

Amendment # 2

Amendment to CS HB95 (FIN)

Offered by: Rep. Gara

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Amend section 25 by adding a new subsection (t):

Sec. 25. FUND TRANSFERS

(t) The sum of \$20,000,000 is appropriated from Alaska Student Loan Corporation receipts to the education loan fund (AS 14.42.210).

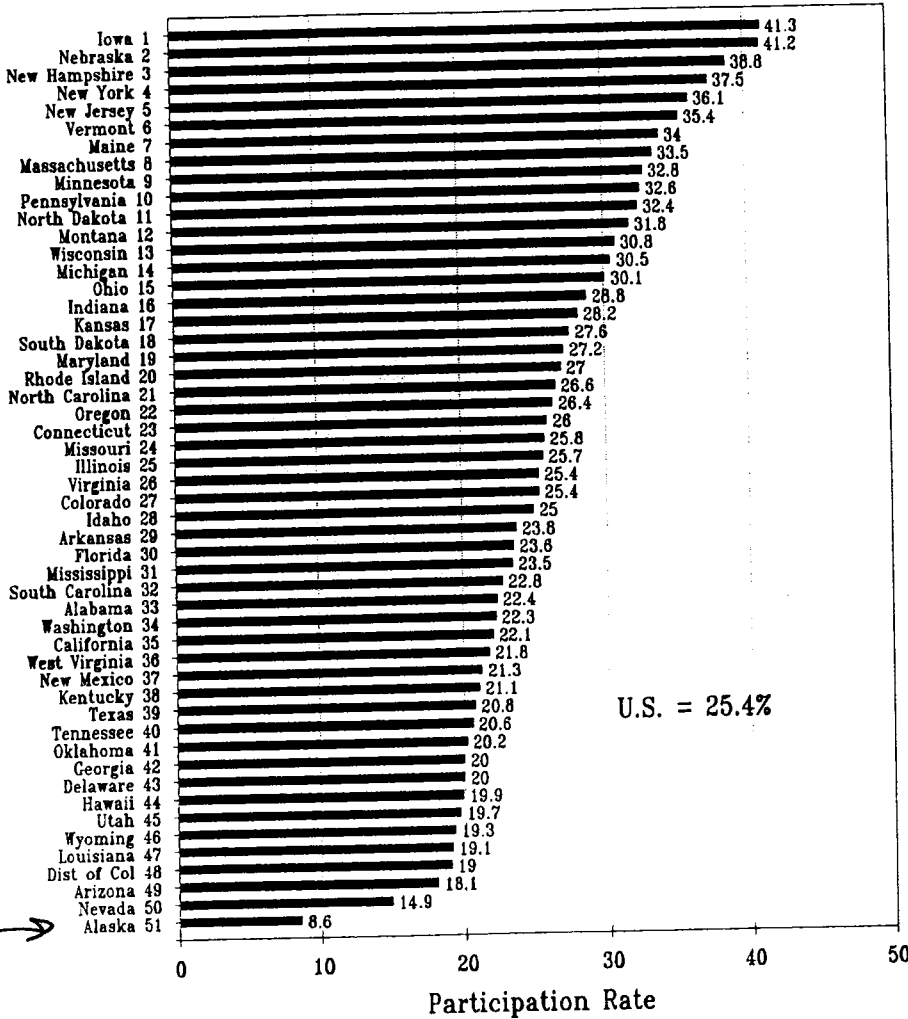
Purpose:

This amendment reinstates language contained in HB95 as introduced to transfer Alaska Student Loan Corporation receipts to the education loan fund to provide fund capital which will allow the disbursement of \$1,000,000 in student loans annually to low income Alaskan students attending an Alaskan postsecondary institution. Alaska has ranked last in the country for 13 of the past 14 years in the number of low income students attending college. This loan fund capitalization will provide a steady source of grants for low income Alaskans wishing to obtain postsecondary education who are presently unable to afford to do so.

STATE GRADES 2006

	PREPARATION	PARTICIPATION	AFFORDABILITY	COMPLETION	BENEFITS	LEARNING
Alabama	D-	C	F	B-	B	I
* Alaska	B-	C+	F	F	B-	I
Arizona	D	B+	F	B	B+	I
Arkansas	D+	C	F	C	C	I
California	C	A	C-	B	A	I
Colorado	B+	A-	F	B	A-	I
Connecticut	A-	A-	F	B+	A	I
Delaware	C	B	F	A-	B-	I
Florida	C	C	F	A	B	I
Georgia	C+	D+	F	A	B-	I
Hawaii	C-	C	D	B-	A-	I
Idaho	C	D+	D	C+	C-	I
Illinois	B	A	F	B+	A	+
Indiana	C	C+	F	B+	C	I
Iowa	B+	A-	F	A	C	I
Kansas	B-	A	F	B+	B+	I
Kentucky	C-	B-	F	C+	C+	+
Louisiana	F	C-	F	C-	D+	I
Maine	B	B-	F	B	B-	I
Maryland	A-	A	F	B	A	+
Massachusetts	A	A	F	A	A	+
Michigan	C-	A-	F	B	A-	I
Minnesota	B	A	D	A	B+	I
Mississippi	D-	D	F	B	C	I
Missouri	C	B	F	B+	A	+
Montana	B+	C-	F	B-	C+	I
Nebraska	B	A	F	B+	B	I
Nevada	C-	C	F	F	C-	+
New Hampshire	B+	C+	F	A	A	I
New Jersey	A	A-	D	B	A	I
New Mexico	F	A	F	D	C	I
New York	A-	B-	F	A-	B+	+
North Carolina	B+	B-	F	B+	B	I
North Dakota	B-	A	F	B	C+	I
Ohio	B-	B-	F	B	B+	I
Oklahoma	D+	C+	F	C	B-	+
Oregon	C-	C+	F	B-	A	I
Pennsylvania	B	B	F	A	A-	I
Rhode Island	C+	A	F	A	B	I
South Carolina	C+	D+	F	B+	C	+
South Dakota	B	A	F	B+	C+	I
Tennessee	C-	C-	F	B	C+	I
Texas	B-	C+	F	C+	B-	I
Utah	A	B	C-	B	A-	I
Vermont	B-	C	F	A	A-	I
Virginia	A-	B	F	B+	A	I
Washington	B	C-	D-	A	A-	I
West Virginia	C-	C-	F	C+	D+	I
Wisconsin	B+	A-	F	A	B-	I
Wyoming	C-	B+	F	A	C-	I

College Participation Rates by State for Students from Low Income Families FY2005



The states with the highest college participation rates for students from low income families tend to be northern and eastern states:

Iowa	41.3%
Nebraska	41.2%
New Hampshire	38.8%
New York	37.5%
New Jersey	36.1%
Vermont	35.4%
Maine	34.0%
Massachusetts	33.5%
Minnesota	32.8%
Pennsylvania	32.6%

In fact most of these states have

consistently ranked high over the last four years:

- Iowa ranked first three of the last four years, and ranked second in FY2003.
- Nebraska ranked 7th in FY2002, 5th in FY2003 and FY2004, and second in FY2005.
- New Hampshire ranked 6th in FY2002 and FY2004, 7th in FY2003 and third by FY2005.
- New York ranked 4th in each of the last four years.
- New Jersey ranked first in FY2003, second in FY2004, third in FY2002 and fifth in FY2005.

The states with the lowest college participation rates for students from low income families tend to be western and some southern states:

Alaska	8.6%
Nevada	14.9%
Arizona	18.1%
District of Columbia	19.0%
Louisiana	19.1%
Wyoming	19.3%
Utah	19.7%
Hawaii	19.9%
Delaware	20.0%
Georgia	20.0%

These states too tend to maintain consistently low rankings year after year in low income college participation rates:

- Alaska has ranked 51st among the states every year from FY1994 through FY2005.
- Nevada ranked 50th among the states every year from FY2002 through FY2005.
- Arizona ranked 49th in three of the last four years, and 48th in FY2003.
- District of Columbia has ranked between 43rd and 48th since FY2002.
- Louisiana has ranked between 44th and 47th since FY2002.

The persistence of high or low state rankings might suggest that there are no states making progress or losing ground in college participation rates for students from low income families. But across the 50 states this is not a likely scenario. In a dynamic system some states will always be moving forward while others are sliding backward.

The chart on the next page ranks states by changes in their low income college participation rates between FY2002 and FY2005. These last four years have the best data and the changes observed during this period have less statistical noise and more accurately describe actual changes occurring in the states during the last four years.

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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January 16, 2007

VIA FACSIMILE TRANSMISSION

The Honorable Les Gara
Alaska State House of Representatives
State Capitol, Room 500
Juneau, Alaska 99801-1182

Dear Representative Gara: *hs*

This letter is in follow-up to our December 18, 2006 teleconference call regarding the status of need-based financial aid in Alaska. I apologize for the delay in getting back to you.

You have asked that I provide you with information that would accurately portray how Alaska compares to the other forty-nine states with respect to state-funded, need-based financial aid for postsecondary education. The most recent comprehensive survey compiled by the National Association of State Grant and Aid Programs (NASSGAP) relates to the 2004-2005 aid year. The NASSGAP results indicate that Alaska and South Dakota were tied for the lowest aid level in the United States as the only two states with no need-based aid program whatsoever.

As you know, state legislation passed in 2004 authorized the Alaska Commission on Postsecondary Education and its partner agency, the Alaska Student Loan Corporation, to administer and fund the AlaskAdvantage Education Grant Program. The national average for state-funded grants in 2004-2005 was \$2,635 per capita (using total number of undergraduate students multiplied by the national poverty rate to derive a proxy for financial need). If you apply that same method to Alaska-specific data, the 2005-2006 AlaskAdvantage Education Grant funding of \$719,000 would result in an average per capita award of \$268 or just slightly less than 10% of the national average.

You also asked, once Alaska's performance in this area was identified, what level of annual funding would be necessary to raise Alaska spending to the national average. In FY06, ACPE received grant applications for 3,070 students who were certified as eligible for grants. To award these students average grants of \$2,635, the program would have to be funded at a level of \$8.1 million. Please note that this is not a direct comparison because AlaskAdvantage Education Grant eligibility is subject to a program-


specific method of determining financial need. I would also note that the standard annual grant maximum for the program is \$1,000, and the priority grant award (for students in designated workforce shortage programs of study and those with strong high school academic performance) is \$2,000.

For your further review, the full NASSGAP States Report can be found at www.nassgap.org. I am aware that you have also been seeking input from University of Alaska enrollment managers regarding increasing non-loan financial aid. Please note that information provided to you by UA examined the level of need-based grant aid per full-time equivalent student, whereas the numbers I have shared focus on average need-based grant to grant recipients.

I hope this information is helpful and responsive to your inquiry. Regardless of how the data is viewed, clearly Alaska is well behind most other states in its commitment to providing low-income families with non-loan assistance. As I mentioned, Governor Palin's proposed FY08 budget does propose a very positive next step of authorizing ASLC to fund a substantial grant endowment of \$20 million. This would allow us to triple the current level of funding, regardless of the availability of other state funds, to subsidize the program.

As always your strong support of student assistance programs is greatly appreciated.

Sincerely,


Diane Barrans
Executive Director

DB/dv