

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

March 16, 2011

8:05 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Sharon Cissna

COMMITTEE CALENDAR

PRESENTATION(S): HAINES BOROUGH SCHOOL DISTRICT SUPERINTENDENT

- HEARD

HOUSE BILL NO. 15

"An Act relating to prevention and evaluation of and liability for traumatic brain injuries in student athletes."

- HEARD AND HELD

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 AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 15

SHORT TITLE: STUDENT ATHLETE TRAUMATIC BRAIN INJURIES

SPONSOR(S): REPRESENTATIVE(S) DOOGAN

01/18/11	(H)	PREFILE RELEASED 1/7/11
01/18/11	(H)	READ THE FIRST TIME - REFERRALS

01/18/11 (H) EDC, HSS
03/16/11 (H) EDC AT 8:00 AM CAPITOL 106

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
02/14/11 (H) Heard & Held
02/14/11 (H) MINUTE(EDC)
02/21/11 (H) EDC AT 8:00 AM CAPITOL 106
02/21/11 (H) Heard & Held
02/21/11 (H) MINUTE(EDC)
02/25/11 (H) EDC AT 8:00 AM CAPITOL 106
02/25/11 (H) <Bill Hearing Postponed to 2/28/11>
02/28/11 (H) EDC AT 8:00 AM CAPITOL 106
02/28/11 (H) Heard & Held
02/28/11 (H) MINUTE(EDC)
03/07/11 (H) EDC AT 8:00 AM CAPITOL 106
03/07/11 (H) Heard & Held
03/07/11 (H) MINUTE(EDC)
03/16/11 (H) EDC AT 8:00 AM CAPITOL 106

WITNESS REGISTER

MICHAEL BYER, Superintendent
Haines Borough School District
Haines, Alaska

POSITION STATEMENT: Presented an overview of the Haines Borough School District.

REPRESENTATIVE MIKE DOOGAN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 15, as the bill sponsor.

FRANK AMEDURI Staff
Representative Mike Doogan
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the committee substitute (CS) for HB 15 on behalf of Representative Doogan, the bill sponsor.

KENNETH EDMONDS, Director
Government Relations and Public Policy
National Football League (NFL)
Washington, DC

POSITION STATEMENT: Testified in support of HB 15.

BRENDA SHELDEN, President
Certified Athletic Trainer
Alaska Athletic Trainers Association
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 15.

CHRISTOPHER DEAN, Certified Athletic Trainer
Alaska Athletic Trainers Association
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 15.

JILL HODGES, Executive Director
Alaska Brain Injury Network
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 15.

JIM NYGAARD, Superintendent
Cordova School District
Cordova, Alaska

POSITION STATEMENT: Testified in support of HB 15.

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

POSITION STATEMENT: Testified during discussion of HB 104.

GARY MATTHEWS, Executive Director
Alaska School Activities Association (ASAA)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 15.

ACTION NARRATIVE

[8:05:40 AM](#)

CHAIR ALAN DICK called the House Education Standing Committee meeting to order at 8:05 a.m. Representatives Dick, Pruitt, Feige, and Seaton were present at the call to order.

Representatives Kawasaki and P. Wilson arrived as the meeting was in progress.

[8:05:52 AM](#)

PRESENTATION(S): Haines Borough School District Superintendent

CHAIR DICK announced that the first order of business would be a presentation by the superintendent of Haines Borough School District.

[8:07:26 AM](#)

MICHAEL BYER, Superintendent, Haines Borough School District, presented a PowerPoint entitled "Haines Borough School District." [Included in members' packets] He shared the community pride in the school district and its activities. He noted that Haines was accessible by both land and sea. He described the borough and assembly, the tax base, and the economic activity.

[8:10:15 AM](#)

MR. BYER reported that the Chilkat Valley and Haines had a year round population of approximately 2,500, which increased in the summer, with a diverse economy that included commercial fishing, tourism, and government agencies. He noted that many people chose Haines for its high quality of life, and that they would commute or telecommute to work. He stated that Haines was comprised of a very diverse population base, which included the original Tlingit inhabitants. He pointed out that more than 36 percent of Haines residents had Bachelor's degrees, the highest percentage in Alaska.

[8:12:06 AM](#)

MR. BYER established that the #1 Resource in Haines was its children and that education received tremendous support from the community. He directed attention to the 2007 addition to the high school, which now housed Kindergarten-Grade 8. He listed the total student population to be 280 students: 105 students in Kindergarten-Grade 5, 63 students in Grades 6-8, and 111 students in Grades 9-12, along with 27 teachers. He provided a series of slides of the Haines School and the Mosquito Lake School, located in the upper Chilkat Valley, which had 17 students in Kindergarten-Grade 5, with one teacher. He observed

that Haines also had a Home School Correspondence Program, with 12 students and a half time teacher.

8:15:18 AM

MR. BYER listed the district achievements to include a sustained, varied curriculum which contained digital photography, gourmet cooking, Spanish, construction, and other work experiences. He pointed out that these options kept students involved, and ensured a higher probability for graduation. He stated that Haines could fulfill the requirements of the governor's scholarship bill, and he listed the graduation requirements of 24.5 credits, which included a new requirement of financial literacy. He reviewed the extracurricular activities, which included wrestling, volleyball, cheerleading, yearbook, student council, and pep band, and he commended the strong community involvement and support.

8:17:24 AM

MR. BYER profiled the post secondary success of the class of 2010 as 65 percent planned to attend university, 15 percent planned to receive vocational or technical training, and 8 percent planned to join the military. He explained that the fiscal discipline of the district included watching expenditures, prioritizing classroom resources, conserving resources, maintaining the facilities, and monitoring the funding stream. He compared the Haines Adequate Yearly Progress (AYP) to the state average and pointed out that Haines had exceeded these. He cited the district challenge to maintain the student numbers and the AYP, as these now included students with disabilities.

8:20:58 AM

MR. BYER directed attention to the goals of the district strategic plan to enhance and expand the educational opportunities, and to create and sustain a supportive school environment. He listed the educational opportunities to include curriculum review, integration of current technologies, diversification of career and technical education, increased program offerings, and early identification and intervention to maximize student success. He stressed the desire to create an environment "that kids connect to and that our community is involved with that helps kids graduate and be a lot more successful." He announced that the graduation rate in 2010 was

81.8 percent, but that this included 3 dropouts and 1 continuing fifth year student. He emphasized the importance of high school graduation. He directed attention to a graph of the district expenses, and relayed that personnel was 84 percent, and energy was about 6 percent, but increasing. He stressed the commitment of the school district.

[8:23:57 AM](#)

REPRESENTATIVE SEATON asked if the class structure was primarily traditional academic, other than the vocational technological classes, or was it theme based.

[8:24:25 AM](#)

MR. BYER replied that theme based instruction occurred more in the elementary and middle grades, but that the high school was implementing an academy block, which blended two class periods back to back, to allow more time. He spoke about the Science Technology Engineering and Math (STEM) programs which were currently being introduced in the high school.

[8:26:03 AM](#)

CHAIR DICK expressed his interest in the financial literacy class.

HB 15-STUDENT ATHLETE TRAUMATIC BRAIN INJURIES

[8:27:11 AM](#)

CHAIR DICK announced that the next order of business would be HOUSE BILL NO. 15, "An Act relating to prevention and evaluation of and liability for traumatic brain injuries in student athletes."

[8:27:25 AM](#)

REPRESENTATIVE PRUITT moved to adopt the proposed committee substitute (CS) for HB 15, Version 27-LS0130\M, Mischel, 2/17/11, as the working draft.

REPRESENTATIVE SEATON objected for discussion.

[8:27:51 AM](#)

REPRESENTATIVE MIKE DOOGAN, Alaska State Legislature, paraphrasing from the sponsor statement, which read [original punctuation provided]:

More than 60,000 high school student athletes sustain concussions each year. The number is much greater when you include middle school and younger children. The National Football League has recently begun focusing on concussions and brain trauma, raising public awareness of this serious problem, and many states are now moving to add protections for students who participate in sports or other potentially dangerous activities. While concussions and brain trauma are more prevalent in football, many other sports and activities are also dangerous, with girls' soccer resulting in the second-most concussions.

A concussion results from the brain striking the inside of the skull, and can be caused by a blow to the head, or by violent motion of the head. Though the risk can be somewhat reduced with a helmet, it cannot be prevented with external equipment. While it is nearly impossible to completely prevent an initial concussion or brain trauma, this legislation seeks to minimize complications and more permanent conditions that can be caused when athletes continue to practice or play after receiving a concussion.

HB 15 is modeled after legislation that recently passed in Washington State, known as the Zackery Lystedt Law. Zackery was a middle-school football player who was returned to a game after suffering a concussion. He sat out for about 15 minutes, and then returned to the game, forcing a game-saving fumble, but suffering a further head injury on the play. The second injury caused a brain hemorrhage that ultimately lead to the removal of both sides of Zackery's cranium, leaving him drifting in and out of a coma for three months. He has battled his way back to some sense of normalcy, but will never fully recover from this avoidable injury.

HB 15 simply requires school districts, in consultation with the Alaska School Activities Association, to develop and publish guidelines and information to educate coaches, student athletes and parents about the nature and risks of concussions and

traumatic brain injuries. The bill will require that a student athlete suspected of suffering a concussion or brain trauma be removed from practice or play, and not be allowed to return until cleared by a licensed health care professional.

While there is no way to completely prevent concussions or traumatic brain injuries, we can strive to prevent the serious complications and potentially life-altering or life-threatening ramifications that can occur from continuing to practice or compete once a brain injury has occurred. This is a critical public health issue, and a responsibility to our children we should take seriously.

[8:31:22 AM](#)

FRANK AMEDURI, Staff, Representative Mike Doogan, Alaska State Legislature, explained that the two major changes for the committee substitute (CS) were (1) documentation requirements from the Alaska School Activities Association (ASAA) that the training for parents, students, and coaches all be documented in writing that it had been received, and (2) that "a person who is acting at the direction and under the supervision of a licensed physician" was now also defined as a "qualified person" to allow a student to return to play. He added that certified athletic trainers, although not licensed in Alaska, were licensed in 47 other states, and were often the people who would make the decision for a student to return to play.

[8:34:34 AM](#)

REPRESENTATIVE P. WILSON asked if village health aides, who were not nurses but were supervised by a physician's assistant or an advanced nurse practitioner, were qualified to make this decision.

MR. AMEDURI replied that, as long as the supervisor was licensed, the village health aide would be qualified.

[8:35:09 AM](#)

REPRESENTATIVE P. WILSON asked to have that confirmed.

[8:36:39 AM](#)

REPRESENTATIVE SEATON withdrew his objection. There being no further objection, Version M was adopted as the working draft.

[8:36:48 AM](#)

MR. AMEDURI suggested that on page 3, line 3, it be amended to read "licensed health care provider."

[8:37:23 AM](#)

REPRESENTATIVE SEATON reported that the House Health and Social Services Standing Committee (HSS) had considered that Indian Health Service health professionals were to be exempt from state license.

[8:38:27 AM](#)

REPRESENTATIVE SEATON moved to adopt Conceptual Amendment 1, as follows:

Page 3, line 1, after "licensed health care provider,
or"

Insert "a health care professional exempt from
occupational licensing"

There being no objection, it was so ordered.

[8:39:05 AM](#)

REPRESENTATIVE FEIGE directed attention to page 3, line 12, and asked about the liability if the accident did not occur on school property.

[8:39:46 AM](#)

MR. AMEDURI replied that he would research an inclusion for events off the school property.

[8:40:23 AM](#)

REPRESENTATIVE FEIGE, directing attention to page 3, line 12, suggested amending this to include "on, in search, or off school property."

[8:40:49 AM](#)

REPRESENTATIVE PRUITT offered his belief that line 11 clarified that this addressed a nonprofit youth organization.

[8:41:37 AM](#)

MR. AMEDURI agreed that the intent was to extend the immunity to contractors who worked for the school district. He offered an example of the baseball season which continued after the end of the high school baseball season. He offered his belief for the intent to be coverage for any school event.

[8:42:36 AM](#)

REPRESENTATIVE FEIGE asked if it was necessary to mention school property.

[8:42:45 AM](#)

MR. AMEDURI replied that he would seek clarification.

[8:42:57 AM](#)

REPRESENTATIVE FEIGE stated the importance for protecting the school districts from liability.

[8:43:08 AM](#)

REPRESENTATIVE PRUITT offered his belief that page 3, lines 12 and 13, released the school district from liability.

[8:43:49 AM](#)

MR. AMEDURI noted that these were school related events which were often contracted with outside groups, and that the bill intended to include protection of the contractor from liability.

[8:44:39 AM](#)

REPRESENTATIVE P. WILSON, reflecting on track students who run through town while training, asked about coverage and liability if one of them were hurt.

[8:45:54 AM](#)

REPRESENTATIVE SEATON expressed concern that this offered a broad waiver of liability which did not currently exist in law. He suggested that this was beyond the purview of the House

Education Standing Committee and that HB 15 should be forwarded to the House Judiciary Standing Committee.

[8:47:18 AM](#)

MR. AMEDURI, in response to Representative Seaton, said that the liability language was intended to ensure that children were protected through recognition of an injury and through precautions from continued play until they were released by a medical professional. The bill did not release anyone from responsibility if negligence had occurred.

[8:49:17 AM](#)

CHAIR DICK opened public testimony.

[8:49:28 AM](#)

KENNETH EDMONDS, Director, National Football League (NFL), reading from a prepared statement, [Included in members' packets] stated that the NFL supported HB 15, and that this will help to "prevent preventable brain injuries and make sports and recreational activities safer for Alaska's youth athletes." He stated that the NFL wanted to put player safety first in all sports, at all levels. He pointed out that the NFL had strict "return to play" guidelines, and that a similar approach was necessary for youth players. He reported that more than 40 percent of high school athletes returned to participation before they were fully recovered. He shared that the NFL promoted state initiatives similar to the Washington State law named after Zackery Lystedt, as previously mentioned. He listed the three core principles: concussion education for parents, coaches, and youth athletes; immediate removal from play or practice of a youth athlete who appeared to have suffered a concussion; mandatory clearance of the youth athlete by a licensed health care provider trained in evaluation and management of concussions. He declared that HB 15 would make youth athletics safer, would ensure the necessary time for healing, and would reinforce that medical decisions by health care professionals would take precedence over the playing decisions of coaches and players. He pointed out that these laws had now been passed in nine states, and were being actively considered in 15-20 other states.

[8:53:53 AM](#)

REPRESENTATIVE SEATON asked if other states had statutes that required appropriate protective equipment. He asked if prevention of the first concussion was often written in statute.

[8:55:01 AM](#)

MR. EDMONDS said that it was difficult to prevent the first concussion from occurring, even with proper equipment. He said that HB 15 intended to raise the awareness among school officials, youth athletes, and parents for the dangers of brain injuries, and the heightened risk of a second concussion when there was not adequate time for recovery.

[8:57:32 AM](#)

The committee took a brief at-ease.

[8:58:47 AM](#)

CHRISTOPHER DEAN, Certified Athletic Trainer, Alaska Athletic Trainers Association, testified in support of HB 15. He reported that concussions were under reported and considered a non-injury as there were no visible signs of injury. He estimated that 300,000 high schoolers suffered concussions each year, with 25 percent occurring in football. He stated that HB 15 put the responsibility on everyone to intervene on a child's behalf.

[9:00:20 AM](#)

BRENDA SHELDEN, President, Alaska Athletic Trainers Association, stated the necessity for knowing the signs and symptoms of concussions. She reported that standards already existed to apply to protect student athletes, and she offered support for HB 15.

[9:01:42 AM](#)

REPRESENTATIVE FEIGE asked what other sports involved a higher risk for concussions.

[9:01:55 AM](#)

MR. DEAN, in response to Representative Feige, stated that hockey and football had the highest risk, but that basketball, cheerleading, and wrestling also had a high risk for concussion. He said that every sport had the possibility for concussions,

and that they were generally under reported, as coaches encouraged students to continue to play. He stressed that concussions were serious injuries.

[9:03:02 AM](#)

REPRESENTATIVE FEIGE asked to clarify that a concussion was a bruising of the brain.

MR. DEAN explained that it was an interruption in the normal function of the brain, and that medicine was not aware of all the mechanism of the injury. He established that most concussions would show no indications on a CT scan or an MRI.

[9:03:55 AM](#)

REPRESENTATIVE P. WILSON asked about ways to educate for this.

[9:04:17 AM](#)

MS. SHELDEN reported that an educational program, Heads Up, was available at a nominal cost, and was geared toward the athlete. She said that this program showed incidences, signs and symptoms, and follow up procedures. She stated that athletic directors had to also be educated for the expectations of coaches, and the ramifications for not reporting concussions.

[9:05:36 AM](#)

MR. DEAN reported that often an athlete would only exhibit visible concussion symptoms for a short period, and that coaches and staff needed to understand that the healing process was not immediate.

[9:06:28 AM](#)

REPRESENTATIVE SEATON directed attention to page 2, lines 25-26, and asked who would determine that a student be immediately removed from the practice or game.

MR. DEAN replied that the onus to remove the student from competition or practice would fall on any adults involved.

[9:07:13 AM](#)

REPRESENTATIVE P. WILSON asked for a further explanation to the dangers from early participation after a concussion.

9:07:39 AM

MR. DEAN explained that research indicated that "a second strike syndrome" occurred if the first concussion had not been fully healed. He stated that this created "an exponentially higher rate of injury," though the exact reasons were not yet understood. He declared the necessity for full recovery of a concussion before play was resumed.

9:08:37 AM

MS. SHELDEN added that medical professionals can often recognize symptoms which are not readily discernible.

9:09:16 AM

JILL HODGES, Executive Director, Alaska Brain Injury Network, testified in support of HB 15. She reported that the seriousness of concussion and brain injury had been a focus in the last few years and that new information was being brought forward regularly as research continued. She pointed to studies from the NFL and the Centers for Disease Control and Prevention (CDC) which were now available to the public. She pointed out that many state legislatures were also passing bills emphasizing brain health and reducing the risk of serious injuries. She noted that, in Alaska, there were 800 people hospitalized each year with severe brain injuries. She reported that, since 2003, brain injury rates from car accidents had been reduced by 40 percent, possibly due to the passage of the seat belt law. She declared HB 15 to be a prevention and educational tool, and, as there was not a fiscal note, it was a very cost-effective means. It would educate student athletes, coaches, athletic directors, parents, and teachers. She stated that physical and mental efforts could slow the recovery rate, as there were metabolic changes occurring in the brain during recovery. She shared that many states had passed similar legislation and that communities were voluntarily going above and beyond the requirements of the bill. She described baselining as an examination for each individual, so that should a concussion occur, there was specific personal data for comparison. She encouraged support for HB 15, so student athletes could maximize their potential.

9:14:39 AM

GARY MATTHEWS, Executive Director, Alaska School Activities Association (ASAA), stated that ASAA, with membership of more

than 200 high schools, supported HB 15. He said that ASAA had worked on this legislation and he assured the committee that the membership was prepared to implement the bill. He pointed out that ASAA had a sports medicine advisory committee which was ready to implement concussion management, training, and regulation. He agreed with the necessity for the bill to be workable in all parts of Alaska. He expressed the importance for return to play only to be permitted by an authorized individual. He explained that the rules for high school sports were generated on the national level by the National Federation of State High School Associations (NFHS) with the express purpose to protect students from injury and to maintain standards for the games. The football regulations required the officials to be aware of impaired play or suspected head injury. He spoke about a better national awareness for cognitive impairment. He expressed support for the proposed committee substitute, Version M. He reported that Impact, or baseline, testing had been offered experimentally with some athletes in Alaska, but that it was very costly and had limited availability for rural schools. He stated that the ASAA was ready to implement the bill.

[9:20:57 AM](#)

REPRESENTATIVE SEATON, pointing to page 3, lines 21-22, and noting that this referred to post concussion, asked about prevention of concussions. He asked if there was adequate protocol for the use of protective gear.

[9:22:08 AM](#)

MR. MATTHEWS said that protective gear was specified in the national rule books for every sport, except soccer. He discussed the difficulty of developing gear that would not alter the fundamental nature of a sport. He cited that many youth organizations also followed the national federation rules. He directed attention to page 2, lines 16-17, which stated "the nature and risks of concussions." He opined that the risks could be reduced. He referred to the aforementioned Heads Up program, which taught safer ways to compete, and would hopefully eliminate some of the concussions.

[9:25:06 AM](#)

REPRESENTATIVE KAWASAKI asked if all schools currently had a qualified person present during competitions.

[9:25:13 AM](#)

MR. MATTHEWS replied that although many areas did not have the personnel on site, they could be standing by. He opined that it was more likely for onsite personnel to be at the highest risk sports of football, hockey, and wrestling. He stated that anyone had the opportunity to recognize concussion, and a check list could be used to determine whether a player needed further evaluation. Currently, if an Alaskan student indicated for a concussion, they were not allowed to return to play until the following day. He said that it would be very difficult to have a licensed provider at every contest.

[9:27:34 AM](#)

REPRESENTATIVE P. WILSON asked whether baselines could be set during the required pre-season physical examination.

[9:28:42 AM](#)

MR. MATTHEWS replied that every student was required to have an annual sports physical exam prior to participation in sports. He noted that it was more difficult in rural areas, but it was the rule and it did occur. He opined that there were very few people in Alaska to administer or evaluate the impact tests.

[9:30:27 AM](#)

JIM NYGAARD, Superintendent, Cordova School District, stated support for HB 15, paraphrasing from a prepared statement, which read [original punctuation provided]:

Thank you for the opportunity to testify in support of HB 15. It's a great time of year in Alaska. After a long season of basketball games, the state playoffs are just around the corner. Sports, especially basketball, are the glue that helps keep many of our smaller communities together during the long winters. And what a celebration each weekend is, when we can gather with friends and neighbors to enjoy a friendly rivalry on the court. Truly a great time for the superintendent of schools, at that point I know where all my kids are. Can you imagine the pain felt among the crowd when our athletes struggled for the ball, and one is no longer capable to regain his composure and come to his feet. We've all seen this, and we've all gasped in disbelief and denial that it could

happen on our court in front of all of us. Now, imagine the coach, the players, and the parents. The many things that race through our brains at the time when a student athlete is sprawled on the floor trying to recover from a collision, there will never be a time when we are all more vulnerable and in need of (indisc.) coach to ensure that that student athlete will successfully recover. From this point, the final score means nothing, as long as the student athlete is capable of recovering. We're not doctors, nor can we guarantee that a doctor will always be present. I appreciate the sponsor's efforts to see the necessary language in the amendments reflect a qualified person, as in many communities, a licensed physician is not always available. Getting this language clarified has been monumental for all the schools involved in these conversations. As with all human nature, education is key. Getting the information out to the public will benefit all parties. Necessary sign-offs of the nature of risk of concussions by parents and student athletes will complement the need for all parties to be better prepared to deal with potential concussions. Legislative influence will add consistency to the adherence of this bill, as well. At a time when information is readily available via internet, we have limited reasons not to be better informed, nor to be more pro-active, especially when it has to do with the wellbeing of our young populations. I support this bill as it moves forward, and appreciate the committee's time as you listen to similar testimony throughout the morning.

CHAIR DICK stated that public testimony would remain open.

[HB 15 was held over.]

HB 104-ALASKA PERFORMANCE SCHOLARSHIPS

[9:33:39 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." [In front of the committee was the proposed committee substitute, Version I, adopted as the working draft on February 9, 2011]

[9:35:44 AM](#)

REPRESENTATIVE SEATON directed attention to a handout titled "In 2010, the House and Senate developed almost identical bills regarding the Merit scholarship. Each had a performance and needs-based component." [Included in the members' packets] He noted that, in 2010, both the House and the Senate had developed virtually identical bills, with a needs based and a merit component. He explained that the needs based scholarships would be extended first, with distribution of the merit based scholarships following. He reported that in the event of unmet need, it had been determined to require a \$2000 work commitment by a student, with 50 percent of the balance of the unmet need to be paid by the needs based component of the merit scholarship. He noted that discussion for the non-traditional student had occurred, as well. He explained the difficulty of incorporating the merit based and needs-based into the program. He pointed out that a student had to qualify for the merit based scholarship in order to apply for the needs based scholarship. He shared that the Hathaway scholarship in Wyoming was the model for this program, and that it had a \$400 million endowment. He remarked that Alaska was last in the US for participation in college by students from low income families, with half the participation of the next lowest state.

[9:40:55 AM](#)

DIANE BARRANS, Executive Director, Postsecondary Education Commission, said that the needs based program, if adequately funded, could serve traditional as well as non-traditional students with supplemental aid. She expressed her concern that the combination of programs into one bill created extra complexity in a system that needed simplicity.

[9:43:50 AM](#)

REPRESENTATIVE SEATON moved on to the next slide titled "Current Needs Discussion" and explained why the bill had failed to pass in 2010. He stated that the proposed funding mechanism was unacceptable to the finance committees. The merit scholarship was merged with another bill to establish a task force on higher education, with another task force to specifically look at scholarship funding. He said that the guidelines for the Alaska

Advantage program had typically been for non-traditional students. He noted that the fiscal note for both bills had been similar, about \$20 million for the merit based with another \$17 million for the needs based component. He said the task force recommendation was to fund both under one funding source with a needs based component for the merit scholarship, and with a separate Alaska Advantage for non-traditional students that was funded in the same mechanism in the House and the Senate.

[9:48:22 AM](#)

MS. BARRANS reported that there was no consensus among task force members regarding the legislative recommendation for the needs based supplement to the merit program. She cautioned that that there was the likelihood for competition, especially in times of inadequate funding, if there was a needs based component included with the merit program.

[9:50:07 AM](#)

REPRESENTATIVE SEATON agreed that there was a tension, but that there was the demand for a merit based program with a needs based component, and it had been met. He acknowledged the desire to also provide for the non-merit students with financial needs, as well. He opined that the Alaska Advantage program would offer more assurance to a student that by working hard they would be able to receive financial support through college.

[9:52:26 AM](#)

MS. BARRANS expressed understanding for the intent to provide an entitlement within the merit based program, but she opined that this created a dilemma for having an entitlement for both merit and needs components for a small sector of students. She maintained that there was more flexibility from year to year, when dealing with funding fluctuations, if a smaller commitment was made to the entitlement program.

[9:54:02 AM](#)

CHAIR DICK explained the three options for a funding source: Amerada Hess fund, general fund, or do not designate a source. He stated that the task force had been assigned to designate a funding source.

[9:54:55 AM](#)

REPRESENTATIVE SEATON agreed that there was a need for designated funding. He pointed out that a \$400 million endowment, similar to the funding source for the Hathaway plan in Wyoming, was unacceptable to both the House and Senate Finance Committees. He stated that an endowment of at least \$600 million would be necessary if the merit based scholarship was combined with either a needs based or an Alaska Advantage program. He pointed out that the task force recommended the funding be from interest and earnings to specified existing accounts, such as Amerada Hess, or from program receipts and dividends from non-renewable resources.

[9:58:32 AM](#)

MS. BARRANS offered her belief that, from the governor's perspective, state funds were state funds, and the objective was to identify a sub fund in the general fund with investment earnings that could support the merit based program. She shared that the governor's goal was for predictability to an ongoing funding source.

[9:59:58 AM](#)

REPRESENTATIVE SEATON explained that the funding source in the proposed committee substitute, Version I, was based on the revenue sharing model that would allow for the continued payout for an additional year beyond the first year that funding was not authorized, as a necessary transition. He noted that the task force had also identified a constitutional amendment for an endowment fund, or a separate fund of \$600 million, as other possible funding sources. He pointed out that neither the House nor the Senate Finance Committee had agreed to either of these funding sources, hence the revenue sharing model had been adopted.

[10:01:13 AM](#)

[HB 104 was held over.]

[10:01:31 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 10:01 a.m.