

HB

433

COMMITTEE REPORT

4/16/75

HOUSE

FINANCE

Mr. Speaker:

Date 4/21/75

The Committee on NESS has had HB 433

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

[Signature] _____

[Signature] _____

[Signature] _____

[Signature] _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman



JUNEAU ALASKA

Alaska State Legislature
House

HB 433

HESS COMMITTEE MEETING

April 21, 1975

Members Present:

Chairman Sullivan called the meeting to order at 3:00 pm.

HB 433

Dr. Scholz, Sheldon Jackson College
Spoke in favor of the bill.

Beirne I move and ask unanimous consent that we pass this bill out of committee with a 'do pass' recommendation.

Ostrosky Seconded

Chairman Hearing no objection, so ordered.

HB 404

Representative Urion gave briefing of the bill.

Swanson Move for the adoption of an amendment, 'Delete Sec. 1'

Ostrosky Second the motion

Chairman Hearing no objection, motion carries.

Swanson Move and ask unanimous consent to move HB 404 out of Committee as amended.

Ostrosky Second

Chairman Hearing no objection, so ordered.

(a Committee Substitute was drawn up with the approved amendment)

HB 168 Urion spoke in favor of the bill as opposed to HB 272.

Cosgrove Office of the Aging
Spoke in favor of the concept.

Dozier Dept. of C&RA
Spoke to the difference of the two bills.

The Bill was held over until a later date.

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CSHB 433 (Revised Fiscal Note)
 Title: Relating to tuition grants
 Requested by: House Finance Committee Date: 5/16/75
 Return Date Requested: ASAP
 Agency: Education Program: Student Financial Aid

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Tuition Grants

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		825,000	911,250	997,500	1,083,750	1,170,000
TOTAL		825,000	911,250	997,500	1,083,750	1,170,000

B. FUNDING: (Thousands of dollars)

GENERAL FUND		825,000	911,250	997,500	1,083,750	1,170,000
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
FULL MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section I 1)

- 1) Sec. 2 AS 14.40.770(a) FY 76
- a) Assume 700 full-time students \$1,850 for AMU = 1,295,000
- 2) Assume 300 full-time students \$1,600 for the less. Section = 480,000
- b) Governor's Budget \$50,000
- c) Fiscal Impact 1,775,000 - 550,000 = 1,225,000
- d) Assume 50 student increases in each succeeding fiscal year (25 students @ AMU and 25 students at 2/3 holding cost)
- FY 77 \$911,250; FY 78 \$997,500; FY 79 \$1,083,750; FY 80 \$1,170,000

IV. ATTACHMENTS

V. DATE: 5/17/75 PREPARED BY: [Signature]

original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CSHB 433
 Title: Relating to tuition grants
 Requested by: House Finance Committee Date: 5/16/75
 Return Date Requested: 5/16/75
 Agency: Education Program: Student Financial Aid

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Tuition Grants

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		381,600	445,938	510,625	575,313	640,000
TOTAL		381,600	445,938	510,625	575,313	640,000

B. FUNDING: (Thousands of dollars)

GENERAL FUND		381,600	445,938	510,625	575,313	640,000
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section 11.)

Sec. 2 AS 14.40.776(a)

FY 76

- a) 1. Assume 700 full-time students \$1,850 for AMU
75% award = 971,600
2. Assume 300 full-time students \$1,600 for Sheldon Jackson 75% award = 360,000
- b) Governor's budget \$950,000
- c) Fiscal impact 2-b=c or 1,331,600 - 950,000 = 381,600
- d) Assume 50 student increase in each succeeding fiscal year (25 students at AMU and 25 students at Sheldon Jackson)

FY 77 \$445,938 FY 78 \$510,625; FY 79 \$575,313; FY 80 \$640,000

IV. ATTACHMENTS

V. DATE: 5/16/75

PREPARED BY: William A. ...

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska
FISCAL NOTE

3101

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 433
 Title: Relating to Tuition Grants
 Requested by: House HESS Committee Date: 4/18/75
 Return Date Requested: ASAP
 Agency: Education Program: Student Financial Aids

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Tuition Grants
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	-0-					
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No fiscal impact.
 Governor's Budget FY 76 950.0 adequate to cover increase in grant amount.

The closure of AMU will offset increases at Sheldon Jackson and students transferring to University of Alaska and applying for scholarship loans.

IV. ATTACHMENTS

V. DATE: 4/21/75 PREPARED BY: William A. [Signature]

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

CONTINUATION OF THE TUITION GRANT LEGISLATION (WITH SOME REVISIONS)

*file
HB
433,
tuition
grant*

Sheldon Jackson College strongly recommends the continuation of the Tuition Grant Program. This program, along with the Federal BEOG (Basic Educational Opportunity Grant) provides an essential financial basis of higher education for students. The Tuition Grant Program has afforded considerable indirect support to private higher education in Alaska. It provides an option, or freedom for students to choose a college on the basis of what will best meet their needs, rather than a financial decision of which is the lower priced school. This choice is especially important for native students. Although the University of Alaska has made great strides in recent years to attract and respond to the needs of native students, the size of the University of Alaska in Fairbanks and Anchorage can place them at a disadvantage in the learning process. It is imperative to students that the choice be available, and it is a matter of utmost importance to the College that the students continue to have the financial support they need to attend college.

Cost of Education: Although tuitional charges and the tuition grant covered by the State does not cover the total cost of providing an education, along with the other amounts provided by the student, it does provide a definite basic income needed by the College, and makes it easier for the College to attract gifts and grants from other sources. Recent calculations indicated that the per student cost at Sheldon Jackson College was \$3600. Thus the \$1400 tuition grant only pays about 40% of the cost of educating a student. Other sources of gift income, private support, and grants are necessary.

Because of inflation and other pressures, the present legislation as it now stands is too restrictive, and we would propose the following recommendations: 1) the ceiling of \$1400 should be lifted or eliminated; 2) the amount of support from private sources should be 10% even though in most cases it will be higher; 3) student eligibility should be expanded to include other than degree seeking students; 4) eligibility should be at three (3) credits, rather than six (6); and 5), insure that funds be retained in the Tuition Grant Program during the fiscal year sufficient to cover students attending summer school. A brief discussion and rationale behind these recommendations might be helpful, followed by specific recommendations regarding the wording of the legislation.

1) The ceiling of the \$1400 should be lifted or eliminated. Although the easiest solution would be to have no ceiling on the amount of tuition grant, the State is concerned about an unlimited ceiling which would enable a private institution to raise tuition to an unreasonable level. This year, in light of the rising costs, Sheldon Jackson College's Board of Trustees had to raise tuition \$200 for next year, with the projection it may have to be adjusted further this fall. The tuition will still be low by comparison with South 48 colleges, especially when one taken into account the 25% higher cost of living index in Alaska. If the ceiling is merely lifted to a higher

level, the legislature will return year after year to make an adjustment if the cost of living continues to rise. Legislation could be written in such a way as to allow the administrator of the program to negotiate with a committee, determined by the legislators, and the colleges involved, or a procedure based on a percentage increase related to the cost of living could be used to arrive at the level of the tuition grant.

2) The amount of support for the colleges from private sources should be 10%, even though in most cases it will be higher. The legislative intent is to insure that the private institutions make every effort to continue to obtain gifts other than public funds. The College does not foresee that it would not be raising more than this amount, but placing it at 10% insures a level that is realistic for the foreseeable future and does assure the College we will work toward this end.

3) Student eligibility should be expanded to include other than fully active degree seeking students. Our concern is that Alaskan residents be given the same opportunity to take classes for their own purposes at Sheldon Jackson College as they would at any University of Alaska institution. The original legislation was written so the State would not be subsidizing interest courses. We agree that the State should not necessarily be in a position to pay for "flower making" classes or similar types of courses; however, a course in "History of the Revolution" might be taken by an adult for interest, and to stimulate further educational interest and growth. In particular, there are those who may be taking courses for other than degree purposes, courses related to the improvement in job skills or personal growth.

4) Eligibility for grants should begin at three (3) credits rather than six (6). The work involved in processing a 3-credit grant is almost as much as a full time student; nevertheless there are adults in the community, including teachers, who advance themselves through education by taking one course at a time. These students should not be denied an education opportunity because of a requirement involving six or more hours.

5) Tuition grant funds should be available for summer school. The present legislation states that, "On March 1 of each fiscal year, if there is a balance of appropriated but unexpended funds in the tuition grant fund created under (b) of this section, that sum shall be automatically transferred to the scholarship revolving loan fund . . .". This provision does not allow for summer school students, and limits educational opportunities for students. Summer school is a most helpful program for students. College in Sitka is a delightful place in the summer, where one can combine an education and a vacation. Attached are copies of this year's summer program and an announcement on the Sitka Summer Music Festival.

The following specific suggestions in the wording of the legislation are merely proposals, and could be altered, keeping the above proposes in mind:

Sec. 14.40.776 to read TUITION GRANTS. (a) The executive secretary of the selection committee shall award a tuition grant to a student in an amount up to the difference between the cost* of attending a comparable Alaska State public institution and the cost* of attending the private institution, provided 1) the resulting tuition grant does not increase beyond \$1600 by more than the rise in cost of living index unless specifically worked out with the administrative officer of the grant program and representatives of the legislature with sufficient supporting evidence to justify any increase beyond the rise in the cost of living, and 2) the tuition grant will be applicable pro rata on a per credit basis for those students taking 3 credits or more. The amount is to be applied by the student towards his tuition and fees at the private university or college in which he is enrolled.

Sec. 14.40.776 (b) We would recommend omitting this altogether inasmuch as a fiscal report will be given the State each year and any undue cost of educating a student would be immediately apparent.

Sec. 14.40.791 to read ELIGIBILITY OF STUDENTS. A student may apply for a grant under Sec. 776 of this chapter if he is a resident of Alaska, and apply the grant to tuition for academic courses.

Sec. 14.40.796 First part to read the same, inserting "officially" in the sentence that reads "The executive secretary of the selection committee may award grants only after the institution of higher education has certified that the student has officially enrolled." Omit rest of that sentence which reads "in a full-time or part-time course of study, in an associate, baccalareat, or graduate degree program". Also omit the sentence "the difference between 1) the cost of operation for the state institution per semester credit hour, and 2) the fee paid by the student at the state institution per semester credit hour, but not to exceed an appropriate portion of \$1400".

Sec. 14.40.801 Omit (d) altogether

Sec. 14.40.806 Omit (1), (2), and (3) and change (4) to read (1), and (5) to read (2).

Sec 14.40.751 Change March 1 to April 1, and leave to discretion of the administrator the amount to reserve for summer school.

*Cost refers to regular tuition and fees only.