

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 365
Fiscal Note Number: 2
(H) Publish Date: 4/11/14

Identifier: HB365-EED-ACPE-3-17-18
Title: PERFORMANCE SCHOLARSHIP: QUALIFYING EXAM
Sponsor: SEATON
Requester: (H) EDC

Department: Department of Education and Early Development
Appropriation: Alaska Performance Scholarship Awards
Allocation: Alaska Performance Scholarship Awards
OMB Component Number: 2990

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits			395.1	790.2	1,185.3	1,580.4	1,580.4
Miscellaneous							
Total Operating	0.0	0.0	395.1	790.2	1,185.3	1,580.4	1,580.4

Fund Source (Operating Only)

1226 High Ed			395.1	790.2	1,185.3	1,580.4	1,580.4
Total	0.0	0.0	395.1	790.2	1,185.3	1,580.4	1,580.4

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
---------------------------	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: <u>Diane Barrans, Executive Director</u>	Phone: <u>(907)465-6740</u>
Division: <u>Alaska Commission on Postsecondary Education</u>	Date: <u>03/17/2014 05:00 PM</u>
Approved By: <u>Diane Barrans, Executive Director</u>	Date: <u>03/17/14</u>
Agency: <u>Alaska Commission on Postsecondary Education</u>	

FISCAL NOTE ANALYSIS #2

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB 365

Analysis

HB365 amends the Alaska Performance Scholarship (APS) eligibility rules so that award level eligibility is uniformly based upon the test score a high school graduate achieves on either a college entrance examination or an examination designed to measure a student's level of preparedness to enter the workforce.

Currently the State Board of Education and Early Development, by regulation, sets a single, minimum eligibility score for the selected work readiness assessment, WorkKeys. As a result, a qualifying graduate's award level is based upon their high school GPA under the grade scale established in statute.

HB365 further amends APS utilization rules to allow an otherwise -eligible high school graduate to use their award at any qualified postsecondary institution participating in APS.

Currently the State Board of Education and Early Development, by regulation, stipulates graduates who qualify for the APS solely based upon achieving a minimum WorkKeys score (having also satisfied the curriculum and GPA requirements) are considered Career/Technical Education (CTE) APS eligible and may only use their APS to pursue a CTE program certificate.

HB365 will require the State Board to 1) set multiple WorkKeys' minimum scores, one for each of the three levels; and, 2) permit CTE APS recipients to use their award at any participating institution.

Budget impacts: It is estimated that these program changes will result in a modest net increase in APS award costs. The current single minimum WorkKeys score which enables graduates to use the APS to cover costs of CTE certificate programs must be reviewed and modified by the State Board.

Assumptions: WorkKeys scoring thresholds set at 18, 16, and 14 for award levels one through three, respectively
New eligibility rules will first be applied to high school graduating class of 2015
Minimal change in graduating class size over time
Eligibility rate of 29.4% of graduating class (average of first three years of the program)
Utilization rate of 45.9% of eligible graduates

An analysis of WorkKeys scores for 2013 high school graduates who were otherwise-eligible indicate that total program costs resulting from these changes would likely decrease slightly due to graduates achieving lower award levels or losing eligibility altogether due to the increased WorkKeys scoring thresholds. (-\$185.0).

WorkKeys scores analyses also revealed that some number of APS-eligible graduates who qualified for an award level based on college entrance examination scores (ACT/SAT) would enjoy an increase in their award level based on their WorkKeys scores (\$127.1). However the increase in those associated award costs are more than offset by the decrease in CTE award-related costs.

Finally, current UA enrollment data indicates that a small population CTE-eligible students have enrolled in degree programs however it is not known what award levels they would qualify for under future WorkKeys scoring requirements. However, some related cost estimates are included in this analysis (\$453.0).

The fiscal impact, year over year, reflects the increasing costs from one to four classes of graduates in the pipeline at a point in time.

What cannot be estimated for the purpose of this analysis is what amount of otherwise-eligible graduates elected *not* to pursue an associate or bachelor's degree program because the CTE APS award currently can not be used to do so.