

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

March 21, 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 Sharon Cissna
Representative Scott Kawasaki

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION: NORTHWEST ARCTIC SCHOOL DISTRICT 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."

- MOVED CSHB 104(EDC) OUT OF COMMITTEE

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

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
03/16/11	(H)	Heard & Held
03/16/11	(H)	MINUTE(EDC)
03/21/11	(H)	EDC AT 8:00 AM CAPITOL 106

WITNESS REGISTER

DR. NORMAN ECK, PhD, Superintendent
Northwest Arctic Borough School District
Kotzebue, Alaska

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

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

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

JERRY BURNETT, Deputy Commissioner
Treasury Division
Department of Revenue
Juneau, Alaska

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

ACTION NARRATIVE

8:05:20 AM

CHAIR ALAN DICK called the House Education Standing Committee meeting to order at 8:05 a.m. Representatives Dick, Cissna, Pruitt, Feige, Seaton, P. Wilson, and Kawasaki (via teleconference) were present at the call to order.

Presentation: Northwest Arctic School District Superintendent

[8:06:07 AM](#)

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

[8:06:25 AM](#)

DR. NORMAN ECK, PhD, Superintendent, Northwest Arctic Borough School District, presented a PowerPoint, titled "Welcome! Northwest Arctic Borough School District." [Included in members' packets] He pointed to the latest 2010 Alaska census figures for the borough, and noted that the 2010 national census had begun in Noorvik, in the Northwest Arctic Borough. He reported that the census reflected an increase of 315 residents in the borough in the last 10 years. He spoke about the Northwest Arctic Leadership Team (NWALT), a partnership of the Northwest Arctic Borough with the school district, NANA Corporation, and the Maniilaq Association. They worked together on major issues for the region, with the stated purpose to:

Maximize resources and reduce duplication of efforts to address issues affecting the people of Northwest Alaska while honoring and perpetuating our Inupiat cultural heritage.

He stated that the current district student enrollment was 1778 students, a decline of 274 students from 2006, resulting in the decrease of funding of several million dollars. He presented some facts about the borough, including that the borough was larger than the State of Indiana, there were 410 Borough employees, and about 100 students graduated from the high school each year with an additional 40 GED's awarded annually through the post-secondary vocational center, Alaska Technical Center. He noted that there were 12 schools in 11 villages in the borough, with an annual operating budget of \$55 million. He shared the school board mission statement: "To graduate students with the skills and knowledge to be good citizens." He stated the district vision: "To be a leader in Pre-K-14

education based on student achievement and graduation rates." He listed the five goals of the strategic plan: student learning, stakeholder satisfaction, employee development, support systems, and fiscal responsibility. He proudly declared that, in November, 2010, the Northwest Arctic Borough School Board was honored by the Alaska Association of School Boards as the Alaska School Board of the Year. He mentioned that he was named 2009 Superintendent of the Year, and that Cheryl Edenshaw, Director of the Alaska Technical Center, was named 2009 Alaska Vocational Educator of the Year. He stated that the district was working to build the vocational programs through career and technical education while keeping school fun and interesting with co-curricular activities and sports.

[8:12:50 AM](#)

DR. ECK stated that the district was working to improve all areas of instruction with a high quality, standardized curriculum in all 12 schools, one district wide school calendar, high quality in-service training for all the teachers, and a standardized high school schedule to facilitate distance classes. He pointed to the increase in academic achievement as both math and language arts proficiency had risen to 51 percent from scores in the low 30 percentile. He reported that the district had recently been removed from intervention status by the Department of Education and Early Development (EDD).

[8:14:44 AM](#)

DR. ECK shared that the Alaska Technical Center (ATC) offered the first Core Driller registered apprenticeship program in the United States, with 18 rural apprentices receiving training at the ATC. He directed attention to the development of the Star of the Northwest Magnet School. With the help of a \$1.5 million grant from the US Office of Education, the magnet school will pilot the programs for public school teaching, health careers, and process technology for mining and petroleum. He acknowledged a 2009 US News and World Report article which listed Kotzebue High School as one of the top 12 high schools in Alaska.

[8:17:17 AM](#)

REPRESENTATIVE SEATON asked about the graduation rates and AYP levels.

DR. ECK replied that AYP scores had plateaued at about 50 percent, and he deferred response on the exact graduation rates.

REPRESENTATIVE SEATON asked for an estimate of the graduation rate.

DR. ECK replied that it was about 65 percent, which he opined was still far too low.

[8:18:12 AM](#)

REPRESENTATIVE SEATON asked if the intervention status had worked for improvement.

DR. ECK said that it had provided focus but that the district was already on a path of improvement. He stated that the two academic coaches been helpful.

[8:19:07 AM](#)

REPRESENTATIVE FEIGE, pointing to the 40 GEDs earned for the past year, asked why these students were not able to initially earn high school diplomas.

DR. ECK said that the GED program had students ranging in age from 18-50 years. He noted that half of the adults in the villages did not have a high school diploma.

REPRESENTATIVE FEIGE asked if offering the program was what generated the GEDs.

DR. ECK expressed his agreement.

[8:20:04 AM](#)

REPRESENTATIVE P. WILSON asked how many jobs had been attained from the apprenticeships for core drillers.

DR. ECK replied that they were already employed when they entered the program, as they were hired by the companies, attended the program, and then continued working for the oil company. He noted that Bethel also had a similar program.

[8:21:07 AM](#)

REPRESENTATIVE P. WILSON asked if the oil companies paid for the education.

DR. ECK replied that the companies did pay for this training.

[8:21:23 AM](#)

REPRESENTATIVE CISSNA, reflecting on a lack of emphasis on entrepreneurial endeavors, asked about the potentials for business.

DR. ECK replied that the economic development department of the borough was working with outside consultants to provide on line business opportunities. He shared that NANA Corporation was coordinating this effort with the borough, and the re-emphasis on career and technical education was allowing advances in this area.

[8:24:29 AM](#)

REPRESENTATIVE CISSNA asked about efforts to encourage and train students on how to start a business.

DR. ECK said that, as a prior small businessman, he related to the difficulties surrounding these efforts, particularly in the rural setting, as there were not many models in the community.

[8:26:19 AM](#)

REPRESENTATIVE PRUITT asked for clarification that the Permanent Fund Dividend (PFD) release dates had been reported to effect school funding.

DR. ECK explained that when the PFD checks were received, many families would leave for several weeks, hence many students would miss school during the average daily attendance ratings. This also made it academically difficult for the students.

[8:27:56 AM](#)

REPRESENTATIVE PRUITT asked if ATC, the vocational facility, was a post graduation facility.

DR. ECK agreed and he clarified that the addition of the magnet school would make it a high school, as well as post graduation, facility.

REPRESENTATIVE PRUITT asked about funding for ATC.

DR. ECK reported that funding for the adults was from the Department of Labor & Workforce Development.

[8:28:36 AM](#)

REPRESENTATIVE SEATON, directing attention to the student population of 1778 students with 100 graduates, asked for information regarding the graduation rate, as it appeared to be the lowest in the state. He asked why the distance education program did not work to qualify for the scholarship program.

[8:29:59 AM](#)

DR. ECK clarified that 100 of a class of 150 students graduated, and that he would provide the information, as requested. He spoke about the disadvantage of distance classes as many students who might be successful with a teacher present, struggled with on-line classes.

[8:31:37 AM](#)

DR. ECK, in response to Representative Seaton, said that the scholarship program would help the students who attended the higher level distance classes, as they would now transfer to boarding schools. He stated the importance of creating small regional boarding schools.

[8:32:31 AM](#)

DR. ECK, in response to Representative P. Wilson, said that the dormitories at the magnet schools had not yet been built.

REPRESENTATIVE P. WILSON asked if the magnet school would be in Kotzebue, and if funding would be necessary.

DR. ECK replied that it would.

HB 104-ALASKA PERFORMANCE SCHOLARSHIPS

[8:34:25 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 Version I of the bill.]

8:35:23 AM

CHAIR DICK closed public testimony.

8:35:49 AM

CHAIR DICK stated his understanding that the bill had been fashioned around the recommendations of the scholarship task force. He directed attention to the five amendments to be proposed, and noted that each of these suggested removal of a portion of the proposed committee substitute. He stated that each proposed amendment would be discussed individually.

8:38:32 AM

REPRESENTATIVE PRUITT moved to adopt Amendment 1, labeled 27-GH1893\I.4, Mischel, 3/17/11, which read:

Page 6, line 16:

Delete "AS 37.14.750(d)"

Insert "AS 37.14.750(c)"

Page 6, line 18, following "scholarships":

Insert "and grants"

Page 8, lines 15 - 18:

Delete all material.

Reletter the following subsections accordingly.

Page 8, line 28:

Delete "(d)"

Insert "(c)"

Page 10, line 21:

Delete "AS 37.14.750(d)"

Insert "AS 37.14.750(c)"

REPRESENTATIVE P. WILSON objected for discussion.

The committee took a brief at-ease.

REPRESENTATIVE P. WILSON stated her support for proposed Amendment 1.

[8:41:11 AM](#)

REPRESENTATIVE SEATON explained that the revenue sharing model in the bill had been adopted because there was no consensus for a large, separate, defined endowment fund. He noted that the municipal revenue sharing model used "20 percent of progressivity as a mechanism for funding, so that's the only reason why it's in here." He reported that some task force members had desired to tie state oil revenue to the scholarship, so that scholarship recipients would understand that the scholarship was tied to the state's non-renewable resources. If the legislature could appropriate funding each year, then this would not be necessary.

[8:43:07 AM](#)

REPRESENTATIVE CISSNA offered her belief that this was a finance issue, and expressed her concern for a source of funding.

[8:44:11 AM](#)

REPRESENTATIVE PRUITT, referring to Version I, page 8, lines 11-13, pointed out that there were other means for funding.

[8:44:59 AM](#)

CHAIR DICK opined that progressivity as a mechanism for funding could hinder passage of the bill, and he offered his support for proposed Amendment 1.

[8:45:42 AM](#)

REPRESENTATIVE P. WILSON removed her objection.

[8:45:48 AM](#)

REPRESENTATIVE FEIGE objected, and then upon consideration, removed his objection. There being no further objection, Amendment 1 was adopted.

[8:47:03 AM](#)

REPRESENTATIVE PRUITT moved to adopt Amendment 2, labeled 27-GH1893\I.2, Mischel, 3/17/11, which read:

Page 5, line 4:

Delete "[IS]"
Insert "is"

Page 5, line 5:
Delete "is"

Page 5, line 6:
Delete "[AND]"
Insert "and"

Page 5, line 7:
Delete "is"

Page 5, lines 8 - 13:
Delete all material.

Page 5, lines 15 - 16:
Delete "meets the standards established in (a)(1)(C) and (D) of this section and that"

Page 11, lines 14 - 15:
Delete ", AS 14.43.830(a)(1)(C) and (D), added by sec. 7 of this Act, and the amendment to AS 14.43.830(a)(2) made by sec. 7 of this Act take "
Insert "takes"

[8:47:08 AM](#)

REPRESENTATIVE P. WILSON objected for discussion.

[8:47:20 AM](#)

REPRESENTATIVE SEATON, directing attention to Version I, page 5, lines 8-13, said that the task force had agreed that the advisory program at participating schools ensured that students had every opportunity to complete a timely course of study and that the schools would offer the courses appropriately.

[8:51:02 AM](#)

DIANE BARRANS, Executive Director, Postsecondary Education Commission, Department of Education and Early Development (EED), stated her agreement with Representative Seaton.

[8:51:14 AM](#)

REPRESENTATIVE SEATON advised that the committee not adopt proposed Amendment 2 as completion of a degree was the goal.

[8:51:43 AM](#)

REPRESENTATIVE P. WILSON opined that the university should offer the necessary courses in a timely manner.

[8:52:37 AM](#)

REPRESENTATIVE SEATON asked to clarify that Representative P. Wilson supported the requirements in the bill, and objected to proposed Amendment 2.

[8:53:06 AM](#)

A roll call vote was taken. Representatives Cissna, P. Wilson, Seaton, Feige, Pruitt, and Dick voted against Amendment 2. Therefore, Amendment 2 failed by a vote of 0-6.

[8:54:46 AM](#)

REPRESENTATIVE PRUITT moved to adopt Amendment 3, labeled 27-GH1893\I.1, Mischel, 3/17/11, which read:

Page 1, lines 4 - 5:

Delete **"relating to an unmet need scholarship supplement for Alaska performance scholarship recipients;"**

Page 3, line 27, through page 4, line 30:

Delete all material.

Renumber the following bill sections accordingly.

Page 11, line 13:

Delete "Section 19"

Insert "Section 18"

Page 11, lines 14 - 15:

Delete all material and insert:

"* Sec. 21. AS 14.43.830(a)(1)(C) and (D), added by sec. 6 of this Act, and the amendment to AS 14.43.830(a)(2) made by sec. 6 of this Act take effect July 1, 2012."

Page 11, line 16:

Delete "Section 15"
Insert "Section 14"

Page 11, line 17:

Delete "secs. 21 - 23"
Insert "secs. 20 - 22"

REPRESENTATIVE P. WILSON objected for discussion.

The committee took a brief at-ease.

[8:55:51 AM](#)

REPRESENTATIVE SEATON explained that proposed Amendment 3 referred to the dedicated needs based component of the scholarship program. He reported that should a student qualify for the Alaska Performance Scholarship, but has unmet financial needs after the \$2000 work component, the state would pay 50 percent of the remaining unmet financial needs. He noted that this was based on the 2010 cap on tuition costs. He emphasized that Alaska offered the lowest financial support to lower income students of any state.

[8:58:26 AM](#)

MS. BARRANS declared that EED endorsed a simpler method to ensure that the existing needs based program, in combination with federal aid, would make "a meaningful difference to those students and is the best approach going forward."

[8:59:43 AM](#)

REPRESENTATIVE PRUITT concurred with Ms. Barrans, and stated that the intent of the bill was to focus on the performance aspect. He opined that the amendment did not negate the fact that financial needs existed, but that combining the performance base and the financial need tended to muddy the waters. He pointed to the AlaskAdvantage program as one of the programs which offered financial aid.

[9:00:44 AM](#)

REPRESENTATIVE SEATON explained his concern for support of the amendment, emphasizing that the AlaskAdvantage program currently targeted non-traditional students. He observed that targeting both non-traditional students and students just graduating from high school using the same criteria would be "extremely

difficult [and] this is why we weren't able to do non-traditional students when we devised the program in the last legislature." He stated that combining the programs offered no assurance to new graduates who had achieved the scholarship award but required financial assistance to meet their educational goals, as the financial aid was first offered to the neediest, who were usually the non-traditional students with families. He opined that the AlaskAdvantage program would be stretched in two different directions and it did not seem plausible that it could cover the needs. He stated his opposition to proposed Amendment 3.

[9:04:17 AM](#)

REPRESENTATIVE P. WILSON offered her belief that Version I would take financial aid away from the non-traditional students. She asked if students that qualified for the performance scholarship would also qualify for financial aid, dependent on the funding.

[9:05:03 AM](#)

REPRESENTATIVE SEATON, in response, said that it would be possible, but that the qualifications and funding to the AlaskAdvantage program were specified in the bill. He pointed out that proposed Amendment 3 would place all the needs based funding "in one pot," with no assurance to the merit scholarship recipients for any funding. He noted that the AlaskAdvantage program had been traditionally underfunded.

[9:06:13 AM](#)

REPRESENTATIVE PRUITT stated his concern for keeping the scholarship and financial aid grouped together as it would be the same pool of money for both.

[9:07:33 AM](#)

REPRESENTATIVE FEIGE stated that there were two issues: award students for performing at a high level in a rigorous curriculum, and provide educational financial aid to those who could not afford it. He opined that these were separate issues that should be kept in separate programs, and he expressed his support for proposed Amendment 3.

[9:08:10 AM](#)

CHAIR DICK reflected on the message of the original bill, to encourage educational excellence. He opined that having recent high school graduates compete for financial aid with non-traditional students was a problem, as those criteria had not yet been defined. He stated his confidence in the guidance received from Ms. Barrans.

MS. BARRANS stated that the AlaskAdvantage grant program had an existing priority consideration for two areas, high academic achievement and student enrollment in identified workforce shortage areas. She reported that historic annual funding for the program had ranged from \$600,000 to \$1.9 million. At this high funding point, 26 percent of the recipients were 22 years of age or younger, which, she stated, better reflected the student body. She offered her belief that the two programs could work successfully together, but that separation of the merits and needs based programs provided greater clarity.

[9:11:55 AM](#)

REPRESENTATIVE SEATON, pointing to the fiscal note for Version I, indicated that the \$10 million budgeted for the AlaskAdvantage program would not cover the need or the proposed goals. He asked which students would have reduced benefit.

[9:14:16 AM](#)

MS. BARRANS reported that Version I allowed a 25 percent greater award under the supplemental needs program than the existing grant program, an increase to \$4,000 per year.

[9:15:06 AM](#)

REPRESENTATIVE P. WILSON asked for an explanation to the proposed fiscal note.

MS. BARRANS, in response to Representative P. Wilson, explained that AEG signified AlaskAdvantage Education Grant. She explained that the fiscal analysis was for the component cost of the new supplemental aid program and for the estimated cost of full funding for AEG.

[9:16:17 AM](#)

REPRESENTATIVE P. WILSON asked for a definition of full funding.

MS. BARRANS, in response to Representative P. Wilson, explained that full funding was an estimate of money available to award every student the maximum allowed. She pointed out that she had not been informed to the intent for percentage of funding, whether it would be 50 percent or 100 percent. She reported that she used the rate calculations from the prior year's fiscal note, which presumed that 29 percent of high school graduates would be eligible for and use the performance scholarship. To arrive at an average supplemental award, she based the calculation on the number of 2010 high school graduates who went on to post secondary education at the University of Alaska and their average unmet need, and she used the formula in the proposed committee substitute, Version I. This formula utilized the cost of education, less the family contribution and the \$2000 work/self help contribution, with the State of Alaska contributing 50 percent of the remaining cost. She pointed out that a segment of Version I would not be implemented until FY2013 in order to allow the development of regulations and calculations for the needs based supplement. She noted that the current estimate of \$6.9 million for full funding was used in the fiscal note.

[9:19:51 AM](#)

REPRESENTATIVE P. WILSON asked if it would take EED two years to develop the regulations.

MS. BARRANS, in response, said the regulations would be in place in July, 2012, but that "the bigger picture issue for us is putting the programming in place." She reflected that, upon passage of the bill in the prior year, EED aggressively begun work on very sophisticated, complex scholarship management software, in lieu of hiring more staff, and that it was very close to implementation. She opined that any changes to the software would take time to implement.

[9:21:43 AM](#)

REPRESENTATIVE P. WILSON asked if students could qualify this year.

MS. BARRANS replied that this delay only applied to the supplemental needs aspect, as required in Version I. She stated that the merit scholarship would be available.

[9:22:07 AM](#)

The committee took an at-ease from 9:22 a.m. to 9:24 a.m.

9:24:41 AM

REPRESENTATIVE P. WILSON removed her objection.

REPRESENTATIVE SEATON objected.

9:25:35 AM

A roll call vote was taken. Representatives Pruitt, P. Wilson, Feige, and Dick voted in favor of Amendment 3. Representatives Cissna and Seaton voted against it. Therefore, Amendment 3 was adopted by a vote of 4-2.

9:26:36 AM

REPRESENTATIVE PRUITT moved to adopt Amendment 4, labeled 27-GH1893\I.3, which read:

Page 1, lines 5 - 6:

Delete **"repealing the Alaska capital income fund;"**

Page 6, line 25, through page 7, line 31:

Delete all material.

Renumber the following bill sections accordingly.

Page 8, line 12, following ";":

Insert "and"

Page 8, line 13:

Delete "; and"

Insert "."

Page 8, line 14:

Delete all material.

Page 10, line 16:

Delete all material.

Page 10, line 20:

Delete "(a)"

Page 10, lines 25 - 28:

Delete all material.

Page 11, line 13:
Delete "Section 19"
Insert "Section 16"

Page 11, line 16:
Delete "Section 15"
Insert "Section 13"

Page 11, line 17:
Delete "secs. 21 - 23"
Insert "secs. 18 - 20"

[9:28:24 AM](#)

REPRESENTATIVE P. WILSON objected for discussion.

[9:28:27 AM](#)

REPRESENTATIVE SEATON relayed that the task force had reviewed funding sources, as general funds were determined not to be an effective source. He identified the Amerada Hess fund as a long term potential source for at least half the necessary funding, which would reduce the amount required to be appropriated from the general fund. He reported that the \$52 million in the Amerada Hess fund would also allow for initial funding.

[9:31:05 AM](#)

MS. BARRANS observed that this was one of the four final recommendations from the task force. She expressed concern for the predictability of funding from the Amerada Hess account. She shared that the task force had searched for a sustainable and predictable funding source, as requested by the governor.

[9:32:29 AM](#)

JERRY BURNETT, Deputy Commissioner, Treasury Division, Department of Revenue, explained that the Amerada Hess fund payout was based on realized earnings of the permanent fund, which had a "tremendous variability." He established that the funding source should have a steady stream to allow for a percent of market value (POMV) payout every year. He reported that the Amerada Hess fund was subject to market whims and investment decisions.

[9:34:35 AM](#)

REPRESENTATIVE SEATON reported that the task force had attempted to identify a diversity of funding for the scholarship program. He pointed to the progressivity funding and the Amerada Hess funding as two examples. He explained that a designated fund of \$600 million would provide a stable source, but that the legislature had not been willing to appropriate for this purpose. He agreed that the Amerada Hess fund was not necessary as a revenue source, as long as the legislature was willing to address other funding sources. Given the reluctance, he agreed that it could be removed from the proposed bill.

[9:38:07 AM](#)

REPRESENTATIVE P. WILSON, recalling her work on the task force, stated that a specific fund had not been identified. She expressed her concern, should a specific fund be designated but not provide adequate funding, that legislators may overlook additional funding, and she announced her support of proposed Amendment 4.

[9:39:28 AM](#)

MR. BURNETT, in response to Chair Dick, declared that a funding source would need to be identified. He declared that the Amerada Hess fund would not necessarily be stable, but he declined to offer an alternative.

[9:40:23 AM](#)

CHAIR DICK expressed the difficulty for determining a steady funding source.

[9:40:39 AM](#)

REPRESENTATIVE CISSNA established that funding must be identified in order for this to pass the legislature. She opined that the fluctuations in oil and gas prices always had an effect on finances. She suggested that funding for the scholarships could always be found through budgeting, and that the Amerada Hess fund could provide a financial base.

[9:42:16 AM](#)

REPRESENTATIVE P. WILSON removed her objection. There being no further objection, Amendment 4 was adopted.

[9:42:52 AM](#)

REPRESENTATIVE PRUITT moved to adopt Amendment 5, labeled 27-GH1893\I.5, Mischel, 3/17/11, which read:

Page 6, lines 16 - 18:

Delete "The amount determined under AS 37.14.750(d) each year and deposited into the account is the maximum amount that may be used to pay scholarships for the immediately succeeding fiscal year."

Page 8, line 19, through page 9, line 2:

Delete all material.

Page 10, lines 20 - 24:

Delete "(a) Notwithstanding the \$40,000,000 limit in AS 37.14.750(d), the following amounts may be substituted for that amount as follows for

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

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

Reletter the following subsection accordingly.

[9:43:08 AM](#)

The committee took a brief at-ease.

[9:44:27 AM](#)

REPRESENTATIVE SEATON objected for discussion.

[9:44:40 AM](#)

REPRESENTATIVE SEATON pointed to Version I, page 8, line 19, and explained that this defined the revenue sharing model for \$40 million or \$160 million. He stated that this provided the security that students who had qualified for the program would receive funding for the length of their contract, even in the event that the program was no longer funded by the legislature. He stated his opposition for proposed Amendment 5, which would remove this guarantee from Version I.

[9:46:57 AM](#)

MS. BARRANS informed the committee that EED was opposed to proposed Amendment 5.

[9:47:56 AM](#)

The committee took a brief at-ease.

REPRESENTATIVE SEATON declared that Version I established a revolving fund for payment to students, and even if the legislature decided to not appropriate funds, the scholarships which had been committed to would still be funded. He pointed out that proposed Amendment 5 would remove the funding, and that ongoing scholarships would be dependent on annual legislative appropriation.

[9:50:54 AM](#)

REPRESENTATIVE PRUITT asked if passage of proposed HB 104 would increase pressure on the legislature to provide funding. He stated his understanding that annual fund appropriations could be to any level. He surmised that, as it was not a dedicated fund, the legislature could draw from it if necessary. He suggested that additional projected revenues for the upcoming year could be deposited in a dedicated fund, pending a constitutional change allowing dedicated funds.

[9:53:38 AM](#)

REPRESENTATIVE CISSNA emphasized her belief that education was one of the most important expenditures that the state could allocate. She declared that proposed HB 104 was essential "to change the future to one that's sustainable." She said that she would not support proposed Amendment 5.

[9:55:00 AM](#)

REPRESENTATIVE SEATON pointed to other funds, including power cost equalization (PCE) and municipal revenue sharing which were established with a revolving aspect, and had been committed to as a legislative priority. He stated his opposition to proposed Amendment 5.

[9:56:29 AM](#)

CHAIR DICK pointed to a letter of support from the State Board of Education and Early Development. [Included in members' packets]

[9:56:42 AM](#)

REPRESENTATIVE P. WILSON, indicating her opposition to proposed Amendment 5, suggested that the next committee of referral, House Finance Committee, should discuss the funding.

[9:56:59 AM](#)

REPRESENTATIVE SEATON stated that passage of proposed Amendment 5 would negate proposed HB 104, as the entire focus of the task force had been to identify a funding mechanism.

[9:57:20 AM](#)

REPRESENTATIVE SEATON maintained his objection.

[9:57:46 AM](#)

A roll call vote was taken. Representatives Seaton, P. Wilson, Cissna, Pruitt, Feige, and Dick voted against it. Therefore, Amendment 5 failed by a vote of 0-6.

[9:58:36 AM](#)

REPRESENTATIVE PRUITT moved to report CSHB 104, Version 27-GH1893\I, Mischel, 2/8/11, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB104(EDC) was reported from the House Education Standing Committee.

[9:59:10 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:59 a.m.