

Department of Education & Early Development (DEED)
Follow-up to House Finance Overview Questions
January 30, 2015

1. Representative Wilson - Requested a breakdown of the percentages by Division/Office of the Agency Operations portion of the budget.

DEED Response: Please see the document titled “DEED Agency Operations % by Division&Offices.pdf”. Please note that this data is the FY2016 Governor Amended Budget and the percentages are without the K-12 Support total included.

2. Representative Neuman - What is the percent of high school students, who start high school in 9th grade; what is the percent of those students who actually complete a four-year college program?

DEED Response: The four-year post-secondary (or college) graduation rate for Alaska high school graduates is 13% and the six-year post-secondary (or college) graduation rate is 25%. This is based on reporting from the National Student Clearinghouse to which more than 3,600 institutions (enrolling 98% of all students in public and private U.S. institutions) report.

3. Representative Wilson - Regarding the Alaska Performance Scholarship, how many recipients who received a scholarship in year 1 are still on the path to graduating in the 4 years?

DEED Response: This information will be in the Alaska Performance Scholarship report that will be released and transmitted early next week to all legislators.

4. Representative Gara - Stated that the federal loan rate is 4.6%, the state loan rate is 6.6%, and a used car loan is approximately 3% or less. If looking for ways to increase the number of people who are doing vocational education and college, why is the state loan rate so high and do you have any plans on doing anything about it? Also, is the state loan rate in statute or regulation?

Alaska Commission on Postsecondary Education (ACPE) Response: State education loan rates and current rate reduction benefits can be found at http://acpe.alaska.gov/STUDENT-PARENT/Loans/Borrower_Benefits. Just to summarize, the rates are set by the Alaska Student Loan Corporation board under its statutory authority (AS 14.42.200) and are based on the current costs of funds (bonds) at the time the rate is set for the subsequent loan year plus the costs of loan servicing. For the 2014-15 loan year, new loans are at a rate of 6.7% (for borrowers in Alaska schools that rate is reduced to 6.2%). Typically collaterally-backed consumer loans are funded with cash assets of the lending institution and so the cost of funds are *di minimus*, thereby allowing for lower rates. If the state wanted to fund education loans with cash, it could do so at any rate it determined was appropriate. As an example, the WWAMI program loan is funded by state general funds. Therefore, by state statute (AS 14.43.510), that rate is tied to a federal reserve district discount rate, which for the 2014-15 entering cohort of participants is 2.75%.

5. Representative Thompson - Asked what the 5th and 6th year graduation rates were? As well as for the number of the students who don't graduate from high school, how many get a GED later on in life?

DEED Response: Please see the attached document entitled “2013-2014 Cohort Grad Rates by District” for the 4th and 5th year graduation rates broken down by school district. The department does not calculate six year high school graduation rate, however we do calculate and utilize the five year rate.

The following GED recipient data for the past five years was obtained from the Department of Labor and Workforce Development.

Fiscal Year	Number of GED Recipients:
FY2010	1,640
FY2011	1,659
FY2012	1,580
FY2013	1,623
FY2014	1,700