

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

February 15, 2010
8:02 a.m.

MEMBERS PRESENT

Senator Kevin Meyer, Co-Chair
Senator Joe Thomas, Co-Chair
Senator Bettye Davis, Vice Chair
Senator Charlie Huggins
Senator Gary Stevens

MEMBERS ABSENT

Senator Donald Olson

COMMITTEE CALENDAR

SENATE BILL NO. 224

"An Act establishing the governor's performance scholarship program and relating to the program; establishing the governor's performance scholarship fund and relating to the fund; relating to student records; making conforming amendments; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 224

SHORT TITLE: POSTSECONDARY SCHOLARSHIPS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/19/10	(S)	READ THE FIRST TIME - REFERRALS
01/19/10	(S)	EDC, FIN
02/03/10	(S)	EDC AT 8:00 AM BARNES 124
02/03/10	(S)	Heard & Held
02/03/10	(S)	MINUTE(EDC)
02/15/10	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)

WITNESS REGISTER

MURRAY RICHMOND, aide to Senator Thomas
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Presented CSSB 224.

ACTION NARRATIVE

8:02:20 AM

CO-CHAIR THOMAS called the Senate Education Standing Committee meeting to order at 8:02 a.m. Present at the call to order were Senators Huggins, Stevens, Davis Meyer and Thomas.

SB 224-POSTSECONDARY SCHOLARSHIPS

8:02:54 AM

CO-CHAIR THOMAS announced consideration of SB 224.

8:04:27 AM

CO-CHAIR MEYER moved to adopt the committee substitute (CS) for SB 224, labeled 26-GS2771\E as the working document. There being no objection, the motion carried and version E was before the committee.

MURRAY RICHMOND, aide to Senator Thomas, said when he began working on this bill the committee was already talking about a needs-based component. He discovered that SB 33, another scholarship bill that specifically targets students with financial need, was already moving through the system and used that to develop a needs-based component for the CS that is before the committee.

He provided a sectional analysis of the proposed committee substitute (CS), which he said is substantially different from the original bill.

- Section 1, page 1, provides that the districts will determine eligibility for the program.
- Section 2 adds language concerning administrative duties to the existing statutes.
- Section 3, page 4, updates language in the existing statutes.
- Section 4, page 5, allows the Department of Education and Early Development (DEED) to administer the program under 14.43.091-14.43.890.

- Section 5, page 7, includes the more substantial changes. In the governor's bill as submitted, the scholarship is defined as having two levels: a merit-based academic scholarship and a merit-based career and technical scholarship. The proposed CS has three tiers: a performance scholarship, an opportunity scholarship, and a career scholarship.
- Section 5, page 8, allows the department to design the programmatic elements. It defines the goals, which remain the same as those in the original bill. It also defines the qualifications of applicants, which differ slightly from the governor's bill; the CS requires a student to maintain at least a 2.5 grade point average (GPA) to remain eligible for the scholarship, while the original bill requires only that a student be attending college.

MR. RICHMOND said one of the best things about SB 224 is that it mandates a more rigorous curriculum at the high school level. Studies show that the more children learn in high school, the better they do in college.

He commented that he met recently with representatives of many school districts to discuss their curriculums and discovered that some of them offer only two years of math. They discussed internet possibilities to enhance the offerings in rural districts, but some of them don't have reliable access to the internet, so it will be challenging to get all of the state's schools up to the standards the governor proposed.

MR. RICHMOND returned to his analysis of the major changes in Section 5.

- Section 5, page 10, of the CS sets forth the core-curriculum that a student must have completed in high school. In the governor's plan, that includes four years of math, four years of language arts, four years of science, and three years of social studies. It is tiered at that point; if a student completes these basic elements and has an A average, he gets full tuition pegged at University of Alaska rates for 2010 to 2011.

[8:10:05 AM](#)

CO-CHAIR THOMAS interjected that the committee members' packets contain a side-by-side comparison of the governor's bill and the proposed CS, which follows Mr. Richmond's analysis.

MR. RICHMOND continued his discussion of Section 5, page 10 regarding the curriculum requirements.

- Of the 24 schools that offer Taylor plans, seven of them require only three units of math and only three require four units of math. Six of them require two units of a foreign language, and four require one unit of fine art, neither of which is included in the governor's plan, so the standard this plan sets for students is not universal and is simply not attainable at some schools. Another consideration, he added, is that some very bright students are not interested in careers that require a lot of math and may not be especially good at it; to weight the standard too heavily in favor of higher math skills might keep some of those students back. He said that while they want to maintain the high standards, they also want to provide a little more flexibility. What the committee substitute proposes is to allow students to choose the rigorous curriculum prescribed in the original bill, or to take three units of math, four years of language arts, three years of science, three years of social studies and then two years of a foreign language or Alaska Native language. He pointed out that a fine arts option could be added.

[8:12:33 AM](#)

SENATOR DAVIS said she appreciated Mr. Richmond's analysis and the side-by-side comparison, but wanted to know who had input and who decided on these changes.

MR. RICHMOND answered that staff have been working on this and have had discussions with University of Alaska President Mark Hamilton and others to help them prepare something for the committee to use as a starting point. This CS is intended to be a vehicle to get the members' thoughts, so they can craft a bill that reflects the will of the committee.

[8:14:25 AM](#)

CO-CHAIR MEYER said this is a good starting point.

[8:15:06 AM](#)

SENATOR HUGGINS said it is important that they understand the challenges districts will face in meeting the standard. He asked for details on the systemic challenges to bringing Alaska's schools in line with the requirements.

MR. RICHMOND said he would get that information for him.

CO-CHAIR THOMAS confirmed that the language of the original bill is fairly standard with regard to basics such as determination of scholarship eligibility, he said, and they will come back to that, but he hopes to first get some feedback on the changes and whether they are moving in the right direction.

[8:17:04 AM](#)

SENATOR STEVENS asked what joint committee he referred to.

CO-CHAIR THOMAS corrected himself; he meant to say the joint meetings of the House and Senate Education committees, which were held in the summer and earlier this session.

[8:17:43 AM](#)

SENATOR DAVIS repeated that she appreciates the work that has been done, but the joint meeting she attended offered only an overview, and the additional information she asked for at that time has not been provided. Someone was supposed to tell the committee whether the school districts will be able to meet the requirements.

CO-CHAIR THOMAS said he will follow up on that information.

[8:19:17 AM](#)

MR. RICHMOND stressed that his intent is to get the committee's questions and find the answers.

[8:19:54 AM](#)

SENATOR STEVENS said he thinks some of the mathematics, science and even foreign language courses could be taken in college and would not be considered remedial. He asked Mr. Richmond to do some research on that.

[8:21:00 AM](#)

MR. RICHMOND said there are even some Alaska Scholars who have completed a year at University of Alaska Fairbanks without receiving a single college credit, so it is an issue.

[8:21:20 AM](#)

He went on to say that he has researched opportunity scholarships in some depth and would like to propose that the committee discuss the option of an opportunity scholarship that has the same rigorous standards in high school as the performance scholarship, and requires students to have either a 3.5 or 3.75 GPA for the performance scholarship and have at least a 2.5 or 3.0 GPA with a demonstrated unmet need for the

opportunity scholarship. According to President Hamilton, some kids will go to college no matter what, and others wouldn't fill out the application to go even if they were offered a free Ford F-150 truck; that leaves the students in the middle, and the biggest barrier for them is financial need. This opportunity would give them an incentive to push themselves in high school to get money for college. He pointed out that one of the goals of this plan is to increase college graduation rates, and studies show that the best way to do that is through a needs-based solution.

8:24:40 AM

MR. RICHMOND returned to his analysis of the academic requirements in Section 5.

- Section 5, page 11, sets forth the requirements for the career scholarship. In the governor's bill, the career scholarship maintains the same standards as the academic scholarship; it has a minimum GPA, and minimum entrance test scores that are defined by the department. The reason the minimum test scores are not defined in the bill is that any change in the test would then require legislative action. Discussions with people in the field of vocational and technical education brought up the fact that some students who are pursuing career training do not have the need or the aptitude for that same high level of math and science preparation, so the CS proposes standards more appropriate to the needs of those students, including three years of math, three years of language arts, two years of science, and two years of social studies, with a GPA of at least 2.0 and demonstrated financial need. The limit on awards for career training is set at \$3000 per year in both the governor's bill and the CS.

8:26:35 AM

CO-CHAIR MEYER asked if the CS increases the minimum GPA for the performance scholarship to 3.5.

MR. RICHMOND said the original bill has tiers based on GPA with the top tier set at 4.0; the committee substitute would have a single tier and require students to have a B+ or better to qualify as merit scholars. Students who do C work in high school could qualify as opportunity scholars.

CO-CHAIR MEYER pointed out that the governor's bill required a C+ average for opportunity scholars. He also expressed concern

that most of the students who have at least a 3.5 GPA will also qualify for the Alaska Scholars' award.

MR. RICHMOND said that depends on what school district those student are in; it would not be true in the larger districts.

CO-CHAIR MEYER questioned where that puts students like his own daughter, who has a 3.5 GPA but does not qualify on the basis of need.

[8:28:57 AM](#)

MR. RICHMOND responded that both of his children fall into that category as well. Unfortunately, he said, funds are limited at this point; the governor proposed \$20 million per year from the endowment for the whole program, which comes to about \$133 per unit. At current rates, that amount will not even cover tuition.

CO-CHAIR MEYER commented that he prefers the governor's proposal in this area, because 3.0 students would still have an opportunity to attend with some sort of scholarship.

[8:30:51 AM](#)

SENATOR STEVENS said statistics show that 85 percent of kids who come from a family in the upper quartile of income and have a parent with some college experience will graduate from college. He opined that they should zero in on kids from the lower quartile, because 55 percent of them do not graduate due to lack of funding.

MR. RICHMOND said there was a study done of Gates Scholars, which found that these kids graduated from college at a higher level, in part because they did not have to work outside the university system in order to maintain their finances. As a result, they were better able to integrate into the college community and developed a greater stake in staying involved.

[8:33:24 AM](#)

CO-CHAIR THOMAS commented that the \$20 million sounds like a lot of money until they start spreading it among the large number of students and credit hours.

MR. RICHMOND agreed. He said they anticipate there will about 2300 students participating in the first year of the program, 4034 in the second year, 5187 in the third year, and 5763 by year four of the program.

CO-CHAIR MEYER asked if the needs-based award is based upon the Free Application for Federal Student Aid (FAFSA).

MR. RICHMOND said the application for the governor's scholarship program is the FAFSA form. He explained that students determine which school(s) they want to go to when they fill out the form, and the school itself distributes the funds.

[8:36:05 AM](#)

CO-CHAIR MEYER said he thought the governor's bill had no needs-based component.

MR. RICHMOND responded that the application is still the FAFSA form.

[8:36:26 AM](#)

SENATOR HUGGINS referred to language in the section on opportunity scholarships that says they are based on attendance at University of Alaska, and asked if they are using UA as the benchmark amount for awards.

MR. RICHMOND confirmed that they are, because at least one private school in the state could qualify for this program, and the amount of need would be significantly higher based on those costs.

[8:37:15 AM](#)

SENATOR HUGGINS said he believes they are going to have to reevaluate the merit scholarship, which is based on the top ten percent of high school graduates, because the new curriculum requirements in this bill will affect that too. He added that they need to know who is taking remedial courses and what schools they are from in order to do that.

MR. RICHMOND said he has been in touch with people at the University of Alaska and those numbers are a little harder to come by than they used to be because the University has instituted a mandatory remedial program in the last few years, which caused an increase in the number of students in remedial programs.

[8:39:16 AM](#)

SENATOR STEVENS pointed out that the meaning of that last sentence under opportunity scholarships is really not clear.

MR. RICHMOND returned to career scholarships; he said they would essentially lower some of the curriculum standards for the

career scholarship, while maintaining the high academic standards. He stressed that this scholarship, in both bills, can only be used at a two-year certificate or degree-awarding institution

[8:40:21 AM](#)

SENATOR HUGGINS mentioned that students' performance in high school isn't necessarily reflective of how they will do in college, and he thinks they should be careful not to narrow the opportunity for those needs-based scholars.

[8:40:47 AM](#)

MR. RICHMOND continued his analysis and noted that there are very few differences between the CS and the governor's bill from this point forward.

- Section 5, page 12, allows for students to attend part-time and receive a pro-rata distribution, but "part-time" is not defined; it actually says "half-time".
- The program terminates six years after graduation. Students are eligible for eight semesters at an academic institution under the governor's program; under the proposed CS, that applies to performance and opportunity scholarships as well. Students who are granted career scholarships are eligible for two years.

It is not clear what would happen if a top-notch scholar wanted to go to a career school, or a career student changed course and wanted to enter an academic program.

- Awards cannot exceed the cost of attendance under either version of the bill.

[8:43:51 AM](#)

SENATOR STEVENS referred to termination six years after graduation. He asked why it matters if a student decides to get some life experience before going on to college.

MR. RICHMOND could not speak for the administration on that issue, but speculated that the intent might be to encourage students to get started on their education promptly.

[8:44:39 AM](#)

MR. RICHMOND returned to his analysis of Section 5.

- Section 5, Page 12, also addresses alternative pathways for students who do not graduate from a traditional high school or for some other reason do not qualify for the scholarship due to circumstances beyond their control. It gives the department the latitude to establish a make-up procedure or alternative pathway to allow these students to meet the requirements.
- Section 5, page 13, defines the types of institutions that are eligible to receive the monies. These include regionally accredited academic institutions and/or career and technical schools certified by the Department of Labor and Workforce Development (DOLWD).
- Section 5, page 14, states that the Alaska Commission on Postsecondary Education (ACPE) is responsible to adopt procedures for payment of scholarship awards to the institutions. If insufficient funds exist to pay all eligible scholarships, the awards will be pro-rated. The amount available is 5 percent of a three-year average of the governor's fund.
- Also on page 14, the bill directs the commission, the University of Alaska, the Department of Revenue, and the Department of Labor and Workforce Development to prepare an annual report on the number of applicants, number and types of scholarships awarded, the dollar amount of scholarships awarded and projected, and data trends regarding the goals, for presentation to the legislature.
- Section 5, page 15, contains a list of definitions.
- Section 6, page 15, provides that students attending religious schools have to comply with the standards for reporting students' eligibility, just as districts do.
- Section 7, pages 15 and 16, allows the department to administer the scholarship as set out in the statute.
- Section 8, beginning on page 16, allows the department to disburse funds for the scholarship.
- Section 9, page 21, allows the scholarship fund to earn income, authorizes the commissioner of revenue to carry out investments in the fund, and defines the usage of the fund.

- Section 10, page 22, empowers the department to set regulations for the transition into the program and to deal with anomalies.

[8:49:21 AM](#)

SENATOR HUGGINS commented that he didn't hear any mention of graduate school and asked if Mr. Richmond would address that.

MR. RICHMOND said students are qualified for eight semesters of academic work, so it depends on how quickly they graduate. If a student were able to graduate in three years, he or she could use the scholarship for a year of graduate work.

[8:50:10 AM](#)

SENATOR HUGGINS said that if the state is going to increase the academic requirements for high schools, it will create a demand for more teachers and classrooms, and it will take some time to ramp up for that. He asked how the state is going help districts meet the standards.

MR. RICHMOND said the scholarship bill sets the bar and leaves it to the legislature and the department to figure out how to reach it. He acknowledged that the governor's bill is a challenge to the educational structure.

SENATOR HUGGINS pointed out that increasing the number of teachers and expanding the delivery systems is going to cost money, so they need to discuss that early on and understand the magnitude of the task. He went on to say that the governor's program was designed to get more kids into college or some other educational program and to improve student achievement in high school and middle school, and he wondered if they had watered that down in the CS.

MR. RICHMOND conceded that the CS does lower the standards the governor submitted, but said they are in line with the standards of other states that offer a similar type of program.

[8:52:56 AM](#)

SENATOR HUGGINS opined that, based on the dismal dropout statistics and the number of students requiring remedial courses in college, the legislature needs to take advantage of every opportunity to improve performance in middle school and secondary school.

[8:53:23 AM](#)

CO-CHAIR THOMAS reiterated that they need to look at the impacts on the system in terms of cost and how quickly districts can meet this standard.

[8:53:34 AM](#)

CO-CHAIR MEYER said that when the governor came out with this bill the goal was pretty simple, to encourage the state's brightest students to attend colleges in Alaska. He asked whether students who qualify for both the University of Alaska Scholars program and the performance scholarship would be granted both awards.

MR. RICHMOND answered that they cannot have both.

CO-CHAIR MEYER stressed that he wants to make sure they don't lower their standards in order to provide a needs-based program. He also expressed concern that they might be eliminating some good middle-class students by changing the GPA requirement for the performance scholarship, and suggested that they keep it at 3.0.

CO-CHAIR MEYER asked if a student on an opportunity scholarship who maintains a 2.5 GPA gets full tuition or just 50 percent.

MR. RICHMOND answered that students who drop below a 2.5 GPA in college lose their scholarship.

CO-CHAIR MEYER asked if the CS retains the tiers so that an A student still gets full tuition.

MR. RICHMOND indicated yes.

[8:56:08 AM](#)

CO-CHAIR THOMAS said he will try to get information from the department regarding how many schools will have difficulty providing the curriculum required under the scholarship plan.

[8:56:36 AM](#)

SENATOR DAVIS asked if they will hear from the administration regarding the CS today.

CO-CHAIR THOMAS said they will have the department speak to it at the next meeting. [SB 224 was held in committee

[8:57:31 AM](#)

There being no further business to come before the committee, Co-Chair Thomas adjourned the meeting at 8:57 a.m.