

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

February 4, 2011

8:03 a.m.

MEMBERS PRESENT

Senator Kevin Meyer, Co-Chair
Senator Joe Thomas, Co-Chair
Senator Bettye Davis, Vice Chair
Senator Hollis French
Senator Gary Stevens

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Senator Linda Menard
Senator Cathy Giessel

COMMITTEE CALENDAR

SENATE BILL NO. 43

"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: SB 43

SHORT TITLE: ALASKA PERFORMANCE SCHOLARSHIPS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/19/11	(S)	READ THE FIRST TIME - REFERRALS
01/19/11	(S)	EDC, FIN
02/02/11	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
02/02/11	(S)	Heard & Held
02/02/11	(S)	MINUTE(EDC)
02/04/11	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)

WITNESS REGISTER

MIKE HANLEY, Commissioner
Department of Education and Early Development (DEED)
Juneau, Alaska

POSITION STATEMENT: Introduced himself to the Senate Education Standing Committee.

JOMO STEWART, Staff
Representative Steve Thompson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave an overview of the report produced by the Joint Legislative Higher Education Scholarship Funding Task Force.

DIANE BARRANS, Executive Director
Alaska Commission on Post Secondary Education (ACPE)
Department of Education and Early Development (DEED)
Juneau, Alaska

POSITION STATEMENT: Answered questions on the AlaskAdvantage Education Grant and the funding structure of SB 43.

ACTION NARRATIVE

[8:03:12 AM](#)

CO-CHAIR KEVIN MEYER called the Senate Education Standing Committee meeting to order at 8:03 a.m. Present at the call to order were Senators French, Davis, Stevens, Co-Chair Thomas, and Co-Chair Meyer.

He invited the new commissioner of the Department of Education and Early Development (DEED), to introduce himself to the committee.

[8:04:12 AM](#)

MIKE HANLEY, Commissioner, Department of Education and Early Development (DEED), apologized for the delay in coming to Juneau. He said he is now fully committed to all the children in the state of Alaska.

CO-CHAIR MEYER asked if he would be attending their committee meetings off and on.

COMMISSIONER HANLEY replied yes.

CO-CHAIR MEYER suggested it would be good to receive an overview from him on his vision of the department in the near future.

COMMISSIONER HANLEY replied that he would.

SB 43-ALASKA PERFORMANCE SCHOLARSHIPS

8:06:34 AM

CO-CHAIR MEYER announced the consideration of SB 43. He explained that Jomo Stewart, a former co-committee aide to the Senate Education Standing Committee and committee aide for the Joint Legislative Higher Education Scholarship Funding Task Force, would give a presentation on the recommendations produced by the task force. The goal, he said, is to discuss amendments that will integrate some of these recommendations into SB 43.

8:08:08 AM

JOMO STEWART, Staff to Representative Steve Thompson, began with an overview of the task force process. He said the first meeting was an overview on the background of the scholarship bill itself [SB 221, which passed into law during the 26th legislative session]. Second, the task force looked at the merit-based and need-based components of the scholarship. Next, it examined the means and mechanisms of funding the scholarship program, which was the task force's primary task. He explained that the information gathered was used to look at various proposals that could establish a sustainable funding mechanism. Finally, the task force developed a report with recommendations for improving the scholarship [included in the document packet].

MR. STEWART gave a summary of the following recommendations [located on Executive Summary Page ii]:

Funding and Finance

- The Legislature should immediately create a Scholarship Fund for the Scholarship program.
- If possible, the Scholarship Fund should be immediately capitalized to the point where it can be both self-sufficient and self-sustaining.
- Otherwise, enough money should be deposited into the account to act as a "surety account" for future generations and cohorts of students.

Merit-Based Component

Curriculum:

- No immediate amendment should be made to the Scholarship curriculum until its yearly reporting can provide data to

serve as a factual basis for such alterations. This includes the allowance of a dual curricular system, rather than a unified curriculum for students to qualify for the scholarship.

- The Department of Education and Early Development (DEED) should specify the "required courses" not specifically delineated in statute for each curricular subject area and define the content requirements and standards for those courses.

[8:16:09 AM](#)

SENATOR FRENCH said that it is his understanding that many school districts in rural areas are concerned that its students will be unable to qualify for the scholarship because they can't meet the curriculum requirements. He asked what impact this may have in rural Alaska.

MR. STEWART replied that SB 221 made some accommodations for this issue. He explained that the first cohort of students to be eligible for the scholarship is this year's students who may not have taken all the components of the required curriculum.

SENATOR FRENCH asked whether "this year's students" implies this year's freshmen or seniors.

MR. STEWART replied this year's graduating seniors. He reiterated that these students will not have had the benefit of four years knowledge of the required curriculum. SB 221 included transition language that helps accommodate this reality.

He continued that with regard to rural Alaska, the legislature was told, last year, that every school in the state would be able to provide the required curriculum. However, anecdotally, this may not be the case and was recognized by the administration, the legislature, and the task force. The task force included the following recommendation under the merit-based component to address this concern:

Distance Delivery:

- The legislature should do an assessment of the State's existing distance delivery capacity and, should it be necessary, develop a plan (including cost estimates) for upgrading DEED's capacity to provide virtual program or distance-delivered secondary courses.

He said it is up to the committee to decide whether this accommodation is sufficient.

SENATOR FRENCH said he would like to hear from the state's school districts on whether it will be able to provide the required curriculum. He asked if a time frame was placed on the assessment.

MR. STEWART answered that it was a general recommendation within the report and was not time specific.

[8:19:50 AM](#)

SENATOR STEVENS concurred with Senator French. He said establishing a virtual program is not enough, there will need to be individuals to help students use these virtual tools as well.

CO-CHAIR MEYER agreed. He said that the administration needs to address this issue.

SENATOR DAVIS said that the previous commissioner and DEED stated that it will provide what is needed for rural students to be eligible for qualification. She said the new commissioner needs to review this and inform the committee of what actions will be taken to meet these needs.

MR. STEWART added that the scholarship program is supposed to act as "bottom up driver" for transforming the state's educational system, so that every student has access to this curriculum.

He continued that, while last year's original scholarship bill did not include a needs-based component, the version that came out of the House and Senate Education Standing Committees last year did. This component, however, was not included in the structural frame work of SB 221. He explained that the task force gave consideration to a needs-based component and the different mechanism to provide funding. The task force recommended two kinds of needs-based assistance.

Needs-Based Component

- To directly support scholarship awardees, a capped needs-based supplement should be reintegrated into the scholarship.
- To assist nontraditional students, however, the legislature should continue its support of the Alaska Advantage grant program but do so at a higher than historic levels.

[8:25:39 AM](#)

SENATOR STEVENS commented that it was interesting that both the House and Senate Education Committees insisted that there be a needs-based component, despite the "expert advice they were receiving." He asked Mr. Stewart whether students who qualify for needs-based funding would be accommodated through the merit-based form of the scholarship.

CO-CHAIR MEYER clarified that the task force looked for several alternatives for the needs-based program and the Alaska Advantage program seemed to be a good source. He explained that the hope was to keep the merit- and needs-based components separate, while continuing to tie them together as well.

SENATOR STEVENS reiterated that he thinks it is important that the House and Senate came to the same conclusion separately.

MR. STEWART said under that original needs-based construct the actual cost to the state could have been substantial. The original scholarship proposal was about \$20 million per year and with the addition of the needs-based program the cost would have doubled.

He explained that the recommendation from the task force was that the needs-based component should be capped at some level; otherwise the needs-based component could "dwarf the value of the scholarship" over time.

SENATOR FRENCH asked what he meant by "dwarf the value of". He said if a merit-based scholarship is awarded pro-rata, based on the money available to qualifying students, there still may be an enormous financial gap between the amount of the scholarship and the actual cost of going to college.

MR. STEWART replied that the task force ignored the phrase "pro-rata." He explained that the merit-based scholarship is pegged at the 2010 tuition rate at UAF [University of Alaska Fairbanks].

SENATOR FRENCH asked what happens if there is not enough money to fully fund the students who qualify for the scholarship. He recollected that, under this circumstance, the award amount would be reduced pro rata per student.

MR. STEWART answered "that is one way of keeping costs in check."

SENATOR FRENCH said that this is how he understands the funds would be awarded.

CO-CHAIR MEYER said this is a topic that should be discussed with Ms. Barrans. He explained that the program the Alaska Commission on Postsecondary Education currently uses is on a pro rata basis.

SENATOR FRENCH explained that he is trying to understand the mechanics of the scholarship.

[8:34:13 AM](#)

MR. STEWART continued with the tasks force's report summary:

Other Policy Recommendations

- Any institution which accepts Scholarship awards should integrate an advisor/advocate program to assist scholarship awardees in expediting the students' time to education program completion.
- Institutions accepting scholarship awardees should make their best effort to provide course delivery structures that allow for two and/or four year certificate/degree completion timeliness.

CO-CHAIR MEYER asked him to address how this scholarship would apply to two-year schools.

MR. STEWART answered that the scholarship is available to students on both the academic and VOTECH [vocational-technical] track. He said he believes the awards are structured slightly differently.

In summary he read the end of the task force's executive summary:

Implementation of these recommendations is expected to provide the structure necessary for the Scholarship to meet its two great promises: Its promise to Alaska that it can raise student academic performance by raising expectations, and its promise to students that, if they challenge themselves and achieve academic success under a highly rigorous curriculum, the State will reward them with a Scholarship.

He informed the committee that Representative Seaton has come forward with a work-draft bill to try and integrate the recommendations in the task force report.

CO-CHAIR MEYER said the committee will discuss some amendments [to SB 43] on Monday, with the hopes of having a committee substitute by Friday. He said he intends to close public testimony after Monday's meeting.

He asked Ms. Barrans to address the needs-based component and rural school concerns.

CO-CHAIR THOMAS concurred, the availability of the curriculum components in rural schools and the funding of the scholarship are two primary concerns.

SENATOR STEVENS said he had two concerns. The first was the confusion of including both the merit- and needs-based components into one bill. The second was trying to develop a funding structure which addresses both components.

[8:42:04 AM](#)

DIANE BARRANS, Executive Director, Alaska Commission on Post Secondary Education (ACPE), Department of Education and Early Development (DEED), said attachment 8 of the task force report is the presentation made by the commission [located on Attachments Page 18 of the report]. She explained that the existing grant program [Alaska Advantage Education Grant] is administered through the Free Application for Federal Student Aid (FAFSA) and any students filing and attending a school in Alaska are in the pool. Eligible students must be half-time enrolled in a title IV program. She said this is different than the Alaska Performance Scholarship (APS) which includes a broader scope of institutions.

She continued that the commission ranks and funds grants to the pool of eligible students on a needs-based basis. She explained that there is attrition with this program because the aid from the grant is awarded after a student's decision to attend school, which makes the aid unpredictable.

With regard to the curriculum components, she said that the department has created both a "phase-in approach" and a grace year for the 2011 and 2012 graduates. The grace year would allow students an additional year to complete any necessary classes that they have not been given reasonable access to in order to be eligible for qualification.

[8:49:09 AM](#)

SENATOR FRENCH turned to page 16 of the report which included the current [AlaskAdvantage] grant amounts. He noted that a portion of the grant amounts are based on SAT/ACT scores and asked if the current program could be characterized as being somewhat merit-based.

MS. BARRANS replied yes. She said that the base grant is \$1,500 per year and a student demonstrating high academics through their SAT/ACT score will qualify for the maximum grant of \$3,000. She explained that any student who applies for the APS would automatically be enrolled in the pool for the AlaskAdvantage Education Grant because the FAFSA is used for both programs.

SENATOR FRENCH asked whether, in the presence of a strong merit-based scholarship program, it is important to continue giving extra points to strong merit-based students for a grant that will become a needs-based pool of money. He explained that it seems this might undercut the needs-based student to access funds.

MS. BARRANS replied that she agrees with him to an extent. However, she said she believes the way the two components are currently structured complement each other. For this reason, she explained, an extra needs-based program in the scholarship program is not necessarily needed.

SENATOR FRENCH asked, given the merit-based scholarship program, whether the AlaskAdvantage Education Grant should be adjusted to reduce the advantage to strong academic performers.

MS. BARRANS answered no.

CO-CHAIR MEYER asked if ACPE prioritizes certain majors.

MS. BARRANS replied that students in identified workforce shortage programs also qualify for the maximum grant.

CO-CHAIR MEYER said he appreciates that SAT/ACT scores are taken into consideration before a needs-based grant is given. He explained that he has two concerns about the needs-based grants. First, many students are not prepared for college and administering grants on a strictly needs-based basis sets these students up for failure. Second, the commission needs \$8.5 million to fully fund the grant program and he is concerned the finance committees will think it is too much. He asked Ms. Barrans if there was a compromise that could be made.

MS. BARRANS answered that \$8.5 million is the amount needed in order to increase the base grant to \$3,000 for all eligible students. If the commission continued to administer the program, as it currently stands, then \$4.3 million is needed. She noted that the grants are currently administered in order of need priority, whether the student qualifies for the base or priority grant amount.

CO-CHAIR MEYER announced he would hold SB 43 in committee and kept public testimony open.

CO-CHAIR THOMAS commented that there are several amendments to discuss.

[8:58:11 AM](#)

There being no further business to come before the committee, Co-Chair Meyer adjourned the meeting at 8:58 a.m.