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10522 SENATE HEALTH EDUCATION & SOCIAL SERVICES 387

Alaska Temporary Assistance Program: Success at Work Initiative

Division of Public Assistance
January 8, 2001

ISSUE

With welfare reform's concerted focus on moving welfare recipients into the workforce, there is greater need to help individuals with low skills, a lack of work history and other barriers to move from welfare to work. The **Success at Work Initiative** will provide services to improve the employability of clients, enhance job retention and advancement, and address the more complex challenges that impede job entry and success in the work place.

BACKGROUND

- Many Temporary Assistance recipients are working, but have trouble advancing to better jobs and off welfare. Some current recipients have trouble keeping their jobs, and many have barriers that prevent them from getting a job.
- To sustain their independence from welfare, some clients who have recently worked their way off Temporary Assistance also need help in maintaining employment, finding better jobs and advancing in their careers.
- Preliminary data from DPA records and the University of Alaska Anchorage study of families leaving Temporary Assistance indicates that over a two-year period approximately 30% of families who leave Temporary Assistance return.

PROPOSED SOLUTIONS

- **Continue to Reinvest Savings.** The Success at Work Initiative proposes to use savings from reductions in ATAP benefits to finance job retention and advancement services that will decrease the rate of return and promote economic independence. \$1.8 million in federal TANF funding will finance the following new services:
 - * **Services to Enhance Job Retention.** The Alaska Post-Employment Exchange (APEX) Call Center will be the primary post-employment service for clients who are working their way off Temporary Assistance, or who have left assistance for employment. As an adjunct to traditional case management services, APEX staff contact participants after they start working to make sure they are aware of and connected to job retention or other needed services such as child care, skill enhancement, career advancement, and continuing education and training opportunities. The call center will make work supports, referrals and information about retention and advancement services available to clients in their own homes in the evening and on weekends. Clients needing assistance can also contact APEX using a toll-free number.

- * **Job-Related Training.** A State Work-Study Program will help current and former clients move from "a job" to "a better job" and become more able to fully support their families. A work study program provides an opportunity for parents seeking post-secondary education to fulfill their mandatory work requirements while getting the education needed to advance in the job market.

- * **Social Services Partnerships.** Social Service Partnerships will place social service clinicians in the Fairbanks, Mat-Su, Anchorage, and Kenai Job Centers. Clinicians will provide Temporary Assistance clients with on-site assessment and rapid referral to services and treatment programs. Nationally, substance abuse, mental health disorders and domestic violence have been identified as the most pervasive and pernicious challenges to employment and self-sufficiency confronting welfare recipients. This strategy also increases capacity for services and treatment programs that emphasize work as a component of treatment.

- * **Supportive Services.** Support Services include work-related expenses and are essential for the successful implementation of intensive case management, job related training, and job retention and wage progression services.

Alaska Temporary Assistance Program 60-Month Time Limit Issue Paper

Division of Public Assistance
January 29, 2001

ISSUE

July 2002, marks the first month families in Alaska will exceed the 60-month time limit for receiving Temporary Assistance.

Although the 5-year limit on Temporary Assistance is a key element of welfare reform, there are families who will need continued support after receiving 60 months of assistance. The original goal of welfare reform remains to move Alaskans from welfare to jobs so they can support their families while maintaining a safety net for those truly in need.

BACKGROUND

- There has been a 42% overall caseload reduction in ATAP since November 1996. The rate of caseload decline is slowing, however, and many clients who remain on the caseload have significant challenges to employment.
- In July 2002, an estimated 349 families will exceed the Temporary Assistance 60-month time limit.
- By July 2003, this number will increase to 1103 families who will have used up their 60-months of assistance.
- Some, but not all, of these families will be eligible for an exemption from the 60-month limit. Federal and state laws cap the exemptions at 20% of the current caseload and define eligibility criteria for the exemptions.
- As the caseload declines sharply, so has the number of possible exemptions under the 20% rule. Less than half the families eligible for an exemption when ATAP passed are now eligible. (*see attachment 1*)
- In future years, the number of families receiving greater than 60 months of assistance will exceed the number of exemption slots available. Many of these recipients will be unable to work despite their best efforts. (*see attachment 2*)
- The 20% cap in both federal and state laws, precludes the use of either federal or state funds to serve many families who are truly needy.

WHO ARE THESE FAMILIES?

As of June 2000, 618 of the families who are subject to the time limit, or 7% of the total caseload, had received Temporary Assistance for more than 35 months.

The 618 families rapidly approaching the 60-month time limit have these characteristics:

- **Long-term reliance on welfare.** The average length of time on AFDC/ATAP is 90 months.
- **Intermittent, short-term attachment to the workforce.** Over two-thirds of families have worked in the past three years, but less than one-third have worked for more than twelve months in that same time.
- **A variety of challenges to employment.** Estimated three-quarters of these families face at least one challenge to employment. Almost one-half face more than one barrier.
 - 20% had substance abuse issues
 - 32% had experienced domestic violence
 - 34% had mental health issues
 - 51% had a physical health problem

BUDGET SOLUTIONS

- **Continue to Re-Invest Savings.** Use savings from reductions in ATAP benefits to provide intensive services to families at risk of reaching the 60-month limit. \$2.8 million in federal TANF funding will fund the new initiative called "Families Work!"
 - ✓ **Families Work!** will reach out to families that are approaching the 60-month limit. These families face continued reliance on public assistance and the potential loss of services if they are not self-sufficient before they reach their 60-month lifetime limit on assistance. Services funded by this increase will provide intensive case management emphasizing a team approach. With focused, coordinated and intensified services, a portion of these families will gain the skills, self-esteem, work place experience, and connections to community resources that will enable them to successfully transition to employment. Families Work will also identify those families that should be eligible for an exemption from the 60 months.

POSSIBLE POLICY SOLUTIONS

- **Make changes to Alaska State Law governing the Alaska Temporary Assistance Program**
 - ✓ Retain the 5-year limit on assistance, but allow the number of exemptions to exceed 20% of the caseload based on specific hardship criteria. Grant extensions to all families who meet the hardship criteria. This change is necessary to avoid placing families who meet hardship criteria on a waiting list for an extension, and meanwhile, deny supports for basic needs.
 - ✓ Require incapacitated adults (physically or mentally unable to perform gainful activity) to participate in self-sufficiency activities to motivate them to plan for self-sufficiency.

**Reaching for Independence:
A Study of Families That Have Left the
Alaska Temporary Assistance Program**

Pre-Publication
Executive Summary

January 18, 2001



Institute for Circumpolar Health Studies
University of Alaska Anchorage
3211 Providence Drive
Anchorage, Alaska 99508

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Executive Summary

Background

A sweeping national welfare reform law, The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, established the federal Temporary Assistance for Needy Families (TANF) program. TANF replaced the Aid to Families with Dependent Children (AFDC) program, which had provided funding to states to operate cash welfare programs for needy families since the enactment of the Social Security Act during the Great Depression. States receive federal TANF funds based on congressionally established block grant amounts, unlike AFDC funding, which had been an open-ended entitlement.

This report assesses the characteristics and status of Alaskans who left Alaska's welfare rolls after the July 1997 implementation of the Alaska Temporary Assistance program, Alaska's version of TANF. Studies of this type (commonly called welfare "leaver" studies) are underway in many of the states. In general, leaver studies are designed to document the outcomes of families that left the welfare rolls after the states' implementation of welfare reform.

The Alaska Temporary Assistance program is administered by the Division of Public Assistance, an agency within the Alaska Department of Health and Social Services. The Division of Public Assistance commissioned the Institute for Circumpolar Health Studies (ICHS), an applied social welfare research unit within the University of Alaska Anchorage (UAA), to conduct the study. ICHS conducted the study in partnership with the UAA School of Social Work.

The Division of Public Assistance and the UAA evaluation team established the following objectives for this study:

- To assess the characteristics and status of families that left the welfare rolls ("leavers") after the July 1997 implementation of the Alaska Temporary Assistance program,
- To compare leaver families that returned to the welfare rolls after a period of absence ("returners") to non-returners,
- To identify factors that may impact the ability of former Temporary Assistance clients to stay off assistance, and
- To assist the Division of Public Assistance in using the evaluation findings to assess the effectiveness of its efforts.

The evaluation team used Division of Public Assistance administrative data and the results of a survey of a representative sample of 694 Alaskans who left the Temporary Assistance program rolls during the 24-month period ending in October 1999. Survey interviews were conducted during the spring of 2000. Statistical comparisons between the sample and the universe of all Temporary Assistance recipients who left the rolls during the study period established that the sample was representative of the population.

The study data were reviewed by Division of Public Assistance staff and an advisory and oversight committee appointed by the Commissioner of the Department of Health and Social Services. The results presented here include summaries of study data and interpretations of the meaning of the data.

The findings below are grouped according to the basic constructs or factors used in other states to assess the results of welfare reform on families that leave, and sometimes re-enter, the welfare rolls. As the title of this study suggests, most of the subject families were indeed "reaching for independence" with varying degrees of success.

Findings

Demographics and Family Characteristics

Most recipients who left the Temporary Assistance programs were younger, high-school-educated females with small families.

Alaska Native families left the caseload at about the same rate as non-Native families.

The presence in "one-parent" households (cases that included only one eligible adult) of a second adult who was not eligible for Temporary Assistance related positively with success in staying off the Temporary Assistance rolls.

Getting off welfare is not the same as staying off welfare. Three out of ten families returned to the Temporary Assistance rolls during the 24-month study period. This phenomenon of leaving and returning to welfare is often called caseload "churning." The occurrence of such repeated interactions with the welfare system highlights the need for steady employment and strong support services to people leaving welfare as they strive to maintain their independence.

Specifically, the study found that:

- Eighty-eight percent (88%) of recipients who left Temporary Assistance were female.
- The average age of Temporary Assistance leavers was 34 years.
- The typical family included two children.
- Although the proportion of Alaska Native families in the Temporary Assistance caseload (37%) is greater than the proportion of Alaska Natives in the state population, Native families left the caseload at about the same rate as non-Native families.
- The presence in "one-parent" households (cases that included only one eligible adult) of a second adult who was not eligible for Temporary Assistance related positively with success in staying off the Temporary Assistance rolls.
- Eight out of ten (81%) people who left Temporary Assistance had at least a high school education or equivalent.
- Three out of ten (30%) of the cases that left the Temporary Assistance caseload during the study period returned to the Temporary Assistance rolls at least once during the study period.
- Consistent with the overall geographic distribution of the Temporary Assistance caseload, significantly more respondents with two-parent families lived in rural Alaska (52%) than lived in urban Alaska (20%).

Employment and Earned Income Opportunities

Employment is a crucial factor in a family's ability to leave welfare. Numerous indicators point toward the importance of quality jobs to becoming independent of Temporary Assistance. Study participants who did not return to the Temporary Assistance rolls were more likely than returners to have held permanent, non-seasonal, full-time jobs and had higher hourly wages than returners did. As expected, people with less than a high school education or who had serious health problems or disabilities had more trouble maintaining independent employment.

Specifically, the study found that:

- Over half (51%) of the respondents cited employment as their reason for leaving Temporary Assistance.
- Two-thirds (65%) of the respondents were employed at the time of the interview.
- Three in ten (29%) of the respondents were back on Temporary Assistance at the time they were interviewed.
- Thirty-eight percent (38%) of the respondents who were back on Temporary Assistance at the time of the interview were employed.
- Three-quarters (75%) of the respondents who were off Temporary Assistance at the time of the interview were employed.
- The average wage for people interviewed who had worked was \$9.73 per hour in 1998 and \$10.52 per hour in 1999.
- Respondents with a high school diploma or equivalent were significantly more likely to be employed and off Temporary Assistance than those with less education.
- Health problems, disabilities, and problems with child care were the most frequently mentioned challenges to employment.

Unearned Income

Cash income from non-employment sources may contribute significantly to a family's total income and ability to leave and stay off the Temporary Assistance rolls. Unearned income that is received on a regular basis may be especially important in meeting a family's ongoing financial needs.

While many Alaskans believe that the Permanent Fund Dividend is an important way of reducing the need for Temporary Assistance, many people who left Temporary Assistance had their Permanent Fund dividends garnished to pay off their debts, suggesting that they were having trouble meeting their financial obligations. We also found that regular child support payments were available to few families that left the Temporary Assistance rolls and almost as many families paid out child support as received it.

Specifically, the study found that:

- Fewer than one out of five respondents (18%) reported that their household received child support payments. The average payment amount was \$282 per month.
- Twelve percent (12%) of respondents reported that their household paid out child support, averaging \$318 per month.
- Thirty-seven percent (37%) of respondents reported that a household member's 1999 Permanent Fund dividend was garnished.
- Sixteen percent (16%) reported that at least one member of the household received Adult Public Assistance payments.

Use of Transitional Services and Community Help

Getting off Temporary Assistance cannot be equated with no longer needing public services. Former Temporary Assistance recipients relied on government health insurance, food stamps, or community resources to help them stay off the Temporary Assistance rolls. These services must be available if the Temporary Assistance caseload is expected to continue to decline.

Specifically, the study found that:

- The most frequently cited government service used by respondents after they left the Temporary Assistance rolls was government health insurance, including Medicaid, tribal health care, and Denali KidCare.
- One-third (34%) of respondents said they were not receiving food stamps at the time of the interview. Most of those not using food stamps reported that they did not need or want food stamps, or believed that they were not qualified.
- Some respondents (30%) used food banks, faith-based organizations, family support, or some other form of community support while they were off the Temporary Assistance rolls.

Services Received by Temporary Assistance Recipients

Well trained and responsive Public Assistance caseworkers are a crucial element in helping people stay off Temporary Assistance. They are instrumental in helping people plan for the transition from welfare to work, prepare themselves for work, find jobs, and maintain employment. Temporary Assistance clients are also an important source of volunteer community service labor.

Specifically, the study found that:

- Sixty-two percent (62%) of respondents indicated their Public Assistance caseworker had required them to work, look for a job, or go to some kind of job training.
- An average of 13% of respondents indicated they had participated in some form of volunteer or unpaid work between 1998 and 1999.

Child Care

All families with children must address their child care needs in order to balance family life with employment. This is also true with Temporary Assistance recipients who leave the rolls. Subsidized child care is an essential welfare-to-work service. Survey respondents reported that they used subsidized child care less after they left the Temporary Assistance rolls than they did while they were receiving benefits. It is essential to maintain child care benefits and assure access to subsidized care as part of the welfare transitional package. Further study will be necessary to understand the subsidized child care utilization patterns of Temporary Assistance leavers.

Specifically, the study found that:

- One-third (33%) reported that a lack of child care had disrupted their work-related activities.
- One-third of the respondents (33%) reported that they used child care for preschool children in order to find or keep a job.
- One-fourth (24%) reported that they had used child care for school-aged children.

- Three in ten (31%) reported that they had received subsidized child care for training and other work-related reasons before they left the Temporary Assistance caseload, while only 18% said they had received subsidized care after leaving the Temporary Assistance rolls.
- Child care centers and family day care homes were the most frequently mentioned forms of child care used. Friends and relatives provided most of the remaining care.
- Almost nine out of ten (86%) of those who used child care were satisfied with the quality of child care they received.

Housing

Adequate shelter is one of the basic necessities of life. Without stable housing, it is difficult to maintain gainful employment. One in three survey respondents had trouble paying for this basic need. The data shows that people who returned to the Temporary Assistance rolls had more trouble than those who stayed off Temporary Assistance. Continued attention must be paid to basic housing as a crucial component of welfare reform.

Specifically, the study found that:

- Housing arrangements were stable for 70% of respondents in the year preceding the interview, with 30% reporting at least one move in the last year.
- The average housing cost for respondents was \$430 per month, and their average utility cost was \$133 per month.
- Twenty-eight percent (28%) of the respondents were living in either subsidized housing or a public housing project.
- Over one-third (36%) reported being unable to pay rent, housing or utility bills at least once in the past year, with people not on Temporary Assistance less likely to have this experience.

Transportation

There is a strong relationship between the availability of reliable transportation and people's ability to maintain employment and stay off the Temporary Assistance rolls. Three-quarters of the survey respondents had adequate transportation. This clearly helps people maintain stable employment. The data suggests that the liberalized Temporary Assistance policy on vehicle ownership is good public policy.

Specifically, the study found that:

- Three quarters (75%) of respondents reported having adequate transportation to get to work, training or child care.
- Personally owned vehicles were the most common form of transportation.
- People with reliable transportation were significantly more likely to be off Temporary Assistance and employed at the time of the interview.

Health Issues

While most former Temporary Assistance recipients are healthy, many recognize health problems and disability as a major challenge to stable employment. Lack of adequate health insurance affected the lives of one out of three families that left Temporary Assistance. This finding reinforces the need for continuing government-sponsored medical insurance as an important component of welfare-to-work strategy.

Specifically, the study found that:

- Nearly nine out of ten (89%) respondents reported their health status and the health of spouses and children as being fair or better.
- Thirty percent (30%) of respondents reported at least one family member with no medical coverage.
- Seventeen percent (17%) of respondents said that someone in their household had not received needed health care during the past year, most often due to financial constraints.

Client Perceptions and Attitudes

People who left Temporary Assistance agree with the welfare-to-work philosophy yet express reservations about their long-term ability to remain independent. During their quest for independence, many repeatedly move from welfare to work and back to welfare. Some people worry about the availability of Temporary Assistance benefits if they should need these services in the future. The impact of the new limits on welfare eligibility needs further investigation.

Specifically, the study found that:

- Almost nine out of ten (86%) people interviewed reported that they would rather work than receive Temporary Assistance.
- More than half (55%) of the respondents said that their lives were better after leaving the Temporary Assistance rolls.
- About seven out of ten (71%) respondents agreed with the appropriateness of Temporary Assistance time limits, with half of them (50%) strongly agreeing.
- Over eight out of ten (85%) respondents agreed that people on Temporary Assistance should be required to find a job and work.
- More than six out of ten (62%) people interviewed believed that their Temporary Assistance caseworker was interested in their well-being and gave them good advice and support.

Rural Issues

The availability of quality jobs in rural Alaska is going to affect the success of the welfare-to-work efforts in many areas of the state. Although benefit time limits do not apply in many small villages, the nature of temporary and seasonal employment in rural Alaska makes time limits on Temporary Assistance benefits a critical issue.

Specifically, the study found that:

- Almost nine out of ten (88%) rural Temporary Assistance recipients are Alaska Natives.

- There were significantly more respondents with two-parent families in rural Alaska (52%) than in urban Alaska (20%); this is consistent with the overall geographic distribution of the Temporary Assistance caseload.
- The higher cost of living and seasonal and temporary employment patterns probably offset higher wage levels in rural Alaska.
- Rural respondents believed that the available jobs were of lower quality and jobs were harder for them to find than their urban counterparts did.
- Rural residents were less willing than urban respondents to relocate to find employment.

Conclusions

Division of Public Assistance data show that both the Temporary Assistance rolls and the Temporary Assistance budgets have been shrinking since the Fiscal Year 1998 implementation of welfare reform in Alaska. The change to the "welfare-to-work" policy underlying Alaska's welfare reform efforts is generally recognized as a good public policy properly implemented. There is agreement, even among Temporary Assistance beneficiaries, that work is better than welfare. Many former Temporary Assistance recipients are now part of the workforce and appear to be successfully replacing benefits with earnings. They credit the caseworkers of the Division of Public Assistance and its affiliated agencies for helping them make the transition to independence.

However, the results of this study also suggest that these trends may not continue on their present course. The ability of former Temporary Assistance recipients to remain in the workforce is challenged by perceptions of shortages of quality jobs, problems with child care, and family problems. The inevitable economic downturns of the future are likely to affect this population strongly. A substantial proportion (30%) of those who left Temporary Assistance returned to the rolls during the study period, some repeatedly bouncing back and forth from welfare to work. The dynamics of this caseload "churning" phenomenon warrant further study. Many of those who remain off the Temporary Assistance rolls are working in the lower range of the wage scales. Many depend on seasonal and temporary work. Their situations seem to be economically fragile.

It is essential to provide the supports necessary to maintain the gains that Alaska has made in implementing its welfare-to-work policies. As the caseload falls, this may be increasingly difficult because the population remaining on Temporary Assistance may require more sophisticated and intensive interventions to help them prepare for independence, and to support their transition to work. More needs to be learned about the characteristics of the Alaskans who remain on the Temporary Assistance rolls in order to assure them the same opportunities to become stable members of the Alaskan workforce. Program strategies must be in place to support families that, despite their best efforts to achieve independence, exhaust their eligibility for Temporary Assistance when the 60-month time limit takes effect in mid-2002.

Alaska Medicaid Program

History Timeline for Services and Eligibility

April 10, 1972	Touche Ross and Company Begin Medicaid System Design.
April 18 - June 9, 1972	Departmental Presentation to Legislature.
July 6, 1972	Alaska Medicaid program enacted.
Sept. 1, 1972	Medicaid Program Implemented.
Sept. 28, 1972	First State Plan Submitted to Federal Department of Health, Education and Welfare.
April 4, 1973	Effective Date of Intermediate Nursing Home Care Option.
May 16, 1974	Effective Date of Inpatient Psychiatric Hospital Option for Eligible Persons over 64 and under 21.
May 16, 1974	Effective Date of Miscellaneous Minor Eligibility Groups (primarily needy children under 21 in foster care under supervision by Department of Health and Social Services).
Sept. 2, 1975	Effective Date of Intermediate Nursing Home Care for Mentally Retarded under 21 Who Meet AFDC Need Standards Option
March 12, 1976	Effective Date of Eye Glasses and Optometrist Service Options.
June 21, 1976	Effective Date of New Nursing Home Group of Eligibles (persons whose income while in the facility does not exceed 300 percent of the SSI benefit rate under title XVI of the Social Security Act but who would not be eligible for an optional state supplementary payment if they left the hospital or other facility).
July 1, 1976	Effective Date of Limited Clinic Services Option (primarily community mental health centers and state operated mental centers).

July 1, 1976	Effective Date of Treatment of Speech, Hearing, and Language Disorders Option.
March 3, 1978	Effective Date for Coverage of Persons Under 21 Receiving Active Treatment in a Psychiatric Hospital who are Financially Eligible as Determined by the Standards of Part A of Title IV (AFDC) of the Social Security Act.
July 1, 1978	Effective Date for the Addition of Rural Health Clinics and Outpatient Surgical Care Centers.
1981	HCFA - IHS Agreement makes Medicaid a prior payer to IHS.
Sept. 22, 1981	Effective Date for the Addition of Nurse Midwives Services.
Oct 1, 1982	Medicare Part B Buy-in begins in response to federal mandate for Medicaid to purchase Medicare Part A and Part B premiums on behalf of dual eligible elderly and disabled.
June 25, 1982	Effective Date for the Addition of Persons Under 21 Who Would Be Eligible for Benefits under AFDC but Are Not Dependent Children and Pregnant Women as New Eligibles.
June 25, 1982	Effective Date for the Addition of Physical Therapy, Occupational Therapy, Prosthetic Devices, Medical Supplies and Long-Term Care Noninstitutional Services as New Services.
July 1, 1982	Effective Date for Indicating a Person is not Eligible for Medicaid Benefits Until a Final Determination is Made on the Eligibility of that Person.
1983	Medicaid Rate Commission established in statute, first facility payment rates established under new law July 1.
Oct. 21, 1984	Budget based prospective payment system established for hospitals and nursing facilities.
Jul 1, 1985	Contract w/Professional Review Organization of Washington to provide Utilization Review and Prior Authorization of inpatient hospital services

June 7, 1986	Effective Date for Addition that Medicaid will Cover all Mandatory Services required under 42 U.S.C. 1396-1396p and Personal Care Services in a Recipients Home, Emergency Hospital Services, Adult Dental Services, and Intermediate Care Facility Services for the Mentally Retarded as Optional Services.
Aug. 9, 1986	Cost based with inflation prospective payment system established for hospitals and nursing facilities.
Nov 1, 1988	Generic drug substitution for brand-name drugs required by regulation.
July 29, 1986	Effective Date for the Addition of Chiropractic Services as an Optional Service.
Feb 2, 1987	Contract w/ Touche Ross Company to recover payments from liable third parties
May 1, 1988	Contract w/The Computer Company to operate a federally- certified MMIS
May 1, 1988	Payment for outpatient laboratory services is limited to the Medicare fee schedule by federal law.
Sept. 5, 1988	Effective date for the addition of pregnant women, and children five years of age or younger, with a household income that does not exceed 100 percent of the federal poverty level as a new eligible group, required by federal law. Children were to be phased in one year at a time.
Sept. 5, 1988	Effective Date for the Addition of Case Management and Nutrition Services for Pregnant Women as a New Optional Service under state law.
July 1, 1988	Effective Date for the Addition of Prescribed Drugs as a New Optional Service for a One Year Period (FY89). Added by state law, prescription drugs were previously covered with general funds under the GRM Program.

CORRECTION

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



Central Microfilm Services
Department of Education & Early Development
State of Alaska

June 7, 1986	Effective Date for Addition that Medicaid will Cover all Mandatory Services required under 42 U.S.C. 1396-1396p and Personal Care Services in a Recipients Home, Emergency Hospital Services, Adult Dental Services, and Intermediate Care Facility Services for the Mentally Retarded as Optional Services.
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March 1, 1989	Executive Order 72 changed Medicaid Rate Commission to Medicaid Rate Advisory Commission.
March 25, 1989	Maximum cap on nursing facility payment rates established.
July 1, 1989	Effective Date for the Addition of Prescribed Drugs as an Optional Service.
July 5, 1989	Chiropractic Service Coverage Suspended for FY90.
Oct. 1, 1989	Effective date of "spousal impoverishment," federal statutory change allowing an institutionalized spouse to transfer up to \$60,000 countable excess resources to the spouse at home. (Amount increases annually)
Nov. 1, 1989	Effective date of continuous eligibility, regardless of changes in income, for pregnant women.
Dec 1, 1989	Establish Electronic Verification System, 24 hour phone system, to improve provider access to client eligibility
April 1, 1990	Transitional Medicaid benefits under welfare reform: Changes the state existing 4 month/9 month work incentive plan to a 12 month plan for those individuals who lose AFDC eligibility because of increased earnings.
April 1, 1990	Coverage of pregnant women, infants and children up to age 6 at 133% of federal poverty level. This increases the current income standard from target group.
May 4, 1990	Enactment of CH 26 SLA 90, a temporary act, authorizing the establishment of home and community based waiver services.

July 1, 1990	Chiropractic benefits reinstated
July 1, 1990	Effective date of Medicaid payment of Medicare premiums for certain qualified disabled workers.
Oct. 1, 1990	UP Medicaid: Provides Medicaid benefits to intact families where the primary wage earner is unemployed or underemployed.
July 1, 1991	Effective date for coverage of children, born after 9/30/83 and over 6 years of age, at 100% of the federal poverty level.
Sept. 19, 1991	Effective date of HB 248, adding licensed clinical social workers' services and psychologists' services to Medicaid; not implemented due to finding of insufficient funds under AS 47.07.035. Funding was also not granted for these services in the FY 93 budget.
Nov. 1, 1991	Effective date of Division's decision to "unfreeze" fee profiles for physicians and dentists, frozen by the Legislature in 1985; resulted in first payment rate increase to many such providers since 1984.
Nov. 1, 1991	Effective date of federal pharmacy rebate program; rebates provided by drug manufacturers to states which reimburse for their drugs. Alaska had an existing pharmacy rebate program in place with pharmaceutical manufactures prior to the federal mandate. Estimated annual recovery income to Alaska: \$500,000 to \$600,000.
Nov. 1, 1991	Effective date of one-year period of continuous eligibility, regardless of income, resources, and some other family changes, for infants born to Medicaid mothers.
June 27, 1992	Personal Care Attendant Regulations become effective.

- Dec., 1991 Implementation of the "Primary Care Program", which identifies individual recipients who over-use Medicaid services and prescription drugs requires them to access all non-emergency services designated through a single physician.
- Aug. 1, 1992 Chiropractic services coverage suspended for FY 93
- Oct. 1, 1992 Effective date of the end of the Alaska Longevity Bonus Medicaid Hold Harmless Program, which provide state-only funds to continue Medicaid benefits to persons who lost eligibility because longevity bonus payments placed them over the Medicaid income qualifying standard. The Division used a special new provision in the Social Security Act to disregard longevity bonus payments as income. This change had no negative effect on elderly recipients, but it saved about \$1,000,000 per year.
- Nov. 28, 1992 Chiropractic services reinstated, when the Department found that the FY 93 total Medicaid appropriation was sufficient to reinstate this service.
- Dec. 31, 1992 Effective date of HB 545, adding rehabilitative services for mental illness, alcoholism, and drug abuse to Medicaid. This addition allows grantees to claim federal Medicaid matching funds for services previously funded by state funds.
- Dec. 31, 1992 Effective date of regulations adding podiatry, nutrition, private duty nursing, hospice care, and certain advanced nurse practitioner services to Medicaid, for children under 21.
- Jan. 1, 1993 Prospective Drug Utilization Review (DUR) is implemented, as required by OBRA 90, to promote the safe use of prescription drugs by screening for adverse reaction before prescriptions are filled, establishing record keeping standards for pharmacies, and providing educational interventions.
- Mar 1, 1993 Contract with Opticraft to provide all eyeglasses goes into effect in response to legislative budget reduction for eyeglass contract.

- July 1, 1993 HB 178, adding children in subsidized adoptions and the TEFRA option to the Medicaid program becomes effective; the TEFRA option grants eligibility to disabled children age 18 and younger who need an institutional level of care, and would be Medicaid eligible in an institution, to attain Medicaid eligibility living in the community). SB 91, adding Direct Entry Midwives to the Medicaid Program becomes effective.
- Dec. 19, 1993 Home and Community Based Waiver regulations become effective.
- Dec. 28, 1993 State Plan Amendment adding TEFRA option becomes effective.
- Jan. 1, 1994 HB 171, adding Hospice services to the Medicaid Program, becomes effective.
- Feb. 1994 Claim Check, a claims processing software that evaluates billed procedures to determine any inappropriate billing of services. This software has been a significant cost avoidance mechanism for Medicaid.
- Feb. 23, 1994 Substance Abuse Rehabilitation regulations become effective.
- March 13, 1994 Cost containment regulations become effective, limiting payment for surgical assistants and transportation, the use of growth hormones and the number of annual chiropractic visits.
- May 11, 1994 Disproportionate Share Hospital regulations are effective that significantly increase funding available for API.
- July 3, 1994 Drug Use Review (DUR) regulations become effective.
- Sept. 1, 1994 Regulations to eliminate chiropractic, dental, speech therapy, audiology, hearing aids, visual refraction, eyeglasses, and occupational therapy for adult recipients because of a budget reduction tied to the priority list in AS 47.07.035 are effective.

- Sept. 7, 1994 SB 366 (CH 102, SLA 94) becomes effective implementing Medicaid Trust, estate recovery and child support enforcement amendments required by OBRA 93, and an additional requirement for recipient cost sharing.
- Oct. 15, 1994 Regulations implementing recipient cost sharing for inpatient hospital, outpatient hospital, physician services and prescription drugs become effective.
- Oct. 15, 1994 Emergency regulations delaying the implementation of recipient cost sharing for prescription drugs until January 1, 1995 become effective.
- Dec. 31, 1994 Mental Health rehabilitation regulations become effective.
- Jan. 1, 1995 Recipient cost sharing for prescription drugs becomes effective.
- Jun 1, 1995 Point-of-sale processing for Pharmacy claims begins.
- Sep 28, 1995 Effective date of Federally Qualified Health Center (FQHC) services; a federally mandatory service.
- June 1996 Alaska Legislature passes Welfare Reform.
- June 20, 1996 HB 393 (CH. 83 SLA 96) passes the Legislature, directing the division to implement at least two managed care pilot projects by June 30, 1997.
- Aug. 1996 Congress passes Welfare Reform.
- Aug. 7, 1996 Maximum cap on nursing facility payment rates repealed after litigation.
- Oct. 1, 1996 The division implements school administration of the Medicaid State Plan through school-based claims implemented through time studies.

Dec. 27, 1996

Major revisions to hospital and nursing facility prospective payment system to re-base system and clarify processes.

Feb. 1, 1997

The Division implements the Resource Based Relative Value Scale (RBRVS) payment methodology for physicians and other providers who bill the division using physician procedure codes.

May 1, 1997

Adults with Physical Disabilities home and community based waiver administration moves from the Division of Mental Health and Developmental Disabilities to the Division of Senior Services.

May 1997

The division implements a Telephone Triage System in Fairbanks, Mat-Su and Kenai to assist Medicaid recipients in accessing medical care through a 24 hour, seven day a week nursing advice by phone. This is one of the managed care pilot projects.

June 1997

The division implements a voluntary care coordination program to manage the care of recipients with medically complex conditions. This program is contracted to the Professional Review Organization, West with nurse managers on-site in Anchorage. This is one of the case management pilot projects.

The division implements a Memorandum of Agreement with the Yukon Kuskokwim Health Corporation in Western Alaska as a continuing care provider for children eligible for EPSDT. Under the MOA, the corporation took over the administrative requirements for EPSDT of outreach, informing parents and tracking the care of children, assistance with making appointments and transportation arrangements. This is also a managed care pilot project.

July 1, 1997

Welfare Reform is implemented, separating the link between AFDC cash assistance and Medicaid. Medicaid is required to use AFDC financial standards for families applying for Medicaid coverage.

- Sept. 1997 The division contracts with First Mental Health to manage prior authorization of inpatient mental health services in response to FFY98 intent language.
- Oct. 1, 1997 Alaska's Federal Medical Assistance Percentage (FMAP) is increased for three years to 59.8% through efforts of the Congressional delegation.
- Oct. 15, 1997 The division restores emergency dental, speech therapy, occupational therapy, hearing services and vision services for adult Medicaid recipients in response to FY98 intent language.
- Oct. 27, 1997 In response to budget intent language in the FY98 budget to initiate provider audits, the division enters into a contract with Deloitte and Touche to conduct audits of Medicaid providers.
- Nov. 13, 1997 The division extends the TEFRA option for disabled children to seriously emotionally disturbed (SED) children under age 18.
- Nov 29, 1997 Maternity LOS changed to 48 hours/96 hours
- May 31, 1998 Federally mandated statewide limit on disproportionate share payments is effective.
- June 22, 1998 HB 353 (CH 119, SLA 119), adopting a number of documents used in the administration of the Medicaid Program, by reference. This allows the division to adopt items, such as medical billing codes, without annually adopting regulations for changes and amendments to these standards.
- June 25, 1998 HB 459 (CH 130, SLA 98) goes into effect, adding the new working disabled Medicaid option and coverage of direct entry midwives by moving them down the options list in AS 47.07.035.

- July 1, 1998 HB 369 (CH 140 SLA 98), expanding Medicaid coverage for children and pregnant women with incomes up to 200% of the federal poverty level, and establishing continuous eligibility for children, goes into effect.
- The division implements detailed claims submission with the tribal health care providers in Alaska.
- Jan. 1, 1999 The division implements six month continuous eligibility for children.
- Feb. 12, 1999 Regulations adding coverage of direct entry midwife services go into effect.
- March 1, 1999 Denali KidCare goes into effect, offering coverage of children and pregnant women with incomes up to 200% of the federal poverty level. Implementation includes a new streamlined application process, separate eligibility office, outreach component (required under federal law), and a new name denoting both Medicaid and SCHIP.
- April 1, 1999 Regulations go into effect to implement the working disabled option, which allows disabled persons to earn up to 250% of the federal poverty level and still receive Medicaid; this group pays a premium for Medicaid coverage based on income.
- Feb. 2000 The division initiates intergovernmental "Pro-Share" payments with public hospitals in Alaska under emergency regulations in response to legislative intent language under discussion in the budget process.
- April 1, 2000 Regulations improving access to therapeutic mental health services for children go into effect.
- Sept. 30, 2000 Federally mandated statewide limit on disproportionate share payments to institutions for mental disease.

- Oct. 1, 2000 Mental health regulations, improving accountability for mental health services, go into effect.
- Dec. 27, 2000 Congress passes the budget bill for FFY 01, which requires a reduction in the intergovernmental transfer program, and alters the Alaska FMAP formula with a 5% incremental factor.
- Jan. 1, 2001 A new hospital and nursing facility rate system, that determines a daily inpatient rate, goes into effect.

Summary: Health Insurance Status of Alaskans

Estimates of sources of private health insurance coverage and for all Alaskans and Alaskans with no health insurance (uninsured), (1997-99), and actual counts of Medicaid Recipients (FY'99) and Medicare Beneficiaries (1999) (in thousands).

INSURANCE/
ASKANS

ed

Summary: The number of Alaskans with private health insurance was estimated at 402,000. Of those with employment-based coverage, the number of Alaskans with coverage in their own name (the employee) was 175,000 while 187,000 had coverage as a dependent. An estimated 41,000 had individually-purchased private coverage. The total number of uninsured Alaskans was 116,000. The actual count of Alaskans with Medicaid coverage was 94,509 in FY'99. The actual count of Alaskans Medicare beneficiaries 39,000 in 1999.

Notes:

Warning: Readers should keep in mind that some Alaskans have multiple sources of coverage so that some of the categories of insurance/coverage in the table are not mutually exclusive. For example, roughly half of all Alaskan seniors eligible for the Medicare program also have some private supplemental health insurance plan.

**These estimates were generated from a three-year merged sample (1997, 1998, and 1999) of the most recently available March Current Population Survey data.*

***These are actual administrative counts of the Alaskans with Medicaid coverage in FY'99 and Medicare beneficiaries in 1999.*

For more information, contact Jay Livey at 465-3030.

Introduction

Estimates of the sources of health insurance/coverage of Americans are compiled by the Bureau of the Census through the March Current Population Survey (CPS). The survey covers a representative sample of about 60,000 households including around 150,000 people. While the CPS was originally designed for national analyses of the population, it is increasingly used for state-level analysis. In states such as Alaska, where a relatively small number of households are surveyed, the reliability of the state-level estimates can be improved by merging three years of CPS data and thereby, increasing the sample size. While nearly all states rely on the March CPS for estimates of the uninsured, the data have significant limitations. For example, when respondents answer the questions accurately, the CPS captures any type of coverage held for even part of a year, but only capture as uninsured those who were without insurance for the entire year. Further, it appears that respondents answer the insurance questions with respect to a point in time rather than in reference to the entire year. In addition, Medicaid coverage is likely underreported.

This paper contains estimates of the health care coverage status of Alaskans as generated from a three-year merged sample (1997, 1998, and 1999) of the most recently available March CPS data. Estimates of the population have been rounded to the nearest thousand; percentages are based on the actual estimates and have been rounded to the whole number.

Estimates

Table A presents estimates of the sources of private health insurance coverage for all Alaskans.

Table A. Estimates of sources of private health insurance coverage and for all Alaskans and Alaskans with No health insurance (uninsured), 1997-99 (in thousands).

<i>Sources of Private Health Insurance Coverage</i>	<i>1997-1999</i>	
	<i>Total</i>	<i>%</i>
Total Population	619	100%
Total Private	402	65%
Employment-based	361	58%
Own name	175	28%
Dependent	187	30%
Individually Purchased	41	7%
Total Uninsured	116	19%

The number of Alaskans with private health insurance was estimated at 402,000. Of those with employment-based coverage, the number of Alaskans with coverage in their own name (the employee) was 175,000 while 187,000 had coverage as a dependent. An estimated 41,000 had individually-purchased private coverage. The total number of uninsured Alaskans was 116,000.

Experts on the CPS have observed that the CPS estimates of persons with Medicaid coverage have historically been lower than administrative data on Medicaid eligibles. The actual count of Alaskans with Medicaid coverage was 94,509 in FY'99. The actual count of Alaskans Medicare beneficiaries 39,000 in 1999.¹

Table B presents estimates of the number of uninsured Alaskans by poverty status including Alaskans in families with incomes below 200 percent of the Federal Poverty Level (FPL) and Alaskans in families with incomes of 200 percent and above of the Federal Poverty Level as generated from the CPS sample.

Table B. Estimates of all uninsured Alaskans by poverty status, 1997-99 (in thousands).

Estimates of uninsured Alaskans	1997-1999	
	Total	%
Total uninsured population	116	100%
Total low-income uninsured population (under 200 % FPL)	54	46%
Total uninsured population with incomes 200% FPL and above	62	54%

More than 50 percent of all uninsured Alaskans are in families with incomes above 200 percent of the FPL.

Table C presents estimates of the number of Alaskan children 0 – 18 years of age and children with no health insurance as generated from the CPS sample.

Table C. Estimates of all uninsured Alaskan children, 1997-99 (in thousands).

Estimates of Alaskan children	1997-1999	
	Total	%
Total population (0-18 years)	218	100%
Total number of uninsured children	33	15%

Fifteen percent of Alaskan children are uninsured.

Table D presents estimates of the number of uninsured Alaskan children by poverty status including Alaskan children in families with incomes below 200 percent of the FPL and Alaskan

¹ American Association of Retired Persons Public Policy Institute. Reforming the Health Care System: State Profiles (for 1999). Washington, D.C.

children in families with incomes of 200 percent and above of the FPL as generated from the CPS sample.

Table D. Estimates of all uninsured Alaskan children by poverty status, 1997-99 (in thousands).

<i>Estimates of uninsured Alaskan children</i>	1997-1999	
	Total	%
Total uninsured children (0-18 years)	33	100%
Total low-income uninsured children (under 200% FPL)	19	57%
Total uninsured children in families with incomes 200% of FPL and above	14	43%

Note: The small differences between these estimates and those available on the U.S. Census Bureau's web site are due to minor differences in the methodologies used to calculate the estimates.

Fifty-seven percent of all uninsured Alaskan children were in families with incomes below 200 percent of the FPL.

Table E presents estimates of the number of uninsured Alaskan adults 19 years and older and adults with no health insurance as generated from the CPS sample.

Table E. Estimates of all uninsured adults, 1997-99 (in thousands).

<i>Estimates of uninsured Alaskan adults</i>	1997-1999	
	Total	%
Total adult population (19 years and older)	401	100%
Total uninsured adults	83	21%

Twenty-one percent of all Alaskan adults are uninsured.

Table F presents estimates of the number of uninsured Alaskan adults by poverty status including Alaskan adults in families with incomes below 200 percent of the Federal Poverty Level and Alaskan adults in families with incomes of 200 percent and above of the Federal Poverty Level as generated from the CPS sample.

Table F. Estimates of all uninsured adults by poverty status, 1997-99 (in thousands).

<i>Estimates of uninsured Alaskan adults</i>	1997-1999	
	Total	%
Total uninsured adults	83	100%
Total low-income adults (under 200% FPL)	35	42%
Total uninsured adults with incomes 200% FPL & above	48	58%

Fifty-eight percent of all uninsured Alaskan adults are in families with incomes above 200 percent of the FPL.

Table G presents estimates of the total number of uninsured Alaskans by the work status of the family head workers as generated from the CPS sample.

Table G. Estimates of all uninsured Alaskans by work status of the family head, 1997-99 (in thousands).

<i>Estimates of uninsured by work status of family head</i>	1997-1999	
	Total	%
Total uninsured population	116	100%
Full-time, full-year uninsured worker	63	54%
Part-time, full-year worker	10	8%
Full-year, some unemployment	20	17%
Part-year worker	12	11%
Nonworker	11	10%

Over half of all uninsured Alaskans are in families where the family head worked full time for the entire year. Only 10 percent of uninsured Alaskans were in families where the family head was unemployed.

Table H presents estimates of all Alaskans by work status of the family head, uninsured Alaskans by work status of the family head, and the percentage uninsured of Alaskans by work status of the family head as generated the CPS sample.

Table H. Estimates of the total number of Alaskans by work status of family head, total uninsured Alaskans by work status of family head, and the percentage of uninsured Alaskans by work status of the family head, 1997-99 (in thousands).

<i>Total AKs, total and % uninsured by work status of family head</i>	1997-1999		
	Total Aks by work status of family head	Total uninsured Aks by work status of family head	Percent un-insured
Total Population	619	116	19%
Full Time, Full Year	439	63	14%
Part Time, Full Year	31	10	31%
Full Year, SomeUn-employment	51	20	39%
Part Year Worker	42	12	29%
Nonworker	55	11	20%

Approximately 14 percent of Alaskans in families where the family head works full-time all year were uninsured. Over 30 percent of Alaskans in families where family head worked part-time for the entire year were uninsured, although this group included only 10,000 of the 116,000 uninsured Alaskans. Alaskans in families where the family head worked seasonally, either full-time for part of the year or part-time for part of the year, represented 32,000 uninsured Alaskans or 28 percent of all uninsured Alaskans.

Table I presents estimates uninsured Alaskan workers as generated from the CPS sample.

Table I. Estimates of uninsured Alaskan workers, ages 19-64, 1997-99 (in thousands).

<i>Estimates of uninsured Alaskan workers</i>	1997-1999	
	Total	%
Total workers	325	100%
Uninsured workers	70	21%

Twenty-one percent of Alaskan workers were uninsured.

Table J presents estimates uninsured Alaskan workers by industry sector as generated from the CPS sample.

Table J. Estimates of uninsured Alaskan workers by industry sectors, ages 19-64 1997-99 (in thousands)

<i>Estimates of uninsured Alaskan workers by industry sector</i>	1997-1999	
	Total	%
Total uninsured workers	70	100%
Self-employed	12	18%
Retail/wholesale	16	23%
Services (including FIRE)	16	23%
Government	11	16%
All others	15	22%

Uninsured workers were in all industries. Twenty-three percent of the uninsured workers in Alaska were in the Services (including the Finance, Insurance, and Real Estate or the so-called FIRE) sector. The Retail/Wholesale sector also had 23 percent of the state's uninsured workers.

Table K presents estimates of the total workers, the total uninsured workers, and the percentage of uninsured workers by industry sector as generated from CPS sample.

Table K. Estimates of the Alaskan workers and uninsured workers by industry sector, and the percentage of uninsured workers in each industry sector, Ages 19-64, 1997-99 (in thousands).

<i>Total workers, total and % uninsured workers by sector</i>	1997-1999		
	Total workers	Total un-insured workers	Percent un-insured
All sectors	325	70	21%
Self-employed	43	12	28%
Retail/Wholesale	53	16	30%
Services & FIRE	80	16	20%
Government	80	11	14%
All others	68	15	22%

Twenty-eight percent of all Self-Employed and 30 percent of all Retail/Wholewhole sector workers were uninsured.

Table L presents estimates of the number of uninsured Alaskan Workers by public sector, self-employed sector, and firm size as generated from the CPS sample.

Table L. Estimates of uninsured Alaskan workers by public sector, self-employed sector, and firm size, Ages 18-64, 1997-99 (in thousands).

<i>Estimates of uninsured workers by public sector, self-employed, and firm</i>	1997-1999	
	Total	%
Total Uninsured Workers	70	100%
Public sector	11	16%
Self-employed	12	18%
Under 10 workers	15	22%
10 to 24 workers	9	13%
25 to 99 workers	6	9%
100 to 999 workers	7	10%
1,000 workers and over	10	14%

Twenty-two percent of uninsured Alaskan workers were employed in the smallest businesses (under 10 workers).

Table M presents estimates of the number of total workers, uninsured workers, and percentage of uninsured workers by public sector, self-employed sector, and firm size as generated from the CPS sample.

Table M. Estimates of total workers, uninsured workers, and percentage of uninsured workers by public sector, private sector, and firm size, Ages 18-64, 1997-99 (in thousands).

<i>Estimates of total workers, uninsured workers, and percent of uninsured</i>	1997-1999		
	Total workers	Total Uninsured workers	Percent uninsured of total workers
All workers	325	70	21%
Public sector	80	11	14%
Self-employed	43	12	28%
Under 10 workers	43	15	36%
10 to 24 workers	30	9	29%
25 to 99 workers	31	6	20%
100 to 999 workers	36	7	19%
1,000 workers +	60	10	16%

Thirty-six percent of Alaskans that worked in the smallest businesses (under 10 workers) were uninsured and 29 percent of Alaskans that worked in slightly larger businesses (10 to 24 workers) were uninsured.

OVERVIEW

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1-13-01

**Alaska Department of Education & Early Development
Public School Funding Formula Review
FY90 - FY00**

- FY88 public school funding formula was revised to instructional unit method.
- FY93 the base of the public school funding formula increased 1.7% or approximately \$12 million.
- FY99 public school funding formula was revised to students per school method.
- FY99 the base of the public school funding program increased 3.3% or approximately \$21 million.
- From FY90 to FY00 enrollment increased 25% and the legislature fully funded the increase.
- From FY90 to FY00 inflation has increased approximately 30% but the public school funding program was increased 5% during this time.
- Property values and federal impact aid increased in FY01 and FY02 reducing the state share by \$29 million.
- Property values statewide should continue to increase 2% to 5% annually.
- From FY90 to FY00 municipalities have increased local contributions to education by 35% or \$98 million.

- Continuing Education

Ohio-\$1.8 million for 30 math and science teachers who commit to 3 years
in the district to obtain master's degrees

Many States and Districts-mentoring programs for new teachers

- Miscellaneous Goodies

Various States and Districts-laptop computers, gym memberships, 401Ks,
moving costs

"A tax exemption or signing bonuses may not be the right answer here. But
when states from New York to California are wading into a teacher bidding war,
Oregon had better offer something more than scenery" *Portland Oregonian*, May 2000

Examples of Teacher Incentives Offered in Other States

- **Increased Salaries**
 - Maryland-10%
 - Virginia-\$90 million over 2 years
 - New York City-15% increase for teachers in schools on academic watch list
 - Detroit-\$3000 for high-need subject areas
 - Los Angeles-\$5000 for bilingual

- **Scholarship-loan Programs**
 - Virginia-\$3000 forgivable loans
 - North Carolina-\$6500 annually, requiring 4 years of teaching after graduation (3 if they work in "low performance" schools)

- **Signing Bonuses**
 - Massachusetts-\$20,000 over 4 years for 150 teachers in urban areas
 - Virginia-\$1000 for hard-to-fill areas
 - Maryland-for top graduates
 - Texas-\$3000 for special education
 - Philadelphia-\$4500 for teachers who stay for 3 years

- **Tax Exemptions**
 - California-proposed exemption from state income tax for certificated teachers

- **Student Performance Bonuses**
 - California-proposed \$5000 bonus for each teacher in a school with student test score improvement of 20%; lesser amounts for lower improvement rates

- **Low Interest Home Mortgages**
 - Maryland
 - California-for teachers to live within school boundaries

- **Double Dipping**
 - Maryland-retired teachers who return to classroom can continue to draw pension

State of Alaska
Department of Education and Early Development
Average Age of School Facilities

YEAR	AGE
1990	19
1992	20
1994	22
1996	23
1998	24
2000	26

20 • Faculty

C-16. PERCENT CHANGE IN AVERAGE SALARIES OF PUBLIC SCHOOL TEACHERS, 1988-89 TO 1989-90

1. NEW HAMPSHIRE	8.6
2. CONNECTICUT	8.3
3. LOUISIANA	8.1
4. NORTH CAROLINA	8.1
5. NEW JERSEY	8.0
6. MARYLAND	8.0
7. MISSISSIPPI	7.9
8. MAINE	7.8
9. NEBRASKA	7.0
10. FLORIDA	6.8
11. VIRGINIA	6.8
12. PENNSYLVANIA	6.7
13. VERMONT	6.3
14. NEW YORK	6.2
15. SOUTH CAROLINA	6.2
16. NEVADA	6.1
17. MASSACHUSETTS	6.1
18. DELAWARE	5.7
19. TENNESSEE	5.6
UNITED STATES	5.4
20. KENTUCKY	5.4
21. RHODE ISLAND	5.3
22. ILLINOIS	5.3
23. OHIO	5.2
24. NEW MEXICO	5.1
25. CALIFORNIA	5.0
26. MINNESOTA	5.0
27. IDAHO	5.0
28. OREGON	4.9
29. KANSAS	4.8
30. MISSOURI	4.7
31. DIST. OF COL.	4.6
32. WASHINGTON	4.4
33. WEST VIRGINIA	4.3
34. HAWAII	4.1
35. COLORADO	4.1
36. INDIANA	4.0*
37. UTAH	3.9
38. IOWA	3.8
39. SOUTH DAKOTA	3.8
40. WISCONSIN	3.7
41. TEXAS	3.7
42. GEORGIA	3.6
43. NORTH DAKOTA	3.4
44. MICHIGAN	3.4*
45. ALASKA	3.4
46. ARIZONA	3.2
47. OKLAHOMA	3.1
48. ARKANSAS	2.9
49. MONTANA	2.7
50. WYOMING	1.8
51. ALABAMA	1.2
MEAN	5.4
MEDIAN	5.0
RANGE	7.4
SDEV.	0.7
CV	13.0

Computed from NEA Research, Estimates data bank.

*Data estimated by NEA.

C-17. ESTIMATED AVERAGE SALARIES OF INSTRUCTIONAL STAFF IN PUBLIC SCHOOLS, 1988-89 (REVISED)

1. ALASKA	842,813*
2. DIST. OF COL.	42,310
3. CONNECTICUT	38,708
4. MASSACHUSETTS	38,419
5. NEW YORK	38,100
6. CALIFORNIA	35,882
7. MICHIGAN	35,741*
8. RHODE ISLAND	35,364
9. MARYLAND	35,072
10. NEW JERSEY	34,627
11. DELAWARE	32,736
12. WISCONSIN	32,500
13. ILLINOIS	32,207
14. ARIZONA	31,985
15. HAWAII	31,945
16. MINNESOTA	31,750
17. PENNSYLVANIA	31,555
UNITED STATES	30,969
18. OHIO	30,934
19. OREGON	30,680
20. COLORADO	30,614
21. WASHINGTON	30,525
22. INDIANA	30,357
23. NEVADA	30,150
24. GEORGIA	29,752*
25. VIRGINIA	29,655
26. KANSAS	29,248
27. WYOMING	28,844
28. FLORIDA	28,697
29. MONTANA	28,415
30. TEXAS	27,565
31. NEW HAMPSHIRE	27,448*
32. VERMONT	27,265*
33. MISSOURI	27,020
34. NORTH CAROLINA	26,833
35. SOUTH CAROLINA	26,762
36. IOWA	26,590
37. TENNESSEE	26,512
38. ALABAMA	26,150
39. KENTUCKY	26,026
40. MAINE	25,779
41. NEBRASKA	25,335
42. NEW MEXICO	25,003
43. UTAH	23,955
44. IDAHO	23,640
45. MISSISSIPPI	23,297
46. OKLAHOMA	23,200
47. LOUISIANA	23,150
48. NORTH DAKOTA	22,994
49. WEST VIRGINIA	22,897
50. ARKANSAS	22,193
51. SOUTH DAKOTA	21,250
MEAN	30,959
MEDIAN	29,248
RANGE	21,568
SDEV.	7461.4
CV	24.1

NEA Research, Estimates data bank.

C-18. ESTIMATED AVERAGE SALARIES OF INSTRUCTIONAL STAFF AS PERCENT OF NATIONAL AVERAGE, 1988-89 (REVISED)

1. ALASKA	138.3*
2. DIST. OF COL.	136.6
3. CONNECTICUT	125.0
4. MASSACHUSETTS	124.1
5. NEW YORK	123.0
6. CALIFORNIA	115.9
7. MICHIGAN	115.4*
8. RHODE ISLAND	114.8
9. MARYLAND	113.2
10. NEW JERSEY	111.8
11. DELAWARE	105.7
12. WISCONSIN	104.9
13. ILLINOIS	104.0
14. ARIZONA	103.3
15. HAWAII	103.2
16. MINNESOTA	102.5
17. PENNSYLVANIA	101.9
UNITED STATES	100.0
18. OHIO	99.9
19. OREGON	99.1
20. COLORADO	98.9
21. WASHINGTON	98.6
22. INDIANA	98.0
23. NEVADA	97.4
24. GEORGIA	96.1*
25. VIRGINIA	95.8
26. KANSAS	94.4
27. WYOMING	93.1
28. FLORIDA	92.7
29. MONTANA	91.8
30. TEXAS	89.0
31. NEW HAMPSHIRE	88.6*
32. VERMONT	88.0*
33. MISSOURI	87.2
34. NORTH CAROLINA	86.6
35. SOUTH CAROLINA	86.4
36. IOWA	85.9
37. TENNESSEE	85.6
38. ALABAMA	84.4
39. KENTUCKY	84.0
40. MAINE	83.2
41. NEBRASKA	81.8
42. NEW MEXICO	80.7
43. UTAH	77.4
44. IDAHO	76.3
45. MISSISSIPPI	75.2
46. OKLAHOMA	74.9
47. LOUISIANA	74.8
48. NORTH DAKOTA	74.2
49. WEST VIRGINIA	73.9
50. ARKANSAS	71.7
51. SOUTH DAKOTA	68.6
MEAN	100.0
MEDIAN	94.4
RANGE	69.7
SDEV.	24.1
CV	24.1

Computed from NEA Research, Estimates data bank.

SUMMARY TABLE G. ESTIMATED AVERAGE ANNUAL SALARIES OF TOTAL INSTRUCTIONAL STAFF AND OF CLASSROOM TEACHERS

REGION AND STATE	1998-99 (REVISED) AVERAGE SALARY FOR CLASSROOM TEACHERS				1999-2000 AVERAGE SALARY FOR CLASSROOM TEACHERS				% CHANGE OVER	
	INSTRUC- TIONAL STAFF	ELEMENTARY	SECONDARY	ALL TEACHERS	INSTRUC- TIONAL STAFF	ELEMENTARY	SECONDARY	ALL TEACHERS	1998-99 (CURRENT \$)	1989-90 (CONSTANT \$)
	2	3	4	5	6	7	8	9	10	11
50 STATES AND D.C.	42,459	40,293	41,155	40,582	43,460	41,310	42,212	41,575	2.45	6.9
NEW ENGLAND	51,454	45,333	45,321	45,044	52,588	46,341	46,370	46,065	2.27	6.9
CONNECTICUT	53,429	52,386	54,594	51,584	54,400	53,300	55,600	52,500	1.78	4.6
MAINE	36,125	34,576	35,650	34,906	36,903	35,294	36,390	35,631	2.08	6.9
MASSACHUSETTS	56,829	44,877	44,877	45,075	58,053	45,924	45,924	46,127	2.33	7.2
NEW HAMPSHIRE	45,187	37,405	37,405	37,405	46,161	38,162	38,162	38,162	2.02	6.2
RHODE ISLAND	51,689	50,262	50,396	50,322	52,803	52,166	52,305	52,228	3.79	16.8
VERMONT	37,081	37,496	36,062	36,800	37,880	38,014	36,560	37,308	1.38	3.7
MID EAST	50,223	48,056	49,755	48,704	51,410	49,173	50,979	49,636	1.91	9.4
DELAWARE	44,916	43,026	43,330	43,164	45,884	43,920	44,230	44,061	2.08	6.5
DISTRICT OF COLUMBIA	42,974	47,640	46,404	47,150	43,900	48,630	47,368	48,130	2.08	1.1
MARYLAND	44,873	41,620	43,592	42,526	45,840	42,405	44,414	43,328	1.89	-3.8
NEW JERSEY	54,342	50,088	53,079	51,193	55,513	51,048	54,096	52,174	1.92	17.9
NEW YORK	50,300	48,785	50,744	49,437	51,384	49,511	51,499	50,173	1.49	3.9
PENNSYLVANIA	49,566	48,157	48,781	48,457	51,086	50,338	51,212	49,765	2.70	20.4
SOUTH EAST	37,065	35,434	36,422	35,817	38,046	36,551	37,541	36,936	3.12	9.3
ALABAMA	36,740	35,820	35,820	35,820	37,532	36,564	36,564	36,564	2.08	18.8
ARKANSAS	32,879	31,445	33,220	32,350	33,587	32,199	34,017	33,126	2.40	19.5
FLORIDA	37,048	35,916	35,916	35,916	37,846	36,662	36,662	36,662	2.08	2.6
GEORGIA	41,591	39,076	40,532	39,675	42,487	40,703	42,220	41,327	4.16	19.0
KENTUCKY	37,251	35,076	36,580	35,526	38,054	35,846	37,383	36,306	2.20	11.4
LOUISIANA	33,943	32,510	32,510	32,510	34,674	33,186	33,186	33,186	2.08	10.1
MISSISSIPPI	30,743	29,129	30,056	29,530	31,405	29,735	30,681	30,144	2.08	0.1
NORTH CAROLINA	37,279	35,919	36,399	36,098	39,590	38,146	38,657	38,336	6.20	10.9
SOUTH CAROLINA	36,217	34,240	35,110	34,506	36,997	35,915	36,828	36,194	4.89	7.2
TENNESSEE	37,491	36,109	37,545	36,500	38,299	36,998	38,470	37,399	2.46	11.5
VIRGINIA	38,265	36,255	39,426	37,475	39,089	37,067	40,309	38,314	2.24	-0.1
WEST VIRGINIA	35,451	33,961	34,842	34,244	36,215	34,667	35,566	34,956	2.08	23.4
GREAT LAKES	45,014	43,169	45,014	43,634	46,151	44,364	46,279	44,850	2.79	9.9
ILLINOIS	47,312	43,655	50,140	45,569	48,331	44,893	51,562	46,861	2.84	15.2
INDIANA	42,501	41,328	40,997	41,163	43,417	42,262	41,923	42,093	2.26	9.9
MICHIGAN	48,207	48,207	48,207	48,207	49,246	49,209	49,209	49,209	2.08	7.0
OHIO	41,986	40,184	41,335	40,566	43,600	41,800	43,000	42,200	4.03	9.0
WISCONSIN	43,507	40,423	44,161	40,657	44,444	41,263	45,079	41,502	2.08	4.9
PLAINS	37,385	35,326	36,074	35,687	38,155	36,150	36,923	36,523	2.34	5.1
IOWA	36,209	34,143	35,588	34,927	36,989	34,988	36,468	35,791	2.47	7.9
KANSAS	39,690	37,405	37,405	37,405	40,340	38,527	38,527	38,527	3.00	8.1
MINNESOTA	40,707	39,816	39,092	39,458	41,584	40,643	39,904	40,278	2.08	0.9
MISSOURI	36,512	34,208	35,293	34,746	37,299	35,014	36,125	35,565	2.36	5.9
NEBRASKA	36,571	32,880	32,880	32,880	37,359	33,473	33,473	33,473	1.67	5.8
NORTH DAKOTA	29,215	29,199	28,571	28,976	29,844	29,838	29,196	29,610	2.19	3.7
SOUTH DAKOTA	29,387	28,610	28,422	28,552	30,020	29,204	29,012	29,145	2.08	10.3
SOUTH WEST	37,367	33,984	35,042	34,462	38,208	34,799	35,949	35,314	2.47	5.1
ARIZONA	45,785	35,025	35,025	35,025	46,771	35,650	35,650	35,650	1.78	-2.2
NEW MEXICO	33,714	32,242	32,786	32,398	34,810	32,724	33,774	32,937	1.66	7.3
OKLAHOMA	32,783	30,969	31,343	31,149	33,489	31,612	31,994	31,796	2.08	11.1
TEXAS	36,999	34,388	35,703	35,041	37,796	35,303	36,653	35,973	2.66	5.5
ROCKY MOUNTAINS	36,123	34,912	35,358	35,125	37,139	35,759	36,220	35,980	2.43	6.6
COLORADO	39,421	37,901	38,150	38,025	40,270	38,700	38,955	38,827	2.11	1.8
IDAHO	35,643	34,167	33,954	34,063	37,055	35,520	35,299	35,412	3.96	19.7
MONTANA	30,034	30,979	32,150	31,356	31,551	31,623	32,819	32,008	2.08	2.9
UTAH	33,982	33,007	32,887	32,950	34,714	33,693	33,571	33,635	2.08	14.5
WYOMING	34,683	33,714	33,302	33,500	35,633	34,500	34,100	34,300	2.39	-1.7
FAR WEST	45,113	43,632	44,457	43,905	46,113	44,549	45,406	44,830	2.11	0.2
ALASKA	48,085	46,845	46,845	46,845	49,121	47,262	47,262	47,262	0.89	-11.7
CALIFORNIA	46,593	44,763	47,262	45,400	47,597	45,694	48,245	46,344	2.08	-1.6
HAWAII	41,547	39,871	39,871	40,377	42,442	40,699	40,699	41,216	2.08	3.7
NEVADA	41,007	38,552	39,338	38,883	41,891	39,353	40,155	39,691	2.08	4.6
OREGON	43,142	42,496	42,805	42,833	44,072	43,379	43,694	43,723	2.08	14.3
WASHINGTON	40,596	38,723	38,651	38,692	41,471	39,528	39,454	39,496	2.08	4.6

22. Students with disabilities must be involved in all district and state wide educational assessments such as CAT testing and Benchmarks. This has increased costs for IEP meetings to make determinations and provision of appropriate accommodations.
23. Costs for Extended School Year has escalated dramatically in past years by at least 200% as the definition for qualification for ESY has been extended by the Federal Law. Transportation and provision of related services is especially expensive for this summer program.
24. Extended school day must be considered and provided if student qualifies via the IEP team. this is especially utilized in the preschool and kindergarten program where some students need access to a full day program.
25. Provision of special education services in Headstart programs is now required at district expense.
26. The least restrictive environment clause and opportunity to be with non-disabled peers has resulted in increased costs for itinerant special education staff providing training and services to preschool students with disabilities in private preschools.
27. Increased costs for recruitment and training of special education staff. Required TA training offered on Saturdays. Recruitment teams sent out of state to recruit teachers and the need for recruitment bonuses for new staff.

required to provide. As an example; the district, at a cost of \$8000 each, may have to purchase a computerized speech system, Dynavox, that is used to assist students in basic communication. The student must also have the assistive technology available to them both at school and at home thereby having the district purchase two. Some of the Dynavoxes at home have been broken and must be replaced by the district.

12. The district may have to provide recreational therapy and / or social services for students with disabilities if required by the IEP team in order for the child to receive educational benefit. There is a large amount of parent counseling and training that is now required also.
13. More paperwork and meeting requirements are now included in the IEP and in dealing with evaluations and assessments. IEP meetings with parents have gone from 1 meeting to 3 meetings per year, requiring all ASD members of the team to be present.
14. Increased numbers of health services staff due to the requirement for medical intervention. Districts must provide the level of health services up to what a doctor would be needed to provide.
15. Additional disabilities were classified for certification for special education over the last 13 years. In 1990 Other Health Impaired, Autism, and Traumatic Brain Injury were added. The district has experienced a significant increase in the number of students served. Attention deficit disorder is an area where special education gets involved and does the evaluations, holds the parent meetings, hears the complaints, and provides the specialized programs, however the state does not include them in the special education ADM counts. ASD currently has 200-300 students with this disorder. Students may qualify for special education as Other Health Impaired or a 504 plan. We have experienced a significant increase in students certified as Emotionally Disturbed. In 1987 we had 271 enrolled, while we had 698 students in 1999. Autism was added as an area of disability in 1990, the district has gone from 0 to 115 currently served. While the total numbers may seem small each student receives substantial specialized supports and services from the district.
16. There has been an increase in the number of students who are sent out of state for special education placement at the request of parents or DFYS. The district has to pick up the educational expenditure for each child if the placement is required for the student to receive educational benefit according to the IEP team decision..
17. There has been an increase in the district's litigation expenditures from parents who want specific teaching methodology and services provided to their child in which the district disagrees.
18. The district is required to prepare a functional behavioral assessment for a student's behavior that interferes with their education. A Positive Behavioral Intervention Plan must then be prepared which requires 3 to 4 teachers to spend 3 to 4 hours preparing. This has created many more meetings requiring more of the teachers and psychologists time.
19. IDEA 97 has extended the age required for student transition plans to age 14. As a result of the audit in 1996 the district is now required to provide a more extensive plan involving a variety of stakeholders. This has increased the number of vocational education teachers and has resulted in the increase in expenditures for the district's middle school, high school and ACE / ACT programs. The district must also coordinate with other outside agencies to assist the student upon leaving the educational system.
20. Increased protections and due process rights for parents and students with disabilities, active involvement in all IEP team decisions to include initial referral for evaluation to all discipline meetings such as a manifestation determination. This has increased staff expenditures for IEP team meetings as school teams attempt to have meetings at times convenient for working parents and difficult schedules.
21. Increased requests for independent educational evaluations from parents. This is a right of a parent to obtain at full cost to the district (approximately \$600-\$1200 per evaluation) if the parent disagrees with a district evaluation.

DECISIONS AT THE STATE AND FEDERAL LEVEL THAT HAVE IMPACTED SPECIAL EDUCATION PRACTICE AND FINANCIAL EXPENDITURES FOR THE ASD SINCE 1987

Special education in the Anchorage School District has experienced many new mandated requirements, technological improvements assisting those with medical needs, and student enrollment increases since 1987. The Individuals with Disabilities Education Act (IDEA) was reauthorized in 1990 and 1997, in 1994 (OSEP) and the 9th Circuit Court supported inclusionary practice recommendations, and the state had a federal compliance audit in 1996. Each of these events put additional obligations and requirements on ASD that have increased our expenditures in the provision special education supports and services. Summarized below are the major changes in the special education program over the last 13 years. (not in order)

1. ASD must provide counseling to students certified for special education if required as part of the student's IEP.
2. ASD must provide mobility training to students certified for special education if needed as part of the IEP.
3. In 1993 the policies and practices for the provision of students with disabilities in the least restrictive environment with a focus on the regular education class was re-emphasized. This has required the IEP team to first consider the neighborhood school for students with disabilities. The landmark case heard before the 9th Circuit in 1994-Rachel Holland vs. Sacramento School District set the floor. This has increased the number of teacher assistants, health service providers, related services staff, and special education training to all the regular education teachers.
4. The IEP meetings must include a regular education teacher. Many more substitute teachers are needed to provide classroom coverage. Staff is paid an addenda if they must stay after working hours for an IEP.
5. There is a requirement to provide special education services to students with disabilities beginning at age 3.
6. There are more partnership requirements with charter and private schools requiring more administrative and personnel time. Students with disabilities are entitled to special education services if they attend either charter or private schools.
7. New medical improvements require the district to provide both the equipment and training.
8. A Manifestation Determination meeting is required when a special education student is suspended from school for more than 10 days within a school year. The IEP team must meet and determine if the student's disability impacted their behavior and if the district was providing the appropriate supports and services for the student as designated on the IEP.
9. Students, certified for special education, not in school must receive their special education supports and services as designated on the IEP. New alternative programs for students who are expelled or on long term suspension had to be created. Students, up to age 22, who are certified for special education when last attending public schools but now reside in correctional facilities must receive special education.
10. Due to medical advances and technology more children with severe disabilities survive infancy and are attending public schools. This has lead to an increased number of students with more significant disabilities and the need for more teachers and specialists. Educational services are provided in a variety of locations to include home, hospital or school.
11. Assistive technology may be required for a student with disabilities to receive educational benefit. This may require specialized and expensive equipment and extensive training for staff and parents. This district has experienced a large increase in this area due to the new medical and learning technology that has recently become available and which the district is

grown to 19 students from six countries. These students spoke three languages - Spanish, Russian, and Lingala. Movement toward greater diversity had begun.

In the fall semester of 1998, the Newcomer Center served 24 students from 13 different countries; these newcomers spoke seven different languages - Spanish, Russian, Tagalog, Korean, Polish, Chichewa, and Wolof. Presently, in the spring of 1999, Newcomer Center enrollment has grown to 27 students from 14 countries. Chinese brings the current language total to eight.

All together, over the course of the past four semesters, 53 different students have attended the Newcomer Center, 22 in 1997-98 and 34 in 1998-99 (including three from 1997-98 who attended for a second semester). Twenty-nine attended for two semesters and 24 attended for one semester; approximately 10 of the latter group may remain in the program in the fall of 1999.

Another interesting trend parallels this increase in number and diversity. There is a steady decline in enrollees' ability to read English, as measured by the IPT - Reading assessment. At the same time, more recently enrolled newcomers lack functional literacy in their first language. In the fall of 1997, all entered with some degree of first language literacy. In the spring of 1998, three students possessed only minimal literacy in their first language. Eight students served during the 1998-99 school year could not read in their first language. This finding is particularly disturbing since first language literacy is an important indicator of academic success in English. Learning to read for the first time in a second language has proven to be especially difficult.

These demographics reveal a noticeable need for intensive English language instruction for recently immigrated, non-English-speakers in the Anchorage School District. Over the past four semesters, students served by the Newcomer Center have grown steadily in number, in linguistic complexity, and in cultural and ethnic diversity. Unfortunately, the prior academic preparation of the student group as a whole shows a decline. These factors combine to dramatically increase the difficulty of an already daunting instructional challenge.

Are there trends relative to the increase in budget?

The Bilingual Education Program has been in existence in the ASD since the 1977-78 school year. Beginning with a program serving 361 students in grades K-12. The program has grown to serving approximately 12.5 times the number of students originally served. The most recent count, September 2000, confirms 3035 students in grades K-6, and 1816 students in grades 7-12.

During the 1987-88 school-term a total of 2,265 students were served in grades K-12. These students spoke a total of 55 different languages. Student demographics have changed tremendously since that time. With the increased number of students has come an increase in the number of languages spoken by students. That number as of last year was 87 different languages. Since the 1994-95 school-term ASD has experienced an increase in the number of students from war-torn countries which include students who have been orphaned or were refugees. Students speaking 7 different languages made a dramatic increase as depicted in the chart below:

Year	Serbo-Croatian	Mien	Hmong	Lao	Albanian	Russian	Total # of Languages
94/95	13	41	0	188	50	72	71
95/96	12	75	0	199	53	87	84
97/98	17	119	0	306	52	89	86
98/99	18	169	95	345	58	95	87
99/00	18	166	170	346	76	113	87

Bilingual/ESL education is organized conceptually to view the student holistically and to help students clarify options compatible with their individual goals. The evolving academic, social, and linguistic needs and potential of each student must be understood, assessed, and addressed. The program supports the English language development of students and promotes the timely acquisition of content by building on students' prior knowledge and experiences through strategic use of native languages and the learners' evolving proficiency in English.

In order to provide a program to meet the growing needs of the students it has been necessary to also increase the number of staff working with students.

Year	Learning Centers	Elementary Teachers	Tutors	Secondary Teachers	Counselors
94/95	7	7	66	10	0
95/96	7	7	76	14	0
97/98	12	10	90	16	2
98/99	11	10	98	23.8	3.7
99/00	14	12.5	102	34	4.7

Changing Student Population

The Newcomer Center opened in September of 1997 with eleven newly immigrated, non-English-speaking students. All were Spanish-speakers from only three different countries. A relatively homogenous class resulted. By January of 1998, the group had

**ANCHORAGE SCHOOL DISTRICT
BILINGUAL/MULTICULTURAL EDUCATION PROGRAMS**

MEMORANDUM

October 4, 2000

TO: Alden Thern
FROM: Maxine Hill, Supervisor
Bilingual/Multicultural Education Programs
SUBJECT: BILINGUAL EDUCATION PROGRAM

Since 1987-88 have there been any mandates with regards to Bilingual?

Since 1987-88 there have been changes in the regulations, Alaska Education Regulations Chapter 34, which govern the provision of bilingual education in the State of Alaska. The purpose as stated in 4 AAC 34.10 is to meet the needs of students of limited English-speaking ability by providing educational opportunity to identified students through the establishment of bilingual education programs. Reauthorization of the regulations occurred during the 1998-99 school term. The reauthorization brought about many changes.

Each school district that enrolls limited-English-proficient (LEP) pupils is responsible for taking appropriate steps to develop their English-language skills and to provide them meaningful participation in the school district's academic program consistent with applicable state and federal standards (4 AAC 34.055). Meaningful participation is defined in Title VI of the Civil Rights Act of 1964 as equal educational opportunities. In assessing compliance with Title VI a twofold standard applies: (1) English language development; and (2) meaningful participation of LEP students in the district's educational program. "There is no equity of treatment merely by providing students with the same facilities, textbooks, teachers, and curriculum; for students who do not understand English are effectively foreclosed from any meaningful education." Lau v. Nichols

The District has an obligation under Title VI to implement a program of services designed to provide LEP students with equal educational opportunities. The District is expected to effectively implement the educational approach that they have adopted and are expected to provide the necessary resources to implement the program.

What expenses have been incurred because of the new regulations?

The change, which impacts ASD most, focuses on assessment and identification of limited-English-proficient students. Prior to the 1999-2000 school-term the District was responsible for identification and assessment of language dominance for the purpose of categorizing students in one of the five Lau categories. In this process only one instrument was used to assess oral language proficiency. Since the new regulations were adopted in the 1999-2000 school-term the assessment procedure mandates measuring English-language proficiency with respect to each student's ability to speak, read, write, and comprehend English. This has necessitated increased costs to select and purchase the appropriate and necessary assessment instruments; orient and train qualified staff to administer the assessment instruments and evaluate the results.

ANCHORAGE SCHOOL DISTRICT SUMMARY FOR STATE DOE PROJECT

Description of Item	Starting		Actual			Actual/3/Budgeted		
	Fiscal Year	Amount	Ending Fiscal Year	Amount	Percentage Change	Ending Fiscal Year	Amount	Percentage Change
State Foundation Calculations (per ADM) [1]								
State Foundation Basic Need	87/88	4,824.76	99/00	5,409.02	12.11%	00/01	0	-100.00%
State Foundation Aid	87/88	3,149.10	99/00	4,122.87	30.92%	00/01	0	-100.00%
State Supplemental Budgetary Expenditures (per ADM)								
Instruction (Reg., VocEd., Gifted, Bilingual)	87/88	2,449.55	99/00	3,153.58	28.74%	00/01	3,389.16	38.36%
Special education instruction (Instruction, Support)	87/88	589.26	99/00	972.34	65.01%	00/01	1,037.42	76.05%
Pupil support (Students, Instruction)	87/88	292.76	99/00	490.14	67.42%	00/01	508.50	73.69%
School administration	87/88	364.39	99/00	413.27	13.41%	00/01	417.95	14.70%
District administration (Admin., Support)	87/88	364.78	99/00	296.98	-18.59%	00/01	271.85	-25.48%
Operation and maintenance of plant	87/88	797.53	99/00	933.39	17.04%	00/01	915.26	14.76%
Community service	87/88	5.03	99/00	7.83	55.61%	00/01	7.78	54.45%
Debt service	87/88	-	99/00	0.78	#DIV/0!	00/01	-	#DIV/0!
Pupil activity (Student Activities)	87/88	53.75	99/00	54.66	1.70%	00/01	56.92	5.89%
Total expenditures	87/88	4,917.06	99/00	6,322.99	28.59%	00/01	6,804.82	34.32%
CAFR GAAP Expenditures, 00/01 based on Budgetary Expenditures (per ADM)								
Personnel Services	87/88	3,567.67	99/00	4,501.79	26.18%	00/01	4,690.51	31.47%
Employee Benefits	87/88	883.94	99/00	1,166.46	31.96%	00/01	1,235.80	39.81%
Purchased Services	87/88	455.06	99/00	769.31	69.06%	00/01	718.84	57.97%
Supplies and Materials	87/88	169.79	99/00	258.11	52.02%	00/01	228.43	34.54%
Capital Outlay	87/88	36.64	99/00	102.70	180.28%	00/01	50.33	37.35%
Other Expenses	87/88	40.72	99/00	37.92	-6.89%	00/01	31.10	-23.63%
Total	87/88	5,153.82	99/00	6,836.29	32.65%	00/01	6,955.02	34.95%
Purchased Supplies								
6th Grade English Textbook	92/93	\$ 22.44	00/01	\$ 35.88	59.89%			
Xerographic Paper, white 8.5 x 11	92/93	18.30	00/01	21.30	16.39%			
Paper, newsprint ruled, grades 1-2	92/93	3.91	00/01	5.66	44.76%			
Students & Buildings								
ADM K-12 & Special Ed.	87/88	38,734.41	99/00	48,157.22	24.33%	00/01	48,576.00	25.41%
Bilingual/Bicultural ADM Category A (Non-English)	87/88	560.50	99/00	911.00	62.53%			
Bilingual/Bicultural ADM Category B (Mostly Non-English)	87/88	280.50	99/00	2,319.00	726.74%			
Bilingual/Bicultural ADM Category C (Bilingual)	87/88	177.00	99/00	544.00	207.34%			
Bilingual/Bicultural ADM Category D (Mostly English)	87/88	271.00	99/00	457.00	68.63%			
Bilingual/Bicultural ADM Category E (English/slight foreign)	87/88	349.50	99/00	115.00	-67.10%			
Total Bilingual ADM	87/88	1,638.50	99/00	4,346.00	165.24%	00/01	5,003.00	205.34%
Special Education ADM Gifted	87/88	1,445.00	99/00	1,874.00	29.42%	00/01	2,109.00	45.65%
Special Education ADM Resources	87/88	2,809.00	99/00	5,422.00	93.02%	00/01	5,242.00	86.61%
Special Education ADM Self-Contained	87/88	1,060.00	99/00	1,037.00	-2.17%	00/01	1,243.00	17.26%
Special Education ADM Intensive	87/88	415.00	99/00	734.00	76.87%	00/01	780.00	87.95%
Total Special Education ADM	87/88	5,732.00	99/00	9,067.00	58.18%	00/01	9,374.00	63.54%
Special Ed - Intensive + Bilingual ADM	87/88	6,955.50	99/00	12,679.00	82.29%	00/01	13,597.00	95.49%
# of School Buildings	87/88	72.00	99/00	87.00	20.83%			
Salary History								
Average Budgeted Teacher's Salary	87/88	40,693.00	00/01	48,748.00	19.79%			
Teachers - Low	87/88	23,863.00	00/01	32,600.00	36.61%			
Teachers - High	87/88	51,245.00	00/01	62,766.00	22.48%			
Bus Driver - Low	87/88	9.60	00/01	11.68	21.67%			
Bus Driver - High	87/88	11.50	00/01	15.88	38.09%			
Bus Attendant - Low	87/88	7.30	00/01	8.73	19.59%			
Bus Attendant - High	87/88	9.00	00/01	13.28	47.56%			
Totem - Low	87/88	7.25	00/01	10.90	50.34%			
Totem - High	87/88	11.00	00/01	17.73	61.18%			
Custodian - Low	87/88	8.00	00/01	8.99	12.38%			
Custodian - High	87/88	14.56	00/01	16.20	11.26%			
Maintenance - Low	87/88	12.38	00/01	16.20	30.86%			
Maintenance - High	87/88	18.13	00/01	23.75	31.00%			
Principal - Low	87/88	52,165.00	00/01	62,830.00	20.44%			
Principal - High	87/88	71,470.00	00/01	90,584.00	26.74%			
ACE - Low	89/90	113.00	00/01	125.90	11.42%			
ACE - High	89/90	292.68	00/01	377.51	28.98%			
Major Medical Insurance (per eligible employee)								
Total Cost	87/88	2,429.40	00/01	7,144.80	194.10%			
District Contribution	87/88	2,384.00	00/01	5,121.50	114.83%			
Utilities (per sq. foot)								
Heat for Buildings [2]	88/89	0.36	99/00	0.27	-22.81%	00/01	0.27	-22.86%
Water and Sewer	88/89	0.07	99/00	0.08	15.29%	00/01	0.07	2.84%
Electricity	88/89	0.76	99/00	0.93	21.22%	00/01	0.94	22.95%
Refuse	88/89	0.09	99/00	0.10	13.42%	00/01	0.09	3.89%

[1] Includes full FTE funding for Family Partnership Charter School in 1999-2000 which is not permanent.

[2] Contract with Aurora Gas gave ASD a 10.9% discount starting 7/1/98. It expires 6/30/01, we have been informed to expect a price increase.

[3] Numbers based on 2000-2001 actuals.



**Anchorage
School
District**

4600 DeBarr Road
R O. Box 196614
Anchorage, Alaska 99519-6614
(907) 742-4000

SCHOOL BOARD

Peggy Robinson
President

Dave Werdal
Vice President

Bettye Davis
Clerk

Rita J. Holthouse
Treasurer

Tom Anderson

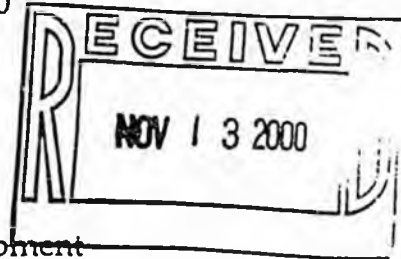
Harriet A. Drummond

Debbie Ossiander

**ACTING
SUPERINTENDENT**

Carol Comeau

November 9, 2000



Mr. Eddy Jeans
School Finance Manager
Alaska Department of Education and Early Development
801 West 10th Street, Suite 200
Juneau, AK 99801-1894

Dear Eddy:

The Anchorage School District appreciates being asked to participate in the Department's effort to provide information to the Legislature regarding educational adequacy. The Educational Adequacy Retreat brought together urban and rural communities, school districts and interested parties to identify common interest and concerns regarding educating the students of Alaska.

Pursuant to your request, we are enclosing comparative information about the Anchorage School District for FY 1987-88 and the current year. For certain items, if information was not available for those particular years, then we have so indicated and provided information closest to that date.

We hope that the statistical/cost comparisons and narrative information relative to special needs mandates will help support the need for additional funding. This information along with all of the other mandates that have been imposed on the districts have resulted in increased per student costs.

If you have any questions or we can be of further assistance, please contact me at 742-4369.

Sincerely yours,

Janet Stokesbary
Chief Financial Officer

Enclosures

cc Carol Comeau, Superintendent (Acting)

APPENDIX B

Educational Adequacy Retreat Participants

Patricia Phillips
City of Pelican
P.O. Box 737
Pelican, AK 99832

Rich Kronberg
NEA-Alaska
1870 S. Bragaw, Suite 100
Anchorage, AK 99508

Bob Coghill, Board Member
Fairbanks North Star Borough SD
160 City Lights Boulevard
Fairbanks, AK 99712

John Davis, Superintendent
Bering Strait School District
P.O. Box 225
Unalakleet, AK 99684

Janice Loudon, President
Alaska Parent Teacher Association
P.O. Box 201496
Anchorage, AK 99520-1496

Kerry Jarrell, Business Manager
Bering Strait School District
P.O. Box 225
Unalakleet, AK 99684

Willie P. Thomas, Mayor
City of Buckland
P.O. Box 49
Buckland, AK 99727

Thomas Boedeker, City Manager
City of Soldotna
177 North Birch Street
Soldotna, AK 99669

Melvin Otton
P.O. Box 53043
Koyuk, AK 99753

Pat Abney
Municipality of Anchorage
P.O. Box 196650
Anchorage, AK 99519-6650

Bob Christal, Superintendent
Anchorage Schools
P.O. Box 196614
Anchorage, AK 99519-6614

Larry "Woody" Wilson, Superintendent
Wrangell Public Schools
P.O. Box 2319
Wrangell, AK 99929

Educational Adequacy Retreat Participants

Jerry Covey
2070 Courage Circle
Anchorage, AK 99507

Eddy Jeans, School Finance Manger
Department of Education & Early
Development
Educational Support Services
108 West 10th Street, Suite 200
Juneau, AK 99801-1894

Sara Jansen, Assembly Member
Mat-Su Borough
350 East Dahlia Avenue
Palmer, AK 99645

Jim Paul
P.O. Box 3014
Anderson, AK 99744

Deb Germano
P.O. Box 1511
Homer, AK 99603

Donna Peterson, Superintendent
Kenai Peninsula Borough School
148 N. Binkley Street
Soldotna, AK 99669

Les Daenzer, Director
Instructional Programs
Lower Kuskokwim Schools
P.O. Box 305
Bethel, AK 99559-0305

Janell R. Privett, Board President
Wrangell Public Schools
P.O. Box 2319
Wrangell, AK 99929

Carl Rose, Executive Director
Association of Alaska School Boards
316 W. 11th Street
Juneau, AK 99801-1510

Jeanne Bradner
NEA - Alaska
3037 South Circle
Anchorage, AK 99507

Paula Pawlowski, Board Member
3300 Balchen Drive
Anchorage, AK 99517

Julie Krafft
Alaska Municipal League
217 Second Street
Juneau, AK 99801

Carolyn Floyd, Mayor
City of Kodiak
P.O. Box 1397
Kodiak, AK 99615

Rosemary Hagevig
P.O. Box 240423
Douglas, AK 99824

Marie Wheeler, Finance Officer
Southwest School District
P.O. Box 90
Dillingham, AK 99576

Mike Fisher, Assistant Superintendent
Fairbanks North Star Borough SD
520 Fifth Avenue
Fairbanks, AK 99701

Dave Jones, Director of Finance
Kodiak Island Borough School District
722 Mill Bay Road
Kodiak, AK 99615

Janet Stokesbary, Business Manager
Anchorage School District
P.O. Box 196614
Anchorage, AK 99519

EDUCATIONAL ADEQUACY

Appendix A

Data Definitions

Quality Staff – Discussion and information related to years of experience including relevant training and appropriate licensure of teaching staff.

Curriculum – Discussion of course offerings.

Loss of Buying Power – The purchasing power of the dollar when adjusted for inflation.

Special Needs – Changes in school districts' revenues and expenditures for categorical programs such as special education, gifted and talented, bilingual/bicultural, and vocational education. New requirements within these program areas.

Facilities – Age and condition and cost to operate school facilities in a manner that is safe and compliant with state building codes.

Violence/Social Issues – Discussion of new requirements on districts.

Staffing – Average teacher salaries, turnover rates, pupil teacher ratios, and numbers of administrative staff.

EDUCATIONAL ADEQUACY

Methodology

- I. Measurable standards for student achievement have been set by the State of Alaska to meet the higher expectations of the public. "Making the connection between school dollars and student achievement is the principal school finance challenge of the next century."¹

- II. To meet that challenge, we must identify and reflect on the changes that have occurred over the last 10 years.
 - A. The basic amount of school funding per student has not changed since 1993.
 - B. Inflation has eroded buying power.
 - C. New requirements have been added without the dollars to cover their costs.
 - D. Societal changes such as concerns for student safety and changing demographics have impacted schools.

APPENDIX A

¹ Source, *20/20 Vision, a Strategy for Doubling America's Achievement by the Year 2020*, The Consortium on Renewing Education, November 1998.

EDUCATIONAL ADEQUACY

Definition

An adequate education shall provide all students opportunities to acquire the *knowledge and skills* necessary to prepare them to take a productive role in society.

The school finance system must provide sufficient revenues to assure all students meet or exceed Alaska performance standards in all areas.

These are the necessary components of an adequate education:

1. Students are exposed to locally adopted curricula that meet or exceed Alaska State Standards in English/Language Arts, Mathematics, Science, Geography, Government and Citizenship, History, Skills for a Healthy Life, Arts, World Languages, Technology, Employability and Library/Information Literacy.
2. Students are taught by qualified educators who are provided the time and support for professional development.
3. Students learn in a safe environment.
4. Facilities are well maintained.
5. Students have their diverse learning needs met.
6. There are effective partnerships between schools, families, and the community.
7. School buildings support appropriate technology for programs.
8. All students are given age-appropriate opportunities to participate in all aspects of school life including all student activities.

Data Needs

See Appendix A for data definitions.

- I.
 - A. Achievement information based on standards and related costs:
 - Quality Staff
 - Curriculum
- II. Information regarding the financial impact of:
 - A. Loss of Buying Power
 - B. Special Needs
 - C. Facilities
 - D. Violence/Social Issues
 - E. Staffing

EDUCATIONAL ADEQUACY

Background

The passage of SB 36 carried with it certain reporting requirements for the Department of Education and Early Development to the Alaska State Legislature. A letter of intent was adopted by the legislature and approved by the Governor directing the department to include as one of the reports a review of *educational adequacy* in the schools of Alaska. It is recommended that the department use this document as framework in preparing the final educational adequacy report. The final report is due to the legislature by January 1, 2001.

In early August of 2000, Commissioner of Education & Early Development Richard S. Cross convened a broad-based group of Alaskans concerned with public education to address the issue of educational adequacy in Alaska. Participants included representatives from the Alaska Parent-Teachers Association (PTA), NEA-Alaska, Alaska Association of School Boards, Alaska Association of School Administrators, Alaska Association of School Business Officials, and Alaska Municipal League.

The group deliberated for two-and-one-half-days and reached agreement on the definition, data needs, and methodology to be used in measuring educational adequacy. Although the decisions of this group were reached independently, they are consistent with decisions of educational policy makers across the nation in terms of defining educational adequacy and identifying the conditions necessary to accomplish it. An important item to note is that, the group identified that the educational adequacy of the public school funding formula must be measured against the base student allocation set in Alaska Statute 14.17.470.

AS 14.17.470. Base student allocation. The base student allocation is \$3,940.

Educational Adequacy Retreat

August 2-4, 2000

Anchorage, Alaska

FINAL REPORT



Public School Funding Formula *Educational Adequacy*

School districts have held the line when negotiating contracts with staff and reduced administrative expenditures. Local municipalities have increased local contributions above the amounts required in law to support local schools. The department has implemented new laws and regulations that have improved school district reporting and accountability. The department has implemented the statewide assessment system to demonstrate how well children are learning, and to identify weaknesses with the current delivery model.

The burden of financing the educational system in Alaska has been shifting from the state to local governments over the last ten years. Inflation has eroded school districts' purchasing power for supplies, operational cost, and their ability to recruit and retain qualified teachers.

Recommendations

Based on the adequacy group's work and the department's analysis, the department recommends that changes be made to the public school funding formula to recoup losses due to inflation and to provide for future inflationary adjustments. These recommendations and others included in Tab 1 and 2 will be forwarded to the governor's education funding task force. The task force recommendations are due to the governor and the State Board of Education & Early Development on February 1, 2001.



Public School Funding Formula *Educational Adequacy*

approximately 7.4% or \$49 million dollars more to inflation proof the permanent fund than it will spend on the state's 133,300 children's K-12 education.

Facilities

In 1990, the average age of a school facility was 19 years and in 2000, the average is 26. With the increasing age of school facilities one would expect the annual operating and routine maintenance cost to increase. In FY1990, school districts were spending a statewide average of \$1,266 per student for facility operations and maintenance and in FY2000, only \$1,244 was spent.

In FY1998, the legislature passed a law requiring all school districts to have a preventative maintenance plan in place by July 1, 1999 in order to be eligible for state funding for school construction or major maintenance projects. The plan must include documented evidence of a maintenance management program, energy management, custodial care program, training program for staff and a renewal and replacement schedules for the electrical, mechanical, structural and other components of the facility. While the preventative maintenance plan is necessary to protect the state's interest in school construction projects, there was no new money provided to assist districts in meeting these new reporting requirements. School districts are forced to use existing resources to meet the new reporting requirements.

Conclusion

The Alaska state legislature has required increased accountability for the funds it appropriates for K-12 education before it considers increases to the foundation formula program. This report has identified many areas in which the department, school districts, and municipalities have responded.



Public School Funding Formula *Educational Adequacy*

Inflation

The foundation program statute does not have an inflationary adjustment for the base student allocation of \$3,940. To place an inflationary adjustment in Alaska Statute 14.17 would not bind future legislatures. The legislature would continue to have the power to determine the appropriate level of funding each fiscal year. The inflationary adjustment would amend the base student allocation that is used to calculate school district entitlements under the foundation funding formula.

The consumer price index for Anchorage has risen approximately 30% from 1990 to 1999. The January-to-January index rose 29.57% and the July-to-July index rose 30.7% in ten years. Between 1990 and 1999, the legislature has increased the base foundation funding formula approximately 5%. Many school districts have had to absorb the effects of the additional 25% of inflation. Many municipalities have increased the local contribution to offset the effects.

Increasing the base student allotment by the additional 25% inflation factor would result in an increase of \$985, or a revised student allotment of \$4,925. If the base student allotment were \$4,925, overall state foundation aid would increase by more than \$200 million.

The FY2002 foundation program budget request is \$665 million to educate an estimated 133,300 children statewide. In FY2001, Alaska spent \$664 million to inflation proof the permanent fund. It is estimated in FY2002 Alaska will spend \$714 million to inflation proof the permanent fund. In FY2002, Alaska will spend



Public School Funding Formula *Educational Adequacy*

two months. Districts report that they are scraping the bottom of the barrel, forced to hire unqualified teachers on emergency certificates, and teachers with minimal paper qualifications who are unsuitable for the positions.

The amount of state support through the foundation program impacts the level of wages, benefits, and incentives that school districts can offer to recruit and retain teachers. State support through the foundation program has remained relatively flat in current dollars for ten years, but when stated in constant dollars to reflect inflation it has actually decreased. Alaska school districts have had to hold the line when negotiating new salaries and benefits with its certified and non-certified staff.

As recently as 1989 Alaska was reported to have the highest average teacher salaries in the nation. According to the NEA, Alaska's average teacher salary in 1989 was \$42,818. In 1999, Alaska is reported to have slipped to number eight in the nation with an average teacher salary of \$48,085. The average teacher salary in Alaska has increased about 12.3% for the past ten-years, but when stated in constant dollars to reflect inflation it has decreased by approximately 11.7%.

As discussed in the foundation formula section of this report, the state foundation formula was increased approximately 5% in current dollars excluding increases for enrollment growth. This means the additional 7.3% increase in current dollars has come through additional local contributions and increased designated grants. Municipalities continue to increase local contributions and school districts continue to apply for and receive supplemental grants from other sources. These are more examples of municipalities and school districts being accountable to the state legislature by seeking and securing supplemental resources.



Public School Funding Formula *Educational Adequacy*

FY2002 budget will require \$10.5 million less than the FY2001 foundation formula budget due to increases in required local contribution and federal impact aid funds for a drop in state aid for education of approximately \$29.7 million for the two years. However, the legislature did approve a one-time appropriation in FY2001 of \$6.2 million for Learning Opportunity Grants.

Teachers

Recruitment of qualified and experienced teachers continues to become more difficult in Alaska as it is for much of the United States. Many states and outside school districts offer incentives as: signing bonus, down payment on a home, mortgage subsidy, and student loan repayment programs. (*See examples of teacher incentives offered in other states.*) These are examples of the recruiting techniques used beyond the annual salary to entice teachers to sign contracts. Due to limited resources, Alaska school districts continue to struggle to be competitive with other states and outside school districts when recruiting teachers.

From FY99 to FY2000 the average teacher salary in Alaska increased less than 1%. This reflects the smallest increase in average teacher salary in the nation from FY99 to FY2000. For the ten-year period from FY90 to FY2000, the average teacher salary stated in constant dollars decreased 11.7% and is the largest decrease in the nation for this time period. (*See National Education Association attachment.*)

Demand for teachers in Alaska has already exceeded supply, leaving unfilled positions across the state in math, special education, and speech pathology. For the 1999-2000 school year, 1,335 new teachers were hired in Alaska. On the first day of school 84 teaching positions were still unfilled, and some remained unfilled for up to



Public School Funding Formula *Educational Adequacy*

discontinued the tuition payments and started allocating the impact aid it received directly to the Anchorage School District. For the purpose of this comparison, the FY90 state tuition payments or approximately \$6.2 million was reclassified as federal impact aid funds. With this adjustment, federal impact aid accounted for approximately 3.5% of the school operating fund revenues for both FY90 and FY2000.

Impact aid aside, the major change in revenues occurred between the state foundation program and the local revenue support for education. In FY90, the municipal appropriation to schools in Anchorage was approximately \$62.2 million. In FY2000, the municipal appropriation to schools in Anchorage was approximately \$97.5 million, almost a 57% increase for the ten-year period. While state foundation aid in FY90 was approximately \$145.6 million and in FY2000 was \$198.6 million, an increase of almost 36%.

If the state were to match the local contribution effort of the Anchorage municipality, state foundation aid would have been almost \$228.6 million in FY2000. This would represent a \$30 million increase in state foundation aid to the Anchorage School District. To accommodate the \$30 million increase for Anchorage, the current base student allocation of \$3,940 would have to be increased by \$456 to \$4,396. The estimated total cost for increasing the base student allocation to \$4,396 statewide in FY2000 would have been approximately \$95.2 million.

In FY2001, the state foundation formula required \$19.2 million less in state support over the previous year. This decreased effort was due to three factors; declining enrollment, increased required local effort, and increased federal impact aid. The



Public School Funding Formula *Educational Adequacy*

FY2000. The number of students being served drives the Public School Funding Formula and the Federal Impact Aid Program. Because enrollment increased by 25% from FY90 to FY2000, both programs increased resource allocations by approximately the same percentages, excluding the 5% increase in the foundation formula base.

However, this is not true for local contributions to schools. The required local contribution to the schools is based strictly on the value of the property within the municipality and not the number of students being served. During this same ten-year period, required local effort increased from \$105 million to \$144 million. This represents an increase in required local effort of almost 37% or \$39 million. More importantly is how local municipalities responded with additional local contributions to schools from FY90 to FY2000. Actual local contributions to schools increased by 55% or \$98 million. Municipalities increased their contribution by \$59 million more than the formula required, in essence offsetting a portion of inflation while the state and federal governments were covering enrollment growth.

Municipalities have responded to the legislature's desire for accountability and participation by providing increased local contribution over the amount required by the foundation funding formula over the last ten years.

Another example of shifting the financial burden to municipalities is to look at the proportion of state aid to other revenues. The department looked at the school operating revenues for the Anchorage School District for FY90 and FY2000.

In FY90, the state applied for impact aid for the Anchorage military students then paid Anchorage state tuition for those students. Beginning in FY94, the state



Public School Funding Formula *Educational Adequacy*

Foundation Formula

The money distributed through the foundation funding formula provides Alaska school districts with the majority of the state's contribution to K-12 education. The funding formula allocates resources for general operations, routine maintenance, and operations of school facilities. General operations include: staff salaries and benefits, teaching supplies, textbooks, communications, contracted services, school, and district administrative services. Operations of school facilities include: custodial and maintenance staff salaries and benefits, utilities, and other expense associated with routine maintenance to operate school facilities.

The foundation program funding has increased from FY1990 to FY2000 mainly due to enrollment growth. From FY1990 to FY2000 enrollment increased 25%. The legislature has continued to fully fund enrollment increases during the 1990's. Each \$100 increase in the base student allocation set in Alaska Statute 14.17.470 requires approximately \$21 million in additional state support.

The foundation funding formula program base has been increased twice during this ten-year period. Once, in FY93 by 1.7% or approximately \$12 million, and again in FY99 by 3.3% or approximately \$21 million. The combined total of the two increases is 5% or approximately \$33 million in ten years. In FY90, basic need was about \$625 and FY2000 basic need was about \$816, an increase of almost 31%. This increase was due to the combination of the 25% increase in enrollment and the combined increased funding of 5% for FY93 and FY99.

Federal impact aid has also increased approximately 26% from FY90 to FY2000. Federal impact aid funds increased from \$73 million in FY90 to almost \$92 million in



Public School Funding Formula *Educational Adequacy*

operating fund on district administrative services. By FY2000, school districts were spending \$469 per student or 5.9% of the school operating fund on district administrative services. This represents a 2.6% reduction in school operating fund expenses on district administrative services.

In addition to the previous two requirements, SB 36 required the department to develop an assessment system to measure student performance. The tests are based on Alaska standards in reading, writing, and math and are given at grades 3, 6, 8, and the high school qualifying exam is administered for the first time to sophomores in high school. High school students are allowed to take the high school qualifying exam twice a year and for two additional years after they have completed other high school graduation requirements.

The results of the assessments given to students in grades 3, 6, and 8 will assist the department and school districts in identifying areas of weakness within the educational delivery system and develop action plans or strategies to assist students to improve performance.

School districts are utilizing the Quality Schools Grant funds, a component of the school funding formula, to develop intervention strategies and remedial programs. Currently, school districts are using these grant funds for activities such as focus programs for reading, writing, math, summer school, extended days, tutors, and additional staff.



Public School Funding Formula *Educational Adequacy*

information provided by the Anchorage School District are attached to this report as appendixes.

Accountability

The Alaska legislature is requiring that the department and school districts be accountable for the funding it receives. In SB 36, the legislature added a requirement that districts spend 70% of their school operating funds on instructional services. In addition, the legislature directed the department to collect more uniform and detailed financial data from school districts. The department and school districts have responded to both of these directives.

The department has worked with school districts to develop a revised chart of accounts that clarifies code descriptions with new required codes to provide more accurate and detailed expenditure reporting. The State Board of Education & Early Development adopted the revised chart of accounts at its December 8, 2000 meeting. The new chart of accounts becomes effective July 1, 2001.

The department has also been working with school districts in meeting the 70% instructional requirement. Districts that cannot meet the new requirement may apply to the state board for a waiver. The waiver request must demonstrate that there are costs beyond the control of the school district as justification for their waiver.

In response to legislative concerns over how much school districts are spending on administrative expenses, districts have been reducing costs over the past ten years. In FY1990, school districts were spending \$618 per student or 8.5% of the school



Public School Funding Formula *Educational Adequacy*

Although the decisions of this group were reached independently, they are consistent with decisions of educational policy makers across the nation in terms of defining educational adequacy and identifying the conditions necessary to accomplish it. An important item to note is that the group identified that the educational adequacy of the public school funding formula must be measured against the base student allocation set in Alaska Statute 14.17.470.

The department considered the suggested data needs identified in the report and has provided some general statewide statistics that demonstrate the changes that have occurred in education funding over the past ten years. (*See attached Bullet Sheet.*) The department also focused on changes to the Anchorage School District because Anchorage is considered the base by which all other school district adjustments in the foundation formula are measured from. Anchorage is considered the base because of its large and dense student population and because it is a main distribution center for many Alaska communities.

The Anchorage School District provided the department with statistics that illustrate the changes that have occurred over the past ten years on a per student basis. The information clearly demonstrates that the district has increased per-pupil expenses, but state aid has increased as well. The increase in state aid is due mainly to enrollment increases that have occurred in the past ten years. In addition to the statistics, the Anchorage School District provided information on the state and federal changes to the bilingual and special education programs. They provide an in-depth discussion of how those program costs have escalated over the past ten years. Copies of the reports from the educational adequacy retreat and the



Public School Funding Formula *Educational Adequacy*

The school finance system must provide sufficient revenues to assure all students meet or exceed Alaska performance standards in all areas.

These are the necessary components of an adequate education:

1. Students are exposed to locally adopted curricula that meet or exceed Alaska State Standards in English/Language Arts, Mathematics, Science, Geography, Government and Citizenship, History, Skills for a Healthy Life, Arts, World Languages, Technology, Employability and Library/Information Literacy.
2. Students are taught by qualified educators who are provided the time and support for professional development.
3. Students learn in a safe environment.
4. Facilities are well maintained.
5. Students have their diverse learning needs met.
6. There are effective partnerships between schools, families, and the community.
7. School buildings support appropriate technology for programs.
8. All students are given age-appropriate opportunities to participate in all aspects of school life including all student activities.



Public School Funding Formula *Educational Adequacy*

The passage of Senate Bill 36, Ch. 83, SLA 1998, included specific reporting requirements for the Department of Education & Early Development to the 22nd Alaska State Legislature by January 15, 2001. This report responds to the requirement to prepare a review of *educational adequacy* in the schools of Alaska.

There has been significant effort in implementing the new formula, developing regulations, and working with districts to improve the quality and comparability of financial data. The department has worked with school districts to meet the minimum expenditure on instruction requirement and to improve the school districts' uniform chart of accounts for collecting expenditure data.

The Department of Education & Early Development convened a broad-based group of Alaskans concerned with public education to address the issue of educational adequacy in Alaska. Participants included representatives from the Alaska Parent-Teachers Association (PTA), NEA-Alaska, Alaska Association of School Boards, Alaska Association of School Administrators, Alaska Association of School Business Officials, and Alaska Municipal League.

The group deliberated for two-and-one-half-days and reached agreement on the definition, data needs, and methodology to be used in measuring educational adequacy. The group defined educational adequacy as:

An adequate education shall provide all students opportunities to acquire the *knowledge and skills* necessary to prepare them to take a productive role in society.

**Alaska's Public School
Funding Formula:**

**A Report to the Alaska
State Legislature**



January 15, 2001

**Alaska's Public School
Funding Formula:**

**A Report to the Alaska
State Legislature**

January 15, 2001

TABLE OF CONTENTS

	<u>Pages</u>
Executive Summary	1-4
TAB 1- District Cost Factors	1-16
TAB 2- Comparison of Old to New Funding Formula	1-14
TAB 3- Educational Adequacy.....	1-34

Shirley J. Holloway, Ph.D.
Commissioner, Department of Education & Early Development



Public School Funding Formula

Executive Summary

The passage of Senate Bill 36, Ch. 83, SLA 1998, carried with it certain reporting requirements for the Department of Education & Early Development to the 22nd legislature by January 15, 2001. Following is a brief summary of each of the three required reports.

Tab 1 District Cost Factors

Background

This report addresses the requirement of: SB 36 section 41. TRANSITION: PROPOSED DISTRICT COST FACTORS. The Department of Education shall submit the initial proposed district cost factors, required under AS 14.17.460(b), enacted in sec. 2 of this Act, to the Alaska State Legislature by January 15, 2001.

Legislation requires the department to monitor district cost factors and submit a report to the legislature every other year beginning January 15, 2001. Cost factors are specific to each district and adjust funding to account for regional cost differences between districts. The lowest factor is 1.000 and the highest is 1.736.

Current district cost factors were adopted by the legislature and became effective July 1, 1998. These factors were based on the best data available at the time as provided by the McDowell 1998 Alaska Cost Study. To recalculate current district cost factors the department again utilized the 1998 McDowell Alaska School Operating Cost Study methodology.

Findings

The department utilized the 1998 McDowell Alaska Cost Study methodology to calculate updated district cost factors that created results that were not defensible or supported by underlying data. The department contracted with the McDowell group to verify the accuracy of the calculation.

The McDowell Group reviewed the department's calculations and found that the results were not meaningful. The McDowell Group determined that the 1998 methodology is not usable to update district cost factors for a number of reasons as outlined in their report included under Tab 1.

Recommendation

The department recommends that district cost factors remain at their current levels as designated in statute under AS 14.17.460 because there is not any empirical data to support changing the district cost factors at this time. The



Public School Funding Formula

Executive Summary

department also recommends that a new district cost model be developed to properly account for cost differences between districts on an ongoing basis.

Tab 2 Comparison of Old to New Funding Formula

Background

This report addresses the requirement of: SB 36 Sec. 47. REQUIRED REPORT. The Department of Education shall compare the use of per school funding required under this Act to the use of funding communities required in AS 14.17 before the effective date of the Act and submit a report to the Alaska State Legislature by January 15, 2001.

This required report compares the per school funding under SB 36 to the previous funding formula. The old formula uses student enrollment grouped by community and the new formula uses enrollment grouped by school to determine basic need. This report compares adjustments between the old and new funding formulas such as size, special needs and supplemental funding floor.

The 1998 McDowell Alaska Cost Study review panel did not suggest that any school districts were over funded under the previous funding formula, rather that some districts appeared to be under funded under the new school funding model. The McDowell group report suggested that no district lose money. The legislature adopted as a component of SB36 the supplemental funding floor that erodes over time.

Findings

The supplemental funding floor is subject to erosion as school district enrollments increase. As district enrollments increase these additional students are only funded at 60% of entitlement. In the department's analysis of the district cost factors and comparing the old and new funding formula, there is no data to support the erosion of the supplemental funding floor that penalizes districts that have increased enrollment.

The previous funding formula had a hold harmless provision for school districts that experienced a substantial decrease in student enrollment from one year to the next. The current funding formula has no such provision and school districts immediately absorb the reduction in revenue due to decreased enrollment.



Public School Funding Formula *Executive Summary*

Recommendations

The department recommends the repeal of AS 14.17.490(d), erosion of the supplemental funding floor.

The department recommends that AS 14.17 be amended to include a hold harmless provision for school districts that experience a decrease in student enrollment of 10% or more from one year to the next.

Tab 3 Educational Adequacy

Background

This report addresses the requirement of: SB 36 Letter of Intent. "It is the intent of the Legislature to direct the Department of Education to include in the required report of Section 47 a thorough review of educational adequacy in the schools of Alaska, paying particular attention to differences in costs of school operations between communities, differences in costs of school operations depending on their size, and the particular effects and impacts described in AS 14.17.490 section (d), and to report to the Legislature no later than January 15, 2001."

The department brought together a broad based group of Alaskan's to define educational adequacy and the underlying factors. The group focused primarily on the impact of inflation on education funding.

Based on direction from the adequacy group, the department examined the changes that have occurred in education funding over the past ten years and the impacts of those changes on school districts. The effects of inflation over the past ten years are identified in the report. The department found that a significant effect of inflation is that school districts are limited in their ability to recruit and retain teachers.

Findings

From FY90 to FY00 inflation has increased approximately 30% but the public school funding program was increased only 5% during this time.

From FY90 to FY00 enrollment increased 25% and the legislature fully funded the increase.



Public School Funding Formula *Executive Summary*

School districts in Alaska are having a difficult time recruiting and retaining teachers due to the competitiveness of teacher salaries in other states and the vast number of incentives being afforded to new hires in other states.

Recommendations

Based on the adequacy group's work and the department's analysis, the department recommends that changes be made to the public school funding formula to recoup losses due to inflation and to provide for future inflationary adjustments. These recommendations and others included in Tab 1 and 2 will be forwarded to the governor's education funding task force. The task force recommendations are due to the governor and the State Board of Education & Early Development on February 1, 2001.

TAB 1

District Cost Factors



Public School Funding Formula *District Cost Factors*

Introduction

Alaska's public school funding formula includes a provision to adjust funding for each district for regional cost differences; this adjustment is contained within district cost factors that are in AS 14.17.460. Each district is assigned a factor by which funding is increased to compensate for cost differences.

This report responds to the direction in AS 14.17.460 (b) District cost factors, that the department shall monitor the cost factors established under (a) of this section and shall prepare and submit to the legislature by January 15 of every other fiscal year proposed district cost factors.

The current district cost factors in statute were arrived at as part of the 1998 Alaska School Operating Cost Study and adopted beginning fiscal year 1999. Previously, cost factors were last updated in 1988.

The department has reviewed the 1998 Alaska School Operating Cost Study in detail and compiled current data for analysis in the same manner as the study utilized. The department has calculated cost factors with current FY99 data based on the study's methodology and has reached conclusions and makes recommendations based on the outcome of our calculations and evaluation.



Public School Funding Formula *District Cost Factors*

The department has contracted with the authors of the 1998 Alaska School Operating Cost Study, The McDowell Group, to:

- Review, comment, and make recommendations to the department's current recalculation of district cost factors derived from using the Alaska School Operating Cost Study methodology.
- Review, comment, and make recommendations for any changes to current district cost factors.
- Review, comment, and make recommendations for any changes to the cost factor methodology.

The McDowell Group's report is included after this report.

Summary of the 1998 Alaska School Operating Cost Study Methodology and Calculations

The 1998 Alaska School Operating Cost Study presents the calculation for determining cost factors on page 18 of that report. The district cost factors are calculated by dividing each district's estimated average basic need per student by the statewide estimated average basic need per student. Basic need is the amount of required funding the foundation formula assigns to each district.

The 1998 Alaska School Operating Cost Study was able to use basic need in calculating cost factors because basic need revenues are essentially what a district has available to spend, therefore basic need approximates expenditures.



Public School Funding Formula *District Cost Factors*

The 1998 Alaska School Operating Cost Study investigated the issue of basic need and cost factors in two pieces, the instructional component and the district level component (non-personal services and administration).

The development of the instructional component of basic need and cost factors used a team of education experts and statistical modeling to develop a school size table that is in AS 14.17.450. The school size table was developed to account for instructional operating costs that are influenced by school size. The instructional portion of a district's basic need is dependent on the multipliers in the table as applied to each school in the district.

The study's review of the district expenditures used an analysis of 1996 audited expenditure reports from all 53 school districts. The study pursues a rigorous examination of district level expenditures. The study examined district level costs by measuring each district's expenditures per student and also repeats the analysis by examining a "market basket," or subset, of expenditures per student. The market basket of expenditures included travel, supplies, utilities, insurance, and communication expenditures. The report concludes that no consistent standard could be applied for computing a relationship between student enrollment and district level costs, and that the short run solution is to compensate districts based on their actual costs. Therefore, the final methodology resorted to using basic need in the calculation for cost factors rather than expenditure data.

The estimated basic need used in the study to determine cost factors was arrived at by adjusting each district's original basic need by changes developed in the school table. Because a conclusion relating to district costs was not achieved, no changes