

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

February 16, 2009

8:00 a.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
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

All members present

OTHER MEMBERS PRESENT

Representative David Guttenberg

COMMITTEE CALENDAR

OVERVIEW(S): DEPARTMENT OF EDUCATION - NO CHILD LEFT BEHIND;
MINIMUM EXPENDITURE BY DISTRICT

- HEARD

HOUSE BILL NO. 94

"An Act creating a postsecondary scholarship program for Alaska residents based on high achievement and financial need."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 94

SHORT TITLE: POSTSECONDARY SCHOLARSHIPS

SPONSOR(S): REPRESENTATIVE(S) GUTTENBERG

01/28/09	(H)	READ THE FIRST TIME - REFERRALS
01/28/09	(H)	EDC, FIN
02/16/09	(H)	EDC AT 8:00 AM CAPITOL 106

WITNESS REGISTER

LES MORSE

Deputy Commissioner

Department of Education and Early Development

Juneau, Alaska

POSITION STATEMENT: Co-presented an overview by the department, focusing on the issue of No Child Left Behind.

EDDY JEANS, Director

School Finance and Facilities Section

Department of Education and Early Development

Juneau, Alaska

POSITION STATEMENT: Co-presented an overview by the department, focusing on the issue of minimum expenditure by district.

REPRESENTATIVE DAVID GUTTENBERG

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced HB 94, as prime sponsor.

DIANE BARRANS, Executive Director

Postsecondary Education Commission

Department of Education and Early Development

Juneau, Alaska

POSITION STATEMENT: Testified and responded to questions during the hearing on HB 94.

ACTION NARRATIVE

[8:00:38 AM](#)

CHAIR PAUL SEATON called the House Education Standing Committee meeting to order at 8:00 a.m. Representatives Seaton, Wilson, Edgmon, Buch, Gardner, and Keller were present at the call to order. Representative Munoz arrived as the meeting was in progress.

OVERVIEW(S) DEPARTMENT OF EDUCATION - NO CHILD LEFT BEHIND;
MINIMUM EXPENDITURE BY DISTRICT

[8:01:04 AM](#)

CHAIR SEATON announced that the first order of business was the overview by the Department of Education - No Child Left Behind; Minimum Expenditure by District.

[8:03:04 AM](#)

LES MORSE, Deputy Commissioner, Department of Education and Early Development, said he would cover the following regarding No Child Left Behind (NCLB): what it is, what its requirements are, what it does and does not fund, and how it is working in Alaska. He said he would be referring to page 9 of the department's budget, as well as a pie chart from a document from Cindy Curran (ph) [included in the committee packet].

MR. MORSE said NCLB is an amendment to the Elementary and Secondary Education Act of 1965 (ESEA). That Act specifically targets "students in schools that are low income." Those schools are often referred to as Title I Schools. The original Act passed in 1970, he noted, but has been amended several times - once in the early '90s as the Improving America's Schools Act (IASA). He said NCLB was proposed in 2001.

[8:05:51 AM](#)

MR. MORSE stated that the intent of NCLB is to ensure students with low incomes have opportunities to be successful in school and are evaluated on equal ground with all other students. Before NCLB, he related, there was an [adequate yearly progress] (AYP) system of judging schools, but it only applied to Title I schools. When NCLB passed, it required all schools to be evaluated in the same manner, and publicly, which required some states to build an accountability system for the first time that would cover all schools, and which is why more people are aware of NCLB. He said NCLB is designed so that students in Title I schools have support when struggling to perform well, and it specifically focuses on reading, mathematics, and science testing. Alaska has added to that the assessment of writing skills.

MR. MORSE mentioned the term "highly qualified," as it relates to teachers. He explained that the intent of the law is to ensure that teachers are knowledgeable about each subject they teach - not only those subjects tested under NCLB, but all subjects. He pointed out that that brings a challenge to Alaska, because the state has a large number of schools where there are three or fewer teachers.

[8:08:41 AM](#)

MR. MORSE, in response to a question from Chair Seaton, said the requirement applies to all grade levels; however, the amount of content knowledge required at the elementary level is different than that required at the secondary level. He offered further

details. In response to a follow-up question, he clarified that first through sixth grade is elementary school, while seventh grade [through twelfth] would be secondary school.

[8:09:39 AM](#)

MR. MORSE, in response to Representative Edgmon, directed attention to page 9 of the aforementioned budget document, which illustrates the funds that fall under NCLB. He noted that there are other federal funds coming to the department.

[8:11:25 AM](#)

MR. MORSE, in response to Representative Wilson, said NCLB was a new authorization of IASA, and most of the requirements were consistent in the change. It was up to each individual school to decide whether to continue any programs that were ended with the change to NCLB. The previous Act required standards to be developed by every state in multiple content areas, whereas NCLB focuses on mathematics and reading as its core. He explained, "It really didn't mean you had to completely drop something you previously had; you had to bring focus ... on reading and mathematics. And then, there are pieces that come about, in terms of a school not meeting adequate yearly progress and a set of consequences they face." In response to a follow-up question from Representative Wilson, he said the programs "were to provide instructional support"; therefore, they were not dropped, but rather shifted in focus.

[8:15:21 AM](#)

CHAIR SEATON asked if Mr. Morse is saying that social studies, for example, is still taught, but the reading content within social studies must be measured.

MR. MORSE responded that is correct.

[8:16:19 AM](#)

REPRESENTATIVE WILSON said she has heard schools complain that they have to provide funding to cover [the provisions of IASA] because the funding was switched to [NCLB].

[8:16:47 AM](#)

MR. MORSE responded, "The old law went away; it was reauthorized as ... NCLB."

[8:16:55 AM](#)

REPRESENTATIVE KELLER asked Mr. Morse if he thinks Title I money has resulted in an increase in the proficiency of students.

[8:17:22 AM](#)

MR. MORSE responded that in the five years of testing, there has been gradual improvement in student proficiency. Large jumps in proficiency would "create a suspicion," he added. There are clear guidelines of what the accountability must look like nationwide, which created comparison points and made the information on which students were tested and how schools have been held accountable to the public. Mr. Morse said there are challenges and problems with the law; however, it has raised an awareness and a level of attention regarding all students' achievement that did not previously exist.

[8:18:57 AM](#)

MR. MORSE relayed that consequences for not making AYP are only applied to the Title I schools that receive the federal funding. It is the state's choice whether or not to apply those consequences to other schools. Alaska examines the performance of non-Title I schools.

[8:20:32 AM](#)

MR. MORSE listed the types of things that Title I program funds might cover, including: instructional aides; a certified reading teacher to offer supplementary or support services; and improvement dollars to help schools not making adequate yearly progress. Title II funds are used toward qualified staffing, he said. The focus of the funds listed under the "Federal NCLB" column of page 9 of the budget handout is to improve student achievement in the aforementioned disciplines. He offered further details.

[8:23:01 AM](#)

MR. MORSE said approximately 59 percent of the budget funds the Division of Teaching & Learning Support (TLS), while a large part of the funding goes to programming. In response to Chair Seaton, he noted which entities are encompassed within TLS. A large portion of the dollars with which TLS operates comes from NCLB.

8:24:03 AM

MR. MORSE said NCLB has provided programs that did not exist before, along with assessments of those programs. He specified that he is not talking about the statewide assessment, but rather reading programs that can be purchased. One challenge has been in meeting the requirement for highly qualified teachers; however, a system has been established in Alaska wherein teachers can become highly qualified by demonstrating that they know enough about various content areas.

8:26:05 AM

MR. MORSE spoke about waivers. He said Alaska asked for and was granted a waiver that would allow the measurement of student performance based on growth. Another waiver granted Alaska allows some of the districts to change the order of some of the consequences that apply to schools when they do not meet adequate yearly progress. One waiver that was not granted would have allowed the schools to change what types of consequences are applied. Some states received such a waiver, and Alaska is researching how they worded their request. Mr. Morse said the department is paying attention to the new administration and is looking for other potential opportunities for waivers.

8:28:32 AM

MR. MORSE, in response to a question from Representative Edgmon, confirmed that the waivers primarily apply to Title I schools, and the consequences apply only to those schools. However, the performance of every school is monitored. A Title I school is defined via a formula; if the poverty rate is 40 percent or higher in the area, the school in that area would be a Title I. In response to a follow-up question, he said he does not believe there are more Title I schools this year owing to the rising cost of energy. He estimated that 230 of Alaska's 500 schools are Title I.

8:31:36 AM

MR. MORSE, in response to a question from Representative Wilson regarding an aforementioned waiver, explained that certain consequences occur when AYP is not met within the first year; other measures must be taken when AYP is not met within two years; and by the third year, supplementary services must be instituted. The waiver granted was to change the order in which

the consequences would apply. In response to a follow-up question, Mr. Morse confirmed that there are a number of non-Title I schools that are not meeting AYP. If those schools are found to be insufficient under state laws, the department tries to provide services to those schools. He offered examples. The department conducts examinations of all schools in the state "because of the law that passed last year," in order to determine if there is something that can be done, he said. Whether or not the school covers the cost of intervention varies. Some of the services are paid for with department dollars sourced from state funding or federal NCLB funding.

[8:36:19 AM](#)

MR. MORSE, in response to Representative Munoz, related that the Title I schools have a clear set of articulated standards, which increases progressively. If they have not met AYP steps in the first year, the school must do an improvement plan. After a second year of not meeting AYP, the school has to "offer choice." He said, "The district will have to use some of their federal dollars to offer transportation." By the third year, the school would have to offer supplementary services by way of after school tutoring. Beyond that, the consequences become more complex and include: replacing staff, reexamining and changing curriculum, and eventually a redesign of the school. In response to a follow-up question from Representative Munoz, he said every school in the state, including those that are non-Title I, fall under state rules and statutes regarding accountability. Any schools that the state deems need closer scrutiny have conversations between the superintendent and the department regarding improvement plans, and a determination is made as to whether additional work needs to be done.

[8:38:55 AM](#)

MR. MORSE, in response to Representative Munoz, said the same standard used to decide which child gets into the food program is used to decide poverty level. The number of students within a school that fall within that category factors into determining whether the school would be eligible for Title I funds at the district level. The district has to make the determination as to which of its eligible schools will receive the Title I funds.

[8:40:21 AM](#)

MR. MORSE, in response to Representative Keller, said the department determines whether a waiver makes sense and would be

allowed under state statute. There is a potential that regulations would have to be changed to put the waiver in place. He said there is not an automatic reporting mechanism regarding waivers, and those that the department has sought were aforementioned. He emphasized that he would never hesitate to share that information with the House Education Standing Committee.

[8:40:56 AM](#)

REPRESENTATIVE KELLER remarked, "It seems like the policy-making body should have been in on that discussion at some level - or should be." He expressed appreciation for the information being shared, and expressed his desire to keep abreast of it.

[8:41:23 AM](#)

REPRESENTATIVE MUNOZ asked if Title I monies could be utilized for innovative programs such as early language learning, learning a second language, or teaching Native languages.

MR. MORSE responded that there is "a door open to innovative programs." Title III funding provides monies for language development, but it is for the purpose of developing the English language proficiency in those student who speak English as a second language.

[8:43:15 AM](#)

MR. MORSE, in response to Representative Wilson, said replacing staff in a school - when allowed under NCLB - applies at a school level, as part of the school's improvement plan. He said, "We haven't deployed that from the department end." However, because of state law passed last year, the department does have the authority to replace staff under state statute, but that is focused on people in instructional leadership roles, such as the superintendant, assistant superintendant, or principal. The department has not had to use that tool, he noted. He said the department did intervene in one district, strongly recommending to the district that it remove one of its principals. The district agreed and carried that forward.

[8:44:31 AM](#)

MR. MORSE, in response to Chair Seaton, said staff replacement is one choice, and in some cases in Alaska, the priority is to

have continuity of staff - to not increase turnover. Therefore, that choice is not typically employed.

[8:46:07 AM](#)

MR. MORSE, in response to Chair Seaton, said districts have volunteered to use both the teacher mentor program and the principal coaching program, and the department has been able to serve everyone in that regard, but on a first-come/first-served basis. He said it will not be that way next year, because the department plans to ensure that the first-served are the neediest. He offered further details.

[8:47:32 AM](#)

MR. MORSE confirmed for Chair Seaton that the ruling on [Kristine Moore, et al vs. State of Alaska] will have an impact. He said many of those things that the judge has indicated the state needs to do to be compliant had already been put in motion. One example, he said, is the aforementioned change to first serve the neediest districts, in terms of the teacher mentor program and the principal coaching program, before opening the programs statewide. However, there are some other areas that were identified by the judge as needing improvement, and they have to do with requiring versus inviting districts to participate.

[8:48:56 AM](#)

MR. MORSE, in response to Chair Seaton, said the student lunch and breakfast programs are in place, but he cannot relate details of the funding without further research.

[8:50:10 AM](#)

MR. MORSE, in response to Chair Seaton, said the AYP growth model is used with every school in the state and is somewhat complicated. He explained that to determine whether a student is on track for becoming proficient in a subject within four years, that student's growth is measured against his/her ability the previous year. He provided numbers to indicate how the proficiency gains are determined. Statistical pieces are applied to make the model more complicated, he added, so that when a student does improve in performance, the improvement shown is true and not coincidental. In response to a follow-up question, he said the tracking for this growth model is only in its second year. He said a student who meets the growth

standard one year has to meet it the next year in order to stay on target. He confirmed that the measure of each child affects the overall AYP of the school.

[8:55:42 AM](#)

MR. MORSE, in response to Representative Wilson, explained that some of the grants are noncompetitive, which means that they are given if the grantee meets the requirements outlined in federal requirements and state regulations. In response to a follow-up question, said the majority of the grants are noncompetitive.

[8:58:00 AM](#)

MR. MORSE, in response to a question from Representative Gardner, said he is not familiar with any of the programs or grants that have been awarded under the category of special education state improvement grant support; however, he said state improvement grants have "come out through those dollars" - usually to fund various ways to support students in special education. He said he can procure information for Representative Gardner related to any of the current competitive grants that exist.

[8:59:02 AM](#)

MR. MORSE, in response to Representative Keller, said a report card to the public is published on the Internet in phases, beginning in January. By middle March, the complete prior year will have been reported. The "thick report," which is given to the speaker of the House, the Senate president, and the governor, is given at a different time.

[9:00:18 AM](#)

MR. MORSE, in response to Chair Seaton, said there are two tests given in Alaska that are also given in other states: the National Assessment of Educational Progress, which is given to students in fourth and eight grades; and the Terra Nova Assessment, which is given to students in fifth and seventh grades and reflects in which percentile Alaska's students generally land compared to all the other students. He said Alaska's students generally fall within the 55th-63rd percentile. In response to a follow-up question, Mr. Morse said he thinks at this point the department considers the tests and standards adequate. He said it is good to continually examine

standards, but at this point it makes more sense to keep that measure consistent for a few more years.

[9:04:47 AM](#)

MR. MORSE, in response to Representative Buch, said he was a teacher during the 1990s. It is difficult to compare information from tests of the '90s to the information derived from today's tests, because the measure has changed. However, Mr. Morse noted that one test that has remained the same is the national assessment of educational progress (NAEP). He said he could provide the results of the NAEP tests in which the state has participated.

[9:05:46 AM](#)

REPRESENTATIVE BUCH said he is familiar with those reports, which indicated that Alaska was testing in the upper 2 or 3 percent of the nation at the time.

[9:06:55 AM](#)

MR. MORSE, in response to Representative Wilson, confirmed that at one time, Alaska administered the Iowa Basic skills test. Today a similar test, the Terra Nova, is given.

[9:07:47 AM](#)

MR. MORSE, regarding funding, said there is money coming in from various directions. Much of it will be funneled through formula programs, particularly NCLB. He stated, "The greatest amount of money coming to the Department of Education or to education will be money that will pass through the noncompetitive grant situations that pass through to school districts in our formula funding mechanisms that we have in place right now." He said he is not prepared to speak regarding other parts of the stimulus package, because specific information is still forthcoming.

CHAIR SEATON asked that Mr. Morse forward that information to the committee when it becomes available.

[9:08:56 AM](#)

MR. MORSE, in response to a question from Representative Gardner regarding NCLB, said although it is too early to tell, he does not anticipate changes from the new administration in terms of the reauthorization for at least a year.

[9:10:12 AM](#)

MR. MORSE, in response to Representative Wilson, said he does not know whether the department will see the [stimulus] money this year or next.

[9:10:29 AM](#)

REPRESENTATIVE GARDNER observed that it is difficult to look at the budget and ascertain what it is that the state is being required to do that is unfunded.

[9:10:54 AM](#)

MR. MORSE talked about the concerns of the state and federal government and offered details as to why it would be a challenge to document what the parts of the unfunded mandate are. At the local level, he said, there is concern regarding being able to use dollars to directly support student performance within a school and providing transportation to the school of choice.

[9:13:46 AM](#)

MR. MORSE, in response to Representative Guttenberg, said he thinks NCLB has been in place long enough to make certain determinations, such as in supplemental service areas. However, to make a major shift would be challenging, because student assessment has been taking place for four, going on five, years. The science assessment will be given for the third time this spring, and it will be important to have additional data prior to making major determinations regarding the program.

[9:15:42 AM](#)

MR. MORSE, in response to Representative Guttenberg, said although there are fine detailed aspects of the law that are known to be problematic, that would not change the focus of the law.

[9:16:17 AM](#)

MR. MORSE, in response to Representative Wilson, said there are only a handful of schools - less than 10 - that have switched students from one school to another. The majority of the schools do not have that choice.

[9:17:57 AM](#)

MR. MORSE, in response to Representative Buch, explained that the state assessment and the NCLB assessment are the same; the assessments that are different are those utilized on a local level, which are purchased by individual schools to determine weekly improvement in preparation for the state assessment.

[9:18:57 AM](#)

MR. MORSE, in response to Representative Gardner, indicated that if parents have the option of transporting their child to another school but decide not to do so, the supplemental services available to those who don't have that option would be available to that child if it is a school that has to do "both supplemental service providing and choice."

[9:19:07 AM](#)

CHAIR SEATON established the importance of understanding NCLB and how it applies to Alaska.

[9:20:21 AM](#)

[9:20:30 AM](#)

EDDY JEANS, Director, School Finance and Facilities Section, Department of Education and Early Development, presented the second part of the overview by the department, regarding minimum expenditure by district. He said the minimum expenditure requirement, passed in 1998, was Alaska's first step toward accountability to its public schools. The legislature had an interest to ensure that funds were being spent on instruction. Since that time, the focus has been directed to the individual student. He mentioned the assessment system and a student identification system.

[9:21:57 AM](#)

MR. JEANS noted that the Alaska State Board of Education passed "Resolution 01-2009," which asks the legislature "to reconsider or amend statute that requires districts to spend a minimum of 70 percent of their operating funds on instruction, in acknowledgment that a system of accountability directly tied to student achievement is in place."

[9:22:34 AM](#)

MR. JEANS said there are two tests provided to determine whether or not a district is meeting the minimum expenditure requirement. The first test is when the districts submit their budgets in July for the upcoming school year and the division reviews those budgets. If the district is not meeting the 70 percent requirement, it must apply for a waiver to the Alaska State Board of Education. If the waiver is denied, then state aid is reduced by the dollar amount by which the district missed the 70 percent mark. Mr. Jeans noted that the department has recommended to the board to impose that sanction three times. He offered further details.

MR. JEANS said through this process, which has been in place for ten years, the division has been able to identify two distinct patterns. First, a small district with a budget of \$3 million or less probably will not meet the 70 percent requirement because of operating costs. Second, if a district's cost for operation and maintenance uses 20 percent of its budget, there is no way the district will meet the 70 percent instructional requirement. Mr. Jeans named some benefits of the aforementioned legislation, including that it has helped districts focus their expenditure patterns on instruction and helped the department focus on categorization of expenditures by districts, resulting in more uniform financial data for public schools.

[9:25:40 AM](#)

MR. JEANS directed attention to a handout in the committee packet showing the results of audits done on the operating fund minimum expenditure for instruction from 1999 to 2008. In 1999, the statewide average minimum expenditure for instruction was 63 percent; 42 school districts did meet the 70 percent minimum. In 2008, the statewide average minimum expenditure for instruction was 69 percent; 22 school districts did not meet the minimum. He pointed out that those schools on the handout listed as having decreased their expenditure for instruction since 1999 are very small sites that fall into the aforementioned category of having a \$3 million or less total budget.

[9:26:51 AM](#)

MR. JEANS explained that the reason the state board has asked the legislature to review this requirement again is because, in addition to the requirements of NCLB, Senate Bill 285 - passed in 2008 - requires the department to look at individual schools,

based on student performance, and intervene in those districts where students are underachieving, in order to ensure the improvement of student performance through instructional practices. The state law allows the department to redirect how districts spend their funds. There are also funds available to pay for mentoring in those districts. Mr. Jeans related that the state board undergoes this process twice a year and is frustrated because it does not view the process as being tied to improving student achievement and is unsure of what can be done. He reported that there will be between 20-25 districts that cannot meet the minimum expenditure requirement, but there is no gray area in the law. He opined that the statute has run its useful course and should be repealed.

CHAIR SEATON asked, "Will you still get the budgets of the individual districts submitted to the department?"

[9:30:01 AM](#)

MR. JEANS responded that the requirement still exists to submit the budgets and financial statements to the department. The department is required to review those budgets to ensure they comply with state laws and regulations and are operating under a balanced budget. He said one of the greatest benefits of this requirement has been a uniformity that has been brought forward through looking at the budgets and directing districts in their expenditure allocation. He noted the system has come a long way since the 1998 McDowell Group report regarding the inconsistency in the way that financial data was reported.

[9:31:24 AM](#)

MR. JEANS, in response to Chair Seaton, said he thinks that if the statute were repealed, the department would still have the ability to require uniformity. He offered further details.

[9:31:49 AM](#)

MR. JEANS, in response to a question from Representative Wilson, explained that the aforementioned board resolution gives the legislature the option of amending the existing statute if that body does not want to reconsider it. However, he said the board has no suggestion as to how an amendment might work. Even if the statute was amended to allow districts under a certain size to only have to meet a 60 percent instructional requirement, while larger districts would still have to meet the 70 percent requirement, he said he would still have to go through the

process of granting waivers for certain districts that are below 60 percent every year.

[9:33:09 AM](#)

CHAIR SEATON echoed Mr. Jeans' previous comment that the statute has served its purpose but is no longer necessary, given improvements that have been made. The committee may sponsor a bill to repeal the statute, he indicated.

[9:34:05 AM](#)

REPRESENTATIVE WILSON suggested including this issue in a bill that she will be sponsoring.

[9:34:24 AM](#)

REPRESENTATIVE KELLER requested that additional discussion occur before voting on whether or not to repeal the statute.

[9:34:52 AM](#)

CHAIR SEATON reviewed the importance of considering this issue in the form of legislation rather than as presented in an overview.

HB 94-POSTSECONDARY SCHOLARSHIPS

[9:37:25 AM](#)

CHAIR SEATON announced that the final order of business would be HOUSE BILL NO. 94, "An Act creating a postsecondary scholarship program for Alaska residents based on high achievement and financial need."

[9:38:01 AM](#)

REPRESENTATIVE DAVID GUTTENBERG, Alaska State Legislature, introduced HB 94, as prime sponsor. He characterized HB 94 as a needs- and merit-based scholarship bill. He noted that the National Center for Public Policy has given Alaska an "F" grade in terms of affordability of college. People are not going to college because of financial cost and "burdens." Qualifications related to the bill have to do with defining "needs" and considering a person's grade point average (GPA). Representative Guttenberg said he thinks the grade point average is set too high in the bill. He explained that a single parent

with two kids, who is working two jobs, should not have to jump too high a hurdle in terms of his/her GPA. He said he would like to see the person who has graduated [from high school] but has not gone directly to college to "come back" to school.

[9:43:13 AM](#)

REPRESENTATIVE GUTTENBERG, in response to Chair Seaton, confirmed the bill, as currently written, would require a person to have a "B" or above GPA in order to be eligible. In response to a question from Chair Seaton, he suggested that the use of the term "qualifying postsecondary institution" may need to be discussed to determine whether it means only a state institution. The union trade schools are covered, he said, "because there is no tuition." He added, "But those other ones would be qualified if they're covered under this."

[9:44:39 AM](#)

REPRESENTATIVE GUTTENBERG said it is open for the committee to establish how those parameters would fall.

CHAIR SEATON cited page 3, lines 27-29, which read as follows:

(2) "qualifying postsecondary institution" means a postsecondary school located in the state that is accredited by a national or regional accrediting body recognized by the Council for Higher Education Accreditation;

CHAIR SEATON asked if all the [postsecondary] schools in the state, including trade schools, fall under that definition.

[9:45:53 AM](#)

REPRESENTATIVE GUTTENBERG replied that most are, but not all. He indicated his intent for the bill to include programs that are Alaska-based but could be accredited Outside.

[9:46:57 AM](#)

DIANE BARRANS, Executive Director, Postsecondary Education Commission, Department of Education and Early Development, in response to Chair Seaton, said the commission agrees that there is unmet financial need in the state that is not covered by available programs. She suggested an administrative change that would address whether or not the record can reflect the level of

authority the commission has to modify or add rules for the proposed program. She said when insufficient funding is available, "we are to look to those with the greatest need and address their need first." She said it would be helpful to specify a maximum award amount in the bill or allow the commission, by regulation, to set the amount. Without that guideline, decisions would have to be made regarding how far the money should be spread when less than adequate funds are available.

[9:49:51 AM](#)

CHAIR SEATON asked Ms. Barrans to confirm she is saying that the bill, as currently written, may result in the neediest person receiving everything while other needy students receive nothing.

MS. BARRANS answered that is correct. Regarding how financial need is determined, she noted that the language on page 2, lines 20-21, references the Free Application for Federal Student Aid (FAFSA). The inclusion of this in the bill, she indicated, ensures that all students seeking funds through the proposed program would be seeking other federal funds first. She explained that FAFSA works by collecting information regarding current or prior year income and assets of the parent of the student on whose behalf the FAFSA is being filed. The formula is complex and - based on that information - calculates what funds should be available to pay the estimated family contribution (EFC). The unmet need of the student is whatever cost is left over after subtracting the EFC and the amount of aid. In the case of an independent student, just the student's income and assets would be considered in that formula.

[9:52:34 AM](#)

MS. BARRANS, in response to a question from Representative Gardner regarding summer or part-time jobs, said the formula takes into consideration earnings and assets of the student based on the prior year. Typically, she said, the FAFSA is filled out each year between January and March. There is no preset contribution that the student would be expected to have earned during that period of time, she added.

[9:53:16 AM](#)

REPRESENTATIVE EDGMON observed that the intent of the bill is to "encourage the postsecondary administration to confine this program to instate institutions," but "you could probably still

provide this to Alaska residents who were going to school outside the state as well." He asked Ms. Barrans to confirm if that is correct.

[9:54:02 AM](#)

MS. BARRANS offered her understanding that "we would be precluded from making awards to students attending outside of Alaska."

[9:54:19 AM](#)

REPRESENTATIVE EDGMON directed attention to the language on page 2, lines [4]-6, which read:

(a) There is created the Alaska achievers' incentive scholarship program to be administered by the commission for the benefit of eligible students who have been admitted to a qualifying postsecondary institution.

[9:54:40 AM](#)

MS. BARRANS cited language on page 3, lines 27-29, [text provided previously], which specifies the location be in the state.

[9:54:55 AM](#)

REPRESENTATIVE GARDNER directed attention to page 2, line 25, which read:

(3) has an unmet financial need that is not less than \$4,000;

MS. BARRANS said that is determined on an annual basis.

[9:55:38 AM](#)

MS. BARRANS, in response to Chair Seaton, said as the bill is currently written, there is no limit placed on the number of years that a person could apply to receive the proposed scholarship. The language on page 2, lines 29-31, indicates that in order to continue his/her eligibility, the student would be attending school not less than half time and must be making satisfactory progress toward completion of a degree or certificate. She said that would presume that satisfactory

progress is a set number of credits being accumulated in each term. In theory, someone attending school half-time might take four years to earn an associate degree and eight years to earn a baccalaureate degree. She said it might be worth considering the addition of cap either on the amount of grants a person could receive cumulatively or the number of years the person would be eligible to receive the grant. A person who transfers from one institution to another may end up spending a number of years attending school full time before receiving his/her degree.

MS. BARRANS added that currently the bill language is "wide open" with respect to collegiate level; there is no limitation to a first undergraduate degree or even to undergraduate studies. She explained that means, in theory, a person could pursue multiple undergraduate degrees, move on to graduate school, and continue to qualify for the scholarship program.

[9:57:52 AM](#)

CHAIR SEATON brought up the issue of "professional students," and he questioned whether the idea is to keep people in school or to help Alaskans through school.

[9:58:28 AM](#)

REPRESENTATIVE KELLER asked if there is a standardization of grades between districts, such that earning a "B" would mean the same thing in all districts.

MS. BARRANS said she has no expertise on that subject, thus she deferred to others in the department who might be better equipped to answer the question.

[9:59:44 AM](#)

MS. BARRANS, regarding the question of whether or not a "B" average requirement is sensible, suggested that there may be a need for an alternative methodology to determine if a person is likely to succeed. She said the department is currently promoting the use of a "work keys assessment," which assesses actual competency that may not necessarily be reflected in a GPA.

[10:00:53 AM](#)

CHAIR SEATON said he would like the committee and the bill sponsor to work together toward producing a better means of assessment.

[10:02:17 AM](#)

MS. BARRANS, in response to Chair Seaton, indicated that no further language is needed in the bill regarding the issue of scholarship funds being a supplement to, not a replacement of, other non-loan aid; however, she said that is an area where the commission's administrative ability to issue regulations could offer clarity.

[10:02:28 AM](#)

REPRESENTATIVE GARDNER observed that the sponsor statement stipulates the number two reason students drop out is because of financial need; she asked what the number one reason is.

MS. BARRANS said she could only speculate.

[10:03:57 AM](#)

MS. BARRANS suggested that the committee consider what institutions will be considered for this funding. She said the Council for Higher Education Accreditation focuses its approval on collegiate institutions. She said changes would be necessary to include at least the two vocational institutions in the state that are nationally accredited: the Alaska Vocational Technical Center (AVTEC) and the Career Academy. In response to Chair Seaton, she noted that those vocational institutions are the only two which are regionally or nationally accredited and located in Alaska. There are providers of workforce training in the state that are not accredited, and those institutions would not be eligible under the proposed bill. She said she would provide the committee with a complete list.

[HB 94 was held over.]

[10:05:26 AM](#)

CHAIR SEATON made an announcement pertaining to the committee's upcoming calendar.

[10:05:38 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 10:06 a.m.