

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672

9127 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

HB

350

HOUSE COMMITTEE REPORT

(7)
Date Referred to Committee: January 26, 1998 FURTHER REFERRALS: Labor and Commerce

Date of Committee Action: 2/19/98

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: HB 350

HOUSE BILL NO. 350 INSURANCE COVERAGE FOR CONTRACEPTIVES

"An Act requiring that the cost of contraceptives and related health care services be included in health insurance coverage."

recommends it be replaced with the following committee substitute _____ the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: House HESS Committee Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) CEI zero fiscal note(s) _____

| SIGNING WITH RECOMMENDATIONS | DP | DNP | NR | AM |
|------------------------------|----|-----|----|----|
| <i>Paul D...</i> | | ✓ | | |
| <i>Joseph ...</i> | ✓ | | | |
| <i>Car B...</i> | ✓ | | | |
| <i>Thomas ...</i> | | ✓ | | |
| <i>Allen ...</i> | ✓ | | | |
| <i>Tom ...</i> | | | | ✓ |
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CHAIR'S SIGNATURE Car B...

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 350

Revision Date (Note if correction) _____ Dept. Affected Commerce & Economic Development
 Title Insurance Coverage for Contraceptives BRU Insurance
 Component Insurance
 Sponsor Representative Croft
 Requester (H) HES Component Serial No. 354

Expenditures/Revenues (Thousands of Dollars)

| OPERATING EXPENDITURES | FY 99 | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 |
|------------------------|------------|------------|------------|------------|------------|------------|
| 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 | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY98) cost: 0.0

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact on this component.

Prepared by Marianne K. Burke Director *Marianne K. Burke* Phone 465-2515
 Division Insurance Date 2-6-98
 Approved by Commissioner Deborah B. Sedwick *Deborah B. Sedwick* Date 2-6-98
 Agency Commerce & Economic Development

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HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES



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The Contraceptive Coverage Act

House Bill 350

Letter of Intent

Contraceptive technology is constantly changing, and even medical experts disagree on how certain methods of contraception work. Thus, this committee believes it is unwise for the legislature to dispute specific methods, but that it is very important to clarify the intent of HB 350.

This legislation is intended to require insurance providers in Alaska to cover contraceptives and contraceptive services.

Contraceptives have the primary purpose of, or special utility for, preventing conception.

The committee intends that conception be understood as the fertilization of an ovum.

The committee does **not** intend to require insurance coverage for any appliance, drug or medicinal preparation (or related health care service) the primary purpose of which is to affect a fertilized ovum. Put more plainly, the committee does not intend to mandate coverage for abortions.

A handwritten signature in cursive script that reads "Con Bunde".

Representative Con Bunde
Chairman



REPRESENTATIVE ERIC CROFT

The Contraceptive Coverage Act

House Bill 350

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The sponsor intends that conception be understood as the fertilization of an ovum.

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REPRESENTATIVE ERIC CROFT

Sponsor Statement

The Contraceptive Coverage Act of 1998

"Fewer Abortions, Fewer Orphans"

Most health insurance plans do not routinely cover contraceptives. Nationwide, only one third of health insurers cover oral contraceptives, the most popular method. Only 15% cover diaphragms, only 18% cover IUD's and only 24% cover hormonal implants.

Coverage in Alaska is worse: the three insurance companies which sell the most policies in this state provide no routine coverage for any type of contraceptive (unless the policy purchaser pays extra for it). Neither Blue Cross nor NYLCare (the company that insures state employees) provides contraceptive coverage in their basic package.

While non-prescription contraceptive methods (such as condoms and spermicides) are widely available, the most effective methods (such as oral contraceptives and hormonal implants) are more costly and are obtainable only from a health care provider. Thus, women whose



health care plan does not cover contraceptives do not have access to the most effective methods.

Though most insurance plans provide no contraceptive coverage, they routinely cover abortions, sterilizations, and tubal ligations—all more dangerous and more expensive procedures.

“Fewer Abortions, Fewer Orphans”

Improving private insurance coverage for contraceptive services will increase access to contraception and reduce barriers to effective family planning. It will help more women prevent unintended pregnancy and reduce demand for abortions.

Increased access to contraceptive services will help families plan to bring children into healthy homes when the time is right. Wanted children and their mothers are much less likely to become victims of abuse and neglect. Wanted children tend to succeed more easily in school and in life.

Please join me in this effort to strengthen Alaskan families by broadening the range of contraceptive options available to them.

INSURANCE COVERAGE FOR FAMILY PLANNING SERVICES

In 1995 there were 10,222 births recorded to residents of the State of Alaska. The following information describes demographics of this cohort.

Age of Mother: ¹

- 1140 (11%) births were to adolescents <20 years of age
- 9072 (89%) births were to adult women

Funding for the Birth: ¹

- 39% of all births in the state were funded through Medicaid
- 66% of births to adolescents were funded through Medicaid

Unintended Pregnancies: ²

- 41% of all births were unintended
- 74% of births to adolescents were unintended
- 55% of Medicaid-funded births were unintended
- 69% of Medicaid-funded births to adolescents were unintended

Cost of Medicaid-Funded Births: ³

- Prenatal Care and follow-up care (1993 data) \$6172/year
- Infant Health Care for first year of life (1995 data) \$4256/year

Additional Costs to the State for an unintended pregnancy: ⁴

- TANF \$9852/year
- Food Stamps \$2772/year
- Child Care (school, job training, etc.) \$6000/year
- JOBS Services (Case Mgt., support services) \$2133/year

Birth Control Usage:

- 61% of women who had an unintended pregnancy were not using any method of contraception at the time of conception.²
- 90% of women who had an unintended pregnancy were not using a birth control method or were using it ineffectively at the time of conception.²
- 94% of adolescents who had an unintended pregnancy were not using any method of contraception or were using it ineffectively at the time of conception.²
- During 1991-1994, 16% of Alaskan teen mothers less than 18 years of age were currently sexually active yet not doing anything to prevent a future pregnancy.⁵
- National data has shown that, within a year, a sexually active teenager who does not use a contraceptive has a 90% chance of becoming pregnant.⁶

Cost of Family Planning Services:

- In Alaska, the average cost to Medicaid for family planning services is approximately \$300/yr dependent upon the method of contraception selected and its effectiveness.³
- The cost per method ranges from \$16/year for a diaphragm to \$450 for a Norplant (lasts for 5 years).⁷
- By far, the most common contraceptive used in Alaska are oral contraceptives – costs for this method are approximately \$300/year if purchased through a pharmacy.⁷
- Nationally, it has been shown that every dollar spent for contraceptive services saves an average of \$3 in Medicaid costs for pregnancy-related health care and for medical care of newborns alone.⁹ In Alaska, due to higher costs of medical care, the expected savings would be higher.
- A study completed in California in 1995 showed that the financial cost savings related to contraceptive use to prevent unplanned pregnancies were between \$8,933 and \$14,122, in medical costs, per individual over a five year period, depending on the method of contraception selected and its effectiveness.⁹ In Alaska, due to higher costs of medical care, the expected savings would be higher.
- According to data from the Women's Research and Education Institute, women of reproductive age spend 68% more in out-of-pocket costs than do men, with reproductive health costs accounting for much of the difference. Further, while women may in fact purchase contraceptives on their own, many may choose less expensive and sometimes less effective or medically appropriate methods as a result.¹⁰

Insurance Coverage for Contraceptive Care:

- In general, most women in the US rely on some form of health insurance to help them defray some of their medical expenses. According to a recent study conducted by the Women's Research and Education Institute, 67% of women of reproductive age rely on private, employment-related coverage, obtained through either their own employer or a family member's employer.¹¹
- In the 1993 Alan Guttmacher Institute study of Private Sector Insurance Coverage of Reproductive Health Services, almost half of all typical large group plans (49%) do not routinely cover any contraceptive method at all. Only 15% cover all reversible methods including IUD insertion, diaphragm fitting, Norplant insertion, DepoProvera injection and oral contraception.¹¹
- 97% of traditional fee-for-service plans typically cover prescription drugs in general, however, only 33% cover oral contraceptives, the most commonly used reversible contraceptive method in the United States.¹¹
- 92% of typical large-group plans routinely cover medical devices in general, however, only 18% routinely cover IUDs, 15% cover diaphragms and 24% cover the Norplant device.¹¹

Summary:

Clearly, Alaska has a high rate of unintended pregnancy. Providing appropriate contraceptive services to these women, before they become pregnant, would result in significant cost savings to the State Medicaid program and to private insurers. As illustrated above, the average cost for one year of contraceptive services is approximately \$300, the cost for prenatal care, delivery expenses, and follow-up medical expenses for the mother and child alone is over \$10,000 per year.

Many women in Alaska have access to health insurance, however, private insurance companies typically do not cover contraceptive services. Therefore, women, especially moderate to low income women must make a choice between paying for essential living expenses or paying for contraception. Reproductive health services should be a part of insurance packages offered to people of this state. An ideal plan would recognize the multifaceted nature of individual reproductive health care needs and would include the following core services:

- contraceptive services and supplies,
- contraceptive sterilization (male and female),
- basic infertility services,
- screening for sexually transmitted diseases and cancers of the reproductive system,
- medical services and risk assessment prior to pregnancy, and
- maternity care.¹¹

References

1. Bureau of Vital Statistics/Division of Public Health/DHSS - 1995
2. Pregnancy Risk Assessment Monitoring System (PRAMS)/Section of Maternal, Child and Family Health/Division of Public Health/DHSS - 1995
3. Division of Medical Assistance/DHSS - 1995-1997
4. Division of Public Assistance/DHSS - 1995
5. PRAMS/Section of Maternal, Child and Family Health/Division of Public Health/DHSS - 1991-1994. Family Health Dataline, 1997 Vol. 3 No. 1. "Teen Live Births in Alaska During 1991-1994.
6. Sex and America's Teenagers, The Alan Guttmacher Institute, New York and Washington, ISBN 0-939253-34-8;1994.
7. Section of Maternal, Child and Family Health/Division of Public Health/DHSS - 1996-1997 Family Planning Contraceptive Use Report.
8. Contraceptive Services, Facts in Brief. The Alan Guttmacher Institute, 1997.
9. Trusell et al., "The Economic Value of Contraception: A Comparison of 15 Methods", American Journal of Public Health, April 1995, Vol 85 No. 4.
10. Washington Memo, Bills Aimed at Bolstering Coverage of Contraception Under Private Insurance, No. 3. April 21, 1997.
11. Uneven and Unequal Insurance Coverage and Reproductive Health Services, The Alan Guttmacher Institute, New York and Washington. 1994, ISBN 0-030253-35-6.



In this issue PRAMS data are used to look at pregnancy planning and wantedness for Alaskan mothers who delivered a live birth during 1990-1993.*

- 50% of pregnancies resulting in a live birth during 1990-93 were unplanned.
- 9% of women who gave birth during 1990-93 were at risk of unintended pregnancy in the postpartum period.
- Among recent mothers, teenagers were least likely to use birth control during the postpartum period.
- An estimated 23,312 children born during 1990-93 were the result of unplanned pregnancies.

*Some of the data in this Dataline was presented at the 1994 Alaska Health Summit.

Pregnancy Planning and Wantedness Among Mothers of Alaskan Newborns

Federal funding of the national network of family planning clinics has dropped drastically since 1980.¹ This decrease in funding limits access to family planning services and may directly or indirectly result in unplanned or unwanted pregnancies. Women at-risk for unintended pregnancies are often simultaneously at risk for contracting a sexually transmitted disease² and women with unwanted pregnancies have been found to have four times the odds of experiencing physical violence during or immediately before pregnancy as women with intended pregnancies.³

In addition to harmful consequences for the woman, unintended pregnancies may be associated with behaviors during pregnancy that increase the risk for adverse birth outcomes, including a delay of initiation of prenatal care.⁴ A recent study also suggests that wantedness may be a predictor of a child's low educational attainment.⁵

It is important for health and social services providers to identify women at greatest risk of unintended pregnancy so that public health interventions and educational efforts can be directed to the appropriate groups. We used data from the Alaska Pregnancy Risk Assessment Monitoring System (PRAMS) covering birth years 1990-93 to determine the following: indicators of unintended pregnancy, the percentage of unplanned or unwanted births, and birth control practices of postpartum women.

PRAMS is an ongoing survey of mothers of newborns (see May 1995 Dataline for survey methodology). We evaluated answers to the following questions:

1. "Thinking back to just before you were pregnant, how did you feel about becoming pregnant?"
2. "When you got pregnant with this baby were you doing anything to prevent pregnancy?"
3. "Are you now doing anything to prevent pregnancy?"
4. If no to #3: "Why are you not doing anything to prevent pregnancy?"
5. If yes to #3: "What are you using now to prevent pregnancy?"

1993. In Alaska, those women who were <20 years of age, had <12 years of education, were not married, or had a family income of \$10,000 or less were at greater risk of an unintended pregnancy (Table 2). The risk for unintended pregnancy varied by race with the highest percentage among Alaska Natives (19.4%) followed by Asians (10.2%), whites (5.7%) and blacks (5.1%).

If our results are applied to the total Alaska population (using 1990 census data), 23,312 children born during 1990 to 1993 were the result of unplanned pregnancies and 5,233 were the result of an unwanted pregnancy. These unplanned, mistimed, and unwanted pregnancies occurred disproportionately among teenage mothers, poor women, and women of black or Alaska Native race. Because a number of serious adverse health and education outcomes to both the mother and infant may result from unwanted or unplanned pregnancies, these results suggest the potential for a crisis situation, particularly among those groups who are already most disadvantaged.

The high percentage of postpartum teenagers who had an unplanned or unwanted birth suggests that increased emphasis should be placed on providing families or schools with the resources to teach family planning concepts. Additionally, clinics in the national network of family planning clinics provide the primary source of contraceptive services for women with low income, particularly teenagers. These clinics provide sites where increased outreach efforts may be effective. In particular, effective family planning methods which

Table 1. Percent of women with unplanned, mistimed or unwanted* pregnancies resulting in a live birth by age and race, Alaska, 1990-93.

| Indicator | % Unplanned (SE†) | % Mistimed (SE) | % Unwanted (SE) |
|---------------------------------|-------------------|-----------------|-----------------|
| <u>Maternal Age at Delivery</u> | | | |
| <20 years | 74.2 (2.1) | 53.2 (2.5) | 14.1 (1.5) |
| 20-29 years | 49.9 (1.0) | 34.6 (1.0) | 9.7 (0.6) |
| 30 years and older | 41.4 (1.3) | 19.4 (1.1) | 15.5 (1.0) |
| <u>Race</u> | | | |
| White | 45.8 (1.0) | 30.0 (1.0) | 9.9 (0.6) |
| Black | 68.7 (4.2) | 42.1 (4.6) | 23.4 (4.0) |
| Alaska Native | 58.7 (0.8) | 35.7 (0.8) | 16.8 (0.6) |
| Asian/Other | 48.8 (3.5) | 29.8 (3.4) | 11.8 (2.5) |
| <u>Annual Family Income</u> | | | |
| ≤\$10,000 | 68.5 (1.4) | 42.6 (1.7) | 17.3 (1.3) |
| \$10,001-30,000 | 54.6 (1.2) | 35.4 (1.2) | 12.9 (0.8) |
| \$30,001-50,000 | 40.3 (1.7) | 27.6 (1.6) | 9.0 (0.9) |
| >\$50,000 | 31.6 (1.7) | 20.6 (1.5) | 8.4 (1.0) |
| Overall 1990-93 | 49.7 (0.7) | 31.7 (0.7) | 12.0 (0.5) |

* Mistimed and unwanted categories are mutually exclusive.
† Standard error

Table 2. Percent of postpartum* Alaska women who were at-risk† for having an unintended pregnancy, 1990-93.

| Indicator | % | (SE‡) |
|---------------------------------|------|-------|
| <u>Maternal Age at Delivery</u> | | |
| <20 years | 12.8 | (1.3) |
| 20-29 years | 8.7 | (0.4) |
| 30 years and older | 8.1 | (0.6) |
| <u>Race</u> | | |
| White | 5.7 | (0.4) |
| Black | 5.1§ | (1.7) |
| Alaska Native | 19.1 | (0.6) |
| Asian/Other | 10.1 | (2.0) |
| <u>Education</u> | | |
| <12 years | 17.3 | (1.2) |
| 12 years | 9.1 | (0.5) |
| >12 years | 9.1 | (0.6) |
| <u>Marital Status</u> | | |
| Married | 8.0 | (0.4) |
| Other | 11.6 | (0.6) |
| <u>Annual Family Income</u> | | |
| ≤\$10,000 | 15.1 | (1.0) |
| \$10,001-30,000 | 9.4 | (0.6) |
| \$30,001-50,000 | 6.4 | (0.8) |
| >\$50,000 | 4.7 | (0.7) |
| Overall 1990-93 | 9.0 | (0.3) |

* On average, 5 months postpartum

† Women who were using contraception, sterile, pregnant, trying to become pregnant, or not having intercourse were considered not at risk of an unintended pregnancy; all other women were considered at risk.

‡ Standard error

§ Cell size < 20

are appropriate to the individual seeking services should be emphasized. We found that most postpartum women choose oral contraceptives, condoms, and sterilization although an increasing number of postpartum women are choosing abstinence or progestin implants or injections for contraception.

CORRECTION

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Pregnancy Planning and Wantedness Among Mothers of Alaskan Newborns

In this issue PRAMS data are used to look at pregnancy planning and wantedness for Alaskan mothers who delivered a live birth during 1990-1993.*

- 50% of pregnancies resulting in a live birth during 1990-93 were unplanned.
- 9% of women who gave birth during 1990-93 were at risk of unintended pregnancy in the postpartum period.
- Among recent mothers, teenagers were least likely to use birth control during the postpartum period.
- An estimated 23,312 children born during 1990-93 were the result of unplanned pregnancies.

*Some of the data in this Dateline was presented at the 1994 Alaska Health Summit.

Federal funding of the national network of family planning clinics has dropped drastically since 1980.¹ This decrease in funding limits access to family planning services and may directly or indirectly result in unplanned or unwanted pregnancies. Women at-risk for unintended pregnancies are often simultaneously at risk for contracting a sexually transmitted disease² and women with unwanted pregnancies have been found to have four times the odds of experiencing physical violence during or immediately before pregnancy as women with intended pregnancies.

In addition to harmful consequences for the woman, unintended pregnancies may be associated with behaviors during pregnancy that increase the risk for adverse birth outcomes, including a delay of initiation of prenatal care.⁴ A recent study also suggests that wantedness may be a predictor of a child's low educational attainment.⁵

It is important for health and social services providers to identify women at greatest risk of unintended pregnancy so that public health interventions and educational efforts can be directed to the appropriate groups. We used data from the Alaska Pregnancy Risk Assessment Monitoring System (PRAMS) covering birth years 1990-93 to determine the following: indicators of unintended pregnancy, the percentage of unplanned or unwanted births, and birth control practices of postpartum women.

PRAMS is an ongoing survey of mothers of newborns (see May 1995 Dateline for survey methodology). We evaluated answers to the following questions:

1. "Thinking back to just before you were pregnant, how did you feel about becoming pregnant?"
2. "When you got pregnant with this baby were you doing anything to prevent pregnancy?"
3. "Are you now doing anything to prevent pregnancy?"
4. If no to #3: "Why are you not doing anything to prevent pregnancy?"
5. If yes to #3: "What are you using now to prevent pregnancy?"

Question #1 was used as a measure of pregnancy wantedness. Women who answered that they wanted to become pregnant "then" or "sooner" were considered to have had a wanted pregnancy. Women who answered that they wanted to become pregnant "later" or "didn't want to be pregnant then or at any time in the future" were considered to have had a mistimed or unwanted pregnancy, respectively.

Question #2 offered three choices of answers and was used as a measure of pregnancy planning. Women who answered "No, because I planned to get pregnant" were considered to have had a planned pregnancy. Those who answered "No, but I did not plan to get pregnant," or those who answered "Yes, but I got pregnant anyway," were considered to have had an unplanned pregnancy.

Questions #3 through #5 measured the risk of having an unintended pregnancy during the postpartum period. Women who were using contraception, sterile, pregnant, trying to become pregnant, or not having intercourse were considered not at risk of an unintended pregnancy; all other women were considered at risk.

We analyzed data from 6,551 respondents surveyed when their newborn was 5 months old on average. The overall response rate was 75%. Since PRAMS is a population-based survey, the percentages reported reflect the percentages of Alaskan resident women who had a live birth during the period 1990-93. Women who had a live birth but put their baby up for adoption at birth or shortly thereafter are excluded from PRAMS.

Pregnancy Planning and Wantedness

From 1990 to 1993 no trends were apparent for the percentages of unplanned, mistimed, or unwanted pregnancies. During this period, 49.7% of all pregnancies were unplanned, 31.7% were mistimed, and 12.0% were unwanted. Over one-third (38.8%) of live births to Alaska residents during 1990-93 were both unplanned and mistimed or unwanted.

Women less than 20 years of age at the time of delivery had the highest percentage of unplanned (74.2%) and mistimed (53.2%) pregnancies, whereas women 30 years and older had the highest percentage of unwanted pregnancies (15.5%) (Table 1). Among different racial groups, blacks had the highest percentage of unplanned (68.7%), mistimed (42.1%), and unwanted (23.4%) pregnancies followed by Alaska Natives (58.7, 35.7, and 16.8%, respectively). Annual family income was inversely related to the percentage of unplanned, mistimed or unwanted pregnancies for all income groups evaluated.

For the period 1990-93, 22.4% of Alaska women reported they were attempting to prevent pregnancy but they got pregnant anyway.

Birth Control Choices

We found that 86.6% of respondents were currently doing something to prevent pregnancy, including 80.6% who used a method other than abstinence. The most common methods of birth control were, in descending order: oral contraceptives ("the pill"), condoms, and sterilization (either the woman or her partner). Sterilization decreased by 17% from 1990 (15.4%)

to 1993 (12.8%). By contrast, write-in responses of Norplant and Depo Provera (these two contraceptives were not listed as specific response options on the survey) increased substantially during 1990-93 (0 to 2.6% and 0 to 6.7%, respectively). Reported abstinence increased 34% from 1990 (5.6%) to 1993 (7.5%). Postpartum abstinence during the four-year period for teen mothers was 12.9%, compared with 5.4% for 20-29 year-olds and 4.8% for mothers 30 years and older.

Use of birth control methods other than abstinence differed dramatically by race with the lowest percentage of reported users among Alaska Natives (67.4%) followed by Asians (77.8%), whites (84.6%), and blacks (88.1%). Recent mothers <20 years old were the age group least likely to use birth control (70.5%) followed by 30 years and older (81.1%) and 20-29 year olds (82.2%). Women whose family income was \$10,000 or less had the lowest percentage of current use of birth control (67.5%) followed by women with an annual income of \$10,001-30,000 (82.4%), \$30,001-50,000 (84.7%), and greater than \$50,000 (86.2%).

Thirteen percent of women responded that they were currently not doing anything to prevent pregnancy. The most common reasons for not using a method to prevent pregnancy were the respondent wanted to get pregnant again or was already pregnant, she did not believe in the use of birth control, and her husband or boyfriend didn't want her to use birth control.

At Risk of Unintended Pregnancy

The percentage of postpartum Alaska women at risk of unintended pregnancy during 1990-1993 was 9%; this percentage declined 34%, from 10.2% in 1990 to 6.8% in

1993. In Alaska, those women who were <20 years of age, had <12 years of education, were not married, or had a family income of \$10,000 or less were at greater risk of an unintended pregnancy (Table 2). The risk for unintended pregnancy varied by race with the highest percentage among Alaska Natives (19.4%) followed by Asians (10.2%), whites (5.7%) and blacks (5.1%).

If our results are applied to the total Alaska population (using 1990 census data), 23,312 children born during 1990 to 1993 were the result of unplanned pregnancies and 5,233 were the result of an unwanted pregnancy. These unplanned, mistimed, and unwanted pregnancies occurred disproportionately among teenage mothers, poor women, and women of black or Alaska Native race. Because a number of serious adverse health and education outcomes to both the mother and infant may result from unwanted or unplanned pregnancies, these results suggest the potential for a crisis situation, particularly among those groups who are already most disadvantaged.

The high percentage of postpartum teenagers who had an unplanned or unwanted birth suggests that increased emphasis should be placed on providing families or schools with the resources to teach family planning concepts. Additionally, clinics in the national network of family planning clinics provide the primary source of contraceptive services for women with low income, particularly teenagers. These clinics provide sites where increased outreach efforts may be effective. In particular, effective family planning methods which

Table 1. Percent of women with unplanned, mistimed or unwanted* pregnancies resulting in a live birth by age and race, Alaska, 1990-93.

| Indicator | % Unplanned (SE†) | % Mistimed (SE) | % Unwanted (SE) |
|---------------------------------|-------------------|-----------------|-----------------|
| <u>Maternal Age at Delivery</u> | | | |
| <20 years | 74.2 (2.1) | 53.2 (2.5) | 14.1 (1.5) |
| 20-29 years | 49.9 (1.0) | 34.6 (1.0) | 9.7 (0.6) |
| 30 years and older | 41.4 (1.3) | 19.4 (1.1) | 15.5 (1.0) |
| <u>Race</u> | | | |
| White | 45.8 (1.0) | 30.0 (1.0) | 9.9 (0.6) |
| Black | 68.7 (4.2) | 42.1 (4.6) | 23.4 (4.0) |
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| <\$10,000 | 68.5 (1.4) | 42.6 (1.7) | 17.3 (1.3) |
| \$10,001-30,000 | 54.6 (1.2) | 35.4 (1.2) | 12.9 (0.8) |
| \$30,001-50,000 | 40.3 (1.7) | 27.6 (1.6) | 9.0 (0.9) |
| >\$50,000 | 31.6 (1.7) | 20.6 (1.5) | 8.4 (1.0) |
| Overall 1990-93 | 49.7 (0.7) | 31.7 (0.7) | 12.0 (0.5) |

* Mistimed and unwanted categories are mutually exclusive.
† Standard error

Table 2. Percent of postpartum* Alaska women who were at-risk† for having an unintended pregnancy, 1990-93.

| Indicator | % | (SE‡) |
|---------------------------------|------|-------|
| <u>Maternal Age at Delivery</u> | | |
| <20 years | 12.8 | (1.3) |
| 20-29 years | 8.7 | (0.4) |
| 30 years and older | 8.1 | (0.6) |
| <u>Race</u> | | |
| White | 5.7 | (0.4) |
| Black | 5.1§ | (1.7) |
| Alaska Native | 19.1 | (0.6) |
| Asian/Other | 10.1 | (2.0) |
| <u>Education</u> | | |
| <12 years | 17.3 | (1.2) |
| 12 years | 9.1 | (0.5) |
| >12 years | 9.1 | (0.6) |
| <u>Marital Status</u> | | |
| Married | 8.0 | (0.4) |
| Other | 11.9 | (0.6) |
| <u>Annual Family Income</u> | | |
| <\$10,000 | 15.1 | (1.0) |
| \$10,001-30,000 | 9.4 | (0.6) |
| \$30,001-50,000 | 6.4 | (0.8) |
| >\$50,000 | 4.7 | (0.7) |
| Overall 1990-93 | 9.0 | (0.3) |

* On average, 5 months postpartum

† Women who were using contraception, sterile, pregnant, trying to become pregnant, or not having intercourse were considered not at risk of an unintended pregnancy; all other women were considered at risk.

‡ Standard error

§ Cell size < 20

are appropriate to the individual seeking services should be emphasized. We found that most postpartum women choose oral contraceptives, condoms, and sterilization although an increasing number of postpartum women are choosing abstinence or progestin implants or injections for contraception.

National data from 1988 showed that 7% of females aged 15-44 years were at risk of unintended pregnancy.⁶ By comparison, Alaska's prevalence of 9% of postpartum women at risk of an unintended pregnancy may be an underestimate since we assumed that all women using contraception are fully protected. Interestingly, while the percentage of Alaskan women at risk of an unintended pregnancy decreased by 34% from 1990 to 1993, the percentage of unplanned or unwanted births showed no distinct trend during this time period. As suggested by the 22% of women who attempted to prevent pregnancy but got pregnant anyway, one explanation for these results may be that many women use contraceptive methods

incorrectly or inconsistently. Persons teaching family planning methods should emphasize the correct and consistent use of the various contraceptive methods.

Our data have two significant limitations. PRAMS collects information from postpartum women and this data may not be generalizable to all women of childbearing age. In addition, PRAMS cannot provide a true contraceptive failure rate since it does not ascertain details of use.

¹ Alan Guttmacher Institute. Even as politics improve, challenges facing family planning providers mount. Washington Memo. Jan 12, 1993, pp3-4.

² Kost K, Forrest JD. American women's sexual behavior and exposure to risk of sexually transmitted diseases. *Fam Plann Perspect* 1992;24:244-54.

³ Gazmararian JA, Adams MM, Saltzman LE, et. al. The relationship between pregnancy intendedness and physical violence in mothers of newborns. *Obstet Gynecol* 1995 Jun; 85(6):1031-8.

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⁶ From Data to Action: CDC's public health surveillance for women, infants, and children. US Department of Health and Human Services, Public Health Service, Centers for Disease Control and Prevention.

Family Health Dateline is a monthly publication of the Alaska Department of Health and Social Services, Division of Public Health, Section of Maternal, Child, and Family Health, 1231 Gambell Street, Anchorage, AK 99501. (907) 274-7626 (fax) 277-6814.

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**NATIONAL ASSOCIATION OF SOCIAL WORKERS
ALASKA CHAPTER**

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Testimony Regarding

HB 350 - CONTRACEPTIVE COVERAGE ACT OF 1998

**Before the
HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE
ALASKA HOUSE OF REPRESENTATIVES
February 10, 1998**

**Presented by
Angela M. Salemo, ACSW
Executive Director,
National Association of Social Workers Alaska Chapter**



ALASKA CHAPTER

**NATIONAL ASSOCIATION OF SOCIAL WORKERS
ALASKA CHAPTER**

318 4th Street, Juneau AK 99801
586-4438 Fax: 586-4439
naswak@alaska.net

The National Association of Social Workers (NASW) is the world's largest organization of professional social workers. NASW's 155,000 members nationwide and 500 in Alaska work in a wide range of settings at all levels in the public and private sectors. Professional social workers focus on vulnerable populations and promote state and federal policies which enhance the lives of the people we serve.

NASW strongly supports HB 350 and urges its passage.

- The most effective methods of contraception such as oral contraceptives and hormonal implants are costly and obtainable only from a health care provider. Working women whose health care plans do not cover contraceptives are denied the most effective methods of family planning.
- Currently, over 60% of health insurance providers exclude coverage for contraceptive drugs. Contraception is the only FDA-approved prescription drug benefit regularly excluded by insurers, even though contraceptives are the most widely used drug for women between the ages of 18 and 44. Ironically, insurers regularly cover abortions and sterilization, measures more costly and extreme than simply covering contraceptives.
- Research done by the Alaska Division of Public Health shows that **half the births in Alaska are unplanned**. Improving private insurance coverage for contraception services will increase access to contraception, reduce barriers to effective family planning, and reduce demand for abortion.
- Unwanted childbearing has been linked with costly consequences for families, children and the state. Unwanted children:
 - experience more mental handicaps and are twice as likely to receive psychiatric care;
 - are more than twice as likely as wanted children to have a record of juvenile delinquency;
 - are six times more likely to receive some form of welfare between the ages of 16 and 21;
 - are at increased risk of suffering abuse, neglect, abandonment and removal to foster homes or institutions.
- Although opponents have argued that insurance costs may rise as a result of this measure, compared to the costs of an unplanned pregnancy, covering contraceptives is a bargain. The costs for prenatal care, labor and delivery and infant care are enormous. If unintended pregnancies are prevented by insurance-covered contraceptives, health care costs will actually decline.

Thank you for the opportunity to provide testimony on this matter.

Steven Schellong
Mailing address:
733 W 4th Ave. 0865
Anchorage, AK 99501

February 9, 1998

Representative Con Bunde, Chair
Health, Education & Social Services Committee

Via Fax 907-465-3871

RE: HD 350 / SB 260

Dear Representative Bunde:

I strongly support the Contraceptive Coverage Act (HB350/SB260) requiring Alaska health insurers to cover the cost of contraceptives.

This bill will provide better access to birth control for women and men. This will reduce the number of unwanted pregnancies and abortions.

Please support this bill and please copy this letter to all members of the Health, Education & Social Services Committee.

Respectfully


Steven Schellong

*Leann Ferry
Mailing address:
733 W. Ave. #865
Anchorage, AK 99501*

February 9, 1998

Representative Con Bunde, Chair
Health, Education & Social Services Committee

Via Fax 907-465-3871

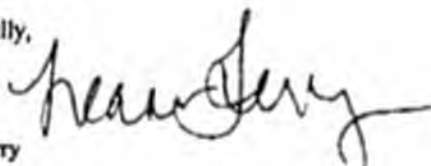
RE: HB 350 / SB 260

Dear Representative Bunde:

I strongly support the Contraceptive Coverage Act (HB350/SB260) requiring Alaska health insurers to cover the cost of contraceptives. This bill will provide better access to birth control and will reduce the number of unwanted pregnancies. This will result in fewer abortions.

Please support this bill and please copy this letter to all members of the Health, Education & Social Services Committee.

Respectfully,



Leann Ferry

ALASKA DEMOGRAPHIC, BIRTH, PREGNANCY INTENDEDNESS AND CONTRACEPTIVE ACCESS/COST INFORMATION

In 1995, there were 10,222 births recorded to women residents of the State of Alaska. The following numbers provide a limited description of these women, the financial costs related to these births and contraceptive use, cost and access information.

Age of Mother: ¹

- 1140 (11%) births were to adolescents <20 years of age
- 9072 (89%) births were to adult women

Funding for the Birth: ¹

- 39% of all births in the state were funded through Medicaid
- 66% of births to adolescents were funded through Medicaid

Unintended Pregnancies: ²

- 41% of all births were unintended
- 74% of births to adolescents were unintended
- 55% of Medicaid-funded births were unintended
- 69% of Medicaid-funded births to adolescents were unintended

Cost of Medicaid-Funded Births: ³

- Prenatal Care and follow-up care (1993 data) \$6172/year
- Infant Health Care for first year of life (1995 data) \$4256/year

Additional Costs to the State for an unintended pregnancy: ⁴

- ATAP \$9852/year
- Food Stamps \$2772/year
- Child Care (school, job training, etc.) \$6000/year
- JOBS Services (Case Mgt., support services) \$2133/year

Birth Control Usage:

- 61% of women who had an unintended pregnancy were not using any method of contraception at the time of conception. ²
- 90% of women who had an unintended pregnancy were not using a birth control method or were using it ineffectively at the time of conception. ²
- 94% of adolescents who had an unintended pregnancy were not using any method of contraception or were using it ineffectively at the time of conception. ²

- During 1991-1994, 16% of Alaskan teen mothers less than 18 years of age were currently sexually active yet not doing anything to prevent a future pregnancy.⁵
- National data has shown that, within a year, a sexually active teenager who does not use a contraceptive has a 90% chance of becoming pregnant.⁶

Cost of Family Planning Services:

- In Alaska, the average cost to Medicaid for family planning services is approximately \$300/yr. dependent upon the method of contraception selected and its effectiveness.³
- The cost per method ranges from \$16/year for a diaphragm to \$450 for a Norplant (lasts for 5 years).⁷
- By far, the most common contraceptive used in Alaska are oral contraceptives – costs for this method are approximately \$300/year if purchased through a pharmacy.⁷
- Nationally, it has been shown that every dollar spent for contraceptive services saves an average of \$3 in Medicaid costs for pregnancy-related health care and for medical care of newborns alone.⁸ In Alaska, due to higher costs of medical care, the expected savings would be higher.
- A study completed in California in 1995 showed that the financial cost savings related to contraceptive use to prevent unplanned pregnancies were between \$8,933 and \$14,122, in medical costs, per individual over a five year period, depending on the method of contraception selected and its effectiveness.⁹ In Alaska, due to higher costs of medical care, the expected savings would be higher.
- According to data from the Women's Research and Education Institute, women of reproductive age spend 68% more in out-of-pocket costs than do men, with reproductive health costs accounting for much of the difference. Further, while women may, in fact, purchase prescription contraceptives on their own, many may choose less expensive and sometimes less effective or medically inappropriate methods as a result of having to pay these costs out of pocket.¹⁰

Insurance Coverage for Contraceptive Care:

- In general, most women in the US rely on some form of health insurance to help them defray some of their medical expenses. According to a recent study conducted by the Women's Research and Education Institute, 67% of women of reproductive age rely on private, employment-related coverage, obtained through either their own employer or a family member's employer.¹¹
- In the 1993 Alan Guttmacher Institute study of Private Sector Insurance Coverage of Reproductive Health Services, almost half of all typical large group plans (49%) do not routinely cover any contraceptive method at all. Only 15% cover all reversible methods including IUD insertion, diaphragm fitting, Norplant insertion, DepoProvera injection and oral contraception.¹¹

- 97 % of traditional fee-for-service plans typically cover prescription drugs in general, however, only 33% cover oral contraceptives, the most commonly used reversible contraceptive method in the United States.¹¹
- 92% of typical large-group plans routinely cover medical devices in general, however, only 18% routinely cover IUDs, 15% cover diaphragms and 24% cover the Norplant device.¹¹

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Prepared by : DHSS/ Divison of Public Health 2/9/98

HB

351



Quality Schools & Foundation Formula

HB 351 & SB 257



Governor's Revised Quality School Bill

Purpose

The purpose of this bill is three-fold: to raise the bar for each Alaskan student in reading, writing, and mathematics; to provide the school the financial and technical assistance to ensure each student can meet these higher expectations; and to hold schools/communities accountable.

Accountability/Accreditation Section

- **Provides standards in the basics.** The State Board of Education has adopted content standards in reading, writing, and mathematics. The Department of Education will develop student performance standards in reading, writing, and mathematics for adoption and implementation by all public schools.
- **Implement comprehensive assessment system.** The proposal requests the resources to create a comprehensive system of student assessments, composed of multiple indicators of proficiency in reading, writing, and mathematics at key age levels.
- **Changes Report Card to school based information.** Collects and disseminates student performance data on an individual public school basis rather than an aggregated district basis. Requires schools to conduct parent and community meetings to discuss the school's information. Adds public comments to the Report Card.
- **Provides designation for each school.** Beginning in August 2002, the department will designate each school as distinguished, successful, deficient, or in crisis. This designation will be based on multiple student measures, including student achievement data.
- **Creates an Alaska State Accreditation process.** Accreditation is a school improvement process, and schools will only be granted accreditation when they are identified as successful or distinguished. The State Board of Education will adopt this process in regulation by July 1, 1999.
- **Recognizes successful schools.** Distinguished and successful schools will be granted state accreditation. Schools receiving a deficient or in crisis designation will go through the state accreditation process based on school standards adopted by the State Board of Education. Once a school moves to a successful or distinguished designation, it will be granted state accreditation.
- **Mandates accountability for struggling schools.** Deficient or in crisis schools, in partnership with parents and communities, must create and submit to the department a school improvement plan based on state school standards leading to accreditation. The department monitors school improvement.

Maintains local control. Local control is preserved while technical assistance by the department in creating and/or implementing these plans is made available.

Continued low performance. If a school has been deficient or in crisis for two consecutive years, the commissioner, in consultation with parents and the community, will manage a school's fiscal and/or academic affairs, or implement other emergency measures. The commissioner will rely on appropriate experts within Alaska (e.g., educators, business leaders, school board members) to help determine and solve the school problem(s), which is leading to low student performance.

- **Provides new money for support/technical assistance to schools.** This proposal includes a fiscal note of \$3.6 million to create the capacity to support schools in meeting the state's school standards before 2002.

Foundation Formula Section: Instructional Unit not Student Allocation

- **Closes loopholes in special education funding.** Adopts 1994 Special Education Task Force funding proposal. Allocates funds based on a percentage of total students enrolled, 14 percent for resource/self-contained students and 4 percent for gifted students. Continue to identify students requiring intensive services and fund at the current level. Reduces labeling of students for funding as well as simplifies formula.
- **Incorporates single site table into foundation program.** Eliminates single site as a separate budget component.
- **Equalizes district correspondence funding.** All district correspondence programs are funded on an equal basis without inclusion of an area cost differential.
- **Amends school size adjustment to begin at 8 students.** Allows districts one year of funding when a school falls below 8 students.
- **Provides hold harmless provision.** Transition provision so that no district can fall below FY99 funding levels of existing foundation and single site programs.
- **Provides new money to districts.** \$20 million in new money to support implementation of standards based instruction and assessment. 4.1 million to ensure fair funding in special and gifted education and correspondence programs, and to ensure a one-year hold harmless provision (\$250,697).
- **Annually increases formula.** Annually increases the instructional unit value after year one to help keep pace with increasing expenses to maintain high standards and assess student performance.

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
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JUNEAU

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January 23, 1998

The Honorable Mike Miller
Senate President
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Miller:

We have the responsibility to ensure every child in the state receives the educational opportunities to succeed. When our children can read, write and compute they not only are better able to enter the work force, but they can become full participants in tomorrow's society. On the other hand, children not meeting success in our schools are far more likely to fail in other ways, contributing to future costs to the public.

Meeting this responsibility requires providing schools appropriate funding and support while holding them accountable for student performance. I am pleased to send you my Quality Schools initiative today – a comprehensive bill proposing a new system of school accountability, and a revamping of the foundation formula to make our funding system more equitable. This bill replaces the school funding bills (SB 85 and HB 126) and the education competency testing bills (SB 200 and HB 275) I proposed last year.

The "Quality Schools," or "accountability" portion of this legislation launches a three-part plan to improve Alaska's schools: mandatory standards in the basics of reading, writing and math; mandatory assessment and testing to ensure students are making the grade; and mandatory consequences for schools that are failing.

The State Board of Education will develop student performance standards in reading, writing and mathematics for all public schools. Students will then be assessed and tested throughout their school years to ensure they are meeting the performance standards. Last year, the Legislature required a high school "exit exam." This bill I am presenting today provides the structure to ensure that students are ready for the exam and have the skills to receive a high school diploma.

The Honorable Mike Miller

January 23, 1998

Page 2

In order to determine whether schools are providing an adequate education for all students, this legislation will establish a state accreditation system based on a school's performance. Beginning in 2002, the Department of Education will designate each public school in the state as distinguished, successful, deficient, or in crisis based on measures of student performance. Successful and distinguished schools will automatically receive state accreditation.

Schools designated deficient or in crisis will work with parents, their communities and the Department of Education, if desired, to design an improvement plan to earn state accreditation. If after two years a school does not earn a successful designation, intervention by the state, in consultation with the community and parents, is authorized. While direct intervention by the state is not expected nor desired, it would be irresponsible to not take action to overcome failing schools.

Adequate funding is necessary if schools are to meet the expectations laid out in this plan. In revising the foundation formula, this bill makes a long overdue increase in the instructional unit value, from \$61,000 to \$62,550 and establishes automatic adjustments in the future to help schools keep up with increased costs. The unit value increase will result in \$20 million more for formula funding in fiscal year 1999. An additional \$4.1 million in foundation formula support will ensure equitable funding in special and gifted education and correspondence programs and provide hold harmless dollars so that no district experiences decreased funding under the new formula.

Other changes to the foundation formula are based on implementing the Quality Schools initiative and making the funding system as equitable as possible, and include:

- Closing loopholes in special education and gifted funding.
- Holding districts harmless from loss of state aid under the new program on a sliding scale for the first three years.
- Incorporating single site tables into the foundation program.
- Equalizing district correspondence funding.

With the introduction of these new dollars to the formula, I have asked business leaders to meet with school administrators to discuss best business practices. The public deserves to know we are spending our education dollars wisely, and I am committed to assist districts to that end.

The Honorable Mike Miller
January 23, 1998
Page 3

I want to thank the State Board of Education and all the groups in the education community for their work on crafting this bill. We have agreed it is time to raise the bar for schools in Alaska, provide schools the funds to ensure each student can jump that bar, and hold schools accountable if students do not. We know all children can learn, and all schools can be successful. But, we also know all Alaskan children are not learning, and not all our schools are successful. This legislation sets forth a system for high expectations and high results. I urge your prompt consideration and passage of this proposal.

Sincerely,

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

Tony Knowles
Governor

SENATE BILL NO. 257

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/26/98
Referred: HESS, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to academic performance and accreditation of public schools;
2 relating to state aid to school districts and regional educational attendance areas;
3 and providing for an effective date."

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

- 5 • Section 1. FINDINGS AND INTENT. (a) The legislature finds that
- 6 (1) it is in the best interests of the people of the state to provide a quality
- 7 education that prepares all public school students for a successful and productive future;
- 8 (2) students can be expected to learn certain basic skills no matter where they
- 9 attend public school in the state;
- 10 (3) public schools in the state are expected to meet or exceed required
- 11 academic standards in the basic skills of reading, writing, and mathematics;
- 12 (4) students who are not learning the basic skills must be identified as early
- 13 as possible through frequent and meaningful testing in public schools;
- 14 (5) public schools are required to assist students who are not learning the basic

1 skills:

2 (6) the people of this state expect their public schools to be accountable and
3 each public school to provide student performance information based on student test scores,
4 graduation and dropout rates, and other accurate and reliable indicators of performance;

5 (7) public schools that are successful in preparing students in the basic skills
6 are to be granted state accreditation;

7 (8) public schools that are not successful in teaching students the basic skills
8 of reading, writing, and mathematics are required to make necessary changes to improve
9 student performance;

10 (9) state aid to school districts and regional educational attendance areas must
11 be revised to provide public schools with the flexibility to implement these findings; and

12 (10) public schools need increasing financial support to maintain high standards
13 and assess student performance.

14 (b) It is the intent of the statutory changes made by this Act to require that students
15 in all public schools meet high academic standards in reading, writing, and mathematics and
16 to finance those schools in a manner that is fair, efficient, and proper to provide public school
17 students in this state with the best possible public education.

18 • Sec. 2. AS 14.03.120(d) is repealed and reenacted to read:

19 (d) Annually, but before the date set by the district under (e) of this section,
20 each public school shall provide, in a public meeting of parents, students, and
21 community members, a report on the school's performance and the performance of the
22 school's students. The report shall be prepared on a form prescribed by the
23 department and must include

24 (1) information on accreditation;

25 (2) results of norm-referenced achievement tests;

26 (3) results of state standards-based assessments in reading, writing, and
27 mathematics;

28 (4) a description, including quantitative and qualitative measures, of
29 student, parent, community, and business involvement in student learning;

30 (5) a description of the school's attendance, retention, dropout, and
31 graduation rates as specified by the state board; and

1 (6) the annual percent of enrollment change, regardless of reason, and
2 the annual percent of enrollment change due to student transfers into and out of the
3 school district.

4 • Sec. 3. AS 14.03.120(e) is repealed and reenacted to read:

5 (e) By a date set by the district, each public school in the district shall provide
6 the report described in (d) of this section to the chief school administrator of the
7 district. Along with the report, each public school shall submit a summary of
8 comments made on the report by parents, students, and community members. By
9 July 1 of each year, beginning in 2000, each district shall provide to the department
10 a report on the performance of each public school and the public school students in the
11 district. The district's report must

12 (1) be entitled "School District Report Card to the Public"; and

13 (2) include

14 (A) copies of the reports and summaries of comments submitted
15 under this section by each public school in the district; and

16 (B) a compilation of the material described in (A) of this
17 paragraph by each public school in the district.

18 • Sec. 4. AS 14.03.120(f) is repealed and reenacted to read:

19 (f) By January 15 of each year, beginning in 2001, the department shall
20 provide to the governor and make available to the public and the legislature a report
21 on the performance of public schools in this state. The report must be entitled
22 "Alaska's Public Schools: A Report Card to the Public." The report must include

23 (1) comprehensive information on each public school compiled,
24 collected, and reported under (d) and (e) of this section for the prior school year;

25 (2) a summary of the information described in (1) of this subsection;
26 the summary must be prepared in a manner that allows school performance to be
27 measured against established state education standards; and

28 (3) for a report due by or after January 15, 2003, the performance
29 designation under AS 14.03.123(b) received by each public school during the prior
30 school year.

31 • Sec. 5. AS 14.03 is amended by adding a new section to read:

1 **Sec. 14.03.123. School accreditation and accountability.** (a) Each public
2 school in this state must become accredited by the department. By July 1, 1999, the
3 state board shall establish in regulation a process for accreditation under this section.
4 The accreditation process must be based on multiple student measures, including
5 student achievement data.

6 (b) Beginning in August 2002, and during each of the following 12-month
7 periods, the department shall assign each public school in each district the performance
8 designation of distinguished, successful, deficient, or in crisis using the process
9 established under (a) of this section. The department shall accredit each public school
10 that is assigned a performance designation of distinguished or successful. A public
11 school assigned a performance designation of deficient or in crisis shall develop a
12 school improvement plan under (e) of this section. The department shall inform the
13 chief school administrator of each district of the performance designation assigned to
14 each public school in the district.

15 (c) The state board shall adopt regulations to allow a district to appeal the
16 performance designation assigned to a public school in that district.

17 (d) The department may establish a program of special recognition for those
18 public schools that achieve the performance designation of distinguished.

19 (e) A public school that fails to become accredited under (b) of this section
20 shall prepare a school improvement plan to improve student performance based on the
21 process established under (a) of this section and provide that plan to the district to
22 submit to the department. The public school shall undertake an improvement process
23 under that plan to lead to a designation of successful or distinguished. The school
24 improvement plan must be prepared with the maximum feasible public participation
25 of the community, including, if appropriate, interested individuals, teachers, parents,
26 parent organizations, students, tribal organizations, local government representatives,
27 and other community groups. The school board of a district and the chief school
28 administrator of the district shall consult with and assist the public school in the
29 preparation of the school improvement plan. The commissioner may provide technical
30 assistance to a public school or the district at any time during the preparation and
31 implementation of the school improvement plan, upon the request of any interested

1 person and the approval of the district.

2 (f) Beginning August 1, 2002, and periodically during each of the following
3 12-month periods, the department shall monitor the progress of the implementation of
4 each school improvement plan prepared under (e) of this section for each public school
5 that is not accredited under this section.

6 (g) The department may use existing staff or contract with one or more
7 qualified persons to assist a public school that is not accredited under this section to
8 improve student performance. Qualified persons to provide assistance under this
9 section may include educators, business leaders, school board members, and
10 community leaders. The provisions of AS 36.30 do not apply to a contract awarded
11 under this subsection.

12 (h) Notwithstanding any contrary provisions in this title, if the performance
13 designation of a public school has continued to be deficient or in crisis for two
14 consecutive school years, the commissioner, after consultation with parents and the
15 community, shall manage the school's fiscal or academic affairs, or both. The
16 commissioner may implement other emergency measures determined by the
17 commissioner to be a necessary and appropriate intervention. If the commissioner
18 assumes a public school's duties under this subsection, the commissioner may withhold
19 the disbursement of money under AS 14.17 to the district, in an amount sufficient to
20 operate that school, and may use that money to operate the school.

21 (i) The state board shall develop, in regulation, measures that may be
22 progressively implemented by the commissioner to assist a public school to improve
23 student performance in accordance with this section.

24 (j) In this section, "district" has the meaning given in AS 14.17.250.

25 • Sec. 6. AS 14.07.020 is amended by adding a new subsection to read:

26 (c) In implementing its duties under (a)(2) of this section, the department shall

27 (1) develop

28 (A) performance standards in reading, writing, and mathematics
29 to be met at designated age levels by each student in the public schools in the
30 state; and

31 (B) a comprehensive system of student assessments, composed

1 of multiple indicators of proficiency in reading, writing, and mathematics: this
 2 comprehensive system must be made available to all districts and regional
 3 educational attendance areas and shall include a developmental profile for
 4 students entering kindergarten or first grade, and performance standards in
 5 reading, writing, and mathematics for students in age groups five - seven,
 6 8 - 10, and 11 - 14; and

7 (2) provide

8 (A) technical assistance to school districts and regional
 9 educational attendance areas to meet and maintain statewide standards for
 10 student performance;

11 (B) adequate and timely information to parents and students
 12 about student progress toward meeting state performance standards in reading,
 13 writing, and mathematics; and

14 (C) technical assistance to school districts and regional
 15 educational attendance areas to develop comprehensive procedures to enable
 16 them to monitor student progress, in order that the district or regional
 17 educational attendance area is able to intervene and assist students who are not
 18 meeting state performance standards.

19 * Sec. 7. AS 14.17.021(c) is amended to read:

20 (c) The basic need of a school district is determined by multiplying the area
 21 cost differential of the district under AS 14.17.051 by the number of instructional units
 22 in the district under AS 14.17.031, adding to that product the district's
 23 correspondence instructional units as calculated under AS 14.17.048, and then
 24 multiplying that sum [PRODUCT] by the instructional unit value in AS 14.17.056.

25 * Sec. 8. AS 14.17.022 is amended to read:

26 **Sec. 14.17.022. Money for centralized correspondence study.** Money for
 27 providing centralized correspondence study programs for students not enrolled in an
 28 approved school district correspondence study program includes an allocation from the
 29 public school foundation account in an amount calculated by multiplying the
 30 instructional unit value in AS 14.17.056 by the total number of instructional units, as
 31 determined by applying the number of correspondence students to the formula for

1 elementary schools in AS 14.17.041(b)(1), then multiplying that product by 70 [65]
2 percent.

3 * Sec. 9 AS 14.17.031(a) is amended to read:

4 (a) The department shall adopt regulations defining funding communities
5 within each district that reflect geographic and attendance area factors. For the
6 purpose of determining instructional units, students are counted in the district and the
7 funding community from which they receive educational services. The total number
8 of instructional units in a school district is the sum of the following units for each
9 funding community within the district, as determined by the department:

10 (1) the number of units for elementary and secondary students
11 determined under AS 14.17.041(a), [OR] (b), or (e), whichever is greatest:

12 (2) the number of units for vocational education determined under
13 AS 14.17.043;

14 (3) the number of units for special education determined under
15 AS 14.17.045; and

16 (4) the number of units for bilingual education determined under
17 AS 14.17.047.

18 * Sec. 10. AS 14.17.041(a) is amended to read:

19 (a) For funding communities that have an average daily membership of less
20 than 200 in grades K-6 or less than 200 in grades 7-12, combined elementary and
21 secondary instructional units are determined under the following table:

| 22 | ADM | No. Instructional Units |
|----|------------------------|---|
| 23 | <u>1 - 7</u> | <u>as provided in (f) of this section</u> |
| 24 | <u>8 - 10</u> [1 - 10] | 2 |
| 25 | 11 - 20 | 2 + ((ADM-10)/5) |
| 26 | 21 - 60 | 4 + ((ADM-20)/8) |
| 27 | 61 - 120 | 9 + ((ADM-60)/12) |
| 28 | 121 - 525 | 14 + ((ADM-120)/15). |

29 * Sec. 11. AS 14.17.041(c) is amended to read:

30 (c) Kindergarten students who attend school less than four hours a day are
31 counted as 0.5 ADM under [(a) AND (b) OF] this section.

1 * **Sec. 12.** AS 14.17.041(d) is repealed and reenacted to read:

2 (d) Notwithstanding any contrary provision of this chapter, students who attend
3 public school on a part-time basis are counted in the applicable school grade level and
4 funding community from which they are receiving educational services from a public
5 school as determined under regulations adopted by the state Board of Education.

6 * **Sec. 13.** AS 14.17.041 is amended by adding new subsections to read:

7 (e) The instructional unit calculation for a school district with an ADM of 900
8 or less that consists of one funding community is increased by multiplying the
9 instructional units calculated under (a) or (b) of this section by the appropriate factor
10 set out in the following table:

| District ADM | Factor |
|--------------|--------|
| 1 - 250 | 1.12 |
| 251 - 525 | 1.08 |
| 526 - 900 | 1.06 |

15 (f) For a funding community that has a combined elementary and secondary
16 ADM of less than 8, the combined elementary and secondary instructional units are
17 2 for a final year of funding and the funding community is decertified as a funding
18 community under this chapter for the following school year.

19 * **Sec. 14.** AS 14.17.045 is repealed and reenacted to read:

20 **Sec. 14.17.045. Special education instructional units.** (a) Additional
21 instructional units for special education purposes are calculated as follows:

22 (1) for each exceptional child who receives intensive or
23 hospital/homebound services as those services are defined by the department by
24 regulation and who is enrolled in an approved special education program on the last
25 day of the counting period for which a determination is being made, 0.333 instructional
26 units;

27 (2) for each exceptional child who receives services not specified in (1)
28 of this subsection, multiply the ADM of the relevant funding community by

29 (A) a gifted and talented special needs factor of .001; and

30 (B) a resource and self-contained special needs factor of .00854.

31 (b) Notwithstanding (a) of this section, in a district that serves one or more

1 children under a special education program approved by the department, the district
 2 receives a minimum of 0.25 instructional units for special education for each funding
 3 community in which a child is served by the program or the district receives a
 4 minimum of 1.00 instructional units for special education, whichever is greater.

5 (c) Special education for exceptional children requiring intensive or
 6 hospital/homebound services is financed only under (a)(1) of this section. Nothing in
 7 this section restricts a district from providing intensive services for an exceptional
 8 child in an innovative manner and in the least restrictive environment.

9 (d) In this section, "exceptional child" has the meaning given "exceptional
 10 children" in AS 14.30.350.

11 * Sec. 15. AS 14.17 is amended by adding a new section to read:

12 **Sec. 14.17.048. District correspondence instructional units.** Instructional
 13 units for students enrolled in a district correspondence program approved by the
 14 department are calculated as the district correspondence ADM of the program divided
 15 by 13.

16 * Sec. 16. AS 14.17.051 is amended to read:

17 **Sec. 14.17.051. Area cost differential.** The area cost differential for a school
 18 district is as follows:

| 19 | School District | Area Cost Differential |
|----|-----------------------|------------------------|
| 20 | [ADAK | 1.27] |
| 21 | Alaska Gateway | 1.19 |
| 22 | Aleutian Region | 1.31 |
| 23 | <u>Aleutians East</u> | <u>1.31</u> |
| 24 | Anchorage | 1.00 |
| 25 | Annette Island | 1.03 |
| 26 | Bering Strait | 1.39 |
| 27 | Bristol Bay | 1.27 |
| 28 | Chatham | 1.03 |
| 29 | Chugach | 1.14 |
| 30 | Copper River | 1.14 |
| 31 | Cordova | 1.11 |

| | | |
|----|-------------------|-------------|
| 1 | Craig | 1.03 |
| 2 | Delta/Greely | 1.16 |
| 3 | <u>Denali</u> | <u>1.23</u> |
| 4 | Dillingham | 1.27 |
| 5 | Fairbanks | 1.04 |
| 6 | Galena | 1.30 |
| 7 | Haines | 1.05 |
| 8 | Hoonah | 1.08 |
| 9 | Hydaburg | 1.03 |
| 10 | Iditarod | 1.33 |
| 11 | Juneau | 1.00 |
| 12 | Kake | 1.03 |
| 13 | Kashunamiut | 1.33 |
| 14 | Kenai | 1.00 |
| 15 | Ketchikan | 1.00 |
| 16 | [KING COVE | 1.27] |
| 17 | Klawock | 1.03 |
| 18 | Kodiak | 1.09 |
| 19 | Kuspuk | 1.33 |
| 20 | Lake & Peninsula | 1.31 |
| 21 | Lower Kuskokwim | 1.42 |
| 22 | Lower Yukon | 1.35 |
| 23 | Matanuska-Susitna | 1.00 |
| 24 | Nenana | 1.20 |
| 25 | Nome | 1.34 |
| 26 | North Slope | 1.45 |
| 27 | Northwest Arctic | 1.5 |
| 28 | Pelican | 1.08 |
| 29 | Petersburg | 1.00 |
| 30 | Pribilof | 1.30 |
| 31 | [RAILBELT | 1.23 |

| | | |
|----|------------------|-------|
| 1 | SAND POINT | 1.27] |
| 2 | Sitka | 1.00 |
| 3 | Skagway | 1.05 |
| 4 | Southeast Island | 1.04 |
| 5 | Southwest Region | 1.31 |
| 6 | St. Mary's | 1.30 |
| 7 | Tanana | 1.30 |
| 8 | Unalaska | 1.27 |
| 9 | Valdez | 1.11 |
| 10 | Wrangell | 1.00 |
| 11 | Yakutat | 1.08 |
| 12 | Yukon Flats | 1.46 |
| 13 | Yukon-Koyukuk | 1.34 |
| 14 | Yupitit | 1.41 |

15 * Sec. 17. AS 14.17.056 is repealed and reenacted to read:

16 **Sec. 14.17.056. Instructional unit value.** (a) The instructional unit value for
17 the state fiscal year beginning July 1, 1998 is \$62,550.

18 (b) For a state fiscal year beginning on or after July 1, 1999, the instructional
19 unit value is equal to the previous year's instructional unit value multiplied by 1.01.

20 * Sec. 18. AS 14.17.250(2) is amended to read:

21 (2) "average daily membership" or "ADM" means the aggregate days
22 of membership of pupils, excluding correspondence pupils, divided by the actual
23 number of days in session for the counting period for which a determination is being
24 made;

25 * Sec. 19. AS 14.17.250 is amended by adding a new paragraph to read:

26 (9) "correspondence ADM" means the aggregate days of membership
27 of pupils enrolled in a district correspondence program divided by the actual number
28 of days in session for the counting period for which a determination is being made.

29 * Sec. 20. AS 36.30.850(b) is amended by adding a new paragraph to read:

30 (38) contracts of the Department of Education under AS 14.03.123.

31 * Sec. 21. TRANSITION: HOLD HARMLESS. (a) The Department of Education shall

1 determine the amount of state public school aid for which each school district would have
 2 qualified for the state fiscal year beginning July 1, 1998 under the provisions of AS 14.17 as
 3 those provisions existed on January 1, 1998, adjusted in accordance with AS 14.17.041(e),
 4 added by sec. 13 of this Act.

5 (b) Notwithstanding the provisions of secs. 7 - 19 and 24 of this Act, if for a fiscal
 6 year beginning July 1, 1998 through July 1, 2000, the amount of state public school aid for
 7 which a district qualifies under AS 14.17 is less than the amount calculated for that district
 8 under the following table, the district instead is eligible to receive the amount calculated under
 9 the following table:

| 10 | For the fiscal year beginning | Percentage of amount determined |
|----|-------------------------------|---------------------------------|
| 11 | | under (a) of this section |
| 12 | July 1, 1998 | 100 |
| 13 | July 1, 1999 | 95 |
| 14 | July 1, 2000 | 90 |

15 (c) For purposes of this section, "state public school aid" means all state financing of
 16 public education under AS 14.17.

17 * Sec. 22. TRANSITION: REGULATIONS. (a) Notwithstanding sec. 24 of this Act, the
 18 state Board of Education may proceed to adopt regulations necessary to implement this Act.
 19 The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before
 20 July 1, 1998.

21 (b) To the extent regulations relating to financing of public schools adopted by the
 22 state Board of Education under AS 14.17 and in effect before July 1, 1998 are not inconsistent
 23 with the changes made in this Act to AS 14.17, those regulations remain in effect as valid
 24 regulations interpreting and implementing that chapter.

25 * Sec. 23. Section 22(a) of this Act takes effect immediately under AS 01.10.070(c).

26 * Sec. 24. Except as provided in sec. 23 of this Act, this Act takes effect July 1, 1998.

FISCAL NOTE

STATE OF ALASKA

BILL NO _____

1998 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Education

Title: An act relating to academic performance and accreditation of public schools:

BRU: K-12 Support

Sponsor: Rules Committee

Component: Foundation Program

Requester: Governor

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

| OPERATING | FY 99 | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 |
|------------------------|----------|----------|----------|----------|----------|----------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | 24,146.4 | 32,390.9 | 40,714.5 | 49,117.1 | 57,598.7 | 66,172.5 |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | | | | | |

| | | | | | | |
|-----------------------------|----------|----------|----------|----------|----------|----------|
| CAPITAL EXPENDITURES | 24,146.4 | 32,390.9 | 40,714.5 | 49,117.1 | 57,598.7 | 66,172.5 |
|-----------------------------|----------|----------|----------|----------|----------|----------|

| | | | | | | |
|---------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES | | | | | | |
|---------------------------|--|--|--|--|--|--|

FUND SOURCE

(Thousands of Dollars)

| | | | | | | |
|--------------------------|----------|----------|----------|----------|----------|----------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 24,146.4 | 32,390.9 | 40,714.5 | 49,117.1 | 57,598.7 | 66,172.5 |
| 1005 GF/Program Receipts | | | | | | |
| 1006 GF/MHTIA | | | | | | |
| Other | | | | | | |
| TOTAL | 24,146.4 | 32,390.9 | 40,714.5 | 49,117.1 | 57,598.7 | 66,172.5 |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of current year (FY98) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

See attached schedule for fiscal note and sectional analysis.

Attached is a spreadsheet showing the fiscal impacts by district.

Prepared by: Eddy Jeans, School Finance Manager

Phone: 465-8678

Division: Education Support Services

Date: 1-23-98

Approved by Commissioner: Shirley Holloway, Ph. D., Commissioner

Agency: Education

Date: 1-23-98

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SB - Public School Funding Program

Fiscal Note Analysis

The following table lists the assumptions used to prepare the fiscal note.

| Fiscal Year | Sec. 14.17.056 Unit Adjustment | Sec. 14.17.056 Unit Value | Change in unit value over previous year | Estimated Increase due to unit adjustment |
|-------------|-----------------------------------|------------------------------|--|---|
| FY99 | | \$62,550 | \$1,550 | \$20,192,679 |
| FY00 | 1% | \$63,176 | \$626 | \$8,244,533 |
| FY01 | 1% | \$63,808 | \$632 | \$8,323,558 |
| FY02 | 1% | \$64,446 | \$638 | \$8,402,575 |
| FY03 | 1% | \$65,090 | \$644 | \$8,481,598 |
| FY04 | 1% | \$65,741 | \$651 | \$8,573,784 |

Sectional Analysis

Section 7 - Amends AS 14.17.021(c), defining basic need to include new calculations for correspondence programs.

Section 8 - Amends AS 14.17.022, money for centralized correspondence study, to increase the allocation from 65% to 70%.

Section 9 - Amends AS 14.17.031(a), to include single site units adjustment.

Section 10 - Amends AS 14.17.041(a), changing the combined K-12 instructional unit table to start at 8 ADM.

Section 11 - Amends AS 14.17.041(d), eliminating reference to district correspondence students.

Section 12 - Amends AS 14.17.041(d), counting of part-time students at applicable grade level.

Section 13 - Amends AS 14.17.041, to add single site table to foundation formula and provide transition for funding communities that fall below 8 ADM.

Section 14 - Amends AS 14.17.045, changing special education unit calculations. Gifted, resource and self-contained are based on an allocation percentage.

Section 15 - Adds AS 14.17.048, a new section for computing district correspondence funding units.

Section 16 - Amends AS 14.17.051, corrects area differentials for two school districts and eliminates four school districts.

Section 17 - Amends AS 14.17.056, increases instructional unit value by \$1,550 and provides an annual 1% adjustment to the instructional unit value.

SB - Public School Funding Program

Fiscal Note Analysis

Section 18 - Amends AS 14.17.250(2), ADM definition to exclude correspondence students.

Section 19 - Amends AS 14.17.250, to define correspondence students ADM.

Section 20 – Amends AS 36.30.850(b), to allow the Department of Education to contract with individuals to assist schools in meeting state accreditation.

Section 21 – Transition, provides hold harmless for school districts at the FY99 funding level. The hold harmless is phased out over three years by 5% a year.

Section 22 – Transition, allows State Board of Education to adopt regulations to implement the new law.

ALASKA DEPARTMENT OF EDUCATION

Governor's proposed amendments to the Foundation Program.

PROJECTED FY99 FOUNDATION PROGRAM - PROPOSED CHANGES

The enrollment and units are based on the FY99 projections received from school districts.

District's at 100%
Divisor is 13

New Unit Value
is \$62,550

Total of 24 M
New Money

| | Existing State @ \$61,000 | Single Site | Pupil Transportation | Projected FY99 State Aid | Change to Gifted/Talented Funding | Change to Resource & Self Contained Funding | Change to Correspondence Funding | Plus 20 Million New Money | Hold Harmless | Change in State Aid | Total State Aid with Changes |
|-----------------|------------------------------|----------------|-------------------------|-----------------------------|---|--|--|------------------------------|------------------|------------------------|------------------------------------|
| ALASKA GATEWAY | \$4,988,882 | | \$484,893 | \$5,473,775 | (\$8,610) | (\$138,375) | (\$5,460) | \$128,513 | \$23,932 | \$0 | \$5,473,775 |
| ALEUTIAN REGION | 1,176,499 | 117,730 | | 1,294,229 | 5,535 | 45,510 | 0 | 30,908 | 0 | 81,953 | 1,376,182 |
| ALEUTIANS EAST | 3,514,644 | | 69,097 | 3,583,741 | 28,230 | (84,790) | 0 | 101,963 | 0 | 43,403 | 3,627,144 |
| ANCHORAGE | 188,038,815 | | 11,449,797 | 199,488,612 | (301,950) | 198,860 | 0 | 6,269,509 | 0 | 6,166,419 | 205,655,031 |
| ANNETTE ISLANDS | 1,569,188 | 181,650 | 23,821 | 1,754,659 | 9,225 | (112,545) | (75) | 60,938 | 42,457 | 0 | 1,754,659 |
| BERING STRAIT | 17,449,778 | | 39,474 | 17,489,252 | 73,800 | (87,330) | 0 | 517,240 | 0 | 503,710 | 17,992,962 |
| BRISTOL BAY | 1,854,521 | | 228,486 | 1,882,007 | (31,720) | 35,380 | 0 | 67,052 | 0 | 70,712 | 1,953,719 |
| CHATHAM | 2,337,557 | | 13,809 | 2,351,366 | 17,220 | (14,145) | 0 | 73,797 | 0 | 76,872 | 2,428,238 |
| CHUGACH | 1,515,697 | | | 1,515,697 | (3,690) | 39,380 | (133,495) | 35,374 | 62,451 | 0 | 1,515,697 |
| COPPER RIVER | 6,225,778 | | 575,432 | 6,801,210 | 33,210 | (103,935) | (69,655) | 144,298 | 0 | 3,918 | 6,805,128 |
| CORDOVA | 2,702,072 | 166,530 | 55,644 | 2,924,246 | (107,970) | 42,700 | 0 | 83,884 | 0 | 18,614 | 2,942,860 |
| CRAIG | 2,322,242 | 179,950 | 22,165 | 2,524,357 | 8,540 | (17,690) | 13,420 | 67,437 | 0 | 71,707 | 2,596,064 |
| DELTA/GREELY | 4,790,289 | | 902,298 | 5,692,587 | (13,530) | (92,865) | (35,555) | 136,228 | 5,722 | 0 | 5,692,587 |
| DENALI | 2,859,400 | | 309,457 | 2,968,857 | (7,320) | 129,320 | (1,220) | 80,942 | 0 | 201,722 | 3,170,579 |
| DILLINGHAM | 3,757,667 | 220,200 | 347,293 | 4,325,160 | (24,400) | (54,290) | 0 | 112,328 | 0 | 33,638 | 4,358,798 |
| FAIRBANKS | 64,607,118 | | 5,735,458 | 70,342,576 | (552,050) | 923,540 | 14,640 | 2,170,091 | 0 | 2,556,221 | 72,898,797 |
| GALENA | 6,649,592 | | 40,312 | 6,689,904 | 5,490 | (22,570) | 840,580 | 155,124 | 0 | 978,624 | 7,668,528 |
| HAINES | 2,141,412 | | 176,085 | 2,317,497 | 7,930 | (3,050) | 3,660 | 71,317 | 0 | 79,857 | 2,397,354 |
| HOONAH | 1,918,467 | 126,270 | 48,126 | 2,092,863 | 17,690 | (17,080) | 0 | 51,960 | 0 | 52,570 | 2,145,433 |
| HYDABURG | 1,083,657 | 107,970 | 2,819 | 1,194,446 | 7,930 | 45,750 | 0 | 28,338 | 0 | 82,016 | 1,276,462 |
| IDITAROD | 5,278,870 | | 75,208 | 5,354,078 | (16,605) | (47,970) | 0 | 144,221 | 0 | 79,646 | 5,433,724 |
| JUNEAU | 20,166,492 | | 1,435,272 | 21,601,764 | (542,900) | 575,840 | (610) | 745,408 | 0 | 777,736 | 22,379,500 |
| KAKE | 1,325,815 | 140,910 | 28,258 | 1,494,983 | 12,200 | 10,370 | 0 | 36,175 | 0 | 58,745 | 1,553,728 |
| KASHUNAMIUT | 2,235,575 | 159,820 | 3,277 | 2,398,672 | 20,295 | 78,105 | 0 | 64,973 | 0 | 163,373 | 2,562,045 |
| KENAI | 42,073,799 | | 3,548,687 | 45,622,486 | (8,540) | 525,210 | 0 | 1,468,729 | 0 | 1,985,399 | 47,607,885 |
| KETCHIKAN | 8,752,133 | | 973,623 | 9,725,756 | 112,850 | 226,920 | 0 | 342,434 | 0 | 682,204 | 10,407,960 |
| KLAWOCK | 1,427,412 | 153,110 | 7,668 | 1,588,190 | 4,270 | (14,640) | 0 | 39,208 | 0 | 28,838 | 1,617,028 |
| KODIAK | 13,878,822 | | 771,058 | 14,649,880 | 57,950 | 98,820 | 15,860 | 457,611 | 0 | 630,241 | 15,278,121 |
| KUSPUK | 5,513,829 | | 139,779 | 5,653,608 | 29,520 | (15,990) | 0 | 150,751 | 0 | 164,281 | 5,817,889 |
| LAKE AND PENN. | 6,743,387 | | 104,107 | 6,847,494 | 36,600 | 10,980 | (9,150) | 181,566 | 0 | 219,996 | 7,067,490 |
| LOWER KUSKOKWIM | 38,671,330 | | 286,031 | 38,957,361 | 73,185 | 35,670 | 0 | 1,080,541 | 0 | 1,189,396 | 40,146,757 |
| LOWER YUKON | 14,928,605 | | | 14,928,605 | 145,140 | 127,305 | 0 | 457,565 | 0 | 730,010 | 15,658,615 |
| MAT-SU | 58,161,852 | | 6,309,283 | 64,471,135 | (34,160) | 370,880 | 212,890 | 1,717,824 | 0 | 2,267,434 | 66,738,569 |
| NENANA | 1,735,074 | 181,780 | 95,603 | 2,012,457 | (6,710) | (2,440) | (31,720) | 39,655 | 1,215 | 0 | 2,012,457 |

ALASKA DEPARTMENT OF EDUCATION

Governor's proposed amendments to the Foundation Program.

PROJECTED FY99 FOUNDATION PROGRAM - PROPOSED CHANGES

The enrollment and units are based on the FY99 projections received from school districts.

District's at 100%
Divisor is 13

New Unit Value
is \$62,550

Total of 24 M
New Money

| Existing State @ \$61,000 | Single Site | Pupil Transportation | Projected FY99 State Aid | Change to Gifted/Talented Funding | Change to Resource & Self Contained Funding | Change to Correspondence Funding | Plus 20 Million New Money | Hold Harmless | Change in State Aid | Total State Aid with Changes | |
|------------------------------|----------------------|-------------------------|-----------------------------|---|--|--|------------------------------|---------------------|------------------------|------------------------------------|----------------------|
| NOME | 5,181,309 | 285,470 | 224,289 | 5,891,068 | 37,820 | (201,910) | 0 | 142,157 | 21,933 | 0 | 5,891,068 |
| NORTH SLOPE | 11,686,868 | | 358,038 | 12,044,906 | 137,860 | 375,780 | 0 | 477,754 | 0 | 991,374 | 13,036,280 |
| NORTHWEST ARCTIC | 18,530,116 | | | 18,530,116 | 86,010 | 250,710 | (32,940) | 538,353 | 0 | 842,133 | 19,372,249 |
| PELICAN | 556,018 | 49,410 | | 605,428 | 2,440 | 21,350 | 0 | 15,323 | 0 | 39,113 | 644,539 |
| PETERSBURG | 3,173,500 | 211,660 | 131,098 | 3,516,258 | (5,490) | 34,160 | 0 | 104,951 | 0 | 133,621 | 3,649,879 |
| PRIBILOF | 1,883,539 | | | 1,883,539 | 11,685 | 22,140 | 0 | 55,733 | 0 | 89,558 | 1,973,097 |
| SITKA | 6,142,485 | | 401,291 | 6,543,776 | 41,480 | 103,700 | 0 | 221,822 | 0 | 387,002 | 6,910,778 |
| SKAGWAY | 683,840 | 112,850 | 4,347 | 801,037 | 8,540 | 71,370 | 0 | 27,350 | 0 | 107,260 | 908,297 |
| SOUTHEAST | 2,765,941 | | 179,777 | 2,945,718 | (3,075) | (11,070) | (8,535) | 68,345 | 0 | 47,665 | 2,993,383 |
| SOUTHWEST | 7,597,531 | | 101,518 | 7,699,049 | 43,665 | 51,660 | 0 | 214,414 | 0 | 309,739 | 8,008,788 |
| ST. MARYS | 1,414,706 | 140,910 | | 1,555,616 | 3,660 | 25,010 | 0 | 36,313 | 0 | 64,983 | 1,620,599 |
| TANANA | 1,253,694 | 127,490 | 19,803 | 1,400,987 | 7,930 | (15,250) | (20,740) | 31,924 | 0 | 3,864 | 1,404,851 |
| UNALASKA | 1,913,138 | 198,250 | 180,946 | 2,292,332 | 9,150 | 68,930 | 0 | 74,413 | 0 | 152,493 | 2,444,825 |
| VALDEZ | 3,404,758 | 265,960 | 318,042 | 3,988,760 | 6,710 | 37,210 | 0 | 133,349 | 0 | 177,269 | 4,166,029 |
| WRANGELL | 2,312,953 | 196,420 | 145,027 | 2,654,400 | 9,150 | (3,660) | 0 | 74,505 | 0 | 79,995 | 2,734,395 |
| YAKUTAT | 1,429,670 | | 59,974 | 1,489,644 | 9,150 | (1,220) | 0 | 40,194 | 0 | 48,124 | 1,537,768 |
| YUKON FLATS | 6,158,915 | | 72,115 | 6,231,030 | (13,530) | (191,265) | (45,010) | 156,818 | 92,987 | 0 | 6,231,030 |
| YUKON/KOYUKUK | 6,788,379 | | 123,015 | 6,911,394 | 21,525 | (148,830) | 0 | 186,941 | 0 | 59,636 | 6,971,030 |
| YUPIIT | 4,250,129 | | | 4,250,129 | 35,670 | 12,300 | 0 | 126,958 | 0 | 174,928 | 4,425,057 |
| ALYESKA CORRES.* | 3,996,324 | | | 3,996,324 | 0 | 0 | 307,228 | 109,353 | 0 | 416,579 | 4,412,903 |
| MT. EDGECUMBE | 1,717,150 | | | 1,717,150 | 0 | 0 | 0 | 41,811 | 0 | 41,811 | 1,758,961 |
| OTHER | 26,096,071 | 60 | | 26,096,131 | 0 | 0 | 0 | 0 | 0 | 0 | 26,096,131 |
| TOTALS | \$660,931,300 | \$3,304,400 | \$36,621,600 | \$700,857,300 | (\$504,995) | \$3,191,910 | \$1,016,111 | \$20,182,679 | \$250,697 | \$24,146,402 | \$725,003,702 |

Proposed changes to the current foundation formula include: (1) incorporation of the single site table into law. (2) Adopt 1994 special education funding reform recommendations.

Recommendation includes Gifted/Talented allocation based on 4% of district ADM and Resource/Self Contained allocation based on 14% of ADM.

Change funding for correspondence programs to not include area differential. Includes increase for ACS (state) from 65% to 70% of elementary table.

Amend school size table to begin at 8 ADM with one grace year when a community falls below 8 ADM. This is consistent with regulation 4 AAC 05 040 to establish a new school

Annually increases instructional unit value by 1% to help keep pace with increasing expenses to maintain high standards and assess student performance.

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. _____

Revision Date: _____ Dept. Affected: EDUCATIO
 Title: An act relating to academic performance and BRU: Teaching and Learning Support
accreditation of public schools Component: Quality Schools
 Sponsor: Rules Committee
 Requester: Governor COMPONENT SERIAL NO. 2147

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING EXPENDITURES | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| PERSONAL SERVICES | 191.1 | 191.1 | 191.1 | 191.1 | 191.1 | 191.1 |
| TRAVEL | 147.0 | 147.0 | 67.0 | 67.0 | 67.0 | 67.0 |
| CONTRACTUAL | 3245.0 | 3245.0 | 2995.0 | 2995.0 | 2995.0 | 2995.0 |
| SUPPLIES | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| EQUIPMENT | 10.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 3603.1 | 3598.1 | 3268.1 | 3268.1 | 3268.1 | 3268.1 |

| | | | | | | |
|-----------------------------|----------|----------|----------|----------|----------|----------|
| CAPITAL EXPENDITURES | 0 | 0 | 0 | 0 | 0 | 0 |
|-----------------------------|----------|----------|----------|----------|----------|----------|

| | | | | | | |
|----------------------------|--|--|--|--|--|--|
| CHANGES IN REVENUES | | | | | | |
|----------------------------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1002 Federal Receipts | 0 | 0 | 0 | 0 | 0 | 0 |
| 1003 GF Match | 0 | 0 | 0 | 0 | 0 | 0 |
| 1004 GF | 3603.1 | 3598.1 | 3268.1 | 3268.1 | 3268.1 | 3268.1 |
| 1005 GF/Program Receipts | | | | | | |
| Other: | | | | | | |
| TOTAL | 3603.1 | 3598.1 | 3268.1 | 3268.1 | 3268.1 | 3268.1 |

Estimate of current year (FY98) cost: \$

POSITIONS:

| | | | | | | |
|-----------|---|--|--|--|--|--|
| FULL-TIME | 3 | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

Please see attached analysis

Prepared by: Barbara Thompson, Director Phone: 465-8727
 Division: Teaching and Learning Support Date: 1/23/98
 Approved by Commissioner: Shirley J. Holloway, Ph.D. *Shirley J. Holloway* Date: 1/23/98
 Agency: Department of Education

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Additional Analysis

This legislation is designed to make sure that all students learn the basics in reading, writing and mathematics. Schools will be required to complete developmental profiles for each entering kindergarten or first grade student. Standards in reading, writing, and mathematics will be mandated. A comprehensive assessment system will be provided to conduct frequent and meaningful testing at multiple age levels to prepare students for the High School Graduation Qualifying Exam and identify those students who need assistance. The legislation also requires that schools be held accountable for student performance. Each school will be classified as distinguished, successful, deficient, or in crisis. Distinguished or successful schools will receive state accreditation. A school determined to be deficient or in crisis will receive assistance from the state in preparing a locally developed and approved school improvement plan. If a school fails to improve after two years, the state will have the authority to implement emergency measures as necessary or appropriate to manage the school's academic or fiscal affairs.

This fiscal note is designed to provide schools with the tools they need to implement standards-based instruction and assessment to improve student learning in Alaska.

State Report Card - \$35.0

Contractual - \$35.0

The legislation makes changes to the existing *Report Card to the Public* that expands the requirements to report information at the individual school level and reporting on the measurement of school performance against state standards. This will require changes in the current data collection methodology, reformatting of the presentation of the data, and interaction between the department and the school districts to ensure that the required information is collected and reported. These funds will provide for professional resources necessary to modify existing data collection systems, communication between districts, and printing of materials.

State Accreditation Process - \$75.0

Travel - \$25.0

The legislation requires that the State Board of Education establish a state accreditation process in regulation by July 1, 1999. Development of this process will require involvement of parents, teachers, school district personnel and others from the education community. Travel costs associated with development of the state accreditation process are estimated at \$25.0. This funding will provide the resources for staff field travel and also support convening of non-employee advisory groups, such as parents and community leaders, to participate in developing the state accreditation process. Estimate staff travel: 6 trips @ \$850 each X 2 = \$10.2. Estimate advisory group cost \$14.8.

Contractual - \$50.0

This funding will provide the resources for successful development of the state accreditation processes including access to national experts, research, curriculum and models supporting accreditation, audio conferences, communication with advisory groups, printed materials, mailing and fax costs.

Multiple Age-Level Assessment - S2,064.7

Personal Services - S116.7

This will provide funding for two full-time positions: an Education Specialist II, Range 21, at \$74.4 and an Education Assistant, Range 12, at \$42.3. The Education Specialist II position will work closely with the testing contractor in developing multiple age level assessments. Major duties include monitoring and reviewing the work of the contractor and providing an interface between the contractor and the department. The Education Specialist II will also be responsible for managing the assessment system, record keeping, training district personnel, scheduling, data analysis, reporting results, test review and revision, and public information relating to the assessment program. The Education Assistant will primarily provide support and take a lead role in arranging the meetings of the assessment evaluation committees, dissemination of information regarding the High School Graduation Qualifying Exam, and preparation of periodic status reports on the development of the comprehensive assessment system.

Travel - S90.0

The legislation requires development of a statewide student assessment system based on Alaska standards in reading, writing, and math. The assessment system will be developed in three phases. The first phase, beginning in FY99, will include finalization of the student performance standards at four benchmark points, development of test items and tasks, item/task tryouts, and the field testing of the test forms. The department will work with three evaluation committees of Alaskans who will look at item bias, item content and technical characteristics of the items. Although the committee members have not been identified, the estimate of travel costs is based on three committees meeting three times per year at approximately \$10.0 per meeting.

Contractual - S1,850.0

The legislation requires development of a statewide student assessment system based on Alaska standards in reading, writing, and math. The comprehensive assessment system will include the High School Graduation Qualifying Exam and three additional benchmark assessments. Included in this fiscal note are the costs associated with the development of the three additional benchmark assessments. The assessment system will be developed in three phases. The first phase, beginning in FY99, will include finalization of the student performance standards at the three additional benchmark points, development of test items and tasks, item/task tryouts, and the field testing of the test forms. The three additional benchmarks are: (1) ages 5-7; (2) ages 8-10; and (3) ages 11-14. The fourth benchmark in the comprehensive assessment system is the High School Graduation Qualifying Exam. The department will seek professional services to develop the test for each of the three additional benchmark levels. The test will include a combination of multiple-choice and constructed-response questions. The first-year cost per the three additional benchmarks is estimated at \$600.0 each, for a total of \$1,800.0. An additional \$50.0 is requested for the department to secure expertise necessary to ensure that the benchmarks and assessments are consistent with the performance standards.

Equipment - \$8.0

These funds will be used to purchase the necessary computer equipment for the two new staff positions and ongoing upgrade and replacement costs.

Developmental Profile - \$50.0

Travel - \$15.0

The legislation requires that schools complete a developmental profile for each entering kindergarten or first grade student as part of the comprehensive assessment program. Development of the developmental profile for schools to use will require involvement of parents, teachers, school district personnel and others from the education community. Travel costs associated with development of the developmental profile are estimated at \$15.0. This funding will provide the resources for staff field travel and also support convening of non-employee advisory groups, such as parents and community leaders, to participate in developing the profile. Estimate staff travel: 6 trips @ \$850 each = \$5.1. Estimate advisory group cost \$9.9.

Contractual - \$35.0

Development of the developmental profile for schools to use will require involvement of parents, teachers, school district personnel and others from the education community. This funding will provide the resources to access national experts, research, curriculum and models, audio conferences, communication with advisory groups, printed materials, mailing and fax costs.

Technical Assistance - \$1,378.4

Personal Services - \$74.4

This will provide funding for a full-time Education Specialist II, Range 21, at \$74.4. This position will support school districts in implementing standards-based instruction and assessment through arranging for appropriate staff development, providing resources, curriculum support, and various technical assistance activities. This position will work with other DOE program staff to ensure that all available resources are provided in a coordinated, efficient manner.

Travel - \$17.0

The legislation requires that the department provide assistance to schools in meeting statewide student performance standards and to monitor student performance. These travel costs are associated with on-site support and training around the state. Staff will work directly with school district personnel, parents, and students in implementing standards-based instruction and assessment, and school improvement plans. Estimate staff travel: 10 trips @ \$850 each X 2 = \$17.0.

Contractual - \$1,275.0

The legislation requires that schools implement standards in reading, writing and mathematics and that schools be held accountable for their students performance in meeting the standards based on the comprehensive assessment system. Many schools and school districts do not have the expertise to review and align their current curriculum to the state standards, or to provide

professional development to help their teachers learn to teach to state standards. These funds will be used to secure expertise in a variety of areas depending upon the specific needs of the school in implementing standards-based instruction and assessment, revising curriculum, providing staff development, developing school improvement plans, and providing specific technical assistance. The Department may provide resources directly through contracts with school districts or may secure resources by contracting with individuals with particular expertise to provide services. The number of sites and the cost per site will vary depending upon the required services.

Supplies - \$10.0

Supplies include the purchase of educational materials and office supplies.

Equipment - \$2.0

These funds will be used to purchase the necessary computer equipment for the new staff position and ongoing upgrade and replacement costs.

FY00 Costs

The Alaska school accreditation process and the developmental profile should be completed by FY00. However, the ongoing costs of implementation and the level of support necessary to implement these processes are not known at this time. The equipment line is also projected to decline \$5.0 based on the ongoing upgrade and replacement costs of computer equipment for staff.

The continuing funding for Phase II of the comprehensive assessment program is critical to complete the technical studies of test bias, reliability and validity along with the procedures for administering, scoring and reporting the results of the assessments.

FY01-04 Costs

Although the ongoing costs of administering, scoring and reporting the results of the comprehensive student assessments based on state standards in reading, writing, and math will not be known until the assessments are actually developed, it is estimated that the costs will be approximately \$1,000.0 annually. In FY01, the fiscal note for assessment is reduced in the travel line by \$80.0 based on the assumption that the test will be fully developed and the review committees will no longer need to meet. Funding for assessment in the contractual line is reduced by \$250.0 based on test development being completed and the remaining funds will support test administration, scoring and reporting. \$600.0 in contractual funds will be redirected to technical assistance to support the school improvement process that will be in place for schools designated as deficient or in-crisis based on the assessment program.

NEA-ALASKA POSITION STATEMENT

PUBLIC SCHOOL FUNDING

NEA-Alaska has historically lobbied and attempted to present the case for funding Alaska's public schools. Preparation of children for the challenges of the new century is critical to the economic development of Alaska. Jobs of the future will demand that our people have special technical and academic skills to master new challenges. Public schools are attempting to teach those skills today.

In 2008, today's first graders will have completed twelve years of instruction. Some of those first graders are today children "at risk;" some come from secure loving families, some don't; some require special education, some don't; some suffer from Fetal Alcohol Syndrome, some don't; some come from dysfunctional families, some don't; and some experience domestic violence on a daily basis, some don't. The promise and responsibility of our public schools is to educate all the children. In educating the children, school employees see first hand that many of the problems of the public schools are societal and some of the them are systemic.

Both parents and school employees recognize that problems confronting children in 1997 don't compare to the problems we experienced as children. The school of 1997 has a totally different set of challenges than the school of 1977 or '67 or '57. The reality is that the pressures and the expectations demanded of our public schools, for the most part, go unfunded.

THE REALITY

For the ten-year period 1983-1993, school enrollment in Alaska grew by more than 25,000 or slightly less than 26 percent. Alaska has historically ranked in the top ten states nationally in the percent increase in student enrollment from one year to the next. In 1983 Alaska ranked 8th nationally, and in 1994 we ranked 2nd in the percent change in public school enrollment from the previous year. In 1994 22.4 percent of the state's population was 5-17 year olds.

From 1984 through 1993, public schools in Alaska employed 762 new teachers (FTE) to accommodate the growth and to address new instructional priorities - special education, alternative programs, etc. Even though districts hired more teachers (FTE), the pupil-teacher ratio increased from 15.2 in 1983 to 17.1 in 1993. During the period, teachers taught more children and at the same time implemented new programs to address the needs of a changing student population. Teachers and the staff that support them were doing more with diminishing state support.

At the same time the administration and legislature sent ominous messages about the health and welfare of public education. Since 1986, public education has suffered severe financial setbacks. Correlated with the drop in oil prices, state support for public education was severely cut back. Between the 1985-86 and 1986-87 school years the level of state support dropped by 15%.

During Alaska's first year as a state, the appropriation for supporting public education was 44% of the total operating budget. Ten years later, 1970-71, the level of state support was at 35% of the total operating budget. Even though the early years of statehood were financially difficult, the level of state support for public education was strong. Since these times, the level of state support for public education as a share of the total operating budget has steadily declined. During 1990-91 the total state share for K-12 public education was 17% of the operating budget, less than one-half of what it was in the first decade of statehood.

Even when local financial commitments are taken into consideration, the total Alaska level of spending for public education is poor. Again, this has not always been the case. During its first decade as a state, 30% to 38% of all state and local operating expenditures went to public education. In 1991-92 all education was only 23.1% of the total general expenditures from local and state government. Alaska's low effort ranked 49th in the nation.

During 1987-88 when the new funding formula was put in place the Instructional Unit value was set at \$60,000 -- a level that was itself 8% lower than the rate of state support in the 1985-86 school year. The unit has been adjusted only one time -- in 1992, an increase of 1.6%. However, this increase has not even begun to offset inflationary ravages. For instance, the current (1996-97 school year) value of the instructional unit, after being adjusted for the inflation that has occurred since 1987 is \$45,888 in 1987 purchasing power. For the instructional unit to have the same purchasing power that it had in 1987, it should have been, for this school year, at a value of \$79,759. Inflation has plundered the investment we make in our children.

Failure to invest in our children simply shortchanges their future. On a per child basis, Alaskan school district expenditures have increased a total of 21% in the decade from 1983 to 1993. At best our investment in our children increased by slightly more than 2% per year.

Alaska is a young state with many school aged children. From 1994 to 1995 public school enrollment increased an estimated 4.2%. This represents the second largest percentage increase in the nation. At the same time, our teachers and support staff were doing excellent jobs improving graduation rates. More children enroll annually, and our public schools succeed in graduating more students. Alaska leads the nation in improving student graduation rates. In 1993-94 Alaska's public schools graduated 5.6% more children than they did ten years earlier. This represented the 7th best performance by a state.

Children have not been the only ones to pay a price for inadequate funding. School employees, through cuts and freezes in compensation and benefits, have subsidized the cost of public education. From 1985 to 1995, the national average for salaries

increased 49.5%. In comparison, Alaska's teachers' average salary increased an estimated 20.9%. From 1994 to 1995 the percent change in the average salary for public school teachers was estimated at 0.1%. The statistics for school support personnel are not any better.

In comparison the relative financial well-being of individuals within Alaska improved more than the well-being of teachers. During roughly the same period of time increases in per capita income fared better than increases for teachers and school employees. From 1984 to 1994 the percent change in Alaska's per capita personal income was 32.7%. Generally the population at large also does better on an annual basis. From 1993 to 1994 the per capita personal income increased 3.7%

CHILDREN IN NEED

In 1991, an NEA-Alaska study found the following concerns and needs were present in our schools:

- a need for specific programs on parenting skills,
- a need for more parent involvement and support for their children's educational program,
- significantly increasing class sizes,
- inadequate supplies/material/textbooks,
- the absence of academic and vocational counseling,
- no meaningful programs for "at risk" students,
- teachers with increasing numbers of different preparations,
- reduction and elimination of critical programs,
- reduced library services,
- inadequate in-service and staff development programs,
- limited planning time,
- additional clerical responsibilities, and
- less teaching time.

Teachers and school employees want to teach and serve each and every child. We need to do more to help children in many areas, including:

- substance abuse education,
- "at risk" children,
- inclusion and needs of special education students,
- reducing student violence,
- teenage pregnancy prevention,
- suicide prevention, and
- drop out prevention.

State and local governments' continuing failure to deal with increasing class size and work load problems only serves to exacerbate these and other concerns unique to public education.

The task of preparing our students for today and for the challenges of the new century is expensive, but the cost of not preparing them is greater. Our public schools, teachers, and school district support employees must continue to be

successful in their efforts. By limiting the necessary resources, we are limiting the success potential for everyone, students in particular. Investment in our most precious resource - children - will cost a lot. However, if we don't spend our money on our public schools, we will be forced to spend even more on welfare, new prisons, jails, and public safety.

THE NEA-ALASKA POSITION

The NEA-Alaska Delegate Assembly in January approved the following position as its major priority for the 20th Alaska Legislature:

NEA-Alaska shall lobby the legislature to provide full forward funding for the base instructional unit of \$61,000 plus inflation proofing. NEA-Alaska shall lobby for legislation to secure inflation proof forward funding of the foundation program and legislative action that will correct the funding formula inequities, such as but not limited to, single site districts and PL-874.

Furthermore, NEA-Alaska supports these additional essential components:

- An early funding decision so that school districts may plan more realistically and so that the continuity of programs and services may be enhanced.
- A formula adjustment more accurately reflecting the needs of the small single site school districts which have been disadvantaged since 1987-88, not by year-to-year political decisions as has been the historical practice, but through genuine revision to the funding formula which makes all districts equal partners in access to critical financial resources.

It is time to re-establish funding for our public schools as the number-one priority at both the state and local levels. The needs of 126,000 students enrolled in our public schools is far too important to all of us.

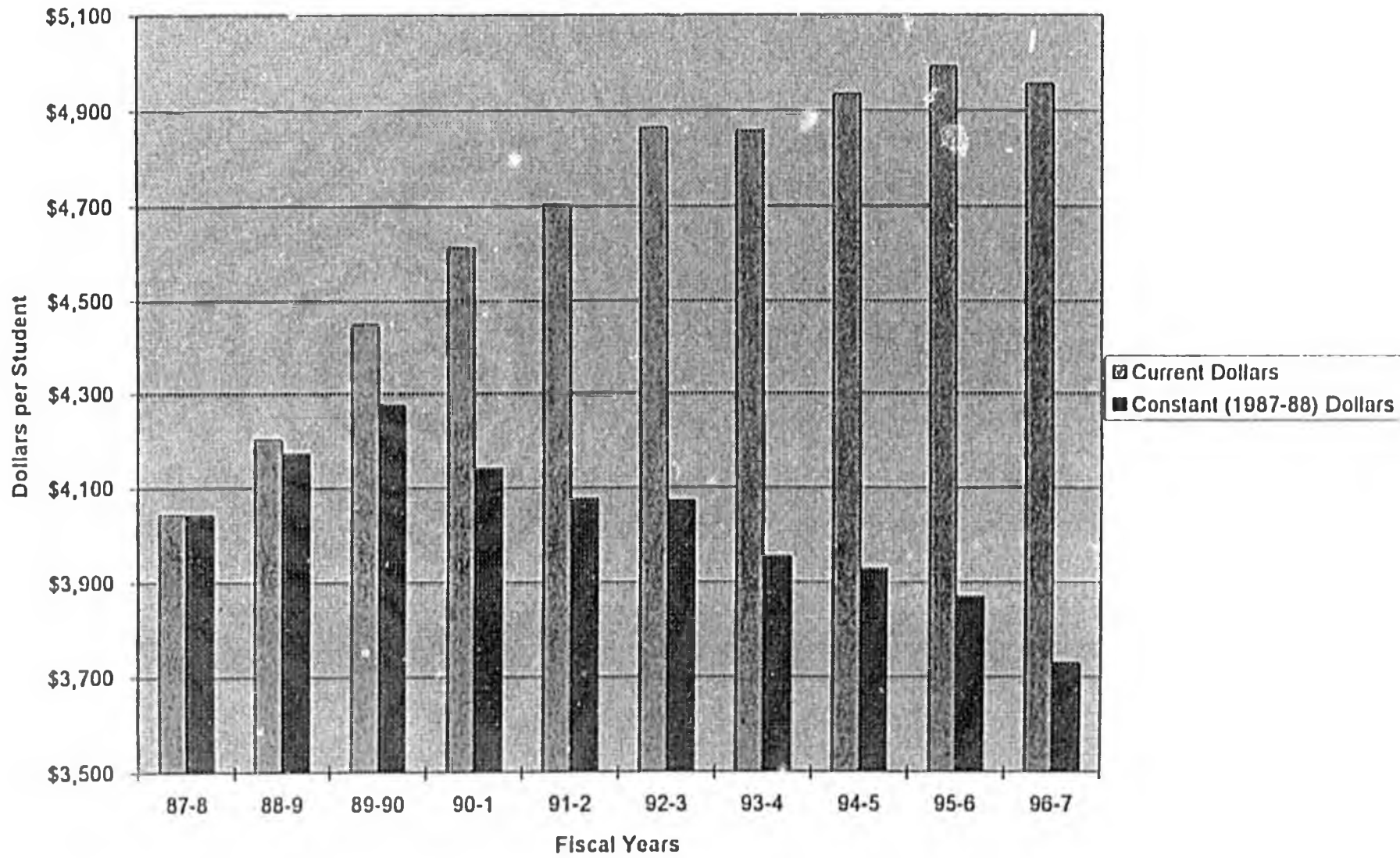
fund97

| FOUNDATION PROGRAM FUNDING | | | | | |
|----------------------------|--|-----------------|--------|-----------------|---------------------------------------|
| Year | Foundation Program (in millions of dollars) | CPI-U Anchorage | ADM | Dollars per ADM | Constant (1987-88) Dollars per ADM |
| 87-8 | \$409.0 | 108.1 | 101142 | \$4,044 | \$4,044 |
| 88-9 | \$426.4 | 108.9 | 101442 | \$4,203 | \$4,173 |
| 89-90 | \$462.8 | 112.5 | 104035 | \$4,449 | \$4,275 |
| 90-1 | \$498.8 | 120.4 | 108168 | \$4,611 | \$4,140 |
| 91-2 | \$532.9 | 124.7 | 113348 | \$4,701 | \$4,076 |
| 92-3 | \$567.4 | 129.1 | 116652 | \$4,864 | \$4,073 |
| 93-4 | \$581.2 | 132.8 | 119673 | \$4,857 | \$3,953 |
| 94-5 | \$595.8 | 135.8 | 120752 | \$4,934 | \$3,928 |
| 95-6 | \$613.5 | 139.5 | 122897 | \$4,992 | \$3,868 |
| 96-7 | \$617.2 | 143.7 | 124544 | \$4,956 | \$3,728 |

@ 322

Consumer Price Index

ERODING VALUE OF FOUNDATION FUNDING (Per Student)





ALASKA COUNCIL OF SCHOOL ADMINISTRATORS

326 Fourth St., Suite 404 Juneau, AK 99801-1101 • (907) 586-9702 • (800) 478-9702 • FAX (907) 586-5879
E-mail: acsa@ptalaska.net • Home Page: <http://puffin.ptalaska.net/~acsa>

POSITION PAPER

HB 351

"An Act relating to academic performance and accreditation of public schools; relating to state aid to school districts and regional educational attendance areas; and providing for an effective date."

The Alaska Council of School Administrators is supportive of HB 351 with the provision that all parts of the legislation be enacted.

Over the past three years, we have supported the efforts of the legislature to hold schools and school districts accountable for the education they provide to Alaska's children. The legislature passed legislation for closer evaluation of school personnel, a more open involvement of parents and community in the operation of the schools. We have supported testing progressively through the grades culminating with the test to graduate for an Alaskan high school. The Department of Education is imposing a more rigorous certification program for teachers to teach in Alaska's schools.

HB 351 is a very complex bill which requires the necessary financial resources to insure success. It requires public schools to align their curriculum to the required academic standards in reading, writing and mathematics. It also sets up an accreditation program which is quite different from the N.W. Accreditation which is currently used in Alaska's schools.

This legislation also requires the direct involvement of the Department of Education which will need financial resources they do not currently have to meet their responsibilities. This would include on-site evaluating and assessing a school district, providing intervention services and monitoring compliance.

The reporting responsibility placed on the school district will be significant. If not funded, we are concerned that, in this time of cut backs and reduced administration, it will place a tremendous unfunded mandate on the shoulders of the administrators responsible for the report.

The funding portion of HB 351 is significant. It will allow school districts to address the growing concern for the quality of current offerings. The formula addressing the single site issue. Limits correspondence programs offered by the state and districts. It provides for a very small annual adjustment for inflation. Finally, it retains the instructional unit base for funding which has continued to be the most equitable manner to fund schools yet found.

Should the legislature decide to separate the issues, and concentrate only on the Quality Schools part, that this legislation be shelved for a later date to allow existing mandates (testing in reading, writing and math, graduation testing, evaluation of employees, public involvement, Charter schools, part-time student enrollment) be fully developed before any new school reform legislation is enacted.

Stephen McPhetres
ACSA Executive Director



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House HESS
 Committee on HB 351 & HB 294 Committee Name
 Dated 2/24/98
 Bill / Subject

Dear Chairman Bunde and members of the Committee:

Please consider the attached notes for public testimony ~~to~~ as you continue to address the challenge of how to improve state funding for public education. I have also attached a copy of the 1997-98 Legislative Priorities developed by the Alaska PTA. The first two priorities listed are relevant to your discussion.

I appreciated the opportunity to listen to your entire hearing today. I do wish I had been able to give this testimony during your hearing.

Sincerely,
 Betsy Turner-Bogren
 Alaska PTA

SIGNED:

Betsy Turner-Bogren (Betsy Turner-Bogren)
 Testifier

Alaska PTA, Legislative V.P.
 Representing

P.O. Box 343, Ester, Alaska 99725 474-0235
 Address / Phone Number

CORRECTION

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ALASKA STATE LEGISLATURE

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 Alaska PIA

SIGNED:

Betsy Turner-Bogren (Betsy Turner-Bogren)
 Testifier

Alaska PIA, Legislative V.P.
 Representing

P.O. Box 343, Ester, Alaska 99725 474-0235
 Address / Phone Number

Notes for Public Testimony

To: Alaska House HESS Committee
By: Betsy Turner-Bogren, Alaska PTA Legislative V.P.
Date: February 24, 1998
Re: Public School Funding, HB 351 & HB 294

- Members of the Alaska PTA applaud the Legislators and the Governor who have worked to improve both the level and the method our state provides funding for public education.
- Improving the way our state funds education is a very important issue. It is not an issue that belongs to Republicans, Democrats, the Governor or the Legislature, this issue belongs to all Alaskans.
- The Alaska PTA has an annual membership of over 16,000. Our association is organized to include representation from six geographic regions covering the entire state and four active councils representing Ketchikan, the Mat/Su Borough, Fairbanks and Anchorage.
- Delegates from across the State meet annually to review our Legislative program and adopt five or six legislative priorities. Supporting adequate state funding for public education has always been one of the Alaska PTA Legislative Priorities.
- Delegates to the 1997-98 Issues Conference last November adopted Legislative Priorities for the Alaska PTA that include support of:
 1. Legislation and funding of programs that will hold school districts accountable to high standards for educational programs, staff professionalism and student performance.
 2. The creation of a new funding mechanism that will meet all rising costs of public education including those associated with inflation and increased enrollment, and provide equitable distribution of those funds.
 3. Funding public education at a level sufficient to enable school districts to support a cap on the pupil-teacher ratio for each grade level and provide safe and adequate pupil transportation.
- During the debate, delegates to the November Issues Conference expressed concerns that efforts to find equitable distribution of state funds should not provide funding solutions for any school districts and the expense of other school districts.
- In the past the Alaska PTA has supported education funding reform measures that include:
 1. Legislation that would substantially increase the level of state funding for public education.
 2. Legislation that would protect the level of education funding from the negative impact of inflation.
- On behalf of the Alaska PTA I would like to express appreciation for the work of the ^{House HESS} ~~Senate Finance~~ Committee and encourage the committee members to support education funding reform that will address all the concerns identified by the Alaska PTA.

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6-98

Central Microfilm Services
Department of Education
State of Alaska

Notes for Public Testimony

To: Alaska House HESS Committee
By: Betsy Turner-Bogren, Alaska PTA Legislative V.P.
Date: February 24, 1998
Re: Public School Funding, HB 351 & HB 294

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ALASKA PTA

Alaska PTA Legislative Priorities 1997-98

Alaska PTA is concerned about the need for renewed confidence in our public schools. We believe that every public school in the state should provide the highest quality of education. Alaska PTA supports legislation and funding of programs that will hold school districts accountable to high standards for educational programs, staff professionalism and student performance.

Alaska PTA is concerned about the inadequate state funding of public education. Alaska PTA supports the creation of a new funding mechanism that will meet all rising costs of public education, including those associated with inflation and increased enrollment, and provide equitable distribution of those funds. Funding should be sufficient to enable school districts to support a cap on the pupil teacher ratio (PTR) for each grade level and provide safe and adequate pupil transportation.

Alaska PTA is concerned about the health, safety and welfare of Alaska's children. We believe that every child deserves protection from neglect, violence and abuse. Alaska PTA supports legislation and increased funding of programs directed toward protection, prevention and intervention services to ensure the personal health and safety of every child. We urge the legislature to immediately focus on inadequacies in those services and to take emergency measures to increase funding necessary to cure those inadequacies.

Alaska PTA is concerned about the overcrowded and unsafe conditions in the public schools in our state. We believe that every child deserves a safe school. Alaska PTA supports legislation that would provide consistent and substantial state funding, including, but not limited to a debt reimbursement program for the renovation and repair of existing facilities, and for the construction of new schools.

The Alaska PTA believes that advanced communication and information technologies are fundamental to school curriculum. Alaska PTA supports legislation and the funding to provide the infrastructure and mandatory staff training necessary to provide access to technology for all students in Alaska's public schools.

STATE OF ALASKA

DEPARTMENT OF EDUCATION OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

GOLDBELT PLACE
801 WEST 10TH STREET, SUITE 200
JUNEAU, ALASKA 99801-1894

(907) 465-2800
FAX (907) 465-4156

January 29, 1998

The Honorable Con Bunde
Alaska State Legislature
Alaska State Capitol Room 104
Juneau AK 99801-1182

Dear Representative Bunde:

I am pleased to provide the enclosed packets of information on Governor Knowles' two recently introduced education bills: Quality Schools and Foundation Formula, HB 351, and Financing of Construction and Major Maintenance of Public School Facilities, HB 352. These bills are the result of work with the State Board of Education, many education groups, and much communication with the public.

Our Quality Schools and Foundation Formula legislation is an effort to hold schools accountable for student learning, and provide schools with funds to improve student learning. The bill includes mandatory standards in reading, writing and math, assessments of how well students are doing at meeting the standards at multiple age levels, and school accountability for student learning. Improving the quality of education in Alaska must be included in any discussion about revising the foundation formula.

The Governor's proposal for school facilities is an innovative approach that provides a long-term stable source of funding for statewide school construction and maintenance projects. The plan leverages cigarette tax revenues to fund the DOE maintenance and construction priority lists as quickly as possible. The plan also balances the needs of rural and urban school districts, with an emphasis in the early years on major maintenance.

I look forward to working with you on these proposals that will improve education for all Alaska's children. Please feel free to call my office for additional information at any time.

Sincerely,



Shirley J. Holloway, Ph.D.
Commissioner

HB

353

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: January 26, 1998

FURTHER REFERRALS:

Date of Committee Action: 3/10/98

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 353

HOUSE BILL NO. 353

REFER IN HSS REGS TO OTHER DOCUMENTS

"An Act relating to adoption by reference in regulations; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 353 (HES) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) H+SS zero fiscal note(s) _____

| SIGNING WITH RECOMMENDATIONS | DP | DNP | NR | AM |
|------------------------------|-------------------------------------|-----|-------------------------------------|----|
| <i>[Signature]</i> | <input checked="" type="checkbox"/> | | | |
| <i>[Signature]</i> | <input checked="" type="checkbox"/> | | | |
| <i>[Signature]</i> | <input checked="" type="checkbox"/> | | | |
| <i>[Signature]</i> | <input checked="" type="checkbox"/> | | | |
| <i>[Signature]</i> | | | <input checked="" type="checkbox"/> | |
| <i>[Signature]</i> | <input checked="" type="checkbox"/> | | | |
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CHAIR'S SIGNATURE *Car Bunde*

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 353

Revision Date: _____
Title: Adoption by reference
Sponsor: Kelly
Requestor: HESS

Dept. Affected: Health and Social Services
BRU: Administrative Services
Component: Commissioner's Office
COMPONENT SERIAL NO. 317
See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

| OPERATING | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 |
|------------------------|------------|------------|------------|------------|------------|------------|
| 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 | | | | | | |
|----------------------|--|--|--|--|--|--|

| | | | | | | |
|---------------------|--|--|--|--|--|--|
| CHANGES IN REVENUES | | | | | | |
|---------------------|--|--|--|--|--|--|

FUND SOURCE

(Thousands of Dollars)

| | | | | | | |
|--------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1017 GF/Mental Health | | | | | | |
| Other (please specify) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of any current year (FY98) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

This bill amends AS 47.05, general authority for the Department of Health and Social Services, to allow the adoption by reference of federal and state laws and regulations and those specific items listed in the bill in their most current form. The current adoption by reference standard employed by the Department of Law requires a regulation change every time the reference material is changed. Most of the items listed in this bill are used for purposes of billing the Medicaid Program for services rendered, and are annually updated. Delays in the regulation process prevent the department's regulations from remaining current with standards as they are changed, so adoption of this legislation will reduce the administrative work related to regulations for more efficient operations.

1/28/98
Prepared by: Nancy Weller
Division: Medical Assistance
Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Phone: 465-3355
Date: 01/27/98
Date: 1/28/98

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Alaska State Legislature

REPRESENTATIVE
PETER KELLY

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Fairbanks, Alaska 99701
(907) 456-8161



Write in Bureau
State Capitol
Juneau, Alaska
99801-1182
(907) 465-2327

House District 31

House Of Representatives

February 27, 1998

Memorandum

To: Representative Con Bunde, Chair
House Health, Education and Social Services Committee

From: Representative Pete Kelly

A handwritten signature in black ink, appearing to read "Pete Kelly".

Re: House Bill 353, Regulations by Reference

House Bill 353 is ready to come back before your committee for consideration.

As you will recall, the CS for HB 353 generated a memo from Leg Legal alerting us to a possible due process concern. Following this memo, I have asked the Department of Law to review the issue more fully and get back to us. The Department of law has followed though on this request diligently. They have reviewed all of the reference books in question.

Yes, there is a small risk of a challenge regarding this new process. However they are willing to accept this risk, considering the benefit the process will generate.

Please schedule HB 353 for another hearing at your earliest convenience.

0-LS1395\B
Lauterbach
2/11/98

CS FOR HOUSE BILL NO. 353(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES KELLY, Dyson

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to adoption by reference in regulations; and providing for an
2 effective date."

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

4 * Section 1. AS 44.62 is amended by adding a new section to read:

5 **Sec. 44.62.245. Material incorporated by reference.** (a) In adopting a
6 regulation that incorporates a document or other material by reference, a state agency
7 may incorporate future amended versions of the document or other material if the
8 adopted regulation identifies or refers to the document or other material followed by
9 the phrase "as may be amended," the phrase "as amended from time to time," or a
10 similar provision and

11 (1) the document or other material consists of

12 (A) a federal statute or regulation;

13 (B) a regulation of another agency of the state; or

14 (C) the product of the adopting state agency, another agency of

1 the state, or a federal agency, and if the document or other material, and
2 amendments to the document or other material, are created in a manner that
3 provides for public notice and an opportunity for public review and comment;

4 or

5 (2) the incorporation of a future amended version of the document or
6 other material is explicitly authorized by a statute.

7 (b) When the amended version of a document or other material incorporated
8 by reference in a regulation as described in (a) of this section becomes available, the
9 state agency shall

10 (1) make the amended version of the document or other material
11 available to the public for review; and

12 (2) publish in the Alaska Administrative Journal, not later than 15 days
13 after the amended version of the document or other material becomes available, a
14 notice that describes the affected regulation, the effective date of the amended version
15 of the document or other material, and how a copy of the amended version may be
16 obtained or reviewed.

17 (c) The state agency shall also send the notice described in (b)(2) of this
18 section to

19 (1) a person who has placed the person's name on a distribution list
20 kept by the agency that lists persons who want to receive the notice; the agency may
21 allow a person to request that distribution of the notice be by electronic means and
22 shall honor that request if appropriate means are available; and

23 (2) the regulations attorney in the Department of Law.

24 (d) A change in the form, format, or title in a future amended or revised
25 version of a document or material incorporated by reference in a regulation under this
26 section does not affect the validity of the regulation or the state agency's ability to
27 enforce or implement the regulation. The state agency shall notify the regulations
28 attorney in the Department of Law if the title of the document or other material
29 changes. The regulations attorney shall correct the title in the Alaska Administrative
30 Code under AS 44.62.125.

31 * Sec. 2. AS 47.05 is amended by adding a new section to read:

1 **Sec. 47.05.012. Material incorporated by reference.** Under
2 AS 44.62.245(a)(2), in adopting or amending a regulation that incorporates a document
3 or other material by reference, the department may incorporate future amended
4 versions of the document or other material if the document or other material is one of
5 the following:

6 (1) a document that is published, compiled, or prepared by the United
7 States Department of Health and Human Services and is included in the following list:

8 (A) the international classification of diseases, clinical
9 modifications;

10 (B) the common procedure coding system;

11 (C) the specifications for national uniform billing data elements;

12 (D) the federal poverty guidelines for the state; or

13 (E) the Indian Health Service encounter rates;

14 (2) the current procedural terminology for physicians published by the
15 American Medical Association;

16 (3) the diagnostic and statistical manual of mental disorders published
17 by the American Psychiatric Association;

18 (4) the length of stay in hospitals by diagnosis and operation for the
19 western region of the United States, published by HCIA, Inc.

20 (5) the relative value guide published by the American Society of
21 Anesthesiologists;

22 (6) the consumer price index published by the United States
23 Department of Labor;

24 (7) the health plan employer data and information set published by the
25 National Committee for Quality Assurance;

26 (8) practice standards adopted by the American Academy of Pediatrics,
27 American College of Obstetricians and Gynecologists, American Diabetes Association,
28 American Cancer Society, American Academy of Family Physicians, American College
29 of Physicians, United States Centers for Disease Control and Prevention, Agency for
30 Health Care Policy and Research, or the National Asthma Education and Prevention
31 Program;

- 1 (9) the compendium of animal rabies control published by the United
2 States Centers for Disease Control and Prevention;
- 3 (10) the control of communicable diseases manual published by the
4 American Public Health Association;
- 5 (11) the standards manual and interpretative guidelines for behavioral
6 health, employment and community support services, and for medical rehabilitation
7 published by the Commission on Accreditation of Rehabilitative Facilities;
- 8 (12) the accreditation manual for mental health, chemical dependency,
9 and other health care facilities published by the Joint Commission on Accreditation of
10 Healthcare Organizations;
- 11 (13) standards for accreditation of managed care organizations,
12 standards for accreditation of managed behavioral health organizations, and standards
13 for certification of credentials verification organizations published by the National
14 Committee on Quality Assurance;
- 15 (14) consumer assessment of health plans published by the Agency for
16 Health Care Policy and Research; or
- 17 (15) resources for optimal care of the injured patient published by the
18 Committee on Trauma, American College of Surgeons.
- 19 * Sec. 3. This Act takes effect July 1, 1998.

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

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

MEMORANDUM

February 11, 1998

SUBJECT: Adoption of future amendments to other material cited in regulations (CSHB 353(HES))

TO: Representative Con Bunde, Chair
House Health, Education and Social Services Committee
Attn: Lynne

FROM: Terri Lauterbach *TLauterbach*
Legislative Counsel

Enclosed is the CS you requested for HB 353. It expands the authority to adopt future amendments of governmental and nongovernmental documents by reference in regulations. The original bill gave this authority only to the Department of Health, and Social Services. The enclosed CS gives that authority to all state agencies.

I wish to alert you that there is a constitutional issue involved with this bill. It exists in both the original bill and in the CS. The issue involves the delegation of legislative authority to nongovernmental entities. By allowing regulations to include future amendments to documents prepared by private groups, such as the American Medical Association (just as one example of a private group named in the bill), the legislature would be giving the AMA the authority to change the substance of a regulation. The AMA proceedings that lead to the change will not necessarily be a proceeding that has public notice or public review. While HB 353 allows for notice of the AMA change to be given to persons in Alaska after the AMA change is adopted by the AMA, there is no avenue that allows a person in Alaska to provide input before the AMA change takes effect in Alaska. The bill allows the AMA change to go into effect automatically.

The Alaska Supreme Court has not ruled definitively on this issue, but has stated in dicta that "the due process problem is a serious one." *Northern Lights Motel, Inc. v. Sweaney*, 561 P.2d 1176 (Alaska 1977), *reh. den.*, 563 P.2d 256. This case involved an attempt by an agency to incorporate by reference into its regulations any future amendments of the Uniform Building Code. The court wound up ruling on other grounds and did not rule on the delegation issue, but the court did say

One reason for the prohibition against delegation to private groups is that when amendments are adopted by these groups the public does not necessarily receive notice of, or have an opportunity to comment on or criticize the amendments, as it does when they are adopted by the legislature

Representative Con Bunde
February 12, 1998
Page 2

or promulgated under the Alaska Administrative Procedure Act...While the adoption of future amendments has been upheld in certain cases, we recognize that the due process problem is a serious one. (Northern Lights, at 1181.)

Based on this language from the Alaska Supreme Court, there is some risk that, to the extent that sec. 44.62.245(a)(2) and sec. 45.05.012 allow incorporation by reference of future amendments made by private groups, the bill may be constitutionally flawed.¹

I have attached the two pages of the Northern Lights decision that are relevant to this issue. Please let me know if I can be of further assistance.

TML:glc
98-081.glc

Enclosure

¹ There might also be a delegation problem with respect to incorporating future amendments made by governmental entities, too, but even more so with respect to private groups.