

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 00/2

9536 SENATE HEALTH EDUCATION & SOCIAL SERVICES 03

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

No. 4
Bill Version: SB253
(S) Publish Date: 1/23/98

Revision Date: _____
Title: Medicaid for Disabled

Dept. Affected: Health and Social Services
BRU: Public Assistance
Component: Adult Public Assistance
COMPONENT SERIAL NO. 222
See also (SN#): _____

Sponsor: Rules Committee
Requestor: Governor

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
MISCELLANEOUS						
TOTAL OPERATING	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY98) cost: 40.0

ANALYSIS: (Attach a separate page if necessary)

The federal Balanced Budget Act of 1997 (P.L. 105-33) established a new optional Medicaid eligibility category for disabled persons who would be eligible for SSI and Medicaid, except that their earned income exceeds the limits for SSI and their family's earned income is below 250 percent of the federal poverty level for Alaska. These disabled workers may be obligated to pay a "buy-in" charge. This bill would elect this optional eligibility category for Alaska.

We believe that some Adult Public Assistance (APA) recipients who do not pursue working because of the fear of losing their Medicaid coverage will either begin working or will work longer hours and become ineligible for APA. Based on an analysis by the Division of Vocational Rehabilitation, we estimate that 33 APA recipients could potentially lose eligibility because of increased earnings in FY99. We expect this number to decrease over time.

11/10/97
JMY
Prepared by: [Signature]
Division: Public Assistance

Approved by Commissioner: [Signature]
Agency: Department of Health & Social Services

Phone: 465-3347
Date: 11/10/97

Date: 11/13/97

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ANALYSIS (cont.):**Assumptions:**

Of the 33 persons potentially ineligible under this legislation, we expect that one-half will increase their earnings and become ineligible for APA in FY99.

In the start-up year of FY99, savings are calculated using 6 months.

The savings assume that persons who become ineligible for assistance because of this legislation will remain ineligible.

Calculations:

	FY99	FY00	FY01	FY02	FY03	FY04
APA recipients affected each year	17	32	31	30	29	28
Cumulative # of APA recipients	17	49	80	110	139	167
Average monthly APA benefit	\$324	\$324	\$324	\$324	\$324	\$324
APA Program Savings	(\$33.0)	(\$190.5)	(\$311.0)	(\$427.7)	(\$540.4)	(\$649.3)

Medicaid for the Disabled

The Federal Balanced Budget Act of 1997 (P.L. 105-33) established a new optional Medicaid eligibility category for disabled persons who would be eligible for SSI and Medicaid, except that their earned income exceeds the limits for SSI and their family's earned income is below 250% of the federal poverty level for Alaska. These disabled workers may be obligated to pay a "buy-in" charge. This bill would elect this optional eligibility category for Alaska.

We believe that the only individuals who will take advantage of this new eligibility category will be existing SSI or APA applicants who would otherwise lose Medicaid because of their own increased earnings. We do not anticipate individuals using this new eligibility category to access Medicaid for the first time. Consequently, this option will not result in an increase in new Medicaid cases, but will only have the effect of extending the Medicaid eligibility of existing recipients for about one year.

Some who return to work will be able to access employer-based private health insurance.

The cost of providing additional Medicaid expenditures under this bill is more than offset by the savings incurred when individuals who return to work or extend their hours will not longer need (or qualify for) Adult Public Assistance cash payments.

See fiscal notes for more explanation.

COST/SAVINGS SUMMARY	FY99	FY00	FY01	FY02	FY03	FY04
Continued Medicaid	83.5	283.4	242.3	241.6	240.5	239.2
Computer Programming	4.0	0.0	0.0	0.0	0.0	0.0
Savings from APA reductions	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
Net Program Expenditures	54.5	92.9	(68.7)	(186.1)	(299.9)	(410.1)
Less Revenue from Buy-in Charge	(3.1)	(10.1)	(8.4)	(8.1)	(7.9)	(7.5)
NET COST/SAVINGS	51.4	82.8	(77.1)	(154.2)	(307.8)	(417.6)

FUNDING SOURCES	FY99	FY00	FY01	FY02	FY03	FY04
Federal Receipts	52.0	169.4	144.8	144.5	143.8	143.1
GF Match	32.4	103.9	89.1	89.0	88.8	88.6
GF	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
GF/Program Receipts	3.1	10.1	8.4	8.1	7.9	7.5
TOTAL	54.5	92.9	(68.7)	(186.1)	(299.9)	(410.1)



March 31, 1998

By hand delivery



JUNEAU

230 South Franklin
Suite 209
Juneau, AK 99801
(907) 586-1627
FAX (907) 586-1066

Hon. Gary Wilken
Chair, Health, Education and Social Services Committee
Alaska State Senate
State Capitol, Room 510
Juneau, AK 99801

Re: Medicaid Buy-in for Disabled Workers

Dear Senator Wilken:

Thank you for the invitation of your staff Sheila Peterson to testify regarding SB 253 tomorrow. I enclosed some information on a related bill, CSHB 459 (FIN), which just passed the House Finance Committee. We are awaiting its referral for a floor vote, and hopefully favorable consideration by the House of Representatives. The fiscal impact of this bill, like SB 253, is quite favorable, as shown in the attached spreadsheet which is a summary of the four fiscal notes prepared for this bill. I look forward to the hearing tomorrow on this bill and remain available to assist your staff in resolving questions with regard to the problem the bill addresses.

Very truly yours,

Robert B. Briggs
Staff attorney

Encls.
cc: (w/ encls.)

Hon. Loren Leman
Hon. Lyda Green
Hon. Jerry Ward
Hon. Johnny Ellis

Jim Parker, DLC - Anchorage
Dawn Pederson

MEMBER OF THE
NATIONAL
ASSOCIATION OF
PROTECTION &
ADVOCACY
SYSTEMS





March 11, 1998

MEDICAID BUY-IN TO HELP DISABLED WORKERS GET BACK TO WORK

PROBLEM:

- *A significant hurdle to re-employment of the disabled: obtaining adequate health insurance coverage*
- *Forced into a cycle of dependency: Many disabled have high monthly medical expenses, such as organ transplant recipients who take immunosuppressant medications. Under current law, working usually results in a disabled person losing Medicaid or Medicare, and usually a disabled person cannot replace this loss with private health insurance. A disabled person frequently is better off receiving a disability check and not working rather than working with inadequate health insurance*
- *In 1997 Congress passed a law to help disabled persons get back to work: Section 4733 of the Balanced Budget Act of 1997 provides a state option to permit workers with disabilities to buy into Medicaid. Alaska can now choose an option for Medicaid on a sliding fee scale for disabled workers – its up to the Legislature to exercise the option*

SOLUTION:

- *Alaska should exercise the Medicaid Buy-In Option: a disabled worker pays part of the Medicaid cost on a sliding fee scale with eligibility limited to 250% of the federal poverty thresholds*
- *HB 459 implements the state's option: HB 459 introduced and recently passed by the House HESS Committee will make Alaska one of the first states to exercise this option and send a strong signal of support for employment of disabled workers. Fiscal notes for the bill project a net savings in four years based on reduced Adult Public Assistance payments for the disabled re-entering the work force¹*
- *Personal care services more flexible: HB 459 also revises the definition of personal services delivered under Medicaid, providing more flexibility in how the severely disabled may receive these services. This will expand the range of activities of the disabled, helping integration into the community, including encouragement of employment.*

¹ Source: Fiscal Notes for Medicaid Facilities, Medicaid Non-Facilities, Adult Public Assistance, and Health Purchasing Group components, Medical Assistance BRU, Dept. of Health and Social Services (dated March 9, 1998), for HB 459.

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Summary of Fiscal Impact of CSHB 459 (FIN) (Medicaid Buy-In Option)

- General Funds Only -

	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>
Medicaid Facilities	\$ 17.4	\$ 59.2	\$ 50.7	\$ 50.5	\$ 50.3	\$ 50.0
Medicaid Non-Facilities	16.1	54.7	46.8	46.6	46.4	46.1
Health Purchasing Group	2.0	0	0	0	0	0
<u>Subtotal</u>	<u>\$ 35.5</u>	<u>\$ 113.9</u>	<u>\$ 97.5</u>	<u>\$ 97.1</u>	<u>\$ 96.7</u>	<u>\$ 96.1</u>
Adult Public Assistance	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
<u>Total</u>	<u>\$ 2.5</u>	<u>(\$ 76.6)</u>	<u>(\$ 213.5)</u>	<u>(\$ 330.6)</u>	<u>(\$ 444.4)</u>	<u>(\$ 553.2)</u>

Source: Dept. of Health and Social Services, Divisions of Public Assistance and Medical Assistance, Fiscal Notes dated March 2, 1998.

Summary of Fiscal Impact of CSHB 459 (FIN)(Medicaid Buy-In Option)

	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>
Medicaid Facilities	\$ 43.4	\$ 147.3	\$ 126.0	\$ 126.0	\$ 125.6	\$ 124.4
Medicaid Non-Facilities	40.1	136.0	116.3	116.0	115.4	114.8
Health Purchasing Group	4.0	0	0	0	0	0
<u>Subtotal</u>	<u>\$ 87.5</u>	<u>\$ 283.3</u>	<u>\$ 242.3</u>	<u>\$ 242.0</u>	<u>\$ 241.0</u>	<u>\$ 239.2</u>
Adult Public Assistance	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
<u>Total</u>	<u>\$ 54.5</u>	<u>\$ 92.8</u>	<u>(\$ 68.7)</u>	<u>(\$ 185.7)</u>	<u>(\$ 299.4)</u>	<u>(\$ 410.1)</u>

Source: Dept. of Health and Social Services, Divisions of Public Assistance and Medical Assistance, Fiscal Notes dated March 2, 1998.

Medicaid for the Working Disabled

The Balanced Budget Act of 1997 gave states the option of letting the working disabled buy into Medicaid. Governor Knowles will submit legislation this session to add this option to Alaska's Medicaid program.

Under the legislation, Medicaid can disregard earned income when determining Medicaid eligibility for people with disabilities, as long as their total family income is less than 250 percent of the federal poverty level. (For a family of three, 250% of poverty in Alaska is \$3475/month or \$41,700/year.) The state can charge fees on a sliding scale, based on income, to individuals who qualify for this option.

Currently, some people with disabilities are prevented from returning to work because their earning would make them ineligible for Medicaid. They cannot afford to lose Medicaid coverage because they have high ongoing medical needs or a significant risk of catastrophic medical expenses. For example, some transplant recipients may have prescription drug costs alone in excess of \$1,000 per month.

Under this new option, people can return to work without risking their health coverage. As people go back to work, it will end, or at least reduce, their dependence on cash assistance for support. In fact, because most of people affected would stay on Medicaid without this option, the long term cost to Medicaid will be offset by the saving to Adult Public Assistance when people go back to work. We estimate about 30 people a year will be able to go back to work because of this option.

Change to Personal Care

The legislation also amends the Medicaid statute regarding personal care, a service that is often critical to people with disabilities. Currently, the definition of Medicaid personal care services in Alaska mirrors an obsolete, restrictive federal definition. The Governor's bill brings Alaska's definition back in sync with the current federal definition. By removing the statutory requirements for a physician's prescription and supervision by a registered nurse, the state will gain the flexibility to use other means to verify client need and ensure service quality.

* * *

Contact Jon Sherwood or Kevin Henderson at the Division of Medical Assistance (465-3355) for more information about these Medicaid options.

Senator Gary Wilken
Alaska Legislator

Subject; Senate Bill 253

Senator Wilken my son Sean who is Developmentally Disabled has been working in school for most of his education in vocational training so when he graduates he can work and be productive. But he faces many medical problems and must receive Medicaid support to pay the tremendous expense.

He now wants to work but the current Medicaid law will not allow him to work earn a pay check and still be able to keep the health care to live from day to day.

It is my understanding if SB 253 was to become law my son would be able to work help pay part of his medical needs. This is a good thing and much more productive then sitting at home because he cannot work now without losing his medical coverage.

Please schedule this bill for hearing and I urge you to pass this good law so my son and other Developmentally Disabled Adults will be able to work.

Let me know if you support this legislation.

Ernest H. Dummann

Ernest Dummann
Father of a disabled Son

6706 Greenwood Street
Anchorage Ak. 99518

907 522-3004
Fax 907 349 1023

SB

257

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. _____

Revision Date: _____ Dept. Affected: EDUCATION
 Title: An act relating to academic performance and accreditation of public schools BRU: Teaching and Learning Support
 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
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CHANGES IN REVENUES						
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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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ALASKA COUNCIL OF SCHOOL ADMINISTRATORS

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POSITION PAPER

SB 257

"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 SB 257 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, and 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 diploma. 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. They will need additional financial resources to meet these 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.

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
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Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. _____

Revision Date: _____ Dept. Affected: EDUCATION
 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
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CHANGES IN REVENUES						
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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.



ALASKA COUNCIL OF SCHOOL ADMINISTRATORS

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POSITION PAPER

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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. They will need additional financial resources to meet these 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 SB 257 is significant. It will allow school districts to address the growing concern for the quality of current offerings. The formula addressed the single site issue, limits correspondence programs offered by the state and districts, and 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, then this legislation must 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

Mt. Village	X	X		X	X			X	
Hooper Bay	X	X		X	X			X	
Kotlik		X							
Alakanak					X			X	
Mat-Su									
Alternative HS			X						
Houston									X
North Slope									
Point Hope	X	X	X	X		X		X	X
Nuiqsut	X			X			X		
Wainwright		X			X			X	
NW Arctic									
Kiana	X			X					
Kotzebue MS								X	
Selawik	X	X			X			X	
Noorvik	X			X				X	
SW Region									
Togiak	X	X							
Manokotak	X			X					
Yukon Flats									
Ft. Yukon				X					
Yukon/Kovukak									
Nulato	X			X			X		X
Yupit									
Akiachak	X	X		X			X	X	
Tuluksak	X			X			X		

Criteria used to identify the schools on this list:

- at least 11 students enrolled in grades 4, 8, or 11.
- 61% or more of students scoring at the non-mastery level. Mastery is determined by the percent of correct answers to reading, language and math items based on a match to state content standards.

Mastery: 75% or more items correct

Partial Mastery: 50-74% correct

Non-Mastery: < 50% of the items correct

Options for schools designated for improvement:

1. Accept the data as accurate and develop a corrective action plan for that school.
2. Submit additional data that supports the school meeting the definition of adequate yearly progress.
3. Mutually develop with the SEA a set of criteria for determining adequate yearly progress for the designated school(s).



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
OFFICE OF THE GOVERNOR
JUNEAU

513257
P O Box 110001
Juneau Alaska 99811-0001
(907) 465-3500
Fax (907) 465 3532

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 6.30 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:

11	District ADM	Factor
12	1 - 250	1.12
13	251 - 525	1.08
14	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	1.45
28	Pelican	1.08
29	Petersburg	1.00
30	Pribilof	1.30
31	[RAILBELT	1.23

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

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	1.45
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
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CHANGE IN REVENUES						
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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

[Signature]

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 \$62,550Total 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	26,230	(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	161,650	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	1,654,521		228,486	1,883,007	(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)	39,360	(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	2,659,400		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)	10,580	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	28,336	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)	745,406	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	1,168,729	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	13,876,822		771,058	14,647,880	57,950	98,220	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	5,691,068	37,820	(201,910)	0	142,157	21,933	0	5,691,068
NORTH SLOPE	11,686,868		358,038	12,044,906	137,860	375,760	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	556,016	49,410		605,426	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	367,002	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)	(6,535)	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. MARY'S	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	1,913,136	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	307,226	109,353	0	416,579	4,412,903
MI. EDGE CUMBE	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	\$20,192,679	\$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: EDUCATION
 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
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CHANGES IN REVENUES						
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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 - S35.0

Contractual - S35.0

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 - S75.0

Travel - S25.0

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.

SB

260

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 260

Revision Date: _____ Department Affected: Administration
 Title: "An Act requiring the cost of contraceptives be BRU: Centralized Administrative Services
Included in health insurance coverage." Component: Retirement & Benefits
 Sponsor: Senator Ellis
 Requestor: (S) HES COMPONENT SERIAL NO. 2271

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	*	*	*	*	*	*

CAPITAL EXPENDITURES	*	*	*	*	*	*
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CHANGE IN REVENUES ()	*	*	*	*	*	*
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FUND

1002 Federal Receipts	*	*	*	*	*	*
1003 GF Match	*	*	*	*	*	*
1004 GF	*	*	*	*	*	*
1005 GF/Program Receipts	*	*	*	*	*	*
1037 GF/Mental Health	*	*	*	*	*	*
OTHER	*	*	*	*	*	*
TOTAL	*	*	*	*	*	*

Estimate of

POSITIONS:

FULL-TIME	*	*	*	*	*	*
PART-TIME	*	*	*	*	*	*
TEMPORARY	*	*	*	*	*	*

ANALYSIS: (Attach a separate page if necessary.)

This legislation will have no additional cost to state agencies. From a legal standpoint, the State would not be required to comply with this legislation, since we are self-insured. However, although the State of Alaska operates a self-insured health program, it has been our policy to follow legal mandates set by the legislature. Because employer contributions to the state health plan have been capped, this legislation will result in approximately a \$3.25 per employee per month premium increase, which will have to be borne by state employees.

Prepared by: Guy Bell, Director
 Division: Retirement & Benefits

Phone: 465-4460
 Date: _____

Approved by Commissioner: Mark Boyer
 Agency: Administration

Date: 3/11/98

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 260

Revision Date (2/19/98) _____ Dept Affected Commerce & Economic Development
 Title An Act requiring that the cost of contraceptives and BRU Insurance
related health care services be included in health care coverage Component Insurance
 Sponsor Senator Ellis
 Requester (S) 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 the component.

Prepared by Marianne K. Burke, Director Phone 465-2515
 Division Insurance Date 2/19/98
 Approved by Commissioner Deborah B. Sedwick Date 2-19-98
 Agency Commerce and Economic Development

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ALASKA STATE LEGISLATURE

Senate Health, Education and
Social Services Committee

•
Senate Judiciary Committee

•
Department of Health and Social
Services Budget Subcommittee

•
Department of Law
Budget Subcommittee



January - May
State Capitol, Rm. 9
Juneau, Alaska 99801
(907) 465-3704
fax: (907) 465-2529

•
June - December
716 West 4th Ave., Ste. 440
Anchorage, Alaska 99501
(907) 258-8182
fax: (907) 258-8734

SENATOR JOHNNY ELLIS

The Contraceptive Coverage Act

Senate Bill 260

Letter of Intent

Contraceptive technology is constantly changing, and even medical experts disagree on how certain methods of contraception work. Thus, the sponsor believes it is unwise for the legislature to dispute specific methods, but that it is very important to clarify the intent of Senate Bill 260.

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

The sponsor 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 sponsor does not intend to mandate coverage for abortions.

ALASKA STATE LEGISLATURE

Senate Health, Education and
Social Services Committee

Senate Judiciary Committee

Department of Health and Social
Services Budget Subcommittee

Department of Law
Budget Subcommittee



January - May
State Capitol, Rm. 9
Juneau, Alaska 99801
(907) 465-3704
fax: (907) 465-2529

June - December
716 West 4th Ave., Ste. 440
Anchorage, Alaska 99501
(907) 258-8182
fax: (907) 258-8734

SENATOR JOHNNY ELLIS

Sponsor Statement

The Contraceptive Coverage Act of 1998 "Fewer Abortions, Fewer Orphans"

Most health insurance plans exclude 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 no better.

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 are denied 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.

2/4/98
Kelli Mahoney
925 Lone Cub Way
Wasilla, Ak
99654

Senator Johnny Ellis
Representative Eric Croft

Dear Sirs,

Thank you for addressing a missing piece of women's health care needs. Insurance companies have great power to develop public policy. Government is the only thing standing between the underinsured and overlooked, and the health services they need. Too many times women are faulted for making unwanted babies, yet are not helped to avoid such a pregnancy. Even married women may want to limit their families. This is not a sensible state of affairs. If insurance and public health outlets cannot assist in the area of contraception, the public and private cost will be enormous. SB 260/ HB 350 will help to reduce unintended pregnancy, and along the way, will let insurance companies know that women are consumers with special needs. Alaskan women are lucky to have public servants on their side.

Kelli Mahoney



REPRESENTATIVE ERIC CROFT

January 26, 1998

Senator Gary Wilken, Chair
Senate Health and Social Services Committee
Room 510, State Capitol
Juneau, Alaska 99801-1182

Dear Gary,

Thank you very much for your sponsorship of SB260, the Contraceptive Coverage Act. I appreciate your interest in the bill and your support.

I understand you are concerned about whether intrauterine devices (IUD's) are considered contraceptives or abortifacients, and whether or not they would be covered via HB350/SB260.

Medical science is inconclusive regarding how IUD's work. Earlier research indicated that they interfere with attachment of a fertilized ovum to the uterine wall, but recent research suggests that they actually prevent fertilization. Evidence isn't conclusive; nobody really knows.

Thus, since we're not medical experts, I think it is wisest to avoid discussion of what particular methods of contraception we wish to cover and why. We can leave such questions to scientists. If research proves conclusively that IUD's are contraceptives, then they should be covered.

Meanwhile, I'm convinced that it's vitally important to clarify for the record what these bills are intended and not intended to cover. Accordingly, I plan to read the enclosed letter of intent into the



record at HB350's first hearing. I welcome your comments regarding the intent letter (and anything else regarding the bill or the issue).

I also want to clarify for you what happened when the Oregon legislature took up this issue recently. The bill passed the Republican-controlled pro-life State Senate with a vote of 20-10 (11 Republican votes and 9 Democratic votes). In the Republican-controlled House, the insurance lobby killed the bill in committee before it could reach the floor.

I believe strongly that reasonable pro-choice and pro-life forces can agree to require insurance coverage of contraception. It will reduce the number of abortions and diminish a host of social problems.

Again, I appreciate your assistance in taking on this important issue. Please don't hesitate to contact my office any time.

Sincerely,



Representative Eric Croft

cc: Representative Joe Green, Chair, House Judiciary Chairman
Rep. Jeannette James, Chair, House State Affairs Committee



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 Dataline 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.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	6.1	(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.



NATIONAL ASSOCIATION OF SOCIAL WORKERS
ALASKA CHAPTER

318 11th Street, Juneau AK 99801
586-4438 Fax: 586-4439
naswak@alaska.net

Testimony Regarding

SB 260 - CONTRACEPTIVE COVERAGE ACT OF 1998

Before the
HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE
ALASKA SENATE
March 11, 1998

Presented by
Angela M. Salerno, ACSW
Executive Director,
National Association of Social Workers 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 SB 260 and urges its passage.

- This legislation will help working families access the most effective forms of birth control so that they may plan families for happy, healthy, wanted children.
- The most effective methods of contraception such as oral contraceptives and hormonal implants are costly and obtainable only from a health care provider. Working families 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.

To Senate HESS

Submitted by:

Cindy Bettine
Box 870008
Wasilla, Ak. 99687

I support House Bill #350

I am here to support the idea that health insurance providers cover the cost of contraceptives as prescribed by medical doctors just as they would any other prescription.

I have owned a business for nearly 20 years and employ mostly women. I currently employ 11 people and 8 of those people count on the group health insurance that my company provides as their primary health insurance. I am responsible for the shopping of our company health insurance. The task of finding a provider that covers all aspects of health care for women, such as contraceptive drugs and devices plus other essential preventative care is a challenge. I think this bill would help working women and small business.

My time is limited, but as a woman and an employer of women, I support the end to unwanted pregnancies for all the obvious professional and social reasons.

Steven Schellong
Mailing address:
733 W 4th Ave. #865
Anchorage, AK 99501

TO: Senate Health, Education and Social Services Committee
Senator Gary Wilken, Chair (Fax: 465-4714)
Senator Loren Leman, Vice-Chair (Fax: 465-3810)
Senator Lyda Green (Fax: 465-3805)
Senator Jerry Ward (Fax: 465-3766)
Senator Johnny Ellis (Fax: 465-2529)

CC: Senator Tim Kelly (Fax: 465-3756)

DATE: March 10, 1998

RE: Senate Bill 260 - contraceptive Insurance Coverage

Dear Alaska Senators:

I strongly support SB 260. Please pass this bill out of committee.

This bill would require insurance companies to cover contraception costs in some cases. This will help Alaskan families and children.

I believe family planning resources including contraception should be available to all Alaskan families. This bill will reduce the number of unwanted and unplanned babies. Everyone wants that.

Please pass SB 260 out of committee.

Respectfully,


Steven Schellong

Leann Ferry
Mailing address:
733 W 4th Ave. #865
Anchorage, AK 99501
ng address:
4th Ave. #865

TO: Senate Health, Education and Social Services Committee
Senator Gary Wilken, Chair (Fax: 465-4714)
Senator Loren Leman, Vice-Chair (Fax: 465-3810)
Senator Lyda Green (Fax: 465-3805)
Senator Jerry Ward (Fax: 465-3766)
Senator Johnny Ellis (Fax: 465-2529)

CC: Senator Tim Kelly (Fax: 465-3756)

DATE: March 10, 1998

RE: Senate Bill 260 - contraceptive Insurance Coverage

Dear Alaska Senators:

I strongly support SB 260 which would require insurance companies to cover contraception costs in some cases. This bill will help Alaskan families and children.

It is imperative that family planning resources including contraception be available to all Alaskan families. It is quite simple: Making contraception affordable and available to all Alaskans will reduce the number of unwanted and unplanned babies.

Please pass SB 260 out of committee. It is the right thing to do.

Respectfully,



Leann Ferry

My husband and I own a small business with 11 employees. We strongly support SB 260. Insurance coverage for contraceptive care makes perfect sense. In the recent past we have seen 4 employees (both male and female) deal with unintended pregnancies. It has been stressful in every case and a financial and time burden for each employee. As^{an} employer it is inappropriate to even insinuate how personnel should handle this aspect of their lives. But we can support them by providing medical insurance for contraception which we believe to be basic health care for women.

- In our society it is the woman's responsibility to prevent unintended pregnancies. Women already carry this unfair burden. While most employment-related insurance policies in the United States cover prescription drugs in general, the vast majority do not include equitable coverage for prescription contraceptive drugs and devices. Similarly, while most policies cover outpatient medical services in general, they often exclude outpatient contraceptive services from that coverage. This failure is costly, both for insurers who may have to pay for maternity care, as well as the families whose physical and financial well-being is threatened by unintended pregnancy and lack of access to equitable coverage for contraceptives
- Young women entering the work force frequently start out at minimum wage jobs. This is also when they need contraceptives the most and can least afford to pay. But currently women pay 68% more than men in out-of-pocket medical expenses during their reproductive years.
- Unintended pregnancies can damage a woman's careers. Child care is the pivotal issue. Suddenly having the added cost of child care rapidly erodes the purpose of working. If a young woman already has one infant in child care, the cost second child could force her to quit her job.

Maintaining a well-trained, dependable staff is vital to operating a profitable business. Encouraging planned pregnancies when young adults can afford a family simply makes sense. But small business cannot dictate special coverage for their employees. We simply chose package a, b, or c none of which has birth control coverage.

It simply becomes cost prohibitive.

We believe by rectifying the inequity in health care coverage for women, we will be establishing a more stable work force and stronger, healthier families.

*ROBIN SMITH
14100 JARVI DRIVE
ANCHORAGE, AK 99515*

Thank you for the opportunity to speak today. My name is Beth Carlson and I am a resident of Alaska living in Eagle River speaking on my own behalf. I support SB 260, which would require insurance carriers to cover prescription and device contraception.

or appliance

Currently, women pay 68% more in health care expenses during their reproductive years than do men during those same years. This is due in large part to the costs women must pay for reproductive health care, such as annual gynecological exams and contraception. These health care costs, when not covered by insurance, place a heavy burden on a young family which is struggling with so many other expenses. Requiring insurance companies to cover prescription and device contraception would not only be economically beneficial to the insurance companies, as it keeps them from paying the medical expenses of an unintended pregnancy, it will also be economically beneficial for young women and couples as it makes contraception, especially that which is most effective and thus, most expensive, affordable and thus, available.


This bill will also benefit Alaska businesses. In a one-year time period, 85% of women in their child-bearing years who are sexually active but do not use contraception become pregnant as opposed to only 3 to 6% of such women who use oral contraceptives. As any employer knows, a pregnancy, whether planned or unplanned, affects worker productivity. Many women experience morning sickness, which causes them to be late for or miss work entirely on any number of days. There are the "required" doctor's visits throughout the pregnancy and possible time off due to mandatory bedrest for conditions such as preeclampsia. Obviously, there is eventually time off for the birth itself and maternity leave. Through all this, the particular employee's work is farmed out to others in the workplace or a temp is brought in. In either situation, this usually means the work is not completed as effectively or efficiently.

Nor is the effect on worker productivity limited to only the woman. The husband's productivity can be affected as well by attending doctor's visits and the birth and taking time off for paternity

leave. In addition, the husband's productivity is affected by the stress of a pregnancy involving complications (such as preeclampsia) or the stress of an unintended pregnancy which gives rise to financial difficulties.

The point of all this is not to say that pregnancy is a bad thing. Of course, it's not. The point is simply to note that businesses are affected by pregnancy. Requiring insurance carriers to cover the costs of contraception will make those contraceptive methods which are most effective and thus, most expensive, available to more women. This will almost certainly decrease the number of unintended pregnancies, which will benefit not only those young women and couples who are not yet prepared to have a child, but also the businesses that employ these women and couples.

Requiring insurance companies to cover the costs of contraception, via either prescription or device, is another important step toward the goal of ensuring that every pregnancy and, thereby, every child, is wanted and loved from the moment of conception. I urge you to support SB 260.


19632 Delphin Circle
Eagle River, AK 99577

Sandra Arnold
17160 Baronof Avenue
Eagle River, AK 99577
(907) 694-1716

Date: March 10, 1998

To: Senate Health, Education and Social Services Committee
Senator Gary Wilken, Chair
Senator Loren Leman, Vice-Chair
Senator Lyda Green
Senator Jerry Ward
Senator Johnny Ellis

*For 3/11
hearing.*

cc: Senator Randy Phillips/District L

RE: SB 260 - Contraceptive Insurance Coverage

Dear Honorable Alaska Senators:

I am an Alaskan woman who is very concerned about healthy families and Alaska's children, and I pay attention to legislative actions regarding these issues. I am writing in strong support of SB 260, which would require insurance companies to cover contraception costs in some cases.

I believe this idea to be a smart and immensely popular one, and if passed will help Alaskan families and most importantly, Alaska's children. We seems to be placing increasing restrictions on abortion choices, while at the same time reducing welfare benefits for mothers and their unplanned children. You can't have it both ways.

Providing a means for affordable contraception will help reduce unwanted/unplanned babies, thus fostering healthy births when families are financially and emotionally better prepared, and lowering public assistance costs in the long run.

I urge you to pass SB260 out of committee. Thank you.

Sincerely,



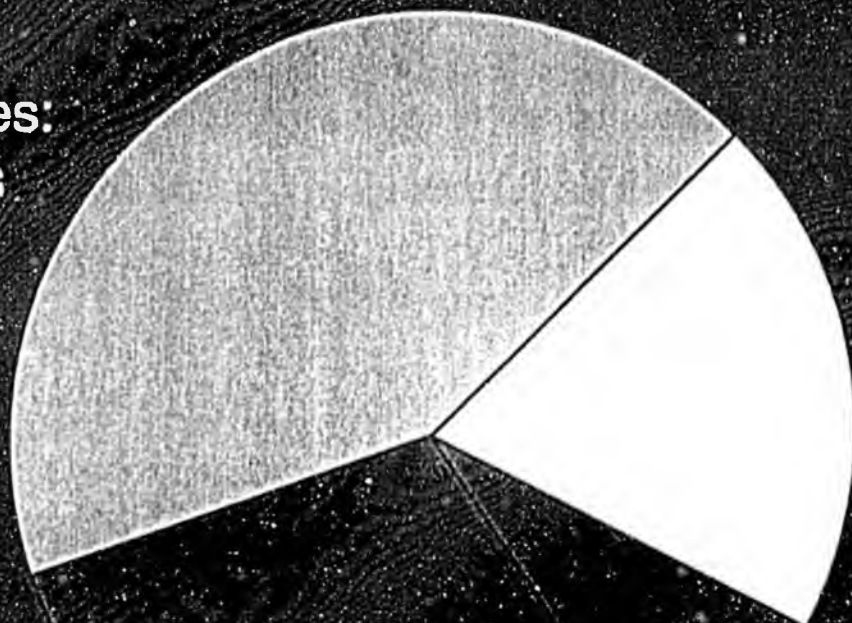
*Senate Bill 260, by Senator Ellis
Contraceptive Coverage Act of 1998*

***Presented to the Health, Education and
Social Services Committee***

March 11, 1998

Pregnancies by Outcome—U.S. 1987

43%
Intended
Pregnancies:
Live Births



20%
Mistimed Pregnancies:
Live Births

29%
Unwanted / Mistimed:
Abortions

8%
Unwanted Pregnancies:
Live Births

In Absolute Numbers . . .

Of 5.4 million pregnancies, 3.1 million were unintended at the time of conception

Of unintended pregnancies, 1.5 million resulted in a live birth and 1.6 million ended in abortion

Only 2.3 million pregnancies were intended at the time of conception and resulted in a live birth

*Intendedness:
An issue for all U.S. couples*

57 % of all pregnancies are unintended:

50 % for women aged 20 - 34

75 % for women over age 40

40 % for married women

88 % for never-married women.

75 % among women at/below FPL

45 % among women above FPL

And for Alaska couples . . .

***Pregnancy Risk Assessment Monitoring System
(PRAMS) data indicate:***

41% of births were unintended pregnancies

90% of women who had an unintended pregnancy were not using—or were using improperly—a birth control method

Unintended pregnancy is costly:

Family costs:

abuse, poverty, divorce

Social costs

*lower paying jobs, higher unemployment,
greater likelihood of welfare receipt, etc..*

And economic costs . . .



*Pregnancy care costs:
Managed care average – \$ 3,795*

Ectopic pregnancy \$ 4,994

Induced abortion \$ 416

Spontaneous abortion \$ 1,038

Term pregnancy \$ 8,619

Mother \$ 5,512

Baby \$ 3,107

*The Economic Value of Contraception: Comparison of
15 Methods, J. Trussell et al., AJPH April '95*

Consequences for unplanned baby

*Less chance to avoid or manage known
genetic and other known risks*

More toxic exposure (alcohol, smoking)

Higher risk of low birthweight

Effects from late/inadequate prenatal care

Excess risk for infant death

Poor child health and development

The Best Intentions, IOM, 1995

Consequences for Family Formation

For births from unintended pregnancy:

Couples who marry after conception are over 3 times as likely to divorce

Fathers more likely to be absent

Unplanned children are more likely to drop out of school, to have encounters with the criminal justice system, and to become teen parents

Consequences, continued . . .

Higher rates of maternal depression

Parents less likely to achieve educational, financial and career goals

Abortion (Rate in U.S. is 2 to 4 times higher than other countries)

Greater risk of physical abuse of mother

Greater risk of child abuse/neglect



*Despite nearly universal drug coverage,
many health plans exclude contraceptives*

97% offer prescription drug coverage but...

49% fail to cover contraceptive methods

Only 15% cover all five reversible methods

*(IUD, diaphragm, implants, injections and oral
contraceptives)*

*Many policies exclude contraceptives even if
they are prescribed for a medical condition
other than birth control*

Uneven and Unequal, AGI, 1993

Medical costs over 5 years:

Contraceptives \$ 540 – \$ 5,730

“No method” \$ 14,663

