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CS FOR HOUSE BILL NO. 297(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE EDUCATION COMMITTEE

**Offered:
Referred:**

Sponsor(s): THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the governor's performance scholarship program and relating to**
2 **the program; establishing the governor's performance scholarship fund and relating to**
3 **the fund; relating to student records; making conforming amendments; and providing**
4 **for an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 *** Section 1.** AS 14.03 is amended by adding a new section to read:

7 **Sec. 14.03.113. District determination of scholarship eligibility.** A school
8 district shall determine whether a student who graduates from a high school in the
9 district is eligible for an award of a merit-based governor's performance scholarship
10 under AS 14.43.810 - 14.43.890. If a student is eligible, the district shall state in the
11 student's permanent record the highest tier of funding for which the student is eligible.
12 A district shall provide a student with an opportunity to request that the district correct
13 an error in the eligibility determination.

14 *** Sec. 2.** AS 14.07.020(a) is amended to read:

1 (a) The department shall

2 (1) exercise general supervision over the public schools of the state
3 except the University of Alaska;

4 (2) study the conditions and needs of the public schools of the state,
5 adopt or recommend plans, administer and evaluate grants to improve school
6 performance awarded under AS 14.03.125, and adopt regulations for the improvement
7 of the public schools;

8 (3) provide advisory and consultative services to all public school
9 governing bodies and personnel;

10 (4) prescribe by regulation a minimum course of study for the public
11 schools; the regulations must provide that, if a course in American Sign Language is
12 given, the course shall be given credit as a course in a foreign language;

13 (5) establish, in coordination with the Department of Health and Social
14 Services, a program for the continuing education of children who are held in detention
15 facilities in the state during the period of detention;

16 (6) accredit those public schools that meet accreditation standards
17 prescribed by regulation by the department; these regulations shall be adopted by the
18 department and presented to the legislature during the first 10 days of any regular
19 session, and become effective 45 days after presentation or at the end of the session,
20 whichever is earlier, unless disapproved by a resolution concurred in by a majority of
21 the members of each house;

22 (7) prescribe by regulation, after consultation with the state fire
23 marshal and the state sanitarian, standards that will assure healthful and safe
24 conditions in the public and private schools of the state, including a requirement of
25 physical examinations and immunizations in pre-elementary schools; the standards for
26 private schools may not be more stringent than those for public schools;

27 (8) exercise general supervision over pre-elementary schools that
28 receive direct state or federal funding;

29 (9) exercise general supervision over elementary and secondary
30 correspondence study programs offered by municipal school districts or regional
31 educational attendance areas; the department may also offer and make available to any

1 Alaskan through a centralized office a correspondence study program;

2 (10) accredit private schools that request accreditation and that meet
3 accreditation standards prescribed by regulation by the department; nothing in this
4 paragraph authorizes the department to require religious or other private schools to be
5 licensed;

6 (11) review plans for construction of new public elementary and
7 secondary schools and for additions to and major rehabilitation of existing public
8 elementary and secondary schools and, in accordance with regulations adopted by the
9 department, determine and approve the extent of eligibility for state aid of a school
10 construction or major maintenance project; for the purposes of this paragraph, "plans"
11 include educational specifications, schematic designs, and final contract documents;

12 (12) provide educational opportunities in the areas of vocational
13 education and training, and basic education to individuals over 16 years of age who
14 are no longer attending school;

15 (13) administer the grants awarded under AS 14.11;

16 (14) establish, in coordination with the Department of Public Safety, a
17 school bus driver training course;

18 (15) require the reporting of information relating to school disciplinary
19 and safety programs under AS 14.33.120 and of incidents of disruptive or violent
20 behavior;

21 (16) establish by regulation criteria, based on low student performance,
22 under which the department may intervene in a school district to improve instructional
23 practices, as described in AS 14.07.030(14) or (15); the regulations must include

24 (A) a notice provision that alerts the district to the deficiencies
25 and the instructional practice changes proposed by the department;

26 (B) an end date for departmental intervention, as described in
27 AS 14.07.030(14)(A) and (B) and (15), after the district demonstrates three
28 consecutive years of improvement consisting of not less than two percent
29 increases in student proficiency on standards-based assessments in math,
30 reading, and writing as provided in AS 14.03.123(f)(2)(A); and

31 (C) a process for districts to petition the department for

1 continuing or discontinuing the department's intervention;

2 (17) notify the legislative committees having jurisdiction over
3 education before intervening in a school district under AS 14.07.030(14) or redirecting
4 public school funding under AS 14.07.030(15);

5 (18) administer duties assigned to the department under the
6 governor's performance scholarship program established in AS 14.43.810 -
7 14.43.890.

8 * Sec. 3. AS 14.42.030(e) is amended to read:

9 (e) The commission may

10 (1) adopt regulations under AS 44.62 (Administrative Procedure Act)

11 to

12 (A) carry out the purposes of

13 (i) AS 14.43.091 - 14.43.890 [AS 14.43.091 -
14 14.43.750], 14.43.990, AS 14.44, and AS 14.48; and

15 (ii) AS 14.43.910 and 14.43.920 as they relate to the
16 purposes of AS 14.43.091 - 14.43.890 [AS 14.43.091 - 14.43.750],
17 14.43.990, AS 14.44, and AS 14.48;

18 (B) ensure compliance with the requirements imposed by state
19 and federal statutes and regulations governing the guaranty, insurance,
20 purchase, or other dealings in eligible loans by federal agencies,
21 instrumentalities, or corporations; and

22 (C) establish standards for the

23 (i) administration of hearings conducted under
24 AS 14.43.153; and

25 (ii) administrative enforcement of collection orders
26 under AS 14.43.151 - 14.43.155;

27 (2) delegate to the executive director of the commission or a
28 subcommittee of the commission any duty imposed on or power granted to the
29 commission by this chapter, AS 14.43, AS 14.44, or AS 14.48, except its power to
30 adopt regulations and its duty to consider appeals under AS 14.43.100(b) and
31 AS 14.48.120;

1 (3) establish task forces, committees, or subcommittees, not
2 necessarily consisting of commission members, to advise and assist the commission in
3 carrying out its functions;

4 (4) contract with or use existing institutions of postsecondary
5 education or other individuals or organizations to make studies, conduct surveys,
6 submit recommendations, or otherwise contribute to the work of the commission;

7 (5) establish fees for the review of an out-of-state institution that

8 (A) requests approval for participation in the programs under
9 AS 14.43.091 - 14.43.750, 14.43.990, and AS 14.44; and

10 (B) is not accredited by a national or regional accreditation
11 association recognized by the Council for Higher Education Accreditation; and

12 (6) collect all fees and costs incurred in collection of the amount owed
13 on a loan or repayment obligation if the loan or repayment obligation becomes
14 delinquent or in default; in this paragraph, fees and costs include attorney fees, court
15 costs, and collection fees charged by a collection agency.

16 * **Sec. 4.** AS 14.42.200 is amended to read:

17 **Sec. 14.42.200. General powers.** In addition to other powers granted in this
18 chapter, the corporation may

19 (1) sue and be sued in its own name;

20 (2) adopt an official seal;

21 (3) adopt regulations under AS 44.62 (Administrative Procedure Act)
22 to carry out the purposes of this chapter;

23 (4) make and execute agreements, contracts, and other instruments
24 necessary or convenient in the exercise of the powers and functions of the corporation,
25 including contracts with a person or governmental entity;

26 (5) receive, take, hold, and administer, on behalf of the corporation and
27 for any of its purposes, any appropriation, gift, grant, bequest, devise, or donation of
28 real property or personal property if that obligation of the corporation is not a debt of
29 the state; in this paragraph, "property" includes

30 (A) money; and

31 (B) life estates, leases, or other interests in property;

1 (6) borrow money as provided in this chapter to carry out its corporate
2 purposes and issue its obligations as evidence of the borrowing;

3 (7) include in a borrowing the amounts to pay financing charges,
4 interest on the obligations for a period not exceeding one year after the date on which
5 the corporation estimates funds will otherwise be available to pay the interest,
6 consultant, advisory, and legal fees, and other expenses necessary or incident to the
7 borrowing;

8 (8) invest or reinvest, subject to its contracts with noteholders and
9 bondholders, money held by the corporation as set out in AS 37.10.071;

10 (9) set and collect interest, fees, and charges in connection with
11 education loans or repayment obligations held by the corporation and its servicing
12 agents; in this paragraph, "charges" includes costs of financing by the corporation,
13 service charges, insurance premiums, and other costs incurred by the corporation in
14 carrying out its corporate purposes;

15 (10) gather information on postsecondary education financial resources
16 available to residents of this state and disseminate the information to reasonably assure
17 that qualified residents are aware of those financial resources;

18 (11) service education loans and repayment obligations held by the
19 corporation;

20 (12) purchase or participate in the purchase of education loans;

21 (13) contract in advance for the purchase or sale of education loans;

22 (14) sell or participate in the sale, either public or private and on terms
23 authorized by the board, of education loans to the Student Loan Marketing Association
24 or to other purchasers;

25 (15) collect and pay reasonable fees and charges in connection with the
26 purchase, sale, and servicing of education loans and repayment obligations;

27 (16) enter into agreements with the federal government, including
28 guaranty agreements and supplemental guaranty agreements as described in 20 U.S.C.
29 1001 - 1155, as amended, as necessary to provide for the receipt by the corporation of
30 administrative allowances and other benefits available under 20 U.S.C. 1001 - 1155,
31 as amended;

1 (17) administer federal money allotted to the state involving insured
2 education loans and related administrative costs and other matters;

3 (18) enter into agreements with the commission relating to education
4 loans and repayment obligations, the administration of the financial aid and loan
5 programs under AS 14.43.091 - 14.43.890 [AS 14.43.091 - 14.43.750], 14.43.990, and
6 AS 14.44, and the payment of and security for bonds of the corporation;

7 (19) to the extent permitted under contracts with bondholders, consent
8 to the modification of the rate of interest, time of payment of an installment of
9 principal or interest, or other terms of an education loan or repayment obligation held
10 by the corporation;

11 (20) procure insurance against any loss in connection with the
12 operation of its programs;

13 (21) provide advisory services to borrowers and other participants in
14 the corporation's programs;

15 (22) enter into credit facility agreements and make pledges, covenants,
16 and agreements with respect to the repayment of borrowings under the credit facility
17 agreements;

18 (23) develop and implement education financing programs; in this
19 paragraph, "programs" includes

20 (A) programs listed in AS 14.42.030(b)(1);

21 (B) programs for the guaranteeing, servicing, originating, and
22 financing of education loans for borrowers located both inside and outside the
23 state; and

24 (C) federal financial aid programs made under federal law; and

25 (24) perform acts that may be necessary or appropriate to carry out
26 effectively the general objectives and purposes of the corporation under AS 14.42.100
27 - 14.42.990.

28 * **Sec. 5.** AS 14.43 is amended by adding new sections to read:

29 **Article 11A. Governor's Performance Scholarship Program.**

30 **Sec. 14.43.810. Governor's performance scholarship program established;**

31 **Alaska residency.** (a) The governor's performance scholarship program is established

1 for the purpose of ensuring that a rigorous curriculum is available in all high schools
 2 in the state and to provide scholarships for high school graduates who are Alaska
 3 residents to attend a qualified postsecondary institution in the state. The program
 4 includes a merit-based academic scholarship, a merit-based career and technical
 5 school scholarship, and an unmet financial need scholarship supplement. The merit-
 6 based academic scholarship consists of three levels of awards. The merit-based career
 7 and technical school scholarship consists of one level of award.

8 (b) The department shall design the programmatic standards for the
 9 scholarships and appeals of adverse decisions. The commission shall administer the
 10 daily operations of the program and financing of the program, including the
 11 procedures for applying for the scholarships, establishing standards for and ensuring
 12 continuing compliance with programmatic standards, and requiring students to apply
 13 for other non loan financial aid, consistent with federal law. The respective agencies
 14 shall adopt necessary regulations under AS 44.62 after consultation with each other.
 15 The department may change the regulations under AS 44.62 relating to the
 16 programmatic standards for required academic achievement for eligibility only by
 17 giving advance public notice at least one school year before the effective date of the
 18 change.

19 (c) For purposes of the program, a student is an Alaska resident if the student
 20 meets the requirements for establishing residency under AS 01.10.055.

21 (d) The program shall be administered to further the following goals:

- 22 (1) increasing high school graduation rates in the state;
- 23 (2) improving academic performance of students in kindergarten
 24 through grade 12 in the state;
- 25 (3) improving preparedness of Alaska students for postsecondary
 26 education;
- 27 (4) improving the quality of the educational programs offered by high
 28 schools in the state;
- 29 (5) increasing the scores of high school students in the state on college
 30 entrance examinations;
- 31 (6) increasing job training opportunities in the state;

1 (7) improving the postsecondary academic achievement and
2 graduation rates of students in the state;

3 (8) expanding the pool of high school students in the state who pursue
4 postsecondary opportunities;

5 (9) providing a rigorous curriculum in all high schools in the state;

6 (10) increasing participation of Alaska high school students in Alaska
7 postsecondary institutions.

8 **Sec. 14.43.815. Qualifications of applicants.** (a) A student may apply for a
9 governor's performance scholarship to attend a qualified postsecondary institution in
10 the state if the student

11 (1) has applied or intends to apply for admission to the institution;

12 (2) is an Alaska resident who has

13 (A) graduated, or will graduate not later than six months after
14 the date of the application, from a high school in the state, including a public
15 school, private school, and home school;

16 (B) graduated, or will graduate not later than six months after
17 the date of the application, from a high school outside of the state under
18 circumstances allowed by the department; for purposes of this subparagraph,
19 allowable circumstances include a circumstance in which a high school student
20 who is an Alaska resident left the state because of the military service of the
21 student's custodial parent who is an Alaska resident;

22 (3) will receive and use the scholarship at a qualified postsecondary
23 institution in the state not later than six years after the beginning of the first school
24 year after a student's graduation from high school, unless the student qualifies for an
25 extension of time allowed by the department; for purposes of this paragraph, standards
26 for extension of time must include time while the student is in military service; and

27 (4) meets other minimum qualifications to apply or continue to be
28 eligible for a governor's performance scholarship.

29 (b) A student is not qualified to receive a governor's performance scholarship
30 if the student

31 (1) has not complied with the military selective service registration

1 requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if
2 those requirements apply to the student;

3 (2) is currently in default or owes a refund on a federal financial aid
4 loan under the federal guaranteed student loan program or financial aid awarded under
5 this chapter; or

6 (3) has been convicted of a felony in the state or another jurisdiction
7 and has not qualified for a waiver under standards adopted by the department.

8 **Sec. 14.43.820. Eligibility for an academic scholarship.** (a) Subject to
9 appropriation, the commission shall award a merit-based academic scholarship to an
10 applicant who meets the eligibility criteria for the award under the program.

11 (b) The programmatic standards for eligibility for an award of a merit-based
12 academic scholarship under the program include the following:

13 (1) the four-year core academic curriculum, which may include virtual
14 curriculum, that the student must have completed in high school; the core academic
15 curriculum must include

16 (A) four years of mathematics;

17 (B) four years of language arts;

18 (C) four years of science; and

19 (D) three years of social studies;

20 (2) the minimum grade average that the student must have achieved in
21 high school to be eligible for each of the three tiers of academic scholarship; the top
22 tier is the A average tier, the second tier is the B average tier, and the third tier is the C
23 plus average tier; the grade-point average for the A average tier is 3.5 or higher, for
24 the B average tier is less than 3.5 but not less than 3.0, and for the C plus average tier
25 is less than 3.0 but not less than 2.5; the department shall set by regulation minimum
26 requirements based on a substantially similar standard for districts that do not assign
27 grades;

28 (3) the minimum score on a college entrance examination that the
29 student must have achieved to be eligible for each of the three tiers of academic
30 scholarship;

31 (4) a process by which a student who meets the grade standards in (2)

1 of this subsection for a particular tier, but does not meet the minimum scores
2 established under (3) of this subsection for that tier, may apply for a lower tier
3 scholarship;

4 (5) enrollment in a course of study at a qualified postsecondary
5 institution as described in AS 14.43.835 that is intended to result in the award of a
6 certificate or degree;

7 (6) a process through which a student who is no longer eligible can
8 regain eligibility;

9 (7) a process through which a home-schooled or private-schooled
10 student may submit evidence to the qualified postsecondary institution that establishes
11 the equivalent of the high school diploma, grade-point average, and core academic
12 curriculum for public school students.

13 **Sec. 14.43.825. Eligibility for a career and technical school scholarship.** (a)
14 Subject to appropriation, the commission shall award a merit-based career and
15 technical school scholarship to an applicant who meets the eligibility criteria for the
16 award under the program.

17 (b) The programmatic standards for eligibility for an award of a merit-based
18 career and technical school scholarship under the program include the following:

19 (1) the core academic curriculum, which may include virtual
20 curriculum, that the student must have completed in high school; the core academic
21 curriculum must include

22 (A) four years of mathematics;

23 (B) four years of language arts;

24 (C) four years of science; and

25 (D) three years of social studies;

26 (2) the minimum grade average that the student must have achieved in
27 high school; the minimum is C plus average; the C plus average requirement is a
28 grade-point average of 2.5 or higher; the department shall set by regulation minimum
29 requirements based on a substantially similar standard for districts that do not assign
30 grades;

31 (3) the minimum score that the student must have achieved on a

1 (A) college entrance examination; or

2 (B) standardized examination designed to measure a student's
3 level of preparedness to make the transition to work, as selected by the
4 department;

5 (4) enrollment in good standing at a certified career and technical
6 school that is intended to result in the award of a certificate that indicates the student's
7 preparedness to enter the workforce;

8 (5) a process through which a student who is no longer eligible can
9 regain eligibility.

10 **Sec. 14.43.827. Maximum awards and allowable uses.** (a) Subject to (b) - (e)
11 of this section, the maximum awards and allowable uses for the merit-based programs
12 are as follows:

13 (1) for the merit-based academic scholarship, three tiers of scholarship
14 financing awards; the highest tier of award for a semester must be equal to the cost of
15 approved tuition at the University of Alaska in school year 2010 through 2011 for a
16 student taking 15 credits, and require very high academic achievement; the second tier
17 must be 75 percent of the highest tier and require high academic achievement; the
18 third tier must be 50 percent of the highest tier and require moderate academic
19 achievement; for purposes of this paragraph, a student's academic achievement must
20 be determined by the student's high school grade-point average described in
21 AS 14.43.820(b)(2) and score on an examination described in AS 14.43.820(b)(3);

22 (2) for the merit-based career and technical scholarship, the award
23 must be the actual cost of the qualified career and technical school attended by the
24 student, not to exceed \$3,000 a school year;

25 (3) subject to (e) of this section, a student who qualifies for a merit-
26 based academic scholarship may apply the award to the costs of attending a qualified
27 career and technical school program as described in AS 14.43.835(a)(2);

28 (b) A part-time student who receives a merit-based academic scholarship and
29 is enrolled on at least a half-time basis is eligible for an award on a pro rata basis.

30 (c) A student's eligibility for a scholarship terminates six years after the date
31 the student graduated from high school unless the student qualifies for an extension of

1 time allowed by the department.

2 (d) Subject to AS 14.43.815(a)(3), a student receiving a merit-based academic
3 scholarship may remain eligible for up to eight semesters of enrollment at a qualified
4 university or college, which may include graduate courses, or for up to two calendar
5 years of attendance at a qualified career or technical school. A student receiving a
6 merit-based career and technical scholarship may remain eligible for two calendar
7 years of attendance at a qualified career and technical school. A student may not
8 receive both an academic and a career and technical scholarship.

9 (e) The amount of a scholarship award may not exceed the amount of the
10 student's costs of attendance as certified by the postsecondary institution for the
11 purposes of federal financial aid, less any other scholarships or non loan financial aid
12 awarded to the student.

13 **Sec. 14.43.828. Eligibility for an unmet need scholarship supplement and**
14 **maximum awards.** (a) Subject to appropriation, the commission shall award an unmet
15 need scholarship supplement to a student who meets the eligibility criteria for the
16 award.

17 (b) A student is eligible to receive an unmet need scholarship supplement if
18 the student

19 (1) is eligible for a merit-based academic scholarship or a merit-based
20 career and technical school scholarship; and

21 (2) can demonstrate, in a year in which the student receives a
22 scholarship, that the student has unmet financial need greater than \$2,000.

23 (c) The maximum amount for an unmet need scholarship supplement is 50
24 percent of the unmet financial need that exceeds \$2,000.

25 (d) The qualified postsecondary institution attended by the student shall
26 determine unmet financial need by subtracting from the student's allowable standard
27 costs of attendance at the institution all non loan sources of financial support,
28 including an expected family contribution and all federal, state, and private
29 scholarships or grants received by the student.

30 (e) In this section,

31 (1) "allowable standard costs of attendance" means

1 (A) for a student who receives a merit-based academic
2 scholarship, the lesser of the

3 (i) standard costs of attendance at the University of
4 Alaska, as determined by the commission; or

5 (ii) actual costs of attendance at the qualified
6 postsecondary institution that the student attends or plans to attend, as
7 determined by the commission;

8 (B) for a student who receives a merit-based career and
9 technical school scholarship, the costs of attendance at the qualified
10 postsecondary institution that the student attends or plans to attend, as
11 determined by the commission based on room and board costs that do not
12 exceed the standard room and board costs at the University of Alaska as
13 determined by the commission;

14 (2) "expected family contribution" means the amount a student or the
15 student's family is expected to pay toward the student's cost of attendance, as
16 determined by use of the most recent federal Free Application for Federal Student Aid.

17 **Sec. 14.43.830. Programmatic standards.** (a) Subject to (b) of this section,
18 the department shall establish programmatic standards for the program.

19 (b) The department shall establish a make-up procedure or alternative pathway
20 to allow students who are not eligible for a scholarship to make up a deficit by
21 alternative means if the deficit was caused by circumstances beyond the student's
22 control. The department may not waive a requirement and shall require the student to
23 achieve a result comparable to that required of other students. The decision of the
24 department regarding a student's eligibility for alternative means is final. In
25 determining circumstances in which the student may pursue alternative means, the
26 department shall consider the effect on students who have met the requirements and
27 the need to promote the goals of the program. Attendance at a high school outside of
28 the state is not a circumstance in which a student may be allowed to pursue alternative
29 means to qualify for a scholarship. Circumstances in which the department may allow
30 a student to pursue alternative means to qualify for a scholarship include the
31 following:

1 (1) the required curriculum was not reasonably available to the student
2 because the student attended a small and remote high school in the state;

3 (2) the deficit was caused by rare and unusual circumstances outside
4 the control of the student.

5 **Sec. 14.43.835. Qualified postsecondary institutions.** (a) The following
6 institutions are qualified postsecondary institutions:

7 (1) a university or college physically located in the state that is

8 (A) authorized to operate in the state under AS 14.48.020, or is
9 exempt from authorization under AS 14.48.030(b)(1); and

10 (B) accredited by a regional accreditation association;

11 (2) a career and technical school program physically located in the
12 state that has been included on a list of certified career and technical school programs
13 received from the Department of Labor and Workforce Development; the commission
14 shall publish the list on or before September 1 of the year preceding enrollment.

15 (b) The Department of Labor and Workforce Development shall, in
16 consultation with the Department of Education and Early Development, adopt
17 regulations under AS 44.62 establishing criteria under which the Department of Labor
18 and Workforce Development shall certify career and technical school programs in the
19 state as eligible to participate in the career and technical school scholarship program.
20 The criteria to be considered under this subsection include the following:

21 (1) the quality of the job-training program offered by the career and
22 technical school;

23 (2) the employability of a graduate of the program, including whether
24 the program results in a certificate or license that is recognized by the industry for
25 which the training prepares the student;

26 (3) whether jobs in the industry for which the training prepares the
27 student are available or expected to be available in the future in the state;

28 (4) other criteria established by the Department of Labor and
29 Workforce Development in regulation.

30 (c) A postsecondary institution is physically located in the state if the campus,
31 teachers, classrooms, school administrators, and equipment used to provide the

1 education to the students are physically present in the state. Use of virtual, electronic,
2 or online materials by teachers in the state does not disqualify a postsecondary
3 institution even if the materials are generated outside the state. However, a
4 correspondence, virtual, electronic, or online program that is administered from
5 outside the state is not physically located in the state even if the program is delivered
6 by teachers or equipment in the state.

7 **Sec. 14.43.840. Application and award.** (a) The commission shall establish
8 application procedures for students to apply for a governor's performance scholarship.

9 (b) The commission shall adopt procedures for payment of scholarship awards
10 to the institution attended by the scholarship recipient. Payment of a scholarship is
11 subject to appropriation. If insufficient funds are appropriated to pay all eligible
12 scholarships, the commission shall pay existing awards on a pro rata basis.

13 (c) A student who is awarded a scholarship in error shall be required to refund
14 to the state the amount of the scholarship awarded in error, less any scholarship award
15 payments previously expended if the error, in the award of the scholarship was not due
16 to any fault of the student.

17 **Sec. 14.43.845. Governor's performance scholarship fund income account.**
18 The governor's performance scholarship fund income account is created as an account
19 in the general fund. Money may be appropriated into the account from the expendable
20 earnings of the governor's performance scholarship fund under AS 37.14.750 -
21 37.14.790 and other sources. The commission may use money in the account to pay
22 scholarships awarded to students under AS 14.43.810 - 14.43.890.

23 **Sec. 14.43.850. Report to the legislature.** (a) To the extent permitted under
24 law, the department, the commission, the University of Alaska, the Department of
25 Revenue, and the Department of Labor and Workforce Development shall share data
26 necessary to prepare public reports regarding the program.

27 (b) Not more than 10 days after the convening of each regular legislative
28 session, the department, the commission, the University of Alaska, the Department of
29 Revenue, and the Department of Labor and Workforce Development shall present an
30 annual report to the public, the governor, and the legislature containing information of
31 public interest regarding the program, including

- 1 (1) the number of applicants and number and types of scholarships
- 2 awarded;
- 3 (2) the dollar amount of scholarships awarded in past years and the
- 4 dollar amounts expected to be awarded for the next year; and
- 5 (3) data and trends in the data regarding the goals identified in
- 6 AS 14.43.810.

7 **Sec. 14.43.890. Definitions.** In AS 14.43.810 - 14.43.890, unless the context
8 requires otherwise,

- 9 (1) "grade-point average" means the average of all grades on a four-
- 10 point scale, or five-point scale for advanced placement classes, obtained by the student
- 11 in high school;
- 12 (2) "military service" means active duty in the armed forces of the
- 13 United States;
- 14 (3) "program" means the governor's performance scholarship program
- 15 established under AS 14.43.810 - 14.43.890;
- 16 (4) "school district" means a borough school district, a city school
- 17 district, a regional educational attendance area, and a state boarding school.

18 * **Sec. 6.** AS 14.45.130(a) is amended to read:

19 (a) A religious or other private school that elects to comply with AS 14.45.100
20 - 14.45.130 shall maintain permanent student records reflecting immunizations,
21 physical examinations, standardized testing, academic achievement, [AND] courses
22 taken at the school, and level of eligibility for a governor's performance
23 scholarship under AS 14.43.810 - 14.43.890.

24 * **Sec. 7.** AS 23.05.060 is amended to read:

25 **Sec. 23.05.060. Powers of the department.** The department may

- 26 (1) enforce all state labor laws;
- 27 (2) act as mediator and appoint deputy commissioners of conciliation
- 28 in labor disputes whenever it considers the interest of industrial peace requires it;
- 29 (3) make investigations and collect and compile statistical information
- 30 concerning the conditions of labor generally and upon all matters relating to the
- 31 enforcement of this chapter;

1 (4) institute court proceedings against an employer of labor without
 2 cost to the employee when it is satisfied that the employer has failed to pay an
 3 employee an amount due by contract;

4 (5) issue cease and desist orders and other orders and regulations
 5 necessary for the enforcement of state labor laws;

6 (6) in accordance with AS 37.07 (the Executive Budget Act), receive
 7 and spend money derived from agreements with local governments, nongovernmental
 8 organizations, or other persons;

9 (7) administer duties assigned to the department under the
 10 governor's performance scholarship program established in AS 14.43.810 -
 11 14.43.890.

12 * **Sec. 8.** AS 36.30.850(b) is amended to read:

13 (b) This chapter applies to every expenditure of state money by the state,
 14 acting through an agency, under a contract, except that this chapter does not apply to

15 (1) grants;

16 (2) contracts for professional witnesses to provide for professional
 17 services or testimony relating to existing or probable lawsuits in which the state is or
 18 may become a party;

19 (3) contracts of the University of Alaska where the work is to be
 20 performed substantially by students enrolled in the university;

21 (4) contracts for medical doctors and dentists;

22 (5) acquisitions or disposals of real property or interest in real
 23 property, except as provided in AS 36.30.080 and 36.30.085;

24 (6) disposals under AS 38.05;

25 (7) contracts for the preparation and transportation of ballots under
 26 AS 15;

27 (8) acquisitions or disposals of property and other contracts relating to
 28 airports under AS 02.15.070, 02.15.090, 02.15.091, and AS 44.88;

29 (9) disposals of obsolete property under AS 19.05.060;

30 (10) disposals of obsolete material or equipment under AS 35.20.060;

31 (11) agreements with providers of services under AS 47.25.071 -

1 47.25.095; AS 47.07; AS 47.08; AS 47.10; AS 47.12; AS 47.14; AS 47.17; AS 47.24;
2 and AS 47.27, including contractors under AS 47.27.050;

3 (12) contracts of the Department of Fish and Game for flights that
4 involve specialized flying and piloting skills and are not point-to-point;

5 (13) purchases of income-producing assets for the state treasury or a
6 public corporation of the state;

7 (14) [REPEALED

8 (15)] a contract that is a delegation, in whole or in part, of investment
9 powers held by

10 (A) the commissioner of revenue under AS 14.42.200,
11 14.42.210, AS 18.56.095, AS 37.10.070, 37.10.071, or AS 37.14;

12 (B) the Board of Regents of the University of Alaska under
13 AS 14.40.250 - 14.40.491;

14 (15) [(16)] a contract that is a delegation, in whole or in part, of
15 investment powers or fiduciary duties of

16 (A) the Board of Trustees of the Alaska Permanent Fund
17 Corporation under AS 37.13;

18 (B) the Alaska Mental Health Trust Authority under
19 AS 37.14.001 - 37.14.099;

20 (16) [(17)] the purchase of books, book binding services, newspapers,
21 periodicals, audio-visual materials, network information services access, approval
22 plans, professional memberships, archival materials, objects of art, and items for
23 museum or archival acquisition having cultural, historical, or archaeological
24 significance; in this paragraph

25 (A) "approval plans" means book selection services in which
26 current book titles meeting an agency's customized specifications are provided
27 to the agency subject to the right of the agency to return those books that do
28 not meet with the agency's approval;

29 (B) "archival materials" means the noncurrent records of an
30 agency that are preserved after appraisal because of their value;

31 (C) "audio-visual materials" means nonbook prerecorded

1 materials, including records, tapes, slides, transparencies, films, filmstrips,
2 cassettes, videos, compact discs, laser discs, and items that require the use of
3 equipment to render them usable;

4 (D) "network information services" means a group of resources
5 from which cataloging information, holdings records, inter-library loans,
6 acquisitions information, and other reference resources can be obtained;

7 (17) [(18)] contracts for the purchase of standardized examinations for
8 licensure under AS 08;

9 (18) [(19)] contracts for home health care provided under regulations
10 adopted by the Department of Health and Social Services and for adult residential care
11 services provided under regulations adopted by the Department of Health and Social
12 Services or by the Department of Administration;

13 (19) [(20)] contracts for supplies or services for research projects
14 funded by money received from the federal government or private grants;

15 (20) [(21)] guest speakers or performers for an educational or cultural
16 activity;

17 (21) [(22)] contracts of the Alaska Industrial Development and Export
18 Authority for a clean coal technology demonstration project that

19 (A) is attempting to develop a coal-fired electric generation
20 project;

21 (B) uses technology that is capable of commercialization
22 during the 1990's; and

23 (C) qualifies for federal financial participation under P.L. 99-
24 190 as amended;

25 (22) [(23)] operation and protection of assets or disposals of equipment
26 and supplies acquired through foreclosure or other legal proceedings relating to loans
27 issued under AS 03.10;

28 (23) [(24)] purchases of curatorial and conservation services to
29 maintain, preserve, and interpret

30 (A) objects of art; and

31 (B) items having cultural, historical, or archaeological

1 significance to the state;

2 (24) [(25)] acquisition of confidential seismic survey data necessary
3 for pre-sale oil and gas lease or gas only lease analyses under AS 38.05.180;

4 (25) [(26)] contracts for village public safety officers;

5 (26) [(27)] purchases of supplies and services to support the operations
6 of the Alaska state troopers or law enforcement officers engaged in fish and wildlife
7 protection if the procurement officer for the Department of Public Safety makes a
8 written determination that publicity of the purchases would jeopardize the safety of
9 personnel or the success of a covert operation;

10 (27) [(28)] expenditures when rates are set by law or ordinance;

11 (28) [(29)] construction of new vessels by the Department of
12 Transportation and Public Facilities for the Alaska marine highway system;

13 (29) [(30)] contracts entered into with a regional development
14 organization; in this paragraph, "regional development organization" has the meaning
15 given in AS 44.33.895;

16 (30) [(31)] contracts that are to be performed in an area outside of the
17 country and that require a knowledge of the customs, procedures, rules, or laws of the
18 area;

19 (31) [(32)] contracts that are between the Department of Law and
20 attorneys who are not employed by the state and that are for the review or prosecution
21 of possible violations of the criminal law of the state in situations where the attorney
22 general concludes that an actual or potential conflict of interest makes it inappropriate
23 for the Department of Law to review or prosecute the possible violations;

24 (32) [(33)] contracts between the Department of Natural Resources and
25 contractors qualified to evaluate hydrocarbon development, production, transportation,
26 and economics, to assist the commissioner of natural resources in evaluating
27 applications for royalty increases or decreases or other royalty adjustments, and
28 evaluating the related financial and technical data, entered into under AS 38.05.180(j);

29 (33) [(34)] contracts of the Alaska Industrial Development and Export
30 Authority made with the developer of an integrated transportation and port facility
31 owned by the authority;

1 (34) [(35)] procurements of contracts with the media for advertising;

2 (35) [(36)] [REPEALED

3 (37)] contracts between the state medical examiner and a provider of
4 medical services to perform or assist in performing the duties assigned to the state
5 medical examiner in AS 12.65.020;

6 (36) [(38)] contracts between the commissioner of revenue and an
7 independent contractor under AS 43.82.240;

8 (37) [(39)] contracts for a convener under AS 44.62.730 or for a
9 facilitator under AS 44.62.760 related to a negotiated regulation making process under
10 AS 44.62.710 - 44.62.800;

11 (38) [(40) REPEALED

12 (41)] a tourism marketing contract awarded under AS 44.33.125;

13 (39) [(42)] grants and contracts with qualified entities for services
14 under AS 47.18.330 for the foster care transition program;

15 (40) [(43)] contracts for travel services, including airplane travel, hotel
16 accommodations, and travel agency services, but excluding motor vehicle rentals;

17 (41) [(44)] contracts of the Alaska Commission on Postsecondary
18 Education or the Alaska Student Loan Corporation for the guarantee and disbursing of
19 financial aid money to institutions of postsecondary education under the financial aid
20 programs under AS 14.43.091 - 14.43.890 [AS 14.43.091 - 14.43.750] and
21 AS 14.44.025;

22 (42) [(45)] contracts for an arbitration panel to determine whether a
23 project is uneconomic under AS 43.90.240, and contracts for the development of
24 application provisions for licensure and for the evaluation of those applications under
25 AS 43.90;

26 (43) [(46)] contracts for delivery of home heating assistance under
27 AS 47.25.626;

28 (44) [(47)] contracts of the Alaska Pension Obligation Bond
29 Corporation under AS 37.16.010 - 37.16.900.

30 * **Sec. 9.** AS 37.14 is amended by adding new sections to read:

31 **Article 8A. Governor's Performance Scholarship Fund.**

1 **Sec. 37.14.750. Governor's performance scholarship fund established.** (a)

2 The governor's performance scholarship fund is established as a fund of the state. The
3 fund consists of

- 4 (1) appropriations to the fund;
5 (2) donations to the fund; and
6 (3) income earned on investments of fund assets.

7 (b) The commissioner of revenue shall manage the fund with the goal that the
8 purchasing power of the fund will not diminish over time without regard to additional
9 contributions that may be made to the fund. The commissioner shall invest the assets
10 of the fund in a manner likely to yield at least a five percent real rate of return over
11 time.

12 (c) Nothing in this section creates a dedicated fund.

13 **Sec. 37.14.755. Powers and duties of the commissioner of revenue.** In
14 carrying out the investment duties under AS 37.14.750 - 37.14.790, the commissioner
15 of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall
16 provide reports to the Department of Education and Early Development, the
17 Department of Labor and Workforce Development, and the Alaska Commission on
18 Postsecondary Education on the condition and investment performance of the fund.

19 **Sec. 37.14.760. Use of fund.** As soon as practicable after July 1 of each year,
20 the commissioner of revenue shall determine the average month-end market value of
21 the fund for the immediately preceding three fiscal years. The commissioner shall
22 identify five percent of that amount as available for appropriation by the legislature for
23 appropriation to the governor's performance scholarship fund income account created
24 under AS 14.43.845 from which the Alaska Commission on Postsecondary Education
25 may award scholarships under AS 14.43.810 - 14.43.890. The commissioner shall also
26 report as available for appropriation a running total of amounts previously identified
27 as available for appropriation to the governor's performance scholarship fund income
28 account but not appropriated.

29 **Sec. 37.14.790. Definitions.** In AS 37.14.750 - 37.14.790, unless the context
30 requires otherwise,

- 31 (1) "commissioner" means the commissioner of revenue;

1 (2) "fund" means the governor's performance scholarship fund
2 established in AS 37.14.750(a).

3 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 TRANSITION: PROGRAM STANDARDS AND IMPLEMENTATION FOR
6 INITIAL SCHOOL YEARS. Notwithstanding any contrary provision of this Act, the
7 Department of Education and Early Development and the Department of Labor and
8 Workforce Development, after consultation with the Alaska Commission on Postsecondary
9 Education, may adopt regulations under AS 44.62 to implement their respective duties under
10 the governor's performance scholarship program established in AS 14.43.810, enacted by sec.
11 5 of this Act, so that a student

12 (1) may be eligible for the program even though the student did not fully meet
13 the required core academic curriculum for the school years beginning July 1, 2010, through
14 June 30, 2013; and

15 (2) who graduated from high school in this state after June 30, 2010, and
16 before July 1, 2011, and meets eligibility requirements for the program may apply for a
17 scholarship beginning July 1, 2011.

18 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 TRANSITION: REGULATIONS. The Department of Education and Early
21 Development, the Department of Labor and Workforce Development, and the Alaska
22 Commission on Postsecondary Education may proceed to adopt regulations necessary to
23 implement changes made to their respective authorities by this Act. The regulations take
24 effect under AS 44.62 (Administrative Procedure Act), but not before September 1, 2010.

25 * **Sec. 12.** Section 11 of this Act takes effect immediately under AS 01.10.070(c).

26 * **Sec. 13.** Except as provided in sec. 12 of this Act, this Act takes effect September 1, 2010.