

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: 6  
 Bill Version: HCS CSSB 221(FIN)  
 (H) Publish Date: 4/17/10

Identifier (file name): (H)CS(S)CSSB221(FIN)-EED-ACPE-04-16-10

Dept. Affected: Education

Title An Act relating to the AlaskAdvantage education grant program; relating to professional student exchange...

RDU ACPE

Sponsor Senator Stevens

Component Program Administration and

Requester (H)FIN

Operations

Component Number 2738

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Personal Services							
Travel							
Contractual	250.0	250.0					
Supplies							
Equipment							
Land & Structures							
Grants & Claims	400.0	400.0	9,321.9	15,489.3	19,602.0	21,656.6	21,656.6
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>650.0</b>	<b>650.0</b>	<b>9,321.9</b>	<b>15,489.3</b>	<b>19,602.0</b>	<b>21,656.6</b>	<b>21,656.6</b>

<b>CAPITAL EXPENDITURES</b>							
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<b>CHANGE IN REVENUES ( )</b>							
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	650.0	650.0	9,321.9	15,489.3	19,602.0	21,656.6	21,656.6
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>650.0</b>	<b>650.0</b>	<b>9,321.9</b>	<b>15,489.3</b>	<b>19,602.0</b>	<b>21,656.6</b>	<b>21,656.6</b>

Estimate of any current year (FY2010) cost: 0.0

**POSITIONS**

Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

Relative to ACPE this bill: 1) establishes an administrative role for the agency relative to managing the Alaska Merit Scholarship program, 2) amends the existing AlaskAdvantage Education Grant program by increasing the annual maximum grant award from \$2,000 to \$3,000 per recipient, and 3) modifies Alaska's participation in the Western Interstate Commission on Higher Education's (WICHE) Professional Student Exchange Program (PSEP) by setting an annual minimum number of loans to support Alaska participants in the pharmacy, dentistry, and optometry fields of study.

The contractual funds noted above represent the cost of implementation for scholarship management software.

Prepared by: Diane Barrans, Executive Director  
 Division Alaska Commission on Postsecondary Education  
 Approved by: Diane Barrans, Executive Director  
Alaska Commission on Postsecondary Education

Phone 465-6740  
 Date/Time 4/16/2010  
 Date 4/16/2010

FISCAL NOTE #6

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

BILL NO. HCS CSSB 221(FIN)

**ANALYSIS CONTINUATION**

**It is important to note the costs reflected in FY12 and subsequent years represent the administration's best estimate. However, given that the bill also establishes a Task Force, the recommendations of which could substantially alter related program costs, these estimates may be characterized as tentative pending the Task Force reports.**

Assumptions:

- 1) Baseline count of high school graduates (8,008) based on 2009 data.
  - 2) Referenced utilization rate of 28.8% for similarly structured program in WY. While Alaska has lower college-going rates historically than WY, in recent years a higher percentage of students continuing to postsecondary education have attended Alaska institutions.
  - 3) Per student Alaska Merit Scholarship award amount is an average of all award levels.
  - 4) Scholar attrition rate is 25% per year based upon UA five-year graduation rate data.
- Participation numbers are assumed to be: Year 1=2,305; Year 2=4,034; Year 3=5,187; Year 4=5,763

In Wyoming, approximately 28.8% of graduates utilize the merit scholarship program. At the same utilization rate, an estimated 2,305 AK high school grads will earn a scholarship.

Per Education Trust, the graduation rate after 5 years for UAF is 25% and UAA is 16.5%. The four-year graduation rate is significantly lower.

Cohort: 2,305 students per year

	Participation rates	Number of Students	Average Scholarship	Est. annual cost	Year 1 Est. cost	Year 2 Est. cost	Year 3 Est. cost
Year 1	100%	2,305	\$3,567	\$ 8,221,935	\$8,221.9		
Year 2	75%	1,729	\$3,567	\$ 6,167,343		\$14,389.3	
Year 3	50%	1,153	\$3,567	\$ 4,112,751			\$18,502.0
Year 4	25%	576	\$3,567	\$ 2,054,592			
Est. merit-based cost (full implementation)		5,763		\$20,556,621			

As noted above, pending Task Force examination of the appropriate level of additional needs based aid, funding for the AlaskAdvantage Education Grant is requested at a continuation level relative to the annual average amounts paid out over the past four years--approximately \$1.05 million. The FY11 grant funding in the amount of \$400,000 will supplement the \$620,000 remaining from the FY09 capital budget appropriation of \$2.5 million. In FY12 and later years, \$1.1 million for program funding is included in the program costs noted herein.

There are no costs anticipated relative to the changes to the PSEP loan program.