

Proposed Legislation and Meeting Materials

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Meeting Materials</SUBJECT><COMM>JESF26</COMM></TARGET>

**JOINT LEGISLATIVE
HIGHER EDUCATION SCHOLARSHIP FUNDING
TASK FORCE**

Meeting II AGENDA

Friday, September 17, 2010

8:30 -11:30am

Anchorage LIO, 2th Floor Senate Conference Room, Room 220

Subject: Merit-Based Component

Chair Opening Remarks

Old Business

- Answers to Member Question

New Business: Merit Scholarship

- Review of Statutory Framework
- Review of Refined Estimate of Awardee (Student) Pool
- Review of Refined Estimate of Programmatic Cost

Member Discussion

Closing Remarks & Adjournment

Sec. 14.03.113. District determination of scholarship eligibility.

A school district shall determine whether a student who graduates from a high school in the district is eligible for an award of an Alaska merit scholarship program scholarship under AS 14.43.810 - 14.43.850. If a student is eligible, the district shall state in the student's permanent record the highest level of funding for which the student is eligible. A district shall provide a student with an opportunity to request that the district correct an error in the eligibility determination.

Sec. 14.43.810. Alaska merit scholarship program established; regulations.

- a) The Alaska merit scholarship program is established to provide scholarships for high school graduates who are Alaska residents to attend a qualified postsecondary institution in the state.
- b) The department shall, in consultation with the commission, adopt regulations necessary to implement the program. The commission shall administer the daily operations of the program and financing of the program, including the procedures for applying for the scholarships, establishing standards for and ensuring continuing compliance with programmatic standards, and requiring students to apply for other non loan financial aid, consistent with federal law.

Sec. 14.43.820. Alaska merit scholarship program; eligibility.

- a) Subject to appropriation, the commission shall award an Alaska merit scholarship program scholarship to an applicant who
 - (1) is a resident of the state as defined in AS 01.10.055;
 - (2) graduated or will graduate within six months from a high school in the state;
 - (3) has completed a core academic curriculum in high school that includes
 - (A) four years of mathematics, four years of language arts, four years of science, and four years of social studies, one year of which may include a foreign language, an Alaska Native language, fine arts, or cultural heritage; or
 - (B) three years of mathematics, four years of language arts, three years of science, four years of social studies, and two years of a foreign language or an Alaska Native language;
 - (4) has a minimum grade-point average in high school of 2.5 or higher; the department shall set by regulation minimum requirements based on a substantially similar standard for districts that do not assign grades;
 - (5) has achieved a minimum score on a
 - (A) college entrance examination; or

- (B) standardized examination designed to measure a student's level of preparedness to make the transition to work, as selected by the department; and
 - (6) is enrolled in good standing in a course of study at a qualified postsecondary institution in this state that is intended to result in the award of a certificate or degree.
- b) The commission shall establish in regulation standards for continuing and regaining eligibility for a scholarship.

Sec. 14.43.825. Maximum annual awards.

- a) The maximum annual awards for the Alaska merit scholarship program scholarships are as follows:
- (1) the first award level is \$4,755 and requires a 3.5 grade-point average or above and a very high minimum score on a college entrance examination;
 - (2) the second award level is \$3,566 and requires a 3.0 grade-point average or above and a high minimum score on a college entrance examination;
 - (3) the third award level is \$2,378 and requires a 2.5 grade-point average or above and a moderately high minimum score on a college entrance examination.
- b) A student's eligibility for a scholarship terminates six years after the date the student graduated from high school unless the student qualifies for an extension of time allowed by the department by regulation.
- c) Except as provided in (b) of this section, a student receiving a scholarship may remain eligible for up to eight semesters of enrollment in good standing at a qualified university or college, which may include graduate courses.
- d) Scholarships may be awarded to a full-time student or, if a student is enrolled part time, prorated based on the number of credits. In this subsection, "full time" means enrollment in a course of study that is not less than 12 credits, and "part time" means enrollment in a course of study that is not less than six credits but less than 12 credits.
- e) The amount of a scholarship award may not exceed the amount of the student's costs of attendance as certified by the postsecondary institution for the purposes of federal financial aid, less any other scholarships or non loan financial aid awarded to the student.
- f) Payment of a scholarship is subject to appropriation. If insufficient funds are appropriated to pay all eligible scholarships, the commission shall pay existing awards on a pro rata basis.

Sec. 14.43.830. Qualified postsecondary institutions.

- (a) The following institutions are qualified postsecondary institutions for purposes of awarding an Alaska merit scholarship program scholarship:
 - (1) a university or college physically located in the state that is
 - (A) authorized to operate in the state under AS 14.48.020 or is exempt from authorization under AS 14.48.030(b)(1); and
 - (B) accredited by a regional accreditation association;
 - (2) a career and technical school program physically located in the state that has been included on a list of certified career and technical school programs received from the Department of Labor and Workforce Development; the commission shall publish the list on or before June 30 of the year preceding enrollment.
- (b) The Department of Labor and Workforce Development shall, in consultation with the Department of Education and Early Development, adopt regulations under AS 44.62 (Administrative Procedure Act) establishing criteria under which the Department of Labor and Workforce Development shall certify career and technical school programs in the state as eligible to participate in the Alaska merit scholarship program.

Sec. 14.43.840. Report to the legislature.

- (a) To the extent permitted under law, the department, the commission, the University of Alaska, and the Department of Labor and Workforce Development shall share data necessary to prepare public reports regarding the program.
- (b) Not more than 10 days after the convening of each regular legislative session, the department, the commission, the University of Alaska, and the Department of Labor and Workforce Development shall present an annual report to the public, the governor, and the legislature containing information of public interest regarding the program, including
 - (1) the number of applicants and number and types of scholarships awarded;
 - (2) the dollar amount of scholarships awarded in past years and the dollar amount expected to be awarded for the next year; and
 - (3) data and trends in the data regarding high school and postsecondary student performance, programmatic changes, and retention and graduation rates over time.

Sec. 14.43.850. Definitions.

In AS 14.43.810 - 14.43.850, unless the context requires otherwise,

- (1) "department" means the Department of Education and Early Development;
- (2) "grade-point average" means the average of all grades on a four²⁹ point scale, or five-point scale for advanced placement classes, obtained by the student in high school;
- (3) "high school" means a public or accredited secondary school in the state and a home school program that is approved by the department;
- (4) "program" means the Alaska merit scholarship program established under AS 14.43.810 - 14.43.850;
- (5) "school district" means a borough school district, a city school district, a regional educational attendance area, and a state boarding school.

TRANSITION: PROGRAM STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS.

Notwithstanding any contrary provision of this Act, the Department of Education and Early Development and the Department of Labor and Workforce Development, after consultation with the Alaska Commission on Postsecondary Education, may adopt regulations under AS 44.62 (Administrative Procedure Act) to implement their respective duties under the Alaska merit scholarship program established in AS 14.43.810, enacted by sec. 5 of this Act, so that a student

- (1) may be eligible for the program even though the student did not fully meet the required core academic curriculum for the school years beginning July 1, 2010, through June 30, 2014; and
- (2) who graduated from high school in this state after January 1, 2011, and before July 1, 2011, and meets eligibility requirements for the program may apply for a scholarship on or after January 1, 2011, for enrollment in a program of study beginning on or after July 1, 2011.

TRANSITION: REGULATIONS.

The Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education may proceed to adopt regulations necessary to implement changes made to their respective authorities by secs. 1, 2, 5, 7, and 8 of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1, 2011, except that regulations pertaining to applications for scholarships may take effect on or after January 1, 2011.

Representative Wilson -

Report on remedial education. Who takes remedial courses at UA? In particular what percentage of incoming freshman takes remedial courses? How much does it cost to offer remedial education?

National data from the U.S. Department of Education on participation in remedial education found that 34% of all new entering college students required at least one remedial education class. Of those students who enrolled in a community college, 43% required some remedial education. While these numbers are alarming, more recent research on participation rates at the state level paint an even bleaker picture. Recent state analyses conducted by ECS reveal that many states have remediation participation rates between 30% and 40%, with some states having rates over 50%.

Bruce Vandal
“Getting Past Go”
Education Commission of the States (ECS)

University of Alaska First-Time Freshmen Taking Preparatory Coursework by Recent and Other First-Time Freshmen Designation, Fall 2009

	All FTF	%	Recent FTF	%	Other FTF	%
Total Headcount Fall 2009	3588		2355		1233	
Took Preparatory Course work:						
Eng & Math	689	19.2	511	21.6	178	14.4
Eng OR Math	1929	53.7	1369	58.1	560	45.4
Any Subject	1946	54.2	1383	58.7	563	45.6
Math	1632	45.4	1163	49.3	469	38
English	986	27.4	717	30.4	269	21.8
Science	23	<1	19	<1	4	<1
Dev Studies	77	2.1	63	2.6	14	1

University of Alaska UA Scholar First-Time Freshmen Taking Preparatory Coursework, Fall 2009

Total Headcount, Fall 2009	444	
Took Preparatory Course work:		%
English AND Math	50	11.2
English OR Math	149	33.5
Any Subject	154	34.6
Math	121	27.5
English	78	17.5
Science	3	<1
Developmental Studies	21	4.7

*Note- For this Analysis First-Time Freshmen are considered Recent if they are under 20 as of Sept 1, 2009
Compiled by Statewide Planning and Institutional Research*

Student Credit Hours by Course Level – UA System, Fall 2009

<u>Preparatory</u>	<u>Lower Division</u>	<u>Upper Division</u>	<u>Professional</u>	<u>Graduate</u>	<u>Total</u>
10,810	190,549	49,025	5,299	17,467	273,150

For fall 2009 UA delivered 10,810 student credit hours in preparatory coursework. This is equal to 4% of the total credit hours for that term (273,150).

Senator Stevens -

Report on academic advising from the MAU's. Who receives advising? How are advisors assigned? Is academic advising mandatory? [This question was spurred by Sen. Stevens recalling testimony by a UAA student – a senior who claimed he had not received any academic advising his entire UAA career.]

UA Southeast: Yes and no. Students who are placed on probation, continued on probation, receive an academic warning which requires mandatory advising prior to registering for future semesters. Other students are highly encouraged to meet with an advisor but it is not mandatory.

Students are assigned based upon their degree program. If they are not in a degree program they are welcome to visit the student resource center

Our advisors consist of both professional and faculty advisors. The advisors from all academic areas (including Sitka and Ketchikan) meet monthly during the academic year for an advising meeting. A retreat has been implemented 4 years ago for the summer months where everyone meets face to face. An advising handbook has been developed and is posted online. The target audience is faculty and staff advisors. The group is working on an advising syllabus intended for students.

UA Fairbanks: Academic advising is mandatory for all undergraduate degree-seeking students. Students are assigned to advisors based on their major. Department chairs choose how students are assigned to advisors within their department. When admitted to UAF, students are given contact information concerning their academic advisor's department with their acceptance letter. Undergraduate baccalaureate students who chose "Undeclared Bachelor's" on their UAF application are assigned advisors from the Academic Advising Center.

Degree-seeking students are not allowed to register for the upcoming semester until they have met with their advisor and the advisor has signed their registration form. Academic advisor signatures are also required for semester credit overload approvals; academic petitions; to audit, add or drop/withdraw from courses after the last day of late registration; late withdrawal or audit after the last day to withdraw; and for a late total withdrawal after the last day to withdraw.

Non-degree seeking students are not assigned an academic advisor. However, they are encouraged to meet with one, especially if they have been academically disqualified, are taking nine or more credits in a semester, or have accumulated 30 or more UAF credits. These students can receive advising from the Academic Advising Center or the academic department that is most closely aligned with their interests.

Additionally, some students may receive advising through specific programs such as Rural Student Services, Student Support Services, Honors Program, Office of International Programs, and Northern Military Programs.

UA Anchorage: Academic Advising is not mandatory at UAA. At the point of admission students are instructed which department to contact for advisement. Each department assigns advisers

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differently, some alphabetically, some by cohort, etc. There are as many different ways of assigning as there are departments to assign.

We feel we have had huge success with the implementation of degree works. This tool has allowed greater clarification of requirement, allowed for simplified distance advisement and pushed student to meet with their advisers sooner in the program cycle so that we are dealing with concerns two or three semesters before graduation allowing for student adjustments rather than two weeks after commencement when the student “thought” they graduated.

Representative Fairclough -

1. Report on the employee tuition waiver benefit. How many credits are utilized through this program? A breakdown of who uses this benefit and costs of the program. Registration processes for this benefit do employees or dependent wait until all other 'paying students' are registered before they register?

[The data requested to address this question was not available in time for the task force meeting. I will present the data at our next meeting.]

Registration processes at all MAU's: students who utilize the Employee Benefit are not treated any differently – they are eligible to register according to their student status (i.e. freshman, sophomore, graduate, non-degree seeking, etc.)

Employee tuition waivers pay only for tuition. Tuition waiver forms must be turned in by the fee payment deadline. The employee is responsible for all other fees. The employee must be employed on the first day of instruction to be eligible. Employees who pay for a course and later become eligible for a waiver will not be reimbursed. Late fees and payment deadlines apply to those using tuition waivers.

2. Report on housing revenue versus costs at the MAU's – do revenues exceeds the cost of housing? [This request was prefaced by the statement that she - Rep. Fairclough as does Sen. Meyer - has children attending college].

UA Southeast: Due to aging facilities and increasing cost of maintenance and repair, the costs of owning and operating student housing generally exceeds receipts on an annual basis, and requires support from other revenue sources.

UA Fairbanks: All housing revenue at UAF is used for housing-related expenses. Revenue is generated from fees, rents and guest operations. On a yearly basis any revenue earned that is in excess to expenses is placed in an account to be used as both an emergency fund and to perform housing-related maintenance. No funds generated from housing operations are used for non-housing related purposes.

UA Anchorage: Revenues do not exceed costs, and in the case of UAA, the dining program supplements our revenue in order to balance the cost of housing. Housing on its own typically ends in the red. As a combined budget, if projected revenues do not come in and costs exceed our projections, we still run the risk of being in the red at year end.

What impacts our budget the hardest is the \$1.7M that we pay in debt service for the halls and commons buildings. In addition, increases to payroll/benefits, increases in M&R costs as the buildings age and increases to utilities can push up our costs. To balance this, we work to bring in additional revenues through increased sales in dining and conferencing. We generally need to raise student fees every year, but try to alternate housing and dining fee increases. Cost reductions are also part of our daily language around here as we look for ways to reduce our costs or get 'deals' on

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things such as our latest opportunity to receive furniture from the Student Union that otherwise would have gone to surplus.

UAA (only)

FY10 Student Housing Revenue was:	\$4,659,509
FY10 Student Housing Expenses were:	4,958,649
FY10 net:	(299,140)
FY10 revenue for UAA Housing, catering, dining and conferencing was:	\$8,747,495
FY10 costs were:	8,739,673
FY10 net:	<u>\$7,822</u>

Representative Seaton:

Report on students working on campus. How many students work on campus? What is the annual payroll for such students? What is the effect of work while enrolled on student success?

In fall 2009 UA had 1,428 student employees; 673 at UAA; 608 at UAF; 123 at UAS and 25 at SW.

Student employees at UA between Fall 2005-2009

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>% Change 2005-09</u>
1,403	1,297	1,385	1,411	1,428	1.8

The following are excerpts from selected research on the relationship between persistence, retention and graduation and working while enrolled.

“While the federal government has had a strong college work-study program since the inception of the Higher Education Act in 1965, only 14 states have developed such programs. And only five of them – in Colorado, Minnesota, New Mexico, Pennsylvania, and Washington – are very substantial. From a student’s perspective, college work-study is hardly financial assistance. It generally involves hard work, often in less than ideal circumstances, for modest wages. Yet research on the federal program demonstrates that college work-study can contribute substantially to student success. Given that more than three-quarters of all students are employed, the question isn’t whether they should work or not but what kind of work best supports their needs. **Research by the American Council on Education shows that student in work-study jobs, who work 15 hours or less per week, are much more likely to succeed in completing their education than students who work in other jobs, particularly off campus jobs.”(1)**

David Longanecker, Nov. 2008 Getting What You Pay For (page 4)

His full report is here:

http://www.wiche.edu/files/gwypf/dal_finaid.pdf

- About three-quarters of all four-year college students now earn a paycheck, and about one-quarter of them work full time.
- Students can increase their likelihood of succeeding in college by enrolling in a rigorous high school program and limiting the number of hours they work while in college.
- Risk factors that make it more difficult for students to complete college include working full time, starting at a community college, and having parents who did not attend college.

Saichi Obi
150
x

(1) Susan P. Choy, *Access and Persistence: Findings from 10 Years of Longitudinal Research on Students* (Washington, DC: American Council on Education, 2002).

Her full report is here:

http://www.acenet.edu/bookstore/pdf/2002_access&persistence.pdf

Combining School and Work (2 articles)

1) Provide Opportunities for Work Study. Work-study positions are excellent opportunities for foster care alumni to earn money and work in areas that encourage study and learning. **Providing opportunities to work on campus will help foster care alumni obtain additional funding to finance their way through college while also allowing the students to get connected with campus resources and institutional personnel.** These opportunities will help foster care alumni adjust to the college environment and persist toward degree completion.

<http://www.nasfaa.org/subhomes/researchhome/nasfaafostercare%20report.pdf> (p 42)]

2) Students always have worked, whether full or part time, to help cover their educational expenses, but many in higher education may not recognize how many students are working while going to school or how much they are working. **Devoting any more than about 15 hours per week to paid work tends to affect academic performance negatively and imposes limitations on students, such as restricting their choice of classes, limiting the number of classes they can take or when they can take them, and reducing library access (Horn and Berkold 1998).** Such limitations may lessen students' desire to stay in school or slow their progress toward a degree.

Students can influence their likelihood of college success beginning in high school. All students can be encouraged to adopt behaviors associated with higher persistence, such as enrolling in a rigorous high school program and studying hard. They can also be encouraged to limit the number of hours worked while attending college.

Analysts measured the independent effects of work, borrowing, and attendance on persistence, controlling for other variables (including grades) likely to affect persistence. **Both attending part time and working more than 15 hours per week reduced the likelihood of persisting, while working one to 15 hours per week increased the likelihood of persisting.** Researchers also found that borrowing increased students' likelihood of persisting, perhaps by reducing their need to work and allowing them to attend full time at higher rates. This would give them more time to devote to their studies.

Vincent Tinto (July 2004) Student Retention and Graduation: Facing the truth, living with the consequences.

Endowment Structure

Example A: \$400 Million “Constitutional” Fund

Equivalent: Permanent Fund

Operation:

- \$400 deposited to Capitalize Constitutionally-Created Fund
- Invested for Long-Term Return
- Earnings (\$20 M/yr at assumed 5% ROI) accrue to Account
- Excess Earnings Inflation-Proof Fund
- Account pays Scholarships

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • Highest potential for Long-term programmatic Sustainability • Principal is “Safe” • “Inflation proof” • Earnings provide Predictable Pay-out Funding Stream • Earnings: Very “Safe” from raiding if Const. protected 	<ul style="list-style-type: none"> • Necessity for Large Initial Investment • Necessity for Constitutional Amendment • Account is “Rare” • Higher “administrative” cost? • Subject to Market Volatility • Questionable Base for Programmatic Evolution
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • High Profile Focal Point for “State Investment” • Highest likelihood of attracting outside donations 	<ul style="list-style-type: none"> • “Pandora’s Box” and the “Christmas Tree” Effect • Earnings susceptible to “raiding” if not Const. protected • Subject to Market Volatility

Endowment Structure

Example B: **\$400 Million General Fund Fund (Subaccount)**

Equivalent: Power Cost Equalization Fund

Operation:

- \$400 deposited to Capitalize Fund
- Invested for Long-Term Return
- Earnings (\$20 M/yr at assumed 5% ROI) accrue to Account
- Excess Earnings Inflation-Proof Fund
- Account pays Scholarships

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • High potential for Long-term programmatic Sustainability • “Tried” mechanism • Principal offers Strongest programmatic “insurance policy” of unprotected Fund-types • Earnings provide Predictable Pay-out Funding Stream 	<ul style="list-style-type: none"> • Necessity for Large Initial Investment • Higher “administrative” cost • Subject to Market Volatility • Questionable Base for Programmatic Evolution
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • High Profile Focal Point for “State Investment” • Strong Base for programmatic Evolution • Likelihood of attracting outside donations 	<ul style="list-style-type: none"> • Principal susceptible to “raiding” • Earnings susceptible to “raiding”

“Rolling Fund” Structure

Example A: **Seaton Plans**

Equivalent: Community Revenue Sharing

Operation:

- Progressive Fund Capitalized up to \$160 Million
- Interest Bearing Fund
- Principal and Interest Earnings pay for Scholarships
- Yearly Appropriations used to Maintain Value of Fund Corpus

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • Low Capitalization Hurdle • “Tried” mechanism • Lower “administrative” cost than Endowment • Greater Pay-out Stream Predictability than Default • Principal acts as fixed-term programmatic “insurance policy” 	<ul style="list-style-type: none"> • Susceptible to Budget Volatility • Susceptible to “Budgetary Process” • Less than Predictable Pay-out Funding Stream • Low Likelihood of attracting outside donations
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Responsive to Programmatic Evolution • Some likelihood of attracting outside donations 	<ul style="list-style-type: none"> • Declining Oil Production/Revenue • Declining Federal Spending • Increasing Demand for Services • Principal susceptible to “raiding” • Earnings susceptible to “raiding”

“Rolling Fund” Structure

Example B: **Meyer Plan**

Equivalent: Community Revenue Sharing

Operation:

- Immediate Fund Capitalized up to \$200 Million
- Interest Bearing Fund
- Principal and Interest Earnings pay for Scholarships
- Yearly Appropriations* used to Maintain Value of Fund Corpus
 - *Dividends, program receipts and other funds (AIDEA, AK Housing, ACPE) regularly “directed” to Scholarship Fund

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • Moderate Capitalization Hurdle • “Tried” mechanism • Identified Fund Replenishment Stream • Lower “administrative” cost than Endowment • Greater Pay-out Stream Predictability than Default • Principal acts as fixed-term programmatic “insurance policy” 	<ul style="list-style-type: none"> • Necessity for Substantial Initial Investment • Susceptible to Budget Volatility • Susceptible to “Budgetary Process” • Less than Predictable Pay-out Funding Stream • Low Likelihood of attracting outside donations
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Responsive to Programmatic Evolution • Some likelihood of attracting outside donations 	<ul style="list-style-type: none"> • Declining Oil Production/Revenue • Declining Federal Spending • Increasing Demand for Services • Principal susceptible to “raiding” • Earnings susceptible to “raiding”

Default Structure

Example: **Pay-As-You-Go**

Equivalent: Senate Bill 221

Operation: Yearly Appropriation to Support Programmatic Costs

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • Most Routine funding mechanism • No need for “account” creation • Lowest “administrative” cost • Yearly funding most directly matches yearly programmatic cost • Leaves greatest level of budgetary flexibility 	<ul style="list-style-type: none"> • Most susceptible to Budget Volatility • Most susceptible to “Budgetary Process” • Least Predictable Pay-out Funding Stream • Low Likelihood of attracting outside donations
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Most responsive to Programmatic Evolution 	<ul style="list-style-type: none"> • Declining Oil Production/Revenue • Declining Federal Spending • Increasing Demand for Services

State Fiscal “101”

Revenue and Appropriations

Joint Legislative Higher Education
Scholarship Funding Task Force

Outline

- Where does the state get its revenue?
- How is the revenue accounted?
- How is the revenue expended?

Revenue Sources

- Oil
- Non-Oil (excluding Investment)
- Investment
- Federal

Oil Revenue

- Royalty
 - Leasing of state land and royalty payment as land owner
- Production Tax
 - Net profits tax on production
- Petroleum Property Tax
 - Property tax on oil and gas property in state
- O&G Corporate Income Tax
 - Income tax on oil and gas corporations

Non-Oil (excluding investment)

- Corporate Income Tax (non-oil companies)
- Excise Taxes
 - Tobacco, alcoholic beverages, motor fuel
- Licenses and Permits
 - Fishing Hunting, Motor Vehicle
- Charges for Services
 - Marine Highway, other program receipts

Investment Income

- GF Earnings (relatively new)

- CBR ~~33.2 billion~~ / FY11 ~~\$35.7 bil~~
FY10 \$8.7 bil subaccount = ??

- Permanent Fund \$32 b

Fed Rev. \$3. Bill. FY10

How is revenue accounted?

- The primary operating fund of the state is the General Fund
 - The general fund has numerous sub-funds created by law *90 sub funds*
- Other fund types outside the general fund include (but not limited to):
 - Permanent Funds
 - Fiduciary Funds *PERS / TERS*
 - Component Units

Accounting ≠ Budgeting

Both accounting and budgeting are fiscal systems

- Accounting focuses on recording financial transactions
- Budgeting is more the enactment of a fiscal plan
 - Budget processes are dependent upon the accounting of past and current year expenditures and revenue
- Accounting follows generally accepted accounting practices (GASB)
- Budgeting does not follow a stringent set of rules

How is revenue expended?

- Legislature has the **Power of Appropriation**
 - No expenditure of state funds w/o an appropriation
- Legislature appropriates funds based on levels of discretion

Levels of Discretion (Highest to Lowest)

Fund sources (revenues) grouped according to levels of discretion

- Unrestricted General Funds
- Designated General Funds
- Other State Funds
- Dedicated Funds

Dedicated

- Very little discretion how appropriated
- Article IX, Section 7 of the Constitution prohibits the dedication of revenue to any special purpose
 - Exceptions:
 - Article IX, Section 15 – Permanent Fund
 - Dedication prior to Statehood
 - Federal

Other State Funds

- Little discretion how appropriated
- Although not dedicated, funding sources in the group typically are restricted in some fashion
 - Contractual obligation
 - Bonds
 - Held in trust
 - PERS, TRS, etc.
 - Court order
 - Mental Health Trust
 - Legal separation
 - Corporate receipts

Designated General Funds

- Designated General funds consist of fund sources that have been “designated” for a special purpose in statute
- Constitutional prohibition “trumps” statutory designation
- Therefore, Legislature has complete discretion on use of funding
- However, Legislature typically follows statutory “guidelines”

Unrestricted General Funds

- Complete discretion how appropriated
- Typically referenced as a measure of state spending
- Utilized when calculating the Fiscal Surplus or Fiscal Gap
 - General Fund Revenue less General Fund Appropriations = Fiscal Surplus or (Gap)
- Approximately 90% of GF revenue is derived from Oil

The Question?

- The levels of discretion play a large role in budgeting and financing programs
- What level is best?
- Example's:
 - PCE – statutory endowment
 - Revenue Sharing – rolling type plan
 - Pay as you go – most state programs

Questions?

From: Louie Flora
Sent: Tuesday, October 05, 2010 10:20 AM
To: Jomo Stewart; Sen. Kevin Meyer
Subject: Draft legislation scholarship funding mechanisms
Attachments: Scholarship funding draft Alaska Scholarship fund.pdf; Scholarship funding draft AlaskaAdvantage.pdf

Hi Jomo,

Attached please find two pieces of draft legislation that Representative Seaton has discussed with Senator Meyer for inclusion in the Scholarship Task Force deliberations.

The first draft legislation (version M) would create a scholarship fund that operates like the Community Revenue Sharing fund. One third of the fund would be automatically distributed to scholarship recipients annually. If the Legislature wants to see the program continue, they would annually replenish the fund with an appropriation equal to the distribution. The fund would remain viable to pay the full obligation if the Legislature did not make an appropriation for one year. If the fund is not replenished for two years by any source and the balance falls below a benchmark level, the administrator could stop making any new commitments to scholarship recipients while still maintaining the obligation to students who have already been awarded a scholarship. This version does not propose a Needs-based structure, but provides a reliable mechanism that may be used to fund a Need-based component as well as the existing Merit Scholarship.

The second piece of draft legislation (version B) establishes a Need-based component through the existing AlaskaAdvantage need-based grant program. The funding mechanism in this version is identical to the scholarship fund in Version M discussed above, but would provide for Need-based AlaskaAdvantage grants as well as merit scholarships.

Please distribute to Scholarship Task Force members.

Louie Flora
Staff, Representative Seaton
(907) 235-2921

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to Alaska scholarship awards; and establishing the Alaska scholarship**
2 **award income account and the Alaska scholarship fund."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 14.43.825(f) is repealed and reenacted to read:

5 (f) Payment of a scholarship is subject to appropriation and the availability of
6 funds for expenditure under AS 37.14.750. If insufficient funds are appropriated or
7 available in a fiscal year to pay all eligible scholarships, the commission may not
8 award a scholarship to a new applicant and the commission shall pay existing awards
9 on a pro rata basis for that fiscal year.

10 *** Sec. 2.** AS 14.43 is amended by adding a new section to read:

11 **Sec. 14.43.835. Alaska scholarship award income account.** The Alaska
12 scholarship award income account is created as an account in the general fund. Money
13 may be appropriated into the account from the Alaska scholarship fund under
14 AS 37.14.750 and from other sources. The commission may use the money in the

1 account to pay scholarships awarded to students under AS 14.43.810 - 14.43.849. The
2 amount determined under AS 37.14.750(c) each year and deposited into the account is
3 the maximum amount that may be used to pay scholarships for the immediately
4 succeeding fiscal year.

5 * **Sec. 3.** AS 37.14 is amended by adding a new section to read:

6 **Article 8A. Alaska Scholarship Fund.**

7 **Sec. 37.14.750. Alaska scholarship fund established.** (a) The Alaska
8 scholarship fund is established in the general fund for the purpose of making
9 scholarship payments to qualified postsecondary institutions and students under
10 AS 14.43.810 - 14.43.849. The fund consists of money appropriated to the fund.
11 Income earned on money in the fund and donations to the fund may be appropriated to
12 the Alaska scholarship income account established in AS 14.43.835. Money in the
13 fund does not lapse.

14 (b) Each fiscal year, the legislature may appropriate to the Alaska scholarship
15 fund an amount equal to 20 percent of the money received by the state during the
16 previous calendar year under AS 43.55.011(g). The amount may not exceed the
17 greater of

18 (1) \$40,000,000; or

19 (2) the amount that, when added to the fund balance on June 30 of the
20 previous fiscal year, equals \$160,000,000.

21 (c) The balance in the Alaska scholarship fund shall be determined on June 30
22 of each year. The department shall distribute one-third of that amount or \$40,000,000,
23 whichever is less, for deposit into the account established in AS 14.43.835. If the fund
24 balance is less than \$80,000,000 in a fiscal year, payments may be made only to
25 satisfy obligations from previous fiscal years.

26 (d) Notwithstanding the limitation in (b) of this section, the legislature may
27 appropriate any amount to the Alaska scholarship fund. Nothing in this section creates
28 a dedicated fund.

29 (e) In this section, unless the context requires otherwise, "fund" means the
30 Alaska scholarship fund established in (a) of this section.

31 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 TRANSITION: ALASKA SCHOLARSHIP FUND BALANCE. Notwithstanding the
3 \$40,000,000 limit in AS 37.14.750(b), the following amounts shall be substituted for that
4 amount as follows for

5 (1) fiscal year 2012, \$15,000,000;

6 (2) fiscal year 2013, \$30,000,000.

27-LS0078\B
Mischel
9/8/10

HOUSE BILL NO.

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SEVENTH LEGISLATURE - FIRST SESSION**

BY

**Introduced:
Referred:**

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to AlaskAdvantage education grant funding and to Alaska scholarship**
2 **funding; and establishing an account and fund for those purposes."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 14.43.410 is amended by adding a new subsection to read:

5 (c) Notwithstanding the provisions of this section, payment of a grant is
6 subject to appropriation and the availability of funds for expenditure under
7 AS 37.14.750. If insufficient funds are appropriated or available in a fiscal year to pay
8 all eligible grants, the commission may not award a grant to a new applicant, and the
9 commission shall pay existing awards on a pro rata basis for that fiscal year.

10 *** Sec. 2.** AS 14.43.825(f) is repealed and reenacted to read:

11 (f) Payment of a scholarship is subject to appropriation and the availability of
12 funds for expenditure under AS 37.14.750. If insufficient funds are appropriated or
13 available in a fiscal year to pay all eligible scholarships, the commission may not
14 award a scholarship to a new applicant, and the commission shall pay existing awards

1 on a pro rata basis for that fiscal year.

2 * **Sec. 3.** AS 14.43 is amended by adding a new section to read:

3 **Sec. 14.43.915. AlaskAdvantage education grant and Alaska scholarship**
4 **award income account.** The AlaskAdvantage education grant and Alaska scholarship
5 award income account is created as an account in the general fund. Money may be
6 appropriated into the account from the AlaskAdvantage education grant and Alaska
7 scholarship fund under AS 37.14.750 and from other sources. The commission may
8 use the money in the account to pay grants awarded under AS 14.43.400 - 14.43.420
9 and scholarships awarded to students under AS 14.43.810 - 14.43.849. The amount
10 determined under AS 37.14.750(c) each year and deposited into the account is the
11 maximum amount that may be used to pay scholarships for the immediately
12 succeeding fiscal year.

13 * **Sec. 4.** AS 37.14 is amended by adding a new section to read:

14 **Article 8A. AlaskAdvantage Education Grant and Alaska Scholarship Fund.**

15 **Sec. 37.14.750. AlaskAdvantage education grant and Alaska scholarship**
16 **fund established.** (a) The AlaskAdvantage education grant and Alaska scholarship
17 fund is established in the general fund for the purpose of making grant payments under
18 AS 14.43.400 - 14.43.420 and scholarship payments to qualified postsecondary
19 institutions and students under AS 14.43.810 - 14.43.849. The fund consists of money
20 appropriated to the fund. Income earned on money in the fund and donations to the
21 fund may be appropriated to the AlaskAdvantage education grant and Alaska
22 scholarship award income account established in AS 14.43.915. Money in the fund
23 does not lapse.

24 (b) Each fiscal year, the legislature may appropriate to the AlaskAdvantage
25 education grant and Alaska scholarship fund an amount equal to 20 percent of the
26 money received by the state during the previous calendar year under AS 43.55.011(g).
27 The amount may not exceed the greater of

28 (1) \$40,000,000; or

29 (2) the amount that, when added to the fund balance on June 30 of the
30 previous fiscal year, equals \$160,000,000.

31 (c) The balance in the AlaskAdvantage education grant and Alaska

1 scholarship fund shall be determined on June 30 of each year. The department shall
2 distribute one-third of that amount or \$40,000,000, whichever is less, for deposit into
3 the account established in AS 14.43.915. If the fund balance is less than \$80,000,000
4 in a fiscal year, payments may be made only to satisfy obligations from previous fiscal
5 years.

6 (d) Notwithstanding the limitation in (b) of this section, the legislature may
7 appropriate any amount to the AlaskAdvantage education grant and Alaska
8 scholarship fund. Nothing in this section creates a dedicated fund.

9 (e) In this section, unless the context requires otherwise, "fund" means the
10 AlaskAdvantage education grant and Alaska scholarship fund established in (a) of this
11 section.

12 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 **TRANSITION: ALASKADVANTAGE EDUCATION GRANT AND ALASKA**
15 **SCHOLARSHIP FUND BALANCE.** Notwithstanding the \$40,000,000 limit in
16 AS 37.14.750(b), the following amounts shall be substituted for that amount as follows for

17 (1) fiscal year 2012, \$15,000,000;

18 (2) fiscal year 2013, \$30,000,000.

State of Alaska

Commission on Postsecondary Education

Resolution 2010 - 03

WHEREAS, the Alaska Commission on Postsecondary Education has noted with concern the increasing costs of education for Alaska students and the financial jeopardy from those costs; and

WHEREAS, the percentage of Alaskans entering postsecondary education is among the lowest in the nation; and

WHEREAS, there is a growing drop-out rate and non-graduation rate in Alaska's secondary schools; and

WHEREAS, there is an increasing number of entering college students needing remediation in core subjects to progress through degree programs; and

WHEREAS, the Commission believes that the scholarship program will provide incentives to Alaska students to attain higher performance in secondary school, complete their high school diploma, and plan to attend postsecondary education; and

WHEREAS, the scholarships will also help lower the cost of education for students and leave them in better financial status as they complete degrees or certifications; and

NOW, THEREFORE, BE IT RESOLVED, the Alaska Commission on Postsecondary Education strongly urges the Legislative Task Force to propose to the Alaska Legislature the establishment of long-term funding for both merit-based and needs-based scholarships for financial aid at Alaska postsecondary institutions.

DATED: October 6, 2010

Dave Rees, Chair
Becky Huggins, Vice Chair
Milton Byrd
Jennifer Chambers
Fuller Cowell
Sharon Charnell Gherman

Hugh Grant
Pat Jacobson
Spike Jorgensen
Jim Merriner
Jan Sieberts
Lydia Wirkus

Rep. Seaton

Needs-Based Funding Recommendations:

1. Under SB 221 a need-based supplement to the merit scholarship was to be addressed through the AlaskaAdvantage program. That program has targeted non-traditional, older students. Seeking to make scholarship qualifications the same for non-traditional students as for traditional leads to confusing complexity. The rigorous curriculum required of the merit qualified traditional student does not easily apply to a student who has been out of high school for years and the high grade point average qualification is often not applicable for those students. ***The Taskforce should recommend separating need-based awards into two programs. The current AlaskaAdvantage would serve the non-traditional, General Education Development (GED), and older students as prioritized for grants under the program's current criteria. A need-based component should also be included in the merit scholarship in order to target traditional students.***

[Murray: I wonder if the inclusion of two need's based scholarship programs would be a problem, and I am not sure I see the need to have BOTH AlaskAdvantage and an academic need's based scholarship. I think the AA program could take care of both. Rep. Seaton is right when he says below that the pool of AA would be reduced by pool of merit scholars, but probably not by much. Statistically, as was shown in the last few presentations, many lower income students will NOT be in a position to earn the academic scholarship. However their need may be much greater. We can both reward good grades and enable lower income students by offering both.]

The pool of AlaskaAdvantage applicants would be reduced by the existence of the merit scholarship which targets traditional students via the need-based supplement. By providing financial assistance to non-traditional students who may already be on the road to degree completion, AlaskaAdvantage is a vital program if our goal is to increase the educated workforce and citizenry of the State. AlaskaAdvantage could be funded within the same mechanism as the merit scholarship and its need-based supplement but would target criteria and goals to increase non-traditional student graduation.

2. The goal of integrating a need-based component into the merit scholarship was to ensure that the lesser socio-economic advantaged students who qualify for the merit scholarship would have the economic ability to use their merit award. Obviously, if there is a large unmet need and no ability to finance those costs the tuition merit scholarship cannot provide educational opportunity. The need-based supplement is set

at 50% of annual University of Alaska (UA) cost, less \$2,000 for student work contribution. This uncapped system creates potential for indeterminate funding liability as UA costs increase over time. To eliminate the cost inflation liability ***the taskforce should recommend to cap the maximum need-based supplement at the 2010 amount of \$4,700 as we have similarly capped the merit award at the 2010 UA tuition amount.*** It would take action by a future legislature, when the facts are known, to adjust either amount.

[Murray: It would be easier (and possibly less expensive) to eliminate the academic needs-based scholarship in favor of one needs based program.]

Other Policy Recommendations for Our Scholarship Investments:

A goal of the Legislature in creating a merit scholarship program was to provide the transformation pressure for K-12 to adequately prepare students for entry into college and career/tech without needing developmental education (remedial) courses. We recognize that remedial courses cost money and do not count for degree credit. By delaying progress toward completion these courses quite substantially reduce the probability that the student will ever complete the degree/certificate.

Since our investment objective is degree/certificate completion – not simply attendance – we should look at other factors that produce delay in progress and therefore contribute significantly to non-completion. What other policies should we institute in the scholarship program to stimulate postsecondary education changes to incentivize completion and make our money count? On-time completion will also become vital to Alaska institutions as a scholarship program becomes fully implemented because the anticipated growth in student enrollment will overwhelm available capacity if students do not progress more rapidly. The following three suggestions are for programmatic recommendations to advance that goal.

- 1. The taskforce should recommend that any institution which accepts scholarship awards will integrate an advisor/advocate program for those students.***

All evidence shows that advisor/advocate programs work at all education levels. Many designs are in use across the nation. Private institutions with traditionally high completion rates almost always incorporate a rigorous advisor model. The University of Nevada even aids advisors with a Course Concierge program (see attached article). Some initiatives such as Complete College America presume advisor programs as

evidenced in discussion of retention rate metrics by the statement that colleges “can actively work to better engage those students during their first year....” We heard testimony that University of Alaska Fairbanks (UAF), with mandatory advisors for all degree seekers, has a 5-year completion rate which is 50% higher than University of Alaska Anchorage (UAA) with optional advisors for degree candidates. As the State will be making a significant investment in the scholarship student, the institution receiving the funds should be required to advise the student on how to remain on track toward graduation.

[Murray: I think Seaton is on track here. Just to underscore, this only applies to degree-seeking candidate, which almost all, if not all academic students would be. But even having this requirement for all scholarship students, including AlaskAdvantage recipients might be a good thing.]

- 2. The taskforce should recommend that institutions accepting the scholarship students provide timely course offerings (or a course of study) that allow completion within a two or four year course of study.** This would not guarantee that all students would progress perfectly but would mean that those who desire to move forward would be provided that opportunity. The diversity of methods for providing access to courses for on-time completion has never been more available to Alaska institutions. Programs such as the Western Interstate Commission for Higher Education’s Internet Course Exchange (WICHE ICE) or other programs through cooperating institutions permit students to take courses from the other states’ at no more than 150% of resident tuition. It will be important for all programs requiring more than 60 units for any AA/certificate and more than 120 credits for BA/BS degree programs to provide students the estimation of time for completion so they will know if their scholarship can take them through completion and they can also assess lost opportunity cost by attending that institution.

[Murray: The estimated time completion is an important component, and while the University should strive to see people can graduate in four years, that might be impossible in some cases, and hard in others. To ensure that happens might mean the legislature has to dictate what courses the University offers, especially if they are in non-compliance. And this gets even trickier if they say they are in non-compliance for financial reasons, ie they cannot afford to offer the courses. I am not sure that the legislature can or should dictate what courses the University should offer. This gets into tricky territory.]

- 3. The taskforce should recommend that adequate progress for full-time status as a scholarship student is an accumulation of 30 credits by the start of the sophomore year.** Scholarship students will not require postsecondary non-credit developmental courses, as they have already completed a rigorous high school curriculum with high

Grade Point Average and ACT test scores. Accumulated dual credit, accredited internet and summer school credits should apply. Part-time status should be available if the student did not reach adequate course completion criteria. Momentum toward completion is our best insurance for the success of our State scholarship investment.

[Murray: Thirty credits means a full load for the first two semesters. If a student is having problems, then dropping a course would mean they are no longer eligible for the scholarship. Also it is unclear whether the AlaskAdvantage students would be subject to this as well. Since many would be non-traditional students, as indicated above, this 30-credit requirement could rule them out as well. It would make more sense to require 27 or even 24 credit hours, or to have a process to appeal suspension of the scholarship.]

Needs-Based Assistance

- A Needs-based component should be created/funded to supplement the Merit-based Scholarship. By “supplement”, it is meant that the Needs-based component will be tied and integral to the Merit-based Scholarship, creating a single Merit-/Needs-based program. Under this unified structure, a student would have to be a Scholarship Recipient (having successfully met all residential, curricular, testing, etc. eligibility requirements) to receive needs-based assistance.
- A Needs-based component should be created/funded or identified/used to compliment the Merit-based Scholarship. By “compliment”, it is meant that the Needs-based component will be a stand-alone assistance program, operating independent of the Scholarship, and with eligibility requirements and award protocols not necessarily reflective of those of the Scholarship.
- Understanding the Legislature wishes to further the purposes and goals of the Scholarship, it should work with ACPE to devise a revised AlaskaAdvantage award schema with allows to both continue under its existing ethos but also allows it to reward secondary-school performance (Scholarship recipients) and better incentivize attainment of desired academic outcomes.

Curriculum:

- The Legislature should discard the “alternative” curricular option, retaining only the one originally proposed in the House Education Committee passed HB 297: 4yrs Math, 4yrs Science, 4yrs English, 4yrs Social Studies.
-

[Murray: The senate education committee did this for a reason, but it certainly is not something worth spending too much time on. The up side is that it skews our graduates toward science, math and technology. The down is that it skews our graduates toward science, math and technology.]

- The Legislature should unify the dual-curricular tracks currently available in statute, maintaining the highest level of rigor but also maintaining its “creative” breath (See Louisiana’s TOPS 2014): 4yrs Math, 4yrs Science, 4yrs English, 4yrs Social Studies, 2yrs Foreign/Native Language, 1yr Fine Arts.

[Murray: The four units of math, science, English and Social studies will mean that every year a student has to take these four courses every year. Add the two years of native language and one year of fine arts, AND the required courses in individual schools such as health and PE, and there is little room for any other additional courses. Originally the two years of language was an either/or deal, and you traded two units of math and science for two units of foreign language. If it is doing to be changed, we might want to drop back to the governor’s original formula.]

- To ensure the quality and uniformity of statewide Scholarship curricular offerings, the Legislature should direct, and statutorily allow, the Alaska State Department of Education &

Early Development, in consultation with the Alaska State School Board and any other public or private parties deemed necessary or beneficial, to specify the “required courses” alluded to in statute for each educational category (Ex. 4yrs Math = Algebra 1, Algebra 2, Geometry and Trigonometry) and define the content requirements & standards for those courses in regulations.

[Murray: This gives the department flexibility to determine core course for Voc Ed candidates.]

UA Scholars Program

- Should the University of Alaska, at any time after full implementation of the Scholarship, discontinue the Alaska Scholars Program (ASP), and fail to do so of its own volition, the Legislature should reduce its yearly appropriation to the UA system by the estimated continuation value of the ASP and direct those withheld funds to the Scholarship.

[Murray: UA Scholars money comes from their natural resources fund, which is earnings from land grant trust fund, i.e. money generated from University properties. Currently 100 percent of that money goes to the UA scholars program. Before the UA scholars program this money went to natural resource related programs, such as mining, fisheries, oil and gas, etc. If the program did go down, they would be docked for money that the legislature is not currently giving them.]

SAT/ACT:

- The Legislature should grant the Alaska State Department of Education & Early Development and its Commissioner increased latitude regarding eligibility requirements (particularly SAT/ACT standardized test scores) during the transition phase of programmatic start-up.

[Murray: This allows for the department to adapt to any changes in the national SAT/ACT testing, as well as develop appropriate standards for and Voc Ed programs.]

- The Legislature should direct the Alaska State Department of Education & Early Development to research, devise and/or implement an alternative Scholarship eligibility certification testing regime to serve in replacement or addition to the SAT/ACT.

[Murray: Not a bad idea either. The ACT and SAT have lost some status as the gold standard for college admissions recently. Currently there are more than 700 schools where the SAT/ACT is optional.]

Distance Delivery:

- Recognizing that a robust, reliable distance delivery system is essential to ensuring all students will have a reasonable opportunity to compete for Scholarship awards, the Legislature, in partnership with the State Department of Education, the University of Alaska, and any other public or private parties deemed necessary or beneficial, should do an assessment of the State's existing distance delivery capacity and develop a plan (including cost estimates) for upgrading said system to the required level of capability.

[Murray: This really should be done, whether there is a scholarship or not. The important question is WHO would be doing this assessment. More than once Commissioner LeDoux said that the system was already in place. Others say it is not.]

Scholarship Account:

- The Legislature should create, as a sub-account of the General Fund, an Account specifically designated to receive, hold and distribute monies for the Scholarship.
- The Legislature should initiate and facilitate creation of a Constitutional Fund, separate and distinct from the General Fund, Permanent Fund or Constitutional Budget Reserve Fund, into which monies can be deposited, held and withdrawn to sustain the Scholarship.

Account Capitalization:

- The Legislature should, in a single appropriation using non-descript General Funds (Surplus), immediately capitalize the Scholarship Fund.
- The Legislature should, by liquidating specific existing GF sub-accounts and re-appropriating those funds, immediately capitalize the Scholarship Fund
- The Legislature should incrementally capitalize the Scholarship Fund using non-descript General Funds.
- The Legislature should incrementally capitalize the Scholarship Fund using Designated program receipts and dividends, supplemented as necessary by additional General Funds.
- The Legislature should set the maximum Scholarship Fund value at:
 - \$160 Million
 - \$200 Million
 - \$400 Million
 - Higher
 - No Cap

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	\$	\$	\$	\$	\$	\$
Appropriation	120,000,000.00	35,000,000.00	35,000,000.00	35,000,000.00	35,000,000.00	35,000,000.00
	\$	\$	\$	\$	\$	\$
Academic	8,221,935.00	14,389,278.00	18,502,029.00	20,556,621.00	20,556,621.00	20,556,621.00
	\$	\$	\$	\$	\$	\$
Needs based	4,000,000.00	7,000,000.00	9,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
	\$	\$	\$	\$	\$	\$
reinvestmt	107,778,065.00	13,610,722.00	7,497,971.00	4,443,379.00	4,443,379.00	4,443,379.00
	\$	\$	\$	\$	\$	\$
Fund Balance	107,778,065.00	118,166,968.25	129,075,316.66	140,529,082.50	151,998,915.62	164,598,861.40
	\$	\$	\$	\$	\$	\$
Next 10 years	237,702,648.27	254,587,780.68	272,317,169.71	290,933,028.20	310,479,679.61	331,003,663.59

Year 7	Year 8	Year 9	Year 10
\$	\$	\$	\$
35,000,000.00	35,000,000.00	35,000,000.00	35,000,000.00
\$	\$	\$	\$
20,556,621.00	20,556,621.00	20,556,621.00	20,556,621.00
\$	\$	\$	\$
10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
\$	\$	\$	\$
4,443,379.00	4,443,379.00	4,443,379.00	4,443,379.00
\$	\$	\$	\$
177,828,804.47	191,720,244.70	206,306,256.93	221,621,569.78
\$	\$	\$	\$
352,553,846.77	375,181,539.11	398,940,616.06	423,887,646.86

The “Next Ten Years” row shows the growth of the fund after the first ten year, but just does not include the specifics of the appropriations and pay outs.

Heather Beaty

From: Murray Richmond
Sent: Thursday, November 04, 2010 5:04 PM
To: Heather Beaty
Subject: Att. Sen. Joe Thomas

Boss,

Here are the graduation requirements for the FNS school district; You'll notice they require 22 and half credits.

If a student takes 4 years of math, science English and Social studies, that is 16 credits. Add to years of foreign language, and that brings it up to 18. Throw in a year of fine arts and we are now at 19. The district requires one and half units of PE and a half unit of health. So add two more and we are now at 21 units. That means that a student would only get to choose one other course (drama, music, yoga, etc) their entire high school career.

Now some electives could come in the social studies block, possibly. For instance, my daughter took Women's history at West, which is probably considered a social studies course. Creative writing would be an English course.

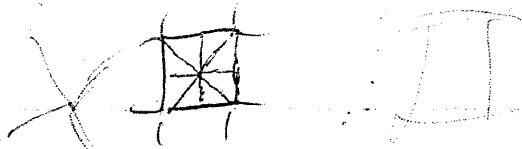
It was recommended that the foreign language be added to the science, math, social studies and English, which might be considered an overload of required courses.

Is this an alternative course of study??

Subject	# of Credits	
English	4	
Social Studies	3-1/2	Alaska Studies required
Science	3	
Mathematics	3	Algebra I required
Physical Education	1-1/2 **	
Health	1/2	
Electives	7	
Total Credits	22-1/2	

Murray Richmond
Legislative Aide
Senator Joe Thomas
(907) 456-8161

11/5/10 Ed. Scholarship Funding



Successful programs become referred in all

Districts & needs based

and award funding to the

Committee

Academic advising & encouraging work

Counseling - information sheets

what needs / conditions are needed

for success.

~~50,000,000~~

400,000 20,000

35,000

365,000

+ 15 380,000

35,000

345,000

400,000 put into acct. & each year

will be 30 million ~~in~~ ~~the~~ ~~SS.~~

create
space
for

The interest on 400,000 plus 30 million annual

would build a fund that would be

per sustainability & ~~30 million~~ would be

~~dropped~~ ~~interest~~ after a period of time

that would allow the 400 million to

build to an amount ~~that~~ ~~the~~

earning 5% would support the

40 million / yr plus interest.

269-5602 = Nancy Kordis

(over)

How many ^{college} students that take Education & English,
as their course, get to the end of
their 4th year & are still at college and/or
in the case of education have to
student ~~for the~~ teach which is a point to
decide to work with the student teacher
and so new teachers