

State of Alaska FY2003 Governor's Operating Budget

Department of Education and Early Development

Commissioner: Shirley J. Holloway, Ph.D.

Tel: (907) 465-2800 Fax: (907) 465-4156 E-mail: Shirley_Holloway@eed.state.ak.us

Administrative Services Director: Karen J. Rehfeld

Tel: (907) 465-8650 Fax: (907) 465-3452 E-mail: Karen_Rehfeld@eed.state.ak.us

Department Mission

The mission of the Department of Education & Early Development is to support the development of lifelong learners.

Department Goals and Strategies

- 1. To have culturally and developmentally appropriate high quality early care and education programs that improve the well being of young children statewide, ages 0-4, in which children, families, and communities are active partners.**
 - Strengthen family connections between the program and home.
 - Prepare parents to recognize the opportunities and responsibilities they have for the care and learning of their children.
 - Increase community involvement and promote cooperative services for young children and their families.
 - Provide professional development to improve the knowledge and skills of providers of early care and education programs and require that they be held to high standards.
 - Develop rigorous, standards-based licensing programs for early care and education providers.
 - Develop incentives for child care providers and facilities to become licensed.
- 2. To have clear, rigorous, credible student standards and assessments.**
 - Provide state student performance standards in reading, writing, and mathematics.
 - Provide assistance to school districts in aligning curriculum to state standards.
 - Provide a developmental profile for each child entering kindergarten or first grade.
 - Provide standards-based assessments in reading, writing, and mathematics at grades 3, 6, and 8.
 - Provide norm-referenced testing in grades 4, 5, 7 and 9.
 - Provide the High School Graduation Qualifying Examination.
- 3. To have a credible system of academic and fiscal accountability for students, professionals, schools and districts.**
 - Award Quality Schools/Learning Opportunity Grants so schools and communities can determine local solutions to improve student learning such as summer school, individual tutoring, lower class size, special classes, and before and after school programs.
 - Develop school designations based on student performance and other measures.
 - Provide support to schools and assistance in developing school improvement plans.
 - Establish criteria for consistent allocation of instructional costs and uniform reporting of school district financial data.
- 4. To have highly qualified school professionals who have met rigorous and credible standards and assessments.**
 - Provide rigorous educator standards by which school districts will evaluate professionals.
 - Develop and administer a standards-based licensure system for educators.
 - Provide professional development opportunities for standards-based instruction.
 - Encourage local school boards to adopt culturally responsive educator standards.
 - Encourage efforts towards recruitment and retention of quality teachers.
 - Encourage efforts towards quality mentoring systems for new teachers and administrators.
- 5. To have schools in which students, staff, families, business, and communities are active partners in learning.**
 - Promote research-based family involvement models and community orientations.
 - Promote and support school-based Family Involvement Centers.
 - Encourage and support business and school partnerships.
- 6. To have an adequate, stable and secure source of funding for schools.**
 - Secure adequate funding to develop and maintain an accountable system of high quality public schools.

- Secure adequate funding to meet school districts' construction and major maintenance needs.
- Analyze differences in the costs of operating schools taking into consideration school size and location.
- Analyze and recommend better business practices to local school boards of education and superintendents.

Key Department Issues for FY2002 – 2003

QUALITY SCHOOLS INITIATIVE www.eed.state.ak.us/qschools/

The Quality Schools Initiative (QSI) is designed to increase the quality of public education. The QSI is based on high student academic standards and assessment, safe and respectful schools and communities, quality professional standards, and school excellence based on standards.

All Alaskan schools have adopted state-mandated academic standards in reading, writing, and mathematics. Schools will test each child early and often in these subjects throughout their school careers to make sure they are on target to meet the standards. Schools are required to test students at the 3rd, 6th, and 8th grades. If they are falling behind, schools will provide special help to children so they can catch up. The state assessment system also includes norm-referenced tests in grades 4, 5, 7, and 9, so we know how our students perform compared to national rankings. The final part of the comprehensive student assessment system is the High School Graduation Qualifying Examination. This assessment system will give the state and communities solid information to hold schools and communities accountable for the academic achievement of children. Each year, all schools will report certain information to their communities and state about their progress.

Closing the Achievement Gap

The Quality Schools Initiative has created tremendous change to the state's public schools; they are becoming increasing performance based. In order for QSI to fulfill its promise to all children, targeted resources need to be aimed at low performing children. If not accomplished, QSI will fall short and the achievement gap will persist. For this to happen, the state needs to fully fund the recommendations of the Governor's Education Funding Task Force. On October 31, 2001, the Task Force forwarded its Year Two recommendation to the Governor. In short, recommendations urge funding all Year Two items from the Task Force's original five-year plan, and items from the Year One plan the legislature did not fund. In addition to increases to the foundation program, two items in particular are key to closing the achievement gap: funding on an ongoing basis for a Center for School Excellence to help low performing schools improve; and direct funding for providing intervention activities for low performing students. The state needs to fund all recommendations in the report to close the achievement gap.

High School Graduation Qualifying Exam (HSGQE)

Alaska's education reform movement is on the right track. We are raising academic standards, seeking new resources and demanding accountability. Through the combined efforts of the governor and the legislature, the high-stakes consequences of the High School Graduation Qualifying Exam will be implemented for students graduating in the spring of 2004 rather than 2002.

During the last legislative session, there was significant discussion about what our students are being tested on and how well they are being asked to perform in these areas in order to receive a high school diploma. The legislature was very clear in passing SB 133, Chapter 94, SLA 2001, that the competency exam is to measure the "minimum competency in essential skills" for all high school graduates.

The commissioner convened a committee of approximately 45 educators to work with the department and the department's test contractor, CTB McGraw-Hill, in refocusing the High School Graduation Qualifying Exam on essential skills. Subcommittees in each of the content areas, reading, writing, and mathematics, reviewed test items that could potentially be used to measure essential skills. This refocusing will require that new test questions be field-tested in the spring of 2002 and that new cut scores be determined in summer of 2002. Additional resources will be needed in the FY2003 budget to accomplish these tasks.

The delay of the high stakes consequences of the HSGQE until the spring of 2004, while continuing to administer the benchmark exams in grades 3, 6, and 8, will give us the tools and the time needed to be sure the standards reflect what Alaskans think is important, the test is a good measure and students are adequately prepared. The additional time will assure that all students, including those with learning disabilities and those in highly mobile families who move in and out of our schools, will have had a reasonable opportunity to learn what's tested.

School Accountability

Parents, community leaders, state legislators and many other Alaskans want to know about the quality of education in their local schools. They also want to be able to improve the schools that need help and to ensure that each and every school is accountable for producing results. Beginning in August of 2002, the Alaska School Designators system will be implemented. Enacted into law in 1998 the system will label every public school in Alaska as distinguished, successful, deficient, or in-crisis.

The designator system is a critically important part of our Quality Schools Initiative, which aims to improve the academic achievement of all our children. QSI establishes new standards for our students, our educators and our schools.

Alaska's school designators system will be based on measurable student achievement and improvements in test scores year to year. While graduation rates, drop-out rates and statistics on the number of students going on to college have traditionally served as indicators of a school's performance, the new designation system will focus on how students measure up against academic standards.

While all Alaskans support school accountability, and making sure that all children are meeting state standards, our ability to collect meaningful data is limited by the assessment data that we have been able to collect over the past two years. With the refocusing of the high school graduation qualifying exam and new cut scores, the data from the 2000 and 2001 assessments will not be comparable to the new test information that will be available in the spring of 2002. The Governor will be introducing legislation to link the school accountability system with the high stakes consequences of the exit exam to begin in 2004.

Teacher Recruitment and Retention

There is a nationwide shortage of education professionals that is making it increasingly difficult for Alaska school districts to attract and retain highly qualified teachers. Even with the most optimistic projections, Alaska's university system will only be able to supply a quarter of our teachers over the next five to ten years. Given that three-quarters of our teaching work force will need to come from outside of Alaska, we must be able to compete with other states who are offering a number of incentives to new teachers including signing bonuses and housing allowances.

The State Board of Education and Early Development has implemented an incentive package that includes lowering fees for teacher certification and renewal, paying for national board certification, reciprocity with other states, assisting with mentorship programs for new educators, and teaching certificates suitable for framing and display in classrooms. In addition, the board is considering financial incentives including a loan assumption program.

PUBLIC SCHOOL FUNDING PROGRAM

The governor's budget fully funds the FY2003 public school foundation program. In addition, the Governor is supporting the year two recommendations of the Education Funding Task Force to increase the base student allocation from the current \$4,010 to \$4,118 per adjusted ADM. The Governor will introduce legislation to increase the base student allocation at a cost of approximately \$23 million. Schools need resources to help students meet higher academic standards in reading, writing, and mathematics and to be held accountable for their students performance.

Quality Schools Grants

The Quality Schools Grant is part of the state's public school funding program to help students meet higher academic standards in reading, writing, and mathematics. Student achievement needs to be measured against rigorous standards in these areas at appropriate age levels. The Quality Schools Grants provide resources to schools and school districts to develop intervention plans and programs for students at risk of not meeting these standards. If a student is not making adequate progress, swift and intensive intervention is needed to get the student back on track.

The Governor will request an increase in the statutory amount of the Quality Schools Grant from \$16 to \$74 per adjusted Average Daily Membership. This recommendation comes from the Education Funding Task Force A+ Amended report and is based on the one-time funding approved by the legislature in FY2002 for learning opportunity grants. Improvement in student performance requires a continuous commitment to providing the resources to ensure that all students meet high academic standards. Including this funding in the annual foundation program will allow school districts to plan for and provide meaningful programs to ensure that students at risk of not meeting standards will be able to reach them at the appropriate age levels.

EARLY DEVELOPMENT www.eed.state.ak.us/EarlyDev/

The combination of early development and education programs in the 1999 departmental merger legislation recognized the importance of assuring every child the best possible start in life by creating a comprehensive system of early care and learning in Alaska.

Research has clearly shown that early development and learning creates the foundation for later achievement. Approximately 60% of Alaska's preschool-age children have working parents. The great majority of children receive some or most of their care outside of their homes by the time they are three years old. Access to quality child care and preschool programs that provide safe, healthy developmental and learning experiences is essential for a child's readiness for school and capacity for further learning. The department is working to ensure that quality childcare and preschool programs are available for Alaska's children.

Early Literacy – Ages 0-8

The department is launching an initiative to enhance the literacy of children ages 0-8. This is being done primarily for two reasons: Alaska now requires children to learn to higher standards and students are tested in these areas with the benchmark exams and the high school graduation qualifying exam. In addition, it's time to apply new research about the brain development of young children and its relationship to learning. The department is seeking funding for one position to coordinate this initiative. The department will pool resources from existing programs to train parents, caregivers, educators, and paraprofessionals in age appropriate early literacy instruction. Family literacy and community engagement will be major components. Programs targeted for participation include Head Start, Even Start, Right Start, Title I School Improvement, Special Education, Safe and Drug Free Schools, Bilingual, Migrant, Reading Excellence Act, Vocational Education, and other programs. Each of these programs focuses on improving learning for disadvantaged children.

Improving Child Care Programs

To better support children and families, the department is moving forward with its early learning initiatives including:

creating benchmarks for measuring the success of programs and services for children from birth through 8 years old;

Working with schools to implement a developmental profile for kindergarten and first grade students. This profile reveals the skill levels for each child and helps determine the appropriate instructional program.

Creating a comprehensive system of education and training for early childhood educators in collaboration with the University of Alaska;

Improving child care programs through grants and higher standards for child care providers. It is collaborating with Alaska tribes to benefit from best practices, building on the rich cultural diversity reflected by our children.

The governor will introduce legislation to improve early care for children enrolled in child care programs. One measure proposes to create a Child Care Rating System that parents can use to select a care facility for their children.

Preschool Pilot

The State Board of Education & Early Development adopted a resolution to support funding for voluntary preschool for all three and four year old children in Alaska. The department is evaluating how this concept could be addressed in a pilot preschool program in four to seven communities with low achievement scores, high poverty, and lack of access to Head Start or other early development programs.

Major Department Accomplishments in 2001

Conducted second administration of the High School Graduation Qualifying Exam and Benchmark Assessments in March and October of 2001.

Reported the results of the HSGQE and Benchmark Assessments to students, parents, schools, school districts, the legislature and the public. The state presented disaggregated data for the state and school districts in the fall of 2001.

Successfully refocused the HSGQE to assess student achievement of essential skills to align with legislation passed in 2001 that delays implementing the high states consequences of the HSGQE until the Spring of 2004.

Worked with the governor's Education Funding Task Force in developing a five-year financing plan for providing school districts with the resources to ensure that all our students are meeting high academic standards. This plan was utilized extensively during the 2001 legislative session.

Completed statutorily required reports to the legislature on implementing the public school funding program passed in 1998. The new formula substantially changed how funding is allocated among school districts in Alaska. The reports include a comparison on the per school funding in the new formula to the use of funding communities in the old funding formula including a thorough review of educational adequacy in the schools of Alaska.

Directed school districts to use Learning Opportunity Grant funds to provide direct student intervention programs to improve student achievement and required measures of student academic gain to assess impact and effect of these funds.

Secured a \$2.5 million federal Teacher Recruitment and Retention Grant to assist school districts in efforts to recruit and retain high quality teachers. This grant is renewable for up to 5 years.

Secured a 3 year \$8.5 million federal Reading Excellence Act grant to fund early literacy efforts in targeted communities and schools.

Refined the Developmental Profile for students entering school at kindergarten or first grade and provided guidelines and materials to school districts to better ensure consistent application and understanding.

Completed the transition of childcare licensing from the Department of Health and Social Services. A statewide licensing staff has been assembled and trained, new childcare regulations have been adopted that improve quality, support school readiness, and provide safer environments for children.

Provided childcare subsidy in over 30 Alaskan communities through local non-profit or municipal program administrators and subsidized childcare costs for approximately 5,400 children per month.

Supported child care providers in improving their staff training programs or facility through the child care grant program.

Governor's Key Department-wide Performance Measures for FY2003

Measure:

the percentage of students who meet the proficiency level in benchmark assessments in grades 3, 6, and 8; Sec 50(b)(1) Ch 90, SLA 2001(HB 250)

Alaska's Target & Progress:

Percent Proficient in Reading, Writing and Mathematics on Benchmark Examinations, Spring 2001

Grade	Reading	Writing	Mathematics
3rd	71.2	53.5	66.3
6th	69.4	73.0	62.9
8th	82.5	67.9	39.5

Benchmark Comparisons:

Benchmark examinations were administered for the first time in March of 2000. The State Board of Education and Early Development set the proficiency level for each grade. These proficiency levels are Advanced; Proficient; Below Proficient; and, Not Proficient. Proficiency is defined as the sum of students who scored at the Advanced and Proficient levels on the Benchmark exams. The following chart illustrates the percentage of students who have met the proficiency levels in the two administrations of the benchmarks, Spring 2000 and 2001, the October 1 enrollment, and the participation rate in the assessments.

		Grade 3					
Subject	Test Year	Advanced/Proficient		Below/Not Proficient		October 1 Enrollment	Participation Rate ²
		Count	Percentage ¹	Count	Percentage ¹		
READING	2000	7,220	72.5%	2,740	27.5%	10,706	93.0%
	2001	7,065	71.2%	2,855	28.8%	10,700	92.7%
WRITING	2000	4,851	48.8%	5,084	51.2%	10,706	92.8%
	2001	5,302	53.5%	4,617	46.5%	10,700	92.7%
MATHEMATICS	2000	6,453	65.0%	3,478	35.0%	10,706	92.8%
	2001	6,550	66.3%	3,326	33.7%	10,700	92.3%

		Grade 6					
Subject	Test Year	Advanced/Proficient		Below/Not Proficient		October 1 Enrollment	Participation Rate ²
		Count	Percentage ¹	Count	Percentage ¹		
READING	2000	6,958	69.9%	3,001	30.1%	10,574	94.2%
	2001	6,912	69.4%	3,043	30.6%	10,623	93.7%
WRITING	2000	7,180	72.2%	2,760	27.8%	10,574	94.0%
	2001	7,265	73.0%	2,687	27.0%	10,623	93.7%
MATHEMATICS	2000	6,161	62.2%	3,752	37.8%	10,574	93.7%
	2001	6,241	62.9%	3,681	37.1%	10,623	93.4%

		Grade 8					
Subject	Test Year	Advanced/Proficient		Below/Not Proficient		October 1 Enrollment	Participation Rate ²
		Count	Percentage ¹	Count	Percentage ¹		
READING	2000	7,993	83.2%	1,613	16.8%	10,575	90.8%
	2001	7,824	82.5%	1,660	17.5%	10,377	91.4%
WRITING	2000	6,479	67.5%	3,125	32.5%	10,575	90.8%
	2001	6,420	67.9%	3,040	32.1%	10,377	91.2%
MATHEMATICS	2000	3,724	39.0%	5,815	61.0%	10,575	90.2%
	2001	3,711	39.5%	5,675	60.5%	10,377	90.5%

1 Percent Proficient and Percent Not Proficient rates only include students that participated in the exams.

2 Participation rate is calculated by dividing the total count of students tested by the October 1, 2000 enrollment.

Background and Strategies:

State law requires a comprehensive system of student assessments including a developmental profile for students entering kindergarten or first grade, benchmark assessments in reading, writing, and mathematics at grades 3, 6, and 8, taking the Terra Nova at grades 4, 5, 7, and 9, and passage of the High School Graduation Qualifying Exam in order to receive a high school diploma beginning in 2004. The department has:

1. Provided school districts with state performance standards in reading, writing, and mathematics at the appropriate grade levels.
2. Developed the benchmark examinations in reading, writing, and mathematics for grades 3, 6, and 8.

3. Provided professional development opportunities for standards based instruction.
4. Provided technical assistance to school districts in aligning curriculum to state standards.

The department continues to:

1. Work with school districts to develop programs that provide students with opportunities to learn in order to reach the state standards at the appropriate age/grade levels.
2. Develop intervention strategies to assist students that fail to meet standards or are at risk of failing to meet standards at the appropriate age/grade levels.
3. Work with school districts to target staff development and teacher in-service opportunities to support standards-based instruction and assessments.
4. Target federal grant dollars to support increased student performance in reading, writing, and mathematics.
5. Administer a norm-referenced assessment, linked to Alaska performance standards, at grades 4, 5, 7, and 9.

Measure:

the percentage of students performing above the national average on state-adopted norm-referenced tests; Sec 50(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The following data shows the percentage of students performing above the national average on the California Achievement Test, Version 5 (CAT/5) for school year 2000-2001

Grade	Reading	Language	Math
4th	58	55	62
7th	58	56	64

Benchmark Comparisons:

The following chart contains information on the Grade 4 results for the CAT/5 in school years 1998-1999, 1999-2000, and 2000-2001, including the percentage of students scoring in the top and bottom quartile and the percentile ranking for those students scoring above the national average. The same information is included for Grade 7, except for the 1998-1999 school year when the CAT/5 was not required for Grade 7.

GRADE 4

School Year	READING			LANGUAGE			MATH		
	Top Quartile	Bottom Quartile	Percentile Rank	Top Quartile	Bottom Quartile	Percentile Rank	Top Quartile	Bottom Quartile	Percentile Rank
1998-1999	31.0	23.0	57	29.2	25.2	52	35.3	22.2	60
1999-2000	31.9	21.9	58	30.7	24.5	53	37.3	20.5	62
2000-2001	33.0	20.8	59	31.1	23.0	55	37.8	18.9	63

GRADE 7

School Year	READING			LANGUAGE			MATH		
	Top Quartile	Bottom Quartile	Percentile Rank	Top Quartile	Bottom Quartile	Percentile Rank	Top Quartile	Bottom Quartile	Percentile Rank
1998-1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999-2000	31.9	21.2	58	31.7	22.6	57	38.1	17.5	63
2000-2001	31.2	20.9	59	31.6	21.1	57	40.5	16.3	65

Background and Strategies:

The department used the CAT/5 norm-referenced test for the past 5 years. The department has entered into a new contract to administer the TerraNova-CAT/6 test in grades 4, 5, 7, and 9 beginning in the 2001-2002 school year. The addition of norm-referenced tests at grades 5 and 9 will provide a transition to an assessment system with capabilities not now available. Under the new system, students will be assessed each year from grades 3 to 10 using a combination of Benchmark, HSGQE and norm-referenced tests, which will allow for a measure of student academic

growth from year-to-year. The ability to track student growth will allow the department to implement in 2002, a school rating system that will assign a designation of distinguished, successful, deficient or in-crisis to each public school in the state as required by AS 14.03.123.

Measure:

the percentage of students who took and passed the state high school graduation qualifying exam in the current school year; and
 Sec 50(b)(3) Ch 90, SLA 2001(HB 250)

Alaska's Target & Progress:

Results of Spring 2001 High School Graduation Qualifying Exam

Reading	65.9%
Writing	46.6%
Mathematics	44.0%

This data will be updated as soon as the results from the October 2001 administration of the High School Graduation Qualifying Exam are available.

Benchmark Comparisons:

The High School Graduation Qualifying Examination (HSGQE) was administered for the first time in March of 2000. The State Board of Education & Early Development set the proficiency level for the exam. The exam is offered in October and March of each school year to provide additional opportunities for high school sophomores, juniors, and seniors to take the exam. The following chart illustrates the HSGQE results comparing the Grade 10 students in the spring of 2000 to the 10th Grade Students in the spring of 2001:

READING

Test Date	Number Proficient	Percent Proficient ¹	Number Not Proficient	Percent Not Proficient ¹	October 1 Enrollment	Participation Rate ²
Spring 2000	6,178	74.6%	2,098	25.4%	10,217	81.0%
Spring 2001	5,469	65.9%	2,831	34.1%	10,110	82.1%

WRITING

Test Date	Number Proficient	Percent Proficient ¹	Number Not Proficient	Percent Not Proficient ¹	October 1 Enrollment	Participation Rate ²
Spring 2000	3,924	47.6%	4,319	52.4%	10,217	80.7%
Spring 2001	4,039	46.6%	4,625	53.4%	10,110	85.7%

MATHEMATICS

Test Date	Number Proficient	Percent Proficient ¹	Number Not Proficient	Percent Not Proficient ¹	October 1 Enrollment	Participation Rate ²
Spring 2000	2,717	33.3%	5,454	66.7%	10,217	80.0%
Spring 2001	3,807	44.0%	4,852	56.0%	10,110	85.6%

¹ Percent Proficient and Percent Not Proficient rates only include students that participated in the exams.

² Participation rate is calculated by dividing the total count of students tested by the October 1, 2000 enrollment.

Background and Strategies:

State law requires a comprehensive system of student assessments including a developmental profile for students entering kindergarten or first grade, Benchmark assessments in reading, writing, and mathematics at grades 3, 6, and 8, and passage of the High School Graduation Qualifying Exam in order to receive a high school diploma beginning in 2004. The department has:

1. Provided school districts with state performance standards in reading, writing, and mathematics.
2. Developed the graduation qualifying examination in reading, writing, and mathematics.
3. Provided professional development opportunities for standards based instruction.
4. Provided technical assistance to school districts in aligning curriculum to state standards.

During the last legislative session, there was significant discussion about what our students are being tested on and how well they are being asked to perform in these areas in order to receive a high school diploma. The legislature was very clear in passing SB 133, Chapter 94, SLA 2001, that the competency exam is to measure the "minimum competency in essential skills" for all high school graduates.

This direction requires that the test be reviewed and refined to determine test items to be used to measure essential skills in reading, writing, and math. This refocusing will require that new test questions be field-tested in the spring of 2002 and that new cut scores be determined in summer of 2002.

Measure:

the percentage of students in a high school grade level who pass the state high school graduation qualifying exam on a cumulative basis;

Sec 50(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The following chart illustrates the percentage of students in the class of 2002 that have passed the three parts of the HSGQE based on October 2000 enrollment data. These numbers will be updated to include the October 2001 enrollment information and the results from the October 2001 administration of the HSGQE:

	Number Proficient	Percent Proficient	October 2000 Enrollment
Reading	7,495	84.3%	8,887
Writing	5,365	60.4%	8,887
Mathematics	4,495	50.6%	8,887

Benchmark Comparisons:

The following chart illustrates the results for the class of 2002 for each administration of the High School Graduation Qualifying Exam beginning with the first administration in the spring of 2000. This information will be updated to include the October 2001 results as soon as the data becomes available. Similar cumulative data will be available for each class.

**STATEWIDE HSGQE
CLASS OF 2002**

HSGQE Student Test Results: Spring 2000, Fall 2001 and
Spring 2001

READING

Grade	Test Date	Number Proficient	Percent Proficient	Number Not Proficient	Percent Not Proficient	October 1 Enrollment
Grade 10	March 2000	6,178	74.6%	2,098	25.4%	10,217
Grade 11	October 2000	994	43.6%	1,286	56.4%	8,887
Grade 11	March 2001	323	24.2%	1,009	75.8%	8,887
7,495						

WRITING

Grade	Test Date	Number Proficient	Percent Proficient	Number Not Proficient	Percent Not Proficient	October 1 Enrollment
Grade 10	March 2000	3,924	47.6%	4,319	52.4%	10,217
Grade 11	October 2000	897	22.6%	3,066	77.4%	8,887
Grade 11	March 2001	544	21.3%	2,014	78.7%	8,887
5,365						

MATH

Grade	Test Date	Number Proficient	Percent Proficient	Number Not Proficient	Percent Not Proficient	October 1 Enrollment
Grade 10	March 2000	2,717	33.3%	5,454	66.7%	10,217
Grade 11	October 2000	1,022	21.2%	3,788	78.8%	8,887
Grade 11	March 2001	756	23.1%	2,518	76.9%	8,887
4,495						

Background and Strategies:

Alaska's education reform movement is on the right track. We are raising academic standards, seeking new resources and demanding accountability. The high-stakes consequences of the High School Graduation Qualifying Exam will be implemented for students graduating in the spring of 2004 rather than 2002.

During the last legislative session, there was significant discussion about what our students are being tested on and how well they are being asked to perform in these areas in order to receive a high school diploma. The legislature was very clear in passing SB 133, Chapter 94, SLA 2001, that the competency exam is to measure the "minimum competency in essential skills" for all high school graduates.

The commissioner convened a committee of approximately 45 educators to work with the department and the department's test contractor, CTB McGraw-Hill, in refocusing the High School Graduation Qualifying Exam on essential skills. Subcommittees in each of the content areas, reading, writing, and mathematics, reviewed test items that could potentially be used to measure essential skills. This refocusing will require that new test questions be field-tested in the spring of 2002 and that new cut scores be determined in summer of 2002. Additional resources will be needed in the FY2003 budget to accomplish these tasks.

The delay of the high stakes consequences of the HSGQE until the spring of 2004, while continuing to administer the Benchmark exams in grades 3, 6, and 8 as well as the revised and refocused HSGQE, will give us the tools and the time needed to be sure the standards reflect what Alaskans think is important, the test is a good measure and students are adequately prepared. The additional time will assure that all students, including those with learning disabilities and those in highly mobile families who move in and out of our schools, will have had a reasonable opportunity to learn what's tested.

Measure:

the percentage change in the number of children served in licensed and in registered child care facilities;
 Sec 51(b)(1) Ch 90, SLA 2001(HB 250)

Alaska's Target & Progress:

Children served (capacity) in licensed care from FY00 to FY01 decreased 6% or 996 spaces
 Children served (capacity) in registered care from FY00 to FY01 decreased 11% or 700 spaces

Benchmark Comparisons:

	FY2000	FY2001
No. of Licensed Facilities	609	580
Capacity/Served	16,505	15,509
No. of Registered Facilities	2,028	1,456
Capacity/Served	6,524	5,824

Effective July 1, 2001, the Department of Education & Early Development took over the statewide responsibility for licensing child care facilities. New child care regulations have been adopted that will improve quality care and move facilities from a category of registered care to licensed care. Registered care is limited to having no more than 4 children in care, including the provider's own children, and is not eligible for the child care grant program.

This combination of factors contributed to the slight decrease in the capacity served from FY2000 to FY2001 as shown in the above chart, i.e.: program transition to different agency and changes in licensing regulations.

Data currently available does not specifically address the measure of number of children served, but rather the capacity, or the number of spaces, for child care available in Alaska. With implementation of new licensing regulations, the number of licensed facilities will increase as the provision for registered care is eliminated. As of January 1, 2002, no new registered facilities will be approved and those facilities will have a transition period to become licensed.

Background and Strategies:

Child care licensing provides consumer protection through quality assurance. Minimum licensing standards should be the floor and not the ceiling. The high percentage of children in licensed facilities indicates that parents, as consumers of child care at all income levels, are seeking quality child care. Incentives are being developed to encourage more providers to pursue licensing.

A high percentage of states have moved to tiered reimbursement rates, paying more for higher quality care. Licensing is usually used to identify the lowest level of quality acceptable for funding, with some states ruling out programs with poor licensing records. There are different ways to distinguish between levels of quality. So far, most states have two levels: licensing and facilities that are both licensed and accredited.

To achieve Alaska's goal of high quality, safe child care, the department is:

1. Revising standards through regulation to reflect the higher expectations of the system.
2. Continuing to provide technical assistance to unlicensed facilities to meet minimum licensing standards.
3. Re-structuring the payment system to provide incentives for achieving and maintaining high quality care.

Department Budget Summary by BRU

All dollars in thousands

Formula	FY2001 Actuals				FY2002 Authorized				FY2003 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Expenditures												
K-12 Support	651,403.2	20,791.0	8,415.6	680,609.8	672,107.2	20,791.0	11,812.8	704,711.0	665,814.9	20,791.0	12,478.5	699,084.4
Pupil Transportation	42,413.5	0.0	4,400.0	46,813.5	50,564.0	0.0	0.0	50,564.0	53,933.8	0.0	0.0	53,933.8
Non-Formula Expenditures												
School Debt Reimbursement	0.0	0.0	52,653.9	52,653.9	0.0	0.0	57,020.5	57,020.5	0.0	0.0	56,378.4	56,378.4
Executive Administration	123.5	0.0	551.1	674.6	94.1	0.0	446.4	540.5	96.5	0.0	604.9	701.4
Teaching and Learning Support	4,767.7	76,114.6	3,824.1	84,706.4	6,123.4	91,090.2	2,637.4	99,851.0	7,267.7	93,483.2	2,152.4	102,903.3
Early Development	8,592.2	36,756.9	18,947.7	64,296.8	8,784.8	48,028.7	17,237.4	74,050.9	9,405.1	44,409.1	24,426.4	78,240.6
Alaska Community Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	78.9	2,825.2	70.7	2,974.8
Education Support Services	2,136.3	0.0	1,336.4	3,472.7	2,089.2	0.0	1,421.3	3,510.5	2,118.8	110.0	1,439.6	3,668.4
Alyeska Central School	91.2	0.0	4,281.7	4,372.9	91.2	0.0	4,933.8	5,025.0	91.2	0.0	5,009.3	5,100.5
Commissions and Boards	463.8	456.3	265.1	1,185.2	462.7	594.4	312.9	1,370.0	515.3	597.1	339.2	1,451.6
Children's Trust Programs	0.0	0.0	352.4	352.4	0.0	100.0	473.0	573.0	0.0	0.0	0.0	0.0
Kotzebue Technical Center	609.0	0.0	548.0	1,157.0	600.0	0.0	500.9	1,100.9	600.0	0.0	500.9	1,100.9
AK Vocational Technical Center	3,345.5	116.7	3,749.2	7,211.4	3,380.4	275.0	3,449.9	7,105.3	3,447.6	275.0	3,574.7	7,297.3
Mt. Edgecumbe Boarding School	2,418.6	0.0	2,443.2	4,861.8	2,571.2	0.0	1,995.7	4,566.9	2,580.7	0.0	2,032.5	4,613.2
State Facilities	260.7	0.0	1,558.4	1,819.1	260.7	0.0	1,653.9	1,914.6	253.9	0.0	1,794.7	2,048.6

	FY2001 Actuals				FY2002 Authorized				FY2003 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Maintenance												
Alaska Library and Museums	5,735.2	575.8	203.3	6,514.3	5,876.6	775.5	315.1	6,967.2	5,969.1	825.5	295.3	7,089.9
Alaska Postsecondary Education	1,444.0	62.8	8,286.0	9,792.8	1,444.2	76.1	8,166.3	9,686.6	1,507.3	77.7	8,721.1	10,306.1
Totals	723,804.4	134,874.1	111,816.1	970,494.6	754,449.7	161,730.9	112,377.3	1,028,557.9	753,680.8	163,393.8	119,818.6	1,036,893.2

Funding Source Summary

All dollars in thousands

Funding Sources	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
1002 Federal Receipts	113,921.8	140,637.2	142,297.5
1003 General Fund Match	3,868.6	4,173.1	4,512.3
1004 General Fund Receipts	719,350.8	749,633.6	748,501.9
1005 General Fund/Program Receipts	473.7	532.1	555.0
1007 Inter-Agency Receipts	33,880.6	29,539.0	37,264.8
1014 Donated Commodity/Handling Fee Account	161.3	302.7	305.3
1030 School Fund (Cigarette Tax)	29,337.3	29,049.1	29,006.3
1037 General Fund / Mental Health	111.3	110.9	111.6
1043 Impact Aid for K-12 Schools	20,791.0	20,791.0	20,791.0
1044 Debt Retirement	23,316.6	27,971.4	27,372.1
1053 Investment Loss Trust Fund	83.6	100.0	
1061 Capital Improvement Project Receipts	67.4	129.2	129.8
1066 Public School Fund	8,415.6	11,812.8	12,478.5
1092 Mental Health Trust Authority Authorized Receipts		100.0	100.0
1098 Children's Trust Fund Earnings	352.4	473.0	
1102 Alaska Industrial Development & Export Authority Receipts	4,400.0		
1106 Alaska Post-Secondary Education Commission Receipts	7,736.0	7,853.2	8,371.1
1108 Statutory Designated Program Receipts	401.6	566.1	543.5
1145 Art in Public Places Fund	75.6	75.6	75.6
1150 ACPE Dividend	200.0	313.1	
1151 Technical Vocational Education Program Account	1,629.9	1,684.9	1,684.9
1156 Receipt Supported Services	1,919.5	2,709.9	2,792.0
Totals	970,494.6	1,028,557.9	1,036,893.2

Position Summary

Funding Sources	FY2002 Authorized	FY2003 Governor
Permanent Full Time	373	420
Permanent Part Time	114	114
Non Permanent	3	3
Totals	490	537

FY2003 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Yuut Elitnaurviat People's Learning Center - Phase 1 Construction	900,000	0	0	900,000
Head Start Health and Safety Repairs	0	0	500,000	500,000
Department Total	900,000	0	500,000	1,400,000

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

Public School Funding Program

The governor's budget fully funds the FY2003 public school funding program. The FY03 adjusted average daily membership is projected to increase by only 482.23. Although the basic need and other formula adjustments increase by \$867.1, the level of state aid is reduced due to an increase in required local contribution of (\$5,916.6) and the continuing erosion of the funding floor at (\$1,143.9), for a total reduction of (\$6,193.4) from FY02 Authorized. An increase in Public School Trust Fund revenues available in FY03 of \$665.7 further reduces the general funds needed to fund the current entitlement under the public school funding program.

Based on the year 2 recommendations of the Education Funding Task Force, the governor is proposing legislation to increase the base student allocation in the public school funding program and the amount of learning opportunity grants within the school funding program. This legislation will invest \$23 million in education and include funding for direct student intervention programs, approximately \$12.3 million, within the formula so that school districts can plan and implement effective intervention programs on an annual basis. If such legislation is not passed nor the fiscal note financed, the \$12.3 million one-time funding for learning opportunity grants is retained in the language section of the Governor's FY03 operating budget request.

The following chart highlights the changes in the Public School Funding Program from FY2002 Authorized to FY2003 Projected Entitlements.

	FY2002 Authorized	FY2003 Projected	Difference
Regular ADM	123,627.62	123,821.09	193.47
Correspondence ADM	9,676.85	9,634.25	(42.60)
Total ADM	133,304.47	133,455.34	150.87
Adjusted ADM	211,439.92	211,922.15	482.23
Basic Need	\$849,043.4	\$849,807.8	\$764.4
Required Local Effort	(156,051.8)	(161,968.4)	(5,916.6)
Deductible Impact Aid	(50,817.5)	(50,722.6)	94.9
Supplemental Funding Floor	12,359.6	11,215.7	(1,143.9)
Quality Schools Grant	3,383.0	3,390.8	7.8
Military Flow Through and Other	26,096.1	26,096.1	0.0
Totals	\$684,012.8	\$677,819.4	(\$6,193.4)
Funding Sources			
1004 General fund	651,409.0	644,549.9	(6,859.1)
1043 P/L 81-874	20,791.0	20,791.0	-
1066 Public School	11,812.8	12,478.5	665.7
Total	684,012.8	677,819.4	(6,193.4)
Learning Opportunity Grants	12,372.0	12,372.0	0.0

Tuition Students

An increase in the number of children who are wards of the state is projected to increase the funding necessary to compensate individual school districts for loss of revenue in serving those students. The governor's budget includes an additional \$400,000 in FY2003 for a total of \$2,625,000 for tuition students.

Schools for the Handicapped

The \$150,000 increase under Schools for the Handicapped provides funding for the cost of the educational program at out-of-state institutions serving seriously disturbed youth who cannot receive appropriate treatment in state.

Pupil Transportation

The Pupil Transportation increase of \$3,369,800 fully funds school district pupil transportation reimbursements. The increase is due to a number of factors including contract COLA increases, additional routes, fuel increases, and new bus purchases.

School Debt Reimbursement

State debt obligation includes reimbursement of municipal bonds for approved school construction and major maintenance projects. The governor's FY2003 budget includes a decrement of \$642.1 for a total request of \$56,378.4 based on the estimated 70% reimbursement of debt service related to the issuance and payment of bonds.

Special and Supplemental Services

Early Literacy

Funding will support a new Education Specialist II, position in Juneau to coordinate efforts to improve the literacy of children ages 0-8. The coordinator will pool resources from existing programs to train parents, caregivers, educators, and paraprofessionals in age appropriate early literacy instruction. \$100.0

Federal Reading Excellence Act

The department has received a federal grant award from the U.S. Department of Education under the Reading Excellence Act (REA). Nearly all of the 2nd and 3rd year funds (\$5.0 million) will be granted to Alaska schools that need to improve the reading levels of their students. Grant activities include: the issuance of grant awards to schools to improve reading levels of students; professional development for teachers, administrators and parent; establishment of family literacy programs; and an evaluation.

Fetal Alcohol Syndrome

Through the Fetal Alcohol Syndrome (FAS) project, department staff will work with schools to raise awareness of Fetal Alcohol Syndrome. Staff will travel to communities and provide training through presentations, workshops, conferences and teleconferences. This project also funds grants and contracts that will be awarded to provide FAS related services to schools. \$500,000 is transferred by Reimbursable Service Agreement from the Department of Health and Social Services.

Quality Schools

Correspondence Program Monitoring & Review

The number of students enrolling in statewide correspondence programs has increased dramatically over the past several years. The department does not have the resources to adequately review the applications from school districts to operate these programs or follow up on monitoring and evaluating these programs. Additional oversight is necessary to ensure instructional and fiscal accountability. The department is requesting an Education Specialist II and an Education Program Assistant. \$175.0

Distance Delivered Courses

This funding will provide distant delivered courses in core content areas to small schools that do not have access to certified staff in specific content areas such as math and language arts. Access to these courses is a critical element in closing the achievement gap for all kids. The Education Funding Task Force recommended \$1.0 million for distance delivered courses.

Statewide Data Collection & Analysis

The Education Funding Task Force recommended that the department expand its capacity to provide statewide data collection and analysis as a critical element of school accountability. \$730,000 is included for 4 new data collection & analysis staff to address and respond to State Assessment Program issues. A comprehensive statewide assessment program is being implemented that includes: the developmental profile at kindergarten or grade 1; norm-referenced testing at grades 4, 5, 7, and 9; state benchmark assessments at grades 3, 6, and 8; the high school graduation qualifying examination beginning at grade 10; the collection of data for school level report cards; and a system of school designators, beginning in 2002. This comprehensive statewide assessment program generates a large amount of school and student data that must be collected, analyzed and reported. The department receives numerous requests for this data in a variety of configurations from Legislators, school staff, educational agencies, other state departments, and the public. Current staffing levels are inadequate to address these many requests for information and to accurately and adequately collect, analyze, and report assessment data in a timely fashion. \$730.0

Department of Defense - Troops to Teachers

A national project to provide educational opportunities for retired military personnel to become teachers. Funding for this project will support two new positions, a Program Coordinator, and an Administrative Clerk II, both positions will be located in Anchorage. \$250.0

Head Start

Federal funds for Head Start Programs are expected to increase and be available directly to Head Start grantees in Alaska. The governor's budget includes an additional \$500,000 in state general funds that will help grantees meet the 20% matching requirement, strengthen existing program, expand service to additional children and families, and assist programs in meeting federal Head Start performance requirements.

Summary of Department Budget Changes by BRU

From FY2002 Authorized to FY2003 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	754,449.7	161,730.9	112,377.3	1,028,557.9
Adjustments which get you to start of year:				
-K-12 Support	12,372.0	0.0	0.0	12,372.0
Adjustments which will continue current level of service:				
-K-12 Support	-12,372.0	0.0	0.0	-12,372.0
-Executive Administration	2.4	0.0	8.5	10.9
-Teaching and Learning Support	-45.8	-2,857.0	-985.0	-3,887.8
-Early Development	120.3	-2,381.6	3,329.9	1,068.6
-Alaska Community Service	63.9	2,825.2	70.7	2,959.8
-Education Support Services	29.6	110.0	18.3	157.9
-Alyeska Central School	0.0	0.0	75.5	75.5
-Commissions and Boards	2.6	2.7	3.2	8.5
-AK Vocational Technical Center	67.2	0.0	34.8	102.0
-Mt. Edgecumbe Boarding School	9.5	0.0	36.8	46.3
-State Facilities Maintenance	-6.8	0.0	24.8	18.0
-Alaska Library and Museums	92.5	0.0	-19.8	72.7
-Alaska Postsecondary Education	63.1	1.6	-157.7	-93.0
Proposed budget decreases:				
-K-12 Support	-6,859.1	0.0	665.7	-6,193.4
-School Debt Reimbursement	0.0	0.0	-642.1	-642.1
-Teaching and Learning Support	-814.9	0.0	0.0	-814.9
-Early Development	0.0	-1,238.0	0.0	-1,238.0
Proposed budget increases:				
-K-12 Support	566.8	0.0	0.0	566.8
-Pupil Transportation	3,369.8	0.0	0.0	3,369.8
-Executive Administration	0.0	0.0	150.0	150.0
-Teaching and Learning Support	2,005.0	5,250.0	500.0	7,755.0
-Early Development	500.0	0.0	3,859.1	4,359.1
-Alaska Community Service	15.0	0.0	0.0	15.0
-Commissions and Boards	50.0	0.0	23.1	73.1
-AK Vocational Technical Center	0.0	0.0	90.0	90.0
-State Facilities Maintenance	0.0	0.0	116.0	116.0
-Alaska Library and Museums	0.0	50.0	0.0	50.0
-Alaska Postsecondary Education	0.0	0.0	712.5	712.5
FY2003 Governor	753,680.8	163,393.8	119,818.6	1,036,893.2