

ALASBO

News Link...



A newsletter publication of Alaska Association of School Business Officials

ALASBO News Link
is published for the members of the Alaska
Association of School Business Officials
and its affiliate members.

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President's Message

*Mike Fisher, Fairbanks North Star Borough
School District*

"More school carnage on the way! February will be full of it," read the heading of Bradner's *Special Rural Community Schools & Municipal Supplement* dated January 30 2004. If anything, it was an understatement.

For years, school districts have been struggling to do more with less, and "think outside the box." Well that box is about six feet under right now. Rural districts and/or smaller districts have been in the forefront of this downward spiral for a number of years, but the general public in many parts of this state did not appear aware or too

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President's Message (Continued)

particularly concerned. Well that has all changed in the last few weeks.

And it's not that the larger districts haven't faced many of the same problems as smaller districts, but with economies of scale there are usually more options. The cuts don't seem to come quite as fast or furious. But when they get there they are dramatic.

Anchorage is facing a projected deficit of around \$26 million dollars in FY05. Fairbanks is projecting a shortfall of \$11.5 million dollars. Mat-Su has announced cuts totaling over \$8 million, and Kenai is struggling to cut \$5 million from a budget severely cut in the prior year. And I'm sure that as a percentage of total budget, many other districts are facing the same, if not greater cuts. Its just that they may not get the same statewide press coverage as districts like Anchorage, Fairbanks, Mat-Su, or Kenai.

- *Anchorage is facing a projected deficit of around \$26 million*
- *Fairbanks is projecting a shortfall of \$11.5 million*
- *Mat-Su has announced cuts totaling over \$8 million*
- *Kenai is struggling to cut \$5 million*
- *As a percentage of total budget, many other districts are facing the same, if not greater cuts*

We have all heard it said that our budget problems are due to the increasing costs of negotiated salaries, health care, retirement contributions, insurance, and utilities. That is not why we have budget deficits. Those costs, even though you try to control them, are somewhat expected and a fact of doing business in a labor-intensive environment. Our budget deficits are a result of inadequate funding.

Oh, by the way, welcome to my first newsletter as ALASBO President. Usually I would be drafting a nice "honored to be serving," touchy-feely article about the challenges and rewards of being a "School Business Official." But I'm not in the mood.

In a way I guess I should be glad there is something to write or talk about. But what I am really concerned and worried about is that even with the "carnage" facing us, that not enough educational leaders, community leaders, or parents will find something to "write or talk

about." I certainly hope not. But I need to do more than hope.

As President of ALASBO, I was asked to write an article for the *Education Bulletin*, the monthly newsletter of the Alaska Council of School Administrators (ACSA). ACSA includes the Alaska Association of Elementary School Principals, the Alaska Association of Secondary Principals, the Alaska Association of School Administrators and ALASBO and ALASBO members.

The theme of the February newsletter was *Legislation*, which was appropriate since the second session of the 23rd Alaska State Legislature had just begun on Monday, January 12th.

What I had written about then is even truer now. As professional leaders of Alaska's schools and school systems, we are all profoundly aware of the impact to our classrooms, schools and district operations once a piece of legislation is passed by the Legislature.

But did we have that same awareness while the legislation was still being crafted? Are we confident that our community, our school boards, the legislature, our own delegations, or even the sponsoring legislator shared our understanding of the potential impact to our educational programs? Did we take the opportunity to comment on, support, or educate others about the need for, or the impact of pending legislation?

I asked the questions rhetorically because many of us know that we could do a better job. Legislation often has significant impacts on programs apart from budgetary issues, so it is vital that not only business officials, but the educational leaders in our districts become aware of pending legislation in time to critically evaluate and give feed back regarding the impacts of proposed legislation. They are the ones most knowledgeable about how legislation impacts the classroom and the educational process. As school business officials, it is important that we help our educational leaders to monitor non-budget educational legislation.

And please be aware to whom you are speaking to, and to whom you are perceived to be speaking for. This is especially true if you are speaking on behalf of your community, your school board, or your professional organization. Sometimes personal feelings conflict with district

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President's Message (Continued)

or organization positions, but that is something we all have to address in a professional manner.

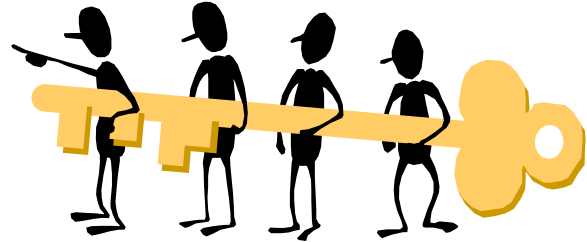
As I sit here finishing this article I know there have been a number of bills introduced relating to: the number of days in the school year, fines for offenses committed within school zones, secondary competency examinations, graduation requirements, endowment for public education, attendance at public schools, and funding for education. I'm sure by the time you read this issue of *ALASBO News Link*, there will be numerous others.

While we all fill similar roles for our districts, school boards, and superintendents, our day-to-day focus can be quite different. Most districts do not have resources or staff dedicated to tracking legislation as it is introduced, amended, or moves through the committee process.

Fortunately, there are a number of resources to help you. In addition to ACSA's own bi-weekly *Legislative Newsletter*, there are a number of other publications that also report on state budget issues and K-12 education bills before the legislature. Many of these may be subscribed to on a daily, weekly, bi-weekly or monthly basis. A valuable resource may include your own local newspaper. In addition to printed material, you may also refer to the State Legislature's home page at www.legis.state.ak.us, or possibly tune in to *Gavel to Gavel*. You can track individual bills using the Alaska 23rd Legislature's "Bill Action and State Inquiry System" (BASIS) at www.legis.state.ak.us/basis/. Your local Legislative Information Office can be of great help in keeping you informed of pending legislation and public hearing opportunities.

It is also important to voice your understanding and concern regarding budget or other legislative issues to various audiences. Within the next few weeks, our Superintendent, myself, or both of us will have addressed our FY2005 Proposed Budget at a Citizen's Budget Review Committee, Chamber of Commerce Education Committee, School Board Meeting, our local newspaper's Editorial Board, a meeting of the Central Council of PTAs, a local Television "Spotlight" segment, a Education Subcommittee teleconference, and several local media interviews. And of course there are always the impromptu discussions with supporters and non-supporters alike in front of the frozen corn at Fred Meyers.

Whatever resource you choose to use, or however you decide to keep informed about pending legislation, I encourage you not to undertake the task alone. Education is a team effort in almost all aspects, and monitoring legislation is no exception. Involve and rely on those around you who have expertise in either the budget or the program side of the issues. Let's work together to help formulate education policy – not just react to it.



An Everyday Survival Kit

Betty Zabielski, Alaska Gateway School District

With all the budget cuts we're looking at, I thought I would propose a survival kit.

Here's what you need and why:

1. Toothpick – to remind you to pick out the good qualities in others.
2. Rubber Band – to remind you to be flexible, things might not always go the way you want, but it will work out.
3. Band Aid – to remind you to heal hurt feelings, yours or someone else's.
4. Pencil – to remind you to list your blessings everyday.
5. Eraser – to remind you that everyone makes mistakes, and it's okay.
6. Chewing Gum – to remind you to stick with it and you can accomplish anything.
7. Mint – to remind you that you are worth a mint to your district and your co-workers.
8. Candy Kiss – to remind you that everyone needs a kiss or a hug everyday.
9. Tea Bag – to remind you to relax daily and go over that list of blessings.

Remember: To the world, you may just be somebody....but to somebody, you may just be the world.



Tammy White Receives Alaska School Business Official of the Year Award

Congratulations to Tammy White, who received this year's School Business Official of the Year Award at the December 2003 ALASBO annual conference! Each year's award-winner is selected from nominees solicited from school business officials around the state, by an ALASBO committee that includes past SBO of the Year recipients and retired ALASBO members. Tammy White has been involved with ALASBO for many years, through her employment with several districts around the state. She has chaired numerous committees, served as ALASBO president and has recently taken on the role of ALASBO Executive Director. Tammy has been instrumental in the campaign for Melody Douglas into ASBO leadership. Thanks to Pen-Air for their continued sponsorship of this recognition program!

Executive Director Message

**Tammy White, Yukon-Koyukuk School
District**

"Ask not what your country can do for you but what you can do for your country," a very famous quote from President John F. Kennedy still holds true today.

I believe this is the way I have tried to live my life. In doing so I had to think how can I serve my country? The logical result for me was locally with every child in my district. This is a true challenge since I do not have the skills, let alone the sanity to teach a class of 20-30 children. However, I have tried to insure that every student would have the best opportunity to succeed by providing support to those who can teach.

As time went on, and motivated by the founding fathers (& mothers) of ALASBO, I realized I could give more to the children in the State of Alaska by helping to support all business managers with great professional development through ALASBO. With this came the ability to receive additional professional development from ASBO International. So, beginning with a small thought of serving children in my district, my motivation grew to being involved with an international organization. Along with all of the above I received the greatest honor I have ever been given, this year's Alaska School Business

Official of the Year. This honor is very humbling because it was given to me by my peers.

So now I call on all members of ALASBO to become an active member of your association by asking: what can I do for my association? Find out in turn what your association will do for you.

- See a committee you might be interested in, call your board liaison.
- Want to help with the newsletter or the web site, call the chair of those committees.
- Want to be a part of the State conference call ALASBO's President Mike Fisher, he will appreciate the help.



ASBO International News

**Melody Douglas, Vice-President
ASBO International**

The ASBO Board of Directors will meet February 12, 2004 in Cincinnati, Ohio. Matters before the Board include approving ASBO's annual budget (their fiscal year is April 1 through March 31) and approval of the 2004 Committee Manual of Operations. This revision includes a detailed Committee Leadership Succession Plan, reference to the ASBO Code of Ethics, and clarification of the role of the chair, vice chair and membership of each committee. Also slated for Board approval is the Annual Meeting Manual and policy revisions concerning programs and services, committee and liaisons, and internal board policy.

The Board will also be addressing recommendations from the Bylaws Committee. Two major issues arose during the open bylaws committee meeting

1. regional representation on the board
2. a draft model for bringing bylaws changes to board to be developed by the bylaws committee.

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ASBO International News (Continued)

The recent change to allow all ASBO members the right to vote has generated three areas relative to the election rules that may involve ASBO's bylaws changes:

1. Should nominations from the floor be removed from the bylaws?
2. Should the section in the bylaws that requires potential candidates to declare their candidacy by July 1st be moved to June 1st and/or be removed from the bylaws entirely and let the annual election rules determine what the declaration date should be?
3. Should the requirements for a candidate's support from their affiliate be revised?

School Business Official certification/licensure will also be discussed. (No action slated at this time). This concept has been around for some time – I'm interested in hearing what you think about our field being certified or licensed.



Please take a few minutes to visit the ASBO website at www.asbointl.org; the following items are noted for your consideration when you access the site:

- Revised Section 403 (b) Compliance Guide
- Best Practices Samples
- New edition of Financial Accounting for Local and State School Systems
- New Schools of the Future publications
- Legislative Action Center

The ASBO Board will next meet on July 17, 2004; please let me know of any concerns, suggestions and ideas you would like addressed. I may be reached at 907-262-5846 or mdouglas@kpbsd.k12.ak.us.

ISER Draft Report on Cost Study Released

Dennis Niedermeyer, Retired

Dr. Bradford H. Tuck, Institute of Social and Economic Research (ISER), University of Alaska Anchorage has issued a draft report dated January 29, 2004 reviewing the Alaska School District Cost Study. The American Institutes for Research (AIR) study and report issued last year was highly criticized by school business officials and others as deficient.

In response to a suggestion from ALASBO and others, the legislature commissioned a peer review to address the following questions:

- A) Is the methodology used by AIR generally acceptable?
- B) If so, is there anything unique to Alaska that makes its use inappropriate in Alaska?
- C) If it is acceptable but is deficient in some respects, can elements be adapted for use in Alaska?
- D) Is an alternative general methodology necessary, and if so, what might it be?

Dr. Tuck's conclusions are summarized below:

- *The methodology...is appropriate. However we have a number of concerns about the way AIR estimated some of the specific components of the index.*
- *AIR's estimation of the teacher compensation does not adequately address the issue of teacher turnover rates. The review goes on to state that they do not think that it provides a reliable measure of regional differences in the cost of labor or the cost of living.*
- *AIR's estimation of energy requirements and related costs is flawed.*
- *AIR used just two supplies items...this is an unusually small sample of items.*
- *We find discrepancies between what the AIR documentation states and the actual computation of components of the travel index.*



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ISER Review of Cost Study (Continued)

- *We find discrepancies between what the AIR documentation states and the actual computation of components of the travel index.*
- *AIR's definition and measurement of budget categories...may not be adequate.*

However, in the summary of the report, Dr. Tuck's specific answers to the questions indicate a slightly more measured response to the above problems. The following are the report's specific answers to each of the four questions to be answered in the review:

- (A) *Is the methodology used by AIR generally acceptable?* - The report states that the choice of index number type is appropriate and methodologically sound.
- (B) *Is there anything unique to Alaska that makes its use inappropriate in Alaska?* - The report indicates that there is nothing unique about Alaska that makes the methodology inappropriate even though there are problems in the measurement of index components possibly resulting from an incomplete understanding of Alaska.
- (C) *If it is acceptable but is deficient in some respects, can elements be adapted for use in Alaska?* - The report outlines a number of problem areas regarding measurement of index components, including: inappropriate estimation of teacher compensation; energy costs are prone to significant error; travel cost component should be reviewed; the cost of goods component needs additional validation; alternative measures of delivered prices should be considered; and the definition and measurement of budget categories may not be adequate.
- (D) *Is an alternative general methodology necessary?* - No.

Overall, I believe that the ISER review supported ALASBO's concerns on the AIR study. While ISER's review indicates that the methodology is theoretically appropriate, they provide sufficient examples and information that AIR's use of the methodology did not result in cost differential indexes that accurately reflect cost differences of personnel, energy, transportation, supplies and materials across Alaskan school districts.

At this time, I have no information about when the final report will be issued, or what process the legislature will use to review the results.

PHI: What is It, and Are You in Compliance?

Elizabeth Frances, Southwest Region School District

PHI or Protected Health Information is "individually identifiable" health information that is held or disclosed (either electronically, on paper or orally) by a "covered entity." Rules covering PHI were introduced as part of HIPAA (Health Insurance Portability and Accountability Act of 1996). There were many parts to HIPAA and the section that covers PHI was to be implemented April 14, 2003 for large plans or April 14, 2004 for small plans. This means that covered entities should either currently be in compliance or be coming into compliance very shortly.

"Covered entities" include the plan sponsors of self-insured health plans, the insurance company or HMO for insured health plans, clearinghouses of health information, health care providers and business associates that provide services that expose them to the PHI of covered entities. Based on this any school district that has a self-insured health plan needs to ensure that they are in compliance.

Based on this (definition), any school district that has a self-insured health plan needs to ensure that they are in compliance.

As with all legislation, some vagueness exists within the Act and there still seems to be a question about whether this portion of HIPAA applies to all instances of health information or not. There is still no clear direction on whether employers filing worker compensation claims, supervisors gathering medical statements for sick leave, committees that discuss conditions related to sick leave bank requests or employer-required physicals are subject to the PHI requirements. The recommendation is to err on the side of caution to ensure that you don't violate PHI.

To ensure that a covered entity is in compliance with the PHI regulations it is important to understand the requirements and develop an action plan.

PHI Compliance (Continued)

The following are some steps to get you started.

- Appoint a Privacy Officer responsible for the development and implementation of privacy policies
- Determine the current uses of PHI, what its permitted uses and disclosures are and how to limit access to it
- Develop a process for authorizing the release of PHI and a process for de-identifying health information (eliminating all aspects of health information that would link it to an individual; properly de-identified information can be legally disclosed)
- Determine your business associates' exposure to PHI and enter into contracts with them to ensure compliance
- Ensure that you amend your plan document and Summary Plan Description to comply with PHI
- Designate employees who will have access to PHI and ensure they are properly trained to ensure compliance with disclosure rules
- If you are a self-funded plan you will need to distribute privacy notices and if you are a fully insured plan verify that your insurance carrier will be distributing privacy notices
- Make sure that you document your privacy plan policy, training done to ensure compliance, actions taken for identified instances of noncompliance with the policy, a complaint procedure, a designated person to receive complaints related to PHI and actions taken to resolve complaints
- Ensure that your privacy policies are updated as necessary

PHI is not exciting but it is definitely required. Employees can file complaints directly with HHS if they believe an entity is not complying with the requirements of PHI. HHS will follow up with you if such a complaint is filed. Be prepared with privacy policies, documentation of PHI compliance and cooperate with HHS during an investigation or compliance review. For more information you can visit the HHS website at www.hhs.gov/ocr/hipaa.

Budget Blues in the Bush

Karen Goodwin, Lower Yukon School District

I recently read a story from "God's Little Devotional Book for Leaders" and it made me contemplate the many NCLB and funding challenges that school districts face. The story is a famous fable that began to circulate about the fate of England after the fall of France in World War II. The legend went that in July 1940, Hitler and Mussolini invited Churchill to Paris for a secret conference. They met at a tea table next to a carp pool.

Hitler opened the dialog, "England is finished, Churchill! Sign this document admitting defeat and all Europe will have peace tomorrow!" Churchill said quietly, "I don't agree that we have lost the war." Hitler pounded the table and cried, "Ridiculous!" "Why not settle this with a wager?" Churchill asked. Hitler responded, "What's the bet?" Churchill said, "See these big carp in the pool? Let's wager that the first to catch one without customary fishing equipment will be the winner." Hitler and Mussolini agreed and Hitler quickly pulled out a revolver and emptied it at the nearest fish. The water deflected the bullets. Next Mussolini jumped into the pool and tried to catch a carp with his bare hands. He failed. "Your turn Churchill," said Hitler. Churchill began to repeatedly dip his spoon into the pool and toss the water over his shoulder. "What are you doing?" cried Hitler. Churchill replied, "It will take a long time, but we are going to win the war!"

With funding cuts, program reductions, layoffs, school board restrictions and politics, legislative mandates and NCLB requirements, and all the other numerous obstacles that school business managers face when developing their yearly budget, I am confident in knowing that these concerns are simply a different form of previous issues that have had to be reconciled in the past years when I have successfully developed previous budgets. As I scramble to develop a balanced and prudent budget for our district, I am inspired by the Churchill story and a joke:

The project manager walks into his boss' office and says, "Here is the bottom line budget needed for the success of the project." The boss says, "What can you do for half the money?" The project manager says, "Fail." The boss says, "When can you get started?" The project manager says, "I think I just did."

Good luck and much strength as you battle the "Budget Blues!"



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