sidebar for reporting requirements) to the legislature by the 10th day of each regular session, concerning the activities of the state and local panels during the previous fiscal year.

The local panels' statutory responsibilities include the following:

1. Reviewing the case plan of each child in the custody of the department who is in a placement other than the child's own home if the case is under the jurisdiction of a court in the judicial district served by the panel.

ANNUAL REPORT REQUIREMENTS

Each annual report must include the following information:

- a. the number of cases reviewed by each local panel;
 - b. a description of the characteristics of the children whose cases were reviewed by the panels;
 - c. the number of children reunited with their families;
 - d. the number of children placed in other permanent homes;
 - e. recommendations and justifications for program improvement, including recommendations relating to state agencies and to the panel review system; and
 - f. the report may contain other information on the experience of the local panels.
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2. Reviewing a case as required under federal law [42 U.S.C. 671 - 675 (P.L. 96-272)] within 180 days after the day the child is initially removed from the child's home and every six months thereafter.
3. Providing, at least 30 days before it begins a review, written notice to designated persons that a review will be conducted and that each person notified may participate.
4. Considering the case plan, progress reports, and other relevant information including interviews with designated persons about the child and the child's family when reviewing a case.
5. Submitting a written report, which must make advisory recommendations based on the best interests of the child, to designated persons within 30 days after reviewing the case.
6. Providing information to the state panel for inclusion in the annual legislative report.

During their reviews a local panel must determine whether a child has a case plan designed to achieve placement in the least restrictive, most family-like setting available in close proximity to the home of the child's parents that is consistent with the best interests, special needs, and circumstances of the child. The local panel must evaluate the continuing necessity and appropriateness of the child's placement, the extent of the compliance with the child's case plan, and the extent of progress that has been made toward mitigating the causes that necessitated placement away from the child's parents. The local panel must ascertain the date by which it is likely the child may be returned to the home or placed for adoption or legal guardianship. The local panel must determine whether there has been compliance with applicable state and federal laws, court review requirements, and the Indian Child Welfare Act.

Membership on panels

The state panel consists of five voting members appointed by the governor from among present members of local panels with at least one voting state panel member from each judicial district. A person may not serve who has committed a felony or has contributed to the delinquency of a minor. Nonvoting members of the state panel include the commissioner of the Department of Health and Social Services, the director of the Office of Public Advocacy, the attorney general, the public defender, the chief justice of the Alaska Supreme Court, or their designees. The voting members serve staggered three year terms at the pleasure of the governor. A chair is elected by the voting members from among themselves. A quorum for the purpose of transacting business is established if three voting members are present and it takes an affirmative vote of at least three members to take any official action. The state panel must meet twice annually and members are entitled to reimbursement for actual expenses necessary to perform their duties as state panel members, which may not exceed the amount of per diem and expenses authorized for boards and commissions.

Local citizens' out-of-home care review panels are appointed by the governor for each judicial district. They are composed of five members and two alternates who are residents

of that judicial district. Members shall serve staggered three year terms. Members of local panels must have training, experience, special knowledge, or a demonstrated interest in the welfare of children. However, foster care providers; relatives providing care; and employees of the court system, the Department of Health and Social Services, the Office of Public Advocacy, the Public Defender Agency, or the Department of Law may not serve as members or alternates to local panels. A person may not serve who has committed a felony or has contributed to the delinquency of a minor. Local panels must be reasonably representative of the various social, economic, racial, ethnic, and cultural groups of the district.

The governor may create additional local panels because of number and complexity of caseloads or dissolve local panels because of reduced caseload, but the governor may not reduce the number of panels in each judicial district to fewer than one.

A chair is elected by the local members from among themselves. A quorum for the purpose of transacting business is established if a majority of members are present and it takes an affirmative vote of at least three members to take any official action. The local panels conduct their meetings in the judicial district in which the members reside and are not eligible for travel expenses unless the state panel requires a local member to travel to attend a meeting. In that situation the member is entitled to reimbursement for actual expenses, which may not exceed the amount of per diem and expenses authorized for boards and commissions.

State panel program coordinator and staff

The state panel may employ a program coordinator who shall serve at the pleasure of the state panel. The program coordinator shall employ staff as necessary to carry out the program coordinator's duties under state panel directives and to provide clerical assistance to local panels.

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REPORT CONCLUSIONS

The current executive administration campaigned on a philosophy of streamlining government. One aspect of streamlining government was to eliminate any duplication in program services. The former commissioner of the Department of Administration (DOA) chose to ignore legislative mandate and not implement the panels because he saw them as a duplication of the Department of Health and Social Services (DHSS), Division of Family and Youth Services' (DFYS') internal reviews. The commissioner's decision was supported when the governor vetoed funding for the panels the following fiscal year. However, the intent of the legislation that created the panels was that the duplicate efforts would only be temporary. Per the prime sponsor of the original legislation, once the panels were firmly established and had proven their ability to meet federal requirements, the DFYS internal reviews would be abolished.

Both DFYS' policies and procedures and statutes for the panels were written to meet the federal requirements in Title IV-B and IV-E of the Social Security Act. These sections of the act require that each child be reviewed at least once every six months to determine the continuing necessity and appropriateness of the placement, the extent of the compliance with the case plan, and the extent of progress made toward alleviating the causes necessitating the placement in foster care. The panels have an additional objective as stated in the findings and purpose of the originating legislation. The bill stated, "*The purpose of this Act is to establish a citizens' review process in order to ensure that children do not linger unnecessarily in out-of-home placements, but rather that they receive the support and benefits of a permanent home.*"

While in fiscal year 1993 DFYS passed a federal IV-B audit for the first time which indicates compliance with the federal requirements, our review of case files in the southcentral region indicate that one federal requirement is not being met. We found that it is rare for the review panel to project a likely date by which the child may be returned to the home or placed for adoption or legal guardianship. Also, we did not find DFYS' internal reviews fulfilling the entire objectives of the State's statutes. State statutes specifically call for a "citizen review process." DFYS tries to get one community member on its review team of three, but in 29% of the southcentral cases we reviewed, all the case team members were DFYS employees.

In spite of a stated commitment to creating the panels, this administration has been slow to provide adequate funding for DOA to comply with its statutory duty (see Analysis of Public Need page 11). In a January 1992 Office of Management and Budget audit on Foster Care Review, both DOA and DHSS agreed to work together to coordinate and implement the foster care review panels. In their response to the audit, DOA stated, "*that Alaska Statute 47.10.400 obligates DOA to establish external review panels. While final decisions have not been made on the method of implementation, DOA will go forward with the review panels.*" In their response, DHSS stressed the importance of a foster care review system that made recommendations on improving services to children and did not just become a vocal critic of DHSS. DHSS agreed to work together with DOA in coordinating the foster care

case review process and agreed, *"that review panels can improve the quality of support the agency provides to foster children, improve placement accountability, and enhance community awareness."*

For fiscal year 1994 DOA has received \$125,000 to establish a pilot project in Anchorage with possibly three local panels. The pilot project is to demonstrate the feasibility of external reviews and to provide sufficient data to determine what impact the panels would have on permanency planning. It is the goal of the pilot project to get the most number of reviews done as possible while still meeting the objectives of a meaningful involvement of all interested parties. This pilot project should also provide the financial data necessary to determine how much is sufficient to adequately comply with the law.

Currently AS 44.66.010 has the panel scheduled for termination on June 30, 1994 and provides the panel with a year in which to conclude its affairs. We recommend that the legislature consider legislation that extends the panel's termination date to June 30, 1997 with the provision that sufficient funds be appropriated to allow the pilot project in Anchorage to perform reviews that can be used to evaluate the economic feasibility and rate of success for citizens' reviews (see Recommendation No. 1). We believe that three years worth of data should be sufficient to determine whether the panels can meet federal requirements and achieve real permanency planning for children.

If the data from the pilot project shows that citizens' review panels are effective both in cost savings and reducing the length of time children remain in foster care, then decisions need to be made on whether and how to expand the panels to other regions in Alaska. Each area will have its own unique logistical and program problems to overcome. Also, if the citizens' reviews prove to meet federal requirements, DFYS will be able to stop their internal review process and concentrate their resources on case management.

As discussed in Recommendation No. 2, either DOA will have to purchase and implement its own database to track the placement of children to determine the feasibility of the panels or DHSS' existing case database will need to be modified to provide the necessary tracking information. It is our opinion that it would make more sense for DHSS' existing database to be modified as this should be more cost effective.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The legislature should extend the Citizens' Review Panel for Permanency Planning's (the panel's) termination date to June 30, 1997 with the provision that sufficient funds be appropriated to allow the pilot project in Anchorage to perform reviews that can be used to evaluate the economic feasibility and rate of success for citizens' reviews.

Although the enabling legislation for the establishment of citizens' review panels was passed in 1990, the Department of Administration (DOA) originally made a decision to not implement the panels. It has only been in fiscal year 1994, the year the panels are scheduled to sunset, that DOA is implementing pilot panels in one Alaskan city, Anchorage. Because the panels were never established, there are no activities to analyze to determine the panels' effectiveness.

The Department of Health and Social Services (DHSS), Division of Family and Youth Services (DFYS) has been performing permanency planning reviews to meet federal requirements. However, as explained in the Analysis of Public Need section of this report, we do not find DFYS' internal reviews fulfilling the entire objectives of the State's statutes, which establish an external review process. Alaska Statute 47.10, Article 5 specifically creates a Citizens' Review Panel for Permanency Planning and prescribes the duties, appointments, and reporting requirements of the panels.

There also remains a perception among foster care providers, guardians ad litem, court system personnel, and the general public that DFYS' internal reviews do not achieve real permanency planning for children and there continues to be widespread support for citizens' review panels. Because of this perceived need, we believe that the Anchorage pilot project in citizens' panels should be continued until June 1997 to gather data to determine the panels' effectiveness. The pilot project needs to implement a system that meets federal requirements and achieves real permanency planning for children. Effectiveness can be measured by the length of time children remain in foster care and by savings associated with children no longer being part of the foster care system.

If the data from the pilot project shows that citizens' review panels are effective, then decisions need to be made on whether and how to expand the panels to other regions in Alaska. Also, if the citizens' reviews prove to meet federal requirements, DFYS will be able to stop their internal review process and concentrate their resources on case management. DOA should pursue the possibility of receiving federal funding for the activities of the citizens' panels.

Recommendation No. 2

DOA and DFYS should work together to create a reliable database and software program that provides management reports that can be used to track individual cases in an efficient manner and be used to determine the effectiveness of case reviews for permanency planning.

Regardless of whether case reviews for permanency planning are done internally by DFYS or externally by citizens' review panels, it is important that the effectiveness of the case reviews be determined. There needs to be a computer system either in DOA or in DFYS to track information about how long children have been out-of-home, the number of cases reviewed, and the eventual placement of the children.

While DFYS has a database on which information on its cases is kept, this database has not been used as a management tool for permanency planning case review. The database is set up by families rather than by child so it is not easy to generate reports that provide information on a child's placement and length of time in each placement situation. DFYS refers to its finally passing a Title IV-B of the Social Security Act audit as evidence of the effectiveness of its internal review system. The DFYS system, however, does not provide all the necessary information to demonstrate an effective internal review. The database does not provide information on the number of children who have been permanently placed as a result of a review or in cost savings generated by children who are no longer in foster care.

The Anchorage pilot project in citizens' review panels will need to determine its effectiveness by the number of children who are permanently placed and any resulting cost savings by the children no longer being in foster care. Ideally, rather than DOA having the expense of developing their own database to generate this information, DFYS' database could be updated so that management reports on review effectiveness could be available. It would also be of great value to compare recommendations made by DFYS' internal review to permanency planning recommendations made by Anchorage's pilot panels and see which form of oversight results in more effective and timely permanent placement for children.

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses of board activities relate to the public need factors defined in the "sunset" law, Alaska Statute 44.66.050. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

The extent to which the board, commission, or program has operated in the public interest.

The Citizens' Review Panel for Permanency Planning (the panel) has never had an opportunity to demonstrate how it could operate in the public interest, because the program has never been fully implemented. However, there was widespread legislative support for the panel at the time of the bill passage and there continues to be both legislative and public interest in the need for the panel.

The bill, which was introduced in the house, had wide bi-partisan support. In addition to the prime sponsor who was republican, there were 11 co-sponsors with members from both the democratic and republican parties. The bill passed the house with a vote of 34 in favor, 3 excused, and 3 absences. The bill passed the senate with 16 in favor and 4 absences. One of the co-sponsors stated that it is rare to get that kind of consensus on an issue like child foster care that is so explosive.

The prime sponsor of the bill explained that there had been growing concern in the legislature about the lack of real oversight in children's welfare. There did not seem to be a mechanism in place to monitor a child's progress through the system. An early foster care review demonstration project was conducted in Anchorage in 1988 and funded by the Edna McConnell Clark Foundation. The project highlighted some systemic problems at the Department of Health and Social Services (DHSS), Division of Family and Youth Services (DFYS) which included a high turnover of social workers in DFYS, children had multiple foster care placements, and DFYS often had a large number of previous reports of abuse and neglect before taking any action.

The National Association of Foster Care Reviewers reports in *An Overview of Citizen Involvement in Foster Care Review* that other states who had the same problems created Foster Care Review Boards and felt that they had seen obvious benefits. Those states reported that case plans were being written, children were not languishing in the system but were being placed or returned to families sooner, and there was an overall savings to the system as more children were no longer in state custody.

The prime sponsor said that there is a fragile system to assist children. Cases are sealed by the court to protect the confidentiality of children and parents which results in a cloak of

confidentiality. Although there are many layers to assist children, the cloak of confidentiality causes fragmentation and lack of communication between the various elements. She did not want to scuttle everything and start over, but wanted instead to connect the existing elements. She saw the panels as a means to bring all the parties involved in the child's welfare together.

As explained in following sections, the panels were never implemented to the extent that external case reviews were held. Instead, DFYS has continued to conduct internal case reviews. Guardians ad litem who have had recent experience with DFYS' internal reviews report that they are superficial paperwork reviews rather than achieving real permanency planning for children. This perception seems accurate as DFYS has not had adequate resources to devote to case review. DFYS has not provided a clerical staff to handle sending out case review notices to interested parties. The lack of a clerical staff means that already overworked social workers have to send notice. These parties complain that they either do not receive notice or receive it too late to attend the meeting. When interested parties do attend, two hours may be necessary to achieve real dialogue and understanding on everyone's part but each review is limited to half an hour. In addition, DFYS' computer database does not provide information that can be used as management tools for case reviews.

There continues to be widespread support for citizens' review panels. Foster care providers, members of the court system, and guardians ad litem all express a need for external reviews conducted by community members. The guardians ad litem, who are appointed by the court to represent the best interest of the child, offered their perspective on how external panels could improve the case review system. Suggested benefits include:

- ◆ It would raise community awareness and education on what happens to children in state custody.
- ◆ Community members who have an understanding of the issues could document and lobby for needed changes and funding.
- ◆ The case reviews need to be more coordinated with the court; sometimes the two seem completely divorced.
- ◆ The citizens' reviews would have to eventually take over the DFYS review function and this would free up social workers so that they could do better case management.

A Master of the Children's Court offered additional perspective on how external panels could improve the case review system. He explained that courts do not have as much power as people think. Courts can make DFYS accountable to follow its case plans, but the court cannot order DFYS to make certain placements. Courts are limited by the rules of evidence; the court can only hear what is presented and DFYS' internal reviews do not become part of what the court hears. However, citizens' reviews could be entered into the court package by the guardians ad litem. The external panels can ask the type of probing questions that the court cannot. The citizens' reports could become important in that they will highlight any breakdown in the process to assist the child.

The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.

As stated previously, the panel was never fully implemented. After the bill was signed into law, Governor Cowper began the process of appointing people to the state and local panels. By December of 1990 the state panel had been formed and the first meeting of the panel was held in Anchorage. The two-day meeting included discussion on hiring an executive director, training needs for the panels, and the design of the review process. A second meeting was held later in the same month by teleconference. At this second meeting, the past president of the National Association of Foster Care Reviewers offered advice for establishing Alaska's panel system based on the experience of her state of Nebraska. The third meeting of the panel which had been scheduled for January 1991 was never held.

The new executive administration that had taken office had campaigned on a philosophy of streamlining government. One aspect of streamlining government was to eliminate any duplication in program services. The newly appointed commissioner of the Department of Administration (DOA) felt that the Citizens' Review Panel for Permanency Planning would not be necessary if DHSS was doing its job adequately. In the early months of 1991, the commissioner of DOA felt that he and the commissioner of DHSS had reached an agreement that the panels would not be implemented and that DHSS would handle child case reviews internally.

The panels, which were housed in DOA, were told that they could not spend any additional funds. An administrative assistant, who had already been hired, continued to draw her salary for a few additional months. There had already been some expenditures for travel and honoraria for the one Anchorage meeting and small expenditures for supplies. By the end of fiscal year 1991, only \$36,500 had been spent against an appropriation of \$570,800.

For fiscal year 1992 the legislature reappropriated the unexpended and unobligated balance of the 1991 appropriation. However, the governor used his power of line item veto to eliminate this funding for the panels. There was no funding requested for the panels in fiscal year 1993. Because of the lack of funding provided for the panels, there were no additional meetings and no case reviews were held from January 1991 through June 1993.

In fiscal year 1994 DOA has received \$125,000 *"to fund partial implementation of external permanency planning of DFYS clients as directed in AS 47.10.400-490."* The deputy commissioner of DOA plans to establish a pilot project in Anchorage with possibly three local panels. For the time being, there will not be a state panel established. The deputy commissioner plans to have her panels receive their primary training by the Office of Public Advocacy. DFYS will also be asked to provide some training and the court will be asked to discuss the court process.

The pilot project is to demonstrate the feasibility of external reviews and to provide sufficient data to determine what impact the panels would have on permanency planning. It is the goal

of the pilot project to get the most number of reviews done as possible while still meeting the objectives of a meaningful involvement of all interested parties. For this reason, the deputy commissioner plans to have the panels meet three days a week and review four cases each day. DFYS internal reviews are held four days a week with each case only scheduled for half an hour.

The extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

Due to the lack of funding for the panel, there have not been any statutory changes recommended.

The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

Due to the lack of funding for the panel, interested persons have not been able to use the panel as a forum to discuss the effect of regulations.

The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

The public has not had the opportunity to be involved in making regulations and decisions.

The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.

Naturally, since the panels were not established, there have been no complaints filed about its activities. However, eighteen complaints handled by the Office of the Ombudsman regarding DFYS since the date the panels should have been effective were directly related to the involvement of interested parties and communication of results in regards to permanency planning. The statutes establishing the panels were specifically designed to address problems in these areas. These eighteen complaints might have been avoided had the local panels been conducting the case reviews instead of DFYS.

The extent to which the board or commission which regulated entry into an occupation or profession has presented qualified applicants to serve the public.

Given the nature of the panel, this element of the public need analysis is deemed not applicable to the panel's activities.

The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

Given the nature of the panel, this element of the public need analysis is deemed not applicable to the panel's activities.

The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

DOA needs sufficient funds appropriated to allow it to gather data from its Anchorage pilot project for three years. The pilot project should provide the financial data necessary to determine how much it could potentially cost to create external local panels throughout the State. We believe that DOA's approach of starting in Anchorage and slowly expanding to other communities is reasonable.

Alaska needs to study the possibility of receiving federal funding for the external panels. If the local panels are eventually established throughout Alaska, we expect the cost of the program may exceed \$1 million. There would need to be money assigned to hire an administrator and a clerical support system to schedule meeting times and places. There needs to be a management information system in either DOA or DFYS to track information about how long children have been out-of-home, the number of cases reviewed, and the eventual placement of the children.