

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSSB 195(FIN)
Fiscal Note Number: 2
(S) Publish Date: 3/28/14

Identifier: SB195CS(FIN)-EED-ACPE-3-26-14
Title: POSTSECONDARY EDUCATION
LOANS/GRANTS
Sponsor: FAIRCLOUGH
Requester: (S) FIN

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								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1106 ACPE Rcpts	(82.8)		(82.8)	(82.8)	(82.8)	(82.8)	(82.8)	(82.8)
1226 High Ed	82.8		82.8	82.8	82.8	82.8	82.8	82.8
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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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If yes, by what date are the regulations to be adopted, amended or repealed? 06/30/15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:

This fiscal note assumes no General Fund monies will be appropriated to the teacher education revolving loan fund as set out in Sec. 35 of the bill. Additionally, the annual software maintenance costs for the aid management system have been reduced to reflect increased efficiencies the Commission expects to achieve by replacing the current GrantPro system.

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Division: <u>ACPE</u>	Date: <u>03/26/2014 02:00 PM</u>
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Agency: <u>ACPE</u>	

FISCAL NOTE ANALYSIS #2

**STATE OF ALASKA
2014 LEGISLATIVE SESSION**

BILL NO. CSSB 195(FIN)

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.

Annual software maintenance costs for the student aid management system are estimated at \$82.8 thousand which is a reduction from current costs of \$112.5 thousand paid from Corporation receipts. This is the servicing 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.

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.

Pursuant to Sec. 31 of the bill the Commission will adopt regulations setting annual grant award levels to correspond with students' level of enrollment in their postsecondary education and training programs.