

FISCAL NOTE

STATE OF ALASKA
2014 LEGISLATIVE SESSION

Bill Version	SB 195
Fiscal Note Number	
() Publish Date	
Dept. Affected	Education
Appropriation	ACPE
Allocation	Program Administration & Operations
Sponsor	Senator Fairclough
Requester	(S) EDC
OMB Component Number	2738

Identifier (file name) SB195-EED-ACPE-3-7-14

Title Postsecondary Education Loans/Grants

Sponsor Senator Fairclough

Requester (S) EDC

Dept. Affected

Education

Appropriation

ACPE

Allocation

Program Administration & Operations

OMB Component Number

2738

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY15 Appropriation Requested	Included in Governor's FY15 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY15	FY15	FY16	FY17	FY18	FY19	FY20
Personal Services							
Travel							
Services						9.7	9.7
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	9.7	9.7

FUND SOURCE

(Thousands of Dollars)

1002	Federal Receipts						
1003	GF Match						
1004	GF	675.0	900.0	900.0	1,050.0	1,050.0	1,050.0
1226	High Ed (DGF)	121.5	121.5	121.5	121.5	131.2	131.2
1007	I/A Rcpts (Other)						
1106	ACPE Rcpts (Other)	(796.5)	(1,021.5)	(1,021.5)	(1,171.5)	(1,171.5)	(1,171.5)
		0.0	0.0	0.0	0.0	9.7	9.7

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

Estimated SUPPLEMENTAL (FY14) operating costs
(discuss reasons and fund source(s) in analysis section)

0.0

(separate supplemental appropriation required)

Estimated CAPITAL (FY15) costs
(discuss reasons and fund source(s) in analysis section)

460.0

(separate capital appropriation required)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?

Yes

If yes, by what date are the regulations to be adopted, amended, or repealed?

6/30/2015

Discuss details in analysis section.

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by
Division

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Approved by
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Phone 465-6740
Date/Time 3/7/14 2:00 PM
Date 3/7/2014

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. SB 195

Analysis

Through this legislation the financial cost associated with administering Alaska Education Grants is transferred from the Alaska Student Loan Corporation to the State of Alaska and may be paid out of the Alaska Higher Education Investment Fund which is the funding source for the state grant awards.

Services costs of \$121.5 thousand are annual software maintenance costs for the GrantPro system through which the grants are administered and which supports the electronic transmission of data between the agency and postsecondary institutions participating in the grant program. Current budgeted funding levels are projected to be sufficient until FY19 at which time an 8% increase in cost is expected.

Capital costs of \$460.0 thousand, to be paid from the Alaska Higher Education Investment fund (1226 High Ed), is for replacement of the current grant and financial aid management system, to reduce long-term costs and ensure ongoing system stability. GrantPro, the current system, is an off-the-shelf servicing option, which vendors have attempted to customize to Alaska's requirements. Over the years it has been extensively customized as Alaska's grants and scholarships have both expanded substantially and been subject to modified requirements. Operation and maintenance now requires expensive programming to maintain essential functionality. As a result, the system life is severely limited and the ability to meet students' and participating institutions' needs is compromised. A new system would be designed for scalability and flexibility, including local, in-house programming and business user interfaces, as well as designed to operate in less-expensive local IT environments. The long-term result will be increased functionality and decreases in total costs of ownership.

This bill also changes the funding source for the Alaska Teacher Education Loan (TEL) from the Alaska Student Loan Corporation to the State of Alaska General Fund effective in FY15. The TEL is awarded to students pursuing elementary or secondary education teaching credentials and who, as a condition of receiving certain benefits under the loan contract, agree to teach in qualifying Alaska public schools. The benefit available to TEL borrowers is 100% forgiveness of the loan principal and interest. For FY15 \$675,000 is estimated to fund \$7,500 loans to 90 students. Rural school districts nominate new students each year so the increased amounts for FY16 and FY18 estimated costs reflect 120 and 140 student borrowers, respectively. While students' programs are generally four to five years in length, students migrate in and out of loan eligibility status due to: change in program of study, enrolling for less than full-time study, and/or ceasing enrollment altogether.