

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

April 10, 2009

8:05 a.m.

MEMBERS PRESENT

Senator Bettye Davis, Vice Chair
Senator Donald Olson
Senator Gary Stevens

MEMBERS ABSENT

Senator Charlie Huggins

COMMITTEE CALENDAR

SENATE JOINT RESOLUTION NO. 2

Urging the United States Congress to establish a federal program to rebuild student access to public higher education in Alaska and elsewhere and to appropriate sufficient funding for that purpose.

MOVED SJR 2 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SJR 2

SHORT TITLE: FED. HIGHER EDUCATION FUNDING/PROGRAM

SPONSOR(s): SENATOR(s) DAVIS

01/21/09	(S)	READ THE FIRST TIME - REFERRALS
01/21/09	(S)	EDC
04/10/09	(S)	EDC AT 8:00 AM BELTZ 211

WITNESS REGISTER

DON BURRELL, staff to Senator Davis
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Commented on SJR 2 for the sponsor.

SAICHI OBAI, Associate Vice President for Students
University of Alaska

POSITION STATEMENT: Supported SJR 2.

ACTION NARRATIVE

[8:05:33 AM](#)

VICE CHAIR BETTYE DAVIS called the Senate Education Standing Committee meeting to order at 8:05 a.m. Present at the call to order were Senators Stevens, Olson and Davis.

SJR 2-FED. HIGHER EDUCATION FUNDING/PROGRAM

[8:05:50 AM](#)

VICE CHAIR DAVIS announced consideration of SJR 2.

DON BURRELL, staff to Senator Davis, said that SJR 2 urges Congress to appropriate adequate funding for higher education to all U.S. citizens. This resolution allows Alaskans in need of assistance to receive a higher education without the burdening dilemma of cover all educational expenses. President Obama has set higher education as a major priority for our nation, and in order for us to remain a leading nation, higher education must become more accessible.

Over the past 20 years, higher education enrollment has risen by 20 percent. During this same period state subsidies of higher education has continued to decline. This has caused student tuition and fees to rise by 316 percent while overall inflation only rose about 83 percent. This increased financial responsibility on many students and their families dis-incentivizes higher education for many minorities, low income families, and individuals trying to excel in their career of choice. Alaskans can obtain a higher education, but the federal government must do more to make higher education more accessible to our citizens.

SJR 2 recognizes the financial and foundational changes that must be made, and asks for the establishment of a new program appropriating \$70 billion to rebuild student access to higher education. This is less than 10 percent of the total funds allocated by American Recovery and Reinvestment Act. SJR 2 includes college grants for military veterans, allows student loan forgiveness and increases the funding available through the existing Pell Grant Program. It urges the President and Congress to close the educational achievement gap in our country.

[8:08:42 AM](#)

SENATOR STEVENS said he is very much in support of this bill. It is essential that students with financial needs have an opportunity to go to college, but he questioned the logic in the second paragraph. He didn't understand how increased enrollment

and decreasing state subsidies had caused tuition and fees to go up 316 percent. A big issue is the cost of running the university - administration, faculty and facilities. Why is education becoming so expensive in the country? He remarked that Alaska is doing pretty badly; the NCSL gave it a rating of F in assisting students with needs.

SENATOR OLSON said he is also very concerned about the trend.

[8:11:33 AM](#)

SAICHI OBAI, Associate Vice President for Students, University of Alaska, said the university supports this resolution and all of the efforts the legislature has made on behalf of the university and its students.

MR. OBAI said that Senator Stevens has a very valid point; there are a number of factors that have gone into the increased costs of higher education - capitalism is one. Costs for all universities have increased, but his central point was the reason for higher costs cannot be attributed solely to the reduction of state subsidies.

VICE CHAIR DAVIS asked if he could help with language on that issue to put in the resolution.

MR. OBAI replied that he would be happy to.

[8:14:01 AM](#)

SENATOR OLSON asked how the \$70 billion would be spent to establish a new program that would rebuild access to higher education.

VICE CHAIR DAVIS replied that it is for universities at the federal level.

SENATOR STEVENS asked what the University is doing in terms of containing costs and if the University's investments had lost anything because of the fiscal crisis in the country.

MR. OBAI answered that said the CFO for the University, Joe Trubach, has been clear in communicating to staff that the investment losses at the university are severe due to the economy. He could not give a specific dollar amount, but knows it is in the millions. Before the fall of last year, the President asked system administration to take steps to reduce their costs by 17 percent. This included a minimum 10 percent reduction in travel for this fiscal year, and they have reduced

administrative staff by 18 positions and will reduce it further by 2 more - with a goal of 20 people for this fiscal year. They have implemented a hiring freeze to slow the process down, which also increases their ability to save salaries. The other campuses have also been engaged in cost cutting measures.

SENATOR OLSON asked what the private institutions are doing about this.

[8:17:33 AM](#)

MR. BURRELL replied that based on this resolution, these funds from the federal government would be going to all programs based on financial need as long as it addresses financial assistance for returning veterans and financial needs students; they could be used to increase the Pell grants, too. The purpose of this resolution is to request those funds and to rebuild the system.

SENATOR OLSON asked if the funds would also go to private institutions.

VICE CHAIR DAVIS said she is not sure if this money would go to private institutions.

MR. OBAI said typically private universities and colleges are eligible for funding as long as they meet the criteria set down by the federal government.

[8:20:05 AM](#)

SENATOR STEVENS asked Mr. Obai if there is still a National Defense Student Loan Program. Is this similar to that?

MR. OBAI replied that he didn't think the National Defense Student Loan Program was still in existence. There is a direct student program that is still available, but the University does not participate in direct student lending; it works through a network of lenders.

SENATOR STEVENS asked if Pell grants are just for those with financial need.

MR. OBAI replied that they are only for those with the highest financial need as determined on the application for student aid (FAFSA).

VICE CHAIR DAVIS found no further comments and closed public testimony.

SENATOR STEVENS moved to report SJR 2 from committee with individual recommendations and attached fiscal note(s). There being no objection, the motion carried.

8:22:41 AM

There being no further business to come before the committee, Vice Chair Davis adjourned the meeting at 8:22 a.m.