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February 6, 2018

To: The Honorable Senator John Coghill

RE: SB116 Education Tax Credits Legislation

Dear Senator Coghill,

Kawerak, Inc., supports extending the Education Tax Credit sunset from December 31, 2018 to January 1, 2025.

As State and Federal funding streams have been eliminated from NACTEC's budget in recent years, the Education Tax Credit has provided a mechanism to seek funding through industry partners that has grown enrollment in Nome's Regional Training Center. As enrollment in NACTEC vocational training has increased, high school graduation rates began a steadily climb from an average of 39% in the years before tax credit availability (FY05-FY09), increasing to an average of 76% in FY13-FY17.

A 2009 research study by Northeastern University determined the lifetime cost of a dropout was **\$292,000** in incarceration costs and lower tax revenues. The Bering Strait School District has seen its 12th grade dropouts decrease from an average of 38 in FY07-FY09 to an average of 9 in FY15-FY17; **resulting in a savings of \$8.5M** per graduating class, as more students are now engaged and staying in school. NACTEC's vocational training programs have been recognized as critical to this remarkable transformation, with education tax credits as a primary source of funding support.

The education tax credit is a program that should be recognized as working for intended outcomes and one deserving of a sunset extension.

Sincerely,

KAWERAK, INC.

Melanie Bahnke
Melanie Bahnke, President

Cc: Senator Donald Olson
Senator Tom Begich
Senator Click Bishop