

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

March 24, 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 Donald Olson
Senator Gary Stevens

MEMBERS ABSENT

All members present

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."

- MOVED CSSB 224(EDC) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 360(EDC)

"An Act relating to the provision of information regarding a student by a school district to the Department of Military and Veterans' Affairs, Alaska Challenge Youth Academy."

- SCHEDULED BUT NOT HEARD

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)
02/15/10	(S)	Heard & Held
02/15/10	(S)	MINUTE(EDC)
02/19/10	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
02/19/10	(S)	Heard & Held
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02/22/10	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
02/22/10	(S)	Heard & Held
02/22/10	(S)	MINUTE(EDC)
02/26/10	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
02/26/10	(S)	Heard & Held
02/26/10	(S)	MINUTE(EDC)
03/01/10	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
03/01/10	(S)	Heard & Held
03/01/10	(S)	MINUTE(EDC)
03/10/10	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
03/10/10	(S)	Heard & Held
03/10/10	(S)	MINUTE(EDC)
03/12/10	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
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03/17/10	(S)	Heard & Held
03/17/10	(S)	MINUTE(EDC)
03/22/10	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
03/22/10	(S)	Heard & Held
03/22/10	(S)	MINUTE(EDC)
03/22/10	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)

WITNESS REGISTER

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

POSITION STATEMENT: Provided information on the amendments for CSSB 224, version C.

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

POSITION STATEMENT: Provided a draft fiscal note and answered questions on the amendments for CSSB 224, version C.

JOMO STEWART, aide to Senator Meyer

Alaska State Legislature,
Juneau, AK

POSITION STATEMENT: Provided information on the amendments for
CSSB 224, version C.

ACTION NARRATIVE

8:02:36 AM

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

SB 224-POSTSECONDARY SCHOLARSHIPS

8:02:54 AM

CO-CHAIR MEYER announced that the committee would continue consideration of CSSB 224, Version C, four amendments, the letter of intent, and the fiscal note.

8:04:38 AM

MURRAY RICHMOND, aide to Senator Thomas, said Amendment A is found in two places in the document.

8:05:22 AM

CO-CHAIR THOMAS moved to adopt Amendment A. It states the following [any new text is underlined and deleted text is bracketed for all the following conceptual amendments]:

Amendment A

A1- Page 7, lines 16-31,

A2- Page 9 Lines 4-15 to read:

(1) the four year core academic curriculum, which may include virtual curriculum, that the student must have completed in high school; the core academic curriculum must include:

(A)

- (i) four years of mathematics;
- (ii) four years of language arts
- (iii) four years of science; and
- (iv) three years of social studies, one year of which may include a foreign language or an Alaskan Native language, **fine arts or cultural heritage**;

(B)

- (i) three years of mathematics;
- (ii) four years of language arts;
- (iii) three years of science
- (iv) four years of social studies; and
- (v) two years of a foreign language or Alaska Native Language;

SENATOR STEVENS objected.

8:05:33 AM

MR. RICHMOND explained that Amendment A deals with the curriculum changes which are identical to both the academic and career track.

SENATOR STEVENS pointed out that without an "or" after the word "heritage" students would be required to take all of the listed courses.

MR. RICHMOND agreed that there should be an "or".

8:06:50 AM

SENATOR STEVENS moved to amend Amendment A by inserting the word "or" after "heritage". There being no objection, the amendment to Amendment A was adopted.

SENATOR HUGGINS said it appears there should still be another "or" before the phrase "fine arts or cultural heritage".

JOMO STEWART, aide to Senator Meyer, suggested that, instead of adding another "or" they replace the "or" after "foreign language" with a comma. So it would then read:

(A)(iv) three years of social studies, one year of which may include a foreign language, an Alaska Native language, fine arts or cultural heritage; or

8:11:38 AM

SENATOR HUGGINS moved to adopt the amendment as stated. There being no objection, the amendment to Amendment A (amended) was adopted.

SENATOR STEVENS removed his objection.

8:13:52 AM

CO-CHAIR MEYER announced that there being no further objection, Amendment A as amended was adopted.

[8:14:07 AM](#)

CO-CHAIR THOMAS moved to adopt Amendment B. It states the following:

Amendment B

Page 11, Lines 19-22

(c) The maximum amount of needs-based performance scholarship for a student who is enrolled

- (1) not less than **full** time, is 50 percent of the unmet financial need that exceeds \$2,000; and
- (2) less than **full** time **but not less than half time**, is 25 percent of the unmet financial need that exceed \$2,000.

SENATOR STEVENS objected.

[8:14:13 AM](#)

MR. RICHMOND said this amendment addresses the amount of the needs-based award a student will receive who is attending full-time or half-time. The unspoken assumption is that if a student attends less than half time then they are not eligible for monies for unmet need.

SENATOR STEVENS removed his objection.

[8:15:16 AM](#)

CO-CHAIR MEYER announced that there being no further objection, Amendment B was adopted.

[8:15:24 AM](#)

CO-CHAIR THOMAS moved to adopt Amendment C. The amendment states the following:

Amendment C

Pages 11-12, Lines 28-31 and 1-3, replace (e) (1) to read:

(e) In this section,

(1) "allowable standard costs of attendance" means for a student who receives a merit-based performance scholarship, **the lesser of (A) standard costs of attendance at the University of Alaska**, as

determined by the commission; or (B) actual costs of attendance at the qualified postsecondary institution that the student attends or plans to attend, as determined by the commission;

SENATOR STEVENS objected.

[8:15:34 AM](#)

MR. RICHMOND explained that the administration would like to add two options for determining the cost of attendance.

SENATOR HUGGINS asked if there are courses that might require a student to take some portion of their training out of state and if that would be covered.

CO-CHAIR MEYER asked Diane Barrans to speak to this question.

SENATOR STEVENS said he does know that some foreign language courses at University of Alaska (UA) include study in a foreign country. He asked if a student would be covered at the lower of the two costs when studying abroad.

[8:17:51 AM](#)

DIANE BARRANS, Executive Director, Alaska Commission on Postsecondary Education (ACPE), responded that in those cases, the students are still matriculated as students of UA and could qualify.

SENATOR OLSON continued with Senator Huggins' line of questioning. He asked if a person is attending a career and technical school and part of his training is not available in the state, would training outside the state be covered by the scholarship.

MS. BARRANS responded she is not aware of any programs like that, but if the same principles that apply to UA apply to a career and technical program she would expect that they would qualify. She added that under the institutional authorization regulations in the state, there are stipulations that prohibit that, unless there is critical need.

SENATOR OLSON said he assumes career and technical is covered under this program, which means flight schools would be covered under this program.

MS. BARRANS said that is true.

SENATOR OLSON asked that, if a student attending flight school wanted to get a helicopter ATP, which is not offered in the state of Alaska, would they be covered.

MS. BARRANS answered that it would not, because it is not a program being offered by an institution in Alaska.

[8:20:45 AM](#)

SENATOR STEVENS removed his objection to Amendment C.

[8:20:46 AM](#)

CO-CHAIR MEYER said seeing no further objection, Amendment C was adopted.

[8:20:57 AM](#)

CO-CHAIR THOMAS moved to adopt Amendment D. The amendment states the following:

Amendment D

Page 22, lines 10-11:

(2) who graduated from high school in this state after January 1, 2010 and before July 1, 2011 and meets eligibility requirements for the program may apply for a scholarship **on or after January 1, 2011 for enrollment in a program of study beginning on or after July 1, 2011.**

SENATOR STEVENS objected.

[8:21:03 AM](#)

MR. RICHMOND explained that the committee wished to make students graduating from high school in 2010 eligible for the scholarship. However, since the application process is not yet complete and the mechanism is not in place to give them the scholarship this year, the committee agreed that the scholarship will go into effect the year after their graduation. This language makes it clear that they will not be getting the scholarship the first year of their attendance at a postsecondary institution. They are eligible to apply for the program, but will not receive the scholarship in their first year.

[8:21:53 AM](#)

SENATOR HUGGINS asked if a student graduated from school this year, the first year in college he would not be able to get the

scholarship, but they could get the scholarship their second year.

MS. BARRANS answered yes. She continued that regardless of whether a student elected to begin college or a training program immediately after high school.

[8:22:45 AM](#)

SENATOR STEVENS asked if the 2010 graduates would lose a year on the duration of the scholarship.

MS. BARRANS responded that she has not had a definitive conversation with the department, but she believes they will be eligible for the full program.

[8:23:33 AM](#)

SENATOR STEVENS removed his objection.

[8:23:36 AM](#)

CO-CHAIR MEYER announced that, seeing no further objection, Amendment D was adopted.

[8:23:58 AM](#)

CO-CHAIR MEYER continued on to the letter of intent.

SENATOR HUGGINS asked about item number 4 on the letter of intent, which provides for a rigorous curriculum in "all" high schools. He said that he is concerned about what the repercussions will be for including "all high schools" and this goal is not accomplished.

CO-CHAIR MEYER said that is why they took the intent language out of the bill itself so that there would not be any legal ramifications.

CO-CHAIR THOMAS agreed that is the case.

CO-CHAIR MEYER said the letter of intent simply states the goals to which the scholarship program hopes to accomplish.

[8:26:38 AM](#)

CO-CHAIR MEYER said that if there are no objections, the letter of intent will accompany the bill.

He continued on to the fiscal note.

[8:27:14 AM](#)

DIANE BARRANS noted that the draft fiscal note [included as a handout for the committee] is obviously somewhat of a guess because they don't yet know what level or proportion of the students will qualify or what their demographic information is, relative to the unmet needs cost. In developing the analysis she worked collaboratively with Eddie Jeans with the department. They looked at Wyoming to see what percentage of their students actually used the scholarship. The utilization rate was just shy of 29 percent of their high school graduates. Mr. Jeans took that figure and based it on the highest award level and the lowest award level and went with an average amount. They took this average scholarship, of about \$3,600 and priced this out for the first year.

The other factor that was taken into account was the attrition rate experienced at UA and developed a rate to project the first four years of the program. The total cost of the academic portion of the program over the first four years would grow to about \$20 million a year.

When the legislature added the needs based portion, she looked at what they could expect the average expected family income to be. She used the FAFSA information the commission received for its grant application pool and picked a number in the middle that seemed reasonable. Using that number she came up with an average need of \$2,715 for the first year. She also calculated an inflation rate of six percent to come up with a total of \$18 million for the unmet needs portion by the fourth year.

She said the fiscal note shows that the amount may be slightly lower by year five. The reason behind this is because the first year includes two graduation years (class of 2010 and 2011). With respect to the commission's costs, which are shown in FY11 column, there are two components to this. First, they hope to have an efficient automated process that would allow them through electronic data exchange with the institutions to have some manual intervention with the program. However, with the addition of the 2010 high school graduating class, they will have a cohort of students that will not have been included in the automated process. The bill calls for the high school to be responsible for including on a student's transcript or permanent record an indication of the level of award the student has qualified for. Clearly, she said, this is not the case with students that have already left high school and their transcript is complete. They do not know what the criteria are that a school will be looking at. The bill does not say who will be responsible for this particular analysis but she assumes it will

be the Commission and has added a part time non-permanent position for the first 18 months of the program to handle these "manual" applications.

8:33:49 AM

CO-CHAIR MEYER asked if this final dollar amount is near to what they originally estimated when the governor submitted the bill.

MS. BARRANS replied that it is about twice the size of the original proposal.

SENATOR HUGGINS asked if Youth Academy students have a curriculum in line with the scholarship requirements.

MS. BARRANS responded that she did not know.

SENATOR HUGGINS indicated that he would like an answer to that.

8:35:51 AM

SENATOR STEVENS commented that this bill has a long way to go and, in talking to individuals on the Finance Committee, they are saying they would prefer a loan forgiveness program. He asked Ms. Barrans if she could give him some points of argumentation on whether a lone forgiveness program or the current program would be preferable.

MS. BARRANS replied that she would argue against a loan forgiveness program. In the past it created an environment that caused people to see it as a free ride that required no commitment or preparation on their part. There were no qualitative standards to receive the loan. As a result, the cost to the state in terms of uncollected loans was extremely high, with default rates that approached 30 percent. At the height of the program the state was funding the program at about \$80 million a year. There have been some studies done on loan repayment versus loan forgiveness programs and they have found that loan repayment programs are much more efficient. The Commission's loan staffing is about 70 people and, with a forgiveness program it would have to be much higher. The cost associated with a loan forgiveness program would clearly be substantially higher. Also, a major goal of this program is to change the culture of educational in Alaska and she does not believe that either the loan repayment or loan forgiveness programs would do that.

She conceded that a loan repayment program would reduce the debt load for students to make it easier to attend college but it

would not do anything to raise the performance of the children in Alaska to standards of education that they have not reached before.

SENATOR STEVENS said one other thing she mentioned was the number of schools that sprang up during the loan forgiveness program. He asked her to repeat that.

MS. BARRANS answered that at the peak of the program there were 144 authorized institutions in the state.

CO-CHAIR MEYER added that one of the intents of this program is to try to strengthen the university system in the state, and this program does that.

[8:42:48 AM](#)

SENATOR THOMAS pointed out that they could create a loan repayment program that has higher performance requirements in order to qualify, but if students were allowed to attend anywhere it would not impact our educational system.

SENATOR HUGGINS said he would appreciate it if Ms. Barrans would formulate a brief document outlining the benefits of this program over others as they go forward.

CO-CHAIR MEYER said he believes they have created a good bill and is ready to move this on to the next committee of referral.

[8:44:32 AM](#)

CO-CHAIR THOMAS moved to report CS for SB 224, version C as amended, with individual recommendations attached fiscal note(s) and the letter of intent from committee. There being no objection, the CSSB 224(EDC) moved from committee.

CO-CHAIR MEYER advised that the committee would take up HB 360 and HB 110 on Friday, as well as some interviews for the Board of Education appointments.

[8:46:26 AM](#)

There being no further business to come before the committee, CO-CHAIR MEYER adjourned the meeting at 8:46 a.m.