



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Pupil Services

Clayton Holland, Director

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April 21, 2015

Dear Senate Education Committee Members:

I'm writing to express my concerns about [SB 103](#), Residential Psychiatric Education Funding. On March 20, 2015, I wrote a letter to the House Education Committee members to express my concerns with [House Bill 102](#). This bill, as written, would potentially have a significant financial impact on school districts, particularly on smaller, rural districts. Additionally, SB 103 and HB 102 would create increased budget uncertainty for all school districts in the state of Alaska. These bills were brought forward to the legislature by North Star Hospital, which is owned by Universal Health Services, Inc., a Fortune 500, for-profit company, based out of Pennsylvania. These residential facilities already receive a high rate of funding from taxpayers through Denali Kid Care (Medicaid) and through employee insurance. Additionally, these facilities currently operate and provide educational services through cooperative agreements with local school agencies, which has cost the residential facilities nothing.

The current national standard is that a school district pays for costs of educating a child at a residential facility *only if the school district made the residential placement decision*. HB 102 and SB 103 propose to fund education at residential facilities by removing funds from the local school district where the student resides. This would occur whether the student was placed at the residential facility by the state, by a local mental health agency, by the parent, or by the school. The language in the draft of this bill as it stands today also allows residential facilities from outside the state of Alaska to charge an Alaskan school district for educational compensation. This action potentially allows a residential facility outside the State of Alaska to bill school districts for hundreds of thousands of dollars—for students that may not have even resided in an Alaska school district for years.

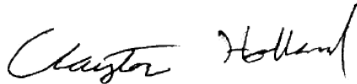
The language in SB 103 proposes the following:

For each student receiving educational services at a residential psychiatric treatment center, the school district where the student is enrolled shall pay the center an amount equal to the amount generated by the student less administrative costs retained by the school district where the student is enrolled, determined by applying the indirect cost rate approved by the department. The amount generated by the student is to be determined in the same manner as it would be for a student attending a public school in the school district where the student is enrolled, except that the adjusted ADM shall be calculated using the district cost factor under AS 14.17.460 that is applicable to either the district where the student is enrolled or the district where the center is located, whichever is less. The amount generated by the student includes federal impact aid, the required local contribution under AS 14.17.410(b)(2), the local contribution under AS 14.17.410(c), special needs funding under AS 14.17.420(a)(1), intensive services funding under AS 14.17.420(a)(2), secondary school vocational and technical instruction funding under AS 14.17.420(a)(3), and other appropriations for the purpose.” As all of the above funding mechanisms are allocated to the General Fund of a

school district, it is uncertain how the money appropriated to an individual student would be determined. Additionally, per student funding—Base Student Allocation (BSA)—is calculated statewide during a twenty day count each fall. Determining if a student leaves or is back in a school district and determining the accurate financial reporting of days would require DEED tracking and monitoring.

The KPBSD has strong reservations about this bill. While the title of SB 103 and HB 102 appears to be a positive, the means of obtaining this funding is not feasible, nor beneficial to Alaska school districts. Alaska school districts should not be required to pay for student services in which they did not determine a need, or make an educated recommendation. Given the current deficit most districts face and the financial climate in Alaska, it would be severely detrimental to reduce the funding schools receive in order to provide funding for a service that is not truly needed. Please contact me if you require clarification or additional information about why KPBSD does not support the passage of SB 103 or HB 102.

Sincerely,

A handwritten signature in black ink that reads "Clayton Holland". The signature is written in a cursive style with a large initial 'C' and 'H'.

Clayton Holland
Director of Pupil Services