

EO

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LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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MEMORANDUM

January 22, 1996

SUBJECT: Transfer of postsecondary functions by E.O. 97
(Work Order No. 9-LS1557)

TO: Senator Lyda Green
Attn: Mike Tibbles

FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have asked in what way does executive order 97 reduce the oversight power of the legislature or add to the authority of the executive branch. As explained in this memo, the executive order does make several changes to existing law, including the removal of legislators from the existing Alaska Commission on Postsecondary Education.

The executive order repeals the Alaska Commission on Postsecondary Education and transfers its duties to the Alaska Student Aid Corporation and to the Department of Education. Under AS 14.42.015(7), two members of the legislature presently serve on the commission. Under the executive order, the new board that governs the corporation does not have any legislative members. Therefore the executive order does result in removal of legislators from existing positions on an executive branch commission.

The presence of legislative members on the commission does raise constitutional issues. We believe that because the commission has regulatory powers, the placing of legislative members on the commission violates the Alaska Constitution's separation of powers doctrine. See Bradner v. Hammond, 553 P.2d 1 (Alaska 1976). In addition to the separation of powers doctrine, there is a constitutional question regarding dual office holding prohibited under Article II, sec. 5 of the Alaska Constitution. This provision provides that legislators are prohibited from serving "in any other office or position of profit." In that members of the commission do not receive compensation, we believe that service on the commission does not constitute dual office holding as prohibited by the constitution, but the Attorney General has reached the opposite conclusion. See A.G. file no. 663-88-0371, February 29, 1988.

In addition to the elimination of legislative members of the commission, the transfer of functions to the corporation also results in elimination of the legislative power over confirmation of the governor's appointees. Under AS 14.42.015(c), the governor's

Senator Lyda Green

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appointees to the commission are subject to legislative confirmation. The proposed public corporation would have four public members (see sec. 8 of E.O. 97), but because the members serve on a public corporation, the members are not subject to legislative confirmation. See Walker v. Alaska State Mortgage Authority, 416 P.2d 245 (Alaska 1966).

Finally you should note that one of the functions of the commission is to review the annual budget and capital outlay requests of the University of Alaska. This function is being transferred to the Department of Education (Sec. 4 of E.O. 97). While I cannot say this directly affects legislative oversight, because legislators at present are members of the commission this change will remove one existing way in which members of the legislature also look at the budget of the University of Alaska.

In summary, the changes to the membership of the board, the elimination of legislative power of confirmation, and to a lesser degree the shift in functions of the commission appear to affect the oversight power of the legislature. Please contact me if you have further questions.

MFF:klb

96-018.klb

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
and the
ALASKA STUDENT LOAN CORPORATION:

A NEW ROLE
as
THE ALASKA STUDENT AID CORPORATION

A Position Paper
by
Dr. Joe L. McCormick
Executive Director
ACPE

June, 1995

Introduction

In recent years, several concerns have been raised about the proper role of the Alaska Commission on Postsecondary Education. Problems associated with the administration of the Alaska Student Loan Program, the changing role of the University of Alaska System to include a community college mission in the state, and the economic downturn of the state's revenues are all contributing factors in an examination and discussion of what the proper role of ACPE should be for the state of Alaska.

Almost six years ago, the House Research Agency Report 89-A (May, 1989) recommended, " *The program needs to be reviewed with the objective of containing costs while continuing to provide Alaskans access to postsecondary opportunities.*" The report went on to say, " *Without significant changes, the program is unlikely to satisfy the educational, social, and economic needs of Alaska residents and it is only a matter of time before the program will be in crisis.*" Specifically, the report recommended policy changes to the Alaska Student Loan Program that would:

- maximize the utilization of federal student aid programs before relying on ASLP
- make the ASLP a totally self-sustaining, revolving student loan fund
- expand grants to needy students, especially Alaska Natives and high school graduates with good grades
- encourage Alaska residents to attend Alaska schools

Four years later, in October 1993, the Division of Legislative Audit recommended that the ACPE prepare: (1) *a revised mission which addresses Alaska's current financial aid environment, (2) a long range operational plan capable of servicing the entire student loan business cycle, and (3) an assessment of the commission's current capabilities to implement this plan.* Again, in a December 1994 audit of the financial soundness of the ASLP, the Division of Legislative Audit reiterated the need to: " *re-examine the mission and make administrative and programmatic changes to the program.*"

Since 1993, the ACPE has taken major steps toward addressing these and other important concerns of the Commission. This paper describes what has been done, what is currently being done, and what still needs to be done to secure the financial future of the Alaska Student Loan Program. More important, this paper recommends a course of action that will fully address the concerns repeatedly expressed by the Division of Legislative Audit over these past two years. Specifically, this position paper calls for:

1. A total revision of the mission of the ACPE and the ASLC combined into one new Alaska Student Aid Corporation (ASAC),
2. A higher standard of eligibility for schools to participate in the Alaska Student Loan Program, and
3. The accrual of interest for the entire life of an Alaska Student Loan and the capitalization of said interest at appropriate periods throughout the life of the loan.

What Has Been Done and Is Currently Being Done

ACPE has taken aggressive steps to address the concerns of the most recent Division of Legislative Audit report by providing "a long range operational plan capable of servicing the entire student loan business cycle and an assessment of the commission's current capabilities to implement this plan." This has been accomplished since the Fall of 1993 when the first audit report was published. The following text summarizes the sincere efforts of the Commission to respond, in a proactive manner, to those 1993 audit recommendations:

Administrative Changes -

- **A New Executive Director** - On December 1, 1993, Dr. McCormick came to the Corporation with more than 25 years of experience in the student loan industry at both the state and national level.
- **Restructuring Commission Staff** - In his first five months at the commission, the Executive Director implemented the following changes:
 - **Hired an internal auditor** to monitor all Commission functions and assess progress toward corrective loan servicing functions - January 1994.
 - **Hired a new finance officer** to oversee the Commission's accounting department - April 1994.
 - **Reassigned functions of the Commission staff** to maximize the efficiency and effectiveness of the workforce and to "flatten the organizational structure" of the Commission staff.
- **Information Support Services division** was created to direct and coordinate all information management functions related to the computer mainframe and network of the entire Commission. Presently, there are four full-time programmer analysts with several years of work experience in the student loan servicing industry to assist in maintaining the loan servicing system whereas one year ago there were no data processing staff in the Commission.
- **Issued \$50.0 million** in student loan bonds fully insured by AMBAC (the 1993 student loan bonds were uninsured) - July 1994.
- **Initiated a 72-hour turnaround time** for processing ASLP applications (in prior years the Commission took up to eight weeks to process loan applications). This is now a required job performance standard.
- **Backlogs in correspondence, processing deferrals, and paid-in-full accounts** have all but been eliminated and are no longer acceptable.
- **Telephone Service at ACPE** has greatly improved to the point that the Commission now maintains an overall 98+% answer rate.

In addition to the above milestones, the ACPE has also developed a long range plan to address its more serious problems in loan servicing. In order to retain our favorable bond rating we must replace our outdated loan servicing software. A September 1994 study by the auditing firm of Peat Marwick concluded that a new software system is necessary for us to effectively and efficiently service student loans. The Legislative Budget and Audit

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Committee approved the first funding phase of this project in December 1994. ACPE requested the remaining \$1.4 million from corporate receipts as a component of the Governor's Capital Budget request to the 1995 Legislature which fully funded it. When fully installed, this new loan servicing system will insure the proper servicing of Alaska Student Loans at the lowest possible cost.

Legislative Changes - During the 1994 Legislative Session, ACPE sought and received statutory changes to the ASLP that improved the program administration and made the ASLP more financially sound. These changes included:

- Tying the interest rate on loans to the interest paid on bonds and the cost of servicing.
- Restricting a borrower's ability to receive a new loan if previous loans were written off.
- Restricting renewal of state occupational licenses for defaulted ASLP borrowers.
- Receiving a legal assignment of wages from borrowers with defaulted loans.

Proposed 1995 Legislative Changes - these changes would further improve ASLP's financial soundness and increase program effectiveness. They include:

- Increasing loan limits for students in degree programs.
- Decreased loan limits for short-term vocational programs.
- Begin the charging of interest on loans during deferment periods.
- Changing the definition of default from 120 days past due to 180 days to be consistent with student loan industry norms and to allow for more time to perform due diligence activity on the loan.
- Reducing the grace period allowance from twelve months to six months.
- Implementing a minimum required payment of \$50 per loan per month.
- Reducing the military deferment period from six years to three years.
- Increasing ACPE flexibility to set an "origination fee" of up to five percent of the loan amount. Fee used to offset losses due to death, disability and loan write-offs.
- Altering the terms of repayment to allow for fifteen year repayment schedule and a \$50 per loan minimum payment.
- Allow student and family member to have both ASLP and FELP in same year.
- Prohibiting loans to certain incarcerated students.
- Various technical amendments to increase program efficiency.

As the above activity indicates, the Alaska Commission on Postsecondary Education has done, and is doing all it can to address the original Division of Legislative Audit (DLA) recommendations "to develop a long range plan and to make administrative and

programmatic changes" to the Alaska Student Loan Program. The remaining proposals to follow in this position paper will address the DLA recommendation that "*the mission of the ACPE and the ASLP be reexamined.*"

Re-examination of the Mission of ACPE

Historical Role of the Commission - The original role assigned to the Alaska Commission on Postsecondary Education and the role it actively serves today are noticeably different. The original role of the Commission as set forth in Section 14.42.030 of the enacting legislation, authorized this body to perform the following broad functions for Alaska:

- Higher Education Planning
- Higher Education Advising
- University of Alaska Budget Review
- Coordination of Higher Education Consortia Participation
- Report on these activities to the Legislature and the Governor

The statute further directed the Commission to:

- administer the student loan programs
- administer the regulation of postsecondary educational institutions
- serve as the state agency required by several federal mandates (SEIG, SPRE, GSLP, etc.)
- resolve disputes related to consortiums
- develop a statewide plan for coordinated postsecondary education
- establish a state advisory council on community colleges and develop statewide plan for the expansion of community colleges.

Over the past twenty years, higher education policy changes in Alaska have definitely resulted in the obsolescence of ACPE's original role as described above. Currently:

- 1) The ACPE has no oversight nor coordination responsibility for the University of Alaska and its programs;
- 2) The community college system in Alaska was dismantled and absorbed by the University of Alaska system;
- 3) There has been zero growth in the number of private or public traditional higher education institutions (only two small private colleges in Alaska), thus confining the Commission's regulatory oversight to numerous small, for-profit proprietary schools; and
- 4) The activity of the ACPE has increasingly shifted toward student financial aid programs (particularly the Alaska Student Loan Program) and away from the coordination and oversight role of higher education originally envisioned.

The Role of ACPE Today - Today ACPE carries out four main functions:

- (1) administration of the student loan and other student aid programs, (2) regulation of the

state's private and proprietary schools, (3) coordinates and acts as advisory agency for postsecondary education, and (4) provides student consumer protection and information dissemination. The major tasks involved in these functions are:

Consumer Protection

- Monitor school advertising and contracts with students.
- Respond to customer complaints.
- Help to assure loan/tuition refunds and student teach-outs when schools close.

Institutional Authorization

- Provide biennial review and licenses for approximately 100 postsecondary institutions.
- Regulate program and degree offerings.
- Approve Alaska institutions for Veterans programs.

Student Financial Aid

- Full-time, half-time, teacher scholarship, and family education loans.
- Special state and federal scholarship loans.
- State and federal grants for low income students.
- Tuition subsidy for professional programs not available in Alaska:
- WICHE Professional Exchange and WAMI Medical Programs.
- Tuition breaks for Alaskans enrolled in certain regional undergraduate and graduate programs (WUE).

State Postsecondary Review Entity (SPRE) Program to insure continuing availability of Federal Title IV eligible Alaska institutions.

Administrative support provided to the Governor's Council on Vocational Education.

As the above functions clearly indicate, it is time for the state of Alaska to redefine a more appropriate, up-to-date role for the ACPE in light of what has evolved in postsecondary education in Alaska over the past twenty years. The need for a postsecondary education commission, as identified in 1971, does not currently exist. Since 1988, when the Alaska Student Loan Corporation was created to issue tax-exempt bonds to finance the Alaska Student Loan Program and the work of the ACPE, the Commission has primarily served the role of a state student financial aid agency.

With no regulatory oversight responsibilities for the University of Alaska and no community colleges to oversee, its institutional oversight and licensing function has been limited to a number of short-term training programs that offer non-degree, non-accredited programs of less than one year in length. Very few of the Alaskan proprietary schools seek accreditation by regional and national accrediting associations nor do they qualify for federal student financial aid programs. These schools depend heavily on participation in the ASLP.

An Updated Role for ACPE - What is now needed and will continue to be a need in the state's postsecondary education future is a strong state delivery system of student aid programs and services that support them and their children as they continue their education beyond high school with a viable, up-to-date set of state student financial aid programs administered by a single state agency. This need is created by the uniqueness of Alaska and the diverse educational goals of its citizens. As the cost of all education climbs, the burden of paying for this commodity will continue shifting more and more to the individual and their family. ACPE/ASLC can play a key part in providing the financial assistance necessary for future generations of Alaskans under a new paradigm of a single student aid corporation.

ACPE should be relieved of its institutional licensing function and focus only on the necessary requirements for schools to participate in the ASLP. A school wanting to offer short-term, non-degree, non-accredited programs should seek its license to operate a business in Alaska in the same place all other businesses in Alaska go: the Department of Commerce and Economic Development. The quality of these training programs (as well as the need for new programs that overlap existing programs) should be regulated by the Departments of Commerce & Economic Development and Labor, based on standards established through state-wide coordination of vocational technical training involving the University of Alaska System, the Department of Education, the Alaska Commission on Postsecondary Education, the Department of Commerce & Economic Development, and the Department of Labor.

ACPE should continue its consumer protection role and intensify its efforts to advise students to make careful, well-thought-out choices as to the type of postsecondary education they will pursue. Our citizens need to be aware of the potential job market for the training sought, the reputation of the school in job placement and in the business community, the quality of instruction and course content at the school being considered, etc.

In order for this new role of the ACPE to be carried out in the most efficient manner possible, it is proposed that the ACPE and the ASLC be combined into one new state agency, the Alaska Student Aid Corporation (ASAC). This new corporation could be constituted as follows:

Eleven Member Board of Directors

Appointed by the Governor:

Commissioner of Revenue (or delegate)

Commissioner of Education (or delegate)

Five Public Members (four year staggered terms and one to be a student)

Appointed by the Speaker of the House:

Two members of the House (one majority and one minority member)

Appointed by the President of the Senate:

Two members of the Senate (one majority and one minority member)

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Purpose of the Alaska Student Aid Corporation

- 1) Administer all state and/or federal programs of student financial aid in Alaska;
- 2) Provide Student Consumer Information about Postsecondary Education available to Alaskans;
- 3) Promote Access to Postsecondary Education Opportunities for all Alaskans;
- 4) Administer the Alaska Student Loan Fund, manage the assets of the Fund, issue tax-exempt student loan bonds to provide student loan capital for the Alaska Student Loan Program, and use sums from the Fund as needed to properly administer the Alaska Student Aid Corporation, its programs and services.

Further Administrative/Programmatic Changes to ASLP

Final Passage of SB123 - ACPE must put forth every effort to secure final passage of SB123 in the 1996 Legislative Session. The provisions contained in SB123 represent a major step toward the financial solvency of the Alaska Student Loan Fund and cannot be delayed any longer. *Current estimates from our bond underwriter and financial advisor indicate that the ASLP will be unable to issue bonds in about three years under present circumstances.*

The Alaska Student Loan Program must be made financially sound in order to insure that thousands of future Alaskans enjoy the same opportunity for a postsecondary education that ASLP has provided for so many Alaskans these past twenty years. Financial solvency means lower default rates, interest charged for the life of the loan, and higher standards for schools participating in the loan program. These are politically difficult decisions, but the circumstances surrounding the loan program compel these policy changes to be made with all dispatch.

A New Standard for School Participation in the ASLP - The ACPE should be legislatively mandated to raise its standards of eligibility for schools to participate in the ASLP to require at a minimum only schools that are:

- 1) nationally or regionally accredited by an accrediting association recognized and approved by the U. S. Department of Education;
- 2) certified eligible to participate in the federal student aid programs; and
- 3) have been in full operation with classes and students for a minimum of two years.

The Alaska Student Loan Program is a most valuable asset to the future well-being of thousands of Alaskans who deserve the opportunity to use the ASLP to help pay college costs. We must protect the assets and future of the loan fund and demand that high standards of quality education be offered to Alaska students who use ASLP loan funds.

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Many of these schools are not accredited nor approved to participate in federal student aid programs and their operations, to a great extent, are dependent on participation in the ASLP. Due to the legal exposure which accompanies the licensing of proprietary schools (litigation costs), this activity is a drain on the ACPE and the Alaska Student Loan Fund. There is little justification for the continuation of this role. These schools are marginal at best and there is serious concern as to the quality of training being provided.

This change could be accomplished by one simple change to the Alaska statutes governing the administration of the ASLP: amend AS 14.43120(b) to require that for an ASLP loan to be used at a career education program, the career education program school must be approved to participate in federal Title IV student aid programs. Federal requirements for school participation in their student aid programs require the school to be fully accredited by a national or regional accrediting body recognized by the U.S. Secretary of Education.

Accrual of Interest for the Life of the Loan - for years the ASLP has not charged interest on the student loan during the "in-school" period when a student is actually receiving loans and during the "deferment" period when a student has temporarily suspended his repayments. The loan fund has simply suffered a loss of interest income and failed to cover the true costs of the loan during those loan periods.

The Division of Legislative Audit has recommended that interest accrue during the entire life of the loan in both their 1993 and 1994 audits of the ASLP. The rating agencies and bond insurers would definitely look more favorably on the financial soundness of the ASLP knowing that interest is charged for the entire life of the loan. The student borrower would owe more money by the time he or she graduated, but the accrual of interest during the "in-school" period would serve as a deterrent to needless borrowing. This is a long overdue change needed to the ASLP.

In a related recommendation, the December 1994 Legislative Audit report also suggested that the ACPE move toward the capitalization of interest or the use of compound interest. Virtually all other student loan programs nationwide charge interest on interest by "capitalizing" the accrued interest and adding it to principal at various times in the life of a loan (at the end of grace and deferment periods). This recommendation, if implemented, would improve program administration and enhance earned interest income to the ASLP.

Summary

While the recommendations outlined in this position paper are controversial and do represent only the opinion of the author, they are not new issues in the policy debate surrounding the ASLP. As shown in the introduction, these ideas have been discussed and recommended by the Legislative Research and Legislative Audit agencies since May 1989. They are important issues to be addressed for the future well-being of the ASLP and the ACPE. Granted these recommendations are not the position of the Commission itself and do not represent a broad consensus among the postsecondary education community in Alaska, but there are definite advantages to the ASLP, the ACPE, the state of Alaska, and to the future generations of students in adopting these recommendations.

Combining the ACPE and the ASLC into one organization will cut overhead and administrative costs now incurred to administer both organizations. Simply moving from two governing boards with a total of nineteen board members to a new single board with eleven members will represent greater efficiency and cost savings to the state. Increasing the members of the corporation to include both minority as well as majority Legislative members will contribute to a greater understanding and hopefully, bipartisan consensus on Alaska student financial aid policy. There needs to be a greater continuity of policy and purpose to the role of the ACPE as opposed to dramatic changes in direction every time Alaska elects a new Governor.

Redefining the role of ACPE and the ASLP to more accurately reflect the present and future needs of the postsecondary educational community in Alaska is long overdue. Services provided by state government need to be more focused and well defined in order to insure that Alaskans get the most bang for their buck!

Strengthening the criteria for schools that can participate in the Alaska Student Loan Program and requiring that the loan program be run on a financially sound basis will insure that future generations of Alaskans have the opportunity to pursue a quality postsecondary educational experience and have the financial resources to do so. The rating agencies and bond insurers will have much greater confidence in the Alaska Student Loan Program and its financial future. Further, by requiring Alaska schools to be eligible for federal student aid in order to participate in the ASLP, students will benefit from federal dollars they might otherwise miss out on. With limited resources from the state of Alaska, it is responsible public policy to make use of all federal sources of aid before we rely on our own limited state dollars.

Although these recommendations are a dramatic departure from the past and may be highly controversial, what we do now in the present will determine whether or not there is a future for thousands of young Alaskans who deserve their opportunity to pursue a postsecondary education without fear of financial constraints. These recommendations, if enacted, move the Alaska Student Loan Program toward a secure financial future enabled to meet the financial needs of generations of Alaskans to come.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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MEMORANDUM

TO: Honorable Gail Foohey, Co-Chair
Honorable Con Bunde, Co-Chair
House HESS Committee
Honorable Lyda Green, Chair
Senate HESS Committee

FROM: Diane Barrans, Executive Director
Alaska Commission on Postsecondary Education

DATE: January 17, 1996

SUBJECT: Documents Pertinent to Executive Order #97

Attached for your information are three documents which may be helpful as a preface to the joint meeting of your committees to consider Executive Order #97.

Attachment A is a bullet sheet which summarizes the impact of the reorganization of functions by this Executive Order.

Attachment B is correspondence from Ken Vassar of Wohlforth, Argetsinger, Johnson & Brecht, Bond Counsel to the Alaska Student Loan Corporation. Mr. Vassar has reviewed the Executive Order to ensure that there would be no legal concerns which the Corporation would need to address. Mr. Vassar has been Bond Counsel to the Corporation since it was created and his general comments may be of interest to your members.

Attachment C is a memorandum from Teresa Williams, Department of Law, addressing some of the archaic federal laws which will be transferred from the Commission to the Department of Education.

Please let me know if any additional information is needed. My number is 465-6740.

Attachment A

Reorganization Resulting from Executive Order #97

- **Move Higher Education Policy and Planning Functions to DOE (Secs. 3 -6)**

The actual impact of this change will be that the Department of Education can broaden the scope of its policy and planning activity to include postsecondary issues. The impacts of these changes have the appearance of being quite broad because Section 3 of the EO references federal statutes which were repealed sometime after the Alaska laws were enacted. The necessary corrections may only be made through the legislative process.

- **Move Alaska Student Loan Corporation from Education to Revenue and Rename Alaska Student Aid Corporation; staff of Commission becomes staff of Corporation (Secs. 7 and 9)**

Impact is that the proximity to, and strengthened relationship with, Revenue will illustrate Alaska's commitment to strengthen and support these Programs. Will translate well to the Corporation's external customers (bond holders, rating agencies, bond insurers). Also clarifies that the Corporation Board (majority of public members), not the Commissioner of Revenue, will direct the operation of the agency "which has a legal existence independent of and separate from the state."

- **Expand Corporation Board Membership from 5 to 7 (Sec. 8)**

Impact is that both the finances and operations of the Program will be administered by a single board that will be structured to react quickly when necessary to program changes or market shifts. Also are inherent administrative efficiencies of have a 7 member board rather than two boards with a total of 17 members. Two cabinet level positions (Commissioners of Administration and Revenue) are taken from existing Corporation statutes and one Administration representative (Representative of the Department of Education) and four public members are taken from existing Commission statutes. Eliminates special-interest representation on Board. Also resolves constitutional issue of having legislative members on a regulation-setting board.

- **Move Financial Aid Program Administration and Institutional Authorization functions Within the Authority of the Corporation (Secs. 10 - 76)**

Agency staff will continue to function so that no negative impact of the EO is experienced by the external customers of the Corporation.

- **Technical Changes Necessitated by Phase-out of Commission and/or Transfer of some functions from Commission to Corporation (Secs. 77 - 84)**

Clean-up necessary for Corporation to be fully operational on effective date of EO.

Attachment B

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

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DENNY E. SASTAR
ERIC L. WOHLFORTH

January 10, 1996

REC'D ACPE

JAN 12 1996

Diane Barrans
Executive Director
Alaska Student Loan Corporation
3030 Vintage Boulevard
Juneau, Alaska 99801-7109

RE: Executive Order No. 97
Our File No. 4908 0213

Dear Ms. Barrans,

At your request, I have reviewed Executive Order No. 97 relating to the Commission on Postsecondary Education and the Alaska Student Loan Corporation. Under the Executive Order, the current powers and duties of the Commission would be transferred primarily to the Corporation, with certain of those powers and duties being transferred to the Department of Education. The Corporation would be renamed the Alaska Student Aid Corporation and would be transferred from the Department of Education to the Department of Revenue for administrative purposes. The Commission would be abolished. There would be some additional amendments to the Corporation's statutes, including a modification of the membership of its board of directors.

I have reviewed the Executive Order particularly to determine whether it violates any agreements with holders of the Corporation's outstanding bonds or with the insurer of those bonds. In my review I have found nothing in the Corporation's Indenture, any of the Corporation's Supplemental Indentures, or any other documents relating to the issuance of the Corporation's bonds that would prevent the implementation of the Executive Order or that would be violated by the implementation of the Executive Order.

In addition, I believe that the changes suggested by the Executive Order will be beneficial to the Corporation's efforts to finance the student loan program through the sale of its bonds and beneficial to the student loan program generally. The existence of two, separate state agencies with identical staff and possessing powers and duties relating to the same program (i.e., the student loan program) is confusing. Even the members of the Commission and the members of the

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Corporation have been confused as to the boundaries of their respective powers and duties. Our firm on more than one occasion has provided "seminars" to each entity for the purpose of helping to define their roles. With such confusion within the agencies themselves, confusion among bond investors and insurers is almost certain, and explanations of the relationship between the Commission and the Corporation is a part of each year's bond issuance procedure. Consolidating the functions of the two entities into the Corporation will eliminate the confusion and ease the sales efforts for the Corporation's bonds.

The consolidation will also eliminate the inefficiencies of having two entities that must transact the same business with one another. Under the existing arrangement, the Commission makes the loans and the Corporation finances them with bond proceeds. The bonds are secured by the loans and the revenues derived from the loans, which means that the Commission must take steps to perfect a pledge of the loans as security for the bonds. Then, pursuant to a separate agreement between the Corporation and the Commission, the Commission must service the loans and see to it that revenues are transferred in a timely manner to the funds created by the Corporation for the benefit of the bonds. In the meantime, the Commission's regulations relating to the award, terms, and servicing of loans affect the size, timing of issuance, and security for the Corporation's bonds. It would improve the efficiency of the entire process to have the same entity responsible for these interwoven procedures, as the Executive Order would provide.

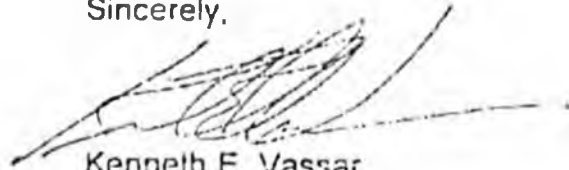
The two entities were created, to the best of my knowledge, only because the reason for the Corporation's existence arose long after the Commission had already been in existence. When the ability to finance student loans of the type made by the Alaska program became part of the tax code in 1986, the Legislature responded by passing legislation to create the Corporation so that tax-exempt bond financing of the Alaska program could be used to replace direct appropriations. At that time, it made sense to create the Corporation as a financing entity but to leave the Commission in place to continue performing the duties it had performed for many years before the Corporation was created. However, as the years have passed and it has become clear that the Corporation is likely to continue to provide financing for the program and can also perform the duties of the Commission, the continuing need for the Commission is not as apparent.

As mentioned above, I believe the changes proposed by the Executive Order will not violate any provisions of outstanding bond documents of the Corporation and, moreover, I believe the changes are beneficial to the operation

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of the student loan program and financing efforts for the program. I am, of course, happy to respond to any questions you may have.

Sincerely,



Kenneth E. Vassar

.cc Teresa Williams
Section Chief
Fair Business Practices
Attorney General's Office

MEMORANDUM

State of Alaska


Department of Law

TO: Diane Barrans
Executive Director
Ak Postsecondary Educ. Comm'n

DATE: January 17, 1996

FILE NO.: 221-96-0022

TEL. NO.: 269-5200

FROM: 
Teresa Williams
Assistant Attorney General
Fair Business Practices Section
Anchorage

SUBJECT: EO 97 -- Postsecondary
Education Commission

In drafting the executive order transferring functions of the Alaska Commission on Postsecondary Education, all statutory functions must be transferred to another state entity -- whether or not those functions continue to be viable. In the attached memo, I noted that some mandates under AS 14.42.030(b) refer to federal laws that are no longer in effect. Additionally, you have advised me that no "consortium" exists as referenced in AS 14.42.030 and 14.42.055. Nevertheless, these functions had to be transferred, so they are transferred to the Department of Education along with the planning and advisory functions also transferred.

The resulting division of all of the commission's statutory functions between the Alaska Student Aid Corporation and the Department of Education is as follows:

STUDENT AID CORP.	DEPT' OF EDUC.
<i>Existing -- student loan financing, servicing, information dissemination, fund management, and related functions under current law: AS 14.42.100 - 14.42.390</i>	Resolve consortium disputes: AS 14.07.020(i)(16) and 14.07.032 Advisory function regarding consortia: AS 14.07.020(c)(4)
Student loan program administration consolidated in corporation: AS 14.42.195(a) and (b) (including repealed federal mandates)	Serve as state agency required under (repealed) federal mandates: AS 14.07.020(a)(17)-(19)
Appointment of executive officer, authorization of staff positions, establish salaries: AS 14.42.160	Advisory and planning function regarding postsecondary education: AS 14.07.020(c)(1)
Regulate postsecondary education institutions: AS 14.42.195(a)(3)	Advisory function regarding colleges and universities: AS 14.07.020(c)(2)
Administer WAMI Medical Exchange Program: AS 14.42.195(b)	Advisory function re: college and university budget requests: AS 14.07.020(c)(3)
Administer WICHE program: AS 14.44.035	Power to establish task forces, make studies, and collect data to carry out functions listed above: AS 14.07.030(14) and 14.07.033

Diane Barrans
January 17, 1996

Page 2

To assist in reviewing the disposition of provisions that establish the Alaska Commission on Postsecondary Education and its functions, I've prepared the following:

EXISTING STATUTE	PLACEMENT BY EO	SEC.
AS 14.42.010	remains	
AS 14.42.015 - 14.42.025, 14.42.045	deleted	
14.42.030(a)	14.07.020(c)	4
14.42.030(b)(1), (2), and (6)	14.07.020(a)(16) - (18)	3
14.42.030(b)(3)	divided between 14.07.020(a)(19) and 14.42.195(a)(2)	311
14.42.030(b)(4) and (5)	14.42.195(a)(1) and (3)	11
14.42.030(c)	14.07.030(14)	5
14.42.030(d)	14.42.195(b)	11
14.42.032	14.42.215	14
14.42.035	14.07.033	6
14.42.040	14.42.160	9
14.42.050	14.42.180	10
14.42.055	14.42.032	6

REMAINING EXECUTIVE ORDER SECTIONS

Sec. 7 -- rename the corporation and move to the Department of Revenue

Sec. 8 -- expand membership of corporation board

Sec. 47 -- move regulation of the WICHE program to corporation

Sec. 76 -- move regulation of postsecondary educational institutions to corporation

Secs. 2, 12-13, 15-46, 48-75, and 77-84 -- necessary conforming changes to AS 08.02.025(a), AS 14.42.170, 14.42.200(18), 14.42.210(a) and (b), 14.42.390, AS 14.43.090 - 14.43.115, 14.43.120(b), (c), (f), (g), (i), (m), (r) and (t) - (v), 14.43.122(a), 14.43.125(a), 14.43.150(a), 14.43.160(1), 14.43.255(a) and (c), 14.43.300(g), 14.43.320(a), 14.43.415, 14.43.620, 14.43.630(a), 14.43.650(a), 14.43.720(a) and (b), 14.43.730, 14.43.740(d), 14.43.990, AS 14.48.010(a), 14.48.020, 14.48.030(b), 14.48.040 - 14.48.060, 14.48.070(a) - (c), (f), and (g), 14.48.080(a), (c), (d), and (f), 14.48.090(a), 14.48.100 - 14.48.150, 14.48.180 - 14.48.200, 14.48.210(2) - (4), AS 39.25.110(11), AS 39.50.200(32), and AS 43.23.067.

Diane Barrans
January 17, 1996

Page 3

Sec. 85 -- Transition section


Sec. 86 -- March 9, 1996 effective date.

I will be available on conference from the Legislative Information Office in Anchorage during the joint House and Senate Health, Education, and Social Services committees' hearing on January 18, 1996 to answer any questions.

MEMORANDUM

State of Alaska
Department of Law

TO: Deborah Behr
Assistant Attorney General
Attorney General's Office

FROM: 
Teresa Williams
Assistant Attorney General
Fair Business Practices Section
Anchorage

DATE: November 17, 1995

FILE NO.:

TEL. NO.: 269-5200

SUBJECT: Federal law changes
affecting AS 14.42

AS 14.42.030(b) refers to a number of functions formerly mandated by federal law. Those laws are no longer in effect:

- (1) 20 U.S.C. 51142(a) and (b) codified sec. 1202 of Title XII
repealed by sec. 1201 of P.L. 96-374
 - (2) prior 20 U.S.C. 51135 codified sec. 1001 of Title X
repealed by sec. 100(a) of P.L. 96-374
 - (3) 20 U.S.C. 51005 (1986)
replaced by P.L. 96-347 and sec. 101 of P.L. 99-48
- 20 U.S.C. 51123 (1986)
replaced by P.L. 96-374
- 20 U.S.C. 51142 (a) and (b) codified sec. 1202 of Title XII
repealed by sec. 1201 of P.L. 96-374

I recommend that these provisions be deleted in a revisor's bill.

TW:jjc

cc: Diane Barrans
Gina Atkinson

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

120 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

November 21, 1995

SUBJECT: Federal Law changes affecting AS 14.42

TO: Deborah Reir
Assistant Attorney General

FROM: Pamela Finley *Pam*
Revisor of Statutes

Thank you for sending me a copy of Teresa Williams' memo to you concerning federal law changes affecting AS 14.42. I will not attempt to amend AS 14.42.030(b) in the revisor's bill because I don't know whether the legislature would want to delete the references to the federal law or delete the requirements (which appear to arise from requirements of repealed federal L.w) in their entirety. However, I appreciate your bringing this to my attention. Assuming that a bill deleting the archaic references does not pass this session, I will add a note indicating that those federal laws have been repealed.

PF:gle
95-449.gle

Post-It Fax Note	7671	Case #	7671	# of pages	1
To	Don Sanders	From	Teresa Williams		
Co./Dept.	AKA/LEGISLATION	Co.	AKA		
Phone #		Phone #	907-5807		
Fax #		Fax #			

RECEIVED

NOV 24 1995

Attorney General's Office
Juneau

2078 SLA 1974)

REVISOR'S NOTES

Formerly AS 14.40.907. Renumbered in 1982.

Sec. 14.42.030 Functions Of The Commission

(a) The commission has the following functions, advisory to the governing boards of institutions of public and private higher education in Alaska, to the governor, the legislature, and to other appropriate state and federal officials:

(1) coordinate the development of comprehensive plans for the orderly, systematic growth of public and private postsecondary education, including community colleges and occupational education, in the state and submit recommendations on the need for, and location of, new facilities and programs;

(2) advise as to the functions and purposes of the colleges and universities, both public and private, in the state and counsel as to the programs appropriate to each;

(3) review the annual budgets and capital outlay requests of the University of Alaska and of each of the private colleges and universities in the state, and present comments on the general level of support sought;

(4) review and advise as to the working of all consortia and other cooperative agreements between the institutions of higher education in the state that are parties to them;

(5) (Repealed, Sec. 35 ch 126 SLA 1994.)

(b) The commission shall

(1) develop a comprehensive statewide plan for coordinated postsecondary education in the state and serve as the state commission on postsecondary education required under sec. 1202 of Title XII of the Higher Education Act of 1965, as amended by the Education Amendments of 1972 (P.L. 92-318, sec. 196; 86 Stat. 324);

(2) establish a state advisory council on community colleges and develop a comprehensive statewide plan for the expansion and improvement of the community colleges under sec. 1001 of Title X of the Higher Education Act of 1965, as amended by the Education Amendments of 1972 (P.L. 92-318, sec. 186, 86 Stat. 312, 313);

(3) serve as the state agency required under sec. 105 of Title I (Community Service and Continuing Education), 603 of Title VI (Financial Assistance for Undergraduate Education), 704 of Title VII (Construction of Academic Facilities), and Part B of Title IV (Guaranteed Student Loan Program) of the Higher Education Act of 1965 (P.L. 89-329; 79 Stat. 1220, 1262; 20 U.S.C. 1005, 1123) as authorized by sec. 1202(c) of Title XII of the Higher Education Act of 1965, as amended by the Education Amendments of 1972 (P.L. 92-318, sec. 196; 86 Stat. 324);

(4) administer the provisions of AS 14.43.090 - 14.43.160 (student loan program);

(5) administer the provisions of AS 14.48 (regulation of postsecondary educational institutions);

(6) resolve any disputes that exist or arise under a consortium or other cooperative agreement between institutions of public and private higher education in the state.

(c) The commission may establish task forces, committees or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions assigned by state or federal statute. The commission may contract with, or use, existing institutions of higher education or other individuals or organizations to make studies, conduct surveys, submit recommendations or otherwise contribute to the work of the commission. The commission may appoint a committee to be responsible for the area of student financial aid.

(d) The commission may enter into agreements with government or postsecondary education officials of this state or other states to provide postsecondary educational services and programs.

CHARLIE PARR
909 John Kalinas Road
Fairbanks, AK 99712
(907) 488-2555

January 17, 1996

FAX to Rep Con Bundy 465-3871

Thank you for notifying me of the hearing on Executive Order 97. I hadn't heard about it. Unfortunately I'm going into the hospital for surgery that morning and can't take part.

I did get and read the order. It seems to remove functions the Commission has never performed (to my knowledge), and reduces the new governing board to a more realistic size. The HESS and Finance Committee hearings may turn up matters my quick study didn't.

Best wishes

Sincerely,

Charles H Parr
Commissioner

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 11000
Juneau, Alaska 99811-0001
907-465-3500
Fax: 907-465-3532

January 8, 1996

EO 97

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Pearce:

Under the authority of art. III, sec. 23, of the Alaska Constitution, I am transmitting an Executive Order relating to the transfer of functions of the Alaska Commission on Postsecondary Education.

This Executive Order is the first step in creating a new management structure to provide for the long-term stability of the Alaska student aid programs. This new structure should assure the financial community of Alaska's continued commitment to the financial viability of that program. Additionally, the transfer will streamline the student aid program and help integrate postsecondary education into the comprehensive statewide plan for education and training in the Department of Education.

The Executive Order accomplishes these goals in three ways.

First, the Executive Order eliminates the 14-member Alaska Commission on Postsecondary Education and transfers many of its functions to the Alaska Student Loan Corporation. That corporation is, in turn, renamed the Alaska Student Aid Corporation with an expanded board of seven members. This should reduce costs and result in a better integrated program.

Second, the Alaska Student Aid Corporation is transferred to the Department of Revenue. All management and administration functions of the Alaska Commission on Postsecondary Education for student aid funds are transferred to the corporation. These transfers should provide additional expertise and streamline the investment functions for the student loan funds.

The Honorable Drue Pearce

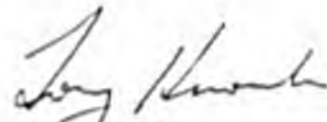
January 8, 1996

Page 2

Third, the policy and planning functions of the postsecondary commission are transferred to the Department of Education. The department can provide the central focal point for all education programs, including postsecondary, to be sure that Alaskans can be competitive in today's workplace.

I urge your support of this Executive Order. It will result in improved program operation while reducing administrative costs. These changes will help the vital student loan program become self-sufficient, so that low cost financial aid remains available to future generations of Alaskans pursuing postsecondary educational opportunities.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tony Knowles".

Tony Knowles
Governor

FISCAL NOTE

No. 1
 Bill Version: EO 97

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

(S) Publish Date: 1/8/96

Revision Date _____ Dept. Affected: Revenue
 Title: EO Postsecondary Education BRU: Alaska Student Aid Corporation
 Component: Alaska Student Aid Corporation
 Sponsor: Rules
 Requester: Governor COMPONENT SERIAL NO. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF Program Receipts						
1006 GF MHTIA						
1007 Interagency Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This fiscal note acknowledges the transfer of the Alaska Student Aid Corporation from the Department of Education to the Department of Revenue due to an Executive Order. Funding within the Department of Revenue will be reflected in FY97 Governor's budget amendments.

Prepared by: Bob Barako Phone: 465-2312
 Division: Administrative Services Division Date: 1/5/96
 Approved by: _____
 Commissioner: Deborah Vogt Date: 1/5/96
 Agency: Revenue

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FISCAL NOTE

No. 2
 Version: EO 97
 (S) Publish Date: 1/8/96

**STATE OF ALASKA
 1996 LEGISLATIVE SESSION**

Revision Date: _____ Dept. Affected: Revenue
 Title: EO: Postsecondary Education BRU: Administration & Support
 Component: Administrative Services Division
 Sponsor: Rules
 Requester: Governor COMPONENT SERIAL NO. 125

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 Interagency Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Division will be incurring additional administrative costs due to the transfer of the Alaska Student Aid Corporation from the Department of Education to the Department of Revenue. It is our intent to submit a budget amendment in the amount of \$40.0 in interagency receipts attributable to a Reimbursable Services Agreement (RSA) between the Alaska Student Aid Corporation and the Administrative Services Division. Services to be provided will be in the areas of personnel, payroll and budgeting.

Prepared by: Bob Baratko Phone: 465-2312
 Division: Administrative Services Division Date: 1/3/96
 Approved by: _____ Date: 1/4/96
 Commissioner: Deborah Vogt
 Agency: Revenue

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FISCAL NOTE

No. 3

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Bill Version: EO 97

(S) Publish Date: 1/8/96

Revision Date	Dept. Affected: <u>EDUCATION</u>
Title	BRU: <u>AK Commission on Postsecondary Educ</u>
	Component: <u>Program Administration</u>
Sponsor	
Requester	COMPONENT SERIAL NO. <u>212</u>

Expenditures Revenues:	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL	20.01					
CONTRACTUAL	2.01					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(22.01)	0.01	0.01	0.01	0.01	0.01

CAPITAL EXPENDITURES

CHANGES IN REVENUES

FUNDING:	(Thousands of Dollars)					
*002 Federal Receipts						
*003 GF Match						
*004 GF						
*005 GF Program Receipts						
Other *022 Corporate Receipts	(22.01)	0.01	0.01	0.01	0.01	0.01
TOTAL	(22.01)	0.01	0.01	0.01	0.01	0.01

Estimate of current year (FY96) cost: (11.5)

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary)

The membership on the commission and corporation would be reduced from a total of 19 members to 7 members, and the subcommittees would be eliminated. The smaller membership and subsequent reduction in the number of meetings would:

- 1) eliminate costs for obtaining meeting space and allow for meetings to take place in the Anchorage student loan office conference room
- 2) reduce travel costs
- 3) reduce staff time and money preparing and mailing fewer meeting packets; and
- 4) reduce the number of meetings held each fiscal year (including subcommittees) from approximately 16 to 4.

This fiscal note is for information only. All FY97 budget impacts will be submitted as a Governor's budget amendment.

Prepared by <u>Gillian R. Hays Legislative Liaison</u>	Phone: <u>465-6718</u>
Division <u>Alaska Commission on Postsecondary Education</u>	Date: <u>January 5, 1996</u>
Approved by Acting Executive Director <u>Diane Barrans</u>	Date: <u>January 5, 1996</u>
Agency <u>Alaska Commission on Postsecondary Education</u>	

FISCAL NOTE

Bill Version: EO 97 No. 4
 (S) Publish Date: 1/8/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: EDUCATION
 Title: Executive Order transferring functions of the BRU: Executive Administration
Alaska Commission on Postsecondary Education Component: Administrative Services
 Sponsor: Rules Committee
 Requester: Governor COMPONENT SERIAL NO. 157

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						

CHANGES IN REVENUES						
----------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
Other: 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY96) cost: \$ 45.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary) The Division of Administrative Services provided human resource, payroll, finance and budget support to the Alaska Commission on Postsecondary Education (ACPE) through a budgeted Reimbursable Services Agreement. The FY97 budget for Administrative Services has been adjusted for changes in the cost allocation plan based on the proposed transfer of the ACPE and consolidation of accounting functions. No additional funding is required.

Prepared by: Karen J. Rehfeld, Director Phone: 465-8650
 Division: Administrative Services Date: January 4, 1996
 Approved by Commissioner: Shirley J. Holloway, Ph.D. Date: January 4, 1996
 Agency: Department of Education

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FISCAL NOTE

No. 5

Bill Version: EO 97

(S) Publish Date: 1/8/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date _____ Dept. Affected: EDUCATION
 Title: Executive Order transferring functions of the BRU: Executive Administration
Alaska Commission on Postsecondary Education Component: Commissioner's Office
 Sponsor: Rules Committee
 Requester: Governor COMPONENT SERIAL NO. 185

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES						
---------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
Other 1007 I A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY96) cost: 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary) Sections 3, 4, 5 and 6 of the Executive Order list duties relating to postsecondary education in Alaska which are being transferred from ACPE to DOE. Those paragraphs which were enacted in compliance with federal mandates or which refer to coordination of the community college system and the University of Alaska budget are archaic due to federal and state statutory changes. The Department will support clean-up legislation to address these areas. The general policy and planning duties will be an expansion of the scope of the Board of Education's current activities, creating a linkage between secondary and postsecondary training. These functions, as they currently exist in statute are diverse and complex. DOE, with current and anticipated budgetary constraints, would not be able to afford the additional professional and administrative staff to perform these functions and still comply with our elementary and secondary education oversight responsibilities.

Prepared by Kimberly Homme, Special Assistant
 Division: Commissioner's Office

Phone: 465-2803
 Date: January 4, 1996

Approved by Commissioner: Shirley J. Holloway, Ph.D.
 Agency: Department of Education

Date: January 4, 1996

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