

**HOUSE BILL NO. 104**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/18/11  
Referred: Education, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act renaming the Alaska performance scholarship and relating to the scholarship  
2 and tax credits applicable to contributions to the scholarship; establishing the Alaska  
3 performance scholarship investment fund and the Alaska performance scholarship  
4 award fund and relating to the funds; making conforming amendments; and providing  
5 for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 \* **Section 1.** AS 14.03.113, as enacted by sec. 1, ch. 14, SLA 2010, is amended to read:

8 **Sec. 14.03.113. District determination of scholarship eligibility.** A school  
9 district shall determine whether a student who graduates from a high school in the  
10 district is eligible for an award of an Alaska performance [MERIT SCHOLARSHIP  
11 PROGRAM] scholarship under AS 14.43.810 - 14.43.849. If a student is eligible, the  
12 district shall state in the student's permanent record the highest level of funding for  
13 which the student is eligible. A district shall provide a student with an opportunity to

1 request that the district correct an error in the eligibility determination.

2 \* **Sec. 2.** AS 14.43.810, as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

3 **Sec. 14.43.810. Alaska performance [MERIT] scholarship [PROGRAM]**  
 4 **established; regulations.** (a) The Alaska performance [MERIT] scholarship  
 5 [PROGRAM] is established to provide scholarships for high school graduates who are  
 6 Alaska residents to attend a qualified postsecondary institution in the state.

7 (b) The department shall, in consultation with the commission, adopt  
 8 regulations necessary to implement the scholarships [PROGRAM]. The commission  
 9 shall administer the daily operations of the scholarships [PROGRAM] and financing  
 10 of the scholarships [PROGRAM], including the procedures for applying for the  
 11 scholarships, establishing standards for and ensuring continuing compliance with  
 12 programmatic standards, and requiring students to apply for other nonloan financial  
 13 aid, consistent with federal law.

14 \* **Sec. 3.** AS 14.43.820(a), as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

15 (a) Subject to appropriation, the commission shall award an Alaska  
 16 performance [MERIT SCHOLARSHIP PROGRAM] scholarship to an applicant who

17 (1) is a resident of the state as defined in AS 01.10.055;

18 (2) graduated or will graduate within six months from a high school in  
 19 the state;

20 (3) has completed a core academic curriculum in high school that  
 21 includes

22 (A) four years of mathematics, four years of language arts, four  
 23 years of science, and four years of social studies, one year of which may  
 24 include a foreign language, an Alaska Native language, fine arts, or cultural  
 25 heritage; or

26 (B) three years of mathematics, four years of language arts,  
 27 three years of science, four years of social studies, and two years of a foreign  
 28 language or an Alaska Native language;

29 (4) has a minimum grade-point average in high school of 2.5 or higher;  
 30 the department shall set by regulation minimum requirements based on a substantially  
 31 similar standard for districts that do not assign grades;

- 1 (5) has achieved a minimum score on a  
 2 (A) college entrance examination; or  
 3 (B) standardized examination designed to measure a student's  
 4 level of preparedness to make the transition to work, as selected by the  
 5 department; and  
 6 (6) is enrolled in good standing in a course of study at a qualified  
 7 postsecondary institution in this state that is intended to result in the award of a  
 8 certificate or degree.

9 \* **Sec. 4.** AS 14.43.825(a), as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

10 (a) The maximum annual awards for the Alaska **performance** [MERIT  
 11 SCHOLARSHIP PROGRAM] scholarships are as follows:

- 12 (1) the first award level is \$4,755 and requires a 3.5 grade-point  
 13 average or above and a very high minimum score on a college entrance examination;  
 14 (2) the second award level is \$3,566 and requires a 3.0 grade-point  
 15 average or above and a high minimum score on a college entrance examination;  
 16 (3) the third award level is \$2,378 and requires a 2.5 grade-point  
 17 average or above and a moderately high minimum score on a college entrance  
 18 examination.

19 \* **Sec. 5.** AS 14.43.830, as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

20 **Sec. 14.43.830. Qualified postsecondary institutions.** (a) The following  
 21 institutions are qualified postsecondary institutions for purposes of awarding an  
 22 Alaska **performance** [MERIT SCHOLARSHIP PROGRAM] scholarship:

- 23 (1) a university or college physically located in the state that is  
 24 (A) authorized to operate in the state under AS 14.48.020 or is  
 25 exempt from authorization under AS 14.48.030(b)(1); and  
 26 (B) accredited by a regional accreditation association;  
 27 (2) a career and technical school program physically located in the  
 28 state that has been included on a list of certified career and technical school programs  
 29 received from the Department of Labor and Workforce Development; the commission  
 30 shall publish the list on or before June 30 of the year preceding enrollment.

31 (b) The Department of Labor and Workforce Development shall, in

1 consultation with the Department of Education and Early Development, adopt  
2 regulations under AS 44.62 (Administrative Procedure Act) establishing criteria under  
3 which the Department of Labor and Workforce Development shall certify career and  
4 technical school programs in the state as eligible to participate in the Alaska  
5 **performance** [MERIT] scholarship [PROGRAM].

6 \* **Sec. 6.** AS 14.43.840, as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

7 **Sec. 14.43.840. Report to the legislature.** (a) To the extent permitted under  
8 law, the department, the commission, the University of Alaska, and the Department of  
9 Labor and Workforce Development shall share data necessary to prepare public  
10 reports regarding the **scholarships** [PROGRAM].

11 (b) Not more than 10 days after the convening of each regular legislative  
12 session, the department, the commission, the University of Alaska, and the  
13 Department of Labor and Workforce Development shall present an annual report to  
14 the public, the governor, and the legislature containing information of public interest  
15 regarding the **scholarships** [PROGRAM], including

16 (1) the number of applicants and number and types of scholarships  
17 awarded;

18 (2) the dollar amount of scholarships awarded in past years and the  
19 dollar amount expected to be awarded for the next year; and

20 (3) data and trends in the data regarding high school and postsecondary  
21 student performance, programmatic changes, and retention and graduation rates over  
22 time.

23 \* **Sec. 7.** AS 14.43 is amended by adding a new section to read:

24 **Sec. 14.43.845. Alaska performance scholarship award fund.** (a) The  
25 Alaska performance scholarship award fund is established. The fund consists of  
26 appropriations for Alaska performance scholarship awards under AS 37.14.750 -  
27 37.14.790.

28 (b) The commission may use money in the fund to pay scholarships to  
29 students under AS 14.43.810 - 14.43.849. Money appropriated to the fund may be  
30 expended without further appropriation. Money appropriated to the fund does not  
31 lapse. The money in the fund may be expended only in awarding scholarships under

1 AS 14.43.810 - 14.43.849.

2 \* **Sec. 8.** AS 14.45.130(a), as amended by sec. 7, ch. 14, SLA 2010, is further amended to  
3 read:

4 (a) A religious or other private school that elects to comply with AS 14.45.100  
5 - 14.45.130 shall maintain permanent student records reflecting immunizations,  
6 physical examinations, standardized testing, academic achievement, courses taken at  
7 the school, and level of eligibility for an Alaska **performance** [MERIT  
8 SCHOLARSHIP PROGRAM] scholarship under AS 14.43.810 - 14.43.849.

9 \* **Sec. 9.** AS 37.14 is amended by adding new sections to read:

10 **Article 8A. Alaska Performance Scholarship Investment Fund.**

11 **Sec. 37.14.750. Alaska performance scholarship investment fund**  
12 **established.** (a) The Alaska performance scholarship investment fund is established as  
13 a fund of the state. The fund consists of

- 14 (1) appropriations to the fund;  
15 (2) donations to the fund; and  
16 (3) income earned on investments of fund assets.

17 (b) The commissioner of revenue shall manage the fund with the goal that the  
18 purchasing power of the fund will not diminish over time without regard to additional  
19 contributions that may be made to the fund. The commissioner shall invest the assets  
20 of the fund in a manner likely to yield at least a five percent real rate of return over  
21 time.

22 (c) Nothing in this section creates a dedicated fund.

23 **Sec. 37.14.755. Powers and duties of the commissioner of revenue.** In  
24 carrying out the investment duties under AS 37.14.750 - 37.14.790, the commissioner  
25 of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall  
26 provide reports to the Department of Education and Early Development, the  
27 Department of Labor and Workforce Development, and the Alaska Commission on  
28 Postsecondary Education on the condition and investment performance of the fund.

29 **Sec. 37.14.760. Use of fund.** As soon as practicable after July 1 of each year,  
30 the commissioner of revenue shall determine the average month-end market value of  
31 the fund for the immediately preceding three fiscal years. The commissioner shall

1 identify five percent of that amount as available for appropriation by the legislature for  
 2 appropriation to the Alaska performance scholarship award fund created under  
 3 AS 14.43.845 from which the Alaska Commission on Postsecondary Education may  
 4 award scholarships under AS 14.43.810 - 14.43.849. The commissioner shall also  
 5 report as available for appropriation a running total of amounts previously identified  
 6 as available for appropriation to the Alaska performance scholarship award fund but  
 7 not appropriated.

8 **Sec. 37.14.790. Definitions.** In AS 37.14.750 - 37.14.790, unless the context  
 9 requires otherwise,

10 (1) "commissioner" means the commissioner of revenue;

11 (2) "fund" means the Alaska performance scholarship investment fund  
 12 established in AS 37.14.750(a).

13 \* **Sec. 10.** AS 43.20.014(a) is amended to read:

14 (a) A taxpayer is allowed a credit against the tax due under this chapter for  
 15 cash contributions accepted

16 (1) for direct instruction, research, and educational support purposes,  
 17 including library and museum acquisitions, and contributions to endowment, by an  
 18 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or  
 19 four-year college accredited by a regional accreditation association;

20 (2) for secondary school level vocational education courses, programs,  
 21 and facilities by a school district in the state;

22 (3) for vocational education courses, programs, and facilities by a  
 23 state-operated vocational technical education and training school; [AND]

24 (4) for a facility by a nonprofit, public or private, Alaska two-year or  
 25 four-year college accredited by a regional accreditation association; **and**

26 **(5) for the Alaska performance scholarship investment fund under**  
 27 **AS 37.14.750(a).**

28 \* **Sec. 11.** AS 43.20.014(a), as amended by sec. 14, ch. 92, SLA 2010, is further amended to  
 29 read:

30 (a) A taxpayer is allowed a credit against the tax due under this chapter for  
 31 cash contributions accepted

1 (1) for direct instruction, research, and educational support purposes,  
 2 including library and museum acquisitions, and contributions to endowment, by an  
 3 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or  
 4 four-year college accredited by a regional accreditation association;

5 (2) for secondary school level vocational education courses and  
 6 programs by a school district in the state; [AND]

7 (3) by a state-operated vocational technical education and training  
 8 school; **and**

9 **(4) for the Alaska performance scholarship investment fund under**  
 10 **AS 37.14.750(a).**

11 \* **Sec. 12.** AS 14.43.849(4), as enacted by sec. 5, ch. 14, SLA 2010, is repealed.

12 \* **Sec. 13.** Section 8, ch. 14, SLA 2010 is amended to read:

13 TRANSITION: **SCHOLARSHIP** [PROGRAM] STANDARDS AND  
 14 IMPLEMENTATION FOR INITIAL SCHOOL YEARS. Notwithstanding any  
 15 contrary provision of this Act, the Department of Education and Early Development  
 16 and the Department of Labor and Workforce Development, after consultation with the  
 17 Alaska Commission on Postsecondary Education, may adopt regulations under  
 18 AS 44.62 (Administrative Procedure Act) to implement their respective duties under  
 19 the Alaska **performance** [MERIT] scholarship [PROGRAM] established in  
 20 AS 14.43.810, enacted by sec. 5 of this Act, so that a student

21 (1) may be eligible for the **Alaska performance scholarship**  
 22 [PROGRAM] even though the student did not fully meet the required core academic  
 23 curriculum for the school years beginning July 1, 2010, through June 30, 2014; and

24 (2) who graduated from high school in this state after January 1, 2011,  
 25 and before July 1, 2011, and meets eligibility requirements for the **Alaska**  
 26 **performance scholarship** [PROGRAM] may apply for a scholarship on or after  
 27 January 1, 2011, for enrollment in a program of study beginning on or after July 1,  
 28 2011.

29 \* **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to  
 30 read:

31 REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the

1 heading of

2 (1) Article 12 of AS 14.43 from "Alaska Merit Scholarship Program" to  
3 "Alaska Performance Scholarship";

4 (2) AS 14.43.820 from "Alaska merit scholarship program; eligibility" to  
5 "Alaska performance scholarship; eligibility".

6 \* **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to  
7 read:

8 TRANSITION: REGULATIONS. The Department of Education and Early  
9 Development, the Department of Labor and Workforce Development, the Department of  
10 Revenue, and the Alaska Commission on Postsecondary Education may proceed to adopt  
11 regulations necessary to implement changes made to their respective authorities by this Act.  
12 The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before  
13 July 1, 2011.

14 \* **Sec. 16.** Section 15 of this Act takes effect immediately under AS 01.10.070(c).

15 \* **Sec. 17.** Section 11 of this Act takes effect January 1, 2014.

16 \* **Sec. 18.** Except as provided in secs. 16 and 17 of this Act, this Act takes effect July 1,  
17 2011.