

**ALASKA STATE LEGISLATURE  
HOUSE EDUCATION STANDING COMMITTEE**

February 14, 2011  
8:04 a.m.

**MEMBERS PRESENT**

Representative Alan Dick, Chair  
Representative Lance Pruitt, Vice Chair  
Representative Eric Feige  
Representative Paul Seaton  
Representative Peggy Wilson  
Representative Sharon Cissna  
Representative Scott Kawasaki

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

PRESENTATION(S): SCHOOL SUPERINTENDENT

- HEARD

HOUSE BILL NO. 104

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

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 104

SHORT TITLE: ALASKA PERFORMANCE SCHOLARSHIPS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/18/11	(H)	READ THE FIRST TIME - REFERRALS
01/18/11	(H)	EDC, FIN
02/09/11	(H)	EDC AT 8:00 AM CAPITOL 106
02/09/11	(H)	Heard & Held
02/09/11	(H)	MINUTE(EDC)
02/14/11	(H)	EDC AT 8:00 AM CAPITOL 106

## **WITNESS REGISTER**

MICHAEL JOHNSON, Superintendent  
Copper River School District  
Glennallen, Alaska

**POSITION STATEMENT:** Presented an overview of the Copper River School District.

KATIE KOESTER, Staff  
Representative Paul Seaton  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented the committee substitute (CS) for HB 104.

DIANE BARRANS, Executive Director  
Postsecondary Education Commission  
Department of Education and Early Development (EED)

**POSITION STATEMENT:** Responded to questions, during the hearing on the committee substitute (CS) for HB 104.

SAICHI OBA, Associate Vice President  
Student Services & Enrollment Management  
University of Alaska System  
Fairbanks, Alaska

**POSITION STATEMENT:** Responded to questions, during the hearing on the committee substitute (CS) for HB 104.

## **ACTION NARRATIVE**

[8:04:37 AM](#)

**CHAIR ALAN DICK** called the House Education Standing Committee meeting to order at 8:04 a.m. Representatives Dick, Kawasaki, Pruitt, Feige, Seaton, Wilson, and Kawasaki (via teleconference) were present at the call to order.

### **PRESENTATION(S): School Superintendent**

[8:05:18 AM](#)

CHAIR DICK announced that the first order of business would be a presentation from the superintendent of the Copper River School District.

[8:06:13 AM](#)

MICHAEL JOHNSON, Superintendent, Copper River School District, said the district has five school sites with 480 students and 36 teachers, which are: Slana, K-12, 12 students, 1 teacher; Christochina, K-12, 11 students, 1 teacher; Glennallen, K-12, 19 teachers, 240 students; Copper Center K-5, 4 teachers, 40 students; Kenny Lake, K-12, 9 teachers, 105 students; and the Upstream Learning Home Education Program. A rich cultural heritage exists in the schools through the strong community partnerships, parental involvement, and positive relationships with local village councils and Native organizations. The district's professional accomplishments include the recognition of two facilities as blue ribbon schools, which he attributed to the excellent staff and administration. The teaching staff includes a National Board Certified Teacher, and other members participate on state, regional, and national boards, organizations and committees. Accolades include: Alaska teacher of the year; regional principal of the year; and the Milker award.

[8:09:38 AM](#)

CHAIR DICK noted that many districts find teacher retention difficult, but the Copper River School District appears to be successful in this area. He asked how this was accomplished.

MR. JOHNSON indicated that the nature of the community is a contributing factor, the district invests in staff development, and the teacher's are valued. He pointed out that this ethos preceded his appointment to superintendent, and said, "We're very fortunate."

[8:10:22 AM](#)

MR. JOHNSON reported that the students are involved in many activities in and out of state, both academic and athletic.

[8:12:00 AM](#)

MR. JOHNSON indicated that the district provides clarity in education by focusing on five essential questions, which are: what do our students need to know; how will they learn it; how will we know if they have learned it; what will we do if they haven't learned it; and what will we do if they already knew it.

[8:13:04 AM](#)

MR. JOHNSON said student achievement is cultivated through early literacy programs, rigorous academics with high expectations/standards, various vocational education opportunities, and meaningful enrichment courses. Enrichment possibilities include class credit for approved summer activities, such as rafting the Copper River with a sanctioned organization, and reporting on the ecosystem. Mr. Johnson acknowledged the importance of focusing on improvement. The district strives to maintain a consistent and aligned curriculum, as well as designing the professional development opportunities in coordination with the essential questions; previously mentioned. These efforts increase student achievement, he opined. Additionally, discovery and implementation of solutions for providing improved visual learning, vocational education, support for slow learners, and college/career readiness are factors that contribute to the district's dynamic. The technology available today, offers increased access and opportunity in these areas, particularly for rural Alaska. He finished, stating:

The Copper River School District is a place where excellence isn't everything, it's the only thing. We believe ... that as long as we have student's coming through our doors, our opportunities will overshadow our challenges.

[8:16:02 AM](#)

REPRESENTATIVE SEATON inquired about achievement of AYP (adequate yearly progress), and the district's graduation rate.

MR. JOHNSON reported that Copper River is one of the top performing AYP districts in the state, and the graduation rate has increased to 75 percent.

REPRESENTATIVE SEATON referred to the five essentials questions, and read "what will we do if they already know it," to ask how the situation is addressed.

MR. JOHNSON replied that students who excel are able to work with sanctioned organizations to apply their knowledge in a practical manner.

#### **HB 104-ALASKA PERFORMANCE SCHOLARSHIPS**

[8:18:43 AM](#)

CHAIR DICK announced that the final order of business would be HOUSE BILL NO. 104, "An Act renaming the Alaska performance scholarship and relating to the scholarship and tax credits applicable to contributions to the scholarship; establishing the Alaska performance scholarship investment fund and the Alaska performance scholarship award fund and relating to the funds; making conforming amendments; and providing for an effective date."

[8:19:53 AM](#)

KATIE KOESTER, Staff, Representative Paul Seaton, Alaska State Legislature, presented the changes represented in Version I, as reflected in the committee substitute (CS) for HB 104. The changes are bolded in the handout titled "Alaska Commission on Postsecondary Education, Work Draft Sectional Analysis," prepared by D. Barrans 2/10/11. She emphasized that these sectional changes are in response to the scholarship task force recommendations; corresponding, underlined excerpts of which are included in the committee packet. Section 5 clarifies that, in the event of a funding shortfall, no "new" APS (Alaska Performance Scholarship) applications will be awarded. She said this represents part of the phase down mechanism, to ensure that outstanding obligations are honored. Section 6 creates needs-based supplemental aid for students. She directed attention to the committee handout titled "Attachment 8," to explain the formula used to arrive at the needs-based figures; addressing the 2010 Legislative models chart.

[8:25:34 AM](#)

REPRESENTATIVE FEIGE observed that the need is based on family income only, and asked how that is determined.

MS. KOESTER said it is based on family income and the student must be a recipient of the APS. A completed FAFSA (Free Application for Federal Student Aid) will be used to make the needs determination. To a follow-up question she said the Alaska Commission on Postsecondary Education makes the final determination of need.

[8:27:07 AM](#)

REPRESENTATIVE PRUITT asked what costs above tuition are qualified expenses.

MS. KOESTER indicated that allowed expenses include room and board, as well as miscellaneous books and supplies.

REPRESENTATIVE PRUITT inquired whether the award level achieved for the APS effects the needs-based amount to be received.

MS. KOESTER answered no.

[8:28:56 AM](#)

MS. KOESTER continued on page 2 of the sectional handout, to address the section 5 changes, which require any school accepting these awards to provide students with counseling services, including guidance to courses that will assure on-time degree completion.

[8:30:23 AM](#)

REPRESENTATIVE FEIGE pointed out that the UA system allows faculty family members to attend at a reduced tuition rate. He suggested stipulating that scholarship awardees be shown preference, when class space is limited.

MS. KOESTER acknowledged anecdotal reports supporting the concern, and opined that it would be a policy question for the committee.

[8:32:22 AM](#)

MS. KOESTER moved to section 9, which establishes an Alaska Advantage Education Grant (AEG) and APS award income account in the general fund. It also directs the appropriation from this fund to recipients, to the lesser of one third of the fund balance, or \$40 million dollars. Sections 11 and 12 replace the Alaska Capital Income Fund (ACIF) with the AEG-APS fund. She explained that the ACIF was established in 2005 to collect the earnings of the Amerada Hess permanent fund principal. Section 13 details how the newly created AEG-APS fund will function. She then addressed the handout titled "How AEG-APS Fund Works," prepared by the office of Representative Seaton, updated 2/11/11, to illustrate the configuration. She explained that the Amerada Hess fund resulted from a legal settlement, and is a "fenced off" aspect of the Permanent Fund. The principal is not accessible, but the interest earnings can be directed for appropriation; in this case to the AEG-APS. Also added to the fund is 15 percent of progressivity, the increase in net oil tax when the net price of oil goes above

\$30.00 a barrel profit. The amount received from these two sources is capped at \$40 million per year, and the total award fund is capped at \$160 million. The fund is setup similar to community revenue sharing, in that a portion is appropriated and replenished every year. However, if a legislature does not continue the funding stream, outstanding student contracts will still be served through the structure established; state obligations will be met.

[8:37:27 AM](#)

MS. KOESTER indicated the handout titled "Alaska Capital Income Fund (ACIF)(1197)," prepared by Legislative Finance, dated 2/11/11, and said it is a balance sheet to provide additional details, and pointed out that the year-end earnings balance is approximately \$53 million; proposed to be transferred to the AEG-APS fund. Responding to a question from the committee, she stressed that the outlined funding stream is a proposal.

[8:39:07 AM](#)

REPRESENTATIVE SEATON clarified that this is similar to the revenue sharing program, which receives 20 percent of progressivity.

[8:39:20 AM](#)

REPRESENTATIVE PRUITT expressed concern for maintaining progressivity as an on-going, steady funding source for the scholarship program.

REPRESENTATIVE SEATON explained that the scholarship task force was asked specifically to identify funds from oil revenues; these two funds, Amerada Hess and progressivity, are being proposed. He stressed that the bill does not inhibit the legislature from appropriating funding from other sources.

REPRESENTATIVE PRUITT observed that should losses occur in the Amerada earnings, or progressivity, the legislature may need to appropriate from the general funds to maintain the \$160 million scholarship fund.

[8:42:06 AM](#)

MS. KOESTER resumed with the final two sections, 18 and 22, which provide the transition language, and a change of the effective dates, respectively.

[8:43:56 AM](#)

DIANE BARRANS, Executive Director, Postsecondary Education Commission, Department of Education and Early Development (EED), said this program is critical to the governor's plan for educational transformation in the state.

[8:45:36 AM](#)

REPRESENTATIVE PRUITT asked for a description of the current funding program.

MS. BARRANS explained that the AlaskAdvantage Education Grant (AEG) was authorized in 2004, as a follow-up to a smaller state grant program, which operated from the 1970's through the mid 1990's. The small scale program, supported by general fund and matching federal dollars, was defunded in the 1990's. In 2005 the needs based AEG program was relaunched. She directed attention to the handout titled "Current grant criteria," to explain the program, including the criteria, process, grant structure, amounts awarded, program funding history, and the population served in 2009-2010. She said the fund has never satisfied all of the applicants. The prioritization of awards target those enrolled in programs where severe workforce shortages are anticipated or exist, and those whose secondary school performance demonstrates a high likelihood for postsecondary education success. She noted that the importance for families to complete the FAFSA is being promoted across the state; resulting in a 70 percent increase.

[8:56:48 AM](#)

REPRESENTATIVE SEATON mentioned that the average age of awardees is 30.

The committee took an at-ease from 8:57 a.m. to 9:44 a.m.

[9:44:42 AM](#)

MS. BARRANS responded that, historically, the recipients of the grants have been non-traditional age students. She attributed this to the fact that these are the students who may have families and higher costs associated with attending college. However, in the pool of students served, traditional and non-traditional exist, and with increased funding more traditional age students will be served.

[9:46:21 AM](#)

REPRESENTATIVE KAWASAKI asked if there is an estimation of how many students might qualify for AEG and APS funding.

MS. BARRANS agreed to provide that information to the committee.

The committee took an at-ease at 9:47 a.m.

[9:49:19 AM](#)

CHAIR DICK asked whether the university is able to provide on time degree completion, as required by the CS.

SAICHI OBA, Associate Vice President, Student Services & Enrollment Management, University of Alaska System, said the university does attempt to provide the appropriate courses for students to complete two and four year degrees in a timely manner. Several things influence a student's ability to complete these degrees within the optimal timeframe, which could include: requirements for remedial courses, attending as a part-time student, or taking a term off. He assured the committee that the answer from the academic officers is, yes, programs can be completed in accordance with the bill requirements.

[9:51:31 AM](#)

REPRESENTATIVE KAWASAKI indicated that there could be overlap on the number of students receiving the APS and the UA Scholars awards and asked for an estimate.

MR. OBA responded that it would be difficult to estimate; however, the possibility does exist and it will become apparent following the first year of implementation.

[9:53:38 AM](#)

REPRESENTATIVE SEATON said the needs-based component, of the APS, would subtract any UA Scholars receipts; negating concern for a double award.

MS. BARRANS agreed.

[9:55:50 AM](#)

REPRESENTATIVE P. WILSON asked if all student expenses are considered.

[9:56:12 AM](#)

MS. BARRANS replied yes, the cost of attendance includes tuition and provides for a standardized, institution approved, student budget.

[HB 104 was held over.]

[9:57:44 AM](#)

CHAIR DICK thanked the day's participants.

#### **ADJOURNMENT**

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:57 a.m.