

**Report to  
the  
Legisla-  
ture,  
Fall 2010**

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2010</SUBJECT><COMM>JESF26</COMM></TARGET>

**Alaska State Legislature**  
**Joint Legislative Higher Education Scholarship Funding Task Force**

**Senate**

**Senator Kevin Meyer, Chair**  
Senator Johnny Ellis  
Senator Lyman Hoffman  
Senator Gary Stevens  
Senator Joe Thomas



**House**

**Representative Paul Seaton, Vice-chair**  
Representative Peggy Wilson  
Representative Wes Keller  
Representative Anna Fairclough  
Representative Chris Tuck

**Administration**

ACPE: Diane Barrans, Director  
OMB: Karen Rehfeld, Director  
AK State Board of Education: Esther Cox, Chair  
University of Alaska: Saichi Oba, Associate Vice President  
Department of Education: Eddy Jeans, Education Policy Coordinator

December 1, 2010

Senate President Gary Stevens  
State Capitol Room 111  
Juneau, AK 99801-1182

Speaker of the House Mike Chenault  
State Capitol Room 208  
Juneau, AK 99801-1182

Dear President Stevens and Speaker Chenault,

This report is submitted to the Legislature by the Joint Legislative Higher Education Scholarship Funding Task Force, established by the 26<sup>th</sup> Alaska State Legislature under Senate Bill 221 to "examine higher education costs and identify the best approach in providing financial aid to assist students in the state".

Pursuant to this purpose, the Task Force has spent the interim performing three of the duties outlined in SB 221. These included evaluating how best to provide long-term and sustainable funding for state provided financial aid, evaluating proposals pertaining to financial aid opportunities and taking public comments on financial aid opportunities in the state.

Having completed all these assigned duties, the Task Force now respectfully submits the attached report in fulfillment of its fourth and final duty: "recommend improvements or additions to the laws providing for financial aid at postsecondary institutions." Those recommendations, along with supporting justifications and documentation, as included herein.

Respectfully,

A handwritten signature in cursive script that reads "Kevin Meyer".

Senator Kevin Meyer,  
Chairman, Joint Legislative Higher Education Scholarship Funding Task Force

Alaska State Legislature Joint Legislative Higher Education

# Scholarship Funding Task Force



## Report to the Legislature

Task Force Recommendations on

The Alaska Scholarship Program and

State-supported Educational Financial Assistance

Fall 2010

# Executive Summary

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Throughout the fall of 2010, the Scholarship Funding Task Force, established by Senate Bill 221 during the 26<sup>th</sup> Alaska State Legislature, performed an analysis of higher education financial aid policy in an effort to arrive at a set of recommendations for providing financial assistance for the post-high school education and training of Alaska students.

Specifically, the Task Force had been asked to consider options to ensure a long-term and sustainable funding stream for the newly created Alaska Scholarship program (Scholarship) and other state-provided financial aid. To do this, the Task Force solicited input from professionals with knowledge and expertise in education, administration, financial aid and governmental budgeting. It also took public testimony from groups and individuals (including current postsecondary students) who would benefit from or be impacted by the new program. The Task Force performed an in-depth analysis of the existing and potential components of the Scholarship and then, finally, reviewed the budgetary means and mechanisms available to the State to sustain programs like the Scholarship.

In a series of meetings, the Task Force reviewed the legislative history of the Scholarship, from inception to passage into law, and examined the form and function of the merit-based scholarship program created in statute with passage of SB 221. The Task Force also considered needs-based financial aid and examined the State's existing needs-based education assistance program – the AlaskAdvantage education grant program. Finally, the Task Force reviewed the budgetary tools available for supporting state-sponsored programs and analyzed structures the State might use to fund and finance the Scholarship.

Within the context of these reviews, evaluations and analyses, the Task Force formulated a consensus opinion on the funding strategy members agreed would be most efficient and effective in placing the Scholarship on a firm and enduring financial footing. It also considered numerous structural conditions and modifications through which the State's scholarship and financial aid systems might be strengthened to support the optimal functioning of the Scholarship.

This work of the Task Force formed the basis for the following recommendations to the Legislature and the State.

Implementation of these recommendations is expected to provide the structure necessary for the Scholarship to meet its two great promises: Its promise to Alaska that it can raise student academic performance by raising expectations, and its promise to students that, if they challenge themselves and achieve academic success under a highly rigorous curriculum, the State will reward them with a Scholarship.

# Summary of Recommendations

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## Funding and Finance

- The Legislature should immediately create a Scholarship Fund for the Scholarship program.
- If possible, the Scholarship Fund should be immediately capitalized to the point where it can be both self-sufficient and self-sustaining.
- Otherwise, the Scholarship Fund should be incrementally capitalized to a minimum balance of \$160 million using sources which have been positively identified and with revenues that have been affirmatively designated.

## Merit-Based Component

### Curriculum:

- No immediate amendment should be made to the Scholarship curriculum until its yearly reporting can provide the data to serve as a factual basis for such alterations.
- The Department of Education & Early Development should specify the “required courses” not specifically delineated in statute for each curricular subject area and define the content requirements and standards for those courses.

### Distance Delivery:

- The Legislature should do an assessment of the State’s existing distance delivery capacity and, should it be necessary, develop a plan (including cost estimates) for upgrading the Department of Education & Early Development’s capacity to provide virtual program or distance-delivered secondary courses.

## Needs-Based Component

- To directly support Scholarship awardees, a capped needs-based supplement should be reintegrated into the Scholarship.
- To assist all students, however, the Legislature should continue its support of the AlaskAdvantage grant program but do so at higher than historic levels.
- The supplemented Scholarship and AlaskAdvantage grant programs should be programmatically separate but should be funded through the same mechanism, under a funding formula which ensures adequate support for both.

## Other Policy Recommendations

- Any institution which accepts Scholarship awards should integrate an advisor/advocate program to assist Scholarship awardees in expediting the students’ time to education program completion.

# Summary of Recommendations

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- Institutions accepting Scholarship awardees should make their best effort to provide course delivery structures that allow for two and/or four year certificate/degree completion timelines.

## Introduction

Throughout the fall of 2010, the Joint Legislative Higher Education Scholarship Funding Task Force (hereafter referred to as the “Task Force”), established by Senate Bill 221 during the 26<sup>th</sup> Alaska State Legislature and in accordance with the Purpose and Duties described therein (Attachment 1), performed an examination of higher education financial aid policy options relative to student success in its effort to arrive at a set of recommendations for providing state financial assistance to Alaska students for post-high school education and training. Specifically, the Task Force was asked to consider options for securing a long-term and sustainable funding stream for the Alaska Scholarship (hereafter referred to as the “Scholarship”), and other state-provided financial aid meant to assist students in attending postsecondary institutions within the State, and to offer guidance to the Legislature on how it might best achieve that goal.

In furtherance of its statutory mandate, the Task Force solicited input from professionals with knowledge and expertise in education, administration, financial aid and governmental budgeting, and took public testimony from impacted groups and individuals, as it performed an in-depth analysis of the existing and potential components of the Scholarship and the means and mechanisms available to the State to sustain it.

The Task Force reviewed the legislative history of the Scholarship (Attachments 2 – 6):

- the Taylor Plan, which served as its preliminary model
- the proposal submitted by the Governor
- the versions created by the House and Senate Education Committees
- the Alaska Performance Scholarship codified in statute today

The Task Force discussed the merit-based component of the Scholarship:

- how students become eligible
- how they apply and the level of awards they can achieve
- where and how recipients can use their scholarships
- how many students are likely to apply for and receive awards
- how much it is likely to cost the State to provide those awards (Attachment 7)

The Task Force discussed the needs-based complement to the Scholarship (Attachment 8):

- the rationale for needs-based assistance
- the proposals on the issue vetted by the Legislature
- the vehicle the Legislature used to mitigate the Scholarship’s lack of an integrated needs-based assistance component - the AlaskAdvantage education grant program
- an estimate of the annual full cost of funding the current AlaskAdvantage grant program to serve as the state’s needs-based assistance component

- potential modification of the AlaskAdvantage grant program to better align it with the student performance goals of the Scholarship

The Task Force discussed the budgetary tools available to the State for funding and financing the Scholarship (Attachment 9):

- the revenues available for appropriation for its support
- the fund and account structures the State can create or maintain to securely hold those funds
- the methods available to the State of ensuring the directed distribution of monies
- the advantages and disadvantages relative to each budgetary structure in relation to the goals of the Task Force

The Task Force analyzed, as representative examples, funding and financing structures submitted to the Task Force (Attachments 10 - 14):

- Two forms of Endowments
- Two Rolling-Account proposals
- the default, annual General Fund appropriation option

Finally, The Task Force discussed ideas for possible “improvements and additions” to the Scholarship, in areas including:

- mandatory curriculum
- assessment alternatives
- access to education programs through distance delivery
- the postsecondary educational system

Having concluded its fact finding and subsequent deliberations, and in accordance with its statutory mandate, the Task Force has generated a list of consensus recommendations regarding the State’s postsecondary financial aid system in general and the Scholarship in particular. Those recommendations, and their supporting rationales, are included in the following report under their corresponding subject heading.

## Funding and Finance

The first duty and priority for the Task Force was to “evaluate how best to provide long-term and sustainable funding for state provided financial aid for postsecondary institutions in the state” with particular emphasis being given to the performance-based Alaska Scholarship.

The Task Force analyzed – as representative examples – a number of funding and financing structures which were submitted to the Task Force. Those structures included: heavily capitalized, constitutionally protected endowment funds; heavily capitalized, statutorily created General Fund sub-accounts; moderately capitalized rolling-fund accounts; and, as a control group, the pay-as-you-go default case of annual General Fund appropriations. The Task Force also considered both the numerous revenue sources which could be tapped to provide monies for scholarships and the appropriation mechanisms available for directing such monies to specific programs, as well as the opportunities and challenges associated with each approach.

Relatively speaking, the ideal structure for ensuring a secure, long-term, sustainable funding source for the Scholarship would be a constitutional account, not unlike the Permanent Fund or Constitutional Budget Reserve, specific to the Scholarship and capitalized at a level where revenues generated from investment of the corpus would be sufficient to not only fully fund annual scholarship awards but also sufficient to inflation-proof the fund itself through reinvestment. Though subject to market volatility, such a mechanism (essentially a constitutionally protected endowment) would be highly durable, self-sustaining, more able to attract private donations through the newly augmented education tax-credit system and more likely to provide an adequate, predictable funding stream for the program.

However, such a constitutionally protected endowment account, due to the need for overwhelming legislative support and a further vote of the people, would be difficult and time consuming to create. Another substantial challenge would be capitalizing the account – identifying and appropriating the hundreds of millions of dollars in initial investment necessary to place the fund on the desired self-financing and self-sustaining footing.

One alternative to the constitutionally protected account was reflected in the Governor’s original Scholarship proposal. Senate Bill 224 and House Bill 297 each called for the establishment of a “scholarship fund” - a statutorily created sub-account of the General Fund, to hold appropriations, donations and income earned on investments of fund assets. Such a statutory account would have offered, though to a lesser degree, many of the same benefits as its constitutionally protected counterpart yet, because it could be created through a purely legislative process, would have been far easier to make and could have been established on a timeline as compressed as a single legislative session.

This option, however, suffered from the same fund capitalization shortcomings (both in immediacy and scale) as its counterpart. As described in Fiscal Note 2 of SB 224, the purely

statutory endowment would still have required an initial, immediate, investment of no less than \$400 million to approach fund self-sustainability.

Attempts to mitigate these capitalization challenges resulted in proposals which functionally resembled the revised School Bond Debt Reimbursement program. Under these designs, termed rolling-fund accounts by the Task Force, the fund capitalization threshold was reduced and the investment timeline extended. Under draft legislation requested for the Task Force (Attachments 15 and 16), the Scholarship Fund would be incrementally capitalized up to \$160 million over a series of years as monies were deposited into the fund in excess of those required for distribution as scholarship awards. Such a system would represent a moderate continuing strain on the State's finances but would allow the Legislature to capitalize the fund without the budgetary shock of a large, one-time appropriation. Also, though a smaller account balance would not afford the fail-safe, in perpetuity funding security of a heavily capitalized endowment, the corpus of a rolling-fund would provide a reasonable level of mid-term programmatic funding assurance; allowing the State the potential of a program wind-down while still having sufficient funds to meet its obligations to Scholarship awardees already in the training/education pipeline.

The Task Force considered all of these account options to be preferable to the pay-as-you-go default case of making no specific accommodation for the Scholarship and simply allowing the Administration to submit yearly funding requests for legislative consideration.

Therefore, ***it is the recommendation of the Task Force that the Legislature immediately create, through statute, a Scholarship Fund as a sub-account within the General Fund.*** As an account capitalization goal, ***the Task Force recommends the Scholarship Fund account balance to be an amount sufficient to allow the Scholarship Fund to be wholly self-sustaining both for award distribution and inflation-proofing replenishment.*** As an optimal capitalization strategy, ***the Task Force would prefer, should sufficient funds be available, immediate account capitalization.*** However, recognizing this may not be possible, ***the Task Force recommends, as an alternative, incremental capitalization of the Scholarship Fund to a minimum balance of \$160 million,*** or whatever amount the Legislature deems sufficient for it to act as a surety account for already obligated awards.

Possible funding sources for the Scholarship are many since the State has multiple sources from which it collects revenue (like severance taxes and corporate income taxes), multiple ways it generates income (like investment returns, dividends and program receipts) and dozens of existing accounts in which it is already holding money. Much of this income flows into the General Fund and is as available for appropriation to the Scholarship as it is for any other state program.

However, relying primarily on General Funds for support of a program is to subject it to the uncertainty of the budgetary process by placing it in competition with all other programs for yearly legislative prioritization and appropriation. This is a situation the Task Force, with an

overarching interest in assuring an adequate, secure and predictable funding stream to the Scholarship, would hope to avoid. Therefore, the Task Force advocates a funding regime which would require General Funds as supplemental funds only, if at all.

In general, and as much as is practicable, ***the Task Force recommends that sources of funding for the Scholarship by positively identified, “funds-in” revenue be affirmatively designated*** and General Funds be used as necessary and in supplement only. In order of preference, from “first place to go” to last, the Task Force advises the Legislature to fund the Scholarship Fund as follows:

1. Designating Interest from Specific, Existing Accounts
2. Designating Program Receipts and Dividends
3. Designating Revenues from Specific, External Sources
4. Re-appropriated Assets from Liquidated Accounts
5. General Funds

## Merit-based Component

### Curriculum

It is the intent of the Scholarship (Attachment 17), through “increased academic rigor”, to improve the academic performance of Alaska students in grades kindergarten through 12 and thereby improve preparedness for postsecondary education and successful performance at postsecondary educational institutions. As such, many Task Force discussions focused on the dual curricular offerings embedded in the codified Scholarship.

To some, the inclusion of a “liberal arts” option, allowing for the taking of 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 Alaska Native language, represented a diminishment of programmatic rigor, and it was argued that the State should return to the single curricular option described in House Bill 297. To others, the inclusion of the two curricular options better reflected the reality of individual scholastic propensity and represented no such diminishment.

Recognizing that other states, with longer established Taylor Plan-based scholarship programs, have wrestled with this issue, and that future adjustments regarding these broad curricular categories are always within the State’s power, ***the Task Force recommends making no immediate amendment to the curricula of the Scholarship until its yearly reporting can provide the data to serve as a factual basis for alteration.***

The Task Force does, however, further recognize that broad statements regarding years of required schooling by discipline are relatively meaningless, and the State’s goal of increasing academic proficiency is less likely to achieve success, without a clearer definition of precisely what courses are to be taken and what content is expected to be taught and learned. Succinctly, course rigor is dependent on content not course titles. Therefore, to ensure the quality and uniformity of statewide Scholarship curricular offerings, ***the Task Force recommends the Legislature 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 not specifically delineated in statute for each educational category*** (Ex. 4yrs Math = Algebra 1, Algebra 2, Geometry and Trigonometry, etc.) ***and define the content requirements and standards for those courses in regulation.*** Although the State might experience resistance to such a move, the voluntary nature of the Scholarship vis-à-vis student curricular choices, coupled with the size of the State’s required investment and the customary ability of scholarship sponsors to set whatever requirements it feels most likely to achieve its desired ends, are compelling justifications for such a move.

### **Distance Delivery**

There is concern the State, due to a lack of physical infrastructure and/or virtual secondary-level educational content, may currently be unable to deliver, on a consistent basis, all facets of the rigorous curriculum required by the Scholarship to all students in all locations throughout Alaska. Therefore, recognizing that a robust, reliable distance delivery system is essential to ensuring all students will have a reasonable opportunity to compete for Scholarship awards, and to ensure equity in the Scholarship Program, ***the Task Force recommends the Legislature, in partnership with the State Department of Education and Early Development, the University of Alaska, and any other public or private parties deemed necessary or beneficial, do an assessment of the State's existing distance delivery capacity and, should it be necessary, develop a plan (including cost estimates) for upgrading the Department's capacity to provide virtual program or distance-delivered secondary courses.***

## Needs-Based Component

The original scholarship proposal (SB 224/HB297), as submitted, provided only for merit-based financial assistance but was later amended to include a needs-based component that was supplemental to the merit-based Scholarship. By supplemental, it is meant that the needs-based component was integrated within the merit-based Scholarship, creating a single program whereby a student would have to be a Scholarship recipient to be eligible to receive needs-based assistance. The goal of integrating a needs-based component into the merit scholarship was to ensure that the lesser socio-economically advantaged students who qualified for the merit scholarship would have the ability to use their merit-based award.

However, the statute that created the Scholarship (SB 221) used the AlaskAdvantage education grant program – an existing, stand alone program which, as a function of historic funding levels, had only been able to provide grants to those students demonstrating the highest level of financial need based on the methodology used in the Free Application for Federal Student Aid: primarily non-traditional, older students - to address the possible necessity for added assistance by Scholarship awardees specifically and the acknowledged insufficiency of state-funded needs-based financial assistance in Alaska generally.

This was not a perfect fit as these programs were not designed to work in concert and generally target groups which are not aligned. The AlaskAdvantage grant program has much broader eligibility standards than the Scholarship. Seeking to make the Scholarship's qualifications the same as for AlaskAdvantage would greatly impair, or even eliminate, its efficacy related to its broad-based programmatic goals just as seeking to amend AlaskAdvantage education grant's qualifications to mirror those of the Scholarship would render it unavailable to many of the groups it currently serves. However, the Task Force recognizes the value of the programs, their complementary natures and the statewide benefit of maintaining them both.

Therefore, ***the Task Force recommends the creation of a second needs-based assistance program: a needs-based component, similar or identical to the one proposed in Education Committee versions of SB224/HB297, to be reintegrated into the Scholarship.*** Such a supplement will allow the Scholarship to more fully serve its high achieving, traditional student population. However, recognizing the indeterminate funding liability potential of the need-based supplement, ***the Task Force recommends the integrated needs-based component be capped***, either at a 2010 amount of \$4,755 (as the merit-based portion of the Scholarship award has been capped at the 2010 UA tuition amount) or some other reasonable figure. ***The Task Force further recommends continued funding, at a level commensurate with its full functioning, of the AlaskAdvantage grant program***, allowing it to serve the non-traditional, General Education Development (GED), and older students as prioritized for grants under the program's current criteria. Finally, though they are to be programmatically separate, ***the Task***

*Force recommends the supplemented Scholarship and AlaskAdvantage grant programs be funded through the same mechanism, perhaps, though not necessarily, under a funding formula which will ensure adequate support for both.*

## Other Policy Recommendations Regarding Scholarship Investments

It is recognized that remedial courses delivered at the postsecondary level may entail public and/or private expense but do not count for degree credit. Also, by delaying progress toward completion, the need for remediation substantially reduces the probability a student will ever complete a degree/certificate program. Therefore, a goal of the Legislature in establishing a merit scholarship program was to create a source of transformational pressure on Alaska's K-12 system - a renewed impetus for it to adequately prepare students for successful entry into college and career/tech - and, in so doing, ensure scholarship awardees will not need to expend time or personal capital on developmental education (remedial) courses.

Degree/certificate completion – not simply attendance – is the investment objective of the State. It should therefore look at factors that produce delay in progress or otherwise contribute significantly to non-completion. What other policies should be instituted 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 may well overwhelm available capacity if students do not progress more rapidly. The following suggestions are programmatic recommendations to advance that goal:

***The Task Force recommends that any institution which accepts Scholarship awards should integrate an advisor/advocate program to assist Scholarship awardees.***

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 advising model. The University of Nevada even aids students through a Course Concierge program (Attachment 18). Some initiatives such as Complete College America presume advising 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....” The Task Force heard testimony that University of Alaska Fairbanks (UAF), with mandatory advising for all degree seekers, has a five-year completion rate which is 50% higher than University of Alaska Anchorage (UAA) with optional advising for degree candidates. As the State will be making a significant investment in the scholarship student, it is reasonable for the State to request that institutions receiving those funds advise that student on how to remain on track toward graduation.

***The Task Force recommends that institutions accepting Scholarship awardees should assist them in maximizing the value of their awards by providing timely course offerings (or courses***

*of study) that allow for completion of certificate and/or degree programs 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 participating institutions permit students to take courses not otherwise available to them. It will be important for all programs requiring more than 60 units for an AA certificate and more than 120 credits for a BA/BS degree to provide students the estimation of time for completion so they can reasonably assess the probability of their Scholarship funding their education through completion and make further arrangements as appropriate or necessary.

## Scholarship Funding Task Force Report to the Legislature

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# Attachment 1

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## Joint Legislative Higher Education Scholarship Funding Task Force

### Membership:

**Chair:** Senator Meyer  
**Vice-chair:** Representative Seaton

#### Senate

Senator Johnny Ellis  
Senator Lyman Hoffman  
Senator Gary Stevens  
Senator Joe Thomas

#### House

Representative Peggy Wilson  
Representative Wes Keller  
Representative Anna Fairclough  
Representative Chris Tuck

#### Administration

Department of Education: Eddy Jeans, Education Policy Coordinator  
University of Alaska: Saichi Oba, Associate Vice President  
OMB: Karen Rehfeld, Director  
ACPE: Diane Barrans, Director  
AK State Board of Education: Esther Cox, Chair

**Purpose:** Examine higher education costs and identify the best approach in providing financial aid to assist students in the state.

### Duties:

- Evaluate how best to provide long-term and sustainable funding for state provided financial aid for postsecondary institutions in the state, including scholarship opportunities
- Evaluate proposals that are based on available facts and conclusions pertaining to financial aid opportunities at postsecondary institutions in the state.
- Recommend improvements or additions to the laws providing for financial aid at postsecondary institutions.
- Take public comments on financial aid opportunities in the state.

# Attachment 2

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## **TAYLOR PLAN – Louisiana (2014 Graduates)**

### *CURRICULUM\**

Four (4) years of math

Four (4) years of Language Arts

Four (4) years of Science

Four (4) years of Social Studies

One (1) year Fine Arts

Two (2) years Foreign Language

\*Specific required courses spelled out in publications

### *MINIMUM ACHIEVEMENT*

- 2.5 or higher cumulative GPA
- Composite ACT of 20 or above

### *STANDARD AWARD*

State-paid tuition at any public two- or four-year college, university or vocational/technical school or equivalent award at any in-state private institution.

### *ADDITIONAL AWARDS*

- \$400 for students with a GPA of 3.5 or better, and ACT of 23 or higher
- \$800 for students with a GPA of 3.5 or better, and ACT of 27 or higher

# Attachment 3

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## GOVERNOR'S PERFORMANCE SCHOLARSHIP

### QUALIFICATIONS OF APPLICANTS

- Alaska Residents who have applied, or will apply, no more than six (6) months before or after date of graduation.
- Will use the scholarship at a qualified (Alaskan) post secondary institution no later than 6 years after the beginning of the first school year after graduation.

### ELIGIBILITY

- Completed Core Curriculum
- Met minimum grade-point average threshold
- Met minimum career-skills assessment or college entrance examination threshold
- Be enrolled in a certificate or degree-seeking program

### CURRICULUM\*

Four (4) years of math

Four (4) years of Language Arts

Four (4) years of Science

Three (3) years of Social Studies

\*Specifics TBA

### AWARD LEVELS\* \*\*

- 3.5 and up - 100% of qualified tuition
- 3.0-3.49 - 75% of qualified tuition
- 2.5-2.99 - 50% of qualified tuition

\*Minimum test scores per tier, and how they would impact awards, TBA

\*\*Career Scholarship award not to exceed \$3,000 per school year

### ESTIMATED PROGRAMMATIC COST

FY 2012 - \$8,221,935

FY 2016 - \$20,556,621

# Attachment 4

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## SENATE EDUCATION COMMITTEE

### QUALIFICATIONS OF APPLICANT

- Alaska Residents who have applied, or will apply, no more than six (6) months before or after date of graduation.
- Will use the scholarship at a qualified (Alaskan) post secondary institution no later than 6 years after the beginning of the first school year after graduation.

### ELIGIBILITY

- Completed Core Curriculum
- Met minimum grade-point average threshold
- Met minimum career-skills assessment or college entrance examination threshold
- Be enrolled in a certificate or degree-seeking program

### CURRICULUM\*

Four (4) years of math

Four (4) years of Language Arts

Four (4) years of Science

Four (4) years of Social Studies, one may include a non-English language, art, etc.

Three (3) years of math

Four (4) years of Language Arts

Three (3) years of Science

Four (4) years of Social Studies

Two (2) years of foreign or Alaska Native language

\*Specifics TBA

### AWARD LEVELS\* \*\*

#### Academic

- 3.5 and up - 100% of qualified tuition
- 3.0-3.49 - 75% of qualified tuition
- 2.5-2.99 - 50% of qualified tuition

#### Need

- 50% of outstanding "unmet financial need" after grants, awards and \$2,000 student contribution

\*Minimum test scores per tier, and how they would impact awards, TBA

\*\*Career Scholarship award not to exceed \$3,000 per school year

### ESTIMATED PROGRAMMATIC COST

FY 2012 - \$25,341,600\*

**FY 2015 - \$40,106,600**

\*Reflects inclusion of 2010 graduates in first cohort

# Attachment 5

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## HOUSE EDUCATION COMMITTEE

### *QUALIFICATIONS OF APPLICANTS*

- Alaska Residents who have applied, or will apply, no more than six (6) months before or after date of graduation.
- Will use the scholarship at a qualified (Alaskan) post secondary institution no later than 6 years after the beginning of the first school year after graduation.

### *ELIGIBILITY*

- Completed Core Curriculum
- Met minimum grade-point average threshold
- Met minimum career-skills assessment or college entrance examination threshold
- Be enrolled in a certificate or degree-seeking program

### *CURRICULUM\**

Four (4) years of math

Four (4) years of Language Arts

Four (4) years of Science

Three (3) years of Social Studies

\*Specifics TBA

### *AWARD LEVELS\* \*\**

Academic

- 3.5 and up - 100% of qualified tuition
- 3.0-3.49 - 75% of qualified tuition
- 2.5-2.99 - 50% of qualified tuition

Need

- 50% of outstanding "unmet financial need" after grants, awards and \$2,000 student contribution

\*Minimum test scores per tier, and how they would impact awards, TBA

\*\*Career Scholarship award not to exceed \$3,000 per school year

### *ESTIMATED PROGRAMMATIC COST*

FY 2012 - \$14,480,000

**FY 2016 - \$37,169,600**

# Attachment 6

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## ALASKA SCHOLARSHIP PROGRAM

### QUALIFICATIONS OF APPLICANTS

- Alaska Residents who have applied, or will apply, no more than six (6) months before or after date of graduation.
- Will use the scholarship at a qualified (Alaskan) post secondary institution no later than 6 years after the beginning of the first school year after graduation.

### ELIGIBILITY

- Completed Core Curriculum
- Met minimum grade-point average threshold
- Met minimum career-skills assessment or college entrance examination threshold
- Be enrolled in a certificate or degree-seeking program

### CURRICULUM\*

Four (4) years of math

Four (4) years of Language Arts

Four (4) years of Science

Four (4) years of Social Studies, one may include a non-English language, art, etc.

Three (3) years of math

Four (4) years of Language Arts

Three (3) years of Science

Four (4) years of Social Studies

Two (2) years of foreign or Alaska Native language

\*Specifics TBA

### AWARD LEVELS\*

#### Academic

- 3.5 and up - \$4,755
- 3.0-3.49 - \$3,566
- 2.5-2.99 - \$2,378

#### Need

- \$400,000 one-time appropriation to AlaskAdvantage to accommodate increased maximum award

\*Minimum test scores per tier, and how they would impact awards, TBA

### ESTIMATED PROGRAMMATIC COST

FY 2012 - \$9,321,900

**FY 2016 - \$21,656,600**

# Attachment 7

## Department of Education Updated Scholarship Cost Estimate – 8/17/10:

District_Name	2010 Graduates	3.5 +	3.0-3.49	2.5-2.99	3.5 +	3.0-3.49	2.5-2.99	Percentage of Graduates with GI 2.5 or better	
North Slope Borough School District	81	9	19	23	11.11%	23.46%	28.40%	62	
Northwest Arctic Borough School District	99	16	19	19	16.16%	19.19%	19.19%	54	
Petersburg City School District	38	8	18	8	21.05%	47.37%	21.05%	89	
Matanuska-Susitna Borough School District	1,092	233	234	269	21.34%	21.43%	24.63%	67	
Kenai Peninsula Borough School District	666	171	173	150	25.68%	25.98%	22.52%	74	
Juneau Borough School District	356	94	70	68	26.40%	19.66%	19.10%	65	
Fairbanks North Star Borough School District	889	213	193	219	23.96%	21.71%	24.63%	70	
Anchorage School District	3,082	714	681	742	23.17%	22.10%	24.08%	69	
				Averages	19.78%	26.39%	23.45%	69	
Total Statewide Graduates 2010	8,256	Estimated number of Students on GPA			1,633	2,179	1,936		
Est # students eligible and using Scholarship	2,244	5 yr avg # of students ACT cuts			29.31%	12.14%	12.87%		
% of graduates utilizing scholarship	27.2%	Estimated number of Students on ACT			2,420	1,002	1,063		
				Difference between ACT and GPA	787	-1,177	-873		
Scholarship Type >>>					Honors	Achievement	Opportunity		
Estimated number of students eligible for scholarships by category					1,633	1,789	1,063		
Variable for eligible students >>>>					Percentage of eligible students using scholarship	50%	817	895	532
					scholarship rates	\$4,755	\$3,566	\$2,378	Estimated
						\$3,884,835	\$3,191,570	\$1,265,096	\$8,341,501

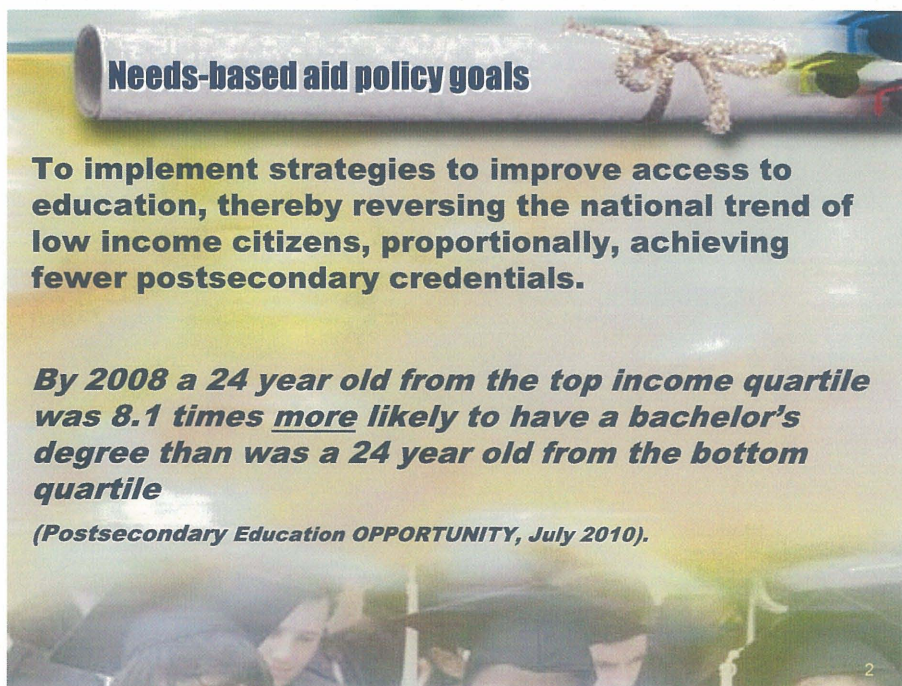
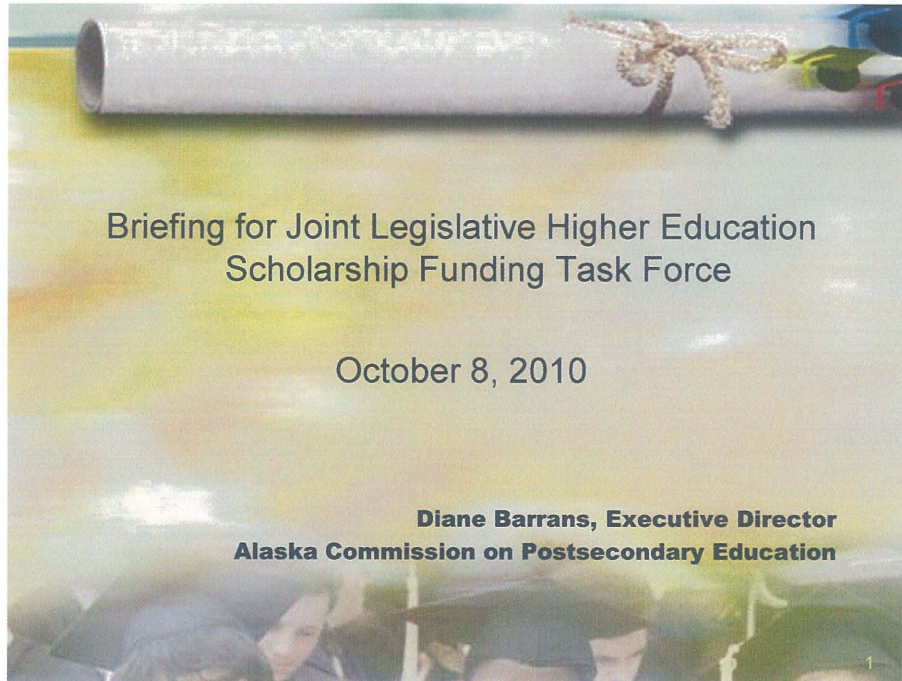
According to Education Trust, the average graduation rate for 5 year graduation for UAF is 25% and UAA is 16.5%. The four year graduation rate is significantly lower.

	Participation rates	number of Students	Est. annual cost	Year 1 Estimated cost	Year 2 Estimated cost	Year 3 Estimated cost
Year 1	100%	2,244	\$8,341,501	\$8,341,501		
Year 2	75%	1,683	\$6,256,126		\$14,597,627	
Year 3	50%	1,122	\$4,170,751			\$18,768,378
Year 4	25%	561	\$2,085,375			
Estimated annual cost when fully implemented		5,610	\$20,853,753			

# Attachment 8

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ACPE Needs-Based Assistance Presentation:



# Attachment 8

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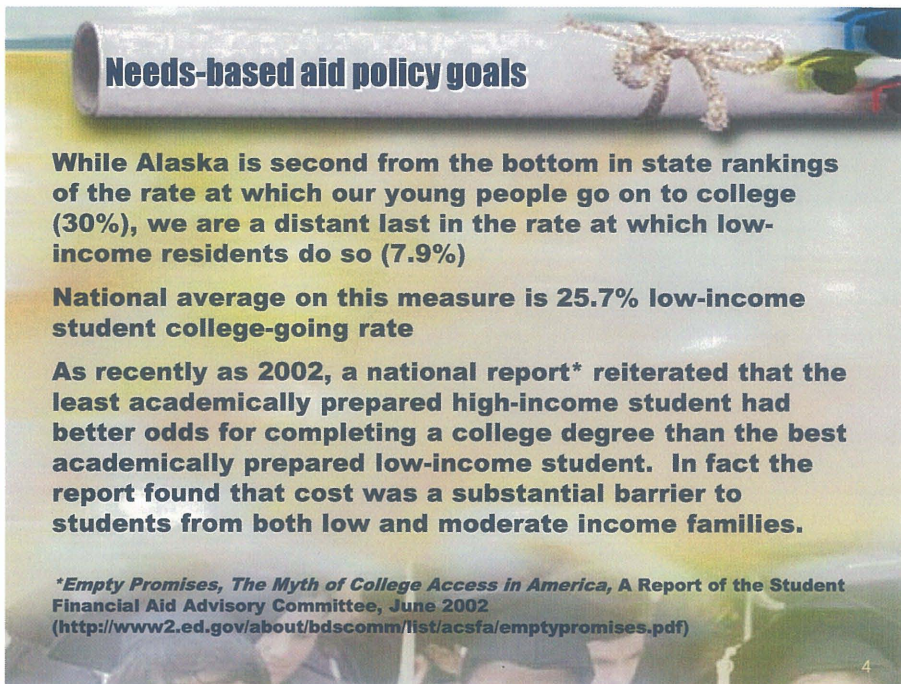


**Needs-based aid policy goals**

**A society's ability to equip citizens to improve their economic status results in financial and social public and personal benefits:**

Social/public benefits	Private/personal benefits
<ul style="list-style-type: none"><li>✓ Increase resident hire opportunities</li><li>✓ Attract and retain business investment</li><li>✓ Strengthen economic base of health-care and school systems</li><li>✓ Decrease violent crime rate</li><li>✓ Decrease low birth weight babies and infant mortality</li><li>✓ Increase home ownership and civic participation</li></ul>	<ul style="list-style-type: none"><li>✓ Increase personal income</li><li>✓ Increase career opportunities</li><li>✓ Improves healthcare and life expectancy</li><li>✓ Improves likelihood for healthy, successful children</li><li>✓ Increases capacity for leisure activities and life satisfaction</li></ul>

3



**Needs-based aid policy goals**

**While Alaska is second from the bottom in state rankings of the rate at which our young people go on to college (30%), we are a distant last in the rate at which low-income residents do so (7.9%)**


**National average on this measure is 25.7% low-income student college-going rate**

**As recently as 2002, a national report\* reiterated that the least academically prepared high-income student had better odds for completing a college degree than the best academically prepared low-income student. In fact the report found that cost was a substantial barrier to students from both low and moderate income families.**

\*Empty Promises, The Myth of College Access in America, A Report of the Student Financial Aid Advisory Committee, June 2002  
(<http://www2.ed.gov/about/bdscomm/list/acsfa/emptypromises.pdf>)



4

# Attachment 8



## Alaska's state financial aid policy goals

**By combining strategies of needs-based and performance-based financial aid opportunities, Alaska's governor and legislature are utilizing two components that are each critical to Alaskans' access to and success in postsecondary education—academic and financial capacity.**





## 2010 Legislative models

**HB297(EDC)/SB224(EDC) entitled scholarship recipients to an additional 50% of unmet cost of attendance (COA) > \$2,000**

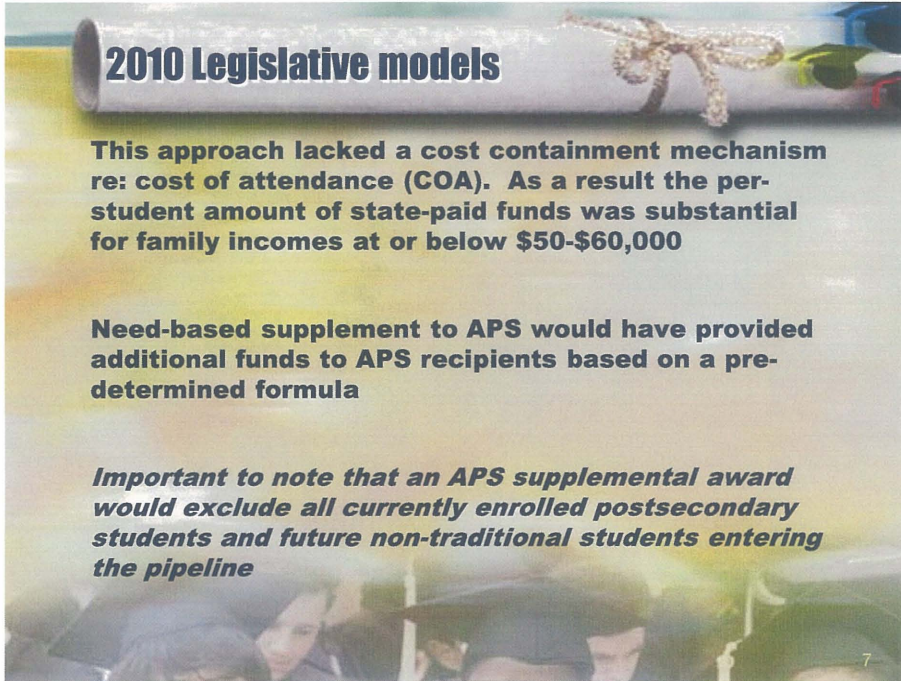
**B-level Award Distribution by Family Income Level**

Family AGI	\$25,000	\$50,000	\$75,000	\$100,000
Cost of attendance	\$18,500	\$18,500	\$18,500	\$18,500
Less Pell grant	-\$5,550	-\$0	-\$0	-\$0
Remaining costs	\$12,950	\$18,500	\$18,500	\$18,500
Less APS award	-\$3,566	-\$3,566	-\$3,566	-\$3,566
Remaining costs	\$9,385	\$14,934	\$14,934	\$14,934
Less EFC+\$2,000	-\$2,000	-\$6,772	-\$14,157	-\$15,401
Unmet need	\$7,384	\$8,212	\$777	\$0
Less needs award @ 50%	-\$3,692	-\$4,106	-\$388	\$0
Remaining family costs	\$3,692	\$4,106	\$389	\$0
<b>Total State aid</b>	<b>\$7,258</b>	<b>\$7,672</b>	<b>\$3,954</b>	<b>\$3,566</b>
<b>Total student &amp; family paid costs</b>	<b>\$5,692</b>	<b>\$10,878</b>	<b>\$14,546</b>	<b>\$15,401</b>



# Attachment 8

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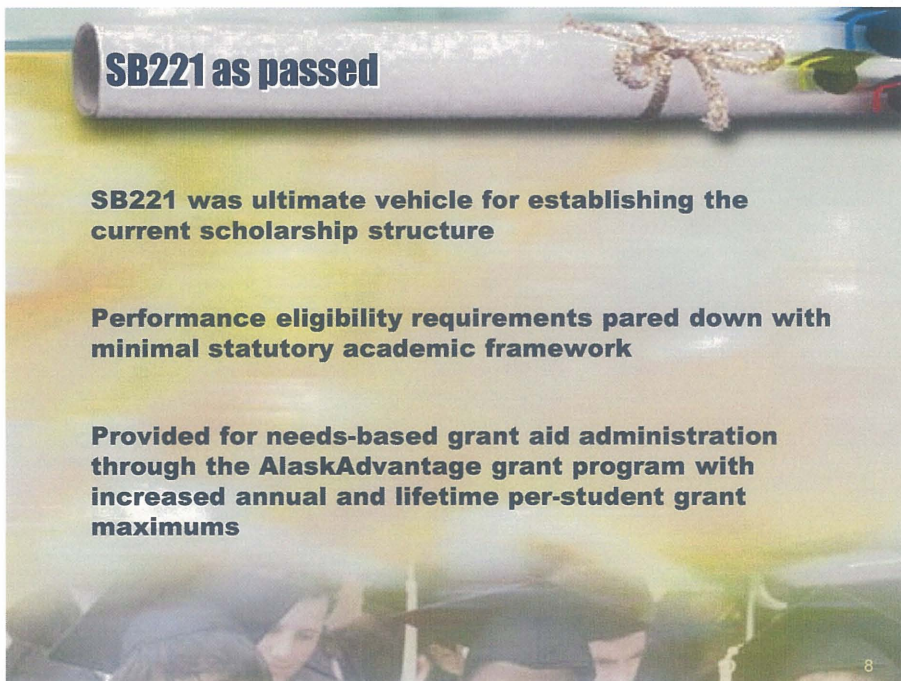
**2010 Legislative models**

**This approach lacked a cost containment mechanism re: cost of attendance (COA). As a result the per-student amount of state-paid funds was substantial for family incomes at or below \$50-\$60,000**

**Need-based supplement to APS would have provided additional funds to APS recipients based on a pre-determined formula**

*Important to note that an APS supplemental award would exclude all currently enrolled postsecondary students and future non-traditional students entering the pipeline*

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**SB221 as passed**

**SB221 was ultimate vehicle for establishing the current scholarship structure**

**Performance eligibility requirements pared down with minimal statutory academic framework**

**Provided for needs-based grant aid administration through the AlaskAdvantage grant program with increased annual and lifetime per-student grant maximums**

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# Attachment 8

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## **SB221 as passed**

**Fiscal Note passed to provide FY11 funding in the amount of \$400,000 to supplement approximately \$980,000\* remaining from FY09 capital budget and \$122,400 in federal LEAP/SLEAP funds**

**\*This amount is higher than previously estimated due to a lower than expected FY10 grant award use**

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## **Current grant criteria**

**Alaska resident enrolled at least half time in a certificate or degree program at a regionally or nationally accredited school in Alaska**

**Meet institution's satisfactory academic progress requirements**

**Demonstrate financial need based on the methodology used in the Free Application for Federal Student Aid**

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# Attachment 8

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## Current grant criteria

**Meet other criteria to receive federal financial aid (not already have an undergraduate degree, registered for the draft, no drug convictions while receiving aid, etc.)**

**Have a high school diploma or GED**

**Have unmet need of at least \$500 after all other non-loan financial aid considered**

**Applicant pool is all otherwise eligible students who file a FAFSA on or before April 15**

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## Current award process

**Applicant information is made available to schools students have listed on their FAFSAs**

**Schools provide information about other financial aid awarded and verify enrollment**

**Using a set standard cost of attendance (based on current year UA COA), ACPE reduces the COA by each student's other non-loan aid and the Estimated Family Contribution (EFC)**

### **Standard COA**

**- Other non-loan aid**

**- EFC**

**= Unmet need**

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# Attachment 8

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## Current award process

**Applicants are then sorted, by unmet need amounts, in a descending order**

**ACPE makes awards until the available funds are exhausted**

**In the event of equivalent unmet need amounts, two additional ordering criteria are:**

- 1) lowest adjusted gross income; and,**
- 2) closest to program completion**

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## Current grant structure

### **AlaskAdvantage priority awards**

**Program rules provide for priority awards, in the form of higher grant amounts, for students in two categories:**

- 1. Enrolled in severe workforce shortage area programs, or**
- 2. Having secondary school performance demonstrate high likelihood for postsecondary education success**

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# Attachment 8

## Current grant structure

For category one, the Commission annually determines qualifying shortage programs and they are:

1. education,
2. protective and social services,
3. allied health, and
4. process and resource extraction industries

For category two, by regulation, eligibility is based on having scored in the top quartile of test takers on either the SAT or ACT (1740/24)

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## Current grant amounts

Award type	Full-time student	Half-time student
Standard Award	\$1,500	\$750
Workforce Shortage Award	\$3,000	\$1,500
Top quartile of SAT/ACT test takers scores	\$3,000	\$1,500

(All amounts shown for full academic years)

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# Attachment 8



## Program funding history


**Grant funding source since current program inception in 2005-06: federal S/LEAP funds, ASLC Ofee account interest, FY09 capital appropriation**

**Until FY09 annually funded at approximately \$650,000**


**Most recent 3-year average total awarded is \$1.161 million**

**Over five years number of AK FAFSA filers is up 70% with greater increases in the number of grant-eligible applicants**

**Because demand has outstripped funding, only applicants with very high need have been funded**



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## Population served in 2009-2010

Population characteristics	Alaska FAFSAs	Eligible population	Awarded	Certified & disbursed
# of students	17,284	4,960	1,543	870
Average Age	27.8	27.7	30.3	32.6
Average AGI	\$53,954	\$34,994	\$18,527	\$16,617
Average unmet need	\$8,333	\$10,966	\$14,965	\$14,538

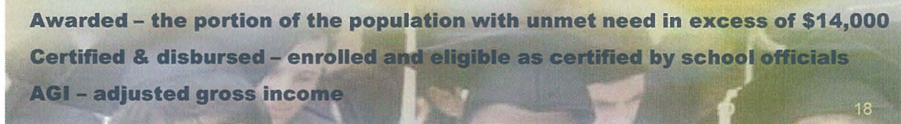
**Alaska FAFSAs - number of Alaska resident filers for attendance at Alaska schools**

**Eligible population - a total population subset having filed by the April 15 deadline, indicating enrollment at a participating school and w/unmet need of \$500 or greater**

**Awarded - the portion of the population with unmet need in excess of \$14,000**

**Certified & disbursed - enrolled and eligible as certified by school officials**


**AGI - adjusted gross income**



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# Attachment 8

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## Estimating full funding

**Using FY10 program year data, full funding, if the base grant amount is increased to the full \$3,000, is estimated to be \$8.5 million**

**Assuming eligible pool will grow by 20% due to increase in first-time freshman entering UA and that these students will be grant-eligible @ at same rate (69%)**


**Fall 09 Freshman (Alaskans/headcount) – 3,352\***

**Fall 09 Freshman (recent HS grads) – 2,355\***


**EED estimates of students eligible & using APS – 2,244**

**Anticipate slow growth over time in demand on grants as a result of APS's transformational impact**

\*(Source) UA in Review 2010



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## Considerations for alternative approaches

**Relative to other needs-based structures, program terms and conditions are determined specific to goals**

**For goal of equity and broad access, the current AlaskAdvantage grant program is the simplest model because it is most inclusive**

**To incent and reward academic achievement, additional requirements could be imposed either for: continued grant eligibility or increased grant amounts/priority grant eligibility in subsequent years**


**Similarly, to incent accelerated progress to certificate/degree, grant eligibility could require full-time enrollment and additional performance or progress-to-degree requirements could apply**



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# Attachment 8

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**Considerations for alternative approaches**

**Program designers should be mindful of consequences of terms and conditions that exclude populations which could benefit most from postsecondary education**


**These populations may include:**

- GED recipients
- Non-traditional adults seeking to upgrade or acquire new skills/education

**Another important consideration is the level of complexity and cost certain terms and conditions can impose on students, schools, or program administrators**



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**Considerations for alternative approaches**

**Relative to program costs, containment mechanisms may include:**

- Using fixed dollar award amounts**
- Establishing household income cut-off levels (ex: 150/200% of poverty levels)**
- Cap funding level and continue to award from greatest to least needs levels**

**Questions/Discussion**

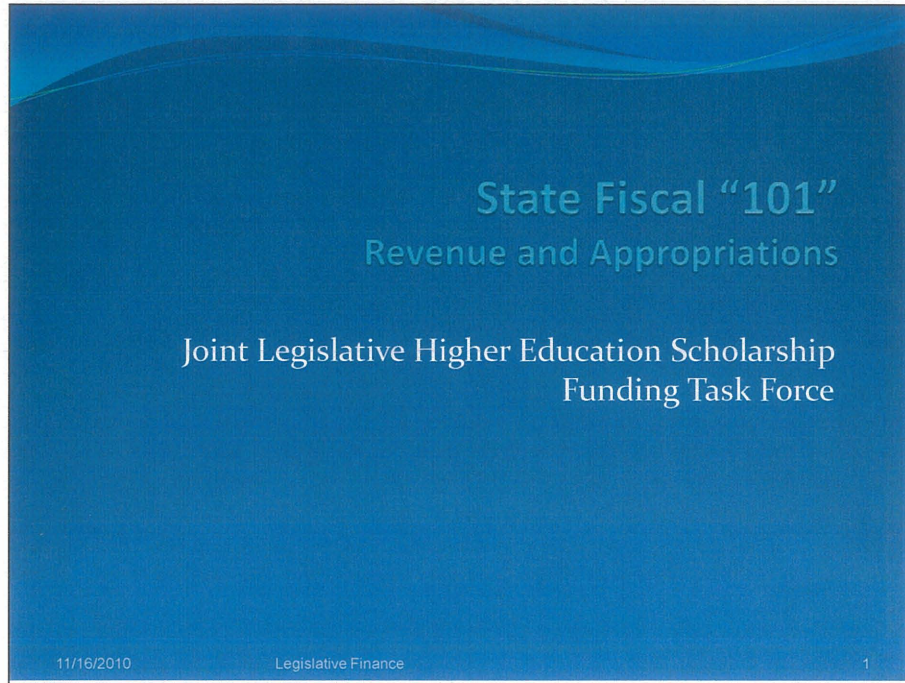


22

# Attachment 9

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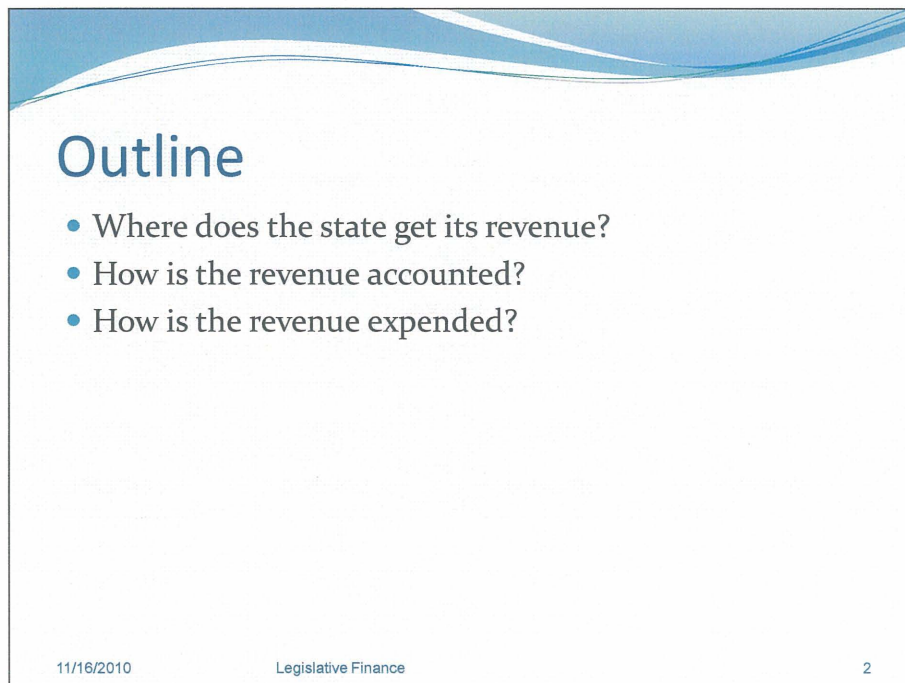
Legislative Finance *State Fiscal "101"* Presentation:



State Fiscal "101"  
Revenue and Appropriations

Joint Legislative Higher Education Scholarship  
Funding Task Force

11/16/2010 Legislative Finance 1



Outline

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

11/16/2010 Legislative Finance 2

# Attachment 9

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## Revenue Sources

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

11/16/2010

Legislative Finance

3

## 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

11/16/2010

Legislative Finance

4

# Attachment 9

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## 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

11/16/2010

Legislative Finance

5

## Investment Income

- GF Earnings (relatively new)
- CBR
- Permanent Fund

11/16/2010

Legislative Finance

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# Attachment 9

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## 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
- Other fund types outside the general fund include (but not limited to):
  - Permanent Funds
  - Fiduciary Funds
  - Component Units

11/16/2010

Legislative Finance

7

## 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

11/16/2010

Legislative Finance

8

# Attachment 9

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## 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

11/16/2010

Legislative Finance

9

## 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

11/16/2010

Legislative Finance

10

# Attachment 9

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## 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

11/16/2010

Legislative Finance

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## 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

11/16/2010

Legislative Finance

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# Attachment 9

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## 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”

11/16/2010

Legislative Finance

13

## 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

11/16/2010

Legislative Finance

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# Attachment 9

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## 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?

# Attachment 10

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## 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

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Highest potential for long-term programmatic sustainability</li> <li>• Principal is safe</li> <li>• Inflation proof</li> <li>• Earnings provide predictable pay-out funding stream</li> <li>• Earnings: Very safe from “raiding” if const. protected</li> </ul>	<ul style="list-style-type: none"> <li>• Necessity for large Initial investment</li> <li>• Necessity for constitutional amendment</li> <li>• Account is rare</li> <li>• Higher administrative cost?</li> <li>• Subject to market volatility</li> <li>• Questionable base for programmatic evolution</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• High profile focal point for State investment</li> <li>• Highest likelihood of attracting outside donations</li> </ul>	<ul style="list-style-type: none"> <li>• Pandora’s box and the Christmas tree effect</li> <li>• Earnings susceptible to “raiding” if not const. protected</li> <li>• Subject to market volatility</li> </ul>

# Attachment 11

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## Endowment Structure

Example B: **\$400 Million Statutory Fund (General Fund Sub-account)**

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

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• High potential for long-term programmatic sustainability</li> <li>• Tried mechanism</li> <li>• Principal offers strongest programmatic insurance policy of unprotected fund-types</li> <li>• Earnings provide predictable pay-out funding stream</li> </ul>	<ul style="list-style-type: none"> <li>• Necessity for large initial investment</li> <li>• Higher administrative cost?</li> <li>• Subject to market volatility</li> <li>• Questionable base for programmatic evolution</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• High profile focal point for State investment</li> <li>• Strong base for programmatic evolution</li> <li>• Likelihood of attracting outside donations</li> </ul>	<ul style="list-style-type: none"> <li>• Principal susceptible to “raiding”</li> <li>• Earnings susceptible to “raiding”</li> </ul>

# Attachment 12

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## “Rolling Fund” Structure

Example A: **Progressive Capitalization**

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

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Low capitalization hurdle</li> <li>• Tried mechanism</li> <li>• Lower administrative cost than endowment</li> <li>• Greater pay-out stream predictability than Default</li> <li>• Principal acts as fixed-term programmatic insurance policy</li> </ul>	<ul style="list-style-type: none"> <li>• Susceptible to budget volatility</li> <li>• Susceptible to budgetary process</li> <li>• Less than predictable pay-out funding stream</li> <li>• Lower likelihood of attracting outside donations than Endowment</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Responsive to programmatic evolution</li> <li>• Some likelihood of attracting outside donations</li> </ul>	<ul style="list-style-type: none"> <li>• Declining oil production/revenue</li> <li>• Declining federal spending</li> <li>• Increasing demand for services</li> <li>• Principal susceptible to “raiding”</li> <li>• Earnings susceptible to “raiding”</li> </ul>

# Attachment 13

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## “Rolling Fund” Structure

Example B: **Immediate Capitalization**

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) designated to Scholarship Fund

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Moderate capitalization hurdle</li> <li>• Tried mechanism</li> <li>• Identified fund replenishment stream</li> <li>• Lower administrative cost than Endowment</li> <li>• Greater pay-out stream predictability than Default</li> <li>• Principal acts as fixed-term programmatic insurance policy</li> </ul>	<ul style="list-style-type: none"> <li>• Necessity for substantial Initial investment</li> <li>• Susceptible to budget volatility</li> <li>• Susceptible to budgetary process</li> <li>• Less than predictable pay-out funding stream</li> <li>• Lower likelihood of attracting outside donations than Endowment</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Responsive to programmatic evolution</li> <li>• Some likelihood of attracting outside donations</li> </ul>	<ul style="list-style-type: none"> <li>• Declining oil production/revenue</li> <li>• Declining federal spending</li> <li>• Increasing demand for services</li> <li>• Principal susceptible to “raiding”</li> <li>• Earnings susceptible to “raiding”</li> </ul>

# Attachment 14

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## Default Structure

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

Equivalent: Senate Bill 221

Operation: Yearly appropriation to support programmatic costs

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"><li>• Most routine funding mechanism</li><li>• No need for account creation</li><li>• Lowest administrative cost</li><li>• Yearly funding most directly matches yearly programmatic cost</li><li>• Leaves greatest level of budgetary flexibility</li></ul>	<ul style="list-style-type: none"><li>• Most susceptible to budget volatility</li><li>• Most susceptible to budgetary process</li><li>• Least predictable pay-out funding stream</li><li>• Lowest likelihood of attracting outside donations</li></ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"><li>• Most responsive to programmatic evolution</li></ul>	<ul style="list-style-type: none"><li>• Declining oil production/revenue</li><li>• Declining Federal spending</li><li>• Increasing demand for services</li></ul>

# Attachment 15

WORK DRAFT

WORK DRAFT

WORK DRAFT

27-LS0078AM  
Mischel  
9/7/10

## 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 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-

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# Attachment 15

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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

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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.

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# Attachment 16

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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

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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

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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.

# Attachment 17

## SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:

SENATOR KEVIN MEYER  
SENATOR JOE THOMAS



MEMBERS:

SENATOR BETTYE DAVIS  
SENATOR CHARLIE HUGGINS  
SENATOR DONALD OLSON  
SENATOR GARY STEVENS

### Letter of Intent for Senate Bill 224

*An Act establishing the Alaska Student Achievement Program...*

It is the intent of the legislature to establish a scholarship program with the following goals:

- (1) improving preparedness of Alaska students for postsecondary education;
- (2) improving the postsecondary academic achievement;
- (3) improving the postsecondary graduation rates of students in the state;
- (4) providing a rigorous curriculum in all high schools in the state;
- (5) improving the quality of the educational programs offered by high schools in the state;
- (6) improving academic performance of students in grades kindergarten through 12 in the state;
- (7) increasing high school graduation rates in the state;
- (8) increasing the scores of high school students in the state on college entrance examinations;
- (9) expanding the pool of high school students in the state who pursue postsecondary opportunities;
- (10) increasing participation of Alaska high school graduates in Alaska postsecondary institutions; and
- (11) increasing job training opportunities in the state

Jomo Stewart, Committee Aide  
(907) 465-6874

Murray Richmond, Committee Aide  
(907) 465-6443

[Senate\\_Education@legis.state.ak.us](mailto:Senate_Education@legis.state.ak.us)

# Attachment 18

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February 21, 2010 The Chronicle of Higher Education

## Need That Class, Desperately? The Course Concierge Will See You Now



*Jean Dixon, University of Nevada*

Paul Neill, whom students think of as the "course concierge" at the U. of Nevada at Reno, can cut red tape that might be beyond advisers' reach.

*By Eric Hoover*

Paul Neill's title is director of the core curriculum at the University of Nevada at Reno, but students there know him as the "course concierge." He's the one they contact when they can't get into a class they need.

A few years ago, officials at the university decided that they had to do more to reduce the hassles of registering for courses. They imagined a kind of registration czar, someone who could communicate well with faculty members but who had the authority of an administrator. Mr. Neill, a faculty member who works in the provost's office, fit the bill.

Soon Nevada was promoting Mr. Neill as the course concierge, the man advisers and students could turn to when stuck. Each semester, he helps 50 to 60 students solve their scheduling problems, working one on one with those who need a particular course to graduate, or who have trouble getting into classes they must take in a sequence. Often he creates a spot in a class that's full, or steers students to suitable alternatives.

"In the past, it was often left up to the student and the professor to see who could get in where," Mr. Neill says. "It was very informal."

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Even in times of plenty, students often learn a tough lesson when they register for courses: You can't always get what you want. In this era of budget cuts, however, students on some campuses have scrambled to get not only the courses they would like but also those they need for their majors and to satisfy core requirements.

As colleges pack more students into fewer courses, the scheduling puzzle has become more challenging for administrators, instructors, and students alike. Institutions are using a variety of strategies to alleviate the course crunch, and often that begins with improving the registration process.

Nevada's president, Milton D. Glick, proposed the course-concierge program as a way to improve timely progression toward degrees at the university, which has about 13,000 undergraduates. Over the years he has learned that even small scheduling snags can discourage students, delay their progress, and make them more likely to transfer or drop out.

After he arrived, in 2006, Mr. Glick developed a plan to improve Nevada's retention and graduation rates. He pledged publicly that students would get the courses they needed to graduate on time. To that end, his course-concierge program provides a backstop for the university's academic advisers.

Mr. Neill is not a replacement for advisers, who continue to meet with students and help them select courses. But they sometimes encounter dilemmas that they can't handle on their own. "They don't always have the ability to cut through red tape, to get through to the department, to get something done," Mr. Glick says. "Paul can get a phone call through."

## **'A Relief Valve'**

When Natica Rudavsky contacted Mr. Neill this winter, she was frantic. Ms. Rudavsky, a transfer student who has a bachelor's degree from another university, wanted to pursue a second degree, in nutrition, at Nevada, but she was confused about which core requirements would apply to her. Would the university waive that required mathematics course?

By the time she and her adviser had sorted that out, it was late in the registration cycle, and all the courses she needed were full. Mr. Neill evaluated her record, then discussed her options with her. Ultimately, he found Ms. Rudavsky a spot in three of the four courses she sought. "If he hadn't helped," Ms. Rudavsky says, "I probably would have just waited until the next semester to enroll."

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The course concierge doesn't cater to whims. A student who just wants to avoid that 8 a.m. class would not get help from Mr. Neill. The same might go for a senior who had never bothered to register for a required course that he had every opportunity to take.

The service does cater to those who truly have a need, or are simply stuck or confused. "We've taken some of the burden off the shoulders of advisers," he says. "It's a relief valve."

The course concierge has also helped the university plan more effectively during a difficult time. For the current fiscal year, the state cut the university's budget by \$33-million, or 15 percent. Last semester, Nevada offered 96 fewer course sections than it did in the fall of 2008, a 6-percent reduction.

Recently, Mr. Neill's work with students helped him identify scheduling conflicts that made it difficult for them to register for the right courses. For instance, freshmen and sophomores taking biology or chemistry courses are supposed to enroll simultaneously in Math 127. Yet Mr. Neill realized that that math lecture overlapped with several of the laboratory sections.

He discussed the issue with the three departments, which adjusted their schedules accordingly. "The departments probably would have become aware of this," he says, "but the concierge service helped them understand it quickly."

## **Better Communication**

Elsewhere, administrators have looked for ways to make small but meaningful changes in the registration process. This fall the University of California at Santa Barbara, which has seen substantial budget cuts and an enrollment surge, created an online waiting list for courses. The system formalized the process of determining who gets a spot, allowing advisers to better evaluate students' needs and communicate with them more effectively.

"It was a huge help," says Mary Nisbet, acting dean of undergraduate education. "Now faculty aren't getting hundreds of e-mails, and students know there is somewhere to go where advisers will get back to them."

This past fall, the university reduced the number of credits students could sign up for during the second round of registration. As a result, juniors and seniors, who have priority, can snag a total of four classes, instead of five, at that time.

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In the past, many students eventually dropped their fifth course anyway. The new policy has encouraged older students to focus on getting the courses they really need, and the change recently freed up at least 1,500 class spots for other students, Ms. Nisbet says.

For the first time, the university is offering schedule-planning workshops, in which students learn how to prioritize. "We're trying to help students weather a storm," she says.

Many institutions have turned to sophisticated data analysis to better anticipate course demand. At the University of California at Berkeley, Catherine P. Koshland helps lead a task force that will determine which courses students will need—and how many—in the coming years.

To do that, Ms. Koshland and her colleagues have begun to examine a decade's worth of enrollment data, which help them predict how many freshmen will need to take a specific math sequence, for instance, or how many sections of pre-med physics courses the university will need.

"We can bring some rationality to the offerings, rather than having departments guesstimate," says Ms. Koshland, vice provost for teaching, learning, academic planning, and facilities. "We're bringing more and more discipline to something that could grow organically before, when there was elasticity in the system. There's no elasticity now."

*(Head Count explores the changing enrollment landscape. Please send ideas to [eric.hoover@chronicle.com](mailto:eric.hoover@chronicle.com))*