

- Students in Alaska are likely facing substantial increases in the costs of pursuing postsecondary education and training.
- At current year average costs of attendance at our public university (\$21,500), after receiving an APS, recipients must find other ways and resources to cover 78% to 87% (between \$17,000 and \$19,000 annually) of the cost of full-time attendance.
- The UA Scholars program has been pointed to as an alternative; however, it covers only 14% (\$3,000) of current year costs and as of 2013-14, only 31% of APS recipients also received a UA Scholars award
- While Pell grants are available on a financial needs-basis, because many APS recipients are from middle-income families, less than one in five qualify for federal needs-based grants; and,
- For students who do qualify for federal aid, the current maximum Pell grant covers a little more than one-quarter of UA's average annual full-time cost of attendance

As I prepared these remarks, I did so confident that these are issues about which you are all familiar and have shared interest and concern. If you were not strong proponents of education and training, you simply would not have supported these programs through very substantial appropriations over the past five years. So, in concluding my testimony--my proposition to you would be, if SB208 is to advance, that the Legislature consider extending the phase out window during which graduating high school seniors can earn eligibility through the class of 2018.

That two-year extension would give student and families advance notice of your intent to terminate. It would also allow the Legislature to base your final decision on a full analysis of the programs' impacts. You could then examine whether the return on your investments in these Alaskans is worth institutionalizing for the long-term. This additional time would also inform your ultimate decision, should you conclude defunding is unavoidable, whether to fully repeal the programs or simply shutter them but leave program authorization in place with confidence that the State of Alaska will, in the future, have the financial capacity and collective will to once again support human resource development through these efforts.

Thank you again for this opportunity. I am available to respond to your questions.

of 60% of graduates. As a result of this pattern, the majority of these Alaskans are not prepared to fill the high skill, high wage employment opportunities needed to fuel a robust Alaska economy.

Unless we continue our efforts to disrupt this pattern, Alaska's business sectors, such as resource management and extraction, healthcare, education, and finance, will continue to pay hefty premiums to search for, import and retain workers in high skill trades or professions. The primary reason they are forced to import talent to the extent they must is because Alaska has done such a poor job of developing and retaining the talent of Alaskans born and raised here. And while they are spending significant resources in those efforts underprepared Alaskans are left competing for low skilled, low wage jobs which generally lack upward career mobility.

You took action to change the equation—and from what we can tell to date—you did. In your final design and funding of the state scholarship and grant programs, you made inroads toward addressing both outmigration and under-preparation at the root-cause level. You are incenting academic preparation and financially supporting postsecondary participation. As I noted earlier, after only four and a half years, your work has already begun to demonstrate the transformative impact of such sound public policy. The sharp contrast between APS-recipients and non-recipients relative to attendance, remediation and persistence rates are early, objective outcomes that document success. And they are just the tip of the iceberg relative to the longer-term benefits that will result from these programs.

Within the next two years, your original student cohort will have had six full years' access to the scholarship and will be engaged as part of the workforce. I am very confident the long-term program benefits will be amplified and illuminated as future APS reports reflect Alaska employment rates for APS graduates and Alaska Education Grant recipients compared both to their high school classmates who attended elsewhere and to graduates who did not successfully pursue postsecondary education and training.

So while I do recognize the fiscal pressures that have led you today to consider SB208, I want to also ensure you are aware of the fallout of doing so and are able to make a fully informed decision.

The APS data demonstrate that you were spot on. The program data reflect outcomes from the first four and a half years' operation:

- Of the almost 40,000 high school graduates of the classes of 2011 through 2015, almost 12,300 met APS eligibility requirements as did almost 250 private or home school graduates
- Through December 2015, approximately 5,250 students have received APS awards
- The one-page infographic I have shared with you highlights academic performance outcomes for APS recipients compared to non-recipient peers. I suggest that, collectively, these outcomes serve as a proof of concept that Alaska's scholarship works. We found:
 - Substantially higher postsecondary attendance rates in Alaska, as well as increasing in-state attendance among the highest-performing students, those who have traditionally been wooed away by other states
 - Much stronger academic performance in terms of reduced need for remediation, resulting in very significant savings for the students, and for the state
 - Much faster rates of progression toward a degree
 - Much higher persistence rates
- And... these performance statistics grow even stronger over time—for example, the initial lower remediation rates declined by an additional 7% between the initial class and current incoming students, reflecting gains associated with the full academic requirements having been phased in.

The term brain drain generally refers to an outmigration of our young people to other states. However, brain drain must be recognized as the product of two very distinct and economically-damaging historical patterns in Alaska; certainly one is the outmigration of talented, in-demand students (annually around 16% of high school graduates). These are the graduates who have the wherewithal to attend postsecondary education institutions elsewhere and who then, in significant numbers, remain where they have established new roots. Yet a substantially larger group is comprised of graduates who remain in Alaska. These graduates who, for a variety of reasons, fail to pursue and/or complete postsecondary education, make up in excess

Chairs: MacKinnon and Kelly

Members: Micciche, Bishop, Dunleavy, Hoffman, and Olson

I appreciate being among those invited to appear before you today and offer comment on Senate Bill 208.

Let me start by acknowledging those of you who played a key part in establishing the programs this legislation would now eliminate. I understand your sponsorship of this proposal in no way reflects that you do not value student financial assistance but rather is one component of a planned response to the state's financial straits.

Alaska's lawmakers, as budget appropriators, are faced with the unenviable task of deciding the health and future of our state for the near-term and the long-term. Senate Bill 208 seeks to address short-term needs by proposing an immediate phase out and repeal of the Alaska Performance Scholarship and Alaska Education Grant--the only state-funded financial aid programs for residents attending postsecondary education and training programs here in Alaska. The stated objective of the bill is to enable the repurposing of monies in the Higher Education Investment Fund for other state obligations.

As legitimate as that objective may be, investments in Alaska's students—through scholarships and grants—similar to investments in oil and gas pipelines, are clearly in Alaska's long-term interest. In the face of the state's current financial challenges, a decision in favor of continuing investments requires a strong conviction that, in order for our state and citizens to prosper, it is essential to cultivate a highly trained and educated resident workforce.

You may recall that it was due to your shared belief six years ago, that the Legislature acted in a fully bipartisan fashion to invest an inordinate amount of time and energy debating the appropriate design and operation of the Alaska Performance Scholarship. Your goal was to ensure Alaska's students, families, schools and entire statewide community could do better in areas where Alaska's performance has historically lagged well behind the rest of the states. Your unanimous actions expressed in no uncertain terms that you recognized the critical importance of retaining our young talent and sending a message to every student that if they worked hard and made the right academic choices that could pay off for them.