

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	CSSB 103(FIN)
Fiscal Note Number:	7
(S) Publish Date:	4/15/2017

Identifier: SB103CS(FIN)-UA-SYSBRA-04-14-17
 Title: ED GRANTS/SCHOLARSHIP;INNOVATIVE ED FUND
 Sponsor: FINANCE
 Requester: SENATE FINANCE

Department: University of Alaska
 Appropriation: University of Alaska
 Allocation: Budget Reductions/Additions - Systemwide
 OMB Component Number: 1296

Expenditures/Revenues

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

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
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

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1048 Univ Rcpt (DGF)	(1,968.5)	15,120.3	(3,439.6)	(4,686.6)	(5,727.2)	(8,979.5)	(8,979.5)
Total	(1,968.5)	15,120.3	(3,439.6)	(4,686.6)	(5,727.2)	(8,979.5)	(8,979.5)

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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 If yes, by what date are the regulations to be adopted, amended or repealed?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:

Updated to reflect changes made in the Senate Finance Committee CS. Negative revenue impacts are based on phasing out Levels 2 and 3 of the Alaska Performance Scholarship (APS) through FY2021. Level 1 scholarship recipient attendance at UA is assumed to continue at current levels.

Prepared By: Miles Baker
 Division: University of Alaska
 Approved By: Michelle Rizk
 Agency: University of Alaska

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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

Analysis

The Alaska Legislature created the Alaska Performance Scholarship (APS) in 2011 to inspire our state’s high school students to prepare for and succeed in post-secondary education. It was designed to help reduce the number of Alaska high school graduates leaving the state for school. APS recipients require fewer developmental classes, are more likely to excel in their studies, take more credit hours and are more likely to stay and work in Alaska after graduation. Since its inception, 14,674 Alaska high school graduates completed the rigorous requirements and became eligible for APS scholarships.

In the 2015-2016 Academic Year, the latest for which a full year of data is available, 4,648 students attending UA were using either the Alaska Performance Scholarship (APS) and /or the Alaska Education Grant (AEG). These students represented approximately \$14.8 million in tuition revenue for the university:

\$10.7M in Alaska Performance Scholarship funds were awarded to UA students
\$ 4.1M in Alaska Education Grants were provided to UA students

98% of APS scholarships recipients attend UA, while UA receives approximately 70% of the money awarded through AEG.

Of the 23,946 degree seeking students attending UA in 2015-16, 3324 or 13.9% were receiving APS scholarships. Of the 2212 recently graduated Alaska high school students who entered UA as new freshman in the fall of that year, 677 or 31% received the APS.

Senate Bill 103 repeals the Alaska Education Grant and phases out Level 2 and 3 of the Alaska Performance Scholarship (APS) over the next four years. UA's enrollment, tuition and associated fees are likely to drop as a result. High School graduates with a 3.5 grade point average or better will still be eligible to qualify for Tier 1 scholarship funds. High school graduates from prior years who are currently eligible for the APS scholarship will remain eligible for all three scholarship tiers during the phase out period.

UA can't predict exactly how the elimination of Tier 2 and Tier 3 APS scholarships will impact enrollment by current high school students that are eligible under current law. However, survey data provided by the Alaska Commission on Postsecondary Education (ACPE) showed that 61% of those surveyed indicated that the scholarship strongly influenced their decision to attend post-secondary school in Alaska. Currently, approximately 38% of UA's APS money is attributed to Tier 1 scholarship recipients with the remaining 62% of funds attributed to Tier 2 and 3 students. In 2015, 540 newly graduated high school graduates came to UA with either Tier 2 or Tier 3 scholarships.

By 2021 when all current tier 2 & 3 students have moved through the UA system, UA estimates it could lose \$4-\$5 million annually due to the bill's APS changes and approximately \$4.1 mill through the elimination of AEG, for a combined \$8-9 million in potential revenue impact from lost tuition. This does not include the potential loss of revenue from housing and auxiliaries for all the student who won't attend.

	Lost Tuition Revenue		Total
	APS	AEG	
FY18	\$ 1,386.6	\$ 581.9	\$ 1,968.5
FY19	\$ 2,454.3	\$ 985.3	\$ 3,439.6
FY20	\$ 3,359.7	\$ 1,326.9	\$ 4,686.6
FY21	\$ 4,114.9	\$ 1,612.3	\$ 5,727.2
FY22	\$ 4,791.7	\$ 4,187.7	\$ 8,979.5
FY23	\$ 4,791.7	\$ 4,187.7	\$ 8,979.5