

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: SB 195
Fiscal Note Number: 1
(S) Publish Date: 3/17/14

Identifier: SB195-EED-ACPE-3-7-14
Title: POSTSECONDARY EDUCATION
LOANS/GRANTS
Sponsor: FAIRCLOUGH
Requester: (S) EDC

Department: Department of Education and Early Development
Appropriation: Alaska Postsecondary Education Commission
Allocation: Program Administration & Operations
OMB Component Number: 2738

Expenditures/Revenues

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

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services							9.7	9.7
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	9.7	9.7

Fund Source (Operating Only)

1004 Gen Fund	675.0		900.0	900.0	1,050.0	1,050.0	1,050.0
1106 ACPE Rcpts	(796.5)		(1,021.5)	(1,021.5)	(1,171.5)	(1,171.5)	(1,171.5)
1226 High Ed	121.5		121.5	121.5	121.5	131.2	131.2
Total	0.0	0.0	0.0	0.0	0.0	9.7	9.7

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: 460.0 *(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? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 06/30/15

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	Diane Barrans, Executive Director	Phone:	(907)465-6740
Division:	ACPE	Date:	03/07/2014 02:00 PM
Approved By:	Diane Barrans, Executive Director	Date:	03/07/14
Agency:	ACPE		

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. SB 195

Analysis

Through this legislation the financial cost associated with administering Alaska Education Grants is transferred from the Alaska Student Loan Corporation to the State of Alaska and may be paid out of the Alaska Higher Education Investment Fund which is the funding source for the state grant awards.

Services costs of \$121.5 thousand are annual software maintenance costs for the GrantPro system through which the grants are administered and which supports the electronic transmission of data between the agency and postsecondary institutions participating in the grant program. Current budgeted funding levels are projected to be sufficient until FY19 at which time an 8% increase in cost is expected.

Capital costs of \$460.0 thousand, to be paid from the Alaska Higher Education Investment fund (1226 High Ed), is for replacement of the current grant and financial aid management system, to reduce long-term costs and ensure ongoing system stability. GrantPro, the current system, is an off-the-shelf servicing option, which vendors have attempted to customize to Alaska's requirements. Over the years it has been extensively customized as Alaska's grants and scholarships have both expanded substantially and been subject to modified requirements. Operation and maintenance now requires expensive programming to maintain essential functionality. As a result, the system life is severely limited and the ability to meet students' and participating institutions' needs is compromised. A new system would be designed for scalability and flexibility, including local, in-house programming and business user interfaces, as well as designed to operate in less-expensive local IT environments. The long-term result will be increased functionality and decreases in total costs of ownership.

This bill also changes the funding source for the Alaska Teacher Education Loan (TEL) from the Alaska Student Loan Corporation to the State of Alaska General Fund effective in FY15. The TEL is awarded to students pursuing elementary or secondary education teaching credentials and who, as a condition of receiving certain benefits under the loan contract, agree to teach in qualifying Alaska public schools. The benefit available to TEL borrowers is 100% forgiveness of the loan principal and interest. For FY15 \$675,000 is estimated to fund \$7,500 loans to 90 students. Rural school districts nominate new students each year so the increased amounts for FY16 and FY18 estimated costs reflect 120 and 140 student borrowers, respectively. While students' programs are generally four to five years in length, students migrate in and out of loan eligibility status due to: change in program of study, enrolling for less than full-time study, and/or ceasing enrollment altogether.