

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

February 9, 2009

8:03 a.m.

MEMBERS PRESENT

Senator Kim Elton, Chair
Senator Bettye Davis, Vice Chair
Senator Charlie Huggins
Senator Gary Stevens

MEMBERS ABSENT

Senator Donald Olson

COMMITTEE CALENDAR

SENATE BILL NO. 33

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

HEARD AND HELD

OVERVIEW - The Conference of Young Alaskans

HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 33

SHORT TITLE: POSTSECONDARY SCHOLARSHIPS

SPONSOR(s): SENATOR(s) ELLIS

01/21/09	(S)	PREFILE RELEASED 1/9/09
01/21/09	(S)	READ THE FIRST TIME - REFERRALS
01/21/09	(S)	EDC, FIN
02/09/09	(S)	EDC AT 8:00 AM BELTZ 211

WITNESS REGISTER

NICK MOE, aid
to Senator Johnny Ellis
State Capital
Juneau, AK

POSITION STATEMENT: Presented the sponsor statement for SB 33.

DIANE BARRANS, Executive Director
Alaska Commission on Postsecondary Education (ACPE)

Department of Education and Early Development
Juneau, AK

POSITION STATEMENT: Responded to questions about the fiscal note for SB 33.

SAICHI OBA, Associate Vice President
Student and Enrollment Services
University of Alaska
Fairbanks, AK

POSITION STATEMENT: Supported SB 33.

KARL WING, Student Body President
Anchorage Representative for The Coalition of Student Leaders
University of Alaska Anchorage (UAA)
Anchorage, AK

POSITION STATEMENT: Supported SB 33.

RYAN BUCHHOLDT, Student Senator
Union of Students
University of Alaska Anchorage
Anchorage, AK

POSITION STATEMENT: Supported SB 33.

DANA THOMAS, Professor of Statistics
Assistant Provost
University of Alaska Fairbanks (UAF)
Fairbanks, AK

POSITION STATEMENT: Supported SB 33.

STEPHANIE ASHLEY, Student Body President
Juneau representative, Coalition of Student Leaders
University of Alaska Southeast (UAS)
Juneau, AK

POSITION STATEMENT: Supported SB 33.

IAN-MICHAEL HEBERT, Project Coordinator
Conference of Young Alaskans (COYA)
Fairbanks, AK

POSITION STATEMENT: Introduced the Conference of Young Alaskans.

DAVID NICOLAI, delegate
Conference of Young Alaskans
Anchorage, AK

POSITION STATEMENT: Moderated for the COYA presenters.

JOSH VANDAGRIFF, delegate

Conference of Young Alaskans
Anchorage, AK

POSITION STATEMENT: Presented the conference's recommendations for education.

AMY VOSS, delegate
Conference of Young Alaskans
University of Alaska Anchorage
Anchorage, AK

POSITION STATEMENT: Stressed the importance of foreign language instruction in schools.

KALEY ALLEN, delegate
Conference of Young Alaskans
Juneau, AK

POSITION STATEMENT: Talked about sustainable development of Alaska's natural resources.

ANDREA SANDERS, delegate
Conference of Young Alaskans
Bethel, AK

POSITION STATEMENT: Talked about sustainable development of Alaska's natural resources.

RYAN GILDERSLEEVE, delegate
Conference of Young Alaskans
Mat-Su Valley, AK

POSITION STATEMENT: Focused on development and maintenance of infrastructure.

ANDREW CHRISTOPHERSON
Conference of Young Alaskans
Anchorage, AK

POSITION STATEMENT: Presented the conference's long-term vision of a more diversified state economy.

OTTAR MOBLEY, delegate
Conference of Young Alaskans
Ketchikan, AK

POSITION STATEMENT: Emphasized the importance of establishing leadership in the area of alternative energy.

APAYO MOORE, delegate
Conference of Young Alaskans
Dillingham, AK

POSITION STATEMENT: Represented the COYA committee on healthy communities.

CAROLYN SHULTZ, delegate
Conference of Young Alaskans
Chugiak, AK

POSITION STATEMENT: Represented the COYA committee on healthy communities.

ACTION NARRATIVE

[8:03:53 AM](#)

CHAIR KIM ELTON called the Senate Education Standing Committee meeting to order at 8:03 a.m. Present at the call to order were Senators Huggins, Stevens and Elton.

SB 33-POSTSECONDARY SCHOLARSHIPS

CHAIR ELTON announced consideration of SB 33. He noted for the record that one of the committee members, Senator Stevens, has been invited to speak at the School Board Association at 8:30 a.m.; so he will have to leave this meeting early.

NICK MOE, aid to Senator Johnny Ellis, presented the sponsor's statement. He thanked Chair Elton for hearing the bill and apologized for Senator Ellis, who is in transit and unable to attend.

Senator Ellis is sponsoring this bill, which they refer to as the "Alaskan Achievers Incentive Program," because an educated and prepared workforce is critical to the success of Alaska's future. Postsecondary institutions in Alaska provide hundreds of programs at campuses across the state with degrees and certificates geared to meet the current needs of Alaska; however affordability of these institutions is a growing concern among students and families. If a family thinks college is unaffordable, a student has little incentive or expectation for success and is more likely to drop out.

The Alaskan Achievers Incentive Program creates a scholarship fund for those students who achieve a B average or better in the school in which they are enrolled and demonstrate unmet financial need through filing for the Free Application For Federal Student Aid (FAFSA). The scholarship award cannot be less than \$1,000 or more than \$20,000, or for more than five years. If the fund is too small to award all applicants, priority will be given to students who demonstrate the most unmet financial need. The fund will be managed by the

commissioner of revenue and administered through the Alaska Commission for Postsecondary Education; the commissioner of revenue will identify the five percent of the fund available for scholarships each year.

MR. MOE reported that the Taylor Plan is in full support of this bill. The Anchorage Assembly also passed a resolution supporting it and the Coalition of Student Leaders helped draft the original language. More than 30 states have adopted similar measures and Senator Ellis believes this is the right time to reduce college and high school drop out rates, stimulate Alaska's economy by building our own workforce and create the scholarship fund.

He provided a brief sectional analysis.

[8:07:57 AM](#)

In Section 1, page 1, lines 4 through 14, lay out the objectives and purpose of the program.

Section 2, page 2, establishes the fund.

- Lines 1-8 provide that the Alaska Commission on Postsecondary Education will administer the program.
- Lines 9-13 establish the minimum and maximum awards.
- Lines 14-17 identify the priority for students with the most unmet financial need.
- Lines 19-31 set out the requirements for eligibility, which continue on page 3, lines 1-3. The student must be an Alaskan resident, must submit an application, demonstrate a financial need of not less than \$4000 and be accepted in a degree or certificate program at a qualifying institution.
- Page 3, lines 4-9 establish the fund as an endowment that consists of appropriations, donations and earned income.
- Page 3, lines 10-22 place management of the fund with the commissioner of revenue and provide for the appropriation of available funds.

Section 3 provides for the transitional period during which it will not be possible to calculate a multi-year average balance. The fund will be averaged over a three year period and the five percent appropriation taken from that average; during the transitional period it will not be possible to calculate the multi-year average balance on the newly-created fund.

MR. MOE mentioned that the members' bill packets contain a copy of the "Report Card" on postsecondary education in Alaska [created biennially by The National Center for Public Policy and

Higher Education], which shows that Alaska rated an F in affordability and participation in 2008. It also shows that annual personal income in the state would be about \$2 billion higher if more students attained a higher education.

SENATOR DAVIS joined the meeting.

[8:11:54 AM](#)

SENATOR HUGGINS asked Mr. Moe if any consideration has been given to a loan-forgiveness provision to encourage recruitment of educators for Alaska

MR. MOE answered that they have not discussed that.

SENATOR HUGGINS encouraged Senator Ellis to consider it.

[8:12:51 AM](#)

SENATOR STEVENS asked Diane Barrans of Postsecondary Education, who prepared the fiscal note for this bill, how the legislature would go about funding it.

[8:13:32 AM](#)

DIANE BARRANS, Executive Director, Alaska Commission on Postsecondary Education (ACPE), Department of Education and Early Development, Juneau, AK, responded that there isn't a ready source of funds she can point to as an earmark. Discussions with Senator Ellis's aid indicated that they were speculating there may be money available in one of the federal economic stimulus bills that could be used to capitalize the program. The language in the [stimulus] bill is rather vague; it did reference funds for higher education, but it is still not clear to what purposes those funds can be put.

[8:14:19 AM](#)

SENATOR STEVENS asked how stable the ACPE program is.

MS. BARRANS answered that repayment performance has been good over the past few years, but the default rates rise to in excess of 10 percent after 4 to 5 years in repayment; so although the program has been operating in a sound manner, it faces serious challenges with the rising cost of funds and the condition of the capital market.

SENATOR STEVENS asked Ms. Barrans to give the committee an idea of what she expects the impact of the national economic condition to be on the program.

[8:15:54 AM](#)

DIANE BARRANS said they are currently considering what steps they could take to provide alternative deferments, forbearances and the like; they do expect their borrowers to feel the effects of the economic downturn. People who are showing good-faith efforts to repay their debt may find themselves cash poor; so the division is looking at ways to prevent delinquency from rising, although to some extent it is inevitable. As to other changes, they have not been able to issue bonds in the market for over a year. They last successfully issued bonds in 2007. The market for the type of bonds they issued between 2002 and 2007 disappeared in the wake of the sub-prime mortgage fall-out, so they are working on strategies to successfully issue bonds at a low cost. They also expect to look at their credit criteria for loans that are not federally guaranteed, to make sure the loans they are issuing are usable as collateral for bonds.

CHAIR ELTON said Ms. Barrans has touched on some significant issues that the committee will be getting into in the near future. He added that her use of the term "cash poor" was very good; he thinks the commission also has some challenges in terms of being cash poor.

[8:18:17 AM](#)

SENATOR HUGGINS asked Ms. Barrans what amount of bonding the commission is looking at.

DIANE BARRANS said they hope to bond for about \$100 million in the next successful issue. Their federally guaranteed loan volume has increased over 50 percent, which is attributable primarily to other lenders leaving the program for economic reasons.

SENATOR HUGGINS asked Ms. Barrans to refresh his memory about the loan-forgiveness program the division used to offer for educators.

DIANE BARRANS confirmed that the Teacher Education Loan Program still exists; it is a very small program and the loans are 100 percent forgivable. To be eligible, a student must have graduated from high school in Alaska, be nominated to participate by one of the rural school districts and must commit to teach in one of the qualifying schools after graduation. The program has not been very successful. Fewer than one in five students actually complete their degree in teaching and go on to teach in eligible schools; most go on to repay their loans.

[8:20:17 AM](#)

SENATOR HUGGINS asked if she would provide him with any information she might have on what is contributing to the failure rate of that program.

CHAIR ELTON noted for the record that the Department of Revenue had provided the committee with another fiscal note, which includes \$25,000 in contractual costs. Deputy Commissioner Burnett was on hand to answer questions.

[8:20:57 AM](#)

CHAIR ELTON said four people have signed up to testify by teleconference and the committee has only about 10 minutes to hear their testimony.

[8:21:26 AM](#)

SAICHI OBA, Associate Vice President, Student and Enrollment Services, University of Alaska, Fairbanks, AK, said the university supports this bill. They have worked with The Coalition of Student Leaders this year and last; President Hamilton has sent a letter to Representative Gara supporting this bill and all needs-based financial aid the state can provide.

[8:22:03 AM](#)

KARL WING, Student Body President, Anchorage Representative for The Coalition of Student Leaders, University of Alaska Anchorage (UAA), Anchorage, AK, thanked the committee for considering this bill and said that students are passionate about finding alternatives to help them stay in Alaska; this bill is one way to keep Alaska's best students in the state. Recently, the coalition approached the Anchorage municipality, which formulated a resolution endorsing SB 33 and HB 94. Students believe in this legislation and would really appreciate the legislature's support.

[8:23:37 AM](#)

RYAN BUCHHOLDT, Student Senator, Union of Students, UAA, Anchorage, AK, is also a student who has to work full time in order to pay for college. Many students are forced to do that in order to pay the rising costs of tuition, books, housing and food. This reduces the amount of time they have to devote to their studies, which results in lower grades and/or a complete lack of sleep, as well as delaying graduation. He confided that he should have graduated last year, but because he has not been able to devote full time to his education, he won't graduate for two years. This bill not only provides the opportunity for a

college education to those who could not otherwise afford it, but keeps them here in Alaska to help staunch the "brain drain" and add to a well-educated workforce. There is an economic benefit to the state, as most studies show that a person with a four year degree earns approximately a million dollars more over the course of his life [than a person with less education].

8:25:40 AM

DANA THOMAS, Professor of Statistics, Assistant Provost, University of Alaska Fairbanks (UAF), Fairbanks, AK, supports this bill. He pointed out that Alaska has the lowest college participation rate in the nation among low income families; it is 51 out of 51 when the District of Columbia is included. It is clear that low income families generally appear to be spending their permanent funds on the basic needs of the family and not saving for their children's college education. What would the committee members do for their families, he asked, if they earned less than \$20,000 per year; where would that money go?

MR. THOMAS said the University of Alaska Fairbanks conducts an independent study called the " National Survey of Student Engagement," which indicates a much higher percentage of students working than in other institutions nation wide; it is well known that students who work more than 20 hours per week have a significantly lower graduation rate. UAF freshman retention is comparable to some of the best liberal arts schools in the nation at about 75 percent, but the graduation rates are low compared to other schools. A detailed study by UAF's institutional research shows that students drop out when they have accumulated about \$10,000 in debt. Clearly, cost is an issue and this needs-based support, which is also largely based on merit, is the right direction to go.

8:28:00 AM

SENATOR HUGGINS asked if Mr. Thomas is familiar with the new GI Bill.

MR. THOMAS said he is; it is a wonderful new addition.

SENATOR HUGGINS asked if Mr. Thomas would compute a projection of the number of students who could benefit from a transfer of benefits from that GI bill.

MR. THOMAS said he would look into it.

8:28:31 AM

STEPHANIE ASHLEY, Student Body President, Juneau representative to the Coalition of Student Leaders, University of Alaska Southeast (UAS), Juneau, AK, supports SB 33. She will graduate this year with over \$54,000 in loan debt. She was slightly over the qualifying income for a Pell grant; so she did not qualify for any federal grants. This bill, based on merit and financial need, is something she would definitely have taken advantage of and she strongly supports this legislation.

[8:30:11 AM](#)

CHAIR ELTON closed public testimony on SB 33 and held the bill in committee.

OVERVIEW - The Conference of Young Alaskans

CHAIR ELTON announced an overview from The Conference of Young Alaskans.

[8:31:26 AM](#)

IAN-MICHAEL HEBERT, Project Coordinator, the Conference of Young Alaskans (COYA), Fairbanks, AK, said he was chair of the first Conference of Young Alaskans three years ago and is working with Information Insights this year as coordinator. He stressed how important he thinks this process was; 55 young people from 26 communities got together to develop visions, goals and action items for the state and at the same time created incredible connections that will serve them and the state of Alaska in the future. He introduced David Nicolai, who is the moderator for today's presentation.

CHAIR ELTON asked if there is a site where the public can view the report developed by the conference.

MR. HEBERT said the report can be found at <http://www.youngalaskans.org>. He added that 53 years ago in Fairbanks, 55 people came together to create Alaska's constitution; one of the poignant lines from a resolution written at that constitutional convention was "You are Alaska's children ... take tomorrow and dream." That is what this conference and this report are about; they are the dreams of young Alaskans and they are only asking that the committee hear those dreams.

[8:34:39 AM](#)

DAVID NICOLAI, delegate to the second Conference of Young Alaskans, Anchorage, AK, said the conference comprised 53 delegates ranging in age from 16 to 25 and representing 26

communities; their ethnic representation reflects that of Alaska as a whole. He said they are speaking today both as individuals and as delegates to the conference, so although they do not all agree with everything in the report, they do support the process and this effort to bring the voice of young Alaskans to the legislature.

8:36:09 AM

JOSH VANDAGRIFF, Anchorage, AK, was on the Education and Leadership Committee. They discussed where they want to take education in the state over the next 50 years; Alaska has vast natural resources but needs human capital in the form of skilled workers in order to reach a global level of excellence. The committee recognized that the scope of that has to include mentors, educators, parents and students; the foundation begins not in kindergarten but in preschool. They believe the state should look at funding a state wide pre-K program. Another recommendation is to keep skilled talent in Alaska by providing affordable education, both in colleges and vocational schools that meet the needs of Alaska's workforce.

AMY VOSS, a student at UAA, discussed the importance of foreign language instruction in schools, establishing and expanding on the immersion programs that are available now from kindergarten through third grade. This is the best time for children to begin learning another language, so they are motivated to continue learning rather than taking it just to meet the requirements of graduation. Languages are a way to be competitive in the world and aid communication with other nations.

8:38:25 AM

SENATOR HUGGINS asked how many of the young people present went to either boys or girls state when in high school. (There was one.) He asked if the delegates had any thoughts on how they might encourage more participation in boys and girls state; they had not. He asked if they had any ideas about how to reduce the drop-out rate.

MR. VANDAGRIFF said they had thought long and hard about that. Their committee was made up of students from rural and urban Alaska so they had the advantage of multiple perspectives on the issue. They feel that students need a sense of hope, a sense of opportunity to keep them in school. Not all students want to go to college; so the state needs to offer vocational opportunities that will help them be successful in a trade. They also feel it is important to create a safe environment in the schools by strengthening the anti-bullying programs.

[8:40:16 AM](#)

KALEY ALLEN, Juneau, AK, said one of the most important things many of them took away from the conference is a sense of non-partisan cooperation; they weren't republican, democrat, liberal or conservative, simply young Alaskans working to come up with a common vision for the state. That was important for all of the issues they talked about, but especially for natural resources, which is often portrayed as a "black or white" issue; people are labeled as either "pro-development" or "pro-conservation." In their discussions, they emphasized the importance of finding compromise, of developing Alaska's resources in a sustainable way for future generations.

[8:41:22 AM](#)

ANDREA SANDERS, Bethel, AK, said that another important point when making decisions about how to have sustainable development is the incorporation of traditional knowledge. Their discussions also emphasized the importance that circumpolar issues will have in the future. In closing she stressed that they are here in Juneau, most for the first time, to share their visions with the legislature, but more importantly to help them in building the state's foundation for the future. There is a big task ahead of Alaskans and they want to be sure that the voices of the youth, those who will be inheriting leadership roles in coming years, are heard.

[8:42:54 AM](#)

SENATOR HUGGINS noticed that one of the action items the conference has listed under natural resources and the environment is renewable energy. He advised Ms. Sanders that the state has started a renewable energy [grant] fund that will spend \$100 million this year to fund about 76 projects. He asked if they have any thoughts on that approach.

MS. SANDERS said most of them felt strongly about moving toward renewable energy; so she thinks it is something they would support.

CHAIR ELTON noted that, with regard to Ms. Sander's reference to this group as future leaders, perhaps they shouldn't wait years; there is no reason their energy would not be needed within the legislature.

[8:44:34 AM](#)

RYAN GILDERSLEEVE, Mat-Su Valley, AK, said the group felt that economy, government and global relations are important areas to

focus on right now. They talked a lot about developing and maintaining infrastructure and ensuring that people have jobs. One of their action items and a "hot spot" for them is developing youth civic engagement programs like COYA to get youth involved in government at a younger age so they are working throughout their lives for the benefit of the community.

ANDREW CHRISTOPHERSON, Anchorage, AK, said COYA has a long-term vision of a more diversified state economy with more sustainable urban and rural areas through advances in technology.

[8:46:10 AM](#)

OTTAR MOBLEY, Ketchikan, AK, said their committee agreed almost unanimously on the importance of establishing leadership in the area of alternative energy. They would specifically like to see a portfolio that will allow Alaska to provide energy not only to the larger cities but to rural communities, which are suffering from high energy costs.

[8:48:01 AM](#)

DAVID NICOLAI wrapped up by saying that energy was the hot topic at their conference as he knows it is for people across the state and the country. The question is how can people maintain their lifestyles and still move toward more sustainable, more renewable energy sources. Their list of action items includes a state and corporate partnership to create a natural gas infrastructure and pipeline for export and Alaskan use and the development of clean coal.

[8:49:33 AM](#)

SENATOR HUGGINS pointed out that about 90 percent of the projects being funded by the renewable energy fund are in rural areas. In addition, he said, some legislators are pushing to get hydroponics projects going in Barrow, Fairbanks and Chena Hot Springs. He complimented Mr. Mobley's focus on in-state gas and clean coal and commented that there are innovations underway that may make it possible to use the coal without turning the dirt.

[8:51:02 AM](#)

MR. NICOLAI noted that some action items in the report are marked by tildes to indicate that they had unanimous support.

[8:52:05 AM](#)

APAYO MOORE, Dillingham, AK, represented the committee on healthy communities. She said that in the process of creating this report they realized that regardless of whether they all

agree, listening to all sides is imperative to reaching positive results and listening is a big part of being a healthy community.

[8:53:33 AM](#)

CAROLYN SHULTZ, Chugiak, AK, said all of the delegates agreed that a healthy community is a place where every person feels safe to live and express him or her self; it is a place where strong families and healthy lifestyles are the norm. It is a place where people have access to resources like clean water and affordable healthcare and where their most lucrative and available resource is human energy. A healthy community is the bedrock of Alaska's economy, education and government; it is the foundation of their vision for the state.

SENATOR DAVIS was impressed with their work and asked them to continue to be involved within their communities.

[8:55:19 AM](#)

FABIAN PHILIPP, Kodiak, AK, was online but the committee did not have time for his testimony.

CHAIR ELTON asked Mr. Philipp to submit his testimony via email or in some other form so he can share it with the committee.

[8:57:02 AM](#)

There being no further business to come before the committee, Chair Elton adjourned the meeting at 8:57 p.m.