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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 level of funding for which the student is  
12 eligible. A district shall provide a student with an opportunity to request that the  
13 district correct 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

continuing or discontinuing the department's intervention;

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

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

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

(e) The commission may

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

to

(A) carry out the purposes of

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

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

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

(C) establish standards for the

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

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

(2) delegate to the executive director of the commission or a subcommittee of the commission any duty imposed on or power granted to the commission by this chapter, AS 14.43, AS 14.44, or AS 14.48, except its power to adopt regulations and its duty to consider appeals under AS 14.43.100(b) and 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 14.43 is amended by adding new sections to read:

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

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

19 **Alaska residency.** (a) The governor's performance scholarship program is established  
20 for the purpose of ensuring that a rigorous curriculum is available in all high schools  
21 in the state and to provide scholarships for high school graduates who are Alaska  
22 residents to attend a qualified postsecondary institution in the state. The program  
23 includes a merit-based academic scholarship, a merit-based career and technical  
24 school scholarship, and an unmet financial need scholarship supplement. The merit-  
25 based academic scholarship consists of three levels of awards. The merit-based career  
26 and technical school scholarship consists of one level of award.

27 (b) The department shall design the programmatic standards for the  
28 scholarships and appeals of adverse decisions. The commission shall administer the  
29 daily operations of the program and financing of the program, including the  
30 procedures for applying for the scholarships, establishing standards for and ensuring  
31 continuing compliance with programmatic standards, and requiring students to apply

1 for other non loan financial aid, consistent with federal law. The respective agencies  
2 shall adopt necessary regulations under AS 44.62 after consultation with each other.  
3 The department may change the regulations under AS 44.62 relating to the  
4 programmatic standards for required academic achievement for eligibility only by  
5 giving advance public notice at least one school year before the effective date of the  
6 change.

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

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

- 10 (1) increasing high school graduation rates in the state;
- 11 (2) improving academic performance of students in kindergarten  
12 through grade 12 in the state;
- 13 (3) improving preparedness of Alaska students for postsecondary  
14 education;
- 15 (4) improving the quality of the educational programs offered by high  
16 schools in the state;
- 17 (5) increasing the scores of high school students in the state on college  
18 entrance examinations;
- 19 (6) increasing job training opportunities in the state;
- 20 (7) improving the postsecondary academic achievement and  
21 graduation rates of students in the state;
- 22 (8) expanding the pool of high school students in the state who pursue  
23 postsecondary opportunities;
- 24 (9) providing a rigorous curriculum in all high schools in the state;
- 25 (10) increasing participation of Alaska high school students in Alaska  
26 postsecondary institutions.

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

- 30 (1) has applied or intends to apply for admission to the institution;
- 31 (2) is an Alaska resident who has

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

4 (B) graduated, or will graduate not later than six months after  
5 the date of the application, from a high school outside of the state under  
6 circumstances allowed by the department; for purposes of this subparagraph,  
7 allowable circumstances include a circumstance in which a high school student  
8 who is an Alaska resident has attended high school in the state for not less than  
9 two years, and has left the state because of the military service of the student's  
10 custodial parent who is an Alaska resident;

11 (3) will receive and use, while an Alaska resident, the scholarship at a  
12 qualified postsecondary institution in the state not later than six years after the  
13 beginning of the first school year after a student's graduation from high school, unless  
14 the student qualifies for an extension of time allowed by the department; for purposes  
15 of this paragraph, standards for extension of time must include two additional years if  
16 the student is in military service; and

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

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

21 (1) has not complied with the military selective service registration  
22 requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if  
23 those requirements apply to the student;

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

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

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

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

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

6 (A) four years of mathematics;

7 (B) four years of language arts;

8 (C) four years of science; and

9 (D) three years of social studies;

10 (2) the minimum grade average that the student must have achieved in  
11 high school to be eligible for each of the three award levels of academic scholarship  
12 under AS 14.43.827; for the first award level, a student must have an A average; for  
13 the second award level, a student must have a B average; and for the third award level  
14 a student must have a C plus average; the grade-point average for an A average is 3.5  
15 or higher, for a B average, less than 3.5 but not less than 3.0, and for a C plus average,  
16 less than 3.0 but not less than 2.5; the department shall set by regulation minimum  
17 requirements based on a substantially similar standard for districts that do not assign  
18 grades;

19 (3) the minimum score on a college entrance examination that the  
20 student must have achieved to be eligible for each of the three award levels of  
21 academic scholarship under AS 14.43.827;

22 (4) a process by which a student who meets the grade standards in (2)  
23 of this subsection for a particular award level, but does not meet the minimum scores  
24 established under (3) of this subsection for that level, may apply for a lower  
25 scholarship award level;

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

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

31 (7) a process through which a home-schooled or private-schooled

1 student may submit evidence to the qualified postsecondary institution that establishes  
2 the equivalent of the high school diploma, grade-point average, and core academic  
3 curriculum for public school students.

4 **Sec. 14.43.825. Eligibility for a career and technical school scholarship.** (a)

5 Subject to appropriation, the commission shall award a merit-based career and  
6 technical school scholarship to an applicant who meets the eligibility criteria for the  
7 award under the program.

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

10 (1) the core academic curriculum, which may include virtual  
11 curriculum, that the student must have completed in high school; the core academic  
12 curriculum must include

13 (A) four years of mathematics;

14 (B) four years of language arts;

15 (C) four years of science; and

16 (D) three years of social studies;

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

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

23 (A) college entrance examination; or

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

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

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

1           **Sec. 14.43.827. Maximum awards and allowable uses.** (a) Subject to (b) -  
2 (e) of this section and the programmatic standards established under AS 14.43.820(b),  
3 the maximum awards and allowable uses for the merit-based programs are as follows:

4           (1) for the merit-based academic scholarship, the following three levels  
5 of scholarship financing award for a semester:

6           (A) the first award level is an amount that is equal to the cost of  
7 approved tuition at the University of Alaska in school year 2010 - 2011 and  
8 requires an A grade average and a very high minimum score on a college  
9 entrance examination;

10          (B) the second award level is an amount that is equal to 75  
11 percent of the first award level and requires a B grade average and a high  
12 minimum score on a college entrance examination;

13          (C) the third award level is an amount that is equal to 50  
14 percent of the first award level and requires a C plus grade average and a  
15 moderately high minimum score on a college entrance examination;

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

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

22          (b) A part-time student who receives a merit-based academic scholarship and  
23 is enrolled on at least a half-time basis is eligible for an award of 50 percent of the  
24 amount of scholarship award for which the student is eligible under (a) of this section.

25          (c) A student's eligibility for a scholarship terminates six years after the date  
26 the student graduated from high school unless the student qualifies for an extension of  
27 time allowed by the department.

28          (d) Subject to AS 14.43.815(a)(3), a student receiving a merit-based academic  
29 scholarship may remain eligible for up to eight semesters of enrollment at a qualified  
30 university or college, which may include graduate courses, or for up to two calendar  
31 years of attendance at a qualified career or technical school. A student receiving a

1 merit-based career and technical scholarship may remain eligible for two calendar  
2 years of attendance at a qualified career and technical school. A student may not  
3 receive both an academic and a career and technical scholarship.

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

8 **Sec. 14.43.828. Eligibility for an unmet need scholarship supplement and**  
9 **maximum awards.** (a) Subject to appropriation, the commission shall award an unmet  
10 need scholarship supplement to a student who meets the eligibility criteria for the  
11 award.

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

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

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

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

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

25 (e) In this section,

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

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

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

31 (ii) actual costs of attendance at the qualified

1 postsecondary institution that the student attends or plans to attend, as  
2 determined by the commission;

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

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

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

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

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

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

31 **Sec. 14.43.835. Qualified postsecondary institutions.** (a) The following

1 institutions are qualified postsecondary institutions:

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

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

5 (B) accredited by a regional accreditation association;

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

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

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

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

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

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

25 (c) A postsecondary institution is physically located in the state if the campus,  
26 teachers, classrooms, school administrators, and equipment used to provide the  
27 education to the students are physically present in the state. Use of virtual, electronic,  
28 or online materials by teachers in the state does not disqualify a postsecondary  
29 institution even if the materials are generated outside the state. However, a  
30 correspondence, virtual, electronic, or online program that is administered from  
31 outside the state is not physically located in the state even if the program is delivered

1 by teachers or equipment in the state.

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

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

8 (c) A student who is awarded a scholarship in error shall be required to refund  
9 to the state the amount of the scholarship awarded in error.

10 **Sec. 14.43.845. Governor's performance scholarship fund income account.**

11 The governor's performance scholarship fund income account is created as an account  
12 in the general fund. Money may be appropriated into the account from the expendable  
13 earnings of the governor's performance scholarship fund under AS 37.14.750 -  
14 37.14.790 and other sources. The commission may use money in the account to pay  
15 scholarships awarded to students under AS 14.43.810 - 14.43.890.

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

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

25 (1) the number of applicants and number and types of scholarships  
26 awarded;

27 (2) the dollar amount of scholarships awarded in past years and the  
28 dollar amounts expected to be awarded for the next year; and

29 (3) data and trends in the data regarding the goals identified in  
30 AS 14.43.810.

31 **Sec. 14.43.890. Definitions.** In AS 14.43.810 - 14.43.890, unless the context

1 requires otherwise,

2 (1) "grade-point average" means the average of all grades on a four-  
3 point scale obtained by the student in high school;

4 (2) "military service" means active duty in the armed forces of the  
5 United States;

6 (3) "program" means the governor's performance scholarship program  
7 established under AS 14.43.810 - 14.43.890;

8 (4) "school district" means a borough school district, a city school  
9 district, a regional educational attendance area, and a state boarding school.

10 \* **Sec. 5.** AS 14.45.130(a) is amended to read:

11 (a) A religious or other private school that elects to comply with AS 14.45.100  
12 - 14.45.130 shall maintain permanent student records reflecting immunizations,  
13 physical examinations, standardized testing, academic achievement, [AND] courses  
14 taken at the school, and level of eligibility for a governor's performance  
15 scholarship under AS 14.43.810 - 14.43.890.

16 \* **Sec. 6.** AS 23.05.060 is amended to read:

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

18 (1) enforce all state labor laws;

19 (2) act as mediator and appoint deputy commissioners of conciliation  
20 in labor disputes whenever it considers the interest of industrial peace requires it;

21 (3) make investigations and collect and compile statistical information  
22 concerning the conditions of labor generally and upon all matters relating to the  
23 enforcement of this chapter;

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

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

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

1                                    (7) administer duties assigned to the department under the  
2                                    governor's performance scholarship program established in AS 14.43.810 -  
3                                    14.43.890.

4 \* Sec. 7. AS 36.30.850(b) is amended to read:

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

7                                    (1) grants;

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

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

13                                    (4) contracts for medical doctors and dentists;

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

16                                    (6) disposals under AS 38.05;

17                                    (7) contracts for the preparation and transportation of ballots under  
18                    AS 15;

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

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

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

23                                    (11) agreements with providers of services under AS 47.25.071 -  
24                    47.25.095; AS 47.07; AS 47.08; AS 47.10; AS 47.12; AS 47.14; AS 47.17; AS 47.24;  
25                    and AS 47.27, including contractors under AS 47.27.050;

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

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

30                                    (14) [REPEALED

31                                    (15)] a contract that is a delegation, in whole or in part, of investment

1 powers held by

2 (A) the commissioner of revenue under AS 14.42.200,  
3 14.42.210, AS 18.56.095, AS 37.10.070, 37.10.071, or AS 37.14;

4 (B) the Board of Regents of the University of Alaska under  
5 AS 14.40.250 - 14.40.491;

6 (15) [(16)] a contract that is a delegation, in whole or in part, of  
7 investment powers or fiduciary duties of

8 (A) the Board of Trustees of the Alaska Permanent Fund  
9 Corporation under AS 37.13;

10 (B) the Alaska Mental Health Trust Authority under  
11 AS 37.14.001 - 37.14.099;

12 (16) [(17)] the purchase of books, book binding services, newspapers,  
13 periodicals, audio-visual materials, network information services access, approval  
14 plans, professional memberships, archival materials, objects of art, and items for  
15 museum or archival acquisition having cultural, historical, or archaeological  
16 significance; in this paragraph

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

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

23 (C) "audio-visual materials" means nonbook prerecorded  
24 materials, including records, tapes, slides, transparencies, films, filmstrips,  
25 cassettes, videos, compact discs, laser discs, and items that require the use of  
26 equipment to render them usable;

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

30 (17) [(18)] contracts for the purchase of standardized examinations for  
31 licensure under AS 08;

1                   **(18)** [(19)] contracts for home health care provided under regulations  
2 adopted by the Department of Health and Social Services and for adult residential care  
3 services provided under regulations adopted by the Department of Health and Social  
4 Services or by the Department of Administration;

5                   **(19)** [(20)] contracts for supplies or services for research projects  
6 funded by money received from the federal government or private grants;

7                   **(20)** [(21)] guest speakers or performers for an educational or cultural  
8 activity;

9                   **(21)** [(22)] contracts of the Alaska Industrial Development and Export  
10 Authority for a clean coal technology demonstration project that

11                               (A) is attempting to develop a coal-fired electric generation  
12 project;

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

15                               (C) qualifies for federal financial participation under P.L. 99-  
16 190 as amended;

17                   **(22)** [(23)] operation and protection of assets or disposals of equipment  
18 and supplies acquired through foreclosure or other legal proceedings relating to loans  
19 issued under AS 03.10;

20                   **(23)** [(24)] purchases of curatorial and conservation services to  
21 maintain, preserve, and interpret

22                               (A) objects of art; and

23                               (B) items having cultural, historical, or archaeological  
24 significance to the state;

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

27                   **(25)** [(26)] contracts for village public safety officers;

28                   **(26)** [(27)] purchases of supplies and services to support the operations  
29 of the Alaska state troopers or law enforcement officers engaged in fish and wildlife  
30 protection if the procurement officer for the Department of Public Safety makes a  
31 written determination that publicity of the purchases would jeopardize the safety of

1 personnel or the success of a covert operation;

2 (27) [(28)] expenditures when rates are set by law or ordinance;

3 (28) [(29)] construction of new vessels by the Department of  
4 Transportation and Public Facilities for the Alaska marine highway system;

5 (29) [(30)] contracts entered into with a regional development  
6 organization; in this paragraph, "regional development organization" has the meaning  
7 given in AS 44.33.895;

8 (30) [(31)] contracts that are to be performed in an area outside of the  
9 country and that require a knowledge of the customs, procedures, rules, or laws of the  
10 area;

11 (31) [(32)] contracts that are between the Department of Law and  
12 attorneys who are not employed by the state and that are for the review or prosecution  
13 of possible violations of the criminal law of the state in situations where the attorney  
14 general concludes that an actual or potential conflict of interest makes it inappropriate  
15 for the Department of Law to review or prosecute the possible violations;

16 (32) [(33)] contracts between the Department of Natural Resources and  
17 contractors qualified to evaluate hydrocarbon development, production, transportation,  
18 and economics, to assist the commissioner of natural resources in evaluating  
19 applications for royalty increases or decreases or other royalty adjustments, and  
20 evaluating the related financial and technical data, entered into under AS 38.05.180(j);

21 (33) [(34)] contracts of the Alaska Industrial Development and Export  
22 Authority made with the developer of an integrated transportation and port facility  
23 owned by the authority;

24 (34) [(35)] procurements of contracts with the media for advertising;

25 (35) [(36)] [REPEALED

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

29 (36) [(38)] contracts between the commissioner of revenue and an  
30 independent contractor under AS 43.82.240;

31 (37) [(39)] contracts for a convener under AS 44.62.730 or for a

1 facilitator under AS 44.62.760 related to a negotiated regulation making process under  
2 AS 44.62.710 - 44.62.800;

3 (38) [(40) REPEALED

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

5 (39) [(42)] grants and contracts with qualified entities for services  
6 under AS 47.18.330 for the foster care transition program;

7 (40) [(43)] contracts for travel services, including airplane travel, hotel  
8 accommodations, and travel agency services, but excluding motor vehicle rentals;

9 (41) [(44)] contracts of the Alaska Commission on Postsecondary  
10 Education or the Alaska Student Loan Corporation for the guarantee and disbursing of  
11 financial aid money to institutions of postsecondary education under the financial aid  
12 programs under AS 14.43.091 - 14.43.890 [AS 14.43.091 - 14.43.750] and  
13 AS 14.44.025;

14 (42) [(45)] contracts for an arbitration panel to determine whether a  
15 project is uneconomic under AS 43.90.240, and contracts for the development of  
16 application provisions for licensure and for the evaluation of those applications under  
17 AS 43.90;

18 (43) [(46)] contracts for delivery of home heating assistance under  
19 AS 47.25.626;

20 (44) [(47)] contracts of the Alaska Pension Obligation Bond  
21 Corporation under AS 37.16.010 - 37.16.900.

22 \* **Sec. 8.** AS 37.14 is amended by adding new sections to read:

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

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

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

27 (1) appropriations to the fund;

28 (2) donations to the fund; and

29 (3) income earned on investments of fund assets.

30 (b) The commissioner of revenue shall manage the fund with the goal that the  
31 purchasing power of the fund will not diminish over time without regard to additional

1 contributions that may be made to the fund. The commissioner shall invest the assets  
2 of the fund in a manner likely to yield at least a five percent real rate of return over  
3 time.

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

5 **Sec. 37.14.755. Powers and duties of the commissioner of revenue.** In  
6 carrying out the investment duties under AS 37.14.750 - 37.14.790, the commissioner  
7 of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall  
8 provide reports to the Department of Education and Early Development, the  
9 Department of Labor and Workforce Development, and the Alaska Commission on  
10 Postsecondary Education on the condition and investment performance of the fund.

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

21 **Sec. 37.14.790. Definitions.** In AS 37.14.750 - 37.14.790, unless the context  
22 requires otherwise,

23 (1) "commissioner" means the commissioner of revenue;

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

26 \* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to  
27 read:

28 **TRANSITION: PROGRAM STANDARDS AND IMPLEMENTATION FOR**  
29 **INITIAL SCHOOL YEARS.** Notwithstanding any contrary provision of this Act, the  
30 Department of Education and Early Development and the Department of Labor and  
31 Workforce Development, after consultation with the Alaska Commission on Postsecondary

1 Education, may adopt regulations under AS 44.62 to implement their respective duties under  
2 the governor's performance scholarship program established in AS 14.43.810, enacted by sec.  
3 4 of this Act, so that a student

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

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

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

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

17 \* **Sec. 11.** Section 10 of this Act takes effect immediately under AS 01.10.070(c).

18 \* **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect September 1, 2010.