

**S B**

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**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 1/21/09

FURTHER: Finance

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

DATE TURNED  
 IN TO OFFICE: 2/23/09

Education Committee considered      SENATE BILL NO. 33

**SB 33 POSTSECONDARY SCHOLARSHIPS**

"An Act creating a postsecondary scholarship grant program for Alaska residents based on high achievement and financial need."

and recommends:

- be replaced with  SCS or  CS SB 33 (EDC)
- adopt previous  SCS or  CS \_\_\_\_\_
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

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

**NEW FISCAL NOTE(S):**

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet	Zero	FN#
REVENUE	1/23/09	✓			
EDUCATION ACRE	2/5/09	✓			

Department	Date	Fiscal	Indet	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	OLSON			✓	
	DAVIS	✓			
CHAIR:	Chair	✓			

**Accredited Postsecondary Institutions in Alaska  
outside the University of Alaska System**

Institution	Location	Accrediting Organization
<b>Colleges and Universities--Accredited by Organizations Recognized by the Council for Higher Education Accreditation and the US Department of Education</b>		
Alaska Bible College	Glennallen	Association for Biblical Higher Education
Alaska Pacific University	Anchorage	Northwest Commission on Colleges and Universities
Central Texas College	Ft. Richardson	Southern Association of Colleges and Schools
Central Texas College	Ft. Wainwright	Southern Association of Colleges and Schools
Charter College	Anchorage	Accrediting Council for Independent Colleges and Schools
Charter College	Wasilla	Accrediting Council for Independent Colleges and Schools
Embry Riddle Aeronautical University	Ft. Wainwright	Southern Association of Colleges and Schools
Ilisagvik College	Barrow	Northwest Commission on Colleges and Universities
Wayland Baptist University	Anchorage	Southern Association of Colleges and Schools
Wayland Baptist University	Fairbanks	Southern Association of Colleges and Schools
<b>Career and Technical Schools--Accredited by Organizations Recognized by the US Department of Education but Not by the Council for Higher Education Accreditation</b>		
Alaska Vocational Technical Center	Seward	Council on Occupational Education
Career Academy	Anchorage	Commission of Career Schools and Colleges of Technology
Galena City School District - PERS Postsecondary Adult Programs	Galena	National Accrediting Commission of Cosmetology Arts and Sciences

**NOTES:** For the purposes of this report, we exclude the University of Alaska, the three branches of which are accredited individually. Prince William Sound Community College, in Valdez, appears to be the only sub-unit of the university system that has sought and received a separate accreditation.

Alaska Christian College in Soldotna has met certain criteria and is now a "candidate for accreditation" from the Association for Biblical Higher Education; the college anticipates completing the multi-year process sometime in 2012.

**SOURCES:** Council for Higher Education Accreditation; U.S. Department of Education; the Alaska Commission on Postsecondary Education; and Daniel Julius, University of Alaska Vice President of Academic Affairs and Research.

DANK

26-LS0219E  
Mischel  
2/19/09

**CS FOR SENATE BILL NO. 33(EDC)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SIXTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE EDUCATION COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): SENATORS ELLIS, Paskvan, Thomas**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act creating a postsecondary scholarship grant program for Alaska residents based**  
2 **on high achievement and financial need."**

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

4 **\* Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 **LEGISLATIVE INTENT.** It is the intent of the legislature to

7 (1) reward eligible students who are admitted to a qualifying postsecondary  
8 institution located in the state;

9 (2) recognize that existing scholarship programs in the state do not provide the  
10 funding needed to support all students who are in financial need;

11 (3) establish the Alaska achievers' incentive scholarship program to provide an  
12 additional source of financial assistance to defray the costs of attending a qualifying  
13 postsecondary institution for academically successful students who also demonstrate financial  
14 need and who wish to seek further education.

1 \* **Sec. 2.** AS 14.43 is amended by adding new sections to read:

2 **Article 6A. Alaska Achievers' Incentive Scholarship Program.**

3 **Sec. 14.43.190. Alaska achievers' incentive scholarship program; creation.**

4 (a) There is created the Alaska achievers' incentive scholarship program to be  
5 administered by the commission for the benefit of eligible students who have been  
6 admitted to a qualifying postsecondary institution. A scholarship awarded under  
7 AS 14.43.190 - 14.43.199 may be used to defray the costs of attending a qualifying  
8 postsecondary institution.

9 (b) The amount of a scholarship shall be not less than \$1,000, determined  
10 annually by dividing the amount identified under AS 14.43.195(c) by the number of  
11 eligible applicants for the year. The commission may not award a scholarship to an  
12 eligible applicant for more than five years or for more than a cumulative amount of  
13 \$20,000.

14 (c) If the amount of money appropriated by the legislature for scholarships  
15 under this section is insufficient to award scholarships of at least \$1,000 to all  
16 applicants eligible under (b) of this section, the commission shall give priority to  
17 awards for applicants who demonstrate the greatest amount of unmet financial need.

18 (d) The commission shall adopt regulations to administer the program.

19 **Sec. 14.43.193. Eligibility.** A person may apply on a form provided by the  
20 commission for a scholarship award under AS 14.43.190. The commission shall  
21 approve an applicant under this section if the applicant is a resident of the state who

22 (1) demonstrates financial need on a Free Application for Federal  
23 Student Aid (20 U.S.C. 1090);

24 (2) demonstrates academic merit by submitting acceptable proof that  
25 the student has achieved a cumulative grade point average of 2.5 or higher on a scale  
26 of 4.0, or the equivalent at the school in which the applicant is currently enrolled;

27 (3) has an unmet financial need that is not less than \$4,000;

28 (4) is a

29 (A) student who has been accepted to a degree or certificate  
30 program at a qualifying postsecondary institution; or

31 (B) continuing postsecondary student who is attending a

1           qualifying postsecondary institution for not less than half time and who is  
2           making satisfactory progress toward completion of a degree or certificate  
3           program.

4           **Sec. 14.43.195. Alaska achievers' scholarship fund.** (a) The Alaska  
5           achievers' scholarship fund is established as a separate endowment fund of the state.

6           The fund consists of

- 7                           (1) appropriations to the fund;  
8                           (2) donations to the fund; and  
9                           (3) income earned on investments of fund assets.

10           (b) The commissioner of revenue shall manage the fund as an endowment,  
11           with the goal that the purchasing power of the fund will not diminish over time  
12           without regard to additional contributions that may be made to the fund. The  
13           commissioner shall invest the assets of the fund in a manner likely to yield at least a  
14           five percent annual real rate of return over time. In carrying out the investment duties  
15           under this section, the commissioner of revenue has the powers and duties set out in  
16           AS 37.10.071. The commissioner shall provide reports to the commission on the  
17           condition and investment performance of the fund.

18           (c) As soon as practicable after May 1 of each year, the commissioner of  
19           revenue shall determine the average month-end market value of the fund for the  
20           immediately preceding three fiscal years. The commissioner shall identify five percent  
21           of that amount as available for appropriation by the legislature for scholarships under  
22           AS 14.43.190 for the following fiscal year.

23           (d) Money in the fund may be appropriated for scholarships under  
24           AS 14.43.190, for the cost of administering the Alaska achievers' scholarship program,  
25           or for any other public purpose. Nothing in this section creates a dedicated fund.

26           **Sec. 14.43.199. Definitions.** In AS 14.43.190 - 14.43.197,

27                           (1) "commission" means the Alaska Commission on Postsecondary  
28           Education;

29                           (2) "qualifying postsecondary institution" means a postsecondary  
30           school located in the state that is accredited by a national or regional accrediting body  
31           recognized by the Council for Higher Education Accreditation or by the United States

1 Department of Education;

2 (3) "unmet financial need" means the amount of need demonstrated  
3 under federal standards for determining financial need under 20 U.S.C. 1070c-2, as  
4 amended.

5 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
6 read:

7 ALASKA ACHIEVERS' SCHOLARSHIP FUND; TRANSITION. Notwithstanding  
8 AS 14.43.195(c), added by sec. 2 of this Act, the commissioner of revenue shall determine the  
9 amount available for appropriation for scholarships from the Alaska achievers' scholarship  
10 fund as follows:

11 (1) as soon as practicable after the first appropriation is deposited into the  
12 fund, the commissioner shall determine the first full month-end market value of the fund and  
13 identify five percent of that amount available for the remainder of the fiscal year;

14 (2) as soon as practicable after May 1, 2009, the commissioner shall determine  
15 the month-end market value of the fund and identify five percent of that amount as the  
16 amount available for the following fiscal year; and

17 (3) as soon as practicable after May 1, 2010, the commissioner shall determine  
18 the average month-end market value of the fund for the preceding fiscal year and identify five  
19 percent of that amount as the amount available for the following fiscal year.

AMENDMENT

OFFERED IN THE SENATE

TO: SB 33

- 1 Page 3, line 31, following "Accreditation":
- 2       Insert "or the United States Department of Education"

*does this change the  
fiscal note?*

*bi-furcated  
mtg. so additional  
another division  
bi-furcated mtg.*

26-LS0219\R

**SENATE BILL NO. 33**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY SENATORS ELLIS, Paskvan, Thomas

Introduced: 1/21/09

Referred: Education, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act creating a postsecondary scholarship grant program for Alaska residents based**  
2 **on high achievement and financial need."**

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12 additional source of financial assistance to defray the costs of attending a qualifying  
13 postsecondary institution for academically successful students who also demonstrate financial  
14 need and who wish to seek further education.

how does this work w/scholar program?  
additive?

26-LS0219\R

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6 admitted to a qualifying postsecondary institution. A scholarship awarded under  
7 AS 14.43.190 - 14.43.199 may be used to defray the costs of attending a qualifying  
8 postsecondary institution.

9 (b) The amount of a scholarship shall be not less than \$1,000, determined  
10 annually by dividing the amount identified under AS 14.43.195(c) by the number of  
11 eligible applicants for the year. The commission may not award a scholarship to an  
12 eligible applicant for more than five years or for more than a cumulative amount of  
13 \$20,000. *grad school?*

14 (c) If the amount of money appropriated by the legislature for scholarships  
15 under this section is insufficient to award scholarships of at least \$1,000 to all  
16 applicants eligible under (b) of this section, the commission shall give priority to  
17 awards for applicants who demonstrate the greatest amount of unmet financial need.

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20 commission for a scholarship award under AS 14.43.190. The commission shall  
21 approve an applicant under this section if the applicant is a resident of the state who

22 (1) demonstrates financial need on a Free Application for Federal  
23 Student Aid (20 U.S.C. 1090); *define terms*

24 (2) demonstrates academic merit by submitting acceptable proof that  
25 the student has achieved a cumulative grade point average of 3.0 or higher on a scale  
26 of 4.0, or the equivalent at the school in which the applicant is currently enrolled;

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30 program at a qualifying postsecondary institution; or

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14           five percent annual real rate of return over time. In carrying out the investment duties  
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30           school located in the state that is accredited by a national or regional accrediting body  
31           recognized by the Council for Higher Education Accreditation;

what about

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2 under federal standards for determining financial need under 20 U.S.C. 1070c-2, as  
3 amended.

*d. liberal than  
p. 2 line 23*

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11 fund, the commissioner shall determine the first full month-end market value of the fund and  
12 identify five percent of that amount available for the remainder of the fiscal year;

13 (2) as soon as practicable after May 1, 2009, the commissioner shall determine  
14 the month-end market value of the fund and identify five percent of that amount as the  
15 amount available for the following fiscal year; and

16 (3) as soon as practicable after May 1, 2010, the commissioner shall determine  
17 the average month-end market value of the fund for the preceding fiscal year and identify five  
18 percent of that amount as the amount available for the following fiscal year.

# STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

SARAH PALIN, GOVERNOR

PO BOX 110505  
JUNEAU, ALASKA 99811-0505  
VOICE (800) 441-2962  
In Juneau (907) 465-6740  
TDD (907) 465-3143  
FAX (907) 465-3293

February 13, 2009

Senator Kim Elton  
Chair  
Senate Education Committee  
State Capitol, Room 506  
Juneau, Alaska 99801

Dear Senator Elton:

The following information is provided at your request relative to SB 33 which is currently before your committee.

As I understood your inquiry, you are seeking additional information about the bill's Sec. 14.43.193. Eligibility (page 2, lines 19-23) which references the Free Application for Federal Student Aid (FAFSA) (20 U.S.C. 1090), the completion of which is one requirement for a person to be considered for an Achievers Incentive Scholarship (AIS) award.

The reference to the U.S. Code is simply to Title 20, Chapter 28, Subchapter IV, Part F, Sec. 1090, in which the FAFSA form and the U.S. Department of Education's administration of the form are described. The FAFSA is the universal application for all federal student aid and is required to be considered for any federal grant, loan, or work-study assistance. There is voluminous statutory, regulatory, and sub-regulatory language relating to determining financial need, so the following is my attempt to distill the process as paraphrased from the federal rules to make it as digestible for the members as possible.

The purpose of the FAFSA is to determine, by using the personal information provided by the applicant (or if a dependent, by the applicant and their parents) and a prescribed uniform methodology, a reasonable amount to be contributed to cover a year's cost of attendance at their chosen postsecondary institution. This is called the expected family contribution or EFC.

The standard formula for EFC for a dependent student factors in: available income of the student and the student's parents; the number of dependents in the family; the net assets of the student and the student's parents; and, the number of family members in college. The formula does adjust for some asset protection, as well as allowances for income taxes, social security taxes, income protection, and employment expense allowance. The student contribution takes into consideration income and any net assets of the student.

For an independent student, the formula is the same but is calculated without collection of parent financial information.

Once the student's EFC is calculated, financial need is determined by subtracting the EFC from the school Cost of Attendance (COA), also known as the standard student budget. The standard student budget includes tuition, fees, room and board, books and supplies, travel, and personal and incidental expenses. So,  $COA - EFC = \text{financial need}$ . For the purpose of non-federal, needs-based financial aid programs, their terms and conditions generally require the "need" amount to be first reduced by any other non-loan aid before considering the person for an additional award through their program. This avoids the circumstances in which a scholarship or grant might *supplant* rather than *supplement* other non-loan aid.

I hope this information is responsive to your request. Please feel free to contact me if additional or different information is needed.

Sincerely,



Diane Barrans  
Executive Director

DB/dv

# ALASKA STATE LEGISLATURE

Sponsor



Statement

*While in Session*  
State Capitol, Rm. 9  
Juneau, AK 99801  
(907) 465-3704  
Fax: (907) 465-2529

## Senator Johnny Ellis Senate Bill 33

“An Act creating a postsecondary scholarship grant program for Alaska residents based on high achievement and financial need.”

The rising cost of education is changing the perception of affordability among our middle and high school students and their parents, as well as adults who are interested in continuing their education. For students approaching their high school graduation, the cost of a postsecondary education is the most important topic discussed by the student and the family. For nontraditional or continuing students, it can be the primary factor in the decision to further their education. It is unacceptable that Alaskans who show promise do not move on to higher learning simple because of the cost.

A 2007 report from the State Higher Education Executive Officers found that a \$1,000 difference in the price of college may impact college enrollment for the most financially needy students by as much as nine percent. A 2007 Western Interstate Commission for Higher Education report determined that for every \$160 in increased tuition, low income enrollments dropped by .5 percent in four year, public institutions and by 2.3 percent in the community colleges. Perhaps most alarming, a recent internal University survey found that the number two reason why students dropped out was because of financial reasons.

Alaska's high school graduation rates are among the lowest in the country. The National Center for Education Statistics reported that Alaska ranks 42<sup>nd</sup> in high school graduation rates at 60.7%. There is no doubt more students will be encouraged to graduate by providing the promise of postsecondary education. Action is desperately needed. SB 33 will establish the Alaska Achievers Incentive Program within the Alaska Commission on Postsecondary Education. This program will help reduce the costs of postsecondary education for those students who demonstrate academic success as well as financial need by so doing; this program will increase educational opportunities for more bright, hardworking, and capable Alaskans so they may be ready to fill Alaskan jobs.

I urge your support of SB33

# FISCAL NOTE

**STATE OF ALASKA**  
**2009 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB33  
 () Publish Date: \_\_\_\_\_

Identifier (file name): SB033-EED-ACPE-02-02-09  
 Title: An Act creating a postsecondary scholarship grant program for Alaska residents based on high achievement and...  
 Sponsor: Senator Ellis  
 Requester: (S)Education

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
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>125.0</b>							
-----------------------------	--------------	--	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>								
-------------------------------	--	--	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF		125.0						
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</b>		<b>125.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** (Attach a separate page if necessary)

SB33 establishes a new statewide scholarship program for postsecondary students in Alaska. The Commission is to administer the program. ACPE management believes it is possible to design an efficient method of receiving and processing program applications so that no new staff are needed. Doing so is predicated on appropriate design and implementation of robust program management software. ACPE has in place a system developed to support the existing state grant program; however, eligibility criteria for this new scholarship program will require the collection of additional data requiring an enhancement to the existing system, including development of a web-based online application.

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 2/5/09 11:00 AM  
 Date 2/5/2009

# FISCAL NOTE

STATE OF ALASKA  
2009 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 33  
 () Publish Date: \_\_\_\_\_

Identifier (file name): SB33-DOR-TRS-1-21-09  
 Title: Postsecondary Scholarship Grant Program  
 Sponsor: Senators French, Ellis  
 Requirer: Senate State Affairs  
 Dept. Affected: Revenue  
 RDU: Treasury  
 Component: Treasury  
 Component Number: 121

**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
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual		25.0	25.0	25.0	25.0	25.0	25.0	25.0
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>

<b>CAPITAL EXPENDITURES</b>								
<b>CHANGE IN REVENUES ( )</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF		25.0	25.0	25.0	25.0	25.0	25.0	25.0
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</b>		<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**ANALYSIS:** (Attach a separate page if necessary)

Senate Bill 33 provides for a separate endowment fund to be set up in the amount of \$25 million to be managed by the Commissioner of Revenue. It is anticipated the fund will be managed with the asset allocation of 55% Broad Market Fixed Income Pool and 45% Domestic Equity Pool in order to achieve a five percent annual real rate of return over time. The costs include investment management fees, audit, accounting and custody fees. These costs are projected based on median market returns based on Callan and Associates, capital market assumptions.

Prepared by: Pamela Green, Comptroller  
 Division: Treasury Division  
 Approved by: Jerry Burnett, Deputy Commissioner  
Department of Revenue

Phone: 465-2300  
 Date/Time: \_\_\_\_\_  
 Date: 1/23/2009

# LEGAL SERVICES

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

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Juneau, Alaska 99801-1182  
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## MEMORANDUM

January 22, 2009

**SUBJECT:** Sectional Summary (SB 33; Work Order No. 26-LS0219R)

**TO:** Senator Johnny Ellis  
Attn: Nick Moe

**FROM:** Jean M. Mischel  
Legislative Counsel

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

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

**Section 1.** Provides a legislative intent section.

**Section 2.** Amends AS 14.43, Student Loan Program, to add the "Alaska Achievers' Incentive Scholarship Program" to defray the costs of attending a qualifying postsecondary institution for students who have a GPA of 3.0 or higher and who have an unmet financial need of not less than \$4,000. Establishes a separate endowment fund consisting of appropriations, donations, and income earned to support the program.

**Section 3.** Provides for a transitional method of calculating the amount of available funds for the program established in section 2 for the first two years of operation of the program.

JMM:ljw  
09-037.ljw

May 7, 2008

Today the Alaska Commission on Postsecondary Education (ACPE) has released a report entitled *Making Alaska More Competitive by Preparing Citizens for College and Career*. The report contains Alaska's recent high school dropout rates related to ninth graders, as well as the percentage who successfully complete a collegiate program of study within 150 percent of the regular time to complete. These statistics show Alaska at the bottom in educational performance indicators in the nation. For every 50 ninth graders, 31 graduate from high school; 14 go to college; nine return for their sophomore year; and only three receive a degree within six years.

The report was written by Dr. Ron Phipps of the Institute for Higher Education Policy in Washington, D.C. In conjunction with the report's development, ACPE partnered with the National College Access Network to survey various stakeholders to better understand the postsecondary access and success climate in Alaska. The major findings of this research are: 1) a college-going culture does not exist in Alaska; and, 2) the relationship between Alaska's workforce needs and postsecondary education is not widely recognized.

*Making Alaska More Competitive* provides compelling evidence that improving access to and participation and success in postsecondary programs, both collegiate and vocational, is key to a strong future for Alaska and her citizens. It also outlines several recommendations and potential strategies for improving educational outcomes in Alaska, and helping students acquire the knowledge and ability to succeed in postsecondary education and in their careers.

For more information, please e-mail [collegeandcareer@alaska.gov](mailto:collegeandcareer@alaska.gov).

907.269.7980

Fax 907.269.7991

[www.state.ak.us/acpe](http://www.state.ak.us/acpe)

## PREPARATION

**C+**

2008 Grade



Change Over Time

Alaska's fairly low performance in educating its young population could limit the state's access to a competitive workforce and weaken its economy.

- Eighth graders perform fairly poorly in math, science, and reading.
- There is a 18% gap between whites and all minorities in the percentage of young adults with a high school credential.

## PARTICIPATION

**F**

2008 Grade



Change Over Time

College opportunities for young and working-age adults are very poor.

- The percentage of working-age adults enrolled in higher education has declined by 39% since the early 1990s.
- Among young adults, 11% of Alaska Natives are enrolled in college, compared with 33% of whites.

## AFFORDABILITY

**F**

2008 Grade



Change Over Time

Higher education has become less affordable for students and their families.

- Poor and working-class families must devote 37% of their income, even after aid, to pay for costs at public four-year colleges.
- Financial aid to low-income students is low. For every dollar in Pell Grant aid to students, the state spends only six cents.

## COMPLETION

**F**

2008 Grade



Change Over Time

Despite some improvement, Alaska is one of the lowest-performing states in awarding certificates and degrees relative to the number of students enrolled.

- Twenty-two percent of college students complete a bachelor's degree within six years.
- Ten percent of Alaska Natives graduate within six years, compared with 25% of whites.

## REPORT CARD

Preparation	C+
Participation	F
Affordability	F
Completion	F
Benefits	C+
Learning	I

## BENEFITS

**C+**

2008 Grade



Change Over Time

Only a fair proportion of residents have a bachelor's degree, and this weakens the state economy.

- Eight percent of Alaska Natives have a bachelor's degree, compared with 32% of whites.
- If all racial/ethnic groups had the same educational attainment and earnings as whites, total annual personal income in the state would be about \$2 billion higher.

## LEARNING

**I**

2008 Grade

Like all states, Alaska receives an "Incomplete" in Learning because there is not sufficient data to allow meaningful state-by-state comparisons.

## WHAT DO THE ARROWS MEAN?



State has increased or remained stable on the key indicator in the category.



State has declined on the key indicator in the category.

## Table of Contents

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## Introduction

In September of 2007, the Coalition of Student Leaders, comprised of members from all over the state, unanimously recognized that affordability was one of the greatest issues facing students today. They recognize that their peers are dropping out, not because of grades or the quality of the programs, but because they cannot afford the education. A survey performed by the University of Alaska Southeast found that the number two reason why students were dropping out was because they could not afford to continue their education. Many more simply do not begin a postsecondary education due to the cost. As a result, the Coalition of Student Leaders began to look at ways to address these affordability concerns and better understand the relevant implications of the rising costs of a postsecondary education.

The Alaska Achievers Incentive Program (AAIP) is a postsecondary scholarship program that would provide Merit Aid to students who demonstrate academic promise and unmet financial need. By so doing, this program will increase educational opportunities for more bright, hardworking, and capable Alaskans so they may be ready to fill Alaskan jobs.

For many parents and their children, a postsecondary education is increasingly perceived as unaffordable. As a result, parents that cannot afford to send their kids to college often do not push their kids to achieve in school. The AAIP acknowledges that if students are given an opportunity to break the financial barrier to college, they will strive to achieve academic success. The program's 3.0 GPA requirement is an accurate reflection of academic success and college preparedness.

Already existing research shows that AAIP will make a difference. A 2007 report from the State Higher Education Executive Officers found that a \$1,000 difference in the price of college may impact college enrollment for the most financially needy students by as much as nine percent. A 2007 Western Interstate Commission for Higher Education report determined that for every \$160 in increased tuition, low income enrollments dropped by .5 percent in four year, public institutions and by 2.3 percent in community colleges.

The AAIP is not a handout. The financial assistance offered through this program will not cover all costs of attendance. Rather, it alleviates the growing costs of a postsecondary education so it is more manageable for students who have demonstrated academic merit and financial need. Students will still be expected to contribute financially to their education.

## Break Down

**Already Existing Research shows that AAIP will make a difference.** We know from existing research that a \$1,000 reduction in the cost of a college education can boost enrollment by nine percent. But we also know that a \$160 increase in the cost of attendance can drop undergraduate enrollment by .5% and community college enrollment by 2.3%.

**Our peers are dropping out because they cannot afford the education, not because of grades or the quality of the programs.** A survey performed by the University of Alaska Southeast found that the number two reason why students were dropping out was because they couldn't afford to continue their education. The number one reason was family problems.

**For students approaching their high school graduation, the cost of a higher education is the most important topic discussed by the student and the family.** For low-SES students, cost is the biggest determinant for college selection. It is a real shame that students do not move on to higher learning because of the cost.

**For many young people, college is perceived as out of their reach.** It has also been shown that the growing cost of an education is changing the perception of affordability among our elementary and middle school students and their parents. It is at these ages that students really decide whether college will be something within their reach.

**Our state's economy is growing and there are incredible jobs waiting for graduates with the necessary education and training,** which is why we must be focused on expanding access to higher education.

**Too many students are not graduating from high school.** The 3.0 GPA requirement acts as an incentive for students to work a little harder, because if they do, there is a promise of a college education. Furthermore, a 3.0 High School GPA has been demonstrated to be an accurate indicator of college readiness.

**The program would provide assistance to students who earn a 3.0 high school GPA and continuing postsecondary students who demonstrate unmet financial need.**

# Facts About Financial Aid in Alaska

February 2008

## How does Alaska compare with other states?

- Unfortunately, Alaska ranks 51<sup>st</sup> among states (including DC) in college-going rates of low-income youth from FY 1994 to FY2005. ("Low income" is defined as students who qualify for Pell grants.)
- The rate of college attendance among low-income youth ranges from 8.6% (Alaska) to 41.3% (Iowa). The next-lowest ranking goes to Nevada with 14.9%.

Source: Mortenson, Thomas G.  
"Higher education for Students from Low Income Families  
1970 to 2006"  
*Postsecondary Education Opportunity*  
No 183, September 2007

- Since FY1980 all states have reduced their investment efforts in public higher education institutions, causing tuition to rise. The burden has been shifted to the students, who increasingly have to take on loan debt.
- The federal average of state grant programs covered 38.6 % of what a Pell grant paid in 05-06. Alaska ranked 41<sup>st</sup>, paying 7.7 % of what a Pell grant paid. Vermont ranked 1<sup>st</sup>, paying 109% of what a Pell grant paid.

Source: Mortenson, Thomas G.  
"College Participation Rates for Students from Low Income Families by State  
1992-93 to 2004-05"  
*Postsecondary Education Opportunity*  
No 176, February 2007

## Who gets financial aid at the University of Alaska?

- Almost 45% of our **African-American** students receive aid, while only 29% of Native Alaskans\* and 31% of White students do.
- 41% of students **age 24 and under** are on some form of aid, while only 25% of those 25 and over – many of whom are non-degree-seeking -- are on financial aid.
- A slightly larger percentage of **women** are on aid than men.
- One out of every three financial aid dollars awarded to undergraduate students goes to a **freshman**.
- UA is experiencing shifting demographics in our student population as a whole, just as the rest of the nation is. We see more students of color, more who are low-income and more who are the first in their families to attend college.

*\*Financial aid numbers for Native Alaskans do not reflect all Alaska Native Corporation funding.*

**What types of aid do students at UA receive?**

Loan	68.1%
Grant	13.3%
Scholarship	13.7%
Waiver	2.6%
Work Study	2.3%

University of Alaska Statewide Planning & Budget, 2005-2006 data, *UA in Review 2007.*

UA loan volume is growing at a faster pace than grant volume, meaning more and more students are going farther into debt to pay for their education.

**Does the University have other scholarships that are at least partially based on financial need?**

	Total Scholarships	Scholarships with need component
UAA	180	3
UAF	316	63
UAS	56	8
SW	62	12

*UA received 3,116 applications for scholarships for the 0809 aid year.  
SW = UA Foundation.*

**Why can't the University internally fund this, like they do the UA Scholars Program?**

The UA Scholars Program is funded from the Natural Resources fund. The program has been very successful, but is itself in need of additional funding.

**UA keeps raising its tuition. Why can't a portion of those funds be used to help these needy students?**

UA has allocated 1% of tuition revenue from each campus for need-based aid at the campus that generated the tuition. This is what is called the "UA Grant Program." UA allocated almost \$835,000 to this program for the 0708 aid year.

However, further aid using this mechanism adversely impacts students not receiving aid and the debt load of UA students already using loans to complete their education. Two-thirds of UA graduates have student debt and in any given semester one-third of all students are using a student loan.

Additionally, until the state has an adequately funded program for needs and merits based financial aid, it will continue to be rate poorly in national status reports as university funded aid is not recognized as a state policy commitment.

**Students that are Alaska residents already get almost \$2,000 per year for the PFD. Why should they get more from the state?**

Existing grant programs, and the PFD, cannot cover the cost of education and living expenses without forcing the student to go deeply into debt.

Here's a typical example for a very poor student (ZERO Estimated Family Contribution.)

Cost of Attendance:	\$17,000
Minus Pell Grant:	\$4,310*
Minus SEOG:	\$500*
Minus AkAdvantage:	\$1000*
Minus UA Grant:	\$190*
<hr/> Uncovered cost of attendance:	\$11,000

*\*All grant monies that do not have to be repaid*

That leaves \$11,000 of the year's expenses not covered by grants. This student could qualify for up to \$3000 in Federal Work Study funds, if available. Still, that means the student has to borrow \$8,000 for their first year of education. A student in this situation would graduate with \$40,000 in student loan debt after 5 years, *even while working during college*. Even if this student applied his or her PFD toward the cost of education every year, the debt upon graduation would be over \$30,000.

**I hear a lot of students don't even bother to apply for financial aid.**

- UA has helped deliver "**College Goal Sunday**," for the past three years, an event provided at twenty sites across the state and aimed at low-income and first-generation incoming freshmen, to help them fill out the FAFSA.
- UA sponsors "**February FAFSA Frenzy**" each year since 2005. Overall FAFSA applications at UA increased 7% from 2005 to 2007, with early application activity increasing 73%.

**If a student wants to attend, why don't they work or take out loans?**

- Students who work off-campus take longer to earn their degree and are less likely to graduate at all.
- Employment off campus increases their taxable income, making it harder for them to qualify for aid the next year.
- In the last four years, student loan volume has gone up 96.6%, while grant aid has only gone up 48%. Increased loan volume leads to increased student debt.

### PFD Myth:

*If everyone in Alaska saved their PFDs from birth, they would have all the money they need to get a degree*

PFD Savings for 18 year olds  
Assumes student's PFD was saved all 18 years

<b>Year</b>	<b>Amount</b>
1990	\$952.63
1991	\$931.34
1992	\$915.84
1993	\$949.46
1994	\$983.90
1995	\$990.30
1996	\$1,130.68
1997	\$1,296.54
1998	\$1,540.88
1999	\$1,769.84
2000	\$1,963.86
2001	\$1,850.28
2002	\$1,540.76
2003	\$1,107.56
2004	\$919.84
2005	\$845.76
2006	\$1,106.96
2007	\$1,654.00
<b>Total PFD</b>	<b>\$22,450.43</b>

**Average Resident Tuition, Fees, Room, Board and Books per Academic Year**

	<b>Tuition</b>	<b>Room &amp; Board</b>	<b>Books</b>	<b>Fees</b>	<b>2007-2008</b>	<b>4 Years*</b>
<b>UAA</b>	\$2,952.00	\$7,810.00	\$1,036.00	\$513.00	\$12,311.00	\$57,123.04
<b>UAF</b>	\$3,825.00	\$5,580.00	\$1,100.00	\$693.00	\$11,198.00	\$52,958.72
<b>UAS</b>	\$3,060.00	\$6,714.00	\$550.00	\$796.00	\$11,120.00	\$51,596.00

\*Adjusted for inflation

Sources: <http://www.finfo.com/college>  
[http://www.collegeboard.com/prod\\_downloads/about/news\\_info/trends/trends\\_pricing\\_07.pdf](http://www.collegeboard.com/prod_downloads/about/news_info/trends/trends_pricing_07.pdf)  
<http://www.pfd.state.ak.us/dividendamounts/index.aspx>

February 9, 2009

Senate Committee on Education and Finance  
Senator Ellis  
State Capitol  
Juneau, AK 99801

Dear Senator Ellis,

I am an international student at Kodiak College and the President of the student government here in Kodiak. I came to Kodiak as a high school student and decided I would like to go to college in the United States. By doing so, I agreed on paying for my tuition and other expenses. In order to do that, I had to get a student loan from my home country Germany.

I am one of many students here in Kodiak who have to struggle hard to stay a full time student and pay for tuition and other expenses like books, fees, etc. The tuition expenses are high (especially for out of state students) and many student cannot afford to take all the classes they would like to take. Many of those may not even finish their college degree they wanted to get because of their financial need.

Senate Bill 33 would not affect me personally because I am, as an international student, not FAFSA eligible but I know a great amount of people who would highly appreciate financial help through more scholarships and grants. I ask you to keep supporting this very important bill and hope that there will be more funding for students with financial need.

Sincerely,

Fabian Philipp  
President of the Student Government at Kodiak College

3147 Arctic Tern Street  
Kodiak, AK 99615  
(907) 942-5094  
Fabian.philipp@gmail.com

Submitted by: ASSEMBLY MEMBERS GRAY-  
JACKSON AND JOHNSTON  
Reviewed by: Assembly Counsel  
For reading: February 3, 2009

CLERK'S OFFICE  
**AMENDED AND APPROVED**  
Date: 2-3-09 ANCHORAGE, ALASKA  
AR NO. 2009-20

1 **A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY IN SUPPORT OF**  
2 **ACTION BY THE TWENTY-SIXTH LEGISLATURE OF THE STATE OF ALASKA TO**  
3 **CREATE THE POSTSECONDARY SCHOLARSHIP GRANT PROGRAM INTRODUCED**  
4 **IN SENATE BILL NO. 33 TO ENHANCE ACCESS TO THE UNIVERSITY OF ALASKA**  
5 **BY ALASKA ACHIEVERS.**

---

6  
7 WHEREAS, legislation to create the Alaska Achievers' Incentive Scholarship  
8 Program, with both merit and needs-based components, has been pre-filed for the 26<sup>th</sup>  
9 Legislature – First Session as Senate Bill No. 33 **and House Bill No. 94**, as attached; and

10  
11 WHEREAS legislation supporting the Alaska Achievers' Incentive Scholarship  
12 Program was introduced in the 25<sup>th</sup> Legislature as HB 397 and HB 403; and

13  
14 WHEREAS, the Alaska Achievers' Incentive Scholarship Program will provide a  
15 state-funded scholarship program with both merit and needs-based components to  
16 enhance access to the University of Alaska postsecondary school system by academically  
17 successful students who also demonstrate financial need and wish to seek further  
18 education; and

19  
20 WHEREAS, the Alaska Achievers' Incentive Scholarship Program was designed  
21 through efforts of the Coalition of Student Leaders, a statewide organization of collegiate  
22 student governments, serving and representing over 30,000 students in the University of  
23 Alaska postsecondary school system; and

24  
25 WHEREAS, SB No. 33 implementing the Alaska Achievers' Incentive Scholarship  
26 Program has the support of the University of Alaska Administration; and

27  
28 WHEREAS, education is a core value to share throughout the state.

29  
30 NOW, THEREFORE, the Anchorage Assembly resolves as follows:

31  
32 **Section 1.** The Anchorage Assembly applauds the program design and advocacy  
33 efforts of the Coalition of Student Leaders which have lead to the introduction of  
34 state legislation to create the Alaska Achievers' Incentive Scholarship Program.

35  
36 **Section 2.** The Anchorage Assembly supports creation of the Alaska Achievers'  
37 Incentive Scholarship Program and the Alaska Achievers' Scholarship Fund to

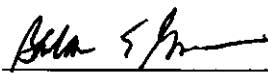
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enhance access to the University of Alaska, with both merit and needs-based components.

**Section 3.** The Anchorage Assembly encourages the 26<sup>th</sup> Alaska State Legislature to create the postsecondary scholarship grant program introduced in Senate Bill No. 33 to enhance access to the University of Alaska by Alaska Achievers.

PASSED AND APPROVED by the Anchorage Assembly this 3<sup>rd</sup> day of February 2009.

  
Chair

ATTEST:  
  
Municipal Clerk



## PATRICK F. TAYLOR FOUNDATION

February 10, 2009

Juneau Legislative Information Office  
The Honorable Johnny Ellis  
State Capitol  
Juneau, Alaska 99801-1182

VIA FAX

Dear Senator Ellis:


This letter serves as the *Patrick F. Taylor Foundation* official endorsement of Alaska's *Achiever's Incentive Scholarship Program*, based on high achievement and financial need, *Senate Bill No. 33*. This Bill is a first step in establishing a comprehensive scholarship program for Alaska young people to pursue a postsecondary education. There is no greater investment of the state financial resources than that of educating the young people who will be the future leaders of the great State of Alaska.

*Senate Bill No. 33* should be enacted now, with the understanding that, like all legislation, that the Bill will be improved with further legislation over time to create a more comprehensive program, which will be open to all students who meet certain established criteria. The goal is to encourage all students to take a more rigorous curriculum in order to be adequately prepared to pursue their postsecondary education. The objective of preparing students is, not only to enroll, but to graduate in their chosen fields.

We, at the *Patrick F. Taylor Foundation*, are ready to assist you in the passage, implementation, and monitoring of this legislation at our own expense.

Please feel free to contact the *Patrick F. Taylor Foundation* if we can assist with this most important endeavor!

Sincerely,

  
James A. Caillier  
Executive Director

JAC/glw