

SB

174

<target><bill>SB 174</bill><subject>SB
174</subject><comm>HFIN26</comm></target>

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

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 12, 2010

SUBJECT: Sectional Summary (CSSB 174(FIN) (Work Order No. 26-LS0764\D))

TO: Senator Linda Menard
Attn: Michael Rovito

FROM: Jean M. Mischel
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Establishes in statute the Alaska scholars program to be administered by the Board of Regents of the University of Alaska for the purpose of providing scholarships to the University of Alaska to eligible students who attend a qualified high school in the state and who are academically ranked by the student's school in the top 15 percent of the student's graduating class. Award levels vary by ranking of student in five, 10, and 15 percent ranges. Establishes an account consisting of appropriations from the endowment trust fund and other sources. Requires an annual minimum contribution of 3.8 million dollars by the board of regents. Defines "qualified high school."

Section 2. Requires the postsecondary education commission to annually distribute not less than \$10,000,000 or the full amount appropriated, whichever is greater, to the AlaskAdvantage Education Grant Program. Distribution of the grants is to be to the postsecondary institution to the extent feasible. Requires pro rata distribution if insufficient funds are available.

Section 3. Amends eligibility requirements for the AlaskAdvantage grant program to include approved career and technical school programs.

Section 4. Reorganizes existing law pertaining to a priority for an AlaskAdvantage program grant for postsecondary students enrolled or about to be enrolled in a program that prepares the student to work in an occupation or profession for which a severe shortage of trained individuals exists. Eliminates discretionary priority for high school

Senator Linda Menard
April 12, 2010
Page 2

students who are in a program for successful preparation for postsecondary study in a shortage area. Defines "severe shortage" and "occupation or profession."

Section 5. Increases annual minimum and maximum AlaskAdvantage grant awards from \$500 to \$1,000 and from \$2,000 to \$5,000, respectively.

Section 6. Increases total maximum AlaskAdvantage grant award to \$20,000.

Section 7. Makes conforming changes to the exemption from repayment conditions under the medical education program (WWAMI) for scholarships awarded under the Alaska scholars program established in sec. 1 of the bill, University of Alaska Scholarships for Natives under AS 14.43.050 - 14.43.075, free tuition under AS 14.43.085, and loans received under AS 14.43.091 - 14.43.160 or under 14.43.710 - 14.43.750.

Section 8. Changes the scholarship information date for reports of eligible students made by a qualified high school and adds birthdates and telephone numbers of students to the report.

Section 9. Cross references the definition of "qualified high school" for purposes of providing scholarship information.

Section 10. Adds a minimum number of dentistry, pharmacy, and optometry students funded under the existing professional student exchange program.

Section 11. Repeals existing law pertaining to University of Alaska scholarships for high school students.

Section 12. Provides that sec. 1 of the bill applies to students who were seniors in high school this and subsequent years.

Section 13. Renames art. 1 of AS 14.43 to "Alaska Scholars Program."

JMM:plm
10-228.plm

AMENDMENT #1

OFFERED IN THE HOUSE
TO: CSSB 174(FIN)

BY REPRESENTATIVE KELLY

- 1 Page 2, lines 10 - 12:
- 2 Delete all material.
- 3
- 4 Renumber the following paragraph accordingly.
- 5
- 6 Page 2, lines 16 - 17:
- 7 Delete all material.
- 8
- 9 Renumber the following paragraphs accordingly.
- 10
- 11 Page 3, lines 10 - 11:
- 12 Delete "funding provided by the state"
- 13 Insert "available funding"

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSSB 174(FIN)
 (S) Publish Date: 4/12/10

Identifier (file name): _____ Dept. Affected: University
 Title An Act relating to scholarships . . . RDU Statewide Programs and Services
 Component Statewide Services
 Sponsor Senate Finance Committee
 Requester Senate Finance Committee Component Number 730

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims	7,732.2	7,732.2	5,537.8	6,468.8	7,369.6	8,202.4	9,256.7	
Miscellaneous								
TOTAL OPERATING	7,732.2	7,732.2	5,537.8	6,468.8	7,369.6	8,202.4	9,256.7	

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	7,732.2	7,732.2	5,537.8	6,468.8	7,369.6	8,202.4	9,256.7
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	7,732.2	7,732.2	5,537.8	6,468.8	7,369.6	8,202.4	9,256.7

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time	0.0	0.00	0	0	0	0	0
Part-time	0.0	0	0	0	0	0	0
Temporary	0.0	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill creates Alaska scholars program based on the existing University of Alaska scholars program, increases the annual awards to students, and increases the number of students eligible for the program. The appropriations listed would be in addition to the existing \$3,800.0 funded by the University of Alaska from the Land Grant Trust Fund and currently budgeted within the university's budget. Key assumptions: Tuition rates for FY11 and FY12 as approved by the Board of Regents; tuition rates for FY13-FY14 increasing by 10% each year and FY15-FY16 by 5% each year. Student numbers assume 3% annual growth in the number of students accepting the award, and that 60% of current recipients are in the top 5% of their class and 40% are in the next 5% of their class, and assume the number of new freshman in the third 5% of the class who accept the award will be half the number of the top 10%. As is the case with the current program, all four years of award are reserved in the year of award.

Prepared by: _____ Phone _____
 Division _____ Date/Time _____
 Approved by: Wendy Redman Date 4/10/2010

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSB 174(EDC)
 (S) Publish Date: 4/8/09

Identifier (file name): SB174-EED-ACPE-04-03-09 Dept. Affected: Education
 Title An Act relating to professional student exchange program RDU ACPE
availability and conditions for loan forgiveness Component Program Administration and
 Sponsor Senator Menard Operations
 Requester (S)EDC Component Number 2738

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous	398.5		823.0	1,275.0	1,754.0	1,813.6	1,875.3
TOTAL OPERATING	398.5	0.0	823.0	1,275.0	1,754.0	1,813.6	1,875.3
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	398.5		823.0	1,275.0	1,754.0	1,813.6	1,875.3
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	398.5	0.0	823.0	1,275.0	1,754.0	1,813.6	1,875.3

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes an education loan for Alaska residents participating in certain professional programs of study through the Western Interstate Commission on Higher Education's (WICHE) Professional Student Exchange Program (PSEP). The terms of the loan include interest-free borrowing during the in-school period, fixes the interest rate at 7.5% during the repayment period, and entitles the borrower to forgiveness benefits under certain conditions. The bill sets a minimum number of students to be funded on an annual basis.

The PSE program operates as a multi-state student exchange program by which compact member states that have have institutions that offer certain professional programs of study agree to provide preferential consideration for admission to residents of member states that do not have institutions that offer those programs. WICHE facilitates

Prepared by: Diane Barrans, Executive Director Phone 465-6740
 Division Alaska Commission on Postsecondary Education Date/Time 4/3/09 2:30 PM
 Approved by: Diane Barrans, Executive Director Date 4/3/2009
Alaska Commission on Postsecondary Education

FISCAL NOTE # 1

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. CSSB 174(EDC)

ANALYSIS CONTINUATION

the collection of a per resident fee for each person accepted into a participating institution. The amount of the Support Fee varies according to the professional field of study and is arrived at through a negotiated process facilitated by WICHE staff and involves all of the receiving institutions.

The terms by which the Support Fee is provided as a loan to each Alaska participant are such that state general funds would need to be appropriated to fund the loans. The Alaska Student Loan Corporation would not be able to finance the proposed loans in the capital markets through the issuance of bonds.

Although there is no effective date included in the bill, the fiscal impact is shown as beginning with the first cohort of five students per specified field enrolling in Fall 2009. The cost steps up over a four year time frame as five additional students are enrolled in the successive years, from 30 students in year one to a total of 120 students in year four. Costs thereafter are projected to increase by 3.4% per year which is the average annual increase in Support fees.

Within five years of program implementation, there would be an income stream back to the general fund as program participants complete their programs and enter repayment. The standard repayment is a fifteen-year term.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB 174(FIN)
 (S) Publish Date: 4/12/10

Identifier (file name): SB174CS-EED-ACPE-04-12-10 Dept. Affected: Education
 Title An Act relating to the Alaska scholars program administered by the Board of Regents of the University of Alaska... RDU ACPE
 Component Program Administration and Operations
 Sponsor Senator Menard
 Requester (S)FIN Component Number

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	11,700.1	11,700.1	13,100.0	14,024.0	15,001.0	16,050.0	17,223.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	11,700.1	11,700.1	13,100.0	14,024.0	15,001.0	16,050.0	17,223.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	11,700.1	11,700.1	13,100.0	14,024.0	15,001.0	16,050.0	17,223.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	11,700.1	11,700.1	13,100.0	14,024.0	15,001.0	16,050.0	17,223.0

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill amends the existing AlaskAdvantage Education Grant program by 1) proposing a minimum of \$10 million in grants be distributed annually, 2) providing that the grants may be used at career and technical school programs approved and published by the Department of Labor and Workforce development, and 3) increasing the monetary range of annual grant awards to between \$1,000 and \$5,000 per recipient. The bill also modifies Alaska's participation in the Western Interstate Commission on Higher Education's (WICHE) Professional Student Exchange Program (PSEP) by setting an annual minimum number of supported Alaska participants in the pharmacy, dentistry, and optometry fields of study.

Prepared by: Diane Barrans, Executive Director
 Division Alaska Commission on Postsecondary Education
 Approved by: Diane Barrans, Executive Director
Alaska Commission on Postsecondary Education

Phone 465-6740
 Date/Time 4/12/10 8:30 AM
 Date 4/12/2010

FISCAL NOTE # 2

**STATE OF ALASKA
2010 LEGISLATIVE SESSION**

BILL NO. CSSB 174(FIN)

ANALYSIS CONTINUATION

Notwithstanding the proposed funding level contained in the bill, this fiscal note was prepared based on the historical pool of eligible AlaskAdvantage Education Grant applicants and using the last four-year average in the growth in that pool (7%) as a growth factor. Over the past four years there has been an average of 4,934 grant-eligible applicants. Using an average grant amount of \$2,500, the costs in year one is estimated to be \$12.3 million. ACPE has \$620,000 remaining in GF appropriated in the FY09 capital budget for funding grants in FY11

There are no costs anticipated relative to the changes to the PSEP.