

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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March 3, 2010

The Honorable Paul Seaton
Chair, Education Committee
Alaska House of Representatives
State Capitol, Room 102
Juneau, Alaska 99801

Subject: CSHB 297 (ED) - An Act establishing the governor's performance scholarship...

Dear Representative Seaton:

At the February 26, 2010 committee meeting you asked that I provide information regarding potential programmatic impacts of a specific amendment to HB297. The amendment in question was to modify the provision within the bill that would require a student who is erroneously awarded a scholarship to return the erroneous amount. The amendment added the provision that the recipient would not have to refund the erroneous amount unless the error was "any fault of the student."

When asked to comment I did express my concern about the provision because it would prevent the Commission from recovering inappropriately disbursed state funds unless the student had engaged in some form of misconduct that contributed to the erroneous award. While I certainly understand the intention of the committee in adopting this change, it does establish an unusual student aid program provision. In general, student financial aid programs are operated with the understanding that should an error occur that results in an aid recipient receiving more funds than is received by any other similarly situated student, the aid recipient is expected to return the amount of the over award.

Members were interested in quantifying the frequency of such occurrences, and, although I did contact Director of Financial Aid Barbara Burnett at UAS, it does not appear that related statistics are available. Ms. Burnett and I did discuss the implications of the provision and she shared the following advice:

There are some scholarship/grant programs that say any aid awarded cannot exceed the cost of attendance (or the cost of tuition and/or some other budget item) - if the student got some of this money in addition to the GPS, then the other aid might have to be reduced if the total awards were greater than the cost of attendance. The Pell grant is an entitlement, as is the UA Scholars - the student would get those no matter how much other aid s/he was awarded... Need-based aid such as the SEOG would be reduced if the student got other aid in excess of

the cost of attendance... The University's need based grant is awarded using equity packaging rules - the student does not get it if they have other grants and scholarships in excess of the equity level we are using - receipt of the GPS could likely reduce or eliminate the student's eligibility for this grant. If the student got only entitlements and other non-restrictive scholarships, then s/he could get the excess funds for personal use.

Based on this additional information, I must maintain my concerns regarding the unintended consequences of the referenced amendment. There are outcomes that I fear would be detrimental to the program. One is that, because we expect to package GPS awards fairly early in the financial aid award process, prior to distribution of other non-loan aid, we would lose the ability for financial aid officials at the institution to distribute subsequently received aid because it would result in an over award situation. In short, GPS would be supplanting rather than supplementing otherwise available financial aid. Another is that it appears to preclude Commission staff from recovering funds erroneously disbursed, regardless of the amount and regardless of the error, unless it was the student's fault.

I hope this information is helpful. Do not hesitate to contact me if there is other information I can provide.

Sincerely,

A handwritten signature in black ink, appearing to read "Diane Barrans", with a long horizontal flourish extending to the right.

Diane Barrans
Executive Director

DB/dv