

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

February 2, 2009
8:02 a.m.

MEMBERS PRESENT

Representative Cathy Engstrom Munoz, Vice Chair
Representative Bryce Edgmon
Representative Wes Keller
Representative Peggy Wilson
Representative Robert L. "Bob" Buch
Representative Berta Gardner

MEMBERS ABSENT

Representative Paul Seaton, Chair

COMMITTEE CALENDAR

OVERVIEW(S):

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, PROFESSIONAL
TEACHING PRACTICES COMMISSION

- HEARD

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, ALASKA COMMISSION
ON POSTSECONDARY EDUCATION

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

MARK LEWIS, Director
Administrative Services
Department of Education and Early Development
Juneau, Alaska

POSITION STATEMENT: Presented budget information regarding the
Professional Teaching Practices Commission.

DIANE BARRANS, Executive Director
Alaska Commission on Postsecondary Education

Juneau, Alaska

POSITION STATEMENT: Presented an overview on the Alaska Commission on Postsecondary Education.

EDDY JEANS, Director
School Finance and Facilities Section
Department of Education and Early Development
Juneau, Alaska

POSITION STATEMENT: Answered questions and provided information regarding the Professional Teaching Practices Commission.

ACTION NARRATIVE

[8:02:44 AM](#)

VICE CHAIR CATHY ENGSTROM MUNOZ called the House Education Standing Committee meeting to order at 8:02 a.m. Representatives Keller, Wilson, Edgmon, Gardner, Buch, and Munoz were present at the call to order. She said Representative Seaton is attending his father's 100th birthday celebration.

OVERVIEW(S):

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT - PROFESSIONAL TEACHING PRACTICES COMMISSION

[Due to technical difficulties, the committee was unable to hear the scheduled speaker, Patricia Truman, calling from Anchorage. In her stead, Mark Lewis made a quick presentation and Eddy Jeans answered questions following the Alaska Commission on Postsecondary Education overview. Vice Chair Munoz later announced that Ms. Truman's overview would be rescheduled. It was heard at the 2/6/09 regular committee meeting.]

[8:03:02 AM](#)

VICE CHAIR MUNOZ announced that the first order of business would be an overview of the Department of Education and Early Development - Professional Teaching Practices Commission (PTPC).

MARK LEWIS, Director, Administrative Services, Department of Education and Early Development, drew attention to a change on page 3 of the Department of Education and Early Development's budget overview [under the column for Professional Teaching Practices Commission (PTPC), Agency Operations]. He said the department is asking to switch the fund source from receipts supported services to the general fund. He explained that

receipts supported services is money from teacher certification fees, but it is not enough revenue to fully fund the teacher certification section and this has created a hardship in operating that program. Switching the fund source to the general fund would allow the PTPC to have a steady funding stream and give the teacher certification section the opportunity to be fully funded and able to complete its duties.

The committee took an at-ease from 8:06 a.m. to 8:09 a.m.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT - ALASKA
COMMISSION ON POSTSECONDARY EDUCATION

[8:09:48 AM](#)

VICE CHAIR MUNOZ announced that the next order of business would be an overview of the Department of Education and Early Development - Alaska Commission on Postsecondary Education.

DIANE BARRANS, Executive Director, Alaska Commission on Postsecondary Education, began her PowerPoint presentation with a historical overview. She noted that the undergraduate loan program was created by the legislature in 1968, but the Alaska Commission on Postsecondary Education (ACPE) was not established until 1974 [slides 3-4]. The ACPE was created to serve as the state's higher education coordinating and financial aid agency; although some of the coordination authority was later repealed.

MS. BARRANS said that in 1981 the state offered loans of up to \$7,000 per year with 50 percent forgiveness. The program was fully funded by the general fund, so the provisions were policy calls on the part of the legislature. When oil dropped below \$10 per barrel in 1987, the Alaska Student Loan Corporation (ASLC) was established as the financing source. As a result of this new financing source, substantial changes were made in the loan program and the terms of the loans in 1988, one change being removal of loan forgiveness. From 1995-1998 significant changes were made to reverse financial losses experienced by the corporation, and by 2001 the financial improvements from these changes allowed the corporation to start making annual returns to the state.

MS. BARRANS related that in 2002 the legislature unanimously passed AlaskAdvantage, which added federally guaranteed loans and new state outreach and early awareness programs to the agency's mission and goals. In 2003 the commission added an alternative consolidation loan program that allowed borrowers to

take their older, higher rate loans and consolidate them into loans at a reduced cost. In 2004 the commission's outreach unit received a Lumina Foundation Grant for College Goal Sunday and the commission founded the Coalition of Alaskans Supporting Higher Education (CASHE) in partnership with the financial aid officers in Alaska.

MS. BARRANS said the legislature established the Alaska Advantage Education Grant Program in 2005 which allowed leverage of some student loan corporation receipts to capture federal matching funds. In 2008 the governor designated the commission as administrator of the College Access Challenge Grant, a two-year federal grant authorized to every state to promote going to college and college access. In 2009 the commission will use these funds to launch a peer mentoring program in high schools. This mentoring program will target at-risk students to help them overcome any barriers that might prevent them from going to college.

[8:17:00 AM](#)

MS. BARRANS highlighted organizational and staffing structures [slides 5-7]. She explained that ACPE works in partnership with the Alaska Student Loan Corporation (ASLC). The commission develops and delivers higher education access and support services and the corporation underwrites the costs of mission-related services. The commission has a 14-member board and the corporation has a 5-member board. The commission has 102 authorized full-time employee positions, with the servicing staff located in Juneau and the outreach and information technology staff located in Anchorage. Outreach staff recently relocated to the Diamond Center, a mall location in Anchorage frequented by students.

MS. BARRANS noted that ACPE's organizational objectives are to promote, support, and provide access to postsecondary education in Alaska and for Alaskans. She said this is done by providing training access products and services, promoting postsecondary education participation in Alaska, and protecting consumers through regulation of postsecondary education institutions operating in Alaska. Another objective is to structure programs and services so they are self-sustaining regardless of whether state revenues are rising or falling. She said the commission believes it is important to foster key institutional and organizational partnerships in order to improve the effectiveness of its outreach, early awareness, and access programs. A suite of measures has been implemented within the

commission so that the organization's operational and management health can be assessed. The commission has grown its loan portfolio while containing administrative costs. For example, the loan volume has grown substantially in recent years, but the number of staff remains at 1999 levels.

[8:20:40 AM](#)

REPRESENTATIVE WILSON inquired how ACPE's investments have been affected by the current market downturn.

MS. BARRANS, in response to Representative Wilson, explained that ACPE's investments have not been impacted [by the current market downturn]. Because of the nature of its business the commission has very conservative investment policies, so most investments are in fixed rate instruments. The commission does not have a great need for liquidity for its investments. A certain amount of assets are kept invested according to policy and to provide a reserve for the corporation. Thus, the rates were not impacted by the downtown in the capital markets, although there were other impacts.

[8:21:53 AM](#)

REPRESENTATIVE GARDNER asked how the interest rate to student borrows is calculated and can the rate be reduced now that rates for other things are reduced.

MS. BARRANS, in response to Representative Gardner, said the interest rate that the commission charges borrowers is not tied to the cost of overnight funds; rather it is tied to the cost of administering the program plus the cost of the outstanding bonds. The rate is tied to a money index that is not impacted by the very low rates that are currently being seen in government-supported coupons. In further response, Ms. Barrans said the highest rate currently being charged by the commission is 7.3 percent. However, a loan under the commission's federal program might have a rate below 5 percent depending on whether the borrower qualifies for a government subsidized loan and whether the loan is being used in Alaska or elsewhere. Alaska's is the lowest alternative interest rate in the country.

[8:24:11 AM](#)

MS. BARRANS, in response to Representative Wilson, specified that the student loans are fixed rate to the borrower. As a federal lender the rate that the commission receives is adjusted

quarterly, but it is fixed to the borrower. Congress determines the way in which the interest rate on federal loans is set, and from 2002-2006 the federal loans were variable rate and reset annually with a cap of 8.25 percent.

[8:25:18 AM](#)

MS. BARRANS, in response to Representative Edgmon, explained that the loan program is designed to be self sustaining. When the student loan corporation was created in 1988, the legislature transferred \$306 million in loan assets to it and those became the capital with which the corporation issued bonds. The loans that are made are used to secure the bonds that are issued. The receipts on those loans are first pledged to repay the principle and interest on bonds, anything remaining goes back into the fund for originating more loans, and since 2001 a dividend has also been returned to the state. In further response, she said the corporation manages its own investments. The corporation's board is constructed so there is a nexus between the Department of Revenue and the Alaska Student Loan Corporation. The board sets the policy for investments. The Department of Revenue invests those funds that the corporation needs to keep liquid, essentially this is done as a fee for service.

[8:27:09 AM](#)

MS. BARRANS, in response to Vice Chair Munoz, said that if the state were to again have a [forgiveness loan] program that entitled a borrower to an automatic discharge of debt for service or residence in the state or other reason, the cost would need to be forward funded with general funds.

[8:28:09 AM](#)

MR. BARRANS, in response to Representative Buch, explained that up until 1988 the loan program was fully funded by the state general fund. The public policy reasoning during that time was that only half of the loan amounts would be repaid because in theory all of the borrowers would return to the state and qualify for forgiveness of half of their principle and interest. To receive the forgiveness benefit a borrower had to complete the certificate for which the loan was offered, return to the state within one year, and remain for at least five years. She said she believed about 20 percent of borrowers actually received the benefit. Ms. Barrens said the default rate was substantial at nearly 28 percent. She offered her opinion that

students did not understand that the entire amount of the debt was a real debt and many may have borrowed more than they actually needed. The corporation had a \$50 million equity deficit because of losses on these loans.

8:30:22 AM

MS. BARRANS continued her presentation [slide 10]. She said the commission/corporation sees itself as a public enterprise agency that has a record of positive performance. She is the executive director of the commission as well as the executive officer and sole employee of the student loan corporation. Under an agreement between the corporation and the commission, the commission's employees service the corporation's programs. She said the commission/corporation has enjoyed longstanding bipartisan support and is viewed as a successful model of a government enterprise organization.

MS. BARRANS noted that from 1968-1987 student education loans were seen as a state entitlement program [slide 12]. A student aged 16 or older and attending an institution approved in Alaska or accredited elsewhere could receive these loans. There were no other requirements such as a co-signer or collateral. No interest was charged during the in-school period and there was a 12-month grace period at the end of the school period. These factors likely led to a perception that this was not a debt like other debts, she said. During that time the focus was on getting the money to students, not on collecting loans for the state. At the height of the loan program there were 144 authorized institutions in Alaska; today there are 45 approved schools.

MS. BARRANS reviewed the series of changes that occurred after the corporation was created [slide 13]. From 1988-1993 only modest changes were made to the loan program: a 1 percent origination fee was imposed, the interest rate was raised to 8 percent during repayment, the grace period was shortened, and monthly bills replaced the repayment coupon books. In 1992 an ACPE servicing system conversion failed catastrophically and required a six-week shut down of phones to fix, she continued. A 1993 external audit performed by Deloitte & Touche resulted in the commission being denied insurance for its bonds. Things were in a serious state at that point, and by the mid-1990s the ASLC had an equity deficit approaching \$50 million.

MS. BARRANS related that in 1993 the commission hired its first executive director with an education loan expertise. Although

director for only two years, Dr. Joe McCormick set in motion the legislative changes that turned everything around during the years 1994-2001: loan rates were tied to the cost of the program, collection methods were expanded beyond garnishment of Permanent Fund Dividends to allow the commission to administratively issue liens to garnish wages and to leverage occupation professional licenses, and modest credit standards were added to the eligibility criteria. She said that since 1998 the commission's credit standard has been that no credit history is treated as good credit and a bad credit history requires a co-signer.

[8:37:19 AM](#)

MS. BARRANS specified that the heightened standards resulted in a drop from 140 authorized institutions participating in the program in 2002 to fewer than 40 today [slide 15]. Stricter standards were set for the institutions participating in the commission's programs and the institutions had to enter into a program participation agreement as to their responsibilities in administering the loans. The commission calculates loan default rates annually and also calculates them for each institution that participates in the program, she continued. Institutions that cannot bring their default rates below a certain level will no longer be allowed to participate in the state loan program. To participate in the federal loan program an institution must be accredited either regionally or nationally. By 2000 the corporation's equity deficit was erased and it was on a solid financial and administrative platform. In addition, dividend payments to the state were about to begin. These annual payments have ranged from less than \$1 million to as high as \$5 million.

MS. BARRANS highlighted the Federal Family Education Loan (FFEL) Program authorized by the Alaska State Legislature in 2001. She said that addition of this federal program allowed ACPE and ASLC to begin offering a "one-stop" suite of state and federal loans to Alaskans in 2002 [known as the Alaska Advantage Loan Programs]. As a state agency/nonprofit lender, the ASLC has been the number one lender in the Federal Family Education Loan Program for the past seven years [slide 16], she continued. The corporation awarded \$34.5 million in fiscal year (FY) 2008 and \$40.6 million in FY 2009 through December 26, 2008. A 51 percent growth over the prior year is expected in this program, she added.

MS. BARRANS discussed the Alaska Supplemental Education Loan (ASEL) Program, the successor to the old Alaska student loan

program [slide 17]. She said the corporation promotes the ASEL as supplemental to the federal loan program because the terms and conditions of the federal loan program are much more beneficial to students. The rates for loans under the ASEL Program are based on the Municipal Market Data Insured AMT Revenue Bond Yield Curve plus 30 basis points and administrative costs. The minimum rate for the alternative loans is .05 percent above the federal loan rate in order to encourage students to use the federal loan if they qualify. The interest rate on the old alternative loans is reset each July and for the past two years the rate has been set at the minimum of 7.3 percent. Under the ASEL Program the corporation loaned just under \$44 million in FY 2008 and \$34.9 million in FY 2009 through December 26, 2008. Borrowing under the ASEL Program is declining because Alaskans are increasingly using the federal loan program.

[8:41:58 AM](#)

MS. BARRANS, in response to Representative Edgmon, explained that ASLC does not set its rates so they are very low based on the current conditions for a particular year. Rather, the corporation annually assesses its financial capacity and establishes a set of borrower benefits that are applied as credits and reductions for one year at a time. She cited some examples of these credits and reductions. She said the corporation uses this method because it knows what its capacity is from year to year but cannot project the factors that might impact the corporation over a 10-15 year repayment period. This is the best method for ensuring sustainability for the program, while still giving money back to borrowers when there is the capacity to do so.

[8:44:59 AM](#)

MS. BARRANS, in response to Representative Gardner, said the legislature's view has been that it is reasonable to expect some return from a public corporation capitalized by the state after the corporation's mission has been met. According to the statute governing ASLC's dividend, up to one-third of the corporation's net income can be paid back to the state; thus it is a policy call rather than mandatory. She said that this year the corporation determined a dividend would not be paid to the state for FY 2010. Dividends to the state have dropped in recent years because the corporation has had very robust borrower benefits.

MS. BARRANS, in response to Representative Wilson, explained that the corporation is operating in a healthy mode, but the environment it is living in has changed. The capital market in which the corporation issues bonds has collapsed and literally gone away; thus ASLC has been unable to issue bonds. She said the corporation's 2008-2009 loans are all funded with cash from receipts and ASLC expects that annual volume to top out at \$95 million, at which point the corporation will exhaust its capacity to internally originate loans. It would therefore be contrary to send a dividend back to the state while the corporation is cash-strapped.

[8:48:49 AM](#)

MS. BARRANS returned to her presentation and outlined some of the borrower benefits in place for the 2008/2009 academic year [slide 18]. She first advised that the borrower benefits will not be as robust when they are reset for this year. She said ASLC uses the benefits to incent and reward certain behaviors in addition to reducing the borrower's cost. For example, ASLC incents borrowing from the low cost federal AlaskAdvantage loan and the Alaska Presence Benefit further reduces costs if the borrower attends school in Alaska or returns to Alaska after entering repayment. Although the benefits vary, a significant portion of the loans are eligible. The most utilized benefit is the General Benefit.

[8:50:36 AM](#)

MS. BARRANS, in response to Representative Edgmon, specified that to be considered a resident the borrower must be either residing in Alaska or attending a school in Alaska. There is no application or validation process for the borrower to receive the benefit, she added.

[8:52:04 AM](#)

MS. BARRANS noted that the loan volume for the AlaskAdvantage Loan Program was just under \$60 million for the 2003 school year [slide 19]. Addition of the federal programs increased the federal loan volume and this is expected to continue, she said. Congress recently increased the annual federal loan limit, so an independent freshman student can now borrow up to \$9,500 a year. The stimulus package presently being considered by Congress would give an additional \$2,000 to help with the rising cost of education. She pointed out that rising education costs are causing students to look more to private loans and alternative

loans. Only a few states have a program like Alaska's so students in most states must look to banks which have very high credit standards and substantially higher interest rates than a state supported program.

[8:53:21 AM](#)

MS. BARRANS, in response to Representative Wilson, said tools are provided to borrowers so they can counsel themselves [in regard to the accumulation of education debt]. She said she does not know that it would be appropriate for the state to question or directly discuss a borrower's choice of career and the decision to incur debt. Students can use the Alaska Career Information System (AKCIS) to access a program called Reality Check, which walks a person through a decision process regarding a desired lifestyle, the cost of that lifestyle, and the income associated with that career. This allows the individual to determine how much education he or she can incur and still be within the realm of reality. She said the commission's customer service agents counsel strongly that the federal education loan program is the best because they are income sensitive. Moreover, the repayment schedules of federal loans can be changed and discharge is available to borrowers after repayment has been made for a number of years.

[8:56:01 AM](#)

MS. BARRANS projected that loan demand through 2012 will go to over \$100 million, with slow growth thereafter [slide 20]. She reiterated that ACPE originates, holds, and internally services all ASLC loans [slide 22]. Loans that are over a year in arrears and that have a non-responsive borrower are contracted to a collection agency. The commission has an internal business process analysis for making qualitative and efficiency recommendations.

MS. BARRANS addressed the various loan repayment methods and collection levers used by ACPE [slides 22-23]. She pointed out that the majority of borrowers [45 percent] use the automated Web Pay method. Enhancements to the on-line payment options will soon be deployed. One such enhancement would allow a third party payer, such as an employer or family member, to make payment without gaining access to the borrower's private information. She reiterated that collection levers include a modest credit review, co-signer requirements, institutional default rate management, and collection of origination fees. The origination fees are put into a fund so that costs are

recouped against that fund when loans must be written off due to death, disability, or uncollectability. She noted that ACPE's collection and skiptracing tools are robust, such as access to state databases for the purposes of locating borrowers and finding updated addresses.

MS. BARRANS stated that in addition to its loan programs, the ACPE approves postsecondary education institutions in Alaska [slide 24]. The commission also approves a number of institutions for exemption from authorization, she added. These are training organizations that do not fall into the true category of a postsecondary education institution. The commission investigates student complaints related to institutions and enforces institutional closure rules. In the event of a school closure the ACPE is the repository for student records. In response to Representative Wilson, Ms. Barrans said ACPE was the repository for all of Sheldon Jackson College's academic records when it closed.

9:00:32 AM

MS. BARRANS spoke about the Alaska Commission on Postsecondary Education's outreach and early awareness programs [slide 25]. She said ACPE feels this is very important because of Alaska's poor performance in terms of the number of students going on to college and completing some sort of a certificate or degree. The ACPE is focused on developing a college-going culture. This includes everything from job training to vocational programs to graduate programs because Alaska needs skilled workers in every category. She said ACPE provides technical advice and assistance to the Alaska State Legislature when it is working on programs [in support of workforce development]. Increasingly, ACPE has worked with the Department of Labor & Workforce Development and the Department of Education and Early Development to ensure that there is a connectedness between organizations with overlapping missions.

MS. BARRANS said ACPE's outreach is an age-based sequenced outreach that starts with second grade and continues to the adult level [slide 26]. The outreach staff in Southcentral Alaska conducts community visits and presentations. College Goal Sunday is an annual statewide outreach event. The Alaska Career Information System (AKCIS) includes AKCIS Junior which starts at the junior high level. She said ACPE began providing the AKCIS service to schools in 2008 on a no-fee basis; it was previously run through the Department of Labor & Workforce Development on a fee basis. In addition, AKCIS can now be

accessed and used by individuals not associated with a school or other training program.

9:03:48 AM

MS. BARRANS pointed out a new program, [Peer] Mentors, which is being piloted at Service High School in Anchorage. In response to Representative Buch, she explained that "Community" Mentors is a typographical error [on slide 26], it should read "Peer" Mentors. In further response, she said this program does not yet include mentoring by adults such as retired seniors, but ACPE is aware that this is an area for growth.

MS. BARRANS, in response to Representative Gardner, said the peer mentors that are being recruited and employed by ACPE for this program are within a year of graduating from college. She explained that the goal is to have mentors who are close to the high schoolers' ages yet able to model the desired behavior.

9:06:12 AM

MS. BARRANS, in response to Representative Buch, stated that the purpose [of Peer Mentors] is to encourage a student to have a plan of action that will provide him or her a skilled trade.

MS. BARRANS, in response to Representative Wilson, explained that the Peer Mentors Program is brand new and the two newly hired college students start their employment tomorrow. The program is modeled after one in North Carolina, she added, and the students will be sent out for training. In further response to Representative Wilson, Ms. Barrans said ACPE chose Service High School because it has a diverse population and a large portion of at-risk, lower income students. Both of the new mentors will work at Service because it was thought that a collegial support structure would be important for starting this new program and would provide the ability to analyze what did and did not work and then make any needed modifications. Ms. Barrans said ACPE is mindful that what might work for an urban model may not work for a rural model. She said she does not know the number of students attending Service High School, but that it is a big school.

9:09:36 AM

MS. BARRANS referred to a report prepared by the commission last year entitled, "Making Alaska More Competitive by Preparing Citizens for College and Career". She said the study found that

Alaska has no place to go but up in terms of having students prepared and understanding how important postsecondary education is to them.

MS. BARRANS, in response to Representative Edgmon, specified that ACPE's mission is to encourage preparation for career or college. For some people this will mean college, for others it will mean a career training program, and when she uses the term college she is meaning both of these. She related that according to recent testing reports from testing organizations, the difference in being prepared for technical or trade school versus college is only in the application of what a student learns in high school. The essence of the curricula and what it takes for a student to be successful is the same in terms of math skills and critical thinking. She said ACPE believes that training high school students to be focused on postsecondary education provides those students with the ability to make any choice they want. In further response, Ms. Barrans said it is difficult to say what portion of the loans is for vocational training because most of that training is occurring at the University of Alaska, but she estimates that as many as 20 percent of the borrowers are in an associate degree program or shorter.

MS. BARRANS, in response to Representative Buch, reiterated that the majority of vocational education training in the state is being delivered by the University of Alaska. She understood that the university has added over 60 programs at the associate or below level, all which would be considered vocational or technical training.

[9:14:57 AM](#)

MS. BARRANS continued reviewing ACPE's age-appropriate sequenced information & activities [slide 27]. She said there is a second grade classroom reading program in partnership with the University of Alaska. For fifth grade there is an "I'm Going to College" orientation program through which the kids visit college campuses in their neighborhoods. From fifth to eighth grade the idea of college is promoted through posters and newspapers. For eleventh graders ACPE promotes all of Alaska's institutions, including vocational and private, through the publication, "Going to College in Alaska". For twelfth graders ACPE publishes a planning calendar that includes testing, admission, and other important dates.

MS. BARRANS outlined ACPE's outreach partnerships [slide 28]. "College Goal Sunday" provides help in filling out the Free Application for Federal Student Aid (FAFSA). There will be 30 locations statewide providing this help in 2009, she said. The Alaska Career Information System (AKCIS) is up and operating for 2009. "I Know I Can" is a second grade program where the concept of college and career is introduced.

MS. BARRANS displayed a map of the Alaska communities in which ACPE's outreach staff has been involved [slide 29]. She said staff visits the highly populated communities on an annual basis and smaller communities are visited once every two years. During the interim there is communication on the programs and services. When possible, the outreach presentations are provided via the World Wide Web. These presentations can be on such topics as financial literacy or college and career planning presentations. The ACPE involves faith-based organizations within the communities.

[9:17:48 AM](#)

MS. BARRANS said the ACPE is candid in acknowledging that it is has not "moved the bar" the way it would like in terms of increasing higher education attendance [slide 30]. There has been a slight increase in the number of low income Alaskans going on, she added, but the overall number of Alaskans has not increased. The ACPE and ASLC offer Alaskans the lowest cost financial aid package in the nation. Grants are offered to needy students, with approximately \$1.3 million to be offered this next year to about 1600 students attending schools in Alaska. In 2004 and 2005 ACPE and ASLC returned about \$160 million to the State of Alaska for capital projects. To do this, the ASLC issued bonds backed by student loan assets.

MS. BARRANS said accomplishments include providing \$24 million in cumulative borrower benefits through December 2008 [slide 31]. Five-hundred-thousand dollars in grants was awarded in FY 2008. The grant program was expanded to add priority for students pursuing careers in process and natural resources extraction industries. Interest rates for FY 2008 ranged from a low of 2.25 percent to a high of 7.3 percent. Outreach was provided to almost 40,000 Alaskans at nearly 500 outreach events around the state. Through the Western Undergraduate Exchange, over 1,600 Alaska students attended institutions outside of Alaska without forgoing their residency. This saved those students just under \$12 million in tuition discounts. The cumulative dividend provided to the general fund since 2001 is

\$32 million. In addition, almost \$6 million has been attracted to Alaska's higher education system by the offering of financial aid to non-residents.

[9:20:46 AM](#)

MS. BARRANS reviewed the goals and challenges for 2009 [slide 32]. She said ACPE and ASLC are continuing to offer Alaskans low cost financial aid despite reduction in the subsidy for federal loans and upheavals in the financial markets. Strategies are being implemented to avoid disruption of ASLC lending activities. Support of program expansion is being done in a way that will not jeopardize the ability to self-sustain. In recent years the ACPE and ASLC have advocated for federal Higher Education Act (HEA) recognition of state financial aid programs and services. U.S. Senator Lisa Murkowski has been a strong advocate in this regard, she added, and the hope is that [newly elected] U.S. Senator Mark Begich will be as well.

[9:22:17 AM](#)

MS. BARRANS summarized the two currently available non-loan financial aid programs [slides 33-34]: the UA Scholars Award and the AlaskAdvantage Grant. The UA Scholars Award is an \$11,000 scholarship for use over a four-year period of time, she said. The AlaskAdvantage Grant is a last-dollar, need-based grant which means the student must have applied for and exhausted other grant aid. This grant is for up to \$2,000 per year. Until 2008, AlaskAdvantage Grants were funded with a mix of federal Leveraging Educational Assistance Partnership (LEAP) dollars and ASLC funds. This was changed in FY 2009 when ASLC received a capital appropriation. The objectives of the UA Scholars Award and the AlaskAdvantage Grant overlap in that they are both statewide, require attendance at a school in Alaska, and incent certain terms of academic achievement. However, both programs are tenuously funded. Neither program requires specific college-prep curriculum nor ensures broad-based access to non-loan aid for Alaska students. Because these two programs lack certainty a student cannot be assured that the aid will be there.

[9:26:46 AM](#)

MS. BARRANS, in response to Representative Gardner, offered her opinion that a single program can be successfully structured to combine the elements of both merit-based and need-based scholarships. Without a doubt, she said, Alaska would reap

benefits from a program with certainty and that incents students to be fully prepared to enter postsecondary or apprenticeship programs without remediation. In further response, Ms. Barrans explained that the federal rules for FAFSA application specify that a person under a certain age must have lived independently of his or her parents for three years to be eligible. However, if the person is married or has a child, then he or she is automatically considered independent. She said she believes that beyond that, financial aid professionals can exercise their judgment in deeming someone to be independent, but they are required to do so very carefully.

[9:29:58 AM](#)

MS. BARRANS, in response to Representative Keller, said she thinks it is well within the ACPE's mission to promote programs [like the Taylor Scholars Program] that have meritorious elements. She said access to postsecondary education is not everything. People must also be prepared to be successful, particularly if they are funding their postsecondary education with debt. Having to take remedial courses at the start of postsecondary education could result in debt without the person being any further ahead.

REPRESENTATIVE KELLER thanked and complimented Ms. Barrans for her work, integrity, and openness.

REPRESENTATIVE BUCH commented that there are numerous education programs that are available to certain people for no cost and asked whether ACPE coordinates with these programs. He offered his opinion that the state is excelling in some ways but just wants to do more, for which he offered his congratulations to ACPE.

[9:34:51 AM](#)

MS. BARRANS, in response to Vice Chair Munoz, explained that the institutions participating in the Western Undergraduate Exchange (WUE) set their own criteria [as far as which career categories they offer]. Some institutions may make all of their study programs available because they want to increase the number of nonresident students for diversity purposes or they may want the extra money from the nonresident tuition that is discounted but still higher than the resident rate. Some institutions that have a high in-state attendance may use the WUE program to leverage attendance in an undersubscribed program. The exchange is supposed to be mutually beneficial, she added.

MS. BARRANS, in response to Vice Chair Munoz, agreed [that WUE is different from the Washington-Alaska-Montana-Idaho (WAMI) program that targets medical students]. She further explained that the Western Interstate Commission for Higher Education (WICHE) is a professional student exchange program that allows access to graduate level programs. Through 1987 Alaska participated in the 14 programs which included law, medicine, veterinary medicine, pharmacy, and podiatry. But beginning in 1988 Alaska curtailed and then eventually eliminated the program funding for the state's participation. In the late 1990s it was reinstated as a loan, so now individual students can borrow the support fee that is paid on their behalf to the institution. Because it is financed through the Alaska Student Loan Corporation, the loans are only for those professional fields for which there is potential employment in Alaska and an associated income high enough to pay off the debt. Right now there are five fields that ASLC actively participates in - pharmacy, podiatry, dentistry, physical therapy, and occupational therapy. In exchange for the support fee, the students receive preference for admission. Ms. Barrans agreed to put this information in writing for Vice Chair Munoz.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT - PROFESSIONAL TEACHING PRACTICES COMMISSION

[Due to technical difficulties, the committee was unable to hear the scheduled speaker, Patricia Truman, calling from Anchorage. Vice Chair Munoz asked Eddy Jeans to speak in Ms. Truman's stead and later announced that Ms. Truman's overview would be rescheduled for another day.]

[9:39:03 AM](#)

VICE CHAIR MUNOZ announced that the next order of business would be a presentation on the Department of Education and Early Development - Professional Teaching Practices Commission.

EDDY JEANS, Director, School Finance and Facilities Section, Department of Education and Early Development, noted that he is a sitting commissioner on the Professional Teaching Practices Commission (PTPC). He said the commission is established in statute and has a nine-member board appointed from various areas of education: five classroom teachers, one principal, one superintendent of schools, one from a higher institution of learning, and himself representing the commissioner's office. Commission members meet 3-4 times a year and review complaints

against teachers. Meetings may or may not include hearings, he continued, but when there are hearings they are formal and the board serves as both judge and jury. Members serve three-year terms and can only serve two consecutive terms. Cases are submitted to the commission by Ms. Truman who does most of the legwork and makes a recommendation to the commission. Many of the cases are resolved by Ms. Truman and the commission then accepts or modifies the agreements. Often the cases are simple miscommunication, he added.

9:42:06 AM

MR. JEANS, in response to Representative Gardner, explained that complaints are against individuals and those individuals usually have legal counsel. Cases that make it all the way to a formal hearing are typically pretty severe, with the commission looking at suspending a license for a year or possibly a lifetime. There can be instances where the commission reprimands a person holding a teaching certificate and this goes into a nationwide database so people know that there has been some violation of ethical conduct, but it may not be severe enough to warrant license suspension. In further response, Mr. Jeans offered his assumption that a fraudulent certificate means a person is claiming to hold a certificate that he or she really does not have.

9:44:06 AM

MR. JEANS, in response to Vice Chair Munoz, stated that Pat Truman can conduct investigations and has the power to subpoena testimony before her or the commission. Within the ethical standards is a standard that says a person will not make false claims against a coworker. So, if someone fraudulently files a claim against a coworker, it could be reversed and the person filing that claim could suffer consequences.

MR. JEANS, in response to Representative Wilson, deferred to Ms. Truman for a definition of professional misconduct.

MR. JEANS, in response to Representative Buch, said the PTPC does not have oversight over tenure. Tenure is based on the number of years a person has been successfully employed in the public schools and is granted through an annual evaluation process. Also, the number of consecutive years required to achieve tenure is set in statute. In further response, Mr. Jeans said an annual evaluation of a teacher's performance is conducted by the principal.

VICE CHAIR MUNOZ announced that Ms. Truman's overview would be rescheduled for another day.

[9:47:51 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:48 a.m.