

CS FOR HOUSE BILL NO. 104(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/12/11

Referred: Rules

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

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; relating to
3 AlaskAdvantage education grant funding and to Alaska performance scholarship
4 funding; establishing an account and fund for those purposes; making conforming
5 amendments; and providing 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 program
 5 is established to provide scholarships for high school graduates who are Alaska
 6 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 scholarship program. The commission shall
 9 administer the daily operations of the scholarship program and financing of the
 10 scholarship program, including the procedures for applying for the scholarships,
 11 establishing standards for and ensuring continuing compliance with programmatic
 12 standards, and requiring students to apply for other nonloan financial aid, consistent
 13 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 14.43.820, as enacted by sec. 5, ch. 14, SLA 2010, is amended by adding a
 10 new subsection to read:

11 (c) Notwithstanding the eligibility requirements in (a)(2) - (4) of this section,
 12 the department shall adopt regulations to provide for the eligibility of a student who
 13 has attained a general education development certificate, and for waiver or delay of a
 14 portion of the core academic curriculum requirements in (a)(3) of this section if that
 15 portion of the curriculum is not available to a student at a public school in the district
 16 in which the student resides. To demonstrate high academic performance for eligibility
 17 under this section, the department may require a student to

18 (1) provide alternative minimum standardized test scores established
 19 under this section;

20 (2) complete some or all of the core curriculum requirements in (a)(3)
 21 of this section after graduation; or

22 (3) provide a measure of academic achievement equivalent to (2) of
 23 this subsection.

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

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

27 (1) the first award level is \$4,755 and requires a 3.5 grade-point
 28 average or above and a very high minimum score on a college entrance examination;

29 (2) the second award level is \$3,566 and requires a 3.0 grade-point
 30 average or above and a high minimum score on a college entrance examination;

31 (3) the third award level is \$2,378 and requires a 2.5 grade-point

1 average or above and a moderately high minimum score on a college entrance
2 examination.

3 * **Sec. 6.** AS 14.43.825(f) is repealed and reenacted to read:

4 (f) Payment of a scholarship is subject to appropriation and the availability of
5 funds for expenditure under AS 37.14.750. If insufficient funds are appropriated or
6 available in a fiscal year to pay all eligible scholarships, the commission may not
7 award a scholarship to a new applicant, and the commission shall pay existing awards
8 on a pro rata basis for that fiscal year.

9 * **Sec. 7.** AS 14.43.825, as enacted by sec. 5, ch. 14, SLA 2010, is amended by adding a
10 new subsection to read:

11 (g) Notwithstanding the grade-point average requirements in (a) of this
12 section, the department shall adopt regulations to provide for the eligibility of a
13 student who has attained a general education development certificate.

14 * **Sec. 8.** AS 14.43.830, as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

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

18 (1) a university or college physically located in the state that [IS]

19 (A) **is** authorized to operate in the state under AS 14.48.020 or
20 is exempt from authorization under AS 14.48.030(b)(1); [AND]

21 (B) **is** accredited by a regional accreditation association;

22 (C) **has an advisory program established for incoming**
23 **students that provides counseling related to course selection, career**
24 **choice, and personal challenges; and**

25 (D) **provides courses and credits that can result in the**
26 **issuance of a degree or certificate available at the institution within a time**
27 **frame expected for that degree or certificate;**

28 (2) a career and technical school program physically located in the
29 state that **meets the standards established in (a)(1)(C) and (D) of this section and**
30 **that** has been included on a list of certified career and technical school programs
31 received from the Department of Labor and Workforce Development; the commission

1 shall publish the list on or before June 30 of the year preceding enrollment.

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

8 * **Sec. 9.** AS 14.43.849, as enacted by sec. 2, ch. 14, SLA 2010, is amended to read:

9 **Sec. 14.43.849. Definitions.** In AS 14.43.810 - 14.43.849, unless the context
10 requires otherwise,

11 (1) "department" means the Department of Education and Early
12 Development;

13 (2) "grade-point average" means the average of all grades on a four-
14 point scale, or five-point scale for advanced placement classes, obtained by the student
15 in high school;

16 (3) "high school" means a public or accredited secondary school in the
17 state and a home school program that is approved by the department;

18 (4) "program" means the Alaska **performance** [MERIT] scholarship
19 program established under AS 14.43.810 - 14.43.849;

20 (5) "school district" means a borough school district, a city school
21 district, a regional educational attendance area, and a state boarding school.

22 * **Sec. 10.** AS 14.43 is amended by adding a new section to read:

23 **Sec. 14.43.915. AlaskAdvantage education grant and Alaska performance**
24 **scholarship award income account.** The AlaskAdvantage education grant and
25 Alaska performance scholarship award income account is created as an account in the
26 general fund. Money may be appropriated to the account from the AlaskAdvantage
27 education grant and Alaska performance scholarship fund under AS 37.14.750 and
28 from other sources. The commission may use the money in the account to pay grants
29 awarded under AS 14.43.400 - 14.43.420 and scholarships awarded to students under
30 AS 14.43.810 - 14.43.849. The amount determined under AS 37.14.750(c) each year
31 and deposited into the account is the maximum amount that may be used to pay grants

1 and scholarships for the immediately succeeding fiscal year.

2 * **Sec. 11.** AS 14.45.130(a), as amended by sec. 7, ch. 14, SLA 2010, is amended to read:

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

8 * **Sec. 12.** AS 37.14 is amended by adding a new section to read:

9 **Article 8A. AlaskAdvantage Education Grant and Alaska Performance Scholarship**
10 **Fund.**

11 **Sec. 37.14.750. AlaskAdvantage education grant and Alaska performance**
12 **scholarship fund established.** (a) The AlaskAdvantage education grant and Alaska
13 performance scholarship fund is established in the general fund for the purpose of
14 making grant payments under AS 14.43.400 - 14.43.420 and scholarship payments to
15 qualified postsecondary institutions for students under AS 14.43.810 - 14.43.849 by
16 appropriation to the income account established under AS 14.43.915. Money in the
17 fund does not lapse. The fund consists of

- 18 (1) money appropriated to the fund;
19 (2) income earned on investment of fund assets; and
20 (3) donations to the fund.

21 (b) The amount annually appropriated and deposited to the fund may not
22 exceed the greater of

- 23 (1) \$40,000,000; or
24 (2) the amount that, when added to the fund balance on June 30 of the
25 previous fiscal year, equals \$160,000,000.

26 (c) The balance in the AlaskAdvantage education grant and Alaska
27 performance scholarship fund shall be determined on June 30 of each year. The
28 department shall distribute one-third of that amount or \$40,000,000, whichever is less,
29 for deposit into the account established in AS 14.43.915.

30 (d) Notwithstanding the limitation in (c) of this section, the legislature may
31 appropriate any amount to the AlaskAdvantage education grant and Alaska

1 performance scholarship fund. Nothing in this section creates a dedicated fund.

2 (e) In this section, unless the context requires otherwise, "fund" means the
3 AlaskAdvantage education grant and Alaska performance scholarship fund established
4 in (a) of this section.

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

6 (a) A taxpayer is allowed a credit against the tax due under this chapter for
7 cash contributions accepted **for**

8 (1) [FOR] direct instruction, research, and educational support
9 purposes, including library and museum acquisitions, and contributions to endowment,
10 by an Alaska university foundation or by a nonprofit, public or private, Alaska two-
11 year or four-year college accredited by a regional accreditation association;

12 (2) [FOR] secondary school level vocational education courses,
13 programs, and facilities by a school district in the state;

14 (3) [FOR] vocational education courses, programs, and facilities by a
15 state-operated vocational technical education and training school; [AND]

16 (4) [FOR] a facility by a nonprofit, public or private, Alaska two-year
17 or four-year college accredited by a regional accreditation association; **and**

18 **(5) the AlaskAdvantage grant and Alaska performance**
19 **scholarship fund under AS 37.14.750(a).**

20 * **Sec. 14.** AS 43.20.014(a), as amended by sec. 14, ch. 92, SLA 2010, is amended to read:

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

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

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

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

31 **(4) for the AlaskAdvantage grant and Alaska performance**

1 **scholarship fund under AS 37.14.750(a).**

2 * **Sec. 15.** Section 8, ch. 14, SLA 2010, is amended to read:

3 TRANSITION: **PERFORMANCE SCHOLARSHIP** PROGRAM
4 STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS.

5 Notwithstanding any contrary provision of this Act, the Department of Education and
6 Early Development and the Department of Labor and Workforce Development, after
7 consultation with the Alaska Commission on Postsecondary Education, may adopt
8 regulations under AS 44.62 (Administrative Procedure Act) to implement their
9 respective duties under the Alaska **performance** [MERIT] scholarship program
10 established in AS 14.43.810, enacted by sec. 5 of this Act, so that a student

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

14 (2) who graduated from high school in this state after January 1, 2011,
15 and before July 1, 2011, and meets eligibility requirements for the **Alaska**
16 **performance scholarship** program may apply for a scholarship on or after January 1,
17 2011, for enrollment in a program of study beginning on or after July 1, 2011.

18 * **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 TRANSITION: ALASKADVANTAGE EDUCATION GRANT AND ALASKA
21 PERFORMANCE SCHOLARSHIP FUND BALANCE. Notwithstanding the \$40,000,000
22 limit in AS 37.14.750(c), the following amounts may be substituted for that amount as
23 follows for

24 (1) fiscal year 2012, \$20,000,000;

25 (2) fiscal year 2013, \$30,000,000.

26 * **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 TRANSITION: REGULATIONS. The Department of Education and Early
29 Development, the Department of Labor and Workforce Development, the Department of
30 Revenue, and the Alaska Commission on Postsecondary Education may adopt regulations
31 necessary to implement changes made to their respective authorities by this Act. The

1 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1,
2 2011.

3 * **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

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

6 (1) heading of article 12 of AS 14.43 from "Alaska Merit Scholarship
7 Program" to "Alaska Performance Scholarship Program";

8 (2) catch line for AS 14.43.820 from "Alaska merit scholarship program;
9 eligibility" to "Alaska performance scholarship program; eligibility."

10 * **Sec. 19.** Section 17 of this Act takes effect immediately under AS 01.10.070(c).

11 * **Sec. 20.** AS 14.43.830(a)(1)(C) and (D), added by sec. 8 of this Act, and the amendment
12 to AS 14.43.830(a)(2) made by sec. 8 of this Act take effect July 1, 2012.

13 * **Sec. 21.** Section 14 of this Act takes effect January 1, 2014.

14 * **Sec. 22.** Except as provided in secs. 19 - 21 of this Act, this Act takes effect July 1, 2011.