

SB

174

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 4/1/09

FURTHER: Finance

Date of 5-Day Notice: _____
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: 4/8/09

Education Committee considered SENATE BILL NO. 174

SB 174 PROF STUDENT EXCHANGE LOAN FORGIVENESS

"An Act relating to professional student exchange program availability and conditions for loan forgiveness."

and recommends:

- be replaced with SCS or CS SB 174 (EDC)
- adopt previous SCS or CS _____
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____


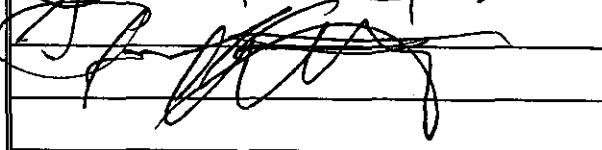

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
EDU	4/8/09	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LASTNAME	DO NOT PASS	DO NOT PASS	NO REC	AMEND
	OLSON				✓
	STEVE DOUGLAS				X
CHAIR: 	DAVIS	X			



Alaska Dental Society, Inc.

9170 Jewel Lake Road, Suite 203
Anchorage, Alaska 99502-5390
(907) 563-3003 • FAX: 563-3009
akdental@alaska.net

April 6, 2009

Sen. Donald Olson
Senate Education Committee
State Capitol Rm. 514
Juneau, AK 99801 + 1182

Dear Sen. Olson,

The Alaska Dental Society urges members of the Senate Education Committee to pass SB174 out of committee.

SB174 will reestablish funding and program guidelines for Alaska's participation in the Western Interstate Commission on Higher Education (WICHE) in healthcare professions for which in-state programs are not available:

Dentistry
Optometry
Pharmacy; and
Physical therapy.

SB174 will establish a low interest loan that will be partially forgiven if the graduate returns to Alaska. An additional amount can be forgiven if the graduate practices in an underserved area in Alaska or provides a percentage of care under the state's Medicaid system.

Alaska has long faced a shortage of healthcare providers in rural areas. An increasingly aging workforce combined with a lack of new providers to replace retiring practitioners is rapidly leading to a shortage in Alaska's urban areas. The cost to attend professional school has rapidly escalated in recent years resulting in heavy loan repayment burdens for graduating professionals. Forty-four states have at least one or more incentive programs to entice health professionals to establish a practice in those states – Alaska is one of 6 states without a program.

Encouraging Alaskan residents to seek careers in healthcare fields will pay several dividends. Returning Alaskan residents are more likely to remain in Alaska for their practicing careers providing a stable source of healthcare providers. In a troubled economy healthcare fields provide stable, well paying jobs and healthcare providers will employ additional people providing an economic boost for communities.

Sincerely,

Mark Prator, DDS
President, Alaska Dental Society

26-LS0764S
Mischel
4/7/09

CS FOR SENATE BILL NO. 174()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR MENARD

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to professional student exchange program availability and conditions**
2 **for loan forgiveness."**

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

4 *** Section 1.** AS 14.44.025 is amended by adding a new subsection to read:

5 (b) Notwithstanding the funding priorities established under (a) of this section,
6 the Alaska Commission on Postsecondary Education shall provide adequate funding
7 for not fewer than five students to attend four-year programs in each of the following
8 fields:

- 9 (1) dentistry;
- 10 (2) optometry; and
- 11 (3) pharmacy.

12 *** Sec. 2.** AS 14.44.040(a) is amended to read:

13 (a) As a condition of eligibility for receiving financial support from the state
14 under the Professional Student Exchange Program of the Western Interstate

1 Commission on Higher Education, a program participant shall agree to repay to the
2 state the support provided by the state on behalf of that person. In addition to the
3 principal owed, a participant shall pay interest at an annual rate of five percent
4 on the outstanding principal of the loan. Interest may not accrue on a loan until
5 the participant completes the degree program according to the terms and
6 conditions under which the loan was made or discontinues participation in the
7 program [, PLUS INTEREST].

8 * **Sec. 3.** AS 14.44 is amended by adding new sections to article 1 to read:

9 **Sec. 14.44.041. Residency loan forgiveness for program participants.** The
10 Alaska Commission on Postsecondary Education shall annually, for not more than five
11 years, forgive five percent of the outstanding principal on a loan made under the
12 Professional Student Exchange Program of the Western Interstate Commission on
13 Higher Education if the participant

14 (1) is a resident of the state;

15 (2) practices in the state in a field of study listed in AS 14.44.025(b)
16 for not less than 750 hours during the year; and

17 (3) maintains the participant's license in good standing in the state.

18 **Sec. 14.44.042. Underserved care loan forgiveness for program**
19 **participants.** The Alaska Commission on Postsecondary Education shall annually, for
20 not more than five years, forgive five percent of the outstanding principal on a loan
21 made under the Professional Student Exchange Program of the Western Interstate
22 Commission on Higher Education if the participant

23 (1) is a resident of the state;

24 (2) is in a practice that serves an underserved population

25 (A) in a geographical area the commissioner of health and
26 social services has designated as underserved; or

27 (B) by serving patients who are covered under the medical
28 assistance program in the state, if billings for services provided to those
29 patients are not less than five percent of the participant's average gross billings
30 for the year; and

31 (3) maintains the participant's professional license in good standing in

1

the state.

Senator Linda Menard

State Capitol, Room 9
Juneau, Alaska 99801



Phone: (907) 465-6600
Fax: (907) 465-3805

Alaska State Legislature

To: Senator Bettye Davis, Co-Chair
Senate Education Committee

From: Senator Linda Menard

Date: April 6, 2009

Re: Request for hearing of SB 174

Honorable Senator Bettye Davis,

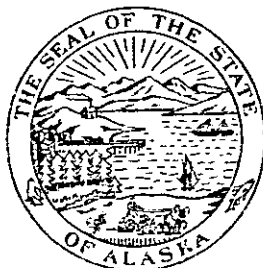
I respectfully request a hearing of Senate Bill No. 174 before the Senate Education Committee.

Senate Bill 174 is an act relating to professional student exchange program availability and conditions for loan forgiveness.

Thank you for your consideration.

Alaska State Legislature

SESSION ADDRESS:
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Senator Linda Menard

Senate District G

Senate Bill 174 Sponsor Statement

Senate Bill 174 will boost the number of Alaska's health care providers by making it more financially feasible and attractive for a recent graduate to come back to the state.

We now have the WAMI program, which provides educational opportunities for medical students. But for dentists, there is a massive gap in educational opportunities.

This is where Senate Bill 174 comes in.

There's no doubt about Alaska's shortage of dentists. This has been a long-time problem in rural Alaska. In other areas of the state there are an extremely small percentage of providers taking Medicaid. As the exodus of retiring dentists continues, and recent graduates are wooed by Lower 48 medical clinics, the problem worsens and Alaska loses.

A well crafted loan forgiveness program will entice Alaskans graduating in dentistry, pharmacy and optometry to come home for their careers.

Senate Bill 174 accomplishes this by setting requirements for loan forgiveness.

Working with the Western Interstate Commissions for Higher Education (WICHE), Alaska residents will be able to attend professional health care programs not offered in the Alaska university system. (WICHE is a regional organization adopted in the 1950s. Its purpose is to create resource sharing among higher education systems in the American west.)

The bill establishes a minimum number of supported Alaska participants in dentistry, optometry, and pharmacy. The bill also sets the loan interest rate for the PSE loan in statute at 7.5 percent and provides zero percent interest during the participants' in school period.

Senate Bill 174 will establish a forgiveness program entitlement of up to 25 percent loan forgiveness for the participants who meet these criteria: They must be residents of the state of Alaska, practice in the state and maintain their license to practice.

Please help me support retaining new dentists and other medical professionals in Alaska, for the entire state's benefit.

CS FOR SENATE BILL NO. 174()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR MENARD

A BILL

FOR AN ACT ENTITLED

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 2 state the support provided by the state on behalf of that person. In addition to the
 3 principal owed, a participant shall pay interest at an annual rate of 7.5 percent
 4 on the outstanding principal of the loan. Interest may not accrue on a loan until
 5 the participant completes the degree program according to the terms and
 6 conditions under which the loan was made or discontinues participation in the
 7 program [, PLUS INTEREST].

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24 (2) is in a practice that serves an underserved population

25 (A) in a geographical area the commissioner of health and
 26 social services has designated as underserved; or

27 (B) by serving patients who are covered under the medical
 28 assistance program in the state, if billings for services provided to those
 29 patients are not less than five percent of the participant's average gross billings
 30 for the year; and

31 (3) maintains the participant's professional license in good standing in

1

the state.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB174
 () Publish Date: _____

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

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous		398.5		823.0	1,275.0	1,754.0	1,813.6	1,875.3
TOTAL OPERATING		398.5	0.0	823.0	1,275.0	1,754.0	1,813.6	1,875.3

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

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

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

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

Phone 465-6740
 Date/Time 4/3/09 2:30 PM
 Date 4/3/2009

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB174

ANALYSIS CONTINUATION

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

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

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

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

Prepared by the ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SECTIONAL ANALYSIS
SB174—loan terms and forgiveness benefits for professional student exchange loans

BILL SECTION	SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	QUESTIONS/COMMENTS	EFFECTIVE DATE
1	Provisions of services	1	4-14	Adds a new subsection to establish a minimum number of supported Alaska participants in: 1) dentistry; 2) occupational therapy ; 3) optometry; 4) physical assistant (sic); 5) podiatry and 6) pharmacy	The composite changes made by this legislation substantially change the nature of the loans being financing to the extent that the Alaska Student Loan Corporation cannot finance the loans by the issuance of debt in the credit markets. In this section the Commission is required to fund a minimum number of students each year.	None specified
2	Repayment provisions for program participants	2	1-10	Sets the loan interest rate for the PSE loan in statute at 7.5% and provides of 0% interest during the participants' in school period	Postponement of interest accrual on these loans and setting a single fixed rate of interest by law, regardless of the cost of funds and administration, is another reason why these loans cannot be funded by ASLC.	Absent transition and effective date language, it is unclear whether individuals who have previously borrowed PSEP loans will be considered eligible for the forgiveness benefits.
3	Residency loan forgiveness for program participants.	2	12-20	Establishes a forgiveness entitlement of up to 25% of outstanding principal on the loan for program participants who: 1) are state residents; 2) practice in the state; and 3) maintain their license to practice	As noted above, loans with forgiveness entitlements are not suitable for ASLC financing.	
3	Residency loan forgiveness for program participants.	2 3	21-31 1-4	Establishes a forgiveness entitlement of up to 25% of outstanding principal on the loan for program participants who: 1) are state residents; 2) practice in underserved areas as defined; and 3) maintain their license to practice	In regards to this provision, the determination of eligibility in accordance with the specified criteria is well outside the scope of ACPE's mission and internal expertise. Would require applicant's assertion of eligibility to be attested to by a reliable third-party (CPA, etc.) With respect to eligibility for these benefits, it is unclear whether a participant can claim benefits under both provisions if, in fact, they qualify for both and giving them a total benefit of up to 50% of their outstanding loan principal.	

April 6, 2009

Members of the Senate Education Committee:

The Alaska Dental Society urges members of the Senate Education Committee to pass SB174 out of committee.

SB174 will reestablish funding and program guidelines for the Alaska's participation in the Western Interstate Commission on Higher Education (WICHE). The WICHE program will provide a partial tuition incentive for Alaskan residents to attend health care programs not offered in Alaska: dentistry, pharmacy, optometry and physical therapy. The program would provide support in the form of a low interest loan that would be partially forgiven if the graduate returns to Alaska and an additional amount would be forgiven if the graduate practices in an underserved area or provides a percentage of care under the Medicaid system.

Alaska has long faced a shortage of health care providers in rural areas. A rapidly graying workforce and lack of providers to replace retiring practitioners is rapidly leading to a shortage in non-rural areas. The cost to attend professional school has rapidly escalated resulting in heavy loan repayment burdens for graduating professionals. 44 states have one or more incentive programs for health professionals – Alaska is one of 6 states without a program.

Encouraging Alaskan residents to seek careers in health care fields will pay several dividends. Returning Alaskan residents are more likely to remain in Alaska for their practicing careers providing a stable source of health care providers. In a troubled economy health care fields provide stable, well paying jobs and health care providers will employ additional people providing an economic boost for communities.

Sincerely,

Mark Prator, DDS
President, Alaska Dental Society

26-LS0764\O
Mischel
4/12/10

CS FOR SENATE BILL NO. 174()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR MENARD

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska scholars program administered by the Board of Regents**
2 **of the University of Alaska and to scholarship information; repealing provisions related**
3 **to University of Alaska scholarships; relating to the AlaskAdvantage Education Grant**
4 **Program; relating to professional student exchange program availability; relating to**
5 **exemptions from the conditions for loan repayment under the medical education**
6 **program; establishing the Alaska student achievement program and relating to the**
7 **program; relating to student records; making conforming amendments; establishing a**
8 **Joint Legislative Higher Education Scholarship Funding Task Force; and providing for**
9 **an effective date."**

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

11 *** Section 1. AS 14.03 is amended by adding a new section to read:**
12 **Sec. 14.03.113. District determination of scholarship eligibility. A school**

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

7 * Sec. 2. AS 14.42.030(e) is amended to read:

8 (e) The commission may

9 (1) adopt regulations under AS 44.62 (Administrative Procedure Act)

10 to

11 (A) carry out the purposes of

12 (i) AS 14.43.091 - 14.43.850 [AS 14.43.091 -
13 14.43.750], 14.43.990, AS 14.44, and AS 14.48; and

14 (ii) AS 14.43.910 and 14.43.920 as they relate to the
15 purposes of AS 14.43.091 - 14.43.850 [AS 14.43.091 - 14.43.750],
16 14.43.990, AS 14.44, and AS 14.48;

17 (B) ensure compliance with the requirements imposed by state
18 and federal statutes and regulations governing the guaranty, insurance,
19 purchase, or other dealings in eligible loans by federal agencies,
20 instrumentalities, or corporations; and

21 (C) establish standards for the

22 (i) administration of hearings conducted under
23 AS 14.43.153; and

24 (ii) administrative enforcement of collection orders
25 under AS 14.43.151 - 14.43.155;

26 (2) delegate to the executive director of the commission or a
27 subcommittee of the commission any duty imposed on or power granted to the
28 commission by this chapter, AS 14.43, AS 14.44, or AS 14.48, except its power to
29 adopt regulations and its duty to consider appeals under AS 14.43.100(b) and
30 AS 14.48.120;

31 (3) establish task forces, committees, or subcommittees, not

1 necessarily consisting of commission members, to advise and assist the commission in
2 carrying out its functions;

3 (4) contract with or use existing institutions of postsecondary
4 education or other individuals or organizations to make studies, conduct surveys,
5 submit recommendations, or otherwise contribute to the work of the commission;

6 (5) establish fees for the review of an out-of-state institution that

7 (A) requests approval for participation in the programs under
8 AS 14.43.091 - 14.43.750, 14.43.990, and AS 14.44; and

9 (B) is not accredited by a national or regional accreditation
10 association recognized by the Council for Higher Education Accreditation; and

11 (6) collect all fees and costs incurred in collection of the amount owed
12 on a loan or repayment obligation if the loan or repayment obligation becomes
13 delinquent or in default; in this paragraph, fees and costs include attorney fees, court
14 costs, and collection fees charged by a collection agency.

15 * **Sec. 3.** AS 14.43 is amended by adding new sections to read:

16 **Sec. 14.43.011. Creation of the Alaska scholars program.** The Alaska
17 scholars program is created as a scholarship program to be administered by the Board
18 of Regents of the University of Alaska.

19 **Sec. 14.43.021. Scholarship eligibility.** (a) To be eligible for a scholarship
20 from the Alaska scholars program, a student shall

21 (1) be a United States citizen or an alien lawfully admitted for
22 permanent residence in the United States; and

23 (2) be academically ranked in the top 15 percent of the student's
24 secondary class at the end of the student's junior year as determined by each qualified
25 high school in the state.

26 (b) To receive a scholarship disbursement from the Alaska scholars program,
27 the student shall

28 (1) have a high school diploma from a qualified high school in the
29 state;

30 (2) by the fall semester that begins within 16 months following the
31 student's high school graduation, be accepted to a certificate or degree program of the

1 University of Alaska; and

2 (3) be enrolled as a full-time student at the University of Alaska.

3 (c) To maintain eligibility for a scholarship disbursement under AS 14.43.026,
4 the student shall

5 (1) successfully complete at least 12 credit hours of courses of the
6 University of Alaska each semester;

7 (2) be in good standing in accordance with University of Alaska
8 institutional and program standards; and

9 (3) be making progress toward completion of a certificate or degree
10 program.

11 **Sec. 14.43.026. Scholarship award.** (a) The president of the University of
12 Alaska shall award to an eligible student under the Alaska scholars program a
13 scholarship of

14 (1) \$4,755 for a student who is in the top five percent of the student's
15 secondary class;

16 (2) \$3,566 for a student who is below the top five percent and in the
17 top 10 percent of the student's secondary class;

18 (3) \$2,378 for a student who is below the top 10 percent and in the top
19 15 percent of the student's secondary class.

20 (b) Disbursements under this section may not be made for more than eight
21 semesters or for enrollment commencing more than five years after initial enrollment
22 at the University of Alaska.

23 (c) The award may be used only for tuition, fees, room, board, books,
24 supplies, necessary transportation, and other costs incurred for attendance at the
25 University of Alaska.

26 (d) The board of regents may adjust the amount of the scholarship award and
27 disbursement to reflect changes in the cost of education or the amount of funding
28 provided by the state.

29 **Sec. 14.43.031. Financing; administration.** (a) The Alaska scholars program
30 account is established, to be administered by the board of regents. The Alaska scholars
31 program is financed from the account. The account consists of money appropriated to

1 the account by the legislature, which may include appropriations from the endowment
2 trust fund established under AS 14.40.400, from income and earnings of the account,
3 and from any other source. Appropriations to the account do not lapse.

4 (b) The board of regents shall provide not less than \$3,800,000 annually to
5 contribute to the awards provided under AS 14.43.026(a).

6 (c) The board of regents shall make information about the scholarship
7 program available in each school district in the state and at each campus of the
8 University of Alaska.

9 (d) The board of regents may adopt rules, orders, and plans to implement
10 AS 14.43.011 - 14.43.049. The rules may include provisions for discretionary
11 eligibility consideration and leaves of absence that are consistent with the purposes of
12 the Alaska scholars program.

13 **Sec. 14.43.049. Definitions.** In AS 14.43.011 - 14.43.049,

14 (1) "accredited" means a school that has been accredited by the
15 Northwest Association of Accredited Schools;

16 (2) "board of regents" means the Board of Regents of the University of
17 Alaska;

18 (3) "department" means the Department of Education and Early
19 Development;

20 (4) "qualified high school" means a public or private secondary school
21 located in the state that is authorized by the department to issue a diploma and that is
22 accredited by the Northwest Association of Schools and Colleges or registered with
23 the department;

24 (5) "scholarship program" means the Alaska scholars program.

25 * **Sec. 4.** AS 14.43.410 is amended by adding a new subsection to read:

26 (c) The commission shall annually distribute not less than \$5,000,000 or, if
27 available funding from appropriations and other sources is less than that amount, the
28 full amount available in grant awards on behalf of eligible students under
29 AS 14.43.415. Payments shall be made directly to the postsecondary or lending
30 institution if feasible. If available funds are insufficient to fully fund grants to eligible
31 students, the commission shall distribute funds to eligible applicants on a pro rata

1 basis.

2 * Sec. 5. AS 14.43.415(a) is amended to read:

3 (a) For an applicant to be eligible for a grant under AS 14.43.400 - 14.43.420,
4 the applicant must be

5 (1) a resident of this state;

6 (2) enrolled or about to be enrolled

7 (A) at an institution [APPROVED TO PARTICIPATE IN
8 FEDERAL FINANCIAL AID PROGRAMS UNDER 20 U.S.C. 1070 - 1099c-
9 2, AS AMENDED,] located in this state that

10 (i) is approved to participate in federal financial aid
11 programs under 20 U.S.C. 1070 - 1099c-2, as amended; or

12 (ii) has been included on a list of certified career and
13 technical school programs approved and published by the
14 Department of Labor and Workforce Development; and

15 (B) on at least a half-time basis; and

16 (3) able to demonstrate financial need in accordance with standards for
17 determining financial need established by the commission under 20 U.S.C. 1070c-2, as
18 amended.

19 * Sec. 6. AS 14.43.415(b) is repealed and reenacted to read:

20 (b) The commission shall give an applicant eligible under (a) of this section
21 priority for a grant award if that applicant is, or is about to be, enrolled in a
22 postsecondary education program that prepares the applicant for employment in an
23 occupation or profession for which there is a severe shortage of trained individuals in
24 the state. In this subsection,

25 (1) "occupation or profession" means a job for which specific
26 postsecondary certification is a prerequisite for entry-level placement;

27 (2) "severe shortage" means a current or recurring job vacancy rate of
28 15 percent or greater, as determined by the Department of Labor and Workforce
29 Development or by another workforce data source determined reliable by the
30 commission.

31 * Sec. 7. AS 14.43.420(a) is amended to read:

1 (a) A grant made under AS 14.43.400 - 14.43.420 may not be in an amount
2 less than \$1,000 [\$500] nor more than \$5,000 [\$2,000] for each school year.

3 * Sec. 8. AS 14.43.420(c) is amended to read:

4 (c) A student may receive not more than a total of \$20,000 [\$8,000] in grants
5 awarded under AS 14.43.400 - 14.43.420.

6 * Sec. 9. AS 14.43.510(g) is amended to read:

7 (g) This section does not apply to scholarships received by a person under
8 AS 14.43.011 - 14.43.049 or 14.43.050 - 14.43.075, to free tuition and fees at a
9 state-supported educational institution authorized by AS 14.43.085, or to loans
10 received by a person under AS 14.43.091 - 14.43.160 [AS 14.43.010 - 14.43.160] or
11 14.43.710 - 14.43.750.

12 * Sec. 10. AS 14.43 is amended by adding new sections to read:

13 **Article 11A. Alaska Student Achievement Program.**

14 **Sec. 14.43.810. Alaska student achievement program established;**
15 **regulations.** (a) The Alaska student achievement program is established to provide
16 scholarships for high school graduates who are Alaska residents to attend a qualified
17 postsecondary institution in the state.

18 (b) The department shall, in consultation with the commission, adopt
19 regulations necessary to implement the program. The commission shall administer the
20 daily operations of the program and financing of the program, including the
21 procedures for applying for the scholarships, establishing standards for and ensuring
22 continuing compliance with programmatic standards, and requiring students to apply
23 for other non loan financial aid, consistent with federal law.

24 **Sec. 14.43.820. Eligibility for an Alaska student achievement program**
25 **scholarship.** (a) Subject to appropriation, the commission shall award an Alaska
26 student achievement program scholarship to an applicant who

27 (1) is a resident of the state as defined in AS 01.10.055;

28 (2) graduated or will graduate within six months from a high school in
29 the state;

30 (3) has completed a core academic curriculum in high school that
31 includes

1 (A) a combination of
2 (i) four years of mathematics;
3 (ii) four years of language arts;
4 (iii) four years of science; and
5 (iv) four years of social studies, one year of which may
6 include a foreign language, an Alaska Native language, fine arts, or
7 cultural heritage; or

8 (B) a combination of
9 (i) three years of mathematics;
10 (ii) four years of language arts;
11 (iii) three years of science;
12 (iv) four years of social studies; and
13 (v) two years of a foreign language or an Alaska Native
14 language;

15 (4) has a minimum grade-point average in high school of 2.5 or higher;
16 the department shall set by regulation minimum requirements based on a substantially
17 similar standard for districts that do not assign grades;

18 (5) has achieved a minimum score on a
19 (A) college entrance examination; or
20 (B) standardized examination designed to measure a student's
21 level of preparedness to make the transition to work, as selected by the
22 department; and

23 (6) is enrolled in good standing at a qualified postsecondary institution
24 in the state in a course of study that is intended to result in the award of a certificate or
25 degree.

26 (b) The commission shall establish standards in regulation for continuing and
27 regaining eligibility for a scholarship.

28 **Sec. 14.43.825. Maximum awards.** (a) The commission shall establish in
29 regulation the maximum awards for the Alaska student achievement program
30 scholarships after considering recommendations of the Joint Legislative Higher
31 Education Scholarship Funding Task Force.

1 (b) A student's eligibility for a scholarship terminates six years after the date
2 the student graduated from high school unless the student qualifies for an extension of
3 time allowed by the department by regulation.

4 (c) Scholarships may be awarded to a full-time student or, if a student is
5 enrolled part time, prorated based on the number of credits. In this subsection, "full
6 time" means enrollment in a course of study that is not less than 12 credits and "part
7 time" means enrollment in a course of study that is not less than six credits but less
8 than 12 credits.

9 (d) The amount of a scholarship award may not exceed the amount of the
10 student's costs of attendance as certified by the postsecondary institution for the
11 purposes of federal financial aid, less any other scholarships or non-loan financial aid
12 awarded to the student.

13 (e) Payment of a scholarship is subject to appropriation. If insufficient funds
14 are appropriated to pay all eligible scholarships, the commission shall pay existing
15 awards on a pro rata basis.

16 **Sec. 14.43.830. Qualified postsecondary institutions.** (a) The following
17 institutions are qualified postsecondary institutions for purposes of awarding an
18 Alaska student achievement program scholarship:

19 (1) a university or college physically located in the state that is

20 (A) authorized to operate in the state under AS 14.48.020, or is
21 exempt from authorization under AS 14.48.030(b)(1); and

22 (B) accredited by a regional accreditation association;

23 (2) a career and technical school program physically located in the
24 state that has been included on a list of certified career and technical school programs
25 received from the Department of Labor and Workforce Development; the commission
26 shall publish the list on or before June 30 of the year preceding enrollment.

27 (b) The Department of Labor and Workforce Development shall, in
28 consultation with the Department of Education and Early Development, adopt
29 regulations under AS 44.62 (Administrative Procedure Act) establishing criteria under
30 which the Department of Labor and Workforce Development shall certify career and
31 technical school programs in the state as eligible to participate in the Alaska student

1 achievement scholarship program.

2 **Sec. 14.43.840. Report to the legislature.** (a) To the extent permitted under
3 law, the department, the commission, the University of Alaska, and the Department of
4 Labor and Workforce Development shall share data necessary to prepare public
5 reports regarding the program.

6 (b) Not more than 10 days after the convening of each regular legislative
7 session, the department, the commission, the University of Alaska, and the
8 Department of Labor and Workforce Development shall present an annual report to
9 the public, the governor, and the legislature containing information of public interest
10 regarding the program, including

11 (1) the number of applicants and number and types of scholarships
12 awarded;

13 (2) the dollar amount of scholarships awarded in past years and the
14 dollar amounts expected to be awarded for the next year; and

15 (3) data and trends in the data regarding high school and postsecondary
16 student performance, programmatic changes, and retention and graduation rates over
17 time.

18 **Sec. 14.43.850. Definitions.** In AS 14.43.810 - 14.43.850, unless the context
19 requires otherwise,

20 (1) "department" means the Department of Education and Early
21 Development;

22 (2) "grade-point average" means the average of all grades on a four-
23 point scale, or five-point scale for advanced placement classes, obtained by the student
24 in high school;

25 (3) "high school" means a public or accredited secondary school in the
26 state and a home school program that is approved by the department;

27 (4) "program" means the Alaska student achievement program
28 established under AS 14.43.810 - 14.43.850;

29 (5) "school district" means a borough school district, a city school
30 district, a regional educational attendance area, and a state boarding school.

31 * **Sec. 11.** AS 14.43.930(b) is amended to read:

1 (b) By October 1 [SEPTEMBER 15] before each annual graduation, a
2 qualified high school in the state with a high school graduating class shall provide

3 (1) to the board a list of the names, dates of birth, telephone
4 numbers, and addresses of students in the graduating class who meet scholarship
5 eligibility requirements for each scholarship program; and

6 (2) a notice of eligibility for the scholarship program to those students
7 on the list prepared under (1) of this subsection.

8 * Sec. 12. AS 14.43.930(e) is amended to read:

9 (e) In this section,

10 (1) "board" means the Board of Regents of the University of Alaska;

11 (2) "qualified high school" has the meaning given in AS 14.43.049

12 [MEANS A PUBLIC HIGH SCHOOL, A HIGH SCHOOL ACCREDITED BY THE
13 NORTHWEST ASSOCIATION OF SCHOOLS AND COLLEGES, OR A HIGH
14 SCHOOL REGISTERED WITH THE DEPARTMENT].

15 * Sec. 13. AS 14.44.025 is amended by adding a new subsection to read:

16 (b) Notwithstanding the funding priorities established under (a) of this section,
17 the Alaska Commission on Postsecondary Education shall provide adequate funding
18 for not fewer than five students to attend four-year programs in each of the following
19 fields:

20 (1) dentistry;

21 (2) optometry; and

22 (3) pharmacy.

23 * Sec. 14. AS 14.45.130(a) is amended to read:

24 (a) A religious or other private school that elects to comply with AS 14.45.100
25 - 14.45.130 shall maintain permanent student records reflecting immunizations,
26 physical examinations, standardized testing, academic achievement, [AND] courses
27 taken at the school, and level of eligibility for an Alaska student achievement
28 scholarship under AS 14.43.810 - 14.43.850.

29 * Sec. 15. AS 14.43.010, 14.43.015, 14.43.020, 14.43.025, and 14.43.030 are repealed.

30 * Sec. 16. The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 APPLICABILITY. Section 3 of this Act applies to students who were in their senior
2 year of high school of a public or accredited school in the state with a high school graduating
3 class in the 2009 - 2010 or a subsequent school year.

4 * **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 **TRANSITION: PROGRAM STANDARDS AND IMPLEMENTATION FOR**
7 **INITIAL SCHOOL YEARS.** Notwithstanding any contrary provision of this Act, the
8 Department of Education and Early Development and the Department of Labor and
9 Workforce Development, after consultation with the Alaska Commission on Postsecondary
10 Education, may adopt regulations under AS 44.62 (Administrative Procedure Act) to
11 implement their respective duties under the Alaska student achievement program established
12 in AS 14.43.810, enacted by sec. 10 of this Act, so that a student

13 (1) may be eligible for the program even though the student did not fully meet
14 the required core academic curriculum for the school years beginning July 1, 2010, through
15 June 30, 2014; and

16 (2) who graduated from high school in this state after January 1, 2011, and
17 before July 1, 2011, and meets eligibility requirements for the program may apply for a
18 scholarship on or after January 1, 2011, for enrollment in a program of study beginning on or
19 after July 1, 2011.

20 * **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 **TRANSITION: REGULATIONS.** The Department of Education and Early
23 Development, the Department of Labor and Workforce Development, and the Alaska
24 Commission on Postsecondary Education may proceed to adopt regulations necessary to
25 implement changes made to their respective authorities by secs. 1, 2, 10, 14, and 17 of this
26 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not
27 before September 1, 2010.

28 * **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 **JOINT LEGISLATIVE HIGHER EDUCATION SCHOLARSHIP FUNDING TASK**
31 **FORCE.** (a) The legislature finds that

1 (1) there is a growing problem of students entering degree programs at
2 postsecondary institutions in Alaska but not completing the degree programs;

3 (2) at 22.4 percent, Alaska ranks last in the nation for first-time full-time
4 bachelor degree-seeking students who complete their degrees within six years;

5 (3) it is estimated that, by 2025, 50 percent of all jobs in the United States will
6 require a college-level degree;

7 (4) having an educated population is integral to economic development and
8 promotion of lifetime success;

9 (5) the cost of attending postsecondary institutions continues to rise while
10 financial aid for students fails to alleviate their unmet financial need so that they may attend
11 college;

12 (6) improving financial aid opportunities for Alaska students would likely
13 improve postsecondary graduation rates in the state; and

14 (7) establishing a state scholarship program to improve access to student
15 financial aid requires a more thorough examination by the legislature.

16 (b) The Joint Legislative Higher Education Scholarship Funding Task Force is
17 established in the legislative branch for the purpose of examining higher education costs and
18 identifying the best approach in providing financial aid to assist students in the state.

19 (c) The duties of the task force established under this section include

20 (1) recommending award levels for the Alaska student achievement program
21 under AS 14.43.825(a);

22 (2) evaluating proposals that are based on available facts and conclusions
23 pertaining to financial aid opportunities at postsecondary institutions in the state;

24 (3) recommending improvements or additions to the laws providing for
25 financial aid at postsecondary institutions; and

26 (4) taking public comments on financial aid opportunities in the state.

27 (d) The task force consists of 11 members, as follows:

28 (1) five members of the senate appointed by the president of the senate;

29 (2) five members of the house of representatives appointed by the speaker of
30 the house of representatives; and

31 (3) one member appointed by the governor.

1 (e) The president of the senate and the speaker of the house of representatives shall
2 jointly appoint the chair and vice-chair of the task force.

3 (f) The task force shall meet during the interim between legislative sessions.

4 (g) The task force shall submit a report of its findings and proposed legislative
5 changes to the governor and the legislature by December 1, 2010, and may make any
6 additional reports it considers advisable.

7 (h) The Joint Legislative Higher Education Scholarship Task Force is terminated on
8 January 1, 2011.

9 * **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the
12 heading of art. 1 of AS 14.43 from the "University of Alaska Scholarships for High School
13 Graduates" to "Alaska Scholars Program."

14 * **Sec. 21.** Sections 3 - 9, 11 - 13, and 15 - 19 of this Act take effect immediately under
15 AS 01.10.070(c).

16 * **Sec. 22.** Except as provided in sec. 21 of this Act, this Act takes effect July 1, 2011.