CONFIRMA-TIONS

2009

Official Business

Alaska State Legislature

Senate

Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182
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Memorandum

TO: Senator Elton, Chair
Education Committee

FROM: Kirsten Waid
Secretary of the Senate

DATE: January 26, 2009

SUBJECT: Confirmation of Governor's Appointments

Pursuant to AS 14.40.150, the President has referred the following names for legislative confirmation to your committee for a hearing, recommendation and report:

University of Alaska Board of Regents

Mary K. Hughes - Anchorage
Appointed: 7/9/2002
Reappointed: 1/23/2009 Term Expires: 2/1/2017

Kenneth J. Fisher - Juneau
Appointed: 1/23/2009 Term Expires: 2/1/2017

Attachment: Resumes

KW:lc
gl #2

BOARDS & COMMISSIONS
JUN 2 4 2002

MH

MARY K. HUGHES
1592 Coffey Lane
Anchorage, Alaska 99501
mkhughes@acsalaska.net
(907) 274-6290 (voice and fax)

Ms. Hughes served as the Municipal Attorney for the Municipality of Anchorage from January 3, 1995 to June 30, 2000. Prior to her appointment, Ms. Hughes was a partner in the Alaska firm of Hughes, Thorsness, Gantz, Powell & Brundin. Ms. Hughes joined the firm in 1974. She served one term on the firm's Management Committee and was the Hiring Partner for ten years. Her practice included a wide variety of commercial transactional and litigation matters. She had particular strengths in administrative law, public utility law (telecommunications), eminent domain and employment law. She was also experienced in the acquisitions and mergers of Alaska businesses as well as purchases of Alaskan real estate. Drawing on her experience as a lawyer and public policy maker, Ms. Hughes is now advising businesses in Alaska on organizational and management issues as well as government relations.

Ms. Hughes served as a hearing officer for the State of Alaska, Department of Education; the Alaska Public Utilities Commission; the State of Alaska, Department of Law; and the Alaska Bar Association. She has also mediated many disputes.

Ms. Hughes was born in Kodiak and grew up in Anchorage.

EDUCATION

J.D., Willamette University College of Law, 1974
- Member, Moot Court Board
- Dean's List

Postgraduate Studies, Labor Economics,
- Heriot-Watt University, Edinburgh, Scotland, 1971

B.B.A., Management, University of Alaska, 1971
- cum laude

PROFESSIONAL AFFILIATIONS

International Municipal Lawyers Association
- State Chair, 1995-1997
- Regional Vice President, 1997-2000
- Conference Speaker, 1997,1999, 2002
- Conference Moderator, 1998
- Strategic Planning Committee, 1999-2000

Alaska Bar Association
- Administrative Law Committee
  - Chairman, 1979-1981
- Administrative Law Section
  - Executive Committee, 1984-1987
- Board of Governors, 1981-1984
  - Treasurer, 1981-1982
  - President-elect, 1982-1983
  - President, 1983-1984

Alaska Bar Foundation
- Trustee and President, 1984-1998
- Trustee, 2001-present

The Fellows of The American Bar Foundation, 1990-present

Alaska Code Revision Commission
- Commissioner, 1987-1994

Anchorage Association of Women Lawyers
- Founding Member, 1975-present
- President, 1976-1977

Ninth Circuit Judicial Conference
- District of Alaska Lawyer Representative, 1995-2000

Who's Who in the West, 1987-present
Who's Who of American Women, 1984-present
Who's Who in American Law, 1985-present
Who's Who in America, 1996-present

COMMUNITY INVOLVEMENT

Anchorage Economic Development Corporation
- Board of Directors, 1989-1994
- Chairman, 1994
- Ex Officio, 1995-present

Alaska Repertory Theatre
- Board of Directors, 1986-1988
- Secretary, 1986-1987
- President, 1987-1988

Soroptimist International of Cook Inlet
- Charter Member, 1980-present
- Vice President, 1981-1983
- Corresponding Secretary, 1984-1985
- President-elect, 1985-1986
- President, 1986-1987

University of Alaska Foundation
- College of Fellows, 1986-present
- Board of Trustees, 1990-present

University of Alaska Fairbanks
- Board of Visitors, 1994-present

Willamette University
- Board of Trustees, 1997-present

Willamette University College of Law
- Board of Visitors, 1978-2001

Providence Anchorage Advisory Council, 1993-present

Providence Alaska Foundation
- Board of Directors, 1998-present
- Vice Chair, 2000-2002
- Chair, 2002-present

Admitted to practice before Alaska State and Federal Courts

KENNETH J. FISHER, P.E.
Captain, U.S. Public Health Service
Engineer Officer

10718 Horizon Drive, Juneau, Alaska 99801
Work: 907-586-7658
Email home: oldfarmers@msn.com
Email work: fisher.kenneth@epa.gov

SENIOR GOVERNMENT MANAGEMENT

Summary - Broad federal, state, tribal, and international background with 25 years of professional engineering, national program management, and senior legislative experience.

Key Management Strengths

- National Leadership and Management Capabilities
- National Intergovernmental Cooperation
- National and State legislative experience
- Scientific Background

Career Progression

2003 *Senior Representative to the State of Alaska,* **Environmental Protection Agency**
present **USEPA Region 10, Alaska Operations Office, Juneau, Alaska**

Coordinate program implementation for all EPA issues with the State of Alaska and other Juneau based state and federal agencies, including the Alaska State Legislature and the State of Alaska's Governor's Office. As acting Office Director, July 2008, provided leadership of the Alaska Operations Office. Agency representative on several regional and national workgroups. Provided agency leadership for the Alaska/ EPA strategic planning process that focused resources on agreed upon priorities and took advantage of unique capacities of each partner.

2003 *Professional Staff Member,* **Oversight and Investigations**
Transportation and Infrastructure Committee, U.S. House of Representatives, Washington, D.C.
Responsibilities included all aspects of oversight and legislative development, including engaging in a wide array of studies and investigations of activities bearing upon the formulation of national policy and legislation for the matters within the Committee's jurisdiction. Performed at the highest levels of professional government interaction with contacts, briefings, and meeting attended by Members of Congress, Congressional Committee Chairmen, and senior staff. Work with the Committee required the analysis of complex information and the ability to balance and sort through competing requirements and make cogent and workable suggestions. Analyzed programs under the Committee's jurisdiction to meet the 2003 Budget Resolution and provided recommendations on ways the Congress could reduce the waste, fraud and abuse problems in Federal Agencies.

2001 *Professional Staff Member,* **Water Resources and Environment Subcommittee**
2003 **Transportation and Infrastructure Committee, U.S. House of Representatives, Washington, D.C.**
Legislation and Executive oversight. Responsible for all aspects of legislative development, as well as review of scientific and engineering studies and investigations, reviewing and analyzing studies on water and environmental issues within the Committee's jurisdiction. Advise the Chairman and staff on legislative matters within the Committee's jurisdiction. Develop national legislative and policy alternatives and analyzing agency budgets. The jurisdiction of the Subcommittee deals with water resource development including: conservation, pollution control, national infrastructure security, infrastructure construction, and hazardous waste cleanup.

2001 *Environmental Protection Specialist,* **Environmental Protection Agency,**
1999 **Office of Solid Waste and Emergency Response, Superfund, Washington, D.C.**
Government Performance and Results Act program expert. Provided program budget, planning, and analysis functions. Developed the Superfund Strategic and Annual Performance Plans and Performance Report.
Workplanning. Led national program headquarters workplanning efforts assigning resources (FTEs and extramural dollars) based on requirements in law and priorities provided by elected officials.
National Response Team Planning and Performance Measurement Ad Hoc Committee. The NRT consists of 16 federal agencies responsible for various aspects of emergency response to pollution incidents. I managed and implemented activities enabling the Committee to improve their long-range planning process.

Career Progression - continued

1998 *Brookings Institution Legislative Fellow,* **Water and Power Subcommittee,**
Resources Committee, U.S. House of Representatives, Washington, D.C.
Legislation. Responsible for all aspects of legislative development. Represented the Committee with Majority and Minority Members and staff within the House, in Senate conferences, with the Administration, with State governments and political subdivisions, and with a wide variety of constituent parties. Responsible for Subcommittee legislative hearing and markup preparations, as well as full Committee markup preparations. Responsible for House Floor preparations, including Rules Committee activities and writing Committee Reports. Mediated and procured a strategic constitutional law decision from CRS. Successfully negotiated the referral process in part by writing for the Parliamentarian. Served as the Subcommittee staff representative at the counsel table during Full Committee markups. Developed and advanced major long-term policy positions.

1997 *Environmental Engineer,* **Environmental Protection Agency,**
1994 **Office of Solid Waste and Emergency Response, SUPERFUND, Washington, D.C.**
Legislation. Coordinated analysis of proposed legislation. Provided assessment and proposal development for one of the major titles - the State Involvement Title. All issues relating to State qualifications, delegation of Federal authority, funding and cost-share, Federal oversight and corrective actions were within my purview.
State/Federal government relations. Provided national leadership of intergovernmental workgroups (Federal and State government Superfund managers) to improve State and Tribal involvement in Superfund.
Design, construction, and contracting. Provided national technical oversight of design, construction, and contracting activities for the USEPA's Superfund program cleaning our nation's worst hazardous waste sites.

1994 *Senior Environmental Engineer*, **Phoenix Area Indian Health Service,**
1990 **Office of Environmental Health & Engineering, Kingman, Arizona**
Provided environmental engineering direction and guidance required to implement the Indian Health Service's Sanitation Facilities Construction Program on four Indian reservations. Managed and administered environmental health field office, supervised technical and clerical staff, provided environmental engineering analysis and design, administered and inspected contracts, prepared contract specifications, and engineering reports, drafted legal agreements.

1990 *Design Engineer,* **Alaska Area Indian Health Service**
1988 **Environmental Health and Engineering Branch, Anchorage, Alaska**
Provided the engineering services for planning and design of Indian Health Service constructed facilities throughout the State of Alaska. Designed water supply and treatment systems, designed wastewater and sewer systems, designed central water facilities, including complex mechanical and control systems, and prepared comprehensive public works feasibility reports. Conducted public meetings in order to develop cooperative sanitation projects between native villages and the IHS. Rated superior in ability to work with Native Leaders.

1988 *Operation and Maintenance Consultant,* **Alaska Area Indian Health Service**
1985 **Environmental Health and Engineering Branch, Anchorage, Alaska**
Developed operation and maintenance programs for facilities located in isolated native villages and cities throughout Alaska. Inspected and evaluated facilities, identified existing or potential facility deficiencies and made recommendations for modernization, alteration, and repair, provided recommendations regarding the feasibility and economy of design, adequacy of type, size, and capacity of components, prepared detailed operation and maintenance manuals, developed and provided management and administrative training for community officials, provided local operator training.

1985 *Water Engineer*, **U.S. Peace Corps, Government of Kenya**
1983 **Ministry of Water Development (MOWD), Kitui District, Kenya**
Developed and managed rural water projects from conception to completion. Supervised MOWD technical and construction staff responsible for producing engineering studies, designs, cost estimates, and construction inspection, as well as directly supervising large groups of construction personnel. Provided technical assistance to a USAID-financed water development program, as well as to several NGOs.

Educational Achievement, Professional Credentials, Professional and Civic Associations

- Professional Engineer, State of Alaska - CE7658
- Legislative Fellowship, The Brookings Institution, 1998
- Bachelors of Science, Engineering, 1982 Michigan Technological University, Houghton, Michigan
- USPHS Engineers Appointment Board, 1997
- Legislation and Benefits Committee, Commissioned Officers Association of the USPHS'96,'97
- Awards Committee, Commissioned Officers Association of the USPHS, 1996, 1997
- USPHS Engineer Professional Advisory Committee Information Sub-Committee, 1995, 1996
- USPHS Engineer Professional Advisory Committee Alternate , 1996 - 2001
- USPHS Regular Corps Assimilation, 1992
- Associate Recruiter, U.S. Public Health Service
- Commissioned Officers Association of the USPHS
- Anchor and Caduceus Society
- Home School Legal Defense Association Congressional Action Program, NCHE Leader, 1998 - 2002
- Fredericksburg, Virginia home educators association, Director, 1997

Professional Awards and Commendations

USPHS Citation Nominated October 2008, for exemplary service with the EPA Alaska Operations Office in Region 10.
USPHS Commendation Medal August 2005, for meritorious service with the Environmental Protection Agency, Alaska Operations Office.
USPHS Commendation Medal June 2003, for meritorious service for the Water Resources and Environment SubCommittee, Transportation and Infrastructure Committee, U.S. House of Representatives.
USPHS Commendation Medal January 2002, for excellence in leading the Office of Emergency and Remedial Response's workplanning effort, cultivating a high degree of understanding of mission and resource allocation for the Senior Management Team, and facilitating successful resource allocation.
USPHS Special Assignment Award November 2001, for detail to the U.S. House of Representatives Transportation and Infrastructure Committee pursuant to Personnel Orders and MOU.
USPHS Commendation Medal February 2000, for professional dedication managing and implementing the Planning and Performance Ad Hoc Committee activities, resulting in the Committee's successful accomplishment of its mission.
USPHS Commendation Medal, December 1998, for sustained high quality work performance for the Water and Power Subcommittee, Resources Committee, US House of Representatives, the 2nd Session of the 105th Congress.
Letter of Appreciation, July 1998, Majority Whip Tom DeLay, U.S. House of Representatives
Congressional Record, July 1998, Appreciation, Congresswoman Mary Bono (CA)
Letter of Appreciation, July 1998, Congressman John Shadegg (AZ), Colorado River Water Rights Amendment
USPHS Commendation Medal, October 1997, for sustained high quality work providing exceptional national leadership of the Agency's Administrative Block Funding Reform.
USPHS Unit Commendation, October 1996, for exceptional service and performance of duties while serving on the Superfund Reauthorization Team analyzing and developing legislation to reauthorize the national Superfund law.
USPHS Achievement Medal, February 1996, for superior professional performance toward the accomplishment of achieving the nationally significant Agency goal of attaining Superfund Construction Completion Targets.
USPHS Unit Commendation, November 1995, for outstanding performance and professional achievement in the development, management, and delivery of the EPA national SUPERFUND contract training conference.
Phoenix Area IHS Fluoridation Team Award, 1995, for continuous excellence in community water fluoridation.
Phoenix Area IHS Director's Award for Excellence, September 1991, for outstanding emergency service support of the Havasupai Tribe during a flash flood.
USPHS Citation December 1989, for professionalism, dedication and technical contributions to the Alaska Area Environmental Health and Engineering Branch.
USPHS Hazardous Duty Award, January 1987, for regularly undertaking the hazards of travel in rural Alaska in unscheduled fixed wing aircraft to remote locations with marginal uncontrolled airstrips.

Presentations and Publications

- Industrial College of the Armed Forces Environment Industry Study Seminar Presentation, 2005, 2006
- Government Performance and Results Act presentation, Superfund Focus Forum, 1999
- US House of Representatives, Majority Whip's legislative staff briefing, July 1998; briefed 200 congressional Legislative Assistants on HR3267 the Salton Sea Reclamation Act of 1998, Public Law 105-372, Washington DC
- National Enhanced State Role, Winter 1997, USEPA Region V All States Meeting
- Superfund Block Funding, Summer 1997, USEPA Region V All States Meeting
- Environmental Protection Issues in the U.S., African Delegation, USIA, 1996, Washington D.C.
- State Superfund Block Funding, 1996 National Site Assessment Conference, USEPA
- IHS Engineer Recruitment: The Applicability of Returned U.S. Peace Corps Volunteers, Environmental Health and Engineering Proceedings, 27th Annual Meeting of the U.S. Public Health Service Professional Association
- IHS Engineers' Response to the Havasupai 1990 Labor Day Flood, Environmental Health and Engineering Proceedings from the 26th Annual Meeting of the U.S. Public Health Service

Continuing Education

Federal Green Challenge Symposium, EPA video teleconference University of Washington, October 2008
National Environmental Policy Act Training, NEPA Compliance Division, USEPA. Anchorage Alaska, September 2007
Environmental Information Seminar, Supporting Decisions to Achieve Environmental Results, November 2005
Southeast Conference Annual Meeting, Wrangell, Alaska October 2005
Clean Water Act Section 106 USEPA National Meeting, Washington, D.C. June 2004
Public Health Professional Conference, Anchorage, Alaska May 2004
Alaska Forum on the Environment, Anchorage, Alaska, February, 2004
Environmental Summit, The National Environmental Policy Institute, Democratizing Environmental Policy: Moving State and Local Priorities into Washington, March 2001, Washington D.C.
The Performance Conference, June 2000, National Academy of Public Administration, Washington D.C.
Public Speaking School, September 1999, The Leadership Institute, Washington D.C.
Strategies for Achieving World-Class Government Performance, September 1999, George Mason University
Government Performance and Results Act, April 1999, Federal Data Corporation, Arlington, VA
Parliamentary Process, 1998, U.S. House of Representatives Rules Committee, Washington, D.C.
Advanced Legislative Process, April 1997, The Brookings Institution, Washington, D.C.
Congressional Operations Seminar, June 1996, The Brookings Institution, Washington, D.C.
Hazardous Ranking System Training, December 1995, Environmental Protection Agency, Crystal City, VA
International Health Seminar, October 1995, Office of the Surgeon General, USPHS, Rockville, MD
Regulation Development in EPA, June 1995, Environmental Protection Agency, Washington, D.C.
Contract Administration, September 1994, Environmental Protection Agency, Washington, D.C.
Risk Assessment for SUPERFUND, August 1994, Environmental Protection Agency, Crystal City, VA
Submersible Motor Seminar, January 1994, Franklin Electric, Phoenix, AZ
Construction Contracting, April 1993, Phoenix Area Indian Health Service, Phoenix, AZ
Public Works Construction Inspection, December 1991, University of Wisconsin, Las Vegas, NV
Safe Drinking Water Act Regulations, December 1990, Arizona Small Utilities Association, Kingman, AZ
Cultural Awareness, July 1989, Alaska Area Indian Health Service, Anchorage, AK
Well Design and Construction, February 1989, Edmonds Community College, Lynwood, WA
Personnel Supervision, November 1986, National Seminars, Anchorage, AK
Water Fluoridation, June 1986, Alaska Area Indian Health Service, Anchorage, AK
Public Law 86-121, U.S. Indian Health Service Environmental Health Orientation, January 1986, Albuquerque, NM
Rural Development, Water and Sanitation Development, June 1983, U.S. Peace Corps, Antlers, OK
Intensive KiSwahili Language and Cross-Cultural, August 1983, U.S. Peace Corps, Lugari, Kenya

Respectfully submitted,

Kenneth J. Fisher, P.E. **January 21, 2009**

Biographical Sketch
Kenneth J. Fisher, P.E.

Kenneth Fisher is an Engineer Officer with the U.S. Public Health Service; he currently is assigned to the U.S. Environmental Protection Agency Region 10 office in Juneau, Alaska, where he serves as the Senior Representative to the State of Alaska. His responsibilities include coordination of program implementation for all EPA issues with the State of Alaska and other Juneau based federal agencies.

Prior to his current assignment Mr. Fisher served as a Professional Staff Member on the U.S. House of Representatives Transportation and Infrastructure Committee working on Oversight and Investigations and on the Water Resources and Environment Subcommittee. Mr. Fisher served with the U.S. Environmental Protection Agency=s Superfund headquarters program office. While at EPA headquarters he provided budget and work planning functions and served as the Government Performance and Result Act program expert. He coordinated legislation analysis and assessment of the State Involvement title, advanced state/federal relations leading intergovernmental state/federal workgroups to improve state and tribal involvement, and provided national oversight of program design, construction and contracting activities.

In 1998 Mr. Fisher was competitively selected for the Brookings Institution=s Legis Fellows executive development program. As part of this program Mr. Fisher served as a Professional Staff Member for the Water and Power Subcommittee with the U.S. House of Representatives Resources Committee. Water and Power Subcommittee issues include: federal Power Marketing Administration management; proper maintenance of the underlying power generating facilities; water management and facility maintenance issues in the Bureau of Reclamation; and research and management in the USGS Water Resources Division.

Mr. Fisher has 25 years of professional engineering, program management, and legislative experience with a broad federal, state, tribal, and international background. His diverse work experiences have taken him from Michigan to Africa, throughout Alaska, Arizona, California, Nevada, Washington DC, and now back to Alaska. He has worked within both the legislative and executive branches of the government.

Mr. Fisher graduated from Michigan Technological University in 1982. He lives in Juneau, Alaska, with his wife and four children. He is active in local and community activities, supporting children and family activities. His hobbies include skiing, boating, fishing, hunting, reading with his family and studying American History.

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Memorandum

TO: Senator Elton, Chair
Education Committee

FROM: Kirsten Waid
Secretary of the Senate

DATE: February 4, 2009

SUBJECT: Confirmation of Governor's Appointments

Pursuant to AS 39.05.080, the President has referred the following names, with attached resumes, for legislative confirmation to your committee for a hearing, recommendation and report:

Board of Education and Early Development

Janel Keplinger – Kodiak
Appointed: 3/1/2009 Term Expires: 3/1/2014

Carol "Bunny" Schaeffer – Kotzebue
Appointed: 3/24/2004
Reappointed: 3/1/2009 Term Expires: 3/1/2014

Professional Teaching Practices Commission

Cindy Lou Aillaud – Delta Junction
Appointed: 10/26/2006
Reappointed: 3/1/2008 Term Expires: 3/1/2011

Linda L. Black – Anchorage
Appointed: 3/1/2006
Reappointed: 3/1/2009 Term Expires: 3/1/2012

Jill Exe – Barrow
Appointed: 3/1/2009 Term Expires: 3/1/2012

Louis Pondolfino – Anchorage
Appointed: 3/1/2009 Term Expires: 3/1/2012

Attachments

KW:lc gl # 4

Janel Keplinger
Box 4024 Kodiak, AK 99615
[redacted]
Work (907)-481-2009

Throughout my life I have been an educator; being the oldest of five children in a Coast Guard family, a mother of 3 children who found learning a challenge and a teacher of 26 years. The methods may change but the core of my abilities is seeking knowledge, problem-solving and helping others to see their potential.

Areas of Proficiency

- Assessment Tools
- Literature Circles
- Interdisciplinary Reading
- Data Analysis
- Leadership and Team Building
- Behavior Modification
- Technology Integration
- Multidisciplinary Lesson Plans
- Guided Reading
- Student Motivation
- Individual Education Plans
- Collaboration with Staff
- Mission Statement and School Vision
- Curriculum Development
- Student-Led conferences

Professional Experience

Main Elementary -- Kodiak, Alaska 1982-1987

Resource Teacher

I developed and implemented Individual Educations programs for each of the students in my program. There was a variety of student needs and abilities but my goal and purpose was to work collaboratively with teachers on staff to provide a program that assisted them in being successful in the least restrictive environment. I consulted withy teachers regarding modifications and accommodations for instructional materials and behavior management. My time was spent in small group instruction in the resource room or team teaching within the class setting.

East Elementary-- Kodiak, Alaska 1988-1994

Kindergarten and 1st grade teacher

I created lesson plans and instruction for primary students; their academic, social and behavioral needs. Assessed student performance through, tests, observations, anecdotal records, and student portfolios which were presented at student-led conferences three times a year.

(North Star School was being built and I was asked to transfer so I could teach one of the three K-1-2 multi-age classes. It was a great opportunity to be part of a team that would be creating new curriculum, school policy and student expectation in academics and behavior.)

Professional Experience Continued

North Star Elementary-- Kodiak, Alaska 1995- present

Parents, staff and students worked very hard to establish a community that would embrace academic success and establish an environment of respect responsibility, and cooperation. Our team developed lesson plans to help students recognize the desired behaviors. Programs and materials needed to be modified for multiple ages. I implemented a reading intervention program for the building, which included teaching at-risk students and training staff in the areas of evaluations, interventions, and accommodations.

Achievements:

- Developed thematic units to facilitate interest and motivation in the areas of reading, writing, math, social studies and science.
- Integrated technology into daily lessons for computer literacy skills and adaptive activities.
- Enhanced student achievement through the use of cooperative learning, whole group, small group and individual instruction.
- Evaluated academic and behavioral growth through the use of authentic assessment that guided daily instruction.
- Researched assessments and programs that could be utilized to assist at-risk readers in the improvement of decoding, fluency, comprehension, and vocabulary.
- Implemented DIBELS, READWELL, Read Naturally, and Treasures programs within our building as a Reading Specialist.
- Trained staff and parents to use intervention programs and assessments in the area of reading.
- Reviewed and evaluated reading programs nationwide as part of the curriculum development committee.
- Disseminated consequences, behavioral expectations and interventions of students when our building principal was not in the building.
- Maintained building schedules, staff meetings, and staff development as directed by principal.

Additional Employment

My husband and I owned and operated a commercial salmon seiner from 1980 through 2005. I have worked as a crewman during those summers, some years full-time and others on a temporary basis.

Education and Training

Bachelor of Science in Elementary Education Oregon College of Education	1981 Monmouth, OR
Master of Arts in Special Education University of Northern Colorado	1989-1990 Greeley, CO
Continued Education in Reading University of Alaska	1990-present Kodiak, AK

Professional Associations and Committees

Language Arts Curriculum Committee	1992 to present
Math Curriculum Committee	1995
Staff Development	2005-present
Assessment Committee	2000-present

Kodiak Reading Association	1995-present
International Reading Association	Current
PTA member	1995-present
Kodiak High School Booster Club Secretary/ Membership	2000-present

Carol J. Schaeffer

P.O. Box 1187 • Kotzebue, AK 99752 • (907) 442-3472 ext. 242 • bschaeffer@nwarctic.org

Education

1978 Kotzebue High School Kotzebue, Alaska

High School Diploma

- Continuing courses in computers, personnel law, Business English.
- Proficient in Microsoft Office, Microsoft Excel, Microsoft Publisher, Microsoft Windows, word processing, use both Gateway and Macintosh computers.

Awards received

Northwest Arctic Education Association Friend of Education, 1992

Northwest Arctic Borough School District Employee of the Month, 1997

Interests and activities

Enjoy reading, crocheting, softball, bowling, volunteering for different organizations.

Work experience

2000 - Present Northwest Arctic Borough School District
Kotzebue, Alaska

Director of Personnel

Plan, coordinate and supervise the operation of the personnel affairs in such a way as to enhance the morale of school district personnel and to promote the overall efficiency of the school system.

1987 - 2000 Northwest Arctic Borough School District
Kotzebue, Alaska

Secretary to the Superintendent / School Board

Assisted and relieved administrative supervisor of paperwork and impediments so that he may devote maximum attention to the central problems of education and educational administration.

1982 - 1987 Northwest Arctic Borough School District
Kotzebue, Alaska

Print Shop Technician

Assisted in production of all printed materials.

Volunteer experience

NWABSD Pre-K Curriculum Committee member 1987 – 1989
Goals 2000 Selection Committee – 1997
Chukchi Regional Council Member 1989 – 1995
Kikiktagruk Lioness Club Member and Officer 1986 – 1990
Kotzebue Parent Teacher Association Officer 1987 – 1999
Alaska Parent Teacher Association Board of Directors 1991 – 1999
Battle of the Books Coach 1996 – 1997
Battle of the Books District Coordinator 1999 – 2000

Continue to volunteer with school and community activities. Have served on numerous local, district and statewide committees.

References

Mr. Jerry Covey
2070 Courage Circle
Anchorage, AK 99507
(907) 522-4558

Mr. Michael Dunleavy
P.O. Box 51
Kotzebue, AK 99752
(907) 442-3472 ext. 233

Ms. Doni Newell
P.O. Box 51
Kotzebue, AK 99752
(907) 442-3472 ext. 451

Mr. Richard Blair
7901 Linda Lane
Anchorage, AK 99518
(907) 748-6527

Ms. Paula Pawlowski
3300 Balchen Dr.
Anchorage, AK 99517
(907) 245-1301

Cindy Lou Aillaud

P.O. Box1245
Delta Jct., AK 99737
smiles99737@yahoo.com
907-895-4286

Education

Bachelor of Arts in Education, Washington State University, Pullman, WA (1977)
K-12 Special Education Endorsement, Central Washington University, Ellensburg, WA (1989)

Teaching Experience

1977-1978 6th grade - North Auburn Elem., Auburn,WA
1978-1979 grades K-5 - Arctic Village School, Arctic Village, AK
1979-1982 grades 5 and 6 - Delta Elem., Delta Jct., AK
1989-1990 4/5th grade - Ft. Greely School, Ft. Greely, AK
1990-1993 K-6 Special Education - Ft. Greely School, Ft. Greely, AK
1993-1995 3rd grade - Delta Elem., Delta Jct., AK
1995-1997 K-6 Special Education - Delta Jct., AK
1997-1998 Kindergarten - Ft. Greely School, Ft. Greely, AK
1998-2001 K-3 SPED/PE - Delta Elem., Delta Jct., AK
2001-present Elem. Physical Education - Delta Elem., Delta Jct., AK

Professional Activities

* High School Cheerleader Coach (1979-1980)
* Organized Safety Patrol for Ft. Greely School (1990-1993)
* Served on committee to develop district wide wellness program (1992-1999)
* Delta/Greely Education Association Representative to NEA-AK Delegate Assembly (1993-1998)
* Steering and Rules Committee at NEA-AK Delegate Assembly (1999-2002)
* Chair of Steering and Rules Committee at NEA-AK Delegate Assembly (2003-present)
* Co-President Delta/Greely Education Association (1999-2002 and 2004-2005)
* Organized field trips to Fairbanks (100 miles away) for Special Education students to attend the Very Special Arts Festival (1990-1993 and 1995-1997)
* Presented at teacher inservices for Alaska Geographic Alliance, District Wellness and Fulbright Memorial Fund program
* NEA Read Across America School Coordinator (1998-present)
* Jump Rope for Heart (American Heart Association) Coordinator (1993-present)
* Curriculum Management Committee (2001-present)
* PE/Health Curriculum Committee (2003-present)
* 5th grade Photography Club Sponsor (2003-present)
* Studied photography with nationally recognized photographers
* Coordinator of monthly Elementary Family P.E. Nights, 2003-present
* Provided Best Practices in Collaboration and Teacher Learning to Elem. staff, 2004-present
* Involved in Healthy Futures program, a collaboration with AKAHPERD & Conoco-Phillips, 2005-present
* President-elect AKAHPERD, 2005-2006

* Will present at the Alaska Alliance for Health, Physical Education, Recreation and Dance Conference, September 2006

Community Activities

* Community Schools Gymnastic Coach (1979-1981)
* Member and Officer of Delta/Greely Arts Council (1979-1982)
* Elections Board Officer (1981-1995)
* Director of Miss Deltana Pageant (1993)
* Member of Delta/Greely Community Choir (1989-2001)
* Cub Scout Master Pack 76 (1992-1995)
* Instructor for Local Cub Scouts Summer Day Camp (1998-2002)
* Member of Tuesday Tappers Dance Club - performed at many community events (1998-2001)
* Sister Maria in Fairbanks Light Opera Theater's production of "Tony and Tina's Wedding" (1997)
* Deltana Fair Exhibit Judge
* Participant of Annual Project Christmas program
* Participant of Annual Community Cleanup Day
* Participant in Ski-a-thon for Challenge Alaska (1996-1998)
* Delta/Greely Representative for Annual Cancer Walk
* Official Deltana Fair Photographer (2003)
* Relay for Life Cancer Walk Kid's Activities Chair, 2006

Honors/Awards

* Who's Who Among America's Teachers
* Delta/Greely Education Association Teacher of the Year (1993)
* Fulbright Memorial Fund Scholar (2000)
* Photographs have been accepted and exhibited in state juried shows (1999-present)
* Photographs on the cover of NEA-AK calendar (2000, 2002, 2004 and 2005)
* 2004 DisneyHand Teacher Honoree
* November 2005, Local Fitness Champion, Conoco-Phillips
* Author/Photographer of first children's book, *Recess at 20 Below*
* Jump Rope for Heart Grant Recipient, 2006

Member of:

* National Education Association/ NEA-AK
* Delta/Greely Education Association
* Alaska State Science Consortium
* Alaska State Writing Consortium
* AKAHPERD (Alaska Alliance for Health, Physical Education, Recreation and Dance)
* AAHPERD (American Alliance for Health, Physical Education, Recreation and Dance)
* Fairbanks Arts Association
* Alaska Photography Center
* Society of Children's Books Writers and Illustrators

APP/PRO/Teaching/085

ENTERED 1.4.06 dc

Linda Lee Gillam Black

Educational Preparation

1982 Doctor of Education, Administration and Curriculum, University of Southern California, Los Angeles, CA

1971 Master of Arts, Early Childhood Education Washington State University, Pullman, Washington

1969 Bachelor of Science, Psychology Lewis and Clark College Portland, Oregon

1965 Honors Graduate East Anchorage High School, Anchorage, Alaska

Certification	Expires November 13, 2006
Type A	Elementary Teacher # 4002181
Type B	Administrative K-12 Principal, Superintendent # 4002182

Educational Experience

2004 – Present **Assistant Professor of Education** Alaska Pacific University

1992 – 2004 **Principal College Gate Elementary School** Anchorage School District

Revitalize Resolving Conflict Creatively	1992-2004
Resolving Conflict Creatively Instructor	1995-2004
School-wide Writing Initiative	1995-2004
Data Driven Instruction Initiative	1996-2004
School-wide Reading Initiative	1998-2004
School-wide Cooperative Learning Initiative	1998-2004
Cooperative Learning Instructor	1998-2004
Cooperative Learning Strategies	
Cooperative Learning in Writing	

1987 - 1992 **Principal Mountain View Elementary School** Anchorage School District

Community Collaboration to Develop Student Code of Conduct	1987
School Climate	1988
Instructional Strategies Initiative	1989
Skillstreaming Instructor, 1 credit	
Curriculum Alignment Instructor, 1 credit	
School-wide Home Visits	1990-1992
Peer Coaching Cooperative	1990
Project APU/UAA	
Multicultural Gifted Pilot	1991

1984 -1987 **Principal Williwaw Elementary School** Anchorage School District

At Risk Underachieving Student Initiative	1986-1987
Reading and Math Initiative	1987

1983-1984 **Administrative Intern, Homestead Elem** Anchorage School District

1981-1983 **Director, Instructional Support Programs** Anchorage School District

Conducted Community Policy Planning Seminars

Transportation	1981
Effective Schooling	1982
Attendance and Discipline	1983
Senior High School Reform	1984

Instructor Effective Schooling 2 credit Seminar

1976-1981	**Coordinator, Federal and State Programs** Anchorage School District Developed new Multicultural Education Department Initiated Title I Long Term Follow-up Study Initiated First Bilingual Education Grant	
1974-1976	Coordinator, ESEA Title I	Anchorage School District
1973-1974	Director, ESEA Title I	Alaska State Operated Schools, Anchorage, AK
1972-1973	Teacher, Title I Program	Alaska State Operated Schools, Anchorage, AK
1971-1972	Teacher, Early Childhood Program	Alaska State Operated Schools, Anchorage, AK
1969-1971	Teacher Early Childhood Lab School Washington State University, Pullman, WA	

Professional Honors and Community Contributions

Alaska Elementary Principal of the Year	1993
National Distinguished Elementary Principal	1994
Anchorage School District Administrator of the Month	November 1991
Alaska School Librarians Award: Outstanding Administrator Supporting School Libraries	1995
Alaska Parent Teacher Association Education Advocate Outstanding Support of Parent volunteers	1995
Friend of the Library Principal's Award	1998
National Energy Education Development Project Youth Award for Excellence Recipient	1991
Phi Kappa Phi Honor Society, Washington State University	1970
Faculty Senate Student Representative, Washington State University	1970
Phi Delta Kappa	1977 - Present
Kappa Research Representative	1981 - 1983
Phi Delta Kappa President	1983 - 1984
Phi Delta Kappa Membership Representative	1984 – 1986
Anchorage Council of Education President	1979 –1980
Negotiations Team Spokesperson	1981
Alaska Associations of Elementary and Secondary School Principals State Conference Co-Chair Effective Principals, Effective Schools	1987
Alaska Chapter I Advisory Committee	1989-1991
Council for Exceptional Children Conference Speaker: Training "At-Risk" Teachers	1990
University of Alaska School of Education Adjunct Staff ED 612 Human Relations	1990
Anchorage Police Department/Anchorage School District Youth Violence Conference and Task Force	1991
Founder Mt. View Coalition for Nonviolence	1991
Anchorage School District New Teacher Interviewer and	

Steering Committee	1991-1998
Anchorage Principals' Association	1983-2004
Executive Committee	1992 – 1994, 2002-2004
President	1993
Negotiations Table Team	2000-2001
Treasurer	2002-2004
Resolving Conflict Creatively Trainer	1995 – Present
Municipality of Anchorage-Anchorage School District	
Safe Schools Task Force Member	1995
Municipality of Anchorage-Anchorage School District	
Committee on Truancy and Absenteeism	1995-1996
Cooperative Learning Trainer Providing School Based Classes	1998 – Present
Structural Approach to Cooperative Learning, 2 credits	
Cooperative Learning for Principals Instructor	Spring 2002
Anchorage Council of PTAs Principal of the Year Runner-Up	1999
Anchorage School District	
Chairman, Community Planning on Absenteeism	1982
Chairman, Effective Schooling Community Planning	1982-83
Chairman, Transportation Community Planning	1982
Superintendent Interview Committee Staff Representative	1993
Superintendent Leadership Team	1993
Mentor for New Principals	1996-2004
Research Review Committee	2002-2004
Library Advisory Committee	2001-2004
Teacher Evaluation Process Review Committee	2002
East Area Principal's Instructional Committee Representatie	2001-2004
Data Driven Instruction for Principals Trainer	August 2002
Alaska Principal Team Lobby State Legislature for Educational Funding	April 2003
Anchorage City Wide Executive Exchange	2002-2003
Blood Donor	2001-Present

Training and Workshop Participant

Larson Math Computer Assisted Instruction Training	January 2004
Developmental Reading Assessment Principal Training	October 2003
New Teacher Induction Team Training	April 2003
Transforming Classroom Grading Principal Book Group Leader	Spring 2003
Second Language Learners Workshop	March 2003
Handling Disruptive Behavior Workshop	January 2003
Reading Training for Principals	January 2003
Data Driven Instruction using Excel	January 2003
Taking Assets from Awareness to Action Conference	November 2002
Leadership Institute	October 2002

Promoting Success for Bilingual Students, Team Training	May 2002
Kid Clinic Special Education Training	April 2002
Creating an Asset Rich School Workshop	April 2002
Safe and Drug Free Schools Conference	April 2002
Mission to Mars Training	March 2002
Cooperative Learning for Administrators	Summer 2002
Multiple Intelligences through Cooperative Learning	Summer 2000
Multiple Intelligences Through Cooperative Learning Institute	Summer 1999
First Steps Principal Training	August 1998
Cooperative Learning Trainer's Institute	Summer 1998

Publications

Black, L. February, 1982. Transportation policy planning seminar: a decision-making process, Anchorage School District.

Black, L. May, 1983. Effective schooling policy planning seminar: review of research, practice, and community expectations, Anchorage School District.

Black, L. , November, 1983. Attendance and discipline policy planning seminar: review of research, practice, and community expectations, Anchorage School District.

Black, L. , March, 1984. Senior high school reform policy planning seminar: review of research, practice, and community expectations, Anchorage School District.

Professional References

Current Reference List

Carol Comeau, Superintendent of Schools
Anchorage School District
P.O. Box 196614, Anchorage, Alaska 99519-6614
(907) 742-4312 Fax (907) 742-4318

Patricia McRae, Executive Director of Elementary Education
Anchorage School District
P.O. Box 196614, Anchorage, Alaska 99519-6614
(907) 742-4254 Fax (907) 742-4251

Eunice Long, Elementary Supervisor
Anchorage School District
P.O. Box 196614, Anchorage, Alaska 99519-6614
(907) 742-4242 Fax (907) 742-4251

1994 National Distinguished Principal Supporting Documents Available upon request

Personal Position Statements: Linda L. Black

Recommendations

Carol Comeau, Executive Director of Elementary Education
Carol Stolpe, Anchorage School Board
Susan Moore, Principal Denali Elementary School
Roger McCommon, Teacher
Sylvia Brown, Mountain View Elementary School PTA President
George Lyle, College Gate PTA President and Executive Board

JILL M. EXE

P.O. Box 33 • Kaktovik, Alaska 99747 • jill.exe@nsbsd.org

EDUCATION & CERTIFICATION

Bachelor of Science (1986), Major Elementary Education
Montana State University – Bozeman, Montana

Option in Reading K-12 (1986)
Montana State University – Bozeman, Montana

ESL Endorsement (1990)
University of St. Thomas – Houston, Texas

Alaska Teaching Certificate – K8 Elementary Education
Highly Qualified – Elementary Education
Highly Qualified – Middle School Language Arts

PROFESSIONAL TEACHING EXPERIENCE

Harold Kaveolook School – Kaktovik, Alaska **Teacher** (Grades 3, 4, and 5)	August 2007 – May 2008
North Slope Borough School District – Barrow, Alaska **Reading Coach** (District-wide)	August 2007 – May 2008
Hopson Middle School – Barrow, Alaska	
Language Arts Teacher (8th Grade)	August 2004 – May 2007
Language Arts Teacher (7th Grade)	August 2003 – May 2004
Ipalook Elementary School – Barrow, Alaska	
Teacher (2nd Grade)	August 1998 – May 2003
Teacher (Kindergarten)	August 1993 – May 1998
Emerson Elementary School – Houston, Texas **Teacher** (1st Grade)	September 1989 – June 1992
Pleasants Elementary School – Houston, Texas **Teacher** (1st and 2nd Grade)	September 1986 – June 1989

PROFESSIONAL DEVELOPMENT

SIOP Training – Denver, Colorado 2007
NEA-Alaska Fall Event – Anchorage, Alaska 2005
Effective Instructional Strategies – Barrow, Alaska 2003
NEA-Alaska April Leadership – Anchorage, Alaska 2003 & 2008
NEA-Alaska Delegate Assembly – Anchorage, Alaska 2003, 2004, 2006, & 2007
Linking Curriculum to Standards Saxon Math and More – Barrow, Alaska 2002
Reading Recovery Training – Ohio State University, Columbus, Ohio 1998
ECE/Kindergarten Curriculum Development – Barrow, Alaska 1996
Imaginarium's Arctic Ecology Training – Anchorage, Alaska 1994

PROFESSIONAL ORGANIZATIONS

North Slope Borough Education Association, Current President
Top of the World Literacy Council
International Reading Association
Alaska Science, Math, and Writing Consortium Fellow

NSBSD COMMITTEES

NSBSD District Social Studies Adoption, 2009
Facilitator of the NSBEA/NSBSD Interest Based Bargaining, 2008
Harold Kaveolook School Improvement Plan, 2008
NSBSD Literacy, 2007-2008
NSBSD Improvement Plan, 2006-2009
Pay for Performance Plan, 2006-2007
Hopson Middle School Improvement Plan, 2003-2007
Apple Computer Tech Camp at HMS, 2007
HMS Reading Adoption, 2007
Reading/Writing Adoption Meetings at BHS, 2007
Apple 1:1, 2006
District Curriculum, 1999-2003, 2007-2008
Grievance, 1999-2009

COMMUNITY INVOLVEMENT

Kaktovik Community Events, **Participating Teacher**	2008 - 2009
Barrow Arctic Science Consortium, **Saturday Schoolyard Coordinator**	2003 - 2006
Nuvuk Archaeological Excavation, **Student Supervisor**	Summer 2006
"Culture Camp 2005," **Participating Teacher**	August 13, 2005
"Scientists and Alaska Science Teachers Team Up: Barrow Fieldwork for Better Classroom Teaching," **Presenter**	September 18, 2004
Alaska Science Consortium, **Arctic Ecology Advanced Institute Host**	Summer 2004
Read Across the Slope, **Coordinator/Committee Chair**	March of Year 1997 – 2003
Pingusugruk/Point Franklin Archaeological Excavation, **Volunteer Laborer**	June 1998

WEB LINKS

Below are some links that refer to my support and involvement in my North Slope community.

http://tea.armadaproject.org/conner/4.3.1999.html
http://www.polartrec.com/node/1789
http://www.nsbecho.org/docs/ReportupdateECHOJan06.pdf
http://ecosystems.mbl.edu/ARC/schoolyard/presentations.html
http://www.alaskanewspapers.com/content/pdf/AS_12-21-06.pdf page 2
http://www.north-slope.org/NSB/MayorsNews/Dec2005_no1.pdf

LOUIS PONDOLFINO
PO Box 112942
Anchorage, AK 99511
(907) 742-8123

Degrees:
Master of Arts in Teaching, University of Alaska, Anchorage 1991
Bachelor of Arts, English Literary Studies, Davis and Elkins College 1982

Certificate/License:
Type B Administrative K-12, State of Alaska

Work Experience:
July 2004 to present: Principal, Robert Service High School
Anchorage School District
July 2001 to June 2004: Assistant Principal, East Anchorage High School
Anchorage School District
August 1997 to June 2001: Language Arts Teacher, Goldenview Middle School
Anchorage School District
August 1994 to June 1997: English and History Teacher, Polaris K-12 School
Anchorage School District
August 1991 to June 1994: Language Arts Teacher, Gruening Middle School
Anchorage School District
May 1982 to August 1991: Carpenter, Carpenter's Apprentice, Laborer
Nome, Anchorage, Seward, Alaska

Active Professional Memberships:
Anchorage Principals Association
Vice President, 2007 to present
Legislative Action Committee Member 2005 to present
National Association of Secondary School Principals
Alaska Association of Secondary School Principals

Recognitions:
Region IV High School Principal of the Year, 2006-07
Patriotic Employer, 2008 (Alaska National Guard and Reserve Force)
Anchorage Daily News Best of Alaska Principal Category: Platinum Award 2007 and 2008

References:
Carol Comeau, Superintendent of Schools, Anchorage School District
(comeau_carol@asdk12.org)
Carol Kane, Executive Director, Alaska Association of Secondary School Principals
(aassp@alaskaprincipal.org)
Michael Graham, East High School Principal, Past Alaska State Principal of the Year
(graham_michael@asdk12.org)

APR 1 0 2009

26th
ALASKA STATE LEGISLATURE

Senator Bettye Davis, Vice Chair
Senator Gary Stevens
Senator Charlie Huggins
Senator Donald Olson

State Capitol, Room 506
465-4947

Senate Education Committee

SENATE
CONFIRMATION COMMITTEE REPORT

Date: April 9, 2009

In accordance with AS 14.40.150, the Education Committee reviewed the following and recommends the appointments be forwarded to a joint session for consideration:

University of Alaska Board of Regents
Ashton M. Compton – Fairbanks
Student Representative

This does not reflect an intent by any of the members to vote for or against the confirmation of the individuals during any further sessions.

Signature:	Printed Last Name
	Huggins
	Stevens
	Olson
Chair: Bettye Davis	Davis

Please return to the Senate Secretary's Office (Room 213).

Official Business

Alaska State Legislature

Senate

Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182
Phone: (907) 465-3701
Fax: (907) 465-2832
Email:senate_secretary@legis.state.ak.us

Memorandum

TO: Senator Davis, Vice Chair
Education Committee

FROM: Kirsten Waid
Secretary of the Senate

DATE: April 3, 2009

SUBJECT: Confirmation of Governor's Appointments

Pursuant to AS 14.40.150, the President has referred the following name for legislative confirmation to your committee for a hearing, recommendation and report:

University of Alaska Board of Regents
Ashton M. Compton – Fairbanks
Student Representative
Appointed: 6/1/2009 Term Expires: 5/31/2011

Attachment: Resume

KW:lc
gl #9

Official Business

Alaska State Legislature

Senate

Office of the Secretary

State Capitol, Room 213
Juneau, Alaska 99801-1182
Phone: (907) 465-3701
Fax: (907) 465-2832
Email:senate_secretary@legis.state.ak.us

Memorandum

TO: Senator Davis, Vice Chair
Education Committee

FROM: Kirsten Waid
Secretary of the Senate

DATE: April 3, 2009

SUBJECT: Confirmation of Governor's Appointments

Pursuant to AS 14.40.150, the President has referred the following name for legislative confirmation to your committee for a hearing, recommendation and report:

University of Alaska Board of Regents
Ashton M. Compton – Fairbanks
Student Representative
Appointed: 6/1/2009 Term Expires: 5/31/2011

Attachment: Resume

KW:lc
gl #9

ASHTON COMPTON

PO Box 58003
Fairbanks, AK 99711-0003
907-723-2213
ashtoncompton@hotmail.com

EXPERIENCE

University of Alaska Fairbanks, Leadership Program 2008-present, Fairbanks, AK

Student Organizations Program Asst.

- Managed Student Organizations database
- Planned, organized, and facilitated training, networking, and leadership development events
- Coordinated the recognition process
- Created advertising and marketing plans
- Provided administrative support
- Mentored student organization leaders
- Trained new Student Organizations Coordinator
- Founder and president of the UAF Chapter of the American Red Cross date

State of Alaska Legislature 2005-2007 Session, Juneau, AK

Asst. Sergeant-at-Arms

- Performed administrative assistant duties for Representatives as needed
- Trained and managed a staff team of five House pages
- Organized public speeches and special appearances for state officials including Governor Frank Murkowski, and Senators Ted Stevens and Lisa Murkowski
- Tracked voting records and daily business logs of each House floor session for the State Legislative Library
- Scheduled travel arrangements for Representatives
- Manned phones and reception area for high-traffic offices
- Managed a database of each Representative's information
- Entrusted with confidential legal and political data
- Maintained a high standard of decorum and formality

House Page

- Prepared House Chambers daily
- Arranged and stocked rooms for committees and press conferences
- Collated and distributed daily House floor packets and mail
- Provided timely transportation services for Representatives
- Stocked House floor desks for Representatives
- Carried private messages between legislators during session

EDUCATION

University of Alaska

Political Science Major 2005-2009

COMPUTER SKILLS

Experience with Microsoft Word, Excel, Outlook

SENATE
CONFIRMATION COMMITTEE REPORT

Date: April 3, 2009

In accordance with AS 39.05.080 and AS 14.40.150, the Education Committee reviewed the following and recommends the appointments be forwarded to a joint session for consideration:

Board of Education and Early Development
Janel Keplinger
Carol "Bunny" Schaeffer

Professional Teaching Practices Commission
Cindy Lou Aillaud
Linda L. Black
Jill Exe
Louis Pondolfino

University of Alaska Board of Regents
Mary K. Hughes
Kenneth J. Fisher

This does not reflect an intent by any of the members to vote for or against the confirmation of the individuals during any further sessions.

Signature:	Printed Last Name
	Huggins
	Olson
	STEVENS
Chair: Bettye Davis	DAVIS

SB 18

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: 3/13/09

Education Committee considered SENATE BILL NO. 18

SB 18 POSTSECONDARY MEDICAL & OTHER EDUC. PROG.

"An Act increasing the number of students pursuing a medical education who are provided postsecondary educational services and programs; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [X] **CS** SB 18 (EDC)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[X] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
UA	2/24/09			✓	
ACPE	2/23/09	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	STEELMAN			X	
	BROWN		✓		
CHAIR: Betty Davis	DAVIS	X			

ALASKA STATE LEGISLATURE

Co-chair, Joint Armed Services Committee
•
Co-chair, Resources Committee
•
Vice chair, Judiciary Committee
•
World Trade Committee

State Capitol, Rm. 115
Juneau, AK 99801
(907) 465-2435
Fax: (907) 465-6615

716 W. 4th Ave, Ste. 440
Anchorage, AK 99501
(907) 269-0102
Fax: (907) 269-6122

SENATOR BILL WIELECHOWSKI

Sponsor Statement: Senate Bill 18

The intent of Senate Bill 18 is to help ensure that Alaska has an adequate supply of doctors to meet the health care needs of its citizens. It would expand the number of Alaskan students able to receive medical training through the WWAMI program each year from 20 to 24. This is the maximum number that the University of Alaska can accommodate within its existing facilities and with its current faculty. Expansion of this program over time to train 30 Alaskan students annually is one of the primary recommendations of the Alaska Physician Supply Task Force.

This task force was established to address the severe shortage of doctors in Alaska. In its 2006 report, the task force found that Alaska has 375 fewer doctors than needed and the 17th lowest physician-to-population ratio in the nation. This shortage is undermining Alaskans' access to health care and increasing costs throughout the state. Seniors are having particular difficulty finding primary care physicians, causing many to forego treatment or face dangerously long wait times. Internal medicine specialists and psychiatrists are in especially short supply as are doctors of all types in rural Alaska.

This shortage is expected to worsen as Alaska's population increases and ages. The task force reported that over the next 20 years, nearly twice as many practicing physicians will be needed – about 1,100 more than the current 1,347 in patient care – to meet demand as the state's senior population triples. To complicate matters, one-third of our existing physicians are expected to retire in the next 10-15 years.

Additionally, Alaska is far behind other states in the production of doctors. Alaska is one of six states without an independent in-state medical school. The state's primary vehicle for training doctors is the regional WWAMI program. In 2007, the legislature expanded the number of Alaska-funded seats in the program from 10 to 20. This bill continues the incremental expansion of the program as it has been shown to be an effective means of recruiting doctors to the state. Fifty percent of Alaskans who enter WWAMI end up practicing in Alaska. The percentage increases to 80% when graduates from other WWAMI states are counted as returned.

As the national supply of physicians shrinks, recruitment of doctors to Alaska will become ever more competitive. Expanding the number of Alaskans trained through WWAMI is one effective step the state can take to ensure that all Alaskans have access to needed health care.

26-LS0139\S
Mischel
2/25/09

CS FOR SENATE BILL NO. 18( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS WIELECHOWSKI, Thomas, Ellis, Paskvan

A BILL

FOR AN ACT ENTITLED

"An Act increasing the number of students pursuing a medical education who are provided postsecondary educational services and programs; and providing for an effective date."

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

*** Section 1.** AS 14.42.033 is amended to read:

Sec. 14.42.033. Agreements for medical education. The commission shall enter into agreements with government or postsecondary education officials of this state or other states to provide postsecondary educational services and programs to Alaska residents pursuing a medical education degree sufficient to accommodate **24** [AT LEAST 20] new program participants each year. An agreement with another state must be limited to services and programs that are unavailable in Alaska. The commission shall require a person participating in a medical education program offered under this section to agree to the repayment condition imposed under AS 14.43.510.

* **Sec. 2.** This Act takes effect July 1, 2010.

Differences between SB 18 and CS for SB 18 ( )

The original version of SB 18 called for two incremental increases in the number of state-sponsored WWAMI seats. The first increment of four seats would take place in 2010. The second increment would take place two years later, in 2012, when the University's new Health Sciences building is completed. At the request of the University, we have deleted this second increment to give them more time to plan for the increase and ensure that it is workable for all parties involved.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB018**
() Publish Date:

Identifier (file name):SB018-UA-Anch-2-23-09
Title
Sponsor Senator(s) Wielechowski, Thomas, Ellis, Paskvan
Requester Education

Dept. Affected: University of Alaska
RDU University of Alaska Anchorage
Component Anchorage Campus
Component Number 753

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

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

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

SB18 will not require any additional general fund support.

Prepared by: Michelle Rizk — Phone 907-450-8187
Division University of Alaska — Date/Time 02/24/2009 10:47AM
Approved by: Michelle Rizk — Date 2/24/2009
University of Alaska

(Revised 9/10/2008 OMB)

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB18
() Publish Date:

Identifier (file name): SB018-EED-ACPE-02-23-09
Dept. Affected: Education
Title: An Act increasing the number of students pursuing a medical education who are provided postsecondary...
RDU: ACPE
Component: Program Administration and Operations
Sponsor: Senator Wielechowski
Requester: (S)Education
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual				210.3	424.3	876.9	1,216.6
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**210.3**	**424.3**	**876.9**	**1,216.6**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF				210.3	424.3	876.9	1,216.6
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**210.3**	**424.3**	**876.9**	**1,216.6**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

SB18 proposes to facilitate the expansion of the annual class size of Alaskan participants in the Washington, Wyoming, Montana, Idaho, and Alaska regional medical education program at the University of Washington School of Medicine (UWSM). Using cost projections provided by UWSM, this fiscal note reflects additional general fund expenses assuming the annual class size is increased from 20 to 24 participants effective 2011 and from 24 to 30 effective 2013 with the first twenty-four-student cohort entering the program in fall 2010 and the first thirty-student cohort entering the program in fall 2012. The first year of the program is conducted at the University of Alaska Anchorage, and, therefore, first year fiscal impacts are not reflected herein. The increased costs in the ACPE budget take affect when the first class of 24 begin their second year of training at UWSM.

Prepared by: Diane Barrans, Executive Director — Phone 465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 2/23/09 9:00 AM
Approved by: Diane Barrans, Executive Director — Date 2/23/2009
Alaska Commission on Postsecondary Education

(Revised 9/10/2008 OMB)

WWAMI *is* Alaska's Medical School!

UAA
UNIVERSITY *of* ALASKA
ANCHORAGE

WWAMI is a collaborative medical school among universities in five northwestern states (**W**ashington, **W**yoming, **A**laska, **M**ontana, and **I**daho) and the University of Washington School of Medicine.

The Alaska WWAMI Program began at the University of Alaska Fairbanks (as WAMI) in 1971. The program moved to the University of Alaska Anchorage in 1989. Historically, ten Alaska residents were admitted to the Alaska WWAMI program each year. However, through the combined efforts of the Alaska WWAMI Program, the University of Alaska, and the Alaska legislature, the Alaska WWAMI class size has been doubled.

The Alaska WWAMI Program now admits 20 students per year!

Students apply to the **University of Washington School of Medicine**; upon admission, Alaska's WWAMI students complete their first year of medical school at the **University of Alaska Anchorage**. The first year of training includes courses in basic sciences and an introduction to clinical medicine.

Students from all five WWAMI states attend second-year courses at the University of Washington School of Medicine in Seattle. The third and fourth years of the medical school curriculum are comprised of "clerkships"--rotations in the various medical specialty areas. These clerkships may be taken in any of the five WWAMI states. Students who choose the "Alaska Track" can take nearly all of these clerkships in Alaska.

Alaskans can now complete approximately
3 of the 4 years of medical school in Alaska!

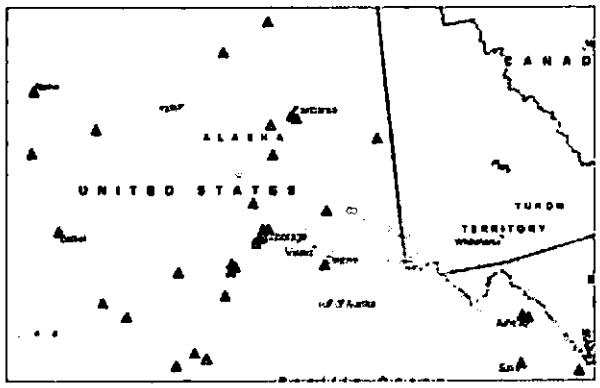
Alaska WWAMI Payback Obligation

The education of all Alaska WWAMI medical students is subsidized by the State of Alaska via payments to the University of Washington School of Medicine. The State of Alaska views these subsidies as loans that are repayable once medical education is complete. Loan repayment can be deferred during residency training. Repayment can take two forms. The loan can simply be repaid in regular payments, or it can be forgiven by medical practice in the State of Alaska. For Alaska WWAMI medical students who entered medical school in the fall of 2007 or later, complete loan forgiveness requires three (3) years of medical practice in a rural setting in Alaska or five (5) years in an urban location in the state.

HISTORY OF ALASKA WWAMI

Alaska was the first state to partner with the University of Washington School of Medicine in the collaborative medical school known as WWAMI. Classes began at the University of Alaska Fairbanks in 1971. Classes in Montana and Idaho were started in 1972. Wyoming became a partner, adding the second "W" to the acronym, in 1996. The purpose of WWAMI is to provide publicly funded medical education to residents of this five-state region, and to train physicians who will return to practice in their home states.

Alaska's WWAMI Program has historically provided a very good return on the state's investment. On average, for every ten medical school seats funded by the State of Alaska, eight WWAMI-trained physicians have entered practice in the State. Alaska WWAMI has admitted students from virtually all parts of the state; slightly more than half of these students have been female.



92 FEMALE 78 MALE

Geographical distribution of home towns (red triangles) and gender distribution (bar at bottom) of Alaska WWAMI students from 1989 through 2005.

Development of Alaska WWAMI

The first Alaska "WAMI" class in 1971 consisted of five Alaskan students and four students from Washington. They completed the first quarter of their medical education at UAF, and the remainder was completed at the University of Washington School of Medicine in Seattle.

Alaska WWAMI relocated from the University of Alaska Fairbanks to the University of Alaska Anchorage in 1989, where it currently resides. Through the years, Alaska WWAMI evolved to provide nearly three of the four years of medical school education in the State. Alaska's WWAMI students complete their first year of medical school in Alaska. Students from all five WWAMI states take second-year classes in Seattle. The third and fourth years are comprised of clinical clerkship rotations in the various medical specialty areas, each four to six weeks in length. These clerkships may be taken in any of the five WWAMI states. The Alaska Track provides Alaska WWAMI students with the ability to complete nearly all third- and fourth-year clerkships in Alaska.

AlaskAdvantage Programs
Alaska Commission on Postsecondary Education
P.O. Box 110505, Juneau, AK 99811-0505

Phone: 800-441-2962
In Juneau: 907-465-2962
FAX: 907-465-5316
www.alaskadvantage.alaska.gov
Customer_Service@alaska.gov

WWAMI Overview and Frequently Asked Questions (FAQs):

WWAMI Overview

WWAMI provides Alaska residents with high quality medical education. WWAMI is a collaboration among universities in five northwestern states (Washington, Wyoming, Alaska, Montana and Idaho) under the overarching administration of the University of Washington School of Medicine (UWSOM). After admission, Alaska students attend the University of Alaska Anchorage for the 1st year of medical school. Students attend the 2nd – 4th years of medical school at UWSOM with 3rd and 4th years including opportunities for training rotations throughout the region.

Each year 20 Alaskans are admitted to Alaska WWAMI. Alaska's WWAMI medical students take their first-year courses at the University of Alaska Anchorage. Students from all WWAMI states take second-year courses in Seattle. The series of clinical clerkships that comprise the third and fourth years of the curriculum may be taken in any of the five WWAMI states. The "Alaska Track" allows students the option to take nearly all of these clerkships in Alaska.

The Alaska Commission on Postsecondary Education (ACPE) is the fiscal agent for the State of Alaska which funds Alaska's WWAMI participation and is the servicer for the WWAMI loan obligation.

WWAMI FAQS

Who should Alaskans contact if they are interested in information about the WWAMI program?
The Director of the WWAMI program at the University of Alaska Anchorage can be contacted at 3211 Providence Drive Engr 331, Anchorage, AK 99508. The e-mail address is aywwami@uaa.alaska.edu and the phone number is (907)786-4789.

How are new participants selected for participation in the WWAMI program?
Each year the Alaska WWAMI and the UWSOM Admissions Committees work together to interview and select 20 Alaskans for the program. The Alaska WWAMI office at UAA certifies an applicant's eligibility for the program based on responses to an Eligibility Questionnaire. Once an Alaska applicant is admitted, ACPE is prompted to send the individual the WWAMI service obligation Master Promissory Note (MPN) and a related cover letter. Individuals who accept the offers of admission must sign the MPN and return it to ACPE by July 30, prior to beginning their program of study.

What is the annual WWAMI repayment obligation based upon?
During the first year of medical school at University of Alaska Anchorage, the principal balance of the loan will be zero. However, by signing the WWAMI Master Promissory Note, each participant has entered into a loan contract and will have a loan repayment obligation for their second, third, and fourth years of medical school at UWSOM. In accordance with state statute governing the WWAMI program, the financial support to be repaid is equal to 50 percent of the amount the State pays to UWSOM, on behalf of the participant, plus interest.

How is Alaska's payment disbursed to UWSOM?
ACPE annually issues a single warrant to UWSOM to cover the entire amount the State pays for Alaska's contractual costs for the program. An annual Notification of Award letter is sent to each participant advising them of the amount of their financial obligation for the related program year.

How does the service obligation discharge a WWAMI participant's financial obligation?
The participant who successfully completes the graduate education program for which the financial support was provided and is employed within Alaska in a qualifying medical residency program or other qualifying professional medical practice and who is otherwise qualified shall have the outstanding principal[1] and accrued interest forgiven and considered a grant in accordance with the following percentages:

(1) for employment in rural[2] areas of the state,
  (a) up to three years of employment, 33 1/3 percent for each year;

[1] No amount due and payable prior to the participant entering deferment or forgiveness-qualifying employment is subject to forgiveness.
[2] "Rural" is defined in Alaska law as a community with a population of 7,500 or less that is not connected by road or rail to Anchorage or Fairbanks or with a population of 3,500 or less that is connected by road or rail to Anchorage or Fairbanks.

(2) for employment in areas of the state that do not qualify under the program definition as rural,
(a) up to five years of employment, 20 percent for each year.

Participants employed as physicians in the state must immediately notify ACPE of the date their qualifying employment began. ACPE will make available to the participant the necessary forms for documenting completion of each annual period of documenting employment until such time as the obligation is fully discharged.

What are the impacts on my forgiveness benefits if I move from a rural to a non-rural community while performing my qualifying service, or vice versa?
Participants who initially practice medicine in a rural community will receive their first forgiveness of 33 and 1/3 percent of the loan after their first year of practice. If the participant should then choose to move to a non-rural community and practice medicine, he or she will then receive forgiveness benefits of 20 percent of the remaining loan amount for each year they practice medicine until the balance of the loan is forgiven. The same is true for a participant who practices medicine in a non-rural community and receives forgiveness of 20 percent of the loan and then moves to a rural community to practice medicine. The subsequent forgiveness will be for 33 and 1/3 percent of the remaining loan balance until the loan balance is forgiven.

Forgiveness Benefit	Forgiveness % for all rural practice	Forgiveness % for 2 years of rural practice	Forgiveness % for 1 year of rural practice	Forgiveness % for all non-rural practice
1	33 1/3%	33 1/3%	33 1/3%	20 %
2	66 2/3%	66 2/3%	53 1/3%	40%
3	100%	86 2/3%	73 1/3%	60%
4		100%	93 1/3%	80%
5			100%	100%

Are participants required to make payments while engaged in employment which satisfies their WWAMI service obligation?
Generally not. It is critical for a participant to immediately advise ACPE of qualifying employment. Once ACPE is in receipt of documentation the participant is in full-time, qualifying employment in Alaska, the repayment requirement will be deferred. The deferment continues until either the entire period of service is completed or the participant ends the full-time employment or leaves the state, whichever occurs first. However, if a participant enters otherwise qualifying employment after the start of repayment and has past due payments, that participant must pay the loan obligation current **before the employment will be considered part of the qualifying period.** Additionally, those payments made prior to entering into qualifying repayment will not be subject to forgiveness.

Who is required to repay a WWAMI loan?
Any participant who fails to fully satisfy the terms of their service obligation is required to repay their outstanding WWAMI financial obligation plus accrued interest. The obligation converts to a regular loan status at the time the participant fails to qualify for a permitted deferment and the active repayment period begins. In the event a participant is in active repayment for a period of time and thereafter enters qualifying employment, any amount of the loan obligation which was not yet due and payable may be deferred and subsequently be subject to forgiveness in the increments noted above.

Will ACPE facilitate payment arrangements for participants in a contractual arrangement with a third-party organization for payment of their WWAMI loan?
ACPE cannot facilitate payment arrangements or otherwise bill a third party but will accept payment on behalf of the borrower from any source.

What repayment deferment provisions are available to WWAMI participants?
In addition to the qualifying employment deferment, WWAMI participants are eligible for deferment:

- while enrolled in a medical education residency program or fellowship required for their specialty field of practice;
- while performing a service obligation to the National Health Services Corps, the Indian Health Service, or a Uniformed Services Scholarship Program; or,
- while totally, temporarily disabled.

What if a WWAMI participant is in a medical education residency program in Alaska?
WWAMI participants in an Alaska medical education residency program can claim that period of service as qualifying under their WWAMI obligation so long as they hold an Alaska medical license or residency permit and have proof of full-time employment for the relevant period.

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Anchorage Daily News

Doctor shortage

No easy solution, but these steps should help in the long run

(Published: October 8, 2006)

(Peter Dunlap-Shohl)

The report from the Alaska Physician Supply Task Force is blunt: "Alaska has a shortage of physicians. ... The shortage is very likely to worsen over the next 20 years as the state's population increases and ages."

It would take another 375 doctors -- a 28 percent increase, right now -- to deliver Alaskans the same level of care as in the Lower 48. In rural Alaska, doctors are already scarce; one in six positions goes unfilled.

While the shortage is not yet a crisis, according to the task force, it does leave patients scrambling to find doctors and drives up recruitment costs for hospitals and health centers.

Alaska's doctor shortage was a long time developing, and it will take a long time to fix. There is no instant solution. Simply raising pay rates for doctors, as a free-market economist might suggest, won't work. Alaskans already spend about 40 percent more on medical care than Lower 48 residents, and there is still a doctor shortage.

To fix it, we don't have to wait for global warming to turn Alaska into a more hospitable destination for doctors. We don't have to invest tens of millions of dollars to start a medical school here (although the task force suggested that would be a wonderful idea). Some relatively modest, practical steps should eventually help, according to the task force.

Alaskans are guaranteed 10 slots a year at the University of Washington's highly acclaimed medical school through a tuition-reduction arrangement known as WWAMI. Students have an incentive to set up shop in Alaska when they graduate; otherwise they have to pay back their tuition savings.

The report says Alaska should find the funding needed to add 20 slots to the WWAMI program. Since the medical students spend their first year doing course work here at the University of Alaska Anchorage, UAA would need some more money as well to handle them.

Students who don't enter the highly competitive WWAMI program should be able to get state loans to cover the high cost of medical school. To encourage them to return to Alaska, the state could forgive a portion for each year the new doctors practice in Alaska.

Another way to attract doctors is to expand on-the-job training slots in Alaska for third- and fourth-year medical students. Alaska hospitals offer training in some medical specialties, which helps encourage doctors to settle here. States typically help hospitals underwrite these medical training slots; Alaska should see how it can most cost-effectively invest in this area.

If there were a huge pool of doctors nationwide, Alaska would have an easier time of it. But there's a squeeze across the country, in part because years ago medical schools thought they saw a doctor glut coming and capped the production of new physicians. At the same time, other changes helped make medicine less attractive as a career -- the long, demanding hours, combined with constant

pressure to control costs and administrative hassles from private insurers, HMOs and government.

So Alaska will have a tough time getting all the physicians we need in the coming years. If state leaders will follow the task force's recommendations, though, the job will be more manageable.

BOTTOM LINE: There's hope for dealing with Alaska's doctor shortage, but progress won't be quick.

Who's up, who's down

Down - Sarah Palin camp: Hey, who's runnin' the Belle of Wasilla's campaign? Those GOP "issues" ads are stealin' the spotlight.

Down - Tony Knowles camp: Twice and would-be future gov's team makes ads hot issue. They'll be gone soon. Then what?

Down - Republican Governors Association ads: Oh, they don't tell anybody how to vote, oh no. You folks are lame. You have no shame. Stay out of the game.

Neutral - Andrew Halcro: Talks straight. Takes heat. Has honesty, intelligence, decency. Even has a running mate. Hasn't got a chance.

Down - SAD Alaskans: October light is short. Our mascot is Eeyore.

Up - PFD Alaskans: Hey, $1,106.96 is better than light therapy. Smile, Pooh.

Up - Weed warriors: Begone, purple loosestrife! Keep Alaska's streams safe for fish and fireweed. No heyday for the May Day! Long live black spruce!

Up - Heating fuel donors: Villages say no to Citgo and Chavez; fishing companies and others fill gap. Which leads us to ...

Down - Oil companies: Exxon, BP, Conoco Phillips: You knew Bush Alaskans were over a barrel. So where were you? Counting those record profits?

Down - Pacific salmon farms: Just as we thought -- lousy with sea lice, infecting their betters. Real salmon can't be farmed, Jack. Spawn wild, swim free.

Up - Flag football players: No scholarships in it? Too bad, but the gals love the game and they're playin' for keeps.

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Anchorage Daily News

Congressional field hearing explores doctor shortage in Alaska

By RACHEL D'ORO, Associated Press Writer
(Published: February 20, 2007)

ANCHORAGE, Alaska (AP) - Alaska's ongoing shortage of primary care physicians will worsen without drastic measures, doctors and other experts said Tuesday at a congressional field hearing to explore a dilemma spreading in rural areas of an aging nation.

In Alaska, the problem is most acute in rural areas and for Medicare patients increasingly rejected because of severe cuts in reimbursement rates, according to testimony at the half-day hearing. Speakers also noted a trend of young doctors, saddled by exorbitant school debts, being lured by specialty practices that are more lucrative than primary care fields.

Most of the state's 670,000 residents live in areas connected by roads, but scores of residents in outlying communities must travel for some health care services, said Karleen Jackson, commissioner of the state Health and Social Services Department.

"The shortage of physicians in Alaska - particularly in our rural and frontier areas - must be addressed within the contest of our larger health care system challenges," Jackson said.

Alaska, with no medical university and little in-state training opportunities for new doctors, is among the most challenged in access to health care, said Ross Tanner, president-elect of the Alaska State Medical Association.

The state currently faces a 30 percent doctor shortage, and has only one residency program to train no more than a dozen students. Additionally, recruitment costs are as high as $200,000 to attract a single doctor.

"The current physician work force environment in Alaska is in crisis," Tanner said. "This is particularly true when taken in the context that Alaska needs to recruit physicians from other parts of the country at a time when a nationwide shortage of physicians is projected to be from 80,000 to 200,000 - truly alarming numbers."

Compounding the problem, the expected shortage coincides with an aging population. In two decades one out of five Americans will be at least 65 years old, said U.S. Sen. Lisa Murkowski, R-Alaska, who coordinated the hearing. Alaska is not only among states grappling with a lack of doctors, it also has one of the fastest growing elder populations in the nation.

That has illuminated another festering problem: low Medicare reimbursements.

"Recent federal reductions in Alaskan Medicare reimbursement rates have been so severe that physicians report reimbursement rates are only 40 percent of the actual cost of treating patients," Murkowski said. "Losing money by accepting Medicare patients has meant that many, many physicians have stopped accepting Medicare patients entirely. My office hears from seniors who call physician after physician, but can't find a doctor who will accept them."

Wayne Westberg, a 68-year-old Anchorage resident, said he is still working full time as a drilling contractor. But through no choice of his own, Medicare has replaced his regular insurance for primary medical coverage - if he could find a doctor to take him as a patient.

"Virtually, nobody is taking any new Medicare patients," he said during a public comment session. "It's a bureaucratic hassle trying to collect for Medicare."

Murkowski recently reintroduced legislation she said attempts to offer some solutions to the rural divide of health care.

The proposed Rural Physicians Relief Act would give doctors a $1,000 tax credit for each month they provide primary health care in designated rural parts of the country. Doctors with a high percentage of patients from so-called frontier areas also would be eligible for the incentive.

"We recognize it's just one aspect of a fix," Murkowski said after the hearing.

Among other possible solutions suggested by speakers Tuesday: Reform the Medicare payment system to realistically reflect physician costs, create programs to help students deal with medical school debts and lift caps on government funded residency positions.

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February 26, 2009

The Honorable Kim Elton, Chair
Senate Education Committee
Alaska State Capitol, Room 506
Juneau, AK 99801-1182

RE: SB 18 (Wielechowski)--Support

Dear Chair Elton:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Education Committee to support SB 18, authored by Senator Bill Wielechowski and co-sponsored by Senators Ellis, Thomas, and Paskvan.

It is no secret that Alaska has a shortage of physicians which is expected to get worse over the next few years. AARP members in many Alaska communities already tell us that they are unable to find a physician who will accept them as Medicare beneficiaries.

The one bright spot in this shortage is the WWAMI program which has traditionally provided ten slots for family practice physicians to spend their residency in Alaska. Senator Meyer's bill last year increased the number to twenty. Upon completion of their medical education, most of these physicians have chosen to stay here and practice in our cities as well as in our remote communities.

You and your Senate Committee colleagues have seen the Alaska Physician Supply Task Force report produced jointly by the University of Alaska and the Department of Health and Social Services. This excellent report should serve us as a roadmap for our future directions in physician training.

The former exodus of Alaska retirees has been reversed over the past few years. Because of our improved health services and provider community, older Alaskans have determined that they can remain here after retirement, close to their friends and families.

If older Alaskans are unable to find a physician willing to see them, we will be back with the situation of retirees leaving the state so they can be assured of access to health professionals.

SB 18 offers us another real meaningful opportunity to begin to meet this need. Adding another four family practice residents to twenty-four won't solve our problem but it is an excellent step to address our long term needs for an expanded physician workforce.

Our AARP members, your constituents, want to stay here after retirement. An affirmative vote on SB 18 will help accomplish that.

AARP requests an "AYE" vote on SB 18.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Bettye Davis
Senator Charlie Huggins
Senator Donald Olson
Senator Gary Stevens
Senator Bill Wielechowski

Alaska State Medical Association

4107 Laurel Street • Anchorage, Alaska 99508 • (907) 562-0304 • (907) 561-2063 (fax)

February 24, 2009

Honorable Kim Elton
Alaska State Senate
Chair, Senate Education committee
Capitol Room 506
Juneau, Alaska

RE: SB 18 – Increase WWAMI Class Size

Dear Senator Elton:

The Alaska State Medical Association (ASMA) represents Alaska physicians statewide and is primarily concerned with the health of all Alaskans.

ASMA supports SB 18 and urges you and the Senate Education Committee to support it as well.

ASMA has long supported increasing the WWAMI class size and worked hard several years ago to double the matriculants from 10 to 20 per year. In fact, ASMA has had a policy to increase the class size to 30 when it is practicable to do so.

It is ASMA's understanding that a sponsor substitute will be offered to only include the first step to increasing the class size to 24 (from 20). ASMA has been told by the bill sponsor's, Senator Wielechowski, staff that the University of Alaska will be more comfortable to increase the class size in steps. ASMA understands and appreciates the many considerations that the University as well as the University of Washington Medical School need to factor in so that a quality medical education is provided. They are the ones best suited to comment on those factors.

ASMA supports the "step" process with first going to a 24 member class size. However, ASMA still supports going to 30 when it is practicable and feasible to do so.

Finally, "growing" our own physicians, we believe, will help in attracting and retaining physicians to practice in Alaska. However, we are still going to have to make a concerted effort to recruit physicians from other parts of the country to meet with Alaska's need for well trained physicians to provide the health care necessary for all Alaskans.

Sincerely,

Thomas P. Vasileff, MD, President
For: The Alaska State Medical Association

cc: Senate Education Committee members:
Senator Bettye Davis
Senator Charlie Huggins
Senator Donny Olson, MD
Senator Gary Stevens

cc: Senator Bill Wielechowski

ALASKA REGIONAL AFFAIRS
ALASKA WWAMI PROGRAM
SCHOOL OF MEDICINE
UNIVERSITY OF WASHINGTON

March 2, 2009

Senator Kim Elton
Chair, Senate Health Education and Social Services Committee
Alaska State Legislature
State Capitol Building, Room 506
Juneau, Alaska 99801-1182

RE: SB 18

Dear Senator Elton:

During the Senate Education Committee meeting on Friday, February 27, 2009, you requested a position from the University of Washington School of Medicine side of the Alaska WWAMI partnership on whether we support a provision requiring Alaska WWAMI graduates to have a certain percentage of the patient panel be Medicare/Medicaid patients.

We take no position on that provision, as it is a state of Alaska public policy issue. Instead, we look to our University of Alaska WWAMI partner to make any statement for or against that requirement.

The discussion during the committee hearing covered many medical education topics. I did want to follow up on that discussion. Each year, we look for ways to expand the experiences that students can have in Alaska. This year we started a 5-month training experience (WRITE- WWAMI Rural Integrated Training Experience) in Juneau. We have in the works elective clerkships in Radiology, Chronic Care Pain Management, Dermatology and Otolaryngology. We hope to have students in them by September. Also, in September our new required Family Medicine site in Nome will start taking students. We look forward to continuing this process and to maintaining a strong and healthy WWAMI partnership in Alaska.

Thank you for considering SB 18; please let me know if I can be of further assistance.

Best regards,

Suzanne Tryck
Director, Alaska WWAMI Regional Programs
University of Washington School of Medicine
310 K Street, Ste 200
Anchorage, AK 99501

Suzanne Tryck
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University of Washington Medical Center
University of Washington School of Medicine

STATE OF ALASKA
DEPT. OF HEALTH & SOCIAL SERVICES

Alaska Commission on Aging

SARAH PALIN, GOVERNOR

P.O. BOX 110693
JUNEAU, ALASKA 99811-0693
PHONE: (907) 465-3250
FAX: (907) 465-1398

March 2, 2009

The Honorable Kim Elton, Chair
Senate Education Committee
Alaska State Capitol, Room 506
Juneau, AK 99801-1182

Subject: Support for SB 18

Dear Chair Elton:

The Alaska Commission on Aging (ACoA) encourages support of SB 18, a bill to increase Alaska's participation in the WWAMI Medical School program. WWAMI is a unique five-state collaborative program that presently allows 20 Alaskan medical students to enroll. SB 18 would increase the number of slots from 20 to 24 students on July 1, 2010, and to 30 students on July 1, 2012. This bill is authored by Senator Bill Wielechowski and co-sponsored by Senators Ellis, Thomas, and Paskvan.

Alaska, as with the rest of the nation, is experiencing a shortage of health care workers, particularly with doctors and nurses. For many doctors in our state, retirement is just around the corner and replacing those experienced medical providers with newly trained doctors is a priority for all Alaskans, and a critical need for people 65 years and older. Older Alaskans from many Alaskan communities have reported their inability to find a physician who will accept them as Medicare beneficiaries.

The Alaska Physician Supply Task Force Report states that Alaska will need nearly twice as many physicians in the next twenty years as it currently has if the state is to meet the expected demands from a growing population of seniors. Similarly, the demand for registered nurses is increasing during a period when many health care professionals are retiring. The pool of qualified medical providers continues to shrink as the demand for services increases.

Alaska now has the highest rate of growth of persons 65 and older in the nation, according to the 2007 report by the U.S. Administration on Aging. This increase growth rate is due to the fact that more Alaska seniors are now choosing to remain in state following retirement, close to their families and friends, made possible by improved health care and home and community based services. As a result, Alaska's economy benefits through seniors' contribution of approximately $1.6 billion of revenue to the state each year from their retirement pensions, other income, as well as medical payments in addition to their volunteering, caregiving, and mentoring to younger generations. If older Alaskans are unable to find a physician willing to serve them, they may be forced to leave the state in search of access to health care professionals.

The Alaska Commission on Aging supported Senator Meyer's bill in 2007 to increase the number of WWAMI slots from ten to twenty. SB 18 offers another meaningful opportunity to increase the number of slots for medical students and for our state to prepare for the health care demands of our growing senior population. WWAMI, which is ranked first in primary care medical schools nationwide and seventh in geriatrics, not only allows medical students to pay in-state tuition, but also provides an incentive for those completing medical school to return to Alaska to practice medicine.

ACoA supports SB 18 to improve primary health care access for all Alaskans, including Alaska seniors. Please feel free to contact Denise Daniello, ACoA's executive director (465-4879), should you have any questions regarding our position. Thank you for your support of this important legislation.

Sincerely,

Sharon Howerton-Clark
Chair, Alaska Commission on Aging

Sincerely,

Denise Daniello
ACoA Executive Director

CC: Senator Bettye Davis, Vice Chair
Senator Gary Stevens
Senator Donald Olson
Senator Charlie Huggins
Senator Bill Wielechowski

SB 33

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 [X] **CS** SB 33 (EDC)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[X] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

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

PREVIOUS FISCAL NOTE(S):

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			✓	
	STEVENS	X			
Bettye Davis	DAVIS				
CHAIR:		X			

Accredited Postsecondary Institutions in Alaska outside the University of Alaska System

Institution	Location	Accrediting Organization
Colleges and Universities--Accredited by Organizations Recognized by the Council for Higher Education Accreditation and the US Department of Education		
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
Career and Technical Schools--Accredited by Organizations Recognized by the US Department of Education but Not by the Council for Higher Education Accreditation		
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 puposes 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.

DANA

26-LS0219\E
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

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

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

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

LEGISLATIVE INTENT. It is the intent of the legislature to

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

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

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

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

Article 6A. Alaska Achievers' Incentive Scholarship Program.

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

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

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

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

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

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

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

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

(4) is a

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

(B) continuing postsecondary student who is attending a

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

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

(1) appropriations to the fund;

(2) donations to the fund; and

(3) income earned on investments of fund assets.

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

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

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

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

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

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

Department of Education;

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

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

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

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

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

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

26-LS0219\R.1
Bullard/Mischel
2/7/09

AMENDMENT

OFFERED IN THE SENATE

TO: SB 33

Page 3, line 31, following "Accreditation":

Insert "or the United States Department of Education"

does this change the fiscal note?

944

bi-furcated mtg. so additional discussion on other 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

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

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

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

LEGISLATIVE INTENT. It is the intent of the legislature to

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

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

how does this work w/scholar progra?
additive?

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

Article 6A. Alaska Achievers' Incentive Scholarship Program.

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

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

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

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

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

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

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

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

(4) is a

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

(B) continuing postsecondary student who is attending a

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

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

(1) appropriations to the fund;

(2) donations to the fund; and

(3) income earned on investments of fund assets.

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

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

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

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

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

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

what about WAMI?

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

d. federal Min p. 2 line 23

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

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

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

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

(3) as soon as practicable after May 1, 2010, the commissioner shall determine the average month-end market value of the fund for the preceding fiscal year and identify five 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.

printed on recycled paper

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 = 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 42nd 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
Dept. Affected: Education
Title: An Act creating a postsecondary sholarship grant program for Alaska residents based on high achievement and...
RDU: ACPE
Component: Program Administration and Operations
Sponsor: Senator Ellis
Requester: (S)Education
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	125.0						
CHANGE IN REVENUES ( )							

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							
TOTAL	125.0	0.0	0.0	0.0	0.0	0.0	0.0

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 — Phone 465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 2/5/09 11:00 AM
Approved by: Diane Barrans, Executive Director — Date 2/5/2009
Alaska Commission on Postsecondary Education

(Revised 9/10/2008 OMB)

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
Requester: 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					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
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							
TOTAL OPERATING	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

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							
TOTAL	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**

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 endowmment 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 custoody fees. These costs are projected based on median market returns based on Callan and Associates, capital market assumptions.

Prepared by: Pamela Green, Comptroller — Phone 465-2300
Division: Treasury Division — Date/Time
Approved by: Jerry Burnett, Deputy Commissioner — Date 1/23/2009
Department of Revenue

(Revised 9/10/2008 OMB)

LEGAL SERVICES

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

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

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

MEMORANDUM January 22, 2009

SUBJECT: Sectional Summary (SB 33; Work Order No. 26-LS0219\R)

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

AlaskAdvantage™ Programs
Alaska Commission on Postsecondary Education

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.

907.269.7980
Fax 907.269.7991
www.state.ak.us/acpe
707 A Street, Suite 206, Anchorage, Alaska 99501-3600

The Alaska Commission on Postsecondary Education is a public service enterprise open to all [illegible]

Alaska

REPORT CARD

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

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 13% 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 23% 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.

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.

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.

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.

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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 51st 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 41st, paying 7.7 % of what a Pell grant paid. Vermont ranked 1st, 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.

Price, Derek V. Need-Based Grant at University of Alaska: An Independent Analysis, May 2005.

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*
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

Year	Amount
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
Total PFD	**$22,450.43**

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

	Tuition	Room & Board	Books	Fees	2007-2008	4 Years*
UAA	$2,952.00	$7,810.00	$1,036.00	$513.00	$12,311.00	$57,123.04
UAF	$3,825.00	$5,580.00	$1,100.00	$693.00	$11,198.00	$52,958.72
UAS	$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.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

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

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

WHEREAS legislation supporting the Alaska Achievers' Incentive Scholarship Program was introduced in the 25th Legislature as HB 397 and HB 403; and

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

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

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

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

NOW, THEREFORE, the Anchorage Assembly resolves as follows:

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

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

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

Section 3. The Anchorage Assembly encourages the 26th 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 3rd 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 then 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

SB 57

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: 2/2/09

Education Committee considered SENATE BILL NO. 57

SB 57 CHARTER SCHOOL FUNDING

"An Act relating to charter school funding."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title
_____
HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
EEJC	1/22/09	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FI

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEN
	OLSON	X			
	DAVIS	X			
	Huggins	X			
		✓			
CHAIR:					

970

Sen. Kim Elton

From: payroll@ci.nome.ak.us on behalf of Dana Handeland [dhandeland@nomealaska.org]
Sent: Wednesday, January 28, 2009 8:29 AM
To: Sen. Donny Olson; Sen. Kim Elton; Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Gary Stevens
Subject: supporter of SB 57

Donny,
I want to thank you any your fellow Senators for supporting Charter Schools in Alaska. We have actively worked for the past several years to provide a more permanent "fix" to the funding dilemma that we face due to the typical charter school enrollment and the current method of funding. We believe that great strides have been taken with SB 57.

Our school here in Nome has an enrollment of 44 which is capped due to space constraints at the current facility. We are paired with the largest school in our district causing concerns each year of whether we still can continue to provide the Nome community with optional educational opportunities. We have a proven program and a waiting list each year.

We work hand in hand with our district, many times providing a venue to try new methods that can later be implemented into the larger district.
Providing a more equitable funding formula for charter schools only furthers the endless opportunities that our Alaskan education system can provide all Alaskan children especially in the future.

Thank you again for your continued support. The community of Nome appreciates this most important work for our children.

Dana Handeland
Anvil City Science Academy, APC member

Sen. Kim Elton

From: jodi [jodiwynne@verizon.net]
Sent: Tuesday, January 27, 2009 1:25 PM
To: Sen. Kim Elton
Subject: Support for our school

Dear Senator Elton,

My name is Jodi Scolamiero. My husband David and I have our 1st grade son at Juneau Community Charter School (JCCS) this year and hope to have our 2nd son start there next year.

First, we would like to thank you for all your past support for our wonderful school.
We are thrilled to have the opportunity to send our children to a school such as JCCS. Without an option such as JCCS we fear our child would not be thriving as he has this past year. Due to his personality and learning style we have determined that the type of education JCCS offers is best suited for our children in that the school is smaller, therefore giving a more secure atmosphere. With the class size remaining the same as the district average, children are able to experience learning in smaller groups as well as giving a multi-grade class situation where each child can benefit from student mentoring as well as being a student mentor.

Next, I would like to add to the collective voice asking for your further support for the upcoming bill SB 57 giving smaller Charter schools the same funding as larger neighborhood schools. Without this increase in funding we fear our beloved school will not survive more than a couple of more years. The JCCS is a valuable addition to Juneau's wonderful elementary educational system. The school has proven itself academically with students ranking high on standardized testing scores, and also in that there is a high success rate for students transitioning back into the neighborhood school setting.

SB 57 would not only benefit our existing Charter school but give opportunity for more schools such as JCCS to establish and thrive. This would give parents even more choices when choosing what setting would be best for their individual children. In my opinion giving each child the type of education that works best for him or her is in essence ensuring our future as well as theirs.

Thank you so much for your time and support,
Jodi Scolamiero

Sen. Kim Elton

From: Jeri Kohlin [jeri_kohlin@hotmail.com]
Sent: Tuesday, January 27, 2009 1:35 PM
To: Sen. Kim Elton; Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens
Subject: Senate Bill 57

To: The Senate Education Committee

Dear Senators,
First of all, I would like to thank each of you for your past support to increase charter school funding. Secondly, I would like to ask the Education Committee to, please, support SB 57 making it possible for charter schools of 150 or less to receive funding based on the same per student rate as larger schools. Our school, Juneau Community Charter School, offers an educational program that isn't available elsewhere in the school district. Although the overall school size is small, class size is no smaller than elsewhere in the school district. JCCS is able to support *every* child's attitude and enthusiasm towards learning, provides highly enriched curriculum while developing strong thinking skills while implementing increased parental involvement, multi-age classes, trips into the community, teacher autonomy, more opportunities for parent/teacher interaction than if he attended a larger neighborhood school. JCCS is a good "fit" for the needs of my child and family specifically because the curriculum is individualized to challenge each child at their skill level, in all domains, while supporting positive self esteem, diversity, and community involvement.

JCCS has proven itself educationally. Its students perform well on standardized tests and do well when they transition back into the neighborhood school settings. The Juneau school district supports this bill and has included increased charter school funding in its list of legislative priorities as well.

Education isn't one size fits all. It's important for families to have choice. Different settings are a better fit for some children and their families than others. All children should be allowed the opportunity to learn and succeed in a way that reaches their own unique learning style. We value our school, how it impacts our family, and the community of families (which includes staff and volunteers) that make it happen and strongly feel our children should not be penalized by inadequate funding. Currently, the funding situation is so inadequate that our school will have to close within 2-3 years.

Please, support our students and schools by authorizing same per student rate as larger schools receive. If we as parents felt the local neighborhood schools were the best fit for meeting the individual needs of our children, they would be attending those schools now and receiving the funds we are asking for now. But that is not the case, please, support our children now where they are excelling.

Thank you for your consideration and support,
Jeri Kohlin

Sen. Kim Elton

From: jgeselle@gci.net on behalf of Jon Geselle [jgeselle@gci.net]
Sent: Tuesday, January 27, 2009 2:47 PM
To: Sen. Kim Elton; Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens
Cc: Catherine Reardon
Subject: In support of SB 57

Dear Senators,

We are writing to thank you for your past support for charter schools. Your support is critical to providing educational options for the next generation of Alaskans.

We are also writing to express our support of SB 57. Should this bill pass it would allow smaller school districts across the state to offer charter school options to the families they serve. This is important for many reasons, but foremost is the fact that not all students thrive in a traditional academic setting.

To this, we speak from experience. Our son Ezra has excelled at the Juneau Community Charter School because of the arts integrated curriculum and small overall school size. In this environment his social confidence has steadily grown allowing him to experience successes he did not have in a larger school setting.

I hope that you too will support SB 57, thus providing educational options for the future of Alaska.

Thank you,

Annie & Jon Geselle

Sen. Kim Elton

From: Diane Cathcart [Diane_Cathcart@ci.juneau.ak.us]
Sent: Tuesday, January 27, 2009 2:53 PM
To: Sen. Kim Elton; Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens
Cc: Catherine Reardon
Subject: Support for SB57

Dear Senators and Staff,

Thank you for taking a moment out of your busy schedules to read this email.

I am writing to request your full support of SB57-An Act Relating to Charter School Funding.

As you are well aware; education is not a one size fits all. It is important for families to have a choice and different settings are a better fit for different children and their families. By creating more equitable funding it helps ensure small charter schools will continue to exist. Small Charter Schools are constantly trying to reach out to families with diverse needs for their children; whether it is a smaller overall school size so children don't feel "lost" in the crowd or children that have special learning needs. Small Charter Schools have the ability to help more children that are in danger of falling through the cracks, *if* they are properly funded. In my humble opinion this also helps relieve the stress larger schools may feel from trying to help children in need while maintaining the needs of the general school populous.

Full funding for ALL our children and schools should be every Alaskans priority; we owe it to our children and their future.
Thank you for your time and your service to our State.

Sincerely,

Diane Cathcart (Juneau Community Charter School 4/5/6 Class parent)
310 Irwin St Apt B
Juneau, AK 99801
907-523-2166

Sen. Kim Elton

From: Tim and Jeannie [tjmaxa@gmail.com]
Sent: Tuesday, January 27, 2009 9:44 PM
To: Sen. Kim Elton
Subject: SB 57 - Charter school funding

January 27, 2009

Dear Senator Elton,

I am writing to express my support for SB57. I believe legislation like this will provide more equitable funding for small charter schools. I like SB 57 because it is comprehensive and effectively addresses the very different needs of different types of small charter schools and their host school districts.

I currently have two children attending the Juneau Community Charter School. My eleven year old son has attended the charter school for all 6 years of his education and my youngest son is in first grade.

I believe Charter schools are an important way to provide for school choice in Alaska and support parent involvement in education. We are very happy that the Juneau Community Charter School exists to provide a small school environment (a total of 66 children in the school) and involve parents in the school in meaningful ways. I want my children to be educated in a small environment and want to be involved in their education. We like the multi-age classrooms, the daily interaction between children of different ages, and the whole child view of education.

Since home schooling is not an option for our family due to employment obligations we are happy to have a charter school available to address many of our needs. My older son was born with a serious congenital heart defect that has required many open heart surgeries and has had special physical needs. We have greatly appreciated him being able to attend a small school where his needs are known and met within the regular classroom.

I believe Charter Schools have an important place in Alaska's education system. I hope that through your efforts, solutions to the challenges faced especially by small charter schools can be addressed. The current funding situation means it is very difficult for a charter school with under 150 students to operate. Alaska is a state of small numbers and we need legislation that will allow charter schools of all sizes to thrive. Without this legislation our charter school may have to close in the next 2-3 years. SB57 will make a big difference and allow small charter schools to survive in Alaska and offer valuable educational alternatives throughout the state.

Please support more equitable funding of charter schools to allow educational options around the state. Thanks very much for your attention to this important issue.

Sincerely,

Jeannie Monk
Juneau Community Charter school parent

--
Tim, Jeannie, Max and Aaron

Sen. Kim Elton

From: Linda Newman [newman@alaska.net]
Sent: Wednesday, January 28, 2009 12:35 AM
To: Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens
Cc: Catherine Reardon; Sen. Kim Elton
Subject: Fwd: Thank you for Senate Bill 57

Dear Members of the Senate Education Committee: My wife and I are forwarding a copy of this email that we sent to Senator Kim Elton earlier this week. We are sending this to you so that you can see how much we appreciate his co-sponsorship of Senate Bill 57, and so that you will know that we are grateful to you for considering this bill. Thank you for the support you've provided charter schools in the past; we hope you will support this effort to assist Alaska's small charter schools, which currently operate under an inequitable and unsustainable funding scheme. We look forward to the discussion about the bill at your Thursday meeting.

Sincerely,

Tony and Linda Newman
newman@alaska.net

Begin forwarded message:

> **From:** Linda Newman <newman@alaska.net>
> **Date:** January 25, 2009 11:11:53 PM AKST
> **To:** Senator_Kim_Elton@legis.state.ak.us
> **Subject: Thank you for Senate Bill 57**
>
> Senator Elton: Every year for the past several we've written to you to ask for your help in trying to fund Alaska's small charter schools, including Juneau's, in a more equitable way. We're extremely pleased and excited to be able to write to you tonight and thank you for taking leadership on this issue right away this session, by cosponsoring Senate Bill 57.
>
> If this bill successfully makes it through the legislative process and passes into law this year it will provide relief to the Juneau Community Charter School just in the nick of time. We know that we've said in my prior letters to you that the situation is already urgent, but this year, for the first year in the seven years that we've been involved as parents of JCCS students, we are operating at a budget deficit and drawing down the school's savings. We probably have less than two years of funding left at the rate we're depleting the savings. The Charter School simply can't operate indefinitely on the unfair funding formula that leaves charter schools funded at a per-student rate that is significantly lower than other similar-sized schools in the district. We've all but resigned ourselves to the fact that our kids' school will likely need to close in a year or two because it will simply run out of money. (Believe us, we've exhausted ourselves trying to fundraise out of this mess.)
>
> The importance of this bill for all of Juneau's kids is demonstrated by the fact that the Juneau School District has made more equitable small charter school funding one of its legislative priorities this year, and has resolved to support us in our efforts to correct the current funding inequity. We've just reviewed the bill and have exchanged a few emails with our fellow Charter School parents, and we are in agreement that the approach outlined

through this bill may be the best one yet. This bill makes it possible for small schools to operate, but still maintains the legislature's intent to encourage the formation of larger schools.

In our prior-year emails and letters to you on this issue we've taken much time and space to tell you about our kids and how much they--our whole family--gain from our participation in Juneau's Charter School. All of those things remain true. Our kids are learning so much and so well, but best of all, the Charter School has become an important part of all our lives because of the community that's grown around it.

Let us know what you would like us to do to assist you in securing passage of this bill this year.

Sincerely,

Tony and Linda Newman
308 Distin Avenue
Juneau, AK 99801
586-2172
newman@alaska.net

Sen. Kim Elton

From: aukebaybetty@alaska.net
Sent: Wednesday, January 28, 2009 8:06 AM
To: Sen. Kim Elton; Sen. Charlie Huggins; Sen. Gary Stevens; Sen. Bettye Davis; Sen. Donny Olson
Cc: Catherine Reardon
Subject: SB 57

Attachments: Dear Senator Elton.docx

Dear Senator Elton.docx (136 K...

Dear Senate Education Committee Members: Senator Elton, Senator Davis, Senator Huggins, Senator Stevens and Senator Olson,

Attached is a letter in support of SB 57. Please share your support with other Senators and House Members to help pass this bill.

Thank you very much for your support.

Beth Rivest

January 26, 2009

Dear Senator Elton, Senator Davis, Senator Olson, Senator Huggins and Senator Stevens; members of the Senate Education Committee:

I am writing in support of Senate Bill 57. It is a well written piece of legislation that would help small charter schools continue to serve students all across Alaska. These students' schools are in need of more equitable funding to support salaries and supplies. I am grateful you support charter schools as an option for parents to meet their child's needs.

I have three children in the Juneau School District public school system. I chose to enroll in the lottery when my eldest child was in the first grade. Luckily she got in the charter school and since the second grade it has been a wonderful educational and social environment for her and her siblings.

While I attended Arizona State University as a college student, I took almost every math class offered. I have always loved math and the sciences. The methods used to teach math at the charter school are rigorous, build solid understandings of number patterns and such strong flexibility in solving problems that I sincerely wished I had had the opportunity to be exposed to and to learn math in such a progressive, skill-building, visual way. It is exciting to see students experience this type of meaningful math.

I attended public school throughout my life and I loved school, however I believe my children are far more comfortable and intensely involved in their projects while also thoroughly enjoying attending school. They are being given an exceptional chance to become all they can. The projects that incorporate writing, research, art, social studies/science and teambuilding are solid methods of fun and learning. The parents of these students become involved as well and work hard to support this small charter school.

The Juneau Community Charter School is in need of financial support. Parents contribute by supporting teachers in the classroom, helping teachers prep for the week to come, we work around the school facility to build shelves, clean and make it work efficiently. Parents also work very hard to fundraise to meet the financial commitments it takes to run the charter school. It is sorely underfunded at present.

The charter school has been part of the Juneau School District, serving a wide array of students for over ten years. It sets high standards and builds leadership, competence and love of our environment in such a compassionate manner.

To be very honest, if it were not for the charter school, I know I would begin a small child-care business and home school my children.

It has been stated, from President Obama to our Governor's State of the State, that education is one of the top legislative priorities. I sincerely hope that funding small

charter schools, through creative use of resources, educate children in a way that many children need, to become successful is also a priority within your committee.

In Alaska, small charter schools are funded dramatically lower per student compared to district counterparts. This bill recognizes charter schools as important options and is an attempt to balance educational funding per student at a reasonable percentage.

Please continue your support and know that small charter schools are doing important works on behalf of students all across Alaska, in particular here in Juneau. Please know that besides the many, many parents and educators who believe in the success of small charter schools and its' students high achievement, test scores and critical thinking skills we have no lobbying force to help other Senators or House members understand this issue. Please I ask each of you to help by sharing your support for SB 57.

Thank you for your work on behalf of Senate Bill 57.

Sincerely,

Beth Rivest, wife of a hard-working, small business owner; loving and caring parent of three wonderful children; and a member of the Juneau Community.

Sen. Kim Elton

From: Rhonda Vaughan [rhonda.vaughan@gmail.com]
Sent: Wednesday, January 28, 2009 9:38 AM
To: Sen. Kim Elton
Subject: Supporting Charter Schools

Dear Mr. Elton,

I'm a parent at Juneau Community Charter School. I'm writing to you to express my hope that the Charter School funding bill be passed.

If this bill is passed, it would mean a lot to the Charter School families. One major improvement would be the benefit of having buses for the children. Currently, all families drive the children to Charter School. Driving downtown twice a day to Charter School adds many miles to our car and uses a lot gasoline; both have an impact on the environment. In this time of economic and environmental crisis, a small thing like buses would make a great change!

Safety would also be improved if the Charter School received bus service. Students who live downtown can walk to school, but with snow covered sidewalks, they have to walk on the street, which presents a safety hazard. Parking is very limited at the Charter School, making drop off and picks up potentially dangerous. Parents have to find a parking spot that allows space for a car, yet not get hit. Children have to use extra caution when crossing the street, and as is common with young children, they sometimes don't look before they leap.

Thank you for your time in reading this, Sen. Elton. The families at Juneau Community Charter School are eager to see the Charter School funding bill passed.

Regards,

--
Rhonda Vaughan

209-8950

Dana Owen

From: Comeau_Carol [Comeau_Carol@asdk12.org]
Sent: Wednesday, January 28, 2009 3:00 PM
To: Dana Owen
Cc: Sen. Kim Elton; Comeau_Carol
Subject: RE: SB 57

Dana,
Thanks for taking my call just now. I am sorry I am unable to testify tomorrow as I had planned due to participation in a conference call with the new Secretary of Education, Arne Duncan. I would appreciate it if you could distribute these comments to the Senate Education Committee members tomorrow.

Dear Senate Education Committee:

The Anchorage School Board does not have a position on SB 57 specifically, but we strongly support our charter schools. We have much concern on the "draconian" funding situation for a charter school that does not make the 151 student count through the count period, particularly in the first year of operation. Many of our charter schools have struggled with this issue and the funding problems that ensue.

The Anchorage School District would like to work with your committee on this important issue. Last year, I suggested that maybe a working group could work on this issue over this session and into the summer. If that was ever possible, I would like to ask that the ASD participate. We have participated on many groups over the years and have some good suggestions on how to resolve funding and facility issues for charter schools. We believe that the public school choices, including charters, are important for parents and students.

I appreciate your commitment to education and the opportunity to provide input.
Carol Comeau, Superintendent
Anchorage School District

Dana Owen

From: Catherine Reardon
Sent: Wednesday, January 28, 2009 5:27 PM
To: Dana Owen
Subject: FW: SB57 letter

-----Original Message-----
From: sarah hopkins [mailto:hopkins_sarah@yahoo.com]
Sent: Wednesday, January 28, 2009 5:16 PM
To: Catherine Reardon
Subject: SB57 letter

January 28, 2009

Dear Senators,

This letter is in regards to Senate Bill 57 which will have its first hearing in front of the Senate Education Committee on Thursday January 29th. The bill addresses funding for small (charter) schools.

I support this bill because it will benefit the Juneau Community Charter School. My son is currently enrolled at JCCS. I believe that ALL students can be the most successful in school when they are in an environment that best fits their educational and social needs. This is the case for my son, and daughter, and as parents my husband and I try to find our children's best "fit" educationally. I hope to enroll by daughter as a 7th grader next year at JCCS. If Bill 57 is passed, this may be more possible.

With the funds that Bill 57 would provide, JCCS could be more accessible (in terms of growth) and serve a greater number of Juneau families. A community is more enriched when families have as many educational choices as possible for their children. Students are more successful when they are in an environment where they feel safe and are motivated and interested in their own education. No child is alike, and providing Juneau's students with a choice of educational environments addresses the educational needs of all our children. Juneau Community Charter School plays a vital roll in the school district in meeting these needs.

The Juneau Community Charter School APC members (made up of parent volunteers), other JCCS families, and teachers, have put in many hours of research and work in coming up with a plan of how JCCS can offer additional classrooms and serve a greater number of families. Bill 57 will support these efforts. Please give your support for this bill. Thank-you for your time.

Sincerely,
Sarah Hopkins

Dana Owen

From: Catherine Reardon
Sent: Wednesday, January 28, 2009 5:26 PM
To: Dana Owen
Subject: FW: Charter School Funding Bill - Please Support

From: Elise and Jay Boyer [mailto:ejez_2000@yahoo.com]
Sent: Wednesday, January 28, 2009 5:18 PM
To: Sen. Gary Stevens
Subject: Charter School Funding Bill - Please Support

Dear Senator Stevens:

I understand that you will be considering a bill this week to correct the funding inequities that hamper small charter schools in Alaska. I heartily encourage you to pass this bill. My husband and I have been so happy with our sons' charter school experiences, both in Homer (Fireweed Academy), and in Juneau, at the Juneau Community Charter School. Although these schools are different in many ways, they are wonderful examples of how the charter school law can enable our public school system to reach students in ways the traditional programs may not. I have learned that "one size" does not fit all in education, and our children benefit from choices in program. When those choices can be made available to all, regardless of income or test scores, then our state is truly doing them a service.

Treating small programs as if they have the economies of scale of the largest schools in the state has always been an unfortunate glich in the current law (although there are some who see it as a deterrent to the explosion of small schools). The proposed bill will correct that problem, and enable our students to continue to share in the promise of the charter school system. In fact, in our case in Juneau, it will enable us to achieve even more diversity than we already enjoy, by making it possible to hire employees who can serve students with special needs and to provide bus service to children who need it.

I know times are tough. I hope you will see that this bill is worth the investment.

Thank you for your consideration.

Sincerely,

Elise Nacht Boyer
780-2528

Sen. Kim Elton

To: Larry Johansen
Subject: RE: Charter school Bill

Larry--

Thanks. As chair of the education committee, I'm holding a committee hearing on the bill in a half hour and am co-sponsor of the bill.

Kim

From: Larry Johansen [mailto:rowdydog@gci.net]
Sent: Thursday, January 29, 2009 8:05 AM
To: Sen. Kim Elton
Subject: Charter school Bill

Senator Elton,

I quick word in support of the funding formula equalization bill. I am a charter school parent. We do school jobs to save our school money to make our program happen. My wife and I perform janitorial service and recess duty to save cost. Its not that we mind doing these jobs but we would like to be able to spend our volunteer efforts on jobs that would directle lead to improving oue children's educational experience. AS it is the Juneau charter school is an educational success meeting core standards and for all social classes. Please help us help our kids.

-Larry Johansen
3010 Foster
Juneau, AK
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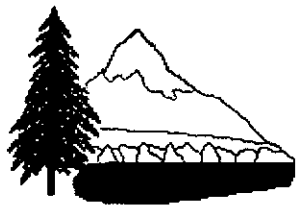


Dana Owen

From: Sen. Kim Elton
Sent: Thursday, January 29, 2009 7:45 AM
To: Dana Owen
Subject: FW: Support for SB 57

-----Original Message-----
From: Hubert Angaiak [mailto:hangaiak@gci.net]
Sent: Thursday, January 29, 2009 7:40 AM
To: Sen. Kim Elton; Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens
Subject: Support for SB 57

Honorable Senators,

I would like to thank you for your continued support in providing the best education for Alasks's children. I fully support SB 57 and I urge you to pass it.
Charter Schools provides a positive alternative in eduaction for our children. We are always looking for solutions in providing whats best in education for our children and Charter Schools are part of the solution.

Thank you.

kind regards,
Hubert Angaiak
Bethel, Alaska 99559
907-543-3074

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB 57**
() Publish Date:

Identifier (file name): SB057-EED-ESS-01-22-09
Title: An Act realting to charter school funding.
Sponsor: Senator Thomas
Requester: Education, Finance

Dept. Affected: Education & Early Development
RDU: K-12 Support
Component: Foundation Program
Component Number: 141

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	714.3	0.0					
Miscellaneous							
TOTAL OPERATING	**714.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	714.3	0.0					
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**714.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

This bill would increase funding for those charter schools with an Average Daily Membership [ADM] under 150 through the school size adjustment mechanism.

There are two methods to determine eligibility:

1) If the charter school is under 150 ADM, then the ADM count will be multiplied by 1.18.

OR

2) If the charter school has an ADM of 120 but less than 150 and in the 1st year of operation; or had an ADM count of 150 in the prior year but fell below in the current fiscal year, then the ADM count will be multiplied by 1.38.

The GF appropriation capitalizes on the Public Education Fund [PEF].

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division: School Finance — Date/Time 1/22/08 12:00 AM
Approved by: Larry LeDoux, Commissioner — Date 1/22/2008

(Revised 9/10/2008 OMB)

Department of Education & Early Development
Prepared 1/22/09

Prepared by School Finance

District/School Name	FY09 Charter School ADM	FY10 Charter School ADM	x 1.18 Cost if Eligible under Sec. 1 ('c)	x 1.38 Cost if Eligible under Sec. 1 (d)
ANCHORAGE				
Alaska Native Charter School [Eff. FY09]	160.70	180.00		
Aquarian Charter	361.15	360.00		
Highland Tech Charter	240.20	260.00		
Winterberry Charter	184.50	200.00		
Eagle Academy Charter	164.00	165.00		
Rilke Schule Charter	209.90	240.00		
FAIRBANKS				
Chinook Montessori Charter School	153.20	153.00		
Star of the North Secondary School (charter)	200.55	201.00		
Effie Kokrine Charter School	140.65	145.00	$ 350,590	
Watershed Charter School [to open in FY10]	-	155.00		
JUNEAU				
Juneau Community Charter School	68.00	78.00	$ 194,684	
KENAI				
Aurora Borealis Charter (soldotna)	184.00	185.00		
Kaleidoscope Charter School	233.00	248.00		
Fireweed Academy Charter (Homer)	72.75	76.00	$ 147,231	
Soldotna Montessori Charter	161.60	161.00		
KETCHIKAN				
Tongass School of Arts & Sciences Charter	152.40	150.00		
Ketchikan Charter School	173.30	170.00		
LOWER KUSKOKWIM				
Ayaprun Elitnaurvik Yup'ik Immersion (bethel)	172.05	172.00		
MAT-SU				
Academy Charter School	228.95	231.00		
Fronteras Charter School	186.85	187.00		
Midnight Sun Charter School	165.00	165.00		
NOME				
Anvil City Science Academy	44.00	44.00	$ 21,796	
Total Revenue			**$ 714,301**	

ALASKA STATE LEGISLATURE

SENATOR JOE THOMAS

Sponsor Statement
SB 57

SB 57 corrects a flaw in the school funding law as it applies to charter schools with fewer than 150 students. Current law results in these charter schools receiving 30% to 45% less state funding than neighborhood schools of their same size. SB 57 funds these charter schools at a per-child rate closer to that of average, urban elementary schools.

Charter schools are public schools that provide valuable education options to Alaska families. They increase learning opportunities and encourage parent and community involvement in our schools. Charter schools are designed and managed by parent-elected boards, under contract with their local school district. In 1995, the legislature passed Alaska's initial charter school law, authorizing local school districts to approve charter schools in their communities. However, the funding system has limited communities' ability to use the law to create and sustain these innovative programs.

SB 57 solves the funding problem in an equitable, fiscally responsible manner. It will support our schools and districts as they carry out the legislature's intent in creating the charter school law.

The Current Funding System

The root of the problem is the way the foundation formula calculates the "adjusted student count" for charter schools versus neighborhood schools.

The adjusted student count is the basis of state funding for all schools in Alaska. The funding a school district receives is calculated by multiplying the adjusted student count by the district cost factor, the special needs factor and, finally, by the dollar amount in the base student allocation.

The adjusted student count is determined by the school size formula in AS 14.17.450. The formula recognizes that economies-of-scale make it less expensive to operate a large school than a small school. Therefore, the enrollment of small schools is increased by a factor much higher than the adjustment for large schools. For example, the enrollment of a school with 75 students is adjusted to 123, a school with 400 students is adjusted to 472, and a school with 1,000 students is adjusted to 1,004.

Charter schools with an enrollment of less than 150 students are not treated as separate schools for the purpose of the adjusted student count calculation. Instead, the Department of Education adds

ALASKA STATE LEGISLATURE

SENATOR JOE THOMAS

Sectional Analysis
SB 57

Section 1

Subsection (c) states that charter schools with fewer than 150 students will have their student count adjusted by the same per-student rate as neighborhood schools with 400 students.

Under the school size factor statute, AS 14.17.450(a), the per-student rate of adjustment for 400-student neighborhood schools is 1.18, which means their student enrollment is multiplied by 1.18 to determine their "adjusted student count." The adjusted student count is the basis for the calculation of state funding provided to school districts.

Subsection (d) is an exception to subsection (c) for charter schools that are either in their first year of operation or had more than 150 students the previous year. It grants these charter schools a one-year hold-harmless period, during which they will receive 95% of the per-student rate of neighborhood schools with 150 students.

Under the school size factor statute, the per-student rate of adjustment for 150-student neighborhood schools is 1.45, and 95% of that rate is 1.38. Charter schools in the hold-harmless year will have their enrollment multiplied by 1.38 to determine their adjusted student count.

Subsection (d) requires charter schools that are in the hold-harmless year to submit a plan for the following year to their local school board. The plan must describe what will happen the following year if the school again has fewer than 150 students and no longer qualifies for the hold-harmless provision.

Subsection (e) defines the term "student rate." The student rate is the base plus the multiplier under AS 14.17.450(a) divided by the student count.

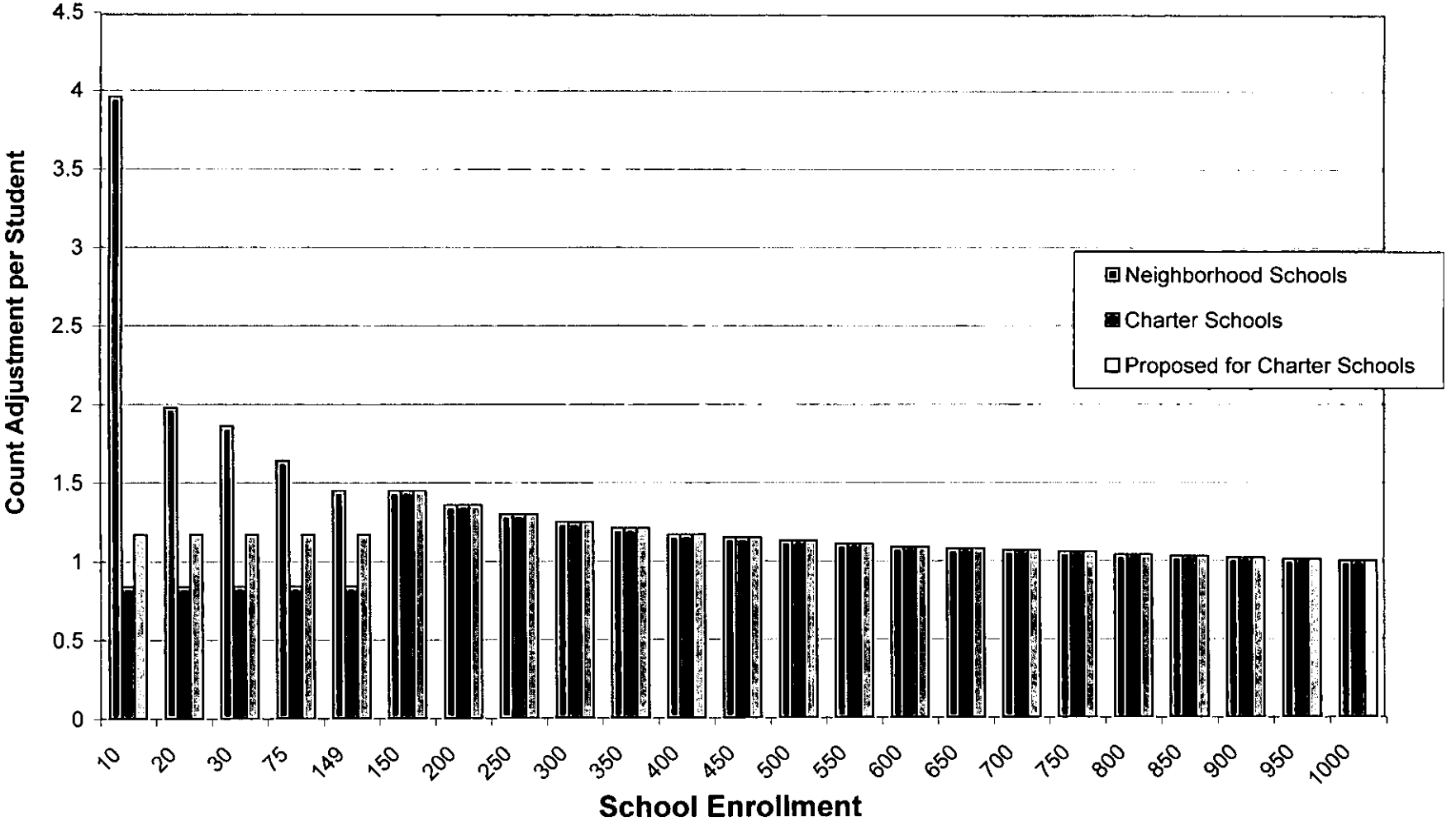
Section 2:

This is a technical amendment creating the exception from the existing requirement that charter schools have at least 150 students to have their own adjusted student count calculation. Without this amendment, the Department of Education would continue to calculate school funding as if the students at charter schools under 150 attended the largest school in their district.

January – May: State Capitol – Juneau, Alaska 99801 – (907) 465-2327 – 1 (800) 336-7383 – Fax (907) 465-5241
June – December: 1292 Sadler Way Ste 203 – Fairbanks, Alaska 99701 – (907) 456-8161 – Fax (907) 456-8163
Senator.Joe.Thomas@legis.state.ak.us

Adjusted Student Count for Charter Schools vs. Neighborhood Schools

The adjusted student count of each school is the basis of state funding. The number of students enrolled in a school is increased or decreased according to the formula in AS 14.17.450, to determine the school's adjusted student count. That adjusted student count is then multiplied by the district cost factor, the special needs factor and, finally, by the base student allocation to determine the amount of funding.



* This chart assumes that a charter school with fewer than 150 students has a student count adjustment of .84 under current law, because it is located in a district that contains a school with over 750 students, such as Anchorage, Fairbanks, Mat-Su or Juneau. A charter school in a community such as Kenai, Bethel, Ketchikan or Nome would have a student count adjustment of .92 or .97.

Charter School Statutes: AS 14.03.250 – 14.03.290

Article 02. CHARTER SCHOOLS

Sec. 14.03.250. Establishment of charter schools.

(a) A charter school may be established as provided under AS 14.03.250 - 14.03.290 upon the approval of the local school board and the state Board of Education and Early Development of an application for a charter school. The state Board of Education and Early Development may not approve more than 60 charter schools to operate in the state at any one time.

(b) A local school board shall prescribe an application procedure for the establishment of a charter school in that school district. The application procedure must include provisions for an academic policy committee consisting of parents of students attending the school, teachers, and school employees and a proposed form for a contract between a charter school and the local school board, setting out the contract elements required under AS 14.03.255 (c).

(c) A local school board shall forward to the state Board of Education and Early Development applications for a charter school that have been approved or denied by the local board.

Sec. 14.03.255. Organization and operation of a charter school.

(a) A charter school operates as a school in the local school district except that the charter school (1) is exempt from the local school district's textbook, program, curriculum, and scheduling requirements; (2) is exempt from AS 14.14.130 (c); the principal of the charter school shall be selected by the academic policy committee and shall select, appoint, or otherwise supervise employees of the charter school; and (3) operates under the charter school's annual program budget as set out in the contract between the local school board and the charter school under (c) of this section. A local school board may exempt a charter school from other local school district requirements if the exemption is set out in the contract. A charter school is subject to secondary school competency testing as provided in AS 14.03.075 and other competency tests required by the department.

(b) A charter school shall

(1) keep financial records of the charter school;

(2) oversee the operation of the charter school to ensure that the terms of the contract required by (c) of this section are being met;

(3) meet regularly with parents and with teachers of the charter school to review, evaluate, and improve operations of the charter school; and

(4) meet with the academic policy committee at least once each year to monitor progress in achieving the committee's policies and goals.

(c) A charter school shall operate under a contract between the charter school and the local school board. A contract must contain the following provisions:

(1) a description of the educational program;

(2) specific levels of achievement for the education program;

(3) admission policies and procedures;

(4) administrative policies;

(5) a statement of the charter school's funding allocation from the local school board and costs assignable to the charter school program budget;

(6) the method by which the charter school will account for receipts and expenditures;

(7) the location and description of the facility;

(8) the name of the teacher, or teachers, who, by agreement between the charter school and the teacher, will teach in the charter school;

(9) the teacher-to-student ratio;

(10) the number of students served;

(11) the term of the contract, not to exceed a term of 10 years;

(12) a termination clause providing that the contract may be terminated by the local school board for the failure of the charter school to meet educational achievement goals or fiscal management standards, or for other good cause;

(13) a statement that the charter school will comply with all state and federal requirements for receipt and use of public money;

(14) other requirements or exemptions agreed upon by the charter school and the local school board.

(d) A charter school may be operated in an existing school district facility or in a facility within the school district that is not currently being used as a public school, if the chief school administrator determines the facility meets requirements for health and safety applicable to public buildings or other public schools in the district.

Sec. 14.03.260. Funding for charter school.

(a) A local school board shall provide an approved charter school with an annual program budget. The budget shall be not less than the amount generated by the students enrolled in the charter school less administrative costs retained by the local school district, determined by applying the indirect cost rate approved by the Department of Education and Early Development. The "amount generated by students enrolled in the charter school" is to be determined in the same manner as it would be for a student enrolled in another public school in that school district.

(b) The program budget of a charter school is to be used for operating expenses of the educational program of the charter school, including purchasing textbooks, classroom materials, and instructional aids.

(c) The charter school shall provide the financial and accounting information requested by the local school board or the Department of Education and Early Development and shall cooperate with the local school district or the department in complying with the requirements of AS 14.17.910 .

(d) The expenses of housing nonresident students who attend the charter school, including room, board, and other reasonable housing expenses, may not be paid for with state money but may be paid for with funds contributed by sources other than the state.

Sec. 14.03.263. Charter school grant program. [Repealed, Sec. 1 ch 100 SLA 2003].

Repealed or Renumbered

Sec. 14.03.265. Admission.

(a) The program of a charter school may be designed to serve

(1) students within an age group or grade level;

(2) students who will benefit from a particular teaching method or curriculum; or

(3) nonresident students, including providing domiciliary services for students who need those services, if approved by the board.

(b) A charter school shall enroll all eligible students who submit a timely application, unless the number of those applications exceeds the capacity of the program, class, grade level, or building. In the event of an excess of those applications, the charter school and the local school board shall attempt to accommodate all of those applicants by considering providing additional classroom space and assigning additional teachers from the district to the charter school. If it is not possible to accommodate all eligible students who submit a timely application, students shall be accepted by random drawing. A school board may not require a student to attend a charter school.

(c) In addition to other requirements of law, a charter school shall be nonsectarian.

Sec. 14.03.270. Teacher or employee transfers, evaluations, and negotiated agreements.

(a) A teacher or employee may not be assigned to a charter school unless the teacher or employee consents to the assignment.

(b) All provisions of an existing negotiated agreement or collective bargaining agreement applicable to a teacher or employee of a district apply to that teacher or employee if employed at a charter school in that district, unless the district and the bargaining unit representing the teacher or employee agree to an exemption.

(c) A teacher in a charter school shall be evaluated in an equivalent manner as all other teachers in the district, except that if there is no administrator assigned to the charter school, the local school board, with the agreement of the charter school, shall designate a school district administrator in that district to evaluate a teacher in a charter school.

Sec. 14.03.275. Contracts; duration.

A contract for a charter school may be for a term of no more than 10 years.

Sec. 14.03.280. Regulations.

The state Board of Education and Early Development may adopt regulations under AS 44.62 (Administrative Procedure Act) necessary to implement AS 14.03.250 - 14.03.290.

Sec. 14.03.290. Definitions.

In AS 14.03.250 - 14.03.290,

(1) "academic policy committee" means the group designated to supervise the academic operation of a charter school and to ensure the fulfillment of the mission of a charter school;

(2) "charter school" means a school established under AS 14.03.250 - 14.03.290 that operates within a public school district;

(3) "local school board" means a borough or city school board or a school board of a regional educational attendance area;

(4) "parent" means a biological, adoptive, or foster parent, or an adult who acts as guardian of a child and makes decisions related to the child's safety, education, and welfare;

(5) "teacher" means a person who serves a school district in a teaching, counseling, or administrative capacity and is required to be certificated in order to hold the position.

Statutes That Determine Adjusted Student Count

Sec. 14.17.905. Facilities constituting a school.

(a) For purposes of this chapter, the determination of the number of schools in a district is subject to the following:

(1) a community with an ADM of at least 10, but not more than 100, shall be counted as one school;

(2) a community with an ADM of at least 101, but not more than 425, shall be counted as

(A) one elementary school, which includes those students in grades kindergarten through six; and

(B) one secondary school, which includes students in grades seven through 12;

(3) in a community with an ADM of greater than 425, each facility that is administered as a separate school shall be counted as one school, except that each alternative school with an ADM of less than 200 shall be counted as a part of the school in the district with the highest ADM.

(b) Notwithstanding (a)(3) of this section, a charter school shall be counted as a separate school if the charter school has an ADM of at least 150 students.

Sec. 14.17.450. School size factor.

(a) For purposes of calculating a school's ADM to determine state aid, the ADM of each school in a district shall be computed by applying the following formula:

If the student count In a school is			**The adjusted student count is**				
At least		**But less than**	**Base**		**Multiplier**		**The number of Students in excess of**
10	-	20	39.6				
20	-	30	39.6	+	(1.62	x	20)
30	-	75	55.8	+	(1.49	x	30)
75	-	150	122.85	+	(1.27	x	75)
150	-	250	218.1	+	(1.08	x	150)
250	-	400	326.1	+	(0.97	x	250)
400	-	750	471.6	+	(0.92	x	400)
750 or over			793.6	+	(0.84	x	750).

the charter students to the students attending the largest school in their district, and calculates the adjusted student count for the combined enrollment. This system makes the adjusted student count of the charter schools lower than their actual enrollment, while almost all other schools are adjusted upwards.

The Consequences

The impact of this system on charter schools is shown in the attached graph. The consequences include:

1. School districts can be penalized for allowing school choice.
The adjusted student count calculation for charter schools with fewer than 150 students can result in districts receiving less state funding than they would if their charter school students attended their neighborhood schools. The state will spend more if these charter schools close.

2. The law provides an inadequate amount of money for charter schools with fewer than 150 students to survive. Charter schools with fewer than 150 students in Anchorage, Fairbanks and Juneau have a count adjustment of .84, which is lower than even the largest high schools in those communities, and is close to the .80 rate the state provides to correspondence programs that do not have to pay for school buildings and teachers.

3. There is a dramatic decrease in funding when a charter school's enrollment drops from 150 students to 149. The loss of that one student costs a school district $500,000 - $700,000. The unanticipated funding cut occurs in November, when it is too late to significantly reduce costs. In the past five years, this has happened to the Anchorage School District, the Fairbanks North Star Borough School District and the Lower Kuskokwim School District.

The Solution

SB 57 states that charter schools with fewer than 150 students will have their student count adjusted by the same per-student rate as neighborhood schools with 400 students. Under the school size factor statute, the per-student rate of adjustment for 400-student neighborhood schools is 1.18.

SB 57 also contains a one-year, hold-harmless provision for charter schools that are either in their first year of operation or had more than 150 students the previous year. These schools will receive 95% of the per-student rate of neighborhood schools with 150 students. Under the school size factor statute, the per-student rate of adjustment for 150-student neighborhood schools is 1.45, and 95% of that rate is 1.38.

Finally, SB 57 requires charter schools that are in the hold-harmless year to submit a plan for the following year to their local school board. The plan must describe what will happen the following year if the school again has fewer than 150 students and no longer qualifies for the hold-harmless provision.

January – May: State Capitol – Juneau, Alaska 99801 – (907) 465-2327 – 1 (800) 336-7383 – Fax (907) 465-5241
June – December: 1292 Sadler Way Ste 203 – Fairbanks, Alaska 99701 – (907) 456-8161 – Fax (907) 456-8163
Senator.Joe.Thomas@legis.state.ak.us

Alaska
Public Charter Schools
Directory
2008-2009

Charter School Contacts Summary

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Phone: 465-8689
Fax: 465-2713
E-Mail: Julie.morris@alaska.gov

Kristina Monson: Grants Administrator
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E-Mail: Kristina.monson@alaska.gov

Revised: January 2009

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CHARTER SCHOOLS BY DISTRICT

Anchorage School District
Alaska Native Cultural Charter School
Aquarian Charter School
Eagle Academy
Family Partnership Charter School
Frontier Charter School
Highland Tech High
Winterberry Public School
Rilke Schule German School of Arts and Sciences

Fairbanks North Star Borough School District
Chinook Montessori
Effie Kokrine Charter School
Star of the North Secondary School

Juneau Borough Schools
Juneau Community Charter School

Kenai Peninsula Borough School District
Aurora Borealis Charter School
Fireweed Academy
Kaleidoscope School of Arts & Sciences
Soldotna Montessori Charter School

Ketchikan Gateway Borough School District
Ketchikan Charter School
Tongass School of Arts & Sciences

Lower Kuskokwim Schools
Ayaprun Elitnaurvik

Mat-Su Borough Schools
Academy Charter School
Fronteras Spanish Immersion Charter School
Midnight Sun Family Learning Center
Twindly Bridge Charter School

Nome City Schools
Anvil City Science Academy

CHARTER SCHOOL CONTACTS

Alaska Native Cultural Charter School Tim Godfrey Muldoon Community Assembly Church 7041 DeBarr Road Anchorage, AK 99504 Phone: 575-6195 Fax: handcockelizabeth@asd12k.org	**Academy Charter School** Barbara Gerard 801 East Arctic Palmer, AK 99645 Phone: 746-2358 Fax: 746-2368 barbara.gerard@matsuk12.us
Anvil City Science Academy Todd Hindman P.O. Box 931 Nome, AK 99762 Phone: 443-6207 Fax: 443-5144 thindman@nomeschools.com	**Aquarian Charter School** Susan Forbes 1705 W. 32nd Avenue Anchorage, AK 99517 Phone: 742-4900 Fax: 742-4919 forbes_susan@asdk12.org
Aurora Borealis Charter School Larry Nauta 705 Frontage Rd., Suite A Kenai, AK 99611 Phone: 283-0292 Fax: 283-0293 lnauta@kpbsd.k12.ak.us	**Ayaprun Elitnaurvik** Panigkaq Agatha John-Shields P.O. Box 1468 Bethel, AK 99559-1468 Phone: 543-1645 Fax: 543-1647 agatha_john-shields@lksd.org
Chinook Montessori Charter School Michele Halbrook 3002 International Street Fairbanks, AK 99701 Phone: 452-5020 Fax: 452-5048 theproject@awcable.com	**Eagle Academy Charter School** Mary Meade 10901 Mausel Street, Suite 101 Eagle River, AK 99577 Phone: 742-3025 Fax: 742-3035 meade_mary@asdk12.org
Effie Kokrine Charter School Linda Evans 601 Loftus Road Fairbanks, AK 99709 Phone: 474-0958 Fax: 479-2104 elaughlin@northstar.k12.ak.us	**Family Partnership Charter School** Reed Whitmore 401 E. Fireweed Lane, Suite 100 Anchorage, AK 99503 Phone: 742-3700 Fax: 742-3710 whitmore_reed@asdk12.org

Fireweed Academy Kiki Abrahamson P.O. Box 474 Homer, AK 99603 Phone: 235-9728 Fax: 235-8561 kabrahamson@kpbsd.k12.ak.us	**Frontier Charter School** Tim Scott 400 W. Northern Lights Blvd. Suite # 9 Anchorage, AK 99503 Phone: 742-1180 Fax: 742-1188 scott_tim@asdk12.org
Fronteras Spanish Immersion School Casey Bowen 7010 E. Bogard Road Wasilla, AK 99687 Phone: (907) 868-3103 Fax: (907) 745-6132 casey.bowen@matsu12.us	**Highland Tech High** Mark Standley 5530 E. Northern Lights Blvd., #1 Anchorage, AK 99504 Phone: 742-1700 Fax: 742-1711 standley_mark@asdk12.org
Juneau Community Charter School Marjorie Hamburger 430 4th Street Juneau, AK 99801 Phone: 586-2526 Fax: 586-3543 marjorie_hamburger @jsd.k12.ak.us	**Kaleidoscope School of Arts & Sciences** Mick Wykis 549 N. Forest Dr. Kenai, AK 99611 Phone: 283-0804 Fax: 283-3786 mwykis@kpbsd.k12.ak.us
Ketchikan Charter School Harry Martin 410 Schoenbar Road Ketchikan, AK 99901 Phone: 225-8568 Fax: 247-8568 spinkm@kgbsd.org	**Midnight Sun Family Learning Center** Jeanne Troshynski 7362 W. Parks Hwy., #714 Wasilla, AK 99654 Phone: 357-3733 Fax: 373-6786 jeanne.troshynski@matsuk12.us
Rilke Schule Charter School Chrystal Wrabetz 650 West International Airport Anchorage, AK 99518 Phone: (907) 742-7455 Fax: (907) wrabetz_crystal@asdk12.org	**Soldotna Montessori Charter School** Mo Sanders 162 Park Avenue Soldotna, AK 99669 Phone: 260-9221 Fax: 260-9032 msanders@kpbsd.k12.ak.us

Star of the North Secondary School Annemarie Keep-Barnes 2945 Monk Court North Pole, AK 99705 Phone: 490-9025 Fax: 490-9021 akeep-barnes@northstar.k12.ak.us	**Tongass School of Arts & Sciences** Janet Johnson 410 Schoenbar Road, Suite 202 Ketchikan, AK 99901-3309 Phone: 225-5720 Fax: 225-8822 millerk@kgbsd.org
Twindly-Bridge Charter School Greg Miller 141 E Seldon Road Wasilla, AK 99654 Phone: 376-6680 Fax: 376-6683 greg.miller@matsuk12.us	**Winterberry Public School** Shanna Mall 508 W. 2nd Ave. Anchorage AK 99501 Phone: 742-4980 Fax: 742-4985 mall_shanna@asdk12.org

Charter school profiles are on the following pages.

CHARTER SCHOOL PROFILES

Alaska Native Charter School

Students Enrolled: 153
Grade Levels: K-6
Type: Citizen/Community
State Board of Education Approval: March 28, 2007
Date Charter Expires: March 28, 2010

Mission: The mission of the Alaska Native Cultural Charter School is to realize the reality of our unique urban environment with its rich Alaska Native traditions including cultural corporations and organizations, and with their partnership develop well prepared Alaska Native students who are able to contribute to the community. The school will bring Elders, Alaska Native Leaders, youth, parents, and teachers together to infuse Alaska Native values, cultures, and languages into active learning experiences. A curriculum that utilizes traditional ways of knowing and methods of instruction will successfully transition rural Alaska Native students into urban community while fostering pride and a strong sense of cultural identity. The school engages in educational research and serves as a demonstration school for other teachers and administrators who wish to develop effective methodologies and approaches for working with Alaska Native and Native American students and their families.

Purpose: Alaska Native Cultural Charter School builds student excellence through traditional cultural learning.

School District	**District Contact**	**Charter School Contact**
Carol Comeau, Superintendent Anchorage Schools P.O. Box 196614 Anchorage, AK 99519-6614 Phone: 742-4312 Fax: 742-4312	Connie Bensler, Liaison Anchorage Schools P.O. Box 196614 Anchorage, AK 99519-6614 Phone: 868-3103 Fax: 742-4318	Tim Godfrey, Principal Muldoon Community Assembly Church 7041 DeBarr Road Anchorage, AK 99504 Phone: 575-6195 Fax: no fax at this time

Website:
http://www.asdk12.org/schools/anccs/pages/

Academy Charter School

Students Enrolled: 231
Grade Levels: K-8
Type: Citizen/Community
State Board of Education Approval: April 28, 1997
Date Charter Expires: July 1, 2015

Mission: Our mission is to create a learning system that encourages and develops students' inherent abilities to be competent, confident, productive and responsible young adults. We will strive to produce a generation of young people who possess the habits, skills and attitudes necessary to empower them to succeed as life long learners and outstanding citizens.

Purpose: The primary focus of the Academy Charter is on the well-being of the children of our community. It is the goal of the approximately 10 currently active members (project designers) to create a purposeful, living laboratory, which will operate in a caring, supportive and closely monitored environment. As an integral part of the Matanuska-Susitna School District, the Charter's successful innovations will be transferable to other schools in the District and to the larger world community, thus benefiting all of our children. Charter Community members seek to make education a community passion.

School District	**District Contact**	**Charter School Contact**
George Troxel, Superintendent Matanuska-Susitna Borough Schools 501 N. Gulkana Palmer, AK 99645 Phone: 746-9255 Fax: 761-4076	John Weetman, Liaison Matanuska-Susitna Borough Schools 501 N. Gulkana Palmer, AK 99645 Phone: 746-9200 Fax: 746-9292	Barbara Gerard 801 East Arctic St. Palmer, AK 99645 Phone: 746-2358 Fax: 746-2368

Website:
http://www.acc.matsuk12.us/

Aquarian Charter School

Students Enrolled: 351
Grade Level: K-6
Type: Language & Arts
State Board of Education Approval: April 28, 1997
Date Charter Expires: July 1, 2012

Mission: The Aquarian Charter school is dedicated to providing Anchorage area children freedom to achieve their human potential by endeavoring to: celebrate each child's uniqueness and diversity; provide a stimulating academic program with high expectations in a joyful, stress-free atmosphere; assure there is a safe and nurturing environment to instill well-being for all students; empower thinking, understanding individuals to communicate and live in a challenging and changing world; pique interest, awareness and involvement in the neighborhood and global community; facilitate creative expression through language, drama, art, music and sports; stimulate continual family interaction with children and their educational development.

Purpose: The Aquarian Charter School is designed for bright, high-achieving children from families with working parents.

School District	**District Contact**	**Charter School Contact**
Carol Comeau, Superintendent Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4000 Fax: 742-4318	Connie Bensler, Liaison Anchorage Schools P.O. Box 196614 Anchorage, AK 99519-6614 Phone: 868-3103 Fax: 742-4318	Susan Forbes, Principal 1705 W. 32nd Ave. Anchorage, AK 99517 Phone: 742-4900 Fax:742-4919

Website:
http://www.aquariancharterschool.com/Aquarian_Charter/Home.html

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Anvil City Science Academy

Students Enrolled: 44
Grade Level: 5-8
Type: Science
State Board of Education Approval: June 9, 1998
Date Charter Expires: October 1, 2013

Mission: "Through a cooperative network of parents, teachers and community members, ACSA will provide a safe, nurturing, family-oriented, multi-age learning environment supporting a highly rigorous academic program for higher education preparation with high standards of responsible citizenship. Current technology will be incorporated in all aspects of the students' education. ACSA will promote academic excellence, character development and educational enthusiasm resulting in responsible, productive citizens."

Purpose: Anvil City Science Academy was created and shaped by a small nucleus of like-minded parents, teachers, and community members interested in a family-oriented, character-developing, highly rigorous academic education as well as concern for the future of their own and community children. It is an expectation that all students will have a high achievement, for each has great potential. Technology and scientific research methods are an integral part of the curriculum, as it will be an integral part of every child's future.

School District	**District Contact**	**Charter School Contact**
Rick Luthi, Superintendent Nome City Schools P.O. Box 131 Nome, AK 99762-0131 Phone: 443-2231 Fax: 443-5144	Rick Luthi, Superintendent Nome City Schools P.O. Box 131 Nome, AK 99762-0131 Phone: 443-2231 Fax: 443-5144	Todd Hindman P.O. Box 931 Nome, AK 99762 Phone: 443-6207 Fax: 443-5144

Website:
http://nome.nosd.schoolaccess.net/~acsa/

Aurora Borealis Charter School

Students Enrolled: 178
Grade Levels: K-8
Type: Individual Learning Styles
State Board of Education Approval: April 28, 1997
State Board of Education Approval: July 1, 2012

Mission: To provide teachers and parents with the opportunity, responsibility, and accountability for the management and control of the total school curriculum and environment; to produce a flexible set of learning outcomes measured with different and authentic forms of assessment; to provide students with an educational opportunity of the highest quality; and to foster student, parent, and community involvement through the use of community resources and partnerships.

Purpose: The purpose of Aurora Borealis School is to offer the finest academic program possible that will provide for increased learning opportunities for all students in an environment designed to meet the unique needs of each student by providing opportunities consistent with their learning styles [and] to improve pupil learning by creating a school with high and rigorous standards for pupil performance.

School District	**District Contact**	**Charter School Contact**
Donna Peterson, Superintendent Kenai Peninsula Schools 148 N. Binkley Street Soldotna, AK 99669 Phone: 714-8888 Fax: 262-9645	Dave Jones, Asst. Superintendent Kenai Peninsula Schools 148 N. Binkley Street Soldotna, AK 99669 Phone: 714-8888 Fax: 262-9645	Larry Nauta 705 Frontage Rd., Ste. A Kenai, AK 99611 Phone: 283-0292 Fax: 283-0293

Website
https://www.edline.net/pages/Aurora_Borealis

Ayaprun Elitnaurvik

Students Enrolled: 145
Grade Levels: K-6
Type: Yup'ik Immersion
State Board of Education Approval: June 5, 1999
Date Charter Expires: June 1, 2009

Mission: Ayaprun Elitnaurvik Yup'ik Immersion School is committed to providing a public school option where all members, students, staff, and parents, function democratically. Students are valued as unique individuals who are encouraged to learn both independently and collaboratively. A hands-on approach is emphasized integrating the arts and the appreciation of the natural world. The School Community embraces diversity, creating small, mixed-aged, and family-oriented environments, which exhibit mutual respect, and caring.

Purpose: Ayaprun Elitnaurvik Yup'ik Immersion School is a public school operating under the auspices of the Lower Kuskokwim School District Board of Education. Ayaprun Elitnaurvik Yup'ik Immersion School offers a choice for students who might benefit from an integrated, thematic approach to education using the arts, the environment, and culture in a small, intimate learning community.

School District	**District Contact**	**Charter School Contact**
Gary Baldwin, Superintendent Lower Kuskokwim School District P.O. Box 305 Bethel, AK 99559-0305 Phone: 543-4912 Fax: 543-4904	Gary Baldwin, Superintendent Lower Kuskokwim School District P.O. Box 305 Bethel, AK 99559-0305 Phone: 543-4912 Fax: 543-4904	Panigkaq Agatha John-Shields P.O. Box 1468 Bethel, AK 99559 Phone: 543-1645 Fax: 543-1647

Website:
http://www.lksd.org/ayaprun/

Chinook Montessori Charter School

Students Enrolled: 155
Grade Levels: K-8
Type: Montessori
State Board of Education Approval: April 16, 1996
Date Charter Expires: July 1, 2011

Mission: Chinook Montessori Charter School, a school of choice, will strive to create a dynamic educational environment, which fosters educational excellence and cultivates personal, intellectual, and emotional growth and responsibility. We will provide this through an alliance formed through a seamless web of educators, parents, businesses and community members.

Purpose: The philosophy of Chinook Montessori Charter is grounded in the belief that learning is interwoven with life. The community serves as our campus with Chinook Montessori School acting as our headquarters. The school offers a nurturing multi-age environment, which supports a highly rigorous academic program. Integrated teaching encourages students to make connections between ideas and concepts in different content areas. Chinook Montessori School values time. The flexibility of time allows for small group seminars, grand conversations and investigations with teachers and students. Chinook Montessori is a professional development site, which values innovation, teacher research and excellence in teaching.

School District	**District Contact**	**Charter School Contact**
Nancy Wagner, Superintendent Fairbanks School District 520 Fifth Ave Fairbanks, AK 99701-4756 Phone: 452-2000, ext. 401 Fax: 451-0541	Nancy Wagner, Superintendent Fairbanks School District 520 Fifth Ave Fairbanks, AK 99701-4756 Phone: 452-2000, ext. 401 Fax: 451-0541	Michele Halbrook 3002 International Street Fairbanks, AK 99701 Phone: 452-5020 Fax: 452-5048

Website:
http://www.northstar.k12.ak.us/schools/chn/Home.htm

Eagle Academy Charter School

Students Enrolled: 165
Grade Levels: K – 6
Type: Spalding
State Board of Education Approval: December 7, 2004
Date Charter Expires: December 6, 2009

Mission: Eagle Academy offers an academically challenging educational program requiring students to master Eagle Academy's performance standards before progressing to the next level of curriculum.

Purpose: The Spalding method of teaching is the basis for instruction across curriculum in all grade levels, employing a multi-sensory approach to learning. Teaching of core subjects is given priority in scheduling and other areas of school operation. Students are placed at their appropriate instructional level for Language Arts and Math based on results of standardized tests, along with classroom grades and assessments. For all other subjects (Social Studies, Science, Art, Music, PE and Technology) students are grouped by grade level.

Rewards, incentives, effort grades, and discipline are individual, based on each student's own behavior, participation and performance. Each family is required to fulfill a 16 hour service commitment per year

Curriculum: Language Arts instruction is based on Spalding's The Writing Road to Reading. Saxon Math is structured in incremental learning steps, which is effective for retaining and applying mathematical concepts. The Core Knowledge History and Geography textbook series is utilized for Social Studies. Scott Foresman Science offers a combination of content and hands-on learning. Students receive one hour each of PE, Technology, Art and Music instruction weekly.

School District	**District Contact**	**Charter School Contact**
Carol Comeau, Superintendent Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4000 Fax: 742-4318	Connie Bensler, Liaison Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4322 Fax: 742-4318	Mary Meade 10901 Mausel Street Suite 101 Eagle River, AK 99577 Phone: 742-3025 Fax: 742-3035

Website:
http://www.eagleacademycharterschool.com/

Effie Kokrine Charter School

Students Enrolled: 102
Grade Levels: 7-12
Type: Conversion/At-Risk/Native
State Board of Education Approval: June 10, 2005
Date Charter Expires: July 1, 2015

Mission: The mission of Effie Kokrine is "to provide educational opportunities for students to succeed in the world by developing a strong sense of purpose, identity, place and community through cultural and academic empowerment."

Purpose: The school's vision "is a place of support, development and learning for the whole child. It uses their cultural background as the foundation of who they are."

School District	**District Contact**	**Charter School Contact**
Nancy Wagner, Superintendent Fairbanks School District 520 Fifth Ave Fairbanks, AK 99701 Phone: 452-2000, ext. 401 Fax: 451-0541	Nancy Wagner, Superintendent Fairbanks School District 520 Fifth Ave Fairbanks, AK 99701 Phone: 452-2000, ext. 401 Fax: 451-0541	Linda Evans Principal 601 Loftus Road Fairbanks, AK 99709 Phone: 474-0958 Fax: 479-2104

Website:
http://www.northstar.k12.ak.us/index.php?i_page=250

Fronteras Spanish Immersion Charter School

Students Enrolled: 189
Grade Levels: K-8
Type: Spanish Immersion
State Board of Education Approval: June 10, 2005
Date Charter Expires: July 1, 2015

Mission: Fronteras Charter School is a Spanish Immersion K-8 academic center that promotes high academic success in a nurturing, creative multiage environment; and foster increased cultural understanding, communication and citizenship in our community, nation and world.

Purpose: Expanding the spectrum of thought and the ability to communicate in today's evolving world makes the goal of acquiring a second language profoundly important. Being immersed part of each day in Spanish, each child will be nurtured; gaining well rounded personal development through meaningful and creative academic and social exploration. Fronteras Charter School utilizes the partnership of parents, community resources, technology, skilled instructors' service, and stimulating curriculum to realize high academic success, language acquisition, critical thinking, good citizenship, and the development of healthy, global minded individuals.

School District	**District Contact**	**Charter School Contact**
George Troxel, Superintendent Matanuska-Susitna Borough Schools 501 N Gulkana Palmer, AK 99645 Phone: 907-746-9255 Fax: 907-761-4076	John Weetman Matanuska-Susitna Borough Schools 501 N. Gulkana Palmer, AK 99645 Phone: 746-9200 Fax: 761-4076	Casey Bowen 70101 E. Bogard Rd Wasilla, AK 99654 Phone: 745-2223 Fax: 745-6132

Website:
http://www.fronteras-k8.us

Family Partnership Charter School

Students Enrolled: 494
Grade Levels: K-12
Type: Home School
State Board of Education Approval: April 28, 1997
Date Charter Expires: July 1, 2012

Mission: The charter school is committed to a framework in which mankind's first and most basic school, the home, is supported by the community as a viable education alternative. The charter school is a non-sectarian partnership school between students, parents, professional educators and community members where as many families as desire will customize an education for their children. It utilizes a school without walls wherein parents are to bear the primary responsibility for the management of their children's education.

Purpose: We live in an ever-changing world. Every day we discover new opportunities for learning. New tools, technology, methods and ways of thinking demand a more flexible and open model for educational program development. The Family Partnership Charter School provides a framework for the responsible use of public resources in which students, parents and educators can make the most of these opportunities.

School District	**District Contact**	**Charter School Contact**
Carol Comeau, Superintendent Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4000 Fax: 742-4318	Connie Bensler, Liaison Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4322 Fax: 742-4318	Reed Whitmore 401 E. Fireweed Lane, Suite 100 Anchorage, AK 99503 Phone: 742-3700 Fax: 742-3710

Website:
https://www.fpcs.net/fpcsweb2/

Fireweed Academy

Students Enrolled: 72
Grade Levels: 3-6
Type: Theme Immersion
State Board of Education Approval: April 28, 1997
Date Charter Expires: July 1, 2012

Mission: To provide a compassionate learning environment that gives students, parents, teachers and community members opportunities to develop self-reliance, cooperation, creativity, reasoning ability, personal growth and academic achievement.

Purpose: The Fireweed Academy Charter School recognizes many different styles of learning. Many students do well in a traditional classroom, yet some students learn best when they have more choices and when lessons are individualized and tied to real-world applications. To accommodate such students, the Fireweed Academy Charter School implements the following teaching methods: Theme Immersion Studies, Socratic Practice, Experiential Learning, Project-based Curricula, and Interdisciplinary Education. The establishment of Fireweed Academy not only benefits individual students, but also provides the Homer area community with more options for tested activities, methods, and curricula.

School District	**District Contact**	**Charter School Contact**
Donna Peterson, Superintendent Kenai Peninsula Schools 148 N. Binkley Street Soldotna, AK 99669 Phone: 714-8888 Fax: 262-9645	Dave Jones, Asst. Superintendent Kenai Peninsula Schools 148 N. Binkley Street Soldotna, AK 99669 Phone: 714-8888 Fax: 262-5867	Kiki Abrahamson P.O. Box 474 995 Soundview Ave Homer, AK 99603 Phone: 235-9728 Fax: 235-8561

Website:
https://www.edline.net/GroupHome.page

Frontier Charter School

Students Enrolled: 364
Grade Levels: K-12
Type: Home School
State Board of Education Approval: March 20, 2003
Date Charter Expires: June 30, 2013

Mission: Frontier Charter School is a resource for curriculum, technology and community. Frontier serves full-time home schooling families in the Anchorage School District who are pursuing academic excellence.

Purpose: Frontier's program philosophy states: One of the primary reasons parents choose to home-school their children is their belief that they can help each of their children achieve academic excellence. This belief stems from the fact that they are willing and able to give education top priority and that they can build an individualized education program that meets the needs of each child. Frontier Charter School provides qualified instructors and community resources including guidance to parents, books and supplies, online courses, one-on-one tutoring, distance learning courses, classes offered by local vendors, and access to facilities as necessary.

School District	**District Contact**	**Charter School Contact**
Carol Comeau, Superintendent Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4000 Fax: 742-4318	Connie Bensler, Liaison Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4322 Fax: 742-4318	Tim Scott 400 W. Northern Lights Blvd. Suite # 9 Anchorage, AK 99503 Phone: 742-1180 Fax: 742-1188

Website:
http://www.frontierk12.org/

Highland Tech High

Students Enrolled: 272
Grade Levels: 7-12
Type: Technical
State Board of Education Approval: March 20, 2003
Date Charter Expires: August 31, 2013

Mission: To equip our students with the academic, social, and technical skills to excel in today's world and contribute positively to our society and the future.

Purpose: Highland Tech High was developed for students in grades 7 through 12 interested in an alternative educational environment that combines interdisciplinary, real world, project-based learning with rigorous academic expectations. The program focuses on four key principles: individualization, project-based studies, comprehensive assessments, and community immersion. Students will meet district and state standards, as well as those incorporated in the HTH curriculum.

School District	**District Contact**	**Charter School Contact**
Carol Comeau, Superintendent Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4000 Fax: 742-4318	Connie Bensler, Liaison Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4322 Fax: 742-4318	Mark Standley 5530 E. Northern Lights Blvd. Anchorage, AK 99504 Phone: 742-1700 Fax: 742-1711

Website:
http://www.highlandtech.org/

Kaleidoscope School of Arts & Sciences

Students Enrolled: 159
Grade Levels: K-4
Type: Arts/Science
State Board of Education Approval: March 16, 2004
Date Charter Expires: December 4, 2018

Mission: "Kaleidoscope School of Arts & Sciences is a public elementary charter school that develops student academic and life skills through the integrated study of arts and sciences. Like all Alaskan charter schools, the KSAS offers a free, public, and unique choice within the Kenai Peninsula Borough School District system for innovative instruction focusing on student achievement, creative problem solving, life-long learning, and parent involvement. We have chosen the name Kaleidoscope as the image reflects what we want to accomplish: to use multiple 'lenses' to create new patterns of understanding."

Purpose: KSAS combines current magnum classroom concepts from Sears Elementary by centering all lessons on science and the arts, using the philosophy that students learn best through hands-on practice.

School District	*District Contact*	*Charter School Contact*
Donna Peterson, Superintendent Kenai Peninsula Schools 148 N. Binkley Street Soldotna, AK 99669 Phone: 714-8888 Fax: 262-9645	Dave Jones, Asst. Superintendent Kenai Peninsula Schools 148 N. Binkley Street Soldotna, AK 99669 Phone: 714-8888 Fax: 262-5867	Mick Wykis 549 N. Forest Dr. Kenai, AK 99611 Phone: 283-0804 Fax: 283-3786

Website:
https://www.edline.net/pages/Kaleidoscope

Juneau Community Charter School

Students Enrolled: 68
Grade Levels: K-6
Type: Arts/Music
State Board of Education Approval: April 28, 1997
Date Charter Expires: July 1, 2016

Mission: The Juneau Community Charter School provides a balanced education using developmentally appropriate techniques, which tap into the child's need to explore and create in all fields of learning. Our strong connection with parent and community resources gives students diverse perspectives and unique learning opportunities.

Purpose: The Juneau Community Charter School's core identity includes a structure consisting of multi-age classrooms and an overall small school size; teaching methods which address the whole child, are arts-integrated and use constructivist methods and curricula; a cooperative school model in which parental involvement and engagement is paramount; frequent interaction with individuals and institutions in the larger Juneau community; long-term relationships of students, staff and families; and a high degree of teacher autonomy.

School District	**District Contact**	**Charter School Contacts**
Peggy Cowan, Superintendent Juneau City Schools 10014 Crazy Horse Drive Juneau, AK 99801 Phone: 523-1701 Fax: 523-1708	Laury Scandling, Asst. Superintendent Juneau City Schools 10014 Crazy Horse Drive Juneau, AK 99801 Phone: 523-1703 Fax: 523-1709	Marjorie Hamburger, Site Manager 430 Fourth Street Juneau, AK 99801 Phone: 586-2526 Fax: 586-3543

Website
http://www.jsd.k12.ak.us/jccs/

Ketchikan Charter School

Students Enrolled: 175
Grade Levels: K-8
Type: Core Knowledge
State Board of Education Approval: April 28, 1997
Date Charter Expires: July 1, 2012

Mission: Through the cooperation of parents, teachers, and students, Ketchikan Charter School creates a learning environment that fosters growth of character, high academic achievement, and the love of learning, resulting in responsible, productive citizens.

Purpose: The Ketchikan Charter School Committee sees a need to offer parents another choice in educating their children in this District. A structured and more challenging curriculum that includes specific and sequential content, skills, and knowledge is wanted and needed. Regular assessment and early remediation must be available. The Charter School Law enables students, parents, teachers and administrators to accept responsibility for the education of children.

School District	**District Contact**	**Charter School Contact**
Robert Boyle, Superintendent Ketchikan Gateway Schools 2417 Tongass Ave #223 Ketchikan, AK 99901 Phone: 247-2109 Fax: 247-3820	Robert Boyle, Superintendent Ketchikan Gateway Schools 2417 Tongass Ave #223 Ketchikan, AK 99901 Phone: 247-2109 Fax: 247-3820	Harry Martin 410 Schoenbar Road Ketchikan, AK 99901 Phone: 225-8568 Fax: 247-8568

Website:
http://kcs.kgbsd.org

Midnight Sun Family Learning Center

Students Enrolled: 162
Grade Levels: K-8
Type: Technology/Citizenship
State Board of Education Approval: April 28, 1997
Date Charter Expires: July 1, 2015

Mission: Through a cooperative network of parents, teachers, and community members, Midnight Sun Family Learning Center will provide a safe, nurturing, family-oriented, multi-age learning environment supporting a highly rigorous academic program for higher education preparation with high standards of responsible citizenship. Current technology is incorporated in all aspects of the students' education. Midnight Sun Family Learning Center promotes academic excellence, character development, and educational enthusiasm resulting in responsible, productive citizens.

Purpose: Midnight Sun Family Learning Center was created and shaped by a small nucleus of like-minded parents, teachers, and community members interested in a family-oriented, character-developing, highly rigorous academic education as well as concern for the future of their own and community children. It is an expectation that all students will have high achievement, for each has great potential. Technology is an integral part of the curriculum as it will be an integral part of every child's future.

School District	**District Contact**	**Charter School Contact**
George Troxel, Superintendent Matanuska-Susitna Borough Schools 501 N. Gulkana Palmer, AK 99645 Phone: 746-9255 Fax: 761-4076	John Weetman, Liaison Matanuska-Susitna Borough Schools 501 N. Gulkana Palmer, AK 99645 Phone: 746-9212 Fax: 746-9292	Jeanne Troshynski 7362 W. Parks Hwy. Box 714 Wasilla, AK 99654-9132 Phone: 357-3733 Fax: 373-6786

Website:
http://www.midnightsunschool.com

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Rilke Schule German School of Arts and Sciences

Students Enrolled: 220
Grade Levels: k-8
Type: German Immersion, Arts/Science
State Board of Education Approval: March 28, 2007
Date Charter Expires: August 31, 2010

Mission: The mission of the of the Rilke Schule- German School of Arts and Sciences is to provide an outstanding education focused on high academic achievement by engaging each child through enriched language curriculum taught primary in German.

Purpose: Our teaching focus is on language, arts, music, math and sciences, fostering creative expression though drama, arts, music and sports. With the support of parents and the extended family, our school creates a community which is immersed in the German culture and promotes international awareness. Our school nurtures a child's natural curiosity, cultivating life long learning.

School District	**District Contact**	**Charter School Contact**
Carol Comeau, Superintendent Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4000 Fax: 742-4318	Connie Bensler, Liaison Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4322 Fax: 742-4318	Chrystal Wrabetz 650 W. International Airport Rd. Anchorage, AK 99518 Phone: 742-7455 Fax: 742-7456

Website:
http://rilkeschule.org/

Soldotna Montessori Charter School

Students Enrolled: 161
Grade Levels: K-6
Type: Montessori
State Board of Education Approval: November 30, 2006
Date Charter Expires: June 30, 2012

Mission: Soldotna Montessori will treat each child with respect in a nurturing, supportive, academic environment. The school is setting a high level of expectation for the quality of work and will give each child the opportunity to explore and discover on their own. They expect each child to become a self-confident life long learner.

Purpose: The focal points of the Soldotna Montessori School are to: create a prepared environment in which each child is able to develop self discipline and individual strengths; to develop the child's ability to work individually or with a group to solve problems; to accept the unique nature of each child; to encourage the child to learn to live and work responsibly within the classroom, school, and community; to promote and support parental involvement; and to help each child develop responsible attitudes toward self, others and the environment and to become a socially conscious individual.

School District	**District Contact**	**Charter School Contact**
Donna Peterson, Superintendent Kenai Peninsula Schools 148 N. Binkley Street Soldotna, AK 99669 Phone: 714-8888 Fax: 262-9645	Dave Jones, Asst. Superintendent Kenai Peninsula Schools 148 N. Binkley Street Soldotna, AK 99669 Phone: 714-8888 Fax: 262-9645	Mo Sanders Soldotna Elementary School 162 E. Park Avenue Soldotna, AK 99669 Phone: 260-9221 Fax: 260-9032

Website:
https://www.edline.net/pages/Soldotna_Montessori

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Star of the North Secondary School

Students Enrolled: 207
Grade Levels: 7-12
Type: Conversion/At-Risk
State Board of Education Approval: March 16, 2004
Date Charter Expires: March 16, 2014

Mission: To positively intervene on the behalf of young people at risk for not earning a high school diploma.... and provide a wider base for alternative education in the Fairbanks North Star Borough School District.

Purpose: "The Career Education Center (CEC) and the North Pole Leadership Academy (NPLA) are currently successfully serving the needs of 150 FNSBSD students for whom the traditional high school model has failed. Star of the North Secondary School views creating a Charter and gaining the fiscal autonomy allowable under such a contract as a sensible way to guarantee that the needs of our students at most risk for school failure will be addressed. We will continue to work closely with the school district in order to help disengaged students recover their dreams of earning a high school diploma."

School District	**District Contact**	**Charter School Contact**
Nancy Wagner, Superintendent Fairbanks North Star Borough Schools 520 5th Avenue Fairbanks, AK 99701-4756 Phone: 452-2000 Fax: 451-0541	Nancy Wagner, Superintendent Fairbanks North Star Borough Schools 520 5th Avenue Fairbanks, AK 99701-4756 Phone: 452-2000 Fax: 451-0541	Annemarie Keep-Barnes 2945 Monk Court North Pole, AK 99705 Phone: 490-9025 Fax: 490-9021

Website:
http://www.northstar.k12.ak.us/schools/son/snss.html#

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Tongass School of Arts & Sciences

Students Enrolled: 152
Grade Levels: K-6
Type: Arts/Science
State Board of Education Approval: March 20, 2003
Date Charter Expires: August 31, 2011

Mission: To provide an educational experience for students that includes real-life and real-world experiences and builds on themes related to the arts and sciences; creates an educational environment that provides positive relationships within the classroom; and develops respect and appreciation for the diversity of people, cultures, ideas and perspectives.

Purpose: A meaningful education includes an instructional program that develops a foundation of skills and knowledge and provides students, according the their developmental levels, the freedom to ask important questions and to seek answers; to analyze, investigate, and synthesize information and to develop independent opinions and conclusions through inquiry, dialogue, and reflection.

School District	**District Contact**	**Charter School Contact**
Robert Boyle, Superintendent Ketchikan Gateway Schools 333 Schoenbar Road Ketchikan, AK 99901 Phone: 225-2118 Fax: 225-2356	Robert Boyle, Superintendent Ketchikan Gateway Schools 333 Schoenbar Road Ketchikan, AK 99901 Phone: 225-2118 Fax: 225-2356	Janet Johnson 410 Schoenbar Road, Suite 202 Ketchikan, AK 99901-3309 Phone: 225-5720 Fax: 225-8822

Website:
http://www.tongassschool.org/

Twindly-Bridge Charter School

Students Enrolled: 214
Grade Levels: K-12
Type: Home School
State Board of Education Approval: March 11, 2005
Date Charter Expires: August 31, 2010

Mission: "...will provide a meaningful education and encourage a strong bond to develop between students, families, teachers, staff, our district, and our community. Students will develop a solid core of skills using creativity as they develop critical thinking skills." Our mission is to provide an instructional program that builds on students' interests. We believe that this approach promotes creativity and critical thinking.

Purpose: The school will stress the Multi-Intelligences Theory and Problem-Based Learning in a home school format. The educational approach of TBCS is to focus on the individual student and his/her own interests, weaknesses and strengths, completing independent study at home and in supplementary classes held in the school's classrooms and labs.

School District	**District Contact**	**Charter School Contact**
George Troxel, Superintendent Matanuska-Susitna Borough Schools 501 N. Gulkana Palmer, AK 99645 Phone: 746-9255 Fax: 761-4076	John Weetman, Liaison Matanuska-Susitna Borough Schools 501 N. Gulkana Palmer, AK 99645 Phone: 746-9212 Fax: 746-9292	Greg Miller 141 E. Seldon Rd. Wasilla, AK 99654 Phone: 376-6680 Fax: 376-6683

Website:
http://www.twindlybridge.us/

Winterberry Public School

Students Enrolled: 185
Grade Levels: K-8
Type: Waldorf

Mission: "Our mission is to nurture and promote the development of healthy, responsible, and creative human beings. We aim to enliven and support families in our local community. Specially trained teachers use developmentally attuned approaches and the arts to encourage academic achievement and creativity, social intelligence and ecological awareness."

Purpose: Winterberry School provides an innovative, standards-based education, enhancing the growth of student creativity and imagination through the arts. Our aim is to provide a holistic learning environment and demonstrate that all children are natural and inspired learners who can achieve. To do this, we will use the Whole Child Curriculum, based on the Waldorf educational philosophy.

School District	**District Contact**	**Charter School Contact**
Carol Comeau, Superintendent Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4000 Fax: 742-4318	Connie Bensler, Liaison Anchorage Schools Box 196614 Anchorage, AK 99519-6614 Phone: 742-4322 Fax: 742-4318	Shanna Mall 508 W. 2nd Ave. Anchorage AK 99501 Phone: 742-4980 Fax: 742-4985

Website:
http://www.winterberryschool.org/

SB 101

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 2/6/09

FURTHER: Health and Social Services

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

DATE TURNED IN TO OFFICE: 3/18/09

Education Committee considered SENATE BILL NO. 101

SB 101 STUDENT QUESTIONNAIRES AND SURVEYS

"An Act relating to questionnaires and surveys administered in the public schools."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
EED	3/6/09			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	ELTON			✓	
	HUGGINS			✓	
CHAIR: Bettye Davis	DAVIS	✓			

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Alaska State Legislature

Interim: (May - Dec.)
716 W. 4th Ave
Anchorage, AK 99501
Phone: (907) 269-0144
Fax: (907) 269-0148

Session: (Jan. - May)
State Capitol, Suite 30
Juneau, AK 99801-1182
Phone: (907) 465-3822
Fax: (907) 465-3756
Toll free: (800) 770-3822

Senator_Bettye_Davis@legis.state.ak.us
http://www.akdemocrats.org

Senator Bettye Davis

Senate Bill 101, 26-LS0524\A

"An Act relating to questionnaires and surveys administered in the public schools."

Sponsor Statement

SB 101 will provide for more student participation in school questionnaires and surveys administered or required by Alaska school districts and the Department of Education and Early Development, while at the same time constitutionally protecting the privacy rights of parents and students and also complying with the federal Protection of Pupil Rights Amendment (PPRA), 20 U.S.C., section 1322h.

With the exception the anonymous Youth Risk Behavior Survey noted in new subsection AS 14.03.110(g) which has been administered biennially since 1991 by the United States Centers for Disease Control and Prevention, SB 101 provides that a school district may not administer a survey, anonymous or not, that inquires into personal or private family affairs of the student not a matter of public record or subject to public observation unless written permission is first obtained from the student's parent or legal guardian. SB 101 provides in AS 14.03.110(e) that a student may still "refuse to answer specific questions" or to participate in the survey.

SB 101 changes subsection AS 14.03.110(e) by requiring that parents who do not want their children to participate in an anonymous survey, must "opt out" or "actively dissent" to participation with written denial of permission submitted to the teacher or principal. SB 101 effectively changes parental consent to anonymous surveys under the current statute from "active" to "passive" consent, *i.e.*, implied consent without written objection. Notice, however, is still required and permission for anonymous surveys can be obtained by school districts annually under the unchanged provision of AS 14.03.110(b).

The 2-week notice requirements under AS 14.03.110(b),(c) remain unchanged, but revised subsection AS 14.03.110(d) under SB 101 requires more information in the notice than current provisions in recognition of the need for more attention to constitutional due process in matters of student privacy. Changes require more information about the nature and content of the survey, the date, sponsor, school contacts, and opportunity to refuse participation in a questionnaire or survey.

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Changes under SB 101 comport with the original legislative intent of the school survey statute before it was changed in 1999. The current statute, which requires "active" parental consent for youth to participate in anonymous school surveys requires that parents must acknowledge both permission and denial in writing. SB 101 requires only that parents deny permission in writing to anonymous surveys. Surveys which are not anonymous or that delve into personal or private matters still require parental written consent for permission for students to participate with the exception of AS 14.03.110(g) regarding the Youth at Risk Behavior Survey noted above. The need for statutory changes under SB 101 follow:

It has been found that "active" parental consent overburdens the public school system and **drastically increases the costs and** labor involved in conducting student surveys. Moreover, "active" consent greatly reduces overall participation by students, because many parents simply are non-responsive. While studies have found that the vast majority of parents would consent to students participating in school surveys, non-response is more often due to apathy, oversight, and student omission or error, rather than parental refusal. Many districts are unable to use the data they collect because there are not enough participants for statistical validation. Some surveys such as the Youth Risk Behavior Survey cannot be validated with less than 60% participation, as occurred in Alaska in 2005. Lack of participation may also reduce federal funding.

School surveys provide reliable and valuable measures of population-based information on youth which helps policy makers, educators, program planners, and parents to better understand health and social issues that affect students' prospects for program success. Standardized surveys such as the Youth Risk Behavior Survey track trends over time and help guide and evaluate important health and prevention programs. State and federal grant programs which rely on these surveys include tobacco prevention and control, obesity prevention, diabetes, heart disease and stroke, safe and drug free schools and other substance abuse prevention, injury prevention, including violence and suicide prevention, HIV and STD prevention, and more.

Alaska State Legislature

Interim: (May - Dec.)
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Senator_Bettye_Davis@legis.state.ak.us
http://www.akdemocrats.org

Senator Bettye Davis

Senate Bill 101, 26-LS0524\A

"An Act relating to questionnaires and surveys administered in the public schools."

Sectional Summary

Note: this sectional summary should not be considered an authoritative interpretation of the bill, as the bill itself is the best statement of its contents.

Section 1. Amends AS 14.03.110(a) to require a school district to obtain written permission to administer a questionnaire or survey, anonymous or not, with the exception of the Youth Risk Behavior Survey, as provided in Section 4 in new subsection AS 14.03.110(g).

Section 2. Repeals and reenacts AS 14.03.110(d) to require a school district provide to a student's parent or legal guardian written notice of a questionnaire or survey with detailed information as to the date, contents, sponsor, contacts at the school district, opportunity to review the questionnaire or survey, description of how to submit written permission or denial of permission to participate, including an anonymous or specific questionnaire or survey.

Section 3. Amends AS 14.03.110(e) to allow a student to participate but to refuse to "answer specific questions." Subsection (e) also requires that a parent or legal guardian may refuse to allow the student to participate in a specific questionnaire or survey "by submitting to the teacher or school principal a written denial of permission for the student's participation."

Section 4. Adds a new subsection AS 14.03.110(g) which provides that if a school district administers the Youth Risk Behavior Survey provided by the United States Centers for Disease Control and Prevention, written permission of the student's parent or legal guardian is not required, but the school district shall provide parents notice of the survey and the opportunity to submit to the teacher or school principal a written denial of permission to take the survey.

Note: Subsections AS 14.03.110(b) and (c) remain unchanged as to annual permission and two weeks notice for anonymous surveys under (b), and written permission and two weeks notice for surveys which are not anonymous under (c).

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: SB 101
Bill Version:
() Publish Date:

Identifier (file name): SB101-EED-ESS-3-06-09
Dept. Affected: EED
Title "An Act relating to questionaires and surveys adminstered in the public schools."
RDU Teaching & Learning Support
Component School & Student Achievement
Sponsor Sen. Davis
Requester Senate Education Committee
Component Number 2796

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

There is no fiscal impact on the Department of Education and Early Development.

Prepared by: Paul Prussing, Deputy Director
Phone 465-8721
Division Teaching & Learning Support
Date/Time 3/6/09 12:00 AM
Approved by: Larry LeDoux
Commissioner
Date 3/6/2009

(Revised 9/10/2008 OMB)

(c) Nothing in this section limits the ability of a peace officer, chief administrative officer, or other appropriate person, acting in compliance with local, state, or federal laws, to search a locker or other container provided in a public or private school by the school district. (§ 5 ch 33 SLA 1995)

Sec. 14.03.110. Questionnaires and surveys administered in public schools. (a) A school district, principal or other person in charge of a public school, or teacher in a public school may not administer or permit to be administered in a school a questionnaire or survey, whether anonymous or not, that inquires into personal or private family affairs of the student not a matter of public record or subject to public observation unless written permission is obtained from the student's parent or legal guardian.

(b) For an anonymous questionnaire or survey, written permission required under (a) of this section may be obtained annually and is valid until the commencement of the subsequent school year or until the parent or legal guardian who gave permission submits a written withdrawal of permission to the school principal. The school shall provide each student's parent or legal guardian at least two weeks' notice before administering a questionnaire or survey described under this subsection.

(c) If a school administers to a student a questionnaire or survey that is not anonymous, the school shall obtain the written permission required under (a) of this section from the student's parent or legal guardian at least two weeks before the questionnaire or survey is administered.

(d) The school shall give a student's parent or guardian an opportunity to review the questionnaire or survey described under (b) or (c) of this section and shall give the parent or guardian written notice regarding

(1) how the questionnaire or survey will be administered to the student;

(2) how the results of the survey or questionnaire will be used; and

(3) who will have access to the questionnaire or survey.

(e) A student may refuse to participate in a questionnaire or survey administered in a public school. A student's parent or legal guardian may refuse to allow the student to participate in a specified questionnaire or survey.

(f) In this section, "questionnaire or survey" means a list of questions to, or information collected from, a class or group of students. (§ 1 ch 23 SLA 1979; am §§ 1, 2 ch 63 SLA 1999)

Opinions of attorney general. — AS 14.03.110 — As long as survey questions are limited to the student's own activities and the survey does not ask the student questions about parents or other activities occurring within a student's home, the 1997 Youth Behavior Risk Survey does not impermissibly invade the domain of the student's private '*family*' affairs. September 28, 1998 Op. Att'y Gen. (Issued before 1999 amendment to this section.)

Sec. 14.03.115. Access to school records by parent, foster parent, or guardian. Upon request of a parent, foster parent, or guardian of a child under 18 years of age who is currently or was previously enrolled in a municipal school district or a school district that is a regional educational attendance area, the school district shall provide a copy of the child's record. This section does not apply to

(1) a record of a child who is an emancipated minor; or

(2) record information that consists of the child's address if the school district determines that the release of the child's address poses a threat to the health or safety of the child. (§ 1 ch 36 SLA 1999)

Sec. 14.03.120. Education planning; reports. (a) A district shall annually file with the department, and make available to the public, a report that

(1) establishes district goals and priorities for improving education in the district;

(2) includes a plan for achieving district goals and priorities; and

Healthy Alaska

Youth Risk Behavior Survey (YRBS) Nationally and in Alaska

January 2007

Inside This Issue:

- YRBS - Nationally
- YRBS - How Can This Short Survey Collect Vital Behavioral Information We Need?
- YRBS - How it Works
- YRBS - The Value
- Alaska's YRBS
- Dear PAT
- An Overwhelming Opportunity
- SE Alaska Regional Conference on Fetal Alcohol Spectrum Disorders (FASD)
- Brain Booster — Question:

January 25-27, 2007 Centennial Hall Juneau, Alaska

Registration Deadline January 16, 2007. Any questions regarding registration contact Robbi Woltring at 907-723-7556 or fasdconference@yahoo.com

Make this equation correct without changing the numbers: 8 + 8 = 91

YRBS -Nationally

The Youth Risk Behavior Survey (YRBS) is the largest and most respected source of data on the youth risk behaviors that contribute to the leading causes of mortality, morbidity, and social problems in the US. The YRBS was created by the Division of Adolescent School Health, Center for Disease Control, and representatives from more than 800 local, state, and federal health agencies in 1990. The YRBS measures behaviors that fall into the following 6 categories: Behaviors that result in unintentional injuries and violence, tobacco use, alcohol and other drug use, sexual behaviors that result in HIV infection, other STDs, and unintended pregnancies, dietary behaviors, physical activity.

YRBS- How Can This Short Survey Collect the Vital Behavioral Information We Need?

Amazingly, nationally 71% of all deaths for persons 10-24 years of age are due to only 4 causes: motor vehicle crashes, other unintentional injuries, homicide, and suicide. In addition, 800,000-900,000 teenaged girls become pregnant each year and an estimated 3 million STDs occur among persons ages 10-19. A limited number of behaviors usually established during youth contribute substantially to these causes of mortality and morbidity. These behaviors include: carrying a weapon, physical fighting, attempting suicide, drinking or using drugs while operating a motor vehicle, lack of seatbelt use while riding in a motor vehicle, lack of helmet use while riding a bicycle, and unprotected sexual intercourse that results in HIV infection, other STDs, or unintended pregnancies.

The Youth Risk Behavior Survey also surveys youth on the leading causes of adult morbidity and mortality as many individuals initiate the risk behaviors that lead to problems as adults in their adolescence. Among adults in the US aged 25 and older, 63% of deaths are due to only 2 causes: cardiovascular disease and cancer. A limited number of causes contribute to these health problems. These behaviors include: use of tobacco, unhealthy dietary behaviors, and physical inactivity.

YRBS - How it Works

The YRBS is administered in a collection of randomly drawn sample schools from nearly every state every other year. The survey is administered to high school aged students in a single class period and is completely anonymous. Some school districts choose to survey all of their high school students to better understand and measure risk behaviors in their communities. Strict precautions are in place to absolutely insure student confidentiality and participation in the survey is completely voluntary. Students answer the multiple choice questions about their current and past risk behaviors, which are collected and sent to the state for processing. State results are then shared federally with CDC.

YRBS - The Value

The YRBS results have tremendous value at the national, state, and local level. Results allow health and educational professionals to track the prevalence of youth risk behaviors over time, to compare their state to other states or to the nation, and even to empower local communities to measure themselves compared to the rest of the state. Understanding the extent to which youth practice health risk behaviors is critical for developing programs that address risk behaviors practiced in their jurisdiction and for measuring progress toward program goals. YRBS results also help with focusing school health education teacher training and instructional programs, supporting health-related legislation, and seeking funding for school health programs.

Brain Booster

Answer:

Look at the equation upside down: 16 = 8 + 8

Fundamentals of HIV Prevention Counseling Training

February 12 & 13, 2007
Anchorage, Alaska

The training is designed for HIV test counselors, substance abuse counselors, mental health clinicians, and others responsible for HIV prevention counseling. If you have any questions, please contact Carl Aronson at (907) 269-8055.

SUBSCRIBE

To subscribe directly to our newsletter, visit us at: www.eed.state.ak.us/tls/scholhealth/subscribe.htm

FEEDBACK

We are looking for feedback! If there are any changes you would like to see made and/or suggestions for content of the newsletter, please send them to Sarah Schaal at: sarah_schaal@eed.state.ak.us

School Health Partners:

EDUCATION
CLEARLY DEVELOPING

www.eed.state.ak.us/tls/schoolhealth/

STATE of ALASKA
Department of Health and Social Services

www.hss.state.ak.us/dph/chronic/school/default.htm

Alaska's YRBS

Alaska managed to collect enough student responses to the YRBS to get usable data twice since it began administering the survey in 1995. CDC determined that at least 60% of students in the selected sample must complete the survey for it to accurately represent student behavior across the entire state. Alaska was able to get 60% or more responses in 1995 and in 2003. In 2005, Alaska missed achieving an adequate response rate and was unable to use the data. Every effort is being made for a successful survey in 2007.

Here is a sample of Alaska 2003 YRBS data:

- 11.8% of high school boys reported carrying a weapon to school in the last 30 days
- 38.7% of high school students reported drinking alcohol in the last 30 days
- 47.5% of high school students reported having ever used marijuana
- 1 in 4 high school students reporting driving in a vehicle with a driver who drank alcohol in the last 30 days
- 1 in 5 high school girls reported seriously considering suicide in the last 12 months

For more information visit http://www.hss.state.ak.us/dph/chronic/school/pubs/YRBSreport2003.pdf.

DEAR PAT,

I am a health teacher who recently heard that Alaska has a law that requires parental consent for youth health surveys at school. I occasionally utilize classroom surveys with my students and now am concerned if I am following protocol. Is this true, and if so, what should I do? Signed, Alarmed in ABC School

Dear Alarmed in ABC School,

Alaska has had a law, AS 14.03.110, since 1999 that prohibits schools from administering surveys or questionnaires at public schools that inquire into personal or family affairs, or anything else that is not a matter of public record or readily observable in public (regardless of whether or not the surveys are anonymous and voluntary) without first getting written permission from all participating students' parents or legal guardians. This type of requirement is known as active parental consent.

According to the Centers for Disease Control Alaska is one of two or three states in the nation that has a school survey law requiring active parental consent for surveys that are anonymous and voluntary. Most states employ passive parental consent when administering such surveys. Under this system, written notice is sent out to parents informing them of the upcoming survey and the types of questions it will ask, and then permission to participate is assumed unless parents or students indicate otherwise. With passive parental consent all students and parents can decline to participate at any point in the process.

Classroom teachers need to be aware of this law as it applies to small informal surveys teachers may want to include in their instruction as well as to national surveys like the YRBS. Many teachers are surprised to learn of this law and its requirements, and are forced to revisit some of their current instructional assignments and practices to avoid violations. Teachers should check with their school administrators for further guidance.

Addressing active consent is a controversial topic. Advantages to active parental consent are greater parental involvement and less risk of students being included in surveys without parental approval. Disadvantages of active parental consent include the drastically increased costs and labor involved in conducting student surveys, the high failure rates for getting enough student responses to get usable data for larger surveys, the potential for leading to inaccurate/misrepresentative data, the research suggesting that the vast majority of parents consent to their students participating in such surveys, and that most parental failures to provide written permission are driven by apathy, oversight, or student error, not by refusal.

As a health teacher you can do several things to support collections of important health data for local, state and national use. First you can communicate with your site administrator to see if consent for surveys is built into your school's annual parental enrollment packet. Second, you can incorporate lessons on the YRBS into your curriculum, highlighting its findings and its importance. Student health projects could focus on raising community awareness and support for the YRBS and other youth risk behavior surveys. Finally, some students could choose to research Alaska's law around surveys in schools and its current effects on Alaska's youth risk behavior data collection efforts.

***Much of the information in this edition comes from CDC's 2005 Handbook for Conducting YRBS Surveys.

GS12/0001

WHERE CAN I GET MORE INFORMATION?
VISIT WWW.CDC.GOV/HEALTHYYOUTH
OR CALL 800-CDC-INFO (800-232-4636).

DASH

Division of Adolescent and School Health

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR DISEASE CONTROL AND PREVENTION

CDC
CENTERS FOR DISEASE CONTROL AND PREVENTION

Summary of Surveillance Activities

DIVISION OF ADOLESCENT AND SCHOOL HEALTH (DASH)

Summary of Surveillance* Activities

Division of Adolescent and School Health

	Youth Risk Behavior Surveillance System (YRBSS)			School Health Policies and Program Study (SHPPS)	School Health Profiles (Profiles)
	National	State/Territorial/ Tribal/District	Other		
Purpose	■ To determine the prevalence of health-risk behaviors among students ■ To assess trends in these behaviors ■ To examine the co-occurrence of health-risk behaviors			To provide national data on eight components of a school health program at the state, school district, school, and classroom levels	To provide data on school health policies and practices at schools among states, territories, tribal governments, and large urban school districts
Content	■ Unintentional injuries and violence ■ Tobacco use ■ Alcohol and other drug use ■ Sexual behaviors that contribute to unintended pregnancy and sexually transmitted diseases, including HIV infection ■ Unhealthy dietary behaviors ■ Physical inactivity			■ Health education ■ Physical education and activity ■ Health services ■ Mental health and social services ■ Nutrition services ■ Healthy and safe school environment ■ Faculty and staff health promotion ■ Family and community involvement	■ School health education requirements and content ■ Physical education requirements ■ Health services ■ Nutrition-related policies and practices ■ Family and community involvement in school health programs ■ School health policies on HIV and AIDS prevention, tobacco-use prevention, and physical activity ■ Professional preparation and staff development for lead health education teachers
Sample	Nationally representative sample of public and private high school students	Representative sample of public high school students in each jurisdiction	Representative sample of students in: ■ Middle schools ■ Alternative schools ■ Juvenile justice facilities	■ All states ■ Nationally representative sample of school districts ■ Nationally representative sample of public and private elementary schools, middle schools and high schools	Representative sample of public middle schools and high schools in a state, territory, tribal government, or school district
Methods	Self-administered paper-and-pencil questionnaire, conducted in classrooms			Computer-assisted telephone and personal interviews and self-adminstered, mailed questionnaires	Self-administered, mailed questionnaires
Timing	Biennially, since 1991		Varied	Every 6 years, since 1994	Biennially, since 1994
Example Statements	In 2007, 57.3% of Hispanic female high school students in the U.S. attended physical education classes on 1 or more days in an average week when they were in school.	In 2007, 24.4% of female high school students in Kentucky attended physical education classes on 1 or more days in an average week when they were in school.	In 2007, 87.4% of middle school students in Wyoming attended physical education classes on 1 or more days in an average week when they were in school.	**State:** In 2006, 70.5% of states required districts or schools to follow national or state physical education standards or guidelines. **District:** In 2006, 68.9% of districts had someone oversee or coordinate physical education. **School:** In 2006, 78.3% of schools required students to take some physical education.	In 2006, 60.1% of secondary schools in Alabama required students to take 2 or more physical education courses.
Ownership of Data	CDC	States, territories, tribal governments, and districts	Varied	CDC	States, territories, tribal governments, and districts
Contractor	ORC Macro	Westat, Inc., plus companies hired by states, territories, tribal governments, and districts	Varied	ORC Macro	Westat, Inc., plus companies hired by states, territories, tribal governments, and districts
Web Site	www.cdc.gov/yrbs			www.cdc.gov/shpps	www.cdc.gov/healthyyouth/profiles

*Surveillance is the ongoing collection, analysis, and interpretation of data from generalizable samples.

ED.gov

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Protection of Pupil Rights Amendment (PPRA)

The Protection of Pupil Rights Amendment (PPRA) (20 U.S.C. § 1232h; 34 CFR Part 98) applies to programs that receive funding from the U.S. Department of Education (ED). PPRA is intended to protect the rights of parents and students in two ways:

- It seeks to ensure that schools and contractors make instructional materials available for inspection by parents if those materials will be used in connection with an ED-funded survey, analysis, or evaluation in which their children participate; and

- It seeks to ensure that schools and contractors obtain written parental consent before minor students are required to participate in any ED-funded survey, analysis, or evaluation that reveals information concerning:

    1. Political affiliations;
    2. Mental and psychological problems potentially embarrassing to the student and his/her family;
    3. Sex behavior and attitudes;
    4. Illegal, anti-social, self-incriminating and demeaning behavior;
    5. Critical appraisals of other individuals with whom respondents have close family relationships;
    6. Legally recognized privileged or analogous relationships, such as those of lawyers, physicians, and ministers; or
    7. Income (other than that required by law to determine eligibility for participation in a program or for receiving financial assistance under such program).

Parents or students who believe their rights under PPRA may have been violated may file a complaint with ED by writing the Family Policy Compliance Office. Complaints must contain specific allegations of fact giving reasonable cause to believe that a violation of PPRA occurred.

For additional information or technical assistance, you may call (202) 260-3887 (voice). Individuals who use TDD may call the Federal Information Relay Service at 1-800-877-8339. Or you may contact us at the following address:

Family Policy Compliance Office
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202-5920

Print Close Window

Last Modified: 02/17/2005

Model Notification of Rights Under the Protection of Pupil Rights Amendment (PPRA)

PPRA affords parents certain rights regarding our conduct of surveys, collection and use of information for marketing purposes, and certain physical exams. These include the right to:

• *Consent* before students are required to submit to a survey that concerns one or more of the following protected areas ("protected information survey") if the survey is funded in whole or in part by a program of the U.S. Department of Education (ED)–

1. Political affiliations or beliefs of the student or student's parent;
2. Mental or psychological problems of the student or student's family;
3. Sex behavior or attitudes;
4. Illegal, anti-social, self-incriminating, or demeaning behavior;
5. Critical appraisals of others with whom respondents have close family relationships;
6. Legally recognized privileged relationships, such as with lawyers, doctors, or ministers;
7. Religious practices, affiliations, or beliefs of the student or parents; or
8. Income, other than as required by law to determine program eligibility.

•*Receive notice and an opportunity to opt a student out of*–

1. Any other protected information survey, regardless of funding;
2. Any non-emergency, invasive physical exam or screening required as a condition of attendance, administered by the school or its agent, and not necessary to protect the immediate health and safety of a student, except for hearing, vision, or scoliosis screenings, or any physical exam or screening permitted or required under State law; and
3. Activities involving collection, disclosure, or use of personal information obtained from students for marketing or to sell or otherwise distribute the information to others.

•*Inspect*, upon request and before administration or use –

1. Protected information surveys of students;
2. Instruments used to collect personal information from students for any of the above marketing, sales, or other distribution purposes; and
3. Instructional material used as part of the educational curriculum.

These rights transfer to from the parents to a student who is 18 years old or an emancipated minor under State law.

[School District will/has develop[ed] and adopt[ed]] policies, in consultation with parents, regarding these rights, as well as arrangements to protect student privacy in the administration of protected information surveys and the collection, disclosure, or use of personal information for marketing, sales, or other distribution purposes. **[School District]** will directly notify parents of these policies at least annually at the start of each school year and after any substantive changes. **[School District]** will also directly notify, such as through U.S. Mail or email, parents of students who are scheduled to participate in the specific activities or surveys noted below and will provide an opportunity for the parent to opt his or her child out of participation of the specific activity or survey. **[School District]** will make this notification to parents at the beginning of the school year if the District has identified the specific or approximate dates of the activities or surveys at that time. For surveys and activities scheduled after the school year starts, parents will be provided reasonable notification of the planned activities and surveys listed below and be provided an opportunity to opt their child out of such activities and surveys. Parents will also be provided an opportunity to review any pertinent surveys. Following is a list of the specific activities and surveys covered under this requirement:

•Collection, disclosure, or use of personal information for marketing, sales or other distribution.
•Administration of any protected information survey not funded in whole or in part by ED.
•Any non-emergency, invasive physical examination or screening as described above.

Parents who believe their rights have been violated may file a complaint with:

Family Policy Compliance Office
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202-5901

IMPORTANT RIGHTS FOR PARENTS CONCERNING STUDENT SURVEYS

The Federal Protection of Pupil Rights Amendment (PPRA), 20 U.S.C § 1232h, requires the Anchorage School District to notify you and obtain consent to allow your child to participate in certain school activities. These activities include a student survey, analysis or evaluation that concerns one or more of the following eight areas ("protected information surveys"):

1. Political affiliations or beliefs of the student or student's parent;
2. Mental or psychological problems of the student or student's family;
3. Sex behavior or attitudes;
4. Illegal, anti-social, self-incriminating, or demeaning behavior;
5. Critical appraisals of others with whom respondents have close family relationships;
6. Legally recognized privileged relationships, such as with lawyers, doctors, or ministers;
7. Religious practices, affiliations, or beliefs of the student or parents; or
8. Income, other than as required by law to determine program eligibility.

The Alaska State Statute and Anchorage School District Board policy also have requirements regarding surveys that require parental consent.

By Alaska State Statute, AS 14.03.110:

Parental permission is required for surveys that inquire into personal or private family affairs of the student not a matter of public record or subject to public observation.

- Parents/guardians may provide "blanket" permission, once per year, for their student to participate in anonymous surveys requiring parental consent.
- For any survey that is not anonymous and requires parental consent, the District will obtain the written permission from the student's parent or guardian at least two weeks before the survey is administered.
- In addition, for all surveys requiring permission, parents will be provided notice and an opportunity to review the survey at least two weeks in advance of the administration of the survey.

By District Board policy:

1. Each year, the District may seek the annual permission of each parent/guardian for their child to participate in anonymous surveys.
2. For those surveys that are not anonymous and require parental permission, the District shall provide a permission form to be returned by the parents/guardians and the permission form must be returned at least two weeks before the administration of the survey.

<u>2008-2009 Surveys</u>

For surveys that require notice to parents/guardians, the notice will be provided through your school newsletter. At this time, three surveys are planned that require parental permission: the Youth Risk Behavior Survey, the Aggressors Victims and Bystanders Survey, and the National Indian Education Study Survey. All of these surveys are anonymous.

1. Youth Risk Behavior Survey (YRBS)
Dates: January – March, 2009
Grades: Nine through Twelve

2. Aggressors Victims and Bystanders Survey (AVB)
Dates: September – December, 2008
Grades: Seven

3. National Indian Education Study (NIES) Survey
Dates: January – March, 2009
Grades: Four and Eight/Alaska Native/American Indian Students Only

By signing the following Annual Survey Permission Form, your student may participate in these surveys. For surveys scheduled after the school year starts, the Anchorage School District will provide parents/guardians at least two weeks notice prior to the administration of the surveys. Notification will come to your though your school newsletter and will advise you of your opportunity to review the surveys.

The following surveys do not require parental permission. The District will provide notice through your school's newsletter at least two weeks prior to the administration of the surveys.

1. Climate and Connectedness Student Survey
Dates: January, 2009
Grades: Three through Twelve

2. EEOC – Athletic Interest Survey
Dates: October 6 – 30, 2008
Grades: Eight through Twelve

ANNUAL SURVEY PERMISSION FORM
2008-2009 School Year

I understand that the Anchorage School District may administer, or permit to be administered, anonymous surveys that require parental permission. I understand that as the parent or legal guardian of this student, I may review any of the survey instruments and determine the appropriateness of the survey in relation to my student. I can remove my student from the survey administration.

Printed name of student:_____

School:_____

Student ID:_____

Grade for 2008-2009 school year:_____

Printed name of parent/legal guardian:_____

Signature of parent/legal guardian:_____

☐ I give my approval to administer anonymous surveys to my child this year. I understand that anonymous surveys may inquire into private matters, as explained in the Important Rights for Parents Concerning Student Surveys. I understand that I may review the survey to be given no less than two weeks prior to administration, and I may remove my child at that time if I wish. I further understand that I may revoke this annual permission at any time.

☐ I do not give my approval to administer any anonymous survey that inquires into personal or private family affairs of the student to my child during the 2008-2009 school year.

Thomas Obermeyer

From: Friedman_Jeff [Friedman_Jeff@asdk12.org]
Sent: Monday, March 09, 2009 8:43 AM
To: Sen. Bettye Davis
Cc: Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens; Comeau_Carol; Siegfried_Robin; Steiner_John
Subject: SB 101

Dear Vice Chair Davis and Education Committee Members:

I am writing to urge your support for SB 101 which relates to questionnaires and surveys.

SB 101 returns Alaska Schools to an opt out procedure for conducting the Youth Risk Behavior Survey from the United States Centers for Disease Control and Prevention. This is a completely anonymous survey that helps asses the emotional and physical health of our children. Parents are still informed of the survey and may choose not to allow their children to participate. Students who take the survey are notified of their right to refuse to answer any question they don't want to answer.

Under current law, school districts can not permit the administration of this survey without specific parent consent. Many parents don't object, they just don't follow through with ensuring that their child gets the permission form back to school. The Anchorage School District has gone to great expense and effort to obtain returned permission forms and most of the returned forms do give permission. With the opt out system proposed by the amendments in SB 101, parents who do object will be given lots of notice of their right to object and plenty of opportunity to do so. This is a good compromise between the need to get adequate data about the health of our children and the interests of those parents who believe this anonymous survey is detrimental in some way.

The Anchorage School Board supports making the changes proposed in SB 101.

Jeff Friedman
Anchorage School Board
1534 D Street
Anchorage, AK 99501
907-742-4699 (Home)

Position Statement on SB 101
Relating to Questionnaires and Surveys in Public Schools

AASB member districts need school-by-school data to increase student achievement and accurately assess the effectiveness of current programs. Since passage of HB 70 in 1999, schools have been unable to obtain an adequate sample of student information to provide reliable information. AASB supports modifying the requirements for parental or legal guardian permission for a student to participate in a questionnaire or survey administered in a public school.

Planned Parenthood®
of the Great Northwest

March 9, 2009

The Honorable Bettye Davis
Alaska State Senate
State Capitol, Rm 30
Juneau, AK 99801-1182

Dear Senator Davis:

On behalf of Planned Parenthood of the Great Northwest (PPGNW), I'm writing in support of Senate Bill 101, "*An Act relating to questionnaires and surveys administered in the public schools.*"

Planned Parenthood relies on the results of the school-based Alaska Youth Behavior Risk Survey to determine where our efforts should be in terms of education and STI prevention programs. For accurate survey results it's critical to get as many survey responses as possible. Planned Parenthood recognizes that the current regulations of active parental consent for anonymous surveys decrease the response rate significantly.

Senate Bill 101 will increase the accuracy of the vital information Planned Parenthood and many other organizations rely on to serve Alaska's young people. Thank you for addressing this issue.

Sincerely,

Clover Simon
Vice President of Alaska
Planned Parenthood of the Great Northwest
(907) 770-9705
clover.simon@ppgnw.org

LEGAL SERVICES

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

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

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

MEMORANDUM March 12, 2009

SUBJECT: Written denial of permission (SB 101; Work Order No. 26-LS0524\A)

TO: Senator Bettye Davis
Attn: Thomas Obermeyer

FROM: Jean M. Mischel
Legislative Counsel

Eddy Jeans asked about the necessity of sec. 3 in the above referenced bill. Section 3 amends existing law in AS 14.03.110(e) to require written denial of permission by a parent or guardian for a student survey. Without the addition of written denial in subsection (e), existing law would be inconsistent with the new subsection (g) that requires written denial of permission for the Youth Risk Behavior Survey (YRBS) contained in sec. 4.

If I may be of further assistance, please advise.

JMM:ljw
09-153.ljw

SB 102

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 2/6/09

FURTHER: Judiciary
Finance

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

DATE TURNED IN TO OFFICE: 3/13/09

Education Committee considered SENATE BILL NO. 102

SB 102 RAISE COMP. SCHOOL ATTENDANCE AGE/TRUANCY

"An Act relating to compulsory school attendance; relating to the crime of contributing to the delinquency of a minor; and relating to school disciplinary action and truancy."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [X] **CS** SB 102 (EDC)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[✓] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
EED	2/20/09	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	STRUTZ			X	
	OLSON			✓	
	DAVIS	X			
CHAIR: Betty Davis					

Alaska State Legislature

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Anchorage, AK 99501
Phone: (907) 269-0144
Fax: (907) 269-0148

Session: (Jan. - May)
State Capitol, Suite 7
Juneau, AK 99801-1182
Phone: (907) 465-3822
Fax: (907) 465-3756
Toll free: (800) 770-3822

Senator_Bettye_Davis@legis.state.ak.us
http://www.akdemocrats.org

Senator Bettye Davis

SB 102 "An Act relating to compulsory school attendance; relating to the crime of contributing to the delinquency of a minor; and relating to school disciplinary action and truancy."

Sponsor Statement

SB 102 increases the Alaska compulsory school attendance age from 7-16 to 7-18. At the same time it necessarily amends the crime of contributing to the delinquency of a minor from the maximum age 16 to 18. This bill will not preclude parents from homeschooling children, or using charter or alternative schools, or any other of the twelve enumerated exceptions to compulsory education under AS14.30.010(b), including completion of grade 12 or graduation from a secondary school before age 18.

3283 Alaska students dropped out and 62.4% graduated in the 2007-2008 school year per the Alaska Department of Education and Early Development (DEED). Nationally, the graduation rate is 70% or higher. The highest dropout rates in Alaska are among minorities with Alaska Natives at double the rate of others. These numbers have not changed much in many years and Alaska's compulsory school attendance age has not changed in decades.

17 states have increased the compulsory school attendance age to 18. 9 states maintain age 17, and 23 states maintain age 16, per the US Department of Labor February 10, 2009. The legislative intent by states which have increased compulsory school attendance age to 18 is to encourage more students to stay in school long enough to graduate, attend institutions of higher education, and decrease dropout rates, juvenile crime, and teen pregnancy. Studies have shown that students without a diploma earn less than 75% of those with a diploma; they are more likely to live in poverty, go to jail, and have health problems.

National Education Association's "12-Point Action Plan for Reducing the School Dropout Rate" lists as a first priority to ***"mandate high school graduation or equivalency as compulsory for everyone below the age of 21."*** It reports:

"Just as we established compulsory attendance to the age of 16 or 17 in the beginning of the 20th century, it is appropriate and critical to eradicate the idea of 'dropping out' before achieving a diploma. To compete in the 21st century, all of our citizens, at minimum, need a high school education."

Increasing compulsory school attendance age is the first step in reducing dropouts and increasing graduation rates. The NEA also recommended high school graduation centers for students 19-21; individual attention in smaller learning communities; expanding graduation options in partnership with community colleges in career and technical fields and with alternative schools to provide other ways to earn a high school diploma; increasing workforce readiness programs; acting early to provide high-quality universal preschool and full-day kindergarten; involving families in students' learning at school and home; monitoring academic progress during the school year to prevent falling behind; involving the entire community in dropout prevention; providing educators with the training and resources to prevent dropouts; and asking Congress to invest $10 billion over 10 years to support dropout prevention programs and states which make high school graduation compulsory.

Remedial programs, work-study programs, alternative schools, and parental support to age 18 have proven effective in other states. Opponents to increasing compulsory school age who are concerned about forcing students to be in the classroom against their will argue that these students may become disruptive and require more time and expense on behavior and truancy problems. For those students who want to work or are not as academically inclined, school districts are encouraged to continue accredited alternative schools and work-study programs to help students earn credits toward a diploma while they often work at the same time. Students will want to come to school, stay in school, and graduate, if academic problems are identified early and they helped long before they dropout. Coupled with early efforts to retain, train, and graduate, SB 102 can bring hope and success to thousands of Alaskan students who otherwise might not stay in school and graduate

Alaska State Legislature

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Juneau, AK 99801-1182
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Fax: (907) 465-3756
Toll free: (800) 770-3822

Senator_Bettye_Davis@legis.state.ak.us
http://www.akdemocrats.org

Senator Bettye Davis

CSSB 102 ( ) 26-LS0514\R

"An Act relating to compulsory school attendance; and relating to the crime of contributing to the delinquency of a minor."

Explanation of Committee Substitute

The Committee Substitute for Senate Bill 102 ( ), 26-LS0514\R was required because the first version of SB 102, 26-LS0514\A, inadvertently also included a subsection on truancy from a former bill which was not intended in this bill.

The Committee Substitute for Senate Bill 102 ( ), 26-LS0514\R effectively eliminated sections 4 and 5 from the original bill, SB 102, 26-LS0514\A.

26-LS0514\R
Mischel
2/12/09

CS FOR SENATE BILL NO. 102( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS DAVIS, McGuire

A BILL

FOR AN ACT ENTITLED

"An Act relating to compulsory school attendance; and relating to the crime of contributing to the delinquency of a minor."

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

*** Section 1.** AS 11.51.130(a) is amended to read:

(a) A person commits the crime of contributing to the delinquency of a minor if, being 19 years of age or older or being under 19 years of age and having the disabilities of minority removed for general purposes under AS 09.55.590, the person aids, induces, causes, or encourages a child

(1) under 18 years of age to do any act prohibited by state law unless the child's disabilities of minority have been removed for general purposes under AS 09.55.590;

(2) under 18 years of age or allows a child under 18 years of age to enter or remain in the immediate physical presence of the unlawful manufacture, use, display, or delivery of a controlled substance knowing that the manufacture, use,

display, or delivery is occurring, unless the child's disabilities of minority have been removed for general purposes under AS 09.55.590;

(3) under **18** [16] years of age to be repeatedly absent from school, without just cause; or

(4) under 18 years of age to be absent from the custody of a parent, guardian, or custodian without the permission of the parent, guardian, or custodian or without the knowledge of the parent, guardian, or custodian, unless the child's disabilities of minority have been removed for general purposes under AS 09.55.590 or the person has immunity under AS 47.10.350 or 47.10.398(a); it is an affirmative defense to a prosecution under this paragraph that, at the time of the alleged offense, the defendant

(A) reasonably believed that the child was in danger of physical injury or in need of temporary shelter; and

(B) within 12 hours after taking the actions comprising the alleged offense, notified a peace officer, a law enforcement agency, or the Department of Health and Social Services of the name of the child and the child's location.

*** Sec. 2.** AS 14.30.010(a) is amended to read:

(a) Every child **who is** [BETWEEN] seven **years of age or older** and **under 18** [16] years of age shall attend school at the public school in the district in which the child resides during each school term. Every parent, guardian, or other person having the responsibility for or control of a child **who is** [BETWEEN] seven **years of age or older** and **under 18** [16] years of age shall maintain the child in attendance at a public school in the district in which the child resides during the entire school term, except as provided in (b) of this section.

*** Sec. 3.** AS 14.30.010(b) is amended to read:

(b) This section does not apply if a child

(1) is provided an academic education comparable to that offered by the public schools in the area, [EITHER] by

(A) attendance at a private school in which the teachers are certificated according to AS 14.20.020;

(B) tutoring by personnel certificated according to AS 14.20.020; or

(C) attendance at an educational program operated in compliance with AS 14.45.100 - 14.45.200 by a religious or other private school;

(2) attends a school operated by the federal government;

(3) has a physical or mental condition that a competent medical authority determines will make attendance impractical;

(4) is in the custody of a court or law enforcement authorities;

(5) is temporarily ill or injured;

(6) has been suspended or expelled under AS 14.03.160 or suspended or denied admittance under AS 14.30.045;

(7) resides more than two miles from either a public school or a route on which transportation is provided by the school authorities, except that this paragraph does not apply if the child resides within two miles of a federal or private school that the child is eligible and able to attend;

(8) is excused by action of the school board of the district at a regular meeting or by the district superintendent subject to approval by the school board of the district at the next regular meeting;

(9) has completed the 12th grade **or has graduated from a secondary school**;

(10) is enrolled in

(A) a state boarding school established under AS 14.16; or

(B) a full-time program of correspondence study approved by the department; in those school districts providing an approved correspondence study program, a student may be enrolled either in the district correspondence program or in the centralized correspondence study program;

(11) is equally well-served by an educational experience approved by the school board as serving the child's educational interests despite an absence from school, and the request for excuse is made in writing by the child's parents or guardian and approved by the principal or administrator of the school that the child attends;

(12) is being educated in the child's home by a parent or legal guardian.

LEGAL SERVICES

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

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FAX (907) 465-2029
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State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 12, 2009

SUBJECT: Sectional Summary of CSSB 102( )
(Work Order No. 26-LS0514\R)

TO: Senator Bettye Davis
Attn: Tom Obermeyer

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. Raises the age from 16 to 18 for the crime of contributing to the delinquency of a minor for repeated absences from school.

Section 2. Raises the compulsory school age from 16 to 18.

Section 3. Amends an exception to the compulsory school attendance age to provide for graduation for a secondary school.

JMM:ljw
09-088.ljw

NEA's 12-Point Action Plan for Reducing the School Dropout Rate

To address the nation's school dropout crisis, NEA has developed a 12-point action plan that includes the most promising actions supported by experience and data.

1. Mandate high school graduation or equivalency as compulsory for everyone below the age of 21. Just as we established compulsory attendance to the age of 16 or 17 in the beginning of the 20th century, it is appropriate and critical to eradicate the idea of "dropping out" before achieving a diploma. To compete in the 21st century, all of our citizens, at minimum, need a high school education.

2. Establish high school graduation centers for students 19-21 years old to provide specialized instruction and counseling to all students in this older age group who would be more effectively addressed in classes apart from younger students.

3. Make sure students receive individual attention in safe schools, in smaller learning communities within large schools, in small classes (18 or fewer students), and in programs during the summer, weekends, and before and after school that provide tutoring and build on what students learn during the school day.

4. Expand students' graduation options through creative partnerships with community colleges in career and technical fields and with alternative schools so that students have another way to earn a high school diploma. For students who are incarcerated, tie their release to high school graduation at the end of their sentences.

5. Increase career education and workforce readiness programs in schools so that students see the connection between school and careers after graduation. To ensure that students have the skills they need for these careers, integrate 21st century skills into the curriculum and provide all students with access to 21st century technology.

6. Act early so students do not drop out with high-quality, universal preschool and full-day kindergarten; strong elementary programs that ensure students are doing grade-level work when they enter middle school; and middle school programs that address causes of dropping out that appear in these grades and ensure that students have access to algebra, science, and other courses that serve as the foundation for success in high school and beyond.

7. Involve families in students' learning at school and at home in new and creative ways so that all families-single-parent families, families in poverty, and families in minority communities-can support their children's academic achievement, help their children engage in healthy behaviors, and stay actively involved in their children's education from preschool through high school

graduation.

8. Monitor students' academic progress in school through a variety of measures during the school year that provide a full picture of students' learning and help teachers make sure students do not fall behind academically.

9. Monitor, accurately report, and work to reduce dropout rates by gathering accurate data for key student groups (such as racial, ethnic, and economic), establishing benchmarks in each state for eliminating dropouts, and adopting the standardized reporting method developed by the National Governors Association.

10. Involve the entire community in dropout prevention through family-friendly policies that provide release time for employees to attend parent-teacher conferences; work schedules for high school students that enable them to attend classes on time and be ready to learn; "adopt a school" programs that encourage volunteerism and community-led projects in school; and community-based, real-world learning experiences for students.

11. Make sure educators have the training and resources they need to prevent students from dropping out including professional development focused on the needs of diverse students and students who are at risk of dropping out; up-to-date textbooks and materials, computers, and information technology; and safe modern schools.

12. Make high school graduation a federal priority by calling on Congress and the president to invest $10 billion over the next 10 years to support dropout prevention programs and states who make high school graduation compulsory.

For the Spanish version of this plan, see El Plan de la NEA para Reducir el Abandono de los Estudios.

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Wage and Hour Division (WHD)

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Employment Related Provisions in State Compulsory School Attendance Laws - January 1, 2009

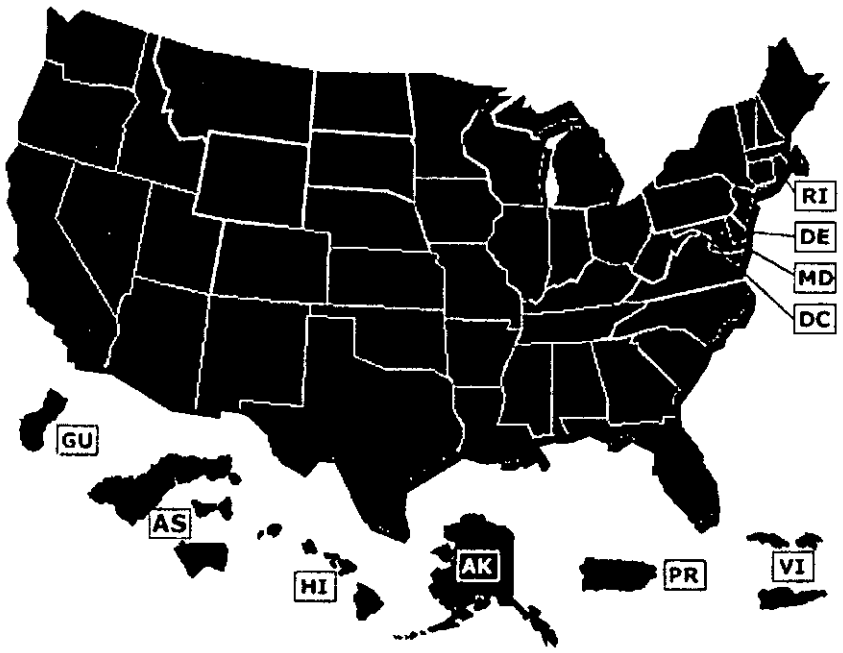

Table of Employment Related Provisions in State Compulsory School Attendance Laws By State

State	Age of Required School Attendance		Exemptions 1/ Employed		High School Graduate
	from	to	Age	Completion of Grade	
Alabama	7	16	legally and regularly employed under child labor law.	---	X
	3	21	permitted for special education students.		
Alaska	7	16	---	---	X
			14 with parental		

Arizona	6	16	consent and gainfully employed.	---	---
Arkansas	5	17 must complete school year.	---	---	X
California	6	18	---	---	X
Colorado	7	16	has current age and school certificate or work permit.	---	X
Connecticut	5	18	16 with parental consent.	---	---
Delaware	5	16	---	---	---
District of Columbia	5	18	children who are age 5 by September 30 are required to be enrolled in kindergarten.	---	---
Florida	6	17	may terminate attended at 16 with parental consent.	---	---
Georgia	6	16	---	---	X
Hawaii	6	18	15	---	X
Idaho	7	16	---	---	---
Illinois	7	17	employed and excused by school official.	---	---
Indiana	7	18	16 with consent of parent and principal. 14 if a parent agrees and State Labor bureau issues a certificate. must go back to school within 5 days of termination of employment for which certificate was issued.	---	X
Iowa	6	16	---	---	X
Kansas	7	18	17 or 16 with parental consent.	---	---
Kentucky	6	16	---	---	X
Louisiana	7	18 or 17 with parental consent.	---	---	X
Maine	7	17	15 or	9	X
Maryland	5	16	---	---	---
Massachusetts	6	16	14	---	---
Michigan	6	16	---	---	---
Minnesota	7	16	---	---	X

Mississippi	6	17	5 years of age if in public kindergarten.	---	---
Missouri	7	16	14	---	---
Montana	7	16 or completion of 8th grade, whichever is later.	---	---	---
Nebraska	7	18	14 and16 with parental consent; special legislation for home schooling.	8 ---	X
Nevada	7	upper age limit has been changed to 18 unless the child has graduated from high school.	14 and excused by board of trustees. 14 if work is necessary for own or parents' support.	8 ---	X
New Hampshire	6	16 presently; however, effective July 2009, upper age limit will change to 18 or the student must have received diploma or qualifies for exception. With passage of NH House Bill 927, all districts are making plans to offer kindergarten.	---	---	---
New Jersey	6	16	---	---	---
New Mexico	5, or 8 if parents and school board agree	effective July 1, 2007, neither school districts or state chartered school districts shall excuse a student from attending school except as provided by law or for parent-authorized medical reasons.	---	---	X
New York	6	17 in cities with 4,500 or more population and union-free school districts, otherwise 16 if approved by local school board.	---	---	X
North Carolina	7	16	---	---	---
North Dakota	7	16	necessary to support of family.	---	X

Ohio	6	18	16 with parents' and superintendents permission.	---	X
Oklahoma	5	18 or 16 if excused by written joint agreement.	---	---	X
Oregon	7	18 or excused by district school board; 16 with consent of school administration and parent; 21 for a child with a disability.	16	---	X
Pennsylvania	8	17	16 if regularly engaged in employment with a certificate. 15 in farm work or domestic service in private home with permit. Or, 14 employed as above if completed elementary school with permit recommended by district superintendent of schools or principal of private school.	---	X
Rhode Island 2	6	18	16 with written parental consent. Dropout Prevention Act of 2007.	---	---
South Carolina	5	17	16 further attendance is determined by court to be disruptive, unproductive or not in best interest of child.	8th grade completed and employment is necessary for maintenance of home.	X
South Dakota	6	16 or completion of 8th grade if member of certain religious organizations. effective July 1, 2009, the upper limit of the compulsory age law changes to	---	---	---

		18.			
Tennessee	6	18th birthday.	---	local exemptions at 17th birthday for discipline problems.	X
Texas	6	18; person 18 years of age may enroll but failure to attend can result in permanent revocation if 5 or more unexcused absences occur in a semester. Students suspected of violating school attendance laws when apprehended must be taken into custody and delivered to their school campus.	---	---	---
Utah	6	18	16 and 8th grade completed. home schooled minors has exempt from attendance.	8th for employment purposes.	X
Vermont	6	16	15 and completed 6th grade and services needed for support of family.	---	---
Virginia	5	18	exempt any pupil with parent's consent along with that of principal or superintendent or a court which believes the minor cannot benefit from education at school.	---	X
Washington	8	18 16 and parent agrees that child should not be required to attend, or child is emancipated, or child has received certificate of competence.	16	---	X and age 16
West Virginia	6	16	---	---	X
Wisconsin	6	18	---	---	X

Wyoming	7	16	---	---	---

1 Nearly all States exempt those whose physical or mental condition precludes attendance. Other exemptions not directly related to employment include those because of distance from school or school transportation; expulsion, suspension or determined to be disruptive; marriage; excused by court or judge; and receiving religious education.

2 The Dropout Prevention Act is a comprehensive program to have all the schools within the state make an attempt to keep students in school. There were no changes to the age limits for school attendance, but the establishment of a state-wide program is a major effort to prevent students from leaving school early - for any reason.

Prepared By:

Office of Performance, Budget, and Departmental Liaison
Wage and Hour Division
Employment Standards Administration
U.S. Department of Labor

This document was last revised in December 2008; unless otherwise stated, the information reflects requirements that were in effect, or would take effect, as of January 1, 2009.

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Education Program

Compulsory Education

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Overview

More than 150 years have passed since Horace Mann helped Massachusetts establish a statewide system of education that eventually led to the requirement that all children attend public school. In 1852, Massachusetts became the first state to pass compulsory school attendance laws, and by 1918, all states required children to receive an education.

Compulsory Education Requirements

Today, every state and territory requires children to enroll in public or private education or to be home-schooled. More than half—32 states—require students to begin their education by age 6. Some states' set their age requirements as low as age 5 and as high as age 8. All children are required to continue their education into their high school years, with 26 states setting the cutoff age at 16. The remaining states require students to stay in school through age 17 or 18.

Compulsory education laws vary greatly from state to state. While some states use a student's date of birth to determine the beginning and ending dates for compulsory education, other states require a student to begin school if he or she will turn 6 during the school year and require a student to remain in school until completion of the school year in which he or she turns 17. Four states—Arizona, Montana, Vermont and Wyoming—require students to remain in school through a specified grade. Most states allow parents to petition their local school board or principal for a waiver of these requirements under certain circumstances, such as enrollment in a vocational education program or an institution of higher education or early completion of required coursework.

Kindergarten Enrollment

States and territories also set a minimum age for children to enroll in kindergarten, which is typically one or two years earlier than the compulsory education age. Every state or territory with a policy on this issue has established age 5 as the minimum age. However, six states—Colorado, Massachusetts, New Hampshire, New Jersey, New York and Pennsylvania—leave this decision up to local education agencies. In addition to the age requirement, each state also sets a date by which students must have attained the specified age in order to attend kindergarten. The cutoff dates range from August 1 in Indiana and Missouri to Jan. 1 in Connecticut and Vermont.

The School Age Debate

School attendance ages are often controversial. Many early childhood experts argue that if policymakers establish early cutoff dates for kindergarten, they should also establish aggressive school readiness programs to ensure students' success. Others argue that because there has been an increased emphasis on early childhood development and school readiness, we should continue to challenge children at a younger age. Some experts assert that age may be an arbitrary indicator or measure of a child's ability to succeed in school and should not be used at all. Others point out that when a state considers legislation, such as Nebraska, allowing younger children to enter kindergarten, policymakers must understand that there is likely to be a large increase in the number of children entering kindergarten during the first year of the new policy, thereby straining already tight school district budgets and increasing the need for teachers.

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The age through which students must attend school can also be controversial. To encourage more students to attend institutions of higher education and to decrease dropout rates, juvenile crime and teen pregnancy, some state legislatures have increased the school attendance requirement to age 17 or 18. Opponents are concerned about forcing students to be in the classroom against their will. They say that these students may become disruptive and may require teachers and principals to spend more time and resources disciplining such students for disruptive or violent behavior and truancy. They also point out that there probably will be a greater need for funding, teachers and classrooms for alternative education.

State Action

Many state legislatures continue to debate school attendance policies. During the 2005 legislative session, Indiana changed their kindergarten enrollment date from July 1st to August 1st. During the 2004 legislative session, at least seven states enacted legislation regarding compulsory education. Alaska extended the required school age for a child who is six years of age on or before Sept. 1 following the beginning of the school year, and who is under the age of 20 and has not completed the 12th grade. Illinois increased the compulsory school age from 16 to 17 years of age, with certain exceptions. Kansas and Kentucky will both, under specific circumstances, grant exemptions from compulsory attendance. Nebraska changed the mandatory ages for compulsory education beginning in the 2005-06 school year to age of 6 by Jan. 1 of the current school year through the age of 17, with certain exceptions. In New York, local school districts will have the power to require minors from 16 to 17 years of age to attend full time day instruction. Finally, Virginia strengthened the mechanisms for enforcement of the compulsory school attendance law.

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Education Home Page

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ALLIANCE FOR EXCELLENT EDUCATION

FactSheet

Updated February 2009

High School Dropouts in America

Over a million of the students who enter ninth grade each fall fail to graduate with their peers four years later. In fact, about seven thousand students drop out every school day. Perhaps this statistic was acceptable fifty years ago, but the era in which a high school dropout could earn a living wage has ended in the United States. Dropouts significantly diminish their chances to secure a good job and a promising future. Moreover, not only do the individuals themselves suffer, but each class of dropouts is responsible for substantial financial and social costs to the communities, states, and country in which they live.

Although graduation rates are a fundamental indicator of how schools are ultimately performing, only recently have those rates been rigorously scrutinized and the extent of the crisis in America's high school been revealed. For decades, schools and districts published misleading or inaccurate graduation rates, and as a result, the American public knew little of the scope and gravity of the problems faced by far too many of the nation's high schools. Reputable, independent research has exposed alarmingly low graduation rates that were previously hidden behind inaccurate calculations and inadequate data.

Who Is Dropping Out?

Overall, far too many students are not graduating on time with a regular diploma; low-income and minority students fare the worst in the dropout epidemic.

- Each year, approximately 1.2 million students fail to graduate from high school, more than half of whom are from minority groups.[1]
- Nationally, about 71 percent of all students graduate from high school on time with a regular diploma, but barely half of African American and Hispanic students earn diplomas with their peers. In many states the difference between white and minority graduation rates is stunning; in several cases there is a gap of as many as 40 or 50 percentage points.[2]
- A sixteen- to twenty-four-year-old coming from the highest quartile of family income is about seven times as likely to have completed high school as a sixteen- to twenty-four-year-old coming from the lowest quartile.[3]

Where Are Students Dropping Out?

A relatively small number of chronically underperforming high schools are responsible for more than half of the nation's dropouts.

- Approximately two thousand high schools (about 12 percent of American high schools) produce more than half of the nation's dropouts. In these "dropout factories," the number of seniors enrolled is routinely 60 percent or less than the number of freshmen three years earlier.[4]
- Eighty percent of the high schools that produce the most dropouts can be found in a subset of just fifteen states. The majority of dropout factories are located in northern and western cities and throughout the southern states.[5]

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- Dropout factories produce 69 percent of all African American dropouts and 63 percent of all Hispanic dropouts, compared to 30 percent of all white dropouts.[6]

Why Do Students Drop Out?

While there is no single reason that students drop out, research indicates that difficult transitions to high school, deficient basic skills, and a lack of engagement serve as prominent barriers to graduation.

- Most dropouts are already on the path to failure in the middle grades and engage in behaviors that strongly correlate to dropping out in high school. Various researchers have identified specific risk factors, such as low attendance or a failing grade, which can identify future dropouts—in some cases as early as sixth grade.[7]
- Ninth grade serves as a bottleneck for many students who begin their freshman year only to find that their academic skills are insufficient for high school-level work. Up to 40 percent of ninth grade students in cities with the highest dropout rates repeat ninth grade; only 10 to 15 percent of those repeaters go on to graduate.[8]
- Academic success in ninth grade course work is highly predictive of eventual graduation; it is even more telling than demographic characteristics or prior academic achievement.[9] Unfortunately, many students are not given the extra support they need to successfully make the transition to high school. As a result, over one third of all dropouts are lost in ninth grade.[10]
- The six million secondary students who comprise the lowest 25 percent of achievement are twenty times more likely to drop out of high school than students in the top-performing quartile.[11]
- Both academic and social engagement are integral components of successfully navigating the education pipeline. Research shows that a lack of student engagement is predictive of dropping out, even after controlling for academic achievement and student background.[12]

What Are the Costs of Dropping Out of High School?

Dropouts suffer from reduced earnings and lost opportunities; there is also a significant social and economic cost to the rest of the nation.

- Over the course of his or her lifetime, a high school dropout earns, on average, about $260,000 less than a high school graduate.[13]
- Dropouts from the Class of 2008 alone will cost the nation more than $319 billion in lost wages over the course of their lifetimes.[14]
- If the United States' likely dropouts from the Class of 2006 had graduated, the nation could have saved more than $17 billion in Medicaid and expenditures for uninsured health care over the course of those young people's lifetimes.[15]
- If U.S. high schools and colleges raise the graduation rates of Hispanic, African American, and Native American students to the levels of white students by 2020, the potential increase in personal income would add more than $310 billion to the U.S. economy.[16]
- Increasing the graduation rate and college matriculation of male students in the United States by just 5 percent could lead to combined savings and revenue of almost $8 billion each year by reducing crime-related costs.[17]

Endnotes

[1] Editorial Projects in Education, "Diplomas Count 2008: Diplomas Count 2008. School to College: Can State P–16 Councils Ease the Transition?," special issue, *Education Week* 26, no. 40 (2008).
[2] Ibid.
[3] U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics 2006* (NCES 2007-017) (Washington, DC: U.S. Government Printing Office, 2007).
[4] R. Balfanz, "Locating and Transforming the Low Performing High Schools Which Produce the Nation's Dropouts," paper presented at Turning Around Low-Performing High Schools : Lessons for Federal Policy from Research and Practice, August 16, 2007, Washington, DC.
[5] R. Balfanz and N. Legters, *Locating the Dropout Crisis: Which High Schools Produce the Nation's Dropouts? Where Are They Located? Who Attends Them?* (Baltimore, MD: John Hopkins University Center for Social Organization of Schools, 2004).
[6] Balfanz, "Locating and Transforming the Low Performing High Schools Which Produce the Nation's Dropouts."
[7] C. Jerald, "Dropping Out is Hard to Do," (Washington, DC: The Center for Comprehensive School Reform and Improvement, 2006).
[8] R. Balfanz and N. Legters, "Closing 'Dropout Factories': The Graduation Rate Crisis We Know and What Can Be Done About It," *Education Week* 25, no. 42 (2006): 42–43.
[9] E. Allensworth and J. Easton, *What Matters for Staying On-Track and Graduating in Chicago Public High Schools: A Close Look at Course Grades, Failures and Attendance in the Freshman Year* (Chicago, IL: Consortium on Chicago School Research at the University of Chicago, University Publications Office, 2007).
[10] Editorial Projects in Education, "Diplomas Count 2007: Ready for What? Preparing Students for College, Careers, and Life After High School," special issue, *Education Week* 26, no. 40 (2007).
[11] A. Carnevale, *Help Wanted...College Required. ETS Leadership 2000 Series* (Princeton, NJ: Educational Testing Service, 2001).
[12] R. Rumberger, "Why Students Drop Out of School," in *Dropouts in America: Confronting the Graduation Rate Crisis* ed. G. Orfield, 131–155 (Cambridge, MA: Harvard Education Press, 2004).
[13] C. Rouse, "Labor Market Consequences of an Inadequate Education," paper prepared for the symposium on the Social Costs of Inadequate Education," October 24, 2005, New York.
[14] Alliance for Excellent Education, "The High Cost of High School Dropouts: What the Nation Pays for Inadequate High Schools," (Washington, DC: Author, 2008).
[15] ———, "Healthier and Wealthier: Decreasing Health Care Costs by Increasing Educational Attainment," (Washington, DC: Author, 2006).
[16] ———, "Demography as Destiny: How America Can Build a Better Future," (Washington, DC: Author, 2006).
[17] ———, "Saving Futures, Saving Dollars: The Impact of Education on Crime Reduction and Earnings," (Washington, DC: Author, 2006).

What are the differences between the dropout rate and the graduation rate?

Dropout Rate	Graduation Rate
The dropout rate is a **one-year** calculation.	The graduation rate is an estimated **four-year** cohort calculation.
The dropout rate uses enrollment information from grades **7-12**.	The graduation rate uses enrollment from grades **9-12**.
A student can be reported in the dropout rate over **multiple** years. If a student dropped out in 2006-07, they would be reported as a dropout. If they returned in 2007-08 and dropped out again, they would be included in that year as a dropout as well.	In the graduation rate calculation, the numbers are unduplicated so a student who drops out multiple times is only counted **once** in the calculation.
If a student comes back as a 5th year senior and drops out, **they are counted** in the dropout rate for that year.	If a student comes back as a 5th year senior and does not graduate, it has **no impact** on the graduation rate. The senior is removed from the calculation because they were already counted against the school as a continuing COA student the previous year.
	If a student comes back as a 5th year senior and does graduate, it **helps** the graduation rate because the student is counted as a graduate in that school year.
The dropout rate includes any student in grades **7-12** who dropped out in that **specific year.**	The graduation rate includes the **9-12** cumulative unduplicated dropouts over the **4-year cohort**.

NEA-ALASKA

Affiliated with the National Education Association

February 20, 2009

Senator Bettye Davis
State of Alaska
State Capital
Juneau, AK 99801-1182

Dear Senator Davis:

NEA-Alaska supports SB 102, a raise in the age of compulsory school attendance to eighteen for Alaska's children. Truancy and dropout rates are too high and we believe every effort should be made to encourage our youth to become as fully educated as possible. Raising the age of mandatory school attendance may serve to keep students in school longer than they now stay. If this bill causes even one child to complete their education it will be worthwhile.

Further, the annual Delegate Assembly of members in January 2009 passed a resolution which states:

> NEA-Alaska believes the Legislature should establish penalties for non-compliance with Alaska's compulsory attendance laws.

It is our belief that a law with no teeth serves little purpose. Alaska's school employees work hard to offer our children opportunities which prepare them for life. We cannot fulfill the promise of a high quality education for Alaska's children if they are not in our classrooms.

Thank you for sponsoring this piece of legislation and the work you do on behalf of Alaska's future.

Respectfully,

Barb Angaiak

Barb Angaiak, President

Alaska State Literacy Association
Patricia George, Advocacy Committee Co-Chair
3328 Fritz Cove Road
Juneau, AK 99801

February 23, 2009

The Honorable Kim Elton
Senate Education Committee
Alaska State Capitol
Juneau, Alaska 99811

Dear Senator Elton,

The Alaska State Literacy Association would like to propose an amendment to **SB102** that would lower the compulsory attendance age to six.

The Alaska State Literacy Association is the largest professional education association in Alaska with a growing membership of over 500 members. The mission of the Alaska State Literacy Association is to promote lifelong literacy for all Alaskans by advancing the quality of literacy instruction.

At present, the state of Alaska funds but does not mandate kindergarten. AS 14.03.070 mandates compulsory attendance from age 7 to 16. School age is further defined as 6 to 18 with 5 year old allowed to attend kindergarten where it is available. The federal No Child Left Behind law stipulates that all children should be reading at grade level by the end of third grade. If Alaska's children are not required to attend school until the age of seven, many will not be reading at third grad level by the age of eight or nine. Young children will meet this requirement easier when they are provided the rich kindergarten experiences where they learn that text carries meaning, readers process print from left to right, top to bottom, and that real life involves using reading and writing for practical purposes.

The ASLA believes that compulsory school attendance by age six is an important component in providing quality educational opportunities to the children of Alaska. The ASLA encourages the Education Committee to amend SB102 to lower the compulsory school attendance age from seven to six years of age.

I have attached a proposed amendment to SB102 for your consideration.

Sincerely,

Patricia R George

Patricia R. George
ASLA Advocacy Committee Co-Chair

Amendment to SB102

Section 2
AS 14.30.010(a)

Line 19 delete [seven] substitute **six**

Line 22 delete [seven] substitute **six**

Literacy Development of Alaskan Children Ages Three to Five

A Position Statement of the Alaska State Literacy Association

www.alaskareading.org

The Importance of Preschool and Kindergarten

The Alaska State Literacy Association believes that every child in Alaska should attend kindergarten and that 3 and 4 year olds should have access to free, high quality public preschool. The high-quality preschool and kindergarten experiences that successfully foster early language and literacy skills lay a critical foundation for children's successful future. Children who attend high-quality preschools and kindergarten are less likely to be retained in the primary grades, have higher graduation rates from high school, and have fewer behavior problems (Barnett, 1995; Campbell & Raney, 1995; Cunningham & Stanovich, 1997; Huttenlocher, Vasilyeva, Cymerman, & Levine, 2002; Peisner-Feinberg & Burchinal, 1997).

The Need For Free, High-Quality, Public Kindergarten and Preschools

At present, the state of Alaska funds but does not mandate kindergarten. AS 14.03.070 mandates compulsory attendance from age 7 to 16 years. School age is further defined as ages 6 to 18 with 5 year olds allowed to attend kindergarten where it is available. The federal No Child Left Behind law stipulates that all children should be reading at grade level by the end of third grade. If Alaska's children are not required to attend school until the age of seven, many will not be reading at third grade level by age eight or nine. Young children will meet this requirement easier when they are provided the rich kindergarten experiences where they learn that text carries meaning, readers process print from left to right, top to bottom, and that real life involves using reading and writing for practical purposes.

Alaska is one of a few states not fully or partially funding public preschools. Preschool is only available to a limited number of children based on the ability to pay. Yet children learn through assimilation of concrete "hands on" type of activities in the early years. They need rich experiences in preschool and kindergarten where children can engage and construct their theories about print (e.g., what are words – how do they work). Experience that builds background knowledge is essential to becoming a knowledgeable reader. High-quality preschools and kindergarten provide appropriate early literacy experiences delivered by well-prepared, knowledgeable, caring teachers. Teachers who enhance the early literacy of children from diverse cultural and language groups use culturally appropriate instruction that is congruent with the children's home and community language and literacies. (Heath, 1983; Hohepa & McNaughton, 2002; McNaughton, 2001).

Alaskan children's development can be positively affected by high-quality preschool and kindergarten experiences that improve later academic and social competence (Barnett, 1995; Morrow, 2004; Neuman & Dickinson, 2001). It is the position of the Alaska State Literacy Association that every child in Alaska should have access to free, high-quality, public preschools and mandated kindergarten.

Alaska State Literacy Council

Nature and Purpose

The Alaska State Literacy Council (ASLA) is the largest professional education association in Alaska with a growing membership of over 400 members. ASLA is affiliated with the International Reading Association (IRA) and hosts the largest, highest attended annual education conference in the state.

Members rely on ASLA for the professional development resources they need to reach our shared goal: Teaching Alaskans to read. ASLA supports literacy for all, lifetime learning and informed decision making. The state association in partnership with IRA and local councils recognizes and supports quality literacy programs and opportunities through awards, grants, council programs, workshops and annual conferences. ASLA provides educators, at all levels, access to research, materials and methodologies to promote and teach lifetime literacy and learning. ASLA provides a network for communication, exchange of information, leadership, professional development and involvement of Alaska's diverse community of educators.

Alaska State Literacy Association advocacy contact information:

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Summary of Table National Center for Education Statistics (NCES) Table 157

Table 157. Age range for compulsory school attendance and special education services, and policies on year-round schools and kindergarten programs, by state: Selected years, 1997 through 2006.

There are **9** states that have a compulsory school attendance age of **5**, all of which require school districts provide either half or full day kindergartens. **23** states have age **6** as the compulsory school attendance age, **20** require school districts provide kindergarten.
Alaska is one of **17** states which have **7** as the compulsory school attendance age, however, **Alaska** is **not** one of the **14** included states that require half or full day kindergarten be offered by school districts.

Table 157. Age range for compulsory school attendance and special education services, and policies on year-round schools and kindergarten programs, by state: Selected years, 1997 through 2006

State	Compulsory attendance				Compulsory special education services, 1997[1]	Year-round schools, 2006		Kindergarten education, 2006		
						Has policy on year-round schools	Has districts with year-round schools	School districts required to offer		Attendance required
	2000	2002	2004	2006				Half day	Full day	
1	2	3	4	5	6	7	8	9	10	11
Alabama	7 to 16	7 to 16	7 to 16 [2]	7 to 16	6 to 21		Yes		X	
Alaska	7 to 16	7 to 16	7 to 16 [2]	7 to 16	3 to 22		Yes			
Arizona	6 to 16 [2]	6 to 16 [2]	6 to 16 [2]	6 to 16 [2]	3 to 22		—	X		
Arkansas	5 to 17 [2]	5 to 17 [2]	5 to 17	5 to 17	5 to 21	X	Yes		X	X
California	6 to 18 [2]	6 to 18	6 to 18	6 to 18	Birth to 21	X	Yes	X [3]		
Colorado	—	—	7 to 16	7 to 16	3 to 21		—	X [3]		
Connecticut	7 to 16	7 to 18 [2]	7 to 18 [2]	5 to 18 [4]	Under 21 [5]		—	X		X
Delaware	5 to 16	5 to 16	5 to 16 [2]	5 to 16	3 to 20		Yes	X		X
District of Columbia	—	5 to 18	5 to 18	5 to 18	—	([6])	([6])	X		X
Florida	6 to 16 [7]	6 to 16 [7]	6 to 16 [2,7]	6 to 16 [7]	—	X	Yes	X		X
Georgia	6 to 16	6 to 16	6 to 16	6 to 16	Under 21 [5]		Yes		X	
Hawaii	6 to 18	6 to 18	6 to 18	6 to 18	Under 20	X	Yes	X		
Idaho	7 to 16	7 to 16	7 to 16	7 to 16	3 to 21		Yes			
Illinois	7 to 16	7 to 16	7 to 17	7 to 17	3 to 21	X	Yes	X		
Indiana	7 to 16	7 to 16	7 to 16	7 to 18 [2]	3 to 22		Yes	X		
Iowa	6 to 16 [2]	6 to 16 [2]	6 to 16	6 to 16	Under 21	X	Yes	X		
Kansas	7 to 18 [2]	7 to 18 [2]	7 to 18 [2]	7 to 18 [2]	([8])		—	X [3]		X
Kentucky	6 to 16	6 to 16	6 to 16 [2]	6 to 16	Under 21		Yes	X		
Louisiana	7 to 17	7 to 17	7 to 17 [2]	7 to 18 [2]	3 to 21		Yes		X	X
Maine	7 to 17	7 to 17	7 to 17 [2]	7 to 17 [2]	5 to 19 [9]		—	X		
Maryland	5 to 16	5 to 16	5 to 16	5 to 16	Under 21	X	—		X	X
Massachusetts	6 to 16	6 to 16	6 to 16	6 to 16 [2]	3 to 21		—	X		
Michigan	6 to 16	6 to 16	6 to 16	6 to 16	Under 26	X	Yes			
Minnesota	7 to 18 [2]	7 to 16	7 to 16	7 to 16 [2]	Under 22		—	X [3]		
Mississippi	6 to 17	6 to 17	6 to 16	6 to 16	Birth to 20		—		X	
Missouri	7 to 16	7 to 16	7 to 16	7 to 16	Under 21		Yes	X		
Montana	7 to 16 [2]	7 to 16 [2]	7 to 16 [2]	7 to 16 [2]	3 to 18		—	X		
Nebraska	7 to 16	7 to 16	7 to 16	6 to 18	Birth to 21		Yes	X [3]		
Nevada	7 to 17	7 to 17	7 to 17	7 to 17	Under 22		Yes	X		X
New Hampshire	6 to 16	6 to 16	6 to 16	6 to 16	3 to 21		—			
New Jersey	6 to 16	6 to 16	6 to 16	6 to 16	5 to 21		—		X [10]	
New Mexico	5 to 18	5 to 18	5 to 18 [2]	5 to 18 [2]	([11])	X	Yes	X		X
New York	6 to 16 [2]	6 to 16	6 to 16	6 to 16 [12]	Under 21		—			
North Carolina	7 to 16	7 to 16	7 to 16	7 to 16	5 to 20	X	Yes		X	
North Dakota	7 to 16	7 to 16	7 to 16	7 to 16	3 to 20 [13]		—			
Ohio	6 to 18	6 to 18	6 to 18	6 to 18	Under 22	X	—	X [3]		X
Oklahoma	5 to 18	5 to 18	5 to 18	5 to 18	3 and up [14]		Yes	X [3]		X
Oregon	7 to 18	7 to 18	7 to 18 [2]	7 to 18	3 to 21		Yes	X		
Pennsylvania	8 to 17	8 to 17	8 to 17 [2]	8 to 17 [2]	6 to 21	X	—			
Rhode Island	6 to 16	6 to 16	6 to 16	6 to 16	3 to 21		—	X		X

South Carolina	5 to 16	5 to 16	5 to 16	5 to 17 [4]	3 to 21		—	X	X	X
South Dakota	6 to 16	6 to 16	6 to 16	6 to 16	Under 21	X	—	X [3]		
Tennessee	6 to 17	6 to 17	6 to 17	6 to 17 [4]	3 to 21	X	Yes	X		X
Texas	6 to 18	6 to 18	6 to 18	6 to 18	3 to 21	X	Yes	X [3]		
Utah	6 to 18	6 to 18	6 to 18	6 to 18	3 to 22		Yes	X		
Vermont	7 to 16	6 to 16	6 to 16	6 to 16 [2]	3 to 21		—	X [3]		
Virginia	5 to 18	5 to 18	5 to 18	5 to 18 [2]	2 to 21		Yes	X [3]		X
Washington	8 to 17 [2]	8 to 17 [2]	8 to 16 [2]	8 to 18	3 to 21 [15]		Yes	X		
West Virginia	6 to 16	6 to 16	6 to 16	6 to 16	5 to 21	X	Yes		X	X
Wisconsin	6 to 18	6 to 18	6 to 18	6 to 18	Under 21		Yes	X		
Wyoming	6 to 16 [2]	6 to 16 [2]	7 to 16 [2]	7 to 16 [2]	3 to 21		Yes	X		

X State has policy.
— Not available.

[1] Most states have a provision whereby education is provided up to a certain age or completion of secondary school, whichever comes first.

[2] Child may be exempted from compulsory attendance if he/she meets state requirements for early withdrawal without meeting conditions for a diploma or equivalency.

[3] State requires either half-day or full-day program.

[4] Parent/guardian may request a waiver to delay entry to a later age per state law/regulation.

[5] Under 21 or until child graduates from high school.

[6] State did not participate in the 2006 online survey.

[7] Compulsory school age for all Manatee County students who turned 16 on or after October 1, 1999, is 18, except for students who earned a high school diploma prior to reaching their 18th birthday.

[8] To be determined by rules and regulations adopted by the state board.

[9] Must be 5 before October 1, and not 20 before start of school year.

[10] Abbott districts only (31). These are districts covered by a New Jersey Supreme Court ruling that found that the education provided to urban school children was inadequate and unconstitutional. The Court ordered the state to implement comprehensive programs and reforms, including standards-based education supported by parity funding; supplemental programs; preschool education; and school facilities improvements.

[11] School-age unless otherwise provided by law.

[12] New York City and Buffalo require school attendance until age 17 unless employed.

[13] Must not be 21 by September 1.

[14] Children from birth through age 2 are eligible for additional services. Eligibility for special education services ceases upon completion of a secondary education program; no age limit.

[15] Student may complete school year if 21st birthday occurs while attending school.

NOTE: The Education of the Handicapped Act (EHA) Amendments of 1986 make it mandatory for all states receiving EHA funds to serve all 3- to 18-year-old disabled children.

SOURCE: Council of Chief State School Officers, Key State Education Policies on PK-12 Education, 2000, 2002, 2004, and 2006; Education Commission of the States, Clearinghouse Notes, August 1997; California Department of Education, Safe Schools and Violence Prevention Office, School Attendance Review Boards, Feb. 2001; School District of Manatee County Policy and Procedures, retrieved May 22, 2007, from http://www.manatee.k12.fl.us/policy_procedure/pdfs/chapters/Chapter_5.pdf; "State Kindergarten Statutes: State Comparisons," Education Commission of the States, 2007, retrieved June 19, 2007, from http://mb2.ecs.org/reports/Report.aspx?id=14; and supplemental information from several state education websites. (This table was prepared May 2007.)

2007 Tables and Figures | All Years of Tables and Figures | Most Recent Issue of the Digest

SB 105

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 2/11/09

FURTHER: Health and Social Services
Finance

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

DATE TURNED IN TO OFFICE: 4/6/09

Education Committee considered SENATE BILL NO. 105

SB 105 FOSTER CARE/CINA/EDUCATION OF HOMELESS

"An Act relating to continuing the secondary public education of a homeless student; relating to the purpose of certain laws as they relate to children; relating to tuition waivers, loans, and medical assistance for a child placed in out-of-home care by the state; relating to foster care; relating to children in need of aid; relating to foster care transition to independent living; and relating to juvenile programs and institutions."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [X] **CS** SB 105 (EDC)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[X] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
HSS/CSM	3/5/09	✓			
HSS/FCDR	3/5/09	✓			
HSS/FP	3/5/09	✓			
UA/SYSTRA	3/24/09	✓			
EED/ACPE	3/27/09			✓	
EED/SFF	3/25/09	✓			

[ ] **APPROPRIATION - no fiscal note**

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Olson			✓	
	Steele Huggins			X	X
CHAIR:	Davis				

26th
ALASKA STATE LEGISLATURE

Senator Bettye Davis, Vice Chair
Senator Gary Stevens
Senator Charlie Huggins
Senator Donald Olson

State Capitol, Room 506
465-4947

Senate Education Committee

Theresa Tanoury
The Annie E. Casey Foundation
701 St. Paul Street
Baltimore, MD 21202

Dear ~~Ms. Tanoury~~ Theresa:

The Alaska Senate Education Committee will be hearing Senate Bill 105 FOSTER CARE/CINA/EDUCATION OF HOMELESS tomorrow, Monday, April 6. I am sorry for the short notice, but if at all possible, we would appreciate hearing from you on this important subject. The meeting will begin at 8:00 AM Alaska time. You can dial in at 1-888-295-4546.

As you may know, because of the resignation of Senator Kim Elton, the committee is currently under my direction as Vice Chair. Please regard this letter as a formal request from the committee for your participation.

Sincerely,

Dana Cook

for Senator Bettye Davis

1082

Alaska State Legislature

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Senator_Bettye_Davis@legis.state.ak.us
http://www.akdemocrats.org

Senator Bettye Davis

Senate Bill No. 105

"An Act relating to continuing the secondary public education of a homeless student; relating to the purpose of certain laws as they relate to children; relating to tuition waivers, loans, and medical assistance for a child placed in out-of-home care by the state; relating to foster care; relating to children in need of aid; relating to foster care transition to independent living; and relating to juvenile programs and institutions."

Sponsor Statement

SB 105 provides much needed additional educational, medical, financial, and housing assistance to foster care or "out-of-home" care children and students as they transition through and out of the Alaska state foster care system. An estimated 40% of the 2,000 Alaska foster care youth become homeless after being released from care. Many others wind up in poverty or are incarcerated at higher levels than their peers. SB 105 codifies and increases assistance beyond certain provisions of the federal McKinney-Vento Act, which was reauthorized as Title X, Part C, of the No Child Left Behind Act in January 2002. The McKinney-Vento Act is the primary piece of federal legislation dealing with the education of children and youth experiencing homelessness in U.S. public schools. Fourteen or more states have enacted foster care/educational legislation modeled after some provisions of the McKinney-Vento Act.

Children in foster care struggle academically and suffer more poverty, low self-esteem, emotional trauma, social stigma, and higher mobility than others. They are more likely to drop out of school, repeat grades, and be placed in special education. A 2004 study of Chicago Public School youth found that fifteen-year-old students in out-of-home care were half as likely as other students to have graduated from high school five years later, with 55% having dropped out and 10% having been incarcerated. Only 54% of young adults who age out of care have completed high school. Youth in foster care attending public schools score 16 to 20 percentile points below youth in the general population in statewide standardized tests. And Youth in foster care on average read at only at a 7th grade level after completing 10th or 11th grade. (Casey Family Programs, White Paper, Educating Children in Foster Care, McKinney-Vento and NCLB; also, ABANET.org/Child/Education).

Low educational outcomes are exacerbated by the high mobility of children in foster care. Frequent school changes are associated with an increased risk of failing a grade in school and of repeated behavior problems. By 6th grade, students who have changed schools four or more times have lost approximately 1 year of educational growth. A Casey Foundation study of 1,087 foster care alumni found that youth who

had one fewer placement change per year were almost twice as likely to graduate from high school before leaving care. The Legal Center for Foster Care and Education reported that children and youth in out-of-home care experience, on average, 1 or 2 foster care placement changes per year, citing U.S. Dept. of Health & Human Services Administration for Children and Families. One third of children in foster care stay in care for less than 5 months, and another 17% remain in care for one year or less.

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Senator Bettye Davis

CS for Senate Bill No. 105 ( ), 26-LS0056\R

"An Act relating to continuing the secondary public education of a homeless student; relating to the purpose of certain laws as they relate to children; relating to tuition waivers, loans, and medical assistance for a child placed in out-of-home care by the state; relating to foster care; relating to children in need of aid; and relating to out-of-home care transition to independent living.

Changes in CSSB 105( ), 26-LS0056\R from SB 105, 26-LS0056\A

- Extends McKinney-Vento Act provisions for comparable education and transportation of a homeless student to "school of origin" for the "remainder of the school year, or if the student is attending school for a summer term." (Section 1).
- Removes exemption of McKinney-Vento provisions regarding "school of origin" if the "superintendent of the school district makes a written finding that a waiver of the requirement is in the student's best academic interest and the finding is mailed to the school board and to the person in charge of children's services for the Department of Health and Social Services."
- Changes "foster care" to "out-of-home care" for purposes of the transition to the independent living program under Sections 13-15.
- Increases one-year extensions of commitment to state custody in the best interest of the child beyond age 19 from a maximum age of 20 to age 21. (Section 9).
- Eliminates state educational loans and deferred payment and interest for a child who was in out-of-home care and was eligible for a tuition waiver to offset the person's tuition, fees, and room and board expenses in a state-supported educational institution.
- Limits monetary stipend upon leaving foster care to not more than one year and shall end before individual is 23 years of age. (Section 17).

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CS for Senate Bill No. 105( ), 26-LS0056\R

"An Act relating to continuing the secondary public education of a homeless student; relating to the purpose of certain laws as they relate to children; relating to tuition waivers, loans, and medical assistance for a child placed in out-of-home care by the state; relating to foster care; relating to children in need of aid; and relating to out-of-home care transition to independent living.

Key Provisions

- Replaces "foster care" with "out-of-home care" throughout the bill.
- Provides for the continuation of a public education in a student's "school of origin" (last school attended) for a homeless student under requirements of federal McKinney Vento Act; and provides exceptions for student who moves out of a school district or for insufficient funding by the legislature.
- Requires that when foster youths are transferred to a new school, they be allowed to attend immediately, and that their transcripts and other records will be transferred to the new school within seven (7) days.
- Defines "homeless students" the same as the McKinney-Vento Act, as "homeless children or youths" who lack a "fixed, regular, and adequate nighttime residence, or are living in emergency or transitional shelters, or are awaiting foster care placement." The phrase, "awaiting foster care placement" under SB 105 is interpreted to include "all students who are placed in 'out-of-home' care and in the custody of the Department of Health and Social Services. . . ."
- Replaces the term "foster homes" with "out-of-home care" for purposes of establishing medical assistance eligibility for certain persons and adds a category of eligibility for persons under 21 years of age who were in out-of-home care for a specified period of time on or after the person's 16th birthday.
- Provides a waiver of unmet need for tuition, fees, and room and board expenses at a state-supported educational institution for a person who was placed in an out-of-home care at age 16 or older and who meets specified eligibility requirements. The waiver is subject to appropriation.
- Establishes a monetary stipend to be paid to persons who are eligible for the out-of-home care transition program up to one year in an amount equivalent to the applicable foster care

reimbursement rate. Current rules allow the Office of Children's Services (OCS) to pay for one month of full rent, and then 2 months of rent at 50% of the youth's cost.

- Establishes mandatory monthly visits by social workers employed by the department to make monthly home visits, as described, to all children in the custody of the department. A recent federal review of the Alaska foster care system found that in roughly 1/3 of the cases OCS staff are able to meet only once every 8 months with foster youth.

26-LS0556\R
Mischel
3/6/09

CS FOR SENATE BILL NO. 105( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS DAVIS, Ellis

A BILL

FOR AN ACT ENTITLED

"An Act relating to continuing the secondary public education of a homeless student; relating to the purpose of certain laws as they relate to children; relating to tuition waivers and medical assistance for a child placed in out-of-home care by the state; relating to foster care; relating to children in need of aid; and relating to out-of-home care transition to independent living."

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

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.096. Continuing the public education of a homeless student. (a) Except as provided in (b) and (d) of this section, the governing body of a school district shall comply with the requirements for continuing the public education of a homeless student in the student's school of origin and for providing comparable education and transportation services for the remainder of the current school year or, if the student is attending school for a summer term, for the remainder of the summer

term, under 42 U.S.C. 11431 - 11435 (McKinney-Vento Homeless Education Assistance Improvement Act of 2001), as those provisions existed on February 1, 2009.

(b) The requirements in (a) of this section do not apply if the student moves to a school district other than the school district in which the student's school of origin is located.

(c) If a homeless student is transferred to a school other than the student's school of origin, the school of origin shall provide a copy of the student's records to the student's new school within 7 school days after notification of the transfer. The student's new school shall allow the student to attend school while awaiting the transfer of records under this subsection.

(d) A school district is required to comply with this section only

(1) if the legislature appropriates funds for the purpose; and

(2) to the extent possible using funds appropriated for the purpose.

(e) In this section,

(1) "homeless student" has the meaning given in 42 U.S.C. 11434a for "homeless child or youth," and the phrase "awaiting foster care placement" in that definition shall be interpreted to include all students who are placed in out-of-home care and in the custody of the Department of Health and Social Services under AS 47.10.080(c) or who are committed to the custody of the Department of Health and Social Services under AS 47.12.120(b)(1) or (3);

(2) "school of origin" means the school in which the student was last enrolled.

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

Article 3A. Free Tuition for a Person Who Was in Out-of-Home Care.

Sec. 14.43.086. Free tuition and fees for a person who was in out-of-home care. (a) A person who enrolls as a student in good standing in a state-supported educational institution in the state is entitled to a waiver of tuition, fees, and room and board expenses if the person provides adequate proof that the person

(1) was in the custody of the state under AS 47.10 or AS 47.14;

(2) was placed in out-of-home care for a period of not less than six

consecutive months on or after the person became 16 years of age; and

(3) is under 29 years of age.

(b) The amount of the waiver to which a person is entitled under this section is the amount of unmet need for tuition, room, and board expenses, as determined by the commission, after deducting funding for the school year from education loans, grants, or scholarships received by a person eligible for a waiver.

(c) The proceeds of an education loan, grant, or scholarship received by a person eligible for a waiver under this section must be paid to the educational institution to offset the person's tuition, fees, and room and board expenses.

(d) A state-supported educational institution in the state is required to provide a waiver under (a) of this section only if the legislature appropriates funds for the purpose of offsetting waivers under this section. If an appropriation is not sufficient to fully offset waivers for each person entitled to a waiver under (a) of this section, the institution may offer full or partial waivers to eligible applicants as funding permits and at the discretion of the institution.

*** Sec. 3.** AS 14.43.160 is amended by adding a new paragraph to read:

(7) "out-of-home care" has the meaning given in AS 47.14.400.

*** Sec. 4.** AS 36.30.850(b)(42) is amended to read:

(42) grants and contracts with qualified entities for services under AS 47.18.330 for the **out-of-home** [FOSTER] care transition program;

*** Sec. 5.** AS 47.05.060 is amended to read:

Sec. 47.05.060. Purpose and policy relating to children. The purpose of this title as it relates to children is to secure for each child the care and guidance, preferably in the child's own home, **as well as an adequate education,** that will serve the moral, emotional, mental, **intellectual,** and physical welfare of the child and the best interests of the community; to preserve and strengthen the child's family ties unless efforts to preserve and strengthen the ties are likely to result in physical or emotional damage to the child, removing the child from the custody of the parents only as a last resort when the child's welfare or safety or the protection of the public cannot be adequately safeguarded without removal; and, when the child is removed from the family, to secure for the child adequate custody**, education,** and care and

adequate planning for permanent placement of the child.

*** Sec. 6.** AS 47.05.065 is amended to read:

Sec. 47.05.065. Legislative findings related to children. The legislature finds that

(1) parents have the following rights and responsibilities relating to the care and control of their child while the child is a minor:

(A) the responsibility to provide the child with food, clothing, shelter, education, and medical care;

(B) the right and responsibility to protect, nurture, train, and discipline the child, including the right to direct the child's medical care and the right to exercise reasonable corporal discipline;

(C) the right to determine where and with whom the child shall live;

(D) the right and responsibility to make decisions of legal or financial significance concerning the child;

(E) the right to obtain representation for the child in legal actions; and

(F) the responsibility to provide special safeguards and care, including appropriate prenatal and postnatal protection for the child;

(2) it is the policy of the state to strengthen families and to protect children from child abuse and neglect; the state recognizes that, in some cases, protection of a child may require removal of the child from the child's home; however,

(A) except in those cases involving serious risk to a child's health or safety, the Department of Health and Social Services should provide time-limited family support services to the child and the child's family in order to offer parents the opportunity to remedy parental conduct or conditions in the home that placed the child at risk of harm so that a child may return home safely and permanently; and

(B) the state also recognizes that when a child is removed from the home, visitation between the child and the child's parents or guardian and family members reduces the trauma for the child and enhances the likelihood

that the child will be able to return home; therefore, whenever a child is removed from the parental home, the Department of Health and Social Services should encourage frequent, regular, and reasonable visitation of the child with the child's parent or guardian and family members;

(3) it is the policy of the state to recognize that, when a child is a ward of the state, the child is entitled to reasonable safety, adequate care, and adequate treatment and that the Department of Health and Social Services as legal custodian and the child's guardian ad litem as guardian of the child's best interests and their agents and assignees, each should make reasonable efforts to ensure that the child is provided with reasonable safety, adequate care, and adequate treatment for the duration of time that the child is a ward of the state;

(4) it is in the best interests of a child who has been removed from the child's own home for the state to apply the following principles in resolving the situation:

(A) the child should be placed in a safe, secure, and stable environment;

(B) the child should not be moved unnecessarily;

(C) a planning process should be followed to lead to permanent placement of the child;

(D) every effort should be made to encourage psychological attachment between the adult caregiver and the child;

(E) frequent, regular, and reasonable visitation with the parent or guardian and family members should be encouraged; [AND]

(F) parents and guardians must actively participate in family support services so as to facilitate the child's being able to remain in the home; when children are removed from the home, the parents and guardians must actively participate in family support services to make return of their children to the home possible; **and**

(G) the child should continue to attend the child's school of origin as provided under AS 14.03.096;

(5) numerous studies establish that

(A) children undergo a critical attachment process before the time they reach six years of age;

(B) a child who has not attached with an adult caregiver during this critical stage will suffer significant emotional damage that frequently leads to chronic psychological problems and antisocial behavior when the child reaches adolescence and adulthood; and

(C) it is important to provide for an expedited placement procedure to ensure that all children, especially those under the age of six years, who have been removed from their homes are placed in permanent homes expeditiously.

*** Sec. 7.** AS 47.07.020(b) is amended to read:

(b) In addition to the persons specified in (a) of this section, the following optional groups of persons for whom the state may claim federal financial participation are eligible for medical assistance:

(1) persons eligible for but not receiving assistance under any plan of the state approved under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act, Supplemental Security Income) or a federal program designated as the successor to the aid to families with dependent children program;

(2) persons in a general hospital, skilled nursing facility, or intermediate care facility, who, if they left the facility, would be eligible for assistance under one of the federal programs specified in (1) of this subsection;

(3) persons under 21 years of age who are under supervision of the department, for whom maintenance is being paid in whole or in part from public funds, and who are in **out-of-home care** [FOSTER HOMES] or private child-care institutions;

(4) aged, blind, or disabled persons, who, because they do not meet income and resources requirements, do not receive supplemental security income under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act), and who do not receive a mandatory state supplement, but who are eligible, or would be eligible if they were not in a skilled nursing facility or intermediate care facility to receive an optional state supplementary payment;

(5) persons under 21 years of age who are in an institution designated as an intermediate care facility for the mentally retarded and who are financially eligible as determined by the standards of the federal program designated as the successor to the aid to families with dependent children program;

(6) persons in a medical or intermediate care facility whose income while in the facility does not exceed $1,656 a month but who would not be eligible for an optional state supplementary payment if they left the hospital or other facility;

(7) persons under 21 years of age who are receiving active treatment in a psychiatric hospital and who are financially eligible as determined by the standards of the federal program designated as the successor to the aid to families with dependent children program;

(8) persons under 21 years of age and not covered under (a) of this section [,] who would be eligible for benefits under the federal program designated as the successor to the aid to families with dependent children program, except that they have the care and support of both their natural and adoptive parents;

(9) pregnant women not covered under (a) of this section and who meet the income and resource requirements of the federal program designated as the successor to the aid to families with dependent children program;

(10) persons under 21 years of age not covered under (a) of this section who the department has determined cannot be placed for adoption without medical assistance because of a special need for medical or rehabilitative care and who the department has determined are hard-to-place children eligible for subsidy under AS 25.23.190 - 25.23.210;

(11) persons who can be considered under 42 U.S.C. 1396a(e)(3) (Title XIX, Social Security Act, Medical Assistance) to be individuals with respect to whom a supplemental security income is being paid under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act) because they meet all of the following criteria:

(A) they are 18 years of age or younger and qualify as disabled individuals under 42 U.S.C. 1382c(a) (Title XVI, Social Security Act);

(B) the department has determined that

(i) they require a level of care provided in a hospital,

nursing facility, or intermediate care facility for the mentally retarded;

(ii) it is appropriate to provide their care outside of an institution; and

(iii) the estimated amount that would be spent for medical assistance for their individual care outside an institution is not greater than the estimated amount that would otherwise be expended individually for medical assistance within an appropriate institution;

(C) if they were in a medical institution, they would be eligible for medical assistance under other provisions of this chapter; and

(D) home and community-based services under a waiver approved by the federal government are either not available to them under this chapter or would be inappropriate for them;

(12) disabled persons, as described in 42 U.S.C. 1396a(a)(10)(A)(ii)(XIII), who are in families whose income, as determined under applicable federal regulations or guidelines, is less than 250 percent of the official poverty line applicable to a family of that size according to the United States Department of Health and Human Services, and who, but for earnings in excess of the limit established under 42 U.S.C. 1396d(q)(2)(B), would be considered to be individuals with respect to whom a supplemental security income is being paid under 42 U.S.C. 1381 - 1383c; a person eligible for assistance under this paragraph who is not eligible under another provision of this section shall pay a premium or other cost-sharing charges according to a sliding fee scale that is based on income as established by the department in regulations;

(13) persons under 19 years of age who are not covered under (a) of this section and whose household income does not exceed 175 percent of the federal poverty line as defined by the United States Department of Health and Human Services and revised under 42 U.S.C. 9902(2);

(14) pregnant women who are not covered under (a) of this section and whose household income does not exceed 175 percent of the federal poverty line as defined by the United States Department of Health and Human Services and revised under 42 U.S.C. 9902(2);

(15) persons who have been diagnosed with breast or cervical cancer and who are eligible for coverage under 42 U.S.C. 1396a(a)(10)(A)(ii)(XVIII);

(16) persons under 21 years of age who were in the custody of the department under AS 47.10 or AS 47.14 and who were placed in out-of-home care for a period of not less than six consecutive months on or after reaching 16 years of age.

*** Sec. 8.** AS 47.07.020 is amended by adding a new subsection to read:

(o) In this section, "out-of-home care" has the meaning given in AS 47.14.400.

*** Sec. 9.** AS 47.10.080(c) is amended to read:

(c) If the court finds that the child is a child in need of aid, the court shall

(1) order the child committed to the department for placement in an appropriate setting for a period of time not to exceed two years or in any event not to extend past the date the child becomes 19 years of age, except that the department or the child's guardian ad litem may petition for and the court may grant in a hearing

(A) one-year extensions of commitment that do not extend beyond the child's 19th birthday if the extension is in the best interests of the child; and

(B) **one-year extensions of commitment that do not extend beyond the child's 21st birthday** [AN ADDITIONAL ONE-YEAR PERIOD OF STATE CUSTODY PAST 19 YEARS OF AGE] if the continued state custody is in the best interests of the person and the person consents to it;

(2) order the child released to a parent, adult family member, or guardian of the child or to another suitable person, and, in appropriate cases, order the parent, adult family member, guardian, or other person to provide medical or other care and treatment; if the court releases the child, it shall direct the department to supervise the care and treatment given to the child, but the court may dispense with the department's supervision if the court finds that the adult to whom the child is released will adequately care for the child without supervision; the department's supervision may not exceed two years or in any event extend past the date the child reaches 19 years of age, except that the department or the child's guardian ad litem may petition for and the court may grant in a hearing

(A) one-year extensions of supervision that do not extend beyond the child's 19th birthday if the extensions are in the best interests of the child; and

(B) an additional one-year period of supervision past 19 years of age if the continued supervision is in the best interests of the person and the person consents to it; or

(3) order, under the grounds specified in (o) of this section or AS 47.10.088, the termination of parental rights and responsibilities of one or both parents and commit the child to the custody of the department, and the department shall report quarterly to the court on efforts being made to find a permanent placement for the child.

*** Sec. 10.** AS 47.10.080 is amended by adding a new subsection to read:

(v) A social worker employed by or under contract with the department shall, not less than monthly, conduct visits with a child committed to the custody of the department under (c) of this section. The visits must be of sufficient substance and duration to address issues pertinent to case planning and service delivery to ensure the child's safety, permanency, and well-being. The majority of the visits conducted under this subsection must be at the location of the child's current placement. Nothing in this paragraph creates a private right of action against the department or the department's contractors. In this subsection, "visit" means face-to-face contact between social worker and child.

*** Sec. 11.** AS 47.10.990(3) is amended to read:

(3) "child" means a person **who is**

(A) under 18 years of age**;**

(B) [AND A PERSON] 19 years of age if that person was under 18 years of age at the time that a proceeding under this chapter was commenced**; and**

(C) under 21 years of age if that person is living in out-of-home care;

*** Sec. 12.** AS 47.10.990 is amended by adding a new paragraph to read:

(33) "out-of-home care" has the meaning given in AS 47.14.400.

*** Sec. 13.** AS 47.18.300(a) is amended to read:

(a) The department, in coordination with local public and private agencies, shall design, develop, and implement **an out-of-home care** [A FOSTER CARE] transition program to provide support and services to individuals who

(1) reach or have reached the age of 16 or older while in state **custody and placed in out-of-home** [FOSTER] care and have not yet reached 23 years of age; and

(2) meet other eligibility criteria established by the department under (b) of this section.

*** Sec. 14.** AS 47.18.310 is amended to read:

Sec. 47.18.310. Program design. The department, in coordination with local public and private agencies, shall design the program as a continuation of the training efforts related to independent living skills that were initiated **for a child in state custody who was placed in out-of-home care and** [WHEN THE STATE FOSTER CARE RECIPIENTS WERE] identified as being likely to remain in **out-of-home** [STATE FOSTER] care until reaching **not less than** the age of 18. The program design must require that program participants are directly involved in identifying the program activities that will prepare them for independent living.

*** Sec. 15.** AS 47.18.320(a) is amended to read:

(a) Subject to the availability of an appropriation made for the purposes of AS 47.18.300 - 47.18.390, the program may provide

(1) education and vocational training;

(2) assistance in obtaining basic education and training;

(3) career and employment services;

(4) training in basic life skills;

(5) housing and utility assistance;

(6) mentoring and counseling; and

(7) other appropriate services to complement the efforts of former state foster care recipients **or a child who was in state custody and placed in out-of-home care** to achieve self-sufficiency.

*** Sec. 16.** AS 47.18.390(1) is amended to read:

(1) "program" means the **out-of-home** [FOSTER] care transition program authorized under AS 47.18.300 - 47.18.390;

*** Sec. 17.** AS 47.18 is amended by adding a new section to read:

Sec. 47.18.335. Monetary living expense stipend. The department shall provide to an individual eligible for services under the program who has left out-of-home care a monthly stipend in an amount set by the department that is not more than the daily rate provided to a licensed foster parent for necessary living expenses. The stipend shall continue for a period of not more than one year and shall end before the individual is 23 years of age. The department may adopt regulations to implement this section.

*** Sec. 18.** AS 47.18.390(3) is repealed and reenacted to read:

(3) "out-of-home care" has the meaning given in AS 47.14.400.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
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MEMORANDUM March 23, 2009

SUBJECT: Sectional Summary (CSSB 105( ); Work Order No. 26-LS0556\R)

TO: Senator Bettye Davis
Attn: Thomas Obermeyer

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 for the continuation of a public education in a student's school of origin for a homeless student under federal specifications. Provides exceptions for a move outside of a school district or for insufficient funding by the legislature. Modifies federal definition of homelessness to include students who are placed in out-of-home care by the state.

Section 2. Provides for a waiver of unmet need for tuition, fees, and room and board expenses at a state-supported educational institution for a person who was placed in out-of-home care at age 16 or older and who meets specified eligibility requirements. The waiver is subject to appropriation.

Section 3. Defines out-of-home care for purposes of student loans and waivers.

Section 4. Changes "foster care" to "out-of-home care" under the procurement code.

Section 5. Amends the state's purpose and policy related to children to include education and intellectual development.

Section 6. Amends the legislative intent related to children to include providing a public education as provided under section 1.

Section 7. Replaces the term "foster homes" with "out-of-home care" for purposes of establishing medical assistance eligibility for certain persons and adds a category of

eligibility for persons under 21 years of age who were in out-of-home care for a specified period of time on or after the person's 16th birthday.

Section 8. Defines "out-of-home care" for purposes of medical assistance eligibility.

Section 9. Authorizes the extension of court orders for a child who is in state custody to age 21.

Section 10. Establishes mandatory monthly visits by social workers employed by the department to make monthly home visits, as described, to all children in the custody of the department.

Section 11. Amends the definition of "child" for purposes of the child in need of aid statutes.

Section 12. Defines "out-of-home care" for purposes of the child in need of aid statutes.

Sections 13 - 15. Changes "foster care" to "out-of-home care" for purposes of the transition to the independent living program.

Section 16. Defines "program" to mean "out-of-home care" transition program.

Section 17. Establishes a monetary stipend to be paid to persons who are eligible for the out-of-home care transition program.

Section 18 Defines "out-of-home care" for purposes of the transition program.

JMM:ljw
09-177.ljw

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB105**
() Publish Date:

Identifier (file name): **SB105-DHSS-CSM-03-05-09**
Title: Foster Care/CINA/Education of Homeless
Sponsor: Davis
Requester: Senate EDC

Dept. Affected: Health & Social Services
RDU: Children's Services
Component: Children's Services Management
Component Number: 2666

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual	204.2		0.0	0.0	0.0	0.0	0.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**204.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	73.5						
1003 GF Match	130.7						
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**204.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

The intent of SB 105 is to address the educational, medical, financial, and housing challenges that face youth as they transition out of foster care and to support those care providers that are willing to help them during that period of transition.

The Office of Children's Services Online Resource for the Children of Alaska (ORCA) data base is mandated by the federal government and must be continuously updated to reflect changes in both state and federal law and policy. The following provides the estimated cost of ORCA updates that will be required to implement this bill.

(continued on page 2)

Prepared by: Tammy Sandoval, Director — Phone 465-3191
Division: Office of Children's Services — Date/Time 3/3/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner — Date 3/5/2009
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA **BILL NO.** SB105

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Requirement	Functional LOE (hours)	Development LOE (hours)	Total LOE (hours)	Cost
Update Services page for new services.	120	80	200	$22,000.00
Update Education page with post-secondary educational institutions.	80	60	140	$15,400.00
Update OHP for unlicensed independent living service categories and service types.	120	80	200	$22,000.00
Update OHP for licensed service categories and service types over 18.	120	100	220	$24,200.00
Update Ref Value for age change from 18 to 21	80	60	140	$15,400.00
Update Eligibility page calculations for new age requirement	180	160	340	$37,400.00
Update Medicaid Eligibility page calculations for new page	180	160	340	$37,400.00
Visitation Report	40	36	76	$8,360.000
Batch updates for OHP and Eligibility	40	160	200	$22,000.00
Days:	**960/8 = 120 days**	**896/8 = 112 days**	**1856/8 = 232 total days**	**Total Estimate $204,160.00**

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB105
() Publish Date:

Identifier (file name): SB105-DHSS-FCBR-03-05-09
Dept. Affected: Health & Social Services
Title: Foster Care/CINA/Education of Homeless
RDU: Children's Services
Component: Foster Care Base Rate
Sponsor: Davis
Requester: Senate EDC
Component Number: 2236

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	725.0		445.2	445.2	445.2	445.2	445.2
Miscellaneous							
TOTAL OPERATING	**725.0**	**0.0**	**445.2**	**445.2**	**445.2**	**445.2**	**445.2**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0		55.6	73.9	73.9	73.9	73.9
1003 GF Match	725.0		389.6	371.3	371.3	371.3	371.3
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**725.0**	**0.0**	**445.2**	**445.2**	**445.2**	**445.2**	**445.2**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

The intent of SB 105 is to address the educational, medical, financial, and housing challenges that face youth as they transition out of foster care and to support those care providers that are willing to help them during that period of transition.

Sec. 11 amends AS 47.10.990 to change the definition of child to include under age 21 years if that person is living in out-of-home care as defined in AS 47.14.400.

(continued on page 2)

Prepared by: Tammy Sandoval, Director
Phone 465-3191
Division: Office of Children's Services
Date/Time 3/3/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 3/5/2009
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA **BILL NO.** SB105

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Assumptions applied to this fiscal note:

Foster care reimbursement payments will be made available to care for children who remain in the custody of the state, who are age 18 through 20;

Approximately 15% (17 children) of the 110 that turn age 18 annually will chose to stay in foster care until age 19; 10% (10) to age 20; 5% to 21 (6); totaling 33 children. This is based simply on program experience and the assumption that most children will want to leave foster care at age 18, but that others who have stable homes will decide to stay with their foster families and that most of these children will attend post secondary education programs.

In addition to the 33 children who may wish to participate in the program in its initial year, approximately 12 of those special needs children who are 18 years of age, 6 at age 19, and 6 at age 20 will remain in care for 2010, bringing the total for 2010 to 57 children. This is based on the current numbers of children who age out with special needs. We estimate that 18 children with special needs age out annually, with 6 of them already staying in foster care until age 20, leaving 12 that may chose to stay in care.

For years 2011 - 2015, the number of participants has been reduced to 35, where it may stabilize because OCS speculates those children reaching the age of 19 or 20 will more likely opt to chose the monetary stipend in this bill.

Calculations are based on 360 days at an average base foster care base rate of $35.33 a day: $35.33 x 30 = $1,060 a month. This calculation is used to equally distribute funding estimates, and makes very little difference to the resulting totals.

Currently, federal reimbursement for the extension of the foster program is not available. However, the Adoption and Guardianship Fostering Connections to Success and Increasing Adoptions Act of 2008 includes the option to extend the assistance age through 20. This fiscal note assumes that option will be implemented when available October 1, 2010, therefore is available for the final three quarters of state fiscal year 2011 forward only.

SFY	# of Children	Age	Annual Cost Per Child	Total Est.	FFP	GF
2010	57	18,19, 20	$12,719	$724,972	$0	$724,972
2011	35	18,19,20	$12,719	$445,158	$55,631	$389,527
2012	35	18,19,20	$12,719	$445,158	$73,862	$371,296
2013	35	18,19,20	$12,719	$445,158	$73,862	$371,296
2014	35	18,19,20	$12,719	$445,158	$73,862	$371,296
2015	35	18,19,20	$12,719	$445,158	$73,862	$371,296

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB105
() Publish Date:

Identifier (file name): SB105-DHSS-FP-03-05-09
Title: Foster Care/CINA/Education of Homeless
Sponsor: Davis
Requester: Senate EDC

Dept. Affected: Health & Social Services
RDU: Children's Services
Component: Family Preservation
Component Number: 1628

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	1,971.4		953.9	953.9	953.9	953.9	953.9
Miscellaneous							
TOTAL OPERATING	**1,971.4**	**0.0**	**953.9**	**953.9**	**953.9**	**953.9**	**953.9**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts			119.2	158.3	158.3	158.3	158.3
1003 GF Match			834.7	795.6	795.6	795.6	795.6
1004 GF	1,971.4						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**1,971.4**	**0.0**	**953.9**	**953.9**	**953.9**	**953.9**	**953.9**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

The intent of SB 105 is to address the educational, medical, financial, and housing challenges that face youth as they transition out of foster care and to support those care providers that are willing to help them during that period of transition.

Sec. 14 amends AS 47.18 by adding a new section which will allow a monetary stipend, equal to the applicable foster care reimbursement rate, to individuals who are leaving foster care for a 1 year period only.

(contunued on page 2)

Prepared by: Tammy Sandoval, Director
Division: Office of Children's Services
Phone: 465-3191
Date/Time: 3/3/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
DHSS Finance & Management Services
Date: 3/5/2009

FISCAL NOTE

STATE OF ALASKA

2009 LEGISLATIVE SESSION

BILL NO. SB105

ANALYSIS CONTINUATION

Assumptions applied to this fiscal note:

The monetary stipends will be made available to children leaving out of home care, who are age 18 through 20, and does not need to be requested immediately upon leaving care;

70% of the 220 children currently participating in the Independent Living Program (IL) will become eligible for monetary stipends in FY2010 (ages 18, 19, and 20) – equating to about 155 FTEs (full time equivalents), resulting in higher program costs the first year the stipends are available. FTEs help provide a more stable count as it is assumed that recipients will migrate on and off the program and not all will receive a full year's stipends;

After the first year of stipends, it is assumed that about 1/3 of the IL population will be eligible for and request monetary stipends annually equaling 75 FTEs, and that number will remain somewhat static;

Calculations are based on 360 days at an average base foster care base rate of $35.33 a day: $35.33 x 30 = $1,060 a month.

Currently, federal reimbursement for the extension of the IL program is not available. However, the Adoption and Guardianship Fostering Connections to Success and Increasing Adoptions Act of 2008 includes the option to extend the assistance age through 20 under certain conditions. This fiscal note assumes those conditions will be established in regulation and when met, IV-E reimbursement will apply. This option is available October 1, 2010, therefore is available for the final three quarters of state fiscal year 2011.

	FTEs	Cost Per Month	Total Cost	Estimated FFP	GF
SFY 2010	155	$1,060	$1,971,414	$0	$1,971,414
SFY2011	75	$1,060	$953,910	$119,207	$834,703
SFY2012	75	$1,060	$953,910	$158,273	$795,637
SFY2013	75	$1,060	$953,910	$158,273	$795,637
SFY2014	75	$1,060	$953,910	$158,273	$795,637
SFY2015	75	$1,060	$953,910	$158,273	$795,637

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: SB105
Bill Version:
() Publish Date:

Identifier (file name): SB105-UA-Sysbra-3-23-09
Title: Tuition Waiver for a child who was in foster care
Sponsor: Senators Davis and Ellis
Requester: Education Committee

Dept. Affected: University of Alaska
RDU: University of Alaska
Component: Sysbra
Component Number:

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual		266.2	279.5	293.5	308.2	323.6	339.7
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**266.2**	**279.5**	**293.5**	**308.2**	**323.6**	**339.7**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		266.2	279.5	293.5	308.2	323.6	339.7
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**266.2**	**279.5**	**293.5**	**308.2**	**323.6**	**339.7**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

SB105 extends the current age limit for youth eligible to participate from 23 to 29. The impact of the age limit increase is difficult to predict. Older students could be more apt to take advantage of the opportunity for a higher education than their younger counterparts. It is estimated that each fiscal year 111 youth fit the initial eligibility requirements for this program and may be eligible to receive benefits under this program. If only 20% (22) of these youth enroll at the UA, this would equate to $266,200 per year. A 5% inflation increase is assumed for future fiscal years.

Prepared by: Alesia Kruckenberg
Division: University of Alaska
Phone 907-450-8426
Date/Time 03/24/09 2:00PM

Approved by: Michelle Rizk
Agency: University of Alaska
Date 03/24/09 2:00PM

(Revised 9/2008 OMB)

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB105

ANALYSIS CONTINUATION

For each student taking advantage of the Foster Youth Tuition Waiver Program, the cost in FY10 will be $12,100. This covers tuition and mandatory fees of $5,040 and room and board of $7,060. Under the current agreement with the Department of Health and Social Services, Office of Children's Services (OCS), the University of Alaska annually makes available ten Foster Youth Tuition Waiver Scholarships and the OCS provides additional financial support, up to $5,000 per academic year/per student for approved education related expenses such as; fees, books, supplies, room/board. Under this program youth are eligible until they turn 23 years of age.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB 105**
() Publish Date:

Identifier (file name): SB105-EED-ESS-03-25-09
Dept. Affected: Education & Early Development
Title "An Act relating to continuing the secondary public education of a
RDU Education Support Services
Component School Finance & Facilities
Sponsor Senators Davis, Ellis
Requester Education, HSS, Finance
Component Number 2737

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel		900.0	900.0	900.0	900.0	900.0	900.0
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**900.0**	**900.0**	**900.0**	**900.0**	**900.0**	**900.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		900.0	900.0	900.0	900.0	900.0	900.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**900.0**	**900.0**	**900.0**	**900.0**	**900.0**	**900.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

This fiscal note is in response to Section 1. of SB-105. The intent of this section is for a school district to provide transportation services for the remainder of the current school year for homeless students to the students school of origin.

In estimating the impact of this bill the following school districts were contacted and provided feedback to what there costs may be, Anchorage, MatSu, Juneau, Kenai, and Fairbanks.

Prepared by: Eddy Jeans, Director
Phone 465-8679
Division School Finance
Date/Time 3/25/09 12:00 AM
Approved by: Larry LeDoux, Commissioner
Date 3/25/2009

(Revised 9/10/2008 OMB)

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: SB105
Bill Version:
() Publish Date:

Identifier (file name): SB105-EED-ACPE-03-27-09
Dept. Affected: Education
Title: An Acct relating to continuing the secondary public education of a homeless student, relating to the purpose of certain
RDU: ACPE
Component: Program Administration and Operations
Sponsor: Senator Davis
Requester: (S)EDC
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

Sections 3 and 4 of the bill amend the Alaska Student Loan statutes creating special loan terms and conditions for otherwise eligible borrowers, providing for a lower annual loan limit than would otherwise be available and provides for the loan to be interest-free to the borrower under certain conditions. The commission no longer makes loans under this section of law, and it is unclear whether the intent of the bill is to create a separate loan program for this special population that is in addition to the other loans available to them, or if this is to be an alternative to other borrowing. Currently, the commission administers newly originated state education loans (those not carrying a federal guarantee) pursuant to AS 14.43.170--AS 14.43.175. At the time of drafting of this note, the anticipated population of program participants is not known, so related cost estimates could not be determined.

Prepared by: Diane Barrans, Executive Director
Phone 465-6740
Division: Alaska Commission on Postsecondary Education
Date/Time 3/27/09 9:00 AM
Approved by: Diane Barrans, Executive Director
Date 3/27/2009
Alaska Commission on Postsecondary Education

(Revised 9/10/2008 OMB)

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB105

ANALYSIS CONTINUATION

In the event the intent of the sponsor is to allow an institution to require the individual to apply for a *federally guaranteed and subsidized education loan under the Federal Family Education Loan Program* , it may be assumed the individual could do so with minimal costs to the state.

Educational Stability for Youth in Foster Care

The McKinney-Vento Act[1] applies to many children in DFCS custody and provides those children with rights that promote educational stability.

What is the McKinney-Vento Act?

- McKinney-Vento is a federal law that promotes stability, access, and academic success for homeless youth. McKinney-Vento also provides assistance for homeless youth with enrollment in a new school, transportation to school, and other educational and supplemental services. It promotes educational stability by allowing homeless youth to remain in their school of origin even if homelessness has caused them to move outside the school district. School of origin is defined as the school a student attended before becoming homeless or the school where the student was last enrolled.

Are children in foster care homeless?

- In order to be eligible for the benefits and services provided for by the McKinney-Vento Act, a student must meet the criteria for homelessness. Some children in foster care meet the criteria and are therefore considered homeless under the Act.
- The McKinney-Vento Act defines homeless children and youth as "(A) individuals who lack a fixed, regular and adequate nighttime residence...; and (B) includes – (i) children and youths who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; are living in motels, hotels, trailer parks, or camping grounds due to the lack of alternative accommodations; *are living in emergency or transitional shelters; are abandoned in hospitals; or are awaiting foster care placement....*"[2] Thus, some children in DFCS custody are considered homeless for the purpose of the McKinney-Vento Act, specifically children living in shelters, abandoned in hospitals, and children awaiting foster care placement
- Using McKinney-Vento to secure rights for children in foster care helps to minimize educational disruption. The child is able to remain in the same school, continue with the current academic curriculum, and is less likely to fall behind academically.

Are children covered by McKinney-Vento after they move into a foster home?

- Once the provisions of McKinney-Vento have been met, an eligible child remains eligible for services for the remainder of that school year even if s/he moves into a foster home.
- When the next school year begins, if the child continues to live in a foster home, s/he will no longer qualify under McKinney-Vento and at that time may have to transfer to a school in the district where s/he is residing.

What about the documents schools require to enroll a child in school?

- McKinney-Vento requires schools to immediately enroll homeless children in school even without records normally required for enrollment, such as previous academic records, medical records including immunization records, proof of guardianship, and proof of residency.
- The enrolling school must contact the last school attended to obtain relevant records to facilitate enrollment and the school should refer the child to the school liaison for assistance in obtaining immunization records.

What if the child has moved out of district and the old school refuses to allow the child to continue to attend?

- All decisions about where a homeless child shall be allowed to go to school must be made according to the child's best interests. In determining best interests of the child, the local educational agency shall "to the extent feasible, keep a homeless child or youth in the school of origin, except when doing so is contrary to the wishes of the child's or youth's parent or guardian."[3]

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- ❖ Whenever there is a disagreement between a school and a parent, guardian, or youth, the school must:
  - Immediately enroll the student in the school the parent, guardian, or youth chooses;
  - Keep the student at that school until the disagreement is settled;
  - Explain, in writing, its decision and the right to have the disagreement settled; AND
  - Send the parent, guardian or youth to the Georgia Liaison/Coordinator of Education for Homeless Children and Youth to settle the disagreement quickly. Please see the contact information below.

What if it is best to transfer the child to a new school in the district where the foster parents or relative placement live?

- ❖ Homeless children and youth have the right to stay in the school they went to before they lost their housing, to stay at whatever school they were enrolled in last, or to attend the local school where they are now living.

Is there any help with transportation?

- ❖ If McKinney-Vento applies to the child, then the school district must provide or arrange transportation for the student to stay at the school of origin, even if the student moves to a different city, county, or school district.
  - If a student is living in the same school district as the school of origin, then that school district has to provide transportation. If the student moves across district lines, then both districts have to work together to provide transportation.

What type of transportation will the school provide?

- ❖ Schools can provide transportation in different ways, including:
  - Re-routing school buses and making sure buses go to shelters, group homes and other places where students live;
  - Providing passes for public buses and subways, including passes for caretakers when needed;
  - Using the transportation systems social services use;
  - Using approved van or taxi services;
  - Reimbursing parents, guardians or youth for gas;
  - Working with service providers and public assistance agencies to make transportation plans or provide transportation;
  - Getting local businesses or other agencies to help with transportation costs; and

Where can I get more information?

- ❖ The National Law Center on Homelessness & Poverty, www.nlchp.org.
- ❖ Georgia's Education for Homeless Children and Youth Coordinator is Mr. David Davidson. He can be reached at phone 404-651-7555 or e-mail ddavidso@doe.k12.ga.us.
- ❖ The Georgia Law Center for the Homeless, www.galawcenter.org , phone: 404-681-0680.

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[1] The McKinney -Vento Act codified as amended at 42 U.S.C.A. §11432 through §11434a(2)(2004).
[2] 42 U.S.C.A.§11434a(2)(B)(2004)(emphasis added).
[3] 42 U.S.C.A. §11432(3)(B)(i)(2004).

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Covenant
House
Alaska
Crisis Center · Community Services Center · Transitional Living

Representative Les Gara and Senator Bettye Davis
State Capitol
Juneau, AK 99801

February 23, 2009

Dear Representative Gara and Senator Davis,

Thank you for introducing legislation to address the needs of foster care youth, both while they are in the state's custody and when they "age-out" of the current system. Providing resources and support to our foster care children decreases the need for long-term public assistance and criminal justice resources. Responding to research that clearly identifies proven strategies for assisting our youth to independent adulthood is not only compassionate, it is fiscally sound policy.

Between 35% and 50% of foster care youth become homeless after being released from care. Covenant House Alaska (CHA) serves the homeless and at-risk youth of our state through four main programs (50% of CHA youth have been involved in the foster care system). Our Crisis Center provides shelter, food, clothing, primary health care and support resources to homeless youth. Our Community Services Center is a drop-in center that provides case management, employment assistance, educational tutoring, counseling and substance abuse referrals and life skills training. Two different programs, Rights of Passage and Passage House help youth transition to independent living and self-sufficiency. Youth can participate in either program for 18 months with up to 12 months of additional aftercare.

Through these programs, CHA is certain that increased job training, educational opportunities, rental assistance and social worker visits will benefit children in foster care. Similarly, offering consistency whenever possible through maintaining one school for children despite changes in foster care placement is essential. CHA appreciates the multi-faceted approach HB 126 and SB 105 offers.

Thank you for sponsoring this legislation and providing a voice to youth in foster care.

Sincerely,

Deirdre Cronin
Executive Director

SB 109

Alaska State Legislature

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Senator_Bettye_Davis@legis.state.ak.us
http://www.akdemocrats.org

Office of Senator Bettye Davis

February 19, 2009

Senator Kim Elton, Chair
Senate Education Committee

RE: Request for Hearing for SB 109, 26-LS0527\A

"An Act repealing the secondary student competency examination and related requirements; and providing for an effective date."

Dear Senator Elton:

Senator Davis respectfully requests a hearing on SB 109 before the Senate Education Committee. SB 109 repeals the High School Graduation Qualifying Exam (HSGQE) which also has become a continuing issue of contention in *Moore, et al. v. State of Alaska*, 3AN04-9756 (see *infra*).

Included in this hearing package are:

1. Sponsor Statement
2. Current version of SB 109, 26-LS0527\A.
3. Sectional Summary
4. Additional Documentation
5. Anticipated teleconference testimony from the Department of Education & Early Childhood Development, School Districts, state educators, and parents

Sincerely,

Thomas S. Obermeyer,
Legislative Assistant,
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Senator Bettye Davis

SB 109, 26-LS0527\A

"An Act repealing the secondary student competency examination and related requirements; and providing for an effective date."

Sponsor Statement

SB 109 repeals the Alaska secondary student competency examination, also known as the High School Graduation Qualifying Exam (HSGQE) or "Exit" exam. The HSGQE was initiated in 2001 and became fully effective in 2004, following the trend for more assessment in the No Child Left Behind Act of 2001. It was never clear that the Alaska HSGQE would improve performance and measure whether students would be better prepared for college, much less determine conclusively that students were receiving diplomas but lacking basic skills. The HSGQE has become a "high stakes" hurtle that has harmed many students in Alaska while exacerbating a court finding in 2007 that the State was violating students' constitutional rights to an education without providing proper assistance and direction. (See *Moore, et al. v. State of Alaska*, 3AN04-9756).

It may be argued that State does not need the HSGQE, as the State and all school districts already require many assessment tests to determine student progress and competency. At the same time there is a trend away from exit exams. The Center on Education Policy (CEP) report in August, 2008 that most states are moving toward end-of course exams which assess mastery of content of a specific high school course in lieu of exit exams. The current Alaska HSGQE reportedly has been changed by the Board of Education and made less difficult than at inception. As a result, the HSGQE has become somewhat redundant, time-consuming, and expensive to administer. To save time and money, beginning in the spring of 2006 sophomores took a test that combined the HSGQE with a standards-based reading and math assessment required by the federal No Child Left Behind Act. Although students took one only exam, some questions counted for one or the other or both exams to satisfy state requirements. (*See Legislative Research Report 06.233, " History, Results, and cost of the HSGQE," June 28, 2006*). The HSGQE reportedly has detracted from the standard curriculum and has also promoted "teaching to the test."

The Department reported in 2007 that over 1,100 students statewide failed to pass the HSGQE after five opportunities, while 8,524 passed. See *Moore*, supra, exhibit 2514, p. 13 of 58, "Findings of Fact, Conclusions of Law and Order." These numbers excluded all students who had dropped out or transferred to another school before passing. The court in *Moore* determined that the State was violating the substantive due process rights of students by denying high school diplomas to students in chronically underperforming school districts. Students were failing the High School Graduation Qualifying Exam, while the State was failing to provide the oversight, assistance, and direction with clear standards to guide districts attempting to meet content and performance standards. As a result, the court concluded that the Department was ultimately failing to "maintain a system of public schools" as required under the Alaska Constitution, Article VII, Section 1. Finding insufficient proof of compliance with its 2007 court order, the court in *Moore* on February 4, 2009 gave the Department 60 days to establish compliance with its constitutional duties and to file with the court "revised district intervention plans that address and incorporate as appropriate remedial measures related to each of the problem areas identified in these Findings."

Alaska's experience with high school exit exams is not new but widespread. Fearful that hundreds of thousands of students would be left behind by one set of standardized, time-pressured tests in New York, an article appeared in the *New York Times* headed "Albany Legislators Seek to Dilute New, Tougher Graduation Exams." It was stated in the article that "an unusual bipartisan coalition of state lawmakers, whose constituents ranged from inner-city residents to affluent suburbanites, is pushing to scale back new more stringent graduation requirements for nearly all pubic high school students." *New York Times*, May 12, 1999.

The Center on Education Policy (CEP) reported in August, 2008 that in the 2007-2008 school year 23 states required students to take and pass exit exams to receive a high school diploma. Three more states, Arkansas, Maryland, and Oklahoma, will begin withholding diplomas within the next few years, leading to a total of 26 states with such policies by 2012. Additionally, Connecticut, Pennsylvania, and Oregon are considering exit exams, but Oregon and Pennsylvania are opting to use multiple measures. The CEP reported that 68% of the nations' public high school students attend school in the 23 states with such policies. By 2012 approximately 75% of the nation's public high school students will be affected, including 84% of low income students and students of color.

The Center on Education Policy (CEP) recommends more funding should be allocated to research aimed at better understanding the impact of exit exams, considering the vast number of students affected by state-mandated high school exit exams. State governments, the CEP reports, should move immediately to collect and release data on final passage rates on these and the rate of students using alternative paths to graduation. As they implement more end-of-course exams, the CEP recommends that states address the need for greater rigor in the content of their exams and provide for greater coordination of high school requirements with college preparedness and work readiness demands.

While dropping the HSGQE does not remedy underlying problems in delivering quality education in underperforming districts already identified by other assessments, it does remove the risk that a student can be denied a diploma after 12 years of education by one exam. Eliminating the HSGQE may also encourage youth to stay in school long enough to get a diploma and reduce the dropout rate. After complying with court-ordered requirements in *Moore*, and perhaps after experience with other on-going assessments, the Department and the Board of Education may better determine whether an exit exam or HSGQE Exam is in the best interests of the state, recognizing that more states seem to be moving away from exit exams toward end-of-course exams.

Thomas Obermeyer

From: Friedman_Jeff [Friedman_Jeff@asdk12.org]
Sent: Sunday, March 15, 2009 4:08 PM
To: Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens
Cc: Comeau_Carol; Siegfried_Robin; Gardner_Rhonda; Don Burrell; Thomas Obermeyer
Subject: SB 109

Dear Vice Chair Davis and Education Committee Members:

I am writing about SB 109 which will be heard by the Senate Education Committee on Monday.

SB 109 repeals the High School Graduation Qualifying Exam. The Anchorage School Board has noted a number of problems with this exam over the years. I will write about my own perspective on this exam, but I believe these thoughts are shared by the other members of the Board.

First, the exam is not a a good measure of whether someone is ready for a high school diploma. The test is closer to an exam to determine whether someone is ready to take high school level classes. It is a basic skills test and it identifies students who need remedial work before they are capable of taking standard high school class work. While that is useful information to know, there are better, less expensive, and less time consuming ways to obtain that same information.

Unfortunately, a number of students each year pass the HSGQE and then drop out of school under the mistaken belief that this test shows they know everything they need to know to obtain a diploma. Having passed what they see as a High School exit exam, they see no reason to remain for a diploma. These dropouts are not adequately prepared for the work force. Even if they don't drop out officially, students sometimes drop out mentally and though they are attending classes, they are not fully engaged because they believe they have already passed the important requirement for a diploma.

This test is also extremely time consuming. Twice a year, high schools lose a week of instruction time because of the three days of testing. While the testing doesn't take all week, the interruption is enough to disrupt instruction for most of the week.

There are also issues of fairness concerning such a high stakes test. There are some students who just do not perform well in a testing situation. They are able to demonstrate mastery of the subject in class and in other test situations, but they fall apart in a high stakes, all or nothing test. Other students from whom English is their second language may also have mastered the subject matter but fall short on the test because English doesn't come easily to them. Then there is the whole area of Special Education. What accommodations are appropriate for each student under their IEP? Are students given a fair chance to pass this test despite their disabilities? Are they being given an advantage over other students because of a disability?

The cost of the test is also an issue. I am sure you will have a fiscal note indicating how much the State will save by not having this test. Fiscal notes don't usually discuss costs to the local districts, however. Time, money, and energy go into ensuring that the test is properly administered by certified teachers. There are strict limits as to who can administer the test to which students. This is particularly hard in some of our smaller schools in Anchorage, and I imagine it is even harder in rural Alaska.

I know there has been some discussion about replacing the HSGQE with the WorkKeys skills test. That is something that is worthy of consideration, especially if WorkKeys was used as a skills assessment system throughout a student's high school education rather than as a high stakes test. WorkKeys provides real time, relevant information about a student's progress to parents, teachers, and students. It is something students can use to help them take control of their own education. This is unlike the HSGQE which many students and parents view as an irrelevant hurdle to be jumped before receiving a diploma.

Students who obtain all of the credits needed to graduate should already have all of the basic skills that are tested by the HSGQE. If there are concerns that some districts might be graduating students who don't have those skills, then the solution to that is

through oversight by DEED. In Anchorage, 95% of the students who have the credits to graduate have also passed the HSGQE. I am confident that the remaining 5% are not being passed in their coursework without having those basic skills. Instead, I believe they are the students who have issues with the test taking procedure rather than mastery of the content.

The Anchorage School Board looks forward to working with the Legislature and with this Committee to find a better method of ensuring that all students who receive a diploma have adequately mastered the content needed for that diploma. I just do not believe the HSGQE is the tool to do that with.

Jeff Friedman
Anchorage School Board
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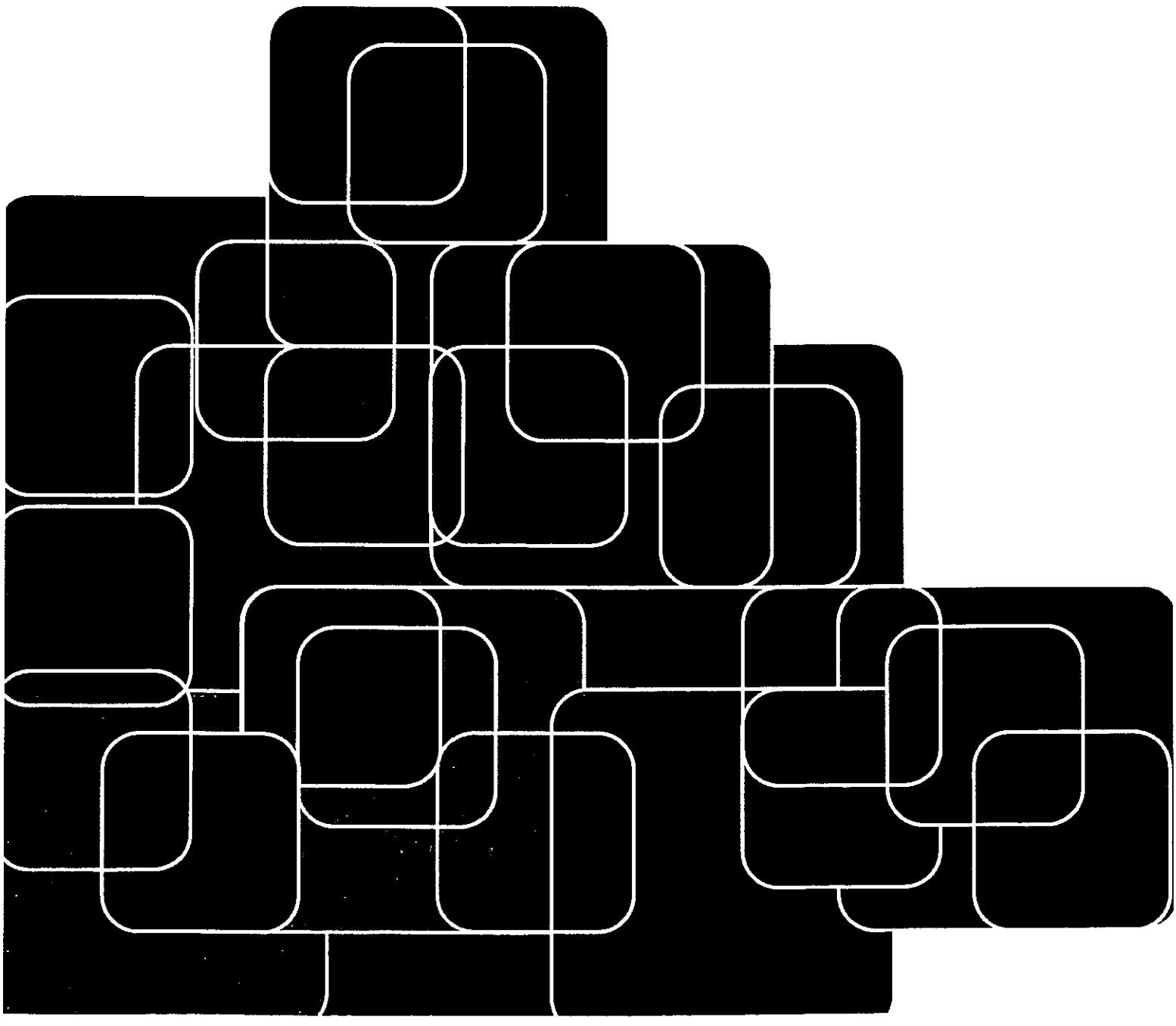
907-742-4699 (Home)

CENTER ON EDUCATION POLICY CEP

State High School Exit Exams: A Move Toward End-of-Course Exams

August 2008



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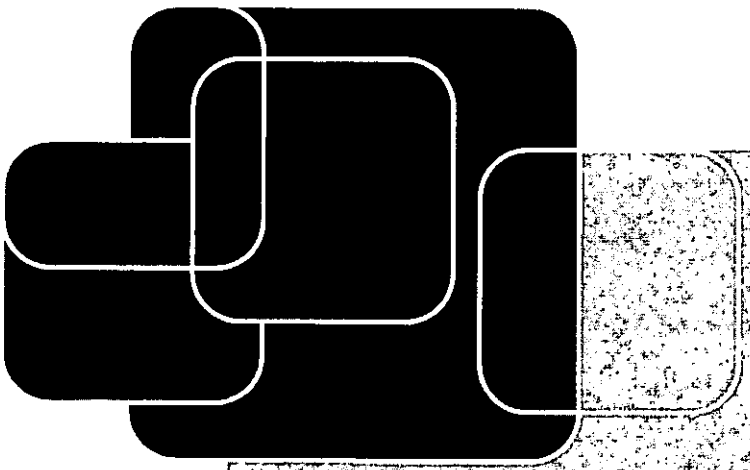

About the Center on Education Policy

Based in Washington, D.C., and founded in January 1995 by Jack Jennings, the Center on Education Policy is a national independent advocate for public education and for more effective public schools. The Center works to help Americans better understand the role of public education in a democracy and the need to improve the academic quality of public schools. We do not represent any special interests. Instead, we help citizens make sense of the conflicting opinions and perceptions about public education and create conditions that will lead to better public schools.

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Executive Summary and Study Methods

Since 2002, the Center on Education Policy (CEP), an independent nonprofit organization, has been studying state high school exit examinations—tests students must pass to receive a high school diploma. This is CEP's seventh annual report on exit exams. The information in this report comes from several sources: our survey of states that have mandatory exit exams, media reports, state Web sites, and interviews with state and district officials.

This report focuses on new developments in high school exit exam policies that have occurred over the past year. It specifically focuses on the states' move away from minimum-competency exams and comprehensive exams that are aligned to state standards in several subjects, and toward end-of-course (EOC) exams that assess mastery of the content of a specific high school course.

The bulleted points that follow summarize CEP's major findings from this year's study and our recommendations for improving the implementation of state high school exit exams.

Key Findings

Impacts of Exit Exams

- **During 2007-08, the number of states withholding diplomas based on students' performance on state-mandated high school exit exams increased by one (Washington State).** Now a total of 23 states require students to take and pass those tests to receive high school diplomas. Three more states (Arkansas, Maryland, and Oklahoma) will begin withholding diplomas within the next few years, leading to a total of 26 states with such policies by 2012.

- **The number of states with current or planned exit exam policies remains the same as last year at 26 states.** Three additional states (Connecticut, Oregon, and Pennsylvania) have considered adopting high school exit exams. In the face of public opposition, Oregon and Pennsylvania state officials have opted to allow the use of multiple measures, including the option of passing state exams, in their requirements for graduation.

- **High school exit examinations have a significant impact on American education.** Today, 68% of the nation's public high school students attend school in the 23 states with such policies. By 2012, when three more states implement high school exit exam requirements, approximately 74% of the nation's public high school students will be affected.

- **The impact of exit exams is even more striking for students of color.** Today, 75% of students of color attend public schools in states that require passage of exit exams; by 2012, more than 84% of students of color will live in such states.

New Developments

- **California settled a lawsuit that challenged the fairness of its high school exit exam, but Arizona continues to struggle with two longstanding lawsuits.** One lawsuit challenges the constitutionality of Arizona's Instrument to Measure Standards (AIMS)—the state's exit exam. The other lawsuit seeks to suspend AIMS as a graduation requirement for English language learners.

- **States continue to develop and refine alternative paths to graduation.** All 23 states that currently withhold diplomas based on students' performance on mandated high school exit exams have alternative measures for students with disabilities; 18 states have them for general education students; and 3 states have alternative measures specifically for English language learners. These alternative paths may play a major role for students with disabilities and English language learners in some states, even though, with few exceptions, alternative measures may affect a very small percentage of students overall.

More States Adopting End-of-Course Exams

- **States continue to move toward end-of-course exams.** In 2002, only 2 states used end-of-course exams. During school year 2007-08, 4 states had policies requiring end-of-course exams. By 2015, 11 states will rely on end-of-course exams and 3 more will implement a dual testing system that includes end-of-course exams. A total of 14 states expect to use end-of-course exams by 2015, an increase of 12 since 2002.

- **State education officials report many reasons for adopting end-of-course exams.** Almost all states that have adopted or are moving toward adopting end-of-course exams report that they are doing so to improve overall accountability, increase academic rigor, and improve alignment between state standards and curriculum.

- **A few are beginning to consider how to use the assessments to measure college and work readiness.** While all state education officials interviewed reported using end-of-course exams as a tool for ensuring greater accountability, only a few are beginning to consider how to use the assessment as a measure of college and work readiness.

- **Stakeholders highlighted many different ways that data from end-of-course exams can be used.** Some interviewees reported that end-of-course exam data, when compared to other test data available, allows for better assessment of content mastery. District administrators spoke about the opportunity of using end-of-course exam data to inform classroom instruction as well as identify areas of professional development for teachers.

- **End-of-course exams are supported by stakeholders.** End-of-course exams have been generally supported by legislators, the business community, parents, and teachers, according to interviewees.[1] Most questions and concerns about end-of-course exams have centered on the implementation timeline for the exams and the impact that the exams would have on graduation requirements.

- **States face logistical challenges associated with implementing end-of-course exams.** Logistical challenges include managing tight timelines required to develop multiple exams or figuring out how to get exam results back to school districts quickly. Other challenges reported include developing remediation for students who do not pass the exams and addressing concerns about the length and frequency of testing.

[1] Interviewees included state education officials, district administrators, and national testing experts.

➤ **Study participants recommend that states phase in their planned end-of-course exams over time.** Interviewees also cited the importance of consulting with teachers and other education stakeholders in states that have decided to adopt end-of-course exams. In addition, many interviewees stressed the importance of reviewing state academic standards to ensure that they are rigorous and well-defined before implementing end-of-course exams.

Recommendations

➤ **Considering the vast number of students affected by state-mandated high school exit exams, more funding should be allocated to research aimed at better understanding the impact of these exams.** Much more work needs to be done to understand the effect of these exams on dropout rates, their impact on curriculum and instruction, and their impact on students from low-income families and children of color.

➤ **State governments should move immediately to collect and release data on final passage rates on these tests and the rate of students using alternative paths to graduation.** In the information supplied for this report, states frequently submit initial passage rates but not the final or cumulative rates—that is, the percentage of students who achieve passing scores by the end of grade 12, often after retesting multiple times. Also, only about half of the states that offer alternative paths to graduation provided information on the percentage of students who complete high school using these alternative paths. This information is vital to understanding the true impact of these exams.

➤ **As they put in place end-of-course exams, states should directly and openly address the need for greater rigor in the content of their exams and for greater coordination of high school requirements with college preparedness and work readiness demands.** Many state officials reported that they are moving toward end-of-course exams as a way to better align what is tested with what is taught and to improve the academic rigor of the curriculum. A few also expressed hope that these new exams would help to prepare students better for college or work. But simply changing the type of exam is unlikely to achieve all of these goals unless accompanied by steps to address the issues of rigor and coordination with college and work.

Study Methods

The Center on Education Policy used the following methods to identify issues and collect information for this year's study. In particular we:

- Conducted a detailed survey of states with current or planned high school exit exams
- Conducted phone interviews of state and district officials and experts regarding the move toward end-of-course exams
- Reviewed our own work on exit exams conducted over the past six years
- Reviewed major research conducted by others on exit exams
- Kept abreast of important events related to exit exams

State Survey Methods

As our primary research tool for this year's study, the Center on Education Policy designed and conducted a survey of state department of education officials, who were usually officials from the state's assessment division.

In January 2007, we contacted the chief state school officers of 26 states to request their state's participation in CEP's annual survey of states that have current or planned high school exit exam policies. We asked the chiefs to designate a person to work with us in developing the state profiles for this report. CEP staff partially filled in the survey, based on information we had collected and reported in 2007 and information gathered through our careful review of developments in state policies. In March 2008, we contacted these designated officials and asked them to verify, update, and add information to the survey forms for their state. All 26 states that met our criteria (see below) for having a state-mandated exit exam responded to our survey.

We used the states' survey responses to develop the state profiles included on the CD accompanying this report and posted on CEP's Web site (www.cep-dc.org). After developing the profiles, we sent a draft back to each state for review to ensure that we had accurately portrayed their testing systems. We also used state survey responses to tally the state exam characteristics, policies, and new developments that appear throughout the report.

Some states did not answer all of the survey questions, often simply because the data were not available or their policies were in flux. These policies may be in flux for several reasons. For example, state legislatures are under continuing and significant political pressure to moderate or ameliorate the effects of these exams. We also had several follow-up e-mails and phone calls with officials from each of the states to include the most accurate and up-to-date information we could in this report, but undoubtedly some statistics or policies will have changed soon after publication because events in this field move quickly.

Methods for Phone Interviews for States Moving to End-of-Course Exams

CEP used a variety of methods to identify issues and collect information for Chapter 2, which explores the rationale behind the move toward end-of-course exams. In short, we:

- Conducted a review of current literature on end-of-course exams
- Analyzed CEP's local-level work on end-of-course exams conducted over the past six years in Maryland, Virginia, Texas, Mississippi, and Arizona
- Conducted in-depth interviews concerning end-of-course exams with stakeholders at the local, state, and national level, including 10 state education officials representing 6 states, 7 district administrators representing 5 states, and 2 national education experts.[2] Most of those interviewed have extensive experience in areas of assessment.

Many states offer some kind of end-of-course exam as part of their accountability and assessment system, and in several states, end-of-course exams are a requirement for graduating from high school. In some states, students have to obtain a passing score on these exams in order to graduate, while in others, students' scores are part of a graduation formula. For our interviews, we focused only on states that have or intend to implement mandatory end-of-course exams that students must pass in order to earn a high school diploma. We also focused on states that have moved from minimum-competency or comprehensive exams to end-of-course exams.

[2] Noticeably absent from those interviewed are teachers. While we recognize that in order to better understand the move toward end-of-course exams, gathering the perspectives of teachers is essential; we were unable to do so given the time frame and structure of the study. Therefore, the findings of this study should be considered with this limitation in mind.

Six states participated in this study. These include two states that have completely shifted to end-of-course exams (Mississippi and Tennessee), two that plan to implement dual testing systems (Massachusetts and South Carolina), and two that are in the process of replacing their current testing systems with end-of-course exams (New Jersey and Texas). During the interviews with state education officials, we asked them to identify district administrators with whom we could talk about end-of-course exams. Seven district administrators agreed to participate. Interviews were recorded, transcribed, analyzed for themes, and coded.

Other Data Sources

CEP staff and consultants also conducted reviews of relevant studies that were either published or publicized during the past year. In addition, we tracked media coverage related to exit exams and searched state department of education Web sites for exit exam developments and information.

Criteria for Including States in Our Survey

This study focuses on mandatory exit exams. Included in the study are states that meet the following criteria:

- States that require students to pass, not just take, state exit exams to receive a high school diploma, even if the students have completed the necessary coursework with satisfactory grades
- States in which the exit exams are a state mandate rather than a local option—in other words, states that require students in all school districts to pass exit exams, rather than allowing districts to decide for themselves whether to make the exams a condition of graduation

We also include states that are phasing in mandatory high school exit exams that meet these two criteria. By phasing in, we mean that the state has a legislative or state board directive to have a test in place between 2008 and 2012; has already begun developing the tests; and is piloting the tests, although diplomas are not yet being withheld.

A note about terminology: This report often refers to an exit exam in the singular, but actually a state exit exam typically refers to an exam system consisting of multiple tests in different subjects, such as English language arts, mathematics, science, or social studies.

Table 1 summarizes the major characteristics of exit exams in these 26 states.

Table 1 Major Characteristics of State Exit Exams

State	Current Exam	Year Diplomas First Withheld Based on Current Exam	Subjects Tested	Type of Test	Grade Level of Alignment	Grade Test First Administered	Prior Exit Exam or Exit Exam Being Phased Out
Alabama	Alabama High School Graduation Exam (AHSGE) 3rd Edition	2001	Reading, language, math, science, social studies	Comprehensive	11th	10th	Alabama High School Graduation Exam (AHSGE) 1st and 2nd Editions
Alaska	Alaska High School Graduation Qualifying Exam (HSGQE)	2004	Reading, writing, math	Comprehensive	8th-10th	10th	None

continues ➤

State	Current Exam	Year Diplomas First Withheld Based on Current Exam	Subjects Tested	Type of Test	Grade Level of Alignment	Grade Test First Administered	Prior Exit Exam or Exit Exam Being Phased Out
Arizona	Arizona's Instrument to Measure Standards (AIMS)	2006	Reading, writing, math	Comprehensive	10th	10th	None
Arkansas	Arkansas Comprehensive Assessment Program	2010	Literacy, algebra I and II, geometry, and biology	End-of-course	Literacy (11th), math and biology (varies)	Varies	None
California	California High School Exit Examination (CAHSEE)	2006	ELA, math	Comprehensive	ELA (through 10th), math (6th - 7th and algebra I)	10th	None
Florida	Florida Comprehensive Assessment Test (FCAT)	2003	Reading and math	Comprehensive	10th	10th	High School Competency Test (HSCT)
Georgia	Georgia High School Graduation Tests (GHSGT)	1994	ELA, writing, math, science, social studies	Comprehensive	9th - 11th	11th	Basic Skills Test
Idaho	Idaho Standards Achievement Test (ISAT)	2006	Reading, language usage, math, and science	Comprehensive	10th	10th	None
Indiana	End-of-Course Assessments (ECAs)	2000	ELA, mathematics	Comprehensive	9th, including pre-algebra and algebra I	10th	Graduation Qualifying Exam (GQE)
Louisiana	Graduation Exit Examination (GEE)	2003	ELA, math, science, social studies	Comprehensive	9th-12th	10th	Graduation Exit Exam
Maryland	Maryland High School Assessment (HSA)	2009	English 2, algebra/data analysis, biology, government	End-of-course	10th	Varies	Maryland Functional Tests
Massachusetts	Massachusetts Comprehensive Assessment System (MCAS)	2003	ELA, math, science (2010), U.S. history (2012)	Comprehensive plus end-of-course exams in science (2010) and U.S. history (2012)	10th/high school standards	10th; science and U.S. history will vary	None

continues ➤

State	Current Exam	Year Diplomas First Withheld Based on Current Exam	Subjects Tested	Type of Test	Grade Level of Alignment	Grade Test First Administered	Prior Exit Exam or Exit Exam Being Phased Out
Minnesota	Graduation Required Assessments for Diploma (GRAD)[1]	2010	Reading, writing, math	Comprehensive	High School Standards	Writing in 9th; reading in 10th; math in 11th	Basic Skills Test (BST)
Mississippi	Mississippi Subject Area Testing Program (SATP)	2006	English II (with writing component), algebra I, Biology I, U.S. history from 1877	End-of-course	Aligned to course content	Varies	Functional Literacy Examination (FLE)
Nevada	High School Proficiency Examination (HSPE)	2003	Reading, writing, math, science (2008)	Comprehensive	9th-12th	10th, writing in 11th	High School Proficiency Examination (earlier version based on 1994 curriculum)
New Jersey	High School Proficiency Assessment (HSPA)	2003	Language arts literacy, math; end-of-course exam in biology (2010)	Comprehensive plus one end-of-course in biology (2010)	11th	11th; biology will vary	High School Proficiency Test-11
New Mexico	New Mexico High School Competency Examination (NMHSCE)[1]	1990	Reading, language arts, written composition, math, science, social studies	Minimum competency	8th	10th	New Mexico High School Competency Examination (NMHSCE)
New York	Regents Examinations	2000	ELA, math, science, global history and geography, U.S. history and government	End-of-course	9th-12th	Varies	Regents Competency Tests
North Carolina	North Carolina Competency Tests and Tests of Computer Skills[1]	1982 (math/reading) 2001 (computer skills) 2010 (end-of-course exams)	Reading comprehension, math, computer skills; starting 2010, end-of-course exams in algebra I, English I, U.S. history, civics and economics, biology	Comprehensive In 2010, five end-of-course exams	8th; end-of-course exams (course-specific)	8th; end-of-course exams will vary	North Carolina Competency Tests and Tests of Computer Skills

continues ➤

State	Current Exam	Year Diplomas First Withheld Based on Current Exam	Subjects Tested	Type of Test	Grade Level of Alignment	Grade Test First Administered	Prior Exit Exam or Exit Exam Being Phased Out
Ohio	Ohio Graduation Tests (OGT)	2007	Reading, writing, math, science, social studies	Comprehensive	10th	10th	9th-Grade Proficiency Tests
Oklahoma	Oklahoma End-of-Instruction (EOI) Exams	2012	English II, English III, algebra I, algebra II, geometry, biology I, U.S. history	End-of-course	High school standards	Varies	None
South Carolina	High School Assessment Program (HSAP)	2006	ELA, math, science (2010)	Comprehensive plus end-of-course exams in science (2010)	Through 10th	10th; end-of-course exam will vary	Basic Skills Assessment Program (BSAP)
Tennessee	Gateway Examinations	2005	English I, II, and III, Algebra I and II, geometry, biology I, chemistry, U.S. history, physics (2013)	End-of-course	10th	Varies	Tennessee Competency Test
Texas	Texas Assessment of Knowledge and Skills (TAKS)[1]	2005	ELA (reading/writing), math, science, social studies	Comprehensive	Aligned to course content	11th	Texas Assessment of Academic Skills (TAAS)
Virginia	Standards of Learning (SOL)	2004	English (reading/writing), algebra I, algebra II, geometry, biology, earth science, chemistry, world history to 1500, world history from 1500 to present, Virginia and U.S. history, world geography	End-of-course	Aligned to course content	Varies	Literacy Passport Test
Washington	Washington Assessment of Student Learning (WASL)	2008	Reading, writing, math (2013), science (2013)	Comprehensive plus end-of-course exams	10th	10th	None

Table reads: Alabama currently administers the Alabama High School Graduation Exam (AHSGE), 3rd Edition, for which consequences began for the class of 2001. The exam assesses reading, language, math, science, and social studies, and is considered by the state to be a comprehensive, standards-based exam aligned to 11th grade standards. The current test replaced the Alabama High School Graduation Exam, 1st and 2nd Editions.

[1] Indiana, Minnesota, New Mexico, North Carolina, and Texas will transition to new exams. See state profiles, found in the accompanying CD or online, for detailed information.

Note: This year's report uses the term "comprehensive" to refer to exit exams aligned to state standards in several subject areas and generally targeted to the 9th- or 10th-grade level. Previous CEP reports referred to these as "standards-based" exams.

Note: ELA = English language arts.

Source: Center on Education Policy, exit exam survey of state departments of education, May 2008.

Chapter 1:
New Developments

Introduction

The Center on Education Policy (CEP) has been tracking the development and implementation of state-mandated high school exit exams over the past seven years. This chapter outlines new developments CEP has identified since the release of our 2007 report on exit exams. In the past year, there were no further additions to our list of states with state-mandated high school exit exams. Consequently, there continue to be 26 states that currently have or plan to implement high school exit exam policies. More states report plans to move to end-of-course exams. These tests are usually standards-based and assess mastery of specific course content. In 2002, there were only two states using this type of exam. By 2015 there will be 14 states using such exams, including three states that plan to implement dual testing systems—a combination of a comprehensive assessment and end-of-course exams.

Arizona continues to face lawsuits challenging its exit exam policy, and has reinstituted the augmentation formula, an alternative path to the state's exit exam requirement. Meanwhile, New Jersey and Maryland work to strengthen and further develop alternative paths to graduation. And although states continue to move forward with implementation of exit exam policies, they are challenged by a number of reports that question the effect of the exams and, in the case of California, suggest higher dropout rates in 12th grade that are correlated with the implementation of the state's high school exit exam policy.

Key Findings

- State officials in Washington are enforcing consequences based on students' performance on the state-mandated Washington Assessment of Student Learning (WASL) exit exam. Despite delays in the mathematics and science requirements, high school seniors in the class of 2008 were the first required to pass the reading and writing sections of the WASL in order to receive their high school diploma. As of the end of the 2007-08 school year, a total of 23 states require students to take and pass high school exit exams in order to receive a high school diploma.

- The great majority of students, especially students of color, are affected by exit exam policies. The 23 states currently implementing these policies have 68% of the total number of students enrolled in the nation's public high schools, and 74% of the enrollment of students of color. By 2012, when Arkansas, Maryland, and Oklahoma begin to implement their exit exam policies, these percentages will grow to 75% of all student enrollment and 84% of students of color.

- Another three states (Connecticut, Oregon, and Pennsylvania) have considered adopting high school exit exam policies. In the face of opposition, Oregon and Pennsylvania state officials have opted to allow the use of alternative assessments. Facing similar opposition, other states (Arizona, Maryland, and New Jersey) work to develop and refine alternative paths to graduation.

- End-of-course exams are growing in popularity among the states, and minimum-competency exams are being phased out. In 2002, only two states had end-of-course exams, while ten states had minimum-competency exams. In 2008, four states had end-of-course exams, and only two had minimum-competency exams. During each of those years, comprehensive exams were the other type of exams used. By 2015 there will be 14 states with end-of-course exams, and none with minimum-competency exams.

- Most states (18 out of 23) that currently implement high school exit exam policies report having alternative paths to graduation for general education students. But some experts argue that these alternative paths, which often consist of options such as replacing exit exam requirements with passing scores on Advance Placement or International Baccalaureate courses, are unlikely to benefit a large number of students.

Number of States with Mandatory Exit Exams Stays the Same

The number of states that have implemented or plan to implement mandatory exit exams has reached a standstill. Although three additional states (Connecticut, Pennsylvania, and Oregon) have considered implementing high school assessments, state officials in Pennsylvania and Oregon opted to allow the use of alternative assessments, and state officials in Connecticut did not reach any final decision in the past year. Consequently, there are still a total of 26 states that currently withhold or plan to withhold high school diplomas based on students' performance on state-mandated exams. In 2008, 23 states required students enrolled in public high schools to achieve passing scores on state-mandated high school exit exams in order to receive a high school diploma. This includes Washington, where state officials began to enforce the exit exam requirement in 2008. An additional 3 states (Arkansas, Maryland, and Oklahoma) will begin withholding diplomas based on students' performance on these exams within the next few years. By 2012, a total of 26 states will withhold diplomas based on students' performance on exit exams.

There are 6 states that require students to take, but not pass, college entrance exams and work readiness tests to graduate from high school. **Box 1** briefly summarizes the use of ACT and SAT exams in these states.

Total Number of States and Students Affected

Figure 1 displays the 23 states that, as of school year 2007-08, require students to pass exams to receive a high school diploma, 5 more states than in 2002 (CEP, 2002).

By 2012, an additional three states will withhold diplomas based on students' exam performance. Maryland stopped using the Maryland Functional Test as its exit exam in 2004 (CEP, 2004), but will resume withholding diplomas in 2009, when students will be required to pass the Maryland High School Assessment to graduate. Arkansas will begin withholding diplomas with the class of 2010, and Oklahoma will begin withholding diplomas for the first time with the class of 2012.

In the 2007-08 school year, 68% of the nation's high school students and 75% of the nation's minority high school students were enrolled in public school in the 23 states with exit exams (see **table 2**). By 2012, an estimated 74% of high school students in the nation and 84% of minority high school students will be enrolled in public school in the 26 states with planned exit exams.

Box 1 **Use of College Entrance Exams and Work Readiness Tests as Graduation Requirements**

Six states currently require high school students to take either the ACT or SAT examination before completing high school, but do not require that students achieve specific scores in order to receive their high school diploma. In other words, students must take the exams, but are not required to pass the exams. Colorado, Illinois, Kentucky, Michigan, and Wyoming require students to take the ACT, and Maine requires the SAT. States are incorporating this requirement as part of an overall effort to improve student readiness for college and to provide students with incentives to attend postsecondary institutions. Two states, Michigan and Wyoming, administer WorkKeys assessments. These assessments, developed by ACT, measure workplace readiness across a variety of applied and personal skill sets, such as applied mathematics, reading for information, listening, and teamwork.

Three states are using the SAT or ACT to meet some of the requirements of the No Child Left Behind Act. Maine replaced its previous high school examination with the SAT and uses it to meet the high school math and English assessment requirements of the No Child Left Behind Act. In Michigan and Illinois, the ACT is used to meet part of the assessment requirements of NCLB; however, neither state uses the ACT as the sole examination for this requirement. For example, Illinois' Prairie State Achievement Examination includes not only the ACT, but also a Harcourt-developed science test and two WorkKeys assessments to fulfill the high school testing requirement.

High school students in Colorado, Kentucky, and Wyoming are required to take the ACT. However, exam scores are not used for NCLB accountability purposes. The requirement is intended to encourage more students to apply to college and provide additional information about college readiness to teachers and administrators. Wyoming uses the results to qualify students for a scholarship program.

Washington Begins Implementation of Exit Exams

CEP has been tracking the state of Washington's progress toward implementing the state-mandated Washington Assessment of Student Learning (WASL) since our first report on exit exams in 2002. At that time state representatives reported that the exam, which was administered for the first time on a voluntary basis in 1999 and statewide in 2001, assessed students in English language arts and mathematics (CEP, 2002). On CEP's survey for the 2004 annual report on exit exams, state representatives from Washington reported the state's intention of adding a writing and science component to the assessment (CEP, 2004). The science assessment would become a graduation requirement for the class of 2010. However, in May 2007, the governor signed a bill postponing the requirement for students to pass the mathematics and the science sections of the WASL. The two subjects will now be a requirement starting with the class of 2013. Even so, state officials moved forward to enforce consequences, and students in the class of 2008 were the first required to achieve passing scores on the reading and writing sections of the WASL in order to receive a high school diploma.

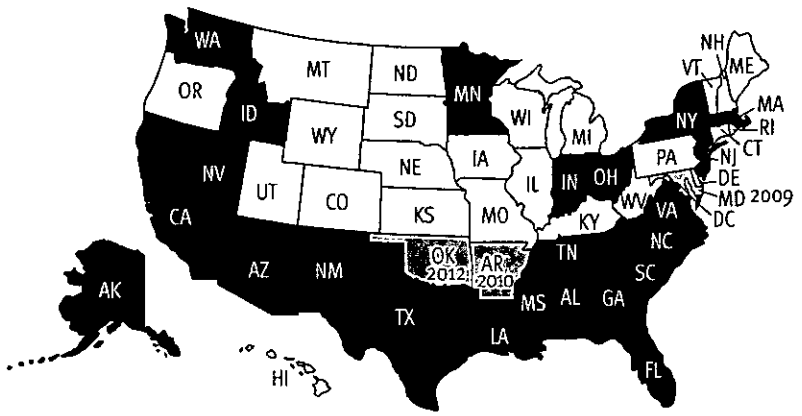
More States Consider Implementing Exit Exams

State officials in three states (Connecticut, Pennsylvania, and Oregon) are considering proposals to reform their high schools. All three states have considered proposals that involve state-required high school assessments. These states continue to refine proposed policies as they conduct studies and consider other or multiple assessments.

Connecticut

For over a year, some state education officials in Connecticut have tried to persuade state policymakers to implement a state-mandated high school exit exam. Several proposals were presented, and finally in December 2007, the state board of education endorsed a high school redesign proposal (Becker, 2007). In

Figure 1 States with Mandatory Exit Exams



States with mandatory exit exams in 2008:

AL, AK, AZ, CA, FL, GA, ID, IN, LA, MA, MN, MS, NV, NJ, NM, NY, NC, OH, SC, TN, TX, VA, WA
(23 states)

States phasing in exit exams by 2012 but not yet withholding diplomas:

AR (2010), MD (2009), OK (2012)
(3 states)

States with no mandatory exit exam:

CO, CT, DE, DC, HI, IL, IA, KS, KY, ME, MI, MO, MT, NE, NH, ND, OR, PA, RI, SD, UT, VT, WV, WI, WY
(24 states and DC)

Figure reads: Alabama has a mandatory exit exam and is withholding diplomas from students based on exam performance. Maryland is phasing in a new mandatory exit exam and plans to begin withholding diplomas based on this exam in 2009. Colorado does not have an exit exam, nor does it plan to implement one.

Source: Center on Education Policy, exit exam survey of state departments of education, May 2008.

Table 2 Percentage of Public High School Students Enrolled in States with Exit Exams

Student Group	2008 (23 states)	2012 Projected (26 states)
All students	68%	74%
White	62%	66%
Latino	79%	88%
African American	72%	80%
Asian/Pacific Islander	76%	81%
American Indian/Native Alaskan	59%	80%
All minority students (Latino, African American, Asian/Pacific Islander, American Indian/Native Alaskan)	75%	84%

Table reads: In 2008, 72% of the nation's African American public school students in grades 9-12 were enrolled in school in states with exit exams; in 2012, 80% of African American public school students in grades 9-12 will be enrolled in school in states with exit exams.

Source: Calculations by the Center on Education Policy, based on data from Western Interstate Commission for Higher Education, 2008.

early January 2008, the department released a news report announcing that Commissioner Mark McQuillan would host a "Listening Tour" in which he would share details of the proposal with educators, parents, students, and business and community leaders and hear their comments.

The proposal, which takes into account recommendations from the state board of Education's Ad Hoc Committee on Secondary School Reform, suggests that new graduation requirements include state-administered end-of-course exams. It also suggests an increase in required credits, a set of required courses, locally administered end-of-course performance tasks, student success plans with career path options, a senior project, and embedding learning skills such as communication and teamwork skills into the curriculum. If approved, these new requirements would be enforced starting with the graduating class of 2015.

It was also reported that, in the 2008 general assembly, the state board will request funds to conduct a feasibility study to determine the cost—both to the state and to local regional school districts—for the new graduation requirements. It is anticipated that the state board will present its recommendations to the general assembly in its 2009 session (CDE, 2008).

Pennsylvania

In 2006, the Governor's Commission on College and Career Success called for Pennsylvania to set statewide graduation requirements in English, mathematics, science, and social studies. The commission endorsed the use of state-developed, end-of-course assessments in core academic subjects. In January 2008, the state board of education responded to the commission's recommendation by proposing the following changes to existing graduation requirements, beginning with the graduating class of 2014.

For reading, writing, math, science, and social studies, students will be able to demonstrate proficiency by:

- Passing the Pennsylvania System of School Assessment (PSSA)
- Passing an Advanced Placement or International Baccalaureate exam
- Passing new Graduation Competency Assessments (GCAs), or
- Passing a local assessment that independent evaluators certify is equivalent to the state GCAs

The GCAs will be developed according to the Pennsylvania standards, as follows:

- Mathematics content traditionally taught in Algebra I, Algebra II, and geometry courses
- Reading, writing, speaking and listening content traditionally included in high school literature and composition courses
- History, civics and government content traditionally included in high-school level American history, World history, and civics and government courses
- Science, technology, environment and ecology content traditionally taught in high-school level biology and chemistry courses

These changes were recommended unanimously by the state board of education. In early July 2008, Governor Ed Rendell's administration and state lawmakers agreed to make the subject-specific final exams optional for now. The exams will be available for school districts to use on a voluntary basis beginning in the 2009-10 school year (Associated Press, 2008). Currently, Pennsylvania does not meet CEP's criteria for a state with mandated exit exams.

Oregon

Last year, the state board voted to expand graduation requirements and have students demonstrate proficiency in math, reading, writing, and speaking to ensure students are better prepared for work and college. The Oregon Statewide Assessment of Knowledge and Skills (OAKS), which assesses reading, math, and writing, was proposed by the state board as the assessment to measure proficiency. However, board members opted to not have the OAKS as the only path to a high school diploma. Instead, they are supportive of a proposal described as "multiple pathways and options." Under this proposal, students would be required to demonstrate proficiency in math, reading, writing, and speaking by:

- Achieving a state-determined score on the OAKS,
- Achieving a state-determined score on an approved test (i.e., SAT, ACT, PSAT, PLAN, Advanced Placement, or other), or
- Completing an approved, locally scored assessment (i.e., work sample or student project)

The state will enforce the new requirements starting with the graduating class of 2012. After a public hearing held on May 28, 2008, the state board made a final decision in favor of this approach on June 19, 2008 (ODE, 2008).

More States Move Toward End-of-Course Exams

CEP groups the types of state tests into three categories based on the states' own descriptions of their tests:

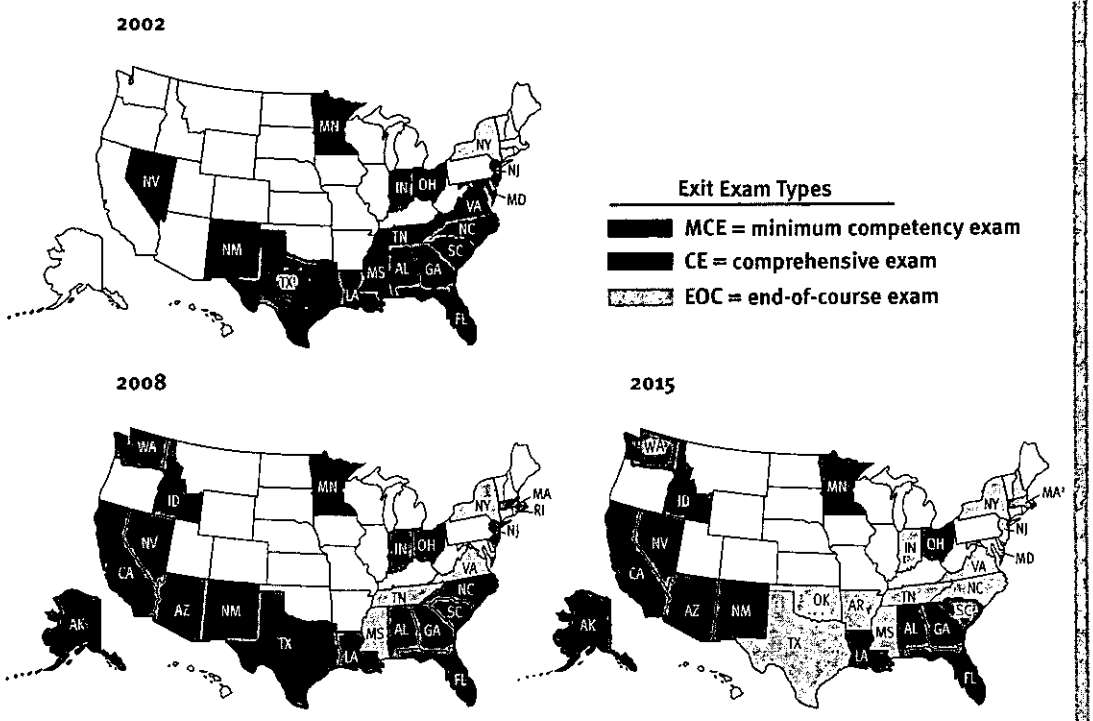
- **Minimum-competency exams,** which generally focus on basic skills below the high school level
- **Comprehensive exams,** which are aligned with state standards in several subject areas and are generally targeted at the 9th- or 10th-grade level
- **End-of-course exams,** which assess whether students have mastered the content of specific high school courses; these exams are usually standards-based, and students take each test after completing a specific course.

In past reports, CEP referred to the comprehensive exam as the "standards-based exam." However, with a number of states moving toward end-of-course exams, which also tend to be standards-based, we find that relabeling these exams as the "comprehensive" exams more accurately distinguishes the two types of exams. That is, comprehensive exams tend to be longer, assess multiple subjects according to each state's requirements, and are taken by all students in a specific grade (typically 10th). End-of-course exams assess mastery of specific courses and are administered to students as they complete each specific course.

Over the past few years, CEP has reported a gradual move away from minimum-competency exams and toward comprehensive and end-of-course exams. In the past two years, a growing number of state officials have reported intention or interest in moving toward end-of-course exams. Noting this strong pull toward end-of-course exams, CEP conducted interviews of state and district representatives in two states that have completely shifted to end-of-course exams, two states that plan to implement dual testing systems, and two states that are in the process of replacing their current testing systems with end-of-course exams. The themes identified in these interviews are reported in Chapter 2 of this report. **Figure 2** illustrates the shift to end-of-course exams, and **table 3** summarizes some of the upcoming changes.

By 2015, no state will be using minimum-competency exams, a shift from the 10 states that reported using these exams in 2002. Fifteen states will be using comprehensive exams, and fourteen will be using end-of-course exams (including three states that will be using a dual exam system).

Figure 2 **Types of Exit Exams States are Using or Plan to Use**



In 2002 (out of 18 states)	In 2008 (out of 23 states)	By 2015 (out of 26 states)
MCE: FL, MD, MN, MS, NV, NM, OH, SC, TN, VA (10 states)	**MCE:** MN, NM (2 states)	**MCE:** (0 states)
CE: AL, GA, IN, LA, NJ, NC, TX[1] (7 states)	**CE:** AL, AK, AZ, CA, FL, GA, ID, IN, LA, MA, NC, NJ, NV, OH, SC, TX, WA (17 states)	**CE:** AL, AK, AZ, CA, FL, GA, ID, LA, MA[2], MN, NM, NV, OH, SC[2], WA[2] (15 states)
EOC: NY, TX[1] (2 states)	**EOC:** MS, NY, TN, VA (4 states)	**EOC:** AR, IN, MA[2], MD, MS, NC, NJ, NY, OK, SC[2], TN, TX, VA, WA[2] (14 states)

Figure reads: In 2002, 10 of the 18 states with fully implemented exit exams, including Florida, used minimum-competency exams, while 7 states, including Alabama, used comprehensive exams, and 2 states, including New York, used end-of-course exams. By 2015, none of the 26 states with mandatory exit exams will use minimum-competency exams, 15 will use comprehensive exams, and 14 will use end-of-course exams. Three states, including Massachusetts, will use a combination of comprehensive and end-of-course exams.

[1] In 2002, Texas gave students the option to pass either a CE or an EOC exam.

[2] By 2015, Massachusetts, South Carolina, and Washington will require students to pass the comprehensive exams plus end-of-course exams.

Source: Center on Education Policy, exit exam survey of state departments of education, May 2008.

Table 3 Moving Toward End-of-Course Exams

Completely Moving to End-of-Course Exams	Dual Testing System Comprehensive + End-of-Course Exams	Considering End-of-Course Exams
States are in the process of abandoning minimum-competency and comprehensive exams to replace them with end-of-course exams in the following courses: **Indiana:** Algebra I and English 10 (2012) **Maryland:** English 2, algebra/data analysis, biology, and government (2009) **New Jersey:** Biology (2010), and eventually Algebra II, language arts literacy, geometry, and chemistry **North Carolina:** Algebra I, English I, U.S. history, civics and economics, and biology (2010) **Texas:** Three end-of-course assessments in four core subjects (2015)	In addition to their comprehensive exams, these states will add end-of-course exams in some courses: **Massachusetts:** One of four science content areas (biology, chemistry, introductory physics, technology/engineering) (2010), U.S. history (2012) **South Carolina:** Biology (2010) **Washington:** Algebra I and geometry (2014)	Officials in the following states are working on various proposals that may include end-of-course exams: **Alabama:** Proposing new diploma with requirement of passing three out of five subject-area tests. **Georgia:** Department of Education working on a proposal to phase out the current comprehensive assessment and replace it with a series of end-of-course tests. **Louisiana:** State officials considering replacing the Graduation Exit Exam with eight end-of-course exams. **New Mexico:** Current minimum-competency exam scheduled to terminate July 1, 2010; EOC exams are under consideration for the new graduation requirements. **Connecticut:** State studying end-of-course exams that might be used if state officials choose to implement exit exams policy.

Table reads: Indiana will replace its current comprehensive exams with end-of-course exams beginning with students graduating in 2012. South Carolina will add an end-of-course exam in biology in addition to its current comprehensive exam, starting with the class of 2010. In Louisiana, state officials have discussed replacing the Graduation Exit Exam with eight end-of-course exams, but a final decision has not been made.

Source: Center on Education Policy, exit exam survey of state departments of education, May 2008.

Five States Completely Moving to End-of-Course Exams

At the time CEP published its 2007 annual report on state-mandated high school exit exams, state officials in only one new state, Texas, had officially reported their intention of replacing their current exam with end-of-course exams (CEP, 2007a). This year, state officials from three additional states (Indiana, New Jersey, and North Carolina) have officially reported their intention to replace their current assessment with end-of-course exams. These states are in addition to Maryland, which over the past few years has been in the process of transitioning to end-of-course exams.

Indiana

Indiana has been administering the Graduation Qualifying Examination (GQE) since 1997 and began withholding diplomas based on students' performance on this exam with the graduating class of 2000. The GQE assesses English language arts through grade 9 and mathematics through pre-algebra and Algebra I.

On October 5, 2007, the governor of Indiana and the superintendent of public instruction announced that the GQE will be phased out and will be replaced by the End-of-Course Assessments (ECAs). Students in grade 9 in the 2007-08 school year (the graduating class of 2011), will be the last cohort required to achieve passing scores on the GQE. Students in grade 9 in the 2008-09 school year (the graduating class of 2012), will be the first required to achieve passing scores on the ECAs for Algebra I and English 10. Students will take the ECAs at the completion of each course. These exams are already available.

New Jersey

New Jersey has undergone a number of changes in the tests it requires students to pass to receive a high school diploma. The state began with the High School Proficiency Test ($HSPT_{11}$), which was first administered in 1983 and became a state graduation requirement for all public high school students who graduated with the class of 1994. The class of 2000 was the last required to pass the $HSPT_{11}$. The High School Proficiency Assessment (HSPA), which assesses language arts literacy and mathematics, was first administered to 11th-grade students in 2002 and became a graduation requirement for students in the graduating class of 2003. The HSPA included a science assessment that was supposed to become a graduation requirement starting with the class of 2007. The science section of the HSPA, however, was never used as a graduation requirement and was replaced by a biology end-of-course exam in 2008.

The New Jersey DOE announced that it plans to replace the HSPA with end-of-course exams for all content areas. The biology test is the first step in this direction. The state department of education piloted end-of-course exams in Algebra II in May 2008 on a volunteer basis. Other end-of-course assessments are planned for language arts literacy, geometry, and chemistry.

North Carolina

North Carolina has been administering the North Carolina Competency Tests in reading comprehension and mathematics since the 1978-79 school year and began withholding diplomas based on students' performance on these exams with the graduating class of 1982.

In CEP's 2007 survey, state representatives reported that students entering 9th grade in 2006-07 (the graduating class of 2010) would be required to pass end-of-course exams in Algebra I, English I, U.S. history, civics and economics, and biology, *in addition* to the competency tests in reading and mathematics (CEP, 2007a). In our 2008 survey, however, state representatives reported that the old reading and mathematics tests are graduation requirements for students who entered 9th grade before 2006-07. These tests are being phased out. Now, students who entered 9th grade in 2006-07 and are following the college/university preparation, college/technical preparation, and career preparation courses of study will be held to new exit standards, which include passing the five end-of-course tests and completing a graduation project. In other words, students in the graduating class of 2009 will be the last cohort required to achieve passing scores on the North Carolina Competency Tests in reading and mathematics. Students in the graduating class of 2010 will be the first required to achieve passing scores on the five end-of-course exams, which will be administered at the completion of each course.

Three States Will Implement a Dual Testing System

In 2013, Massachusetts, South Carolina, and Washington will require public high school students to pass a comprehensive assessment plus new end-of-course exams in order to receive a high school diploma. Last year, four states (Massachusetts, New Jersey, North Carolina, and South Carolina) were reported in this category. This year, New Jersey and North Carolina have moved to the group of states in which state officials plan to completely abandon the comprehensive exams and replace them with end-of-course exams.

State officials in Massachusetts and South Carolina continue their plans to implement dual testing systems. In Massachusetts, students will be required to pass, in addition to the comprehensive exam, an end-of-course exam in one of four science classes: biology, chemistry, introductory physics, or technology/engineering, starting with the class of 2010; and an additional end-of-course (or end-of-series) exam in U.S. history starting with the class of 2012. In South Carolina, students will have to pass end-of-course exams in science and U.S. history in addition to passing the state's comprehensive high school exit exam that assesses English language arts and mathematics. Washington is the only new state in which state officials plan to implement a dual testing system.

Washington

As reported earlier in this chapter, state officials in Washington moved forward in withholding diplomas from students who fail to pass the reading and writing WASL, starting with public high school students in the class of 2008. The state was scheduled to enforce the requirement of passing the reading, writing, and math WASL in 2008. However, in May 2007, a bill passed by the state legislature and signed by the governor postponed the requirement for passing the mathematics WASL for the class of 2008 and the science WASL for the class of 2010 to the class of 2013. At that time, the legislature and the governor asked the state board of education to research the use of end-of-course exams to augment or replace the WASL. In March 2008, state lawmakers and Governor Chris Gregoire voted to replace the WASL math test with end-of-course exams in Algebra I and geometry starting with students graduating in 2014.

As it currently stands, students in the class of 2013 remain the first cohort to be required to achieve passing scores on a mathematics test, but they will have the option of taking the comprehensive WASL math assessment or the two end-of-course exams. Students in the class of 2014 will be the first cohort required to achieve passing scores on the WASL reading, writing, and science assessments, and on the Algebra I and geometry end-of-course exams.

Six Additional States Consider End-of-Course Exams

As more and more states make the move to end-of-course exams, a growing number of other states are considering similar actions. Of the states that currently require comprehensive assessments as their state-mandated high school exit exams, three (Alabama, Georgia, and Louisiana) are considering abandoning their current assessments and replacing them with end-of-course exams. State officials in New Mexico are considering end-of-course exams, among other forms of assessment, to replace the current minimum-competency exam they have opted to phase out.

Additionally, state officials in Connecticut are considering implementing state-mandated high school exit exams. If state officials choose to require exit exams, they are likely to use end-of-course exams. On June 30, 2008, Governor Charlie Crist of Florida signed a bill that authorizes, but does not mandate, the creation of end-of-course exams. And in July 2008, Governor Ed Rendell of Pennsylvania signed a bill that allocated funds for the development of subject-specific end-of-course exams that districts may use on a voluntary basis for now. CEP will continue to monitor the progress in these states.

Alabama

Alabama currently administers the Alabama High School Graduation Examination, 3rd Edition. This is a comprehensive exam aligned to 11th grade and is administered to all students for the first time in 10th grade. State officials are considering a new requirement of passing three out of five subject-area tests (reading, mathematics, and a choice of science, language, or social studies).

Georgia

Public high school students in Georgia are currently required to pass the Georgia High School Graduation Tests and the Georgia High School Writing Test. These are comprehensive exams aligned to grades 9-11 and are administered to all students for the first time in 11th grade. The state department of education is working on a proposal to phase out the GHSGT and replace it with a series of end-of-course assessments. This plan is still under development and a final decision has not been reached.

Louisiana

In Louisiana, students are currently required to pass the Graduation Exit Examination. This is a comprehensive exam aligned to grades 9-12 and is administered for the first time to students in 10th grade. The state board has discussed replacing this exam with end-of-course tests, but there is no official policy at this time.

New Mexico

The 2007 state legislative session terminated the current New Mexico High School Competency Exam effective July 1, 2010. This is a minimum-competency exam aligned to 8th-grade standards in reading, language arts, math, science, and social studies and is administered for the first time to students in 10th grade. New Mexico is the last of all states that previously administered minimum-competency exams to terminate this type of exam. Beginning with students in 11th grade in 2010-11 (the graduating class of 2012), students will be required to demonstrate competency in math, reading and language arts, science, and social studies based on new assessments. End-of-course exams are under consideration, but are not yet being developed.

Legal Challenges to Exit Exams

In the past year, Arizona and California continued to struggle with legal challenges to their high school exit exam policies.

Arizona

Challenging the Constitutionality of the Exit Exam

The *Espinoza v. State of Arizona* lawsuit, which challenges the constitutionality of the state's exit exam requirement, was filed on April 8, 2006, on behalf of a group of students in the class of 2006 who had met all graduation requirements except passing the exam. The plaintiffs argue that the state inadequately funds education, thereby depriving many students of the services they need to reach state academic standards and pass Arizona's Instrument to Measure Standards (AIMS). The suit mentions three specific groups of students harmed by the exit exam requirement: racial/ethnic minority students, low-income students, and English language learners. This sort of litigation has delayed the implementation of exit exams in many other states.

On May 15, 2006, a superior court judge denied the request to suspend the exam for students in the class of 2006. The judge scheduled a hearing for July 2006. As of June 2008, the trial was still underway. According to a representative of the plaintiffs, the presiding judge for the case dismissed all claims with the exception of the claim pertaining to the provision of adequate funding for economically disadvantaged students. The plaintiffs may appeal the decision to dismiss the claims (E. Katz, William E. Morris Institute for Justice, personal communication).

Exit Exam Requirements for English Language Learners

The *Flores v. Arizona* lawsuit was first brought against the state in 1992 by the Arizona Center for Law in the Public Interest. In 2000, the plaintiffs won the case, and a court ordered Arizona to improve funding for English language learners (Bland, 2005; CEP, 2006). But in July of 2005, with the threat of Arizona's Instrument to Measure Standards (AIMS) becoming a high school graduation requirement, the attorney in the original case asked a federal court to suspend the requirement for ELL students until the state complied with an earlier court order to improve instruction for these students.

The lawsuit continues to challenge the state of Arizona. In March 2007, the court once again ruled that the legislature's attempt to meet the education needs of English language learners falls short of adequate. The judge ordered the legislature to comply by the end of the legislative session, but the session ended without a resolution to this issue. In October 2007, the judge found the state in violation of the March 2007 order of the court, and the state was ordered to appropriate funds for programs aimed to help ELL students achieve proficiency in English. In December 2007, the state legislature and Superintendent Horne went before the 9th Circuit Court of Appeals to argue that the judge was illegally ordering them to spend more money for ELL students.

In February 2008, the United States 9th Circuit upheld the judge's ruling and ordered the State of Arizona to comply by March 4, 2008. That month the judge accepted arguments by the attorneys for the Republican legislative leaders who stated they could not meet the March 4 deadline for funding. The judge gave them until April 15, 2008. Each day after April 15 would cost the state $2 million in fines, and after May 15, 2008, the daily fines would go up to $5 million (AEA, 2008). However, according to a representative of the plaintiffs, in April the Arizona legislature approved a $40.6 million appropriation for the implementation of a model for funding the ELL program. The plaintiffs responded by filing a motion of relief, citing that the funds earmarked by the legislature were not adequate and that the funding did not target the places where it was most needed. As of June 2008, briefings for these claims were in progress (T. Hogan, Arizona Center for Law in the Public Interest, personal communication).

California

Lawsuit Challenges Fairness of State Exit Exam

On July 18, 2007, a tentative settlement agreement was reached in the longstanding *Valenzuela v. O'Connell* lawsuit challenging the fairness of the California High School Exit Exam (CAHSEE). The lawsuit was filed on February 8, 2006, by a San Francisco law firm and contends that the exam unfairly penalizes students who have not received adequate learning resources. The settlement agreement, which is outlined in Assembly Bill (AB) 347, leaves the exit exam in place, stating that students who complete grade 12 without achieving a passing score on both parts of the CAHSEE may receive two additional years of academic assistance in the material tested on the exam at no charge to them.

The bill requires school districts that receive state funds for intensive instruction to prepare students for the CAHSEE, to provide, among other things, the following services to students who complete grade 12 without achieving passing scores on both parts of the exam:

- Two consecutive years of additional instruction after completing grade 12 or until students pass both parts of the CAHSEE, whichever comes first
- Two consecutive years of intensive instruction to improve English proficiency for English language learners after completing grade 12 or until students pass both parts of the CAHSEE, whichever comes first
- Notification and counseling to students about the availability of instruction and services, and of their right to file a complaint if they are not provided these services

The bill also outlines district reporting and monitoring requirements designed to document the support provided to students who have not passed the CAHSEE.

The agreement received approval on July 19, 2007, by Alameda Superior Court Judge Robert Freedman and was passed by the legislature and signed by the governor on October 12, 2007.

Some New Developments on Alternative Paths to Graduation

All states with mandated high school exit exams offer alternative paths to graduation. States vary in the types of alternative paths they allow. Some examples include alternative exams, substitute exams (i.e. ACT/SAT), waivers, multiple indicators of mastery, etc. Although some states offer alternative paths that lead to a regular high school diploma, some alternative paths lead to certificates of completion, certificates of attendance, special diplomas or the like.

As displayed in **table 4**, all 23 states that currently withhold diplomas based on students' performance on mandated high school exit exams have alternative measures for students with disabilities, and 18 of the 23 states have them for general education students. Only 3 of the 23 states have alternative measures specifically for English language learners, but ELL students in all states can use the alternative measures available to general education students. Only about half of the states that offer alternative paths were able to provide information on the percentage or number of students who completed high school in 2007 using alternative measures. Detailed information on each of the states can be found in the individual state profiles in the CD accompanying this report.

Alternative paths may play a major roll for students with disabilities and English language learners in some states. In Mississippi, for example, 61.2% of students with disabilities in the class of 2007 received a certificate of completion or an occupational diploma, which do not require that students pass the state's high school exit exam. In the same year in Florida, approximately 20% of English language learners satisfied the graduation requirement through an alternative assessment (ACT/SAT). Of the 9,762 students who received certificates of completion, approximately 25% were English language learners. And, an additional 3% of ELL students received a State of Florida diploma by passing the GED. Such large percentages of students completing high school through alternative measures are not the norm.

Some experts argue that, with a few exceptions, alternative measures affect a very small percentage of students overall. For example, a common form of substitute assessment allows students to use passing scores on Advanced Placement (AP) or International Baccalaureate (IB) exams in place of the state's exit exam, but the number of students who fail the state exam and pass AP or IB exams is minuscule. In fact, for general education students, states that were able to provide information on the percentage of students graduating through alternative paths reported percentages in the single digits. Some reported that less than 1% of general education students completed high school through alternative paths in 2007. However, the true impact of these alternatives is hard to capture on a state survey, especially because almost half of the states that offer alternative paths do not collect this data at the state level.

Table 4 Alternative Paths to Graduation, 2007

State	General Education Students	Students with Disabilities	English Language Learners
Alabama		✓*	
Alaska		✓*	
Arizona	✓	✓	
California		✓	
Florida	✓*	✓*	*
Georgia	✓*	✓	
Idaho	✓	✓	✓
Indiana	✓*	✓*	*
Louisiana		✓*	
Massachusetts	✓*	✓*	*
Minnesota	✓	✓	✓
Mississippi	✓	✓*	*
Nevada	✓*	✓*	
New Jersey	✓*	✓*	✓*
New Mexico	✓	✓	
New York	✓	✓	
North Carolina	✓	✓	
Ohio	✓*	✓*	*
South Carolina	✓*	✓	
Tennessee	✓*	✓	
Texas		✓	
Virginia	✓*	✓*	
Washington	✓	✓	
	18	23	3

Table reads: For students graduating in 2007, the state of Arizona offered alternative paths to graduation for general education students and for students with disabilities, but it did not offer alternative paths specifically for English language learners. State representatives did not provide CEP with information on the percentage or the number of students who completed high school through alternative paths.

* These states were able to provide information on the percentage or number of students who completed high school through alternative paths. Florida, Indiana, Massachusetts, Mississippi and Ohio do not offer alternative paths specifically for English language learners. However, they were able to report information on the number or percentage of English language learners who graduate using alternative paths available to general education students.

Note: Information in this table represents alternative paths to graduation. This does not necessarily mean alternative paths to a regular high school diploma.

Note: State officials in Arkansas, Maryland, and Oklahoma are still considering alternative paths to graduation. Because these states have not begun to withhold diplomas based on students' performance on state-mandated high school exit exams, they did not report percentages or numbers of students who completed high school through alternative paths in 2007. These states were excluded from this table to facilitate the display of information from other states.

Source: Center on Education Policy, exit exam survey of state departments of education, May 2008.

One of our expert reviewers argues that the variance in exit exam requirements plus the varying alternative paths across states illustrates our nation's lack of understanding of what a high school diploma represents in terms of knowledge and skill. He explained:

> *A high school diploma is becoming ever less comparable among states. Years ago, all diplomas represented a number of credits completed and perhaps completion of a minimum competency exam. There was no pretense that a diploma was a measure of knowledge and skill. Now, states are trying to assert that a diploma should be a measure of something, but what exactly varies dramatically. This would be fine if students did not exist in a national economy (let alone a global economy) but, alas, they do.*

Furthermore, he asks, "Why not prepare all students for the AP/IB and then allow some lower score on those exams to count?" After all, he explained, "There is no pretense that the state exit exams and the AP/IB are in any way comparable. They are simply measures that legislators deem rigorous. The alternatives," he concluded, "aren't really going to get states off the hook as far as getting many more kids to pass the exam requirement."

Developments in Alternatives for General Education Students

The following section briefly summarizes some of the most notable recent developments in alternative assessments for general education students.

Alabama

In May 2008, the board of education approved a proposal that both increased graduation requirements and relaxed exit exam requirements for high school seniors. The proposal creates two high school tracks—the Advanced Academic Endorsement and the Credit Based Endorsement.

In prior years, high school students had to "opt-in" to receive an Advanced Academic Endorsement, and about 39% of students did so. This advanced track requires four credits in English, four in social studies, four in science, four in mathematics (including Algebra II with trigonometry), 2.5 credits in P.E., health, arts, and computer, two credits in foreign language, and 3.5 in electives. Plus it requires that students pass all five end-of-course exams that make up the Alabama High School Graduation Exam (AHSGE).

The Credit Based Endorsement requires the same course work minus the specific math and the foreign language requirement. Students on this track will only be required to pass three of the five end-of-course exams in reading, mathematics, and choice of science, language, or social studies. After approval from the board, now all students will be automatically enrolled in the advanced track and will have the choice to "opt-out" of it with parent consent (ALSDE, 2008; Stock, 2008).

Arizona's Augmentation Formula

In 2005, a bill passed in Arizona that officially implemented the augmentation formula. The augmentation formula is an alternative path to graduation in Arizona. Through this formula high school students who failed one or more sections of Arizona's Instrument to Measure Standards could "augment" their scores with points derived from course grades of "C" or better. To qualify for this alternative, students would have to complete and pass all required courses, take the AIMS assessment each time the test was offered, and participate in remediation programs available at the student's school in the failed subject area(s). The policy was set to expire automatically on January 1, 2008. However, a large number of students were benefiting from augmentation and would have been denied a high school diploma without it. In the 2005-06 school year, 2,855 (almost 6%) and in the 2006-07 school year, 3,425 (again almost 6%) high school seniors met the graduation requirement by augmenting their scores with course grades (CEP, 2007b).

On May 13, 2008, a bill passed in the state Senate that would reinstitute augmentation (Scarpinato, 2008). On May 14, 2008, the House passed the augmentation bill, and the governor is expected to sign it. But the bill passed without sufficient votes to give it an emergency clause. This means that the bill will not take effect until 90 days after the legislature adjourns. In a memorandum from Superintendent Tom Horne, all schools were encouraged to allow students who would graduate only if augmentation were approved to walk for graduation but to give them a certificate of compliance with local requirements rather than a diploma. Diplomas will be mailed out to these students when the bill becomes effective, which will most likely be in September 2008 (ADE, 2008).

Maryland Adds New Alternative Assessments

Although newspapers have been flooded with stories of students who cannot achieve passing scores on the exit exam despite repeated attempts, the Maryland Board of Education continues to move forward with plans to enforce the HSA as a graduation requirement starting with the class of 2009. However, in response to the growing concerns, the state board agreed to make certain changes and approved a number of alternative options. These include:

- The Maryland Adult External High School Diploma
- The GED
- Specific Advanced Placement and International Baccalaureate course exams
- A combined-score option for which students must attain a combined score of 1602 (no minimum score required for individual tests)
- The Bridge Plan for Academic Validation
- A modified High School Assessment for students with disabilities who fall outside the NCLB 2% exemption

The Bridge Plan for Academic Validation was approved in November 2007. This plan allows students who repeatedly fail the HSA to instead complete assigned projects for the assessments that they are unable to pass. For a student to participate in the Bridge Plan, he or she must be firmly on the path to completing graduation requirements, have taken an HSA exam twice without passing or meeting the combined-score option, and have participated in locally administered or approved assistance.

New Jersey

The Special Review Assessment (SRA) has been New Jersey's alternative to the High School Proficiency Assessment (HSPA), the state's high school exit exam, for many years. But with about 12% of high school seniors failing to achieve passing scores on the HSPA and graduating using the SRA, this alternative has come under attack as a "backdoor" path to a high school diploma. In response to such criticism, the department of education and the state board of education announced plans to phase out the SRAs, but opted not to in response to the public's interest in some type of alternative opportunity for struggling students (NJSBE, 2008).

Instead, the state board of education decided to improve the SRA by: establishing specific SRA administration windows; having the state test vendor assign and distribute performance tasks directly to high schools; having the state vendor organize and supervise scoring by New Jersey teachers in regional scoring centers; and requiring districts in which 10% of their students use the SRA to submit a plan for reducing student reliance on it. These changes will become effective in 2009-10.

In addition, students who have met all other graduation requirements except passing the HSPA can either return to school at testing time the following year and retake the HSPA or pass the GED test. New Jersey also has adult high school programs in which a student can earn a district high school diploma. There is also the Thirty College Credit program, by which a student can be awarded a state-issued high school diploma for documented college credits earned.

Recent Reports Challenge High School Exit Exams

While 26 states currently implement or will soon implement the requirement that students pass state-mandated high school exams in order to receive their high school diploma and state officials from other states consider implementing such requirements, reports continue to come out challenging such policies. Following are brief summaries of some of the reports that have made national news.

Exit Exams Do Not Affect Student Achievement

Researchers Eric Grodsky from University of California, Davis; John R. Warren from University of Minnesota; and Demetra Kalogrides, also from University of California, Davis, released a report that has undergone peer review and been accepted for publication in the *Educational Policy* journal. The researchers used the Long-Term Trend data collected as part of the National Assessment of Educational Progress (LTT NAEP) to examine (1) the effects of state HSEE on long-term trends on academic achievement in mathematics and reading; (2) differences in the effects of state HSEE policies for students from different socioeconomic, academic, and racial/ethnic backgrounds; (3) differences in the effects of state HSEE policies related to difficulty of the state test (minimum competency v. more difficult exams); and (4) the effects of state HSEE on student achievement at the upper and lower ends of the achievement distribution.

The researchers did not find significant effects of exit examinations on academic achievement in either reading or mathematics. This was true for both minimum-competency exams and "more difficult" comprehensive exams. They explained that the absence of effects for even more difficult exams may be due to the small number of years that some states have had the more difficult exams, or it may be that the "more difficult" exams are not substantially more difficult than minimum-competency exams. The researchers explained that the lack of any effect of exit exams on average achievement may mask the effects on inequalities among students and on achievement at different points of the achievement distribution. In subsequent analyses, the authors found that exit exams have no effect on achievement for students at various points on the achievement distribution.

Finally, the authors asked whether the effects of exit exams might be concentrated among students with particular background characteristics. In the end they found that absence of effects of exit exams holds regardless of students' race/ethnicity, parent education, home environment, and grade level. Overall, the researchers found little evidence of effects of state high school exit exams on student mathematics or reading achievement, and such effects, they stated, "are hardly worth the substantial economic and personal costs of state HSEEs to students, parents, teachers, and the general public." (Grodsky et al., 2008)

Several Recent Reports Challenge California's Exit Exam

In October 2007, the eighth annual report produced by the Human Resources Research Organization (HumRRO), *Independent Evaluation of the California High School Exit Examination* (CAHSEE), was presented to the state board of education. Among other things, the evaluation concluded that:

- Although the number of students dropping out of school in grades 9-11 has remained constant from 2000-06, the number of student dropouts at the 12th-grade level has increased substantially. In the class of 2006, 34,097 students in grade 12 dropped out compared to 25,133 in the class of 2005. All ethnic groups, including white students, have seen an increase in dropouts. However, the Hispanic and African American subgroups have had the highest increases (4.4 and 7.1 percentage point increases, respectively; both above the overall 3.7 percentage point increase).

- Although more students are completing Algebra I/Integrated Math I by 12th grade, students benefit most from completing these courses in earlier grades. In 2007, 68% of 12th graders who completed Algebra I in 8th grade achieved a passing score on the math part of the CAHSEE. Yet only 32.7% of 12th graders who completed Algebra I in 12th grade achieved a passing score.

- While the percentage of students taking AP exams and the SAT has increased, the total post-secondary enrollment has decreased. The percentage of students taking AP exams increased from 12.8% in 2000 to 25.5% in 2006, with an increase in the percentage of 11th and 12th grade students scoring 3 or higher (from 14.2% to 26.3%). The percentage of students taking the SAT increased from 36.5% in 2000 to 40.5% in 2007, though the percentage of students scoring 1000 or higher remained constant. Despite increased enrollment in California's four-year universities, a decrease in the number of students enrolled in community colleges has led to a total decline in post-secondary enrollment (from 176,358 in 2000 to 172,797 in 2006).

- Most students reported that they would retake the exam if they did not achieve a passing score (about 90% of 10th graders, 82% of 11th graders, and 73% of 12th graders). But the evaluation also revealed that the majority of students who achieve passing scores on both parts of the test by 11th grade passed the tests on their first attempt in 10th grade. Pass rates for retakes are much lower. Even repeat 10th graders pass at much lower rates. English learners, however, seem to benefit the most from retesting in 11th grade, when an additional 18.9% of these students achieve passing scores (Wise et al., 2007).

This last point is consistent with findings presented in a report titled, *Predicting Success, Preventing Failure: An Investigation of the California High School Exit Exam*, published by the Public Policy Institute of California (PPIC). The authors, Andrew Zau and Julian Betts, looked at test scores and other data for students in the San Diego Unified School District and found that, in this district, only a small fraction of the seniors who failed the CAHSEE in the 2005-06 school year retook the exam the following school year, and of those who did, only 3.1% achieved passing scores. Most importantly, the authors concluded that students at risk of failing the CAHSEE can be identified as early as grade 4. They reported that academic grade point average (GPA) is the strongest predictor of future outcomes on the CAHSEE, followed by absences and classroom behavior. They reported that English language learners, African American students, and students with disabilities are less likely to pass the test. Furthermore, the authors identified a few predictors of success on the CAHSEE. These include a one-point increase in GPA, a large increase in math and ELA scores on the California Standards Test in 9th grade, and early achievement of English language fluency for ELL students.

These findings are contradictory to California's assembly bills 128 and 347, which focus funds for remediation and additional support at grade 12 and two years after grade 12. The authors suggest, among other things, the development of an "early warning system" to identify students, targeting funds toward elementary and middle school students at risk of failing; rigorous studies to determine the effect of assembly bills 128 and 347; and rigorous evaluations of alternative interventions (PPIC, 2008).

Work conducted by the California Dropout Research Project (CDRP) further supports some of the findings reported by HumRRO and by PPIC. In a *Statistical Brief* released in May 2008, CDRP reported that the dropout rate in grade 12 has increased by about 40% in the past decade, with the biggest increase taking place in the 2005-06 school year, the first year of the CAHSEE requirement. In fact, from 1995 to

2006, dropout rates for students in 7th and 8th grade remained steady at about 1%. The rates for students in 9th-11th grade declined from 4% to 3%, and rates for students in grade 12 increased from 4.7% to 7.7% (Rotermund, 2008).

CDRP released another report in which they explained what happened to a group of 167 seniors in the class of 2007 who had not passed the CAHSEE by fall of their senior year yet remained enrolled in school until the end of the school year. These students, who were described as "persistent strugglers" and "hard-working educational persisters," were disproportionately Latino students from low socioeconomic backgrounds and for the most part (79%) English language learners. This is consistent with HumRRO's finding that ELL students are the students who benefit most from retest opportunities. These students did not have the characteristics of high school dropouts.

The authors of the CDRP report also found that higher GPA, higher scores on the ELA section of the California Standards Test, and English language proficiency are all strong predictors of students' ability to pass the CAHSEE. And like the authors of the PPIC report, these authors suggested implementing early-intervention programs. They also agree with continuing support for students who are persistent despite struggles and repeated failure on the CAHSEE (Jimerson et al., 2008).

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Chapter 2: Understanding the Move Toward End-of-Course Exams

Introduction

In the 2007 CEP report on state high school exit exams, we noted an increase in the number of states with mandatory exit exams that had begun adopting end-of-course exams (EOCs). EOC tests assess mastery of specific high school courses, are usually standards-based, and are taken after the completion of a specific course. These differ from other exams, which tend to be larger, comprehensive exams taken in a specific grade (typically 10th) and cover material taught throughout several grades. To better understand this trend, we further investigated the reasons some states are moving toward end-of-course exams. This chapter presents findings from our study involving some of the states that we have been tracking in this trend.

In particular, we examined the movement toward the adoption of end-of-course exams by asking state education officials and school district administrators to discuss (1) reasons why their states have adopted end-of-course exams; (2) plans for how states will use end-of-course exams; (3) responses to the adoption of the exams; and (4) benefits and challenges associated with the adoption of these exams. We also asked national education experts similar questions regarding the trend to adopt end-of-course exams. This chapter presents the perspectives of these stakeholders about the movement toward end-of-course exams. The lessons learned from this study hold relevance for a number of states that may be considering or have already adopted EOCs.

Key Findings

- State education officials reported many reasons for adopting end-of-course exams. Representatives from all six states that participated in our interviews reported that they are doing so to improve overall accountability, increase academic rigor, and achieve alignment between state standards and curriculum.
- While all state education officials interviewed reported using end-of-course exams as a tool for ensuring greater accountability, only a few are beginning to consider how to use the assessment as a measure of college and work readiness.
- Stakeholders highlighted many different ways that data from end-of-course exams can be used. Some interviewees reported that end-of-course exam data, when compared to other test data available, allows for better assessment of content mastery. District administrators spoke about the opportunity of using end-of-course exam data to inform classroom instruction as well as identify areas of professional development for teachers.
- End-of-course exams have been generally supported by legislators, the business community, parents, and teachers, according to interviewees. Most questions and concerns about end-of-course exams have cen-

tered on the implementation timeline for the exams and the impact that the exams would have on graduation requirements.

- States face logistical challenges associated with implementing end-of-course exams, such as managing tight timelines required to develop multiple exams or figuring out how to get exam results back to school districts quickly. Other challenges reported include developing remediation for students who do not pass the exams and addressing concerns about the length and frequency of testing.

- Study participants recommend that states considering adopting end-of-course exams phase in the exam over time. Interviewees also cited the importance of consulting with teachers and other education stakeholders in states that have undergone the process of adopting end-of-course exams. In addition, many interviewees stressed the importance of reviewing state academic standards to ensure that they are rigorous and well-defined before implementing end-of-course exams.

Participating States

Table 5 summarizes the six states (Massachusetts, Mississippi, New Jersey, South Carolina, Tennessee, and Texas) that participated in this study with regard to their stage in implementing end-of-course exams, the subjects being assessed in these states, and how the exams are factored into their overall assessment program.

Reasons for Adopting End-of-Course Exams

Improving Accountability

All of the stakeholders interviewed reported that the goal of adopting end-of-course exams to replace other types of assessments was linked to improving accountability. As one district administrator explained, "Accountability is what it comes down to. When you have a general test of content that's not specifically tied to something in the high school, then no one, from the principal on up, knows what to do when students aren't passing." Accountability was described in tandem with student performance and classroom instruction. A few state education officials described the adoption of end-of-course exams as a response to legislative mandates that are linked to improved accountability.

The link between accountability and student performance was mentioned by nearly all of the stakeholders we interviewed as a benefit of moving to end-of-course exams. Unlike minimum competency or comprehensive exams, EOCs offer the benefit of assessing students' understanding of academic content immediately upon completion of the course. According to a state education official:

> *There was a desire on the part of the legislature to move away from a single, high-stakes, exit-level test. And the promise of end-of-course exams would be that we can drill down deeper into the material. Obviously it's better instructionally to assess a student right after they've taken the course and still have the material fresh in mind. I think we heard complaints about the students not taking algebra for several years, and it being assessed on an exit-level test.*

One district administrator referenced the benefit of end-of-course exams as a means of improving teacher accountability and creating opportunities for improving instruction:

With the close alignment to courses, we really start to get some information about what's going on in that course, and if used properly, that empowers teachers. That gives them a greater sense of what is going on in their classroom. The discussion between or among administrators, deans, consultants, and the teacher becomes more focused on how to help each other, rather than on a, "How come you are not doing better?" kind of discussion.

Another district administrator commenting on the use of end-of-course exams, teacher accountability, and instruction noted:

How we teach is getting to be very scientific and if we use it properly, it's not a scare tactic for getting rid of teachers. It's an improvement system that really says, 'here is how we do our craft, and here is how it's impacted and here's what the different kinds of kids do on these things.' And that, I think, will help us understand more about learning.

Table 5 **Summary of the Status of Participating States that are Moving Toward End-of-Course Exams**

States that Have Completely Shifted to End-of-Course Exams
Mississippi: End-of-course exams have been administered since 2000-01. They were phased in as a graduation requirement, eventually replacing the minimum-competency exam. End-of-course graduation requirements followed this schedule: 2003, U.S. history; 2004, U.S. history and English II (with a writing component); 2005, U.S. history, English II (with a writing component), and Biology I; 2006, U.S. history, English II (with a writing component), Biology I, and Algebra I.
Tennessee: End-of-course exams have been administered since 2001-02. Beginning with students graduating in the class of 2013, there will be end-of-course exams in 10 subject areas (English I, English II, English III, Algebra I, geometry, Algebra II, Biology I, chemistry, physics, and U.S. history). At that time the tests will account for 25% of the grade for each course.
States that Will Have a Dual Testing System (Comprehensive Standards-based and End-of-Course Exams)
Massachusetts: End-of-course exams will become a graduation requirement for students graduating in the class of 2010. These students will be required to pass a science end-of-course exam in one of four science content areas (biology, chemistry, introductory physics, and technology/engineering). The four science exams have already been developed. Students graduating in the class of 2012 will also be required to pass a U.S. history end-of-course exam. Pilot testing for the U.S. history test took place in May 2007 and May 2008. Science and history testing requirements will be in addition to the 10th grade English language arts and mathematics Massachusetts Comprehensive Assessment System (MCAS) exams.
South Carolina: Beginning with the graduating class of 2010, students will be required to pass a high school credit course in science in which an end-of-course examination is administered. The proposed science test will be biology. Items for this end-of-course test will be field-tested in spring of 2008 and 2009. The exam will count as 20% of the final grade in the course. This requirement will be in addition to the already existing High School Assessment Program (HSAP), which assesses English language arts and mathematics.
States in the Process of Shifting to End-of-Course Exams
New Jersey: The state is planning to adopt end-of-course exams as a graduation requirement starting with students graduating in the class of 2012. A pilot end-of-course exam was given in May 2008 in biology and Algebra II. Students currently take the High School Proficiency Assessment (HSPA), a comprehensive standards-based test.
Texas: End-of-course exams have recently been adopted. They will replace the Texas Assessment of Knowledge and Skill (TAKS) starting with students entering 9th grade in 2011-12. Twelve end-of-course exams (English I, English II, English III, Algebra I, geometry, Algebra II, Biology I, chemistry, physics, U.S. history, world history, and world geography) are expected to be developed to cover four core subject areas. Students will be required to take three end-of-course assessments in each of the four core subjects. A minimum average score will be required for passing each test. The tests will be averaged into course grades and will account for 15% of the grade for each course.

Increasing Rigor in Curriculum

Another reason for adopting end-of-course exams cited by interviewees was the connection between EOCs and rigor. One national education expert agreed and said, "One reason for wanting to use end-of-course tests is to ratchet up the content that kids are expected to master." All of the district administrators and state education officials we interviewed discussed the potential that end-of-course exams might have on improving the rigor of course content. Again, this was referenced in contrast to general, comprehensive exams. One state education official noted:

> *We think that the end-of-course tests are a better way of assessing the content knowledge that we expect students to know based on our core curriculum content standards. We also feel that end-of-course tests will drive improvements in the content areas that are taught. We know that some courses called Algebra I, geometry, are very basic, low level. If we test in Algebra I, and the other courses, if we show how the assessment will be aligned to the standards and we give a course description, we think that that will drive up the rigor of the content that's being taught.*

In describing the desire to improve rigor, a few interviewees mentioned the importance of articulating a K-12 curriculum. As one district administrator noted, "Looking at end-of-course assessments and moving to rigorous graduation requirements, we have to ask, 'What does the middle school education have to look like to ensure that students have the most opportunity for success at the high school level, when more is expected?'"

Aligning Curriculum to Academic Standards

The process of reviewing local curriculum in preparation for the implementation of end-of-course exams was described by most participants as a necessary step for improving alignment between the local curriculum, instruction, and state standards. For most interviewees, the alignment process was a distinguishing feature of the end-of-course test compared to other types of assessments. As one education expert said, "The end-of-course test basically provides the right kind of alignment between standard tests and curriculum in ways that other forms of high school testing don't." One district administrator said she realized the need for curriculum mapping, which involves knowing the state standards and aligning the curriculum with those standards. "Once you have your alignment," she said, "and you've got your curriculum in front of you, and you kind of know where your roadmap is leading you . . . you can actually focus on how to best teach this to the children."

A district administrator agreed that end-of-course exams ensure that teachers cover the curriculum and create consistency between subject area teachers:

> *Well, I support the EOCs and I'm glad were doing it. As a former principal, one of the things that I tried to make sure we were doing was covering the same material in algebra classes, because that wasn't always the case. When we have a set of standards, you find, in many cases, that teachers have specific areas within their content where they love to focus. Well, with the EOCs, we have to make sure that we're covering the material that needs to be covered, as outlined in those standards. So it's created that consistency, I think, from class to class, and that's something that I've really appreciated with these exams.*

Another state education official talked about how EOCs create consistency and alignment in curriculum and instruction from the primary grades through the secondary grades. "We talk to our districts about letting the subject area teacher talk to the elementary and middle grade teachers, because there has got to be a continuum."

Use of End-of-Course Exams

While all state education officials we interviewed reported that end-of-course exams are used as a graduation requirement, only a few noted the potential of these exams to help prepare students for the world of work or college. One of the hopes expressed by some stakeholders is that end-of-course exams will improve the validity and rigor of courses in ways that will help reduce the need for remediation in postsecondary institutions and to better prepare students for the workforce. As one expert explained, "...these tests have the potential for being used by postsecondary systems in ways that high school tests of any kind have never been used before." While all stakeholders acknowledged the potential benefit of linking postsecondary institutions and employment readiness to the results of the end-of-course exams, few have made substantial progress in establishing these links.

College Readiness and Placement

One state developing linkages between end-of-course exams and postsecondary institutions for the purpose of college placement is Texas. Texas is also part of a college readiness movement that links assessment to student preparation for postsecondary coursework. Texas recently adopted the College Readiness Standards (CRS) in English/language arts, social sciences, mathematics, and science. According to education officials, once these standards are fully implemented, they will better align public and higher education curriculum, allowing students to easily transition between high school and college and the workforce. Further, state education officials report that a separate section of their end-of-course exams will be devoted to questions that assess college readiness. The college readiness component will not count toward the graduation requirement. One state education official in Texas who described the college readiness component said, "It's sort of on top of the graduation requirement. I do think that it will have an effect on instruction and make instruction a little bit more rigorous so that more kids have the capacity to meet that college readiness measure."

A few stakeholders from other states expressed interest in developing dialogue with postsecondary institutions to discuss the use of end-of-course assessment data for the purposes of college readiness and college placement. Most comments focused on the potential use for the exams rather than on current practices, as one district administrator noted:

> *To me, [end-of-course exams] give us better ground to have better discussions with colleges about college readiness. Right now, college readiness is basically accusatory and based on vague standards. [These exams] give us some real, good, solid data. If they didn't do well, how did they do on the algebra end-of-course exam, and can we change those to make them to be more in line with college readiness standards. So I think there are some really interesting benefits coming along.*

Another district administrator added:

> *I also think that there is a place for a generic writing test and a generic college preparatory, college readiness-type test. We hear from a lot of colleges and universities that the high school students are not coming out prepared to write well enough to be in a four-year comprehensive college, and they don't process information at a college level yet.*

While Texas has made progress in the use of end-of-course exams as an indicator for college readiness and college placement decisions, the other states in this study report they are still exploring this issue and were vague in their responses about specific future plans. One expert noted the role that improved rigor might play in generating more interest in the use of end-of-course exams as a college readiness and college placement benchmark:

Here is another test in which some kids did better than others, and if you want to figure out who you should let into your college, you probably should take the kids who did better rather than the kids who did worse. That's about all you get out of that and that does not add any information to what they already have, so they don't use it, but if you peg the test at a rigorous enough level, then you can get them to pay attention to it. At least that's what we are aiming for.

Employment Readiness

Most study participants did not directly link EOCs with employment readiness, which is similar to our findings about employment readiness and exit exams in general. Only a few interviewees talked about employment readiness, and in these instances, they spoke about the potential use for the exams rather than their current use. One district administrator, contemplating the potential that end-of-course exams might have for employment purposes, noted:

As we evolve as a country and we lose some of the manufacturing jobs, there may be some job opportunities where you would have to demonstrate proficiency in mechanical drawing or architectural drawing or some level of chemistry without needing a full college diploma. I almost think that they would look towards associate degrees and community colleges and not the high school level but, we may evolve to where it counts more.

Another district administrator noted that if employers were made aware of end-of-course exams, they might consider them when considering job applicants.

Use of Data Generated from End-of-Course Exams

Almost all of the district administrators and state education officials agreed that data generated from end-of-course exams offers information that other exams, such as comprehensive exams, do not. Stakeholders talked about how end-of-course exams allow for a more in-depth assessment of how well students have mastered course content and how the data might be used for interventions. One state education official commenting on the ability of end-of-course exams to provide more in-depth information noted, "We'll be able to delve deeper into the subject matter rather than having just a few questions scattered through an exit-level test."

Interviewees also described some of the ways that end-of-course exam data could be used to target areas for improved instruction and professional development for teachers. A state education official commenting on the link between end-of-course data and teacher accountability noted:

The nature of end-of-course testing is such that it connects more directly, more immediately to an instructional period and by extension an instructor or set of instructors with a more fully demarcated content area. It's certainly not the intention of the state to use end-of-course testing as a way to evaluate teachers, but there's no getting around the fact that it will give an individual high school a more direct handle on how well its biology teachers are teaching biology or its geometry teachers are teaching geometry.

A district administrator describing the data generated by the end-of-course exam and the usefulness of the data said:

With the end-of-course exams we get back different reports. The data will show which items the students had trouble with, and then the teacher can take that information and prepare lessons more effectively. It gives us data on our school as a whole . . . how our school compares with other school districts in the state that take those same end-of-course exams. It's really a tool that we can use with classroom teachers to prepare for teaching more effectively.

Another district administrator, reflecting on the potential use of end-of-course exam data, said the data will help show how students are learning, and provides an "interesting microscope . . . into how teachers are doing. This hopefully will be used for very effective in-staff development and in-service for our teachers, rather than as an evaluation tool."

Overall Positive Response to End-of-Course Exams

Most interviewees reported that stakeholders such as legislators, business leaders, parents, and teachers supported the adoption of end-of-course exams, with few exceptions. A state education official in Tennessee described the support base in his state:

> *We've seen a real push in our curriculum and instruction that has some kind of grass roots component. It's coming from the community, from businesses, and from other leaders who see the economic advantages to having a very skilled work force. These are the same advantages associated with having a very educated population of people who live in the state, and so they want them to be college and work ready. They wanted higher levels of instruction. They wanted students to not only know but to be able to apply the information that they've learned.*

Support from Education Stakeholders

The idea of overall support for improvement and changes offered by end-of-course exams was the prevailing sentiment for all of the stakeholders who participated in this study. Some participants also noted that the cost of adopting and implementing end-of-course exams was seen as a benefit by some education stakeholders, especially state legislators. For example, one state education official reported, "The legislators are pretty well pleased because they are always looking at the cost of things, and this is one of our cheaper programs. The tests are total multiple-choice, and 30% of the end-of-course exams are delivered online." However, education experts were unsure whether or not EOCs were really going to be less costly, given the number of tests that may ultimately be developed in a state.

Support from Teachers and Parents

According to most district administrators and state education officials interviewed in this study, teachers and parents are generally supportive of the end-of-course exams. However, given the limitations of the study, we were unable to interview teachers or parents to corroborate this finding. Thus in the following sections, we present only what state and district administrators told us about how EOCs were received by teachers and parents.

Teachers

Teachers in one state were reported to have been primarily interested in getting practical information about the test. For example, teachers wanted to know when the exam would become a graduation requirement, details about the availability of practice tests, the length of the test, and questions and other concerns that one district administrator described as "teacher questions." According to other stakeholders, a key factor in garnering teacher support for end-of-course exams was involving teachers in the adoption process. As one district administrator noted, "We make sure we have teachers at the table, administrators, counselors—all of those people who are going to be impacted sitting at the table."

A state education official summarized a number of questions that teachers had regarding end-of-course exams. Some questions appeared to be similar to questions stakeholders have for exit exams in general. For example, one state education official reported that teachers wanted to know whether the exam would count for graduation the first time it was administered, and what alternative assessments would look like, and how

they could help prepare students. But other questions seemed more specific to EOCs, such as wanting to know whether districts with block scheduling would have the end-of-course testing at the end of the course (some block schedule courses are semester-based, with some students taking the test in winter and some in fall); or whether the state would provide a course description that would define the standards in life sciences.

Parents

Interviewees reported that parents were for the most part supportive of end-of-course exams. Most stakeholders talked about the importance of providing timely information to help parents understand the implementation process. Some district administrators identified concerns that parents have about end-of-course exams. These concerns are usually very specific to their own child's performance on EOCs. For example, some parents are critical of the end-of-course exams when their child is not able to pass the exam. This situation is critical when students pass the course but not the exam. Another district administrator noted, "Sometimes there is frustration about whether students really have to know this in order to graduate."

Challenges Associated with the Use of End-of-Course Exams

The major challenges mentioned during this study involved the logistics associated with developing and implementing end-of-course exams, usually under a tight timeline. A few interviewees also highlighted the difficulty associated with managing the review and revision of academic content standards while at the same time trying to maintain a schedule for piloting the exam or introducing new test items. While these concerns were highlighted in connection with EOCs, they seemed to be concerns of state testing in general. One education expert summarized some of these challenges associated with end-of-course exams as follows:

> *If you think that end-of-course exams are a good idea in principle but you want to make sure that you also have good exams, then there's a set of issues that are both test construction and implementation issues. It's how do we make sure that we can have a test that you get the results back quickly and has a strong performance component to it, whether it's essays, or open-ended items, or whatever. And how do we make that component as robust as possible and still get the scores back on time.*

A state education official described the challenge of managing the timing issue:

> *Timing is critical. A problem that we're experiencing right now is that we are in the process of rewriting our curriculum standards and trying to infuse new college readiness standards into them. So the calendar is somewhat challenging right now because as we field test items and put out the first administration, we might also have to revise the assessments based on changes in curriculum standards as well as the infusion of college readiness standards. I think that if I were doing this over again, I would have the calendars lined up a little better.*

Other challenges reported were more specific to end-of-course exams. For example, one school district official noted how some high schools with alternate kinds of scheduling may face distinct challenges with end-of-course exams. High schools with block scheduling may end up having students take the end-of-course exam either several months after students finish the course or even three-quarters of the way through a course. One administrator whose district adopted a 4x4 intensive block schedule recommended that end-of-course testing not be given at "some arbitrary date" but rather allow for a flexible testing schedule to accommodate schools that do not have traditional schedules.

Providing EOC Results to School Districts in a Timely Manner

A common challenge mentioned by stakeholders was managing the turnaround of the scores for the end-of-course tests. One state reported that it addresses this challenge by offering shorter exams that are 100% multiple-choice and can be completed online. Other states administer exams with open-response items where the scores are not made available until the beginning of the following school year. While many acknowledged that multiple-choice exams may address the time issue, other interviewees found this solution problematic. As one state education official noted:

> *The whole purpose of this is to improve student performance, to evaluate it accurately but to improve performance at the same time, and if we resort to multiple-choice-only tests just for the sake of turning results around quickly, then that defeats the whole purpose. You are turning around results that potentially lack validity or are weak in validity, so what is the point?*

Timeliness of results may also impact whether or not EOCs can be used as part of a student's grade or can even replace the school's final exam.

Adopting Multiple EOCs May Increase Frequency of Testing

Other stakeholders raised issues about the challenges associated with the length and frequency of testing. The states included in this study are implementing anywhere from four to twelve end-of-course exams in various subjects. One district administrator commenting on this challenge said, "This is a logistics thing more than an academic thing, but what bothers me with testing is we do too much of it; it's too long, and it disrupts the school day too much."

One state education official added:

> *A lot of this "testing to death" happens because there's so much test prep and there's over benchmarking. Kids at the local level are doing a lot of testing just to get these measures across the year to determine whether or not kids are going to pass the test. What we really ought to do is make sure that kids are learning the curriculum and that they're developing an understanding of what's actually being taught and of course making sure that the curriculum is a good match and fit for what you are testing them on.*

The Challenges of Remediating Students Who Do Not Pass EOCs

A few stakeholders discussed the challenges related to remediation for students who do not pass the end-of-course exams and alternative assessments. Many of the states that have only recently adopted end-of-course exams are still working through the details of how remediation will work. Some interviewees stressed that the timing of remediation is crucial, and that remediation should occur shortly after students complete the course. One education expert advised, "You've got to give them enough tutoring and remediation to enable them to pass the test, hopefully sometime in the first semester or the next year, and move forward." A state education official described the problem of remediation and the timing of remediation this way:

> *We don't know how we're going to deal with it yet. It's something that we've talked a lot about. I mean, how do you remediate a student? I am assuming that some of it is going to be done through individualized computer programs, but if a student passed his geometry class and doesn't pass the geometry end-of-course exam, he is now on to Algebra II but still needs to retake geometry. That's one of the biggest challenges that we're going to have. School districts are going to try to figure out how to run instructional interventions with kids when they're no longer in these classes.*

A district administrator provided insight into what the process of remediation at the local level entails:

> *We have a plan in place for students who are not successful. When they take their end-of-course exams, we provide them with tutoring . . . We even remediate students at risk; those students are referred for tutoring or to an interventionist who is more or less like a tutor. We try to do our part in making our students successful. They can take the test over. Sometimes when they have gotten to their senior year and have not passed an exam, we find that they might drop out. Our district has been fortunate in that we could almost count on one hand those who have gotten to their senior year and have not completed the requirement of state testing. Even after their senior year, if they want to come back and take that exam again, they can.*

Recommendations Regarding End-of-Course Exams

As more states adopt end-of-course exams, there will be a growing number of lessons learned regarding managing the challenges that are inherent in adopting these assessments. One education expert recommended that states consider adopting more "out-of-the-box thinking" with regard to how they approach the adoption and implementation of end-of-course exams. For example, this expert suggested that states consider options such as implementing state end-of-course exams in place of local high school final exams to avoid excessive testing and duplication of effort. In order to ensure that the end-of-course exams could be graded in time, they could be divided into sections and taken at different times during the semester and could include both essay and online multiple-choice.

In the following section, we offer lessons learned from state education officials and district administrators who have implemented or are in the process of implementing end-of-course exams. Their recommendations centered primarily on some of the more pragmatic issues associated with adopting end-of-course exams.

Phase in End-of-Course Exams

Both state education officials and district administrators stressed the importance of implementing end-of-course exams over time, particularly when the test is to become a high-stakes graduation requirement. One state education official noted:

> *I think that if we had tried to do everything at once, it would have put an enormous strain on everybody, especially since we were doing multiple subjects. I think that the phasing-in process helps. We gave every test for a period of years before it became a graduation requirement, and there was time for teachers to get familiar with the test and get familiar with what's expected instructionally. Students, even though they weren't necessarily going to have it count as a graduation requirement, had exposure, and that helped us gain information for those students that would be held accountable.*

Adopt End-of-Course Exams in Consultation with Stakeholders

All interviewees agreed on the importance of bringing all stakeholders into the implementation process. Teachers were recognized as being integral to the development process, especially to increase buy-in. One state education official recommended:

> *Try to keep the teachers in the process because when they feel ownership, things go much better. If it feels like things are being thrust upon them without their knowledge or say-so, then there will be more of a fight. But if they see what is happening step-by-step and are part of it, then the majority of them will probably support it.*

Review State Content Standards

Many stakeholders addressed the relationship between developing EOCs and state content standards as stressed by one district administrator:

> *I don't care whatever type of testing, make sure that your content standards are rigorous enough and defined well enough that you can communicate them from the administration all the way down to the classroom teacher, and make sure that that's in place before you go to putting any high-stakes exam out there. I think that's a really important piece and sometimes we forget about [it].*

Another district administrator agreed and commented, "I think that the key is having a solid set of standards in place first, making sure that people understand the standards."Stakeholders mentioned the importance of having teachers review standards while developing EOCs and the need for well-defined, rigorous content standards aligned with other instructional supports. One state education official noted:

> *Use a lot of teacher committees to look at the standards and they should be sure that those standards are agreed upon as much as possible. And continue to use teachers to review items whenever possible. Make sure content standards are rigorous enough, well-defined and aligned with all other instructional supports.*

A district administrator, commenting on the process in his state remarked,

> *We have a good deal of teacher involvement. With our teacher committees we have passage review for English, we have item review across all four [exams] and we have data review across all four [exams] and we have bias review for all content areas.*

Prepare Teachers for Implementation of End-of-Course Exams

The idea that teachers should be prepared for the implementation of end-of-course exams through training and professional development was widespread. In part, it was linked to the accountability that falls on teachers who teach in subjects that are tested. As one state education official said:

> *Something I am talking quite a bit about in anticipation of the next legislative session is what training and professional development are we going to offer teachers prior to the implementation of these new exams to make sure that they're ready in terms of what their instructional practices are in the classroom.*

Consult Other States Regarding End-of-Course Exams

Although only a few stakeholders reported that they consulted with other states that had adopted end-of-course exams as part of their implementation plan, most advised talking with more experienced states before adopting EOCs. One state education official suggested, "borrow some of the same techniques that were used in other places. That would probably shorten the process some." Many stakeholders also talked about moving toward implementation of end-of-course exams in consultation with testing agencies and in partnership with consortiums.

Conclusions

Interviewees were very optimistic about the potential that end-of-course exams offer to improve accountability and classroom instruction, to serve as a more rigorous measure of student mastery of course material, and to apply to life beyond high school. However, few of the stakeholders in this study were able to cite research linking these potential outcomes with the use of end-of-course exams. Many states appear to be moving more toward end-of-course exams (and away from comprehensive exams) because they seem to make more sense in terms of alignment with existing high school curriculum.

It is also too early to tell the true impact of the move to end-of-course exams. For example, Mississippi enforced the graduation requirement of end-of-course exams beginning in 2003 with the first of four end-of-course exams, but the graduation requirement did not cover all four end-of-course exams until two years ago, in 2006. Tennessee began to enforce the requirement in 2005, but the state is still undergoing changes, with plans to add more end-of-course exams in the future. All other states in this study are still in the process of developing these exams.

When asked about potential research studies that could be undertaken to promote implementation, one stakeholder mentioned the need for research on what actually works. While there is some research on implementing end-of-course exams (ie., Massell, et al., 2005), there clearly is a need for more specific and detailed studies about not only implementation issues but about the impact of these exams on curriculum, instruction and special populations of students (such as English language learners and students with disabilities). Findings from a recent study commissioned by the Washington State Board of Education, for example, indicate that end-of-course exams alone are not linked to improved classroom teaching, curriculum quality, or student learning (Vranek, 2008).

This study also indicates a need to better understand how the implementation of end-of-course exams impacts issues like remediation for students who do not pass these exams and alternative testing for students with disabilities and English language learners.

Although there is much talk about the potential use of end-of-course exams for higher education placement and to counter the need for remediation in higher-education institutions, most of the states in this study are still focusing on the details of how to implement end-of-course exams most effectively.

Profiles of State Exit Exam Systems

The profiles included in the CD that accompanies this report provide basic information about the exit exam systems and policies in the 26 states that currently have or are phasing in mandatory high school exit exams. The profiles also provide data on pass rates and state funding for remediation.

The information in the profiles was taken from the responses of officials in participating states to CEP's 2008 state survey of exit exam policies and from state Web sites and media coverage. The survey responses were condensed and edited somewhat to fit a standard format for the profiles. After developing the profiles, CEP sent draft profiles to the survey contacts in each state and asked them to review the content for accuracy. The final profiles included on the CD reflect the changes states made as a result of that review process.

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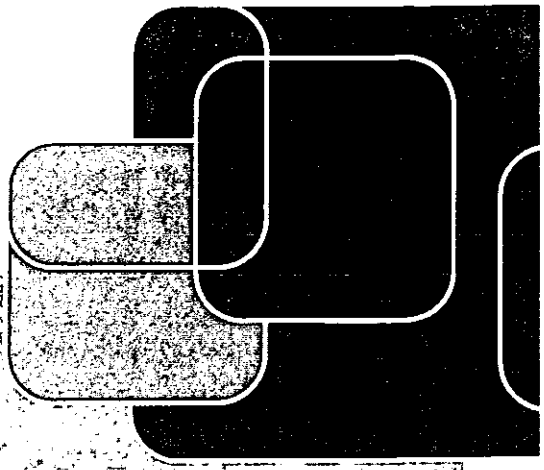

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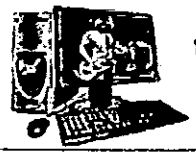
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High school graduation tests have little tie to college, report finds

WASHINGTON (AP) — Many high school graduation tests don't measure whether students are ready for college or work, and some states haven't even made clear what the purpose of their test is, a study finds.

Of the 25 states that have or plan graduation exams, only one, Georgia, says its test ensures students are prepared for higher education or work. Most of the states gear their tests toward 10th or 11th grade learning, and some gauge pre-9th grade skills, according to a study released Wednesday by the Center on Education Policy, a nonprofit research group.

With 20 states now withholding diplomas from students who don't pass tests in English and math, if not other subjects, the common assumption is that the tests measure college readiness, said Keith Gayler, the lead author of the report. That's wrong, he said.

The center found some states had little clarity about the purpose of their tests, which makes the exams harder to explain and defend politically, said director Jack Jennings.

"If they're not clear, then they can't write an exam that's legitimate," Jennings said of state leaders. "We're urging states to re-examine their policies."

High-school graduation now hinges on exit exams for more than half of all public school students, and that number is expected to grow to seven in 10 students by 2009.

Meanwhile, colleges and employers continue to warn that schools are graduating students who cannot communicate, analyze or reason well enough to succeed without remediation. High school exit exams have been promoted as a way to ensure students leave with quality skills.

The graduation exams appear to be encouraging schools to cover more content and to add remedial courses or other help for students at risk of failing the tests, the report said.

But there are drawbacks to the tests, too, it said, such as a narrowing of curriculum and the steering of some students away from a traditional diploma.

The center takes no position on the tests, aiming instead to highlight what's working and what's not as state leaders weigh decisions. For its annual report, the center collected data from the states, reviewed research and convened a national panel on the tests' impacts.

Many state officials said their high schools and colleges have not discussed tying the exit exams to what students need to know in college. Maryland and Washington were exceptions, and several states have moved toward more challenging tests.

With the debate over the exams quieting somewhat, states have a chance to close gaps in achievement for blacks, Hispanics and poor kids, Gayler said. To move right to high school tests that measure college readiness, he said, would yield "so few students passing at this point that the reforms would crumble under their own weight."

Typically, 65% to 85% of students pass their test on their first try. Comparisons between states are inappropriate because tests are different, the report said.

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Thousands of students did not graduate this year because they failed exit tests, but the total number is not available because of appeals and a lack of data tracking, the report said.

Earlier this year, an alliance of education groups called the American Diploma Project warned that high school graduation has lost its meaning. In calling for more rigor, the group said exit exams should be broad enough to test years of high school content, and colleges should use the tests in determining where to place new students.

Few higher education systems do that now. Among the 25 states with current or planned exit exams, only New Mexico, New York and Texas reported that some of their public colleges and universities consider high school exit tests in admitting or placing students.

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Albany Legislators Seek to Dilute New, Tougher Graduation Exams

By RAYMOND HERNANDEZ

An unusual bipartisan coalition of state lawmakers, whose constituents range from inner-city residents to affluent suburbanites, is pushing to scale back new, more stringent graduation requirements for nearly all public high school students.

The lawmakers contend that the new graduation standards are being phased in too quickly, do not accurately measure the overall academic performance of students and could result in increased failure and dropout rates in school districts across the state.

The rising concern in the State Legislature comes as the Board of Regents, the body charged with setting educational policy for the state, and the State Education Commissioner press ahead with new standardized tests that all high school students will eventually have to pass to graduate. Some lawmakers fear that as many as 20 percent of seniors may be unable to pass the tests.

Beginning next year, students will have to pass a more rigorous English Regents exam to earn a high school diploma. In later years, students will have to pass similar standardized tests in four other subjects: math; American history and government; global studies, and science.

It is not clear what action the Legislature might take to scale back the new standards, or whether such a move would have the support of Gov. George E. Pataki, whose aides declined to comment today. But one measure has already been proposed in the Assembly to allow school districts to use alternative standards to the Regents exam for graduation. The Democratic-controlled Assembly and the Republican-led Senate are holding joint hearings on the issue around the state.

Aides to the leaders of both chambers say they have heard widespread concerns that the new graduation requirements may deny diplomas to thousands of students.

That the Senate and the Assembly have found common ground on this issue is remarkable, given that their leaders agree on almost nothing else. To date, both houses have jointly passed only about two dozen pieces of legislation this session, none of them major, and budget talks are still deadlocked almost six weeks past the deadline.

"There's growing concern that relying on one set of standardized, time-pressured tests will leave hundreds of thousands of students behind," said Assemblyman Richard L. Brodsky, a Democrat from Westchester County who proposed legislation to allow alternative standards.

"This issue has resonance that goes well beyond the traditional fault lines that have polarized education debates in the past," Mr. Brodsky added. "It affects every community in the state, whether they are in the inner cities or in the suburbs."

Dean G. Skelos, a Republican from Nassau County who is a deputy majority leader in the State Senate, agreed. "There is really universal and bipartisan concern with what they are doing," he said of the new Regents standards. "We are hopeful that the Board of Regents will get the message that the Legislature is not happy with what they have done."

But in an interview late this afternoon, Richard P. Mills, the State Education Commissioner and one of the architects of the new graduation standards, said any move to relax the standards would rob students of the education they need to compete in the workplace. "The reason we raised the standards was in response to a public outcry that the old standards were too low," he said, adding, "We just have to stay the course and insist that children get the education that they need."

Mr. Mills said the new standards had already raised academic performance. He said 78 percent of high school seniors passed the Regents English exam last year, even though it was not required for graduation. "The standards are working," he said.

The Commissioner is chosen by the Regents, who in turn are appointed by the Legislature.

An aide to Mayor Rudolph W. Giuliani said the Mayor favored the tougher standards. The Regents' plan "restores the value of a high school diploma," said the spokeswoman, Sunny Mindel. "To reverse this would be a terrible step backward in time."

The state first offered the Regents exam in 1879 as a standard for colleges to use in evaluating high school graduates. But until now, students only needed to pass a competency test to graduate, and only a minority -- fewer than 25 percent of graduates in New York City -- have taken diplomas showing they passed the more difficult Regents exams.

Mr. Mills and the Board of Regents have contended that the old two-tiered testing system had created two classes of students: high

achievers, who often go on to college, and low achievers, who lack the skills to function well in the workplace.

But Mr. Mills and the Regents are not just requiring students to pass the Regents exams to graduate. They also say that they are making the exams considerably harder. The new exams are being phased in gradually, beginning this June, when 11th graders will be required to take the two-day, six-hour reading, writing and listening test in English. The class of 2003 will be required to take five subject exams: in math, science, global studies, American history and government, and English.

That has led to widespread concern, if not panic, among parents, teachers and administrators over the prospect of widespread failures.

Lawmakers here are careful to point out that they heartily applaud the Regents' effort to raise the academic performance of students. But they also argue that the tests are just one measure of academic ability, and that many school districts, particularly poor ones, lack the resources to prepare low-achieving students to take the new tests.

Jeffrion L. Aubrey, a Democratic Assemblyman from Queens, said he was particularly troubled that teachers did not have enough time to review the tests. "How can teachers construct a curriculum or conduct classes around a test they haven't really had a chance to see?" Mr. Aubrey asked. "That's not fair. I would raise the curriculum standard first, without tying it to a test that means as much as this one does."

Steven Sanders, a Democrat from Manhattan who is the chairman of the Assembly's Education Committee, expressed similar concerns. "Are we really prepared in this state to witness perhaps as many as 15 or 20 percent of our high school seniors not to graduate, and then to suffer the very real consequences of what that will mean?" he asked.

Senator Michael A. L. Balboni, a Republican from Nassau County, said he supported the effort to enact higher standards, but questioned the reliance on a single series of tests to determine the academic fate of a high school student.

"This is an example of rushing perhaps in the right direction, but not having all the details worked out ahead of time," he said.

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SB 109, 26-LS0527\A

"An Act repealing the secondary student competency examination and related requirements; and providing for an effective date."

Sponsor Statement

SB 109 repeals the Alaska secondary student competency examination, also known as the High School Graduation Qualifying Exam (HSGQE) or "Exit" exam. The HSGQE was initiated in 2001 and became fully effective in 2004, following federal pressure for more assessment in the No Child Left Behind Act of 2001. It was never clear that the Alaska HSGQE would improve performance and measure whether students would be better prepared for college, much less determine conclusively that students were receiving diplomas but lacking basic skills after having been given proper assistance and direction. The high school exit exam or HSGQE has become a "high stakes" hurtle that has harmed many students in Alaska while exacerbating and continuing a court finding in 2007 that the State was violating students' constitutional rights to an education (See *Moore, et al. v. State of Alaska*, 3AN04-9756).

It may be argued that State does not need the HSGQE, as the State and all school districts already require many assessment tests to determine student progress and competency. At the same time there is a trend away from exit exams. The Center on Education Policy (CEP) report in August, 2008 that most states are moving toward end-of course exams which assess mastery of content of a specific high school course in lieu of exit exams. The current Alaska HSGQE reportedly has been changed by the Board of Education and made less difficult than inception. As a result, the HSGQE has become somewhat redundant, time-consuming, and expensive to administer. It reportedly has detracted from the standard curriculum and has promoted "teaching to the test."

The Department reported in 2007 that over 1,100 students statewide failed to pass the HSGQE after five opportunities, while 8,524 passed. See *Moore*, supra, exhibit 2514, p. 13 of 58, "Findings of Fact, Conclusions of Law and Order." These numbers excluded all students who had dropped out or transferred to another school before passing. The court in *Moore* determined that the State was violating the substantive due process rights of students by denying high school diplomas to students in chronically underperforming school districts. Students were failing the High School Graduation Qualifying Exam,

while the State was failing to provide the oversight, assistance, and direction with clear standards to guide districts attempting to meet content and performance standards. As a result, the court concluded that the Department was ultimately failing to "maintain a system of public schools" as required under the Alaska Constitution, Article VII, Section 1. Finding little proof of compliance with its 2007 court order, the court in *Moore* on February 4, 2009 gave the Department 60 days to establish compliance with its constitutional duties and to file with the court "revised district intervention plans that address and incorporate as appropriate remedial measures related to each of the problem areas identified in these Findings."

Alaska's experience with high school exit exams is not new but widespread. Fearful that hundreds of thousands of students would be left behind by one set of standardized, time-pressured tests, *"an unusual bipartisan coalition of state lawmakers, whose constituents ranged from inner-city residents to affluent suburbanites, is pushing to scale back new more stringent graduation requirements for nearly all pubic high school students."* *New York Times*, May 12, 1999: "Albany Legislators Seek to Dilute New, Tougher Graduation Exams." The Center on Education Policy (CEP) reported in August, 2008 that in the 2007-2008 school year 23 states required students to take and pass exit exams to receive a high school diploma. Three more states, Arkansas, Maryland, and Oklahoma, will begin withholding diplomas within the next few years, leading to a total of 26 states with such policies by 2012. Additionally, Connecticut, Pennsylvania, and Oregon are considering exit exams, but Oregon and Pennsylvania are opting to use multiple measures. The CEP reported that 68% of the nations' public high school students attend school in the 23 states with such policies. By 2012 approximately 75% of the nation's public high school students will be affected, including 84% of low income students and students of color.

The Center on Education Policy (CEP) recommends more funding should be allocated to research aimed at better understanding the impact of exit exams, considering the vast number of students affected by state-mandated high school exit exams. State governments, the CEP reports, should move immediately to collect and release data on final passage rates on these and the rate of students using alternative paths to graduation. As they implement end-of-course exams, the CEP recommends that states address the need for greater rigor in the content of their exams and provide for greater coordination of high school requirements with college preparedness and work readiness demands.

Repeal of the HSGQE coincides with the time needed by the Department to remedy problems identified in *Moore*. Although the HSGQE did no more to help identify chronically underperforming school districts than existing assessment measures, the harm associated with denial of diplomas as a result of failing the HSGQE without the state first offering adequate assistance and clear direction is incalculable. Only after complying with court-ordered requirements in *Moore*, and perhaps after experience with end-of-course exams and other on-going assessments, could the Department and the Board of Education determine whether an exit exam or High School Graduation Qualifying Exam would again be in the best interests of the state and the students of Alaska.

LEGAL SERVICES

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MEMORANDUM February 27, 2009

SUBJECT: Sectional Summary of SB 109 (Work Order No. 26-LS0527\A)

TO: Senator Bettye Davis
Attn: Thomas Obermeyer

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. Deletes the high school competency examination reference in the Department of Education and Early Development's annual report to the legislature.

Section 2. Deletes the high school competency examination reference in the Department of Education and Early Development's annual report to the public on school performance.

Section 3. Deletes the high school competency examination reference in the Department of Education and Early Development's school accountability system.

Section 4. Deletes the high school competency examination reference in the charter school operational requirements.

Section 5. Repeals the high school competency test requirements.

Section 6. Provides a July 1, 2011, effective date.

JMM:ljw
09-124.ljw

Moore v. Alaska, decision 6-21-07

RE: HSGQE – Exit Exam

p. 33 # 81. "This reform was a reaction by the legislature to frustration that children were receiving high school diplomas but were lacking in basic skills."

p.34 #83. "State acknowledges that 'children have a property interest in their prospective diploma, and cannot be deprived of that property interest by a test that is unfair to them because they have not had notice of the content of the test.'"

p. 36 #92 'Bering Strait's graduation rate has fallen significantly since 2002-2003, when it was 59.4%. This may be due to the introduction of the exit exam requirement since that date, but also may be due in part to the "Quality Schools" program in place there that allows students additional time to complete their studies past 12th grade."

p. 38 #95 "While the dropout rate may be some indication as to whether an educational program is meeting a student's need, the evidence showed that not all students drop out because of low academic achievement. Family and work commitments, among other reasons, may also be factors."

p.38 #96 "Some students drop out because they are unable to pass the exit exam.

p.56 #164 Mr. Morgan was concerned about the exit exam and the impact may have on students dropping out: "There's so much focus to pass [the exit exam] and I think there's more to life than just passing the exist exam."

p. 56 #165 Mr. Morgan ... had classes in photography, foreign languages and pottery, which have not been available to his children. He also believes there were more teachers. And he remembered that everyone graduated then. Now, he is 'saddened by the kid who [does not] get the diploma but still walks.

p. 72. #226 "Dr. Davis (BSSD) testified that small schools in Alaska should not be expected to offer all of the course available in large schools. Instead, his position is that "we should offer an adequate education."

p. 72. #229 Dr. Davis defines an adequate education as an "education that gives young people the tools to succeed in whatever live they choose." He testified that BSSD students are receiving an adequate education due in part to supplemental activities and education from families. He does not think they meet state standards but they are successful based on their own standards and the improvements they have made.

p. 77. Note: Bering Strait School District has some of the highest paid teachers and highest funding per student (Kuspuk School District: received $21,758 per student in 2005).

p. 79 #246 Dr. Laster testified that "we are in good faith really working to try to get those core competencies to students: reading, writing and math. But it's really important to have an interdisciplinary approach; an approach that respect the community that kids come from, the culture that they come from, that engages them in a way that grabs them and engages them and has them working on stuff that that is rally meaningful to them."

26. No evidence was presented that the State has redirected any district supervisory personnel or any school district appropriations, except that in the 2007-2008 school year, the State required the school districts in which it had intervened to pay for the cost of the district coaches.

III. HSGQE Remediation Plans

27. This Court's June 2007 decision held that because the State had failed to meet its constitutional oversight responsibilities, the State was violating the substantive due process rights of students by deny high school diplomas to students in chronically underperforming school districts who had failed the High School Graduation Qualifying Exam (HSGQE).[24]

28. Following this Court's 2007 decision, the State Board adopted a regulation that requires all school districts to have a HSGQE remediation plan in place for all high school juniors and seniors who had not passed one or more section of the HSGQE.[25] For intervention districts, the regulation provides that the remediation plans must be reviewed and approved by the Commissioner and must "begin no later than the start of the second semester of the students' 11th grade year."[26] Remediation is defined as "additional instruction and study that targets the skills tested on the HSGQE."[27]

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[24] Decision and Order at 191-194.

[25] 4 AAC 06.759.

[26] 4 AAC 06.759(b)(1)(B).

[27] 4 AAC .06.759(f).

29. In December 2007, each of the intervention districts submitted remediation plans to the Department. [Exs. 2548-2552]

30. Of the five intervention districts, the Department has approved one remediation plan -- the plan submitted by the Yupiit School District. [Ex. 2548]

31. The interim Commissioner wrote to each of the four other intervention districts in December 2007 that the district's plan needed further information before Departmental approval would be forthcoming. [Exs. 2549-52] However, there is no indication in the record before this Court that the Department has done any additional follow up on the remediation plans since that time. [Tr. 10/7/08 at 88; *see also* ex. 436]

32. This Court has reviewed each of the remediation plans from the intervention districts. [Exs. 2548-2552] The plans do not appear to require that each student who has failed the exam who is in 11th or 12th grade has an individualized plan that focuses on the student's area(s) of deficiency in an effort to maximize that student's likelihood of passage of the exam. And the plans do not insure that each such student has an assigned professional to monitor that student's progress toward proficiency on the exam. Nor is there any evidence that the Department has taken steps to confirm that the districts actually have the plans in operation for each of these students.

33. The Department presented a detailed analysis of HSGQE results at the evidentiary hearing in June 2008. [Exs. 2514-2522] The analysis focused on how many students in the classes of 2006 and 2007 had passed all three sections of the exam by their senior year. [Tr. 6/10/08 at 39-41] The analysis showed that a substantial majority of students who stay in school are passing the exit exam, including

students in the intervention districts. However, the Department's analysis excluded all those students who had dropped out or transferred to another school before passing all three sections. Superintendents from intervention and plaintiff districts testified that those students who remain in school have the opportunity to learn the material tested on the HSGQE. [*See, e.g.*, tr. 10/21/08 at 147-148] Yet a review of the Department's statistics demonstrates that numerous students throughout the state are unable to pass the exam even after five opportunities. According to the Department's statistics, and excluding all students who have dropped out before they passed the exam, in 2007 over 1,100 students statewide failed to pass the HSGQE exam after five opportunities, while 8,524 students passed. [Ex. 2514 at 8]

IV. Findings Regarding the Components of the District Level Interventions

A. The Northwest Lab Evaluation

34. An evaluation of the State's improvement process prepared by Timothy Speth of the Northwest Regional Educational Laboratory, in partnership with the Alaska Comprehensive Center, was admitted as an exhibit at the October 2008 evidentiary hearing. [Ex. 477][28] The Lab is a federally-funded research institution with a reputation for performing quality research. Both former Commissioner Sampson and Dr. John Davis were on the Lab's Board for many years, and Commissioner LeDoux is currently on the Lab's Board. [Tr. 10/6/08 at 114; 10/8/08 at 71, 129] Dr. Darling-Hammond

[28] Although the report is entitled an evaluation of the "District Improvement Coaches Project," it also addressed other aspects of the district improvement process. [Ex. 477]

thereby negatively impacting the likelihood of prompt and significant improvement in student achievement.

155. The evidence indicated that the Department is currently undertaking some efforts to expand its capacity to provide assistance to the districts. But no evidence was presented that the Department has undertaken any effort to assess its capacity to determine what it would require to effectively assist districts and schools to provide students with a constitutionally adequate education. Yet Eddy Jeans, the Department's legislative liaison, testified that "the legislature gave us a very clear message that when we determine what additional resources we need, we are to come back to them and ask for them." [Tr. 10/7/08 at 46]

CONCLUSIONS OF LAW

1. This Court's June 2007 Decision and Order concluded that the Department was not fulfilling its constitutional oversight responsibility in chronically underperforming districts and schools, and ordered the Department to take adequate remedial measures to establish compliance. The State asks this Court to now find that the deficiencies identified in the June 2007 Order have been cured, and that this Court should accept "the State's system as compliant with the Education Clause."[46] But the Plaintiffs ask this Court to find that "the State's current intervention efforts fail to comply with the requirements of the Court's June 2007 Order and that the Department continues to be

[46] State's Proposed Findings of Fact and Conclusions of Law at 53, ¶ 22.

out of compliance with the oversight duties imposed by the Education Clause of the Alaska Constitution."[47]

2. In an order issued near the outset of this case in June 2006, this Court held that under the Education Clause, it is the Court's responsibility "to determine a constitutional floor with respect to educational adequacy, and to determine if that constitutional floor is currently being met."[48]

3. The District Plaintiffs remaining in this action now seek to have this Court expressly hold that the Education Clause establishes a fundamental right to education. But at this juncture, where the issue is the adequacy of the State's oversight of and assistance to chronically underperforming school districts, and no individual student plaintiffs are asserting that they are not being accorded their constitutional right to an education, this Court will instead maintain the "constitutional floor" analysis first set out in this case in June 2006 and determine whether the State's current efforts to comply with the Education Clause are adequate. Stated differently -- has the State now demonstrated that it is fulfilling its constitutional responsibility to "maintain a system of public schools?"[49]

4. Because the State has been ordered to take remedial action to correct an ongoing constitutional breach, it bears the burden of proof on the issue of compliance.

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[47] District Plaintiffs' Proposed Findings of Fact and Conclusions of Law at 54, ¶ 20.

[48] *Order re State's Motion to Establish Standard of Review* at 4, *quoting Campaign for Fiscal Equity, Inc. v. State of New York*, 86 N.Y. 2d 307, 315 (N.Y. 1995).

[49] Alaska Const. Article VII, § 1.

5. The first prong of the June 2007 Order addressed the State's obligation to establish "clear standards" for school districts to retain full local control.[50] Certainly, the Legislature has the authority to delegate its constitutional responsibility to maintain public schools to the Department of Education and Early Development as well as to local school districts.[51] But for the reasons more fully articulated in this Court's June 2007 decision, when making a broad delegation to local school districts of the constitutional responsibility to maintain schools, the State "must establish clear standards" for those districts necessary to retain local control.[52]

6. By clearly describing the boundaries that insure full local control, these standards correspondingly serve to define the threshold that activates the Department's constitutional duty to intervene and provide oversight and assistance to local officials. Clear standards should also reduce the risk of premature and untimely intervention by giving specific and reliable notice to all interested parties of the circumstances that would activate the State's duty to intervene and assist.

7. The State has developed comprehensive desk audit and instructional audit regulations to determine those districts and schools that necessitate State intervention. The District Plaintiffs in this action are not asserting that the State has improperly intervened in certain districts, or that the State should have intervened in other districts. The evidence at the compliance hearings did demonstrate several concerns with the audit process, such as restrictions on the distribution of the narrative audit summaries,

[50] Decision and Order at 189.

[51] Decision and Order at 162-165, 173, ¶ 2.

[52] Decision and Order at 189.

and the lack of clear standards for when an instructional audit will not result in an intervention. But on the current record, this Court agrees with the State with respect to this component of this Court's June 2007 Order, such that any constitutional questions arising from the details of implementing the audit regulations should be asserted by future challenge, and are not directly before this Court at this time. *See State v. Alaska Civil Liberties Union*, 159 P.3d 513, 514-515 (Alaska 2006).[53]

8. For the same reasons, this Court finds that any constitutional questions arising from the implementation of school-level interventions are not now directly before this Court, as to date no such interventions have been undertaken and no party is before this Court at this time asserting a claim of unconstitutionality with respect to those potential school-level interventions.

9. The "clear standards" prong of this Court's June 2007 Decision and Order contains a separate component that is applicable to the intervention districts. The Order also emphasized the need for the State to "insure that each school district has a demonstrated plan to provide children a meaningful opportunity to achieve proficiency in the State's performance standards, and meaningful exposure on the remaining content standards, and insure that the district plan is fully implemented and actually in use in the district classrooms."[54]

10. Although the Department has created a set of content standards, it has not provided clear guidance to school districts as to how much and what kind of exposure to

[53] Likewise, constitutional questions that might arise from SB 285's provisions concerning the potential redirection of appropriations and redirection of school district personnel are not properly before this Court at this time.

[54] Decision and Order at 189, ¶ 41.

those standards must be given in order to insure that students receive an education that is adequately broad in content, as well as adequately demanding in performance.

11. Without clear standards to guide them in attempting to meet the content standards, the underperforming districts focusing their efforts on meeting performance standards have no way of ensuring that their students have an adequate opportunity to obtain a well-rounded education, and not just an education that builds proficiency in a set of narrow, albeit critical, skills. Likewise, the Department has not articulated any standard that it will apply to determine whether and when its oversight duty requires it to give troubled districts assistance in assuring meaningful exposure to the content standards.

12. For the foregoing reasons, this Court finds that the State has not met its constitutional responsibility to "maintain a system of public schools" with respect to this component of the first prong of the June 2007 Order.

13. The second prong of the June 2007 Order focused on the State's oversight responsibility of chronically underperforming districts, and required the State to provide "considerably more" "oversight," "assistance" and "direction" in "a concerted effort to remedy the situation."[55]

14. Strong and persuasive evidence was presented at the compliance hearing demonstrating that, for a variety of reasons, the State's current district-level interventions have fallen considerably short of complying with this oversight requirement in two basic respects: first, because the remedial measures included in the interventions have not been effectively implemented and have not adequately meet the

[55]Decision and Order at 189.

needs they were meant to serve; and, second, because the interventions target an unjustifiably narrow range of problems, while ignoring many other educational problems that these local districts have not adequately addressed on their own.

15. The State's district-level intervention plans provide districts with measurement and assessment tools and some organizational assistance meant to enhance the districts' use of those tools. But the Department underestimated the complexity involved in implementing the use of tools like "Response to Instruction" and AIMSWeb in chronically underperforming districts. As a result, the State has not provided sufficient training and technical support to allow the tools to be effectively and efficiently implemented. Moreover, the State's intervention plans mistakenly assumed that the districts would have the expertise and experience to make appropriate use of the assessment tools after implementation, and as a result did not provide adequate follow up and on-site assistance.

16. The State did not adequately tailor its remedial efforts to the particular needs of the schools and districts in which they were implemented. To the contrary, the Department's only significant effort to assess particularized needs -- its instructional audits -- played no role in the Department's choice of the remedial measures included in its district interventions. Nor did the Department make any systematic effort to monitor and evaluate its intervention efforts so that its remedial measures could be adjusted, refined, and supplemented when information established the need for change.

17. Despite the June 2007 Order's specific mandate of a "concerted effort" to provide "considerably more" assistance in resolving the districts' problems, the State's own

witnesses described the Department's interventions as considerably less. Multiple witnesses described the current intervention components as "somewhat minimalistic," an "initial intervention," a "first step," or a "foundation" for other needed elements. But in chronically underperforming school districts, setting up an initial intervention, then waiting five to seven years as the Department proposes to assess the results is not sufficient to remedy the constitutional violations identified in the June 2007 Order.[56]

18. The State has also failed to adequately address its constitutional responsibility to "insure that its educational standards are being implemented at the local level."[57] Instead, it appears that the State is just beginning to determine the extent to which a curriculum aligned to the State's performance standards is being taught in all the public schools in this state. The State asserts that its approach "to focus the first years of the intervention on changing the delivery of instruction" and then "dealing with the issue of curriculum was based on appropriate professional judgment."[58] But all public schools in this state should be teaching a curriculum that includes (yet certainly should not be limited to) materials aligned with the State's performance standards. The instructional audits of the chronically underperforming districts that the Department undertook in the fall of 2006 -- over two years ago -- clearly demonstrated that was not the case. In these circumstances, an incremental, minimalist initial approach, that is only now beginning to address curriculum, is constitutionally inadequate.

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[56] *See, supra*, Findings at paragraph 141.

[57] Decision and Order at 186.

[58] State's Proposed Findings of Fact and Conclusions of Law at 17, ¶ 22.

19. Positive evidence concerning the interventions has been presented. For example, many of the technical and organizational problems that initially surfaced have been addressed and resolved, collaborative meetings appear to have been quite helpful at many schools, and additional training has been provided. [*See, e.g.*, tr. 10/6/08 at 45-47] Pointing to this progress, the State's expert, Dr. Guthrie, urges that the best thing to do at this juncture is essentially nothing – to wait for several years in order to allow the current remedial measures an opportunity to work. The State echoes this position, urging the Court to conclude that the State is doing enough, that it will continue to assist chronically underperforming schools, and that this action should now be dismissed.

20. A "first step" or "initial intervention" or "somewhat minimalistic" approach may well be the best approach in some settings, as when the Department initiates timely steps to address incipient problems arising well before a district chronically fails. But here, the districts targeted for intervention are districts with chronically underperforming schools -- schools with lengthy histories of failing to overcome the achievement gap for generations of children -- and the Department was ordered to take concerted remedial action because it has violated its constitutional oversight duty by failing to meaningfully intervene before the problems became chronic.

21. The parties do not dispute that the intervention districts face significant hurdles in attempting to correct their students' underperformance, including geographic, cultural, environmental and cultural influences. But the evidence also establishes that there is an array of promising, research-backed remedial measures to address the educational needs of students in these districts which have not yet been successfully implemented.

Such measures could include efforts to build in-house expertise, to increase the level of available teaching capacity, to create meaningful incentives to promote the recruitment and retention of high quality teachers, to provide content specialists, on-site coaches and mentors, targeted educational resources, and more extensive professional development focused on the particularized needs of the intervention districts. They could also include pre-K, curriculum development and alignment, and resources directed at improving student attendance and the school's interface with the local community.

22. Although the State asserted in its closing argument that teaching capacity is a problem for local districts to address, teacher qualifications and training are controlled by the State through the certification process.[59] And the State did not demonstrate an insurmountable conflict between local control/local capacity on the one hand, and State assistance with targeted support on the other hand. The two are complementary, not mutually exclusive: "A more efficient state system operates when the state is able to fulfill its responsibilities well and doesn't leave that to every little local district to try to have to replicate or create because the state hasn't provided some of the foundation that's needed for the districts to be able to proceed effectively." [Tr. 10/9/08 at 65; Dr. Darling-Hammond] And, in any event, "local control does not supersede a child's right to learn." [Tr. 10/8/08 at 185; Dr. John Davis]

23. To date, the State has categorically declined to consider an early-education component such as pre-K in its interventions. In ruling out this option, the State has relied on this Court's holding that the Education Clause does not require pre-K to be included as

[59] AS 14.20.020; 4 AAC 12.200 – 4 AAC 12.900.

an integral part of the system of public education that the Legislature must routinely provide throughout the state.[60] But that ruling was not intended to exempt pre-K from being considered and used as a case-specific measure to remedy a constitutional violation.

24. During the 2008 hearings the State occasionally referred to the problem of children being unprepared to begin school as stemming from problems within the community. These references echoed the report of the State's expert, Dr. Guthrie, who referred to "cultural and community misalignment."[61] But to the extent local conditions create unique educational problems that impair a public school's ability to provide a constitutionally adequate education, then the school district and the Department have a constitutional duty to address the educational aspects of those problems that are amenable to educational solutions. And when a local district lacks the capability to resolve these educational problems on its own, the Department's oversight duty requires it to intervene and provide assistance to the local district in a concerted effort to remedy these problems. This Court finds persuasive the response of a New York court to a similar argument, which "rejects the argument that the state is excused from its constitutional obligations when public school students present with socio-economic deficits."[62] Conditions within a community do not diminish the State's constitutional duty to "maintain a system of public schools open to all children of the State."

[60] Decision and Order at 177, ¶¶ 11, 12.

[61] Ex. 2584 at 62406-07.

[62] *Campaign For Fiscal Equity v. State*, 719 N.Y.S.2d 475, 516 (Sup. Ct. N.Y. 2001), *aff'd.* 769 N.Y.S.2d 106, 116 (N.Y. 2003).

25. In addition to addressing the Education Clause of Alaska's Constitution, this Court's June 2007 Order held that due process is violated if the State withheld high school diplomas from students in chronically underperforming districts who had not passed the HSGQE but were "not being accorded a meaningful opportunity to acquire proficiency in the very material that is tested on the exam,"[63] when the State had failed to provide adequate oversight and assistance to the district.

26. The State has now required the intervention districts to submit copies of their HSGQE remediation plans to the Department for review. But this Court's expectations were, and are, that in each chronically underperforming school district, the Department would immediately insure that an individualized remedial plan had been developed for each current 11th and 12th grader who has not yet passed the exam, including but not limited to appropriate formative assessments, and that each such student would have a designated professional at the school district (or Department, if necessary) with the responsibility of monitoring that student's remedial plan. In addition, the Department, through on-site visits and follow-up interviews, would insure that such a plan was actually in place for each of the students in chronically underperforming districts who had not yet passed the exam. To date, there is no indication that this has occurred in any of the intervention districts.

27. Based upon all of the evidence presented, this Court finds that the Department, through delegation from the Legislature, is not currently meeting the State's constitutional responsibility to "maintain a system of public schools open to all children of the State." The schools in the chronically underperforming school districts are not constitutionally

[63] Decision and Order at 193-194.

adequate; the Education Clause requires considerably more from the State in the way of oversight and assistance to those districts. And yet, while this Court has identified several shortcomings in the above Findings, it may well be that the requisite constitutional floor could be met without all of those deficiencies being fully rectified. Rather, it is the entirety of the deficiencies which together result in this Court's finding that the requisite constitutional floor has not been met at this time.

28. The Court further concludes, however, that the Department has made good faith efforts to achieve compliance with the June 2007 Order and the Education Clause and that the deficiencies in its efforts to date may well stem from uncertainty about the extent of the requirements in the June 2007 Order and the scope of the Department's oversight responsibilities. Moreover, the dedication to school improvement of the many educators in this process -- including the educators and other personnel within the Department and in the school districts -- is well evident and deserving of considerable respect. For these reasons, this Court will accord to the Department an additional opportunity to comply voluntarily with requirements of the Education Clause and this Court's orders, as further directed below.

ORDER

To establish compliance, IT IS ORDERED that the State shall proceed as follows:

A. Prepare and file with this Court a draft of standards that address the State's constitutional responsibility to insure that chronically underperforming school

districts are providing students in those districts with meaningful exposure to the State's content standards.

B. Review, reconsider, and -- after consulting with the districts and giving due considerations to their views -- file with this Court revised district intervention plans that address and incorporate as appropriate remedial measures related to each of the problem areas identified in these Findings. [*See* Findings of Fact, Parts V, A-E and Part VII]

C. File with this Court a plan of action that addresses the concerns identified in these Findings with respect to the adequacy of the remediation plans in the intervention districts for the High School Graduation Qualifying Exam.

Given the Department's continuing non-compliance with its constitutional duty to date, the time that has already been lost in attempting to establish compliance, and the severe consequences to students in the intervention districts caused by continued non-compliance, time is of the essence at this point in the proceedings. Accordingly, the State shall file and serve the materials described above no later than sixty days from the date of distribution of this Order. The State is strongly encouraged to work closely with each of the intervention districts in preparing these materials. The District Plaintiffs are accorded ten days thereafter to file and serve any objections. Additional proceedings shall be scheduled thereafter as warranted.

IT IS SO ORDERED this 4th day of February, 2009.

Sharon Gleason
Sharon L. Gleason
Judge of the Superior Court

I certify that on 2-4-09 a copy of the above was mailed to each of the following at their address of record (list name if not an agency)
☐ CSED ☐ AG ☐ PD ☐ DA
Deputy Clerk / Secretary

Tricky AG Bryner

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Office of Senator Bettye Davis

January 20, 2010

Senator Meyer, Co-Chair
Senate Education Committee

RE: Request for Hearing for SB 109, 26-LS0527\A

"An Act repealing the secondary student competency examination and related requirements; and providing for an effective date."

Dear Senator Meyer:

Senator Davis respectfully requests a hearing on SB 109 before the Senate Education Committee. SB 109 repeals the High School Graduation Qualifying Exam (HSGQE) or "Exit Exam" which was fully implemented in Alaska in 2004. The efficacy of the HSGQE has been greatly diminished by other assessment requirements of the No Child Left Behind Act and by purchase of the WorkKeys assessment Program by DEED to be implemented for all 11th graders in 2011. In addition, the Center on Education Policy (CEP) in a November, 2009 report (attached) summarizes state trends and progress for the last 8 years to alternative pathways to graduation, end-of-course exams, and increased technical and financial assistance.

There is no uniformity in testing across the country, but the CEP reports two-thirds to three-fourths of students in the country are now affected by exit exams. States are struggling to develop standards and testing systems that are sufficiently demanding but also achievable and fair. The Alaska HSGQE remains a continuing concern for students with disabilities, English language learners (ELLs), and students in rural school districts per *Moore, et al. v. State of Alaska*, 3AN04-9756 (see *infra*). There is considerable concern that we are testing too much, too often, and limiting curriculum and class time by teaching to the test.

The cost of the HSGQE in Alaska has risen to an estimated $123 per student, excluding hidden costs of remediation, lost school time, and teacher training. The HSGQE is currently funded by DEED through a recent contract with an outside firm providing a 5-year package of testing HSGQE with NCLB and other assessments. Separating the tests and costs at this time could be costly and difficult, but repeal of the HSGQE could be accomplished legislatively by simply not withholding diplomas for failure of this high-risk exam.

Included in this hearing package are:

1. Sponsor Statement
2. Current version of SB 109, 26-LS0527\A.
3. Sectional Summary
4. Additional Documentation
5. Anticipated teleconference testimony from the Department of Education & Early Childhood Development, School Districts, state educators, and parents
6. *Note: There is no fiscal note at this time, but numbers separating the costs of the HSGQE from the NCLB contract can be obtained from Eddy Jeans or Eric McCormick in DEED. The separated costs divided by the number of students taking the HSGQE annually should approximate the above estimated cost of $123 per student for the HSGQE.*

Sincerely,

Thomas S. Obermeyer
Legislative Assistant
465-3762
Thomas_Obermeyer@legis.state.ak.us

LEGAL SERVICES

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

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

MEMORANDUM February 27, 2009

SUBJECT: Sectional Summary of SB 109 (Work Order No. 26-LS0527\A)

TO: Senator Bettye Davis
Attn: Thomas Obermeyer

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. Deletes the high school competency examination reference in the Department of Education and Early Development's annual report to the legislature.

Section 2. Deletes the high school competency examination reference in the Department of Education and Early Development's annual report to the public on school performance.

Section 3. Deletes the high school competency examination reference in the Department of Education and Early Development's school accountability system.

Section 4. Deletes the high school competency examination reference in the charter school operational requirements.

Section 5. Repeals the high school competency test requirements.

Section 6. Provides a July 1, 2011, effective date.

JMM:ljw
09-124.ljw

(e) In addition to the grades enumerated in (a) of this section, an elementary school consists of a pre-elementary program supervised by the department under AS 14.07.020(a)(8), operated by the department as a head start program under AS 14.38.010, or located in a public school for federal funding purposes. Except for a child with a disability who is receiving special education or related services under AS 14.30.180 — 14.30.350, pre-elementary students may not be counted in a school's average daily membership under AS 14.17. (§ 1 ch 98 SLA 1966; am §§ 1, 2 ch 117 SLA 2008)

Effect of amendments. — The 2008 amendment, effective October 21, 2008, added "Except as provided in (e) of this section" at the beginning of subsection (a), and added subsection (e).

Collateral references. — Zoning regulations as applied to public elementary and high schools. 74 ALR3d 136.

Sec. 14.03.070. School age. A child who is six years of age on or before September 1 following the beginning of the school year, and who is under the age of 20 and has not completed the 12th grade, is of school age. (§ 1 ch 98 SLA 1966; am § 1 ch 1 FSSLA 1987; am § 19 ch 85 SLA 1988; am § 1 ch 101 SLA 2004)

Effect of amendments. — The 2004 amendment, effective July 1, 2004, substituted "on or before September 1" for "before August 15."

Collateral references. — Power of public school authorities to set minimum or maximum age requirements for pupils in absence of specific statutory authority. 78 ALR2d 1021.

Sec. 14.03.075. Secondary student competency testing. (a) A student may not be issued a secondary school diploma unless the student passes a competency examination in the areas of reading, English, and mathematics or receives a waiver from the governing body. A governing body may not grant a waiver to a student before the student's final semester of attendance. The department shall determine the form and contents of the examination and shall score completed examinations.

(b) A student who fails the examination required under this section shall be retested at least once during a school year on those portions of the examination that the student has not passed. A student who passes any portion of the test may not retake that portion of the test. A student who, when retested, passes the portions of the test not previously passed and who meets any other graduation requirements shall receive a diploma from the school district. This subsection does not apply to a student who is a child with a disability if the student's individualized education program team recommends that the student not be retested.

(c) Notwithstanding (a) of this section,

(1) a student who is a child with a disability and who does not achieve a passing score on the examination required under (a) of this section, with or without accommodation, is eligible to receive a diploma if the student successfully completes an alternative assessment program required by the student's individualized education program or required in the education plan developed for the student under 29 U.S.C. 794; an alternative assessment program must, to the maximum extent possible, conform to state performance standards established for the competency examination required under (a) of this section; this paragraph does not apply to a student unless the department determines that the student has taken and failed to pass the competency examination with or without accommodations and the department approves the student's alternative assessment program described under this paragraph; and

(2) a student who transfers into a public high school in this state shall receive a diploma if the student

(A) meets graduation requirements imposed by the governing body and the state; and

(B) has passed a competency examination in the state from which the student transferred.

(d) A student who fails to qualify for the issuance of a diploma under (a) of this section or a retest under (b) of this section by the end of the student's final semester of

attendance, but who has met all other graduation requirements of a governing body and the state, shall be awarded a certificate of achievement. A certificate of achievement may include the following information:

(1) the portions of the examination described under (a) of this section that were passed;

(2) the student's attendance record; and

(3) other information indicating the qualifications of the student that the governing body determines appropriate.

(e) The department shall by regulation establish uniform standards for

(1) pre-examination study materials; and

(2) procedures to be followed during administration of an examination.

(f) The department shall by regulation establish uniform standards for an alternative assessment program required under (c)(1) of this section. The alternative assessment program required under (c)(1) of this section applicable to an individual student may not be changed after February 1 of the student's junior year of study.

(g) In this section,

(1) "child with a disability" has the meaning given in AS 14.30.350;

(2) "individualized education program team" has the meaning given in AS 14.30.350. (§ 1 ch 58 SLA 1997; am § 2 ch 94 SLA 2001; am § 24 ch 35 SLA 2003)

Effect of amendments. — The 2001 amendment rewrote subsections (a) and (b) and added subsections (c)-(g). The amendment to subsections (a) and (b) by section 2, ch. 94, SLA 2001 amended those subsections before they became effective. Sections 7 and 11, ch. 94, SLA 2001 amend §§ 3, ch. 58, SLA 1997 to make this entire section effective February 1, 2004.

The 2003 amendment, effective February 1, 2004, at the end of paragraph (1) of subsection (g), substituted "in AS 14.30.350" for "'children with disabilities' in AS 14.30.350".

Effective dates. — Section 3, ch. 58, SLA 1997 made this section effective January 1, 2002. However, § 7, ch. 94, SLA 2001 changes the effective date of the section to February 1, 2004.

Editor's notes. — AS 14.30.350, cited in (g)(2) of this section, was repealed by § 41, ch. 67, SLA 2001.

Sec. 14.03.077. High school diploma for certain veterans. (a) Notwithstanding other provisions of this chapter, the commissioner shall award a high school diploma to a person who

(1) makes application under (b) of this section; if a person is deceased or incapacitated, an immediate family member may apply on behalf of the person;

(2) never received a high school diploma; and

(3) actively served in the United States armed forces or the Alaska Territorial Guard during the period of August 7, 1940, through July 25, 1947, and

(A) died in active service;

(B) was honorably discharged; or

(C) was released from active duty because of a service-related disability.

(b) The commissioner shall provide a form or electronic format for a person to apply under this section. The commissioner may accept an affidavit to support the award if documentation is not readily available from the military or other sources. (§ 1 ch 13 SLA 2001)

Sec. 14.03.078. Report. The department shall provide to the legislature by February 15 of each year an annual report regarding the progress of each school and school district toward high academic performance by all students. The report required under this section must include

(1) information described under AS 14.03.120(d);

(2) the number and percentage of students in each school who pass the examination required under AS 14.03.075, and the number who pass each section of the examination;

(3) progress of the department

(A) toward implementing the school accountability provisions of AS 14.03.123; and

(B) in assisting high schools to become accredited;

WELCR

Anchorage School District

5530 E. Northern Lights Blvd.
Anchorage, Alaska 99504-3135
(907) 742-4000

February 2, 2009

Mr. Larry LeDoux
Commissioner of Education and Early Development
Department of Education and Early Development
P.O. Box 110500
Juneau, Alaska 99811-0500

Attention: Dottie Knuth
Via FAX (907) 465-4156

Dear Commissioner LeDoux: Larry

In response to the request for review and public comment on the proposed regulation changes on the timeline for the mandated WorkKeys/WIN assessments and on the Quality Schools application and reports for small districts, the Anchorage School District submits the attached comments.

I appreciate the opportunity to forward our comments as they relate to the proposed changes in Department of Education and Early Development regulations.

My staff and I are available to answer any questions regarding our responses and will forward any additional remarks to the proposed changes, as you deem necessary.

Sincerely,

Carol

Carol Comeau
Superintendent

Attachment

cc: Anchorage School Board
Rhonda Gardner, Assistant Superintendent, Instruction
Laurel Vorachek, Director, Assessment and Evaluation
Jane Berglund, Chief Information Officer

cc: Mike Eddy

SUBJECT: 4 AAC 06.715 Work ready/college ready transitional skills curriculum and benchmark assessments; 4 AAC 06.717 Work ready/college ready transitional skills assessment

The Anchorage School District believes the WorkKeys exam is a quality assessment that provides important information for students and families, educators, employers, and universities about student achievement related to college and work readiness. Further, the WIN curriculum and benchmark assessments provide opportunities for students to advance their studies in and awareness of work related proficiencies.

However, at minimum, the Anchorage School District supports the proposed regulation to delay the mandated use of these assessments by one year. These tools and assessments are available to students and districts ready to access them, and a delay in implementing the mandate doesn't limit a school or district's ability to more forward. The delay would enable districts that have technological or other implementation challenges to continue to work through them to ensure a smooth roll out should the mandate come.

Under the current system of assessment, the Anchorage School District does not believe the WorkKeys/WIN assessments should be mandated. Between the mandated Standards Based Assessments, HSGQE, TerraNova, NAEP, ELPA, Kindergarten Profile, etc., and district-specific formative, benchmark, and progress monitoring assessments that are a critical part of any instructional program, districts do not have the time or resources to invest in another mandated exam.

The Anchorage School District proposes bolder action, however. We propose that the State Board and the Department of Education of Early Development work with the Alaska Legislature and districts to replace the essential skills High School Graduation Qualifying Exam with the much more robust and meaningful WorkKeys Exam at the 10th grade.

The requirement for the HSGQE was created in response to concern that some students were graduating high school without the essential skills necessary to be productive in the world of work. An unintended consequence of that action has been that many students now set their sights too low – only on passing the HSGQE rather than reaching toward even higher levels of proficiency and achievement. Many students question why they should be required to continue high school when they have already passed the exam as 10th graders. Unfortunately, since the exam is essential skills, the students' perception that they have met necessary levels of achievement for life-long success is misguided.

The Anchorage School District believes there is a much better alternative that would provide businesses and universities information they need about the academic preparation of graduated students, that would inspire students to continue their studies rather than end them prematurely, and that would provide students invaluable information about career fields available to them as well as their relative preparation for them. That alternative is WorkKeys.

In addition, WorkKeys is part of the ACT continuum of assessments accessed by many schools and students that includes, among others, the Explore (8th grade), PLAN (10th grade), and ACT (11th and 12th grade). For students and their advisors to be able to plan the student's education over a series of years with information from these exams would be much more valuable than a pass/fail score on the HSGQE. Because of the availability of these exams, we do not believe the WIN assessments need ever be mandated. Rather, we suggest the assessments and very valuable curriculum remain available for those who choose to use them to augment their existing system of assessment.

Because WorkKeys is designed expressly to reflect what businesses expect of entering workers and the ACT is designed expressly to reflect what colleges expect of entering students, the two assessment programs are unique in what they measure and in the scores they report. But there are also commonalities in the expectations for readiness in the two tests.

ACT conducted a statistical concordance between the respective college and workforce training readiness levels in reading and mathematics. They found that the concordance between ACT College Readiness Benchmarks and WorkKeys Level 5 shows that the levels of readiness in reading and mathematics are comparable.

Comparability between WorkKeys Job Profile Level 5 and ACT College Readiness Benchmarks in Reading and Mathematics[4]

WorkKeys Test	WorkKeys Readiness Level	Comparable ACT Score Range and College Readiness Benchmark
Reading for Information	5	19–23 Benchmark = 21
Applied Mathematics	5	18–21 Benchmark = 22

This statistical concordance adds value to the assessment from the perspective of the individual student for course planning and post-secondary guidance. The

student receives information about their readiness to make successful transitions to college and work after high school from one assessment. If a student scores below a 5 in the Reading for Information and/or Applied Mathematics test, it provides critical information in terms of necessary coursework to be completed during the student's remaining time in high school in order to be prepared for first-year college courses. The student also receives information about whether he or she has the skills that businesses expect of entering workers through the WorkKeys Readiness Level. This also provides valuable information in course planning so, if necessary, students can take the coursework to ensure that they have the workforce skills when they graduate from high school. Since it is a national exam, WorkKeys results and certificates are also portable throughout our highly mobile country and mean the same thing regardless of the state in which our students ultimately choose to work or attend post-secondary programs.

The bottom line is that the WorkKeys exam has the potential to inspire and encourage students to higher levels of achievement while providing desired accountability and information for prospective employers and universities, whereas the HSGQE encourages apathy and low expectations. Further, the HSGQE causes significant harm to the small number of students who, largely due to special needs or language acquisition challenges, are unable to pass and are thus denied a diploma.

Rather than artificially set a pass/fail mark on this exam for which such a distinction was never intended, we propose instead that the final scores received by the student, after however many attempts the student makes while in high school to achieve higher scores, be placed on the transcript and the diploma. The diploma could also be printed in such a way that an explanation of those scores is printed on the back of the diploma or transcript to provide that information to prospective employers.

We encourage the State Board of Education and Early Development, along with Alaska legislators, to take this bold step in increasing both the academic expectations and the relevancy of state assessments for Alaska's students.

SUBJECT: 4 AAC 33.310 Applications; 4 AAC 33.320 Grant Awards; 4 AAC 33.330 Reporting Requirements, Regarding Quality School Funding Grants

This regulation does not directly impact the Anchorage School District as our Quality School Grant exceeds $10,000. We have never found the required application and report to be particularly onerous for our district.

Commissioner Roger Sampson
Department of Education
& Early Development
801 W. Tenth Street, Suite 200
Juneau, Alaska 99801-1894
www.eed.state.ak.us

Date: April 7, 2004

N • E • W • S R • E • L • E • A • S • E

More information Harry Gamble, Information Officer, 465-2851

State Enters Stipulation In Disabilities Class Action Lawsuit

Students with Disabilities Can Get Diplomas in 2004 Without Passing Exit Exam

Attorney General Gregg Renkes and Education Commissioner Roger Sampson announced the filing of a joint stipulation today in U.S. District Court that would allow students with disabilities in the Class of 2004 to get a diploma without passing the state's high school exit exam. The stipulation was based on an agreement by the State of Alaska and the lawyers who filed a class action lawsuit in U.S. District Court.

As many as 500 high school seniors with disabilities have not passed all three parts of the high school exam -- reading, writing and math. Under the injunction, the students still need to complete all other state and district graduation requirements. About 800 seniors have disabilities.

The lawsuit was filed March 16 against the State Board of Education & Early Development, two Department of Education & Early Development officials and the Anchorage School District.

"We have stated from the outset that we have concerns any time the State Board and Department of Education & Early Development are implicated in treating students unfairly," said Education Commissioner Roger Sampson. "Our aim is exactly the opposite. We are working to provide a top rate education for each and every child in the state and to help them make a successful transition to life after graduation." Sampson added: "The agreement with the plaintiffs will allow both sides to negotiate in good faith the issues raised in the suit to reach a resolution that is fair for all involved."

Sampson and Attorney General Gregg Renkes said the stipulation will provide time for the State to seek guidance from the Legislature and the State Board of Education regarding options for settling the lawsuit. "We need to know whether the legislature will act on pending legislation affecting this case before we can engage in meaningful settlement negotiations," said Renkes.

The key points of the stipulation are:

- Members of the class action lawsuit include all students who have an Individualized Education Program (IEP) under the federal Individuals with Disabilities Education Act or a Section 504 Plan under the Rehabilitation Act of 1973 and who have taken or who must the high school graduation qualifying exam. About 18,000 students statewide at all grade levels have IEPs.
- The high school exam will not be used to deny a class member a high school diploma in the spring of 2004 if the student has met all other requirements for a diploma.
- The State of Alaska will notify secondary school principals and special education directors about the stipulation. Schools will be required to notify parents, special education teachers and affected students.
- The State of Alaska and the plaintiffs' lawyers will enter into negotiations to try to resolve the issues raised in the lawsuit. The first negotiation is expected to be May 18.
- The State of Alaska and lawyers for the plaintiffs will report to the court progress on the negotiations no later than July 9.

###

ASSESSED PERFORMANCE STANDARDS

HIGH SCHOOL GRADUATION QUALIFYING EXAMINATION

READING PERFORMANCE STANDARDS FOR THE HSGQE

R4.1 Apply knowledge of syntax, roots, and word origins, and use context clues and reference materials, to determine the meaning of new words and to comprehend text.
R4.2 Summarize information or ideas from a text and make connections between summarized information or sets of ideas and related topics or information.
R4.3 a. Identify and assess the validity, accuracy, and adequacy of evidence that supports an author's main ideas. b. Critique the power, logic, reasonableness, and audience appeal of arguments advanced in public documents.
R4.4 Read and follow multi-step directions to complete complex tasks.
R4.7 Express and support assertions, with evidence from the text or experience, about the effectiveness of a text.
R4.8 Analyze and evaluate themes across a variety of texts, using textual and experiential evidence.

WRITING PERFORMANCE STANDARDS FOR THE HSGQE

W4.1 Write a coherent composition with a thesis statement that is supported with evidence, well-developed paragraphs, transitions, and a conclusion.
W4.2 Demonstrate understanding of elements of discourse (purpose, speaker, audience, form) when completing expressive (creative, narrative, descriptive), persuasive, research-based, informational, or analytic writing assignments.
W4.3 Use the conventions of Standard English independently and consistently including grammar, sentence structure, paragraph structure, punctuation, spelling, and usage.
W4.4 Revise writing to improve style, word choice, sentence variety, and subtlety of meaning in relation to the purpose and audience.

MATHEMATICS PERFORMANCE STANDARDS FOR THE HSGQE

NOTE: Clarifying comments for the HSGQE are in italics. Some performance standards are not in the full versions found in the Alaska Standards booklet; if certain aspects of a performance standard are not assessed on the HSGQE, they are not included in this document.

Numeration

M1.3.1 Read, write, model, and order real numbers, explaining scientific notation *(read only)*, exponents (*square and cube only*) and percents.
M1.2.2 Use, model, and identify place value positions from 0.001 to 1,000,000.
M1.4.3 Compare and contrast the relationship between various applications of the same operation.
M1.3.3 Translate between equivalent representations of the same number, *including simple exponents.* Select a representation that is appropriate for the situation.
M1.3.4 Describe and model the relationship of fractions to decimals, percents, ratios and proportions.
M1.3.5 Use, explain, and define the rules of divisibility, prime and composite numbers, multiples, and order of operations.
M1.4.5 Recognize, describe, and use properties of the real number system.

Measurement

M2.3.1 Estimate and measure various dimensions to a specified degree of accuracy.
M2.4.2 Estimate and convert measurements between different systems.
M2.2.3 Use a variety of measuring tools; describe the attribute(s) they measure.
M2.3.4 Describe and apply the relationships between dimensions of geometric figures to solve problems using indirect measurement; describe and apply the concepts of rate and scale.
M2.3.5 Apply information about time zones and elapsed time to solve problems.
M2.2.6 Read, write, and use money notation, determining possible combinations of coins and bills to equal given amounts; count back change for any given situation.

Estimation and Computation

M3.4.1 Use estimation to solve problems and to check the accuracy of solutions; state whether the estimation is greater or less than the exact answer.
M3.3.2 Apply basic operations efficiently and accurately, using estimation to check the reasonableness of results.
M3.4.2 Add and subtract real numbers using powers.
M3.4.3 Multiply and divide real numbers in various forms including powers.
M3.3.5 Convert between equivalent fractions, decimals, percents, and proportions. Convert from exact to decimal representations of irrational numbers.
M3.4.5 Use ratios and proportions to model and solve fraction and percent problems with variables.

Functions and Relationships

M4.3.1 Identify numeric and geometric patterns to find the next term and predict the nth term.
M4.4.2 Create and solve linear equations and inequalities.
M4.4.3 Create and solve simple systems of equations.
M4.3.4 Translate among and use tables of ordered pairs, graphs on coordinate planes, and linear equations as tools to represent and analyze patterns.
M4.3.5 Find the value of a variable by evaluating formulas and algebraic expressions for given values.

Geometry

M5.3.1 Identify, classify, compare, and sketch regular and irregular polygons.
M5.2.2 Compare and contrast plane and solid figures (e.g., circle/sphere, square/cube, triangle/pyramid) using relevant attributes, including the number of vertices, edges, and the number and shape of faces.
M5.3.3 Apply the properties of equality and proportionality to solve problems involving congruent or similar shapes.
M5.3.4 Estimate and determine volume and surface areas of solid figures using manipulatives and formulas; estimate and find circumferences and areas of circles.
M5.2.6 Locate and describe objects in terms of their position with and without compass directions; identify coordinates for a given point or locate points of given coordinates on a grid.
M5.2.7 Sketch and identify line segments, midpoints, intersections, parallel, and perpendicular lines.

Statistics/Probability

M6.3.1 Collect, analyze, and display data in a variety of visual displays including frequency distributions, circle graphs, histograms, and scatter plots.
M6.3.2 Interpret and analyze information found in newspapers, magazines, and graphical displays.
M6.3.3 Determine and justify a choice of mean, median, or mode as the best representation of data for a practical situation.
M6.3.4 Make projections based on available data and evaluate whether or not inferences can be made given the parameters of the data.
M6.1.4 Find and record the possibilities of simple probability experiments; explain differences between chance and certainty, giving examples.
M6.2.5 Conduct simple probability experiments using concrete materials and represent the results using fractions and probability.

* Process Skills
(Problem Solving, Communication, Reasoning, Connections)

M8.3.3 Use appropriate vocabulary, symbols, and technology to explain, justify, and defend mathematical solutions.
M7.2.2 Select and apply a variety of strategies including making a table, chart or list, drawing pictures, making a model, and comparing with previous experience to solve problems.
M10.3.1 Apply mathematical skills and processes to science and humanities.
M10.3.2 Apply mathematical skills and processes to situations with peers and community

Process skills are assessed but not separately reported on individual student reports.

These standards are clustered for reporting purposes.

Larry LeDoux
Commissioner
P.O. Box 110500
Juneau, AK 99811-0500
www.eed.state.ak.us

STATE OF ALASKA
DEPARTMENT OF EDUCATION
AND EARLY DEVELOPMENT

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Media Advisory

COMMISSIONER'S OFFICE

FOR IMMEDIATE RELEASE
AUGUST 3, 2009

Annual AYP Results to be Announced

The Alaska Department of Education & Early Development on Friday, August 7, in Anchorage will release the school-level results of the No Child Left Behind accountability system. These are the "adequate yearly progress" reports for public schools.

Alaska Education Commissioner Larry LeDoux and Director of Assessment, Accountability & Information Management Erik McCormick will hold a news conference on August 7, starting at 10 a.m., in the Governor's Office conference room at the Atwood Building in Anchorage. It is located at 550 West 7th Ave., Suite 1700.

The news conference also will be available by teleconference. Call 1-800-315-6338. The code is 0707#.

The press packet will be available at www.eed.state.ak.us at 8:30 a.m. on August 7. Copies will be available at the news conference.

Contact: Information Officer Eric Fry at 907-465-2851 or eric.fry@alaska.gov.

###

EDUCATION
& EARLY DEVELOPMENT

Graduation Rates in Alaska
Fact Sheet

The Graduation Rate is reported as a fraction. The numerator is the sum of the number of graduates receiving a regular diploma before June 30. The denominator is the sum of the number of graduates, plus the number of dropouts in grade nine three school years prior, plus the number of unduplicated dropouts in grade ten two school years prior, plus the number of unduplicated dropouts in grade eleven in the prior school year, plus the number of unduplicated dropouts in grade 12 during the current year, plus the number of grade 12 continuing students.

A **graduate** is defined as a student who was received a regular diploma from a state- or district-approved education program, as evidenced by receipt of a secondary school diploma from school authorities. Any student who receives a diploma under a waiver from the competency examination required under AS 14.03075 (a), as specified by the state board is considered to be a graduate. This does not include an individual who:

- receives a certificate of completion;
- receives a certificate of attendance;

The statewide Graduation Rate has remained relatively consistent over the last five years, however the number of graduates has increased for four consecutive years:

School Year	Graduation Rate	Graduate Count
2004	62.9%	7,270
2005	61.4%	6,905
2006	61.6%	7,361
2007	63.0%	7,666
2008	62.4%	7,796

The Alaska Native/American Indian Graduation Rate has shown improvement over the same five year time period:

School Year	Graduation Rate	Graduate Count
2004	46.1%	1,327
2005	43.2%	1,233
2006	45.1%	1,442
2007	51.2%	1,689
2008	47.8%	1,508

Please note that the new Graduation Rate required by the Final Title 1 Regulations under NCLB will use a different calculation. The new Graduation Rate, also known as the Four-Year Adjusted Cohort Rate, will follow an actual group of students across four years of high school. Alaska will no longer be incorporating prior years' counts of dropouts to calculate the Graduation Rate.

Thomas Obermeyer

From: McCormick, Erik A (EED) [erik.mccormick@alaska.gov]
Sent: Wednesday, March 18, 2009 12:06 PM
To: Thomas Obermeyer
Cc: Jeans, Eddy (EED); Herman, Marcy J (EED)
Subject: SB 109 Hearing 03/16/09
Attachments: Erik McCormick (erik.mccormick@alaska.gov).vcf; HSGQESpring2008Statewide.pdf; Graduation Rate Fact Sheet.doc; 2008 Graduation Rates by Subgroup.xls

Mr. Obermeyer,

Attached are three documents in support of the SB 109 Hearing hearing on Monday, chaired by Senator Davis.

- HSGQESpring2008Statewide.pdf
Spring 2008 HSGQE statewide results showing trend data from the Spring administrations 2006 through 2008. Subgroup information is provided as promised.

- Graduation Rate Fact Sheet.doc
This document provides our regulatory definition and calculation for the current Graduation Rate that we use in Alaska. NCLB requires us to report a graduation rate that measures a percentage of students graduating over a four year period. The document brings to attention that although the statewide Graduation Rate has remained relatively consistent over the last five years, the number of graduates has increased for four consecutive years. This is due largely to the efforts of public school districts to retain those students that may need more than four years to graduate.

- 2008 Graduation Rates by Subgroup.xls
In the hearing I stated that in 2008, there were 1,500 seniors identified as continuing seniors and that did not receive a diploma. Of those 1,500 seniors I stated that 69% of them had passed all three parts of the exam. The 1,500+ seniors were identified in the denominator of the Graduation Rate and represent those seniors that completed the school year but did not receive a diploma.

Please don't hesitate to contact me if you have any questions or concerns.

Thank you.
Erik

Erik McCormick
Director
Assessment, Accountability &
Information Management
Alaska Dept. of Education &
Early Development
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Graduation Rate

2008 High School Graduates	2008 Grade 12 Continuing Students	2008 Grade 12 Dropouts	2007 Grade 11 Dropouts	2006 Grade 10 Dropouts	2005 Grade 9 Dropouts	2008 Graduation Rate
7,855	1,549	1,038	776	693	638	62.6%

= 20% grads

3145 = 40% Grad.

= Grads / Grads + continuing + dropouts 9-12

	2008 High School Graduates	2008 Grade 12 Continuing Students	2008 Grade 12 Dropouts	2007 Grade 11 Dropouts	2006 Grade 10 Dropouts	2005 Grade 9 Dropouts	2008 Graduation Rate
Male	3833	910	590	413	378	349	59.2%
Female	4022	639	448	363	315	289	66.2%
African American	262	86	49	48	29	36	51.4%
Alaska Native	1453	453	359	254	261	247	48.0%
American Indian	70	11	12	11	14	24	49.3%
Asian/Pac. Islander	575	111	76	52	28	24	66.4%
Caucasian	4742	713	423	336	327	277	69.6%
Hispanic	389	68	65	32	19	26	64.9%
Two or More Races	364	107	54	43	15	4	62.0%
SWD	532	351	109	105	102	58	42.3%
SWOD	7323	1198	929	671	591	580	64.9%
LEP	616	276	150	112	97	93	45.8%
ECON. DIS	1832	650	349	259	233	131	53.0%
AK Nat./Amer. Ind.	1523	464	371	265	275	271	48.1%

SPRING 2008 HSGQE

Total Numbers and Percentages of Students Scoring Above and Below Proficiency

		Grade 10					
Subject	Test Year	Proficient Count	Proficient Percentage	Not Proficient Count	Not Proficient Percentage	Enrollment	Participation Rate[2]
READING	Spring 2006[3]	7,097	73.7%	2,529	26.3%	10,389	92.7%
READING	Spring 2007	8,534	90.9%	857	9.1%	10,040	93.5%
READING	Spring 2008	8,021	85.2%	1,396	14.8%	9,990	94.3%
WRITING	Spring 2006[3]	8,591	89.9%	967	10.1%	10,389	92.0%
WRITING	Spring 2007	7,622	81.2%	1,766	18.8%	10,040	93.5%
WRITING	Spring 2008	7,194	76.3%	2,239	23.7%	9,990	94.4%
MATHEMATICS	Spring 2006[3]	7,395	77.1%	2,201	22.9%	10,389	92.4%
MATHEMATICS	Spring 2007	7,563	80.6%	1,815	19.4%	10,040	93.4%
MATHEMATICS	Spring 2008	7,162	76.3%	2,226	23.7%	9,990	94.0%

[1] Percent Proficient and Percent Not Proficient rates only include students that participated in the exams.

[2] Participation rate is calculated by dividing the total count of students tested by the enrollment on the first day of testing.

[3] Proficiency scores were adjusted and these changes are reflected beginning 2007.

Note: 2006 is the first year both a 10th grade SBA and 10th grade HSGQE test was administered. 10th graders' results represent both populations using only the questions. The Participation Rate may not include all of these students as some may be 2nd year 10th graders.

STATEWIDE SPRING 2008 HSGQE

GRADE 10

Statewide Results by Ethnicity, Gender, and Groups

READING	Proficient Count	Proficient Percentage	Not Proficient Count	Not Proficient Percentage	Enrollment	Participation Rate
frican American	245	78.8%	66	21.2%	336	92.6%
aska Native/American Indian	1,490	69.1%	665	30.9%	2,317	93.0%
sian/Pacific Islander	531	78.1%	149	21.9%	717	94.8%
aucasian	4,926	93.2%	361	6.8%	5,575	94.8%
spanic	385	79.7%	98	20.3%	516	93.6%
vo or more races	444	88.6%	57	11.4%	526	95.2%
emale	4,090	87.6%	581	12.4%	4,943	94.5%
ale	3,931	82.8%	815	17.2%	5,047	94.0%
sabled	439	47.7%	481	52.3%	1,066	86.3%
on Disabled	7,582	89.2%	915	10.8%	8,924	95.2%
mited English Proficient	553	49.9%	555	50.1%	1,190	93.1%
w Income	2,184	72.6%	825	27.4%	3,306	91.0%
t Low Income	5,837	91.1%	571	8.9%	6,684	95.9%
grant	453	74.9%	152	25.1%	635	95.3%
WRITING	Proficient Count	Proficient Percentage	Not Proficient Count	Not Proficient Percentage	Enrollment	Participation Rate
rican American	206	65.6%	108	34.4%	336	93.5%
aska Native/American Indian	1,294	59.9%	867	40.1%	2,317	93.3%
lan/Pacific Islander	496	73.4%	180	26.6%	717	94.3%
aucasian	4,473	84.3%	831	15.7%	5,575	95.1%
spanic	343	71.3%	138	28.7%	516	93.2%
vo or more races	382	76.9%	115	23.1%	526	94.5%
male	3,974	85.0%	704	15.0%	4,943	94.6%
	3,220	67.7%	1,535	32.3%	5,047	94.2%
	292	31.7%	628	68.3%	1,066	86.3%
n Disabled	6,902	81.1%	1,611	18.9%	8,924	95.4%
nited English Proficient	471	42.5%	636	57.5%	1,190	93.0%
w Income	1,849	61.4%	1,162	38.6%	3,306	91.1%
t Low Income	5,345	83.2%	1,077	16.8%	6,684	96.1%
grant	402	66.2%	205	33.8%	635	95.6%
MATHEMATICS	Proficient Count	Proficient Percentage	Not Proficient Count	Not Proficient Percentage	Enrollment	Participation Rate
lcan American	192	61.1%	122	38.9%	336	93.5%
aska Native/American Indian	1,278	59.6%	868	40.4%	2,317	92.5%
lan/Pacific Islander	515	76.1%	162	23.9%	717	94.4%
ucasian	4,482	84.8%	801	15.2%	5,575	94.8%
spanic	327	68.1%	153	31.9%	516	93.0%
o or more races	368	75.1%	122	24.9%	526	93.2%
male	3,528	76.0%	1,117	24.0%	4,943	94.0%
ale	3,634	76.6%	1,109	23.4%	5,047	94.0%
sabled	320	35.0%	593	65.0%	1,066	85.6%
n Disabled	6,842	80.7%	1,633	19.3%	8,924	95.0%
nited English Proficient	465	42.2%	636	57.8%	1,190	92.5%
w Income	1,842	61.8%	1,138	38.2%	3,306	90.1%
t Low Income	5,320	83.0%	1,088	17.0%	6,684	95.9%
grant	410	67.7%	196	32.3%	635	95.4%

rcent Proficient and Percent Not Proficient rates only include students that participated in the exams.

rticipation rate is calculated by dividing the total count of students tested by the enrollment on the first day of testing.

- 200[illegible] the first year both a 10th grade SBA and 10th grade HSGQE test was administered. 10th graders' results represent both populations using only the HSGQE questions. The Participation clude all of these students as some may be 2nd year 10th graders.

SPRING 2008 HSGQE

Total Numbers and Percentages of Students Scoring Above and Below Proficiency

HSGQE STUDENT RETESTS

		Grade 11			
Content Area	Test Year	Proficient Count	Proficient Percentage[1]	Not Proficient Count	Not Proficient Percentage[1]
READING	Spring 2006[2]	863	43.3%	1,129	56.7%
READING	Spring 2007	590	58.6%	416	41.4%
READING	Spring 2008	283	47.2%	316	52.8%
WRITING	Spring 2006[2]	419	62.8%	248	37.2%
WRITING	Spring 2007	380	41.9%	526	58.1%
WRITING	Spring 2008	328	34.9%	613	65.1%
MATHEMATICS	Spring 2006[2]	669	40.7%	976	59.3%
MATHEMATICS	Spring 2007	472	35.4%	860	64.6%
MATHEMATICS	Spring 2008	321	32.0%	682	68.0%

[1] Percent Proficient and Percent Not Proficient rates only include students that participated in the exams.

[2] Proficiency scores were adjusted and these changes are reflected beginning 2007.

STATEWIDE SPRING 2008 HSGQE

GRADE 11

Statewide Results by Ethnicity, Gender, and Groups

READING	Proficient Count	Proficient Percentage	Not Proficient Count	Not Proficient Percentage
African American	17	58.6%	12	41.4%
Alaska Native/American Indian	64	29.8%	151	70.2%
Asian/Pacific Islander	17	26.2%	48	73.8%
Caucasian	137	68.8%	62	31.2%
Hispanic	17	39.5%	26	60.5%
Two or more races	10	71.4%	4	28.6%
Female	148	56.7%	113	43.3%
Male	135	39.9%	203	60.1%
Disabled	35	22.0%	124	78.0%
Non Disabled	248	56.4%	192	43.6%
Limited English Proficient	36	20.3%	141	79.7%
Low Income	56	36.8%	96	63.2%
Not Low Income	227	50.8%	220	49.2%
Migrant~	n/a	n/a	n/a	n/a
WRITING	**Proficient Count**	**Proficient Percentage**	**Not Proficient Count**	**Not Proficient Percentage**
African American	23	33.8%	45	66.2%
Alaska Native/American Indian	89	26.3%	250	73.7%
Asian/Pacific Islander	23	31.1%	51	68.9%
Caucasian	141	43.8%	181	56.2%
Hispanic	14	21.9%	50	78.1%
Two or more races	15	42.9%	20	57.1%
Female	148	46.8%	168	53.2%
Male	180	28.8%	445	71.2%
Disabled	53	19.9%	214	80.1%
Non Disabled	275	40.8%	399	59.2%
Limited English Proficient	45	18.6%	197	81.4%
Low Income	68	25.9%	195	74.1%
Not Low Income	260	38.3%	418	61.7%
Migrant~	n/a	n/a	n/a	n/a
MATHEMATICS	**Proficient Count**	**Proficient Percentage**	**Not Proficient Count**	**Not Proficient Percentage**
African American	24	31.2%	53	68.8%
Alaska Native/American Indian	70	20.3%	274	79.7%
Asian/Pacific Islander	25	28.4%	63	71.6%
Caucasian	152	41.6%	213	58.4%
Hispanic	16	27.1%	43	72.9%
Two or more races	13	37.1%	22	62.9%
Female	173	34.4%	330	65.6%
Male	148	29.6%	352	70.4%
Disabled	61	21.3%	226	78.7%
Non Disabled	260	36.3%	456	63.7%
Limited English Proficient	34	14.2%	206	85.8%
Low Income	55	20.3%	216	79.7%
Not Low Income	266	36.3%	466	63.7%
Migrant~	n/a	n/a	n/a	n/a

[1] Percent Proficient and Percent Not Proficient rates only include students that participated in the exams.

~ Figure suppressed due to confidentiality standards.

SPRING 2008 HSGQE

Total Numbers and Percentages of Students Scoring Above and Below Proficiency

HSGQE STUDENT RETESTS

		Grade 12			
Subject	Test Year	Proficient Count	Proficient Percent	Not Proficient Count	Not Proficient Percent
READING	Spring 2006[2]	389	41.7%	543	58.3%
READING	Spring 2007	200	48.4%	213	51.6%
READING	Spring 2008	134	49.4%	137	50.6%
WRITING	Spring 2006[2]	138	52.3%	126	47.7%
WRITING	Spring 2007	105	34.9%	196	65.1%
WRITING	Spring 2008	213	60.9%	137	39.1%
MATHEMATICS	Spring 2006[2]	339	42.6%	457	57.4%
MATHEMATICS	Spring 2007	215	35.3%	394	64.7%
MATHEMATICS	Spring 2008	152	33.7%	299	66.3%

[1] Percent Proficient and Percent Not Proficient rates only include students that participated in the exams.

[2] Proficiency scores were adjusted and these changes are reflected beginning 2007.

STATEWIDE SPRING 2008 HSGQE

GRADE 12

Statewide Results by Ethnicity, Gender, and Groups

READING	Proficient[1] Count	Proficient[1] Percentage	Not Proficient[1] Count	Not Proficient[1] Percentage
African American	4	57.1%	3	42.9%
Alaska Native/American Indian	23	21.9%	82	78.1%
Asian/Pacific Islander	12	33.3%	24	66.7%
Caucasian	64	82.1%	14	17.9%
Hispanic	9	50.0%	9	50.0%
Two or more races	4	50.0%	4	50.0%
Female	70	56.5%	54	43.5%
Male	64	43.5%	83	56.5%
Disabled	10	14.7%	58	85.3%
Non Disabled	124	61.1%	79	38.9%
Limited English Proficient	18	18.8%	78	81.3%
Low Income	18	29.0%	44	71.0%
Not Low Income	116	55.5%	93	44.5%
Migrant~	n/a	n/a	n/a	n/a
WRITING	**Proficient[1] Count**	**Proficient[1] Percentage**	**Not Proficient[1] Count**	**Not Proficient[1] Percentage**
African American	8	57.1%	6	42.9%
Alaska Native/American Indian	64	47.8%	70	52.2%
Asian/Pacific Islander	22	55.0%	18	45.0%
Caucasian	79	73.1%	29	26.9%
Hispanic	16	66.7%	8	33.3%
Two or more races	5	45.5%	6	54.5%
Female	94	73.4%	34	26.6%
Male	119	53.6%	103	46.4%
Disabled	51	45.9%	60	54.1%
Non Disabled	162	67.8%	77	32.2%
Limited English Proficient	49	48.0%	53	52.0%
Low Income	43	49.4%	44	50.6%
Not Low Income	170	64.6%	93	35.4%
Migrant~	n/a	n/a	n/a	n/a
MATHEMATICS	**Proficient[1] Count**	**Proficient[1] Percentage**	**Not Proficient[1] Count**	**Not Proficient[1] Percentage**
African American	11	37.9%	18	62.1%
Alaska Native/American Indian	33	19.2%	139	80.8%
Asian/Pacific Islander	11	23.9%	35	76.1%
Caucasian	65	46.4%	75	53.6%
Hispanic	9	37.5%	15	62.5%
Two or more races	6	28.6%	15	71.4%
Female	82	36.6%	142	63.4%
Male	70	30.8%	157	69.2%
Disabled	18	14.3%	108	85.7%
Non Disabled	134	41.2%	191	58.8%
Limited English Proficient	18	14.4%	107	85.6%
Low Income	23	19.3%	96	80.7%
Not Low Income	129	38.9%	203	61.1%
Migrant~	n/a	n/a	n/a	n/a

[1] Percent Proficient and Percent Not Proficient rates only include students that participated in the exams.
~ Figure suppressed due to confidentiality standards.

Moore v. Alaska, decision 6-21-07

RE: HSGQE – Exit Exam

p. 33. #81. "This reform was a reaction by the legislature to frustration that children were receiving high school diplomas but were lacking in basic skills."

p.34 #83. "State acknowledges that 'children have a property interest in their prospective diploma, and cannot be deprived of that property interest by a test that is unfair to them because they have not had notice of the content of the test.'"

p. 36 #92 'Bering Strait's graduation rate has fallen significantly since 2002-2003, when it was 59.4%. This may be due to the introduction of the exit exam requirement since that date, but also may be due in part to the "Quality Schools" program in place there that allows students additional time to complete their studies past 12th grade."

p. 38 #95 "While the dropout rate may be some indication as to whether an educational program is meeting a student's need, the evidence showed that not all students drop out because of low academic achievement. Family and work commitments, among other reasons, may also be factors."

p.38 #96 "Some students drop out because they are unable to pass the exit exam.

p.56 #164 Mr. Morgan was concerned about the exit exam and the impact may have on students dropping out: "There's so much focus to pass [the exit exam] and I think there's more to life than just passing the exist exam."

p. 56 #165 Mr. Morgan ... had classes in photography, foreign languages and pottery, which have not been available to his children. He also believes there were more teachers. And he remembered that everyone graduated then. Now, he is 'saddened by the kid who [does not] get the diploma but still walks.

p. 72. #226 "Dr. Davis (BSSD) testified that small schools in Alaska should not be expected to offer all of the course available in large schools. Instead, his position is that "we should offer an adequate education."

p. 72. #229 Dr. Davis defines an adequate education as an "education that gives young people the tools to succeed in whatever live they choose." He testified that BSSD students are receiving an adequate education due in part to supplemental activities and education from families. He does not think they meet state standards but they are successful based on their own standards and the improvements they have made.

p. 77. Note: Bering Strait School District has some of the highest paid teachers and highest funding per student (Kuspuk School District: received $21,758 per student in 2005).

p. 79 #246 Dr. Laster testified that "we are in good faith really working to try to get those core competencies to students: reading, writing and math. But it's really important to have an interdisciplinary approach; an approach that respect the community that kids come from, the culture that they come from, that engages them in a way that grabs them and engages them and has them working on stuff that that is rally meaningful to them."

The New York Times
nytimes.com

May 12, 1999

Albany Legislators Seek to Dilute New, Tougher Graduation Exams

By RAYMOND HERNANDEZ

An unusual bipartisan coalition of state lawmakers, whose constituents range from inner-city residents to affluent suburbanites, is pushing to scale back new, more stringent graduation requirements for nearly all public high school students.

The lawmakers contend that the new graduation standards are being phased in too quickly, do not accurately measure the overall academic performance of students and could result in increased failure and dropout rates in school districts across the state.

The rising concern in the State Legislature comes as the Board of Regents, the body charged with setting educational policy for the state, and the State Education Commissioner press ahead with new standardized tests that all high school students will eventually have to pass to graduate. Some lawmakers fear that as many as 20 percent of seniors may be unable to pass the tests.

Beginning next year, students will have to pass a more rigorous English Regents exam to earn a high school diploma. In later years, students will have to pass similar standardized tests in four other subjects: math; American history and government; global studies, and science.

It is not clear what action the Legislature might take to scale back the new standards, or whether such a move would have the support of Gov. George E. Pataki, whose aides declined to comment today. But one measure has already been proposed in the Assembly to allow school districts to use alternative standards to the Regents exam for graduation. The Democratic-controlled Assembly and the Republican-led Senate are holding joint hearings on the issue around the state.

Aides to the leaders of both chambers say they have heard widespread concerns that the new graduation requirements may deny diplomas to thousands of students.

That the Senate and the Assembly have found common ground on this issue is remarkable, given that their leaders agree on almost nothing else. To date, both houses have jointly passed only about two dozen pieces of legislation this session, none of them major, and budget talks are still deadlocked almost six weeks past the deadline.

"There's growing concern that relying on one set of standardized, time-pressured tests will leave hundreds of thousands of students behind," said Assemblyman Richard L. Brodsky, a Democrat from Westchester County who proposed legislation to allow alternative standards.

"This issue has resonance that goes well beyond the traditional fault lines that have polarized education debates in the past," Mr. Brodsky added. "It affects every community in the state, whether they are in the inner cities or in the suburbs."

Dean G. Skelos, a Republican from Nassau County who is a deputy majority leader in the State Senate, agreed. "There is really universal and bipartisan concern with what they are doing," he said of the new Regents standards. "We are hopeful that the Board of Regents will get the message that the Legislature is not happy with what they have done."

But in an interview late this afternoon, Richard P. Mills, the State Education Commissioner and one of the architects of the new graduation standards, said any move to relax the standards would rob students of the education they need to compete in the workplace. "The reason we raised the standards was in response to a public outcry that the old standards were too low," he said, adding, "We just have to stay the course and insist that children get the education that they need."

Mr. Mills said the new standards had already raised academic performance. He said 78 percent of high school seniors passed the Regents English exam last year, even though it was not required for graduation. "The standards are working," he said.

The Commissioner is chosen by the Regents, who in turn are appointed by the Legislature.

An aide to Mayor Rudolph W. Giuliani said the Mayor favored the tougher standards. The Regents' plan "restores the value of a high school diploma," said the spokeswoman, Sunny Mindel. "To reverse this would be a terrible step backward in time."

The state first offered the Regents exam in 1879 as a standard for colleges to use in evaluating high school graduates. But until now, students only needed to pass a competency test to graduate, and only a minority -- fewer than 25 percent of graduates in New York City -- have taken diplomas showing they passed the more difficult Regents exams.

Mr. Mills and the Board of Regents have contended that the old two-tiered testing system had created two classes of students: high

achievers, who often go on to college, and low achievers, who lack the skills to function well in the workplace.

But Mr. Mills and the Regents are not just requiring students to pass the Regents exams to graduate. They also say that they are making the exams considerably harder. The new exams are being phased in gradually, beginning this June, when 11th graders will be required to take the two-day, six-hour reading, writing and listening test in English. The class of 2003 will be required to take five subject exams: in math, science, global studies, American history and government, and English.

That has led to widespread concern, if not panic, among parents, teachers and administrators over the prospect of widespread failures.

Lawmakers here are careful to point out that they heartily applaud the Regents' effort to raise the academic performance of students. But they also argue that the tests are just one measure of academic ability, and that many school districts, particularly poor ones, lack the resources to prepare low-achieving students to take the new tests.

Jeffrion L. Aubrey, a Democratic Assemblyman from Queens, said he was particularly troubled that teachers did not have enough time to review the tests. "How can teachers construct a curriculum or conduct classes around a test they haven't really had a chance to see?" Mr. Aubrey asked. "That's not fair. I would raise the curriculum standard first, without tying it to a test that means as much as this one does."

Steven Sanders, a Democrat from Manhattan who is the chairman of the Assembly's Education Committee, expressed similar concerns. "Are we really prepared in this state to witness perhaps as many as 15 or 20 percent of our high school seniors not to graduate, and then to suffer the very real consequences of what that will mean?" he asked.

Senator Michael A. L. Balboni, a Republican from Nassau County, said he supported the effort to enact higher standards, but questioned the reliance on a single series of tests to determine the academic fate of a high school student.

"This is an example of rushing perhaps in the right direction, but not having all the details worked out ahead of time," he said.

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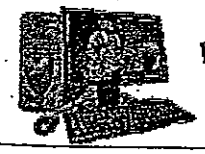
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High school graduation tests have little tie to college, report finds

WASHINGTON (AP) — Many high school graduation tests don't measure whether students are ready for college or work, and some states haven't even made clear what the purpose of their test is, a study finds.

Of the 25 states that have or plan graduation exams, only one, Georgia, says its test ensures students are prepared for higher education or work. Most of the states gear their tests toward 10th or 11th grade learning, and some gauge pre-9th grade skills, according to a study released Wednesday by the Center on Education Policy, a nonprofit research group.

With 20 states now withholding diplomas from students who don't pass tests in English and math, if not other subjects, the common assumption is that the tests measure college readiness, said Keith Gayler, the lead author of the report. That's wrong, he said.

The center found some states had little clarity about the purpose of their tests, which makes the exams harder to explain and defend politically, said director Jack Jennings.

"If they're not clear, then they can't write an exam that's legitimate," Jennings said of state leaders. "We're urging states to re-examine their policies."

High-school graduation now hinges on exit exams for more than half of all public school students, and that number is expected to grow to seven in 10 students by 2009.

Meanwhile, colleges and employers continue to warn that schools are graduating students who cannot communicate, analyze or reason well enough to succeed without remediation. High school exit exams have been promoted as a way to ensure students leave with quality skills.

The graduation exams appear to be encouraging schools to cover more content and to add remedial courses or other help for students at risk of failing the tests, the report said.

But there are drawbacks to the tests, too, it said, such as a narrowing of curriculum and the steering of some students away from a traditional diploma.

The center takes no position on the tests, aiming instead to highlight what's working and what's not as state leaders weigh decisions. For its annual report, the center collected data from the states, reviewed research and convened a national panel on the tests' impacts.

Many state officials said their high schools and colleges have not discussed tying the exit exams to what students need to know in college. Maryland and Washington were exceptions, and several states have moved toward more challenging tests.

With the debate over the exams quieting somewhat, states have a chance to close gaps in achievement for blacks, Hispanics and poor kids, Gayler said. To move right to high school tests that measure college readiness, he said, would yield "so few students passing at this point that the reforms would crumble under their own weight."

Typically, 65% to 85% of students pass their test on their first try. Comparisons between states are inappropriate because tests are different, the report said.

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Thousands of students did not graduate this year because they failed exit tests, but the total number is not available because of appeals and a lack of data tracking, the report said.

Earlier this year, an alliance of education groups called the American Diploma Project warned that high school graduation has lost its meaning. In calling for more rigor, the group said exit exams should be tough enough to test years of high school content, and colleges should use the tests in determining where to place new students.

Few higher education systems do that now. Among the 25 states with current or planned exit exams, only New Mexico, New York and Texas reported that some of their public colleges and universities consider high school exit tests in admitting or placing students.

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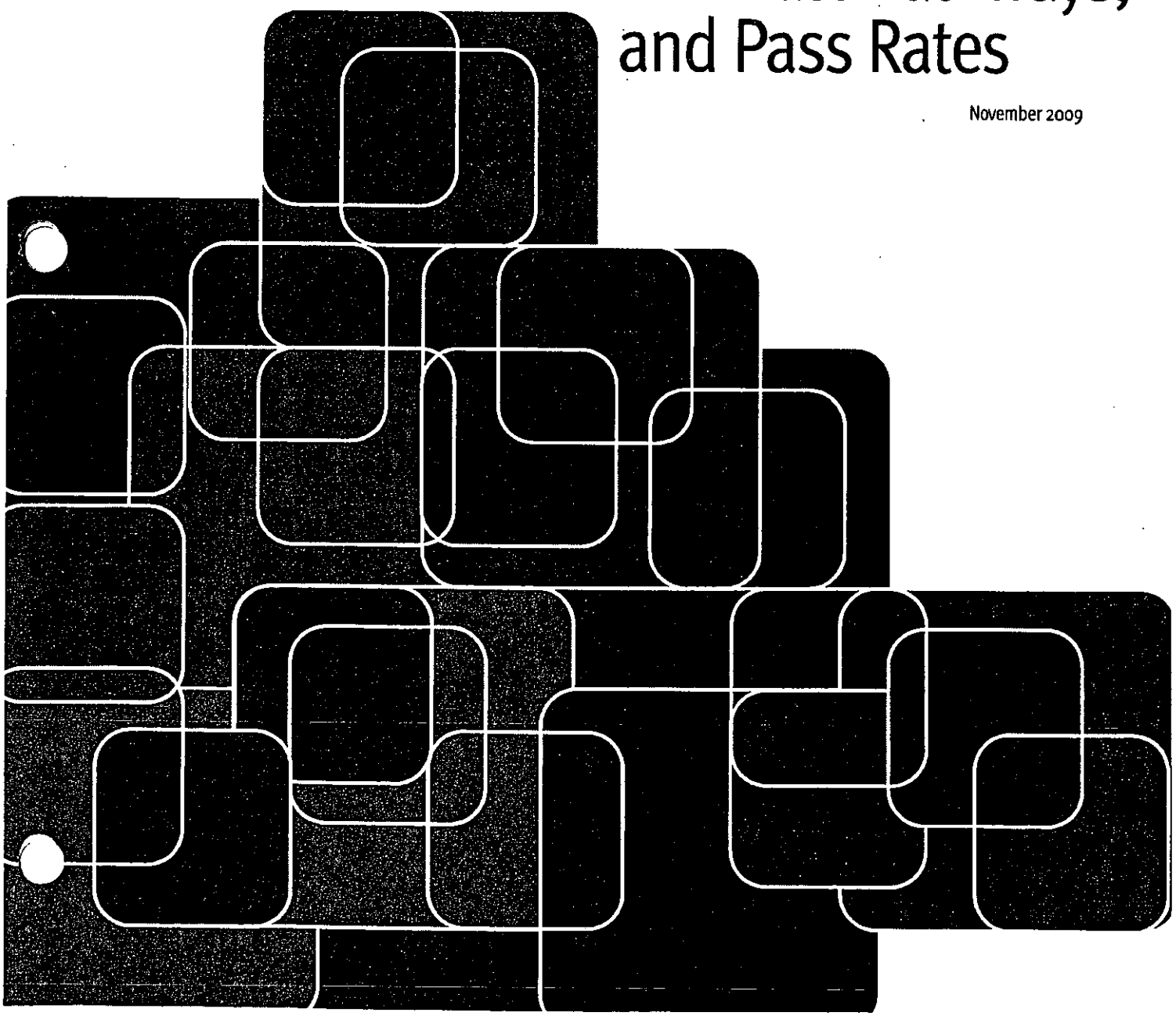
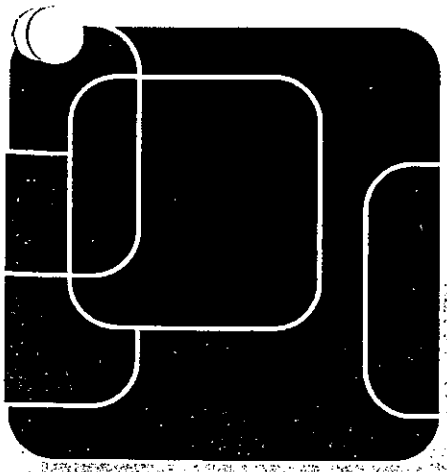
CENTER ON EDUCATION POLICY CEP

State High School Exit Exams: Trends in Test Programs, Alternate Pathways, and Pass Rates

November 2009





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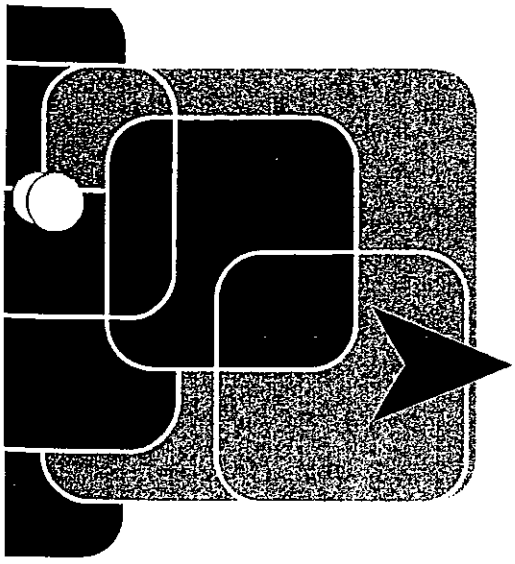


Summary

Since 2002, the Center on Education Policy (CEP), an independent nonprofit organization, has been studying state high school exit examinations—tests students must pass to receive a high school diploma. This is our eighth annual report of findings from this comprehensive study, which is based on a survey of all 26 states with current or planned mandatory exit exams, interviews with officials in three states, and other information.

Unlike our past reports that focused mostly on changes that occurred during a single year, this year's report looks across the entire eight years of the study to identify longer-term trends in state policies and student performance. Chapter 1 describes the evolvement of policies governing state exit exams and the features of these exams over the past eight years. This chapter also examines long-term changes in the types and amount of technical assistance and financial support that states provide to school districts, educators, and students. Chapter 2 examines this year's special topic—alternate pathways to graduation that states offer students who are struggling to pass exit exams. Chapter 3 analyzes trends in students' pass rates on exit exams and gaps in pass rates between different subgroups of students.

Key Findings

Several key findings emerged from this year's study of state high school exit exams.

Policy Changes and Changes in Tests

- **Changes in exit exam policies over the past eight years reflect states' struggles to develop standards and testing systems that are sufficiently demanding but also achievable and fair.** Since 2002, the stakes attached to state high school exit exams have risen for students and schools. Sixteen more states have begun withholding diplomas from students based on their exam performance, and the number of states that also use their high school exit exams for accountability under the federal No Child Left Behind Act (NCLB) has risen from 2 to 24. Many states have changed their exams to reflect new academic standards and curricula. Since 2002, most states have increased the number of subjects tested. And several states have shifted from minimum competency exams to comprehensive or end-of-course (EOC) exams aligned to content at a higher grade level.

- **At the same time, states have sought to soften the sting of exit exam mandates by phasing in requirements and allowing for adjustments.** On average, states with exit exam requirements have waited four years between the time their tests were first administered and the time diplomas were first withheld based on test performance. Some states have also taken a gradual approach to introducing new subjects to be tested. All of the exit exam states have modified their requirements to accommodate students with disabilities. In addition, most states have instituted alternate pathways to graduation that a few students utilize. Exit exam policies continue to be controversial, and future changes are likely.

- **Since 2004, states have expanded the purposes of their exit exams to include improving teaching and monitoring school performance, in addition to assessing whether students are well-prepared academically.** In 2004, most states with exit exams reported that the purpose of these tests was to assess whether students have acquired the competencies expected at the high school level; only a limited number of states also reported using the exams for other purposes. By 2009, most states with exit exams reported that they also used these tests to evaluate school and district performance and encourage early identification of students who needed extra instructional support, among other purposes. Eighteen states reported using performance data from exit exams to inform policy decisions, and 9 used the tests to guide instruction. In 2009, 11 states cited improving students' readiness for work and postsecondary education as a purpose of their exit exams, up from just 1 state in 2004.

- **Even though states have made some similar changes in exit exam policies, the key features of exit exams continue to vary greatly across states, as does data collected to gauge exam impact.** Although all of these exams rely mainly on multiple-choice questions, they differ in the subjects tested, testing time, standards to which they are aligned, cut scores, and the use of test results.

- **States have developed exit exam policies using input from peer and external reviews.** This input includes reviews by third-party testing experts, studies of alignment with state standards, special task forces to address particular concerns such as high failure rates, and peer review by the U.S. Department of Education to ensure the exams comply with NCLB requirements.

- **In recent years, many states have increased technical assistance to districts and schools related to exit exams, but many have also dramatically cut funding for remediation programs.** In 2002, only half the states with exit exams required districts to provide remediation services, and just one-third provided students with study guides to the exams; even fewer states provided teachers with instructional resources related to exit exams. By 2009, the scope of technical assistance tied to exit exams had expanded greatly. For example, 19 of the 26 states with exit exams assist schools in identifying and helping struggling students, 18 provide teachers with professional development to raise pass rates on the exams, and 14 provide districts with direct technical assistance for student remediation programs. At the same time, however, states report a significant decline in state funding for remediation.

Alternate Pathways to Graduation

- **Nineteen states of the 26 states offer alternate pathways to graduation for general education students who have difficulty passing the regular exit exam but can demonstrate mastery of high-school-level knowledge in other ways.** Passing an alternative assessment, such as the SAT, and collecting a portfolio assessment of classroom work are the most common alternate pathways that states offer general education students. Four states offer waivers or flexible cut scores that allow students to graduate if they have failed the exit exam but meet other graduation requirements and comply with very specific criteria, such as completing additional courses or scoring within a certain margin of the cut score on an exit exam. Students who graduate through a waiver, however, do not always receive a regular diploma.

- **Twenty-two of the 26 states also offer specific alternate pathways for students with disabilities, but only two states have alternatives for English language learners.** Fourteen states make available alternative assessments, including portfolio assessments or modified standardized tests, as pathways for students with disabilities who are struggling to pass exit exams. Eleven states offer waiver options specifically for students with disabilities. Most states allow English language learners (ELLs) to take exit exams with accommodations, and most offer ELLs the same alternate pathways available to general education students. Idaho and Minnesota offer alternate pathways aimed at ELLs who have been in the country for a limited number of years.

➤ **States rely heavily on advisory committees to design and implement alternate pathway policies; states also stress the importance of monitoring, training, and communication in implementing these alternatives.** In Maryland, New Jersey, and Washington, the three states where we conducted case study interviews, committees that were broadly representative of stakeholders were involved in the details of designing, implementing, revising, and evaluating state exit exams, including policies for alternate pathways. All three states also faced political challenges in balancing flexibility against rigor and fairness, and technical challenges in developing and implementing alternate pathways with limited state staff. Officials in the three states also emphasized the importance of monitoring the use of alternate pathways, providing training to teachers, and actively communicating with stakeholders about policies concerning alternate pathways.

Trends and Gaps in Exit Exam Pass Rates

➤ **Improvements in initial pass rates varied across states, although increases in pass rates were greater in mathematics than in reading.** Sixteen of the 26 states had three or more years of consecutive data on the percentages of students who passed exit exams on the first try (the "initial" pass rate). Over three or more years, 8 of these 16 states showed average annual growth in the initial math pass rates of more than 2 percentage points, and four more states made gains that exceeded 1 percentage point. In reading, only three states showed growth in initial pass rates of more than 2 percentage points, and five more states had gains that exceeded 1 percentage point. Initial pass rates decreased slightly in a few states.

➤ **Five states (Alabama, Arizona, California, Massachusetts, and Texas) reported the data needed to calculate three-year trends in the percentages of students passing exit exams by the end of grade 12 (the "cumulative" pass rate).** Between 2006 and 2008, Alabama, California, and Massachusetts had cumulative pass rates around 95 percent in both reading and mathematics. The cumulative pass rates in Texas have been consistently higher in reading than mathematics, but the difference has become smaller in the past three years. The difference between initial and cumulative pass rates varies from less than 8 percentage points in Massachusetts to more than 20 percentage points in California. Alabama had a gradual decrease in its initial pass rates in reading, but its cumulative pass rate was steady. Arizona also shows a widened difference in both subjects as its cumulative pass rates grow faster than its initial pass rates.

➤ **Gaps in initial pass rates between subgroups remain large.** Gaps in initial pass rates were evident in all states between Latino and white students, between African American and white students, and between low-income students and the general student population. In most cases, these gaps were wider than 5 percentage points, and in some cases exceeded 30 percentage points.

➤ **In most states, gaps in initial pass rates have narrowed, but at different paces.** States that have made more progress in narrowing gaps in pass rates are not limited to those with relatively large gaps. Rather, some states with relatively small gaps have made great progress in closing initial pass rate gaps. Other states have made no progress in closing these gaps, but their pass rate gaps have remained relatively narrow since they began withholding diplomas. And some states with relatively large gaps in initial pass rates showed no improvement in narrowing the gaps. There is no clear-cut pattern or explanation for these differences.

Profiles with detailed information about exit exams in individual states can be found on CEP's Web site (www.cep-dc.org). **Table 1** summarizes the major characteristics of exit exams in these 26 states. **Figure 1** displays the 24 states that, as of school year 2008-2009, require students to pass exams to receive a high school diploma.

Table 1 Major Characteristics of State Exit Exams

State	Current Exam	Year Diplomas First Withheld Based on Current Exam	Subjects Tested	Type of Test	Grade Level of Alignment	Grade Test First Administered	Prior Exit Exam or Exit Exam Being Phased Out
Alabama	Alabama High School Graduation Exam (AHSGE) 3rd Edition[1]	2001	Reading, language, math, science, social studies	Comprehensive	11th	10th	Alabama High School Graduation Exam (AHSGE) 1st and 2nd Editions
Alaska	Alaska High School Graduation Qualifying Exam (HSGQE)	2004	Reading, writing, math	Comprehensive	8th-10th	10th	None
Arizona	Arizona's Instrument to Measure Standards (AIMS)	2006	Reading, writing, math, science	Comprehensive	10th	10th	None
Arkansas	Arkansas Comprehensive Assessment Program	2010	English II, algebra I	End-of-course	Varies	Varies	None
California	California High School Exit Examination (CAHSEE)	2006	ELA, math	Comprehensive	ELA (through 10th), math (6th - 7th and algebra I)	10th	None
Florida	Florida Comprehensive Assessment Test (FCAT)	2003	Reading and math	Comprehensive	10th	10th	High School Competency Test (HSCT)
Georgia	Georgia High School Graduation Tests (GHSGT)	1994	ELA, writing, math, science, social studies	Comprehensive	9th - 11th	11th	Basic Skills Test
Idaho	Idaho Standards Achievement Test (ISAT)	2006	Reading, language usage, math, and science	Comprehensive	10th	10th	None

continues ➤

State	Current Exam	Year Diplomas First Withheld Based on Current Exam	Subjects Tested	Type of Test	Grade Level of Alignment	Grade Test First Administered	Prior Exit Exam or Exit Exam Being Phased Out
Indiana	Graduation Qualifying Exam (GQE)	2000	ELA, mathematics	Comprehensive	9th, including pre-algebra and algebra I	10th	
	End-of-Course Assessments (ECAs)[9]	2012	Algebra I, Algebra II, Biology I, English III	End-of-course	Varies	Varies	Graduation Qualifying Exam (GQE)
Louisiana	Graduation Exit Examination (GEE)	2003	ELA, math, science, social studies	Comprehensive	9th-12th	10th	Graduation Exit Exam
Maryland	Maryland High School Assessment (HSA)	2009	English 2, algebra/data analysis, biology, government	End-of-course	10th	Varies	Maryland Functional Tests
Massachusetts	Massachusetts Comprehensive Assessment System (MCAS)	2003	ELA, math, science (2010)	Comprehensive plus end-of-course exams in science (2010)	10th/high school standards	10th; science will vary	None
Minnesota	Graduation Required Assessments for Diploma (GRAD)[9]	2010	Reading, writing, math	Comprehensive	High School Standards	Varies	Basic Skills Test (BST)
Mississippi	Mississippi Subject Area Testing Program (SATP)	2006	English II (with writing component), algebra I, Biology I, U.S. history from 1877	End-of-course	Aligned to course content	Varies	Functional Literacy Examination (FLE)
Nevada	High School Proficiency Examination (HSPE)	2003	Reading, writing, math, science	Comprehensive	9th-12th	10th, writing in 11th	High School Proficiency Examination (earlier version based on 1994 curriculum)
New Jersey	High School Proficiency Assessment (HSPA)	2003	Language arts literacy, math; end-of-course exam in biology (2011)	Comprehensive plus one end-of-course in biology (2011)	11th	11th	High School Proficiency Test[11]

continues ➤

State	Current Exam	Year Diplomas First Withheld Based on Current Exam	Subjects Tested	Type of Test	Grade Level of Alignment	Grade Test First Administered	Prior Exit Exam or Exit Exam Being Phased Out
New Mexico	New Mexico High School Competency Examination (NMHSCE)[3]	1990	Reading, language arts, written composition, math, science, social studies	Minimum competency	8th	10th	New Mexico High School Competency Examination (NMHSCE)
New York	Regents Examinations	2000	ELA, math, science, global history and geography, U.S. history and government	End-of-course	9th-12th	Varies	Regents Competency Tests
North Carolina	North Carolina Competency Tests and Test of Computer Skills[3]	1981 (math/reading) 2001 (computer skills) 2010 (end-of-course exams)	Reading comprehension, math, computer skills; starting 2010, end-of-course exams in algebra I, English I, U.S. history, civics and economics, biology	Comprehensive In 2010, five end-of-course exams	8th; end-of-course exams (course-specific)	8th; end-of-course exams will vary	North Carolina Competency Test and Tests of Computer Skills
Ohio	Ohio Graduation Tests (OGT)	2007	Reading, writing, math, science, social studies	Comprehensive	10th	10th	9th-Grade Proficiency Tests
Oklahoma	Oklahoma End-of-Instruction (EOI) Exams	2012	Algebra I, English II, and two of the five additional subjects (Algebra II, geometry, English III, Biology I, and U.S. history	End-of-course	High school standards	Varies	None
South Carolina	High School Assessment Program (HSAP)	2006	ELA, math, science (2010)	Comprehensive plus end-of-course exams in science (2010)	Through 10th	10th; end-of-course exam will vary	Basic Skills Assessment Program (BSAP)
Tennessee	Gateway Examinations	2005	English I, II, and III, Algebra I and II, geometry, biology I, chemistry, U.S. history, physics (2013)	End-of-course	10th	Varies	Tennessee Competency Test

continues ➤

State	Current Exam	Year Diplomas First Withheld Based on Current Exam	Subjects Tested	Type of Test	Grade Level of Alignment	Grade Test First Administered	Prior Exit Exam or Exit Exam Being Phased Out
Texas	Texas Assessment of Knowledge and Skills (TAKS)[1]	2005	ELA (reading/ writing), math, science, social studies	Comprehensive	Aligned to course content	11th	Texas Assessment of Academic Skills (TAAS)
Virginia	Standards of Learning (SOL)	2004	English (reading/ writing), algebra I, algebra II, geometry, biology, earth science, chemistry, world history to 1500, world history from 1500 to present, Virginia and U.S. history, world geography	End-of-course	Aligned to course content	Varies	Literacy Passport Test
Washington	Washington Assessment of Student Learning (WASL)[1]	2008	Reading, writing, math (2013), science (2013)	Comprehensive plus end-of-course exams	10th	10th	None

Table reads: Alabama currently administers the Alabama High School Graduation Exam (AHSGE), 3rd Edition, for which consequences began for the class of 2001. The exam assesses reading, language, math, science, and social studies, and is considered by the state to be a comprehensive, standards-based exam aligned to 11th grade standards. The current test replaced the Alabama High School Graduation Exam, 1st and 2nd Editions.

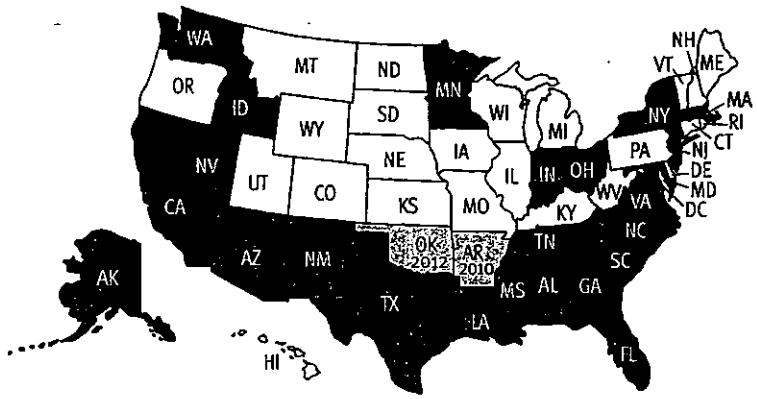
[1] Alabama, Indiana, Minnesota, New Mexico, North Carolina, Texas and Washington will transition to new exams. See state profiles, found in the accompanying CD or online, for detailed information.

Note: This year's report uses the term "comprehensive" to refer to exit exams aligned to state standards in several subject areas and generally targeted to the 9th- or 10th-grade level. Previous CEP reports referred to these as "standards-based" exams.

Note: ELA = English language arts.

Source: Center on Education Policy, exit exam survey of state departments of education, August 2009.

Figure 1 States with Mandatory Exit Exams



States with mandatory exit exams in 2009:

AL, AK, AZ, CA, FL, GA, ID, IN, LA, MA, MD, MN, MS, NV, NJ, NM, NY, NC, OH, SC, TN, TX, VA, WA
(24 states)

States phasing in exit exams by 2012 but not yet withholding diplomas:

AR (2010), OK (2012)
(2 states)

States with no mandatory exit exam:

CO, CT, DE, DC, HI, IL, IA, KS, KY, ME, MI, MO, MT, NE, NH, ND, OR, PA, RI, SD, UT, VT, WV, WI, WY
(24 states and DC)

Figure reads: Alabama has a mandatory exit exam and is withholding diplomas from students based on exam performance. Arkansas is phasing in a new mandatory exit exam and plans to begin withholding diplomas based on this exam in 2010. Colorado does not have an exit exam, nor does it plan to implement one.

Source: Center on Education Policy, exit exam survey of state departments of education, August 2009.

Recommendations

In this report we review the development over eight years of state policies affecting high school exit exams, showing both the commonalities and the differences among the states. We also review state policies setting out alternate paths to high school diplomas, and analyze the trends in initial and cumulative pass rates for these exams.

From this work, we have arrived at recommendations both to improve the immediate implementation of state policies in this area and to assist the states in making sounder long-term policies as they seek to ensure that all students are able to earn a diploma.

Immediate Recommendations

- **States should increase funding to ensure that all students are prepared for the exams and are given assistance in preparing for re-takes of the exams if they do not pass on the first try.** In this report we have noted that several states initially provided remediation funds to assist students taking the exams after failing them, and that these states have cut back on this funding. If states want students to pass the exams, they must not only ensure that they are properly prepared for the first try but that they also have access to additional assistance to prepare for re-taking the exams.

- **With alternate pathways, there should be much greater communication to students and their parents about these different ways to secure a diploma.** Although these alternates are always meant to

be for a minority of students, all students should be aware that they can use alternate pathways, especially if they have already passed another qualifying exam or will have great problems taking a standardized multiple-choice exam.

➤ **States need to increase oversight of alternate pathways designed for students with disabilities.** In many states, it is the responsibility of local schools and districts to administer alternate pathways, to decide qualifications for graduation through the pathways, and to keep records of student performance. States have little information about how well the state-designed pathways serve their target student population. Consequently, states are not able to easily apply lessons learned from current policy implementation to inform future decisions.

➤ **States should collect and make public data on cumulative pass rates on these exams.** Trend analyses in this report heavily rely on initial pass rates because cumulative pass rates are not easily accessible in many states. Such information on cumulative pass rates, however, could have been very helpful for the public to understand the effects of these exams.

Long-term Research Recommendations

In Appendix A we summarize recent studies on the effects of these exams. Research is sparse in this area, as shown by the relatively few studies we list; and the findings of these studies are contradictory or at best mixed. Since these exams now affect more than two-thirds of American students, and soon will affect about three-fourths of students (when all the states have carried out their intended policies), much greater attention ought to be paid to understanding the effects of these exams.

Therefore, we recommend that the following questions be addressed comprehensively through research:

- Are these exams helping to prepare students for further education or employment after completion of high school? Since the states vary in their exams, are some state exams better than others in achieving this goal?
- Are students passing these exams in states with these policies better prepared for further education and employment than are students in states without such exam policies? If there are such effects, are they due to demographic factors or to the test policies or to some other factors?
- What impact are these exams having on curriculum, instruction, and student motivation to learn?
- Are students earning diplomas through alternate pathways less well prepared for further education or employment than are students passing the regular exams?
- Are policies requiring passage on these exams for receipt of diplomas leading to higher dropout rates from school?
- How can the rigor of different state exams be examined and publicized to encourage a fuller public understanding of these policies?
- If all or some of the states adopt common academic standards, what is the future for high school exit exam policies?

Study Methods

CEP used the following methods, explained in more detail in this section, to identify issues and collect information for this year's study:

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- Conducted a detailed survey of all 26 states with current or planned high school exit exams
- Interviewed officials in Maryland, New Jersey, and Washington State who were familiar with the state high school exit exams
- Reviewed major research conducted by others on exit exams
- Kept abreast of important events related to exit exams

As in previous years of this study, CEP designed and conducted an annual survey of state department of education officials in the 26 states with current or planned exit exams. The survey was piloted with Maryland and was revised further based on comments and suggestions from that state. Respondents were designated by their state's chief state school officer and usually worked in the state assessment department. CEP staff partially filled in the survey, based on information collected and reported in 2008. In February 2009 we asked these designated officials to verify, update, and add information to survey forms for their state. All 26 states responded to our survey.

We used the states' survey responses to develop detailed profiles about exit exams in each of the 26 states, which the state contacts reviewed for accuracy. We also used the survey responses to tally the state exam features, policies, and actions that appear throughout the report. The state profiles are available on CEP's Web site at www.cep-dc.org.

Some states did not answer all the survey questions, often because the data were unavailable or their policies were in flux. (Exam policies are in flux for several reasons, but a main one is that state legislatures are under continuing and significant political pressure to moderate or ameliorate the effects of these exams.) In many states, we followed up with e-mails and phone calls to ensure the information in this report was accurate and up-to-date. However, some statistics or policies will undoubtedly have changed soon after publication because events in this field move quickly.

To further understand how exit exam policies evolve, we conducted open-ended, semi-structured interviews with officials in Maryland, New Jersey, and Washington State. These three states were chosen because of their different designs of alternate pathways, the recent public discussions about their exit exams, and the volatility of high school assessment policies in these states. Interviews were recorded, transcribed, verified by the interviewees, coded, and analyzed for themes.

In addition, we collected state and federal policy documents and reviewed relevant studies that were either published or publicized during the past year. We tracked media coverage of exit exams and searched state and U.S. Department of Education Web sites for exit exam developments and information.

To be included in this study, state exit exams had to meet the following criteria:

1. The state requires students to pass state exit exams to receive a high school diploma, even if the students have completed the necessary course work with satisfactory grades.
2. The exit exams are a state mandate rather than a local option—in other words, the state requires students in all local school districts to pass exit exams, rather than allowing districts to decide for themselves whether to make the exams a condition of graduation.

We have also included states that are phasing in exit exam policies that meet these criteria, referred to in this report as "planned" exit exams. By this we mean that the state has a legislative or state board directive to have a test in place between 2002 and 2012; has already begun developing the tests; and is piloting the tests with students, although diplomas are not yet being withheld.

Chapter 1: Evolution of Exit Exam Policies over the Past Eight Years

Since 2002, the Center on Education Policy (CEP) has been collecting extensive information about high school exit exams, including test characteristics, testing policies related to accountability and state assistance, and student performance on the exams. As the data accumulate, some general trends in exit exam policies have emerged.

This chapter summarizes exit exam policy changes across states over the past eight years (2001-2008 school years). It provides a longitudinal perspective on the evolving nature of state testing policy. In the past, CEP's annual reports focused on the policy changes within a single year. We realize that policy change often involves several years of effort, and an examination of the development of these changes can be instructive to future policy decision making. Unlike the "New Developments" chapters in the previous annual reports, this chapter synthesizes the changes over several years and across states in order to find underlying patterns of policy development. What actions have states taken to improve exit exam policies as they gain experience with the tests? Are there any commonalities in their actions?

The purpose of this report is not to identify the optimal design for high school testing policy. State policies are diverse, and even similar policies may yield divergent outcomes in different contexts. Our goal, therefore, is to acknowledge the diverse policy options and to discuss how each functions in its particular context.

Changes in Exit Exam Policies

For the past eight years, changes in exit exam policies reflect the states' struggles to set high standards and at the same time, make those high standards achievable and fair for schools. Many states have changed their standards and curricula and the way they use exit exams. When implementing the exit exam policies, states have been very careful about the way exit exams are introduced or phased in, making adjustments for students with special needs. In this chapter, we discuss in detail some common actions states have taken to develop exit exam policies, starting with updating standards and test purposes, followed by various phase-in approaches and adjustments for students with special needs. We also look at the role that external and peer review play in shaping policy.

Changes in Standards and Curricula

Many states have changed their high school standards and curriculum in recent years to either meet federal requirements or respond to the public push for high school graduates' readiness for work or postsecondary education. Exit exams have been developed or revised to reflect new standards and curricula and to push the local implementation of these changes.

Changes in standards have inevitably resulted in various changes in exit exams. Alabama, for example, shifted the testing focus from basic skills to 11th-grade state standards in the late '90s as the state set out to pursue higher standards. Arizona introduced new test items in 2005 based on the state's new standards adopted in 2003 for reading and math and in 2004 for writing. North Carolina voted in 2005 to adopt new standards by including requirements for passing additional end-of-course (EOC) exams.[1] Mississippi revised its Algebra I and English II exams in 2007-08 to reflect the state's new curriculum frameworks. Tennessee also reported changes in its high school curriculum in 2008 and the alignment of EOC exams with the new curricula. In 2009, New Jersey approved revised core curriculum standards in six content areas and plans to phase in new graduation requirements to ensure college and work readiness over the next seven years (New Jersey Department of Education, 2009). Colorado, though not currently requiring exit exams, is considering revamping high school assessments in 2010 and changing its diplomas to reflect the new high school standards approved by the state school board and the higher education commission in July 2009 (Brown, 2009). While most changes have been toward increased rigor, some have narrowed the scope of tests. In 2004, California revised the blueprint for its mathematics test by replacing questions with less frequently encountered data display with more frequently encountered data display.

Expanded Purposes of Exit Exams

As accountability for student performance has increased over the years, the purposes of exit exams have expanded to be more relevant to teaching and school monitoring. In 2004, when CEP first began surveying states about the purposes for their exit exams, most states reported that the tests were to assess whether individual students have achieved competencies to be expected at the high school level. Only one state (South Carolina) reported that the purpose of exit exams was to "identify areas in which students need additional support and indicate the academic achievement for schools, districts and the State." By 2009, all states except Alaska and Texas reported using part of the exit exams for federal accountability purposes; nine states use the exams to provide information to guide instruction; eighteen states indicate that they use performance data from high school exit exams to inform policy decisions; and most states reported using exit exams to evaluate school and district performance, encourage early identification of students needing additional instructional support, promote service to minority students, and help schools align curricula with state standards. The expanded use of high school exit exams signifies that exit exams play an increasingly important role in high school accountability.

By 2009, eleven states[2] included readiness for work and postsecondary education as a purpose of their exit exams. (In 2004, only one state, Georgia, indicated that its exit exam was aimed at certifying that students were prepared to enter the work force or college.) However, few external evaluations examine the relationship between student performance on exit exams and performance at work or in college. A study by the Center for Educational Policy Research found that state high school exams were generally at a level of challenge that was not sufficient for test scores to be good measures of student readiness for college (Brown & Conley, 2007). A study by Achieve (2004) also concluded that state exit exams did not adequately measure the necessary knowledge and skills needed for college and the work place.

Phase-in Approaches

States used various types of phase-in approaches to introduce new exit exam policies. The development of exit exams is often shaped by reactions received during early years of implementation; therefore, how exit exams are introduced and phased in sometimes plays an important role in policy formation.

[1] North Carolina fully transitioned to EOC exams in 2009. Please see the state's profile for detailed information.

[2] Arkansas, California, Indiana, Maryland, Minnesota, Nevada, New York, North Carolina, Oklahoma, Texas, and Washington.

Some states phase in exit exam requirements by allowing time between the year tests are first administered and the first year high school diplomas are withheld. Arkansas, for instance, began administering its EOC exams in the 2000-01 school year but will not withhold diplomas until 2010. On average, states start to withhold diplomas four years after the first administration of a new exit exam.

Other states phase in the exit exam policy by gradually increasing the number of subjects tested. English and mathematics are usually the first subjects tested. Though NCLB does not require exit exams for high school graduation, some states, such as Arkansas, Massachusetts, Nevada, and New Jersey, added exit exams in science in recent years to fulfill NCLB requirements for testing science at the high school level. Alabama included social studies as a test subject in 2004; Massachusetts voted in 2006 to test social studies as a required subject in 2012, but the state board voted to waive the requirement in 2009 for the classes of 2012 and 2013 (Valero, 2009).

Idaho exemplifies another phase-in approach that focuses on gradually increasing cut scores and aligning test content to standards at higher grade levels. It began administering the Idaho Standards Achievement Test (ISAT) as an exit exam in 2004. Its phase-in approach allowed the class of 2006 to pass the exam at an 8th-grade proficiency level, the class of 2007 at a 9th-grade level, and the class of 2008 at the full 10th-grade level.

Some states used a phase-in approach to introduce new tests or to transition from old to new tests. For example, Minnesota has been making the transition since 2006 from the Basic Skills Tests (BSTs) to the Graduation Required Assessments for Diploma (GRAD). The GRAD writing test replaced the Basic Skills written composition test in 2007; the GRAD reading tests replaced the Basic Skills reading test in 2008; and the GRAD mathematics test replaced the Basic Skills mathematics test in 2009.[3] Mississippi adopted a similar approach when replacing its Functional Literacy Exams (FLE) with the Mississippi Subject Area Testing Program (SATP).

Adjustment for Special Groups

State exit exams are often under attack for the challenges they present to students with special needs. All states that mandate exit exams have made some modifications to their policy to accommodate students with disabilities. These policy accommodations include alternative assessments, alternative diplomas or certificates, and waivers. In this report, we consider all these modifications to be alternate pathways to graduation. We will discuss the development of alternate pathways in greater detail in Chapter 2.

Input from external and peer review provides important information for the changes described above. Though these different types of review serve distinctively different purposes, both have helped many states establish and consolidate their high school testing systems. While external reviews examine the quality, rigor, and alignment of exit exams with state standards, the peer review from the Department of Education (ED) ensures that exit exams used for NCLB purposes[4] are in compliance with NCLB requirements.

Seventeen states have their exit exams reviewed by a third party, such as testing companies, evaluation specialists, or researchers at local universities. Conducted by specialists or test developers, external reviews report student performance and content alignment and vary widely in study scope and approach (CEP 2006); nevertheless, the review provides empirical evidence for test validity and detailed analysis of student performance. For instance, Virginia conducted an alignment study in which researchers found that the State Standards of Learning (SOLs) for the EOC tests in Algebra I and II and geometry are inconsistent with the cognitive demand of the tests; the EOC reading test emphasizes some SOLs more than others (Abrams & McMillan, 2007). ED recommended in 2007 that the state develop and implement a plan to address the findings of the report.

[3] It is reported in our survey that the state is still administering the BST tests in 2009. The mathematics and reading BSTs are administered as retests until the class of 2009 has graduated and sufficient notice of retirement of the exam has been given.

[4] Of the 26 states, only Alaska and Texas do not use their exit exams for NCLB purposes.

States also organize special task forces and ongoing review by technical advisory committees for advice on specific state concerns. For example, in response to a higher-than-anticipated failure rate on the Graduation Required Assessments for Diploma (GRAD) in late 2008 and early 2009, Minnesota established a legislative task force to review the policy implications of the GRAD and its effect on high school graduation. In 2005, Maryland also established a task force to examine alternative assessment options for special education students and others unlikely to be able to demonstrate their mastery of state standards on the High School Assessments (HSAs), even with continued intervention. As a result, the state approved an alternate pathway to graduation called the Bridge Plan for Academic Validation in November 2007 and administered modified HSAs in 2008.

As 24 of the 26 states use at least part of the exit exams for NCLB accountability, recommendations from the U.S. Department of Education also play an important role in shaping state exit exam policies. The purpose of peer review by ED is to see if the state testing systems are in compliance with NCLB. ED has given full approval to ten[5] of the 26 states through its peer review process. All ten states except Alaska[6] include high school exit exams in the evaluation of state assessment systems.

Another ten states with exit exams earned the status of Full Approval with Recommendations, meaning that the state standards and assessment system meet all statutory and regulatory requirements, but some elements of the system could be improved.[7] Most of the suggestions for improvement concern the use of alternative assessments for special education students and English language learners. For instance, in 2006 ED recommended that Arizona "strengthen its Arizona Instrument to Measure Standards Alternate (AIMS-A), expand the range of accommodations for English language learners and address discrepancies in test participation rates." Another set of recommendations from ED to the states focuses on alignment between tests and standards. Idaho, for instance, was urged by ED in 2006 to conduct an alignment study of Idaho Standards Achievement Tests to examine "the level of success of the State's major revisions and provide a basis for continued improvement." A recommendation was also made to Indiana to "increase the rigor and challenge of the Graduate Qualifying Exam (GQE) in mathematics at grade 10 in terms of alignment to grade-level content standards."

Three states that require exit exams for graduation (Mississippi, Nevada, and New Jersey) have not met the statutory and regulatory requirements of NCLB; they are currently designated as Approval Pending. Specifically pertaining to high school assessment systems, ED recommends that Mississippi and Nevada collect additional evidence for their high school exit exams, since they are used to meet NCLB requirements. In 2007, ED expressed concerns with the alignment of Nevada's High School Proficiency Examination (HSPE) to grade-level content standards. ED also challenged the technical quality of Mississippi's High School Alternative Assessment and its alignment with grade-level content standards.

State-mandated exit exams still face many challenges and are prone to revision. Recently, California's budget crisis has pressured its budget conference committee in 2009 to propose eliminating high school exit exams as a graduation requirement (Mitchell, 2009); the provision was defeated, but California reinstated the exemption for students with disabilities pending development of some alternative form of assessment for these students. Alabama overhauled its graduation exams by replacing its comprehensive high school exit exams with EOC exams and the ACT[8]. Many states are still searching for a valid approach to evaluate the learning of special education students and English language learners. Last but not least, little is known about the connection between passing the high school exit exams and future job and college performance.

[5] Alabama, Alaska, Georgia, Louisiana, Maryland, Massachusetts, Minnesota, Ohio, Oklahoma, and Tennessee.

[6] Alaska uses the Grade 10 Standards-based Assessment for NCLB purposes instead of the Alaska High School Graduation Qualifying Exam.

[7] Decision letters on states' final assessment systems under NCLB can be found at www.ed.gov/admins/lead/account/nclbfinalassess/index.html. All citations in this section are quoted from state letters. All ten states include high school exit exams for peer review. States may use different cut scores for graduation and NCLB purposes.

[8] Information retrieved on September 13, 2009, from www.al.com/news/birminghamnews/metro.ssf?/base/news/1252656964314590.xml&coll=2.

Diversity of Exit Exams

Most of the states in our study were no strangers to state testing before high school assessment was required for federal accountability purposes. Of the 26 states currently or soon to be withholding high school diplomas based on state exit exams, 18 had developed and started administering state tests at the high school level before the enactment of NCLB. Some states had more years of experience in high school testing than others. For example, North Carolina, New York, and Florida administered minimum-competency tests in the 1970s or earlier, while most of the other states started requiring high school testing in the late '90s or right before NCLB.

All 26 states mandated high school exit exams as a way to improve academic rigor and accountability. Since 2002, not only have more states administered high school exit exams, state high school exams have also become increasingly high-stakes for both students and schools. More states began withholding diplomas from individual students and using exit exams for both federal and state accountability at the school level. In 2009, seven states indicated that they use exit exams for both NCLB and additional state accountability purposes.

Exit exams are of three types: 1) minimum-competency tests that measure only a small body of knowledge and skills as defined by the state standards, 2) comprehensive tests that integrate content knowledge in several relevant courses together, or 3) End-of-Course (EOC) tests that gauge student learning at the end of specific courses. CEP (2008) identified a movement toward EOC exams in several states and analyzed the benefits and challenges of using EOC assessments. According to the report, state officials perceived EOC exams as more efficient in assessing content mastery, improving school accountability, and increasing alignment between standards and curriculum. However, because EOC exams involve numerous tests, they tend to present logistical challenges around score reporting and maintenance as well as schedules for tests, remediation, and retests. **Figure 2** illustrates state's use of the three types of exams at different time points.

High school exit exams may be aligned to various grade levels, ranging from 8th to 12th grade. Even if two states test the same subjects, the tests may differ greatly in content and difficulty. In addition to the different test types, the test results are often reported using different achievement levels—advanced/proficient/needs improvement/failing, pass with distinction/pass/low pass, or advanced/mastery/basic/approaching basic/unsatisfactory, to name a few—which reveal varying amounts of information on the level of achievement and the achievement gaps among students.

Most of the states require students to pass the exams in certain subject areas with specific cut scores, but some states permit students to graduate without passing every subject. For example, Maryland employs a compensatory scoring system so students may meet the graduation testing requirement by meeting a minimum score on each test (which is lower than the previously set passing score) and achieving a combined passing score. Since May 2008, Alabama has adopted the credit-based endorsement system wherein students are required to take tests in five subject areas, but only need to pass three (reading, mathematics, and one other in science, language, or social studies) to graduate with "diplomas with endorsement."[9] Ohio and Texas also allow students who have passed part of EOC exams to graduate.

The cut scores for passing exit exams are not necessarily the same as the cut scores states use for reporting adequate yearly progress (AYP) under NCLB. As of 2009, of the 24 states that use high school exit exams for NCLB purposes, 14 use the same cut scores for graduation and NCLB proficiency, and 9 use lower cut scores for graduation than for NCLB proficiency.[10] States also differ in terms of which test administration is used for NCLB. The majority of the states use student performance on the first administration of the tests for NCLB accountability purposes, but states such as Nevada, New York, and Tennessee count students' retest performance as well.

[9] A regular diploma requires passage of all five tests. Students earning diplomas with endorsement are counted as graduates for school accountability purposes.

[10] Alaska and Texas do not use high school exit exams to meet NCLB requirements. The cut scores in New Mexico are under consideration.

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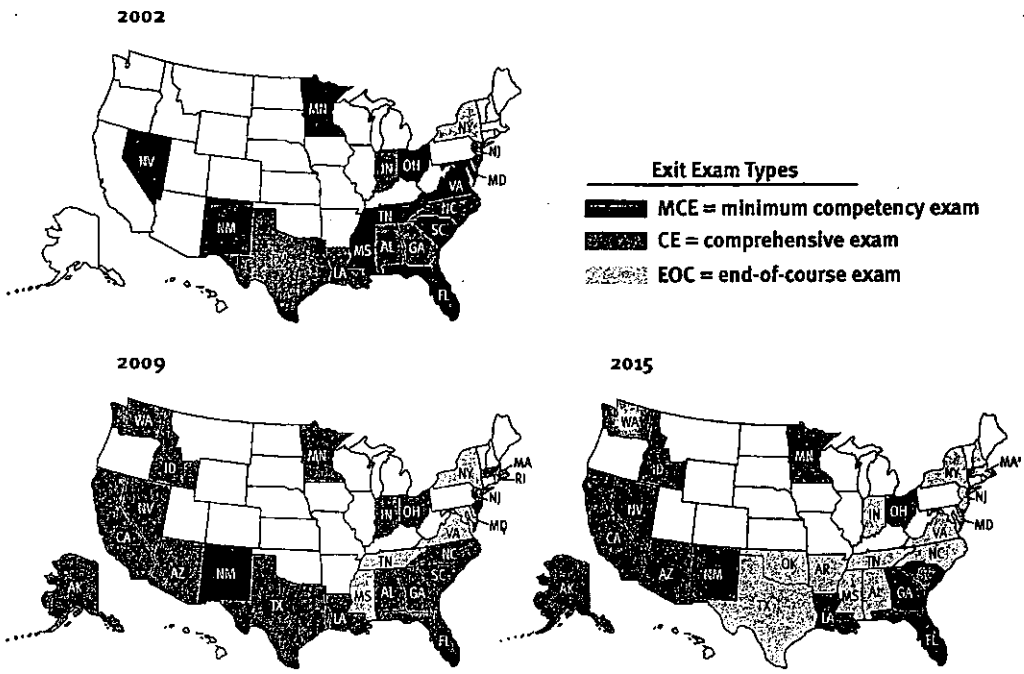
Figure 2 Types of Exit Exams States are Using or Plan to Use



In 2002 (out of 18 states)	In 2009 (out of 24 states)	By 2015 (out of 26 states)
MCE: FL, MD, MN, MS, NV, NM, OH, SC, TN, VA (10 states)	**MCE:** NM (1 state)	**MCE:** (0 state)
CE: AL, GA, IN, LA, NJ, NC, TX[1] (7 states)	**CE:** AL, AK, AZ, CA, FL, GA, ID, IN, LA, MA, MN, NC, NJ, NV, OH, SC, TX, WA (18 states)	**CE:** AK, AZ, CA, FL, GA, ID, LA, MA[2], MN, NM, NV, OH, SC[2], WA[2] (14 states)
EOC: NY, TX[1] (2 states)	**EOC:** MD, MS, NY, TN, VA (5 states)	**EOC:** AL, AR, IN, MA[2], MD, MS, NC, NJ, NY, OK, SC[2], TN, TX, VA, WA[2] (15 states)

Figure reads: In 2002, 10 of the 18 states with fully implemented exit exams, including Florida, used minimum-competency exams, while 7 states, including Alabama, used comprehensive exams, and 2 states, including New York, used end-of-course exams. By 2015, none of the 26 states with mandatory exit exams will use minimum-competency exams, 14 will use comprehensive exams, and 15 will use end-of-course exams. Three states, Massachusetts, South Carolina and Washington will use a combination of comprehensive and end-of-course exams.

[1] In 2002, Texas gave students the option to pass either a CE or an EOC exam.

[2] By 2015, Massachusetts, South Carolina and Washington will require students to pass the comprehensive exams plus end-of-course exams.

Source: Center on Education Policy, exit exam survey of state departments of education, August 2009.

The range of tested subjects has evolved since 2002 and varies widely across states. Some states, such as California, test only English language arts and mathematics, while graduation in states such as Tennessee now depends on tests in as many as ten subjects. Most states have increased the number of tested subjects since 2002. A major drive of the expansion is NCLB's requirement for including science in state assessments by 2007-08. In 2003, 8 of the 23 states with high school exit exams reported science as a tested subject for high school graduation purposes; in 2005, 16 of 25 states reported that they would use the existing science exit exams or develop new science exams to meet NCLB's requirement. As of 2009, 22 of the 26 states have tested or plan to test science in high school, though some states do not withhold diplomas for not passing the science tests.

As states test more subjects, the cost of state testing has become a concern. In 2009, the Massachusetts Board of Elementary and Secondary Education voted to waive the history and social science requirement for a Competency Determination (CD) for the classes of 2013 because of budget constraints (Massachusetts Department of Elementary and Secondary Education, 2009). The tests were scheduled for full operation in fall 2009, but officials expect "the FY2010 budget item pertaining to assessment to be lower than the amount in this year's budget, which would make the transition of the history tests cost-prohibitive." Florida has also cut testing budgets in 2009, citing financial pressures (Valero, 2009).

High school exit exams differ across states with regard to how much time a student has to take a test. Of the 26 states, 13 implemented power tests[11] that attach no time constraints at all. In Nevada, though the tests are timed, students are allowed to use as much time as they need to complete the exam. In other states, the total testing time ranges from 97 minutes (North Carolina's math tests[12]) to 194 minutes (Indiana's English language arts test). Some tests have multiple sessions or allow more time as an accommodation, and may continue for days.

One test design feature that states have in common is the use of multiple-choice test items. All states use multiple-choice questions in their tests, and some, such as Alabama, Idaho, Maryland, and Tennessee, use only multiple choice question items. In addition to multiple-choice items, 19 states include essay writing in their writing or English language arts tests. Of the 26 states, 16 use a combination of constructed-response and multiple-choice questions.

Item format is an important consideration for testing policy because it determines cost, communication of test results, teacher training and, most importantly, classroom instruction that prepares students for tests. As the current economic recession crimps state budgets, some states have pared constructed-response or extended-response test items. In 2008, Washington State Superintendent Randy Dorn defeated longtime school chief Terry Bergeson, an ardent supporter of the Washington Assessment of Student Learning (WASL), with a promise to make high school exams shorter and cheaper with fewer extended-response questions to shorten the turnaround time on test results. Computerized scoring, often used with multiple-choice test items, has also been embraced to save time, money, and staffing for the test administration. In 2005, 18 states reported that they relied on testing contractors to score constructed-response questions.

While designing a high-stakes, mandatory test is difficult, attaching consequences to test results is even more fraught with problems. In 2009, the Minnesota legislature decided to repeal the requirement that students must pass the mathematics test to earn a diploma, in fear of a precipitous drop in graduation rates. The daunting prospect of withholding large numbers of diplomas and the challenge of aligning exams to school curricula and state standards, along with public opposition to high-stake assessments, have led some states, such as Alaska, Arizona, California, and Maryland, to postpone the implementation of high school exit exams. States that have not required exit exams, such as Pennsylvania, have also had heated discussion about whether to do so. In June 2009, Pennsylvania put off developing state-mandated EOC exams because consensus could not be reached. The state board of education proposed a revised plan in July and the review board approved the state exit exams in October (Barnes, 2009; Mauriello, 2009; Hardy, 2009).

[11] In so-called "power tests," enough time is given for test takers to answer as many test items as they can.

[12] This high school competency test was eliminated in 2009.

State Assistance for Local Implementation of Exit Exams

The evolution of state exit exams suggests that, as the state testing systems are institutionalized, exit exams have become a powerful policy lever to influence teaching and learning in high schools. Since 2002, many states have reported increased technical support to districts and schools but decreased financial support for remedial programs.

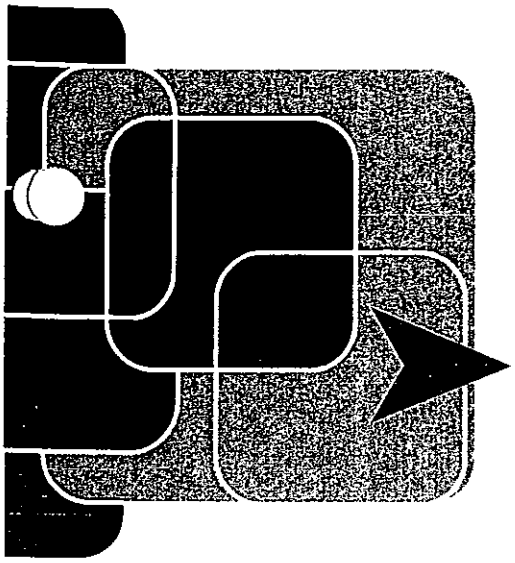
In 2002, only half of the states required districts to have remediation services, let alone provided support with these services. When we first explored state assistance in 2003, most states delivered their support to schools through professional training, with an emphasis on test content, format, and the interpretation of test results. About one-third of the states (8 out of 25), provided students with study guides to tests, and fewer states provided teachers with resources for classroom instruction.

As of 2009, state assistance tied to exit exams that goes to teachers, schools, and districts has expanded dramatically. Some states have become more actively and directly involved in informing instruction, improving school leadership, and influencing curriculum. Eighteen states provide professional development for teachers that goes beyond test preparation, helping teachers become "more proficient in their content areas" to raise initial pass rates on the exit exams. Nineteen states reported that they provide assistance to schools in terms of helping schools identify and target students for assistance and/or implement comprehensive school reform. At the district level, 15 states reported that they assist districts in using formative assessment and/or improving the instructional leadership. Additionally, 14 states provide direct technical assistance for remediation programs for students who have failed the tests, and 10 states provide funding for remediation as well. A recent example is a special summer program sponsored by the Georgia Department of Education in 2009. The Project Exam Preparation for Science and Social Studies (Project ExPreSS) gives two weeks of intense instruction to students who narrowly missed passing the science and social studies portions of the Georgia High School Graduation Tests. Sixty-eight percent of participating students passed the portion they failed before (Fowler, 2009).

On the other hand, state budget data we collected indicates a significant decline in the amount of state funding for remediation programs. For example, Louisiana reported $3 million funding for remediation for 2001-02 school year, and this budget had dropped to $2,039,284 in 2008-09. South Carolina reported that its 2008-09 budget for remediation programs was at $62 million, half of the amount schools received in 2004-05. In Massachusetts, funding for MCAS remediation was cut from $50 million in fiscal year 2003 to $7.65 million in 2005 and $7.58 million in 2006. CEP's high school exit exam report in 2006 suggested that remediation programs can be effective in improving passing rates if provided with adequate funding and efficient management. The decreasing state funding may diminish the benefits these programs offer to struggling students.

Conclusions

This chapter highlighted changes in high school exit exam policies in four different aspects: the changing standards and curriculum the tests are aligned to, the expanded purposes exit exams are designed for, the different phased-in approaches that introduce exit exam policy changes, and the test adjustments for students with special needs. Feedback on exit exams from external and peer review is an important factor shaping these changes. Despite some common changes in exit exam policies across states, exit exams remain diverse in terms of test features, such as grade levels tests are aligned to, tested subjects, test time, test item format, scoring, and the use of test outcomes. Lastly, in a number of states, provision of technical assistance has been increased for local implementation of exit exam policies, but at the same time, in a number of states financial support for remediation programs has decreased.



Chapter 2: Trends in Alternate Pathways to High School Graduation

The stakes for high school exit examinations are so high for students and schools that states are often pushed to employ additional policies to give more flexibility in determining whether students have met graduation requirements. Many states have responded by providing alternate pathways to graduation that give students options of ways to graduate from high school without passing the state-mandated exit exams. These pathways, usually for students with special needs or those with records of failing the exit exams, may give students additional opportunities to demonstrate their levels of knowledge and skills. The main goal of alternate pathways is to provide appropriate and reasonable options for students without creating loopholes that water down the value of the high school diploma. Therefore, discussions about alternate pathways in many states have centered on test equivalence and integrity as understood by the public to make the exit exam system more resilient.

This chapter provides an overview of the various state policies that offer alternate pathways to graduation. It also describes the challenges associated with alternate paths: adding flexibility to accountability while assuring test fairness and maintaining high standards. The term *alternate pathways* refers to options for students to graduate high school without passing the state-mandated regular exit exams. One design of alternate pathways is the use of *alternative tests* (or alternative assessments in some states) where regular exit exams are substituted by other standardized tests with similar or adapted formats and objectives. For instance, the alternate pathways in Washington State allow students to graduate through alternative assessments, such as SAT and ACT; the state's alternate pathways also include other options for graduation, such as portfolio assessment, grade comparison, and scores on Advanced Placement exams.

Multiple forces have shaped the development of alternate pathway policies. First and foremost is the desire to address the needs of students receiving special education services, English language learners, and other students who do not demonstrate their best performance on standardized tests. Unlike remediation, which seeks to prepare students to pass the exit exams after failure, alternate paths allow students to demonstrate their learning using different measures. Ideally, alternate path policies reflect a broader way of thinking about test validity and fairness to these students that goes beyond standardized tests, though some of them can be logistically and technically cumbersome.

A second motivation behind alternate path policy is the need to address concerns about making valid judgments about student learning based on standardized assessments, particularly for students with achievement around the cut score level. Multiple retake opportunities may ease such concerns, but may not be the most effective way for students to spend their learning time as they repetitively prepare for the same exams. States have adopted various approaches, such as alternative or substitute tests, flexible cut scores, and grade comparison, as explained later in this chapter, to ensure decisions made based on test results take other factors into consideration. Some of the alternate pathways, however, make exit exams more norm-referenced than criteria-referenced tests.

Alternate pathways are sometimes employed to avoid redundancy of testing. One example is the use of Advanced Placement (AP) tests as substitutes for exit exams. Maryland waives the exit exams for students who have earned satisfactory scores on corresponding AP exams[13]. The assumption is that satisfying AP scores provide evidence for students' mastery of a subject; therefore, students should not spend time preparing for the exit exams. Washington State offers a similar AP score option, but it does not relieve students of taking multiple tests. Students are not exempt from taking the state's exit exam, the WASL, but if they fail the WASL, they can still graduate if they have earned satisfactory AP scores. Few students take advantage of the AP score option because it is rare for students who score well on AP tests to fail the WASL in the first place. As other substitute tests, AP exams are not necessarily designed based on state content standards; states that adopt this approach need to verify the comparability of AP and exit exams.

Overall, alternate pathways try to address concerns about test validity and fairness, and at the same time to reach the same or a similar level of rigor as the regular state exit exams. Increasing flexibility without loosening standards is the central goal in designing and implementing alternate pathway policies.

We distinguish alternate pathways for general students from those for students receiving special education services because policies designed for these two student groups address different sets of concerns about standardized testing and are usually managed at different institutional levels in the education system. Alternate pathways for general education students can be categorized into four major types of designs: alternative assessments, portfolio assessments, waivers, and flexible cut scores.

Alternative and Portfolio Assessments for General Education Students

Nineteen[14] of the 26 states with exit exams offer alternate pathways for general education students to graduate without earning passing scores in all tested subjects. **Table 2** summarizes the alternate pathways available to general education students in each of these nineteen states. Compared to previous years, more states were able to provide CEP with detailed information about how general education students use different routes to graduate from high school. For example, some states were able to report the specific number of students using each of the multiple pathways. This will contrast somewhat with the data availability for students with disabilities presented later in the chapter.

All substitute and portfolio assessments reported in Table 2 lead to a regular diploma, which indicates that they are most likely to be accepted as comparable to the substituted exit exams. However, the limited number of students who took substitute and portfolio assessments in most states seems to suggest, among other things, that these tests are not necessarily easier than the regular exit exams.

The most commonly used substitute test is published standardized tests, such as Advanced Placement exams, the PSAT, the ACT, the SAT, the CPT, and International Baccalaureate exams. States that picked the same tests may set different cut scores depending on the grade levels in which the replaced state-mandated exit exams are given.

Six states[15] allow general education students to use substitute tests. Virginia and Washington reported less than 1% of students graduating through this route, while Florida reported 4.5% (about 7,110 students) satisfied the graduation test requirement through substitute tests.

New Jersey developed its own alternative assessments, Performance Assessment Tasks (PATs), which consist of all constructed response questions. As part of the state's Special Review Assessments (SRAs)[16], PATs are

[13] Maryland started withholding diplomas in 2008-09 and was not able to report the percentage of students who graduated using AP scores.

[14] These states are: Arizona, Florida, Georgia, Idaho, Indiana, Maryland, Massachusetts, Mississippi, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Virginia, and Washington.

[15] The six states are Florida, Maryland, New York, North Carolina, Virginia, and Washington.

[16] In 2009 the SRA was renamed the Alternate High School Assessment (AHSA).

Table 2 Alternate Pathways for General Education Students to Graduate

	CEP Classification	State Survey Response	Diploma Eligibility	Number and Percentage of All Students Who Graduated Through Alternate Pathways in 2008
AZ	Class performance	Students who completed high school and failed to pass one or more sections of the assessment can augment their scores with points derived from course grades of C or better.	Regular diploma	1,841 students (3%)
FL	Substitute tests	Criteria for alternate paths to graduation are prescribed in Florida law. Sections 1003.428(4)(b) and 1008.22(10), Florida Statutes, provide for the use of concordant scores from "widely used high school achievement tests" (e.g., PSAT, PLAN, ACT, SAT, CPT) in lieu of FCAT scores to satisfy Florida's graduation test requirements in reading and math. The state's Department of Education identifies concordant scores on applicable examinations for this purpose.	Regular diploma;	7,110 students graduated through an alternative assessment (4.5%)
		Students who do not meet the exit exam requirements may be awarded a certificate of completion instead of diploma.	Certificate of completion	9,299 students graduated with Certificate of Completion (as of Feb. 11, 2009)
GA	Waiver	The state has a waiver process that the student's home school. All students are eligible for the waiver, but the waiver request must include documentation of limitations that would account for failing the test.	Certificate of attendance;	83 waivers (July 1, 2007-June 30, 2008)
	Flexible cut scores	A variance process allows an alternate means of demonstrating academic proficiency for students who have not been rendered incapable of passing a section of the GHSGT or the Georgia High School Writing Test (GHSWT). One of the five criteria for eligibility for a variance is obtaining a scale score that falls within one standard error of measurement of the passing score for the relevant section of the tests.	Regular diploma	1,398 variances (July 1, 2007-June 30, 2008)
ID	Class performance	Board rule allows each district to adopt an alternate route that requires courses to be offered to and completed by students. The courses must be valid and reliable and are required to be standards-based at 10th grade. The board reviews these plans and keeps them on file.	Regular diploma	NA
IN	Waiver	Please see the state's profile at eligibility criteria.	Regular diploma	5061 students (8.4%)

continues ➤

Table 2 continued

	CEP Classification	State Survey Response	Diploma Eligibility	Number and Percentage of All Students Who Graduated Through Alternate Pathways in 2008
MD	Substitute tests	Specific Advanced Placement (AP) and International Baccalaureate (IB) course exams are acceptable substitutes for specific HSAs provided students receive the specified MSDE-approved scores on the exams.	Regular diploma;	NA
	Portfolio assessment	The Bridge Plan for Academic Validation allows students who repeatedly fail the HSAs to instead complete assigned projects for the assessments that they are unable to pass.	Regular diploma;	NA
			External high school diploma is available for students who have exited high schools	NA
MA	Portfolio assessment	*MCAS Performance Appeals (portfolio and cohort)* The student must demonstrate through course work that he or she meets or exceeds the English language arts and/or mathematics passing standard of 220 on grade 10 MCAS tests.	Regular diploma	314 students granted appeals
MS	Portfolio assessment	Students who fail a subject area test twice may submit an appeal for a evaluation that relies on other evidence to demonstrate their mastery of the subject.	Regular diploma	Less than 1% of students submitted appeals substitute
NV	Portfolio assessment	Students may pursue the alternate route to demonstrate proficiency for writing and science by submitting work completed during high school to meet the HSPE requirements.	Regular diploma	35 students attempted alternative writing assessment (0.13% of a total student other population of 24,954)
		Students who do not demonstrate proficiency on all portions of the high school proficiency examinations can receive a certificate of attendance.	Certificate of attendance	NA
NJ	Alternative assessment	Students who fail one or both sections of the HSPA may go through a special review assessment (SRA) process that is designed to allow students to be assessed in the state standards through a series of extended performance tasks (i.e., all constructed response) aligned to the state content standards.	Regular diploma	11,513 students (11.5% of graduates)

continues ➤

Table 2 continued

	CEP Classification	State Survey Response	Diploma Eligibility	Number and Percentage of All Students Who Graduated Through Alternate Pathways in 2008
NM	Waiver	The state allows districts to grant waivers of the exam requirement.	Certificate of completion	NA
	Portfolio assessment	In the 2010-11 school year, students will have an opportunity to offer an alternate demonstration of competency through a portfolio of standards-based indicators in any subject area that was not passed on the 11th grade standards-based assessment. (22-13-1.1 NMSA)	Regular diploma	NA
NY	Substitute tests	Students who have completed the course in a subject tested by a Regents Examination may substitute a minimum acceptable score on a department-approved alternative examination (such as the SAT II, Advanced Placement, or International Baccalaureate exam) for a Regents Examination score.	Regular diploma	190 students met English language arts requirements (0.1% of graduates); 21 students met math requirements (0.001% of graduates)
	Flexible cut scores	An appeals process is available to students who have entered 9th grade in September 2005 or later, have passed certain courses to prepare for a Regents Examination, have earned a 65 course average, and whose highest score on the Regents Examination is within three points of the 65 passing score.	Local or regents diploma	NA
NC	Substitute tests	For the list of acceptable alternative assessment, please see the state's profile at www.cep-dc.org.	Regular diploma	NA
		Students who do not receive a regular diploma may be awarded a certificate of achievement.	Certificate of achievement	NA
OH	Waiver	Please see the state's profile at www.cep-dc.org for detailed eligibility criteria.	Regular diploma	379 students (0.3% of graduates)
OK	Substitute tests	Alternate tests approved by the state board of education	Regular diploma	NA
	Portfolio assessment	End-of-course projects approved by the state board of education	Regular diploma	NA

continues ➤

Table 2 continued

	CEP Classification	State Survey Response	Diploma Eligibility	Number and Percentage of All Students Who Graduated Through Alternate Pathways in 2008
SC		Students who do not pass the HSAP may receive a certificate of attendance issued by a school district.	Certificate of attendance	NA
		Students may receive a state certificate if they complete all credit requirements but have not passed the exit exams.	State certificate	NA
TN		Students who do not receive a regular diploma because they could not pass the exit exams are eligible to receive a certificate of attendance.	Certificate of attendance	NA
VA	Substitute tests	Students may earn verified credits by taking substitute tests. The substitute tests include the Advanced Placement, International Baccalaureate, SAT II, TOEFL, APIEL, Cambridge International Examination, ACT, and CLEP tests.	Standard diploma, advanced diploma, or a modified standard diploma	Less than 1% of students use the alternative assessments
		Students who do not meet the requirements for a diploma may receive a certificate of program completion, a general achievement diploma or earn a GED.	Certificate of program completion	0.51%
			General achievement diploma	Group below state definition for personally identifiable result
WA	Portfolio assessment	Assembling a collection of classroom-based evidence of a student's learning that includes specified work samples	Regular diploma	0.3% of graduates in reading, 0.1% in writing, and 1.8% in math
	Class performance	Comparing a student's grades in certain classes with the grades of other students who took the same classes and met the standard	Regular diploma	0.02% of graduates in reading, 0.02% in writing, and 0.5% in math
	Substitute tests	Meeting a specific cut score on the SAT, ACT, or PSAT tests. Scoring a 3 higher on select graduates in or Advanced Placement (AP) exams.	Regular diploma	Score on the SAT, ACT, or PSAT tests: 0.3% of reading, 0.1% in writing, and 0.9% in math; Advance Placement (AP) exams: 0% of graduates

Table reads: Florida allows general education students to take substitute tests as alternate pathways to graduate from high school. Students graduating through the substitute tests are eligible for a regular diploma. 7,110 students (approximately 4.5% of graduates in 2007-08 school year) satisfied the graduation test requirement through an alternative assessment (e.g., ACT/SAT). Students may also earn a Certificate of Completion. As of February 11, 2009, the state awarded 9,299 students with Certificates of Completion in 2007-08.

Source: CEP High School Exit Exam Survey, 2002-2009, Center on Education Policy, State Department websites, email and phone inquiries with state department staff.

developed by the state and administered by the schools to students who repeatedly fail exit exams, even after additional instruction. Though the state assigns common cut scores, scoring rubrics, and guidelines, district-appointed SRA panels conduct the actual review and scoring. A greater-than-expected number of students have graduated through the SRAs process in the past few years, which raised state concern about the rigor of local policy implementation[17]. To curb increasing reliance on SRAs in the future, effective in 2009-10 the state will allow no more than 10% of students in a district to use this alternate pathway to graduate unless the district submits a plan that will increase the number of graduates using the HSPA. Though a much higher percentage than in most other states, the 10% threshold is considered fairly conservative, since the state SRA rate is about 11.5%. Over a hundred schools met this 10% threshold in 2008.

General education students in seven states[18] also have the option to graduate through portfolio assessments, where students demonstrate mastery through a collection of work. The portfolio assessment in Maryland, called the Bridge Plan for Academic Validation, assigns project modules to students who repeatedly fail the High School Assessments (HSAs). These modules are designed to address areas where students have not fully demonstrated mastery in their HSA performance. The Collection of Evidence option in Washington State allows students who have failed the WASL in math, reading, or writing to show their skills tested on the WASL through a compilation of classroom work samples. These subject-specific work samples are developed under a teacher's supervision and must follow state guidelines for collection. Massachusetts allows students to request a portfolio assessment if they do not belong to a school cohort (6 students or more) that has taken the same sequence of courses. The portfolio includes work collected during one or more years in a subject area. The state specifies minimum components for English language arts, mathematics, and science and technology/engineering. In 2009, the Oklahoma State Board of Education also approved a policy that allows high school freshmen to demonstrate mastery through an end-of-course project. In all four states, the state departments of education determine if the evidence provided in the portfolio qualifies a student to graduate. Starting in the 2010-11 school year, students in New Mexico will also be able to demonstrate competency through portfolio indicators in subjects they failed to pass on the exit exams.

Waivers and Flexible Cut Scores Used By General Education Students

A more controversial set of alternate pathways excuses students from certain exit exams or allows them to graduate with lower cut scores. Georgia, Indiana, New Mexico, and Ohio offer waivers where students may graduate without passing exit exams if they meet all the other graduation requirements. For the waiver option, the eligibility criteria become particularly important to maintain the rigor of the state testing system, so states often attach specific conditions for using the waiver. In Ohio, for instance, diplomas are given to waived students only when they pass four of the five exit exams and the score on the fifth exam is no more than 10 scale-score points below the cut scores. In 2008, only 379 students (0.3%) in Ohio and 83 students in Georgia earned diplomas using the waiver.

Other states take a similar approach to flexible cut scores. The Georgia Board of Education, for instance, offers a variance process that enables students who failed to pass all exit exams to earn a diploma only if they obtained a scale score that falls within one standard error of measurement of the passing score. Students in New York may also appeal for permission to graduate with a local Regents Diploma if their test scores are within three points of the cut scores.

In contrast to substitute and portfolio assessments, waiver and flexible cut score policies often do not lead students to regular diplomas. In Georgia and New Mexico, for example, students who graduate using waivers earn certificates of completion or attendance rather than regular diplomas, which indicate that students met lower than standard high school criteria. Whether or not an alternate pathway results in regular diplomas is an important consideration in designing alternate pathway policies. It influences not only the

[17] For more information, refer to www.njpsa.org/documents/NJDOE_SRA_Paper.doc

[18] Maryland, Massachusetts, Mississippi, Nevada, New Mexico, Oklahoma, and Washington

calculation of graduation rates that are tracked under state accountability systems, but more importantly a student's opportunity to pursue postsecondary education and a future career.

Of the nineteen states with alternate pathways to general education students, eight offer alternative diplomas for general education students who cannot pass all the exit exams or fully meet the state standards. Florida, Maryland, Nevada, New Mexico, North Carolina, and Virginia offer both alternative diplomas and alternate pathways that lead to a regular diploma; South Carolina and Tennessee provide no alternate pathways to a regular high school diploma but grant certificates of attendance to students who fail the exit exams.

Alternate pathways in some states are designed to tie the exit exams more closely to class performance. In Idaho, for example, seniors who are enrolled in the fall semester and have not passed the exit exams may graduate by completing additional courses. The state reviews the course plans to make sure they are aligned to the 10th-grade standards. Arizona's augmentation policy allows students to add to their exit exam scores with points derived from course grades. Washington State uses a "grade comparison" option, where students who failed the exit exams can earn diplomas if they have a grade-point average equivalent to that of students at the same school who took the same course in mathematics or English and pass the exit exams. This option, however, is limited to students who have a 3.2 cumulative grade point average or higher across all courses.

Alternate pathways impact general education students to varying degrees across states. Some alternate pathways, such as the option to substitute Advance Placement scores in Washington State, are barely used, while other pathways, such as the special review process in New Jersey, are used quite widely. Most states reported that a relatively small proportion of students graduated through alternate pathways, but the actual number of students can be quite significant. In Florida, for example, over 7,000 students graduated through an alternative assessment in the 2007-08 school year, although this number represents less than 5% of the overall graduates.

Alternate Pathways for Students with Disabilities

To meet NCLB requirements, students with disabilities must be included in state assessments, and for most of the 26 states mandating exit exams, the state assessments in high schools are exit exams. The alternate pathways, therefore, are mostly applied for *after* students with disabilities fail the exit exams. The remedial, instead of preventative, nature of alternate pathways also applies to general education students, but it tends to impact a higher percentage of students with disabilities because of the low pass rates with this student subgroup.

Compared to general education students, it is harder to collect information on students with disabilities using alternate pathways to graduation because decisions on students' qualifications for waiver or the designs of alternative assessment are often made at the local level, and states do not usually collect this information[19]. For example, the eligibility for waivers is usually determined by individualized education program (IEP) teams, and many states do not collect data on the number or the percentage of students with disabilities graduating with waivers.

Most states provide particular alternate pathways to students with disabilities in addition to the ones available for general education students. States have different policy designs to address the needs of students with disabilities. In tables 3 and 4 we highlight some of the specific alternate pathways. These pathways include variations of three policy designs, alternative assessments, portfolio assessments and waivers.

Fourteen states offer alternative or portfolio assessment options **(table 3)**. The alternative assessments in most states are tests with modified questions or aligned to modified standards. Some states, such as Alaska, Maryland, Oklahoma and Washington, make both forms available. Compared to waivers, more states allow students with disabilities to graduate with regular diplomas after passing alternative or portfolio assessments.

[19] For example, Arizona, Minnesota, New Mexico, and North Carolina.

Table 3 Alternate Pathways for Students with Disabilities: Alternative Assessment, Portfolio Assessments and Flexible Cut Scores

	CEP Classification	State Survey Response	Diploma Eligibility	Number and Percentage of Students with Disabilities Using Alternative Assessments in 2008
AK	Portfolio assessment	The nonstandardized HSGQE consists of an extensive collection of work that reflects competency in each of the state standards tested in the HSGQE.	Regular diploma	NA
	Alternative assessment	The modified HSGQE is the regular exam, but students with disabilities may use modifications with state approval.	Regular diploma	NA
ID	Portfolio assessment	A student with disabilities may appeal for an alternate measure to reach graduation (district proposed or IEP recommended plan to collect evidence)	Regular diploma	NA
MD	Alternative assessment	A modified HSA, known as the "Mod-HSA" is available to students with disabilities whom the IEP team has determined eligible. The Mod-HSA is based on course level content standards and modified academic achievement standards.	Regular diploma	NA
	Alternative assessment	Those students with the most significant cognitive disabilities, for whom the IEP team has determined eligible, will participate in the Alternate Maryland School Assessment (Alt-MSA). The Alt-MSA is a portfolio assessment tailored to each student's unique instructional needs in reading, mathematics, and science.	Maryland High School Certificate of Program Completion	NA
MA	Portfolio assessment	*The MCAS Alternate Assessment (MCAS-Alt) Competency Portfolio* The student must submit a portfolio that demonstrates knowledge and skills at grade-level expectations for a student in grade 10.	Regular diploma	NA
MN	Flexible cut scores	The individualized education program (IEP) team may set a different passing score on the BST.	Regular diploma	NA
	Alternative assessment	The IEP team may also decide an alternate assessment is best for the student and set performance criteria appropriate for the student.	Regular diploma	Writing: 798 test takers (1.2% of total population tested) Reading: 834 test takers (1.3% of total population tested) Math: 881 test takers (1.4% of total population tested)

continues ➤

Table 3 continued

	CEP Classification	State Survey Response	Diploma Eligibility	Number and Percentage of Students with Disabilities Using Alternative Assessments in 2008
MS	Alternative assessment	Students with disabilities pursuing a regular diploma may participate in the High Stakes Alternative Assessment after their initial participation in subject area testing.	Regular diploma	Less than 1% of students with disabilities submitted a substitute evaluation.
NJ	Alternative assessment	Students with severe cognitive disabilities take the alternate proficiency assessment (APA)	Regular diploma	548 (0.06%)
NM	Alternative assessment	Ability pathway: Students must take either the NMHSCE or the New Mexico alternate assessment and meet a competency level determined by the IEP team	Regular diploma	NA
	Flexible cut scores	Career readiness pathway: Students must take the NMHSCE and meet a competency level determined by the student's individualized education program (IEP) team	Regular diploma	NA
NY	Alternative assessment	Regents Competency Test	Regular diploma	Math: 3,284 (1.7%); ELA: 2,958 (1.5%)
OH	Alternative assessment	Students with the most significant cognitive disabilities participate in the OGT Alternate Assessment in all five subjects, which consists of a collection of evidence to demonstrate students' performance aligned to extended grade- level standards.	Regular diploma	2,476 participated (11.4%)
OK	Alternative assessment	Assessments are available based on modified academic achievement standards for eligible students with disabilities in Algebra I, English II, Biology I and U.S. History.	Regular diploma	NA
	Portfolio assessment	A portfolio assessment is available only for students with the most significant cognitive disabilities. The portfolio assessment scored against modified grade-level standards.	Regular diploma	NA
	Flexible cut scores	Students who have an IEP in accordance with IDEA may demonstrate mastery of state academic content standards through a modified proficiency score on the state assessment(s) as established by the IEP Team.	Regular diploma	NA
SC	Alternative assessment	Students with serious cognitive impairments who cannot participate in the HSAP with accommodations or modifications may meet the criteria for taking the SC-Alt, an alternate assessment.	Certificate of attendance	NA

continues ➤

Table 3 continued

	CEP Classification	State Survey Response	Diploma Eligibility	Number and Percentage of Students with Disabilities Using Alternative Assessments in 2008
TX	Alternative assessment	TAKS-Modified (TAKS-M), which is based on modified academic achievement standards	Minimum-standard diploma	NA
	Alternative assessment	TAKS-Alternate (TAKS-Alt), which is based on alternate academic achievement standards and designed for students with significant cognitive disabilities.	Minimum-standard diploma	NA
WA	Flexible cut scores	WASL-Basic, in which students take the high school WASL (with or without accommodations) but IEP (individualized education program) teams adjust passing criteria to Level 2-basic proficiency.	Regular diploma	WASL-Basic: 1.0% in reading, 1.0% in writing, and 0.5% in math
	Portfolio Assessment	Washington Alternate Assessment System (WAAS)- Portfolio, in which students unable to take paper-and-pencil tests show their skills and knowledge through a collection of their work.	Regular diploma	WAAS-Portfolio: 0.5% in reading, 0.5% in writing, and 0.5% in math
	Alternative assessment	Developmentally Appropriate WASL (DAW), in which students in grades 11 and 12 only take the WASL (with or without accommodations) at the grade level that best matches their abilities.	Regular diploma	WAAS -DAW: 2.2% in reading, 1.7% in writing, and 2.3% in math

Table reads: Mississippi allows students with disabilities to take an alternative assessment to graduate from high school. Students with disabilites pursuing a regular diploma may participate in the High Stakes Alternative Assessment after their initial participation in subject area testing. Students graduating through the alternative assessment are eligible for a regular diploma. In 2008, less than 1 percent of students with disabilities submitted a substitute evaluation.

Source: CEP High School Exit Exam Survey, 2002-2009, Center on Education Policy, State Department websites, email and phone inquiries with state department staff.

Officials in Washington State revealed in an interview with CEP that portfolio assessments can be costly. The classroom-based evidence option in Washington State, for instance, costs about $600 per collection of student work, while the cost of a standardized WASL exam is about $22 per student.

Twelve of the 26 states have waiver options for students with disabilities so they do not need to earn passing scores on the state exit exams to graduate (**table 4**). As with waivers for general students, some states are very specific about the graduation status that different waiver programs may lead to. Alabama, for instance, has two waivers for students with disabilities that lead to different graduation status. The state waives the requirements for passing exit exams, which results in an occupational diploma upon graduation. The state also allows the local school system to waive one subject area for students with disabilities; with passing scores in the other four areas, students are still able to earn a regular diploma.

Table 4 **Alternate Pathways for Students with Disabilities: Waiver Options and Alternative Diploma**

	CEP Classification	State Survey Response	Diploma Eligibility	Number and Percentage of Students with Disabilities Graduated Through Waiver in 2008
AL	Exempt from passing →	Students with disabilities may receive an Alabama Occupational Diploma, which does not require passing the AHSGE.	Occupational diploma	929 (34.9%)
	Exempt from participation in one subject →	The school system may offer students with disabilities a waiver for one subject-area test in the student's major disability.	Regular diploma	
AK		If a student does not achieve a proficient score on the HSGQE or the alternative assessment program, the student is eligible to receive a certificate of achievement if all other state and local requirements for graduation have been met.**	Certificate of achievement	NA
AZ	Exempt from passing	Students with disabilities may be exempted from having to pass AIMS to graduate from high school. Students with disabilities who are not exempt from passing the exam and who complete high school may qualify for AIMS augmentation.	Regular diploma	NA
AR	Exempt from passing	Students with disabilities may graduate based on their individualized education plan.	Regular diploma	NA
CA	Exempt from passing*	Local waiver request. CAHSEE maybe waived for eligible students with disabilities. Students must be permitted to use any modifications specified in their individualized education program (IEP) or Section 504 Plan. Modifications fundamentally alter what the test measures and can affect the comparability of scores.	Regular diploma	4,230 (11.2%)
FL	Exempt from passing	The FCAT requirement may be waived for students with disabilities who have not achieved a passing score on the exam after two attempts and have met all other requirements.	Regular diploma	3,157 (18%)
GA	Exempt from passing	Students with disabilities may apply for the general waiver.	Certificate of attendance	55 students
		A special education diploma is also available for students with disabilities who complete the requirements of their individualized education program.	Special education diploma	NA

**www.eed.state.ak.us/tls/assessment/participation_guidelines/ParticipationGuidelinesSept2007.pdf

continues ➤

Table 4 continued

	CEP Classification	State Survey Response	Diploma Eligibility	Number and Percentage of Students with Disabilities Graduated Through Waiver in 2008
MD		For students with disabilities who do not pass the HSA and cannot meet the requirements for a diploma.	Maryland High School Certificate of Program Completion	NA
MS	Exempt from passing	Students with disabilities must participate in subject-area testing for NCLB reporting, but these alternate paths do not require that students pass the subject area tests.	Certificate of completion or an occupational diploma	NA
NJ	Exempt from passing	Some students with disabilities are exempt from passing—but not from taking—the HSPA, based on their individualized education program (IEP). Students who are designated as "IEP exempt from passing" must take the exempt portions of the test at least once, but their scores will not affect their graduation status.	Regular diploma	NA
NM	Exempt from passing	Standard: Students must meet the district's graduation requirements that apply to all students.	Regular diploma	NA
	Exempt from passing	Career Readiness: Students must take the NMHSCE and meet a competency level determined by the student's individualized education program (IEP) team.	Regular diploma	NA
	Exempt from passing	Ability: Students must take either the NMHSCE or the New Mexico alternate assessment and meet a competency level determined by the IEP team.	Regular diploma	NA
NC	Exempt from passing	Students with disabilities who are following the occupational course of study (OCS) are not required to pass the competency test to receive a diploma. Only certain students with disabilities may participate in OCS, as determined by each student's IEP team.	Regular diploma	NA
	Exempt from participation	An IEP team or section 504 committee may determine that a student with disabilities participating in the college/university, college/technical, or career preparation courses of study will not participate in the competency test.	Graduation certificate	NA

continues ➤

Table 4 continued

	CEP Classification	State Survey Response	Diploma Eligibility	Number and Percentage of Students with Disabilities Graduated Through Waiver in 2008
OH	Exempt form passing	The decision for an exemption is made by the individualized education program (IEP) team on a test-by-test basis because the student has a curriculum that is significantly different in depth and breadth from the general education curriculum.	Regular diploma	NA
SC		Students with or without disabilities who complete all course credit requirements but do not pass the exit examination are eligible for a state certificate.	State certificate	NA
VA		Students with disabilities who do not meet the requirements for a standard or advanced diploma but meet the credit and literacy and numeracy requirements established by the state board of education may receive a modified standard diploma.	modified standard diploma	2,044 (19.53%)
		Students with disabilities who do not meet the requirements for other diplomas but have completed the requirements of their individualized education program (IEP) may receive a special diploma.	special diploma	2,489 (23.79%)

Table reads: Students with disabilities in Alabama may graduate from high school with occupational diplomas without passing the Alabama High School Graduation Exams (AHSGE). In 2008, 929 students with disabilities (34.9% of all graduating student with disabilities) graduated with occupational diplomas. Students with disabilities in Alabama may be exempt from participating in one of the five subjects to graduate from high school with regular diplomas.

*Note: Beginning in the 2009-10 school year, students with disabilities will be exempt from meeting the CAHSEE requirement as a graduation requirement. More information can be found at www.cde.ca.gov/ta/tg/hs/cahseeABx4.asp. For more detailed information on requirements for the local waiver request please contact the California department of education.

Source: CEP High School Exit Exam Survey, 2002-2009, Center on Education Policy, State Department websites, email and phone inquiries with state department staff.

In addition to alternative and portfolio assessments and waivers, some states use lower cut scores for students with disabilities, as in the case of New Mexico's Career Readiness Path, Minnesota's flexible pass scores decided by IEP teams, and Washington's WASL-Basic. Others use modified school curricula, such as North Carolina's Occupational Course of Study program that focuses on post-school employment and independent living. These policy approaches do not hold students with disabilities to the same state standards that are applied to general students, and they lead to a graduation status that may not be comparable to that received by general students who have passed all exit exams.

Comparing tables 3 and 4, we notice some differences between the option of alternative or portfolio assessments and waivers for students with disabilities. As shown in Table 3, three of the four states that reported percentage data, Mississippi, New Jersey, and Washington State, had less than 2.5% of students with disabilities who attempted or graduated through alternative assessment in 2008. In contrast, the three states that reported the percentage data in Table 4 show a much larger student population using waivers to graduate.

Alternate Pathways for English Language Learners

Few states with exit exams offer alternate pathways specifically for ELLs, though many of them allow specific testing accommodations for these students. While most of the states offer ELLs the same alternate pathways offered to general education students, Idaho and Minnesota have policies for students with limited experience in the U.S. education system. ELLs in Idaho may appeal for an alternate measure if they have been in the program for three years or less; if they successfully meet the requirements for this alternate pathway, they will be able to graduate with regular high school diplomas[21]. Minnesota allows districts to exempt ELLs from passing exit exams if they have been in the country for less than four years before graduation.

The Process of Shaping Alternate Path Policy in Three States

To understand the design and implementation of alternate pathways, we interviewed officials working with state high school assessment policies in Maryland, New Jersey, and Washington State. Appendix B explains the rationale for selecting these three states and describes policy background for each state.

The alternate pathway policies in these three states are shaped by recommendations from state advisory committees. The committees in these three states are composed of a broad selection of stakeholders, including representatives from higher education, state and county offices, the business community, advocacy groups, schools, and local education agencies. These committees are involved in the details of designing, implementing, revising, and evaluating the state testing programs. Washington, for example, has multiple advisory committees, and each committee focuses on a particular graduation option in the state testing system. One state official explains the role of advisory committees in Washington as follows:

> *[The committee members] determine if things are running; they will determine the procedural guidelines and recommend to the legislature if things need to be modified. They are our technical advisors in the area... Though the legislature determines whether students are qualified for diplomas, the CAA Option Advisory Committee would determine what strategies we need to take to prove equivalency [of different alternate pathways]. They would recommend to us what procedures are needed and what analyses would be needed to prove [the equivalency].*

Since 2005, Maryland has relied on a special task force to examine alternative options for assessing special student subgroups, such as students with disabilities and English language learners. Since the establishment of its Bridge Plan program, the state's test design group has also worked with teachers to design project modules to ensure the equivalency of its alternate pathways to the regular state exit exams. The advisory committees in New Jersey have been guiding the development of the Special Review Assessment since the 1990s. They help the state education department collect information from the field about the best way to serve students and give advice on policy changes. Recently, the committee has been helping the state respond to criticism of SRA.

Criticisms of alternate pathways policies in these three states have focused on the potential threats alternate pathways pose to the rigor of student testing systems. New Jersey's state department of education issued a report in 2008[22] that revealed its concern regarding the unexpectedly high number of students using the

[21] For more detailed information see adm.idaho.gov/adminrules/rules/idapa08/0203.pdf, p.11.

[22] The report can be found at www.njpsa.org/documents/NJDOE_SRA_Paper.doc.

Special Review Assessment to graduate. This concern has precipitated a series of policy adjustments since the 2008 report. As the SRA heavily relies on districts for appropriate implementation, the state faces the challenge of making sure that the districts take the SRA materials seriously and treat them in a secure and confidential manner. One state official described the state's reliance on local implementation in this way:

> *SRA is locally administered and scored; there is much more latitude and trust invested with local districts. And we try to communicate the validity of diplomas resulting from that path, the validity of results is tied to the credibility of that process. We need them to make sure they take it seriously so that the results can be credible.*

For states such as New Jersey, the monitoring strategy is critical because the implementation of alternate pathways is executed by districts and schools. Maryland has reported some promising monitoring strategies to oversee its Bridge Plan, which is also administered and scored at students' schools. In Maryland, a panel of graders makes recommendations to the local superintendent about students' qualifications for passing, and the state spot-reviews this local decision-making process to ensure that student projects demonstrate sufficient qualifications. The state not only gives specific rubrics for grading but also uses a review system to make sure student projects are graded appropriately and that the objectives of the project module are met as expected.

Maryland and New Jersey also reported providing professional training to strengthen local implementation of alternate pathways. Maryland organizes intensive training and publishes guides to explain the use of rubrics, shows samples of student projects, and specifies goals that need to be met under certain timelines. Similar training was also reported by New Jersey. As New Jersey transitions from comprehensive standardized tests to end-of-course exams, training for SRA will change accordingly. The state is planning to bring teachers together to score anonymous student work in future training sessions. In this way, teachers will be able to see student work in other schools, which may help even out differences in grading.

These strategies, however, do not fully address the challenges posed by locally implemented alternate pathways. All three states experience some degree of technical challenge in designing and developing alternate pathways. In Maryland, the amount of content-specific work involved in developing project modules has created tremendous pressure for state staff:

> *...It's a matter of state belt tightening and this is a whole new set of enormous tasks... of training and developing materials [and] the scoring rubrics. [The projects] require [students] to set up experiments or do significant research; they turn in pretty substantial sets of work ... It's a ton of work to make [projects] fresh and different each time, to also make sure that they're rigorous and in-depth enough to be meaningful.*

Washington expressed similar technical challenges when it comes to specifying and communicating learning objectives for math. It has tried to solve the problem by posting sample problems on the state Web site; however, new concerns have ensued regarding the uniqueness of student work:

> *We have a number of high schools in the state where all the submissions from students are essentially the same, and at this point in time we don't necessarily think that that is teachers deliberately trying to cheat, but we think it's teachers, in a misguided sense of what the target is, thinking that, "So here are some math problems. If I can demonstrate that all the kids can do these math problems, then they will have met the criteria, and so, kids, let me teach you how to do these problems."*

Despite the tremendous amount of work and technical challenges, none of the 26 states assigned more than four full-time equivalent staff members to develop, facilitate, and oversee alternate pathways. In some states, alternate pathways are considered local decisions, and no state staff is involved at all. Staffing needs may

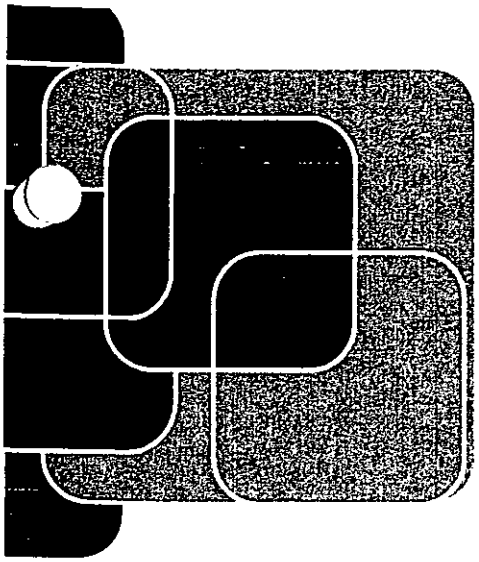
vary due to the diverse policies that require different lengths of time for reviewing evidence collected through alternate pathways. The time to review and make a decision on one student document ranges from an hour to a couple of weeks; the appeal process and communication of the results can further increase the work load and lengthen the time needed for implementing alternate pathways. Some states, such as New Jersey, rely on local staff, particularly when alternate pathways are administered by local schools and districts, but it can be difficult sometimes to recruit teachers to score student work.

Conclusions

Alternate pathways to graduation can serve as a way to address limitations of standardized assessments and to balance the state accountability system with a certain amount of flexibility. We see both strengths and weaknesses in the approaches states have taken with their alternate pathway policies. Portfolio assessments, for example, allow students to demonstrate their learning in a sometimes less stressful environment and pushes them to learn what they may not have mastered, but it is hard to gauge how comparable the portfolios are with the exit exams. The same dilemma exists for substitute tests. It is cheaper and more convenient for states to use the ACT or SAT than to develop state alternative assessments from scratch; however, these tests are not designed to reflect state curricula and standards; therefore, we must be cautious about comparing student performance on substitute tests with exit exams.

Other alternate pathway policies, such as flexible cut scores and waiver programs, may be more straightforward to implement with detailed descriptions of state rules and direct state oversight; unfortunately, they face some criticism that they lower graduation standards and reinforce or widen existing achievement gaps. In light of the important roles advisory committees play, officials in New Jersey recommended that states proactively connect with and consult relevant stakeholders in the early stage of developing alternate pathways to graduation so their approach can be scrutinized through multiple perspectives, preventing unnecessary complications for implementation.

As supplemental policies to add flexibility to state-mandated assessment, alternate pathways may prevent high school exit exams from denying many struggling high school students a bright future. We count on the future development of state data systems to learn more about how alternate pathways serve students with disabilities. We also hope to see more empirical evidence on how the provision of alternate pathways impacts student learning in high school, and how various graduation statuses through alternate pathways influence student development after high school.



Chapter 3: Trends and Gaps in Exit Exam Pass Rates

In this chapter we turn to the question of how student performance on exit exams has changed since the exams became mandatory for graduation. We are particularly interested in the degree to which the student pass rate on exit exams has increased and the extent to which the pass rate gap between different subgroups of students has changed. We use the initial pass rates—the percentage of students passing on their first attempt—as a proxy for student performance on the exit exams.

Given the variety of tested subjects and numerous policy changes in the 26 states studied, we focus on the initial pass rates in 16 states because they have reported their test results in our surveys for at least three consecutive years. We chose to focus on reading[23] and mathematics because both subjects are required for federal accountability purposes.[24] We also limit the data to years in which current exit exams were used to withhold diplomas.[25] Table 1 at the beginning of this report shows the years when the states began withholding diplomas based on their exams.

As discussed in Chapter 1, exit exams across states differ greatly in content, question format, and test difficulty levels. Such diversity makes initial pass rates in various states not directly comparable to one another. For instance, difficult test content and low student performance can both contribute to relatively low initial pass rates, but give completely different implications about the state's exit exams. Therefore, we can only compare a state with itself to see if it makes progress from year to year, and we can only do year to year comparisons in states where the exit exam remains unchanged for the years studied. We calculated the average annual growth by dividing the sum of annual changes in the initial pass rates by the number of years for which we had comparable data.[26] States are categorized by their amount of average annual growth.

Following the longitudinal trend analysis, we examine the average annual change in the initial pass rate gaps between various subgroups of students. Initial pass rates of African American and Latino students are compared to those of white students, and students eligible for free or reduced-price lunch are compared to all students. Initial pass rates of subgroups of students are limited to years when current exit exams were used to withhold diplomas. The average annual change in initial pass rate gaps reveals the pace at which such gaps narrowed on the state's exit exams. The faster the pace, the greater changes between subgroups in gaps and the narrower the state's gaps.

In comparing average growth or change in pass rates, we need to be cautious about drawing appropriate conclusions. A higher growth in initial pass rate may indicate a state's progress in student performance over time, but we cannot simply infer that student performance in the state's exit exams is better than that in other states with lower growth rates. We cannot conclude that students perform better in states with a high average annual change in gaps, because exit exams vary across states.

[23] Reading is called English language arts (ELA) in some states.

[24] Alaska and Texas use high school tests different from exit exams for NCLB.

[25] For more detailed information on the year diplomas were first withheld based on current exit exams, refer to table 1, pp. 5-9.

[26] Years of data vary across states because states first withheld diplomas based on current exit exams beginning in different years.

Initial pass rate is not a flawless measure of student performance. Some states, such as Alabama, allow students to take exit exams before they reach the grade level in which the exams are supposed to be first administered. As a result, the initial rates may include students who have taken tests before reaching the tested grades. Most states do not hold schools accountable for the initial pass rate; therefore, students may not demonstrate their best effort to pass on their first try, which is a limitation of using initial pass rates as a means to measure the outcome of testing policy.

Last but not least, some states show more or less improvement in initial pass rates or gap closing because of a dramatic change (increase or decrease) occurring in one year. Considering that many states started implementing current exit exams only a few years ago, such abrupt and unsustained changes may skew our conclusions about some states' passage rates over time.

On the disk accompanying the printed version of this report and posted on the CEP Web site (www.cep-dc.org) are supplemental figures and tables that provide more detailed state by state information on initial and cumulative pass rates as well as information on the gap in pass rates between different subgroups of students.

Longitudinal Trends in Initial and Cumulative Pass Rates

The 16 states[27] included in the analysis show a wide range of change in initial pass rates over varied periods of time.[28] Some, such as the initial reading pass rate in Florida and Georgia, barely changed, while some, such as the initial math pass rate in Alaska and Nevada, fluctuate more than 10%. Such fluctuation can be either an increase or a decrease in pass rate.

We then took a closer look at the changes in initial pass rates in each subject area. Eleven of the 16 states showed an average annual growth in the proportion of students passing the test in reading and 13 states showed average annual growth in math. For initial pass rates in reading, Alaska and Nevada had an average annual increase of more than 3 percentage points in initial pass rates (**Table 5**). Six states showed average annual gains ranging from 1 to 3 percentage points, while initial pass rates in five states changed slightly over the years studied. The initial pass rates in Alabama, California, and New Mexico showed an average annual decrease of more than 1 percentage point.

In math, Louisiana, Nevada, and Tennessee had average annual increases in initial pass rates of more than 3 percentage points. Nine states showed average annual increases from 1 to 3 percentage points in initial pass rates. Initial pass rates in math decreased in California and slightly decreased in Indiana and New Mexico.

In five states, we also compared the initial and cumulative pass rates on exit exams. (Cumulative pass rates include the percentage of students who passed exit exams by the end of grade 12.) The analysis is limited to five states, due to not enough years of comparable test data or missing data in the other states. Fifteen states provided cumulative pass rate data for 2008, but many of them did not report data for 2006 and/or 2007. Some states report cumulative pass rates by subjects and subgroups; some report only certain subjects; some estimate ranges. Alabama, Arizona, California, Massachusetts, and Texas are included in the cumulative pass rate analysis since they provided both initial and cumulative pass rates from 2006 to 2008 in a consistent form and had relatively few changes in their exit exams and relevant policies.

In reading, cumulative pass rates in Alabama, California, Massachusetts and Texas reached around 95% for the three years we studied. The difference between the initial and cumulative pass rate, however, varied by

[27] Alabama, Alaska, Arizona, California, Florida, Gerogia, Indiana, Louisana, Massachusetts, Nevada, New Jersey, New Mexico, South Carolina, Tennessee, Texas, Virginia.

[28] States began withholding diplomas based on student performance on their current exit exams in different years. Table 1 provides the beginning years we used for calculating annual average changes.

Table 5 Longitudinal Trends of Initial Pass Rate in Reading and Math

Reading	Math
States with more than 3 percentage points of average annual gain in initial pass rate	
AK, NV	LA, NV, TN
States with between 2 and 3 percentage points of average annual gain in initial pass rate	
LA	AK, MA, SC, TX, VA
States with between 1 and 2 percentage points of average annual gain in initial pass rate	
AZ, MA, SC, TX, VA	AL, AZ, FL, NJ
States with less than 1 percentage point of average annual gain in initial pass rate	
FL, NJ, TN	GA
States with average annual decrease in initial pass rate	
AL, CA, GA, IN, NM	CA, IN, NM

Table reads: Initial reading pass rates in Alaska and Nevada increased by an average of more than three percentage points annually. Initial math pass rates in Alaska, Massachusetts, South Carolina, Texas, and Virginia increased by an average of more than two but less than three percentage points annually.

Source: CEP High School Exit Exam Survey, 2002-2009, Center on Education Policy.

state. For example, the difference in California's initial pass rate compared to its cumulative pass rate was about 20 percentage points while the difference in Massachusetts was about 5 percentage points. From 2006 to 2008, the difference between the initial and cumulative pass rates in reading remained at 5 to 6 percentage points in Texas, narrowed from 3 to 1 percentage point in Massachusetts, and widened in Alabama, Arizona and California. Arizona, for example, increased its cumulative pass rate by 8 percentage points, from 80% in 2006 to 88% in 2008, while its initial pass rates increased by 2 percentage points, from 71% to 73%.

In mathematics, the cumulative pass rates in Alabama, California and Massachusetts were also about 95% from 2006 to 2008. The average difference between the initial and cumulative pass rates in Massachusetts was greater in mathematics than in reading—about 10 percentage points in math compared to about 5 percentage points in reading. The difference between California's initial and cumulative pass rates in mathematics was about the same as the difference in reading, about twenty percentage points. Cumulative pass rates were consistently lower in math than in reading in Arizona and Texas. From 2006 to 2008, the difference between the initial and cumulative pass rates in mathematics was kept at 10 percentage points in Alabama, narrowed from 8 to 6 percentage points in Massachusetts, and widened in Arizona, California and Texas. For example, both initial and cumulative pass rates increased from 2006 to 2008 in Texas, but the growth in the initial pass rate over the three years was less than the growth in the cumulative pass rates over the same time period. As a result, the difference between initial and cumulative pass rate in Texas widened from 7 percentage points in 2006, to a difference of 9 percentage points in 2007, to an 11 percentage point gap in 2008.

Detailed tables and figures with information on each of the five states' initial and cumulative pass rates on reading and mathematics exit exams can be found on the disk accompanying this report and on the CEP Web site at www.cep-dc.org.

There are many possible reasons for the differences between initial and cumulative pass rates. For example, if the cumulative pass rate reflects a high proportion of students passing the exam, it may indicate that remediation programs are successful and that greater proportions of students are succeeding on subsequent retakes of the test. It could also mean that some students took the exam before they had completed the appropriate courses that would help prepare them for the test. It may also indicate that students who failed to pass the test the first time they took it are increasingly reliant on pursuing additional preparation to help them past the test. Fifteen states[29] indicated in our survey that they currently use the initial pass rate to determine adequate yearly progress (AYP) under NCLB. The initial pass rate weighs more for school accountability than for students who simply care if eventually they graduate. The deviation of school accountability from student accountability may have contributed to students' reliance on remediation and retake opportunities, which in turn increase the cost of exit exams, and schools' reluctance to communicate with students about state policies regarding alternate pathways (CEP, 2009).

The big difference between initial and cumulative pass rates in some states reveals that, of the high school graduates who pass the state exit exams, quite a few rely on additional help beyond teaching in everyday classes. A growing number of states have taken action in recent years by increasing assistance to the improvement of instruction and school leadership, as reported in Chapter 1. However, the persistence of big differences in pass rates in some states highlights the importance of identifying struggling students early and providing them with assistance before they fail the tests.

Gaps in Initial Pass Rates

The gap analysis[30] focuses on three student subgroups: African American and Latino students as well as students eligible for free or reduced-price lunch. At varying rates, most states have narrowed the gaps; however, initial pass rate gaps remain large for these subgroups.

Gaps Between African American and White Students

In 2008, African-American students in all of the 15 states[31] analyzed have a lower initial pass rate than their white peers by 5 to 36 percentage points in reading and by 7 to 40 percentage points in mathematics across states. Looking across the 15 states, the gap in initial pass rates has narrowed annually by an average of 1.1 percentage points in reading and 1.7 percentage points in mathematics.

Table 6 shows that South Carolina, Louisiana, and Nevada narrowed the initial pass rate gaps in reading by an average of more than 3 percentage points every year. Gaps in seven states changed less than 1 percentage point. Annual changes in initial pass rate gaps have fluctuated in Alabama, Indiana, and Florida, but the average changes across years show widened gaps between African American and white students.

For mathematics, gaps in nine states narrowed by more than one percentage point per year. In three of the nine states, Louisiana, Massachusetts, and Tennessee, the gaps have closed by an average of more than three percentage points per year. Initial pass rate gaps between African American and white students in six other states have stalled for the past few years, four (Alabama, Georgia, Indiana and New Jersey) with average annual gap narrowed by less than 1 percentage point, and two (California and Nevada) with slightly widened gaps. Annual gap changes have fluctuated in Nevada since 2004.

[29] Alabama, Arizona, California, Florida, Georgia, Idaho, Indiana, Louisiana, Massachusetts, Mississippi, New Jersey, Ohio, Oklahoma, Tennessee, Washington. www.eed.state.ak.us/tls/assessment/participation_guidelines/ParticipationGuidelinesSept2007.pdf

[30] Only initial pass rates are used to calculate gaps.

[31] This gap analysis is based on data drawn from 15 of the 16 states. New Mexico is not included in this analysis due to missing data for African American students in reading and math.

Table 6 Initial Pass Rate Gaps Between African American and White Students in Reading and Math

Reading	Math
States with more than 3 percentage points of average annual gain in narrowing the achievement gap	
LA, NV, SC	LA, MA, TN
States with between 1 and 3 percentage points of average annual gain in narrowing the achievement gap	
AZ, AK, MA, TN, VA	AK, AZ, FL, SC, TX, VA
States with less than 1 percentage point of average annual gain in narrowing the achievement gap	
CA, GA, NJ, TX	AL, GA, IN, NJ
States with less than 1 percentage point of average annual loss in narrowing the achievement gap	
AL, FL, IN	CA, NV

Table reads: Louisiana, Nevada and South Carolina narrowed the initial reading pass rate gaps between African American and white students by an average of more than three percentage points annually. Louisiana, Massachusetts, and Tennessee narrowed the initial math pass rate gaps between African American and white students by an average of more than three percentage points annually.

Source: CEP High School Exit Exam Survey, 2002-2009, Center on Education Policy.

Gaps Between Latino and White Students

In 2008, the initial pass rate gaps between Latino students and their white peers ranged from 6 to 27 percentage points in reading and from 5 to 28 percentage points in mathematics. Across the 15 states[32], the gap has narrowed at an average annual rate of 1.5 percentage points in reading and 1.4 percentage points in mathematics.

Table 7 shows the pace at which the initial pass rate gaps in reading have narrowed in the 15 states. The initial pass rate gap between Latino students and their white peers in South Carolina has narrowed at an average annual rate of 6.7 percentage points since the state began withholding diplomas based on its High School Assessment Program (HSAP) in 2006. Initial pass rate gaps in Massachusetts and Nevada have also narrowed by more than an average of 2 percentage points every year. Both Massachusetts and Nevada have used their current exit exams to withhold diplomas since 2003. Indiana had a slightly widened initial pass rate gap in reading between Latino and white students due to their fluctuating annual gap changes.

For most of the 15 states, the average annual progress toward closing the Latino-white initial pass rate gap is greater in mathematics than reading. Gaps between Latino and white students in twelve states narrowed by more than 1 percentage point per year in mathematics. Massachusetts is closing its gap at an average of 3.2 percentage points per year. Three states showed less than a 1 percentage point change in closing the initial pass rate gap.

[32] This gap analysis is based on data drawn from 15 of the 16 states. New Mexico is not included in this analysis due to missing data for Latino students in reading and math.

Table 7 Initial Pass Rate Gaps Between Latino and White Students in Reading and Math

Reading	Math
States with more than 2 percentage points of average annual gain in narrowing the achievement gap	
AK, MA, NV, SC	GA, MA, TX
States with between 1 and 2 percentage points of average annual gain in narrowing the achievement gap	
AZ, GA, TX, VA	AL, AK, AZ, FL, NV, NJ, SC, TN, VA
States with less than 1 percentage point of average annual gain in narrowing the achievement gap	
AL, CA, FL, LA, NJ, TN	CA, IN, LA
States with less than 1 percentage point of average annual loss in narrowing the achievement gap	
IN	

Table reads: Alaska, Massachusetts, Nevada and South Carolina narrowed the initial reading pass rate gaps between Latino and white students by an average of more than two percentage points annually. Georgia, Massachusetts and Texas narrowed the initial math pass rate gaps between Latino and white students by an average of more than two percentage points annually.

Source: CEP High School Exit Exam Survey, 2002-2009, Center on Education Policy.

Gaps Between Students Eligible for Free and Reduced-price Lunch (FRL) and All Students[33]

In 2008, the average annual gap in initial pass rate between FRL and all students ranged from 4 to 18 percentage points in reading and from 5 to 18 percentage points in mathematics. Across the 16 states, the gap narrowed by an average of about 1 percentage point per year in both reading and mathematics. Alaska had an average rate of 4 percentage points in closing the gap in reading per year (**Table 8**). Half of the states have made little progress in closing the gap between FRL students and all students in reading. The gap in Alabama widened between 2003 and 2004 and remained steady since 2006. In mathematics, two states closed the gap by more than 2 percentage points, and all 16 states made some progress.

Conclusions

States have made progress in improving the overall initial pass rate and closing initial pass rate gaps between student subgroups, but that progress has varied across states and subject matter. Eight states increased their average annual initial pass rates for all students in mathematics by more than 2 percentage points compared to three states in reading. Five states showed a decrease in their initial pass rates in reading.

The gaps in initial pass rates between different subgroups of students are narrowing, however, remain daunting in both subjects. The average annual change in initial pass rate gaps is a measure that helps illustrate how well states have addressed achievement gaps in high-stakes exit exams. Initial pass rate gaps in most states narrowed, but at different rates. A few recent studies (See Appendix A) provide empirical evidence about the negative effects that exit exams have had on minority and disadvantaged students. It has become a key con-

[33] We compare this subgroup to all students because many states do not report initial pass rates of students who are not eligible for free and reduced-price lunch.

Table 8 Initial Pass Rate Gaps Between FRL and All Students in Reading and Math

Reading	Math
States with more than 2 percentage points of average annual gain in narrowing the achievement gap	
AK, MA, NV, NJ, VA	GA, NJ
States with between 1 and 2 percentage points of average annual gain in narrowing the achievement gap	
AZ, GA, LA	AK, LA, MA, SC, TN, TX
States with less than 1 percentage point of average annual gain in narrowing the achievement gap	
CA, FL, IN, NM, SC, TN, TX	AL, AZ, CA, FL, IN, NV, NM, VA
States with less than 1 percentage point of average annual loss in narrowing the achievement gap	
AL	

Table reads: Alaska, Massachusetts, Nevada, New Jersey, and Virginia narrowed the initial reading pass rate gaps between FRL and all students by an average of more than two percentage points annually. Georgia and New Jersey narrowed the initial math pass rate gaps between FRL and all students by an average of more than two percentage points annually.

Source: CEP High School Exit Exam Survey, 2002-2009, Center on Education Policy.

sideration in the design of effective exit exam policy to mitigate the negative effects of high-stakes assessment on these students.

It would be fallacious to compare the pass rates directly and conclude that exit exams in a state are better simply because it has higher pass rates. Some states, such as Nevada and Arizona, have relatively low initial pass rates but faster average annual growth than some others.

Initial pass rate trends within each state reflect both progress and persistent gaps that need to be addressed more effectively in the future. If the ultimate goal of exit exam policies is to promote achievement of all students, states with initial pass rates that have not improved over time may need to reconsider their exit exam policies, particularly when there is a considerable proportion of students who are failing to pass and who are relying on remediation and re-take opportunities to pass the exams.

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Appendix A: Studies of High School Exit Exams in 2009

A few recent studies have looked at the effects of exit exams on high school graduation and dropout rates (Martorell, 2005; Jacob, 2001; Warren & Edwards, 2005; Ou, 2009). For example, Jacob and Dee's 2009 analysis of the 2000 census data shows that exit exams have a small but statistically significant impact on high school completion; their analysis of Common Core of Data shows that Minnesota's Basic Skills Tests (BST) improved student performance in 9th through 11th grade but increased the dropout rate of 12th graders who, in most cases, have failed the exam repeatedly. Reardon and colleagues (2009) compared district data on student achievement and graduation rates before and after the implementation of the California High School Exit Exam (CAHSEE). They found that the CAHSEE decreases the probability of graduation by 15% for 10th graders in the bottom quartile of achievement. The negative impact is larger on the graduation rate of minority low-achieving students, English language learners, and students eligible for free or reduced-price lunch. We summarize a few recent studies as additional resources for readers.

Warren and colleagues (2008) examined the effect of high school exit exams on labor force status or earnings. They found that the rate of postsecondary schooling was not significantly higher in states that required exit exams than in those that did not. Neither was there a significant difference in employment status and wage between high school graduates in states mandating exit exams and those in states that did not. The authors use data from the 1980-2000 U.S. census and the 1984-2002 outgoing rotation groups of the current population survey.

Ou (2009) analyzed data from the New Jersey High School Proficiency Assessment (HSPA) exam to look at the impact of the state's exit exams on student dropout rates. He found that students who barely fail the exam are more likely to drop out than students who barely pass it, indicating that passage or failure on the exam may sway students with comparable achievement levels toward or away from staying in school. The effect is more pronounced for racial minorities and economically disadvantaged students.

Jacob and Dee (2009) examined the impact of exit exams through analysis of two data sets. Using the 2000 Census Public Use Microdata Sample (2000 PUMS), they found that the presence of exit exams reduced the probability of completing high school among white male students and black students. Their analysis of Common Core of Data (CCD) showed that Minnesota's exit exams reduced the dropout rate in grade 10 and 11 but increased the rate in grade 12, particularly in districts with higher proportions of minority students.

Reardon and colleagues (2009) compared ELA test scores, persistence through 11th and 12th grade, and graduation rates of students who were not subject to exit exams with those of students who were in four large California districts (subject to the CAHSEE). They found that exit exams had modest negative effects or no effects at all on student persistence and achievement, but significant negative effects on graduation rates, particularly for minority students whose scores were in the bottom quartile.

Appendix B: Methods of Study

Multiple sources provide information on the 26 states' exit exams, including CEP's high school exit exam survey in 2009, CEP's annual and special reports on high school exit exams in the past seven years, policy documents from state departments of education, and reports from the U.S. Department of Education.

State profiles in CEP's 2002 report provide baseline information, and policy changes since then have been tabulated by state and year. The 2009 survey was administered from February 2009 to June of 2009 to state officials in the 26 states that mandate high school exit exams. The survey collected information on the features of high school exit exams and alternate pathways policies. All 26 states responded to the survey.

Based on data collected in these profiles, we group policy changes into five areas for analysis: historical policy background, test characteristics, student options, state support, and accountability. Themes of policy changes are identified through inductive coding, where we summarize changes across states and years in each of the five areas and then link these changes to see if common policy trends can be identified. We verify background and update policy status in our survey with designated state contacts, and follow news on high school exit exams—i.e. for this report generally from October 1, 2008 to July 15, 2009.

Selection of Interview States

In addition to the state surveys, CEP staff interviewed state officials in Maryland, New Jersey, and Washington State to examine in greater detail the design and implementation of alternate pathway policy in these states.[34] These three states were selected based on their designs of alternate pathways to graduation, the recent public debate about their high school assessment policy, and the volatility of state policy pertaining to high school exit exams.

Maryland

Beginning in 2009, Maryland requires all students to meet designated cutoff points on state High School Assessments (HSA) to graduate. To earn a high school diploma, students must pass all four grade-level tests in government, biology, English, and Algebra I and earn a combined score of 1602. In the meantime, the state department of education designed and offered an alternate pathway to graduation called the Bridge Plan to Academic Validation.

The Design of Alternate Pathways

The Bridge Plan is an alternative program through which students can earn their diploma if they failed one or more of the HSAs needed to graduate. The program was piloted in summer 2008 and requires students to complete one or more project modules in failed content areas. Students qualify for the Bridge Plan if they:

1. Have passed the HSA related course
2. Have taken the specific HSA or mod-HSA test twice without passing or earning a combined HSA score of 1602
3. Are firmly on the path to completing all other local and state graduation requirements (including attendance), and
4. Have participated in approved assistance

[34] See Appendix C for interview protocols.

After the local school system determines that a student will complete a project, a designated school staff member meets with the student and parent/guardian to design an Academic Validation Project Package. The number of projects required varies from one to seven and is determined based upon the size of the gap between a student's HSA score and the cut score needed to attain proficiency. All projects are linked to the Core Learning Goals and are supposed to be comparable to the HSA. Upon completion, a review panel established by the local school system reviews the project and provides recommendations to the local superintendent, who conducts a final review for approval or refusal of the student's work. If a student's package is refused, written feedback is provided to the student so revised work can be resubmitted at a later date.

Students with disabilities may meet graduation requirements by taking the Modified HSAs (Mod-HSAs), alternative assessments based on the same course content as HSA. They are also eligible to participate in the Bridge Plan, should they fail to meet the standards set for the Mod-HSA.

In December 2008, the Maryland State Board of Education set forth a limited waiver process for seniors who failed to meet the state's new graduation requirements. The waiver is designed for students "who were prevented from fulfilling the HSA requirement because of school system decisions regarding class scheduling, course sequencing, testing, process of interventions, or some other special circumstances."

The school principal may recommend the waiver or the family may request it. Local school systems' superintendents have the authority to either grant or deny the waiver, and the denials may be appealed to the state superintendent.

Maryland refers to a "Parallel Path," meaning that a student may be pursuing more than one pathway at any given time. For example, he or she may be attempting to pass the HSA exam (or Mod-HSA) and completing a Bridge Plan at the same time.

Recent Public Debate

Maryland is the most recent state to impose exit exams as graduation requirements; most of the debate has centered on whether or not there should be such a requirement. Many critics of the exam allege that having a high school exit exam encourages dropouts, a phenomenon that is ultimately detrimental to all involved.

The Bridge Plan is offered to reduce the possibility of misjudgment based solely on HSA requirements. The critics of the plan reflect public concerns over holding all students to the same standards; other critics voiced concern that the requirements of the Bridge Plan seemed unclear.

The Volatility of Policy

Maryland started administering HSAs in 2001. Many parents and students were not convinced that Maryland would enforce the HSA graduation requirement. As the school year progressed and people began to realize that the state was not going to back off the policy, they became concerned. In October 2008, the Maryland Board of Education reviewed the policy to require HSA for graduation and upheld its decision.

At the start of the 2008-09 school year, 50% of students with disabilities and 15% of English language learners had passed all four sections of the HSA exam. At the end of May 2009, fewer than 1,500 seniors had not met the HSA requirement.

New Jersey

New Jersey's High School Proficiency Assessment (HSPA) is a comprehensive standards-based test in language arts, mathematics, and science. The class of 2003 was the first required to pass the HSPA to earn a diploma. In 2009, the board of education voted to phase out the HSPA over time in favor of end-of-course assessments.

The Design of Alternate Pathways

Before Maryland passed the Bridge Plan in the 2008 legislature, New Jersey was the only state that allowed an alternate pathway to be administered and scored at the local level. SRA consists of two components, remedial course work and performance assessment tasks (PATs). Currently, teachers score these tests and districts audit the scoring. The test is untimed and is composed of open-ended questions (tasks). If students fail one task, they are given a chance to review and attempt another question. The SRA will be replaced with the Alternate High School Assessment.

Based on their individualized education program, some students with disabilities are exempt from passing—but not from taking—the HSPA. Students designated with "IEP-exempt from passing" will not be affected by their scores for graduation purposes.

Recent Public Debate

In 2007, 14.7% of graduates obtained a diploma through the SRA path. In some districts, more than three-quarters of students took advantage of SRA. The scoring at the local level caused some concern because there was little or no standardization of scoring and it could be highly subjective. The SRA was branded by critics as a loophole to graduation and as a false inflator of the state's high graduation rates. Businesses and higher education groups argued that SRA had devalued the high school diploma as an indicator of readiness for employment or college.

In 2008, the state department of education started requiring that districts in which 10% or more of the graduates need the SRA to attain their diploma submit a report analyzing their SRA student population and describing their plans to reduce their dependence on the SRA. A contracted vendor will distribute performance tasks directly to high schools and organize the process of scoring. These changes will become effective in 2009-10.

The Volatility of Policy

In order to address the massive criticisms of SRA, the board of education voted in 2006 to completely abolish the alternate pathway. In 2009, the board renamed the alternate pathway the Alternative High School Assessment (available in the 2009-10 school year), and amended the assessment in several ways. The timing of the test administration was shortened from over several months to only a few weeks. Also, districts in which 10% or more of high school students are using an alternate assessment to fulfill graduation requirements will be required to submit a plan that will increase the number of students using the HSPA to demonstrate academic achievement. Since New Jersey will be moving toward an end-of-course assessment program, this will also change the alternate pathway that is available to students. The state has yet to release details about this new plan.

Washington

The Washington Assessment of Student Learning (WASL) was first administered in 2003 and diplomas were first withheld in 2008. Students need to pass reading and writing tests and take the mathematics exam to meet graduation requirements.

The Design of Alternate Pathways

By 2008, the state legislature had approved four alternate methods to graduate from high school with a diploma noted as a Certificate of Academic Achievement (CAA):

1. **Collection of Evidence:** Assembling a collection of classroom-based evidence that includes specified work samples demonstrating that they meet grade-level academic standards;
2. **WASL/Grades Comparison:** Comparing a student's grades in certain classes with the grades of other students who took the same classes and met the standard (available only for 12th-grade students);
3. **College admission tests:** Meeting a specific cut score on SAT or ACT tests; or
4. **Advanced Placement (AP):** Scoring a 3 or higher on select AP exams.

For students with disabilities, the state developed several alternate options for graduation:

1. **WASL-Basic:** Students take the high school WASL (with or without accommodations) and IEP teams adjust passing criteria to Level 2 (basic proficiency);
2. **Washington Alternate Assessment System (WAAS) portfolio:** Students unable to take paper-and-pencil tests show their skills and knowledge through a collection of their work;
3. **Developmentally Appropriate WASL (DAW):** Students in grades 11 and 12 only take the WASL (with or without accommodations) at the grade level that best matches their abilities.
4. **Locally Determined Assessments:** 12th grade students who need modified achievement standards can pursue this option.

Recent Public Debate

The WASL has been a high-priority item after the election of a new state superintendent, Randy Dorn. The superintendent announced in January 2009 that WASL would be replaced in the spring of 2010 with tests that are shorter, have more rapidly reported scores, and contain data that will be more useful to teachers and parents. Little has been said about the future of the state's alternate pathway policy.

The Volatility of Policy

The previous superintendent of education, Terry Bergeson, implemented the WASL after much public debate. Bergeson's support of the WASL was the key issue in the 2008 election. The WASL went through many transformations and revisions before it arrived in its final state.

In 2009, Dorn began plans to change the WASL. Within a month of taking office he held a press conference to announce the changes discussed above. The superintendent has proposed several changes to the state assessment system. In spring 2010, the WASL may be replaced with the High School Proficiency Exams (HSPE). These new computerized exams may become mandatory in 2011. In addition to the sweeping changes that Dorn proposed, he also requested that the math and science graduation requirements for 2013 be removed until adequate standards and assessments are designed.

Appendix C: Interview Protocols

Alternate Paths

1. What is your role with the state department of education? (Previous positions, how long at the state department of education, etc.)

2. Please tell me briefly about the history of the state's alternate paths to graduation. How were alternate paths created? For example, through committees, seeking advice from other states, etc.

3. What is the rationale/premise for the design of these alternate paths? For example, to serve a target population (general students, students with disabilities, ELLs, etc.), to collect information to accommodate exit exam results, etc.

4. What strategies has the state adopted to ensure the proper use of these alternate paths? (Equivalence to regular exit exams, implementation oversight, technical training, and consideration of special student groups, etc.)

5. What are some of the challenges the state faces in implementing alternate paths? What has worked well, and what could be improved? In other words, what are the lessons/policy changes that other states could benefit from knowing? What do you think the state should be doing differently?

Impact of Policy Change

1. What are the rationales for policy changes in the past?

2. How have these changes impacted:
   - Organizational structure
   - Partnerships
   - Capacity (staff, finance, technical support)

3. What are some of the challenges the state is facing to implement exit exams?

4. Does the new graduation rate formula have any impact on high school exit exam policy? For example, data collection and reporting, etc. What changes does the state have to make to use the new graduation formula?

5. How do you envision the future development of exit exams in your state?

Center on Education Policy
1001 Connecticut Avenue, NW, Suite 522
Washington, D.C. 20036

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w: www.cep-dc.org

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 2/17/09

FURTHER: Community and Regional Affairs
Finance

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

DATE TURNED IN TO OFFICE: _____

Education Committee considered SENATE BILL NO. 109

SB 109 REPEAL SECONDARY SCHOOL EXIT EXAM

"An Act repealing the secondary student competency examination and related requirements; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
EED	1/26	✓			

PREVIOUS FISCAL NOTE(S):

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			✓	
	Meyer	✓			
	Davis	✓			
CHAIR:	Thomas	✓			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB109**
() Publish Date:

Identifier (file name): SB109-EED-TLS-1-26-10
Dept Affected: Education & Early Development
Title: "An Act repealing the secondary student competency examination and related requirements; and providing for an effective date."
RDU: Teaching & Learning Support
Component: School & Student Achievement
Sponsor: Sen. Bettye Davis
Requester: Senate Education
Component Number: 2796

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual		0.0	(1,338.5)	(1,518.2)	(1,574.3)	(1,602.8)	(508.0)
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**(1,338.5)**	**(1,518.2)**	**(1,574.3)**	**(1,602.8)**	**(508.0)**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		0.0	(1,338.5)	(1,518.2)	(1,574.3)	(1,602.8)	(508.0)
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**(1,338.5)**	**(1,518.2)**	**(1,574.3)**	**(1,602.8)**	**(508.0)**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

This bill would repeal those statutes and language related to secondary students taking the competency examination which was required in order to graduate from high school. [AS 14.03.075 & AS 14.07.165(5)] This would take effect beginning July 1, 2011.

The EED entered into a contract in FY'09 with the test contractor and has 7, one year renewal options which expires on 12/31/15. FY16 savings are only for the Fall test and the retake -- does not include the Spring test and retake.

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division: School Finance — Date/Time 1/26/10 12:00 AM
Approved by: Larry LeDoux, Commissioner — Date 1/26/2010

(Revised 10/13/2009 OMB)

SB 134

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 3/2/09

FURTHER: (Finance)

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

DATE TURNED IN TO OFFICE: 3/25/09

Education Committee considered SENATE BILL NO. 134

SB 134 PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS

"An Act adopting and relating to the Uniform Prudent Management of Institutional Funds Act; relating to the investment of money for charitable purposes by institutions, including governmental institutions; and relating to the University of Alaska."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [X] **CS** SB 134 (EDC)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[X] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
(LAW)	3/19/09			✓	

PREVIOUS FISCAL NOTE(S):

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			✓	
	STEDMAN			X	
	HUGGINS			X	
CHAIR:	DAVIS	X			

ALASKA STATE LEGISLATURE

Senator Joe Paskvan

Chair, Labor and Commerce
Vice Chair, Health and Social Services
Member, Transportation
Member, State Affairs
Member, Joint Armed Services

Senate District E
Fairbanks and Fort Wainwright

State Capitol Building, Room 7
Juneau, Alaska 99801-1182

Phone (907) 465-3709
Fax (907) 465-4714
sen.joe.paskvan@legis.state.ak.us
http://paskvan.aksenate.org/

To: Senator Bettye Davis, Vice Chair
Senate Education Committee

From: Senator Joe Paskvan

CC: Dana Owen, Senate Education Committee Aide

Date: March 9, 2009

Re: Request for Hearing for SB 134 – Prudent Management of Institutional Funds

---

I respectfully request Senate Bill 134 be scheduled for a hearing before the Senate Education Committee at your earliest convenience.

Development of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was driven by the inadequacy of current laws and guidance to allow effective administration of funds during the market downturn of 2001 and 2002. SB 134 would allow the State of Alaska to adopt UPMIFA standards, bringing to Alaska and its nonprofit community updated guidelines, requirements and standards for the administration of charitable funds and endowments that are consistent with national standards and essential in this time of economic crisis.

Included in this packet:
- Sponsor Statement
- SB 134 – 26-LS0487\R
- Sectional Analysis
- Supporting Documents
- List of Witnesses, Teleconference Sites

If you have any questions or comments, please contact Jeff Stepp (465-4747).

Thank you for your consideration.

ALASKA STATE LEGISLATURE

Senator Joe Paskvan

Chair, Labor and Commerce
Vice Chair, Health and Social Services
Member, Transportation
Member, State Affairs
Member, Joint Armed Services

Senate District E
Fairbanks and Fort Wainwright

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Sponsor Statement

Senate Bill 134: Prudent Management of Institutional Funds

Development of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was driven by the inadequacy of current laws and guidance to allow effective administration of funds during the market downturn of 2001 and 2002. Senate Bill 134 would allow the State of Alaska to adopt UPMIFA standards.

UPMIFA replaces obscure and obsolete rules and concepts with current industry best practices for the investment and management of endowments and charitable funds. It provides clear guidance on prudent practices and applicable standards for nonprofit administrators of endowments and charitable funds. Many of these administrators and trustees are volunteers and public spirited citizens who have much to offer, but little or no training in finance and fiduciary practices.

UPMIFA has already been adopted by 26 states and the District of Columbia during the last two years and is rapidly spreading across the country. It is expected to be adopted by the majority of the remaining states during 2009.

UPMIFA allows administrators to better determine what is expected of them and their institutions, and to determine which actions are prudent and which are not. The bill provides significant latitude for administrators in decision making so that funds can be effective administered during widely varying conditions, but it identifies the factors to be considered in making prudent decisions regarding charitable funds held for the benefit of others. The bill also clarifies the order of precedence relative to other statutes and the application of the Act as it applies to the Board of Regents.

Senate Bill 134 would bring to Alaska and its nonprofit community updated guidelines, requirements and standards for the administration of charitable funds and endowments that are consistent with national standards and essential in this time of economic crisis.

It is important to note that UPMIFA is default legislation and applies only in the absence of other more specific requirements in law or governing instruments.

I urge your support of this legislation.

AMENDMENT

OFFERED IN THE SENATE BY SENATOR

TO: SB 134 26-LS0487\R

Page 8, Line 21: Delete [ENDOWMENT] and insert **institutional:**

APPLICABILITY: AS 13.70, enacted by sec. 1 of this ACT, applies to an **institutional** [ENDOWMENT] fund held by an institution on or after the effective date of this Act and to decisions made or action taken by the institution relating to the institutional fund on or after the effective date of this Act.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB134
() Publish Date:

Identifier (file name): SB134-LAW-CIV-3-19-09
Dept. Affected: LAW
Title: An Act relating to the Uniform Prudent Management of Institutional Funds Act
RDU: Civil
Component: Commercial & Fair Business
Sponsor: SENATOR(S) PASKVAN
Requester: Education
Component Number: 2717

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

This act revises the Uniform Management of Institutional Funds Act of 1972, bringing the law governing charitable institutions in line with modern investment and expenditure practice. Enactment of the bill is not anticipated to fiscally impact the Department of Law.

Prepared by: Robert Meiners, Deputy Director — Phone 907-465-5427
Division: Administrative Services Division — Date/Time 3/19/09 2:15 PM
Approved by: Richard Svobodny, Acting Attorney General — Date 3/19/2009
Department of Law

(Revised 9/10/2008 OMB)

Sectional Explanation of the UPMIFA Legislation March 9, 2009

General:

In July, 2006 the National Commission on Uniform State Law approved the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Commission also approved a recommendation that UPMIFA be enacted by all states.

As of August 1, 2008, UPMIFA has been enacted by 26 states plus the District of Columbia and introduced or expected to be introduced in all but three of the remaining states. The Act provides guidance and authority for charitable organizations, regarding the management and investment of funds held by those organizations. The Act is default legislation, which applies only in the absence of provisions that are more explicit or contrary in law or the governing instruments. It permits charitable organization to use current investment techniques and strategies such as "total return" and to determine endowment fund distributions based on spending rates rather than outdated determinations of principal and income. The Act also provides current articulations of the prudence standard for the administration and investment of charitable funds and endowments.

The Uniform Prudent Investor Act, which was approved by the Commission in 1994 and adopted by the Alaska Legislature in 1998, served as a model for many of the provision of this Act. UPMIFA applies the same basic prudent investor rules and duties to non-profit corporations and associations. It imposes additional duties on the management and investment of charitable funds, which are intended to help assure compliance with the donor's intentions, assist in the implementation of prudent practices applicable to the investment and management of charitable funds, and to protect the charities themselves from the adverse consequences associated with failing to properly manage charitable funds held for the benefit of others when the requirements are not clear. It also clarifies and modernizes the rules governing expenditures from endowments by providing stricter guidelines on spending and allowing more flexibility for charities to cope with the inherent volatility of today's investment markets.

UPMIFA provides more efficient and less costly procedures for modification and/or release of restrictions on certain donated funds when the restrictions are unlawful, wasteful, impracticable, or impossible to achieve.

UPMIFA applies generally to all institutions organized and operated exclusively for charitable purposes. This includes non-profit corporations and associations; governmental subdivisions, agencies, and instrumentalities; trusts if a charity acts as trustee; any other forms of organization so organized and operated.

Section 1.

AS 13.70.010 - identifies the standards that apply to managing or investing an institutional fund, including the standard of prudence and the obligation to follow donor intent; the duty of loyalty as may be provided by other applicable statutes; the duty of care; the duty to minimize costs, the duty to investigate, the need to determine the disposition of property timely; the need for individuals to utilize the personal skills or expertise that they possess; and a host of investment issues that must be considered such as diversification, reasonableness of expenses, verification of facts, pooling of investments, economic conditions, total return, program needs, and authorized investments. The provisions of the legislation are default standards; if another standard in law or the governing instruments apply to a fund standards in this section will be of no effect.

AS 13.70.020 - modernizes the rules governing expenditures from endowments. The traditional trust principles limited expenditures from endowments to current realized income (interest, dividends and rents) and precluded the expenditure of capital appreciation, both realized and unrealized. This principle is not conducive to the use of many current investment vehicles and investment strategies, which emphasize total return and diversification and are now considered best practices. Most states abandoned traditional trust principles in the 1970s for the "historic dollar or gift value" principle, which limited distributions to income and capital appreciation in excess of the original amount of donations or contributions to the applicable fund. The historic gift value concept is replaced by a carefully worded prudence standard and a number of specific issues that must be considered in making appropriations for expenditure under UPMIFA.

AS 13.70.030 – provides rules for delegation of investment and management functions to external agents, which are similar to those of the Uniform Prudent Investment Act previously noted as adopted by Alaska in 1998. This section of the Act is actually another default provision. If the governing instruments or other statues applicable to the fund contain more explicit or contrary provision this section, the governing instruments or other statues would prevail.

AS 13.70.040 – provides that a restriction on a gift or fund may be released or modified provided the donor approves the release or modification and the funds are utilized for a charitable purposes of the institution. It also provides certain circumstances under which an institution may petition the courts to modify or release a donor restriction, if the Attorney General is notified and given an opportunity to comment on the proposal. This section also provides that the institution may release or modify a restriction if the institution determines that the restriction is unlawful, impracticable, impossible to achieve, or wasteful; the value of the fund is less than $50,000; the fund has been in existence for more than 20 years; the Attorney General is notified and given an opportunity to comment on the proposal; and the institution utilizes the funds in a manner consistent with the charitable purpose of the fund or gift.

AS 13.70.050 – provides that compliance with this ACT is determined in light of the facts and circumstances existing at the time a decision is made or action is taken, and not in the light of hindsight.

AS 13.70.060 – authorizes electronic signatures.

AS 13/70.070 – clarifies the default nature of the Act.

AS 13.70.080 – provides for uniformity of application and construction among the states.

AS 13.70.090 – provides definitions for terms which are critical to implementation of the statutory provisions of the Act, such as Charitable Purpose, Endowment Fund, Gift Instrument, Institution, etc.

AS 13.70.095 - provides a short title for the Act.

Section 2.

AS 14.40.280 - provides for the application of UPMIFA to the Board of Regents for administration of gifts and endowments received under AS 14.40.280, which is substantially more relevant to management of gifts and endowments than the current reference to the Alaska Retirement Management Board (ARMB) statute, much of which is applicable to pension administration rather than management of gifts and endowments. UPMIFA is structured to address the issues associated with the administration of gifts and endowments and is fully applicable to the Board of Regents responsibilities in this arena. The bill also emphasizes the need for the Board of Regents to comply with AS 37.10.071, which addresses the fiduciary duties and responsibilities for these funds. The current reference to the ARMB statute, AS 37.10.220, resulted from its rote substitution for the original reference to AS 14.25.180 regarding the duties of the Alaska State Pension Board, which was repealed in connection with passage of the TRS/PERS Pension Reform Bill of 2005. It included a description of a few the pension board's fiduciary duties, while AS 37.10.220 includes a host of provisions, many requirements that are applicable to pensions, but not to endowments.

Section 3.

AS 14.40.400 - provides for the application of UPMIFA to the Board of Regents for administration of the Endowment Trust Fund under AS 14.40.400, which is substantially more relevant to management of the Endowment Trust Fund than the current reference to the Alaska Retirement Management Board statute, much of which is not applicable to management of endowment funds. The explanation for Section 2 of this bill is equally applicable to Section 3 as well.

Section 4.

Sec. 4 provides that the Act applies to all endowment funds held on or after the effective date and to decisions made or actions taken by an institution relating to an endowment on or after the effective date.

26-LS0487\S
Bannister
3/23/09

DANA

CS FOR SENATE BILL NO. 134(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE EDUCATION COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR PASKVAN

A BILL

FOR AN ACT ENTITLED

"An Act adopting and relating to the Uniform Prudent Management of Institutional Funds Act; relating to the investment of money for charitable purposes by institutions, including governmental institutions; and relating to the University of Alaska."

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

*** Section 1.** AS 13 is amended by adding a new chapter to read:

Chapter 70. Uniform Prudent Management of Institutional Funds.

Sec. 13.70.010. Standard of conduct in managing and investing institutional funds. (a) Subject to the intent of a donor expressed in a gift instrument, an institution, in managing and investing an institutional fund, shall consider the charitable purposes of the institution and the purposes of the institutional fund.

(b) In addition to complying with the duty of loyalty imposed by law other than this chapter, each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

(c) In managing and investing an institutional fund, an institution

(1) may incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the institution, and the skills available to the institution; and

(2) shall make a reasonable effort to verify facts relevant to the management and investment of the fund.

(d) An institution may pool two or more institutional funds for purposes of management and investment.

(e) Except as otherwise provided by a gift instrument, the following rules apply:

(1) in managing and investing an institutional fund, the following factors, if relevant, must be considered:

(A) general economic conditions;

(B) the possible effect of inflation or deflation;

(C) the expected tax consequences, if any, of investment decisions or strategies;

(D) the role that each investment or course of action plays within the overall investment portfolio of the fund;

(E) the expected total return from income and the appreciation of investments;

(F) other resources of the institution;

(G) the needs of the institution and the fund to make distributions and to preserve capital; and

(H) an asset's special relationship or special value, if any, to the charitable purposes of the institution;

(2) management and investment decisions about an individual asset may not be made in isolation but rather in the context of the institutional fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution;

(3) except as otherwise provided by law other than this chapter, an institution may invest in any kind of property or type of investment consistent with the

standards of this section;

(4) an institution shall diversify the investments of an institutional fund unless the institution reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversification;

(5) within a reasonable time after receiving property, an institution shall make and implement decisions concerning the retention or disposition of the property or to rebalance a portfolio in order to bring the institutional fund into compliance with the purposes, terms, distribution requirements, and other circumstances of the institution and the requirements of this chapter;

(6) a person who has special skills or expertise, or is selected in reliance on the person's representation that the person has special skills or expertise, has a duty to use those special skills or that expertise in managing and investing institutional funds.

Sec. 13.70.020. Appropriation for expenditure or accumulation of endowment fund; rules of construction. (a) Subject to the intent of a donor expressed in a gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in a gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution. In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

(1) the duration and preservation of the endowment fund;

(2) the purposes of the institution and the endowment fund;

(3) general economic conditions;

(4) the possible effect of inflation or deflation;

(5) the expected total return from income and the appreciation of investments;

(6) other resources of the institution; and

(7) the investment policy of the institution.

(b) To limit the authority to appropriate for expenditure or accumulate under (a) of this section, a gift instrument must specifically state the limitation.

(c) Terms in a gift instrument designating a gift as an endowment, a direction or authorization in the gift instrument to use only "income," "interest," "dividends," or "rents, issues, or profits," or "to preserve the principal intact," or similar words

(1) create an endowment fund of permanent duration unless other language in the gift instrument limits the duration or purpose of the fund; and

(2) do not otherwise limit the authority to appropriate for expenditure or accumulate under (a) of this section.

Sec. 13.70.030. Delegation of management and investment functions. (a) Subject to a specific limitation set out in a gift instrument or in law other than this chapter, an institution may delegate to an external agent the management and investment of an institutional fund to the extent that an institution could prudently delegate under the circumstances. An institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in

(1) selecting an agent;

(2) establishing the scope and terms of the delegation, consistent with the purposes of the institution and the institutional fund; and

(3) periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the scope and terms of the delegation.

(b) In performing a delegated function, an agent owes a duty to the institution to exercise reasonable care to comply with the scope and terms of the delegation.

(c) An institution that complies with (a) of this section is not liable for the decisions or actions of an agent to whom the function was delegated.

(d) By accepting delegation of a management or investment function from an institution that is subject to the laws of this state, an agent submits to the jurisdiction of the courts of this state in all proceedings arising from or related to the delegation or the performance of the delegated function.

(e) An institution may delegate management and investment functions to its committees, officers, or employees as authorized by law other than this chapter.

Sec. 13.70.040. Release or modification of restrictions on management, investment, or purpose. (a) With the donor's consent in a record, an institution may release or modify, in whole or in part, a restriction contained in a gift instrument on the management, investment, or purpose of an institutional fund. A release or modification may not allow a fund to be used for a purpose other than a charitable purpose of the institution.

(b) If a restriction contained in a gift instrument on the management or investment of an institutional fund becomes impracticable or wasteful or impairs the management or investment of the fund, or if, because of circumstances not anticipated by the donor, a modification of a restriction will further the purposes of the fund, the court, on application of the institution, may modify the restriction. The institution shall notify the attorney general of the application, who must be given an opportunity to be heard. To the extent practicable, a modification shall be made in accordance with the donor's probable intention.

(c) If a particular charitable purpose or a restriction contained in a gift instrument on the use of an institutional fund becomes unlawful, impracticable, impossible to achieve, or wasteful, the court, on application of an institution, may modify the purpose of the fund or the restriction on the use of the fund in a manner consistent with the charitable purposes expressed in the gift instrument.

(d) If an institution determines that a restriction contained in a gift instrument on the management, investment, or purpose of an institutional fund is unlawful, impracticable, impossible to achieve, or wasteful, the institution, 90 days or more after notification of the attorney general, may release or modify the restriction, in whole or part, if

(1) the institutional fund subject to the restriction has a total value of less than $50,000;

(2) more than 20 years have elapsed since the fund was established; and

(3) the institution uses the property in a manner the institution reasonably determines to be consistent with the charitable purposes expressed in the gift instrument.

Sec. 13.70.050. Reviewing compliance. Compliance with this chapter is determined in light of the facts and circumstances existing at the time a decision is made or an action is taken.

Sec. 13.70.060. Relation to Electronic Signatures in Global and National Commerce Act. This chapter modifies, limits, and supersedes 15 U.S.C. 7001 - 7031 (Electronic Signatures in Global and National Commerce Act), but does not modify, limit, or supersede 15 U.S.C. 7001(a) or authorize electronic delivery of a notice described in 15 U.S.C. 7003(b).

Sec. 13.70.070. Application. If another provision of law or of a governing instrument of an institution applies to an institutional fund but conflicts with this chapter, the other provision governs.

Sec. 13.70.080. Uniformity of application and construction. In applying and construing this chapter, consideration shall be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

Sec. 13.70.090. Definitions. In this chapter,

(1) "charitable purpose" means the relief of poverty, the advancement of education or religion, the promotion of health, the promotion of a governmental purpose, or another purpose the achievement of which is beneficial to the community;

(2) "endowment fund" means an institutional fund, or part of an institutional fund, not wholly expendable by the institution on a current basis under the terms of a gift instrument; the term does not include assets of an institution designated by an institution as an endowment fund for its own use;

(3) "gift instrument" means a record, including an institutional solicitation, under which property is granted to, transferred to, or held by an institutional fund;

(4) "institution" means

(A) a person, other than an individual, organized and operated exclusively for charitable purposes;

(B) a government or governmental subdivision, agency, or instrumentality, to the extent that it holds funds exclusively for a charitable purpose; or

(C) a trust that had both charitable and noncharitable interests, after all noncharitable interests have terminated;

(5) "institutional fund" means a fund held by an institution exclusively for charitable purposes; the term does not include

(A) program-related assets;

(B) a fund held for an institution by a trustee who is not an institution; or

(C) a fund in which a beneficiary who is not an institution has an interest, other than an interest that could arise on a violation or failure of the purposes of the fund;

(6) "person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or another legal or commercial entity;

(7) "program-related asset" means an asset held by an institution primarily to accomplish a charitable purpose of the institution and not primarily for appreciation or the production of income;

(8) "record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

Sec. 13.70.095. Short title. This chapter may be cited as the Uniform Prudent Management of Institutional Funds Act.

*** Sec. 2.** AS 14.40.280(c) is amended to read:

(c) Except as provided by (b) of this section, the monetary gifts, bequests, or endowments that are made to the University of Alaska shall be managed and invested by the Board of Regents. In carrying out its management and investment responsibilities under this subsection, the Board of Regents has the same **powers** [POWER] and [OBLIGATIONS TO CARRY OUT] duties with respect to the **gifts, bequests, and** endowments of the University of Alaska as are provided **or** [TO AND] required [OF THE ALASKA RETIREMENT MANAGEMENT BOARD] under **AS 37.10.071 and AS 13.70 (Uniform Prudent Management of Institutional**

Funds Act). Notwithstanding any other provision of law, AS 37.10.071 governs the management and investment responsibilities established under this subsection if

(1) both AS 37.10.071 and AS 13.70 apply to the management and investment responsibilities established under this subsection; and

(2) AS 37.10.071 conflicts with AS 13.70 [AS 37.10.220].

*** Sec. 3.** AS 14.40.400(b) is amended to read:

(b) The Board of Regents is the fiduciary of the fund. The Board of Regents shall account for and invest the fund. In carrying out its investment responsibilities under this subsection, the Board of Regents has the same powers and duties with respect to the fund as are provided **or** [TO AND] required [OF THE ALASKA RETIREMENT MANAGEMENT BOARD] under **AS 37.10.071 and AS 13.70 (Uniform Prudent Management of Institutional Funds Act) Notwithstanding any other provision of law, AS 37.10.071 governs the investment responsibilities established under this subsection if**

(1) both AS 37.10.071 and AS 13.70 apply to the investment responsibilities established under this subsection; and

(2) AS 37.10.071 conflicts with AS 13.70 [AS 37.10.220].

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

APPLICABILITY. AS 13.70, enacted by sec. 1 of this Act, applies to an institutional fund held by an institution on or after the effective date of this Act and to decisions made or action taken by the institution relating to the institutional fund on or after the effective date of this Act. In this section, "institution" and "institutional fund" have the meanings given in AS 13.70.090, enacted by sec. 1 of this Act.

Why UPMIFA for Alaska ?

(The Uniform Prudent Management of Institutional Funds Act)

February 13, 2009

1. UPMIFA will bring Alaska's guidance and requirements for the administration of endowments and charitable funds up-to-date and consistent with national standards.

2. UPMIFA attempts to bring all of the various types of nonprofit organizations and governmental entities under the same requirements and standards for administration of endowments and charitable funds.

3. UPMIFA is "default legislation," which applies only in the absence of other more specific applicable requirements in law or governing instruments.

4. UPMIFA replaces obscure and obsolete rules and concepts for the investment and management of endowments and charitable funds with current industry best practice.

5. UPMIFA provides clear guidance on the standards of performance and prudent practices for the investment and management of endowments and charitable funds, which is consistent with the Uniform Prudent Investment Act adopted by Alaska in 1998.

6. UPMIFA defines specific factors to be considered in managing charitable funds, such as:
    a. the accumulation of earnings, the expenditure of endowment funds, and the obligation to provide for future beneficiaries;
    b. the investment of funds, including the obligation to manage to the overall objectives of the fund and portfolio, to consider the investment horizon, cost of management, diversification, rebalancing, verification of relevant facts, and the use of special skills or expertise that a fiduciary possess; and
    c. the prudent delegation of investment and management functions.

7. UPMIFA minimizes the exposure of nonprofits and volunteer trustees to disputes and legal challenges over issues related to obscure and outdated administrative rules and practices by clarifying the specific requirements and the applicable performance standards.

8. UPMIFA incorporates a less onerous and less expensive process for the modification or release of donor restrictions on gifts that may have become wasteful, impracticable, unlawful or impossible to achieve.

UPMIFA

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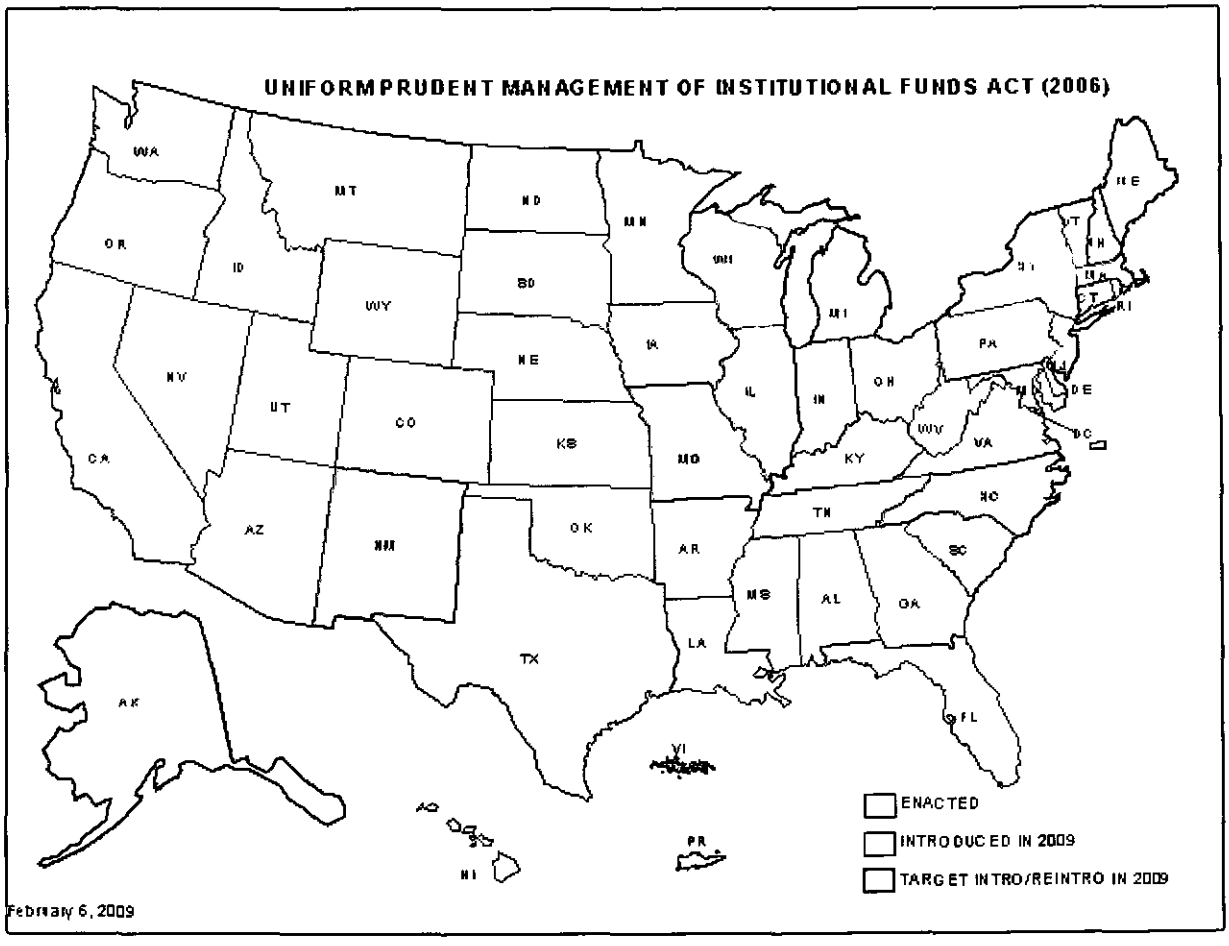
Enactment Status Map



2009 Introductions and Enactments

Arkansas: Introduced as SB 254 in 2009 - Senate Commerce
Hawaii: Introduced as HB 618/SB 121 in 2009 - House Finance
Maryland: Introduced as HB 200/SB 230 in 2009 - House Judiciary
Mississippi: Introduced as HB 419/SB 2335 in 2009 - House Judiciary
New Mexico: Introduced as HB 454 in 2009 - House Business
North Dakota: Introduced as HB 1074 in 2009 - Passed House
Ohio: Introduced as HB 522 in 2009 - ENACTED
Rhode Island: Introduced as HB 5244 in 2009 - House Corporations
Washington: Introduced as HB 1119 in 2009 - House Judiciary
Wyoming: Introduced as HB 118 in 2009 - Passed House

2008 Enactments

Alabama: Introduced as HB 8 in 2006-07 - ENACTED
Arizona: Introduced as SB 1228 in 2008 - ENACTED
California: Introduced as SB 1329 in 2008 - ENACTED
Colorado: Introduced as HB 1173 in 2007-08 - ENACTED
District of Columbia: Introduced as B17-145 in 2006-07 - ENACTED
Georgia: Introduced as HB 972 in 2007-08 - ENACTED
Iowa: Introduced as SF 2316 in 2008 - ENACTED
Kansas: Introduced as SB 433 in 2007-08 - ENACTED
Minnesota: Introduced as HF 1499/SF 1406 in 2006-07 - ENACTED
New Hampshire: Introduced as 1382 in 2007-08 - ENACTED
Ohio: Introduced as HB 522 in 2008 - ENACTED
South Carolina: Introduced as SB 1007 in 2007-08 - ENACTED
Virginia: Introduced as HB 951 in 2007-08 - ENACTED
West Virginia: Introduced as SB 144 in 2007-08 - ENACTED

2007 Enactments

Nebraska : Introduced as LB 136 in 2006-07 - ENACTED
Connecticut : Introduced as SB 1143 in 2006-07 - ENACTED
Idaho : Introduced as SB 1016 in 2006-07 - ENACTED
South Dakota : Introduced as SB 89 in 2006-07 - ENACTED
Indiana : Introduced as HB 1505 in 2006-07 - ENACTED
Oklahoma : Introduced as HB 1596 in 2006-07 - ENACTED
Texas : Introduced as HB 860 in 2006-07 - ENACTED
Utah : Introduced as SB 60 in 2006-07 - ENACTED
Montana : Introduced as SB 424 in 2006-07 - ENACTED
Nevada : Introduced as SB 70 in 2006-07 - ENACTED
Tennessee : Introduced as SB691 in 2006-07 - ENACTED
Oregon : Introduced as HB 2905 in 2006-07 - ENACTED
Delaware : Introduced as SB 139 in 2006-07 - ENACTED

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UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

drafted by the

NATIONAL CONFERENCE OF COMMISSIONERS
ON UNIFORM STATE LAWS

and by it

APPROVED AND RECOMMENDED FOR ENACTMENT
IN ALL THE STATES

at its

ANNUAL CONFERENCE
MEETING IN ITS ONE-HUNDRED-AND-FIFTEENTH YEAR
HILTON HEAD, SOUTH CAROLINA

July 7-14, 2006

WITH PREFATORY NOTE AND COMMENTS

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By
NATIONAL CONFERENCE OF COMMISSIONERS
ON UNIFORM STATE LAWS

November 8, 2007

ABOUT NCCUSL

The **National Conference of Commissioners on Uniform State Laws** (NCCUSL), now in its 115th year, provides states with non-partisan, well-conceived and well-drafted legislation that brings clarity and stability to critical areas of state statutory law.

Conference members must be lawyers, qualified to practice law. They are practicing lawyers, judges, legislators and legislative staff and law professors, who have been appointed by state governments as well as the District of Columbia, Puerto Rico and the U.S. Virgin Islands to research, draft and promote enactment of uniform state laws in areas of state law where uniformity is desirable and practical.

- NCCUSL strengthens the federal system by providing rules and procedures that are consistent from state to state but that also reflect the diverse experience of the states.
- NCCUSL statutes are representative of state experience, because the organization is made up of representatives from each state, appointed by state government.
- NCCUSL keeps state law up-to-date by addressing important and timely legal issues.
- NCCUSL's efforts reduce the need for individuals and businesses to deal with different laws as they move and do business in different states.
- NCCUSL's work facilitates economic development and provides a legal platform for foreign entities to deal with U.S. citizens and businesses.
- NCCUSL Commissioners donate thousands of hours of their time and legal and drafting expertise every year as a public service, and receive no salary or compensation for their work.
- NCCUSL's deliberative and uniquely open drafting process draws on the expertise of commissioners, but also utilizes input from legal experts, and advisors and observers representing the views of other legal organizations or interests that will be subject to the proposed laws.
- NCCUSL is a state-supported organization that represents true value for the states, providing services that most states could not otherwise afford or duplicate.

DRAFTING COMMITTEE ON UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

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ON UNIFORM STATE LAWS
211 E. Ontario Street, Suite 1300
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312/915-0195
www.nccusl.org

UPMIFA

uniform prudent management of institutional funds act

Uniform Law Commission

About Us

The National Conference of Commissioners on Uniform State Laws (NCCUSL), also known as the Uniform Law Commission, is now in its 116th year. The organization comprises more than 300 lawyers, judges and law professors, appointed by the states as well as the District of Columbia, Puerto Rico and the U.S. Virgin Islands, to draft proposals for uniform and model laws on subjects where uniformity is desirable and practicable, and work toward their enactment in legislatures. The Conference's website may be found at www.nccusl.org.

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WHY STATES SHOULD ADOPT THE ACT

This 2006 Uniform Prudent Management of Institutional Funds Act replaces and updates the 1972 Uniform Management of Institutional Funds Act. Its rules govern investment of the funds of charitable organizations and total return expenditure of those funds. It establishes a prudent management investment regime derived from the Uniform Prudent Investor Act (which applies only to trusts) and a prudent total return expenditure based upon performance of the portfolio held by a charitable institution. It also provides for delegation of authority for investment to outside agents and reformation of donor restrictions (cy pres) on funds when these are so outdated that the original objective can no longer be honored.

States should adopt the Uniform Prudent Management of Institutional Funds Act:

1. To make sure that the best investment practices govern the actual investment of institutional funds.

2. To withdraw obsolete rules governing prudent total return expenditure and provide a modern rule of prudence consistent with the rules that govern investment.

3. To eliminate differences in investment and expenditure rules that apply to different types of nonprofit organizations. The same rules govern all under UPMIFA.

4. To encourage growth of institutional funds while eliminating investment risks that threaten principal.

5. To assure that there are adequate assets in any institutional fund to meet program needs.

6. To make the law governing institutional funds uniform in every state.

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The UPMIFA Educational Partnership

The Uniform Law Commission promulgated the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in August of 2006 after four years of drafting and study. UPMIFA represents a substantial revision to the law of nonprofit endowment investment governance and serves to modernize the current statute – the Uniform Management of Institutional Funds Act (UMIFA) – which dates back to 1972. Support for UPMIFA is growing, and it has already been adopted in over a dozen states.

Three organizations with a strong commitment to nonprofit governance – The Association of Governing Boards of Universities and Colleges (AGB), Commonfund, and the National Association of College and University Business Officers (NACUBO) – have funded the preparation of educational materials to help inform the public about the new law, and have enabled the Uniform Law Commission to provide educational outreach opportunities for UPMIFA. The success of the UPMIFA Educational Partnership is in large measure attributable to the generosity of these grantors:

- **Association of Governing Boards of Universities and Colleges (AGB)**
  The AGB is the single national association that serves the interest of academic governing boards, boards of institutionally related foundations, and senior level campus officials. Through its research and advocacy services AGB strengthens partnerships and protects the country's unique form of governance. While serving over 34,000 individuals AGB advances citizen trusteeship and ensures the quality and achievements of our nation's colleges and universities.

- **Commonfund**
  Commonfund is the leading investment management firm for the nonprofit sector. Founded in 1971, Commonfund now manages over $42 billion in investments for more than 1,800 nonprofit clients. The Commonfund Institute, founded to house the firm's education and research activities, is dedicated to the advancement of investment knowledge and the promotion of best practices in financial management among nonprofit educational institutions, foundations, operating charities and healthcare organizations. The Institute's broad range of programs is designed to serve financial practitioners, fiduciaries and scholars.

- **National Association of College and University Business Officers (NACUBO)**
  Established in 1962, NACUBO now represents more than two-thirds of the colleges, universities, and higher education providers in the U.S. A combination of knowledge, professional development, and advocacy propels NACUBO to work toward excellence in higher education, business, and financial management.

Please contact the Uniform Law Commission at (312) 450-6600 for more information about the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and our educational outreach efforts, or visit the UPMIFA website at www.upmifa.org.

The Uniform Law Commission (also known as the National Conference of Commissioners on Uniform State Laws (NCCUSL)) has worked for the uniformity of state laws since 1892. It is a non-profit unincorporated association, comprising state commissions on uniform laws from each state, the District of Columbia, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands.

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Uniform Law Commission

History of UPMIFA and UMIFA

At its annual meeting in July 2006, the National Conference of Commissioners on Uniform State Laws (NCCUSL) approved the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and recommended it for enactment by the legislatures of the various states. UPMIFA is designed to replace the existing Uniform Management of Institutional Funds Act (UMIFA), which was approved by NCCUSL in 1972 and has since been enacted in 47 states. UMIFA was a pioneering statute, providing uniform and fundamental rules for the investment of funds held by charitable institutions and the expenditure of funds donated as "endowments" to those institutions. Those rules supported two general principles: 1) that assets would be invested prudently in diversified investments that sought growth as well as income, and 2) that appreciation of assets could prudently be spent for the purposes of any endowment fund held by a charitable institution. These two principles have been the twin lodestars of asset management for endowments since UMIFA became the law of the land in nearly all U.S. jurisdictions.

UPMIFA continues these fundamental principles as a needed upgrade of UMIFA. Both investment in assets and expenditure for charitable purposes have grown exponentially in the 35 years since UMIFA was drafted; asset management theory and practice have also advanced. UPMIFA, as an up-date and successor to UMIFA, establishes an even sounder and more unified basis for charitable fund management than UMIFA has done.

INVESTMENT

In 1972, UMIFA represented a revolutionary advance over prevailing practices which imposed upon endowments the limited investment opportunities available for managing trust assets – even endowments not organized as trusts. By stating the first prudent investor rule in statutory law, UMIFA allowed endowments to invest in any kind of assets, to pool endowment funds for investment purposes, and to delegate investment management to other persons (e.g., professional investment advisors), as long as the governing board of the charitable institution exercised ordinary business care and prudence in making these decisions. A range of factors guided the exercise of prudence.

UPMIFA incorporates the experience gained in the last 35 years under UMIFA by providing even stronger guidance for investment management and enumerating a more exact set of rules for investing in a prudent manner. It requires investment "in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances." It requires prudence in incurring investment costs, authorizing "only costs that are appropriate and reasonable." Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions must be made in relation to the overall resources of the institution and its charitable purposes. No investment decision may be made in isolation, but must be made in light of the fund's entire portfolio, and as a part of an investment strategy "having risk and return

objectives reasonably suited to the fund and to the institution." A charitable institution must diversify assets as an affirmative obligation unless "special circumstances" dictate otherwise. Assets must be reviewed within a reasonable time after they come into the possession of the institution in order to conform them to the investment strategy and objectives of the fund. Investment experts, whether in-house or hired for the purpose, are held to a standard of care consistent with that expertise.

UMIFA initiated the era of modern portfolio management for charitable institutions. UPMIFA provides the standards and guidelines that subsequent experience tells us are the most appropriate for the purpose. Charitable institutions will have more precise standards to guide them. Courts will have more precise standards with which to measure prudence in the event of a challenge. The result should be more money for programs supported by charitable funds, including endowments.

EXPENDITURE

UMIFA initiated the concept of total return expenditure of endowment assets for charitable program purposes, expressly permitting prudent expenditure of both appreciation and income and replacing the old trust law concept that only income (e.g., interest and dividends) could be spent. Thus, asset growth and income could be appropriated for program purposes, subject to the rule that a fund could not be spent below "historic dollar value."

UPMIFA builds upon UMIFA's rule on appreciation, but it eliminates the concept of "historic dollar value." UPMIFA, instead, provides better guidance on prudence and makes the need for a floor on spending unnecessary. UPMIFA states that the institution "may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established." Seven criteria guide the institution in its yearly expenditure decisions: "1) duration and preservation of the endowment fund; 2) the purposes of the institution and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the institution; and, 7) the investment policy of the institution." These standards mirror the standards that apply to investment decision-making, thus unifying both investment and expenditure decisions more concretely.

UPMIFA includes an optional provision that allows states to enact another kind of safeguard against excessive expenditure. If a state does not want to rely solely upon the rule of prudence provided in UPMIFA, the state may adopt a provision that creates a rebuttable presumption of imprudence if an institution expends an amount greater than seven percent of fair market value of a fund, calculated in an averaging formula over three years. While the seven percent rule is likely not to be necessary, it is available for those states that may be uncomfortable with the general standards.

RELEASE OR MODIFICATION OF RESTRICTIONS

UPMIFA recognizes and protects donor intent more broadly than UMIFA did, in part by providing a more comprehensive treatment of the modification of restrictions on charitable funds. Sometimes a restriction imposed by a donor becomes impracticable or wasteful or may impair the management of a fund. The donor may consent to release the restriction, if the donor is still alive and able to do so, but if the donor is not available the charity can ask

for court approval of a modification of the restriction. The trust law doctrines of cy pres (modifying a purpose restriction) and deviation (modifying a management restriction) probably already apply to charitable funds held by nonprofit corporations. UPMIFA makes this clear. Under UMIFA, the only option with respect to a restriction was release of the restriction. UPMIFA instead authorizes a modification that a court determines to be in accordance with the donor's probable intention. If the charity asks for court approval of a modification, the charity must notify the state's chief charitable regulator and the regulator may participate in the proceeding.

UPMIFA adds a new provision that allows a charity to modify a restriction on a small (less than $25,000) and old (over 20 years old) fund without going to court. If a restriction has become impracticable or wasteful, the charity may notify the state charitable regulator, wait 60 days, and then, unless the regulator objects, modify the restriction in a manner consistent with the charitable purposes expressed in any documents that were part of the original gift.

CONCLUSION

UPMIFA reflects and incorporates the 35 years of experience that has accumulated under the original UMIFA. Rather than changing institutional investment or expenditure practices, it brings them up to date and unifies them across a broad range of charitable funds. The better charitable institutions manage investments and prudently control expenditures, the more money they should have for program purposes.

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UMIFA Becomes UPMIFA [1]

By Susan Gary [2]

The Uniform Management of Institutional Funds Act (UMIFA) guides charities on the management and investment of funds, provides rules on spending from endowment funds, and permits the release of restrictions on the use and management of charitable funds. The Act has been adopted in 47 states and the District of Columbia. It has been successful, but portions of it are out-of-date, and the National Conference of Commissioners on Uniform State Laws (the Uniform Law Commission) at its annual meeting on July 13, 2006, approved a revised version: the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

In 1972, when the Uniform Law Commission promulgated UMIFA, a great deal of uncertainty existed about the standards that governed directors of charities operating as nonprofit corporations. Trust law provided guidance, but trust law at that time restricted investment decision making in a number of ways. Trustees analyzed risk on an asset-by-asset basis, rather than across the portfolio. Trust law did not permit delegation of investment authority, so involving investment advisors caused concern. Trust accounting rules defined income and principal in a way that affected both spending and investing. If a charity could spend only "income" under trust law rules, the trust law definition of income limited investment options. UMIFA created a new set of rules that made total-return investing possible for charities organized as nonprofit corporations.

In the period since 1972, trust law has caught up with UMIFA in many respects. The Uniform Prudent Investor Act (UPIA), a trust law statute now adopted in 44 states, provides modern guidance for the prudence standard fiduciaries should follow in making investment decisions. Although the comments to UPIA suggest that the standards articulated in that statute also apply to charities organized as nonprofit corporations, making the standard explicitly applicable to all charities makes sense. With this and other changes in mind, the Uniform Law Commission decided to update UMIFA.

Four years in the making, UPMIFA updates the prudence standard that applies to the management and investment of charitable funds. UPMIFA also modernizes the rules governing expenditures from endowment funds, both to provide better guidance on spending from

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endowment funds and to give institutions the ability to cope more easily with fluctuations in the value of the endowment. Finally, UPMIFA adopts provisions governing the release and modification of restrictions on charitable funds to permit more efficient management of these funds. UPMIFA applies, as did UMIFA, to charities organized as nonprofit corporations and to charities organized as trusts, but only to those trusts that have a charity as a trustee.

Prudent Investing

The standard for investing and managing charitable funds is one of prudence. Although the law applicable to private trusts and to business corporations may hold trustees and directors to different standards of care, the standard of care for those managing a charity should be the same for all charities, regardless of the organizational form.

UPMIFA's articulation of the prudence standard reflects the merging of the trust and corporate standards when applied to managers of charitable funds. The statute takes language from both the Revised Model Nonprofit Corporation Act (RMNCA) and UPIA. The RMNCA states that a manager must act "in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances." This language derives from the business standard, but "similar circumstances" refers to the fact that the funds are managed for charitable purposes and not business purposes. UPMIFA uses language from the RMNCA and then follows this general direction with specific factors that a manager should consider. These factors derive from UPIA and are consistent with good practice under current law.

The prudence standard in UPMIFA requires managers to meet their fiduciary duty of care, the duty to minimize costs, and the duty to investigate with respect to investment decision making. In addition, UPMIFA directs managers of charities to consider general economic conditions, to make decisions on a portfolio basis, to allocate risk and return across the portfolio, and to consider the needs of the charity both to make distributions and to preserve capital. A charity can pool funds for purposes of management and investment, and in some situations doing so can yield better investment results. Managers are reminded that donor intent controls, so a charity must follow any specific donor directions for investment and management of assets. Of course, this emphasis on donor intent does not mean that a donor should control the management of a charity.

Prudence is a standard that evolves over time, and UPMIFA is simply updating the statutory language to provide good direction about the role of prudence in investment and management. The guidance should be helpful to charities and comports with current best practices.

Endowment Spending

The big change UPMIFA brings comes in the rules on spending from endowment funds, defined as funds that cannot be wholly expended on a current basis. These rules apply to donor-restricted funds and not to board-restricted funds. Money set aside by a board of directors as an "endowment" is a board-restricted fund; money contributed by a donor with the intent that the money be held as an endowment is a donor-restricted fund. If a charity raises money for its

endowment, and donors contribute with the understanding that the charity will hold their contributions in the endowment, then these rules apply to that fund. Donor intent in this regard will depend on the applicable "gift instrument," the documents that define the terms of the gift. The gift instrument may be a letter from the donor accompanying the gift, a solicitation from the charity to which the donor responds, or a gift agreement entered into by the donor and the charity.

UMIFA's spending rule has been critically important to the successful functioning of the investment guidance the statute provides. Endowments are typically described as funds that maintain principal and distribute income. The difficulty lies in determining what constitutes principal and income. Before UMIFA arrived on the scene, charities organized as nonprofit corporations assumed that trust accounting rules applied to them. Those rules defined income to exclude capital gains. Thus, a direction to "spend only income" meant that a charity might skew its investment decisions to produce more trust accounting income, to the detriment of the long-term health of a fund.

Rather than trying to define income and principal, the drafters of UMIFA devised a spending rule that seemed a better fit for charities. UMIFA uses the term historic dollar value (HDV) to mean the value of contributions made to an endowment fund, without increases or decreases because of investment results, inflation, or anything else. Under UMIFA, a charity can spend from an endowment fund the amount of appreciation above HDV the charity deems prudent, after considering the charity's purposes, but can never spend below HDV. The prudence standard in UMIFA limits spending above HDV because a charity can spend only the amounts the directors determine to be prudent. The statute provides minimal guidance, however, and focuses on the needs of the charity rather than on the purpose of the particular fund. Fortunately, despite the limited statutory guidance, most charities have developed spending rules that comply with UMIFA and also limit spending in ways that preserve the purchasing power of the endowment funds they manage.

UPMIFA no longer uses the term "historic dollar value" and no longer restricts spending to amounts above HDV. Under UPMIFA, a charity can spend the amount the charity deems prudent after considering the donor's intent that the endowment fund continue permanently, the purposes of the fund (and not just of the charity as under UMIFA), and relevant economic factors. The intention of the change is not to permit unrestricted spending from an endowment fund. UPMIFA applies a more carefully articulated prudence standard than that used in UMIFA to guide the process of making decisions about spending. UPMIFA emphasizes the perpetuation of the purchasing power of the fund, not just of the original dollars contributed to the fund. Although the Act does not require that a specified amount be set aside as principal, the Act assumes that a charity will preserve "principal" by maintaining the purchasing power of amounts contributed and will spend "income" by making a distribution each year using a reasonable spending rate. UPMIFA encourages charities to establish a spending policy that will be responsive to short-term fluctuations in the value of the fund.

Any donor restrictions agreed to by a charity will control the management of an endowment fund. If a donor wants to create an endowment fund that can spend only 4% each year, and if the charity agrees to the restriction, the restriction will govern spending from the fund. If, however, the donor restricts the fund by indicating that the charity should "pay only income" or "hold the fund as an endowment," then a rule of construction in UPMIFA will treat the fund as an endowment fund subject to the UPMIFA rules on spending. The Act assumes that a donor who gives to an endowment fund wants the charity to use modern investment strategies to generate enough funds to distribute while maintaining the long-term viability of the fund. UPMIFA gives effect to the presumed intent of the donor.

UPMIFA will apply to charitable funds created both before and after enactment. Some people have expressed concern that the change in the endowment spending rules will affect donor intent. The rule of construction in UPMIFA gives meaning to a donor's direction to "pay only the income" from an endowment. A constructional rule resolves an ambiguity, in this case because the words used by a donor do not convey a specific meaning. Changing a statutory constructional rule does not change the underlying intent and, instead, changes the way an ambiguity is resolved. The change should better effectuate the intent of the donors. The committee that drafted UPMIFA concluded that the new rules provide better protection for donors and for charities. The committee also noted that unless UPMIFA applies retroactively, charities will face unwieldy and costly administrative burdens. Without retroactive application, a charity would have to maintain two sets of records for every endowment fund created before enactment that receives contributions after enactment.

Because of concerns expressed by some constituencies about the removal of HDV as a floor for spending, the committee agreed to draft two optional provisions for legislatures to consider. The Act should function well without these optional provisions, but some states may prefer to include one or both of them. The first optional provision appears in brackets in the text of the Act. The provision, section 4(d), creates a rebuttable presumption of imprudence for spending more than 7% of the value of an endowment fund in one year. The value of the fund is determined based on a three-year rolling average. Seven percent is a high number and is not intended as a safe harbor. The number was made high enough to allow some fluctuation in a year when a charity needs to spend more and to allow for some changes in economic conditions.

Those in favor of the presumption argue that the presumption provides a useful guideline for charities and for those who supervise charities. The presumption may also curb a charity's temptation to spend its endowment funds too quickly. Those opposed to including the presumption express concern that a charity may interpret the provision to mean that spending below 7% is presumed to be prudent, even though the statute provides otherwise. Other arguments against the presumption focus on the difficulty of identifying a percentage that can be appropriate for the range of charities and purposes covered by UPMIFA.

The second optional provision appears in the comments following section 4. This provision targets charities with limited initial investment and spending experience that could benefit from

additional scrutiny by the attorney general. This optional provision states that if a charity with endowment funds valued, in the aggregate, at less than $2 million, plans to authorize spending that will take the total value of all endowment funds held by the charity below total HDV for those funds, then the charity must notify the attorney general in that state before proceeding. The optional provision gives the attorney general 60 days to take action before the charity spends below HDV but does not require approval from the attorney general. If the attorney general's office gets notice of proposed spending, someone in the office can review the decision, talk with the charity, and provide advice on prudent spending before the charity spends the money.

Release or Modification of Restrictions

A charity can continue indefinitely. Over time, changing circumstances may necessitate changes in the way the charity carries out its purposes or changes in the purposes themselves. UPMIFA provides rules for modification that clarify the ways in which nonprofit corporations can change restrictions.

UPMIFA, like UMIFA, permits a donor to release a restriction the donor imposed on a charitable gift. The donor cannot direct the use of the property after the release, but a charity would likely work with the donor to decide on the appropriate changes.

Under UMIFA, if the charity could not obtain the donor's consent, perhaps because the donor was dead, the charity could ask a court to release a restriction. The problem with this approach is that the statute gives the court authority to release the restriction but appears to give the charity control over the use of the assets after the release, without the application of cy pres principles. Section 7(d) of UMIFA then cryptically notes that the release provision "does not limit the application of the doctrine of cy pres."

Rather than permitting release by a court, with no restrictions on future use, UPMIFA adopts the doctrines of cy pres and deviation from trust law, taking language from the Uniform Trust Code. Deviation, in UPMIFA 5 6(b), allows a charity to ask the court to release or modify a restriction that has become impracticable or wasteful or one that impairs the management or investment of the fund. The same section permits a request to modify a restriction if, because of circumstances not anticipated by the donor, the modification will further the purposes of the fund. Any change must be consistent with the donor's probable intention. Cy pres allows a charity to ask a court to approve a change because a restriction has become unlawful, impracticable, impossible to achieve, or wasteful. Under the application of cy pres, a change must be consistent with the charitable purposes expressed in the document that created the gift.

UPMIFA adds a new provision that should be of help to charities. Section 6(d) provides that if a fund is both old (20 years) and small ($25,000), then a charity can apply cy pres to the fund to change a restriction, after first giving notice to the attorney general but without obtaining court approval. The charity must wait 60 days before modifying the restriction, to give the attorney general time to take action if the attorney general finds a problem with the proposed modification. This provision addresses the problem that occurs when a restriction on a fund no

longer makes sense, but the fund is too small to justify the costs of a court proceeding to request deviation or cy pres.

In keeping with the approach taken under trust law for modification using cy pres or deviation, the Act does not require notification of donors. Of course, a charity's self-interest in maintaining good donor relations will encourage contacting any known donors about any need to release or modify a restriction. UPMIFA does not change the general rule that donors do not have standing to bring a court challenge to a charity's actions. UPMIFA maintains the attorney general's traditional role in protecting donor intent and the public's interest in charitable assets.

Enactment

Now that the Uniform Law Commission has approved UPMIFA, legislatures will begin considering enactment. A copy of UPMIFA, including comments that provide additional information, can be found at www.nccusl.org or obtained by contacting Susan Gary at sgary@law.uoregon.edu. Prof. Gary is happy to answer questions, hear comments, and help with legislative efforts in connection with UPMIFA.

UPMIFA

uniform prudent management of institutional funds act

HIGHLIGHTS

- **Investment freedom.** Portfolio managers are not limited in the kinds of assets that may be sought for the portfolio. (Broader than UMIFA)

- **Costs.** Costs must be managed prudently in relationship to the assets, the purposes of the institution and the skills available to the institution. (Not addressed in UMIFA)

- **Expenditure of funds.** Total return expenditure is expressly authorized under comprehensive prudent standards relating to the whole economic situation of the charitable institution. (UMIFA does not address this standard)

- **Historic dollar value abolished.** UPMIFA abolishes the historic dollar value limitation on expenditure in UMIFA.

- **Seven percent rule.** States may adopt an optional rule that presumes expenditure exceeding 7% of total return is imprudent.

- **Release of restrictions for small institutional funds.** UPMIFA provides new procedures for releasing restrictions on small institutional funds (less than $25,000) held for a long period of time (20 years), requiring only notice to the Attorney General 60 days in advance of the release. (Not addressed in UMIFA)

- **Application.** UPMIFA applies to funds held in any form, including nonprofit corporate form, except charitable trusts, with a commercial or individual trustee. (UMIFA applies only to endowments held by a charitable institution for its own account.)

Commonfund Commentary

Uniform Prudent Management Act proposes major changes in investment standards for nonprofits

Nonprofit investors are familiar with the Uniform Management of Institutional Funds Act (UMIFA), the landmark statute that, on its passage in 1972, established standards for the management, investment and expenditure of the endowment funds of nonprofit institutions. Now, the National Conference of Commissioners on Uniform State Laws (NCCUSL) has approved a comprehensively revised version of UMIFA, called the Uniform Prudent Management of Institutional Funds Act, or UPMIFA. This new law, if adopted by the various state and territorial legislatures, is anticipated to have widespread implications for nonprofit organizations, including:

- Elimination of the historic dollar value limitation on spending (the so-called "underwater funds" rule).
- Broadening the scope covered by the statute, which is intended to apply to trusts, governmental agencies, and any other type of entity dedicated to charitable purposes, as well as nonprofit organizations.
- Comprehensive incorporation of modern portfolio investment standards by providing for diversification of assets, pooling of assets, total return investment and whole portfolio management.
- An endorsement of the concept of intergenerational equity via an optional provision that allows states to find that an organization spending more than 7 percent of its endowment in one year is acting imprudently.

UPMIFA was approved by 300 state law commissioners on July 13, 2006 at NCCUSL's annual meeting. The act will now go to the American Bar Association for approval; after that, it will be introduced into the legislature of each jurisdiction. If signed into law, UPMIFA will replace UMIFA, which has been the standard in 48 states for the past three and one-half decades.

Over the last four years Commonfund personnel have followed the deliberations of the drafting committee, providing advice and input when asked. Now that a bill has been proposed, Commonfund intends to publish educational materials for those in the nonprofit community who seek a better understanding of its proposed provisions.

John S. Griswold, Jr., Executive Director of the Commonfund Institute, noted that "Commonfund and UMIFA were conceived from the same body of thought leadership. As such, UMIFA and Commonfund have been inextricably linked for over 30 years. Commonfund was founded in 1971 through a grant from the Ford Foundation. UMIFA was approved the very next year, partly as the result of a series of studies commissioned by the Ford Foundation that recognized nonprofit organizations were being hampered by outdated state laws that discouraged modern total return investing."

UMIFA broke new ground

Before the approval of UMIFA, there was no consistent body of law to guide nonprofit decision-making concerning investment authority and the use of appreciation for endowed funds. Overly conservative and restrictive trust and investment laws in the various states caused institutional funds to be invested largely in low yielding bonds and fixed income instruments that delivered reasonably safe and dependable income but whose market value was constantly eroded by inflation. With great success, UMIFA significantly broadened the list of permissible investments for nonprofits, allowed boards to delegate investment authority to outside managers within a general fiduciary standard of prudence, and enabled institutions to pursue total return investing. Now, UPMIFA fully incorporates the concepts of modern portfolio theory from the Uniform Prudent Investor Act and the Uniform Principal and Income Act, both of which have been widely adopted, for the more efficient management of nonprofits' endowed funds.

UPMIFA is the product of four years of drafting efforts and extensive coordination among donors, managers and nonprofit organizations. NCCUSL, a nonprofit association of lawyers, has been working for uniformity in state laws since 1892, filling the gap between national legislation enacted by Congress and individual state laws. NCCUSL is perhaps best known for its drafting of the Uniform Commercial Code, which exists in every U.S. jurisdiction and provides the uniform legal framework governing commerce.

While UPMIFA adds only one word to UMIFA's title, the underlying change in the law is major in both structure and significance. UMIFA had gone unchanged over its entire 34-year existence. If adopted, UPMIFA will likely reshape the landscape of nonprofit fund management and investment.

Four major areas of change

- As its name suggests, UPMIFA adopts the prudence standard for investment decision-making. The act directs those responsible for managing and investing the funds of an institution to act as a prudent investor would, using a portfolio approach in making investments and considering a variety of factors, including the purpose and risk and return objectives of the fund.

- Under UPMIFA, the rules governing expenditures from endowment funds have been modified to give a governing board more flexibility in making investment and expenditure decisions within the general standard of prudence, so that the board can cope with fluctuations in the value of the endowment. It does this primarily by providing investment freedom (portfolio managers are not limited in the kinds of assets that may be sought for the portfolio), and by providing updated rules on the expenditure of funds (total return expenditure is expressly authorized under comprehensive prudent standards relating to the whole economic situation of the nonprofit institution).

- In this regard, an important change in the new act is the elimination of the "historic dollar value" rule governing "underwater funds" (those funds whose value, owing to stock market contractions of the type brought on by the 2000 - 2002 bear market, is below the value of the gifts at the time they were given by donors). Under UMIFA, institutions were

not allowed to spend from a fund if its asset value was below its historic dollar value. UPMIFA replaces the use of historic dollar value with a more flexible spending rule, pursuant to which trustees may spend or accumulate as much of an endowment fund – including principal or income, realized or unrealized appreciation – as they deem prudent, taking into account the intended duration of the fund, the fund's purposes, economic conditions, expected inflation, investment returns, other resources of the institution and its investment policy.

- In an endorsement of the concept of intergenerational equity, the proposed text of UPMIFA includes an optional limitation available for those jurisdictions desiring to place limits on spending. This option is a "7 percent rule" that provides a rebuttable presumption that expenditures exceeding 7 percent of a fund's total return over a rolling three-year period are imprudent. Enactment of the 7 percent rule is left to the discretion of individual state legislatures. Spending more than 7 percent will not automatically mean an organization is in violation of UPMIFA, but its board may have to make the case to state regulators that their spending policy was, in fact, prudent under the circumstances.

UPMIFA applies to all types of nonprofit organizations – whether nonprofit corporations, trusts, unincorporated associations, governmental subdivisions or agencies, or any form of entity that is organized exclusively for charitable purposes. This reflects the fact that standards for investing and managing institutional funds are and should be the same regardless of the legal form of the organization.

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March 10, 2009

The Honorable Joe Paskvan
Alaska State Capitol
Juneau, Alaska 99801-1182

RE: Uniform Prudent Management of Institutional Funds Act (UPMIFA) Legislation

Dear Senator Paskvan:

On behalf of the University of Alaska Foundation, as chairman of its Investment Committee, I urge favorable consideration and passage of SB 134, relating to the Uniform Prudent Management of Institutional Funds.

Eric Wohlforth,

Trustee and Investment Committee Chair
University of Alaska Foundation

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March 17, 2009

The Honorable Senator Joe Paskvan
Alaska State Capitol, Room # 7
Juneau, AK 99801

Dear Senator Paskvan:

Thank you for your sponsorship of Senate Bill 134. It is a timely piece of legislation which replaces obsolete rules, and in doing so brings Alaska trust law into this century. But the real value The Foraker Group sees in this legislation is the ability to provide solid options and realistic opportunities for Alaska nonprofit institutions and the University of Alaska in pursuing long-term sustainability.

The Foraker Group is a statewide Management Support Organization established in 2000, with a straightforward mission: Assuring the success of Alaska's nonprofit organizations by helping them build their own sustainability. Foraker does this by providing high-quality, efficient, and cost-effective assistance to staff and boards of directors in three broad areas: shared/professional services, education and training, and organizational development. And more and more, we are also speaking out on behalf of Alaska's nonprofit sector – this is what leads us to submit a letter of support for SB 134.

We support Senate Bill 134 because the legislation can have positive impacts on Alaska nonprofits, as well as the University of Alaska. Simply stated, developing an Alaska version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides solid guidance to managers and investors of charitable funds and endowments. As they respond to the nation's economic crisis and build their sustainability, this kind of "best practice" is essential to nonprofit organizations of all kinds.

The best possible response to economic uncertainty is rooted in long-term sustainability. Alaska organizations of all shapes and sizes are responding to threats to sustainability in many ways, all in pursuit of important missions in their communities. Building a sustainable income stream and ensuring financial resilience is essential in Alaska's nonprofit sector – sustainable organizations are better positioned to meet their important missions, are more effective, more efficient and above all more self-reliant. They form the foundation of a strong Alaska economy, and healthy, productive Alaska communities.

The current economic crisis is proving to be especially troublesome for organizations that manage or rely on charitable funds and endowments. But it would be a mistake to portray the passage of SB 134 as a response to economic uncertainty. The "fixes" in SB 134 are not made in response to economic turmoil – the changes are warranted now, regardless of economic circumstances. It is all about being "good stewards" of the donated or endowed dollars of others – a task that becomes harder and harder in the face of growing economic turmoil.

Prudent stewardship is all the more difficult in a demanding digital age using antiquated and inadequate analog tools. The proposed legislation can provide the tools to meet that donor intent while at the same time help develop long-term sustainability.

We know the economy is in turmoil, and that turmoil is hitting all Alaska organizations – government, corporate entities, education, tribal, private foundations, the nonprofit sector, and the University of Alaska. The economic situation makes this legislation timely, but it is change that should come regardless.

Please feel free to contact Foraker Vice President Dr. Michael Walsh with any questions you might have. He can be reached via email at mwalsh@forakergroup.org

Sincerely,

Dennis D McMillian

Dennis McMillian, President
The Foraker Group

SB

140

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 3/9/09

FURTHER: Finance

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

DATE TURNED IN TO OFFICE: 3/18/09

Education Committee considered SENATE BILL NO. 140

SB 140 STATE INVESTMENT IN EDUCATION FUND

"An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
EED	3/16	✓			3

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
REV	2/3			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Olson			✓	
	Huggins			✓	
CHAIR: Betty Davis	DAVIS	X			

1323

ALASKA STUDENT LOAN CORPORATION

SARAH PALIN, GOVERNOR

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March 16, 2009

Sponsor Statement

SB140 - An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date.

This legislation is necessary to avert a disruption in new education loan origination by the Alaska Student Loan Corporation (ASLC, or the Corporation) beginning in July 2009. The Corporation, since its establishment by the Legislature in 1987, has financed its education loan programs by issuing tax-exempt revenue bonds in the capital market. After 20 years of successful operation in this environment, catastrophic disruptions to the capital market resulted in ASLC being unable to issue bonds in 2008. Education loans continued to be available to Alaska students for the 2008-2009 academic year due to capacity within the Corporation to meet loan demand with available cash. However, after lending a projected $95 million in new loans through June 2009, that capacity will be substantially exhausted. Until such time as sufficient funding is secured, loan application processing for the 2009-2010 academic year will remain suspended.

The modification of Alaska statutes set out in this legislation enables ASLC, in partnership with the Commissioner of Revenue, to meet the immediate need to accept and process loan applications for the upcoming school year, and, additionally, to create a bonding structure to re-access the capital markets in 2009.

The Corporation's largest education loan programs are AlaskAdvantage Stafford Loans (which carry a federal guarantee), and the AlaskAdvantage Supplemental Loans (state loans which carry no guarantee). This year, more than 8,100 Alaska students relied on one or both of these low-cost education loan programs to aid in financing their postsecondary education and training program. More than 60% of those students were attending schools in Alaska.

This bill enables the Commissioner of Revenue to: 1) provide a bridge loan and directly invest in the Corporation's education loans; and, 2) create a credit enhancement facility to assist ASLC in the issuance of bonds during the current economic crisis when, without this facility, it would be uneconomical to issue bonds.

The combination of these two authorities are projected to assist in meeting loan demand through 2010 without the need for a State appropriation, by which time ASLC expects capital markets will have normalized to the extent these State support mechanisms will no longer be required.

SARAH PALIN, GOVERNOR

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March 16, 2009

Sectional Analysis

SB140 – An Act relating to an investment in the education loan fund: relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date.

Section 1 Provides authority to the state to loan funds and provide a letter of credit to the Alaska Student Loan Corporation under certain conditions for certain purposes.

Section 2 Authorizes the Commissioner of Revenue to enter into an agreement, not to exceed a five-year term, to provide a secured investment in the Alaska Student Loan Corporation's education loan fund, not to exceed $100 million, to finance certain education loans when the Corporation is unable to finance loan demand due to market conditions that would result in uneconomical issuance of tax-exempt bonds. Interest paid to the state on the investment may not exceed the five-year average return on the state's general fund. The Commissioner is also authorized to enter into an agreement, not to exceed a five-year term, to provide credit enhancement to the Corporation, not to exceed $106 million, when it would otherwise be uneconomical for the Corporation to issue bonds, absent such an agreement, due to market conditions. The Corporation is responsible for associated costs and an annual fee, not to exceed 15 basis points. In the event of a draw on the credit facility, the state may be paid interest by the Corporation not to exceed 3%. The Commissioner is authorized to adopt regulations to implement the bill.

Section 3 provides the Act takes place the day after the Governor's signature or the day after permitted to become law without her signature.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB140
() Publish Date:

Identifier (file name): SB140-EED-ACPE-03-16-09
Dept. Affected: Education
Title: An Act relating to an investment in the education loan fund, relating to authority for the commissioner of revenue to...
RDU: ACPE
Component: Program Administration and Operations
Sponsor: (S)Rules Committee
Requester: Governor Palin
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual		20.0	20.0	20.0	20.0	20.0	0.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1106 P-Sec Receipts		20.0	20.0	20.0	20.0	20.0	0.0
Other Interagency Receipts							
TOTAL	**0.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**0.0**

Estimate of any current year (FY2009) cost: 130.0

POSITIONS

Full-time							
Part-time							
Temporary							

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

This legislative proposal, which authorizes the Commissioner of Revenue to: 1) invest in Alaska education loans; and, 2) provide credit enhancement for the Alaska Student Loan Corporation (ASLC), is designed to be cost-neutral to the state. The appropriation above is ASLC receipts needed to cover costs incurred by the Department of Revenue for legal, rating agency, and consulting services necessary to implement the provisions of the bill.

Authorization for this support through the Department of Revenue will result in a cost avoidance to the state General Fund because if ASLC, without the state assistance provided in the bill, is unable to issue bonds, state appropriations to fund the education loan programs could be required. Current year (2008-2009) loans were funded through internal liquidity. However, those funds will have substantially been exhausted with Spring 2009 disburse-

Prepared by: Diane Barrans, Executive Director — Phone 907-465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 3/16/09 4:00 PM
Approved by: Diane Barrans, Executive Director — Date 3/16/2009
Alaska Commission on Postsecondary Education

(Revised 9/10/2008 OMB)

ANALYSIS CONTINUATION

ments. At this time, there is a need to postpone processing 2009-2010 loan applications until such time as funding has been secured. Currently, market-based issuance costs have reached prohibitive levels relative to the economics of ASLC programs. ASLC has been attempting to structure a deal to issue Variable Rate Demand Bonds (VRDB), for which a market still exists. Structurally, VRDBs are attractive to investors because they are credit enhanced through some form of external liquidity provider, thereby eliminating investor liquidity risk. VRDBs can be held in money market accounts due to the liquidity facility expanding the investor base for ASLC bonds. However, over the course of 2008 the cost of liquidity/credit enhancement increased dramatically as demand grew exponentially and supply declined at an alarming rate due to financial institution consolidations, ratings downgrades, and a general reluctance of the usual players to put further strain on their balance sheets. Liquidity costs have more than quadrupled and there is nothing currently occurring in the financial services arena to indicate this problem will improve any time soon to once again enable ASLC to finance its programs as it has successfully done over the preceding twenty years of operation.

The FY09 cost will require a supplemental amendment of $60,000 to ACPE's Program Administration and Operations component (2738) using postsecondary receipts as the funding source (1106). The remaining FY09 cost of $70,000 will be absorbed by the Department of Revenue's current appropriation of Alaska Postsecondary Education Commission Receipts (1106) which are projected to be available for that purpose.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 140
(S) Publish Date: 3/9/09

Identifier (file name): 0211-DOR-TRE-2-03-09
Title: Alaska Student Loan Corporation Investments
Sponsor: Governor
Requester: Governor

Dept. Affected: Revenue
RDU: Tax and Treasury
Component: Treasury
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

This legislation allows, but does not require, the Commissioner of Revenue to invest state funds in the education loan fund, if the Commissioner determines that the Alaska Student Loan Corp cannot practically or economically borrow money through issuing private activity revenue bonds. This investment must be made consistent with the duties of a fidiciary and will earn a return to the state. The bill also allows, but does not require, the Commissioner to provide a bond repurchase agreement or letter of credit to the Alaska Student Loan Corp, and to require the ASLC to pay the costs associated with the repurchase agreement or letter of credit. The Department of Revenue does not expect to incur any non-reimbursed costs as a result of the passage of this bill.

Prepared by: Jerry Burnett
Division: Treasury
Phone: 465-3669
Date/Time: 2/3/09 12:00 AM

Approved by: Ginger Blaisdell
Department of Revenue
Date: 2/3/2009

(Revised 9/10/2008 OMB)

STATE OF ALASKA

ALASKA STUDENT LOAN CORPORATION

SARAH PALIN, GOVERNOR

P. O. Box 110505
Juneau, Alaska 99811-0505
PHONE (907) 465-6740
FAX (907) 465-3293

March 16, 2009

SB140 – An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date.

Background on ASLC Liquidity Issues and Proposed Plan of Action

Precipitating Events/Conditions

In 2007, the market for Auction Rate Securities (ARS), which ASLC has successfully used to finance its variable rate education loans since 2002, collapsed in the wake of the subprime mortgage loan debacle. As a result, ARS are no longer a viable bond mode to finance new loan originations. As an alternative, ASLC intends to issue Variable Rate Demand Bonds (VRDB) or Obligations, for which there is still a market. Structurally, VRDBs attract investors because they are credit enhanced through an external liquidity provider, thereby eliminating investor liquidity risk. Due to the liquidity facility, VDRBs can be held by money market funds as investments.

The ARS market collapse impacted issuers nationwide. Over the course of 2008 the cost of liquidity and/or credit enhancement increased dramatically as demand grew exponentially, and supply declined at an alarming rate due to financial institution consolidations, ratings downgrades, and a general reluctance of the usual players to put further strain on their balance sheets. Liquidity costs, prior to the ARS market meltdown, ranged between 15 and 40 basis points per annum. Currently, those costs start at over 100 bases point, and rise from there. There is nothing occurring in the financial services arena to indicate this problem will improve any time soon. None of the recent federal initiatives to address the nation's economic ailments include a mechanism by which ASLC could acquire the needed liquidity support to issue VRDBs.

ASLC Capacity to Meet New Loan Demand—ASLC was last able to bond in June 2007. 2008-2009 academic year loans were funded through internal liquidity. Annual loan volume is projected to be approximately $95 million. Although confident about its ability to fully fund loans for the year ending June 2009, Corporation projections verify the need to delay processing 2009-2010 loan applications until such time as sufficient external funding is secured. As described above, market-based issuance costs have reached prohibitive levels relative to the economics of the ASLC programs.

ASLC Proposal for Alternative Financing Strategies—A two-pronged approach is recommended:

1—authorize the Department of Revenue to meet the Corporation's immediate need for funding for its Alternative and Federal loan programs using a loan structure. No appropriation of state general funds is required because use of the funds constitutes an investment, not an expenditure. ASLC will cover all related costs, and provide a return on the investment similar to the return the funds would have derived if left in the general fund (with a stipulated not to exceed rate). The loan is governed by a trust agreement between ASLC and Revenue that sets out all related terms. The loan period may not exceed five years.

2—authorize the Department of Revenue to provide ASLC with the liquidity and/or credit support necessary to issue VRDBs. The credit enhancement program would allow ASLC to access the capital markets by attracting institutional purchasers (primarily money market funds), while also keeping bond issue costs low enough that ASLC can continue to offer low-cost education loans to Alaska students. As with the bridge loan, the facility fee will provide revenue to the State. The term length of the facility may not exceed five years and the amount issued with support from the facility may not exceed $106 million.

In combination, these strategies are expected to cover loan demand through 2010, by which time market conditions should have normalized sufficient to dispense with this state support.

Provided on the following page are descriptions of efforts made in support of other state agency or nonprofit education lenders similarly impacted by the credit market collapse.

Other States' Initiatives to Assist State Agency of Nonprofit Education Loan Lenders

Several states have made liquidity and/or credit enhancement available to issuers.

California's approach has been very commercial in that the state's SBPA/LOC facility is available to any issuer inside or outside the state, and the primary goal has been to generate fee income for the funding source (CALPERS).

The State of Arkansas, acting through the State Board of Finance, entered into an $80 million loan agreement with the Arkansas Student Loan Authority (ASLA). The interest rate is a variable rate reset semiannually by the State Bank Commissioner and approved by the State Board of Finance. The loan has a term of 18 months but can be extended. ASLA paid the State's out-of-pocket expenses and legal fees related to the issuance of the Note. A trust was developed to hold education loans made with loan proceeds and payments made on those education loans until the loan to the State is paid in full. The trust also holds state loan proceeds until the education loan is disbursed in the form of qualifying investment vehicles.

The New Mexico State Treasurer's Office purchased a $50 million private placement bond from New Mexico Student Loans (NMSL). The bond is a short-term investment for the State of New Mexico at a competitive rate. A second deal was struck by which their State Treasurer's Office will purchase a bond from NMSL totaling $95.1 million.

The State of Kentucky bought a $50 million bond from the Kentucky Higher Education Student Loan Corp. The bond has a term of 445 days and carries a variable interest rate (originally set at 3.2%).

The South Carolina Student Loan Corporation issued $600 million in student loan backed notes. The notes are variable rate notes rated AAA. A significant portion of the notes have been purchased by the State of South Carolina.

In Colorado, CollegeInvest, a division of the Colorado Department of Higher Education, originates loans to college and graduate students. The State loaned CollegeInvest $30 million to prevent a Spring 2009 interruption in their lending program.

Prepared by Diane Barrans, Executive Officer, ASLC; 465.2113

First Southwest Company

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(254) 675-8455 Fax

Memorandum

Lee Donner
Managing Director

ldonner@firstsw.com

Date: March 10, 2009

To: Diane Barrans, Executive Officer, Alaska Student Loan Corporation

Cc: Charlene Morrison, CFO, Alaska Student Loan Corporation

Subject: Ensuring Access to Student Loans in Alaska

At your request, following is First Southwest Company's summary of events and circumstances which have culminated in the Alaska Student Loan Corporation's (ASLC) need for mid-term financing support from the State of Alaska.

Across the approximately thirteen months since the downgrade of the mono-line bond insurers and the collapse of the Auction Rate Securities (ARS) market, a number of additional developments have contributed to the emergence of serious ongoing challenges to the ability of entities like ASLC to fulfill their mission to ensure the uninterrupted availability of low cost loans (including both the Federal Family Education Loan Program (FFELP) and non-guaranteed alternative loans) for students who depend upon such loan products to finance the cost of their post-secondary educational goals.

One of those developments has been the large scale departure of investors from the entire asset-backed finance arena in what is often described as a "flight to quality." Another negative development has been the top to bottom re-examination of cash flow modeling and other credit rating analysis criteria by all three of the nationally recognized securities rating organizations, which development has only served to reinforce the perception on the part of reluctant investors that asset-backed securities are fraught with a higher level of risk than they had been previously led to believe. These two phenomena have reinforced each other to produce an escalating demand for higher interest rates and declining investor base for asset-backed securities in virtually every asset class.

Issuers like ASLC have responded to these negative developments by seeking liquidity and/or credit support from highly rated financial institutions in the form of a Standby Bond Purchase Agreements (SBPA) or Letters of Credit (LOC). At the same time that demand for SBPA or LOC support from national and international financial institutions has exploded in response to the conditions described above, most, if not all, of those financial institutions have been hit with threatened or actual downgrades of both their long term and short term credit ratings. All of this has combined to create a situation where the demand and cost for bank credit/liquidity support is increasing at the very same time that the availability of and investor confidence in the

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reliability of such bank credit/liquidity support has sharply declined. Directly related to all of this is the dramatically increased demand, from investors in the tax-exempt arena, for debt securities issued by, **or credit/liquidity supported by**, highly rated state and local governmental issuers.

The combination of conditions described above has resulted in a number of state governments looking for ways to assist the state agency or not-for-profit student loan providers (both FFELP and alternative) in their state to continue to be able to fulfill their mission of ensuring educational access through low cost college loans. In Arkansas, this cooperation between the State and the student loan agency they created many years ago resulted in a low cost variable rate bridge loan from the State to the loan agency. In South Carolina, the State purchased a significant portion of the state created student loan agency's last bond issue. Both of these cooperative efforts represent viable short-term solutions to a problem that is showing signs of becoming protracted. In other states, similar initiatives are being analyzed or are in various stages of actual development or implementation. The sole example from 2008 where the student loan provider had no market access problems is the Texas Higher Education Coordinating Board, where the State's support for THECB's student loan program includes a State of Texas General Obligation pledge for THECB's debt obligations.

Against the background of the liquidity, credit and market conditions discussed herein, it is becoming quickly apparent that the major Federal initiatives such as TARP and TALF are of very limited, if any, utility to state agency and not-for-profit loan providers in continuing to finance their low cost loan programs without disruption and resultant serious consequences for the students and parents who depend on them.

First Southwest Company serves as financial advisor to a number of such student loan providers in various parts of the country. Based on our knowledge of what is happening in the student loan finance arena on a national basis and our experience with those limited number of student loan providers who have been able to successfully access the capital markets over the past year, it is our very firm belief that the best hope for entities like ASLC to continue their mission without interruption will be a cooperative effort between such entities and their sponsoring state governments to create temporary financing vehicles, and more importantly, credit and/or liquidity facilities that meet investors' demand for the elimination of credit/liquidity risk, but at a level of cost that is sustainable within the economic limitations of the loan programs being offered to students and their parents.

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Advertisement

Sept. 5

State Agencies Get Creative on Student Loans

As various lenders and some of its peers in other states announced in recent months that they would stop making federal or private loans because of disruptions in the capital markets, the Illinois Student Assistance Commission steadfastly held firm. "We saw it as a must do, and had said we'd be there no matter what," said Andrew Davis, the commission's executive director.

The only problem, Davis acknowledges, is that officials at the agency — which guarantees student loans and oversees most student aid programs in Illinois — "weren't quite sure how we would fund" the operations behind that promise. Like many nonprofit lenders, particularly, Illinois had seen its primary source of financial backing for its loans dry up, because of the collapse of the auction-rate securities market.

Fortunately for the agency and the 20,000-plus students whose federal loans it will finance this academic year, the Illinois commission became one of several state loan providers that have found alternative ways of funding their loans in the current economic climate. Last month, days after the Massachusetts loan agency announced that it would not make federal loans this academic year, the state of Kentucky said that it was issuing a $50 million bond to ensure that the Kentucky Higher Education Student Loan Corp. could continue to issue federal student loans. (Massachusetts officials had considered but then backed away from a similar plan.)

The Illinois agency contemplated several options for finding the money to finance its 2008-9 loans, including bank financing and the federal government's newly designed process for bolstering lenders to ensure that students continue to have access to federal loans. Davis was most intrigued, though, by an idea he liberally borrowed from North Carolina.

There, last spring, officials at the State Employees' Credit Union had approached Steve Brooks, executive director of the North Carolina State Education Assistance Authority, after learning about the turmoil shaking the student loan industry. "It's a very civic-minded group, and they wanted to make sure North Carolina students were protected," said Brooks. The credit union agreed to back a $1.1 billion student loan bond to refinance some of the authority's auction-rate securities (for private and federal loans) and to finance some new loans in the new academic year.

While the credit union's investment will not finance all of the state agency's loans for the year or refinance all of its outstanding debt, the vote of confidence should make it easier, Brooks said, for the

state loan authority to refinance another $1.3 billion through variable rate bonds in the coming months.

"This represented a great breakthrough for us," he said.

North Carolina's arrangement inspired Davis in Illinois. He approached the Illinois Credit Union League to see if its member credit unions might be interested in backing the student loan agency, given the organizations' tradition of making "mission-based loans," Davis said.

The result: a pending agreement for eight credit unions to provide about $100 million, in three traunches timed to the annual financial aid cycle, through the course of the 2008-9 academic year.

"This will more than meet our anticipated need, but if we find there is more need" — more students than usual have been applying for loans through the agency's Web site, Davis said — "we may be able to go back for more." The agency provides loans to most students at about a half dozen colleges in the state, including Western Illinois University, Southern Illinois University at Edwardsville, and the University of Illinois at Springfield, Davis said; many colleges in Illinois participate in the federal government's competing direct loan program.

— Doug Lederman

The original story and user comments can be viewed online at http://insidehighered.com/news/2008/09/05/loans.

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The Salt Lake Tribune http://www.sltrib.com

Paying for college

State stepping in as banks bail out of student loans

As the number of private lenders shrinks, Utah agency expects to help thousands of borrowers

By Brian Maffly
The Salt Lake Tribune
Salt Lake Tribune

Article Last Updated:08/15/2008 03:35:18 AM MDT

For the first time, the state of Utah has begun originating student loans, a shift that will ensure that any Utah college student who needs financial assistance can get it, although it will cost more.

The Utah Higher Education Assistance Authority (UHEAA), the agency that oversees financial aid to Utah students, is bracing for loan applications worth $100 million this academic year after big banks all but abandoned the federally guaranteed loan program.

Last fall, Congress cut what participating lenders could make on student loans at the same time money became more scarce. That created a double disincentive for financial institutions to lend to college students. With fewer lenders available, Utah students are expected to flock to UHEAA, agency director David Feitz told his board Thursday.

"We would rather have a full cadre of lenders, but that is unlikely to happen in the near future until Congress raises the yields," he said.

Adding to the pressure was a recent move by Congress to raise the maximum students can borrow by $2,000 (to $5,500 for freshman, $6,500 for sophomores and $7,500 for upperclassmen). Feitz estimated UHEAA will see applications worth one-fourth of the state's total student loan volume this coming year, but he won't know how much until students begin applying as they return to school.

"It could be $60 million, it could be $200 million," Feitz said of a development that represents a profound change in the way UHEAA conducts business.

UHEAA has access to $121 million to lend over the coming academic year.

The U.S. Department of Education promises to buy participating states' loans issued this year under the Federal Family and Education Loan program (FFELP). This would enable states to "recycle" the money back to students in the form of new loans. The UHEAA board voted unanimously Thursday to approve Utah's participation in the complex arrangement.

Feitz cautioned that the program, which runs only for one year, isn't a permanent solution to the liquidity mess that has caused "tremendous chaos" in the $50 billion system that subsidizes the popular Stafford and PLUS loan programs.

"Now we're calling on Congress and the departments of Treasury and Education to take additional action to further stabilize the student loan program for years to come," he said.

In recent months four banks - Wells Fargo, Zions, J.P. Morgan Chase and Key - pulled out of Utah's program, leaving only U.S. Bank. Fifteen credit unions, led by America First, still lend to students, but the banks' departure left a vacuum. Wells Fargo and Zions were the top lenders last year, accounting for more than half of the state's student loan volume.

Lenders also have become picky about which institutions they work with. One Utah school, Snow College, found itself with no lenders, so UHEAA last month began lending directly to students at the Ephraim school.

"Were in a pretty good place, a much better place than our sister agencies across the country," board chairman David Jordan said. "From the students' perspective, this will work. We will be able to help them without depleting our resources."

bmaffly@sltrib.com

Utah students can expect to pay more for college loans under steps taken by the Utah Higher Education Assistance Authority to preserve universal access to federally guaranteed loans.
But the news isn't all bad.

"I'm not aware of lenders offering better terms than what UHEAA is offering," said John Curl, the University of Utah's financial aid director. "We encourage students to research who they're going to get loans from and find the best terms they can get. They are going to have to pay more interest; that's unfortunate."

Congress last year cut the rate on some student loans from 6.8 to 6 percent. But in order to participate in an emergency federal bail-out measure, Utah slashed two rate reductions. Until now, students who had payments automatically drawn from their accounts received a 1.25-point reduction and another 2-point reduction after four years of timely payments. Losing these benefits adds $1,763 to the cost of servicing a $15,000 loan.

On Thursday, the UHEAA board suspended issuing consolidation loans to avoid tying up scarce capital needed to serve current students. Former students looking to simplify repayment plans have other options for consolidating their loans in the federal program.

But Utah students still get breaks on up-front costs of the most common loans, Stafford and PLUS. UHEAA continues to cover the 1 percent origination fee and 1 percent default fee, translating into a $100 subsidy on a $5,000 loan.
- Brian Maffly

Financial aid
* **Students who are considering borrowing** for college for the upcoming school year should start researching their options now, said John Curl, financial aid director at the University of Utah.
* **Students should consult the financial aid office** at their school, check Web sites that serve as information clearinghouses, such as finaid.org, or www.uheaa.org, the Web site for the Utah Higher Education Assistance Authority.

The Boston Globe

A late try to salvage student loans

Patrick calls on pension board, colleges to invest in agency bonds

By Casey Ross, Globe Staff | August 7, 2008

Governor Deval Patrick has asked the state pension fund to invest $50 million and will ask Harvard University and other local colleges to invest millions more to provide student loans to thousands of families struggling to pay college tuition bills that are due in the coming weeks.

Patrick's 11th hour proposal, floated among key officials yesterday, would prop up the troubled 26-year-old Massachusetts Educational Financing Authority, which announced last week that it would be unable to provide student loans for this school year because of turmoil in the nation's credit markets.

The proposal would entail the investment funds buying portions of a $425 million bond sale that MEFA is planning this month. The agency would use the proceeds to finance student loans.

"We have 40,000 students and families who need help, and we're right up against it," Patrick said in an interview with the Globe last night. "This is a sound investment for the pension board and the endowments."

The governor and his aides, along with state lawmakers, have been brainstorming ways to restore student loan funds for the past week. MEFA had previously offered low-cost, fixed-rate loans, but now borrowers have to look to other lenders whose loans may carry higher rates and higher costs.

Yesterday, Patrick's top budget aide, Leslie Kirwan, asked the state pension board to consider buying $50 million of the upcoming MEFA bonds. Administration officials also hope the state investment would be seen as a show of confidence in the bond market and MEFA, spurring purchase by other investors that could finance more loans.

Patrick said he intends to call officials today from Harvard, Boston College, the University of Massachusetts, and the Massachusetts Institute of Technology, among other schools, about making similar investments in MEFA bonds.

The chairman of the state pension board, state Treasurer Timothy Cahill, was noncommittal about Patrick's request, but said the board would consider it.

The pension fund staff "will examine the options legally available to invest in any debt issuance set up by MEFA and report back to the trustees before any action is taken," Cahill said through a spokeswoman.

With $51.7 billion in assets, the pension fund invests monies for state employees and retirees. And while it is unusual for the fund to use anything other than financial returns as grounds for investment, the board has already committed funds to local projects that are intended to produce economic and social benefits within Massachusetts. The program was a major policy goal of Cahill, who got the pension board to adopt it in 2003.

Even without Cahill's commitment, Patrick has a strong start on getting the board to adopt his measure, as he appoints three of its nine members, one of whom is Kirwan.

Another board member, Robert Brousseau, reacted favorably to Patrick's request and said he did not hear strong objections from fellow board members at yesterday's meeting.

"I can't see anybody opposing it, but we have to see the parameters of the investment and what form it would take," said Brousseau, who represents teachers on the board.

Patrick said he is seeking swift consideration from the pension fund board because MEFA is planning to hold its bond sale within two weeks.

"We need action," he said. "If they need to call a special meeting to approve this, then I hope they will."

Meanwhile, representatives of the local colleges said the institutions will consider the investment.

"We're always more than happy to have discussions with the governor," said John Longbrake, a spokesman for Harvard University, the governor's alma mater. "We welcome the opportunity to learn more about the challenges MEFA is facing and to discuss ways to address them."

Robert Connolly, a spokesman for UMass President Jack Wilson, said: "This is an idea we're definitely willing to explore. We do see it as a potential win-win in terms of providing the university with a sound investment while helping families cope with their financial aid challenges."

Officials at the student lending agency, meanwhile, said Patrick's plan carries minimal risk to the investment funds because MEFA's bonds provide reliable returns. Executive Director Tom Graf said the default rate on the authority's loans is less than 1 percent. "This plan allows" the pension board "to make a stable investment that is especially warranted in this financial climate," he said.

The problems in the bond market, which started with the foreclosure crisis and spread to other credit markets, have imperiled student lenders across the country, prompting more than 50 agencies to stop making federal or private loans.

Graf said the size of the upcoming bond sale may change based on investor interest. If the sale is a success, he hopes the agency will then be able to offer loans with rates below 8.5 percent, which is the current charge for Federal Plus loans. Last year, the authority's private 20-year loan rate was 6.39 percent.

The agency made $400 million in private loans in the last school year, and another $110 million in federal student loans.

State Senator Brian A. Joyce, who authored a letter last week signed by other legislators urging Patrick to support MEFA, applauded the governor's actions. "This critically important to an awful lot of Massachusetts families," he said. "The governor can use his bully pulpit to ask for some assistance, and I wholeheartedly support what he's doing."

Casey Ross can be reached at cross@globe.com. ■

UNIVERSITY
of ALASKA
Many Traditions One Alaska

March 05, 2009

Dear Alaskan Legislator:

The educational loans provided by the Alaska Student Loan Corporation are crucial to the success of thousands of University of Alaska students. The funding from loans allows these students to continue and complete their educational goals in Alaska. Only the federal government provides more financial assistance to UA students.

The University of Alaska supports efforts that help the Alaska Student Loan Corporation secure the necessary funding to prevent a disruption of lending activities to Alaskan's seeking a post-secondary education in general and students at the University of Alaska in particular.

The Alaska Student Loan Corporation annually helps over 4700 students at the University of Alaska – at both the urban and rural campuses. Loans totaling over $40 million dollars help students fulfill their educational goals in the state - leading to a more prepared and qualified Alaskan workforce.

Thank you,

Saichi T Oba
Associate Vice President
Office of Student & Enrollment Services
University of Alaska

Office of Student and Enrollment Services
910 Yukon Drive ~ Fairbanks, Alaska 99775-5020

www.alaska.edu/studentservices

To Whom It May Concern:

Please accept this letter of Charter College's full support for legislation and related initiatives to provide interim funding to the Alaska Student Loan Corporation (ASLC), until such time as the markets recover sufficiently for ASLC to complete bonding.

The alternative financing proposed in the Governor's bill and endorsed by the Alaska Student Loan Corporation (ASLC) and the Alaska Department of Revenue is a win/win solution that meets an urgent statewide need to assist our students in financing their education programs with no cost to the state's General Fund.

We understand that unless this alternative is approved quickly, Alaska will not be able to provide low-cost financial aid to our students. Without ASLC's loans, we expect that many of Alaska's college and vocational students may not be able to continue in or start school this year. We also understand that nationwide, education loans are becoming much harder to come by. In fact, 177 lenders to date have suspended their education loan programs. Specific to Alaska, several large banks indicate they will no longer be making loans in Alaska. The same economy that caused the market collapse has also resulted in increases in unemployment, resulting in many students staying in school longer, and many adults returning to school for re-training to get better jobs. The bottom line is that these factors result in fewer options for financial aid at the same time as the demand for financial aid is increasing. While there are increased grant provisions included in the American Recovery and Reinvestment Act, those funds are targeted only to the very neediest students.

Your full and prompt support of legislation to provide interim financing to fund AlaskAdvantage loans is urgently needed, and will result in no cost to the state. Without your support, Alaska's students will suffer. Last year 470 of students enrolled at our institution used ASLC educations to fund, at least in part, their educational programs.

Thank you for your consideration.

Respectfully,

Terrance Harris
Campus President

Anchorage Campus
2221 E. Northern Lights Boulevard
Suite 120
Anchorage, AK 99508
Main 907.277.1000
Fax 907.274.3342

Mat-Su Campus
1451 E. Parks Highway
Suite B
Wasilla, AK 99654
Main 907.352.1000
Fax 907.352.1001

CharterCollege.edu

1415 E. Tudor Road
Anchorage, Alaska 99507-1033
(907) 563-7575 • 1-800-770-7575
Fax (907) 563-8330
career@careeracademy.edu

March 5, 2009

To Whom It May Concern:

Career Academy is Alaska' largest Alaskan owned accredited private career college serving over 600 students annually. Career Academy fully supports legislation and related initiatives to provide interim funding to the Alaska Student Loan Corporation (ASLC), until such time as the markets recover sufficiently for ASLC to complete bonding.

The alternative financing proposed in the Governor's bill and endorsed by the Alaska Student Loan Corporation (ASLC) and the Alaska Department of Revenue is a win/win solution that meets an urgent statewide need to assist our students in financing their education programs with no cost to the state's General Fund.

We understand that unless this alternative is approved quickly, Alaska will not be able to provide low-cost financial aid to our students. Without ASLC's loans, we expect that many of Alaska's college and vocational students may not be able to continue in or start school this year. We also understand that nationwide, education loans are becoming much harder to come by. In fact, 177 lenders to date have suspended their education loan programs. Specific to Alaska, several large banks indicate they will no longer be making loans in Alaska. The same economy that caused the market collapse has also resulted in increases in unemployment, resulting in many students staying in school longer, and many adults returning to school for re-training to get better jobs. The bottom line is that these factors result in fewer options for financial aid at the same time as the demand for financial aid is increasing. While there are increased grant provisions included in the American Recovery and Reinvestment Act, those funds are targeted only to the very neediest students. In addition many many Alaskan students are not eligible to receive these grants due to the increased wage scale in Alaska. These same grant programs do not take into consideration the increased cost of living in Alaska.

Your full and prompt support of legislation to provide interim financing to fund AlaskAdvantage loans is urgently needed, and will result in no cost to the state. Without your support, Alaska's students will suffer. Last year approximately 125 students enrolled at Career Academy used over $692,000 in ASLC funds to at least in part fund their educational programs. Without these loan funds being available they would not have been able to attend college, receive their education, and become valuable trained professional in Alaska's workforce

Thank you for your consideration.

Respectfully,

Jennifer A. Deitz
President & Founder

Great careers for Alaska's future

March 5, 2009

To Whom It May Concern:

Please accept this letter of Alaska Vocational Technical Center's (AVTEC) full support for legislation and related initiatives to provide interim funding to the Alaska Student Loan Corporation (ASLC), until such time as the markets recover sufficiently for ASLC to complete bonding.

The alternative financing proposed in the Governor's bill and endorsed by the Alaska Student Loan Corporation (ASLC) and the Alaska Department of Revenue is a win/win solution that meets an urgent statewide need to assist our students in financing their education programs with no cost to the state's General Fund.

We understand that unless this alternative is approved quickly, Alaska will not be able to provide low-cost financial aid to our students. Without ASLC's loans, we expect that many of Alaska's college and vocational students may not be able to continue in or start school this year. AVTEC provides many training programs and opportunities for Alaskans that are needed for employment in good paying high skilled jobs. These programs are more important now than ever before, as Alaskans face tighter economic conditions.

I urge your full and prompt support of legislation to provide interim financing to fund AlaskAdvantage loans is urgently needed, and will result in no cost to the state. Without your support, Alaska's students will suffer. Last year 79 of the 364 students enrolled at our institution used ASLC educations to fund, at least in part, their educational programs.

Thank you for your consideration.

Respectfully,

Fred W. Esposito
AVTEC Director

Alaska Vocational Technical Center • PO BOX 889 • 2nd Avenue • Seward, Alaska 99664-0889
Admissions Office (907) 224-3322 • 1-800-478-5389 • FAX (907) 224-4400 • www.avtec.edu
Alaska Vocational Technical Center does not discriminate due to race, color,
National origin, age, sex, political affiliation, religious beliefs, or disability.
AVTEC is a component of the Alaska Department of Labor and Workforce Development.

March 3, 2009

To Whom It May Concern:

Please accept this letter of the Alaska Technical Center's full support for legislation and related initiatives to provide interim funding to the Alaska Student Loan Corporation (ASLC), until such time as the markets recover sufficiently for ASLC to complete bonding.

The alternative financing proposed in the Governor's bill and endorsed by the Alaska Student Loan Corporation (ASLC) and the Alaska Department of Revenue is a win/win solution that meets an urgent statewide need to assist our students in financing their education programs with no cost to the state's General Fund.

We understand that unless this alternative is approved quickly, Alaska will not be able to provide low-cost financial aid to our students. Without ASLC's loans, we expect that many of Alaska's college and vocational students may not be able to continue in or start school this year. We also understand that nationwide, education loans are becoming much harder to come by. In fact, 177 lenders to date have suspended their education loan programs. Specific to Alaska, several large banks indicate they will no longer be making loans in Alaska. The same economy that caused the market collapse has also resulted in increases in unemployment, resulting in many students staying in school longer, and many adults returning to school for re-training to get better jobs. The bottom line is that these factors result in fewer options for financial aid at the same time as the demand for financial aid is increasing. While there are increased grant provisions included in the American Recovery and Reinvestment Act, those funds are targeted only to the very neediest students.

Your full and prompt support of legislation to provide interim financing to fund AlaskAdvantage loans is urgently needed, and will result in no cost to the state. Without your support, Alaska's students will suffer. Over the years, we have had many students enrolled at our institution who used ASLC educations to fund, at least in part, their educational programs.

Thank you for your consideration.

Respectfully,

Cheryl Edenshaw

Cheryl Edenshaw, Director
Alaska Technical Center

Received from the Chair of Student Senate, Associated Students of the University of Alaska Fairbanks, on 3/12/09.

To Whom It May Concern:

Please accept this letter of full support for legislation and related initiatives to provide interim funding to the Alaska Student Loan Corporation (ASLC), until such time as the markets recover sufficiently for ASLC to complete bonding.

The alternative financing proposed in the Governor's bill and endorsed by the Alaska Student Loan Corporation (ASLC) and the Alaska Department of Revenue is a win/win solution that meets an urgent statewide need to assist students in financing their education programs with no cost to the state's General Fund.

We understand that unless this alternative is approved quickly, Alaska will not be able to provide low-cost financial aid to our students. Without ASLC's loans, we expect that many of Alaska's college and vocational students may not be able to continue in or start school this year. We also understand that nationwide, education loans are becoming much harder to come by. In fact, 177 lenders to date have suspended their education loan programs. Specific to Alaska, several large banks indicate they will no longer be making loans in Alaska. The same economy that caused the market collapse has also resulted in increases in unemployment, resulting in many students staying in school longer, and many adults returning to school for re-training to get better jobs. The bottom line is that these factors result in fewer options for financial aid at the same time as the demand for financial aid is increasing. While there are increased grant provisions included in the American Recovery and Reinvestment Act, those funds are targeted only to the very neediest students.

Your full and prompt support of legislation to provide interim financing to fund AlaskAdvantage loans is urgently needed, and will result in no cost to the state. Without your support, Alaska's students will suffer.

Thank you for your consideration.

Respectfully,

Jennifer S Chambers
ASUAF Senate Chair

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 [X] **CS** SB 174 (EDC)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[X] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
EDU	4/3/09	✓			

PREVIOUS FISCAL NOTE(S):

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				✓
					✓
					X
CHAIR: Betty Davis	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:

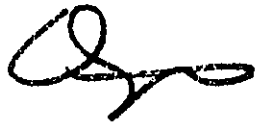
Dentistry
Optometry
Pharmacy; and
Physical therapy.

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 practioners 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-LS0764\S
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

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

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

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

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

(1) dentistry;

(2) optometry; and

(3) pharmacy.

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

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

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

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

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

(1) is a resident of the state;

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

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

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

(1) is a resident of the state;

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

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

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

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

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:
Alaska State Capitol, Room 9
Juneau, AK 99801
(907) 465-6600
Fax: (907) 465-3805
Toll Free: 1-877-465-6601

INTERIM ADDRESS:
600 E. Railroad Avenue
Wasilla, AK 99654
(907) 376-3370
Fax: (907) 376-3157

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.

Senate District G
Senator_Linda_Menard@legis.state.ak.us

26-LS0764\E
Luckhaupt/Mischel
4/4/09

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

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

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

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

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

(1) dentistry;

(2) optometry; and

(3) pharmacy.

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

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

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

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

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

(1) is a resident of the state;

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

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

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

(1) is a resident of the state;

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

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

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

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

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

Expenditures/Revenues (Thousands of Dollars)

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

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

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

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

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

(Revised 9/10/2008 OMB)

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) [redacted], 3) optometry; 4) [redacted] (sic); 5) [redacted] 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 3, 2009

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 restablish 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 practioners 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

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

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

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school

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

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

(e) The commission may

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

(A) carry out the purposes of

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

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

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

(C) establish standards for the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

University of Alaska; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

basis.

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

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

(1) a resident of this state;

(2) enrolled or about to be enrolled

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 11A. Alaska Student Achievement Program.

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

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

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

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

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

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

(A) a combination of

(i) four years of mathematics;

(ii) four years of language arts;

(iii) four years of science; and

(iv) four years of social studies, one year of which may include a foreign language, an Alaska Native language, fine arts, or cultural heritage; or

(B) a combination of

(i) three years of mathematics;

(ii) four years of language arts;

(iii) three years of science;

(iv) four years of social studies; and

(v) two years of a foreign language or an Alaska Native language;

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

(5) has achieved a minimum score on a

(A) college entrance examination; or

(B) standardized examination designed to measure a student's level of preparedness to make the transition to work, as selected by the department; and

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

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

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

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

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

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

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

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

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

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

(B) accredited by a regional accreditation association;

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

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

achievement scholarship program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) In this section,

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

(2) "qualified high school" **has the meaning given in AS 14.43.049** [MEANS A PUBLIC HIGH SCHOOL, A HIGH SCHOOL ACCREDITED BY THE NORTHWEST ASSOCIATION OF SCHOOLS AND COLLEGES, OR A HIGH SCHOOL REGISTERED WITH THE DEPARTMENT].

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

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

(1) dentistry;

(2) optometry; and

(3) pharmacy.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) one member appointed by the governor.

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

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

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

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

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

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

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

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

SB 206

ALASKA STATE LEGISLATURE

Rules Committee
•
Finance Committee
•
Health & Social Services Committee
•
Legislative Council
•
Committee on Committees

While in Session
State Capitol, Rm. 103
Juneau, AK 99801
(907) 465-3704
Fax: (907) 465-2529
•
While in Anchorage
716 W. 4th Ave
Anchorage, AK 99501
(907) 269-0169
Fax: (907) 269-0172

SENATE MAJORITY LEADER
JOHNNY ELLIS

SPONSOR STATEMENT – SENATE BILL 206

SB 206 – An Act making special appropriations for new engineering buildings for the University of Alaska in Anchorage and Fairbanks.

SB 206 will keep engineers living and working within our state by appropriating $50 million each for the design and construction of new engineering facilities at the University of Alaska Anchorage and the University of Alaska Fairbanks.

Alaska faces a shortage of qualified engineers and some companies are resorting to sending Alaska's engineering design work outside. Shortages are especially apparent for surveyors and electrical, mechanical, mining and petroleum engineers:

- Many of the engineers working in Alaska now are not Alaska residents, up to 35% in some fields
- Only 18% of engineers working in Alaska have degrees from an Alaska institution
- Alaska is nearly last in the US for graduating engineers

To respond to the state's need, the University of Alaska Board of Regents set a priority to double annual engineering graduates by 2014, to 200 per year. UA baccalaureate engineering majors have grown significantly, nearly doubling from just over 500 in FY03 to more than 1000 in FY10. UA engineering programs are succeeding at recruiting and training more engineers, but are facing daunting shortages of lab and classroom space.

The space shortages UA engineering programs face are severe. Engineering programs across the country offer on average 120 gross square feet (gsf) per student. UAA's program currently has access to only 44 gsf and UAF's engineering program offers only 80 square foot per student. UAA's building was constructed in 1983; UAF's was completed in 1964 with an addition in 1984 and an energy conservation upgrade in 2000.

More engineering resources are a critical component of economic development and growing our own Alaskan workforce. Engineers and surveyors play key roles in the planning, design and management of any resource development, construction or development projects. For Alaska to move forward and keep our promise to develop our resources, we will need "Alaska Grown" engineers.

COLLEGE OF ENGINEERING AND MINES
ADVISORY COUNCIL
RESOLUTION 2010-1

A Resolution Supporting the Development of New Engineering Facilities at the University of Alaska Fairbanks

WHEREAS, the University of Alaska Fairbanks (UAF) College of Engineering and Mines Advisory and Development Council (CEMADC) was established in 2005 to serve as a community voice and advocate for the UAF College of Engineering and Mines, and

WHEREAS, the membership of the CEMADC is comprised of professional representatives who serve in management and leadership roles in diverse industries that rely heavily on engineers, surveyors, project managers, and other technical and professional staff, and

WHEREAS, the CEMADC held it's regularly scheduled meeting on January 29, 2010 and discussed the facility needs for the UAF College of Engineering and Mines and unanimously agreed to take formal action through the development of a resolution that would be forwarded to the Alaska State Legislature, and

WHEREAS, the UAF College of Engineering and Mines has experienced an enrollment increase of over 40% in the last three years in response to efforts to recruit engineering students to satisfy the demand for engineering graduates for Alaska's engineering industries, including the expanding resource and renewable energy industries, various proposed gas line projects, and for supporting other infrastructure projects, and is experiencing severe shortages of facilities to handle the expanding enrollment, and

WHEREAS, the UAF College of Engineering and Mines' Institute of Northern Engineering is expanding its capacity to address state needs for applied research in the areas of renewable energy, conventional fossil fuel energy fields, engineering for climate change, and state infrastructure development, and

WHEREAS, new tenure-track and research faculty being hired for the growing UAF College of Engineering and Mines seven bachelor-level degree programs and thirteen graduate-level degree programs will have no office space allocation due to the dire shortage of available space, and

WHEREAS, laboratory facilities in support of the various engineering and research programs are scattered about the campus in some cases in cramped temporary facilities, and are very much in need of expansion, centralization and modernization, and

WHEREAS, it will take substantial time to develop new engineering and research facilities once project funding is made available, and

WHEREAS, the failure to provide adequate facilities for the UAF College of Engineering and Mines is causing a loss of momentum for the highly productive engineering degree programs and associated engineering research in the Institute of Northern Engineering, and

WHEREAS, the lack of proper facilities will jeopardize ABET accreditation of the programs within the UAF College of Engineering and Mines, and

WHEREAS, University of Alaska President Hamilton has identified improving and increasing education for Alaska's engineering workforce as one of the University of Alaska's highest priorities.

NOW, THEREFORE BE IT RESOLVED THAT the CEMADC is firmly committed to support for the UA Board of Regents Capital Budget Request, including the $10M in planning and design funds for UA Engineering Facilities. The CEMADC requests that the Alaska State Legislature support the University of Alaska Board of Regents capital budget request in full and prioritize additional funding that may be available for construction of engineering facilities at the University of Alaska Fairbanks campus. BE IT FURTHER RESOLVED that the CEMADC is firmly committed to support for the UA Board of Regents Operating Budget Request for Engineering ($355K) and the Alaska Center for Energy and Power ($500K) and requests that the Alaska State Legislature support these critical funding increments.

On behalf of the CEMADC:

Robert Fisk, PE, BLM US Dept. of Interior
Chairman, CEMADC

CEMADC Membership:

Adam Darcee, ASRC Energy Services
Susan Childs, Shell Exploration
Mike Davis, CHEMM Company
Robert Fisk, BLM, USDOI
John Hargesheimer, NORTECH, Inc.
Rich Hughes, AK Office of Economic Development
Denise Herzog, Three Parameters Plus
Galen Johnson, TVC Construction Technology
Jim Little, JCL Engineering
James Lusher, Minerals Management Service
Preston Miller, Usibelli Coal Mine
Tony Nelson, Great Northwest
Frank Paskvan, BP Exploration Alaska
Scott Pesetto, Conoco Phillips Alaska
Gordon Pospisil, BP Exploration Alaska
Daniel Rogers, Electric Power Systems, Inc.
Peter Stokes, Petrotechnical Resources Alaska
Dave Szabo, BP Exploration Alaska
Phillip Tsunemori, Conoco Phillips
Bill Watterson, Watterson Construction
Frank Wuttig, Shannon & Wilson, Inc.

UAA School of Engineering Advisory Board
Resolution 2008-01

A Resolution Supporting the Development of a New Engineering Facility at the University of Alaska Anchorage

August 28, 2008

WHEREAS, the University of Alaska Anchorage (UAA) School of Engineering Advisory Board (SOEAB) was established in 2004 to serve as a community voice and advocate for the UAA School of Engineering, and

WHEREAS, the membership of the SOEAB is comprised of professional representatives who serve in management and leadership roles in a diverse industry that rely heavily on engineers, surveyors, project managers, and other technical and professional staff, and

WHEREAS, the SOEAB held it's regularly scheduled meeting on August 28, 2008 and discussed the facility needs for the UAA School of Engineering and unanimously agreed to take formal action through the development of a resolution that would be forwarded to the University of Alaska President and the University of Alaska Board of Regents prior to the fall Board of Regents meeting, and

WHEREAS, the UAA School of Engineering commissioned a comprehensive Programmatic Study, dated May 2, 2008, that identified the facility needs for the UAA School of Engineering for engineering and engineering sciences, geomatics and project management, and

WHEREAS, the UAA School of Engineering programs have been expanding exponentially about 10-20% per year, and

WHEREAS, the average for facility space allocation for engineering studies in the United States is 120 square feet per student, but the University of Alaska Anchorage average facility space allocation is 40 square feet per student, and

WHEREAS, new faculty staff being hired as instructors for the growing UAA School of Engineering programs currently have no office space allocation due to the dire shortage of available space, and

WHEREAS, it will take several years to develop a new engineering facility once project funding is made available, and

WHEREAS, the failure to provide adequate facilities for the UAA School of Engineering, including faculty offices, will cause an irreversible loss of momentum for the highly successful engineering and engineering sciences, geomatics, and project management course offerings, and

WHEREAS, the current UAA School of Engineering classes are already oversubscribed to an unacceptable level, and

WHEREAS, University of Alaska President Hamilton has identified improving and increasing education for Alaska's workforce development as one of the University of Alaska's highest priorities.

UAA School of Engineering Advisory Board (SOEAB)
Resolution 2008-01

A Resolution Supporting the Development of a New Engineering Facility at the University of Alaska Anchorage

August 28, 2008

NOW, THEREFORE BE IT RESOLVED THAT the UAA School of Engineering Advisory Board is firmly committed to support the development of facilities essential to house and sustain the engineering and engineering sciences, geomatics, and project management programs at the University of Alaska Anchorage. The UAA School of Engineering Advisory Board requests that University of Alaska President Hamilton and the University of Alaska Board of Regents support the $140 Million budget required for the full development of the new UAA School of Engineering Building at the University of Alaska Anchorage campus.

Richard S. Reich P.E.
Chair, UAA School of Engineering Advisory Board
BTS Professional Services, General Manager

Patricia S. Opheen P. E.
Vice Chair, UAA School of Engineering Advisory Board
U.S. Army Corps of Engineer, Chief, Engineering Division, Alaska District

Richard S. Armstrong P.E.
RSA Engineering, Contract Engineer

Anne Brooks P.E.
Brooks & Associates, President

Paul D. Brooks
AERO-METRIC, Inc., Government Liaison Director

Joseph M. (Jack) Colonell, P.E., PhD
ENTRIX Environmental Consultants, Inc., Vice President and Technical Director

Anthony B. Follett
AERO-METRIC, Inc., COO - Anchorage Regional Office

Dora L. Gropp P.E.
Chugach Electric Association, Inc., Acting Director, Engineering Services

UAA School of Engineering Advisory Board (SOEAB)
Resolution 2008-01

A Resolution Supporting the Development of a New Engineering Facility at the University of Alaska Anchorage

August 28, 2008

Dr. Alex Hills
Alex Hills Associates, President
Carnegie Mellon University, Distinguished Service Professor

Robert E. Kniefel
Municipality of Anchorage, Municipal Traffic Engineer

John Lau P.E.
ENSTAR Natural Gas, Director of Transmissions Operations

John D. McClellan P.E.
JDM Consulting, Principal

Stewart G. Osgood P.E.
DOWL Engineers, President

Jeff Staser
Staser Group LLC, President

Samar Walther P.E.
ConocoPhillips, Manager - Capital Projects, Alaska

Steven Weaver P.E.
Alaska Native Tribal Health Consortium, Senior Director

Jon E. Zufelt, PhD, P.E.
CRREL-AK, USARAK Science Advisor

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CH2MHILL

Senator Johnny Ellis
State Capitol, Suite 103
Juneau, Alaska 99801

February 4, 2010

Dear Senator Ellis,

When you addressed our ACEC organization in November, 2009 we discussed and agreed that the shortage of engineers in Alaska is a very real problem.

This is why I am pleased to see your follow up with the pre-filing of SB206. Please know that I am in full support of this bill as a positive step in assuring the health and vitality of the University of Alaska's engineering programs and by extension the ability to plan, design, and construct the public and private infrastructure so vital to our economic well being.

As a business manager in Alaska I can attest to the difficulty in recruiting engineers and retaining engineers relocated from the lower 48. I have found that the University of Alaska system continues to provide high quality engineers that are home grown, and want to stay in Alaska and participate in this great State's growth. Unfortunately, to date our university system has not been able to provide the number of engineering graduates to sustain the need.

The State Department of Labor estimates that 400 new engineers will be needed in Alaska each year through 2014. Currently, the University of Alaska, both in Fairbanks and Anchorage, is growing about 100 engineering graduates each year. The University is implementing a plan to double the number of undergraduate-trained engineers annually by 2012. Overall, programs at UAA and UAF expect to produce 200 undergraduate engineers every year. Doubling the number of University of Alaska graduates will make a difference, but the number of engineers introduced to Alaska's workforce will still be inadequate compared to our profession's needs. Increased funding is needed to support this and additional growth. More importantly if funding for both facilities and staff do not increase with the number of graduates it will be difficult to maintain the high quality of engineering graduates the University of Alaska currently provides.

I know you share my opinion that the need to maintain high caliber local engineering graduates has never been greater. It's time for the University of Alaska's engineering programs to get the funding they need and deserve, for our students and our state. This is a challenge that I hope we as a statewide community can meet through the combined efforts of the Legislature, the University of Alaska and our industry.

Sincerely,

Daniel, G. Sterley, P.E.
Vice President
CH2M HILL

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Daily News Opinion

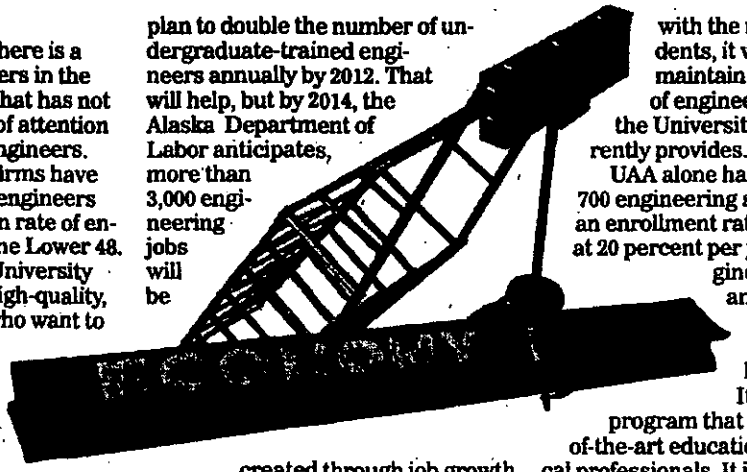
COMPASS: *Other points of view*

University needs help filling Alaska's engineer shortage

By FRANK RAST

It is well known that there is a critical shortage of workers in the construction industry. What has not received the same level of attention is the parallel need for engineers.

Our Alaska member firms have had difficulty recruiting engineers and have a poor retention rate of engineers relocated from the Lower 48. We have found that the University of Alaska has provided high-quality, homegrown engineers who want to stay in Alaska. Unfortunately, to date the UAA system has not been able to satisfy the demand.



Alaska needs an estimated 400 new engineers each year. Currently, the University of Alaska, both in Fairbanks and Anchorage, is growing about 100 engineering graduates each year.

The university is implementing a plan to double the number of undergraduate-trained engineers annually by 2012. That will help, but by 2014, the Alaska Department of Labor anticipates, more than 3,000 engineering jobs will be created through job growth, retirement and turnover. That's a serious shortage of engineers and will become a major problem for our state if not addressed now.

More important, if funding for facilities and staff does not increase with the number of students, it will be difficult to maintain the high quality of engineering graduates the University of Alaska currently provides.

UAA alone has more than 700 engineering students and an enrollment rate increasing at 20 percent per year. The Engineering, Science and Project Management program is hugely successful. It's a master's program that provides state-of-the-art education for technical professionals. It is one of only 13 such programs in the world accredited by the Global Accreditation Center for Project Management. Enrollment in this program alone has increased by 50 percent since spring 2007.

By 2014, more than 3,000 engineering jobs will be created through job growth, retirement and turnover. That's a serious shortage of engineers.

To maintain these growing — and much-needed — programs, the School of Engineering will have to double the number of faculty members and dramatically increase laboratories and other facilities. UAA's engineering facilities currently occupy 40,000 square feet; a recent space analysis shows that 200,000 square feet is needed.

Funding from the state and tuition covers only two-thirds of revenue to UAA, with remaining funds coming from a variety of sources. Philanthropic contributions are becoming increasingly important. Private support from industry and individuals will help nurture the tremendous growth of the School of Engineering and ensure a steady stream of engineering graduates.

The need to maintain high-caliber local engineering graduates has never been greater. It's time for the University of Alaska's engineering programs to get the funding they need and deserve, for our students and our state. This is a challenge that we hope to meet, with the combined help of the state, the university and our industry partners.

Frank Rast is president of the American Council of Engineering Companies of Alaska.

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Research Engineer
CRREL-Anchorage

ADVISORY BOARD

UAA School of Engineering
UNIVERSITY of ALASKA ANCHORAGE

February 3, 2010

Senator Johnny Ellis
State Capitol, Suite 103
Juneau, AK 99801

RE: Senate Bill No. 206 - Industry Support for the UAA School of Engineering Program and for the design/construction of a new Engineering Building at UAA

Dear Senator Ellis:

The UAA School of Engineering Advisory Board (SOEAB) is comprised of several professional representatives who serve in important leadership and management roles in a diverse industry that rely heavily on trained and experienced engineers, surveyors, project managers, and other technical and professional staff. We are pleased to see that you recognize the value that the University of Alaska (UA) engineering program brings to the State of Alaska and the fact that the existing infrastructure is severely inadequate to meet current demand. We also trust that you share our concerns that as the UAA engineering program continues to be successful in its evolution and growth, there will be a greater disparity between the educational demands of Alaskans and the ability of the University to meet those needs.

We applaud your efforts toward understanding the serious needs for the UAA School of Engineering and taking the initiative to pre-file Senate Bill No. 206 (SB206) prior to the start of the legislative session. This bill will be an important vehicle to allow for further discussion and education of others in the legislature on the dire need for capital funding for the design and construction of a new engineering building at UAA.

Our professional board is strongly united and emotionally supportive of the UAA School of Engineering Program. We fully support your efforts regarding SB206 and we are ready to provide any further support from our professional and community networks. We have data and statistics readily available to help in educating others of the exponential growth in enrollment, severe overcrowding in classrooms, lack of adequate laboratory space and equipment, and increasing demand for home-grown talent in engineering related fields. Our Board is ready and prepared to testify on the needs of our professional industry. Through our professional networks, we are continuing to coordinate and advocate support from other major industry leadership. Please know that you have our support and please don't hesitate to call upon us whenever you may need a voice from industry.

Respectfully,
UAA School of Engineering Advisory Board

Richard S. Reich P.E.
Chairman

The School of Engineering's mission is to provide high-quality, hands-on undergraduate and graduate engineering education to Alaskan students, to meet industry's need for well-trained engineers and to provide continued professional training.

UAA School of Engineering
UNIVERSITY of ALASKA ANCHORAGE

UAA College of Education
UNIVERSITY of ALASKA ANCHORAGE

ALASKA TEACHER SCIENCE TECHNOLOGY ENGINEERING AND MATH PREPARATION

MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN the SCHOOL OF ENGINEERING (SOENGR) and the COLLEGE OF EDUCATION (COE) UNIVERSITY OF ALASKA ANCHORAGE (UAA)

I. PARTIES OF THE MEMORANDUM

The parties of the memorandum of understanding are:

A. UAA SCHOOL OF ENGINEERING (SOENGR)
B. UAA COLLEGE OF EDUCATION (COE)

II. STATEMENT OF PURPOSE AND VALUES

The purpose of this Memorandum of Understanding (MOU) is to articulate the collaborative efforts of the UAA School of Engineering and the UAA College of Education to plan and coordinate course offerings and facility usage to best serve industry, students, and the community.

This MOU represents joint understanding of each entity to better serve all students and teachers in Alaska, contribute to local workforce development and economic prosperity, and mutually benefit the missions of our institutions.

It is recognized that there is a shortage of engineers and teachers in Alaska. It is also recognized that there is a need for teachers well prepared in the areas of Science, Technology, Engineering, and Mathematics (STEM) as those are of critical importance. Improved instruction in Science and Mathematics positively impact students' successful job attainment, particularly in those jobs dependent upon a strong understanding of STEM areas. These collaborative efforts will provide pre- and in-service teachers with programs and professional development that will facilitate and enhance their abilities to teach STEM-related topics in the classroom. Improved instruction will translate into improved K-12 student performance and ultimately result in successful high school-to-college transitions for students in STEM areas and related career fields.

It is also recognized that the UAA School of Engineering is a resource for providing engineering courses for professional development that enhance the knowledge, skill and confidence level of teachers, allowing them to better deliver STEM instruction. Additionally, it is recognized that facilities and laboratories designed for hands-on, experiential learning will benefit Education and Engineering students alike, as all students benefit from authentic learning. The mutual sharing of

facilities is economically efficient and builds synergy and fosters collaboration between two disciplines that share common aspects and goals. Our Values in this collaboration are communication, commitment and engagement, transparency, trust, responsibility, accountability, cooperation, inclusiveness, persistence, and openness to new opportunities and alliances.

III. STATEMENT OF EXPECTATIONS AND AGREEMENT

SOENGR and COE WILL:

- Facilitate a "working committee", representative of the two units, to plan and coordinate teacher preparation and professional development courses and facilities related to STEM areas.
- Collaboratively work together to seek adequate facilities to meet the demands required for teacher preparation and professional development in STEM areas.
- Collaboratively solicit funding required to support the needed facilities and faculty for teacher preparation and professional development.
- Coordinate with school districts, industry, students, and teachers for continuous improvement of teacher preparation and professional development in STEM areas for Alaska.
- Aid the working committee in establishing an "advisory group", representative of industry and education, to oversee the implementation and long-tem support and management of K12 engineering academies.
- Work with the "advisory group" for the long-term success of these academies, and teacher preparatory and professional development activities

IV. AUTHORITY: MANAGEMENT & FINANCIAL

- It is agreed that 100% of all funding contributions will be jointly managed and accounted for by the UAA School of Engineering and the UAA College of Education.

- It is agreed that 100% of all technical contributions will be jointly managed and accounted for by the UAA School of Engineering and the UAA College of Education.

- The UAA School of Engineering and the UAA College of Education will be responsible for oversight of the MOU; monitor strategic implementation goals and objectives, monitor assessment and evaluation, and initiate improvements based on assessment and evaluation.

V. TERM OF MEMORANDUM

Effective date and termination of memorandum:

A) This MOU shall become effective upon date of final signature and shall remain in effect until all parties agree otherwise.
B) This MOU may be amended in writing at any time by mutual agreement of the parties.

C) Any party may cancel their participation in this MOU by giving a sixty (60) day written notice to the other parties. In such case, termination by one or more of the parties to this MOU does not alter the terms or obligations of the other parties to this MOU.

THIS MEMORANDUM OF UNDERSTANDING IS A DOCUMENT OF MUTUAL INTEREST, AGREEMENT AND COLLABORATION FOR BUILDING AND SUSTAINING TEACHER PREPARATION AND PROFESSIONAL DEVELOPMENT IN STEM RELATED AREAS FOR PROVIDING QUALITY STEM COURSES TO ALASKA'S PUBLIC SCHOOLS, AND CONSISTING OF PARTIES, PURPOSE AND VALUES, EXPECTATIONS AND AGREEMENT, FINANCIAL OBLIGATIONS, AND TERM, IN THE WITNESS WHEREOF, is executed by the persons signing below, representing the interests of said parties who have authority to execute this memorandum of understanding. The signatories will strive to reach, to the best of their ability, the objectives stated in the MOU. On behalf of the organization

I represent, I wish to sign this Alaska Teacher STEM Preparation MOU and contribute to its further development.

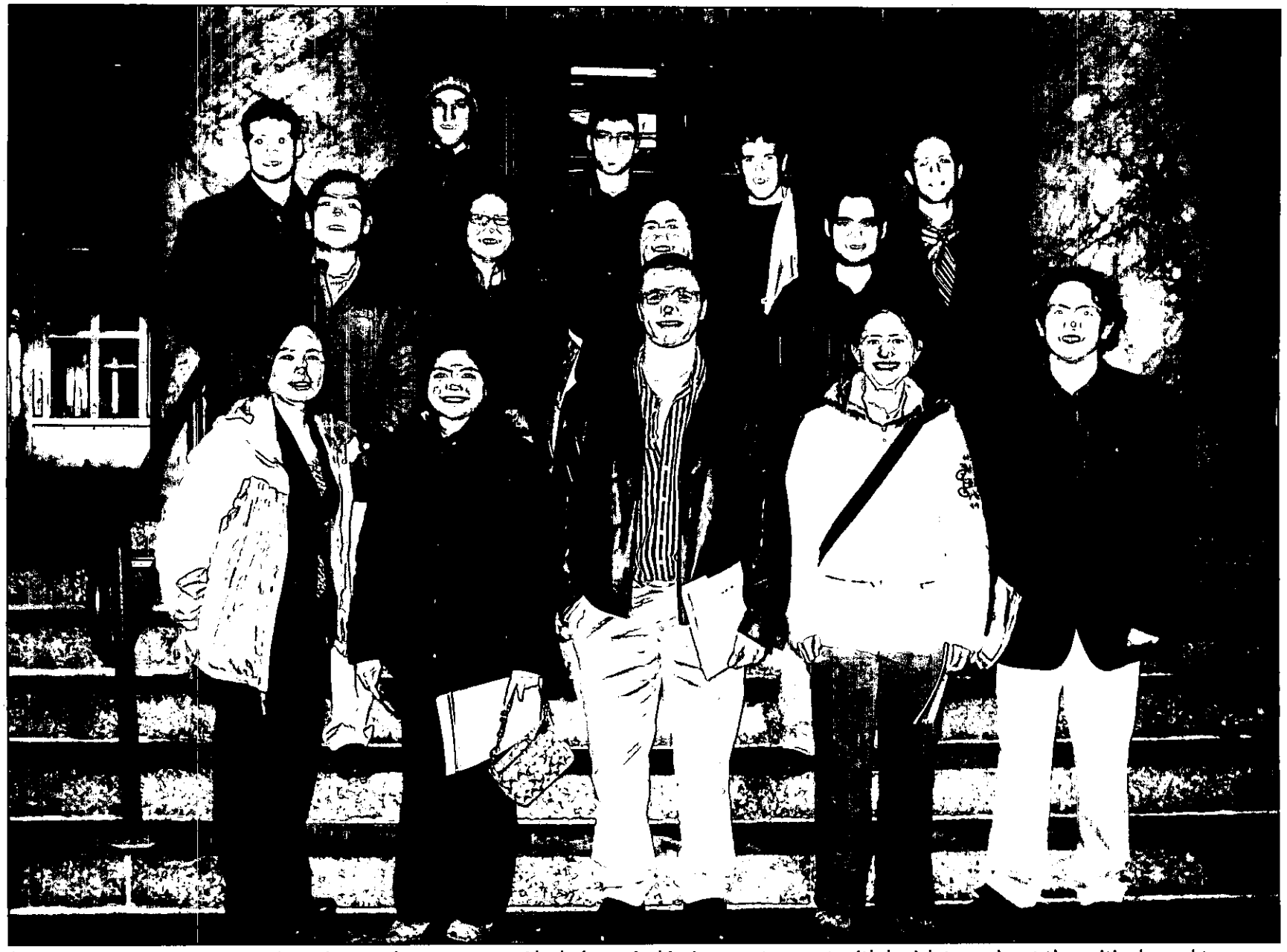
Rob Lang — 2/1/10

Rob Lang
UAA School of Engineering
Date:

Mary Snyder — 2/1/2010

Mary Snyder
Dean, UAA College of Education
Date:

1386



On February 19, 2009, 14 UAA engineering students went to Alaska's capital in Juneau to meet with legislators about the critical need to support UAA engineering. The students met with more than 30 senators and representatives. Photo shows the students on the steps of the Capitol Building.

To: Governor Sarah Palin and Alaska State Legislators

We, the undersigned engineering students of University of Alaska Anchorage urge the state to support funding for the expansion of our engineering department with a new engineering building. We have over 900 engineering students and are still growing. A UAA engineering student has one third the space that an engineering student has on the national average. The engineering students in Anchorage are obligated to reside in Anchorage because our jobs are located in Anchorage and we have to work to support our families, pay for school, and gain experience in our field. We, the engineering students of UAA, thank you for your valuable time and consideration.

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Colleen Wilt		(907)310-1254	03/04/09
Kimi Gonzalez		(907) 360-9261	3/4/09
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Rusty Allen		402-880-9004	3/4/09
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Nicholas Warton		907-394-2833	3-4-09
Jennifer Brown		907-230-0809	3/4/09
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Maher AbouEid		907-350-6777	3-6-09
Galen Jones		(907) 830-4364	3/6/09
Matthew Majoros		(907) 244-3944	3/6/09
STEVEN CLARK		(907) 440-4919	MAR 6 2009

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Mike Rudd		asmjr32@uaa.alaska.edu	3/18/09
Kyle Menzel	Kyle Menzel	askml8@uaa.alaska.edu	3-18-09

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Nicholas Warten		asnjw5@uaa.alaska.edu	3/17/09

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Name	Signature	Email or Phone Number	Date
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STEVEN BENTE		907-715-7095	3/6/09
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Jessica Angel		907-339-0184	3/18/09
Roy M. Cord	Roy M. Cord	9078687314	3/18/09
Richard Regacho	Richard Regacho	907-277-2264	3/18/09
Malissa Suson	Malissa Suson	907-723-1404	3/18/09

To: Governor Sarah Palin and Alaska State Legislators

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To: Governor Sarah Palin and Alaska State Legislators

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Name	Signature	Email or Phone Number	Date
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ZACH MEEHAN	Zach Meehan	azjm3@uaa.alaska.edu	3/20/09
Joshua Satterfield		(907) 317-2959	3/20/09
Michael Johnson	Michael Johnson	907-223-5934	3/20/09

To: Governor Sarah Palin and Alaska State Legislators

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Name	Signature	Email or Phone Number	Date
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Dana Lamer	Dana Lamer	asdd9@uaa.alaska.edu	3/20/09
Lauren Bullard	Lauren Bullard	nachtfee@gmail.com	3/20/09

To: Governor Sarah Palin and Alaska State Legislators

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Forest Rose Walker		752-0596	3/20
DANIEL KING		903-6693	3/20
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Drew Nielson		350-1745	3/20
Hanh Do		9077486507	3/20/09
Stephanie Phillips		asfp4@uaa.alaska.edu	3/20

To: Governor Sarah Palin and Alaska State Legislators

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Tyler Keene	Tyler Keene	907-351-9723	3/20/09

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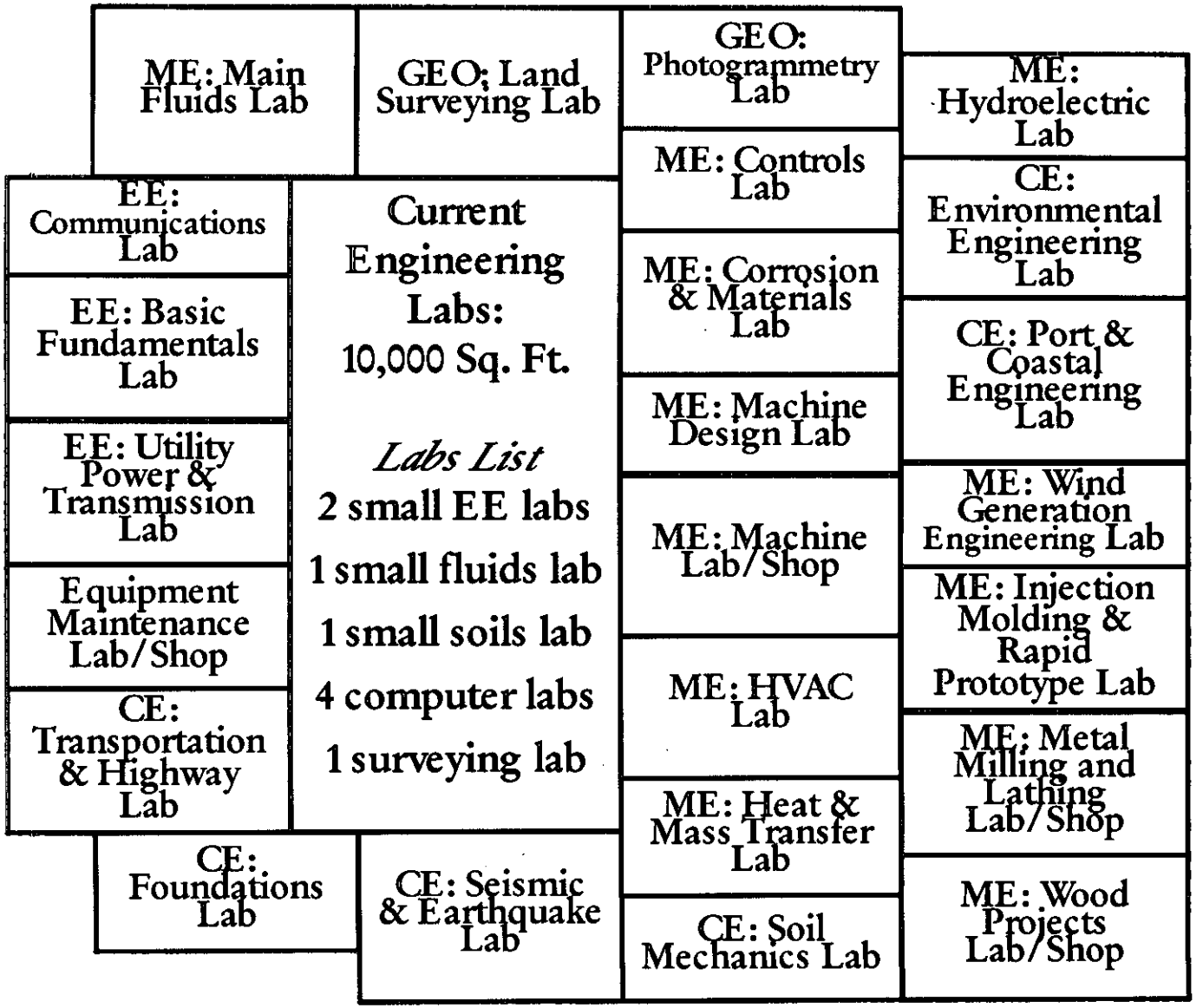
New UAA Engineering Building Provides Critically Needed Missing Labs

- Currently, there is approximately 10,000 sq. ft. of laboratories for the UAA undergraduate engineering programs.

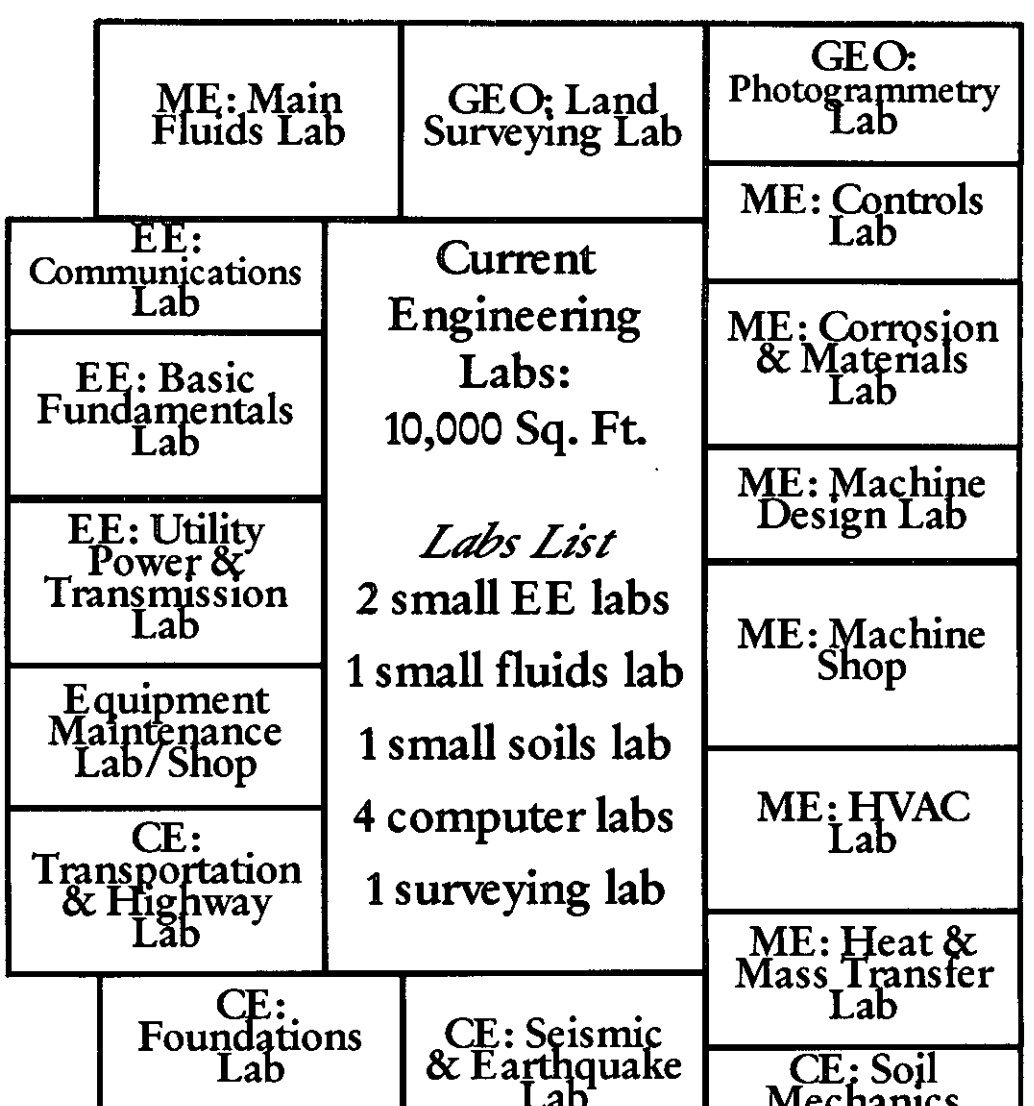
- The new engineering building would provide labs that currently do not exist but are critically needed to sustain the engineering programs.

- The new engineering building would provide labs that students need to learn fundamental engineering concepts, and to design projects and obtain engineering skills that are applicable in Alaska and highly desired by industry.

New UAA Engineering Building – 70,000 GSF
Provides Critically Needed Missing Labs



New UAA Engineering Building - 50,000 GSF
Provides Critically Needed Missing Labs



Alaska Secondary Engineering Academies

MEMORANDUM OF UNDERSTANDING (MOU)
BETWEEN
ALASKA PROCESS INDUSTRY CAREERS CONSORTIUM (APICC),
UNIVERSITY OF ALASKA (UAA, UAF, UAS),
ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (AK DOLWD)
AND
ALASKA DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (AK DEED)

I. PARTIES OF THE MEMORANDUM

The parties of the memorandum of understanding are:

A. **ALASKA PROCESS INDUSTRY CAREERS CONSORTIUM (APICC)**
B. **UNIVERSITY OF ALASKA (UAA, UAF, UAS)**
C. **ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (AK DOLWD)**
D. **ALASKA DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (AK DEED)**

II. STATEMENT OF PURPOSE AND VALUES

The purpose of this Memorandum of Understanding (MOU) is to articulate the collaborative efforts of APICC, UA, AK DOLWD, and AK DEED to plan, solicit and coordinate funding and technical contributions for engineering academies for secondary schools in Alaska.

This MOU represents the joint understanding of each entity to **better serve all secondary students in Alaska**, contribute to local workforce development and economic prosperity, and mutually benefit the missions of our organizations.

The entities participating in this MOU will work to ensure the expansion of secondary engineering academies that will accommodate all Alaska secondary students.

The engineering academies resulting from this collaborative effort will provide students with programs of study that culminate in successful high school to college transitions for students in science, technology, engineering, mathematics, and related career fields.

Our Values in this collaboration are communication, commitment & engagement, transparency, trust, responsibility, accountability, cooperation, inclusiveness, persistence, and openness to new opportunities and alliances.

This MOU represents a mutual agreement to facilitate successful emerging and existing engineering academies at schools (districts) and to create new engineering academies to evolve within the initiative that will have the capacity to serve students throughout Alaska.

An "Engineering Academies Advisory Group" will be formed that will be responsible for oversight of the initiative. This group will be representative of Alaska Industries that employ significant numbers of engineers and the University of Alaska schools/colleges of engineering. This group will work with the APICC Executive Director and provide updates to the APICC Board of Directors, contributing funders and technical providers.

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III. STATEMENT OF EXPECTATIONS AND AGREEMENT

APICC WILL:

- Enter into agreements with school districts interested in supporting the efforts outlined in this MOU.
- Facilitate a "working committee", representative of the MOU institutions and interested school districts, to plan and steer a project "proposal", to be solicited for financial and technical contributions (non-monetary) to initiate and support secondary engineering academies.
- Solicit initial funding to support assistance with "proposal" development.
- Coordinate the working committee to compile a "review group", representative of industry and education, to review and approve the "proposal."
- Coordinate the working committee to compile an "advisory group", representative of industry and education, to oversee the implementation and long-tem support and management of secondary engineering academies.
- Coordinate the "review group" that will review, make recommendations for improvements, and approve the "proposal" prior to submission/solicitation for financial and technical contributions.
- Coordinate the submission/solicitation of the proposal to major foundation(s), industry and government entities.
- Manage the resources for participation in, support of, and continuous improvement of, secondary engineering academies; including teacher preparation.
- Work with the "advisory group" for the long-term success of these academies.

UA WILL (UAA, UAF, AND UAS):

- Work with APICC to coordinate meeting space that accommodates video conferencing capabilities for the working group, review group, and advisory group.
- Assist in the alignment of curriculum to enhance articulation to post-secondary engineering programs.
- Identify and coordinate with other/existing STEM initiatives (e.g. ANSEP).

AK DLOWD WILL:

- Work with Alaska industry toward participation in, and support for, secondary engineering academies. This supports strategic element 4.2(c) of the AGIA Training Strategic Plan.

AK DEED WILL:

- Work with Alaska's public schools toward participation in secondary engineering academies.
- Assist in the alignment of curriculum to enhance articulation to post-secondary engineering programs.
- Work to articulate secondary engineering academy courses with math and science credits required for high school graduation.
- Identify and coordinate with other/existing STEM initiatives.

PARTICIPATING SCHOOL DISTRICTS WILL:

- Commit to funding and continued support of emerging or existing engineering academies within their respective school districts.

ALL PARTIES WILL:

- Assist in the development of a proposal.
- Jointly submit/solicit the proposal for funding to major foundation(s), industry and government entities.
- Jointly submit/solicit the proposal for technical (non-monetary) contributions to major foundation(s), industry and government entities.
- Work to support the emerging and existing engineering academies.
- Support the use of these academies as models for the creation of new/additional engineering academies that are inclusive for students statewide.

IV. AUTHORITY: MANAGEMENT & FINANCIAL

- It is agreed that 100% of all funding contributions will be managed and accounted for by APICC, with authority and oversight by the Engineering Academies Advisory Group, and the APICC Board of Directors.

- It is agreed that 100% of all technical contributions will be managed and accounted for by APICC, with authority and oversight by the Engineering Academies Advisory Group, and the APICC Board of Directors.

- The Engineering Academies Advisory Group will be responsible for oversight of the initiative; monitor strategic implementation goals and objectives (as expressed in the proposal), review and approve requests for new academies, monitor assessment and evaluation, and initiate improvements based on assessment and evaluation.

V. TERM OF MEMORANDUM

Effective date and termination of memorandum:

A) This MOU shall become effective upon date of final signature and shall remain in effect until all parties agree otherwise.
B) This MOU may be amended in writing at any time by mutual agreement of the parties.
C) Any party may cancel their participation in this MOU by giving a sixty (60) day written notice to the other parties. In such case, termination by one or more of the parties to this MOU does not alter the terms or obligations of the other parties to this MOU.

1416

THIS MEMORANDUM OF UNDERSTANDING IS A DOCUMENT OF MUTUAL INTEREST, AGREEMENT AND COLLABORATION FOR BUILDING AND SUSTAINING ENGINEERING ACADEMIES IN ALASKA'S PUBLIC SECONDARY SCHOOLS, AND CONSISTING OF PARTIES, PURPOSE AND VALUES, EXPECTATIONS AND AGREEMENT, FINANCIAL OBLIGATIONS, AND TERM, IN THE WITNESS WHEREOF, is executed by the persons signing below, representing the interests of said parties who have authority to execute this memorandum of understanding. The signatories will strive to reach, to the best of their ability, the objectives stated in the MOU. On behalf of the organization I represent, I wish to sign this Alaska Secondary Engineering Academies MOU and contribute to its further development.

11/17/09

Todd Bergman — **Date:**

Executive Director, APICC

11/17/2009

Fran Ulmer — **Date:**

Chancellor, UAA

11/17/09

Brian Rogers — **Date:**

Chancellor, UAF

November 17, 2009

John Pugh — **Date:**

Chancellor, UAS

11/17/2009

Click Bishop — **Date:**

Commissioner, AK DLOWD

11-17-09

Larry LeDoux — **Date:**

Commissioner, AK DEED

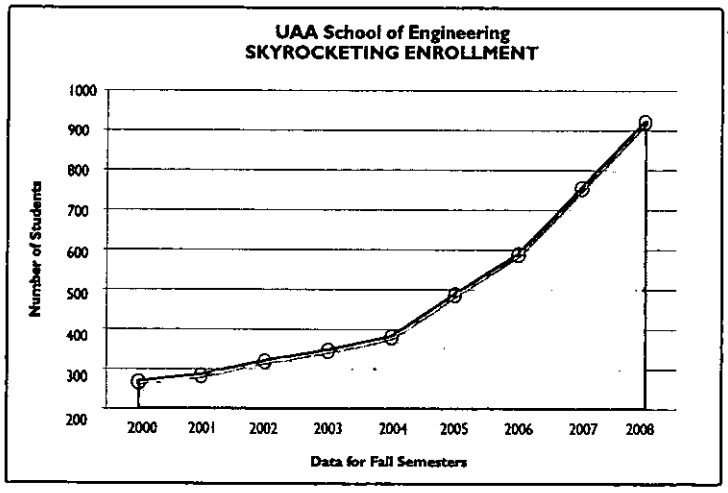
UAA UNIVERSITY of ALASKA ANCHORAGE

UAA'S SCHOOL OF ENGINEERING

GROWING TO MEET ALASKA'S NEEDS

space needs

- UAA's School of Engineering currently occupies 40,000 square feet.
- A space needs analysis by ECI/Hyer, Inc. indicates the program requires a total of 200,000 square feet.
- Phase 1 Project Cost: $85 Million.
- Total Project Cost: $140 Million.



the facts

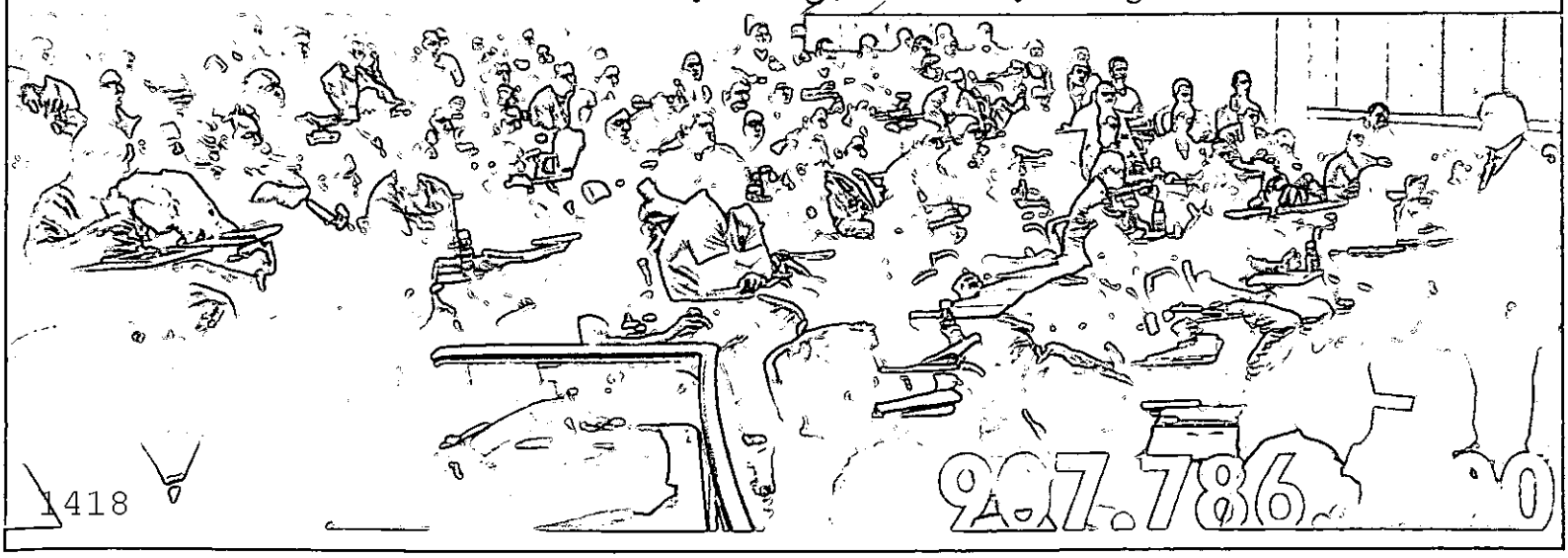
- UAA's School of Engineering must substantially increase its facilities and faculty to meet the needs of students that are currently enrolled.

"THIS BUILDING WOULD PROVIDE THE PUBLIC SQUARE FOR ENGINEERING IN ALASKA."

~ Rob Lang, Dean of UAA School of Engineering

- Since 2000, UAA's School of Engineering enrollment has more than tripled.
- Phase 1 construction provides critically needed undergraduate teaching laboratories to meet current enrollment demands.
- Increased enrollments are expected with the predicted population growth for the Anchorage/Mat-Su area through 2030, and as outreach efforts are successful in attracting more students to engineering fields.

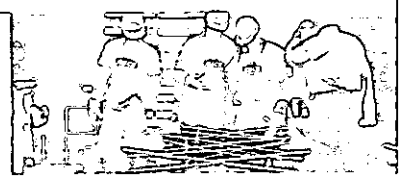
UNIVERSITY OF ALASKA ANCHORAGE | SCHOOL OF ENGINEERING
3211 Providence Drive, ENGR 201 | Anchorage, Alaska 99508 | www.engr.uaa.alaska.edu



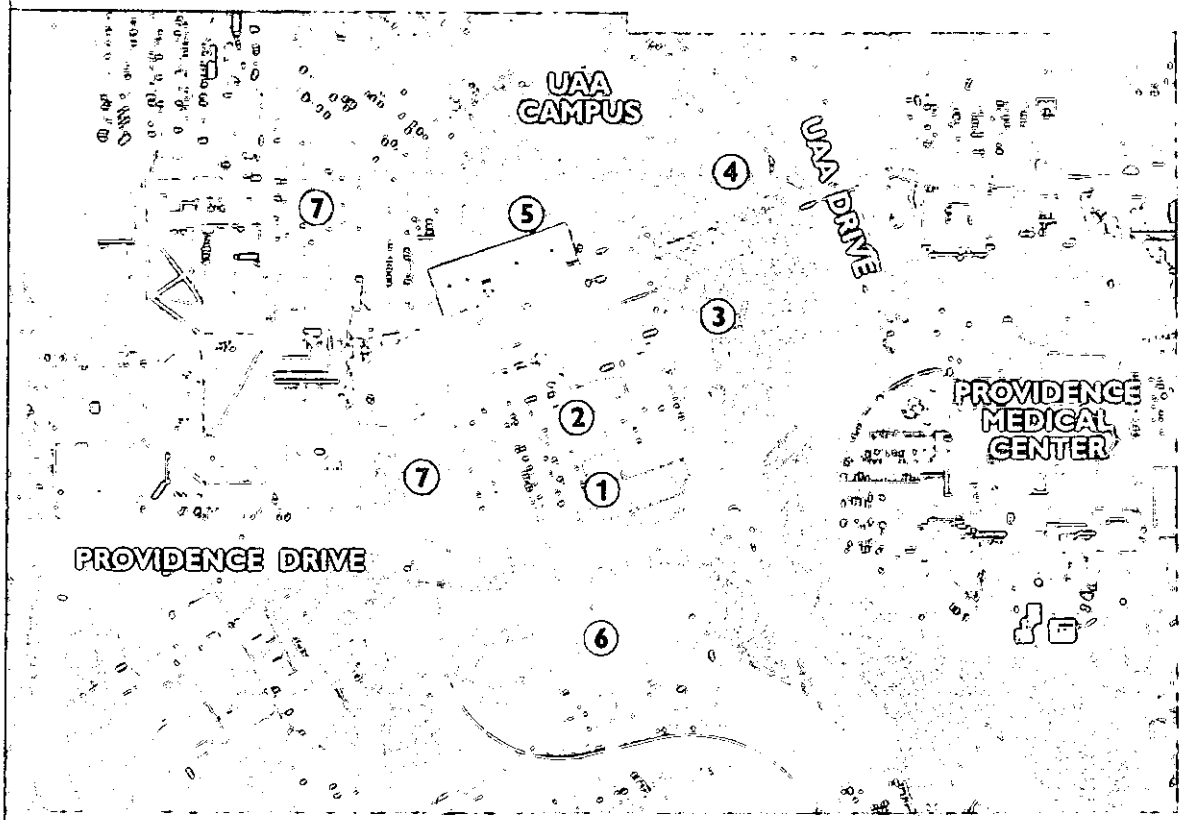
9-7-786

UAA'S SCHOOL OF ENGINEERING

GROWING TO MEET ALASKA'S NEEDS



THIS IS AN OPPORTUNITY TO INVEST IN ALASKA'S FUTURE BY KEEPING OUR ENGINEERS LIVING & WORKING WITHIN OUR STATE.



site plan

1. ENGINEERING BUILDING, PHASE 1: (80,000 GSF to meet current need; basic undergraduate teaching labs, including: electronics, instrumentation, materials, fluids, photogrammetry, soils, & seismology)
2. ENGINEERING BUILDING, PHASE 2. (60,000 GSF to meet expected growth)
3. EXISTING ALASKA NATIVE SCIENCE & ENGINEERING PROGRAM BUILDING (ANSEP)
4. EXISTING ENGINEERING BUILDING: (40,000 GSF shared with other programs)
5. WELLS FARGO SPORTS COMPLEX
6. HEALTH SCIENCES
7. FUTURE CAMPUS GROWTH

facts & figures

1 Alaska has a major shortage of engineers, ranking 49th in the nation for graduating engineers.

2 The majority of engineering students in the State, about 60%, attend UAA with enrollments expected to grow.

3 More than 100 companies specializing in engineering, energy, oil field development, utilities, and construction have offices within four miles of the main UAA campus.

4 Statistics prove that 80% of engineers educated at UAA will stay in Alaska.

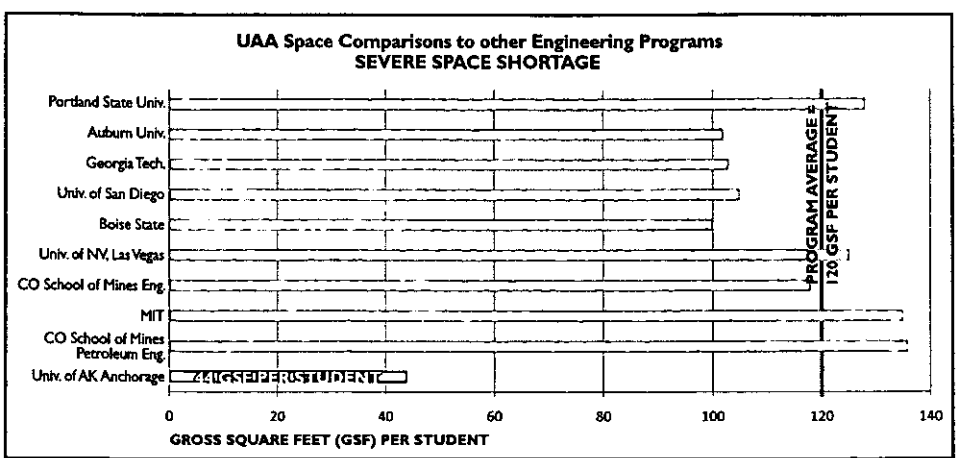
5 Almost half of the roughly 5,000 licensed engineers in Alaska reside out-of-state reflecting the need for more Alaska grown engineers.

6 UA instituted the Engineering Initiative to double the number of graduates to 200 per year by 2012.

7 Alaska's industry and state agencies need approximately 400 engineers per year.

8 Since many major industries are near UAA, students can work in job internships throughout the entire school year and during the summer.

9 UAA's School of Engineering has students from all over Alaska and is a leader in outreach programs to rural communities.



UAA is an EEO/AA employer and educational institution.
In accordance with the Americans with Disabilities Act, this material is available in alternate formats upon request.

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/19/10

FURTHER: Finance

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

DATE TURNED IN TO OFFICE: 2/10/10

Education Committee considered SENATE BILL NO. 206

SB 206 APPROP UNIV ENGINEERING BUILDINGS

"An Act making special appropriations for new engineering buildings for the University of Alaska in Anchorage and Fairbanks."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

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			✓	
	STEVENS	X			
	Huggins			✓	
	DAVIS	X			
CO-CHAIR:	Meyer	X			
CO-CHAIR:	Thomas	✓			

1420

SB 209

Senator Linda Menard

Session
State Capitol, Room 9
Juneau, Alaska 99801
Phone: (907) 465-6600
Fax: (907) 465-3805

Interim
600 E. Railroad Ave.
Wasilla, Alaska 99654
Phone: (907) 376-3370
Fax: (907) 376-3157

Alaska State Legislature

SB 209 Sponsor Statement

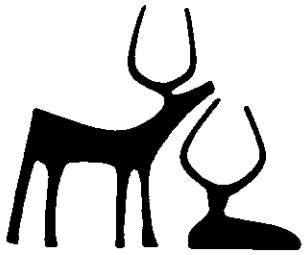
Senate Bill 209 will provide the Alaska State Council on the Arts the authority to adopt regulations relating to its statutory powers and duties.

The bill has been introduced at the request of the Alaska State Council on the Arts (ASCA), which is the Last Frontier's state arts agency, created over 40 years ago. The council works in partnership with the National Endowment for the Arts (NEA) to foster the development of the arts for all Alaskans through education, partnerships, grants and services.

Several of ASCA's programs are governed by regulations, which ASCA has promulgated and updated over the years. Recently ASCA has sought to improve and streamline its grant-making policies, procedures, and regulations. In the course of this effort, ASCA was informed by the Department of Law that ASCA technically does not have statutory authority to adopt regulations under the Administrative Procedures Act (APA). While this legal opinion is at odds with long-standing practice, ASCA considered the advice from the Attorney General's office, and determined that the best way to rectify the current anomalous situation is to amend its enabling statute to allow ASCA the explicit statutory authority to adopt regulations.

This legislation will in essence codify existing practice and will enable ASCA to continue to administer and oversee its existing programs. Any and all regulations adopted in future will have to comply with the review and public-notice provisions of the APA. This bill has a zero fiscal note and will help ASCA continue performing its long-standing mission of helping more Alaskans appreciate, create, and enjoy the arts and having regulatory authority will directly contribute to ASCA's ability to do so.

Senator_Linda_Menard@legis.state.ak.us



The Hon. Kevin Meyer and Joe Thomas
Co-Chairmen, Senate Education Committee
State Capitol, Rooms 101 & 504
Juneau, Alaska 99811

Dear Senators Meyer and Thomas:

I am writing on behalf of the Alaska State Council on the Arts (ASCA) to express our support for Senate Bill 209. I hope to ensure that all members of the Senate Education Committee and, indeed, the full Senate, will support this simple yet important piece of legislation.

SB 209 was necessitated by a determination of the Alaska Department of Law that ASCA does not possess statutory authority to adopt regulations, although ASCA had been so doing for many years. When this technical lack of authority came to our attention, the members of the State Council weighed our options, and decided that simply adding the missing language from the statute would be the best way to remedy the situation.

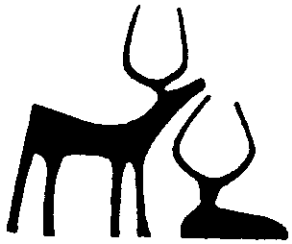
ASCA's work is vitally important to the cultural well-being of Alaskans, and we could not operate our regrant program in accordance with federal standards without the state regulations that implement our enabling statutes. Giving ASCA the explicit power to adopt simple regulations subject to the same scrutiny that applies to all other regulations adopted in Alaska will allow Alaska's state arts agency to continue to do its job to the benefit of all Alaskans.

Please don't hesitate to let me know if I can answer any questions about this legislation or ASCA, and thank you very much for your thoughtful consideration of this bill.

Yours sincerely,
Benjamin Brown
Benjamin Brown, Chairman
Alaska State Council on the Arts

cc: members of the Senate Education Committee

Alaska State Council on the Arts
411 West 4th Avenue, Suite 1E, Anchorage, Alaska 99501-2343 • (907) 269-6610 • Fax: (907) 269-6601
Toll Free: 1-888-278-7424 • TTY: 1-800-770-8973 • Website: www.eed.state.ak.us/aksca



Senator Linda Menard
Alaska State Legislature
State Capitol Building
Juneau, Alaska
Sent via email

January 24, 2010

Dear Senator Menard:

I would like to lend the support of myself and the Alaska State Council on the Arts, a division of the Department of Education, to Senate Bill 209, which will at long last provide our agency the authority to adopt regulations.

While, in many respects, this legislation is a housekeeping matter, it is a critical bill for our agency. We need the ability to update and amend our regulations over time, and without the statutory authority to do so, the Alaska State Council on the Arts will remain static and unable to respond to changes in the field.

Thank you, Senator Menard, for carrying this legislation. I look forward to working with you and your office.

Sincerely,

Charlotte A. Fox
Executive Director

Alaska State Council on the Arts
411 West 4th Avenue, Suite 1E, Anchorage, Alaska 99501-2343 • (907) 269-6610 • Fax: (907) 269-6601
Toll Free: 1-888-278-7424 • TTY: 1-800-770-8973 • Website: www.eed.state.ak.us/aksca

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS

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

TO: All Members

FROM: Senator Kevin Meyer, Senator Joe Thomas
Co-Chairs, Senate Education Committee

RE: Hearing – SB 209 – Regulatory Authority for the Alaska Council on the Arts

LOCATION: Beltz Room

DATE/TIME: Friday, February 12th – 8am

REVISED AGENDA

SB 209 – Regulatory Authority for the Alaska Council on the Arts

Bills Previously Heard:

- SB 236 – Tax Credits for Education

Jomo Stewart, Committee Aide
(907) 465-6874

Murray Richmond, Committee Aide
(907) 465 - 6443

Senate_Education@legis.state.ak.us

Senator Linda Menard

Session
State Capitol, Room 9
Juneau, Alaska 99801
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Fax: (907) 465-3805

Interim
600 E. Railroad Ave.
Wasilla, Alaska 99654
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Fax: (907) 376-3157

Alaska State Legislature

January 27, 2010

To: Senators Kevin Meyer and Joe Thomas
Co-chairs- Senate Education Committee

From: Sen. Linda Menard

Re: Hearing Request for Senate Bill 209

Sens. Meyer and Thomas,

This letter is to request a hearing for Senate Bill 209, an act providing the Alaska State Council on the Arts the authority to adopt regulations relating to its statutory powers and duties.

I'd also like to ask that when you do schedule a hearing it be during or after the first week in February. This is because some of my key witnesses will be unavailable until that time to give testimony.

Thank you for your consideration,

Linda Menard

Sen. Linda Menard

Senator_Linda_Menard@legis.state.ak.us

LEGAL SERVICES

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

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

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

MEMORANDUM February 8, 2010

SUBJECT: Sectional summary; regulatory authority for the Alaska Council on the Arts (SB 209; Work Order No. 26-LS1236\A)

TO: Senator Linda Menard
Attn: Mike Rovito

FROM: Dennis C. Bailey
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.

Section 1. Gives the Alaska State Council on the Arts the authority to adopt regulations relating to its statutory powers and duties.

Section 2. Provides an immediate effective date for the measure.

If I may be of further assistance, please advise.

DCB:plm
10-057.plm

26-LS1236\A
Bailey/Bullard
12/2/09

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY SENATOR MENARD

Introduced:
Referred:

A BILL

FOR AN ACT ENTITLED

"An Act providing the Alaska State Council on the Arts the authority to adopt regulations relating to its statutory powers and duties; and providing for an effective date."

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

*** Section 1.** AS 44.27.052(a) is amended to read:

(a) The council may

(1) hold public and private hearings;

(2) enter into contracts, within the limit of funds available, with individuals, organizations, and institutions for services furthering the educational objectives of the council's programs;

(3) enter into contracts, within the limit of funds available, with local and regional associations for cooperative endeavors furthering the educational objectives of the council's programs;

(4) accept gifts, contributions, and bequests of unrestricted funds from

individuals, foundations, corporations, and other organizations or institutions for the purpose of furthering the educational objectives of the council's programs; [AND]

(5) make and sign agreements and do and perform any acts necessary to carry out the purposes of AS 44.27.040 - 44.27.060; **and**

(6) adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the provisions of AS 44.27.040 - 44.27.060.

*** Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

Senator Linda Menard

Session
State Capitol, Room 9
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600 E. Railroad Ave.
Wasilla, Alaska 99654
Phone: (907) 376-3370
Fax: (907) 376-3157

Alaska State Legislature

Senate Bill 209
List of Witnesses

In person testimony:

Ben Brown, chair, Alaska State Council on the Arts

Charlotte Fox, executive director of the Alaska State Council on the Arts

Senator_Linda_Menard@legis.state.ak.us

SB 213

ALASKA STATE LEGISLATURE

SENATOR BILL WIELECHOWSKI

February 8, 2010

Senator Kevin Meyer
Senator Joe Thomas
Co-chairs, Senate Education Committee
State Capitol
Juneau, Alaska 99801

Dear Senators Meyer and Thomas:

I am writing to request a hearing on Senate Bill 213, "An Act providing for funding for school lunch and breakfast."

Senate Bill 213 will provide a state match for schools participating in the federal Free and Reduced Price School Breakfast and Lunch Program. This legislation will encourage more schools to provide nutritious meals for underprivileged children and allow schools that already do so to improve their programs.

I have attached a blank committee substitute to correct a drafting error in which the base reimbursement amounts of 15 cents per lunch and 35 cents per breakfast were transposed in the original version.

I intend to request that representatives from the appropriate state agencies and from legislative legal services be present to respond to any questions that may arise. I expect testimony from representatives of the Food Bank of Alaska, the Alaska Food Coalition, and the Alaska School Nutrition Association. Further, I would like to allow public testimony to be taken statewide by electronic means.

Thank you for your consideration of this request. Any questions you or your staff may have should be directed to George Ascott at 465-2435.

Sincerely,

Senator Bill Wielechowski

Session: State Capitol • Juneau, Alaska 99801 • (907) 465-2435 • (800) 550-2435 • Fax: (907) 465-6615
Interim: 716 West 4th Avenue • Anchorage, Alaska 99501 • (907) 269-0120 • Fax: (907) 269-0122
Senator_Bill_Wielechowski@legis.state.ak.us • www.aksenate.org/wielechowski/

ALASKA STATE LEGISLATURE

Session
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Senator_Bill_Wielechowski@legis.state.ak.us

Co-chair
Joint Armed Services Committee
Resources Committee

Member
Energy Committee
Judiciary Committee
World Trade Committee

SENATOR BILL WIELECHOWSKI

Sponsor Statement

Senate Bill 213 – Funding for School Meals

"An Act providing for funding for school lunch and breakfast."

Senate Bill 213 will provide a state match for schools participating in the federal Free and Reduced Price School Breakfast and Lunch Program. This legislation will encourage more schools to provide nutritious meals for underprivileged children and allow schools that already do so to improve their programs. Currently in Alaska, thirty-two percent of schools offering school lunch do not offer school breakfast, leaving 10,000 Alaskan children with no access to affordable breakfast. For many children, these are the only nutritious meals they will get on a regular basis. Alaska is one of the only states that does not help supplement the program.

This legislation will provide school districts with a base amount of 35 cents for each breakfast served and 15 cents per lunch. To compensate for higher costs, rural schools will receive additional assistance through a funding formula based on the applicable School District Cost Factor for each district.

In addition to fighting childhood hunger, investing in school meals has been shown to improve school attendance and performance, reduce violence, and combat childhood obesity.

This legislation was requested by the Food Bank of Alaska, The Alaska Food Coalition, and the Alaska School Nutrition Association; and currently has been endorsed by the Yakutat Board of Education, the Petersburg Indian Association, the Petersburg School District, the Lower Kuskokwim School District, the Bering Strait School Board, the Cordova School District, the Yupiit School District, the Kenai Peninsula School District, and the Chugach School District.

ALASKA STATE LEGISLATURE

Session
State Capitol, Rm. 115
Juneau, AK 99801
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(907) 269-0120
Fax: (907) 269-0122

Senator_Bill_Wielechowski@legis.state.ak.us

Co-chair
Joint Armed Services Committee
Resources Committee

Member
Energy Committee
Judiciary Committee
World Trade Committee

SENATOR BILL WIELECHOWSKI

How Senate Bill 213 Works

The Federal Free and Reduced Price Breakfast and Lunch Program

The USDA reimburses school districts in Alaska for each meal provided to children who qualify for the Federal Free and Reduced Price Breakfast and Lunch Program.

Children who fall below 130 percent of the Federal Poverty Level (FPL) qualify for the Free Breakfast and Lunch Program. School districts are reimbursed by the USDA at $4.35 for each lunch and $2.33 for each breakfast they provide to the child.

Children who fall between 130 and 185 percent of the FPL qualify for the Reduced Price Breakfast and Lunch Program and school districts are reimbursed at $3.95 per lunch and $2.03 per breakfast.

These numbers are adjusted annually each July 1, based on the Consumer Price Index.

There are a variety of factors, such as percentage of children per district who qualify, which can change these numbers slightly.

How Senate Bill 213 works:

Senate Bill 213 will provide a state match of 15 cents for every Free or Reduced Price School Lunch and 35 cents for every Free or Reduced Price School Breakfast.

Most school districts will receive additional funding with a formula based on the applicable School District Cost Factor for each district. They will receive ¼ the difference between the base rate of 1.00 and the cost factor for that district, in cents.

For example, for 2010, the Nome School District has a cost factor of 1.402.

Subtracting the base rate 1.00, we get .402, which is then divided by four, leaving .1005, rounded to .10, or 10 cents.

The Nome School District will be reimbursed at the standard match of 15 cents plus for every lunch plus an additional 10 cents (25 cents total), and for every breakfast at the standard match of 35 cents plus an additional 10 cents (45 cents total).

Each school district will be reimbursed at a rate based on this calculation.

Sec. 14.17.460. District cost factors.

(a) For purposes of calculating a district's adjusted ADM under AS 14.17.410 (b)(1), the district cost factor for a school district is (1) for the fiscal year ending June 30, 2009, the factor set out under column (A) of this subsection, (2) for the fiscal year ending June 30, 2010, the factor set out under column (B) of this subsection, (3) for the fiscal year ending June 30, 2011, the factor set out under column (C) of this subsection, (4) for the fiscal year ending June 30, 2012, the factor set out under column (D) of this subsection, and (5) for fiscal years ending on or after June 30, 2013, the factor set out under column (E) of this subsection:

DISTRICT COST FACTOR

DISTRICT (A) (B) (C) (D) (E)

Alaska Gateway 1.443 1.481 1.519 1.557 1.594

Aleutians East 1.707 1.778 1.849 1.920 1.991

Aleutians Region 1.838 1.864 1.890 1.916 1.939

Anchorage 1.000 1.000 1.000 1.000 1.000

Annette Island 1.175 1.216 1.257 1.298 1.338

Bering Strait 1.762 1.821 1.880 1.939 1.998

Bristol Bay 1.370 1.397 1.424 1.451 1.478

Chatham 1.348 1.405 1.462 1.519 1.576

Chugach 1.395 1.420 1.445 1.470 1.496

Copper River 1.246 1.264 1.282 1.300 1.316

Cordova 1.165 1.182 1.199 1.216 1.234

Craig 1.108 1.133 1.158 1.183 1.206

Deltareely 1.174 1.191 1.208 1.225 1.241

Denail 1.323 1.326 1.329 1.332 1.332

Dillingham 1.300 1.312 1.324 1.336 1.346

Fairbanks 1.055 1.059 1.063 1.067 1.070

Galena 1.370 1.376 1.382 1.388 1.391

Haines 1.104 1.128 1.152 1.176 1.200

Hoonah 1.227 1.270 1.313 1.356 1.399

Hydaburg 1.295 1.348 1.401 1.454 1.504

Iditarod 1.658 1.705 1.752 1.799 1.846

Juneau 1.075 1.093 1.111 1.129 1.145

Kake 1.242 1.296 1.350 1.404 1.459

Kashunamiut 1.504 1.533 1.562 1.591 1.619

Kenai Peninsula 1.088 1.109 1.130 1.151 1.171

Ketchikan 1.085 1.106 1.127 1.148 1.170

Klawock 1.160 1.196 1.232 1.268 1.302

Kodiak Island 1.191 1.216 1.241 1.266 1.289

Kuspuk 1.584 1.622 1.660 1.698 1.734

Lake and Peninsula 1.776 1.831 1.886 1.941 1.994

Lower Kuskokwim 1.577 1.599 1.621 1.643 1.663

Lower Yukon 1.650 1.703 1.756 1.809 1.861

Matanuska-Susitna 1.040 1.048 1.056 1.064 1.070

Mt. Edgecumbe 1.098 1.123 1.148 1.173 1.195

Nenana 1.304 1.313 1.322 1.331 1.338

Nome 1.385 1.402 1.419 1.436 1.450

North Slope 1.648 1.684 1.720 1.756 1.791

Northwest Arctic 1.686 1.720 1.754 1.788 1.823

Pelican 1.384 1.408 1.432 1.456 1.477

Petersburg 1.122 1.153 1.184 1.215 1.244

Pribilof 1.555 1.589 1.623 1.657 1.691

Sitka 1.098 1.123 1.148 1.173 1.195

Skagway 1.159 1.163 1.167 1.171 1.174

Southeast Island 1.264 1.299 1.334 1.369 1.403

Southwest Region 1.554 1.587 1.620 1.653 1.685

St. Mary's 1.488 1.522 1.556 1.590 1.624

Tanana 1.641 1.677 1.713 1.749 1.786

Unalaska 1.343 1.368 1.393 1.418 1.441

Valdez 1.133 1.143 1.153 1.163 1.170

Wrangell 1.080 1.100 1.120 1.140 1.159

Yakutat 1.229 1.275 1.321 1.367 1.412

Yukon Flats 1.892 1.948 2.004 2.060 2.116

Yukon/Koyukuk 1.669 1.711 1.753 1.795 1.835

Yupiit 1.596 1.628 1.660 1.692 1.723.

(b) The department shall monitor the cost factors established under (a) of this section and shall prepare and submit to the legislature by January 15 of every other fiscal year proposed district cost factors.

SCHOOL BREAKFAST FACT SHEET (Provided by the Alaska Food Coalition)

- **Improves Student Performance**:

Children who eat a complete breakfast, verses a partial one, make fewer mistakes and work faster in math and number checking tests.
Wyon D, Abrahamson L, Jartelius M, Fletcher R, " An Experimental Study of the Effects of Energy Intake at Breakfast on the Test Performance of 10 Year-Old Children in School." International Journal of Food Science and Nutrition, 1997, 48 (1): 5-12.

Children who eat breakfast at school – closer to class and test taking time – perform better on standardized tests than those who skip breakfast or eat breakfast at home.
Vaisman N, Voet H, Akivis A, Valil E, " Effects of Breakfast Timing on the Cognitive Functions of Elementary School Students." Archives of Pediatric and Adolescent Medicine 1996 150:1089-1092

Serving breakfast to kids at school significantly improves their cognitive or mental abilities, enabling them to be more alert, pay better attention, and to perform better in reading and math.
Brown, JL, Beardslee, WH, Prothrow-Stith, D, "Impact of School Breakfast of Children's Health and Learning: An Analysis of the Scientific Research," 2008, available through www.SodexoFoundation.org.

- **Increases School Attendance**

Schools breakfast programs can lower absence and tardiness rates and improve standardized achievement test scores.
Meyers A, Sampson AE, Weitzman M, Rogers BL, Kayne H, "School Breakfast program and School Performance." American Journal of Diseases of Children 1989; 143: 1234-39.

School administrators in Minnesota reported significant improvements in school attendance as the result of instituting a breakfast program over a two-year period.
Begalle. "More Than Test Scores: Results of the Universal Breakfast Pilot in MN," Topics in Clinical Nutrition, 1999:15.

- **Decreases School Violence**

Teens experiencing hunger are more likely to have been suspended from school, have difficulty getting along with other children, and have no friends
Kleinman RE, Murphy JM, Little M, Pagano M, Wehler CA, Regal K, Kellinek MS. "Hunger in Children in the United States: Potential Behavioral and Emotional Correlates" Pediatrics 1998: 101(1):E3.

Research shows corresponding decrease in discipline problems directly related to participation in the breakfast program.
Begalle. "More Than Test Scores: Results of the Universal Breakfast Pilot in MN," Topics in Clinical Nutrition, 1999:15.

Centers for Disease Control and Prevention (CDC) found "strong evidence that school-based meal programs "decrease rates of violence and aggressive behavior among school-aged children. *(www.cdc.gov, 2008)*

- **Fights Obesity and Improves Nutrition**

Adolescents who eat breakfast tend to have a lower body mass index (BMI); higher BMI's can indicate overweight and obesity

Fiore H, Travis S, Whalen A, Auinger P, Ryan S. "Potentially Protective Factors Associated with Healthful Body Mass Index in Adolescents with Obese and Non-Obese Parents: A Secondary Data Analysis of the Third National Health and Nutrition Examination Survey, 1988-1994, "Journal of the American Dietetic Association 2006; 106: 55-64.

Studies show that nutritionally at-risk kids in the U.S. exhibited improvements in nutritional intake as a result of participating in the School Breakfast Program.
Kleinman, Hall, et. al, "Diet, Breakfast and Academic Performance in Children, Annals of Nutritional Metabolism, 2002:46

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Mischel
2/4/10

CS FOR SENATE BILL NO. 213( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS WIELECHOWSKI, McGuire, Ellis, Paskvan, Menard, Thomas

A BILL

FOR AN ACT ENTITLED

"An Act providing for funding for school lunch and breakfast."

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

*** Section 1.** AS 14.17 is amended by adding a new section to read:

Sec. 14.17.425. State funding for school lunch and breakfast. (a) To supplement the cost of lunch and breakfast provided to each student in the district who is eligible for a free or reduced-price lunch under 42 U.S.C. 1771 - 1784, in addition to public school funding, the department shall provide funding to a school district for lunch and for breakfast to each eligible student. To implement this subsection, the department shall provide a base amount of 15 cents for each lunch or 35 cents for each breakfast, to which amount the department shall add an additional amount, expressed in cents and not applied as a cost factor, that is determined by

(1) reducing the applicable district cost factor provided in AS 14.17.460 by 1.0; and

(2) dividing the remainder determined under (1) of this subsection by four; the department shall round to the nearest cent a quotient that is not a whole

number.

(b) Beginning July 1, 2011, the base amount under (a) of this section shall be adjusted annually on October 1 according to changes in the Consumer Price Index for all urban consumers for the Anchorage metropolitan area compiled by the United States Department of Labor, Bureau of Labor Statistics. The index for 2009 is the reference base index for an adjustment made under this subsection.

Yupiit School District
P.O. Box 51190
Akiachak, Alaska 99551
Phone: (907) 825-3600
Fax: (907) 825-3655

RESOLUTION
Supporting for State Funding for School Meals
Passed at Regional School Board Meeting-Nov 19, 2009

WHEREAS The mission of the Alaska Food Coalition (AFC) – a statewide group off 77 non profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS Yupiit School District fully supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experience food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experience food insecurity; and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development Of Children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food security puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced school meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 104 out of 406 schools in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high cost of food and transportation in Alaska;

THEREFORE BE IT RESOLVED that Yupiit School District supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

ADOPTED this 19th day of November 2009 at the YSD's Regional Board of Education meeting held in Tuluksak, Alaska, at which a duly constituted quorum of Regional Board members were present.

Willie Kasayulie, Chairman

Howard Diamond, Superintendent

RECEIVED JAN 1 -

Yakutat School District
City & Borough of Yakutat
429 Forest Hwy. P.O. Box 429
Yakutat, Alaska 99689

District Office (907) 784-3317
High School (907) 784-3318
Fax (907) 784-3446

YAKUTAT BOARD OF EDUCATION
RESOLUTION
Support for State Funding for School Meals

WHEREAS the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS **the Yakutat School District** supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED that the Yakutat School District supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

Adopted by the Yakutat Board of Education on the 11th day of January, 2010.

Cecilia C. Ryman, President
Yakutat School Board

Jonathan Jensen, Clerk
Yakutat School Board

ALASKA FOOD COALITION

RESOLUTION
Support for State Funding for School Meals

WHEREAS the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS CEO Barbie Brumgatner Unity Athabascan supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED that the CEO Unity Outreach Inc supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

Barbara A. Bangert

Petersburg City Schools

☎ 907.772.4271
Fax 907.772.4719

P. O. Box 289
Petersburg, Alaska 99833-0289

Dr. Robert Thomason
Superintendent

December 21, 2009

Vanessa Salinas
Program Manager
The Alaska Food Coalition
c/o Food Bank of Alaska
2121 Spar Avenue
Anchorage, AK 99501-1855

Dear Ms. Salinas:

The Petersburg City School Board at their regular December 15, 2009 meeting passed Resolution 10-03 (A resolution in support of State Funding for School Meals). Please let me know if there are additional places I should send a copy to.

Thank you.

Sincerely,

Sharon Anderson

Sharon Anderson
District Secretary

enclosure

Resolution 10-03
A resolution in support of State Funding for School Meals

WHEREAS, the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS, Petersburg City Schools Board of Education supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS, according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS, insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS, the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS, food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS, federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS, the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS, 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS, Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED on this 15th day of December 2009, that the Petersburg City Schools Board of Education supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

Jean Ellis, Board President

Randy Lantiegne, Board Vice President

Petersburg Indian
Association
P.O. Box 1418
Petersburg, AK 99833
Phone 907.772.3636
Fax 907 772 3637

ALASKA FOOD COALITION

RESOLUTION
Support for State Funding for School Meals
Resolution 2010-1-6

WHEREAS the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS Petersburg Indian Association supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED that the **Petersburg Indian Association** supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

CERTIFICATION

We, the undersigned hereby certify that the Petersburg Indian Association's Tribal Council is composed of 7 Board members of whom 6 Board members were present at the meeting held on March 10, 2008 and this resolution was adopted by a vote of 6 Council Members for and 0 Board members voting against and 0 Board members abstaining 1 Council member excused.

Derek Lopez, Chairman of the Petersburg Indian Association — Date 01/05/10

John R. Havrilek, Tribal Administrator — Date 1-5-10

Lower Kuskokwim School District Resolution

10-05
RESOLUTION
Support for State Funding for School Meals

WHEREAS the mission of the Alaska Food Coalition (AFC) - a statewide group of 77 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS the Lower Kuskokwim School District supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED that the Lower Kuskokwim School District supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

PASSED THIS 11TH DAY OF DECEMBER, 2009

Richard Curtis

Richard Curtis, Board President — Date: 12/11/09

Gary Baldwin

Gary Baldwin, Superintendent of Schools — Date: 12/11/09

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

RESOLUTION 09-10-2

SUPPORT FOR STATE FUNDING FOR SCHOOL MEALS

Pursuant to the filing of Senate Bill No. 213, "An Act providing for funding for school lunch and breakfast", the Board of Education of the Kenai Peninsula Borough School District at a meeting held at Soldotna, Alaska on February 1, 2010, proposed the following resolution:

WHEREAS, according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS, insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS, the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psycho-social dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS, food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS, the United States Department of Agriculture (USDA) lunch and breakfast programs exist as the base support for nutrition to children through the school meal programs, most notably the National School Lunch Program and the National School Breakfast Program; and

WHEREAS, the National School Breakfast Program decreases food insecurity in children by providing five healthy meals a week. In Alaska schools 40% of students qualify for free/reduced school meals, over 45,000 students; of these, 15% do not attend schools that offer a breakfast program – that's approximately 7,000 missed meals each day; and

WHEREAS, 104 out of 406 schools in 46 districts in Alaska did not sponsor/offer the federal School Breakfast Program in the 2008-2009 school year; and

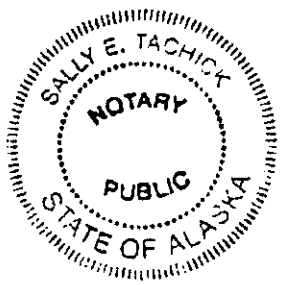
WHEREAS, Alaskan schools primarily do not sponsor National School Breakfast Programs because it is not economically feasible. While USDA funding support per meal for Alaska school breakfasts if 43% greater than support for school breakfasts in the contiguous states, funding levels are still not sufficient for many Alaska school meal sponsors to sustain or enhance nutrition services to students; and

WHEREAS, 29 states do take responsibility for assisting federally supported school meal programs for success in the classroom and relief from food security;

THEREFORE BE IT RESOLVED, that the Kenai Peninsula Borough School District supports an adequate financial appropriation from the state to strengthen and expand the National School Lunch and Breakfast Program in Alaska, so that school breakfast programs and sustainable lunch may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

Joe Arness, President
Kenai Peninsula Borough School District
Board of Education

ATTEST: Sally E. Tachick
Sally Tachick
Notary Public, State of Alaska
My Commission Expires 07/25/2013



CORDOVA SCHOOL DISTRICT

PO Box 140 * 100 Fisherman Avenue
Cordova, Alaska 99574-0140
(907) 424-3265 * FAX (907) 424-3271

Cordova Jr/Sr High School
(907) 424-3266
FAX (907) 424-5215

Mt Eccles Elementary
(907) 424-3265
FAX (907) 424-3117

Resolution #10-06

Alaska Food Coalition
Support for State Funding for School Meals

WHEREAS, the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS Cordova Schools supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS, according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS, insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS, the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS, food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS, federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS, the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program - that's over 7,000 missed meals each day; and

CORDOVA SCHOOL DISTRICT

PO Box 140 * 100 Fisherman Avenue
Cordova, Alaska 99574-0140
(907) 424-3265 * FAX (907) 424-3271

Cordova Jr/Sr High School
(907) 424-3266
FAX (907) 424-5215

Mt Eccles Elementary
(907) 424-3265
FAX (907) 424-3117

WHEREAS, 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS, Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOVED that the Cordova School District supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

Valerie Covel, President
Cordova Board of Education

Pete Hoepfner, Clerk
Cordova Board of Education

Chugach School District

Resolution Number 10-02

Support for State Funding for School Meals

WHEREAS the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS Chugach School District supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED that the Chugach School District supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

PASSES, APPROVED AND ADOPTED BY THE CHUGACH SCHOOL DISTRICT OF PRINCE WILLIAM SOUND, AT ANCHORAGE, ALASKA THIS 12th DAY OF JANUARY 2010

Board Member	Approve/Yea	Reject/Nea	Abstain
Charlene Arneson	X		
Terry Bender			
Thelma Vlasoff	X		
Roselene Vlasoff	X		
Katherine Kompkoff	X		

ATTESTED: Deborah Page DATE: 1/12/10

TITLE: Board Secretary

Senator Bill Wielechowski
Alaska State Legislature

George Ascott
Deputy Chief of Staff

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LEGISLATIVE RESEARCH REPORT

NOVEMBER 2, 2009

REPORT NUMBER 10.047

STATE FUNDING OF FEDERAL SCHOOL BREAKFAST AND LUNCH PROGRAMS

PREPARED FOR SENATOR WIELECHOWSKI

BY TIM SPENGLER, LEGISLATIVE ANALYST

You asked about the National School Lunch Program and the School Breakfast Program. Specifically, you were interested in how states supplement the federal funding these programs provide.

National School Lunch Program and School Breakfast Program

The National School Lunch Act of 1946 and the Child Nutrition Act of 1966 authorized the National School Lunch Program (NSLP) and School Breakfast Program (SBP), respectively. These federal school meal programs provide reimbursements that assist schools to provide lunches and breakfasts to kindergarten through high school students enrolled in public and non-profit private schools or residential child care institutions across the country. In order to participate in the programs, schools must serve meals that meet federal nutrition requirements, and must offer these meals free and at a reduced price to eligible children

Both programs have gradually increased the number of children they serve over the decades. In 2008, the NSLP provided low-cost or free lunches to more than 30 million children nationwide while the SBP served around 10 million children. On the federal level, the program is administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service, while at the state level it is usually administered by state education agencies, which operate the program through agreements with local school food authorities.[1]

Federal Funding

Most of the support the USDA provides to schools for the National School Lunch Program and School Breakfast Program comes in the form of cash reimbursement for each meal served. Children from families with incomes at or below 130 percent of the poverty level are eligible for

[1] As Attachment A, we include fact sheets from the USDA that detail the National School Lunch Program and the School Breakfast Program. Additional USDA information on these programs is available at *http://www.fns.usda.gov/cnd/lunch/* and *http://www.fns.usda.gov/cnd/breakfast/*.

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Alaska Legislature
Legislative Research Services
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State Capitol
Juneau, AK 99801

free meals. Students from families whose income is between 130 percent and 185 percent of the poverty level are eligible for reduced-priced meals, for which students can be charged no more than 40 cents.[2] Children from families with incomes over 185 percent of poverty pay a full price for meals. Local schools set their own prices for full-price meals, but must operate their meal service as a non-profit program. In Table 1, we present the federal reimbursement rates states receive for serving full price, reduced price, and free breakfasts and lunches.

Table 1: Federal Reimbursement Rates for the National School Lunch Program and the School Breakfast Program,
(Fiscal Year 2010)

National School Lunch Program			
	Full Price	Reduced Price	Free
Contiguous United States	$0.25	$2.28	$2.68
Alaska	$0.41	$3.95	$4.35
Hawaii	$0.30	$2.75	$3.15
School Breakfast Program			
	Full Price	Reduced Price	Free
Contiguous United States	$0.26	$1.16	$1.46
Alaska	$0.26	$1.16	$2.33
Hawaii	$0.29	$1.40	$1.70

Notes: In schools that serve 60 percent or more free or reduced price lunches, reimbursement rates are slightly higher.
Sources: U.S. Department of Agriculture, Food and Nutrition Service.

State Efforts to Supplement Federal Funding for Meals for Students

To participate in the federal lunch and breakfast programs, states provide a partial match for the administrative costs of their state programs (generally around 30 percent of the federal funding). As mentioned, states usually operate their school food programs through their departments of education, which in turn have agreements with school food authorities (SFA). SFAs are responsible for the administration of school food services in one or more schools. While the vast majority of the school breakfast and lunch program funding comes from federal cash reimbursements, SFAs may also receive funds from state meal reimbursement programs—which we discuss below—student and adult food sales, and other sources such as catering services, interest on deposits, and revenues from the sale of used equipment.

Federal reimbursement does not fully cover the cost of meals served to students. Initially the programs were intended to cover these costs and appear to have done so in the past. In 1996, however, the USDA established more stringent requirements for the nutritional contents of school meals, which subsequently raised the preparation costs. Reimbursement rates have not increased proportionally as food costs have risen over the years. We were unable to find evidence that schools in any region of the country are able to pay for their school meals solely from federal reimbursement funds.

As mentioned above, some states also supplement federal funding, usually reimbursing schools on a per meal basis. Pennsylvania's state reimbursement rates, for example, range between

[2] For Fiscal Year 2010, 130 percent of the poverty level for a family of four is $28,655; and 185 percent is $40,793.

0.10 to 0.17 cents per meal depending on a number of factors. Even with the augmentation, however, the costs of meals are not covered, according to Vonda Fekete, chief state director, Child Nutrition Programs, Pennsylvania Department of Education.[3] Ms. Fekete told us that revenue from the sales of á la carte food items is the primary funding mechanism schools use to bridge the fiscal gap. School districts in Pennsylvania also sometimes use general funds, albeit reluctantly, to finance the breakfast and lunch programs.

Along with Pennsylvania, a number of other states augment federal funds for the National Lunch Program and the School Breakfast Program. We identified 23 states that reimburse schools (or otherwise provide state funding) for providing breakfast or lunches.[4] State reimbursement rates range from 3 cents per meal (Iowa, New Hampshire) up to 20 cent per meal (Virginia). Additionally, five other states mandate that a universal breakfast program be in place.[5] For example, New Mexico appropriated $3.45 million for the 2008-2009 school year so that all children at low performing elementary schools can have a free breakfast regardless of the income of their family.

We include, as Attachment B, a report from the Food Research and Action Center entitled "School Breakfast Scorecards: School Year 2007-2008," that details state meal legislation, including mandates, funding, and other requirements.[6] (You may find the table on page 20 particularly useful in comparing state actions in this area.) According to this report, one of most effective ways for states to help ensure their students are getting enough food is to implement a robust school breakfast program. Some of the benefits of serving breakfast in school include improved school performance, reduced behavioral problems, and improved student diets.

Historically, the NSLP serves around three times as many meals nationwide than the SBP, according to the USDA. The primary reason for many schools not serving breakfast involves logistical, rather than fiscal, difficulties (breakfast is usually more cost effective for schools to serve than lunch). Whereas lunch occurs during a traditional break in the middle of the school day, breakfast often must be served while class is in session, which can be disruptive to teachers and children.[7]

Alaska does not provide state reimbursement to schools that participate in the NSLP or the SBP. Additionally, Alaska is one of 11 states, along with the District of Columbia, that does not have legislation mandating that all or certain schools participate in the federal school meal programs.[8]

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[3] Vonda Fekete, chief state director, Child Nutrition Programs, Pennsylvania Department of Education can be reached at (717) 787-7698.

[4] These 23 states are California, Colorado, Connecticut, Florida, Hawaii, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, and Wisconsin.

[5] The five states that mandate a universal breakfast program are Illinois, Maryland, Massachusetts, New Mexico, and North Carolina.

[6] The Food Research and Action Center (FRAC) is a nonprofit organization that works to eradicate hunger and under- nutrition in the United States. (*http://www.frac.org/index.html*) The report details how states are using both the School Breakfast Program and the National School Lunch Program.

[7] USDA Strategies for schools that are considering implementing or expanding breakfast programs can be viewed at *http://www.fns.usda.gov/cnd/breakfast/expansion/expansionstrategies.htm.*

[8] This information came from the Food Research and Action Center. Along with the District of Columbia, the 11 states that do not require all or certain school to participate are Alabama, Alaska, Arizona, Delaware, Idaho, Mississippi, Montana, North Dakota, Oklahoma, South Dakota, and Wyoming.

According to information provided by Linda Cote, food service coordinator for the state of Alaska, 43 of the 53 school districts in Alaska have implemented a school lunch program while 34 districts participate in the school breakfast program; although not all schools in each of the participating districts have these programs.[9]

According to Ms. Coate, despite Alaska's higher federal reimbursement rates, she is unaware of any districts where these funds alone are sufficient to cover the expense of the meals. Ms. Coate informs us that larger schools come closest to being able to pay for the meals with the federal reimbursement they receive, as a result of more participants. But even these schools must supplement federal reimbursement funds in some other manner usually in the form of á la carte food sales and monies from school operating funds.

We hope you find this information to be useful. Please let us know if you have questions or need additional information.

[9] Linda Coate, school food coordinator, Department of Education and Early Development, State of Alaska, (907) 465-8708.

Attachment A

School Breakfast Program and National School Lunch Program, Fact Sheets, United States Department of Agriculture, Food and Nutritional Service, August 2009

NATIONAL SCHOOL LUNCH PROGRAM

1. What is the National School Lunch Program?

The National School Lunch Program is a federally assisted meal program operating in over 101,000 public and non-profit private schools and residential child care institutions. It provides nutritionally balanced, low-cost or free lunches to more than 30.5 million children each school day in 2008. In 1998, Congress expanded the National School Lunch Program to include reimbursement for snacks served to children in afterschool educational and enrichment programs to include children through 18 years of age.

The Food and Nutrition Service administers the program at the Federal level. At the State level, the National School Lunch Program is usually administered by State education agencies, which operate the program through agreements with school food authorities.

2. How does the National School Lunch Program work?

Generally, public or nonprofit private schools of high school grade or under and public or nonprofit private residential child care institutions may participate in the school lunch program. School districts and independent schools that choose to take part in the lunch program get cash subsidies and donated commodities from the U.S. Department of Agriculture (USDA) for each meal they serve. In return, they must serve lunches that meet Federal requirements, and they must offer free or reduced price lunches to eligible children. School food authorities can also be reimbursed for snacks served to children through age 18 in afterschool educational or enrichment programs.

3. What are the nutritional requirements for school lunches?

School lunches must meet the applicable recommendations of the 1995 Dietary Guidelines for Americans, which recommend that no more than 30 percent of an individual's calories come from fat, and less than 10 percent from saturated fat. Regulations also establish a standard for school lunches to provide one-third of the Recommended Dietary Allowances of protein, Vitamin A, Vitamin C, iron, calcium, and calories.

School lunches must meet Federal nutrition requirements, but decisions about what specific foods to serve and how they are prepared are made by local school food authorities.

4. How do children qualify for free and reduced-price meals?

Any child at a participating school may purchase a meal through the National School Lunch Program. Children from families with incomes at or below 130 percent of the poverty level are eligible for free meals. Those with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals, for which students can be charged no more than 40 cents. (For the period July 1, 2009, through June 30, 2010, 130 percent of the poverty level is $28,665 for a family of four; 185 percent is $40,793.)

Children from families with incomes over 185 percent of poverty pay a full price, though their meals are still subsidized to some extent. Local school food authorities set their own prices for full-price (paid) meals, but must operate their meal services as non-profit programs.

Afterschool snacks are provided to children on the same income eligibility basis as school meals. However, programs that operate in areas where at least 50 percent of students are eligible for free or reduced-price meals may serve all their snacks for free.

5. How much reimbursement do schools get?

Most of the support USDA provides to schools in the National School Lunch Program comes in the form of a cash reimbursement for each meal served. The current (July 1, 2009 through June 30, 2010) basic cash reimbursement rates if school food authorities served less than 60% free and reduced price lunches during the second preceding school year are:

Free lunches:	**Reduced-price lunches:**	**Paid lunches:**
$2.68	**$2.28**	**$0.25**
Free snacks:	**Reduced-price snacks:**	**Paid snacks:**
$0.74	**$0.37**	**$0.06**

Higher reimbursement rates are in effect for Alaska and Hawaii, and for schools with high percentages of low-income students. For the latest reimbursement rates visit FNS website at www.fns.usda.gov/cnd/Governance/notices/naps/NAPs.htm.

6. What other support do schools get from USDA?

In addition to cash reimbursements, schools are entitled by law to receive USDA foods, called "entitlement" foods, at a value of 19.50 cents for each meal served in Fiscal Year 2009-2010. Schools can also get "bonus" USDA foods as they are available from surplus agricultural stocks.

Through Team Nutrition USDA provides schools with technical training and assistance to help school food service staffs prepare healthful meals, and with nutrition education to help children understand the link between diet and health.

7. What types of foods do schools get from USDA?

States select entitlement foods for their schools from a list of various foods purchased by USDA and offered through the school lunch program. Bonus foods are offered only as they become available through agricultural surplus. The variety of both entitlement and bonus USDA foods schools can get from USDA depends on quantities available and market prices.

A very successful project between USDA and the Department of Defense (DoD) has helped provide schools with fresh produce purchased through DoD. USDA has also worked with schools to help promote connections with local small farmers who may be able to provide fresh produce.

8. How many children have been served over the years?

The National School Lunch Act in 1946 created the modern school lunch program, though USDA had provided funds and food to schools for many years prior to that. About 7.1 million children were participating in the National School Lunch Program by the end of its first year, 1946-47. By 1970, 22 million children were participating, and by 1980 the figure was nearly 27 million. In 1990, over 24 million children ate school lunch every day. In Fiscal Year 2007, more than 30.5 million children each day got their lunch through the National School Lunch Program. Since the modern program began, more than 219 billion lunches have been served.

9. How much does the program cost?

The National School Lunch Program cost $9.3 billion in FY 2008. By comparison, the lunch program's total cost in 1947 was $70 million; in 1950, $119.7 million; in 1960, $225.8 million; in 1970, $565.5 million; in 1980, $3.2 billion; in 1990, $3.7 billion; and in 2000, 6.1 billion.

For more information:

For information on the operation of the National School Lunch Program and all the Child Nutrition Programs, contact the State agency in your state that is responsible for the administration of the programs. A listing of all our State agencies may be found on our web site at www.fns.usda.gov/cnd, select "Contact Us", then select "Child Nutrition Programs."

You may also contact us through the office of USDA, Food and Nutrition Service, Public Information Staff at 703-305-2286, or by mail at 3101 Park Center Drive, Room 914, Alexandria, Virginia 22302.

August 2009

THE SCHOOL BREAKFAST PROGRAM

1. What is the School Breakfast Program?

The School Breakfast Program is a federally assisted meal program operating in public and nonprofit private schools and residential child care institutions. It began as a pilot project in 1966, and was made permanent in 1975. The School Breakfast Program is administered at the Federal level by the Food and Nutrition Service. At the State level, the program is usually administered by State education agencies, which operate the program through agreements with local school food authorities in more than 87,000 schools and institutions.

2. How does the School Breakfast Program work?

The School Breakfast Program operates in the same manner as the National School Lunch Program. Generally, public or nonprofit private schools of high school grade or under and public or nonprofit private residential child care institutions may participate in the School Breakfast Program. School districts and independent schools that choose to take part in the breakfast program receive cash subsidies from the U.S. Department of Agriculture (USDA) for each meal they serve. In return, they must serve breakfasts that meet Federal requirements, and they must offer free or reduced price breakfasts to eligible children.

3. What are the nutritional requirements for school breakfasts?

School breakfasts must meet the applicable recommendations of the Dietary Guidelines for Americans which recommend that no more than 30 percent of an individual's calories come from fat, and less than 10 percent from saturated fat. In addition, breakfasts must provide one-fourth of the Recommended Dietary Allowance for protein, calcium, iron, Vitamin A, Vitamin C and calories. The decisions about what specific food to serve and how they are prepared are made by local school food authorities.

4. How do children qualify for free and reduced price breakfasts?

Any child at a participating school may purchase a meal through the School Breakfast Program. Children from families with incomes at or below 130 percent of the Federal poverty level are eligible for free meals. Those with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals. (For the period July 1, 2009, through June 30, 2010, 130 percent of the poverty level is $28,665 for a family of four; 185 percent is $40,793.) Children from families over 185 percent of poverty pay full price, though their meals are still subsidized to some extent.

5. How much reimbursement do schools get?

Most of the support USDA provides to schools in the School Breakfast Program comes in the form of a cash reimbursement for each breakfast served. The current (July 1, 2009 through June 30, 2010) basic cash reimbursement rates for non-severe need are:

Free breakfasts **$1.46**

Reduced-price breakfasts **$1.16**

Paid breakfasts **$0.26**

Schools may qualify for higher "severe need" reimbursements if 40% of their lunches are served free or at a reduced price in the second preceding year. Severe need payments are up to 28 cents higher than the normal reimbursements for free and reduced-price breakfasts. About 74 percent of the breakfasts served in the School Breakfast Program receive severe need payments. Higher reimbursement rates are in effect for Alaska and Hawaii.

Schools may charge no more than 30 cents for a reduced-price breakfast. Schools set their own prices for breakfasts served to students who pay the full meal price (paid), though they must operate their meal services as non-profit programs.

For the latest reimbursement rates visit FNS website at

www.fns.usda.gov/cnd/Governance/notices/naps/NAPs.htm

6. What other support do schools get from USDA?

Through Team Nutrition, USDA provides schools with technical training and assistance to help school food service staffs prepare healthy meals, and with nutrition education to help children understand the link between diet and health.

7. How many children have been served over the years?

In Fiscal Year 2007, over 10.1 million children participated every day. That number grew to 10.5 million in Fiscal Year 2007. Of those, 8.1 million received their meals free or at a reduced-price.

Participation has slowly but steadily grown over the years: 1970: 0.5 million children; 1975: 1.8 million children; 1980: 3.6 million children; 1985: 3.4 million children; 1990: 4.0 million children; 1995: 6.3 million children; 2000: 7.5 million children.

8. How much does the program cost?

For Fiscal Year 2008, the School Breakfast Program cost $2.4 billion, up from $1.9 billion in Fiscal Year 2005. The cost in previous years was in 1970, $ 10.8 million; in 1980, $287.8 million; in 1990, $ 599.1 million; and in 2000, $1.39 billion.

For more information:

For information on the operation of the School Breakfast Program and all the Child Nutrition Programs, contact the State agency in your state that is responsible for the administration of the programs. A listing of all our State agencies may be found on our web site at www.fns.usda.gov/cnd, select "Contact Us" then select "Child Nutrition Programs."

You may also contact us through the office of USDA, Food and Nutrition Service, Public Information Staff at 703-305-2286, or by mail at 3101 Park Center Drive, Room 914, Alexandria, Virginia 22302.

August 2009

Attachment B

"School Breakfast Scorecard: School Year 2007-2008," Food Research and Action Center, January 2009

School Breakfast Scorecard

School Year 2007-2008

FOOD RESEARCH AND ACTION CENTER

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January 2009

About FRAC

The Food Research and Action Center (FRAC) is the leading national organization working for more effective public and private policies to eradicate domestic hunger and undernutrition.

For more information about FRAC, or to sign up for FRAC's Weekly News Digest, visit www.frac.org. For information about school meals, go to http://www.frac.org/html/federal_food_programs/federal_index.html.

Acknowledgements

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Evangelical Lutheran Church in America
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Land O'Lakes Foundation
A.L. Mailman Family Foundation
MAZON: A Jewish Response to Hunger
The Moriah Fund
Charles Stewart Mott Foundation
New Directions Foundation
David and Lucile Packard Foundation
Presbyterian Hunger Program
Pritzker Early Childhood Foundation
Public Welfare Foundation
Taste of the NFL

Executive Summary

The School Breakfast Program plays an invaluable role in reducing childhood hunger and improving nutrition, as well as supporting a range of positive outcomes that advance key national priorities. School breakfast supports child development, improves health, boosts student achievement and student behavior, and reduces obesity. But with less than half of eligible low-income children participating in the breakfast program now, and as substantial numbers of new children become eligible as families lose jobs or see their incomes reduced dramatically during this recession, it is essential to reduce barriers to participation and accelerate the expansion of school breakfast participation.

Key Findings for 2008

- In 2007-2008 8.5 million low-income children participated in the School Breakfast Program on an average day, an increase of 327,000 children or 4 percent compared to the prior school year.

- In 2007-2008, the National School Lunch Program reached 18.4 million low-income children on an average day, an increase of 2.5 percent compared to the prior year. Nationally, comparing free and reduced-price school breakfast participation to free and reduced-price lunch participation, 45.9 low-income children ate breakfast for every 100 children who ate lunch in school year 2007-2008. This was up from a ratio of 45.3:100 in 2006-2007, and 40.9:100 in school year 1997-1998.

- Nationally, if the school breakfast to lunch ratio had reached the goal of 60:100, 2.5 million more children would have been eating a healthy school breakfast every day, and states would have received an additional $561 million in federal child nutrition funding in school year 2007-2008.

- South Carolina joined New Mexico in exceeding the ratio of 60 low-income children eating breakfast for every 100 eating lunch. Seven other states – West Virginia, Oklahoma, Kentucky, Mississippi, Georgia, Idaho and Vermont – surpassed the ratio of 55 low-income children for every 100 eating lunch.

- The lowest ranked states continued to be Illinois, Utah, Alaska, New Hampshire, and Connecticut.

- The new Administration, Congress, states and local school districts all have an important role to play in expanding the participation of low-income children in the School Breakfast Program.

Key School Breakfast Program Policy Recommendations for Child Nutrition Reauthorization

- Provide funding to start up and sustain universal classroom breakfast programs (free for all students), especially in schools that qualify for "severe need" breakfast reimbursement.
- Provide funding for outreach activities so that more children receive the nutrition they need.
- Raise the income eligibility cut-off for free school breakfast to 185 percent of poverty and eliminate the reduced-price copayment.
- Provide USDA commodities to schools for breakfast meals.
- Require USDA to issue proposed regulations updating the school meal patterns within 18 months of publication of the Institute of Medicine report.
- Provide funding to improve the quality of school breakfast (and all school meals).
- Strengthen the local school wellness policies to improve their impact at the local school level.

Introduction

At a time when the nation is in a recession that likely will be longer and deeper than any in recent decades, federal nutrition programs like the School Breakfast Program are more indispensable than ever to the economic security, health and well-being of low-income children and their families.

The School Breakfast Program is a miracle of good public policy. It not only reduces hunger, but it has a range of other positive outcomes that advance key priorities outlined by President-elect Obama during his campaign. The School Breakfast Program supports child development, improves health, boosts school achievement and student behavior, and reduces obesity.

In this year's report, the Food Research and Action Center (FRAC) finds that student participation in the School Breakfast Program continued modest but steady growth in school year 2007-2008. A record 10.5 million students ate breakfast at school on an average day in the last academic year; 8.5 million of those children came from low-income families. This represents a 4 percent increase in school breakfast participation since 2006-2007 by low-income children.

Overall, participation by schools in the School Breakfast Program grew by 1.1 percent last year, with 85.7 percent of schools that participate in the National School Lunch Program offering breakfast as well.

With this growth, nationally the School Breakfast Program reaches on an average day 45.9 low-income children for every 100 reached by the National School Lunch Program. There is considerable room for improvement. If every state had met an attainable goal of serving breakfast to 60 low-income children for every 100 eating lunch, as New Mexico and South Carolina showed was possible, 2.5 million more needy children would have been served nationally and states would have collected an additional $561 million in federal child nutrition funding last year.

School breakfast also is a prime example of the potential of the nutrition programs to mitigate the serious negative effects of an economic recession. Because it is an entitlement, the program can be particularly responsive during times of economic downturn: the program can grow when the economy is weak and more children need help. But with less than half of eligible low-income children taking advantage of the breakfast program now, and as substantial numbers of new children become eligible when families lose jobs or have their incomes cut during this recession, it is essential to accelerate the expansion of school breakfast participation.

FRAC publishes this annual School Breakfast Scorecard to document the current state of the program as well as to present recommendations on administrative and legislative improvements that can be undertaken at the local, state, and national level to immediately get healthy school breakfasts to more of our nation's children.

Who is Eligible for School Breakfast?

- Any public school, nonprofit private school or residential child care institution can choose to participate in the School Breakfast Program, which is funded through and administered by the United States Department of Agriculture (USDA).
- Any student attending a school that offers the program can eat breakfast. The amount the school is reimbursed by the federal government depends on the student's family income.
- Families must complete an application, or be "directly certified," to determine eligibility for free or reduced-price meals through the National School Lunch Program. Based on their family income, children fall into one of three groups:
  - **Free:** Children from families with incomes at or below 130 percent of the federal poverty level eat at no cost. Also, children directly certified because of their participation in TANF, FDPIR, or SNAP/Food Stamp Program eat at no cost.
  - **Reduced-Price**: Children from families with incomes between 130 and 185 percent of poverty can be charged no more than 30 cents per meal.
  - **Paid**: Children with family incomes above 185 percent of poverty pay the charges which are set by the school, but schools are reimbursed 24 cents per meal by USDA.

1475

Why School Breakfast is Important

Even before the recent rapid economic downturn, in 2007 approximately 12.4 million American children, or one in six, lived in food insecure households. These are the most recent U.S. Department of Agriculture (USDA) data. Food insecurity means the households faced a constant struggle against hunger. Although experts agree that breakfast is the most important meal of the day, for children living in these struggling households a filling, nutritious meal every morning is often beyond their parents' ability to provide.

For millions of other children, the barriers to eating breakfast at home are a matter of time, transportation, or physiology, not money. As the demands on working parents have grown, and parents face longer commutes to distant jobs or jobs with non-traditional work hours, or children face long bus rides, sitting down to a healthy breakfast has become a rare event for many families. Along with the early morning rush, many children do not have an appetite when they first start the day, so skipping breakfast becomes an unhealthy routine for many.

During his campaign, President-elect Obama pledged to end childhood hunger by 2015 as well as to improve schools, raise educational achievement, improve child nutrition and tackle childhood obesity. Investing in the expansion of the School Breakfast Program is a key tool in meeting all of these goals.

Eating Breakfast Improves School Performance

As schools work to raise their students' academic performance and test scores, making sure every child has eaten a nourishing breakfast is an important but often overlooked tool. Researchers report that children who skip breakfast have more difficulty distinguishing among similar images, show increased errors, and have slower memory recall. Studies also show that children who live in families that experience hunger have lower math scores, are more likely to repeat a grade, and receive more special education services.

Eating a healthy breakfast helps to lay the groundwork children need to learn. Eating breakfast improves math grades, vocabulary skills and memory. Children who eat breakfast at school – closer to class and test-taking time – perform better on standardized tests than those who skip breakfast or eat breakfast hours earlier at home.

U.S. Census Bureau Data: Family Breakfast not the Norm

Only **35 percent** of parents of children ages 6 to 11 report eating breakfast each day with their children, according to statistics from the U.S. Census Bureau. Data from the Survey of Income and Program Participation show that most American families of school-age children do not eat breakfast together every day. On average, only 22 percent of parents of middle- and high- school- aged students report eating breakfast daily with their children. More than twice as many parents report eating dinner with their children each day. These percentages are similar across income levels, race, areas of the country, and community type (urban, suburban or rural). These figures demonstrate how important it can be for schools to provide breakfast to ensure that all children have the opportunity to eat a nourishing meal so they can learn and thrive.

Eating Breakfast Reduces Behavioral Problems

As any parent knows, a hungry child is much more likely to be irritable and poorly behaved. Research has confirmed this connection. For example, teenagers experiencing hunger are more likely to be suspended from school, have difficulty getting along with other children, and to have few friends. In addition, hungry children are more likely to be absent and tardy.

Encouraging participation in the School Breakfast Program is a good way to improve school attendance and discipline. Studies have shown that students who participate in school breakfast have lower rates of absence and tardiness and exhibit decreased behavioral and psychological problems. Researchers have discovered that children who eat school breakfast have fewer discipline problems and visit school nurses' offices less often.

School Breakfast Improves Children's Diets
Many children in the United States grow up surrounded by "junk food," and many have developed unhealthy eating habits. In contrast, breakfasts served as part of the School Breakfast Program are required to provide one-fourth or more of the key nutrients children need every day, and contain no more than 30 percent of calories from fat and 10 percent of calories from saturated fat.

USDA reports that children with access to school breakfast eat a better overall diet, less fat, and more magnesium, vitamin C and folate. Other USDA research shows that children who participate in school breakfast eat more fruits, drink more milk, and consume a wider variety of foods than those who do not eat school breakfast or who have breakfast at home.

School Breakfast Can Help Reduce Obesity
Childhood obesity is a major public health epidemic. The Institute of Medicine reports that fully one third of America's children are obese or at risk of obesity. Obesity rates have doubled among young children and tripled among adolescents over the past 20 years. Most troubling, they translate into increased risks of premature death and an overall lower quality of life because obesity is associated with greater risk of diabetes, heart disease, stroke, asthma, osteoarthritis, cancer and even psychological disorders.

Children and adolescents who eat breakfast are significantly less likely to be overweight, while skipping breakfast is associated with a higher risk of obesity. Researchers suggest that people who do not eat breakfast get very hungry later on in the day and tend to overeat as a result — consuming more calories each day than they would if they had eaten breakfast in the morning. School breakfast helps ensure that children will not be tempted to overeat at other meals or snack before lunch. School breakfast also helps to build lifelong healthy eating habits.

Student Participation

In 2007-2008, 8.5 million low-income children participated in the national School Breakfast Program on an average school day, an increase of 327,000 children or 4 percent compared to the prior school year. Combined with the previous year's increase of 391,000 children, participation in the School Breakfast Program among low-income children has grown by 9.3 percent since 2005-2006.

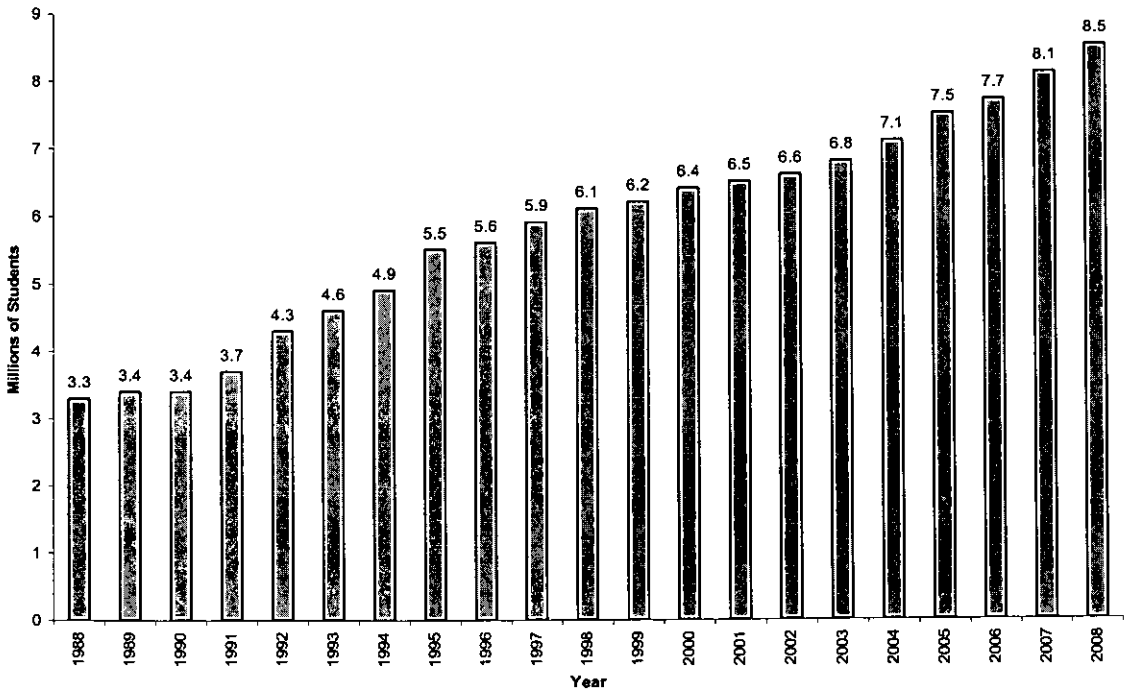
When children who received paid meals (those with family incomes above 185 percent of the federal poverty level) are included, total participation in the School Breakfast Program rose to 10.5 million children on an average morning in the 2007-2008 school year, a 4.2 percent increase overall from 2006-2007.

Because there is very broad participation in the National School Lunch Program by low-income students who receive the meal for free or at a reduced price, FRAC uses lunch participation as a benchmark against which to measure participation in school breakfast. In the 2007-2008 school year, 18.4 million low-income children ate a school lunch each day, 447,000 more than the year before, an increase of 2.5 percent.

Comparing free and reduced-price breakfast participation to free and reduced-price lunch participation, for every 100 children in the U.S. who ate lunch, 45.9 children ate breakfast in school year 2007-2008. This is an improvement from the previous year, when the ratio of breakfast to lunch participation was 45.3. Compared to a decade ago, the national ratio of breakfast participation has grown substantially, from 40.9 students in breakfast for every 100 in lunch in 1998 to 45.9 children now.

But with less than half of eligible low-income children taking advantage of the breakfast program now, and as substantial numbers of new children become eligible as families lose jobs or have their incomes cut during this recession, it is essential to reduce barriers to participation and accelerate the expansion of school breakfast participation.

Figure 1: Student Participation in the Free and Reduced-Price School Breakfast Program



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Student Participation by State

Numbers of Students

Forty-nine states saw an increase in the number of free and reduced-price children eating breakfast, but wide variation among states in the underlying performance of their School Breakfast Programs continues to exist. In general, increases in low-income student breakfast participation were modest - 5 percent or less compared to the prior year. However, Rhode Island, Indiana, Delaware, Wisconsin, and Colorado led the states in participation growth, with Rhode Island achieving a 12 percent growth rate. This is the second year in a row that Wisconsin has been in the top five states in percentage increase.

While program growth was negligible in Oklahoma, Florida and Vermont, only Alaska and Oregon experienced an actual decrease.

Change in Number of Children Eating Free and Reduced-Price Breakfast School Year 2006-2007 to School Year 2007-2008

State	Percent Change
Top 5 States	
Rhode Island	12.0%
Indiana	10.7%
Delaware	8.5%
Wisconsin	8.1%
Colorado	8.0%
Bottom 5 States	
Oklahoma	0.6%
Florida	0.4%
Vermont	0.0%
Alaska	-0.6%
Oregon	-1.4%

Forty-two states also had increased breakfast participation by children receiving paid meals. Only Arkansas, Florida, Hawaii, Iowa, Kentucky, New Hampshire, North Carolina, South Dakota, and Vermont had a decrease in the number of paid children in 2007-2008 compared to the prior year.

Ratios

When comparing states' ratios of student participation in the School Breakfast Program to the National School Lunch Program, most states' ratios improved, yet wide disparities remain. The 16 highest-performing states reach at least half of their eligible low-income children with breakfast, with New Mexico reaching 62.9 children for every 100 eating lunch. But participation in many states still lags, with the bottom 14 states all serving fewer than 40 eligible low-income children and three states – Alaska, Utah, and Illinois - serving fewer than 35 low-income children breakfast for every 100 eating lunch.

Overall, 46 states improved their participation ratios in 2007-2008, with the largest increase, 3.2 points, happening in the District of Columbia, which moved to 16th place in 2007-2008 with a ratio of 50:100.

New Mexico retained the number one ranking, with a ratio of 62.9:100 in school year 2007-2008, while South Carolina became only the second state to surpass the goal of 60 low-income children eating breakfast for every 100 eating lunch with a ratio of 60.2:100. Arkansas replaced Oregon among the top ten states based on breakfast-to-lunch ratios.

Although most showed some improvement, the overall list of the ten lowest performing states is unchanged from last year, except for some changes in order. The worst performing state, Illinois, reached a dismal 33.4 children for every 100 eating lunch.

Students Participating in the School Breakfast Program (SBP) per 100 in the National School Lunch Program (NSLP)

State	Ratio
Top 10 States	
New Mexico	62.9
South Carolina	60.2
West Virginia	57.4
Oklahoma	57.2
Kentucky	57.0
Mississippi	56.3
Georgia	55.8
Idaho	55.4
Vermont	55.4
Arkansas	53.9
Bottom 10 States:	
Colorado	37.8
Wisconsin	37.6
Iowa	37.1
Nebraska	36.9
New Jersey	36.7
Connecticut	35.7
New Hampshire	35.0
Alaska	34.7
Utah	34.0
Illinois	33.4

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School Participation

In order for hungry children to have access to school breakfast, their school must participate in the program. While any school participating in the National School Lunch Program can also offer the School Breakfast Program, in the past many such schools failed to do so.

Over time, however, there has been a major shift. Nationally the percentage of schools offering breakfast as compared to lunch has grown from 48.8 percent in 1991 when FRAC initiated this scorecard, to 85.7 percent in 2007-2008. Last year 900 more schools across the country instituted a breakfast program, an increase of 1.1 percent from 2006-2007 in the number of schools, raising the ratio from 84.8 to 85.7. One in seven schools that offer the School Lunch Program still fails to offer its students this important meal.

School Participation in the States

The rate of school participation in the School Breakfast Program varies widely from state to state. In 2007-2008, 27 states had more than 90 percent of their schools with lunch programs also participating in the breakfast program. Twelve states operated breakfast in at least 95 percent of such schools, and Alabama actually served breakfast in more schools than lunch. Most of these high-performing states also have high student participation rates, reinforcing the fact that increasing school participation is a key way to boost the number of children eating breakfast every day.

Eight states served breakfast in less than 75 percent of their schools participating in lunch, with Connecticut covering an abysmally low 52 percent of schools.

While the large majority of states continued to improve their school participation rates from 2006-2007 to 2007-2008, 14 states lost ground, with the largest percentage changes occurring in New York, Wisconsin, Oklahoma, Washington and Kentucky.

School Breakfast Program (SBP) Schools as a Percentage of National School Lunch Program (NSLP) Schools

State	Percentage
Top 10 States:	
Alabama*	100.3%
Texas	99.5%
North Carolina	99.2%
South Carolina	99.2%
Florida	99.2%
West Virginia	98.8%
Delaware	97.9%
Georgia	96.7%
New Mexico	96.6%
Rhode Island	96.5%
Bottom 10 States:	
South Dakota	79.2%
Minnesota	75.2%
Ohio	71.5%
Massachusetts	70.5%
Illinois	70.0%
Alaska	69.0%
Nebraska	69.0%
New Jersey	65.1%
Wisconsin	61.8%
Connecticut	52.0%

*Alabama served breakfast in more schools than lunch.

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The Cost of Low Participation Rates

Low participation in the School Breakfast Program has real consequences, particularly for the children who are not getting to eat a healthy meal, but also for state budgets. For each day a low-income child was not being served breakfast in school year 2007-2008, states lost at least $1.35 in federal funding for every child who would have received a free breakfast, and $1.05 for every child who would have received a reduced-price breakfast. If those children attended a "severe need" school – one in which at least 40 percent of lunches served were free or reduced-price – an additional $0.26 per meal was forfeited.

Reimbursement Rate for the School Breakfast Program (2007-2008)

	Non-Severe Need School	Severe Need School	Price of Meals To Children
Free	$1.35	$1.61	$0
Reduced Price	$1.05	$1.31	$0.30 (maximum school can charge)
Paid	$0.24	$0.24	varies

Those meals add up to hundreds of millions of dollars in federal child nutrition funding going unclaimed by the states every year.

Each year FRAC sets a benchmark for estimating a reasonable participation goal for states, and the dollars being lost to those states with participation in school breakfast below that goal. Based on the participation rates of the top-performing states, FRAC has set the achievable goal of 60 low-income children eating breakfast for every 100 eating lunch. (Two states were above that ratio in school year 2007-2008, and three states were within three points of that.) By calculating the additional number of children that would be reached if this goal were met, and multiplying by the appropriate reimbursement rate for the national average number of school days breakfast is served, we can estimate of the amount of federal funding being lost by each state. (This method is conservative, as it does not include the additional severe need funds for which a state would qualify).

In the 2007-2008 school year, nationally, if the school breakfast-to-lunch ratio had reached the goal of 60:100, versus the actual rate of 45.9, 2.5 million more low-income children would have been eating a healthy school breakfast every day, and states would have received an additional $561 million in federal child nutrition funding. While much of this money was lost by states with larger populations, (e.g., more than $94 million in California, $53 million in New York and nearly $43 million in Illinois), 14 states each forfeited more than $10 million in federal funding, and 30 states lost more than $5 million.

In any time, leaving federal dollars to feed low-income children untapped is fiscally irresponsible and poor public policy. It is especially short-sighted in times such as these when states have severe budget problems and families are struggling with hard economic times.

Top Ten States in Lost Federal Funds (Amounts Foregone Because State Falls Short of Reaching 60 Free and Reduced Price Students in the School Breakfast Program per 100 Such Students in the School Lunch Program)

State	Additional Students	Dollars Lost
California	426,062	$94,450,100
New York	240,127	$53,461,219
Illinois	189,668	$42,655,714
Florida	156,300	$34,671,483
Texas	136,494	$30,463,459
Pennsylvania	114,676	$25,560,996
Michigan	99,900	$22,370,943
Ohio	82,233	$18,388,832
Arizona	79,198	$17,609,906
New Jersey	78,990	$17,588,755

Responding to the Growing Need:
An Agenda for Reform at the National, State and Local Level

Participation in school breakfast around the nation simply is too low, and the responsibility for that is shared at the federal, state, and local levels. The new Administration, Congress, states, and local school districts all have important roles to play in substantially raising breakfast participation levels and improving nutrition quality.

Child Nutrition Reauthorization

The School Breakfast Program, along with all of the other child nutrition programs, is scheduled to be reauthorized by Congress in 2009. That means that Congress will review and should strengthen the laws governing the child nutrition programs. A well-conceived and adequately financed reauthorization bill, focused on the right program improvements, can increase participation in school nutrition programs, do much to ease hunger, and improve nutrition for America's children. The new Administration and Congress will need to work together to develop and enact a reauthorization that focuses on better meeting the needs of the low-income children who are meant to be the primary beneficiaries of the child nutrition programs. The reauthorization should make the following improvements to the School Breakfast Program:

Provide funding to start up and sustain universal classroom breakfast programs (free for all students), especially in schools that qualify for "severe need" breakfast reimbursement. The traditional means-tested school breakfast served in the cafeteria before school (in which the meal is free or the child pays, depending on family income) creates a sense among the children that the program is just "for poor kids." Universal breakfast reduces the stigma, making school breakfast more attractive to children who need it, and providing all children the opportunity to start the school day ready to learn. Universal breakfast has proven to be an effective strategy for increasing student participation and also for enabling the implementation of breakfast in the classroom, which has an even larger impact on participation. Breakfast in the classroom helps reach children whose school bus or parent commuting schedules, or lines at school security keep them from getting to a cafeteria-based program on time, or who aren't ready to settle down until class begins. Universal and in-classroom strategies can be implemented most easily in schools that serve large numbers of low-income students, designated as "severe need" schools by USDA. These are schools where at least 40 percent of the lunches served during a preceding school year were free or reduced price; they receive a slightly higher reimbursement for each free and reduced-price breakfast they serve.

Federal support is needed for:

- one-time start up costs for equipment, materials and staff training to implement in-classroom programs;
- on-going subsidies for low-income schools to offset the lost revenue that they would otherwise receive for breakfasts served to students that qualify for reduced-price and paid meals;
- administrative funding to allow USDA and state agencies to provide additional technical assistance and support to school districts as they implement classroom breakfast models.

Provide funding for outreach activities so that more children receive the nutrition they need. Outreach activities to increase participation in the School Breakfast Program draw more children into healthier eating environments and make the provision of healthier foods more feasible through greater economies of scale. Increasing outreach and improving program access ultimately will have a positive impact not only on the health of children, but also on the ability of school districts to afford healthier foods by profiting from economies of scale.

Raise the income eligibility cut-off for free school breakfast to 185 percent of poverty and eliminate the reduced-price copayment. Universal breakfast, in-classroom breakfast and outreach are essential ways to bring more children into the program, but they are particularly important because, when targeted, they reach many of the poorest children. But the benefits of school breakfast in improving nutrition, health and school achievement are so powerful that it is "penny-wise and pound-foolish" to require a copayment for near-poor families which so many parents can't afford. This results in many

such children (with family incomes between 130 and 185 percent if the poverty line) not benefiting from the program. Improving school breakfast access for near-poor children by eliminating the reduced-price category will reduce hunger and improve educational and health outcomes.

Provide USDA commodities to schools for breakfast meals. Currently, school districts are entitled to a federal commodity contribution for each lunch served, but not for breakfast. Most schools struggle to provide a healthy breakfast to their students without losing money. If commodity support is expanded to breakfasts, schools will have more resources to provide healthy breakfasts and can use fresh fruit and vegetable commodities to improve the quality of the meals.

Require USDA to issue proposed regulations updating the school meal patterns within 18 months of publication of the Institute of Medicine report. The Institute of Medicine (IOM) will release in 2009 recommendations for a revision of the school meal nutrition standards, including breakfast, to bring them into compliance with the 2005 Dietary Guidelines. These important updates must be implemented as soon as possible to insure that school meals meet the criteria of advancing nutrition science and the needs of the current generation of children. A reasonable time frame for USDA would be to issue new regulations within 18 months of receiving the final IOM report.

Provide funding to improve the quality of school breakfast (and all school meals). School breakfast helps build healthy eating habits in children, which can help prevent obesity and other nutrition-related diseases. Increasing the availability and consumption of fruits, vegetables and whole grains, and moving to lower fat dairy products are central to strengthening the quality of school breakfast. As new standards for school meal patterns are implemented, school nutrition programs will need additional resources to make these important changes.

Strengthen the local school wellness policies to improve their impact at the local school level. The Child Nutrition and WIC Reauthorization Act of 2004 required all school districts to develop policies to improve the nutrition and physical activity environment in each school building. While these policies are having a positive impact in many schools, there is still much to be done to realize their full potential to improve the health of American youth. School wellness policies can be strengthened by requiring school districts to: include policies to promote participation in school, afterschool and summer meal programs; notify and make easily accessible their wellness policies and their implementation plans to parents, school staff, and state officials; periodically assess implementation and update policies as appropriate; maintain standing local wellness policy committees (or work within existing school health committees) to lead implementation and assessment of school wellness policies; and strengthening enforcement mechanisms.

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Federal Administrative Changes

In addition to improving the School Breakfast Program through legislation, the new Administration can implement important initiatives administratively that can significantly improve low-income children's access to school breakfast:

Expand a pilot project that allows high-poverty school districts to provide free school meals to all students based on statistically reliable household sampling rather than collecting paper applications from all families. The current family application process requires a great deal of paperwork by schools and parents, and keeps some low-income families from participating in the program. Years ago Congress authorized USDA to allow districts to pilot other methods. Of those original pilots, one has continued: a paperless system successfully piloted by the School District of Philadelphia. It has significantly increased participation and reduced the district's administrative work, while at the same time providing a reliable way to determine reimbursement levels. USDA recently disapproved its continuation. Philadelphia should be allowed to continue operating the pilot and USDA should allow additional large, high-poverty school districts to pilot this and similar approaches.

Require all states to use the best (and most cost-effective) method for direct certification – computer data matching conducted at the state level – to help insure that more eligible families are enrolled for free school meals. Federal law requires that all school districts "directly certify" students who receive SNAP/Food Stamp or Food Distribution Program on Indian Reservation benefits. (Schools also can directly certify children from households receiving Temporary Assistance for Needy Families.) This means that families do not have to fill out a paper application to be processed by the school for determination of eligibility for free or reduced-price meals. Despite this requirement, the systems in place in too many states are not the most effective, or efficient, resulting in many children not being seamlessly qualified for school meals.

States should be required to implement systems where school enrollment and SNAP/Food Stamp participation data are matched at the state level, with easy access by local school districts. Data matches can be updated monthly, with school districts regularly checking for newly eligible students. This is especially important for assuring access by the most vulnerable families, including those who may experience temporary homelessness or housing problems during the school year. The alternate "letter system" should be discontinued because it is much less effective in insuring that all eligible families are directly certified.

Require that school districts effectively communicate with all parents and legal guardians about school meals benefits. This requirement was included in the 2004 Child Nutrition Reauthorization, but the Bush Administration failed to issue guidance that outlines the steps school districts must take. The new Administration should require school districts: to identify the primary languages of the households that might be eligible for free or reduced-price school meals; to provide written translations of application, certification, and verification materials in those languages, to the greatest extent possible; to provide oral translation services in a parent's primary language, including for parents who do not read at all; and to use plain language in all written application and verification materials to make them more comprehensible to parents who have difficulty reading.

State Level Changes

States need not and should not wait for the federal government to act in order to improve low-income children's access to the School Breakfast Program. States should make a range of policy improvements and investments in school breakfast, including:

Provide state funding to support universal and in-classroom breakfast programs. Twenty-five states provide some funds to supplement the federal dollars for the School Breakfast Program. More should do so, and all states should use their supplementary state funding to support policy priorities. For example, five states provide funding specifically for universal breakfast programs, two support classroom breakfast, and four provide funding to eliminate the reduced-price copayment for breakfast so that all children from households whose income is below 185 percent of the poverty line are able to receive a free breakfast.

Enact a state mandate that requires schools to operate the School Breakfast Program or strengthen the existing state mandate to increase the number of schools that are required to provide breakfast. The number of schools offering breakfast has grown significantly in the past 20 years; 85 percent of schools now offer breakfast. This is due in substantial part to the large number of states that have passed mandates. Twenty-seven states require that all or some of their schools participate in the program. Generally, requirements are linked to the schools' percentage of low-income students, defined by the proportion of students who apply and are eligible for free and reduced-price meals, or by the proportion of students receiving free or reduced-price lunches. The percentage required before the school must offer a breakfast program varies widely. Typical requirements are set at 25 or 30 percent – the lower, the better.

Improve the state process for direct certification. Direct certification is the process of qualifying children automatically for free school meals if they receive benefits through the SNAP/Food Stamp Program, the Food Distribution Program on Indian Reservations, or Temporary Assistance for Needy Families. The best method for conducting direct certification is computer data matching conducted at the state level with easy access by local school districts. Therefore, each state's child nutrition agency has an important role to play in ensuring the effectiveness of the direct certification process.

States should assess their direct certification processes and make the necessary improvements. This is particularly urgent now at a time of substantial growth in the number of children on SNAP/Food Stamps. States without a state data match system should implement one as soon as possible, and those with such systems should look at updating the data more frequently so that districts can access up-to-date data throughout the school year. Pennsylvania, for example, has recently announced that it will conduct a second state match in January to insure that its system responds to the increase in the number of families newly enrolled in the SNAP/Food Stamp Program.

Step up efforts to monitor for compliance, and encourage best practices in school district food service programs to improve the nutrition quality of school breakfast. State child nutrition agencies are responsible for monitoring school nutrition programs for compliance with federal regulations, including all nutrition requirements. States also are required to help districts improve their programs to better meet standards and best practices. They should increase their efforts to provide training and technical assistance resources to school districts to help them revise menus and recipes to reduce fat and sodium, increase fiber, offer more of the foods that children typically need to improve their diets, and adhere to the nutrition standards districts set for themselves when they adopted wellness policies in 2006.

School District Level Changes

School districts, like states, do not have to wait and should not for action by Congress or USDA to increase participation in their school breakfast programs. District-level initiatives should:

Offer a breakfast program in all schools to insure that children can access this important meal and start their day ready to learn. School districts should implement a breakfast program at each of their schools and structure it in a way that encourages participation. Every student in the district should be able to eat a healthy breakfast at school, regardless of which school building he or she attends.

Offer universal breakfast (free for all students) in the classroom, especially in schools with high percentages of free and reduced-price students. School districts with large percentages of free and reduced-price eligible students can implement universal breakfast programs without experiencing a significant negative impact – or, often, any impact – on their bottom line. Indeed, USDA studies suggest that expanding breakfast participation can help food service programs cover their indirect as well as direct costs. Districts can take advantage of "Provision 2" to help cut down on paperwork by reducing the requirements for meal counting and claiming procedures. The increased participation and resulting federal reimbursements, coupled with the reduced administrative efforts spent on recovering unpaid fees, helps districts break even. Studies have found that providing breakfast in the classroom at no charge to all students also results in higher attendance, lower absenteeism, reduced behavior problems, fewer visits to the school nurse, and higher student achievement.

Implement automated payment systems so that students receiving free or reduced-price meals are not overtly identified. Students who feel singled out as "'poor" are less likely to participate in school breakfast and miss out on possibly the most nutritious meal of their day. "Point of service" systems create a centralized location for the tabulation of meals served, and the collection of fees by school food service staff. Each student receives an individual identification number that is entered into a computer as he or she goes through the serving line. This eliminates the stigma that keeps many low-income students from participating in the program.

Improve nutrition quality by increasing the availability and consumption of fruits, vegetables and whole grains, and serving lower-fat dairy products. Districts' food service programs should already be implementing the 2005 Dietary Guidelines to better meet the nutrition needs of their students. Districts can utilize the multiple training resources available from their state child nutrition agency, as well as from the USDA to revise menus and recipes to reduce fat and sodium, increase fiber and offer more of the foods that children typically need to improve their diets. Districts can also enhance the nutrition profile of school meals by improving their use of USDA commodities. (For a full discussion of the role of commodities see FRAC's report at www.frac.org/pdf/commodities08.pdf.)

Improve direct certification at the district level. Many school districts have opted to use direct certification for years, but all school districts now are required to do so. Districts should continue to work with their state programs (and in the case of very large districts, even local programs) for TANF and SNAP/Food Stamps to insure that the most frequent data matching occurs. Districts should advocate with state agencies to improve data matching on the state level and assure that their local computer capacity allows them to take full advantage of these systems.

Promote school breakfast to make sure that students and their families know that it's for everyone. All schools should conduct breakfast promotion activities regularly to make sure that students and their families are aware of the program and its benefits. These activities can include flyers sent home in children's backpacks, public service announcements, contests that reward student participation, and incentives to principals to increase participation in their school buildings. There are many resources available for promoting school breakfast programs including the USDA School Breakfast Tool Kit, (www.fns.usda.gov/cnd/Breakfast/toolkit/Default.htm) FRAC's website (www.frac.org/html/federal_food_programs/programs/sbp.html) and stage agency materials.

Increase participation and enhance the school breakfast experience through educational enrichment activities. School breakfast can be a time to enhance learning and build on the curriculum. Schools can increase participation in breakfast while increasing

students' interest in reading by establishing a reading program in conjunction with the breakfast program. Some strategies include giving books to children who participate on a regular basis, having "celebrity readers" to read out loud to children during breakfast, and creating a library in the cafeteria and allowing students to read while they are eating breakfast. Schools also have had success with creating a story time which takes place after children eat and before the start of school.

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Income Guidelines & Reimbursement Rates for the School Breakfast Program

Income Guidelines for School Year 2007 - 2008[1]

Household Size	Free Meals Maximum Household Income *(130% of Poverty)*			Reduced-Price Meals Maximum Household Income *(185% of Poverty)*		
	Annual	**Monthly**	**Weekly**	**Annual**	**Monthly**	**Weekly**
1	$ 13,273	$ 1,107	$ 256	$ 18,889	$ 1,575	$ 364
2	17,797	1,484	343	25,327	2,111	488
3	22,321	1,861	430	31,765	2,648	611
4	26,845	2,238	517	38,203	3,184	735
5	31,369	2,615	604	44,641	3,721	859
6	35,893	2,992	691	51,079	4,257	983
7	40,417	3,369	778	57,517	4,794	1,107
8	44,941	3,746	865	63,955	5,330	1,230
Add for each additional	+ 4,524	+ 377	+ 87	+ 6,438	+ 537	+ 124

Reimbursement Rates for School Year 2007 - 2008[2]

	Non-Severe Need	Severe Need[3]	Price of Meals To Children
Free	$1.35	$1.61	$0
Reduced Price	$1.05	$1.31	$0.30 (maximum school can charge)
Paid	$0.24	$0.24	varies

Income Guidelines for School Year 2008 - 2009[4]

Household Size	Free Meals Maximum Household Income *(130% of Poverty)*			Reduced-Price Meals Maximum Household Income *(185% of Poverty)*		
	Annual	**Monthly**	**Weekly**	**Annual**	**Monthly**	**Weekly**
1	$ 13,520	$ 1,127	$ 260	$ 19,240	$ 1,604	$ 370
2	18,200	1,517	350	25,900	2,159	499
3	22,880	1,907	440	32,560	2,714	627
4	27,560	2,297	530	39,220	3,269	755
5	32,240	2,687	620	45,880	3,824	883
6	36,920	3,077	710	52,540	4,379	1,011
7	41,600	3,467	800	59,200	4,934	1,139
8	46,280	3,857	890	65,860	5,489	1,267
Add for each additional	+ 4,680	+ 390	+ 90	+ 6,660	+ 555	+ 129

Reimbursement Rates for School Year 2008 - 2009[5]

	Non-Severe Need	Severe Need	Price of Meals To Children
Free	$1.40	$1.68	$0
Reduced Price	$1.10	$1.38	$0.30 (maximum school can charge)
Paid	$0.25	$0.25	varies[6]

[1] Federal Register, Vol. 72, No. 38, 2/27/07, pp. 8685- 8688. These guidelines apply to the 48 contiguous United States, the District of Columbia, Guam and the Territories. Alaska and Hawaii have higher maximum income limits.

[2] Federal Register, Vol. 72, No. 131, 7/10/07, pp. 37508-37511. These reimbursement rates apply to the 48 contiguous United States, the District of Columbia, Guam and the Territories. Alaska and Hawaii receive higher rates.

[3] Schools where at least 40 percent of the lunches served during the second preceding school year were free or reduced price qualify for extra "severe need" school breakfast reimbursements. New schools may qualify if it is determined that the 40 percent free or reduced price requirement would have been met in the second preceding year [7 C.F.R. 220.9 (d)].

[4] Federal Register, Vol. 73, No. 69, 4/09/08, pp. 19186-19187.

[5] Federal Register, Vol. 73, No. 130, 7/7/08, pp. 38392-38394.

[6] According to the School Nutrition Association, the 2006-2007 national average for a school lunch was $1.80 ($1.66 for elementary schools; $1.85 for middle schools and $1.90 for high schools).

Technical Notes

The data in this report are collected from the United States Department of Agriculture (USDA) and an annual survey of state child nutrition officials conducted by FRAC. This report does not include students or schools that participate in school meal programs in Puerto Rico, Guam, the Virgin Islands, or Department of Defense schools.

Due to rounding, totals in the tables may not add up to 100 percent.

Student Participation
Student participation data for the 2006-2007 and 2007-2008 school years are based on daily averages of the number of breakfasts and lunches served during the nine months from September through May of each year, as provided by the USDA.

States report to the USDA the number of meals they serve each month. These numbers may undergo revisions by states as accounting procedures find errors, or other estimates become confirmed. For consistency, all USDA data used in this report are from the states' 90-day revisions of the monthly reports. The 90-day revisions are the final required reports from the states; but states have the option to revise numbers further at any time after this point. USDA applies a formula (divide by 0.927) to adjust numbers upwards to account for participation by students who are absent from school on one or more days or otherwise do not eat meals every day in a month.

School Participation
The number of participating schools is reported by states to the USDA in October of the relevant school year. The number includes not only public schools but also private schools, residential child care institutions, and other institutions that operate school meal programs. FRAC's School Breakfast Scorecard uses the October number which is verified by FRAC with state officials.

The Cost of Low Participation Rates
For each state, FRAC calculated the average daily number of children receiving free or reduced-price breakfasts for every 100 children, on an average day, receiving free or reduced-price lunches during the same school year. Based on the performance of the top states, FRAC set a benchmark of every state reaching an average ratio of 60 children receiving free or reduced-price breakfast for every 100 receiving free or reduced-price lunch.

FRAC calculated the number of additional children who would be reached if each state reached this 60-to-100 ratio. FRAC then multiplied this "unserved" population by the reimbursement rate for 169 school days of breakfast. (While some states served breakfast for more or fewer days during the 2007-2008 school year, 169 was the national average.) FRAC assumed each state's mix of free and reduced-price students would apply to any new participants, and conservatively assumed that no additional student's meal is reimbursed at the higher rate that "severe need" schools receive.

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TABLE 1: LOW-INCOME STUDENT PARTICIPATION IN SCHOOL LUNCH (NSLP) AND SCHOOL BREAKFAST (SBP)

School Years 2006-2007 and 2007-2008

State	School Year 2006-2007				School Year 2007-2008				Change in Ratio of SBP to NSLP Participation	Percent Change in Number of F&RP Students in SBP
	Free & Reduced-Price (F&RP) SBP Students	F&RP NSLP Students	F&RP Students in SBP per 100 in NSLP	Rank	F&RP SBP Students	F&RP NSLP Students	F&RP Students in SBP per 100 in NSLP	Rank		
Alabama	161,443	349,721	46.2	21	169,615	353,085	48.0	19	1.87	5.1%
Alaska	11,921	35,080	34.0	48	11,844	34,158	34.7	49	0.69	-0.6%
Arizona	167,112	408,557	40.9	32	176,003	425,335	41.4	35	0.48	5.3%
Arkansas	121,008	225,793	53.6	11	124,514	231,088	53.9	10	0.29	2.9%
California	893,491	2,192,981	40.7	35	962,238	2,313,833	41.6	33	0.84	7.7%
Colorado	69,493	194,551	35.7	45	75,039	198,610	37.8	42	2.06	8.0%
Connecticut	49,255	142,370	34.6	47	51,215	143,458	35.7	47	1.10	4.0%
Delaware	19,758	41,310	47.8	17	21,431	43,665	49.1	18	1.25	8.5%
District of Columbia	15,274	32,647	46.8	19	15,921	31,842	50.0	16	3.21	4.2%
Florida	468,420	999,697	46.9	18	470,276	1,044,294	45.0	22	-1.82	0.4%
Georgia	412,616	761,561	54.2	9	434,819	779,577	55.8	7	1.60	5.4%
Hawaii	20,760	47,741	43.5	24	21,133	47,859	44.2	25	0.67	1.8%
Idaho	46,468	86,512	53.7	10	49,234	88,794	55.4	8	1.73	6.0%
Illinois	232,064	704,944	32.9	51	238,585	713,755	33.4	51	0.51	2.8%
Indiana	140,118	343,367	40.8	34	155,094	365,890	42.4	31	1.58	10.7%
Iowa	53,484	143,703	37.2	42	54,610	147,219	37.1	44	-0.12	2.1%
Kansas	67,473	159,640	42.3	29	70,939	164,560	43.1	28	0.84	5.1%
Kentucky	175,693	312,152	56.3	5	180,329	316,625	57.0	5	0.67	2.6%
Louisiana	193,518	376,520	51.4	13	199,990	381,610	52.4	13	1.01	3.3%
Maine	23,008	53,364	43.1	25	24,226	54,517	44.4	23	1.32	5.3%
Maryland	94,962	220,848	43.0	26	101,228	228,972	44.2	24	1.21	6.6%
Massachusetts	106,564	243,239	43.8	23	109,584	248,251	44.1	26	0.33	2.8%
Michigan	197,635	495,883	39.9	37	204,377	507,128	40.3	36	0.45	3.4%
Minnesota	92,276	225,975	40.8	33	96,406	232,079	41.5	34	0.71	4.5%
Mississippi	167,377	301,641	55.5	8	169,853	301,546	56.3	6	0.84	1.5%
Missouri	163,133	324,678	50.2	14	168,966	328,354	51.5	15	1.21	3.6%
Montana	17,199	40,556	42.4	28	18,135	42,273	42.9	29	0.49	5.4%
Nebraska	36,660	99,999	36.7	43	37,899	102,622	36.9	45	0.27	3.4%
Nevada	45,904	120,608	38.1	39	48,201	125,148	38.5	40	0.45	5.0%
New Hampshire	11,109	32,865	33.8	50	11,898	34,014	35.0	48	1.18	7.1%
New Jersey	118,673	329,160	36.1	44	124,206	338,661	36.7	46	0.62	4.7%
New Mexico	95,873	156,893	61.1	1	99,686	158,447	62.9	1	1.81	4.0%
New York	430,013	1,137,091	37.8	40	445,489	1,142,693	39.0	39	1.17	3.6%
North Carolina	290,185	580,874	50.0	15	293,905	589,006	49.9	17	-0.06	1.3%
North Dakota	11,452	27,457	41.7	30	11,937	27,827	42.9	30	1.19	4.2%
Ohio	241,669	551,114	43.9	22	256,793	565,043	45.4	21	1.60	6.3%
Oklahoma	155,221	272,682	56.9	4	156,222	273,114	57.2	4	0.28	0.6%
Oregon	104,156	186,354	55.9	6	102,700	191,287	53.7	12	-2.20	-1.4%
Pennsylvania	193,979	520,410	37.3	41	204,054	531,217	38.4	41	1.14	5.2%
Rhode Island	18,403	46,034	40.0	36	20,606	51,580	39.9	38	-0.03	12.0%
South Carolina	188,940	318,939	59.2	2	193,498	321,261	60.2	2	0.99	2.4%
South Dakota	18,524	44,589	41.5	31	18,752	44,666	42.0	32	0.44	1.2%
Tennessee	207,440	416,048	49.9	16	211,837	405,469	52.2	14	2.39	2.1%
Texas	1,146,477	2,162,780	53.0	12	1,191,140	2,212,723	53.8	11	0.82	3.9%
Utah	44,995	133,071	33.8	49	46,610	137,003	34.0	50	0.21	3.6%
Vermont	12,832	23,102	55.5	7	12,833	23,176	55.4	9	-0.17	0.0%
Virginia	154,049	331,956	46.4	20	161,327	341,254	47.3	20	0.87	4.7%
Washington	126,397	297,019	42.6	27	132,088	301,571	43.8	27	1.24	4.5%
West Virginia	66,439	116,489	57.0	3	67,451	117,582	57.4	3	0.33	1.5%
Wisconsin	85,326	239,063	35.7	46	92,240	245,025	37.6	43	1.95	8.1%
Wyoming	8,527	22,230	38.4	38	9,026	22,529	40.1	37	1.71	5.9%
TOTAL	**8,130,457**	**17,966,115**	**45.3**		**8,457,861**	**18,412,978**	**45.9**		**0.68**	**4.0%**

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Table 2: SCHOOL PARTICIPATION IN SCHOOL LUNCH (NSLP) AND SCHOOL BREAKFAST (SBP)

School Years 2006-2007 and 2007-2008

State	School Year 2006-2007				School Year 2007-2008				Percent Change in Number of SBP Schools
	SBP Schools	NSLP Schools	SBP Schools as % of NSLP Schools	Rank	SBP Schools	NSLP Schools	SBP Schools as % of NSLP Schools	Rank	
Alabama	1,373	1,527	89.9%	27	1,533	1,529	100.3%	1	11.7%
Alaska	295	432	68.3%	46	300	435	69.0%	47	1.7%
Arizona	1,477	1,630	90.6%	26	1,545	1,687	91.6%	23	4.6%
Arkansas	1,084	1,083	100.1%	1	1,148	1,221	94.0%	16	5.9%
California	8,665	10,796	80.3%	36	8,922	10,893	81.9%	35	3.0%
Colorado	1,344	1,643	81.8%	34	1,404	1,718	81.7%	36	4.5%
Connecticut	596	1,158	51.5%	51	608	1,169	52.0%	51	2.0%
Delaware	238	240	99.2%	5	230	235	97.9%	7	-3.4%
District of Columbia	208	218	95.4%	15	209	221	94.6%	13	0.5%
Florida	3,648	3,680	99.1%	6	3,630	3,660	99.2%	5	-0.5%
Georgia	2,098	2,189	95.8%	12	2,311	2,391	96.7%	8	10.2%
Hawaii	292	305	95.7%	13	288	306	94.1%	15	-1.4%
Idaho	644	695	92.7%	20	657	708	92.8%	20	2.0%
Illinois	2,981	4,332	68.8%	45	3,022	4,315	70.0%	46	1.4%
Indiana	1,815	2,268	80.0%	38	1,952	2,265	86.2%	32	7.5%
Iowa	1,375	1,516	90.7%	24	1,382	1,516	91.2%	25	0.5%
Kansas	1,390	1,616	86.0%	31	1,393	1,610	86.5%	31	0.2%
Kentucky	1,458	1,494	97.6%	8	1,396	1,503	92.9%	19	-4.3%
Louisiana	1,466	1,563	93.8%	17	1,534	1,627	94.3%	14	4.6%
Maine	629	716	87.8%	30	621	710	87.5%	30	-1.3%
Maryland	1,466	1,576	93.0%	19	1,475	1,572	93.8%	17	0.6%
Massachusetts	1,596	2,319	68.8%	44	1,604	2,276	70.5%	45	0.5%
Michigan	2,961	3,702	80.0%	39	3,050	3,818	79.9%	41	3.0%
Minnesota	1,558	2,117	73.6%	43	1,597	2,124	75.2%	43	2.5%
Mississippi	866	949	91.3%	22	874	952	91.8%	22	0.9%
Missouri	2,219	2,518	88.1%	29	2,247	2,516	89.3%	28	1.3%
Montana	656	805	81.5%	35	690	808	85.4%	33	5.2%
Nebraska	694	1,047	66.3%	48	684	992	69.0%	48	-1.4%
Nevada	496	544	91.2%	23	510	560	91.1%	26	2.8%
New Hampshire	409	497	82.3%	33	407	499	81.6%	37	-0.5%
New Jersey	1,730	2,681	64.5%	49	1,744	2,680	65.1%	49	0.8%
New Mexico	766	797	96.1%	11	778	805	96.6%	9	1.6%
New York	5,771	6,442	89.6%	28	5,198	5,912	87.9%	29	-9.9%
North Carolina	2,398	2,417	99.2%	4	2,454	2,473	99.2%	3	2.3%
North Dakota	337	420	80.2%	37	339	417	81.3%	38	0.6%
Ohio	2,794	4,122	67.8%	47	2,925	4,091	71.5%	44	4.7%
Oklahoma	1,901	1,956	97.2%	9	1,801	1,896	95.0%	12	-5.3%
Oregon	1,282	1,342	95.5%	14	1,261	1,318	95.7%	11	-1.6%
Pennsylvania	2,936	3,828	76.7%	41	3,097	3,838	80.7%	39	5.5%
Rhode Island	419	434	96.5%	10	417	432	96.5%	10	-0.5%
South Carolina	1,140	1,139	100.1%	2	1,141	1,150	99.2%	4	0.1%
South Dakota	517	677	76.4%	42	541	683	79.2%	42	4.6%
Tennessee	1,637	1,751	93.5%	18	1,647	1,771	93.0%	18	0.6%
Texas	7,427	7,505	99.0%	7	7,616	7,654	99.5%	2	2.5%
Utah	708	852	83.1%	32	713	856	83.3%	34	0.7%
Vermont	311	343	90.7%	25	314	344	91.3%	24	1.0%
Virginia	1,861	2,015	92.4%	21	1,869	2,023	92.4%	21	0.4%
Washington	2,020	2,127	95.0%	16	1,921	2,113	90.9%	27	-4.9%
West Virginia	768	768	100.0%	3	736	745	98.8%	6	-4.2%
Wisconsin	1,628	2,685	60.6%	50	1,530	2,474	61.8%	50	-6.0%
Wyoming	279	363	76.9%	40	294	365	80.5%	40	5.4%
TOTAL	**84,627**	**99,839**	**84.8%**		**85,559**	**99,876**	**85.7%**		**1.1%**

Table 3: AVERAGE DAILY STUDENT PARTICIPATION IN SCHOOL BREAKFAST PROGRAM (SBP)
School Year 2007-2008

State	Free (F) SBP Students		Reduced Price (RP) SBP Students		Total F&RP SBP Students		Paid SBP Students		Total SBP Students
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Alabama	152,328	74.4%	17,287	8.4%	169,615	82.9%	35,107	17.1%	204,723
Alaska	10,203	69.3%	1,641	11.2%	11,844	80.5%	2,873	19.5%	14,717
Arizona	153,849	70.5%	22,153	10.1%	176,003	80.6%	42,325	19.4%	218,328
Arkansas	110,261	73.3%	14,252	9.5%	124,514	82.7%	25,984	17.3%	150,497
California	828,419	74.9%	133,818	12.1%	962,238	87.0%	143,151	13.0%	1,105,389
Colorado	63,721	66.1%	11,318	11.7%	75,039	77.9%	21,341	22.1%	96,380
Connecticut	46,184	73.5%	5,031	8.0%	51,215	81.6%	11,580	18.4%	62,795
Delaware	19,171	62.5%	2,260	7.4%	21,431	69.8%	9,251	30.2%	30,682
District of Columbia	14,376	68.4%	1,545	7.4%	15,921	75.8%	5,087	24.2%	21,008
Florida	406,219	67.6%	64,057	10.7%	470,276	78.2%	130,833	21.8%	601,110
Georgia	382,377	69.7%	52,442	9.6%	434,819	79.2%	113,885	20.8%	548,705
Hawaii	16,679	48.6%	4,454	13.0%	21,133	61.5%	13,217	38.5%	34,350
Idaho	40,555	59.8%	8,678	12.8%	49,234	72.6%	18,555	27.4%	67,789
Illinois	220,494	80.0%	18,091	6.6%	238,585	86.6%	36,884	13.4%	275,469
Indiana	136,109	69.8%	18,986	9.7%	155,094	79.5%	39,899	20.5%	194,993
Iowa	46,711	57.7%	7,900	9.8%	54,610	67.4%	26,391	32.6%	81,001
Kansas	58,798	64.2%	12,141	13.3%	70,939	77.5%	20,629	22.5%	91,569
Kentucky	159,038	68.7%	21,291	9.2%	180,329	77.9%	51,193	22.1%	231,522
Louisiana	183,053	76.8%	16,937	7.1%	199,990	83.9%	38,334	16.1%	238,324
Maine	21,055	61.4%	3,171	9.2%	24,226	70.6%	10,080	29.4%	34,306
Maryland	84,165	58.6%	17,063	11.9%	101,228	70.5%	42,320	29.5%	143,548
Massachusetts	99,740	74.7%	9,844	7.4%	109,584	82.1%	23,854	17.9%	133,438
Michigan	185,012	74.4%	19,366	7.8%	204,377	82.2%	44,270	17.8%	248,647
Minnesota	78,641	57.3%	17,764	12.9%	96,406	70.2%	40,941	29.8%	137,346
Mississippi	154,902	80.6%	14,951	7.8%	169,853	88.4%	22,276	11.6%	192,129
Missouri	145,974	64.8%	22,992	10.2%	168,966	75.0%	56,292	25.0%	225,258
Montana	15,330	62.3%	2,806	11.4%	18,135	73.7%	6,466	26.3%	24,601
Nebraska	31,898	58.4%	6,002	11.0%	37,899	69.4%	16,692	30.6%	54,591
Nevada	41,147	66.3%	7,054	11.4%	48,201	77.7%	13,821	22.3%	62,022
New Hampshire	10,125	48.3%	1,773	8.5%	11,898	56.8%	9,043	43.2%	20,942
New Jersey	109,347	70.8%	14,859	9.6%	124,206	80.4%	30,236	19.6%	154,443
New Mexico	87,121	70.4%	12,565	10.1%	99,686	80.5%	24,127	19.5%	123,813
New York	391,913	70.9%	53,576	9.7%	445,489	80.6%	107,141	19.4%	552,630
North Carolina	258,302	70.7%	35,602	9.7%	293,905	80.5%	71,403	19.5%	365,307
North Dakota	10,045	50.6%	1,892	9.5%	11,937	60.1%	7,911	39.9%	19,848
Ohio	230,863	68.9%	25,930	7.7%	256,793	76.6%	78,298	23.4%	335,091
Oklahoma	136,276	69.2%	19,946	10.1%	156,222	79.4%	40,607	20.6%	196,829
Oregon	87,804	63.2%	14,896	10.7%	102,700	73.9%	36,204	26.1%	138,904
Pennsylvania	180,560	67.0%	23,494	8.7%	204,054	75.7%	65,611	24.3%	269,666
Rhode Island	18,784	74.2%	1,821	7.2%	20,606	81.4%	4,722	18.6%	25,327
South Carolina	173,639	71.5%	19,860	8.2%	193,498	79.7%	49,331	20.3%	242,829
South Dakota	16,227	65.1%	2,525	10.1%	18,752	75.3%	6,168	24.7%	24,920
Tennessee	187,937	72.1%	23,900	9.2%	211,837	81.3%	48,756	18.7%	260,593
Texas	1,060,741	73.7%	130,399	9.1%	1,191,140	82.8%	247,422	17.2%	1,438,562
Utah	38,079	61.3%	8,531	13.7%	46,610	75.0%	15,560	25.0%	62,170
Vermont	10,707	54.8%	2,126	10.9%	12,833	65.7%	6,696	34.3%	19,529
Virginia	138,287	61.7%	23,040	10.3%	161,327	72.0%	62,825	28.0%	224,153
Washington	106,801	66.1%	25,287	15.6%	132,088	81.7%	29,552	18.3%	161,640
West Virginia	57,624	59.9%	9,827	10.2%	67,451	70.1%	28,765	29.9%	96,216
Wisconsin	79,003	63.0%	13,237	10.6%	92,240	73.6%	33,114	26.4%	125,354
Wyoming	7,134	52.3%	1,893	13.9%	9,026	66.2%	4,609	33.8%	13,635
TOTAL	**7,421,243**	**70.4%**	**1,036,618**	**9.8%**	**8,457,861**	**80.2%**	**2,087,695**	**19.8%**	**10,545,556**

Table 4: ADDITIONAL PARTICIPATION AND FUNDING IF 60 LOW-INCOME (FREE AND REDUCED PRICE) STUDENTS WERE SERVED SCHOOL BREAKFAST (SBP) PER 100 SERVED SCHOOL LUNCH (NSLP)

School Year 2007-2008

State	Actual Total Free & Reduced Price (F&RP) SBP Students	Total F&RP Students if 60 SBP per 100 NSLP	Additional F&RP Students if 60 SBP per 100 NSLP	Additional Annual Funding if 60 SBP per 100 NSLP F&RP Students
Alabama	169,615	211,851	42,235	$9,442,592
Alaska	11,844	20,495	8,650	$1,917,816
Arizona	176,003	255,201	79,198	$17,609,906
Arkansas	124,514	138,653	14,139	$3,152,103
California	962,238	1,388,300	426,062	$94,450,100
Colorado	75,039	119,166	44,127	$9,755,799
Connecticut	51,215	86,075	34,860	$7,800,134
Delaware	21,431	26,199	4,768	$1,065,237
District of Columbia	15,921	19,105	3,185	$712,760
Florida	470,276	626,576	156,300	$34,671,483
Georgia	434,819	467,746	32,927	$7,330,156
Hawaii	21,133	28,716	7,583	$1,653,355
Idaho	49,234	53,277	4,043	$888,566
Illinois	238,585	428,253	189,668	$42,655,714
Indiana	155,094	219,534	64,440	$14,339,659
Iowa	54,610	88,331	33,721	$7,465,740
Kansas	70,939	98,736	27,797	$6,116,666
Kentucky	180,329	189,975	9,646	$2,148,579
Louisiana	199,990	228,966	28,976	$6,503,441
Maine	24,226	32,710	8,484	$1,884,297
Maryland	101,228	137,383	36,155	$7,960,685
Massachusetts	109,584	148,951	39,367	$8,825,533
Michigan	204,377	304,277	99,900	$22,370,943
Minnesota	96,406	139,248	42,842	$9,398,835
Mississippi	169,853	180,928	11,075	$2,483,876
Missouri	168,966	197,012	28,046	$6,221,591
Montana	18,135	25,364	7,228	$1,596,639
Nebraska	37,899	61,573	23,674	$5,224,880
Nevada	48,201	75,089	26,887	$5,950,489
New Hampshire	11,898	20,409	8,510	$1,882,259
New Jersey	124,206	203,197	78,990	$17,588,755
New Mexico	99,686	95,068	--	--
New York	445,489	685,616	240,127	$53,461,219
North Carolina	293,905	353,404	59,499	$13,244,032
North Dakota	11,937	16,696	4,759	$1,050,367
Ohio	256,793	339,026	82,233	$18,388,832
Oklahoma	156,222	163,868	7,647	$1,699,567
Oregon	102,700	114,772	12,072	$2,672,550
Pennsylvania	204,054	318,730	114,676	$25,560,996
Rhode Island	20,606	30,948	10,342	$2,319,308
South Carolina	193,498	192,757	--	--
South Dakota	18,752	26,800	8,048	$1,785,795
Tennessee	211,837	243,281	31,444	$7,012,608
Texas	1,191,140	1,327,634	136,494	$30,463,459
Utah	46,610	82,202	35,592	$7,810,474
Vermont	12,833	13,905	1,072	$236,262
Virginia	161,327	204,752	43,425	$9,618,193
Washington	132,088	180,943	48,855	$10,700,149
West Virginia	67,451	70,549	3,098	$685,799
Wisconsin	92,240	147,015	54,775	$12,130,291
Wyoming	9,026	13,518	4,491	$979,464
TOTAL	**8,457,861**	**11,047,787**	**2,522,132**	**$561,226,537**

School Meals Legislation by State

Types of state legislation (school breakfast and school lunch) included in this table:

State mandate (M) – State law requiring that all or certain schools participate in the School Breakfast Program (SBP)
State funding ($) – State funds for a purpose related to the SBP
Universal breakfast funding (U) – State funding for universal free school breakfast in certain schools
Reporting requirement (R) – State law that schools or districts report reasons for nonparticipation in the SBP
Scheduling requirement (S) – State law that school schedules allow students time to eat breakfast
Outreach requirement (O) – State law that requires outreach related to the SBP

Alabama		NONE
Alaska		NONE
Arizona		NONE
Arkansas	M	School breakfast is required in schools with 20 percent or more free and reduced-price (F&RP) eligible students. ARK. CODE ANN. § 6-18-705
California	M	Public schools must provide at least one free or reduced-price meal daily to all F&RP eligible students. CAL. EDUC. CODE § 49558
	$	Grants of up to $15,000 are available per school, on a competitive basis, up to the annual appropriation ($1,017,000), for nonrecurring breakfast start-up and expansion expenses where 20 percent or more of students are approved for F&RP meals CAL. EDUC. CODE § 49550.3 The State provides an additional reimbursement for all free and reduced-price meals, adjusted annually. The 2007-08 rate was $0.2195; the 2006-07 rate was $0.1563. The 2007 Budget Act (and its accompanying legislation) had appropriated $24.9 million in additional funding to increase state meal reimbursement to $0.2195; in exchange, foods provided in a school meal cannot contain transfats or be deep or flash fried. CAL. EDUC. CODE §49536 Senate Bill 281, signed into law on September 15, 2005, provided $18.2 million annually to increase fruit and vegetable consumption through the School Breakfast Program. Schools could receive $0.10 for additional fruit or vegetables served with each breakfast. **This funding was repealed in 2007.**
Colorado	$	The State may appropriate moneys for the creation, expansion, or enhancement of the SBP in low performing schools (any school that received an academic performance rating of low or unsatisfactory the preceding school year). The State appropriated $250,000 for 2007-08, and $350,000 for 2006-07. COL. REV. STAT. § 22-54-123.5 The State created the Start Smart Program for the elimination of the reduced-price co-payment for school breakfast and appropriated $700,000 for the program for School Year 2007-2008. COL. REV. STAT. § 22-82.7-101 In 2008, the State eliminated the reduced-price copayment for lunch in grades K-2. The state reimburses school districts $0.40 per each reduced-price lunch served.

M: State mandate	*R: Reporting requirement*	*U: Universal breakfast funding*
$: State funding	*S: Scheduling requirement*	*O: Outreach requirement*

Connecticut	M	School breakfast is required in K-8 schools where 80 percent of lunches served are F&RP eligible. CONN. GEN. STAT. ANN. § 10-266w
	$	The State sponsored an In-Classroom School Breakfast Pilot Program. For school year 2006-2007, $50,000 was allocated to provide competitive grants-in-aid for the purpose of assisting up to ten severe need schools to establish an in-classroom school breakfast program. CONN. GEN. STAT. ANN. §10-215g(a) All Connecticut public school districts that participate in the National School Lunch Program are required to take action to certify whether all food items sold to students will or will not meet the Connecticut Nutrition Standards. (Compliance is optional for all eligible public school districts.) Eligible districts that opt for the "healthy food certification" receive 10 cents per lunch, based on the total number of reimbursable lunches (paid, free and reduced) served in the district in the prior school year. CONN. GEN. STAT. ANN. §10-215f
Delaware		NONE
District of Columbia		NONE
Florida	M	School breakfast is required in all public elementary schools. FLA. STAT. § 1006.06
	$	The State annually allocates funds to public school districts provided from the school breakfast supplement in the General Appropriations Act based on each district's total number of free and reduced-price breakfast meals served. FLA. STAT. § 1006.06
Georgia	M	School breakfast is required in K-8 schools with 25 percent or more F&RP eligible students and in all other schools with 40 percent or more F&RP eligible students. GA. CODE ANN. § 20-2-66
Hawaii	M	School lunches must be made available in every school where the students are required to eat lunch at school. §302A-404
	$	The State provides approximately $0.13 per breakfast.
Idaho		NONE
Illinois	M	School breakfast is required in all public schools with 40 percent or more F&RP eligible students. Each school district's board of education must determine each school year which schools meet the 40 percent F&RP criterion, based on data submitted to the Illinois State Board of Education. Schools that have 40 percent or more of their students eligible for F&RP meals the previous school year must offer breakfast. School districts may opt out under certain circumstances. Every public school must have a free lunch program.
	$	The State provides start-up funds of up to $3,500 per school for nonrecurring costs; priority is given to schools with at least 40 percent F&RP eligible students. IL. STAT. § 105 ILCS 125/2.5 The State also provides $0.15 per free breakfast served. Schools are eligible for an additional $0.10 reimbursement for each free, reduced-price and paid breakfast served if breakfast participation increases; the additional reimbursement is automatic if the number of breakfasts served in the month exceeds the number of breakfasts served in the same month of the previous year by 10 percent. IL. STAT. § 105 ILCS 125/2.5 The State may reduce or disapprove state funding if it is found that the total funding for the SBP exceeds expenditures. IL. STAT. § 105 ILCS 125/6

M: State mandate	*R: Reporting requirement*	*U: Universal breakfast funding*
$: State funding	*S: Scheduling requirement*	*O: Outreach requirement*

Illinois (cont.)	U	The State provides incentive funding for universal breakfast programs; schools with 80 percent or more F&RP lunch eligible students receive the difference between what the federal government pays and what the actual cost is for free and reduced-price breakfasts. IL. STAT. § 105 ILCS 125/2.5
	R	The State Board of Education is required to provide the Governor and the General Assembly lists of schools that have started breakfast programs during the past year, that have utilized the above grant funds, and that have exercised Provisions 2 or 3. In 2009, and 2011, the State Board also shall report on parental interest in the SBP and barriers to establishing SBPs. IL. STAT. § 105 ILCS IL. STAT. § 105 ILCS
Indiana	M	School breakfast is required in public schools with 25 percent or more F&RP eligible students. IND. CODE ANN. § 20-5-13.5-4 Effective July 1, 2007, school buildings that serve lunch and have at least 15 percent of the enrolled students qualifying for free or reduced-price meals, must implement a school breakfast program. Ind. Code ANN. § 20-26-9 (13-17).
Iowa	M	All schools must provide a school lunch program. The school lunch program shall be provided for all students in each district who attend public school four or more hours each school day and wish to participate in a school lunch program. IA Code § 283A.2
	$	The State provides $0.03 per breakfast until appropriated funds are depleted. The State provides $0.04 per lunch until appropriated funds are depleted.
Kansas	M	All public schools must offer breakfast unless they have been granted an annual waiver by the Kansas State Board of Education. No waiver shall be granted for a school building in which 35 percent or more of the students are F&RP eligible. KAN. STAT. ANN. § 72-5125
Kentucky	S	School districts are required to arrange bus schedules so that all buses arrive in sufficient time for schools to serve breakfast prior to the instructional day. KY. REV. STAT. ANN. § 158.070
	M	Lunches must be made available to all children attending each school. Schools may not have physical segregation or other discrimination against any child because of inability to pay the full cost of a meal. 702 KAR 6:050
	R	All schools without breakfast must report the reasons and any problems that inhibit participation by September 15th. The state shall inform the school of the value of the SBP (its favorable effects on attendance and performance) and the availability of funds. KY. REV. STAT. ANN. § 157.065
Louisiana	M	The school board must operate the National School Lunch Program and also the School Breakfast Program if at least 25 percent of the students enrolled in one or more schools in the system are F&RP eligible. LA. REV. STAT. ANN. §17:192
Maine	M	Public schools serving K – 8 must participate in the National School Lunch Program. Title 20-A, Section 6602
	$	Public schools receive a State reimbursement per lunch and breakfast in addition to the Federal reimbursement. Currently, the amount of money available for reimbursement for breakfast is $80,000 or about .0175 per breakfast. Generally, state reimbursement for lunch is between .03 and .05 depending on participation state wide. Starting in SY 2008-2009, all public schools must provide school breakfast to all children eligible for free and reduced-price meals at no cost to the student. The State provides funding for the costs of the program that are not reimbursed by the Federal Government. $1.4 million is allocated from the Fund for a Healthy Maine for fiscal year 2008-09 and the school breakfast program is added to the health-related initiatives that are eligible to receive funds from the Fund for a Healthy Maine. Sec. 8. 22 MRSA §1511

M: State mandate	*R: Reporting requirement*	*U: Universal breakfast funding*
$: State funding	*S: Scheduling requirement*	*O: Outreach requirement*

Maryland	M	School breakfast is required in public elementary schools, but those schools with less than 15 percent F&RP eligible students may be exempted. MD. CODE. ANN. EDUC. § 7-701 and §7-702 Each public school must provide a subsidized or free lunch program. MD. CODE. ANN. EDUC. § 7-603
	$	The State provides $0.1325 for F&RP breakfasts in non-severe need schools and $0.05 in severe need schools. For the 2007-2008 school year, LEAs receive State funding for lunch of approximately $0.0462 per lunch.
	U	The State sponsors Maryland Meals for Achievement, an in-classroom universal free school breakfast program. [MD. CODE. ANN., EDUC. § 7-704] The allocation has been approximately $3 million annually since school year 2006-2007.
Massachusetts	M	School lunch is required in all public schools. School breakfast is required in public schools in severe need schools and where more than 50 F&RP meal applications are on file from the preceding school year. MASS. GEN. LAWS ch.69 §1C
	$	Mandated schools receive an additional $0.14 for F&RP meals if breakfast costs exceed federal severe need reimbursements.
	U	The State provides $2 million to support universal breakfast in elementary schools with 60 percent or more free and reduced-price eligible students. The State requires schools that receive these funds to use Provision 2 as well. Participating schools receive approximately $0.42 per breakfast if costs exceed other reimbursements (this reimbursement is separate from the additional $0.10 for mandated schools).
Michigan	M	School lunch is required in all schools. School breakfast is required in schools with 20 percent or more F&RP eligible students during the immediately preceding school year. MICH. COMP. LAWS § 380.1272a
	$	The State provides per meal reimbursements, subject to annual appropriation, to cover the lesser of actual costs or 100 percent of the cost of an efficiently operated program. [MICH. COMP. LAWS § 380.1272d] $9.625 million was appropriated for FY 2008.
Minnesota	M	School breakfast is required in public schools at which 33 percent of school lunches were served free or at reduced-price in the second preceding year. MINN. STAT. § 124D.117
	$	The State provides each elementary and secondary school that participates in the SBP with a state reimbursement of $0.30 for each fully paid breakfast and for each free and reduced price breakfast not eligible for the "severe need" rate. In addition, each school year the state must reimburse schools $0.55 for each free and reduced price breakfast not eligible for the "severe need" rate if between 33 and 40 percent of the school lunches served during the second preceding school year were served free or at a reduced price. MINN. STAT. §124D.1158 The state provided each elementary and secondary school that participates in the national school lunch program $0.105 in 2006-2007 for each full paid, reduced and free lunch served to students. This payment was increased to $0.12 in 2007-2008. MINN. STAT. §124D.111
Mississippi		NONE

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M: State mandate	*R: Reporting requirement*	*U: Universal breakfast funding*
$: State funding	*S: Scheduling requirement*	*O: Outreach requirement*

Missouri	M	School breakfast is required in schools with 35 percent or more F&RP eligible students. A school may receive a waiver from this requirement through a majority vote of the school board. MO. REV. STAT. § 191.803
	O	Agencies responsible for administering food programs, including the SBP, shall collaborate in designing and implementing outreach programs focused on populations at risk of hunger, that effectively describe the programs, their purposes, and how to apply for them. These programs shall be culturally and linguistically appropriate for the populations most at risk. MO. REV. STAT. § 191.813
	$	Subject to appropriation, the state board of education shall establish a hardship grant program to provide state supplemental funding for the federal SBP. Any school that participates in the SBP can apply for a hardship grant. Hardship grants will be awarded to schools with the highest need. MO. ANN. STAT. § 191.805
Montana		NONE
Nebraska	$	The State provides $0.05 per breakfast in those public schools that also participate in a lunch program. NEB. REV. STAT. § 79-10,138
Nevada		Through a Resolution, the state legislature strongly encourages school districts to offer school breakfast in every school that has a population of more than 100 students, and increase the number of students participating in the School Breakfast Program. NV ASSEMBLY CONCURRENT RESOLUTION 5
New Hampshire	M	Each school board shall make a meal available during school hours to every pupil and shall provide free and reduced-price meals to any needy children. Schools may receive waivers from the state school board, but the state is then directed to study and formulate a plan to implement the above requirement in those schools that have been granted waivers. N.H. Stat. § 189:11-a
	$	The State provides $0.03 for every breakfast served by districts that have complied with the federal wellness policy requirement of the 2004 Child Nutrition and WIC Reauthorization Act. N.H. Stat. § 189:11-a
New Jersey	M	Any school (pre-K – 12th grade) that has 20 percent or more students eligible for free or reduced-price lunch must participate in the SBP. [N. J. STAT. § 18A:33-10] One-year waivers may be granted by the New Jersey Department of Agriculture to schools that lack the staff, facilities, or equipment to offer the SBP. N. J. 210TH LEG, 2ND REG. SESSION, NO. 1498 Each school district must make school lunch available to all children enrolled in the district. Any school in which less than 5 percent of pupils enrolled meet the eligibility requirements for a free or reduced price lunch may apply for an exemption. L.1974, c. 53, s. 1, 18A:33-4.
	$	The State appropriates approximately $3.2 million annually to provide $0.10 for all breakfasts served: free, reduced-price and paid.
New Mexico	U	The State appropriates funds to support universal breakfast (to all children regardless of income) at low performing elementary schools (any school not meeting adequate yearly progress performance rating). Current year SY 08-09 funding is 3.45 million for 213 Elementary schools. For school year 2007-2008 the State appropriated $ 2.8 million; $1.8 million was appropriated for school year 2006-07.

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M: State mandate	*R: Reporting requirement*	*U: Universal breakfast funding*
$: State funding	*S: Scheduling requirement*	*O: Outreach requirement*

New York	M	School breakfast is required in elementary schools; in schools located in school districts with at least 125,000 inhabitants; and in schools that participate in the school lunch program and have 40 percent or more of lunches served to F&RP eligible students. N.Y. COMP. CODES R. & REGS. tit. 8, § 114.2
	$	The State provided reimbursements of $0.11 for free breakfasts, $0.17 for reduced-price breakfasts, and $0.0025 for paid breakfasts. The State also provides reimbursement of all expenses exceeding revenues in first year of breakfast implementation in a public school. Due to lower state revenues, the state reimbursement has been reduced for the 2008-2009 school year. Breakfast is reimbursed at .0023 cents per meal for paid, .1566 cents for reduced and .1013 cents for free.
North Carolina	U	The State provides approximately $2.2 million per year to provide free universal school breakfast to kindergarten students in districts where 50 percent or more of the kindergarten students are eligible for F&RP school meals.
North Dakota		NONE
Ohio	M	Each school district is required to establish and maintain a school lunch program. As of school year 2006-2007 each school district and each chartered or non-chartered nonpublic school must establish a breakfast program in every school where at least 20 percent of students are eligible for free meals. OHIO REV. CODE ANN. § 3313.81.3
	$	The State appropriated $3.7 million for SBPs, including $900,000 for outreach. Funds are used to supplement reimbursements at approximately $0.07 per breakfast, and for a Breakfast Incentive Program to reward schools for significantly increasing breakfast participation, for starting a new breakfast program with a certain level of participation, or for schools that maintain a 75 percent participation rate.
Oklahoma		NONE
Oregon	M	School breakfast is required in all schools where 25 percent or more of the students are F&RP eligible, and in Title 1 schools. OR. REV. STAT. §327.535
Pennsylvania	$	The State provides no less than $0.10 per breakfast and lunch served. The State provides an additional $0.02 ($0.12 total) per lunch to schools that participate in both lunch and breakfast. The State also provides an additional $0.04 ($0.14 total) per lunch to schools that have over 20 percent of student enrollment participating in school breakfast. 22 PA. STAT. § 13-1337.1 (2000)
Rhode Island	M	School lunch and breakfast are required in all public schools. R.I. GEN. LAWS § 16-8-10.1
	$	The State appropriates $600,000 per year for breakfast supervision costs. Due to RI's large deficit, the SBP subsidy was cut in half to $300,000 in the 2008-09 school year. The per-breakfast subsidy, based on breakfasts served during school year 2007-08, is $0.077572538.
South Carolina	M	School breakfast is required in all public schools. The State Board of Education may grant a waiver if the school lacks equipment or facilities to implement such a program, if the program is not cost-effective, or if implementation creates substantial scheduling difficulties. SC CODE ANN. §59-63-790 and §59-63-800
South Dakota		NONE

M: State mandate	*R: Reporting requirement*	*U: Universal breakfast funding*
$: State funding	*S: Scheduling requirement*	*O: Outreach requirement*

Tennessee	M	Every school must offer school lunch. School breakfast is required in K-8 schools with 25 percent or more F&RP eligible students and in all other schools with 40 percent or more F&RP eligible students. TENN. CODE ANN. § 49-6-2302
Texas	M	School breakfast is required in public schools and open-enrollment charter schools with 10 percent or more F&RP eligible students. TEX. EDUC. CODE ANN. § 33.901
	R	The commissioner shall prepare and deliver a report describing the results of a study regarding participation in breakfast programs no later than October 31, 2008, to the governor, the lieutenant governor, and the speaker of the house of representatives. The report must include a cost-benefit analysis; outline effective programs and practices; and recommend to the legislature methods for increasing participation in the breakfast program. Chapter 12, Agriculture Code, Sec. 12.043
Utah	R	The State requires elementary schools without breakfast to report reasons for nonparticipation for three years. UTAH CODE ANN. § 53A-19-301
Vermont	M	School lunch and breakfast are required in all public schools unless the commissioner grants a waiver or the district is exempt from the requirement. VT. STAT. ANN. § 1265
		Exemptions are granted for one year if the voters of the district vote for exemption at an annual or special meeting, and the school board must review the exemption annually. VT. STAT. ANN. § 1265
	$	The State appropriates approximately $133,000 in for breakfast reimbursements. The per plate reimbursement rate is determined by dividing total funds by total number of breakfasts served.
		In 2008, $170,000 was appropriated to extend free breakfast by eliminating the $0.30 copayment for all students eligible for reduced-price meals starting in school year 2008-2009.
Virginia	M	School breakfast is required in public schools with 25 percent or more F&RP eligible students. VA. CODE ANN. § 22.1-207.3
	$	The State appropriated funds beginning in FY 2006 to establish an incentive program to increase student participation in the SBP. The funds are available to any school division as a reimbursement for school breakfast meals served in excess of the per student baseline established in 2003-2004. Schools are eligible to receive up to $0.20 per breakfast for increased student participation.
Washington	M	School lunch must be offered to children in grades kindergarten through four enrolled in schools where twenty-five percent or more of the enrolled students qualify for a free or reduced-price lunch. WASH. REV. CODE § 28A.235.160 and 2004 c 54 s 2
		Any school with 40 percent or more enrollment of students that qualify for free or reduced-price meals must have a school breakfast program. HB 1771 (July, 2005)
	$	The State appropriated $2.5 million in 2006 and $4.5 million in 2007 to eliminate the co-payment for breakfasts served to students eligible for reduced-price meals and to provide a reimbursement for every free and reduced-price breakfast served.
		For school year 2007-08 the state provided funding to eliminate the reduced price co-payment for lunch for all public school students in grades K-3.
		The superintendent of public instruction may grant additional funds for breakfast start-up and expansion grants, when appropriated. WASH. REV. CODE § 28A.235.150

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M: State mandate	*R: Reporting requirement*	*U: Universal breakfast funding*
$: State funding	*S: Scheduling requirement*	*O: Outreach requirement*

West Virginia	M	School breakfast is required in all schools. Waivers, of up to two years, may be granted to schools with compelling circumstances. W. VA. CODE § 18-5-37
	S	The Board of Education requires that students be afforded at least 10 minutes to eat after receiving their breakfast. W. VA. CODE ST. R. tit. 126, § 86-7
Wisconsin	$	In the 2007-2009 State Biennial Budget, the legislature provided $1,458,100 in addition to the base funding of $1,055,400 to increase the state school breakfast reimbursement from $0.10 to $0.15 per breakfast served that meets the nutritional requirements in both public and private schools. WIS. STAT. §115.341
Wyoming		NONE

AMENDMENT

OFFERED IN SENATE EDUCATION COMMITTEE

By:_____

To: SB 213

Page 1, line 3:

Delete: "AS 14.17"

Insert: "AS 14.30"

Page 1, line 4:

Delete: "**Sec. 14.17.425**"

Insert: "**Sec. 14.30.760**"

Page 1, line 7, following "public school funding,":

Insert: "subject to appropriation,"

Page 2, following line 6:

Insert a new section to read:

"*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR OF STATUTES INSTRUCTION. The revisor of statutes is instructed to change the heading of Article 13 in AS 14.30 from "ALASKA CHALLENGE YOUTH ACADEMY" to "STATE-SUPPORTED SPECIAL PROGRAMS""

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
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MEMORANDUM March 9, 2010

SUBJECT: CSSB 213(EDC) (Work Order No. 26-LS1301\S)

TO: Senator Joe Thomas
Chair of the Senate Education Committee
Attn: Murray Richmond

FROM: Pamela Finley
Revisor of Statures

Enclosed is the CS you requested. The amendment that was incorporated into the CS creates two problems.

First, unlike AS 14.17 (where the provision was located in the E version), AS 14.30 does not contain a definition of "school district." This is important because the definition in AS 14.17 includes REAAs, which are not always considered to be "districts." (Compare AS 14.08 with AS 14.12.)

Secondly, if this provision is to be placed in AS 14.30, it should be a new article. Placing this section in the same article with the Alaska Challenge Youth Academy with the article heading of "State-Supported Special Programs" will be confusing to the reader, first because it hides both the Youth Academy and the school lunch provisions, and secondly because there are many other "special programs" in AS 14.30, e.g., screening exams, education for gifted children and those with disabilities, bilingual education, adventure based education, etc.

You may want to forward this memo to the next committee of referral, which I believe is the Finance Committee.

PF:ljw
10-144.ljw

Enclosure

Breakfast for Learning in Alaska

A Report on the School Breakfast Program

FOOD BANK OF ALASKA

ALASKA FOOD COALITION

1504

Executive Summary

Hungry children can't learn. Every child in Alaska should have access to breakfast at school to make sure they are prepared to learn. A modest state investment in the School Breakfast Program will help ensure that Alaskan schools can provide breakfast to their students.

Now that wilken is out we can re-ask Paskavan

The School Breakfast Program is an efficient and proven way to reduce childhood hunger, promote children's health, reduce obesity, and improve classroom performance. Under the School Breakfast Program, the federal government provides reimbursements through the state to schools serving breakfasts that meet federal nutrition guidelines.

Unfortunately, the School Breakfast Program is severely underutilized in Alaska. Key findings of this report include:

- Children in Alaska are more likely to face hunger than adults. Fifteen percent of Alaskan children are food insecure.
- Only 34 percent of low-income students in Alaska received a school breakfast during the 2006-07 school year. Alaska ranks 48th among the 50 states and the District of Columbia for participation in the School Breakfast Program.
- Among the 406 public schools in Alaska providing school lunch, 125 do not have a breakfast program.
- 8,589 low-income Alaskan children attend a school with no breakfast program. In total, 30,375 students attend schools without breakfast programs.
- Alaska stands to gain an additional $1.95 million in breakfast funding per year by bringing participation up to 60 percent of low-income students – near the level already achieved by the states with the highest participation.

Why aren't all Alaska schools participating in the School Breakfast Program? The most important barrier identified by school nutrition officials is economic. Federal breakfast reimbursements are often not enough to cover the significant labor, transportation, and food costs faced by schools. Other challenges include staffing issues, students arriving on busses without enough time to eat breakfast, and inadequate facilities in some rural districts. In addition, students from low-income families living between 130 and 185 percent of the poverty level must contribute a breakfast "co-pay," which deters participation.

For a modest investment at the state level, the legislature can help many more Alaskan children receive the nutritional and educational benefits of

1505

school breakfast and leverage additional federal funds. A state supplement of 50 cents for each breakfast served to a low-income child would help make the School Breakfast Program affordable to more nonparticipating Alaskan schools. Eliminating the breakfast co-pay has been shown to increase participation among students in the reduced-price category. At current participation levels, the subsidy would cost approximately $1 million and eliminating the co-pay would cost approximately $82,000.

Once a School Breakfast Program is established, schools can increase student participation in breakfast by adopting by innovative models of breakfast delivery, such as Breakfast in the Classroom and Grab-and-Go Breakfast. But first the State must invest in our children's health and education and ensure that every child has breakfast.

The Most Important Meal of the Day

"I really like breakfast at school. It tastes good and I think it helps me concentrate. I like the muffins the best. I can eat at school when I don't have time at home."

7th grader,
Palmer Junior Middle School

Across Alaska and throughout the United States, the School Breakfast Program (SBP) helps to ensure that children begin their school day with a full stomach and the nutrition they need for success in the classroom. Benefits of school breakfast include:

Reducing Childhood Hunger

Children in Alaska are more likely to face hunger than adults. According to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS) survey, 15 percent of Alaskan children experienced food insecurity, compared with 11 percent of Alaskan adults. Food insecure children include those who suffer skipped meals or reduced food intake as well as those who experience a reduced quality or variety of diet because their family cannot afford adequate food. The problem is most severe in rural Alaska, where nearly one child in four experienced food insecurity. The School Breakfast Program not only ensures that children start each school day with a healthy and balanced meal, it helps low-income families by relieving pressure on their food budget at home.

Improving Nutrition and Combating Obesity

U.S. Department of Agriculture (USDA) research has found that children who have breakfast at school eat more fruits, drink more milk, and consume less saturated fat than those who skip breakfast or eat at home. Other research supports a strong correlation between eating a healthy breakfast and reduced risk of obesity. Breakfast both provides a metabolic boost and reduces the need to snack on less healthful foods later in the day.

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Supporting Learning and Classroom Success

Numerous studies have demonstrated the benefits of school breakfast to student learning and classroom behavior, including better attendance and punctuality, fewer behavioral problems, fewer trips to the school nurse, and faster performance on cognitive tests. Research has also shown that eating breakfast improves math grades and performance on standardized tests. Children who are hungry are more likely to be suspended from school and to repeat a grade.

As one Alaska school official interviewed for this report said, "a food program is one of the few things that can increase student achievement without changing the way we teach." At a time of increasing pressure on schools to perform well on standardized tests, as well as rising concern about obesity among Alaskan children, the School Breakfast Program is a proven intervention that addresses multiple issues confronting students, parents, and schools.

How School Breakfast Works

The School Breakfast Program involves all levels of government: federal, state, and local. Most of the funding for the program comes from the federal government, which is passed down to the states and then to schools in the form of reimbursements on a per-meal basis. The federal government sets the regulations for the program, including basic nutritional guidelines, serving and recordkeeping procedures, and civil rights safeguards. The USDA is the responsible agency at the federal level.

State governments oversee the implementation of the School Breakfast Program and provide the reimbursements to school districts. In Alaska, the Department of Education and Early Development (EED), Child Nutrition Services administers the SBP and other children's nutrition programs. Some state legislatures have dedicated state funds to supplement the federal reimbursements or assist schools in starting a breakfast program. According to the Food Research and Action Center (FRAC), 39 states have passed some kind of legislation supporting school breakfast, but Alaska is not one of them.

Finally, local school districts make the School Breakfast Program happen. School districts plan menus, prepare meals or contract out for food service, and serve them to students each day. School districts are not required by federal law to have a breakfast program or even a lunch program.

School districts also distribute, collect, and approve household applications for free or reduced-price school meals. Children in families living below 130 percent of the Alaska poverty line receive free meals. Children

living between 130 and 185 percent receive reduced-price meals and must pay 30 cents for each breakfast and 40 cents for each lunch. Those above 185 percent of the poverty line are known as "paid" students, and they pay full price for breakfast, though the federal government provides a modest subsidy for meals served to those students as well.

If the school provides breakfast, a child in any payment category may eat, and schools are encouraged to create payment systems that eliminate any overt identification of children eating free or reduced-price meals. **Table 1** provides Alaska's income eligibility guidelines for free and reduced-price breakfast and lunch for the 2007-08 School Year. **Table 2** lists Alaska's reimbursement rates for free, reduced-price, and paid school breakfast.

Table 1: Alaska Income Eligibility Guidelines for Free and Reduced-Price School Meals, School Year 2007-08

Number of Household Members	Free Meals (130% of Alaska poverty line)	Reduced-Price Meals (185% of Alaska poverty line)
1	$16,601	$23,625
2	$22,256	$31,672
3	$27,911	$39,720
4	$33,566	$47,767
5	$39,221	$55,815
6	$44,876	$63,862
7	$50,531	$71,910
8	$56,186	$79,957

Source: Federal Register, Vol. 72 No. 38. February 27, 2007. p. 8687.

Table 2: Federal Reimbursements for School Breakfast in Alaska, School Year 2007-2008

	Non-Severe Need	Severe Need*
Paid	$0.36	$0.36
Reduced	$1.85	$2.27
Free	$2.15	$2.57

Source: Federal Register, Vol. 72 No. 131. July 10, 2007. p. 37510.

Breakfast menus at schools may vary widely, but each meal must follow a USDA meal pattern. At minimum, a school breakfast consists of:

- one serving of fluid milk;
- one serving of fruit, vegetable or 100 percent juice; and
- two servings of grains/breads and/or meat or other protein.

Averaged over the week, school breakfasts must meet the Dietary Guidelines for Americans, and the meals must provide at least one-fourth the Recommended Dietary Allowances (RDA) of protein, calcium, iron, vitamins A and C, and calories.

School Breakfast Participation in Alaska

The School Breakfast Program only works to the extent that schools participate in the program and help make it easy and appealing for their students to eat breakfast. According to *School Breakfast Scorecard 2007* by the Food Research and Action Center, 11,921 low-income Alaskan students participated in the SBP during the 2006-07 school year. By contrast, 34,152 Alaskan students received free or reduced-price school lunches. In other words, only 34 percent of low-income Alaskan students received school breakfast during the last school year, putting Alaska in 48th place among the 50 states and the District of Columbia for participation in school breakfast.

What is behind this relatively poor participation rate? Perhaps the most important factor is the large number of schools in the state that do not offer the federal School Breakfast Program. During the 2006-2007 school year, 281 public schools statewide participated in the SBP, compared with 406 schools offering school lunch. (Participation in the National School Lunch Program among Alaskan schools is almost universal.) This leaves 125 public schools in Alaska that do not participate in the School Breakfast Program. There were also 12 private schools, juvenile institutions, alternative programs and other sponsors participating in school breakfast, out of 26 participating in school lunch, in 2006-07.

The Appendix lists each school district in Alaska, the number of participating and non-participating schools in that district, the number of low-income students attending the schools without the SBP, and the total student population in the schools without the SBP. Across the state, there are 8,589 low-income Alaskan children who qualify for free or reduced-price breakfast but who attend a school where eating breakfast is not even an option.

Low-income students—those at highest risk of hunger—are not the only ones affected when schools do not offer breakfast programs. Early-morning bus pickups and parents' work and commuting schedules can affect the opportunity to eat a healthy breakfast for students in all income categories. According to one Alaska school district official, "Mom and Dad feed children at 5:30 a.m. and it is burned out of the children by the beginning of the school day, and if they do not receive a snack before lunch they start to feel sick with a headache or stomach ache and need to go to the nurse." As the Appendix shows, there are 30,375 Alaskan public school students in all income categories who attend schools where breakfast is not offered.

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Rural Alaska holds a disproportionate share of non-participating schools, but there are many schools on the road system without breakfast programs as well, including schools in the Anchorage School District, the Kenai Peninsula Borough School District, Copper River School District, and others. Districts with breakfast available at every school include the Fairbanks North Star Borough School District, the Matanuska-Susitna Borough School District, and a number of rural districts.

In addition to feeding more children, better uptake of the SBP would bring more federal reimbursements into Alaska. According to FRAC, Alaska stands to gain an additional $1.95 million in breakfast funding per year by bringing participation up to 60 percent of low-income students—near the level already achieved by the states with the highest participation.

Barriers to School Breakfast in Alaska

While school breakfast is a clear benefit to student health, learning, and classroom achievement, Alaska schools face a number of challenges in implementing breakfast programs. Addressing these barriers is the key to improving Alaska's relatively poor performance in providing the SBP to its children.

To determine what barriers are most important in the minds of those who implement school feeding programs, a University of Alaska Anchorage (UAA) researcher working in close coordination with the Alaska Food Coalition (AFC) and Food Bank of Alaska (FBA) conducted a survey of school food service personnel across the state. School nutrition professionals representing 24 school districts responded to the survey, out of 53 districts contacted. The survey addressed barriers at two different levels: barriers to schools implementing a breakfast program, and barriers to student participation at schools that do provide breakfast. The survey asked respondents to rate potential issues on a scale of 1 (not a barrier) to 5 (strong barrier).

The most significant barrier to schools introducing the breakfast program is economic. School officials gave "difficulty breaking even financially" the highest rating with an average of 4.0 **(Table 3)**. School food service programs are generally required to break even financially with the federal reimbursements and revenue from paying students. While there are exceptions, most school food programs cannot draw significantly on the school district's general funds. One food service director explained why breaking even is a particular challenge when it comes to school breakfast:

> Every school could have breakfast here if the labor costs were less. The kitchens are staffed with non-benefit employees or part-time.... If you have [employees] work the breakfast shift then you add 2 hours per day and you must pay

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Table 3: Barriers to Starting a Breakfast Program Perceived by Alaska School District Officials

Barrier	Average Rating (1= not a barrier; 5 = strong barrier)
Difficulty breaking even financially	4.0
Staffing issues	3.4
Timely transportation of students	2.9
Lack of parental support	2.0
Lack of adequate facilities	2.0
Few children eligible for free or reduced-price meals	1.9
Stigma issues	1.8
Difficulty transporting food	1.4

Note: Only school districts with schools not currently offering breakfast programs were asked these questions.

> the individual full-time benefits. The district cannot afford to pay benefits, and there are not enough people to make all the staff part-time. There are extra expenses with outlying schools... [and] food prices are also going up, especially fresh fruit.

The second highest-rated barrier, "staffing issues," is related to cost issue but also encompasses having teachers to supervise breakfast time. Another serious issue for many food service supervisors was students being transported to school without sufficient time to eat breakfast. The remaining issues in Table 3 were not rated as highly as barriers, although the distribution of responses on "lack of adequate facilities" was lopsided, with a handful of rural districts rating that barrier a 5.

High food prices and transportation costs, limited facilities, and small student populations are particular challenges for schools off the road system. One rural district that has succeeded in providing breakfast at every school, The Bering Strait School District, has utilized on a grant from a Washington, DC-based anti-hunger organization and substantial local financial support to make the breakfast program work financially. Many other rural districts, however, do not have the same resources.

The barriers to student participation at schools with the SBP were not considered as serious as the barriers to schools implementing the SBP. Some districts reported that students not having enough time to eat before class was a serious issue, and others did not; the average rating for this barrier was 2.5. According to one official, "our school busses arrive about fifteen minutes prior to the start of school. This only leaves about five minutes for the students to actually come down to the cafeteria to get breakfast and eat before the first bell rings." Students preferring to play outside rather than eat inside rated similarly as a barrier, with an average score of 2.4. Fortunately, few school districts reported that stigma (a perception of shame from eating school meals) was a barrier to student participation.

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One barrier not addressed in the survey, but acknowledged by the national School Nutrition Association, is the co-pay for reduced-price meals. For families with income between 130 and 185 percent of the poverty line—families with incomes low enough to qualify for WIC benefits and, in many cases, Denali KidCare—paying even 30 cents per breakfast can be an obstacle.

The proof that the co-pay is a barrier has been demonstrated when states or school districts have eliminated the breakfast co-pay and participation among children in the reduced-price category has skyrocketed. Washington State eliminated the co-pay during the 2006-07 school year, using state funds to cover the lost revenue, and participation by students in the reduced-price category increased 34 percent. Similarly, Fairbanks North Star Borough School District ended its breakfast co-pay the same year, and their reduced-price participation went up 42 percent compared to the previous year. Moreover, thanks to the additional federal reimbursements from their higher participation, the district did not lose any revenue from the change.

Recommendations

To ensure that all needy Alaskan children receive the nutrition, health, and educational benefits of school breakfast, there is a pressing need for state officials, educators, advocates, schools, and school districts to work together on eliminating the barriers to school breakfast in Alaska. What follows are recommended priorities for intervention in this proven but seriously underutilized program.

State financial support for School Breakfast

Providing school breakfast is expensive in Alaska, and the overwhelming consensus among school nutrition officials surveyed was that breaking even financially is the most serious challenge school districts face in implementing the SBP. Therefore, the legislature can provide a critical contribution to the success of this program by dedicating state funds to support school breakfast. The simplest policy, which states ranging from Illinois to California to Hawaii have already adopted, is for the state to provide a supplement to the federal reimbursement for meals served to children in the free and reduced-price categories. This policy ensures that the schools with the most needy students receive the most assistance. At current participation levels, $1 million in support from the Alaska legislature would provide a 50-cent supplement for each school breakfast served to a child in the free or reduced-price category.

Eliminating the reduced-price co-pay

Children receiving reduced-price meals are a relatively small category, comprising only 11 percent of all Alaskan students eating breakfast in 2006-07.

However, eliminating the co-pay is a very effective way to increase their participation in the SBP, as the experiences of Washington state and the Fairbanks North Star Borough School District show. At current participation levels, eliminating the breakfast co-pay statewide would cost approximately $82,000—but the true cost could well be less, because this policy helps to pay for itself through the additional meal reimbursements.

Using innovative breakfast models

Many schools around the country have devised alternatives to the traditional cafeteria model of breakfast delivery. Breakfast in the Classroom ensures all students have the time and opportunity to eat. If a large percentage of students qualify for free and reduced-price meals, schools can affordably offer Breakfast in the Classroom for free to all students. Grab-and-Go Breakfast, which enables students to take a portable breakfast with them, and Second Chance Breakfast, which allows students to eat breakfast after their first class, may be more effective for older students who pass between classes many times per day and may not be ready to eat first thing in the morning. These models are being used at a handful of schools in Alaska, but all deserve wider replication based on the needs and situation of each school. A school official interviewed for this report spoke to the power of one of these models, Second Chance Breakfast: "For the high school we had breakfast before school, and the kids never came. Now after second hour the kids go to the commons sit around visit and eat their breakfast. A real positive solution to our lack of participation."

As much as everyone would wish that every Alaskan child could eat a healthy breakfast at home, the realities of hunger and food insecurity, bus and commuting schedules, and parental work schedules prevent many students from starting the day with the nutrition they need to reach their full potential. Providing a healthy breakfast to all Alaska children is not solely the responsibility of parents, nor of local school food service managers, nor of the federal government providing funding for the School Breakfast Program. Improving Alaska's poor performance in providing school breakfast will take new energy, new investments and new partnerships at all levels, particularly at the state level. Alaska should not settle for 48th place, nor even for first place, but should strive to ensure that no Alaskan child has to start the school day without a healthy breakfast.

Notes and Resources

For statistics on childhood hunger and food insecurity in Alaska, see Szadziewski, Henryk (2006), "Results from the 2006 Alaska BRFSS Survey Concerning the Hunger Issue," available at http://www.alaskafood.org/materials/2006BRFSS_Survey.pdf. Additional data on hunger in Alaska may be found on Food Bank of Alaska's website, www.foodbankofalaska.org.

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An excellent summary of the research on the physical, psychological and academic costs of childhood hunger is Center on Hunger and Poverty (2002), "The Consequences of Hunger and Food Insecurity for Children: Evidence from Recent Scientific Studies," available at http://www.centeronhunger.org/pdf/ConsequencesofHunger.pdf. Additional research on the benefits of school breakfast is compiled in Food Research and Action Center (2007), "School Breakfast Scorecard 2007," available at http://www.frac.org/pdf/SBP_2007.pdf; and Food Research and Action Center (2005), An Advocate's Guide to the School Nutrition Programs (not available online).

For a summary of School Breakfast Program history and regulations, including annually updated income eligibility guidelines and per-meal reimbursement rates, see the USDA Food and Nutrition Service (FNS) webpage on school breakfast, available at http://www.fns.usda.gov/cnd/breakfast/.

Data on School Breakfast Program participation in Alaska come from Food Research and Action Center (2007) and from data provided to the authors by Andrea Stasyszen, National School Lunch Program Specialist for Child Nutrition Services (CNS), Alaska Department of Education and Early Development. For the numbers of students in the free, reduced-price and paid categories listed by school and school district, see the CNS "Free and Reduced-Price Percent Report," available at http://www.eed.state.ak.us/tls/cns/NSLP.html.

More detailed information on state legislation supporting the School Breakfast Program, including a state-by-state table of legislation, is available from Food Research and Action Center (2007). Amy Rouse, Director of Nutrition Services for the Fairbanks North Star Borough School District, provided data on the impact of eliminating the reduced-price option in the 2006-07 school year.

Acknowledgements

This report was prepared by Shawn Powers, Director of Advocacy at Food Bank of Alaska, with assistance from Kerri Burrows, Alaska Food Coalition Manager. Editorial review was provided by Susannah Morgan, Executive Director of Food Bank of Alaska.

Joel'lene Anderson and Gwyn Jerman, social work students at the University of Alaska Anchorage, provided research supporting this report under the supervision of Tracey Burke, Assistant Professor, School of Social Work.

Food Bank of Alaska and the Alaska Food Coalition gratefully acknowledge the advice, assistance, and expertise of Madeleine Levin, Senior Policy Analyst at FRAC, at all stages in this project.

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Appendix: Public School Participation in the School Breakfast Program (SBP) and Students Without Access to School Breakfast in Alaska, 2006-2007 School Year				
	Schools Participating in the SBP	**Schools not Participating in the SBP**	**Free and Reduced-Price Students at non-SBP Schools**	**All Students at non-SBP Schools**
Alaska Gateway Schools	7	0	0	0
Aleutians East Borough Schools	0	2	109	191
Anchorage School District	55	28	2,118	11,950
Annette Island School District	3	0	0	0
Bering Strait School District	15	0	0	0
Bristol Bay Borough Schools	0	1	88	188
Chatham School District	0	2	80	106
Copper River School District	0	3	167	469
Cordova Public Schools	2	0	0	0
Craig City Schools	2	0	0	0
Delta Greely School District	0	5	395	879
Dillingham City Schools	3	0	0	0
Fairbanks North Star Borough Schools	29	0	0	0
Galena City Schools	3	0	0	0
Haines Borough Schools	3	0	0	0
Hoonah City Schools	1	0	0	0
Hydaburg City School District	0	1	48	72
Iditarod Area Schools	8	0	0	0
Juneau School District	0	11	868	4,945
Kake City Schools	1	0	0	0
Kashunamuit School District	1	0	0	0
Kenai Peninsula School District	16	17	1,618	4,131
Ketchikan Gateway Schools	0	8	741	2,269
Klawock City Schools	0	1	98	139
Kodiak Island Borough Schools	11	2	283	859
Kuspuk School District	10	0	0	0
Lake Peninsula School District	0	14	293	411
Lower Kuskokwim Schools	23	2	163	358
Lower Yukon School District	11	0	0	0
Matanuska-Susitna Borough School District	32	0	0	0
Mt. Edgecumbe High School	1	0	0	0
Nenana City Public Schools	1	0	0	0
Nome Public Schools	0	3	375	743
North Slope Borough School District	9	3	95	499
Northwest Arctic Borough School	11	0	0	0
Petersburg Public Schools	3	0	0	0
Sitka Borough School District	2	3	200	768

Appendix Continued: Public School Participation in the School Breakfast Program (SBP) and Students Without Access to School Breakfast in Alaska, 2006-2007 School Year

	Schools Participating in the SBP	Schools not Participating in the SBP	Free and Reduced-Price Students at non-SBP Schools	All Students at non-SBP Schools
Southeast Island School District	8	0	0	0
Southwest Region Schools	0	8	533	673
St. Mary's School District	1	0	0	0
Unalaska City School District	2	0	0	0
Valdez City Schools	2	1	68	370
Yakutat School District	1	0	0	0
Yukon Flats School District	0	8	215	267
Yukon Koyukuk School District	0	2	34	88
Yupiit School District	3	0	0	0
State Total	281	125	8,589	30,375

Source: Alaska Food Coalition and Food Bank of Alaska calculations with data provided by Child Nutrition Services, Department of Education and Early Development.

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February 2008

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SB 215

SENATE COMMITTEE REPORT

DATE: 4/14/09

FURTHER: Rules

DATE TURNED IN TO OFFICE: 4/15/09

Education Committee considered CS FOR HOUSE BILL NO. 215(EDC)

HB 215 STUDENT COUNTS/TEACHERS' SALARIES

"An Act repealing school experience for salary scales provisions."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
EED	4/10/09			✓	

[ ] **APPROPRIATION - no fiscal note**

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

V.

Alaska State Legislature

Representative Peggy Wilson
House District 2

MEMORANDUM

Date: April 13, 2009

To: Dana Owen, Committee Aide Education Committee

From: Representative Peggy Wilson

RE: Pending referral: Scheduling HB 215 "An act repealing school experience for salary scales provisions."

I would like to request a hearing of HB 215 in the Senate Education Committee.

HB 215 would repeal salary scale limitations for hiring new out of state teachers, allowing for more competitive recruitment efforts.

Thank you for considering this important piece of legislation.

Alaska State Legislature

Representative Peggy Wilson
House District 2

SPONSOR STATEMENT
CS HB 215

"An Act repealing school experience limitations for salary scales provisions."

HB 215 repeals salary scale limitations for hiring new out of state teachers, allowing for more competitive recruitment efforts.

HB 215 will help school districts hire staff for hard-to-fill positions. Specialty positions, such as therapists and special needs teachers are in high demand in school districts across the country, and we have a shortage here in Alaska.

Current statutes limit the amount of out of state professional experience that may be used to establish a teacher's position on the salary scale. Now matter how long they have been teaching, out of state teachers with a bachelors degree can only receive credit for six years of out of state experience. With a masters degree that is increased to eight years.

By repealing this antiquated statute, districts will be able to negotiate salaries on a case by case basis, this will help keep Alaska competitive with the rest of the country when vying for needed educational professionals.

Applicable Statutes.

Sec. 14.20.220. School experience for salary scales.

(a) *[Repealed, Sec. 52 ch 6 SLA 1984].*

(b) *[Repealed, Sec. 52 ch 6 SLA 1984].*

(c) *[Repealed, Sec. 52 ch 6 SLA 1984].*

(d) *[Repealed, Sec. 35 ch 46 SLA 1970].*

(e) For teachers holding bachelors' degrees, not more than six years of school experience outside the state may be substituted for a like period of school experience in the state when a teacher's position on the salary scale is established, and, for teachers holding masters' degrees, not more than eight years of school experience outside the state may be substituted for a like period of school experience in the state when a teacher's position on the salary scale is established.

(f) *[Repealed, Sec. 23 ch 37 SLA 1986].*

(g) In this section, "school experience" means a full-time elementary or secondary teacher in a public or nonpublic school as defined in AS

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1 ****CORRECTED****
Bill Version: CSHB 215(EDC)
(H) Publish Date: 4/13/09

Identifier (file name): CSHB215-EED-ESS-4-10-09
Dept. Affected: EED
Title "An Act relating to student counts for school funding purposes; and repealing school experience for salary scales provisions"
RDU K-12 Support
Component Foundation Program
Sponsor Rep. Wilson
Requester House Education
Component Number 141

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

This legislation repeals AS 14.20.220 which limits the amount of experience an out of state teacher can substitute for like experience in the state.

This legislation has no fiscal impact on the department.

Prepared by: Eddy Jeans, Director
Division School Finance
Phone 465-8679
Date/Time 4/10/09 12:00 AM
Approved by: Larry LeDoux
Commissioner
Date 4/10/2009

(Revised 9/10/2008 OMB)

Rebecca Rooney

From: James Elliott [jelliott@crsd.k12.ak.us]
Sent: Friday, April 10, 2009 8:22 AM
To: Rep. Peggy Wilson; Rep. Paul Seaton
Subject: HB 215

I am writing in support of the proposed changes in the experience credits for outside teachers. Alaska cannot produce anywhere near the number of new teachers districts require annually. Thus, the proposed change will allow districts in Alaska to compete for effectively with their counterparts in other states.

Please make my statement in support of the the subject legislation a part of your committee's record.

NOTICE: This email message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply email and destroy all copies of the original message.

ATP Alaska Teacher Placement

Alaska Teacher Supply & Demand

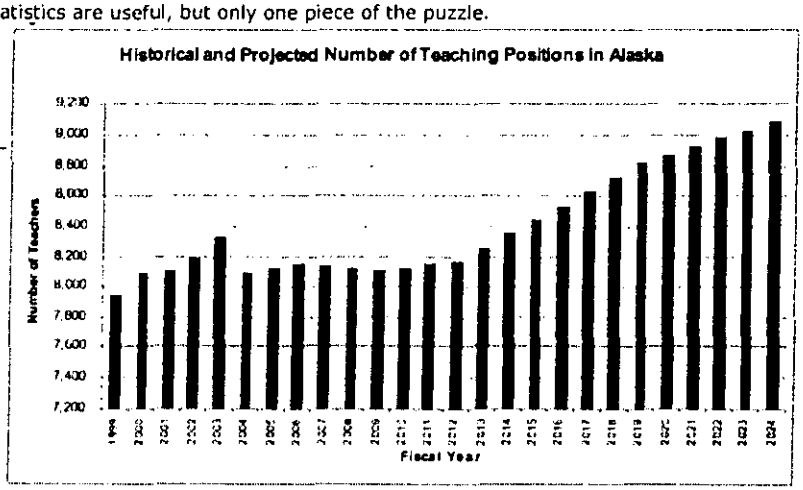
It is possible to learn quite a bit by looking at the annual supply and demand of teachers and school administrators across the state of Alaska.

We are frequently asked about the chances of being hired are for a school district, job category or school district. Well, this is our best information about the supply and demand of jobs by region and school district.

Trends can tell educators where jobs are likely to be found, and give some guidance as to patterns in high needs, and low needs certification areas. We only have overall numbers from this report, not specific data by certification area.

ⓘ **Warning:** Don't read TOO much into trend data. Statistics are useful, but only one piece of the puzzle.

- Download Supply & Demand Report



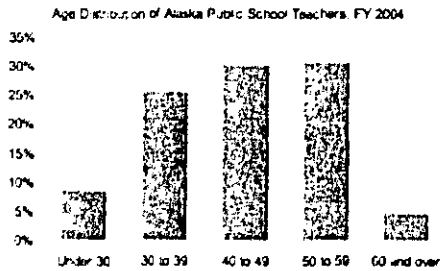
Supply & Demand in Context

Teacher supply and demand describes the ebb and flow of certified educators - teachers and administrators really - into and out of school districts in the state.

Why should you care? The supply and demand in any profession impacts the amount and characteristic of openings for new entrants.

We have taken the ISER data, and looked patterns of need to determine where openings are likely to occur.

Here's what we found of particular interest to job candidates:



- School population drives the number of teacher openings
- Alaska's school population (ADM) is expected to remain fairly stable until 2009
- School ADM is expected to increase significantly from 2010 on
- Alaska requires between 8,100 - 8,200 teachers working each year
- About 35% of Alaska's teaching force is between 50 and 59 years old
- Alaska allows retirement after 20 years of service
- About 33% of current teachers (2,700 or so) will likely retire by 2010
- Alaska replaces (turns over) 14% of its teachers yearly for various reasons
- 1134 teachers are either new to Alaska teaching, or moving each year!
- Alaska universities only graduate 220 - 230 teachers each year
- Alaska needs between 900 - 1000 teachers from Outside each year
- Lowerst Turnoer: Urban (sort of!) districts with 10% - 13% annually
- Highest Turnover: Southwestern, Interior & Western rural districts with 26% - 28% annually

Average Teachers Hired by District

We took data from the ISER 2005 Supply & Demand Report, and calculated the average number of teachers hired by each district in a typical year. ISER used data gathered over five schools between 1998 and 2003.

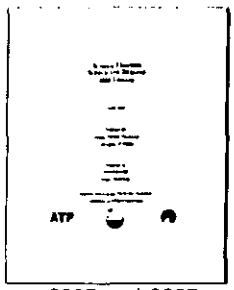
Average Number of Teachers Hired by District

(1998-2003 SYs - Based on ISER Supply & Demand Report)

District	%Turnover	# Teachers	# New Hires	District	%Turnover	# Teachers	# New Hires
[illegible]	[illegible]	37	9	[illegible]	[illegible]	160	37
[illegible]	[illegible]	5	1	[illegible]	[illegible]	49	16
[illegible]	[illegible]	34	10	[illegible]	[illegible]	32	10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	16	7	[illegible]	[illegible]	142	37
[illegible]	[illegible]	13	3	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	43	9	[illegible]	[illegible]	14	[illegible]

Chatham	26%	22	6	Nenana	27%	26	7
Chugach	25%	14	4	Nome	23%	52	12
Copper River	14%	42	6	North Slope	21%	186	39
Cordova	18%	35	6	Northwest Arctic	26%	158	41
Craig	21%	31	7	Pelican	50%	4	2
Delta Greely	19%	52	10	Petersburg	10%	47	5
Denali	27%	29	8	Pribilof	34%	12	4
Dillingham	29%	40	12	Saint Marys	38%	13	5
Fairbanks	10%	917	92	Sitka	11%	110	12
Galena	14%	57	8	Skagway	21%	13	3
Haines	17%	31	5	Southeast Island	30%	13	4
Hoonah	16%	21	3	Southwest Region	31%	66	20
Hyder	41%	10	4	Tanana	46%	7	3
Iditarod	46%	36	17	Unalaska	13%	18	2
Juneau	13%	343	45	Valdez	12%	60	7
Kake	22%	15	3	Wrangell	13%	33	4
Kashunamiut	20%	23	5	Yakutat	31%	17	5
Kenai	12%	633	76	Yukon Flats	35%	37	37
Ketchikan	11%	145	16	Yukon Koyukuk	38%	30	11
Klawock	21%	10	2	Yupit	30%	21	6
Alaska Average	14%	8,076	1,131	Note: Latest data is from 4 school years ago.			

2005 Supply & Demand Update



Alaska Teacher Placement (ATP) has contracted with the Institute of Social and Economic Research (ISER) between 2005 and 2007 to identify and analyze trends in K-12 educator supply and demand in the State of Alaska, including teacher turnover rates.

This report is an analysis of Alaskan teacher supply and turnover data from 1999-2004, and projects supply and demand data for the next five years.

Is There a Teacher Shortage?

Concern has been expressed in recent years about a potential shortage of qualified teachers for the nation's schools. A number of factors are seen as contributing to shortfalls: Student enrollment is growing, the teaching corps is aging, and many teachers are nearing retirement age. Finding enough qualified teachers has been a problem for many schools and districts around the country, especially in Alaska. Often this difficulty has been seen as evidence of a national shortfall in qualified educators.

However, the United States does not have an overall shortage of teachers. Indeed, nationally, more teachers are trained than are needed on an annual basis. Nonetheless, there is a lopsided distribution of educators, both in terms of the geographic location of available teachers and in the numbers of teachers trained in particular fields. For example, there are shortages of teachers in specific subject areas, including special education, mathematics, and science (Darling-Hammond & Sykes, 2003).

Still, retaining current teachers, rather than training new ones, is the larger problem nationally. Ingersoll (2003a, 2003b) found that increasing student enrollment and teacher retirements due to an aging workforce are not the primary causes of teacher shortages. Rather, the major factor driving teacher shortages is teacher turnover, both from educators migrating to new positions and from those leaving the teaching profession altogether, prior to retirement age. Studies have found that between 40 and 50 percent of new teachers leave the profession within the first five years of their teaching career (Ingersoll and Kralik, 2004).

Factors in Teacher Turnover

The primary reasons for educator dissatisfaction(in national studies) were poor salaries, poor administrative support, and student discipline problems.

While these studies offer important findings, they do not fully address the unique circumstances in Alaska that contribute to teacher turnover. For instance:

- Many schools in Alaska are in remote locations accessible only by plane or boat, so access can be both expensive and difficult.
- Housing availability and housing costs are often problematic (NANA Pacific, 2004), and in some rural Alaskan communities, teacher housing even lacks water and sewer hookups.

- Health care, shopping options, entertainment, and other "city" amenities can be quite limited.
- Teachers in rural schools are often required to teach multiple subjects across several grade levels.
- Cultural differences can create difficulties, especially for those who come to Alaska from the "lower 48" states. Alaska is home to many Alaska Native cultures; each having distinct languages, belief systems, traditions, and cultural practices, and it can be difficult for non-Native educators to learn how to work effectively within Native communities.

No comprehensive study of teachers who leave their jobs has been conducted in Alaska. However, McDiarmid, et. al., (2002) surveyed a sample of teachers in Alaska (n=135) who left their jobs at the end of the 2000-2001 school year, to try to understand why teachers either changed districts or left the career of teaching entirely.

When asked why they changed districts, the vast majority of teachers cited personal or family reasons (80%). Many also indicated they wanted to reside elsewhere (63%), were dissatisfied with district administrative support (61%), community support of the school (51%) or school board support (45%).

Affordable housing and higher quality housing were also significant concerns (46% and 38%).

Salary was only a concern for 22 percent overall, although teachers moving between urban districts were much more likely to change positions due to salary (50%) than rural educators (14%).

Better medical care was of concern to rural educators (30%) and not at all (0%) for urban teachers changing districts.

When asked to explain why they left teaching completely, subjects cited family or personal reasons (59%), the choice to pursue another career (50%), dissatisfaction with job description or responsibilities (45%), and dissatisfaction with community support of the school (37%). Better salary or benefits were only cited by 21 percent of those leaving the teaching profession. Health issues were another significant reason for teachers' departure (18%).

- Download the Alaska Teacher Supply & Demand Report 2005 in PDF format.

Add Your Own Information!

Want to Contribute?

Since the ATP website uses a wiki database engine, you can add links that you think are good by simply creating an account, and directly editing any page yourself!

Adding your links, resources and suggestions to the ATP website is quite easy once you give it a try, and you won't break anything. You can even create new pages, and upload pictures.

Together we can build a better website, and a social network of Alaska teachers, administrators and job candidates helping each other!

- Register to be an ATP Editor
- Editing Help

SB

221

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/19/10

FURTHER: (Finance)

Date of 5-Day Notice: 1/21/10
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 1/29/10

Education Committee considered SENATE BILL NO. 221

SB 221 LEGISLATIVE TASK FORCE ON HIGHER ED

"An Act establishing an advisory task force on higher education in the legislative branch of government; and providing for an effective date."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB 221 (EDC)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[X] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
EED	1/25			✓	1
LAA	1/25	✓			2
EED	1/22			✓	3

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	DAVIS	✓			
	Thomas	✓			
	Fredy	✓			
CO-CHAIR: K Meyer	Meyer	✓			
CO-CHAIR:					

ALASKA STATE LEGISLATURE

SESSION ADDRESS
Alaska State Capitol
Juneau, AK 99801-1182
(907) 465-4925
Fax (907) 465-3517

INTERIM ADDRESS
305 Center Ave, Ste 1
Kodiak, AK 99615
(907) 486-4925
Fax (907) 486-5264

Senator Gary Stevens
President of the Senate

SPONSOR STATEMENT
Senate Bill 221

Excerpt from NCSL's "The Path to a Degree" by Brenda Bautsch, November 2009:

"America is no longer the world leader in education. U.S. performance at the K-12 and postsecondary levels is falling behind other countries. According to the Organization for Economic Co-operation and Development (OECD), America and Germany are the only two OECD countries where the younger generation is actually less educated than the older generation. In February 2009, President Obama declared the lack of educational attainment in the United States a 'prescription for economic decline, because we know the countries that out-teach us today will out-compete us tomorrow,' and he set a goal for the United States to reclaim its position as the leader in college graduates by 2020. To accomplish that, states need to set their own college completion goals; study and diagnose where and why students are dropping out of the education system; and target state policy to those problem areas. Effective state policy can help more students obtain college degrees, be successful in life and contribute to the economy."

Alaska has seen this problem growing for many years. There is a disconnect in our education system. If enrollment in and completion of some form of higher education is the goal, then we must clearly identify why our students are failing to perform and devise a means to help them succeed. There are several challenges that must be faced. We have the resources to improve the situation, and Senate Bill 221 calls for the stakeholders to assemble and devise a plan to do so.

This task force will serve to identify ways to strengthen the education pipeline, improve student preparation for college, decrease the need for remediation in college, improve access to financial aid, increase retention and graduation rates in postsecondary education, provide enhanced funding and governance for our education system, address data and tracking needs, and ultimately to support economic development vis-à-vis a better trained, better educated citizenry.

Thank you for your consideration of this worthwhile legislation.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 221(EDC)
(S) Publish Date: 2/1/10

Identifier (file name): SB221-EED-ACPE-01-25-10
Dept. Affected: Education
Title: An Act establishing an advisory task force on higher education in the legislative branch of government;...
RDU: ACPE
Component: Program Administration and Operations
Sponsor: Senator Stevens
Requester: (S)EDC
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*
Participation in higher education related working groups, advisory bodies, etc. are within the regular duties of ACPE's executive. As currently drafted, ACPE costs related to quarterly meetings would be diminimus and absorbed within existing budget authority.

Prepared by: Diane Barrans, Executive Director
Phone 907-465-6740
Division: Alaska Commission on Postsecondary Education
Date/Time 1/25/10 9:00 AM
Approved by: Diane Barrans, Executive Director
Date 1/25/2010
Alaska Commission on Postseconary Education

(Revised 11/6/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 221(EDC)
(S) Publish Date: 2/1/10

Identifier (file name): SB221-LEG-LOB-01-25-10
Dept. Affected: Legislature
Title "An Act establishing an advisory task force on higher education in education in the legislative branch of government;..."
RDU Legislative Operating Budget
Component Legislative Operating Budget
Sponsor Senators Stevens, McGuire
Requester Senate Education Committee
Component Number 796

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel	14.0						
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**14.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	14.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**14.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

SB 221 establishes an Advisory Task Force on Higher Education in the Legislative Branch of government. The Task Force consists of 13 members from various education and government entities. Members serve without compensation but are entitled to per diem and travel expenses. The legislation provides that per diem and travel expenses shall be paid from the budget of the agency or institution the member represents on the Task Force. The agency or institution can opt out of participating to avoid payment of per diem and travel expenses. The Legislature has two members on the Task Force, the Chairs of the Senate and House Education Committees.

It is anticipated that the Task Force will hold six meetings. Travel costs for the Legislators and staff are included in this fiscal note for two meetings in Anchorage and two meetings in Fairbanks. The other two meetings will be teleconferenced. The costs for employees of the Education Committee Chairs to staff the Task Force, costs for teleconferencing meetings, and printing the final the report which is due March 1, 2011 will be absorbed within existing budgets.

Prepared by: Karla Schofield, Deputy Director
Phone 465-6626
Division Legislative Affairs Agency
Date/Time 1/25/10 1:43 PM
Approved by: Pamela Varni, Executive Director
Date 1/25/2010
Legislative Affairs Agency

(Revised 11/6/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSSB 221(EDC)
(S) Publish Date: 2/1/10

Identifier (file name): SB221-EED-ESS-1-22-10
Dept. Affected: Education & Early Development
Title: "An Act establishing an advisory task force on higher education in the legislative branch of government..."
RDU: Education Support Services
Component: Executive Administration
Sponsor: Senators Stevens & McGuire
Requester: Education, Finance
Component Number: 2736

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

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

There is no fiscal impact on the Department of Education and Early Development

Prepared by: Eddy Jeans — Phone 465-8679
Division: School Finance — Date/Time 1/22/10 12:00 AM
Approved by: Larry LeDoux — Date 1/22/2010
Commissioner

(Revised 10/13/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: **CSSB 221(EDC)**
(S) Publish Date: 3/10/10

Identifier (file name):
Dept. Affected: Legislature
Title: Legislative Task Force on Higher Education
RDU: Legislative Operating Budget
Component: Legislative Operating Budget
Sponsor: Stevens
Requester: Senate Finance Committee
Component Number: 796

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

SB 221 establishes an Advisory Task Force on Higher Education in the Legislative Branch. The Task Force consists of 13 members from various entities. Members serve without compensation but are entitled to per diem and travel expenses paid from the budget of the agency or institution the member represents. It is anticipated that the Task Force will hold six meetings; two in Anchorage, two in Fairbanks and two via teleconference. The Legislature has two members on the Task Force, the Chairs of the Senate and House Education Committees Travel and support costs for the Legislators and staff will be absorbed within the Legislature's existing budget.

Prepared by: Senate Finance Committee
Co-Chair Bert Stedman
Phone 465-3873
Date/Time 3/5/10 12:50 PM

Approved by:
Date 3/5/2010

(Revised 11/6/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 5
Bill Version: HCS CSSB 221(FIN)
(H) Publish Date: 4/17/10

Identifier (file name): (H)CS(S)CSSB221(FIN)-EED-TLS-4-16-10
Dept. Affected: Education
Title: An Act relating to the AlaskAdvantage education grant program; relating to professional student exchange...
RDU: Teaching & Learning Support
Component: School & Student Achievement
Sponsor: Sen. Stevens
Requester: House Finance
Component Number: 2796

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	87.3		87.3	87.3	87.3	87.3	87.3
Travel							
Contractual							
Supplies	12.7						
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**100.0**	**0.0**	**87.3**	**87.3**	**87.3**	**87.3**	**87.3**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	100.0		87.3	87.3	87.3	87.3	87.3
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**100.0**	**0.0**	**87.3**	**87.3**	**87.3**	**87.3**	**87.3**

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time	**1.0**		**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Part-time							
Temporary							

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

Teaching and Learning Support will need to hire one staff member to oversee the promulgation and implementation of the department's regulations along coordination between EED, the University of Alaska, Department of Labor and Workforce Development and the Alaska Commission on Postsecondary Education (ACPE).

Education Specialist I at $87,306 plus start-up office supplies (computer, etc.) at $12,694 = $100,000

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division: School Finance and Facilities — Date/Time 4/16/2010
Approved by: Larry LeDoux — Date 4/16/2010
Commissioner

(Revised 10/13/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 6
Bill Version: HCS CSSB 221(FIN)
(H) Publish Date: 4/17/10

Identifier (file name): (H)CS(S)CSSB221(FIN)-EED-ACPE-04-16-10
Dept. Affected: Education
Title: An Act relating to the AlaskAdvantage education grant program; relating to professional student exchange...
RDU: ACPE
Component: Program Administration and Operations
Sponsor: Senator Stevens
Requester: (H)FIN
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	250.0	250.0					
Supplies							
Equipment							
Land & Structures							
Grants & Claims	400.0	400.0	9,321.9	15,489.3	19,602.0	21,656.6	21,656.6
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**650.0**	**650.0**	**9,321.9**	**15,489.3**	**19,602.0**	**21,656.6**	**21,656.6**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	650.0	650.0	9,321.9	15,489.3	19,602.0	21,656.6	21,656.6
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**650.0**	**650.0**	**9,321.9**	**15,489.3**	**19,602.0**	**21,656.6**	**21,656.6**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

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

Relative to ACPE this bill: 1) establishes an administrative role for the agency relative to managing the Alaska Merit Scholarship program, 2) amends the existing AlaskAdvantage Education Grant program by increasing the annual maximum grant award from $2,000 to $3,000 per recipient, and 3) modifies Alaska's participation in the Western Interstate Commission on Higher Education's (WICHE) Professional Student Exchange Program (PSEP) by setting an annual minimum number of loans to support Alaska participants in the pharmacy, dentistry, and optometry fields of study.

The contractual funds noted above represent the cost of implementation for scholarship management software.

Prepared by: Diane Barrans, Executive Director — Phone 465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 4/16/2010
Approved by: Diane Barrans, Executive Director — Date 4/16/2010
Alaska Commission on Postsecondary Education

(Revised 10/13/2009 OMB)

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. HCS CSSB 221(FIN)

ANALYSIS CONTINUATION

It is important to note the costs reflected in FY12 and subsequent years represent the administration's best estimate. However, given that the bill also establishes a Task Force, the recommendations of which could substantially alter related program costs, these estimates may be characterized as tentative pending the Task Force reports.

Assumptions:
1) Baseline count of high school graduates (8,008) based on 2009 data.
2) Referenced utilization rate of 28.8% for similarly structured program in WY. While Alaska has lower college-going rates historically than WY, in recent years a higher percentage of students continuing to postsecondary education have attended Alaska institutions.
3) Per student Alaska Merit Scholarship award amount is an average of all award levels.
4) Scholar attrition rate is 25% per year based upon UA five-year graduation rate data.
Participation numbers are assumed to be: Year 1=2,305; Year 2=4,034; Year 3=5,187; Year 4=5,763

In Wyoming, approximately 28.8% of graduates utilize the merit scholarship program.
At the same utilization rate, an estimated 2,305 AK high school grads will earn a scholarship.

Per Education Trust, the graduation rate after 5 years for UAF is 25% and UAA is 16.5%.
The four-year graduation rate is significantly lower.

Cohort: 2,305 students per year

	Participation rates	Number of Students	Average Scholarship	Est. annual cost	Year 1 Est. cost	Year 2 Est. cost	Year 3 Est. cost
Year 1	100%	2,305	$3,567	$ 8,221,935	$8,221.9		
Year 2	75%	1,729	$3,567	$ 6,167,343		$14,389.3	
Year 3	50%	1,153	$3,567	$ 4,112.751			$18,502.0
Year 4	25%	576	$3,567	$ 2,054,592			
Est. merit-based cost (full implementation)		5,763		$20,556,621			

As noted above, pending Task Force examination of the appropriate level of additional needs based aid, funding for the AlaskAdvantage Education Grant is requested at a continuation level relative to the annual average amounts paid out over the past four years--approximately $1.05 million. The FY11 grant funding in the amount of $400,000 will supplement the $620,000 remaining from the FY09 capital budget appropriation of $2.5 million. In FY12 and later years, $1.1 million for program funding is included in the program costs noted herein.

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

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 7
Bill Version: HCS CSSB 221(FIN)
(H) Publish Date: 4/17/10

Identifier (file name): WD26-LS1309\W-LEG-COU-4-16-10
Title "An Act relating to the AlaskAdvantage education grant program; establishing the Alaska..."
Sponsor House Finance Committee
Requester House Finance Committee

Dept. Affected: Legislature
RDU Legislative Council
Component Council and Subcommittees
Component Number 783

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel	92.0						
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**92.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	92.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**92.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

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

WD26-LS1309\W, Sec.10 establishes n 15 member Jt Legislative Higher Education Task Force composed of 10 Legislators, 2 Executive Branch members and 3 public members. It is assumed the Task Force will meet six times with all meetings requiring travel. This fiscal note includes travel funding for the Legislators and public members in the amount of $75.0. Travel costs for Executive Branch members will be absorbed in Executive Branch Budgets. Sec. 11 establishes a 20 member Advisory Task Force on Higher Education and Career Readiness. Members of this Task Force will meet not less than every 3 months. Members of this Task Force serve without compensation but are entitled to per diem and travel expenses paid from the budget of the agency or institution the member represents. Travel for the 4 Legislators on this Task Force and their employees who staff this Task Force is included in this fiscal note in the amount of $ 17.0 for FY11. Costs to teleconference the meetings and to print reports will be absorbed within existing Legislative Budgets.

Prepared by: Karla Schofield, Deputy Director — Phone 465-6626
Division Legislative Affairs Agency — Date/Time 4/16/10 9:09 AM
Approved by: Pamela Varni, Executive Director — Date 4/16/2010
Legislative Affairs Agency

(Revised 11/6/2009 OMB)

26-LS1309\N.4
Mischel
4/18/10

new **AMENDMENT #1** Gara

OFFERED IN THE HOUSE

TO: HCS CSSB 221(FIN)

Page 3, following line 10:

Insert a new bill section to read:

"* **Sec. 3.** AS 14.43.410 is amended by adding a new subsection to read:

"(c) The commission shall annually distribute not less than $3,000,000 or, if available funding from appropriations and other sources is less than that amount, the full amount available in grant awards on behalf of eligible students under AS 14.43.415. Payments shall be made directly to the postsecondary or lending institution if feasible. If available funds are insufficient to fully fund grants to eligible students, the commission shall distribute funds to eligible applicants on a pro rata basis."

Renumber the following bill sections accordingly.

Page 7, line 28:

Delete "sec. 5"

Insert "sec. 6"

Page 8, line 10:

Delete "secs. 1, 2, 5, 7, and 8"

Insert "secs. 1, 2, 6, 8, and 9"

Page 13, line 3:

Delete "Section 11"

Insert "Section 12"

Page 13, line 4:

Delete "Sections 3, 4, 6, and 8 - 11"

Insert "Sections 3 - 5, 7, and 9 - 12"

Page 13, line 6:

Delete "sec. 13"

Insert "sec. 14"

26-LS1309\M
Mischel
4/16/10

HOUSE CS FOR CS FOR SENATE BILL NO. 221(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS STEVENS, McGuire, Davis, Kookesh, Meyer, Paskvan, Menard, Stedman, Thomas, Egan

A BILL

FOR AN ACT ENTITLED

"An Act relating to the AlaskAdvantage education grant program; relating to professional student exchange program availability; establishing the Alaska merit scholarship program and relating to the program; relating to student records; making conforming amendments; establishing a Joint Legislative Higher Education Scholarship Funding Task Force; establishing an advisory task force on higher education and career readiness in the legislative branch of government; and providing for an effective date."

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

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school district shall determine whether a student who graduates from a high school in the district is eligible for an award of an Alaska merit scholarship program scholarship under AS 14.43.810 - 14.43.850. If a student is eligible, the district shall state in the student's permanent record the highest level of funding for which the student is

eligible. A district shall provide a student with an opportunity to request that the district correct an error in the eligibility determination.

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

(e) The commission may

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

(A) carry out the purposes of

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

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

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

(C) establish standards for the

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

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

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

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions;

(4) contract with or use existing institutions of postsecondary education or other individuals or organizations to make studies, conduct surveys,

submit recommendations, or otherwise contribute to the work of the commission;

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

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

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

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

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

(a) A grant made under AS 14.43.400 - 14.43.420 may not be in an amount less than $500 nor more than **$3,000** [$2,000] for each school year.

*** Sec. 4.** AS 14.43.420(c) is amended to read:

(c) A student may receive not more than a total of **$12,000** [$8,000] in grants awarded under AS 14.43.400 - 14.43.420.

*** Sec. 5.** AS 14.43 is amended by adding new sections to read:

Article 11A. Alaska Merit Scholarship Program.

Sec. 14.43.810. Alaska merit scholarship program established; regulations. (a) The Alaska merit scholarship program is established to provide scholarships for high school graduates who are Alaska residents to attend a qualified postsecondary institution in the state.

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

Sec. 14.43.820. Alaska merit scholarship program; eligibility. (a) Subject to appropriation, the commission shall award an Alaska merit scholarship program scholarship to an applicant who

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

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

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

(A) four years of mathematics, four years of language arts, four years of science, and four years of social studies, one year of which may include a foreign language, an Alaska Native language, fine arts, or cultural heritage; or

(B) three years of mathematics, four years of language arts, three years of science, four years of social studies, and two years of a foreign language or an Alaska Native language;

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

(5) has achieved a minimum score on a

(A) college entrance examination; or

(B) standardized examination designed to measure a student's level of preparedness to make the transition to work, as selected by the department; and

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

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

Sec. 14.43.825. Maximum awards. (a) The maximum awards for the Alaska merit scholarship program scholarships are as follows:

(1) the first award level is $4,755 and requires a 3.5 grade-point average or above and a very high minimum score on a college entrance examination;

(2) the second award level is $3,566 and requires a 3.0 grade-point average or above and a high minimum score on a college entrance examination;

(3) the third award level is $2,378 and requires a 2.5 grade-point average or above and a moderately high minimum score on a college entrance examination.

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

(c) Except as provided in (b) of this section, a student receiving a scholarship may remain eligible for up to eight semesters of enrollment in good standing at a qualified university or college, which may include graduate courses.

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

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

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

Sec. 14.43.830. Qualified postsecondary institutions. (a) The following institutions are qualified postsecondary institutions for purposes of awarding an Alaska merit scholarship program scholarship:

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

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

(B) accredited by a regional accreditation association;

(2) a career and technical school program physically located in the state that has been included on a list of certified career and technical school programs received from the Department of Labor and Workforce Development; the commission

shall publish the list on or before June 30 of the year preceding enrollment.

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

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

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

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

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

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

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

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

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

(3) "high school" means a public or accredited secondary school in the

state and a home school program that is approved by the department;

(4) "program" means the Alaska merit scholarship program established under AS 14.43.810 - 14.43.850;

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

*** Sec. 6.** AS 14.44.025 is amended by adding a new subsection to read:

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

(1) dentistry;

(2) optometry; and

(3) pharmacy.

*** Sec. 7.** AS 14.45.130(a) is amended to read:

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

*** Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) establishing a state scholarship program to improve access to student

financial aid requires a more thorough examination by the legislature.

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

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

(1) evaluating how best to provide long-term and sustainable funding for state-provided financial aid for postsecondary institutions in the state, including scholarship opportunities;

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

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

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

(d) The task force consists of 15 members, as follows:

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

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

(3) five members appointed by the governor as follows:

(A) the commissioner of education and early development or the commissioner's designee;

(B) the president of the University of Alaska or the president's designee;

(C) the director of the office of management and budget or the director's designee;

(D) a member of the state Board of Education and Early Development;

(E) the executive director of the Alaska Commission on Postsecondary Education.

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

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

(g) The task force shall submit a report of its findings and proposed legislative

changes to the governor, the Alaska Commission on Postsecondary Education, the Department of Educational and Early Development, and the legislature by December 1, 2010, and may make any additional reports it considers advisable.

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

*** Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

ESTABLISHMENT OF ADVISORY TASK FORCE ON HIGHER EDUCATION AND CAREER READINESS; COMPOSITION. (a) An advisory task force on higher education and career readiness is established in the legislative branch of state government for the purpose of compiling data and advising the legislature on matters pertaining to college and career readiness of students who graduate from public secondary schools in the state and students who are nontraditional students.

(b) The task force established under this section consists of 20 members, as follows:

(1) the governor or the governor's designee;

(2) the executive director of the Alaska Commission on Postsecondary Education or the executive director's designee;

(3) the commissioner of education and early development or the commissioner's designee;

(4) one member appointed by the governor who represents vocational, technical training, or apprenticeship programs in the state;

(5) a student representative appointed by the Board of Education and Early Development;

(6) the student member of the Board of Regents of the University of Alaska or the student's designee;

(7) the president of the University of Alaska or the president's designee;

(8) the executive director of the Association of Alaska School Boards or the executive director's designee;

(9) the executive director of the Alaska Association of School Administrators or the executive director's designee;

(10) the president of the National Education Association of Alaska or the

president's designee;

(11) the president of the Alaska Federation of Natives or the president's designee;

(12) two members of the house of representatives, appointed by the speaker of the house, one of whom shall be appointed co-chair;

(13) two members of the senate, appointed by the president of the senate, one of whom shall be appointed co-chair;

(14) one member appointed by the governor who represents private colleges or universities;

(15) one member appointed by the governor who represents public postsecondary institutions and who is not affiliated with the University of Alaska;

(16) three members appointed by the governor who have specialized knowledge, skill, or experience in education remediation and who are employed as faculty at postsecondary institutions located in separate major administrative units in the state, at least one of whom resides outside of Anchorage, Fairbanks, and Juneau.

(c) A majority of the members of the task force constitutes a quorum. A vacancy on the task force shall be filled in the same manner as the original selection or appointment.

(d) Members of the task force serve without compensation but are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180, except that per diem and travel expenses shall be paid from the budget of the agency or institution the member represents on the task force. The agency or institution may opt out of participating to avoid payment of per diem and travel expenses. The staff of the legislative members of the task force shall serve as staff for the task force.

(e) The task force shall meet at the call of the chair not less than once every three months. The co-chairs shall call the first meeting of the task force not later than 30 days after the effective date of this section. The members of the task force shall elect other officers as needed to conduct the business of the task force.

(f) The task force shall

(1) compile research conducted in the state and nationally on reducing remediation, improving retention, and increasing college and postsecondary vocational or technical program graduation rates;

(2) summarize data on

(A) types of testing used to determine college and career readiness;

(B) remediation rates;

(C) effectiveness of remediation for students entering college or postsecondary vocational or technical training programs with skill deficits;

(D) characteristics of programs that are most effective in addressing skill deficits;

(3) create a definition of remediation to ensure consistency in reporting of remediation rates by postsecondary institutions in the state;

(4) identify the contributing causes of a lack of college and career readiness of students who graduate from public secondary schools in the state and the course topics taken in college or postsecondary vocational or technical training programs for which students require remediation;

(5) identify best practices examples of school systems, colleges, and postsecondary vocational or technical training programs that are succeeding in reducing the need for remedial education;

(6) explore new approaches that may be effective in producing increased levels of college and career readiness;

(7) determine the availability of broadband and Internet capabilities and the effect of the use of electronic, Internet, and virtual instruction on student learning and success in schools;

(8) determine the role various types of postsecondary institutions may play in addressing the need for remediation;

(9) review graduation rates of colleges, universities, and postsecondary vocational or technical training programs located in the state for the six years preceding the effective date of this section;

(10) prepare for the legislature a set of written recommendations to improve remediation, retention, and graduation rates at colleges, universities, and postsecondary vocational or technical training programs in the state;

(11) review completion rates for career skill certificate programs, disaggregated by program and postsecondary campus.

(g) The task force shall submit the assessment and recommendations developed under (f) of this section in a report to the legislature not later than April 1, 2011.

*** Sec. 12.** Section 11 of this Act is repealed on July 1, 2011.

*** Sec. 13.** Sections 3, 4, 6, and 8 - 11 of this Act take effect immediately under AS 01.10.070(c).

*** Sec. 14.** Except as provided in sec. 13 of this Act, this Act takes effect July 1, 2011.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: WD-LS1309-W
() Publish Date:

Identifier (file name): WD26-LS1309\W-LEG-COU-4-16-10
Dept. Affected: Legislature
Title "An Act relating to the AlaskAdvantage education grant program; establishing the Alaska..."
RDU Legislative Council
Component Council and Subcommittees
Sponsor House Finance Committee
Requester House Finance Committee
Component Number 783

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel	92.0						
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**92.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	92.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**92.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

WD26-LS1309\W, Sec.10 establishes n 15 member Jt Legislative Higher Education Task Force composed of 10 Legislators, 2 Executive Branch members and 3 public members. It is assumed the Task Force will meet six times with all meetings requiring travel. This fiscal note includes travel funding for the Legislators and public members in the amount of $75.0. Travel costs for Executive Branch members will be absorbed in Executive Branch Budgets. Sec. 11 establishes a 20 member Advisory Task Force on Higher Education and Career Readiness. Members of this Task Force will meet not less than every 3 months. Members of this Task Force serve without compensation but are entitled to per diem and travel expenses paid from the budget of the agency or institution the member represents. Travel for the 4 Legislators on this Task Force and their employees who staff this Task Force is included in this fiscal note in the amount of $ 17.0 for FY11. Costs to teleconference the meetings and to print reports will be absorbed within existing Legislative Budgets.

Prepared by: Karla Schofield, Deputy Director
Phone 465-6626
Division Legislative Affairs Agency
Date/Time 4/16/10 9:09 AM
Approved by: Pamela Varni, Executive Director
Date 4/16/2010
Legislative Affairs Agency

(Revised 11/5/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

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

Identifier (file name):
Title
Sponsor
Requester House Finance

Dept. Affected: Education
RDU Teaching & Learning Support
Component School & Student Achievement
Component Number 2796

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	87.3		87.3	87.3	87.3	87.3	87.3
Travel							
Contractual							
Supplies	12.7						
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**100.0**	**0.0**	**87.3**	**87.3**	**87.3**	**87.3**	**87.3**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	100.0		87.3	87.3	87.3	87.3	87.3
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**100.0**	**0.0**	**87.3**	**87.3**	**87.3**	**87.3**	**87.3**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**1.0**		**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Part-time							
Temporary							

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

Teaching and Learning Support will need to hire one staff member to oversee the promulgation and implementation of the department's regulations along coordination between EED, the University of Alaska, Department of Labor and Workforce Development and the Alaska Commission on Postsecondary Education (ACPE).

Education Specialist I at $87,306 plus start-up office supplies (computer, etc.) at $12,694 = $100,000

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division School Finance and Facilities — Date/Time 4/16/10 12:00 AM
Approved by: Larry LeDoux — Date 4/16/2010
Commissioner

(Revised 10/13/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

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

Identifier (file name):
Title
Sponsor
Requester (H)FIN

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					
OPERATING EXPENDITURES	**FY2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	250.0	250.0					
Supplies							
Equipment							
Land & Structures							
Grants & Claims	400.0	400.0	9,321.9	15,489.3	19,602.0	21,656.6	21,656.6
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**650.0**	**650.0**	**9,321.9**	**15,489.3**	**19,602.0**	**21,656.6**	**21,656.6**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	650.0	650.0	9,321.9	15,489.3	19,602.0	21,656.6	21,656.6
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**650.0**	**650.0**	**9,321.9**	**15,489.3**	**19,602.0**	**21,656.6**	**21,656.6**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

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

Relative to ACPE this bill: 1) establishes an administrative role for the agency relative to managing the Alaska student achievement program, 2) amends the existing AlaskAdvantage Education Grant program by increasing the annual maximum grant award from $2,000 to $3,000 per recipient, and 3) modifies Alaska's participation in the Western Interstate Commission on Higher Education's (WICHE) Professional Student Exchange Program (PSEP) by setting an annual minimum number of loans to support Alaska participants in the pharmacy, dentistry, and optometry fields of study.

The contractual funds noted above represent the cost of implementation for scholarship management software.

Prepared by: Diane Barrans, Executive Director — Phone 465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 4/16/10 11:15 AM
Approved by: Diane Barrans, Executive Director — Date 4/16/2010
Alaska Commission on Postsecondary Education

(Revised 10/13/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. _____

ANALYSIS CONTINUATION

It is important to note the costs reflected in FY12 and subsequent years represent the administration's best estimate. However, given that the bill also establishes a Task Force, the recommendations of which could substantially alter related program costs, these estimates may be characterized as tentative pending the Task Force reports.

Assumptions:
1) Baseline count of high school graduates (8,008) based on 2009 data.
2) Referenced utilization rate of 28.8% for similarly structured program in WY. While Alaska has lower college-going rates historically than WY, in recent years a higher percentage of students continuing to postsecondary education have attended Alaska institutions.
3) Per student ASAP award amount is an average of all award levels.
4) Scholar attrition rate is 25% per year based upon UA five-year graduation rate data.
Participation numbers are assumed to be: Year 1=2,305; Year 2=4,034; Year 3=5,187; Year 4=5,763

In Wyoming, approximately 28.8% of graduates utilize the merit scholarship program.
At the same utilization rate, an estimated 2,305 AK high school grads will earn a scholarship.

Per Education Trust, the graduation rate after 5 years for UAF is 25% and UAA is 16.5%.
The four-year graduation rate is significantly lower.

Cohort: 2,305 students per year

	Participation rates	Number of Students	Average Scholarship	Est. annual cost	Year 1 Est. cost	Year 2 Est. cost	Year 3 Est. cost
Year 1	100%	2,305	$3,567	$ 8,221,935	$8,221.9		
Year 2	75%	1,729	$3,567	$ 6,167,343		$14,389.3	
Year 3	50%	1,153	$3,567	$ 4,112.751			$18,502.0
Year 4	25%	576	$3,567	$ 2,054,592			
Est. merit-based cost (full implementation)		5,763		$20,556,621			

As noted above, pending Task Force examination of the appropriate level of additional needs based aid, funding for the AlaskAdvantage Education Grant is requested at a continuation level relative to the annual average amounts paid out over the past four years--approximately $1.05 million. The FY11 grant funding in the amount of $400,000 will supplement the $620,000 remaining from the FY09 capital budget appropriation of $2.5 million. In FY12 and later years, $1.1 million for program funding is included in the program costs noted herein.

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

ALASKA STATE LEGISLATURE

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Senator Gary Stevens
President of the Senate

SECTIONAL ANALYSIS
Senate Bill 221

SECTION 1:
Establishes an advisory task force on higher education for the purpose of compiling data and advising the legislature on matters pertaining to college readiness of students who graduate from public secondary schools in Alaska.

It's composed of 13 members representing the Governor, the Alaska Commission on Postsecondary Education, the University of Alaska, the Alaska School Board Association, the National Education Association, Alaskan private colleges or universities, other public (non-UA) postsecondary institutions in Alaska, relevant faculty from around the UA system, and the chairpersons of the respective House and Senate Education Committees.

The respective entity that each task force member represents is expected to pay for their share of the expenses of participating in the task force.

The staff of the legislative members of the task force shall serve as staff for the task force.

The members of the task force shall elect a chair from among its members.

The task force shall compile research and summarize data regarding remediation, retention, and graduation rates in the state. There shall be developed a definition of remediation. The task force shall identify contributing causes for lack of college readiness, and best practices to reduce the need for remediation, and prepare a report to the legislature outlining strategies and recommendations to reduce remediation, improve college readiness, and increase college graduation rates. The report is to be submitted by March 1, 2011.

SECTION 2:
Repeals the act and dissolves the task force on July 1, 2011.

SECTION 3:
Makes the act take effect the day after the governor signs it.

The Path to a Degree

A Legislator's Guide to College Access and Success

Overview: The Path to a Degree

By Brenda Bautsch

November 2009

America is no longer the world leader in education. U.S. performance at the K-12 and postsecondary levels is falling behind other countries. According to the Organisation for Economic Co-operation and Development (OECD), America and Germany are the only two OECD countries where the younger generation is actually less educated than the older generation. In February 2009, President Obama declared the lack of educational attainment in the United States a "prescription for economic decline, because we know the countries that out-teach us today will out-compete us tomorrow," and he set a goal for the United States to reclaim its position as the leader in college graduates by 2020. To accomplish that, states need to set their own college completion goals; study and diagnose where and why students are dropping out of the education system; and target state policy to those problem areas. Effective state policy can help more students obtain college degrees, be successful in life and contribute to the economy.

According to the Bureau of Labor Statistics, 54 percent of all new jobs and 75 percent of the fastest-growing jobs require some form of postsecondary education. In addition, people with bachelor's degrees earn 60 percent more over their lifetime than those with only a high school diploma, which translates into higher tax revenues for states and the federal government. College graduates also live healthier and longer lives and rely less on social programs such as welfare or Medicaid, saving states a significant amount of money. College graduates participate more in civic activities, such as voting, and in charitable activities, such as donating blood. States that improve college access and success increase these individual, economic and societal benefits.

College enrollment and completion rates will not alter significantly unless policymakers focus on nontraditional students, particularly low-income, minority and first-generation students, who are underrepresented and underserved in the education system. These students are the fastest growing populations and the least likely to finish high school, enroll in college or earn a degree. The result is a significant and serious achievement gap that threatens states and the nation.

To meet President Obama's college completion goal and to preserve America's status as a world leader in education, state policy will need to focus on closing the achievement gap. State legislators have the power to design and implement policies that help prepare all students academically and financially for college and effectively support them to ensure they complete a degree.

The Path to a Degree: A Legislator's Guide to College Access and Success contains five briefs that provide an overview of key issues, discuss research findings, and offer examples of specific state action that can improve college access and success for underrepresented students.

Raising Awareness: College Planning Strategies focuses on early awareness and preparation as an essential component of college access. The brief discusses two strategies to increase early college planning among low-income, minority and first-generation students: information dissemination and student support services, both beginning no later than middle school.

Increasing College and Workforce Readiness discusses policies that can improve college and workforce readiness, such as aligning high school standards, adjusting graduation requirements, and using college-ready assessments. College readiness is a key component of both college access and success; students who take college preparatory courses in high school, for example, are more likely to enroll in and graduate from college.

Improving College Affordability for Underrepresented Students: Financial Aid Strategies discusses the three components of the higher education finance system: tuition, financial aid and state appropriations. The brief fo-

cuses on financial aid as a policy option to increase college affordability for low-income, minority and first-generation students and provides examples of effective financial aid programs.

Engaging Students Academically and Socially: College Success Strategies highlights evidence-based college success programs that help more students remain in college and graduate. Programs that increase student academic and social engagement have the greatest effect on completion rates. The brief provides examples of legislative action that encourages and supports college success programs.

What You Need to Know About Minority-Serving Institutions provides an overview of historically black colleges and universities, Hispanic-serving institutions, and tribal colleges and universities—known collectively as minority-serving institutions. The brief highlights why an increasing number of students choose to attend these institutions; their effect on the educational attainment of underrepresented students; and the challenges such institutions face.

Higher education can improve individual lives, bolster state economies, fill workforce needs, and sustain America's economic competitiveness. Now is the time for states to act to improve the path to a degree for all students.

Acknowledgments

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This publication was written by Brenda Bautsch as a Policy Specialist in the NCSL Education Program. Brenda works on issues regarding college access and success.

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The Path to a Degree

A Legislator's Guide to College Access and Success

Engaging Students Academically and Socially: College Success Strategies

By Brenda Bautsch

November 2009

America is losing its lead as the country with the highest percentage of college-educated citizens. According to the Organisation for Economic Co-operation and Development (OECD), America and Germany are the only two OECD countries with a younger generation that is less educated than the older generation. While college access for underrepresented students is still a concern, overall, America ranks high in the world for the proportion of high school graduates that enroll in college. The problem is that too few of America's college students complete their degrees.

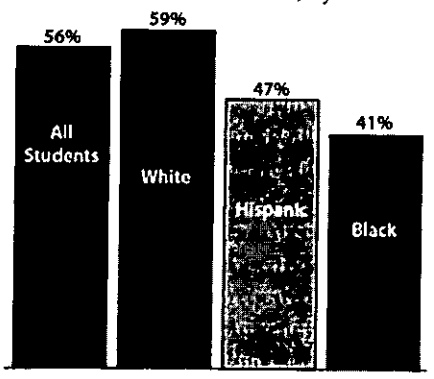
Just over half—56 percent—of students that enroll in a four-year institution earn a bachelor's degree within six years. Only 28 percent of associate degree-seeking students earn their degree within three years.[1] The statistics for students of color are even worse—just 41 percent of black and 47 percent of Hispanic college students attain their bachelor's degree in six years, compared to 59 percent of white students (Figure 1).[2] Just over one third of students who are both low-income and first-generation earn a bachelor's degree within six years at public four-year institutions, compared to 66 percent of their more advantaged peers.[3] These low graduation rates translate into missed economic opportunities for states and for the nation.

People with bachelor's degrees earn 61 percent more during their lifetime than those with only a high school diploma, and 42 percent more than those with some college but no degree.[4] Students who leave college without completing a degree lose money spent on tuition and fees and may incur loan debt. The gaps in completion across groups of students have implications that go beyond the individual. Federal and state governments incur losses when money spent on higher education appropriations and financial aid supports a student who does not complete college. Moreover, college graduates bolster state economies. Not only do college graduates pay more in taxes, they also save states money because they rely less on social programs such as welfare or Medicaid. College graduates participate in more civic activities, such as voting, and in charitable activities, such as donating blood. In addition, children of college graduates are more likely to achieve higher levels of education, so society continues to reap benefits generation after generation.[5]

College success programs are designed to help at-risk students graduate from postsecondary education. Given their vested interest in having as many college-going students as possible graduate, states will want to consider which programs and policies represent the soundest investment for their limited resources. Various programs that focus on improving college success differ with respect to structure, identified student population, and the amount of financial support required. College success programs include academic counseling and student support services administered in and out of the classroom. These programs are usually targeted to students who are most at-risk of dropping out of college—low-income, minority and first-generation students, and those students who score low on placement exams.

Consensus has emerged that students who are academically and socially engaged during college are more likely

Figure 1. Six-Year Graduation Rates for Four-Year Institutions, By Race



Sources: National Center for Higher Education Management Systems, 2009; National Center for Public Policy and Higher Education, 2008.

to graduate. A student is academically engaged when he or she interacts with faculty and finds learning meaningful. Social engagement refers to participation in campus activities and multiple connections with other students. Programs that increase academic and social engagement improve the degree attainment of underrepresented students.

Many postsecondary institutions design and implement college success programs, but state legislators can play an important role by providing incentives, funding and reporting requirements. Several states—such as Arkansas, Illinois and South Carolina—have created task forces to develop a state agenda on college success, set state goals, and provide recommendations for increasing degree attainment. Legislatures can require institutions of higher education to report student data on enrollment, retention and graduation so the legislature can track and monitor progress. In Massachusetts, for example, public two-year and four-year colleges are required by law to report annually to the governor and the legislature on a variety of higher education performance measures, including student success.

Successful state policies and programs recognize and address the factors that cause students to drop out of college.

This brief describes barriers to graduation for underrepresented students, highlights college success programs that researchers have found to have the most effect on increasing retention and graduation rates, and provides examples of legislative action that encourages and supports such programs.

Barriers to College Graduation

Several factors increase the likelihood that a student will drop out of college. For example, full-time employment, dependent children, weak academic preparation, off-campus residency and college affordability can negatively affect student retention and graduation. Low-income, minority and first-generation students likely face one or more of these factors. Low-income students are more likely to work full-time during college. This places them at a disadvantage, since research shows that working more than 20 hours per week hurts student academic performance.[6] Some estimates suggest that as few as 25 percent of low-income youth are academically well-prepared for college, compared to 60 percent of high-income youth.[7]

It is important to note that the issue of academic preparation can lead to discussion of inadequate high school preparation and remedial education. Those discussions are covered in the brief *Increasing College and Workforce Readiness.*

In particular, many community college students face barriers to graduation. The Community College Survey of Student Engagement found that 75 percent of students at public two-year colleges face at least one risk factor, compared to 14 percent of students at four-year universities. The survey also found that 25 percent of community college students had children living with them, 25 percent were not native English speakers, and 50 percent worked more than 20 hours per week.[8]

Successful state policies and programs recognize and address the multiple factors that cause students to drop out of college. Factors such as full-time employment, off-campus residency and family responsibilities keep students from having time to engage in campus activities or receive needed academic help. By not integrating with the larger campus community, students do not make the personal connections with peers or with faculty that often motivate them to stay in school. College success programs that work with a student's over-loaded schedule by using class time to promote academic engagement or that have flexible hours for support services can be helpful. Such programs can be most effective if they reach out to at-risk students during their first year of college.

First-Year Retention Strategies

Research indicates that students who return for their second year of college have a higher chance of graduating. Twenty-five percent of students who enroll at four-year colleges and one-half of those at two-year colleges do not continue to their second year on campus.[9] Six in 10 low-income and first-generation students who do not complete their college education drop out after their first year.[10] Because of this, many colleges focus success programs on retaining first-year students through bridge and orientation programs, first-year seminars and learning communities. These programs help underrepresented students engage academically and socially, increasing the chance that they will persist to graduation.[11]

Summer Bridge and Orientation Programs To help high school graduates prepare for their first year of college, summer bridge and orientation programs take place before classes convene. They vary in length; orientations usually last a day or two, and bridge programs unfold over a one- to

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eight-week period. The goal is to better equip students for their first year in college by helping them build the necessary academic and personal skills. Bridge and orientation programs administer remedial coursework, teach study skills, and provide opportunities to adjust to campus life and meet other students.

Many programs specifically target low-income, first-generation and minority students. Colorado State University's Bridge Scholars program, for example, hosts underrepresented students on campus for eight weeks. Students take classes, learn study skills, and become familiar with the campus and its support services. The Bridge Scholars program recognizes the special needs of underrepresented students and provides them with the opportunity to catch up or even get a head start for college.

Some research indicates that summer bridge and orientation programs can increase retention rates and student participation in campus activities. According to the Pell Institute, bridge programs at Georgia State University, the University of California-San Diego, the University of Maryland-College Park, and California State University contributed to retention gains from freshman to sophomore year. Other studies indicate that bridge and orientation programs increase the likelihood that community college students will become academically engaged. The Community College Survey of Student Engagement found that 40 percent of students have participated in an orientation program.[12]

First-Year Seminars Another retention strategy is first-year seminars, which are small classes, typically of 10 to 25 students, that usually are taught by a faculty member. Since most freshmen enroll in large introductory courses with a lecture format and little interaction with faculty members, the seminars give students an opportunity to connect with faculty and receive personal attention and frequent feedback. The small class setting encourages participation in group discussion and fosters development of critical thinking and collaborative learning skills. The relationships with faculty and other students increase the level of academic and social integration for students who participate.[13]

According to the National Resource Center's 2006 survey on first-year seminars, 43 percent of the responding institutions credited the first-year seminar with increasing student persistence to sophomore year. About one third of the institutions indicated that the seminars increased the students' satisfaction with the school and faculty, and reported higher levels of student participation in campus activities. Seminars also have been linked to better chances of graduation; some research suggests that students who complete freshman seminar courses are 5 percent to 15 percent more likely to earn their bachelor's degrees in four years.[14]

Other research, such as that conducted by the Policy Center on the First Year of College, makes the case that seminars are most effective if they are linked to one or more other courses, a practice commonly referred to as a learning community.

Learning Communities Like first-year seminars, the learning community concept is based on the notion that small class size promotes academic and social engagement.

Students take two or more classes together as a group, often with an overarching theme that connects the classes. By keeping the same group of students together for multiple classes, learning communities create more opportunities for social integration. Creating opportunities for social and academic engagement during class time when students are already on campus is an effective retention strategy for low-income and minority students.

There are various examples of the positive effects of learning communities. At the University of Southern Maine, a commuter school, the learning communities have had positive results for at-risk students. The students who participate in learning communities have higher persistence rates than students who participate in other retention programs. Similarly, students who participate in the Seattle Central Community College learning community exhibit higher rates of retention than do nonparticipants. The students in the Seattle Central learning communities also tend to express higher levels of social and academic satisfaction. The research organization MDRC conducted an experimental program at Kingsborough Community College in which some freshmen participated in a learning community that included remedial English. Students who participated in the learning community were more likely than nonparticipants to take and pass the English skills assessment tests necessary to enroll in college-level English.[15]

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In both first-year seminars and learning communities, a major focus is on giving the student personal attention, which translates into small class sizes. However, many required introductory courses are taught in lecture format to large numbers of students, a format in which students can easily feel lost. To ensure that students receive the attention and support they need to be successful in larger courses, many colleges and universities have redesigned their introductory classes.

Redesigning Courses for Success

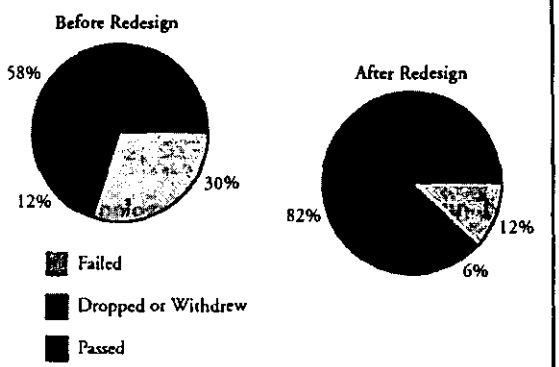
Not surprisingly, large and often impersonal introductory courses have high failure and dropout rates. About 25 introductory courses serve half the student population at community colleges and one third of the students at four-year colleges. These 25 courses have high drop, failure and withdrawal rates, and the rates can vary dramatically across institutions. At four-year institutions the drop, failure and withdrawal rates average from 22 percent to 45 percent, while at community colleges the rates average 40 to 50 percent, but can be much higher. Since these few courses affect such a large proportion of college students, restructuring them to improve student success can significantly affect retention and graduation rates.[16]

The National Center for Academic Transformation (NCAT) conducted research to redesign one introductory course at 30 postsecondary institutions. After evaluating the newly designed courses, the center found that 25 of the 30 colleges showed significant improvement in student performance in class, and all 30 cut costs by an average of 37 percent. According to the project report, "Collectively, the 30 redesigned courses affect more than 50,000 students nationwide and produce a savings of $3.1 million in operating expenses each year."[17] Half of the institutions were studied closely to evaluate the effect on low-income and minority students; of those, 90 percent demonstrated positive effects on student learning.

University of New Mexico At the University of New Mexico, 47 percent of students are minorities, most of whom commute to school and work more than 30 hours per week. The introductory psychology course, one of the largest classes, had one of the highest failure rates. This course is taken by more than 2,000 students each year; of those students, 30 percent failed and another 12 percent dropped out or withdrew. To increase student success, the University of New Mexico worked with the National Center for Academic Transformation to redesign the course.

The new psychology course employed the main NCAT strategies: reduced lecture time and increased time for activities and group work, frequent quizzes, and computer-based learning techniques. The results from the newly designed course were positive—the failure rate dropped 18 percentage points and the drop/withdrawal shrunk by half (Figure 2). At the same time, due to the weekly quizzes and in-class study time, students covered the material more thoroughly than before. Student grades rose, and the learning quality improved. Yet another positive result was the cost savings. The redesigned course cost almost 50 percent less, from $72 per student to $37 per student.

Figure 2. Redesigning the University of New Mexico's General Psychology Course: Student Success Rates



Source: The National Center for Academic Transformation, 2005.

The cost savings realized by the University of New Mexico—and the 29 other institutions that participated in the redesign project—demonstrate that improving student success need not cost more money, but can be accomplished by changing how courses are taught to be more relevant and more effective for today's generation of students. Further, by using technology, some tasks become more efficient. Quizzes and assignments can be administered and graded through automated computer programs, thus increasing feedback to students and freeing time for faculty and teaching assistants.[18]

Technology in Redesigned Math Courses Computer-based practices can be used to redesign a wide range of courses—from psychology and literature to statistics and math. *MyMathLab* is an example of a computer program used in math courses. The software allows students to do as many math problems as they need and receive instant feedback on their answers. The program also sends faculty detailed information on student progress. The University of Alabama uses *MyMathLab* in its redesigned intermediate algebra course. Students are required to spend time working on problems

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in the math computer center using the software. Faculty or graduate students staff the center to help students when needed.

Within four years, the University of Alabama saw a significant increase—from 44 percent to 80 percent—in the number of students who receive a C- or better in the class. In the redesigned algebra course, African Americans, who comprise 14 percent of the undergraduate population, scored significantly higher than their peers in the traditional course. As in the University of New Mexico example, the gains did not come at a higher cost; rather the cost-per-student dropped 33 percent, saving the university about $60,000 per year.[19]

Effective support services help students stay enrolled in college by targeting those in need before they drop out.

First-year retention strategies such as redesigned courses, summer bridge and orientation programs, first-year seminars and learning communities are key to helping underrepresented students continue to their second year of college. Legislators can provide important support and incentives for institutions to implement such practices. Although the focus on first-year retention programs is crucial, it is not sufficient. An effective state strategy also requires that programs and activities be in place to move students from the second year of college to graduation.

From Second Year to Graduation: Practices to Increase Degree Attainment

For college students to persist to graduation, they need to remain engaged academically and socially beyond their first year. Students who participate in activities such as internships, faculty-guided research, and service learning are more likely to remain engaged. If students receive the information and support they need when they need it, they have a greater chance of attaining a degree. Support services can provide students with needed help through academic advising, career counseling, mentoring, tutoring, and financial aid guidance. One program that includes all these services is the federally funded TRIO Student Support Services program.

Federal TRIO Program: Student Support Services The federal TRIO Student Support Services program helps low-income, first-generation and disabled students attain a college degree. Of the students participating in TRIO, two-thirds must be both low-income and first generation. Institutions of higher education can apply to the Student Support Services program for competitive grants to fund student support projects on campus.

Recognizing that students who are both first-generation and low-income are more at-risk of dropping out of college, Student Support Services program staff meet often with participating students to monitor their academic progress and track their use of available services. For many students, the Student Support Services office is a "home base" for them on campus—a place they can go at any time and receive needed help or guidance, whether for academic or personal reasons. For those in need of academic help, the program provides supplementary instruction through tutoring, workshops, group study sessions and computer-based exercises.

Research indicates that Student Support Services programs have had positive results on student retention and persistence. Overall, the 950 programs nationwide serve more than 200,000 students. According to the U.S. Department of Education's analysis of the program, those students are more likely to persist through college and attain a degree than other low-income and first-generation students. The more involved the students are—by spending more time in the program or using more services—the more likely they are to complete college.[20]

State Educational Opportunity Programs Legislators can encourage colleges to apply for federal Student Support Services grants or can provide state funding for institutions to provide similar services. California and New York, for example, have state-funded Educational Opportunity Programs to help low-income, academically disadvantaged youth succeed in college through financial aid and comprehensive student support. Implementation varies by college; while some require participants to enroll in summer bridge programs or orientations, others require a specific course load. Institutions provide Educational Opportunity Program students with individual attention and extensive academic and personal counseling. Nyack College in New York testifies that it has seen noticeable positive effects from the program. Many of its program students have become leaders on campus, have made the dean's list and have graduated with honors.[21]

Early Warning Systems Effective support services help students stay enrolled in college by proactively targeting those in need before they drop out. Many postsecondary institutions have early warning systems to identify students who are struggling academically and provide them with immediate help. At Hudson Valley Community College, for

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example, faculty use the early warning system to alert academic counselors of students who are struggling in class, are misbehaving or are frequently absent. Faculty members notify counselors early in the semester to give students ample time to improve. The early warning system provides training and support to help faculty identify at-risk students.

High-Impact Practices In addition to providing support services for students, colleges and universities can promote other practices that increase degree attainment. Student research, service-learning courses, and internships have proven to help students remain in college and graduate.

The Association of American Colleges and Universities considers research with faculty, service learning and internships "high-impact practices" because of their positive results. Students that participate in these activities not only have higher rates of persistence and graduation, but also gain more personally, intellectually and culturally from their education. These positive results apply to all students, but appear to be even more evident in minorities and low-income students. Compared to non-Hispanic students, Hispanic students that participated in "high-impact" activities had better grade point averages, and African American students had higher chances of persisting in college than whites.[22]

Research Experience Undergraduate research opportunities give students the chance to work closely with faculty. Research experience can motivate students to continue their education toward advanced degrees. According to the *High-Impact Educational Practices* report, "Students who do research with faculty also are more likely to persist, gain more intellectually and personally, and choose a research-related field as a career."[23] The report also indicates that students have positive and supportive relationships with the faculty.

Service Learning Service learning courses require that students apply what they are learning in class to a community service experience. For example, a public policy course on women as leaders could have its students mentor at-risk girls at local middle schools. The students then would reflect on their mentoring experiences in class. By connecting the classroom with the community, learning becomes more meaningful and engaging—the students integrate what they learn in school into their lives and careers. They also learn the importance of civic responsibility and giving back to their communities. Further, by having a service project that classmates work and reflect on together, service learning courses can increase the social connection among students.

Internships Internships embed students in a job in a career field of interest and enable them to see how their degree can help them. These experiences can lead to greater persistence because students see a tangible result of their educational efforts. Internships also allow students to encounter a work environment with which they may not be familiar, increasing student confidence that they can do the job. If the internship leads them to see that job is not something they want to do after college, students still have time to change their major.

Encouraging underrepresented students to participate in activities such as research with faculty, service learning and internships can be an effective strategy for increasing graduation rates and overall student success. Although most institutions develop and implement their own programs, legislators can offer funding or other incentives to promote high-impact activities. A state plan or agenda on higher education is a good place for legislators to encourage institutions to provide and promote high-impact practices.

Creating State Agendas that Promote College Success

State legislators can take leadership to improve college completion by letting institutions know that student retention and success are state priorities and that the institutions will be held accountable for results. A state agenda on college success can send that signal. These agendas identify priorities, set goals, and recommend policies and practices to improve college completion. Several legislatures have created task forces that bring together policymakers and higher education stakeholders to articulate state agendas.

Arkansas In 2007, the Arkansas General Assembly passed Act 570, creating the Legislative Task Force on Higher Education Remediation, Retention and Graduation Rates. The task force consisted of the governor, legislative leaders, college administrators, faculty and state education board members. The task force was charged with researching and analyzing Arkansas trends and data on student success, and creating a plan to decrease remedial education and increase student retention and graduation. The task force held 16 meetings, during which outside stakeholders presented members with comprehensive testimony and information.

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In 2008, the task force released a report of its findings with a set of recommendations, incorporating many of the practices highlighted in this brief.

For example, the task force suggests requiring colleges and universities to use an early warning system to identify students struggling academically. The report also encourages colleges to increase student support services and recommends appropriating $500,000 for the expanded services. Specifically, the task force mentions such strategies as learning communities, academic help measures and personal support services. Another recommendation is for colleges to take into special consideration the needs of underrepresented students and the fact that they are most likely to drop out during their first year. The task force suggests that colleges offer first-year experiences and evaluate how introductory courses could be redesigned to improve student success. Finally, the task force proposes an annual statewide conference where two- and four-year institutions could share strategies on retention and graduation. The conference could be valuable in continuing reform efforts and providing an opportunity for collaboration.[24]

Illinois In 2007, the Illinois General Assembly adopted House Joint Resolution 69, which created the Public Agenda Task Force and directed it to study higher education challenges and opportunities. As in Arkansas, the task force consisted of policymakers, state education leaders, and administrators and faculty from postsecondary institutions. The task force held six formal meetings and conducted regional forums and special briefings. The task force developed a state plan for higher education, taking into consideration input from a wide range of stakeholders. The final report, the *Public Agenda for College and Career Success*, lays out the state plan and serves as a guide for policymakers and higher education institutions as they consider policies, priorities and funding. It defines four main goals for Illinois: to increase access to postsecondary education; to make affordability a priority; to increase the number of degree holders in the state; and to use education, research and innovation to meet economic needs.

Legislators played an integral part in developing the public agenda, and also have a key role in implementing it and monitoring institutional progress. To facilitate institutional accountability to the legislature, the public agenda report advocates more robust state data systems that can accurately track retention and graduation rates.[25]

South Carolina In South Carolina, the Higher Education Study Committee was formed by the General Assembly to create a state agenda to improve the higher education system. To accomplish that task, the study committee developed a project plan involving participants from the education, business and government sectors. Subcommittees and additional task forces were formed to study specific issues in depth. The result, a comprehensive report titled *Leveraging Higher Education for a Stronger South Carolina*, includes detailed analysis and recommendations. The report provides information regarding cost, priority, timeline and responsibility for each recommendation.[26]

The report highlights the need for redesigning introductory courses that currently have high failure rates. Another recommendation urges institutions to develop early warning systems to provide students with immediate academic help, particularly during their first year. The report also advises continuing and expanding support for retention programs such as "academic support services, new student orientation, service learning, academic advisement, counseling, tutoring, cultural enrichment, 'freshman year' and 'sophomore year' programs."[27] Summer transition and bridge programs also are mentioned as useful to help students adapt to college.

Conclusion

To maximize a state's investment in higher education and reach state goals for higher college completion rates, state legislators will want to understand the array of college success programs and know which are effective. Students who are supported in their classes and involved on campus are more likely to graduate. Therefore, student success programs should aim to increase the academic and social engagement of the students beginning in the first year of college and continuing until graduation.

As policymakers work to improve college success for underrepresented students, some points to consider include the following.

- Recognize the common risk factors that underrepresented students face and consider them in developing success programs.
- Use funding or other incentives to encourage institutions to target programs to first-year students.
- Encourage institutions to promote first-year programs such as learning communities, bridge and orientation programs, and first-year seminars to help students remain in school.

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- Press institutions to measure the comparative effectiveness of the success programs.
- Support the redesign of introductory courses that have high failure rates to help students be more successful, and use technology to lower costs and improve efficiency.
- Consider funding or incentives to help institutions expand student support services that help students progress from first year to graduation.
- Fully leverage federal funding such as the TRIO programs, which award grants to institutions for student support.
- Recommend that institutions expand programs that keep students engaged academically and socially, such as research with faculty, service learning and internships.
- Create legislative task forces to bring together various stakeholders to develop a state agenda on student success. Institutions need clear signals from state legislatures that retention and success are priorities and that they will be held accountable for results.

Notes

1. National Center for Higher Education Management Systems, "Progress and Completion: Graduation Rates" (Boulder: NCHEMS, 2009); www.higheredinfo.org/dbrowser/index.php?measure=19; Statistics refer to first-time, full-time students.

2. Patrick Callan, *The 2008 National Report Card: Modest Improvements, Persistent Disparities, Eroding Global Competitiveness* (San Jose: National Center for Public Policy and Higher Education, 2008).

3. Jennifer Engle and Vincent Tinto, *Moving Beyond Access: College Success for Low- Income, First-Generation Students* (Washington, D.C.: The Pell Institute, 2008), 2.

4. Sandy Baum and Jennifer Ma, *Education Pays: The Benefits of Higher Education for Individuals and Society* (Washington, D.C.: The College Board, 2007), 10.

5. Baum and Ma, *Education Pays*, 2.

6. Engle and Tinto, *Moving Beyond Access*, 21

7. Vincent Tinto, *Student Retention and Graduation: Facing the Truth, Living with the Consequences* (Washington, D.C.: The Pell Institute, 2004), 6.

8. Engle and Tinto, *Moving Beyond Access*, 9; Joe Smydo, "First-year college students often fail as 'life intervenes,'" *Pittsburgh Post-Gazette*, Sept. 2, 2008; www.post-gazette.com/pg/08246/908705-298.stm.

9. Bill Schackner, "Colleges on 'early alert' to help frosh," *Pittsburgh Post-Gazette*, Sept. 3, 2008; www.post-gazette.com/pg/08247/908848-298.stm.

10. Engle and Tinto, *Moving Beyond Access*, 12.

11. Ibid., 25.

12. Lana Muraskin, John Lee, Abigail Wilner, and Watson Scott Swail, *Raising the Graduation Rates of Low-Income College Students* (Washington, D.C.: The Pell Institute, 2004), 18; Mary Beth Marklein, "Report: Community colleges must expect more," *USA Today*, Nov. 21, 2008; www.usatoday.com/news/education/2008-11-16-CCSSE_N.htm.

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14. Kathleen Goodman and Ernest T. Pascarella, "First-Year Seminars Increase Persistence and Retention: A Summary of the Evidence from *How College Affects Students*," *Peer Review* 8, no. 3 (Summer 2006): 27.

15. Muraskin, Lee, Wilner, and Swail, *Raising the Graduation Rates*, 21; Susan Scrivener, et al., *A Good Start: Two-Year Effects of a Freshman Learning Community Program at Kingsborough Community College* (New York: MDRC, 2008), ES-5 - ES-6.

16. Carol A. Twigg, *Increasing Success for Underserved Students: Redesigning Introductory Courses* (Saratoga Springs, N.Y.: The National Center for Academic Transformation, 2005), 2.

17. Ibid., 3.

18. Ibid., 5, 8, 30.

19. Ibid., 7-8, 28.

20. Engle and Tinto, *Moving beyond Access*, 7, 27.

21. Center for Student Opportunity, *College Access and Opportunity Guide* (Dubuque, Iowa: Kendall/Hunt Publishing Company, 2008), 199.

22. George D. Kuh, *High-Impact Educational Practices: What They Are, Who Has Access to Them, and Why They Matter* (Washington, D.C.: Association of American Colleges and Universities, 2008), 9, 11, 17-19, 25-27.

23. Ibid.,14.

24. Arkansas Task Force on Higher Education Remediation, Retention, and Graduation Rates, *Access to Success: Increasing Arkansas's College Graduates Promotes Economic Development* (Little Rock: Arkansas Association of Public Universities, 2008); arkapu.org/wp-content/uploads/2008/08/task-force-report.pdf, 8-9, 33.

25. Illinois Board of Higher Education and Public Agenda Task Force, *Public Agenda for College and Career Success* (Springfield: IBHE, 2008); www.ibhe.state.il.us/masterPlanning/materials/010909_PublicAgenda.pdf, 3-5, 7, 16.

26. Higher Education Study Committee, *Leveraging Higher Education for a Stronger South Carolina*, (Columbia: SCCHE, 2009); www.che.sc.gov/InfoCntr/HESC_Files/che_2169_Leverage_Report_web.pdf, 4, 19-20.

27. Ibid., 17.

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FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB 221**
() Publish Date:

Identifier (file name): SB221-LEG-LOB-01-25-10
Dept. Affected: Legislature
Title "An Act establishing an advisory task force on higher education in education in the legislative branch of government;..."
RDU Legislative Operating Budget
Component Legislative Operating Budget
Sponsor Senators Stevens, McGuire
Requester Senate Education Committee
Component Number 796

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel	14.0						
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**14.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	14.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**14.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

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

SB 221 establishes an Advisory Task Force on Higher Education in the Legislative Branch of government. The Task Force consists of 13 members from various education and government entities. Members serve without compensation but are entitled to per diem and travel expenses. The legislation provides that per diem and travel expenses shall be paid from the budget of the agency or institution the member represents on the Task Force. The agency or institution can opt out of participating to avoid payment of per diem and travel expenses. The Legislature has two members on the Task Force, the Chairs of the Senate and House Education Committees.

It is anticipated that the Task Force will hold six meetings. Travel costs for the Legislators and staff are included in this fiscal note for two meetings in Anchorage and two meetings in Fairbanks. The other two meetings will be teleconferenced. The costs for employees of the Education Committee Chairs to staff the Task Force, costs for teleconferencing meetings, and printing the final the report which is due March 1, 2011 will be absorbed within existing budgets.

Prepared by: Karla Schofield, Deputy Director — Phone 465-6626
Division Legislative Affairs Agency — Date/Time 1/25/10 1:43 PM
Approved by: Pamela Varni, Executive Director — Date 1/25/2010
Legislative Affairs Agency

(Revised 11/6/2009 OMB)

SB 224

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Governor Sean Parnell
STATE OF ALASKA

January 15, 2010

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens,

Under the authority of Art. III, Sec. 18, of the Alaska Constitution, I am transmitting a bill that will create a merit-based scholarship program for Alaska high school students who pursue higher education in Alaska.

This legislation, referred to as the Governor's Performance Scholarship (GPS), is patterned after successful scholarship programs in 22 other states. The GPS will improve high school graduation rates, prepare students for college or job training, provide Alaskan students with affordable opportunities for higher education, sustain Alaska's economy with a capable workforce, and retain equipped, hardworking Alaskan students.

This bill provides four tiers of scholarship payment for qualified high school graduates. Three of these tiers would be designated for academic scholarships, and the fourth for career and technical school scholarships.

The key feature of the scholarship program is that it is merit-based. All students who participate will be required to complete a more rigorous high school curriculum consisting of four years of language arts, mathematics, and science, and three years of social studies. Students will also be evaluated according to standards established for their grade-point averages and scores on college entrance or work-ready examinations.

The program will provide an incentive for students to challenge themselves in high school and to graduate. It also provides an impetus for schools to enhance curriculum. Studies have shown that students who take a rigorous curriculum in high school are more likely to do well in college and job training programs. Thus, the scholarship recipients will be more likely to achieve their certification or degree.

Students who achieve the highest attainable grade point average and examination scores will be awarded the highest tier of the academic scholarship for an Alaska-based college or university. This tier will equal the full cost of tuition at an Alaskan university for the 2010-2011 school year. The second and third tiers of the academic scholarship will be 75 and 50 percent the amount of

respective tuition. Students will be eligible for the academic scholarship for a maximum of eight semesters. Students who qualify for a career or technical school scholarship will receive an award of full fees for training, the maximum at $3,000 per year. The career and technical scholarship may be used by a student for up to two years.

The GPS will only be accessible to Alaska residents. However, this bill will allow that Alaskan military members and their families will not lose eligibility on account of their service.

The bill will require that money from these scholarships will only be spent at qualified Alaska post-secondary institutions or training programs. Students educated in the state are more likely to remain in the state. This provision encourages our best and brightest young people to remain in the state and prepare qualified Alaskan workers for Alaskan jobs.

The GPS program contains a "use it or lose it" provision: students will have a six-year window to apply the scholarship to a postsecondary institution. This protects the State of Alaska from an extended liability. As previously stated, the bill will provide extensions for Alaskans who serve in the military.

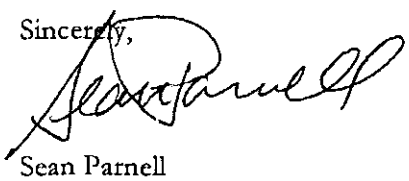
The GPS will be administered by the Alaska Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education. Regulations will be adopted to govern the program, grade-point average standard, eligibility criteria and an appeals process to consider extraordinary circumstances. The Alaska Commission on Postsecondary Education will adopt regulations for streamlined application, award, and continuing eligibility standards.

Also, this bill will establish a fund whose earnings could be used to pay for scholarships. The proposed fund is based on other funds established in statute, such as the Alaska Veterans' Memorial endowment fund, and will be managed by the Department of Revenue. Nothing in this bill will establish a dedicated fund.

The GPS is modeled after the famous "Taylor plan," established by private businessman, Patrick Taylor, to keep students in school and motivate them to pursue successful postsecondary education. Currently, twenty-two states have "Taylor like" state-sponsored plans.

I urge your prompt and favorable action on this bill.

Sincerely,



Sean Parnell
Governor

Enclosure

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS

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

TO: All Members

FROM: Senator Kevin Meyer, Senator Joe Thomas
Co-Chairs, Senate Education Committee

RE: Joint Meeting HB 297/ SB 224 "An act to establish the governor's performance scholarship program…"

LOCATION: BARNE S 124-- Location Change --

DATE/TIME: Monday, February 1 – 8am

AGENDA

SB 224/ HB 297 - "An Act establishing the governor's performance scholarship program and relating to the program; establishing the governor's performance scholarship fund and relating to the fund; relating to student records; making conforming amendments; and providing for an effective date."

Bills Previously Scheduled & Heard

Jomo Stewart, Committee Aide
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FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 174 (Fin)
() Publish Date:

Identifier (file name):
Title: An Act relating to scholarships . . .
Sponsor: Senate Finance Committee
Requester: Senate Finance Committee

Dept. Affected: University
RDU: Statewide Programs and Services
Component: Statewide Services
Component Number: 730

Expenditures/Revenues (Thousands of Dollars)

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2010) cost:

POSITIONS

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

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

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

Prepared by:
Division
Phone
Date/Time
Approved by: Wendy Redmond
Date 4/10/10

(Revised 11/6/2009 OMB)

ALASKA STATE LEGISLATURE

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Senator Gary Stevens
President of the Senate

LETTER OF INTENT FOR SENATE BILL 224

It is the intent of the Senate to establish a scholarship program with the following provisions.

All funding and the Alaska Merit Scholarship program will go into effect July 1, 2010. The program goes into effect for students who graduate in the Spring semester of 2010.

Sec. 14.43.825. Maximum annual awards. (a) The maximum annual awards for the Alaska merit scholarship program scholarships are as follows:
(1) the first award level is $4,755 and requires a 3.5 grade-point average or above and a very high score on a college entrance examination;
(2) the second award level is $3,566 and requires a 3.0 grade-point average or above and a high score on a college entrance examination;
(3) the third award level is $2,378 and requires a 2.5 grade-point average or above and a moderately high score on a college entrance examination.

Appropriations to the Alaska Merit Scholarship Program
The commission shall distribute not more than $7,000,000 or, if available funding from appropriations and other sources is less than that amount, the full amount available in grant awards on behalf of eligible students under AS 14.43.810. Payments shall be made directly to the postsecondary or lending institution if feasible. If available funds are insufficient to fully fund grants to eligible students, the commission shall distribute funds to eligible applicants on a pro rata basis.
It is the intent of the Legislature that the subsection above will be repealed June 30, 2011

Appropriations to AlaskAdvantage Grant Program
The commission shall distribute not more than $3,000,000 or, if available funding from appropriations and other sources is less than that amount, the full amount available in grant awards on behalf of eligible students under AS 14.43.415. Payments shall be made directly to the postsecondary or lending institution if feasible. If available funds are insufficient to fully fund grants to eligible students, the commission shall distribute funds to eligible applicants on a pro rata basis.
It is the intent of the Legislature that the subsection above will be repealed June 30, 2011

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:

SENATOR KEVIN MEYER

SENATOR JOE THOMAS

MEMBERS:

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

Letter of Intent for Senate Bill 224

An Act establishing the Alaska Student Achievement Program...

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

(1) improving preparedness of Alaska students for postsecondary education;

(2) improving the postsecondary academic achievement;

(3) improving the postsecondary graduation rates of students in the state;

(4) providing a rigorous curriculum in all high schools in the state;

(5) improving the quality of the educational programs offered by high schools in the state;

(6) improving academic performance of students in grades kindergarten through 12 in the state;

(7) increasing high school graduation rates in the state;

(8) increasing the scores of high school students in the state on college entrance examinations;

(9) expanding the pool of high school students in the state who pursue postsecondary opportunities;

(10) increasing participation of Alaska high school graduates in Alaska postsecondary institutions; and

(11) increasing job training opportunities in the state

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3/8/10

CS FOR SENATE BILL NO. 224(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act establishing the governor's performance scholarship program and relating to the program; establishing the governor's performance scholarship fund and relating to the fund; relating to student records; making conforming amendments; and providing for an effective date."

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

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school district shall determine whether a student who graduates from a high school in the district is eligible for an award of a merit-based governor's performance scholarship under AS 14.43.810 - 14.43.890. If a student is eligible, the district shall state in the student's permanent record the highest tier of funding for which the student is eligible. A district shall provide a student with an opportunity to request that the district correct an error in the eligibility determination.

*** Sec. 2.** AS 14.07.020(a) is amended to read:

(a) The department shall

(1) exercise general supervision over the public schools of the state except the University of Alaska;

(2) study the conditions and needs of the public schools of the state, adopt or recommend plans, administer and evaluate grants to improve school performance awarded under AS 14.03.125, and adopt regulations for the improvement of the public schools;

(3) provide advisory and consultative services to all public school governing bodies and personnel;

(4) prescribe by regulation a minimum course of study for the public schools; the regulations must provide that, if a course in American Sign Language is given, the course shall be given credit as a course in a foreign language;

(5) establish, in coordination with the Department of Health and Social Services, a program for the continuing education of children who are held in detention facilities in the state during the period of detention;

(6) accredit those public schools that meet accreditation standards prescribed by regulation by the department; these regulations shall be adopted by the department and presented to the legislature during the first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;

(7) prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards that will ensure healthful and safe conditions in the public and private schools of the state, including a requirement of physical examinations and immunizations in pre-elementary schools; the standards for private schools may not be more stringent than those for public schools;

(8) exercise general supervision over pre-elementary schools that receive direct state or federal funding;

(9) exercise general supervision over elementary and secondary correspondence study programs offered by municipal school districts or regional educational attendance areas; the department may also offer and make available to any

Alaskan through a centralized office a correspondence study program;

(10) accredit private schools that request accreditation and that meet accreditation standards prescribed by regulation by the department; nothing in this paragraph authorizes the department to require religious or other private schools to be licensed;

(11) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction or major maintenance project; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, and final contract documents;

(12) provide educational opportunities in the areas of vocational education and training, and basic education to individuals over 16 years of age who are no longer attending school;

(13) administer the grants awarded under AS 14.11;

(14) establish, in coordination with the Department of Public Safety, a school bus driver training course;

(15) require the reporting of information relating to school disciplinary and safety programs under AS 14.33.120 and of incidents of disruptive or violent behavior;

(16) establish by regulation criteria, based on low student performance, under which the department may intervene in a school district to improve instructional practices, as described in AS 14.07.030(14) or (15); the regulations must include

(A) a notice provision that alerts the district to the deficiencies and the instructional practice changes proposed by the department;

(B) an end date for departmental intervention, as described in AS 14.07.030(14)(A) and (B) and (15), after the district demonstrates three consecutive years of improvement consisting of not less than two percent increases in student proficiency on standards-based assessments in math, reading, and writing as provided in AS 14.03.123(f)(2)(A); and

(C) a process for districts to petition the department for

continuing or discontinuing the department's intervention;

(17) notify the legislative committees having jurisdiction over education before intervening in a school district under AS 14.07.030(14) or redirecting public school funding under AS 14.07.030(15);

(18) administer duties assigned to the department under the governor's performance scholarship program established in AS 14.43.810 - 14.43.890.

*** Sec. 3.** AS 14.42.030(e) is amended to read:

(e) The commission may

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

(A) carry out the purposes of

(i) **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48; and

(ii) AS 14.43.910 and 14.43.920 as they relate to the purposes of **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48;

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

(C) establish standards for the

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

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

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

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions;

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

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

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

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

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

* **Sec. 4.** AS 14.42.200 is amended to read:

Sec. 14.42.200. General powers. In addition to other powers granted in this chapter, the corporation may

(1) sue and be sued in its own name;

(2) adopt an official seal;

(3) adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the purposes of this chapter;

(4) make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation, including contracts with a person or governmental entity;

(5) receive, take, hold, and administer, on behalf of the corporation and for any of its purposes, any appropriation, gift, grant, bequest, devise, or donation of real property or personal property if that obligation of the corporation is not a debt of the state; in this paragraph, "property" includes

(A) money; and

(B) life estates, leases, or other interests in property;

(6) borrow money as provided in this chapter to carry out its corporate purposes and issue its obligations as evidence of the borrowing;

(7) include in a borrowing the amounts to pay financing charges, interest on the obligations for a period not exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory, and legal fees, and other expenses necessary or incident to the borrowing;

(8) invest or reinvest, subject to its contracts with noteholders and bondholders, money held by the corporation as set out in AS 37.10.071;

(9) set and collect interest, fees, and charges in connection with education loans or repayment obligations held by the corporation and its servicing agents; in this paragraph, "charges" includes costs of financing by the corporation, service charges, insurance premiums, and other costs incurred by the corporation in carrying out its corporate purposes;

(10) gather information on postsecondary education financial resources available to residents of this state and disseminate the information to reasonably ensure that qualified residents are aware of those financial resources;

(11) service education loans and repayment obligations held by the corporation;

(12) purchase or participate in the purchase of education loans;

(13) contract in advance for the purchase or sale of education loans;

(14) sell or participate in the sale, either public or private and on terms authorized by the board, of education loans to the Student Loan Marketing Association or to other purchasers;

(15) collect and pay reasonable fees and charges in connection with the purchase, sale, and servicing of education loans and repayment obligations;

(16) enter into agreements with the federal government, including guaranty agreements and supplemental guaranty agreements as described in 20 U.S.C. 1001 - 1155, as amended, as necessary to provide for the receipt by the corporation of administrative allowances and other benefits available under 20 U.S.C. 1001 - 1155, as amended;

(17) administer federal money allotted to the state involving insured education loans and related administrative costs and other matters;

(18) enter into agreements with the commission relating to education loans and repayment obligations, the administration of the financial aid and loan programs under **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, and AS 14.44, and the payment of and security for bonds of the corporation;

(19) to the extent permitted under contracts with bondholders, consent to the modification of the rate of interest, time of payment of an installment of principal or interest, or other terms of an education loan or repayment obligation held by the corporation;

(20) procure insurance against any loss in connection with the operation of its programs;

(21) provide advisory services to borrowers and other participants in the corporation's programs;

(22) enter into credit facility agreements and make pledges, covenants, and agreements with respect to the repayment of borrowings under the credit facility agreements;

(23) develop and implement education financing programs; in this paragraph, "programs" includes

(A) programs listed in AS 14.42.030(b)(1);

(B) programs for the guaranteeing, servicing, originating, and financing of education loans for borrowers located both inside and outside the state; and

(C) federal financial aid programs made under federal law; and

(24) perform acts that may be necessary or appropriate to carry out effectively the general objectives and purposes of the corporation under AS 14.42.100 - 14.42.990.

*** Sec. 5.** AS 14.43 is amended by adding new sections to read:

Article 11A. Governor's Performance Scholarship Program.

Sec. 14.43.810. Governor's performance scholarship program established; Alaska residency. (a) The governor's performance scholarship program is established

for the purpose of ensuring that a rigorous curriculum is available in all high schools in the state and to provide scholarships for high school graduates who are Alaska residents to attend a qualified postsecondary institution in the state.

(b) The department shall design the programmatic standards for the scholarships and appeals of adverse decisions. The commission shall administer the daily operations of the program and financing of the program, including the procedures for applying for the scholarships, establishing standards for and ensuring continuing compliance with programmatic standards, and requiring students to apply for other non loan financial aid, consistent with federal law. The respective agencies shall adopt necessary regulations under AS 44.62 after consultation with each other. The department may change the regulations under AS 44.62 relating to the programmatic standards for required academic achievement for eligibility only by giving advance public notice at least one school year before the effective date of the change.

(c) For purposes of the program, a student is an Alaska resident if the student meets the requirements for establishing residency under AS 01.10.055.

Sec. 14.43.815. Qualifications of applicants. (a) A student may apply for a governor's performance scholarship to attend a qualified postsecondary institution in the state if the student

(1) has applied or intends to apply for admission to the institution;

(2) is an Alaska resident who has

(A) graduated, or will graduate after the date of the application, from a high school in the state, including a public school, private school, or home school;

(B) graduated, or will graduate after the date of the application, from a high school outside of the state under circumstances allowed by the department; for purposes of this subparagraph, allowable circumstances include a circumstance in which a high school student who is an Alaska resident left the state because of the military service of the student's custodial parent who is an Alaska resident;

(3) maintains a minimum grade-point average while attending the

postsecondary institution; and

(4) meets other minimum qualifications to apply or continue to be eligible for a governor's performance scholarship.

(b) A student is not qualified to receive a governor's performance scholarship if the student

(1) has not complied with the military selective service registration requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if those requirements apply to the student;

(2) is currently in default or owes a refund on a federal financial aid loan under the federal guaranteed student loan program or financial aid awarded under this chapter; or

(3) has been convicted of a felony in the state or another jurisdiction and has not qualified for a waiver under standards adopted by the department.

(c) The department shall adopt regulations to include an application procedure for the award of a scholarship or for the resumption of a scholarship award for an eligible applicant who has either withdrawn from or delayed enrollment in a qualified postsecondary institution in the state and who has been admitted to a qualified postsecondary institution, regardless of age.

Sec. 14.43.820. Eligibility for a merit-based performance scholarship. (a) Subject to appropriation, the commission shall award a merit-based performance scholarship to an applicant who meets the eligibility criteria for the award under the program.

(b) The programmatic standards for eligibility for an award of a merit-based performance scholarship under the program include the following:

(1) the four-year core academic curriculum, which may include virtual curriculum, that the student must have completed in high school; the core academic curriculum must include one of the following:

(A) a combination of

(i) four years of mathematics;

(ii) four years of language arts;

(iii) four years of science; and

(iv) four years of social studies, one year of which may include a foreign language, Alaska Native language, fine arts, or cultural heritage; or

(B) a combination of

(i) three years of mathematics;

(ii) four years of language arts;

(iii) three years of science;

(iv) four years of social studies; and

(v) two years of a foreign language, Alaska Native language, fine arts, or cultural heritage;

(2) the minimum grade average that the student must have achieved in high school to be eligible for each of the three tiers of merit-based scholarship award; the top tier is the A average tier, the second tier is the B average tier, and the third tier is the C plus average tier; the grade-point average for the A average tier is 3.5 or higher, for the B average tier is less than 3.5 but not less than 3.0, and for the C plus average tier is less than 3.0 but not less than 2.5; the department shall set by regulation minimum requirements based on a substantially similar standard for districts that do not assign grades;

(3) the minimum score on a college entrance examination that the student must have achieved to be eligible for each of the three tiers of merit-based scholarship award;

(4) a process by which a student who meets the grade standards in (2) of this subsection for a particular tier, but does not meet the minimum scores established under (3) of this subsection for that tier, may apply for a lower tier scholarship;

(5) enrollment in a course of study at a qualified postsecondary institution as described in AS 14.43.835 that is intended to result in the award of a certificate or degree;

(6) a process through which a student who is no longer eligible can regain eligibility;

(7) a process through which a home-schooled or private-schooled

student may submit evidence to the qualified postsecondary institution that establishes the equivalent of the high school diploma, grade-point average, and core academic curriculum for public school students.

Sec. 14.43.825. Maximum award and allowable uses; merit-based performance scholarship. (a) Subject to (b) - (e) of this section, the maximum award for a merit-based performance scholarship under the program is,

(1) for a student who demonstrates very high academic achievement, the cost of approved tuition for a full-time student in school year 2009 through 2010 at ~~the qualified postsecondary institution at which the student intends to enroll;~~

(2) for a student who demonstrates high academic achievement, 75 percent of approved tuition for a full-time student in school year 2009 through 2010 at the qualified postsecondary institution at which the student intends to enroll;

(3) for a student who demonstrates moderate academic achievement, 50 percent of approved tuition for a full-time student in school year 2009 through 2010 at the qualified postsecondary institution at which the student intends to enroll.

(b) Subject to (e) of this section, a student who qualifies for a merit-based scholarship may apply the award to the costs of attending a qualified career and technical school program as described in AS 14.43.835(a)(2);

(c) A part-time student who receives a merit-based scholarship and is enrolled on at least a half-time basis is eligible for an award on a pro rata basis.

(d) A student receiving a merit-based scholarship may remain eligible for up to 12 semesters of enrollment at a qualified university or college, which may include graduate courses, or for up to two calendar years of attendance at a qualified career or technical school. A student may not receive more than one merit-based scholarship award.

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

Sec. 14.43.828. Eligibility for a needs-based performance scholarship; maximum award. (a) Subject to appropriation, the commission shall award a needs-

based performance scholarship to a student who meets the eligibility criteria for the award.

(b) A student is eligible to receive a needs-based performance scholarship if the student

(1) is eligible for a merit-based performance scholarship; and

(2) can demonstrate, in a year in which the student receives a scholarship, that the student has unmet financial need greater than $2,000.

(c) The maximum amount for a needs-based performance scholarship is 50 percent of the unmet financial need that exceeds $2,000.

(d) The qualified postsecondary institution attended by the student shall determine unmet financial need by subtracting from the student's allowable standard costs of attendance at the institution all non loan sources of financial support, including an expected family contribution and all federal, state, and private scholarships or grants received by the student.

(e) In this section,

(1) "allowable standard costs of attendance" means, for a student who receives a merit-based performance scholarship, the costs of attendance at the qualified postsecondary institution that the student attends or plans to attend, as determined by the commission based on room and board costs that do not exceed the standard room and board costs at the University of Alaska as determined by the commission;

(2) "expected family contribution" means the amount a student or the student's family is expected to pay toward the student's cost of attendance, as determined by use of the most recent federal Free Application for Federal Student Aid.

Sec. 14.43.830. Programmatic standards. (a) Subject to (b) of this section, the department shall establish programmatic standards for the program.

(b) The department shall establish a make-up procedure or alternative pathway to allow students who are not eligible for a scholarship to make up a deficit by alternative means if the deficit was caused by circumstances beyond the student's control. The department may not waive a requirement and shall require the student to achieve a result comparable to that required of other students. The decision of the

department regarding a student's eligibility for alternative means is final. In determining circumstances in which the student may pursue alternative means, the department shall consider the effect on students who have met the requirements. Attendance at a high school outside of the state is not a circumstance in which a student may be allowed to pursue alternative means to qualify for a scholarship. Circumstances in which the department may allow a student to pursue alternative means to qualify for a scholarship include the following:

(1) the required curriculum was not reasonably available to the student because the student attended a small and remote high school in the state;

(2) the deficit was caused by rare and unusual circumstances outside the control of the student.

Sec. 14.43.835. Qualified postsecondary institutions. (a) The following institutions are qualified postsecondary institutions:

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

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

(B) accredited by a regional accreditation association;

(2) a career and technical school program physically located in the state that has been included on a list of certified career and technical school programs received from the Department of Labor and Workforce Development; the commission shall publish the list on or before September 1 of the year preceding enrollment.

(b) The Department of Labor and Workforce Development shall, in consultation with the Department of Education and Early Development, adopt regulations under AS 44.62 establishing criteria under which the Department of Labor and Workforce Development shall certify career and technical school programs in the state as eligible to participate in the governor's performance scholarship program. The criteria to be considered under this subsection include the following:

(1) the quality of the job-training program offered by the career and technical school;

(2) the employability of a graduate of the program, including whether the program results in a certificate or license that is recognized by the industry for

which the training prepares the student;

(3) whether jobs in the industry for which the training prepares the student are available or expected to be available in the future in the state;

(4) other criteria established by the Department of Labor and Workforce Development in regulation.

(c) A postsecondary institution is physically located in the state if the campus, teachers, classrooms, school administrators, and equipment used to provide the education to the students are physically present in the state. Use of virtual, electronic, or online materials by teachers in the state does not disqualify a postsecondary institution even if the materials are generated outside the state. However, a correspondence, virtual, electronic, or online program that is administered from outside the state is not physically located in the state even if the program is delivered by teachers or equipment in the state. Seems like incomplete statement??

Sec. 14.43.840. Application and award. (a) The commission shall establish application procedures for students to apply for a governor's performance scholarship.

(b) The commission shall adopt procedures for payment of scholarship awards to the institution attended by the scholarship recipient. Payment of a scholarship is subject to appropriation. If insufficient funds are appropriated to pay all eligible scholarships, the commission shall pay existing awards on a pro rata basis.

(c) A student who is awarded a scholarship in error shall be required to refund to the state the amount of the scholarship awarded in error.

Sec. 14.43.845. Governor's performance scholarship fund income account. The governor's performance scholarship fund income account is created as an account in the general fund. Money may be appropriated into the account from the expendable earnings of the governor's performance scholarship fund under AS 37.14.750 - 37.14.790 and other sources. The commission may use money in the account to pay scholarships awarded to students under AS 14.43.810 - 14.43.890.

Sec. 14.43.850. Report to the legislature. (a) To the extent permitted under law, the department, the commission, the University of Alaska, the Department of Revenue, and the Department of Labor and Workforce Development shall share data necessary to prepare public reports regarding the program.

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

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

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

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

Sec. 14.43.890. Definitions. In AS 14.43.810 - 14.43.890, unless the context requires otherwise,

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

(2) "military service" means active duty in the armed forces of the United States;

(3) "program" means the governor's performance scholarship program established under AS 14.43.810 - 14.43.890;

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

*** Sec. 6.** AS 14.45.130(a) is amended to read:

(a) A religious or other private school that elects to comply with AS 14.45.100 - 14.45.130 shall maintain permanent student records reflecting immunizations, physical examinations, standardized testing, academic achievement, [AND] courses taken at the school**, and level of eligibility for a governor's performance scholarship under AS 14.43.810 - 14.43.890**.

*** Sec. 7.** AS 23.05.060 is amended to read:

Sec. 23.05.060. Powers of the department. The department may

(1) enforce all state labor laws;

(2) act as mediator and appoint deputy commissioners of conciliation in labor disputes whenever it considers the interest of industrial peace requires it;

(3) make investigations and collect and compile statistical information concerning the conditions of labor generally and upon all matters relating to the enforcement of this chapter;

(4) institute court proceedings against an employer of labor without cost to the employee when it is satisfied that the employer has failed to pay an employee an amount due by contract;

(5) issue cease and desist orders and other orders and regulations necessary for the enforcement of state labor laws;

(6) in accordance with AS 37.07 (the Executive Budget Act), receive and spend money derived from agreements with local governments, nongovernmental organizations, or other persons;

(7) administer duties assigned to the department under the governor's performance scholarship program established in AS 14.43.810 - 14.43.890.

*** Sec. 8.** AS 36.30.850(b) is amended to read:

(b) This chapter applies to every expenditure of state money by the state, acting through an agency, under a contract, except that this chapter does not apply to

(1) grants;

(2) contracts for professional witnesses to provide for professional services or testimony relating to existing or probable lawsuits in which the state is or may become a party;

(3) contracts of the University of Alaska where the work is to be performed substantially by students enrolled in the university;

(4) contracts for medical doctors and dentists;

(5) acquisitions or disposals of real property or interest in real property, except as provided in AS 36.30.080 and 36.30.085;

(6) disposals under AS 38.05;

(7) contracts for the preparation and transportation of ballots under AS 15;

(8) acquisitions or disposals of property and other contracts relating to airports under AS 02.15.070, 02.15.090, 02.15.091, and AS 44.88;

(9) disposals of obsolete property under AS 19.05.060;

(10) disposals of obsolete material or equipment under AS 35.20.060;

(11) agreements with providers of services under AS 47.25.071 - 47.25.095; AS 47.07; AS 47.08; AS 47.10; AS 47.12; AS 47.14; AS 47.17; AS 47.24; and AS 47.27, including contractors under AS 47.27.050;

(12) contracts of the Department of Fish and Game for flights that involve specialized flying and piloting skills and are not point-to-point;

(13) purchases of income-producing assets for the state treasury or a public corporation of the state;

(14) [REPEALED

(15)] a contract that is a delegation, in whole or in part, of investment powers held by

(A) the commissioner of revenue under AS 14.42.200, 14.42.210, AS 18.56.095, AS 37.10.070, 37.10.071, or AS 37.14;

(B) the Board of Regents of the University of Alaska under AS 14.40.250 - 14.40.491;

(15) [(16)] a contract that is a delegation, in whole or in part, of investment powers or fiduciary duties of

(A) the Board of Trustees of the Alaska Permanent Fund Corporation under AS 37.13;

(B) the Alaska Mental Health Trust Authority under AS 37.14.001 - 37.14.099;

(16) [(17)] the purchase of books, book binding services, newspapers, periodicals, audio-visual materials, network information services access, approval plans, professional memberships, archival materials, objects of art, and items for museum or archival acquisition having cultural, historical, or archaeological significance; in this paragraph

(A) "approval plans" means book selection services in which current book titles meeting an agency's customized specifications are provided

to the agency subject to the right of the agency to return those books that do not meet with the agency's approval;

(B) "archival materials" means the noncurrent records of an agency that are preserved after appraisal because of their value;

(C) "audio-visual materials" means nonbook prerecorded materials, including records, tapes, slides, transparencies, films, filmstrips, cassettes, videos, compact discs, laser discs, and items that require the use of equipment to render them usable;

(D) "network information services" means a group of resources from which cataloging information, holdings records, inter-library loans, acquisitions information, and other reference resources can be obtained;

(17) [(18)] contracts for the purchase of standardized examinations for licensure under AS 08;

(18) [(19)] contracts for home health care provided under regulations adopted by the Department of Health and Social Services and for adult residential care services provided under regulations adopted by the Department of Health and Social Services or by the Department of Administration;

(19) [(20)] contracts for supplies or services for research projects funded by money received from the federal government or private grants;

(20) [(21)] guest speakers or performers for an educational or cultural activity;

(21) [(22)] contracts of the Alaska Industrial Development and Export Authority for a clean coal technology demonstration project that

(A) is attempting to develop a coal-fired electric generation project;

(B) uses technology that is capable of commercialization during the 1990's; and

(C) qualifies for federal financial participation under P.L. 99-190 as amended;

(22) [(23)] operation and protection of assets or disposals of equipment and supplies acquired through foreclosure or other legal proceedings relating to loans

issued under AS 03.10;

(23) [(24)] purchases of curatorial and conservation services to maintain, preserve, and interpret

(A) objects of art; and

(B) items having cultural, historical, or archaeological significance to the state;

(24) [(25)] acquisition of confidential seismic survey data necessary for pre-sale oil and gas lease or gas only lease analyses under AS 38.05.180;

(25) [(26)] contracts for village public safety officers;

(26) [(27)] purchases of supplies and services to support the operations of the Alaska state troopers or law enforcement officers engaged in fish and wildlife protection if the procurement officer for the Department of Public Safety makes a written determination that publicity of the purchases would jeopardize the safety of personnel or the success of a covert operation;

(27) [(28)] expenditures when rates are set by law or ordinance;

(28) [(29)] construction of new vessels by the Department of Transportation and Public Facilities for the Alaska marine highway system;

(29) [(30)] contracts entered into with a regional development organization; in this paragraph, "regional development organization" has the meaning given in AS 44.33.895;

(30) [(31)] contracts that are to be performed in an area outside of the country and that require a knowledge of the customs, procedures, rules, or laws of the area;

(31) [(32)] contracts that are between the Department of Law and attorneys who are not employed by the state and that are for the review or prosecution of possible violations of the criminal law of the state in situations where the attorney general concludes that an actual or potential conflict of interest makes it inappropriate for the Department of Law to review or prosecute the possible violations;

(32) [(33)] contracts between the Department of Natural Resources and contractors qualified to evaluate hydrocarbon development, production, transportation, and economics, to assist the commissioner of natural resources in evaluating

applications for royalty increases or decreases or other royalty adjustments, and evaluating the related financial and technical data, entered into under AS 38.05.180(j);

(33) [(34)] contracts of the Alaska Industrial Development and Export Authority made with the developer of an integrated transportation and port facility owned by the authority;

(34) [(35)] procurements of contracts with the media for advertising;

(35) [(36)] [REPEALED

(37)] contracts between the state medical examiner and a provider of medical services to perform or assist in performing the duties assigned to the state medical examiner in AS 12.65.020;

(36) [(38)] contracts between the commissioner of revenue and an independent contractor under AS 43.82.240;

(37) [(39)] contracts for a convener under AS 44.62.730 or for a facilitator under AS 44.62.760 related to a negotiated regulation making process under AS 44.62.710 - 44.62.800;

(38) [(40) REPEALED

(41)] a tourism marketing contract awarded under AS 44.33.125;

(39) [(42)] grants and contracts with qualified entities for services under AS 47.18.330 for the foster care transition program;

(40) [(43)] contracts for travel services, including airplane travel, hotel accommodations, and travel agency services, but excluding motor vehicle rentals;

(41) [(44)] contracts of the Alaska Commission on Postsecondary Education or the Alaska Student Loan Corporation for the guarantee and disbursing of financial aid money to institutions of postsecondary education under the financial aid programs under **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750] and AS 14.44.025;

(42) [(45)] contracts for an arbitration panel to determine whether a project is uneconomic under AS 43.90.240, and contracts for the development of application provisions for licensure and for the evaluation of those applications under AS 43.90;

(43) [(46)] contracts for delivery of home heating assistance under

AS 47.25.626;

(44) [(47)] contracts of the Alaska Pension Obligation Bond Corporation under AS 37.16.010 - 37.16.900.

*** Sec. 9.** AS 37.14 is amended by adding new sections to read:

Article 8A. Governor's Performance Scholarship Fund.

Sec. 37.14.750. Governor's performance scholarship fund established. (a) The governor's performance scholarship fund is established as a fund of the state. The fund consists of

(1) appropriations to the fund;

(2) donations to the fund; and

(3) income earned on investments of fund assets.

(b) The commissioner of revenue shall manage the fund with the goal that the purchasing power of the fund will not diminish over time without regard to additional contributions that may be made to the fund. The commissioner shall invest the assets of the fund in a manner likely to yield at least a five percent real rate of return over time.

(c) Nothing in this section creates a dedicated fund.

Sec. 37.14.755. Powers and duties of the commissioner of revenue. In carrying out the investment duties under AS 37.14.750 - 37.14.790, the commissioner of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall provide reports to the Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education on the condition and investment performance of the fund.

Sec. 37.14.760. Use of fund. As soon as practicable after July 1 of each year, the commissioner of revenue shall determine the average month-end market value of the fund for the immediately preceding three fiscal years. The commissioner shall identify five percent of that amount as available for appropriation by the legislature for appropriation to the governor's performance scholarship fund income account created under AS 14.43.845 from which the Alaska Commission on Postsecondary Education may award scholarships under AS 14.43.810 - 14.43.890. The commissioner shall also report as available for appropriation a running total of amounts previously identified

as available for appropriation to the governor's performance scholarship fund income account but not appropriated.

Sec. 37.14.790. Definitions. In AS 37.14.750 - 37.14.790, unless the context requires otherwise,

(1) "commissioner" means the commissioner of revenue;

(2) "fund" means the governor's performance scholarship fund established in AS 37.14.750(a).

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

TRANSITION: PROGRAM STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS. Notwithstanding any contrary provision of this Act, the Department of Education and Early Development and the Department of Labor and Workforce Development, after consultation with the Alaska Commission on Postsecondary Education, may adopt regulations under AS 44.62 to implement their respective duties under the governor's performance scholarship program established in AS 14.43.810, enacted by sec. 5 of this Act, so that a student

(1) may be eligible for the program even though the student did not fully meet the required core academic curriculum for the school years beginning July 1, 2010, through June 30, 2013; and

(2) who graduated from high school in this state after June 30, 2010, and before July 1, 2011, and meets eligibility requirements for the program may apply for a scholarship beginning July 1, 2011.

*** Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

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

*** Sec. 12.** Section 11 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 13.** Except as provided in sec. 12 of this Act, this Act takes effect September 1, 2010.

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HOUSE CS FOR CS FOR SENATE BILL NO. 221(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS STEVENS, McGuire, Davis, Kookesh, Meyer, Paskvan, Menard, Stedman, Thomas, Egan

A BILL

FOR AN ACT ENTITLED

"An Act relating to the AlaskAdvantage education grant program; relating to professional student exchange program availability; establishing the Alaska merit scholarship program and relating to the program; relating to student records; making conforming amendments; establishing a Joint Legislative Higher Education Scholarship Funding Task Force; establishing an advisory task force on higher education and career readiness in the legislative branch of government; and providing for an effective date."

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

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school district shall determine whether a student who graduates from a high school in the district is eligible for an award of an Alaska merit scholarship program scholarship under AS 14.43.810 - 14.43.850. If a student is eligible, the district shall state in the student's permanent record the highest level of funding for which the student is

eligible. A district shall provide a student with an opportunity to request that the district correct an error in the eligibility determination.

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

(e) The commission may

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

(A) carry out the purposes of

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

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

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

(C) establish standards for the

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

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

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

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions;

(4) contract with or use existing institutions of postsecondary education or other individuals or organizations to make studies, conduct surveys,

submit recommendations, or otherwise contribute to the work of the commission;

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

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

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

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

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

(a) A grant made under AS 14.43.400 - 14.43.420 may not be in an amount less than $500 nor more than **$3,000** [$2,000] for each school year.

*** Sec. 4.** AS 14.43.420(c) is amended to read:

(c) A student may receive not more than a total of **$12,000** [$8,000] in grants awarded under AS 14.43.400 - 14.43.420.

*** Sec. 5.** AS 14.43 is amended by adding new sections to read:

Article 11A. Alaska Merit Scholarship Program.

Sec. 14.43.810. Alaska merit scholarship program established; regulations. (a) The Alaska merit scholarship program is established to provide scholarships for high school graduates who are Alaska residents to attend a qualified postsecondary institution in the state.

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

Sec. 14.43.820. Alaska merit scholarship program; eligibility. (a) Subject to appropriation, the commission shall award an Alaska merit scholarship program scholarship to an applicant who

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

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

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

(A) four years of mathematics, four years of language arts, four years of science, and four years of social studies, one year of which may include a foreign language, an Alaska Native language, fine arts, or cultural heritage; or

(B) three years of mathematics, four years of language arts, three years of science, four years of social studies, and two years of a foreign language or an Alaska Native language;

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

(5) has achieved a minimum score on a

(A) college entrance examination; or

(B) standardized examination designed to measure a student's level of preparedness to make the transition to work, as selected by the department; and

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

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

Sec. 14.43.825. Maximum awards. (a) The maximum awards for the Alaska merit scholarship program scholarships are as follows:

(1) the first award level is $4,755 and requires a 3.5 grade-point average or above and a very high minimum score on a college entrance examination;

(2) the second award level is $3,566 and requires a 3.0 grade-point average or above and a high minimum score on a college entrance examination;

(3) the third award level is $2,378 and requires a 2.5 grade-point average or above and a moderately high minimum score on a college entrance examination.

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

(c) Except as provided in (b) of this section, a student receiving a scholarship may remain eligible for up to eight semesters of enrollment in good standing at a qualified university or college, which may include graduate courses.

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

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

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

Sec. 14.43.830. Qualified postsecondary institutions. (a) The following institutions are qualified postsecondary institutions for purposes of awarding an Alaska merit scholarship program scholarship:

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

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

(B) accredited by a regional accreditation association;

(2) a career and technical school program physically located in the state that has been included on a list of certified career and technical school programs received from the Department of Labor and Workforce Development; the commission

shall publish the list on or before June 30 of the year preceding enrollment.

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

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

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

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

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

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

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

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

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

(3) "high school" means a public or accredited secondary school in the

state and a home school program that is approved by the department;

(4) "program" means the Alaska merit scholarship program established under AS 14.43.810 - 14.43.850;

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

*** Sec. 6.** AS 14.44.025 is amended by adding a new subsection to read:

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

(1) dentistry;

(2) optometry; and

(3) pharmacy.

*** Sec. 7.** AS 14.45.130(a) is amended to read:

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

*** Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) establishing a state scholarship program to improve access to student

financial aid requires a more thorough examination by the legislature.

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

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

(1) evaluating how best to provide long-term and sustainable funding for state-provided financial aid for postsecondary institutions in the state, including scholarship opportunities;

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

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

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

(d) The task force consists of 15 members, as follows:

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

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

(3) five members appointed by the governor as follows:

(A) the commissioner of education and early development or the commissioner's designee;

(B) the president of the University of Alaska or the president's designee;

(C) the director of the office of management and budget or the director's designee;

(D) a member of the state Board of Education and Early Development;

(E) the executive director of the Alaska Commission on Postsecondary Education.

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

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

(g) The task force shall submit a report of its findings and proposed legislative

changes to the governor, the Alaska Commission on Postsecondary Education, the Department of Educational and Early Development, and the legislature by December 1, 2010, and may make any additional reports it considers advisable.

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

*** Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

ESTABLISHMENT OF ADVISORY TASK FORCE ON HIGHER EDUCATION AND CAREER READINESS; COMPOSITION. (a) An advisory task force on higher education and career readiness is established in the legislative branch of state government for the purpose of compiling data and advising the legislature on matters pertaining to college and career readiness of students who graduate from public secondary schools in the state and students who are nontraditional students.

(b) The task force established under this section consists of 20 members, as follows:

(1) the governor or the governor's designee;

(2) the executive director of the Alaska Commission on Postsecondary Education or the executive director's designee;

(3) the commissioner of education and early development or the commissioner's designee;

(4) one member appointed by the governor who represents vocational, technical training, or apprenticeship programs in the state;

(5) a student representative appointed by the Board of Education and Early Development;

(6) the student member of the Board of Regents of the University of Alaska or the student's designee;

(7) the president of the University of Alaska or the president's designee;

(8) the executive director of the Association of Alaska School Boards or the executive director's designee;

(9) the executive director of the Alaska Association of School Administrators or the executive director's designee;

(10) the president of the National Education Association of Alaska or the

president's designee;

(11) the president of the Alaska Federation of Natives or the president's designee;

(12) two members of the house of representatives, appointed by the speaker of the house, one of whom shall be appointed co-chair;

(13) two members of the senate, appointed by the president of the senate, one of whom shall be appointed co-chair;

(14) one member appointed by the governor who represents private colleges or universities;

(15) one member appointed by the governor who represents public postsecondary institutions and who is not affiliated with the University of Alaska;

(16) three members appointed by the governor who have specialized knowledge, skill, or experience in education remediation and who are employed as faculty at postsecondary institutions located in separate major administrative units in the state, at least one of whom resides outside of Anchorage, Fairbanks, and Juneau.

(c) A majority of the members of the task force constitutes a quorum. A vacancy on the task force shall be filled in the same manner as the original selection or appointment.

(d) Members of the task force serve without compensation but are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180, except that per diem and travel expenses shall be paid from the budget of the agency or institution the member represents on the task force. The agency or institution may opt out of participating to avoid payment of per diem and travel expenses. The staff of the legislative members of the task force shall serve as staff for the task force.

(e) The task force shall meet at the call of the chair not less than once every three months. The co-chairs shall call the first meeting of the task force not later than 30 days after the effective date of this section. The members of the task force shall elect other officers as needed to conduct the business of the task force.

(f) The task force shall

(1) compile research conducted in the state and nationally on reducing remediation, improving retention, and increasing college and postsecondary vocational or technical program graduation rates;

(2) summarize data on

(A) types of testing used to determine college and career readiness;

(B) remediation rates;

(C) effectiveness of remediation for students entering college or postsecondary vocational or technical training programs with skill deficits;

(D) characteristics of programs that are most effective in addressing skill deficits;

(3) create a definition of remediation to ensure consistency in reporting of remediation rates by postsecondary institutions in the state;

(4) identify the contributing causes of a lack of college and career readiness of students who graduate from public secondary schools in the state and the course topics taken in college or postsecondary vocational or technical training programs for which students require remediation;

(5) identify best practices examples of school systems, colleges, and postsecondary vocational or technical training programs that are succeeding in reducing the need for remedial education;

(6) explore new approaches that may be effective in producing increased levels of college and career readiness;

(7) determine the availability of broadband and Internet capabilities and the effect of the use of electronic, Internet, and virtual instruction on student learning and success in schools;

(8) determine the role various types of postsecondary institutions may play in addressing the need for remediation;

(9) review graduation rates of colleges, universities, and postsecondary vocational or technical training programs located in the state for the six years preceding the effective date of this section;

(10) prepare for the legislature a set of written recommendations to improve remediation, retention, and graduation rates at colleges, universities, and postsecondary vocational or technical training programs in the state;

(11) review completion rates for career skill certificate programs, disaggregated by program and postsecondary campus.

(g) The task force shall submit the assessment and recommendations developed under (f) of this section in a report to the legislature not later than April 1, 2011.

*** Sec. 12.** Section 11 of this Act is repealed on July 1, 2011.

*** Sec. 13.** Sections 3, 4, 6, and 8 - 11 of this Act take effect immediately under AS 01.10.070(c).

*** Sec. 14.** Except as provided in sec. 13 of this Act, this Act takes effect July 1, 2011.

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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

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

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

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school

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

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

(e) The commission may

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

(A) carry out the purposes of

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

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

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

(C) establish standards for the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

University of Alaska; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

basis.

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

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

(1) a resident of this state;

(2) enrolled or about to be enrolled

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 11A. Alaska Student Achievement Program.

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

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

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

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

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

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

(A) a combination of

(i) four years of mathematics;

(ii) four years of language arts;

(iii) four years of science; and

(iv) four years of social studies, one year of which may include a foreign language, an Alaska Native language, fine arts, or cultural heritage; or

(B) a combination of

(i) three years of mathematics;

(ii) four years of language arts;

(iii) three years of science;

(iv) four years of social studies; and

(v) two years of a foreign language or an Alaska Native language;

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

(5) has achieved a minimum score on a

(A) college entrance examination; or

(B) standardized examination designed to measure a student's level of preparedness to make the transition to work, as selected by the department; and

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

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

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

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

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

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

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

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

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

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

(B) accredited by a regional accreditation association;

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

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

achievement scholarship program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) In this section,

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

(2) "qualified high school" **has the meaning given in AS 14.43.049** [MEANS A PUBLIC HIGH SCHOOL, A HIGH SCHOOL ACCREDITED BY THE NORTHWEST ASSOCIATION OF SCHOOLS AND COLLEGES, OR A HIGH SCHOOL REGISTERED WITH THE DEPARTMENT].

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

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

(1) dentistry;

(2) optometry; and

(3) pharmacy.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) one member appointed by the governor.

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

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

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

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

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

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

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

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

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CS FOR SENATE BILL NO. 224(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act establishing the Alaska student achievement scholarship program and relating to the program; establishing the Alaska student achievement scholarship fund and relating to the fund; relating to student records; making conforming amendments; and providing for an effective date."

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

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school district shall determine whether a student who graduates from a high school in the district is eligible for an award of a merit-based Alaska student achievement scholarship under AS 14.43.810 - 14.43.890. If a student is eligible, the district shall state in the student's permanent record the highest level of funding for which the student is eligible. A district shall provide a student with an opportunity to request that the district correct an error in the eligibility determination.

*** Sec. 2.** AS 14.07.020(a) is amended to read:

(a) The department shall

(1) exercise general supervision over the public schools of the state except the University of Alaska;

(2) study the conditions and needs of the public schools of the state, adopt or recommend plans, administer and evaluate grants to improve school performance awarded under AS 14.03.125, and adopt regulations for the improvement of the public schools;

(3) provide advisory and consultative services to all public school governing bodies and personnel;

(4) prescribe by regulation a minimum course of study for the public schools; the regulations must provide that, if a course in American Sign Language is given, the course shall be given credit as a course in a foreign language;

(5) establish, in coordination with the Department of Health and Social Services, a program for the continuing education of children who are held in detention facilities in the state during the period of detention;

(6) accredit those public schools that meet accreditation standards prescribed by regulation by the department; these regulations shall be adopted by the department and presented to the legislature during the first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;

(7) prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards that will **ensure** [ASSURE] healthful and safe conditions in the public and private schools of the state, including a requirement of physical examinations and immunizations in pre-elementary schools; the standards for private schools may not be more stringent than those for public schools;

(8) exercise general supervision over pre-elementary schools that receive direct state or federal funding;

(9) exercise general supervision over elementary and secondary correspondence study programs offered by municipal school districts or regional educational attendance areas; the department may also offer and make available to any

Alaskan through a centralized office a correspondence study program;

(10) accredit private schools that request accreditation and that meet accreditation standards prescribed by regulation by the department; nothing in this paragraph authorizes the department to require religious or other private schools to be licensed;

(11) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction or major maintenance project; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, and final contract documents;

(12) provide educational opportunities in the areas of vocational education and training, and basic education to individuals over 16 years of age who are no longer attending school;

(13) administer the grants awarded under AS 14.11;

(14) establish, in coordination with the Department of Public Safety, a school bus driver training course;

(15) require the reporting of information relating to school disciplinary and safety programs under AS 14.33.120 and of incidents of disruptive or violent behavior;

(16) establish by regulation criteria, based on low student performance, under which the department may intervene in a school district to improve instructional practices, as described in AS 14.07.030(14) or (15); the regulations must include

(A) a notice provision that alerts the district to the deficiencies and the instructional practice changes proposed by the department;

(B) an end date for departmental intervention, as described in AS 14.07.030(14)(A) and (B) and (15), after the district demonstrates three consecutive years of improvement consisting of not less than two percent increases in student proficiency on standards-based assessments in math, reading, and writing as provided in AS 14.03.123(f)(2)(A); and

(C) a process for districts to petition the department for

continuing or discontinuing the department's intervention;

(17) notify the legislative committees having jurisdiction over education before intervening in a school district under AS 14.07.030(14) or redirecting public school funding under AS 14.07.030(15)**;**

(18) administer duties assigned to the department under the Alaska student achievement scholarship program established in AS 14.43.810 - 14.43.890.

*** Sec. 3.** AS 14.42.030(e) is amended to read:

(e) The commission may

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

(A) carry out the purposes of

(i) **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48; and

(ii) AS 14.43.910 and 14.43.920 as they relate to the purposes of **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48;

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

(C) establish standards for the

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

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

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

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions;

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

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

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

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

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

*** Sec. 4.** AS 14.43 is amended by adding new sections to read:

Article 11A. Alaska Student Achievement Scholarship Program.

Sec. 14.43.810. Alaska student achievement scholarship program established; residency. (a) The Alaska student achievement scholarship program is established to provide scholarships for high school graduates who are Alaska residents to attend a qualified postsecondary institution in the state.

(b) The department shall design the programmatic standards for the scholarships and appeals of adverse decisions. The commission shall administer the daily operations of the program and financing of the program, including the procedures for applying for the scholarships, establishing standards for and ensuring continuing compliance with programmatic standards, and requiring students to apply for other non loan financial aid, consistent with federal law. The respective agencies shall adopt necessary regulations under AS 44.62 after consultation with each other. The department may change the regulations under AS 44.62 relating to the programmatic standards for required academic achievement for eligibility only by giving advance public notice at least one school year before the effective date of the

change.

(c) For purposes of the program, a student is an Alaska resident if the student meets the requirements for establishing residency under AS 01.10.055.

Sec. 14.43.815. Qualifications of applicants. (a) A student may apply for an Alaska student achievement scholarship to attend a qualified postsecondary institution in the state if the student

(1) has applied or intends to apply for admission to the institution;

(2) is an Alaska resident who has

(A) graduated, or will graduate not later than six months after the date of the application, from a high school in the state, including a public school, private school, or home school;

(B) graduated, or will graduate not later than six months after the date of the application, from a high school outside of the state under circumstances allowed by the department; for purposes of this subparagraph, allowable circumstances include a circumstance in which a high school student who is an Alaska resident left the state because of the military service of the student's custodial parent who is an Alaska resident;

(3) will receive and use the scholarship at a qualified postsecondary institution in the state not later than six years after the beginning of the first school year after a student's graduation from high school, unless the student qualifies for an extension of time allowed by the department; for purposes of this paragraph, standards for extension of time must include time while the student is in military service;

(4) maintains a minimum grade-point average while attending the postsecondary institution; and

(5) meets other minimum qualifications to apply or continue to be eligible for an Alaska student achievement scholarship.

(b) A student is not qualified to receive an Alaska student achievement scholarship if the student

(1) has not complied with the military selective service registration requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if those requirements apply to the student;

(2) is currently in default or owes a refund on a federal financial aid loan under the federal guaranteed student loan program or financial aid awarded under this chapter; or

(3) has been convicted of a felony in the state or another jurisdiction and has not qualified for a waiver under standards adopted by the department.

(c) The commission shall adopt regulations to include an application procedure for the award of a scholarship or for the resumption of a scholarship award for an eligible applicant who has either withdrawn from or delayed enrollment in a qualified postsecondary institution in the state and who has been admitted to a qualified postsecondary institution, regardless of age.

Sec. 14.43.820. Eligibility for an academic scholarship. (a) Subject to appropriation, the commission shall award a merit-based academic scholarship to an applicant who meets the eligibility criteria for the award under the program.

(b) The programmatic standards for eligibility for an award of a merit-based academic scholarship under the program include the following:

(1) the four-year core academic curriculum, which may include virtual curriculum, that the student must have completed in high school; the core academic curriculum must include one of the following:

(A) a combination of

(i) four years of mathematics;

(ii) four years of language arts;

(iii) four years of science; and

(iv) four years of social studies, one year of which may include a foreign language or an Alaska Native language; or

(B) a combination of

(i) three years of mathematics;

(ii) four years of language arts;

(iii) three years of science;

(iv) four years of social studies; and

(v) two years of a foreign language or an Alaska Native language;

(2) the minimum grade average that the student must have achieved in high school to be eligible for each of the three award levels of merit-based academic scholarship under AS 14.43.827; for the first award level, a student must have an A average; for the second award level, a student must have a B average; and for the third award level a student must have a C plus average; the grade-point average for an A average is 3.5 or higher, for a B average, less than 3.5 but not less than 3.0, and for a C plus average, less than 3.0 but not less than 2.5; the department shall set by regulation minimum requirements based on a substantially similar standard for districts that do not assign grades;

(3) the minimum score on a college entrance examination that the student must have achieved to be eligible for each of the three award levels of merit-based academic scholarship award under AS 14.43.827;

(4) a process by which a student who meets the grade standards in (2) of this subsection for a particular award level, but does not meet the minimum scores established under (3) of this subsection for that award level, may apply for a lower level scholarship;

(5) enrollment in a course of study at a qualified postsecondary institution as described in AS 14.43.835 that is intended to result in the award of a certificate or degree;

(6) a process through which a student who is no longer eligible can regain eligibility;

(7) a process through which a home-schooled or private-schooled student may submit evidence to the qualified postsecondary institution that establishes the equivalent of the high school diploma, grade-point average, and core academic curriculum for public school students.

Sec. 14.43.825. Eligibility for a career and technical school scholarship. (a) Subject to appropriation, the commission shall award a merit-based career and technical school scholarship to an applicant who meets the eligibility criteria for the award under the program.

(b) The programmatic standards for eligibility for an award of a merit-based career and technical school scholarship under the program include the following:

(1) the core academic curriculum, which may include virtual curriculum, that the student must have completed in high school; the core academic curriculum must include

(A) a combination of

(i) four years of mathematics;

(ii) four years of language arts;

(iii) four years of science; and

(iv) four years of social studies, one year of which may include a foreign language or an Alaska Native language; or

(B) a combination of

(i) three years of mathematics;

(ii) four years of language arts;

(iii) three years of science;

(iv) four years of social studies; and

(v) two years of a foreign language or an Alaska Native language;

(2) the minimum grade average that the student must have achieved in high school; the minimum is C plus average; the C plus average requirement is a grade-point average of 2.5 or higher; the department shall set by regulation minimum requirements based on a substantially similar standard for districts that do not assign grades;

(3) the minimum score that the student must have achieved on a

(A) college entrance examination; or

(B) standardized examination designed to measure a student's level of preparedness to make the transition to work, as selected by the department;

(4) enrollment in good standing at a certified career and technical school that is intended to result in the award of a certificate that indicates the student's preparedness to enter the workforce;

(5) a process through which a student who is no longer eligible can regain eligibility.

Sec. 14.43.827. Maximum awards and allowable uses. (a) Subject to (b) - (e) of this section and the programmatic standards established under AS 14.43.820(b), the maximum awards and allowable uses for the merit-based programs are as follows:

(1) for the merit-based academic scholarship, the following three levels of scholarship financing award for a semester:

(A) the first award level is an amount that is equal to the cost of approved tuition at the University of Alaska in school year 2010 - 2011 and requires an A grade average and a very high minimum score on a college entrance examination;

(B) the second award level is an amount that is equal to 75 percent of the first award level and requires a B grade average and a high minimum score on a college entrance examination;

(C) the third award level is an amount that is equal to 50 percent of the first award level and requires a C plus grade average and a moderately high minimum score on a college entrance examination;

(2) for the merit-based career and technical scholarship, the award must be the actual cost of the qualified career and technical school attended by the student, not to exceed $3,000 a school year;

(3) subject to (e) of this section, a student who qualifies for a merit-based academic scholarship may apply the award to the costs of attending a qualified career and technical school program as described in AS 14.43.835(a)(2).

(b) A part-time student who receives a merit-based academic scholarship and is enrolled on at least a half-time basis is eligible for an award of 50 percent of the amount of scholarship award for which the student is eligible under (a) of this section.

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

(d) Subject to AS 14.43.815(a)(3), a student receiving a merit-based academic scholarship may remain eligible for up to eight semesters of enrollment at a qualified university or college, which may include graduate courses, or for up to two calendar years of attendance at a qualified career or technical school. A student receiving a

merit-based career and technical scholarship may remain eligible for two calendar years of attendance at a qualified career and technical school. A student may not receive both an academic and a career and technical scholarship.

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

Sec. 14.43.828. Eligibility for a needs-based achievement scholarship; maximum award. (a) Subject to appropriation, the commission shall award a needs-based achievement scholarship to a student who meets the eligibility criteria for the award.

(b) A student is eligible to receive a needs-based achievement scholarship if the student

(1) is eligible for a merit-based achievement scholarship under AS 14.43.810 - 14.43.890; and

(2) can demonstrate, in a year in which the student receives a scholarship, that the student has unmet financial need greater than $2,000.

(c) The maximum amount for a needs-based achievement scholarship for a student who is enrolled

(1) not less than half time, is 50 percent of the unmet financial need that exceeds $2,000; and

(2) less than half time, is 25 percent of the unmet financial need that exceeds $2,000.

(d) The qualified postsecondary institution attended by the student shall determine unmet financial need by subtracting from the student's allowable standard costs of attendance at the institution all non loan sources of financial support, including an expected family contribution and all federal, state, and private scholarships or grants received by the student.

(e) In this section,

(1) "allowable standard costs of attendance" means, for a student who receives a merit-based achievement scholarship, the costs of attendance at the

qualified postsecondary institution that the student attends or plans to attend, as determined by the commission based on room and board costs that do not exceed the standard room and board costs at the University of Alaska as determined by the commission;

(2) "expected family contribution" means the amount a student or the student's family is expected to pay toward the student's cost of attendance, as determined by use of the most recent federal Free Application for Federal Student Aid.

Sec. 14.43.830. Programmatic standards. (a) Subject to (b) of this section, the department shall establish programmatic standards for the program.

(b) The department shall establish a make-up procedure or alternative pathway to allow students who are not eligible for a scholarship to make up a deficit by alternative means if the deficit was caused by circumstances beyond the student's control. The department may not waive a requirement and shall require the student to achieve a result comparable to that required of other students. The decision of the department regarding a student's eligibility for alternative means is final. In determining circumstances in which the student may pursue alternative means, the department shall consider the effect on students who have met the requirements. Attendance at a high school outside of the state is not a circumstance in which a student may be allowed to pursue alternative means to qualify for a scholarship. Circumstances in which the department may allow a student to pursue alternative means to qualify for a scholarship include the following:

(1) the required curriculum was not reasonably available to the student because the student attended a small and remote high school in the state;

(2) the deficit was caused by rare and unusual circumstances outside the control of the student.

Sec. 14.43.835. Qualified postsecondary institutions. (a) The following institutions are qualified postsecondary institutions:

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

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

(B) accredited by a regional accreditation association;

(2) a career and technical school program physically located in the state that has been included on a list of certified career and technical school programs received from the Department of Labor and Workforce Development; the commission shall publish the list on or before September 1 of the year preceding enrollment.

(b) The Department of Labor and Workforce Development shall, in consultation with the Department of Education and Early Development, adopt regulations under AS 44.62 establishing criteria under which the Department of Labor and Workforce Development shall certify career and technical school programs in the state as eligible to participate in the Alaska student achievement scholarship program. The criteria to be considered under this subsection include the following:

(1) the quality of the job-training program offered by the career and technical school;

(2) the employability of a graduate of the program, including whether the program results in a certificate or license that is recognized by the industry for which the training prepares the student;

(3) whether jobs in the industry for which the training prepares the student are available or expected to be available in the future in the state;

(4) other criteria established by the Department of Labor and Workforce Development in regulation.

(c) A postsecondary institution is physically located in the state if the campus, teachers, classrooms, school administrators, and equipment used to provide the education to the students are physically present in the state. Use of virtual, electronic, or online materials by teachers in the state does not disqualify a postsecondary institution even if the materials are generated outside the state. However, a correspondence, virtual, electronic, or online program that is administered from outside the state is not physically located in the state even if the program is delivered by teachers or equipment in the state.

Sec. 14.43.840. Application and award. (a) The commission shall establish application procedures for students to apply for an Alaska student achievement scholarship.

(b) The commission shall adopt procedures for payment of scholarship awards

to the institution attended by the scholarship recipient. Payment of a scholarship is subject to appropriation. If insufficient funds are appropriated to pay all eligible scholarships, the commission shall pay existing awards on a pro rata basis.

(c) A student who is awarded a scholarship in error shall be required to refund to the state the amount of the scholarship awarded in error.

Sec. 14.43.845. Alaska student achievement scholarship fund income account. The Alaska student achievement scholarship fund income account is created as an account in the general fund. Money may be appropriated into the account from the expendable earnings of the Alaska student achievement scholarship fund under AS 37.14.750 - 37.14.790 and other sources. The commission may use money in the account to pay scholarships awarded to students under AS 14.43.810 - 14.43.890.

Sec. 14.43.850. Report to the legislature. (a) To the extent permitted under law, the department, the commission, the University of Alaska, the Department of Revenue, and the Department of Labor and Workforce Development shall share data necessary to prepare public reports regarding the program.

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

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

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

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

Sec. 14.43.890. Definitions. In AS 14.43.810 - 14.43.890, unless the context requires otherwise,

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

(2) "department" means the Department of Education and Early

Development;

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

(4) "military service" means active duty in the armed forces of the United States;

(5) "program" means the Alaska student achievement scholarship program established under AS 14.43.810 - 14.43.890;

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

*** Sec. 5.** AS 14.45.130(a) is amended to read:

(a) A religious or other private school that elects to comply with AS 14.45.100 - 14.45.130 shall maintain permanent student records reflecting immunizations, physical examinations, standardized testing, academic achievement, [AND] courses taken at the school**, and level of eligibility for an Alaska student achievement scholarship under AS 14.43.810 - 14.43.890**.

*** Sec. 6.** AS 23.05.060 is amended to read:

Sec. 23.05.060. Powers of the department. The department may

(1) enforce all state labor laws;

(2) act as mediator and appoint deputy commissioners of conciliation in labor disputes whenever it considers the interest of industrial peace requires it;

(3) make investigations and collect and compile statistical information concerning the conditions of labor generally and upon all matters relating to the enforcement of this chapter;

(4) institute court proceedings against an employer of labor without cost to the employee when it is satisfied that the employer has failed to pay an employee an amount due by contract;

(5) issue cease and desist orders and other orders and regulations necessary for the enforcement of state labor laws;

(6) in accordance with AS 37.07 (the Executive Budget Act), receive and spend money derived from agreements with local governments, nongovernmental

organizations, or other persons;

(7) administer duties assigned to the department under the Alaska student achievement scholarship program established in AS 14.43.810 - 14.43.890.

*** Sec. 7.** AS 36.30.850(b) is amended to read:

(b) This chapter applies to every expenditure of state money by the state, acting through an agency, under a contract, except that this chapter does not apply to

(1) grants;

(2) contracts for professional witnesses to provide for professional services or testimony relating to existing or probable lawsuits in which the state is or may become a party;

(3) contracts of the University of Alaska where the work is to be performed substantially by students enrolled in the university;

(4) contracts for medical doctors and dentists;

(5) acquisitions or disposals of real property or interest in real property, except as provided in AS 36.30.080 and 36.30.085;

(6) disposals under AS 38.05;

(7) contracts for the preparation and transportation of ballots under AS 15;

(8) acquisitions or disposals of property and other contracts relating to airports under AS 02.15.070, 02.15.090, 02.15.091, and AS 44.88;

(9) disposals of obsolete property under AS 19.05.060;

(10) disposals of obsolete material or equipment under AS 35.20.060;

(11) agreements with providers of services under AS 47.25.071 - 47.25.095; AS 47.07; AS 47.08; AS 47.10; AS 47.12; AS 47.14; AS 47.17; AS 47.24; and AS 47.27, including contractors under AS 47.27.050;

(12) contracts of the Department of Fish and Game for flights that involve specialized flying and piloting skills and are not point-to-point;

(13) purchases of income-producing assets for the state treasury or a public corporation of the state;

(14) [REPEALED

(15)] a contract that is a delegation, in whole or in part, of investment powers held by

(A) the commissioner of revenue under AS 14.42.200, 14.42.210, AS 18.56.095, AS 37.10.070, 37.10.071, or AS 37.14;

(B) the Board of Regents of the University of Alaska under AS 14.40.250 - 14.40.491;

(15) [(16)] a contract that is a delegation, in whole or in part, of investment powers or fiduciary duties of

(A) the Board of Trustees of the Alaska Permanent Fund Corporation under AS 37.13;

(B) the Alaska Mental Health Trust Authority under AS 37.14.001 - 37.14.099;

(16) [(17)] the purchase of books, book binding services, newspapers, periodicals, audio-visual materials, network information services access, approval plans, professional memberships, archival materials, objects of art, and items for museum or archival acquisition having cultural, historical, or archaeological significance; in this paragraph

(A) "approval plans" means book selection services in which current book titles meeting an agency's customized specifications are provided to the agency subject to the right of the agency to return those books that do not meet with the agency's approval;

(B) "archival materials" means the noncurrent records of an agency that are preserved after appraisal because of their value;

(C) "audio-visual materials" means nonbook prerecorded materials, including records, tapes, slides, transparencies, films, filmstrips, cassettes, videos, compact discs, laser discs, and items that require the use of equipment to render them usable;

(D) "network information services" means a group of resources from which cataloging information, holdings records, inter-library loans, acquisitions information, and other reference resources can be obtained;

(17) [(18)] contracts for the purchase of standardized examinations for

licensure under AS 08;

(18) [(19)] contracts for home health care provided under regulations adopted by the Department of Health and Social Services and for adult residential care services provided under regulations adopted by the Department of Health and Social Services or by the Department of Administration;

(19) [(20)] contracts for supplies or services for research projects funded by money received from the federal government or private grants;

(20) [(21)] guest speakers or performers for an educational or cultural activity;

(21) [(22)] contracts of the Alaska Industrial Development and Export Authority for a clean coal technology demonstration project that

(A) is attempting to develop a coal-fired electric generation project;

(B) uses technology that is capable of commercialization during the 1990's; and

(C) qualifies for federal financial participation under P.L. 99-190 as amended;

(22) [(23)] operation and protection of assets or disposals of equipment and supplies acquired through foreclosure or other legal proceedings relating to loans issued under AS 03.10;

(23) [(24)] purchases of curatorial and conservation services to maintain, preserve, and interpret

(A) objects of art; and

(B) items having cultural, historical, or archaeological significance to the state;

(24) [(25)] acquisition of confidential seismic survey data necessary for pre-sale oil and gas lease or gas only lease analyses under AS 38.05.180;

(25) [(26)] contracts for village public safety officers;

(26) [(27)] purchases of supplies and services to support the operations of the Alaska state troopers or law enforcement officers engaged in fish and wildlife protection if the procurement officer for the Department of Public Safety makes a

written determination that publicity of the purchases would jeopardize the safety of personnel or the success of a covert operation;

(27) [(28)] expenditures when rates are set by law or ordinance;

(28) [(29)] construction of new vessels by the Department of Transportation and Public Facilities for the Alaska marine highway system;

(29) [(30)] contracts entered into with a regional development organization; in this paragraph, "regional development organization" has the meaning given in AS 44.33.895;

(30) [(31)] contracts that are to be performed in an area outside of the country and that require a knowledge of the customs, procedures, rules, or laws of the area;

(31) [(32)] contracts that are between the Department of Law and attorneys who are not employed by the state and that are for the review or prosecution of possible violations of the criminal law of the state in situations where the attorney general concludes that an actual or potential conflict of interest makes it inappropriate for the Department of Law to review or prosecute the possible violations;

(32) [(33)] contracts between the Department of Natural Resources and contractors qualified to evaluate hydrocarbon development, production, transportation, and economics, to assist the commissioner of natural resources in evaluating applications for royalty increases or decreases or other royalty adjustments, and evaluating the related financial and technical data, entered into under AS 38.05.180(j);

(33) [(34)] contracts of the Alaska Industrial Development and Export Authority made with the developer of an integrated transportation and port facility owned by the authority;

(34) [(35)] procurements of contracts with the media for advertising;

(35) [(36)] [REPEALED

(37)] contracts between the state medical examiner and a provider of medical services to perform or assist in performing the duties assigned to the state medical examiner in AS 12.65.020;

(36) [(38)] contracts between the commissioner of revenue and an independent contractor under AS 43.82.240;

(37) [(39)] contracts for a convener under AS 44.62.730 or for a facilitator under AS 44.62.760 related to a negotiated regulation making process under AS 44.62.710 - 44.62.800;

(38) [(40) REPEALED

(41)] a tourism marketing contract awarded under AS 44.33.125;

(39) [(42)] grants and contracts with qualified entities for services under AS 47.18.330 for the foster care transition program;

(40) [(43)] contracts for travel services, including airplane travel, hotel accommodations, and travel agency services, but excluding motor vehicle rentals;

(41) [(44)] contracts of the Alaska Commission on Postsecondary Education or the Alaska Student Loan Corporation for the guarantee and disbursing of financial aid money to institutions of postsecondary education under the financial aid programs under AS 14.43.091 - 14.43.750 and AS 14.44.025;

(42) contracts of the Alaska Commission on Postsecondary Education for the servicing and disbursing of financial aid money to institutions of postsecondary education under the financial aid programs under AS 14.43.810 - 14.43.890;

(43) [(45)] contracts for an arbitration panel to determine whether a project is uneconomic under AS 43.90.240, and contracts for the development of application provisions for licensure and for the evaluation of those applications under AS 43.90;

(44) [(46)] contracts for delivery of home heating assistance under AS 47.25.626;

(45) [(47)] contracts of the Alaska Pension Obligation Bond Corporation under AS 37.16.010 - 37.16.900.

*** Sec. 8.** AS 37.14 is amended by adding new sections to read:

Article 8A. Alaska Student Achievement Scholarship Fund.

Sec. 37.14.750. Alaska student achievement scholarship fund established. (a) The Alaska student achievement scholarship fund is established as a fund of the state. The fund consists of

(1) appropriations to the fund;

(2) donations to the fund; and

(3) income earned on investments of fund assets.

(b) The commissioner of revenue shall manage the fund with the goal that the purchasing power of the fund will not diminish over time without regard to additional contributions that may be made to the fund. The commissioner shall invest the assets of the fund in a manner likely to yield at least a five percent real rate of return over time.

(c) Nothing in this section creates a dedicated fund.

Sec. 37.14.755. Powers and duties of the commissioner of revenue. In carrying out the investment duties under AS 37.14.750 - 37.14.790, the commissioner of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall provide reports to the Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education on the condition and investment performance of the fund.

Sec. 37.14.760. Use of fund. As soon as practicable after July 1 of each year, the commissioner of revenue shall determine the average month-end market value of the fund for the immediately preceding three fiscal years. The commissioner shall identify five percent of that amount as available for appropriation by the legislature for appropriation to the Alaska student achievement scholarship fund income account created under AS 14.43.845 from which the Alaska Commission on Postsecondary Education may award scholarships under AS 14.43.810 - 14.43.890. The commissioner shall also report as available for appropriation a running total of amounts previously identified as available for appropriation to the Alaska student achievement scholarship fund income account but not appropriated.

Sec. 37.14.790. Definitions. In AS 37.14.750 - 37.14.790, unless the context requires otherwise,

(1) "commissioner" means the commissioner of revenue;

(2) "fund" means the Alaska student achievement scholarship fund established in AS 37.14.750(a).

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

TRANSITION: PROGRAM STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS. Notwithstanding any contrary provision of this Act, the Department of Education and Early Development and the Department of Labor and Workforce Development, after consultation with the Alaska Commission on Postsecondary Education, may adopt regulations under AS 44.62 to implement their respective duties under the Alaska student achievement scholarship program established in AS 14.43.810, enacted by sec. 4 of this Act, so that a student

(1) may be eligible for the program even though the student did not fully meet the required core academic curriculum for the school years beginning July 1, 2009, through June 30, 2013; and

(2) who graduated from high school in this state after January 1, 2010, and before July 1, 2011, and meets eligibility requirements for the program may apply for a scholarship beginning July 1, 2011.

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

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

*** Sec. 11.** Section 10 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect September 1, 2010.

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4/17/10

CS FOR SENATE BILL NO. 224(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act relating to the AlaskAdvantage education grant program; relating to professional student exchange program availability; establishing the Alaska merit scholarship program and relating to the program; relating to student records; making conforming amendments; establishing a Joint Legislative Higher Education Scholarship Task Force; establishing an advisory task force on higher education and career readiness in the legislative branch of government; and providing for an effective date."

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

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school district shall determine whether a student who graduates from a high school in the district is eligible for an award of an Alaska merit scholarship program scholarship under AS 14.43.810 - 14.43.850. If a student is eligible, the district shall state in the student's permanent record the highest level of funding for which the student is

eligible. A district shall provide a student with an opportunity to request that the district correct an error in the eligibility determination.

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

(e) The commission may

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

(A) carry out the purposes of

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

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

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

(C) establish standards for the

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

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

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

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions;

(4) contract with or use existing institutions of postsecondary education or other individuals or organizations to make studies, conduct surveys,

submit recommendations, or otherwise contribute to the work of the commission;

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

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

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

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

* **Sec. 3.** AS 14.43.410 is amended by adding a new subsection to read:

(c) The commission shall annually distribute not less than $3,000,000 or, if available funding from appropriations and other sources is less than that amount, the full amount available in grant awards on behalf of eligible students under AS 14.43.415. Payments shall be made directly to the postsecondary or lending institution if feasible. If available funds are insufficient to fully fund grants to eligible students, the commission shall distribute funds to eligible applicants on a pro rata basis.

* **Sec. 4.** AS 14.43.420(a) is amended to read:

(a) A grant made under AS 14.43.400 - 14.43.420 may not be in an amount less than **$1,000** [$500] nor more than **$3,000** [$2,000] for each school year.

* **Sec. 5.** AS 14.43.420(c) is amended to read:

(c) A student may receive not more than a total of **$12,000** [$8,000] in grants awarded under AS 14.43.400 - 14.43.420.

* **Sec. 6.** AS 14.43 is amended by adding new sections to read:

Article 11A. Alaska Merit Scholarship Program.

Sec. 14.43.810. Alaska merit scholarship program established; regulations. (a) The Alaska merit scholarship program is established to provide scholarships for high school graduates who are Alaska residents to attend a qualified postsecondary institution in the state.

(b) The department shall, in consultation with the commission, adopt

regulations necessary to implement the program. The commission shall administer the daily operations of the program and financing of the program, including the procedures for applying for the scholarships, establishing standards for and ensuring continuing compliance with programmatic standards, and requiring students to apply for other non loan financial aid, consistent with federal law.

Sec. 14.43.820. Alaska merit scholarship program; eligibility. (a) Subject to appropriation, the commission shall award an Alaska merit scholarship program scholarship to an applicant who

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

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

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

(A) four years of mathematics, four years of language arts, four years of science, and four years of social studies, one year of which may include a foreign language, an Alaska Native language, fine arts, or cultural heritage; or

(B) three years of mathematics, four years of language arts, three years of science, four years of social studies, and two years of a foreign language or an Alaska Native language;

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

(5) has achieved a minimum score on a

(A) college entrance examination; or

(B) standardized examination designed to measure a student's level of preparedness to make the transition to work, as selected by the department; and

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

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

Sec. 14.43.825. Maximum annual awards. (a) The commission shall establish in regulation the maximum annual awards under the Alaska merit scholarship program after considering recommendations of the Joint Legislative Higher Education Scholarship Task Force.

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

(c) Except as provided in (b) of this section, a student receiving a scholarship may remain eligible for up to eight semesters of enrollment in good standing at a qualified university or college, which may include graduate courses.

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

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

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

Sec. 14.43.830. Qualified postsecondary institutions. (a) The following institutions are qualified postsecondary institutions for purposes of awarding an Alaska merit scholarship program scholarship:

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

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

(B) accredited by a regional accreditation association;

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

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

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

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

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

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

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

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

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

(2) "grade-point average" means the average of all grades on a four-

point scale, or five-point scale for advanced placement classes, obtained by the student in high school;

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

(4) "program" means the Alaska merit scholarship program established under AS 14.43.810 - 14.43.850;

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

*** Sec. 7.** AS 14.44.025 is amended by adding a new subsection to read:

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

(1) dentistry;

(2) optometry; and

(3) pharmacy.

*** Sec. 8.** AS 14.45.130(a) is amended to read:

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

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

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

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

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

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

TRANSITION: REGULATIONS. The Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education may proceed to adopt regulations necessary to implement changes made to their respective authorities by secs. 1, 2, 6, 8, and 9 of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1, 2011, except that regulations pertaining to applications for scholarships may take effect on or after January 1, 2011.

*** Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

JOINT LEGISLATIVE HIGHER EDUCATION SCHOLARSHIP TASK FORCE. (a) The legislature finds that

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

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

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

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

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

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

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

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

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

(1) evaluating how best to provide long-term and sustainable funding for state-provided financial aid for postsecondary institutions in the state, including scholarship opportunities;

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

(3) recommending to the Twenty-Seventh Alaska State Legislature

(A) improvements or additions to the laws pertaining to student preparedness for and completion of postsecondary study;

(B) an appropriate scholarship award program that includes an award level, or tiered award levels, that corresponds to the amount of financial assistance at qualified postsecondary institutions in the state and the demonstrated student achievement in high school in the state;

(C) improvements or additions to the laws providing for financial aid at postsecondary institutions; and

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

(d) The task force consists of 15 members, as follows:

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

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

(3) five members appointed by the governor as follows:

(A) the commissioner of education and early development or the commissioner's designee;

(B) the president of the University of Alaska or the president's

designee;

(C) the director of the office of management and budget or the director's designee;

(D) a member of the state Board of Education and Early Development;

(E) the executive director of the Alaska Commission on Postsecondary Education.

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

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

(g) The task force shall submit a report of its findings and proposed legislative changes to the governor, the Alaska Commission on Postsecondary Education, the Department of Educational and Early Development, and the legislature by December 1, 2010, and may make any additional reports it considers advisable.

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

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

ESTABLISHMENT OF ADVISORY TASK FORCE ON HIGHER EDUCATION AND CAREER READINESS; COMPOSITION. (a) An advisory task force on higher education and career readiness is established in the legislative branch of state government for the purpose of compiling data and advising the legislature on matters pertaining to college and career readiness of students who graduate from public secondary schools in the state and students who are nontraditional students.

(b) The task force established under this section consists of 20 members, as follows:

(1) the governor or the governor's designee;

(2) the executive director of the Alaska Commission on Postsecondary Education or the executive director's designee;

(3) the commissioner of education and early development or the commissioner's designee;

(4) one member appointed by the governor who represents vocational, technical training, or apprenticeship programs in the state;

(5) a student representative appointed by the Board of Education and Early Development;

(6) the student member of the Board of Regents of the University of Alaska or the student's designee;

(7) the president of the University of Alaska or the president's designee;

(8) the executive director of the Association of Alaska School Boards or the executive director's designee;

(9) the executive director of the Alaska Association of School Administrators or the executive director's designee;

(10) the president of the National Education Association of Alaska or the president's designee;

(11) the president of the Alaska Federation of Natives or the president's designee;

(12) two members of the house of representatives, appointed by the speaker of the house, one of whom shall be appointed co-chair;

(13) two members of the senate, appointed by the president of the senate, one of whom shall be appointed co-chair;

(14) one member appointed by the governor who represents private colleges or universities;

(15) one member appointed by the governor who represents public postsecondary institutions and who is not affiliated with the University of Alaska;

(16) three members appointed by the governor who have specialized knowledge, skill, or experience in education remediation and who are employed as faculty at postsecondary institutions located in separate major administrative units in the state, at least one of whom resides outside of Anchorage, Fairbanks, and Juneau.

(c) A majority of the members of the task force constitutes a quorum. A vacancy on the task force shall be filled in the same manner as the original selection or appointment.

(d) Members of the task force serve without compensation but are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180, except that per diem and travel expenses shall be paid from the budget of the agency or institution the member represents on the task force. The agency or institution may opt out of participating to

avoid payment of per diem and travel expenses. The staff of the legislative members of the task force shall serve as staff for the task force.

(e) The task force shall meet at the call of the chair not less than once every three months. The co-chairs shall call the first meeting of the task force not later than 30 days after the effective date of this section. The members of the task force shall elect other officers as needed to conduct the business of the task force.

(f) The task force shall

(1) compile research conducted in the state and nationally on reducing remediation, improving retention, and increasing college and postsecondary vocational or technical program graduation rates;

(2) summarize data on

(A) types of testing used to determine college and career readiness;

(B) remediation rates;

(C) effectiveness of remediation for students entering college or postsecondary vocational or technical training programs with skill deficits;

(D) characteristics of programs that are most effective in addressing skill deficits;

(3) create a definition of remediation to ensure consistency in reporting of remediation rates by postsecondary institutions in the state;

(4) identify the contributing causes of a lack of college and career readiness of students who graduate from public secondary schools in the state and the course topics taken in college or postsecondary vocational or technical training programs for which students require remediation;

(5) identify best practices examples of school systems, colleges, and postsecondary vocational or technical training programs that are succeeding in reducing the need for remedial education;

(6) explore new approaches that may be effective in producing increased levels of college and career readiness;

(7) determine the availability of broadband and Internet capabilities and the effect of the use of electronic, Internet, and virtual instruction on student learning and success in schools;

(8) determine the role various types of postsecondary institutions may play in addressing the need for remediation;

(9) review graduation rates of colleges, universities, and postsecondary vocational or technical training programs located in the state for the six years preceding the effective date of this section;

(10) prepare for the legislature a set of written recommendations to improve remediation, retention, and graduation rates at colleges, universities, and postsecondary vocational or technical training programs in the state;

(11) review completion rates for career skill certificate programs, disaggregated by program and postsecondary campus.

(g) The task force shall submit the assessment and recommendations developed under (f) of this section in a report to the legislature not later than April 1, 2011.

*** Sec. 13.** Section 12 of this Act is repealed on July 1, 2011.

*** Sec. 14.** Sections 4, 5, 7, and 9 - 12 of this Act take effect immediately under AS 01.10.070(c).

*** Sec. 15.** Except as provided in sec. 14 of this Act, this Act takes effect July 1, 2011.

TOPS REPORT

BOARD of REGENTS

MAY, 2009

Appendix A – ACT 1202 of 2001
Appendix B – Student Retention/Persistence Reports (BRPRG06AYR, 2003-2007 FTF Cohort)
Appendix C – Completer Reports (CMPL6CFYR, CMPL6CTRY: 2000-2002 FTF Cohort, Bacc & ≤Assoc)

TOPS: Taylor Opportunity Program for Students

The Taylor Opportunity Program for Students (TOPS), Louisiana's comprehensive, merit-based student aid program, was initiated with the incoming freshman class of Fall 1998. Although the founding legislation does not directly document the goals of the program, four generally accepted purposes of TOPS are:

- To promote academic success by requiring completion of a rigorous high school core curriculum;
- To provide financial incentives as a reward for good academic performance;
- To keep Louisiana's best and brightest in the state to pursue postsecondary educational opportunities; and
- To promote access to and success in postsecondary education.

TOPS includes three levels of awards for students enrolling at Louisiana's colleges and universities: Opportunity, Performance, and Honors. The criteria for eligibility include completion of a defined high school core curriculum, with a minimum grade point average on the core and a minimum ACT composite score. Table 1 lists current criteria and awards.

Table 1: TOPS Eligibility Criteria & Value, 2009

AWARD	Core	Core GPA	ACT	Award Specifics	Duration
Opportunity	17.5 Units	2.50	20	Tuition	4 Years
Performance	17.5 Units	3.00	23	Tuition + $400/year	4 Years
Honors	17.5 Units	3.00	27	Tuition + $800/year	4 Years

* 4 Years, or 8 semesters.

To maintain eligibility, TOPS recipients must be continuously enrolled as full-time students, earn at least 24 hours of credit each academic year (Fall and Spring), and maintain academic progress as demonstrated by the cumulative grade point average. Table 2 lists the minimum renewal requirements for each award.

Table 2: Renewal Requirements

AWARD	Hours Earned per Academic Year (Fall & Spring)	Cumulative GPA, each Academic Year (2.0 each semester/term)	Award Reinstated (Upon Recovery of Required GPA)
Opportunity	24	2.30 – first year 2.50 – subsequent years	Yes
Performance	24	3.00	Yes, as *Opportunity*
Honors	24	3.00	Yes, as *Opportunity*

Administration of TOPS is statutorily assigned to the Louisiana Office of Student Financial Assistance (LOSFA). Initial student eligibility is determined using a combination of:

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the Free Application for Federal Student Aid (FAFSA) or TOPS On-line Application; the high school transcript from the Department of Education's Student Transcript System (STS); and official ACT scores. Continuing eligibility is determined based on data received from the institution in which the student enrolls.

ACT 1202 of 2001

ACT 1202 of the 2001 Regular Legislative Session charged the Board of Regents with developing a uniform TOPS reporting system for the purposes of policy analysis and program evaluation and to provide accurate data and statistics relative to the program's impact on the state and on students. (Text is included as Appendix A.) ACT 1202 requires a TOPS report, to include:

- Relationship between the high school courses taken and the student's score on the American College Test (ACT).
- Number of high school graduates who are eligible for TOPS and subsequently enroll in college;
- Persistence rates of TOPS students;
- Retention rates of TOPS students, including numbers of and reasons for students losing award eligibility; and
- Graduation data, including rates.

To satisfy the reporting requirements of ACT 1202, Regents' staff developed interfaces between the major systems needed to identify and track TOPS students as they move through the enrollment cycle.

TOPS REPORT

The data in this report include current and historical data on TOPS and non-TOPS students to allow for comparison. It is presented in an order that follows the students' progression through the enrollment process: from preparation, to persistence, to graduation.

It should be noted that most of the data in this report do not include private institutions, because they do not currently participate in Regents' reporting systems. Nor does that data include the Louisiana Technical College (LTC) enrollment, because the LTC did not participate in Regents' reporting systems prior to 2003.

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Preparation

TOPS eligibility requirements encourage students to take high school courses that will prepare them for success after high school, particularly in postsecondary education. The TOPS core curriculum is the key component for eligibility for an award. With the 2001 Master Plan, the Board of Regents adopted the TOPS core as the *Regents' Core*, the most important element of the minimum standards established for admission to the state's public four-year colleges or universities. With this change, students have had a double incentive to complete the college-preparatory curriculum, and it has had a very positive effect on student behavior.

Whether a high school graduate actually attends college with TOPS, the match of the TOPS core and the Regents' core for admission has resulted in a growing number of students completing a college preparatory curriculum, which also makes them better prepared for career advancement. As shown in Table 3, even as the number of high school graduates has decreased (as anticipated by demographic projections), the actual number and percentage of high school graduates completing the TOPS core curriculum has generally been increasing. The percentage completing the core declined with the 2008 graduating class due to increased requirements (i.e., the addition of a 4th unit in advanced math or science).

Table 3. HS Graduates and TOPS Core

	2003	2004	2006	2007	2008
HS Graduates	45,057	44,350	40,403	40,763	41,435
With TOPS Core	25,544	26,105	26,356	27,122	25,256
% with Core	57%	59%	65%	67%	61%
Eligible for TOPS	17,713	18,526	18,394	18,503	*Not available*

Note: Not including LTC. TOPS Eligibility: LOSFA data

** TOPS Core changed in 2008: additional Math or Science course required*

Students who complete a rigorous curriculum score significantly better on the ACT than those who do not. As a result of the growing number of students who complete the TOPS/Regents' core, the average ACT composite score in Louisiana has improved steadily. The state average ACT for the 2003 graduating class was 19.6; by 2008 the average had increased to 20.3 composite.

Participation

The majority of TOPS freshmen enroll with an Opportunity Award at a public, four-year institution. Table 4 illustrates the distribution of TOPS awards received by the 2007 entering class (freshmen) and where recipients enrolled.

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Table 4. 2007 Entering TOPS Class

TOPS AWARD	
Honors Award	13%
Performance Award	18%
Opportunity Award	69%
INSTITUTION TYPE	
Public 2-year	5%
Public 4-year	95%

For the past three years, over half of the Louisiana residents in the entering fall cohorts of first time, full-time freshmen (FTF) at public postsecondary institutions began college with a TOPS award. The FTF cohort includes students enrolled in postsecondary education for the first time, regardless of age or date of high school graduation.

Table 5. Entering FTF Cohorts

Entering Fall	FTF Cohort	Number from Louisiana	%	Number with TOPS	% (from LA w/ TOPS)
1998	27,202	25,074	92%	10,610	42%
1999	25,681	23,804	93%	10,376	44%
2000	26,495	24,384	92%	11,137	46%
2001	26,758	24,398	91%	11,607	48%
2002	27,307	24,972	91%	11,913	48%
2003	29,828	26,685	89%	12,270	46%
2004	30,195	26,978	89%	12,630	47%
2005	24,354	21,567	89%	11,669	54%
2006	26,569	24,194	91%	12,731	53%
2007	27,050	24,338	90%	12,372	51%

Note: FTF not including LTC.

As shown in Table 5, from 1998 to 2007, the number of first-time freshmen enrolling with TOPS has increased by 17% (1,762 students). In that same time frame, the TOPS requirements changed, with an increase of the minimum ACT score (from 19 to 20), change in required high school GPA from the *overall* to a *core* GPA, and increase in the number of core courses from 16.5 to 17.5. Even with these increases in eligibility requirements, and recovering from the 2005 setback due to hurricane-driven displacements, TOPS has made a difference: more, better-prepared Louisiana students are enrolling in college with TOPS.

Persistence

Persistence in postsecondary education is usually measured by the rate at which first time full-time students are retained to their second year. The statewide retention (persistence) rate to the second year for the entering class in fall 1997 (prior to TOPS) returning in fall 1998 was 71.3%. The statewide retention rate for the class entering in fall

2007 and returning in fall 2008 was 75%; among TOPS recipients the state retention rate was 88%, while among non-TOPS students it was 65%.

The Student Retention/Persistence reports in Appendix B identify, by entering fall term and institution, the FTF cohort and second- through sixth-year retention rates for those who began college with TOPS and without a TOPS award (non-TOPS). Table 6 compares the overall retention rate to the second, third, and fourth year (if available) of TOPS students (*whether or not they retained the award*) and non-TOPS students. The data indicate that, in spite of hurricanes like Katrina/Rita that interrupted so many students' planned enrollments in 2005-2006, students who start school with a TOPS award reenroll in subsequent years at a higher rate than non-TOPS students.

Table 6. Retention/Persistence

Fall Semester Entering Class	% Re-enrolled in Subsequent Years					
	2nd Year		3rd Year		4th Year	
	TOPS	Non-TOPS	TOPS	Non-TOPS	TOPS	Non-TOPS
1999	88%	62%	82%	50%	77%	44%
2001	87%	65%	82%	54%	76%	47%
2003	89%	66%	77% *	43% *	77%	42%
2006	87%	64%	81%	51%	-	-

Note: Not including LTC ** 2005 Academic Year: Kartrina/Rita*

Retention of TOPS Award

Students who receive a TOPS award must maintain minimum academic criteria to retain their award (Table 2). Those who fail to maintain the minimum GPA have their award suspended; if they raise their cumulative GPA to the required level within two years, the award is reinstated. The award is cancelled when students fail to maintain full-time enrollment, earn the required 24 hours of credit, or raise their GPA to the required minimum.

Table 7 shows the percentage of students with TOPS whose award was suspended or cancelled over the course of an academic year. Though approximately 13% of TOPS students lose the award each year, Regents' data indicates that, of the public postsecondary students who lost TOPS over the four-year period from 2004-2007, 77 percent subsequently re-enrolled in a public postsecondary institution (without TOPS) to continue their education.

Table 7. Lost TOPS

Academic Year	TOTAL TOPS Awards	SUSPENDED GPA*	CANCELLED Hours Earned	CANCELLED Other Reason
2004	37,221	16.6%	10.4%	2.9%
2005	37,344	20.8%	6.5%	2.8%
2006	38,568	19.9%	11.8%	3.7%
2007	37,205	18.6%	10.5%	3.5%

* Public, only: New & Continuing Students. *Not including TOPS Tech.*

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Graduation

Graduation is usually measured at the rate in which first time entering students earn their academic degrees within 150% of the time required, i.e., within three-years for associate degrees, and six-years for baccalaureate degrees. This 150% protocol for measuring degrees was adopted by the federal government and has become the standard followed by the regions and states. Table 8 displays the percent of TOPS and non-TOPS students who have earned a bachelor's degree within the six academic years, starting with the Fall/1998 entering class.

Table 8: Completers (Baccalaureates)

Entering FALL	% GRADUATING Within 6 Years		
	Total	TOPS	Non-TOPS
1998	35%	58%	19%
1999	37%	59%	21%
2000	37%	58%	20%
2001	37%	57%	20%

Note: Not including LTC

Students who begin college with TOPS consistently graduate at nearly three times the rate of non-TOPS students. The Completers reports in Appendix C list, by institution, the number of TOPS and non-TOPS students in an entering cohort who earned a Baccalaureate degree within six years or an Associate degree (or certificate or diploma) within three years.

To further study program success, Regents and LOSFA identified students in the *TOPS Cohort*—who entered a public college/university in 2000 and 2001 with TOPS awards—who had completed the TOPS program, i.e., who *kept* TOPS (without either suspension or cancellation) *for the full eight semesters*, and who had graduated with a bachelor's degree by 2007-08. This quantified the students on TOPS who had earned a baccalaureate within six (for the 2001 cohort) or seven (for the 2000 cohort) years.

Table 9: TOPS Completers

Freshman Year	TOPS Cohort (*Public*)	Award Status (Full 8-Semester Program)		By 2007-08	
				Earned Bach Degree	No Bach Degree
2000	11,137	Kept TOPS	5753	5362	391
		Lost TOPS	5384	1892	3492
2001	11,605	Kept TOPS	5,981	5446	535
		Lost TOPS	5,624	1666	3,958

The data in Table 9 show that, for both of the freshman cohorts, almost two-thirds of the students who started college with TOPS awards in 2000 or 2001 have graduated, whether or

not they managed to keep the award for all eight semesters, and 93% of those who kept TOPS all four years have graduated with a bachelor's degree.

Whether or not students retain the TOPS award, those who begin college on TOPS complete a degree at a faster rate, as a group, than those who do not.

SUMMARY

The purposes of the reporting requirements of ACT 1202 are to provide accurate data and statistics relative to the impact of TOPS on the state and students as well as for policy analysis and program evaluation. The TOPS reporting model developed by Regents serves the state by providing accurate data for policy analysis and the basis for future decisions regarding the TOPS program in Louisiana.

A review of the data presented in this report indicates that the TOPS program is meeting the generally accepted purposes for which it was developed:

- Students who take the core curriculum score significantly better on the ACT;
- More students in the recent graduating class took the core and more have been determined eligible for TOPS by LOSFA;
- The number of first time freshmen with TOPS enrolling in public postsecondary education has increased;
- A larger number of students with higher ACT scores are remaining in Louisiana to attend college;
- Students receiving a TOPS award persist in college at a higher rate than non-TOPS students; and
- More students with TOPS graduate from college in a shorter period of time than non-TOPS students.

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Act 1202

ENROLLED

Regular Session, 2001
HOUSE BILL NO. 2012
BY REPRESENTATIVE DANIEL
AN ACT

To enact R.S. 17:3048.3 and 3048.4, relative to the Tuition Opportunity Program for Students; to provide for the establishment and implementation of a uniform information reporting system; to provide for applicability; to provide relative to compliance with reporting system requirements by colleges and universities, including requiring compliance as a condition of eligibility to receive certain payments by the state; to require that the reporting system include certain components; to provide for certain notifications to parents and others about program availability; and to provide for related matters. Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 17:3048.3 and 3048.4 are hereby enacted to read as follows:

§3048.3. Program information reporting system; implementation; requirements; applicability; participation by eligible institutions and others

A.(1) The Board of Regents shall formulate, develop, establish, and implement a uniform Tuition Opportunity Program for Students information reporting system for the purposes of policy analysis and program evaluation and for providing accurate data and statistics to the legislature, the governor and appropriate executive branch agencies, and the public relative to the program's impact on the state and on students.

(2) In formulating and developing the information reporting system, the Board of Regents shall consult with and seek written recommendations from the Louisiana Student Financial Assistance Commission, each college or university eligible for participation in the Tuition Opportunity Program for Students, each of the public postsecondary education management boards, the Louisiana Association of Independent Colleges and Universities, legislators, and knowledgeable others as determined appropriate by the Board of Regents.

(3) It is the intention of the legislature that the reporting system provided by this Section and the requirements thereof shall be applicable to all Tuition Opportunity Program for Students applicants, all award recipients regardless of eligible college or university attended, and all such eligible colleges and universities. Effective for the 2002- 2003 award year and thereafter, compliance with the requirements of the Tuition Opportunity Program for Students information reporting system shall be a condition for an eligible college or university to remain eligible to receive payments from the state on behalf of an award recipient. Compliance determinations shall be made annually by the Board of Regents.

B. The Tuition Opportunity Program for Students information reporting system shall include but not be limited to the following:

(1) A report prepared as of the end of the Fall semester and again as of the end of the Spring semester or equivalent periods of time during each academic year relative to the rate of retention of program awards by students as they progress from semester to semester or other equivalent periods of time as may be applicable once enrolled at an eligible college or university. The data shall be reported by institution attended, by the two digit classification of instructional program, and by program award category and shall include the percent of students losing program eligibility due to not earning the minimum number of credit hours, the percent of students losing program eligibility due to not having the required cumulative grade point average, and the percent of students losing program eligibility for failing to make steady academic progress.

(2) The persistence rates at colleges and universities of freshmen, sophomore, junior, and senior students receiving a program award reported by award category and by award year.

(3) The graduation rates or rates of completion of the chosen postsecondary education program if otherwise applicable for students receiving a program award, reported by award category and award

year, including for those graduating with an academic degree at the baccalaureate level the rate for persons graduating within four years, within five years, and within six years, respectively.

(4) The mean length of time required for a student receiving a program award to graduate with an academic degree at the baccalaureate level or to complete the chosen postsecondary education program if otherwise applicable with such information being reported by award category and by award year.

(5) An annual report on the number of applicants as well as the percent of high school graduates by high school and by parish who apply for a program award, by award category, and the percent of those students who subsequently enroll in a college or university.

(6) Statistical studies on the relationship between the courses taken and grades earned by a high school student and the student's score on the American College Test or the Scholastic Aptitude Test. Relative to public high schools, such statistical studies shall use student course and grade data that is otherwise available from the schools and such studies shall be conducted at no additional cost to the governing authority of any public high school.

C. When necessary due to limitations in existing secondary data sources and systems, the Board of Regents, consistent with the general provisions of this Section, may modify any specific requirement of this Section. However, prior to making any such modifications the board shall report in writing to the House Committee on Education and the Senate Committee on Education on the proposed action and the board shall have received approval from each committee relative to the proposed action.

§3048.4. Notice to students and parents

The State Board of Elementary and Secondary Education shall require that the governing authority of every public secondary school include as a component of a student's Five Year Educational Plan as required by R.S. 17:183.2 comprehensive information relative to the Tuition Opportunity Program for Students and program eligibility requirements for each of the awards. Additionally, the parent or other person responsible for the student's school attendance at the ninth grade level shall be required to return to the school at the start of the student's ninth grade year a signed notice that the program information and eligibility requirements have been reviewed by the parent or other responsible person and by the student and that, for informational and data collection purposes only, expresses the intent of the parent or other responsible person as to whether or not the student will be pursuing the necessary program of studies to be eligible for a Tuition Opportunity Program for Students award.

Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided in Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

SPEAKER OF THE HOUSE OF REPRESENTATIVES
PRESIDENT OF THE SENATE
GOVERNOR OF THE STATE OF LOUISIANA
APPROVED:

26-GS2771\S
Mischel
3/8/10

CS FOR SENATE BILL NO. 224(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act establishing the governor's performance scholarship program and relating to the program; establishing the governor's performance scholarship fund and relating to the fund; relating to student records; making conforming amendments; and providing for an effective date."

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

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school district shall determine whether a student who graduates from a high school in the district is eligible for an award of a merit-based governor's performance scholarship under AS 14.43.810 - 14.43.890. If a student is eligible, the district shall state in the student's permanent record the highest tier of funding for which the student is eligible. A district shall provide a student with an opportunity to request that the district correct an error in the eligibility determination.

Amendment 1

*** Sec. 2.** AS 14.07.020(a) is amended to read:

(a) The department shall

(1) exercise general supervision over the public schools of the state except the University of Alaska;

(2) study the conditions and needs of the public schools of the state, adopt or recommend plans, administer and evaluate grants to improve school performance awarded under AS 14.03.125, and adopt regulations for the improvement of the public schools;

(3) provide advisory and consultative services to all public school governing bodies and personnel;

(4) prescribe by regulation a minimum course of study for the public schools; the regulations must provide that, if a course in American Sign Language is given, the course shall be given credit as a course in a foreign language;

(5) establish, in coordination with the Department of Health and Social Services, a program for the continuing education of children who are held in detention facilities in the state during the period of detention;

(6) accredit those public schools that meet accreditation standards prescribed by regulation by the department; these regulations shall be adopted by the department and presented to the legislature during the first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;

(7) prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards that will ensure healthful and safe conditions in the public and private schools of the state, including a requirement of physical examinations and immunizations in pre-elementary schools; the standards for private schools may not be more stringent than those for public schools;

(8) exercise general supervision over pre-elementary schools that receive direct state or federal funding;

(9) exercise general supervision over elementary and secondary correspondence study programs offered by municipal-school districts or regional educational attendance areas; the department may also offer and make available to any

Alaskan through a centralized office a correspondence study program;

(10) accredit private schools that request accreditation and that meet accreditation standards prescribed by regulation by the department; nothing in this paragraph authorizes the department to require religious or other private schools to be licensed;

(11) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction or major maintenance project; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, and final contract documents;

(12) provide educational opportunities in the areas of vocational education and training, and basic education to individuals over 16 years of age who are no longer attending school;

(13) administer the grants awarded under AS 14.11;

(14) establish, in coordination with the Department of Public Safety, a school bus driver training course;

(15) require the reporting of information relating to school disciplinary and safety programs under AS 14.33.120 and of incidents of disruptive or violent behavior;

(16) establish by regulation criteria, based on low student performance, under which the department may intervene in a school district to improve instructional practices, as described in AS 14.07.030(14) or (15); the regulations must include

(A) a notice provision that alerts the district to the deficiencies and the instructional practice changes proposed by the department;

(B) an end date for departmental intervention, as described in AS 14.07.030(14)(A) and (B) and (15), after the district demonstrates three consecutive years of improvement consisting of not less than two percent increases in student proficiency on standards-based assessments in math, reading, and writing as provided in AS 14.03.123(f)(2)(A); and

(C) a process for districts to petition the department for

continuing or discontinuing the department's intervention;

(17) notify the legislative committees having jurisdiction over education before intervening in a school district under AS 14.07.030(14) or redirecting public school funding under AS 14.07.030(15)**;**

(18) administer duties assigned to the department under the governor's performance scholarship program established in AS 14.43.810 - 14.43.890.

*** Sec. 3.** AS 14.42.030(e) is amended to read:

(e) The commission may

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

(A) carry out the purposes of

(i) **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48; and

(ii) AS 14.43.910 and 14.43.920 as they relate to the purposes of **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48;

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

(C) establish standards for the

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

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

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

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions;

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

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

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

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

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

* Sec. 4. AS 14.42.200 is amended to read:

Sec. 14.42.200. General powers. In addition to other powers granted in this chapter, the corporation may Alaska Student Loan Corporation

(1) sue and be sued in its own name; ASLC

(2) adopt an official seal;

(3) adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the purposes of this chapter;

(4) make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation, including contracts with a person or governmental entity;

(5) receive, take, hold, and administer, on behalf of the corporation and for any of its purposes, any appropriation, gift, grant, bequest, devise, or donation of real property or personal property if that obligation of the corporation is not a debt of the state; in this paragraph, "property" includes

(A) money; and

(B) life estates, leases, or other interests in property;

(6) borrow money as provided in this chapter to carry out its corporate purposes and issue its obligations as evidence of the borrowing;

(7) include in a borrowing the amounts to pay financing charges, interest on the obligations for a period not exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory, and legal fees, and other expenses necessary or incident to the borrowing;

(8) invest or reinvest, subject to its contracts with noteholders and bondholders, money held by the corporation as set out in AS 37.10.071;

(9) set and collect interest, fees, and charges in connection with education loans or repayment obligations held by the corporation and its servicing agents; in this paragraph, "charges" includes costs of financing by the corporation, service charges, insurance premiums, and other costs incurred by the corporation in carrying out its corporate purposes;

(10) gather information on postsecondary education financial resources available to residents of this state and disseminate the information to reasonably ensure that qualified residents are aware of those financial resources;

(11) service education loans and repayment obligations held by the corporation;

(12) purchase or participate in the purchase of education loans;

(13) contract in advance for the purchase or sale of education loans;

(14) sell or participate in the sale, either public or private and on terms authorized by the board, of education loans to the Student Loan Marketing Association or to other purchasers;

(15) collect and pay reasonable fees and charges in connection with the purchase, sale, and servicing of education loans and repayment obligations;

(16) enter into agreements with the federal government, including guaranty agreements and supplemental guaranty agreements as described in 20 U.S.C. 1001 - 1155, as amended, as necessary to provide for the receipt by the corporation of administrative allowances and other benefits available under 20 U.S.C. 1001 - 1155, as amended;

(17) administer federal money allotted to the state involving insured education loans and related administrative costs and other matters;

(18) enter into agreements with the commission relating to education loans and repayment obligations, the administration of the financial aid and loan programs under **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, and AS 14.44, and the payment of and security for bonds of the corporation;

(19) to the extent permitted under contracts with bondholders, consent to the modification of the rate of interest, time of payment of an installment of principal or interest, or other terms of an education loan or repayment obligation held by the corporation;

(20) procure insurance against any loss in connection with the operation of its programs;

(21) provide advisory services to borrowers and other participants in the corporation's programs;

(22) enter into credit facility agreements and make pledges, covenants, and agreements with respect to the repayment of borrowings under the credit facility agreements;

(23) develop and implement education financing programs; in this paragraph, "programs" includes

(A) programs listed in AS 14.42.030(b)(1);

(B) programs for the guaranteeing, servicing, originating, and financing of education loans for borrowers located both inside and outside the state; and

(C) federal financial aid programs made under federal law; and

(24) perform acts that may be necessary or appropriate to carry out effectively the general objectives and purposes of the corporation under AS 14.42.100 - 14.42.990.

*** Sec. 5.** AS 14.43 is amended by adding new sections to read:

Article 11A. Governor's Performance Scholarship Program.

Sec. 14.43.810. Governor's performance scholarship program established; Alaska residency. (a) The governor's performance scholarship program is established

for the purpose of ensuring that a rigorous curriculum is available in all high schools in the state and to provide scholarships for high school graduates who are Alaska residents to attend a qualified postsecondary institution in the state. — Delete academic; career Amendment L Amendment J

(b) The department shall design the programmatic standards for the scholarships and appeals of adverse decisions. The commission shall administer the daily operations of the program and financing of the program, including the procedures for applying for the scholarships, establishing standards for and ensuring continuing compliance with programmatic standards, and requiring students to apply for other non loan financial aid, consistent with federal law. The respective agencies shall adopt necessary regulations under AS 44.62 after consultation with each other. The department may change the regulations under AS 44.62 relating to the programmatic standards for required academic achievement for eligibility only by giving advance public notice at least one school year before the effective date of the change.

(c) For purposes of the program, a student is an Alaska resident if the student meets the requirements for establishing residency under AS 01.10.055.

Sec. 14.43.815. Qualifications of applicants. (a) A student may apply for a governor's performance scholarship to attend a qualified postsecondary institution in the state if the student

(1) has applied or intends to apply for admission to the institution;

(2) is an Alaska resident who has — Delete 6 month proviso Amendment

(A) graduated, or will graduate after the date of the application, from a high school in the state, including a public school, private school, or home school; — Delete 6 month proviso

(B) graduated, or will graduate after the date of the application, from a high school outside of the state under circumstances allowed by the department; for purposes of this subparagraph, allowable circumstances include a circumstance in which a high school student who is an Alaska resident left the state because of the military service of the student's custodial parent who is an Alaska resident; → Delete six year proviso

(3) maintains a minimum grade point average while attending the

postsecondary institution; and

(4) meets other minimum qualifications to apply or continue to be eligible for a governor's performance scholarship.

(b) A student is not qualified to receive a governor's performance scholarship if the student

(1) has not complied with the military selective service registration requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if those requirements apply to the student;

(2) is currently in default or owes a refund on a federal financial aid loan under the federal guaranteed student loan program or financial aid awarded under this chapter; or

(3) has been convicted of a felony in the state or another jurisdiction and has not qualified for a waiver under standards adopted by the department.

Does this section do the work of providing for Non-Trad students?

(c) The department shall adopt regulations to include an application procedure for the award of a scholarship or for the resumption of a scholarship award for an eligible applicant who has either withdrawn from or delayed enrollment in a qualified postsecondary institution in the state and who has been admitted to a qualified postsecondary institution, regardless of age. → Amendment L

Amendment

Sec. 14.43.820. Eligibility for a merit-based performance scholarship. (a) Subject to appropriation, the commission shall award a merit-based performance scholarship to an applicant who meets the eligibility criteria for the award under the program.

Amendment L

(b) The programmatic standards for eligibility for an award of a merit-based performance scholarship under the program include the following: Amendment L

(1) the four-year core academic curriculum, which may include virtual curriculum, that the student must have completed in high school; the core academic curriculum must include one of the following:

Amendment

(A) a combination of

(i) four years of mathematics;

(ii) four years of language arts;

(iii) four years of science; and

(iv) four years of social studies, one year of which may include a foreign language, Alaska Native language, fine arts, or cultural heritage; or

(B) a combination of

(i) three years of mathematics;

(ii) four years of language arts;

(iii) three years of science;

(iv) four years of social studies; and

(v) two years of a foreign language, Alaska Native language, fine arts, or cultural heritage;

(2) the minimum grade average that the student must have achieved in high school to be eligible for each of the three tiers of merit-based scholarship award; the top tier is the A average tier, the second tier is the B average tier, and the third tier is the C plus average tier; the grade-point average for the A average tier is 3.5 or higher, for the B average tier is less than 3.5 but not less than 3.0, and for the C plus average tier is less than 3.0 but not less than 2.5; the department shall set by regulation minimum requirements based on a substantially similar standard for districts that do not assign grades;

Amendment L

(3) the minimum score on a college entrance examination that the student must have achieved to be eligible for each of the three tiers of merit-based scholarship award;

(4) a process by which a student who meets the grade standards in (2) of this subsection for a particular tier, but does not meet the minimum scores established under (3) of this subsection for that tier, may apply for a lower tier scholarship;

(5) enrollment in a course of study at a qualified postsecondary institution as described in AS 14.43.835 that is intended to result in the award of a certificate or degree;

Amendment 1

(6) a process through which a student who is no longer eligible can regain eligibility;

(7) a process through which a home-schooled or private-schooled

student may submit evidence to the qualified postsecondary institution that establishes the equivalent of the high school diploma, grade-point average, and core academic curriculum for public school students.

Sec. 14.43.825. Maximum award and allowable uses; merit-based performance scholarship. (a) Subject to (b) - (e) of this section, the maximum award for a merit-based performance scholarship under the program is,

(1) for a student who demonstrates very high academic achievement, the cost of approved tuition for a full-time student in school year ~~2009 through 2010~~ at ~~the qualified postsecondary institution at which the student intends to enroll;~~

(2) for a student who demonstrates high academic achievement, 75 percent of approved tuition for a full-time student in school year 2009 through 2010 at the qualified postsecondary institution at which the student intends to enroll;

(3) for a student who demonstrates moderate academic achievement, 50 percent of approved tuition for a full-time student in school year 2009 through 2010 at ~~the qualified postsecondary institution at which the student intends to enroll.~~

(b) Subject to (e) of this section, a student who qualifies for a merit-based scholarship may apply the award to the costs of attending a qualified career and technical school program as described in AS 14.43.835(a)(2);

(c) A part-time student who receives a merit-based scholarship and is enrolled on at least a half-time basis is eligible for an award on a pro rata basis.

(d) A student receiving a merit-based scholarship may remain eligible for up to 12 semesters of enrollment at a qualified university or college, which may include graduate courses, or for up to ~~two calendar years~~ of attendance at a qualified career or technical school. A student may not receive more than one merit-based scholarship award.

Delete provisions for Career scholarship

Clarify = Dulo

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

Sec. 14.43.828. Eligibility for a needs-based performance scholarship; maximum award. (a) Subject to appropriation, the commission shall award a needs-

Amendment L

Amendment

Amendment L

APU? (Not more than tuition at UA 2010-2011.)

Amendment

Amendment L

Amendment

Amendment L

Amendment L

Amendment

based performance scholarship to a student who meets the eligibility criteria for the award.

(b) A student is eligible to receive a needs-based performance scholarship if the student

(1) is eligible for a merit-based performance scholarship; and

(2) can demonstrate, in a year in which the student receives a scholarship, that the student has unmet financial need greater than $2,000.

(c) ~~The maximum amount for a needs-based performance scholarship is 50 percent of the unmet financial need that exceeds $2,000~~, ~~No more than $1,000~~.

(d) The qualified postsecondary institution attended by the student shall determine unmet financial need by subtracting from the student's allowable standard costs of attendance at the institution all non loan sources of financial support, including an expected family contribution and all federal, state, and private scholarships or grants received by the student.

(e) In this section,

(1) "allowable standard costs of attendance" means, for a student who receives a merit-based performance scholarship, the costs of attendance at the qualified postsecondary institution that the student attends or plans to attend, as determined by the commission based on room and board costs that do not exceed the standard room and board costs at the University of Alaska as determined by the commission;

(2) "expected family contribution" means the amount a student or the student's family is expected to pay toward the student's cost of attendance, as determined by use of the most recent federal Free Application for Federal Student Aid.

Sec. 14.43.830. Programmatic standards. (a) Subject to (b) of this section, the department shall establish programmatic standards for the program.

(b) The department shall establish a make-up procedure or alternative pathway to allow students who are not eligible for a scholarship to make up a deficit by alternative means if the deficit was caused by circumstances beyond the student's control. The department may not waive a requirement and shall require the student to achieve a result comparable to that required of other students. The decision of the

department regarding a student's eligibility for alternative means is final. In determining circumstances in which the student may pursue alternative means, the department shall consider the effect on students who have met the requirements. Attendance at a high school outside of the state is not a circumstance in which a student may be allowed to pursue alternative means to qualify for a scholarship. Circumstances in which the department may allow a student to pursue alternative means to qualify for a scholarship include the following:

How can they meet the requirements if they are not able to meet the requirements. ?

(1) the required curriculum was not reasonably available to the student because the student attended a small and remote high school in the state;

(2) the deficit was caused by rare and unusual circumstances outside the control of the student.

Sec. 14.43.835. Qualified postsecondary institutions. (a) The following institutions are qualified postsecondary institutions:

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

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

(B) accredited by a regional accreditation association;

(2) a career and technical school program physically located in the state that has been included on a list of certified career and technical school programs received from the Department of Labor and Workforce Development; the commission shall publish the list on or before September 1 of the year preceding enrollment.

(b) The Department of Labor and Workforce Development shall, in consultation with the Department of Education and Early Development, adopt regulations under AS 44.62 establishing criteria under which the Department of Labor and Workforce Development shall certify career and technical school programs in the state as eligible to participate in the governor's performance scholarship program. The criteria to be considered under this subsection include the following:

(1) the quality of the job-training program offered by the career and technical school;

(2) the employability of a graduate of the program, including whether the program results in a certificate or license that is recognized by the industry for

which the training prepares the student;

(3) whether jobs in the industry for which the training prepares the student are available or expected to be available in the future in the state;

(4) other criteria established by the Department of Labor and Workforce Development in regulation.

(c) A postsecondary institution is physically located in the state if the campus, teachers, classrooms, school administrators, and equipment used to provide the education to the students are physically present in the state. Use of virtual, electronic, or online materials by teachers in the state does not disqualify a postsecondary institution even if the materials are generated outside the state. However, a correspondence, virtual, electronic, or online program that is administered from outside the state is not physically located in the state even if the program is delivered by teachers or equipment in the state.

Sec. 14.43.840. Application and award. (a) The commission shall establish application procedures for students to apply for a governor's performance scholarship.

(b) The commission shall adopt procedures for payment of scholarship awards to the institution attended by the scholarship recipient. Payment of a scholarship is subject to appropriation. If insufficient funds are appropriated to pay all eligible scholarships, the commission shall pay existing awards on a pro rata basis.

(c) A student who is awarded a scholarship in error shall be required to refund to the state the amount of the scholarship awarded in error.

Sec. 14.43.845. Governor's performance scholarship fund income account. The governor's performance scholarship fund income account is created as an account in the general fund. Money may be appropriated into the account from the expendable earnings of the governor's performance scholarship fund under AS 37.14.750 - 37.14.790 and other sources. The commission may use money in the account to pay scholarships awarded to students under AS 14.43.810 - 14.43.890.

Sec. 14.43.850. Report to the legislature. (a) To the extent permitted under law, the department, the commission, the University of Alaska, the Department of Revenue, and the Department of Labor and Workforce Development shall share data necessary to prepare public reports regarding the program.

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

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

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

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

Sec. 14.43.890. Definitions. In AS 14.43.810 - 14.43.890, unless the context requires otherwise,

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

(2) "military service" means active duty in the armed forces of the United States;

(3) "program" means the governor's performance scholarship program established under AS 14.43.810 - 14.43.890;

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

*** Sec. 6.** AS 14.45.130(a) is amended to read:

(a) A religious or other private school that elects to comply with AS 14.45.100 - 14.45.130 shall maintain permanent student records reflecting immunizations, physical examinations, standardized testing, academic achievement, [AND] courses taken at the school**, and level of eligibility for a governor's performance scholarship under AS 14.43.810 - 14.43.890**.

*** Sec. 7.** AS 23.05.060 is amended to read:

Sec. 23.05.060. Powers of the department. The department may

(1) enforce all state labor laws;

(2) act as mediator and appoint deputy commissioners of conciliation in labor disputes whenever it considers the interest of industrial peace requires it;

(3) make investigations and collect and compile statistical information concerning the conditions of labor generally and upon all matters relating to the enforcement of this chapter;

(4) institute court proceedings against an employer of labor without cost to the employee when it is satisfied that the employer has failed to pay an employee an amount due by contract;

(5) issue cease and desist orders and other orders and regulations necessary for the enforcement of state labor laws;

(6) in accordance with AS 37.07 (the Executive Budget Act), receive and spend money derived from agreements with local governments, nongovernmental organizations, or other persons;

(7) administer duties assigned to the department under the governor's performance scholarship program established in AS 14.43.810 - 14.43.890.

*** Sec. 8.** AS 36.30.850(b) is amended to read:

(b) This chapter applies to every expenditure of state money by the state, acting through an agency, under a contract, except that this chapter does not apply to

(1) grants;

(2) contracts for professional witnesses to provide for professional services or testimony relating to existing or probable lawsuits in which the state is or may become a party;

(3) contracts of the University of Alaska where the work is to be performed substantially by students enrolled in the university;

(4) contracts for medical doctors and dentists;

(5) acquisitions or disposals of real property or interest in real property, except as provided in AS 36.30.080 and 36.30.085;

(6) disposals under AS 38.05;

(7) contracts for the preparation and transportation of ballots under AS 15;

(8) acquisitions or disposals of property and other contracts relating to airports under AS 02.15.070, 02.15.090, 02.15.091, and AS 44.88;

(9) disposals of obsolete property under AS 19.05.060;

(10) disposals of obsolete material or equipment under AS 35.20.060;

(11) agreements with providers of services under AS 47.25.071 - 47.25.095; AS 47.07; AS 47.08; AS 47.10; AS 47.12; AS 47.14; AS 47.17; AS 47.24; and AS 47.27, including contractors under AS 47.27.050;

(12) contracts of the Department of Fish and Game for flights that involve specialized flying and piloting skills and are not point-to-point;

(13) purchases of income-producing assets for the state treasury or a public corporation of the state;

? (14) [REPEALED

(15)] a contract that is a delegation, in whole or in part, of investment powers held by

(A) the commissioner of revenue under AS 14.42.200, 14.42.210, AS 18.56.095, AS 37.10.070, 37.10.071, or AS 37.14;

(B) the Board of Regents of the University of Alaska under AS 14.40.250 - 14.40.491;

(15) [(16)] a contract that is a delegation, in whole or in part, of investment powers or fiduciary duties of

(A) the Board of Trustees of the Alaska Permanent Fund Corporation under AS 37.13;

(B) the Alaska Mental Health Trust Authority under AS 37.14.001 - 37.14.099;

(16) [(17)] the purchase of books, book binding services, newspapers, periodicals, audio-visual materials, network information services access, approval plans, professional memberships, archival materials, objects of art, and items for museum or archival acquisition having cultural, historical, or archaeological significance; in this paragraph

(A) "approval plans" means book selection services in which current book titles meeting an agency's customized specifications are provided

to the agency subject to the right of the agency to return those books that do not meet with the agency's approval;

(B) "archival materials" means the noncurrent records of an agency that are preserved after appraisal because of their value;

(C) "audio-visual materials" means nonbook prerecorded materials, including records, tapes, slides, transparencies, films, filmstrips, cassettes, videos, compact discs, laser discs, and items that require the use of equipment to render them usable;

(D) "network information services" means a group of resources from which cataloging information, holdings records, inter-library loans, acquisitions information, and other reference resources can be obtained;

(17) [(18)] contracts for the purchase of standardized examinations for licensure under AS 08;

(18) [(19)] contracts for home health care provided under regulations adopted by the Department of Health and Social Services and for adult residential care services provided under regulations adopted by the Department of Health and Social Services or by the Department of Administration;

(19) [(20)] contracts for supplies or services for research projects funded by money received from the federal government or private grants;

(20) [(21)] guest speakers or performers for an educational or cultural activity;

(21) [(22)] contracts of the Alaska Industrial Development and Export Authority for a clean coal technology demonstration project that

(A) is attempting to develop a coal-fired electric generation project;

(B) uses technology that is capable of commercialization during the 1990's; and

(C) qualifies for federal financial participation under P.L. 99-190 as amended;

(22) [(23)] operation and protection of assets or disposals of equipment and supplies acquired through foreclosure or other legal proceedings relating to loans

issued under AS 03.10;

(23) [(24)] purchases of curatorial and conservation services to maintain, preserve, and interpret

(A) objects of art; and

(B) items having cultural, historical, or archaeological significance to the state;

(24) [(25)] acquisition of confidential seismic survey data necessary for pre-sale oil and gas lease or gas only lease analyses under AS 38.05.180;

(25) [(26)] contracts for village public safety officers;

(26) [(27)] purchases of supplies and services to support the operations of the Alaska state troopers or law enforcement officers engaged in fish and wildlife protection if the procurement officer for the Department of Public Safety makes a written determination that publicity of the purchases would jeopardize the safety of personnel or the success of a covert operation;

(27) [(28)] expenditures when rates are set by law or ordinance;

(28) [(29)] construction of new vessels by the Department of Transportation and Public Facilities for the Alaska marine highway system;

(29) [(30)] contracts entered into with a regional development organization; in this paragraph, "regional development organization" has the meaning given in AS 44.33.895;

(30) [(31)] contracts that are to be performed in an area outside of the country and that require a knowledge of the customs, procedures, rules, or laws of the area;

(31) [(32)] contracts that are between the Department of Law and attorneys who are not employed by the state and that are for the review or prosecution of possible violations of the criminal law of the state in situations where the attorney general concludes that an actual or potential conflict of interest makes it inappropriate for the Department of Law to review or prosecute the possible violations;

(32) [(33)] contracts between the Department of Natural Resources and contractors qualified to evaluate hydrocarbon development, production, transportation, and economics, to assist the commissioner of natural resources in evaluating

applications for royalty increases or decreases or other royalty adjustments, and evaluating the related financial and technical data, entered into under AS 38.05.180(j);

(33) [(34)] contracts of the Alaska Industrial Development and Export Authority made with the developer of an integrated transportation and port facility owned by the authority;

(34) [(35)] procurements of contracts with the media for advertising;

(35) [(36)] [REPEALED

(37)] contracts between the state medical examiner and a provider of medical services to perform or assist in performing the duties assigned to the state medical examiner in AS 12.65.020;

(36) [(38)] contracts between the commissioner of revenue and an independent contractor under AS 43.82.240;

(37) [(39)] contracts for a convener under AS 44.62.730 or for a facilitator under AS 44.62.760 related to a negotiated regulation making process under AS 44.62.710 - 44.62.800;

(38) [(40) REPEALED

(41)] a tourism marketing contract awarded under AS 44.33.125;

(39) [(42)] grants and contracts with qualified entities for services under AS 47.18.330 for the foster care transition program;

(40) [(43)] contracts for travel services, including airplane travel, hotel accommodations, and travel agency services, but excluding motor vehicle rentals;

(41) [(44)] contracts of the Alaska Commission on Postsecondary Education or the Alaska Student Loan Corporation for the guarantee and disbursing of financial aid money to institutions of postsecondary education under the financial aid programs under ~~AS 14.43.091 — 14.43.890~~ [AS 14.43.091 - 14.43.750] and AS 14.44.025;

(42) [(45)] contracts for an arbitration panel to determine whether a project is uneconomic under AS 43.90.240, and contracts for the development of application provisions for licensure and for the evaluation of those applications under AS 43.90;

(43) [(46)] contracts for delivery of home heating assistance under

AS 47.25.626;

(44) [(47)] contracts of the Alaska Pension Obligation Bond Corporation under AS 37.16.010 - 37.16.900.

*** Sec. 9.** AS 37.14 is amended by adding new sections to read:

Article 8A. Governor's Performance Scholarship Fund.

Sec. 37.14.750. Governor's performance scholarship fund established. (a) The governor's performance scholarship fund is established as a fund of the state. The fund consists of

(1) appropriations to the fund;

(2) donations to the fund; and

(3) income earned on investments of fund assets.

(b) The commissioner of revenue shall manage the fund with the goal that the purchasing power of the fund will not diminish over time without regard to additional contributions that may be made to the fund. The commissioner shall invest the assets of the fund in a manner likely to yield at least a five percent real rate of return over time.

(c) Nothing in this section creates a dedicated fund.

Sec. 37.14.755. Powers and duties of the commissioner of revenue. In carrying out the investment duties under AS 37.14.750 - 37.14.790, the commissioner of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall provide reports to the Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education on the condition and investment performance of the fund.

Sec. 37.14.760. Use of fund. As soon as practicable after July 1 of each year, the commissioner of revenue shall determine the average month-end market value of the fund for the immediately preceding three fiscal years. The commissioner shall identify five percent of that amount as available for appropriation by the legislature for appropriation to the governor's performance scholarship fund income account created under AS 14.43.845 from which the Alaska Commission on Postsecondary Education may award scholarships under AS 14.43.810 - 14.43.890. The commissioner shall also report as available for appropriation a running total of amounts previously identified

as available for appropriation to the governor's performance scholarship fund income account but not appropriated.

Sec. 37.14.790. Definitions. In AS 37.14.750 - 37.14.790, unless the context requires otherwise,

(1) "commissioner" means the commissioner of revenue;

(2) "fund" means the governor's performance scholarship fund established in AS 37.14.750(a).

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

TRANSITION: PROGRAM STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS. Notwithstanding any contrary provision of this Act, the Department of Education and Early Development and the Department of Labor and Workforce Development, after consultation with the Alaska Commission on Postsecondary Education, may adopt regulations under AS 44.62 to implement their respective duties under the governor's performance scholarship program established in AS 14.43.810, enacted by sec. 5 of this Act, so that a student

(1) may be eligible for the program even though the student did not fully meet the required core academic curriculum for the school years beginning July 1, 2010, through June 30, 2013; and

(2) who graduated from high school in this state after June 30, 2010, and before July 1, 2011, and meets eligibility requirements for the program may apply for a scholarship beginning July 1, 2011.

*** Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

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

*** Sec. 12.** Section 11 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 13.** Except as provided in sec. 12 of this Act, this Act takes effect September 1, 2010.

Points for Consideration – Refined CS Creation

Possibly Contentious:

1) **Intent Language**
    a. **Memo of intention**
    b. **Leave out**

- The reason for taking it out is that intent language does not, properly speaking, belong in statute. It is better to come along side the bill in a memo of intent.
- The reason for leaving it in is that it is important to the essential nature of the bill.

2) **"Career and Technical" track**
    a. **Reinsert as in original**
    b. **Keep a one scholarship program**
    c. **Add phrase that allows department to set minimum and maximum standards for scholarships; academic must meet maximums**

- By leaving it as one scholarship, the career students have equal access to the program, and are encouraged to both take the rigorous course curriculum and do well in it.
- By reinserting a separate track the department is allowed to establish standards that apply only to students who are in that particular track.
- By adding an amendment along the lines of (c) the department can set up different standards, but the scholarships are essentially the same.

3) **"$3000 per year" cap on career/tech awards**
    a. **Equality between scholarships**
    b. **$3000 cap on career—dependent on reestablishing the career track**

- Without the $3,000 cap, students would receive equal scholarships, and would have an incentive to get higher grades. With a $3,000 cap there is no reason for a student to try to get more than a C+.
- Most career or trade schools are shorter programs, and can be less expensive than academic programs.

4) **"6 month" proviso**
    a. **Reinsert proviso**
    b. **Change time frame**
    c. **Leave as is**

- According to the administration, the proviso merely keeps students from applying for the scholarship prematurely. A student could not apply for the program early.
- The six months may not be a long enough time, especially if a student wants to apply as a junior. It could be changed to a year.
- There is no reason to have a limit on when a student can apply.

5) **Re-insert "6 years" scholarship time to termination**
    a. **Leave open**
    b. **Ten years**
    c. **Six years to start, plus another six to finish.**

- The department makes the case that the longer a student puts off admission to college, the less likely that student is to graduate, hence the desire to get them in a school as quickly as possible.
- There should be some leeway for students who, for whatever valid reason, is not able to attend school right away. Possible reasons could be military service, unexpected family issues, or medical issues.
- The bill should allow for any student who qualifies to use the scholarship regardless of time frames.

6) **Re-insert "8 semester" max**
    a. **Leave at 12**
    b. **Reinsert 8**
    c. **Amend to "equivalent of 8 full time semesters"**

- Many students are not able to graduate in eight semesters, due to no fault of their own. The course requirements may not line up, or they may have to work, and therefore only go part time. Currently the practice is measure graduation after six years, so it would make sense to peg the duration of the scholarship for six years as well.
- Eight full time semesters is the theoretical standard for graduation. The scholarship should have limits, and should encourage students to get in and out in eight semesters.
- There are circumstances where students must either go part time, or cannot get the prerequisite courses they need for later courses. In these cases the students can elect part time study, with the corresponding part time scholarship payment, but can still have the equivalent of eight semesters to graduate. While it might take them 12 calendar semesters to graduate, those would have to be equal to eight full time semesters of courses.

7) **Specify "15 credit hours" or dollar figure for clarification of award value**
    a. **The average cost of 15 credit hours (with a mix of upper and lower division courses) pegged at UA tuition in 2010-2011 school year.**
    b. **Peg the amount at a dollar amount instead of a tuition rate, specifically $4755**

- The bill provides for tuition, so to peg it a tuition rate would be a natural way to express the amount.
- The amount paid is capped, and will not rise as tuition rates rise, and so in a short time would not cover 100 percent of tuition. Instead of advertising a tuition scholarship, make it a flat dollar amount, so future students would not think it is a tuition scholarship.

8) **"Half-time" awards**
   a. **Offered pro rata**
   b. **Capped at 50 percent**

- Since half-time attendance is anywhere between six and eleven credits, those students taking the upper end (11 credits) would only be getting a scholarship to pay for 7.5 credits.
- Half time attendance, no matter how many courses, should receive only a half time award.

9) **"Non-traditional student" amendments**

There are a high number of non-traditional students, who are possibly not covered by this program. If the goal is to increase college and career school graduation rates, then the workings of the bill should reflect this goal.

The bill is a reform bill aimed at preparing students for higher learning, and cannot be all things to all people. The qualifications are all based on high school performance, and that is to get high schools to raise their academic standards. Non-traditional students do need help, but this is not the vehicle to help them.

10) **The List**

11) **Program Name**
   a. **Retain original name—Governor's Performance Scholarship**
   b. **New name – Alaska Student Achievement Program (ASAP).**
   c. **North to the Future Scholars (NTFS)**
   d. **Alaska Achievement**

Non-Contentious:

1) Strike Section 4
2) Page 9, line 14 - delete "department" and replace with "commission" (ACPE)
3) Specify "UA tuition" as peg
4) Benchmark tuition to UA 2010/2011
5) Re-insert definitions of "department", "commission" and "Commissioner"
6) Page 20, line 23 – replace "guarantee" with "servicing"
7) Direct Leg. Legal to standardize terms regarding "grades", "achievement" and performance
8) Page 8, line 1 – strike "all high schools" language
9) Letter of Intent: a) Add "complete college/career tech as goal"
   b) Re-order for higher ed completion/career readiness focus

Increase tuition waivers -

DRAFT

26G-2
(2/10/2010)
(1:14 pm)

Foster Kids

AMENDMENT #2

OFFERED IN THE HOUSE EDUCATION COMMITTEE

BY _____

TO: HB 297

Page 5, line 28:

Delete "grade-point"

Insert "grade"

Page 5, line 30, following "scholarship;":

Insert "the top tier is the A average tier, the second tier is the B average tier, and the third tier is the C plus average tier; the grade-point average for the A average tier is 3.5 or higher, for the B average tier is less than 3.5 but no less than 3.0, and for the C plus average tier is less than 3.0 but no less than 2.5; the board shall set by regulation minimum requirements based on a substantially similar standard for districts that do not assign grades;

Page 6, following line 2:

Insert "(4) a process by which a student who meets the grade standards in (2) of this subsection for a particular tier, but does not meet the minimum scores established under (3) of this subsection for that tier, may apply for a lower tier scholarship;"

Page 6, line 3:

Delete "(4)"

Insert "(5)"

Page 6, line 5:

Delete "(5)"

Insert "(6)"

Page 6, line 7:

Delete "(6)"

Insert "(7)"

Page 6, line 23:

Delete "grade-point"

Insert "grade"

Page 6, line 24, following "school;":

Insert "the minimum is C plus average; the C plus average requirement is a grade-point average of 2.5 or higher; the board shall set by regulation minimum requirements based on a substantially similar standard for districts that do not assign grades;"

26G-2
(2/12/2010)
(12:42 pm)

AMENDMENT # 1

OFFERED IN THE HOUSE EDUCATION COMMITTEE

BY _____

TO: HB 297

Page 1, line 9, following "award of a":

Insert "merit-based"

Page 3, line 17, following "academic scholarship":

Delete "and"

Insert ","

Page 3, line 17, following "school scholarship":

Insert "and a needs-based scholarship"

Page 7, line 5, following "awards for the":

Delete "program"

Insert "merit-based programs"

Page 8, following line 3:

Insert:

"**Sec. 14.43.828. Eligibility for a needs-based scholarship and maximum awards.** (a) Subject to appropriation, the commission shall award a needs-based scholarship to a student who meets the eligibility criteria for the award.

(b) A student is eligible to receive a needs-based scholarship if the student

(1) is eligible for a merit-based academic scholarship or a merit-based

career and technical school scholarship; and

(2) can demonstrate in a year in which the student receives a scholarship that the student has unmet financial need greater than $2,000.

(c) The maximum amount for the needs-based award is 50 percent of unmet financial need greater than $2,000.

(d) The qualified postsecondary institution attended by the student shall determine unmet financial need by subtracting from the student's allowable standard costs of attendance at the institution all non-loan sources of financial support, including an expected family contribution and all federal, state, and private scholarships or grants received by the student.

(e) In this section,

(1) "allowable standard costs of attendance" means

(A) for a student who receives a merit-based academic scholarship, the lesser of the

(i) standard costs of attendance at the University of Alaska, as determined by the commission; or

(ii) actual costs of attendance at the qualified postsecondary institution that the student attends or plans to attend, as determined by the commission;

(B) for a student who receives a merit-based career and technical school scholarship, the costs of attendance at the qualified postsecondary institution that the student attends or plans to attend, as determined by the commission based on room and board costs that do not exceed the standard room and board costs at the University of Alaska as determined by the commission;

(2) "expected family contribution" means the amount a student or the student's family is expected to pay towards the student's costs of attendance, as determined by use of the most recent federal Free Application for Federal Student Aid."

Amendment A

A1 - Page 7, lines 16-31,
A2 - Page 9 Lines 4-15 to read:

(1) the four year core academic curriculum, which may include virtual curriculum, that the student must have completed in high school; the core academic curriculum must include:

(A)
- (i) four years of mathematics;
- (ii) four years of language arts;
- (iii) four years of science; and
- (iv) three years of social studies, one year of which may include a foreign language, ~~or~~ an Alaskan Native language, **fine arts or cultural heritage**; or

(B)
- (i) three years of mathematics;
- (ii) four years of language arts
- (iii) three years of science
- (iv) four years of social studies; and
- (v) two years of a foreign language or Alaska Native Language;

Amendment **B**

Page 11, Lines 19-22;

(c) The maximum amount for a needs-based performance scholarship for a student who is enrolled

(1) not less than **full** time, is 50 percent of the unmet financial need that exceeds $2,000; and

(2) less than **full** time **but not less than half time**, is 25 percent of the unmet financial need that exceeds $2,000.

Amendment C

Pages 11-12, Lines 28-31 and 1-3, replace (e) (1) to read:

(e) In this section,

(1) "allowable standard costs of attendance" means for a student who receives a merit-based performance scholarship, the **lesser of (A) standard** costs of attendance at the University of Alaska, as determined by the commission; **or (B) actual costs of attendance at the qualified postsecondary institution that the student attends or plans to attend, as determined by the commission;**

Amendment D

Page 22, lines 10-11;

(2) who graduated from high school in this state after January 1, 2010 and before July 1, 2011 and meets eligibility requirements for the program may apply for a scholarship **on or after January 1, 2011 for enrollment in a program of study beginning on or after** July 1, 2011.

Conceptual Amendment

Page 6, lines 12- 17 to read: B) graduated, or will graduate not later than six months after the date of the application, from a high school outside of the state under circumstances allowed by the department; for purposes of this subparagraph, allowable circumstances include a circumstance in which a high school student who is an Alaska resident has **attended high school in the state and has** left the state because of the military service of the student's custodial parent who is an Alaska resident;

Page 6, lines 18-22 to read: (3) will receive and use, **while an Alaska resident**, the scholarship at a qualified postsecondary institution in the state not later than six years after the beginning of the first school year after a student's graduation from high school, unless the student qualifies for an extension of time allowed by the department; for purposes of this paragraph, standards for extension of time must include time **not more than two additional years** while the student is in military service; and

Conceptual Amendment

Page 7, lines 16-31, page 9 Lines 4-15 to read: (1) the four year core academic curriculum, which may include virtual curriculum, that the student must have completed in high school; the core academic curriculum must include ~~one of the following~~

~~(A) a combination of~~

(i) four years of mathematics;
(ii) four years of language arts;
(iii) four years of science; and
(iv) three years of social studies, one year of which may include a foreign language, or an Alaskan Native language;

~~(B) a combination of~~

(i) three years of mathematics;
(ii) four years of language arts
(iii) three years of science
(iv) four years of social studies; and
(v) two years of a foreign language or Alaska Native Language;

Conceptual Amendment

Pages 11-12, Lines 28-31 and 1-3, replace (e) (1) to read: (e) In this section, (1) "allowable standard costs of attendance" means for a student who receives a merit-based performance scholarship, the lesser of (A) standard costs of attendance at ~~a qualified post secondary institution that the student plans to attend~~ the University of Alaska, ~~as determined by the commission based on room and board cost that do not exceed the standard room and board costs at the University of Alaska as determined by the commission~~; or (B) actual costs of attendance at the qualified postsecondary institution that the student attends or plans to attend, as determined by the commission;

Conceptual Amendment

Page 11, Lines 19-22, (c) The maximum amount for a needs-based performance scholarship for a student who is enrolled

(1) not less than full-time, is 50 percent of the unmet financial need that exceeds $2,000; and (2) less than full time but not less than half time, is 25 percent of the unmet financial need that exceeds $2,000.

Conceptual Amendment

Page 22, lines 10-11; "...and meets eligibility requirements may apply for a scholarship on or after January 1, 2011 for enrollment in a program of study beginning on or after July 1, 2011."

Changes in CS SB 224 P

Page 6, line 9, 12; added "not later than six months:

Page 6, line 18-22; The six year clause.

Page 7, line 6; replaces "department" with "commission".

Page 7, line 11, 12; first of many changes that adds the Career scholarship back in. Here it is just the insertion of the phrase "academic". (I will not refer to every instance of this change.)

Page 8, 3-5; cleaning up the language about the three tiers.

Page 8, line 26—page 9, line 31; Reinsertion of Career track

a) The curriculum is the same as for both tracks
b) There are no tiers for the career track, just a minimum of a C+ average.
c) Either "college entrance exam" (SAT/ACT) or "standardized examination...selected by the department" (Work Keys?)

Page 10, lines 4-18; Three tiers redefined-

a) "approved tuition at the University of Alaska in school year 2010-2011"
b) Minimum test scores on college entrance exam

Page 10, lines 23-24; Redefines the rate for part time students from "pro rata" to 50 percent.

Page 10, lines 25-27; Six year termination—does not specifically include military exemption. "The department shall recognize the student's military service in making allowances under this sub-section."

Page 10, line 29; Twelve semesters backed down to eight.

Page 10, line 31—page 11, line 3; Career scholarship limited to two years. A student may not receive a career and an academic scholarship.

Page 11, lines 17-22; limits needs based scholarship to part time for part time students. (Diane Barrans has request for change of language here.)

Page 20, lines 12-15; allows ACPE to service the loans.

Page 22, line 9; changes eligibility date from September 1, 2010 to January 1, 2010.

DRAFT FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB224
() Publish Date:

Identifier (file name): CSSB224(EDC)-EED-ACPE-03-19-10
Dept. Affected: Education
Title: An Act establishing the governor's performance scholarship program and relating to the program; establishing the...
RDU: ACPE
Component: Program Administration and Operations
Sponsor: Rules
Requester: (S)EDC
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	376.3						
Supplies							
Equipment							
Land & Structures							
Grants & Claims			25,341.6	33,976.0	39,910.9	40,106.6	37,169.6
Miscellaneous							
TOTAL OPERATING	**376.3**	**0.0**	**25,341.6**	**33,976.0**	**39,910.9**	**40,106.6**	**37,169.6**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	376.3		25,341.6	33,976.0	39,910.9	40,106.6	37,169.6
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**376.3**	**0.0**	**25,341.6**	**33,976.0**	**39,910.9**	**40,106.6**	**37,169.6**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**1.0**						
Part-time							
Temporary	1.0						

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

The contractual funds noted above represent the cost of implementation and year one support for scholarship management software.

Assumptions:

1) Baseline count of high school graduates (8,008) based on 2009 data.

2) Referenced utilization rate of 28.8% for similarly structured program in WY. While Alaska has lower college-going rates historically than WY, in recent years we have had a higher percentage of students who do continue on attend in Alaska.

3) Maximum GPS award at highest performance level is based upon the University of Alaska tuition for the 2010-11 school year ($4,755).

Prepared by: Diane Barrans, Executive Director — Phone 465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 3/19/10 2:30 PM
Approved by: Diane Barrans, Executive Director — Date 3/19/2010
Alaska Commission on Postsecondary Education

(Revised 11/6/2009 OMB)

1710

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB224**
() Publish Date:

Identifier (file name): CSSB224-EED-TLS-3-19-10
Dept. Affected: Education
Title "An Act establishing the governor's performance scholarship..."
RDU Teaching & Learning Support
Component School & Student Achievement
Sponsor Rules at the request of the Governor
Requester Senate Education
Component Number 2796

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	87.3		87.3	87.3	87.3	87.3	87.3
Travel							
Contractual							
Supplies	30.0						
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**117.3**	**0.0**	**87.3**	**87.3**	**87.3**	**87.3**	**87.3**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	117.3		87.3	87.3	87.3	87.3	87.3
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**117.3**	**0.0**	**87.3**	**87.3**	**87.3**	**87.3**	**87.3**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**1.0**		**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Part-time							
Temporary							

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

Teaching and Learning Support will need to hire one staff member to oversee the promulgation and implementation of the department's regulations along coordination between EED, the University of Alaska, Department of Labor and Workforce Development and the Alaska Commission on Postsecondary Education (ACPE).

Education Specialist I at $87,306 plus start-up office supplies (computer, furniture, etc.) at $30,000 = $117,306

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division School Finance and Facilities — Date/Time 3/19/10 12:00 AM
Approved by: Larry LeDoux — Date 3/19/2010
Commissioner

(Revised 10/13/2009 OMB)

1711

CS FOR SENATE BILL NO. 174(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR MENARD

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska scholars program administered by the Board of Regents of the University of Alaska and to scholarship information; repealing provisions related to University of Alaska scholarships; relating to the AlaskAdvantage Education Grant Program; and relating to professional student exchange program availability; and relating to exemptions from the conditions for loan repayment under the medical education program."

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

*** Section 1.** AS 14.43 is amended by adding new sections to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) 100 percent of the cost of 15 credit hours of regular tuition at the University of Alaska for a student who is in the top five percent of the student's secondary class;

(2) 75 percent of the cost of 15 credit hours of regular tuition at the University of Alaska for a student who is below the top five percent and in the top 10 percent of the student's secondary class;

(3) 50 percent of the cost of 15 credit hours of regular tuition at the

University of Alaska for a student who is below the top 10 percent and in the top 15 percent of the student's secondary class.

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

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

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

Sec. 14.43.031. Financing; administration. (a) The Alaska scholars program account is established, to be administered by the board of regents. The Alaska scholars program is financed from the account. The account consists of money appropriated to the account by the legislature, which may include appropriations from the endowment trust fund established under AS 14.40.400, from income and earnings of the account, and from any other source. Appropriations to the account do not lapse.

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

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

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

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

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

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

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

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

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

*** Sec. 2.** AS 14.43.410 is amended by adding a new subsection to read:

(c) The commission shall annually distribute not less than $10,000,000 or, if available funding from appropriations and other sources is less than that amount, the full amount available in grant awards on behalf of eligible students under AS 14.43.415. Payments shall be made directly to the postsecondary or lending institution if feasible. If available funds are insufficient to fully fund grants to eligible students, the commission shall distribute funds to eligible applicants on a pro rata basis.

*** Sec. 3.** AS 14.43.415(a) is amended to read:

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

(1) a resident of this state;

(2) enrolled or about to be enrolled

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

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

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

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

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

amended.

*** Sec. 4.** AS 14.43.415(b) is repealed and reenacted to read:

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

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

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

*** Sec. 5.** AS 14.43.420(a) is amended to read:

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

*** Sec. 6.** AS 14.43.420(c) is amended to read:

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

*** Sec. 7.** AS 14.43.510(g) is amended to read:

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

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

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

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

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

*** Sec. 9.** AS 14.43.930(e) is amended to read:

(e) In this section,

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

(2) "qualified high school" **has the meaning given in AS 14.43.049** [MEANS A PUBLIC HIGH SCHOOL, A HIGH SCHOOL ACCREDITED BY THE NORTHWEST ASSOCIATION OF SCHOOLS AND COLLEGES, OR A HIGH SCHOOL REGISTERED WITH THE DEPARTMENT].

*** Sec. 10.** AS 14.44.025 is amended by adding a new subsection to read:

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

(1) dentistry;

(2) optometry; and

(3) pharmacy.

*** Sec. 11.** AS 14.43.010, 14.43.015, 14.43.020, 14.43.025, and 14.43.030 are repealed.

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

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

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

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

26-GS2771\D
Mischel
4/12/10

CS FOR SENATE BILL NO. 224( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act establishing the Alaska student achievement program and relating to the program; relating to student records; making conforming amendments; establishing a Joint Legislative Higher Education Scholarship Funding Task Force; and providing for an effective date."

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

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school district shall determine whether a student who graduates from a high school in the district is eligible for an award of a merit-based Alaska student achievement program scholarship under AS 14.43.810 - 14.43.850. If a student is eligible, the district shall state in the student's permanent record the highest level of funding for which the student is eligible. A district shall provide a student with an opportunity to request that the district correct an error in the eligibility determination.

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

(e) The commission may

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

(A) carry out the purposes of

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

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

(B) ensure compliance with the requirements imposed by state and federal statutes and regulations governing the guaranty, insurance, purchase, or other dealings in eligible loans by federal agencies, instrumentalities, or corporations; and

(C) establish standards for the

(i) administration of hearings conducted under AS 14.43.153; and

(ii) administrative enforcement of collection orders under AS 14.43.151 - 14.43.155;

(2) delegate to the executive director of the commission or a subcommittee of the commission any duty imposed on or power granted to the commission by this chapter, AS 14.43, AS 14.44, or AS 14.48, except its power to adopt regulations and its duty to consider appeals under AS 14.43.100(b) and AS 14.48.120;

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions;

(4) contract with or use existing institutions of postsecondary education or other individuals or organizations to make studies, conduct surveys, submit recommendations, or otherwise contribute to the work of the commission;

(5) establish fees for the review of an out-of-state institution that

(A) requests approval for participation in the programs under

AS 14.43.091 - 14.43.750, 14.43.990, and AS 14.44; and

(B) is not accredited by a national or regional accreditation association recognized by the Council for Higher Education Accreditation; and

(6) collect all fees and costs incurred in collection of the amount owed on a loan or repayment obligation if the loan or repayment obligation becomes delinquent or in default; in this paragraph, fees and costs include attorney fees, court costs, and collection fees charged by a collection agency.

*** Sec. 3.** AS 14.43 is amended by adding new sections to read:

Article 11A. Alaska Student Achievement Program.

Sec. 14.43.810. Alaska student achievement program established; regulations. (a) The Alaska student achievement program is established to provide scholarships for high school graduates who are Alaska residents to attend a qualified postsecondary institution in the state.

(b) The department shall, in consultation with the commission, adopt regulations necessary to implement the program. The commission shall administer the daily operations of the program and financing of the program, including the procedures for applying for the scholarships, establishing standards for and ensuring continuing compliance with programmatic standards, and requiring students to apply for other non loan financial aid, consistent with federal law.

Sec. 14.43.820. Eligibility for an Alaska student achievement program scholarship. (a) Subject to appropriation, the commission shall award an Alaska student achievement program scholarship to an applicant who

(1) is a resident of the state as defined in AS 01.10.055;

(2) graduated or will graduate within six months from a high school in the state;

(3) has completed a core academic curriculum in high school that includes

(A) a combination of

(i) four years of mathematics;

(ii) four years of language arts;

(iii) four years of science; and

(iv) four years of social studies, one year of which may include a foreign language, an Alaska Native language, fine arts, or cultural heritage; or

(B) a combination of

(i) three years of mathematics;

(ii) four years of language arts;

(iii) three years of science;

(iv) four years of social studies; and

(v) two years of a foreign language or an Alaska Native language;

(4) has a minimum grade-point average in high school of 2.5 or higher; the department shall set by regulation minimum requirements based on a substantially similar standard for districts that do not assign grades;

(5) has achieved a minimum score on a

(A) college entrance examination; or

(B) standardized examination designed to measure a student's level of preparedness to make the transition to work, as selected by the department; and

(6) is enrolled in good standing at a qualified postsecondary institution in the state in a course of study that is intended to result in the award of a certificate or degree.

(b) The commission shall establish standards in regulation for continuing and regaining eligibility for a scholarship.

Sec. 14.43.825. Maximum awards. (a) The commission shall establish in regulation the maximum awards for the Alaska student achievement program scholarships after considering recommendations of the Joint Legislative Higher Education Scholarship Funding Task Force.

(b) A student's eligibility for a scholarship terminates six years after the date the student graduated from high school unless the student qualifies for an extension of time allowed by the department by regulation.

(c) Scholarships may be awarded to a full-time student or, if a student is

enrolled part time, prorated based on the number of credits. In this subsection, "full time" means enrollment in a course of study that is not less that 12 credits and "part time" means enrollment in a course of study that is not less than six credits but less than 12 credits.

(d) The amount of a scholarship award may not exceed the amount of the student's costs of attendance as certified by the postsecondary institution for the purposes of federal financial aid, less any other scholarships or non-loan financial aid awarded to the student.

(e) Payment of a scholarship is subject to appropriation. If insufficient funds are appropriated to pay all eligible scholarships, the commission shall pay existing awards on a pro rata basis.

Sec. 14.43.830. Qualified postsecondary institutions. (a) The following institutions are qualified postsecondary institutions for purposes of awarding an Alaska student achievement program scholarship:

(1) a university or college physically located in the state that is

(A) authorized to operate in the state under AS 14.48.020, or is exempt from authorization under AS 14.48.030(b)(1); and

(B) accredited by a regional accreditation association;

(2) a career and technical school program physically located in the state that has been included on a list of certified career and technical school programs received from the Department of Labor and Workforce Development; the commission shall publish the list on or before June 30 of the year preceding enrollment.

(b) The Department of Labor and Workforce Development shall, in consultation with the Department of Education and Early Development, adopt regulations under AS 44.62 (Administrative Procedure Act) establishing criteria under which the Department of Labor and Workforce Development shall certify career and technical school programs in the state as eligible to participate in the Alaska student achievement scholarship program.

Sec. 14.43.840. Report to the legislature. (a) To the extent permitted under law, the department, the commission, the University of Alaska, and the Department of Labor and Workforce Development shall share data necessary to prepare public

reports regarding the program.

(b) Not more than 10 days after the convening of each regular legislative session, the department, the commission, the University of Alaska, and the Department of Labor and Workforce Development shall present an annual report to the public, the governor, and the legislature containing information of public interest regarding the program, including

(1) the number of applicants and number and types of scholarships awarded;

(2) the dollar amount of scholarships awarded in past years and the dollar amounts expected to be awarded for the next year; and

(3) data and trends in the data regarding high school and postsecondary student performance, programmatic changes, and retention and graduation rates over time.

Sec. 14.43.850. Definitions. In AS 14.43.810 - 14.43.850, unless the context requires otherwise,

(1) "department" means the Department of Education and Early Development;

(2) "grade-point average" means the average of all grades on a four-point scale, or five-point scale for advanced placement classes, obtained by the student in high school;

(3) "high school" means a public or accredited secondary school in the state and a home school program that is approved by the department;

(4) "program" means the Alaska student achievement program established under AS 14.43.810 - 14.43.850;

(5) "school district" means a borough school district, a city school district, a regional educational attendance area, and a state boarding school.

*** Sec. 4.** AS 14.45.130(a) is amended to read:

(a) A religious or other private school that elects to comply with AS 14.45.100 - 14.45.130 shall maintain permanent student records reflecting immunizations, physical examinations, standardized testing, academic achievement, [AND] courses taken at the school**, and level of eligibility for an Alaska student achievement**

scholarship under AS 14.43.810 - 14.43.850.

*** Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: PROGRAM STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS. Notwithstanding any contrary provision of this Act, the Department of Education and Early Development and the Department of Labor and Workforce Development, after consultation with the Alaska Commission on Postsecondary Education, may adopt regulations under AS 44.62 (Administrative Procedure Act) to implement their respective duties under the Alaska student achievement program established in AS 14.43.810, enacted by sec. 3 of this Act, so that a student

(1) may be eligible for the program even though the student did not fully meet the required core academic curriculum for the school years beginning July 1, 2010, through June 30, 2014; and

(2) who graduated from high school in this state after January 1, 2011, and before July 1, 2011, and meets eligibility requirements for the program may apply for a scholarship on or after January 1, 2011, for enrollment in a program of study beginning on or after July 1, 2011.

*** Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education may proceed to adopt regulations necessary to implement changes made to their respective authorities by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before September 1, 2010.

*** Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to read:

JOINT LEGISLATIVE HIGHER EDUCATION SCHOLARSHIP FUNDING TASK FORCE. (a) The legislature finds that

(1) there is a growing problem of students entering degree programs at postsecondary institutions in Alaska but not completing the degree programs;

(2) at 22.4 percent, Alaska ranks last in the nation for first-time full-time

bachelor degree-seeking students who complete their degrees within six years;

(3) it is estimated that, by 2025, 50 percent of all jobs in the United States will require a college-level degree;

(4) having an educated population is integral to economic development and promotion of lifetime success;

(5) the cost of attending postsecondary institutions continues to rise while financial aid for students fails to alleviate their unmet financial need so that they may attend college;

(6) improving financial aid opportunities for Alaska students would likely improve postsecondary graduation rates in the state; and

(7) establishing a state scholarship program to improve access to student financial aid requires a more thorough examination by the legislature.

(b) The Joint Legislative Higher Education Scholarship Funding Task Force is established in the legislative branch for the purpose of examining higher education costs and identifying the best approach in providing financial aid to assist students in the state.

(c) The duties of the task force established under this section include

(1) recommending award levels for the Alaska student achievement program under AS 14.43.825(a);

(2) evaluating proposals that are based on available facts and conclusions pertaining to financial aid opportunities at postsecondary institutions in the state;

(3) recommending improvements or additions to the laws providing for financial aid at postsecondary institutions; and

(4) taking public comments on financial aid opportunities in the state.

(d) The task force consists of 11 members, as follows:

(1) five members of the senate appointed by the president of the senate;

(2) five members of the house of representatives appointed by the speaker of the house of representatives; and

(3) one member appointed by the governor.

(e) The president of the senate and the speaker of the house of representatives shall jointly appoint the chair and vice-chair of the task force.

(f) The task force shall meet during the interim between legislative sessions.

(g) The task force shall submit a report of its findings and proposed legislative changes to the governor and the legislature by December 1, 2010, and may make any additional reports it considers advisable.

(h) The Joint Legislative Higher Education Scholarship Task Force is terminated on January 1, 2011.

*** Sec. 8.** Sections 6 and 7 of this Act take effect immediately under AS 01.10.070(c).

*** Sec. 9.** Except as provided in sec. 8 of this Act, this Act takes effect September 1, 2010.

1727

Governor's Proposed Amendment

DRAFT

	A Level			B Level			C+ Level		
Current in SB 224	**UAA**	**UAF**	**UAS**	**UAA**	**UAF**	**UAS**	**UAA**	**UAF**	**UAS**
Annual Attendance Cost	19,035.00	17,483	15,838	19,035.00	17,483.00	15,838.00	19,035.00	17,483.00	15,838.00
Pell Grant	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350
Current Scholarship	4,755	4,755	4,755	3,566	3,566	3,566	2,378	2,378	2,378
Total Grants	**10,105**	**10,105**	**10,105**	**8,916**	**8,916**	**8,916**	**7,728**	**7,728**	**7,728**
Remaining need	8,930	7,378	5,733	10,119	8,567	6,922	11,307	9,755	8,110
Current Amendment									
Required contribution	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Eligible Base	6,930	5,378	3,733	8,119	6,567	4,922	9,307	7,755	6,110
State Aid (Need)	3465	2689	1866.5	4059.5	3283.5	2461	4653.5	3877.5	3055
Total State Aid Money	**8,220**	**7,444**	**6,622**	**7,626**	**6,850**	**6,027**	**7,032**	**6,256**	**5,433**
Final unmet need	**5,465**	**4,689**	**3,867**	**6,060**	**5,284**	**4,461**	**6,654**	**5,878**	**5,055**

Assumptions	The student has full financial need
Annual cost of Attendence	Figure derived from UA admissions office based on entering Freshman living on campus
Pell Grant	Pell Grant is set at the maximum for the year 2009-2010. Pell
Current Scholarship	Award under the current governor's program
Total Grants	Total Grants equals the Pell plus the scholarship.
Remaining need	This is what is left to pay of the annual cost after subtracting the monies for grants and scholarships
Current Amendment	Everything below this is what is proposed in the amendments sent to the house on 2/15/10
Required contribution	Works like a deductible; would be work study, loans, summer job, PFD, etc.
Eligble Base	The base figure used to determine the needs award. It is the remaining need, minus $2,000
State Aid	Fifty percent of the eligibility base.
Final unmet need	What the student would have pay, including remaining need after the state award and the required $2,000

Governor's Proposed Amendment (With UA scholarship)

DRAFT

	A Level			B Level			C Level		
Current in SB 224	UAA	UAF	UAS	UAA	UAF	UAS	UAA	UAF	UAS
Annual Attendance Cost	**19,035.00**	17,483	15,838	**19,035.00**	**17,483.00**	**15,838.00**	**19,035.00**	**17,483.00**	15,838.00
Pell Grant	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350
Alaska Scholar	2,750	2,750	2,750						
Current Scholarship	4,755	4,755	4,755	3,566	3,566	3,566	2,378	2,378	2,378
Total Grants	**12,855**	**12,855**	**12,855**	**8,916**	**8,916**	**8,916**	**7,728**	**7,728**	**7,728**
Remaining need	6,180	4,628	2,983	10,119	8,567	6,922	11,307	9,755	8,110
Current Amendment									
Required contribution	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Eligible Base	4,180	2,628	983	8,119	6,567	4,922	9,307	7,755	6,110
State Aid	2,090	1,314	492	4,060	3,284	2,461	4,654	3,878	3,055
Total State Aid Money	**6,845**	**6,069**	**5,247**	**7,626**	**6,850**	**6,027**	**7,032**	**6,256**	**5,433**
Final unmet need	**4,090**	**3,314**	**2,492**	**6,060**	**5,284**	**4,461**	**6,654**	**5,878**	**5,055**

Assumptions	The student has full financial need
Annual cost of Attendence	Figure derived from UA admissions office based on entering Freshman living on campus
Pell Grant	Pell Grant is set at the maximum for the year 2009-2010. Pe
Current Scholarship	Award under the current governor's program
Total Grants	Total Grants equals the Pell plus the scholarship.
Remaining need	This is what is left to pay of the annual cost after subtracting the monies for grants and scholarships
Current Amendment	Everything below this is what is proposed in the amendments sent to the house on 2/15/10
Required contribution	Works like a deductible; would be work study, loans, summer job, PFD, etc.
Eligble Base	The base figure used to determine the needs award. It is the remaining need, minus $2,000
State Aid	Fifty percent of the eligibility base.
Final unmet need	What the student would have pay, including remaining need after the state award and the required $2,000

UAA OVER TEN YEARS

DRAFT

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
20,367	21,793	23,319	24,951	26,698	28,566	30,566	32,706	34,995	37,445
5,618	5,898	6,193	6,503	6,828	7,170	7,528	7,904	8,300	8,715
4,755	4,755	4,755	4,755	4,755	4,755	4,755	4,755	4,755	4,755
10,373	*10,653*	*10,948*	*11,258*	*11,583*	*11,925*	*12,283*	*12,659*	*13,055*	*13,470*
9,995	11,140	12,370	13,693	15,114	16,642	18,283	20,046	21,940	23,975
(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
7,995	9,140	10,370	11,693	13,114	14,642	16,283	18,046	19,940	21,975
3,997	4,570	5,185	5,847	6,557	7,321	8,142	9,023	9,970	10,988
8,752	**9,325**	**9,940**	**10,602**	**11,312**	**12,076**	**12,897**	**13,778**	**14,725**	**15,743**
5,997	**6,570**	**7,185**	**7,847**	**8,557**	**9,321**	**10,142**	**11,023**	**11,970**	**12,988**

Wyoming Reports

Honors	1630	31%	$ 2,599,685.00	39%
Performance	1956	37%	$ 2,296,007.00	34%
Opportunity	1235	23%	$ 950,727.00	14%
Provisional Opportunity	466	9%	$ 341,403.00	5%
Total	**5287**	100%	**$ 6,684,190.00**	100%
Need	588	11%	$ 496,368.00	7%

DRAFT

"Provisional" is the career grant

UW Cost of Attendance
Less: Estimated Family Contribution (determined by FAFSA)
Less: Hathaway Scholarship merit award per year
Less: Grants and Scholarships awarded to student
Less: $2,000

= Unmet Need

Qualifying students will receive a percentage of this unmet need based on their eligible scholarship level.

Opportunity

25% of unmet need (Minimum of $100 / per semester if any unmet need, maximum of $750 / per semester)

Performance

25% of unmet need (Minimum of $100 / per semester if any unmet need, maximum of $750 / per semester)

Honors

100% of unmet need

Proposal with Sliding Scale Needs Based Funding (50 / 40/ 30)

DRAFT

	A Level			B Level			C+ Level		
Current in SB 224	UAA	UAF	UAS	UAA	UAF	UAS	UAA	UAF	UAS
Annual Attendence Cost	**19,035.00**	17,483	15,838	**19,035.00**	**17,483.00**	**15,838.00**	**19,035.00**	**17,483.00**	15,838.00
Pell Grant	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350
Current Scholarship	4,755	4,755	4,755	3,566	3,566	3,566	2,378	2,378	2,378
Total Grants	**10,105**	**10,105**	**10,105**	**8,916**	**8,916**	**8,916**	**7,728**	**7,728**	**7,728**
Remaining need	8,930	7,378	5,733	10,119	8,567	6,922	11,307	9,755	8,110
Current Amendment									
Required contribution	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Eligible Base	6,930	5,378	3,733	8,119	6,567	4,922	9,307	7,755	6,110
State Aid	3,465	2,689	1,867	3,248	2,627	1,969	2,792	2,327	1,833
Total State Aid Money	**8,220**	**7,444**	**6,622**	**6,814**	**6,193**	**5,535**	**5,170**	**4,705**	**4,211**
Final unmet need	**5,465**	**4,689**	**3,867**	**5,248**	**4,627**	**3,969**	**4,792**	**4,327**	**3,833**

Assumptions	The student has full financial need
Annual cost of Attendence	Figure derived from UA admissions office based on entering Freshman living on campus
Pell Grant	Pell Grant is set at the maximum for the year 200
Current Scholarship	Award under the current governor's program
Total Grants	Total Grants equals the Pell plus the scholarship.
Remaining need	This is what is left to pay of the annual cost after subtracting the monies for grants and scholarships
Current Amendment	Everything below this is what is proposed in the amendments sent to the house on 2/15/10
Required contribution	Works like a deductible; would be work study, loans, summer job, PFD, etc.
Eligble Base	The base figure used to determine the needs award. It is the remaining need, minus $2,000
State Aid	Fifty percent of the eligibility base.
Final unmet need	What the student would have pay, including remaining need after the state award and the required $2,000

26-GS2771\E
Mischel
2/12/10

CS FOR SENATE BILL NO. 224( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act establishing the governor's scholarship program and relating to the program; establishing the governor's scholarship fund and relating to the fund; relating to student records; making conforming amendments; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school district shall determine whether a student who graduates from a high school in the district is eligible for an award of a governor's scholarship under AS 14.43.810 - 14.43.890. If a student is eligible, the district shall state in the student's permanent record the scholarship for which the student is eligible. A district shall provide a student with an opportunity to request that the district correct an error in the eligibility determination.

*** Sec. 2.** AS 14.07.020(a) is amended to read:

(a) The department shall

(1) exercise general supervision over the public schools of the state except the University of Alaska;

(2) study the conditions and needs of the public schools of the state, adopt or recommend plans, administer and evaluate grants to improve school performance awarded under AS 14.03.125, and adopt regulations for the improvement of the public schools;

(3) provide advisory and consultative services to all public school governing bodies and personnel;

(4) prescribe by regulation a minimum course of study for the public schools; the regulations must provide that, if a course in American Sign Language is given, the course shall be given credit as a course in a foreign language;

(5) establish, in coordination with the Department of Health and Social Services, a program for the continuing education of children who are held in detention facilities in the state during the period of detention;

(6) accredit those public schools that meet accreditation standards prescribed by regulation by the department; these regulations shall be adopted by the department and presented to the legislature during the first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;

(7) prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards that will assure healthful and safe conditions in the public and private schools of the state, including a requirement of physical examinations and immunizations in pre-elementary schools; the standards for private schools may not be more stringent than those for public schools;

(8) exercise general supervision over pre-elementary schools that receive direct state or federal funding;

(9) exercise general supervision over elementary and secondary correspondence study programs offered by municipal school districts or regional educational attendance areas; the department may also offer and make available to any Alaskan through a centralized office a correspondence study program;

(10) accredit private schools that request accreditation and that meet accreditation standards prescribed by regulation by the department; nothing in this paragraph authorizes the department to require religious or other private schools to be licensed;

(11) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction or major maintenance project; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, and final contract documents;

(12) provide educational opportunities in the areas of vocational education and training, and basic education to individuals over 16 years of age who are no longer attending school;

(13) administer the grants awarded under AS 14.11;

(14) establish, in coordination with the Department of Public Safety, a school bus driver training course;

(15) require the reporting of information relating to school disciplinary and safety programs under AS 14.33.120 and of incidents of disruptive or violent behavior;

(16) establish by regulation criteria, based on low student performance, under which the department may intervene in a school district to improve instructional practices, as described in AS 14.07.030(14) or (15); the regulations must include

(A) a notice provision that alerts the district to the deficiencies and the instructional practice changes proposed by the department;

(B) an end date for departmental intervention, as described in AS 14.07.030(14)(A) and (B) and (15), after the district demonstrates three consecutive years of improvement consisting of not less than two percent increases in student proficiency on standards-based assessments in math, reading, and writing as provided in AS 14.03.123(f)(2)(A); and

(C) a process for districts to petition the department for continuing or discontinuing the department's intervention;

(17) notify the legislative committees having jurisdiction over education before intervening in a school district under AS 14.07.030(14) or redirecting public school funding under AS 14.07.030(15);

(18) administer duties assigned to the department under the governor's scholarship program established in AS 14.43.810 - 14.43.890.

*** Sec. 3.** AS 14.42.030(e) is amended to read:

(e) The commission may

(1) adopt regulations under AS 44.62 (Administrative Procedure Act) to

(A) carry out the purposes of

(i) **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48; and

(ii) AS 14.43.910 and 14.43.920 as they relate to the purposes of **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48;

(B) ensure compliance with the requirements imposed by state and federal statutes and regulations governing the guaranty, insurance, purchase, or other dealings in eligible loans by federal agencies, instrumentalities, or corporations; and

(C) establish standards for the

(i) administration of hearings conducted under AS 14.43.153; and

(ii) administrative enforcement of collection orders under AS 14.43.151 - 14.43.155;

(2) delegate to the executive director of the commission or a subcommittee of the commission any duty imposed on or power granted to the commission by this chapter, AS 14.43, AS 14.44, or AS 14.48, except its power to adopt regulations and its duty to consider appeals under AS 14.43.100(b) and AS 14.48.120;

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in

carrying out its functions;

(4) contract with or use existing institutions of postsecondary education or other individuals or organizations to make studies, conduct surveys, submit recommendations, or otherwise contribute to the work of the commission;

(5) establish fees for the review of an out-of-state institution that

(A) requests approval for participation in the programs under **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, and AS 14.44; and

(B) is not accredited by a national or regional accreditation association recognized by the Council for Higher Education Accreditation; and

(6) collect all fees and costs incurred in collection of the amount owed on a loan or repayment obligation if the loan or repayment obligation becomes delinquent or in default; in this paragraph, fees and costs include attorney fees, court costs, and collection fees charged by a collection agency.

*** Sec. 4.** AS 14.42.200 is amended to read:

Sec. 14.42.200. General powers. In addition to other powers granted in this chapter, the corporation may

(1) sue and be sued in its own name;

(2) adopt an official seal;

(3) adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the purposes of this chapter;

(4) make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation, including contracts with a person or governmental entity;

(5) receive, take, hold, and administer, on behalf of the corporation and for any of its purposes, any appropriation, gift, grant, bequest, devise, or donation of real property or personal property if that obligation of the corporation is not a debt of the state; in this paragraph, "property" includes

(A) money; and

(B) life estates, leases, or other interests in property;

(6) borrow money as provided in this chapter to carry out its corporate

purposes and issue its obligations as evidence of the borrowing;

(7) include in a borrowing the amounts to pay financing charges, interest on the obligations for a period not exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory, and legal fees, and other expenses necessary or incident to the borrowing;

(8) invest or reinvest, subject to its contracts with noteholders and bondholders, money held by the corporation as set out in AS 37.10.071;

(9) set and collect interest, fees, and charges in connection with education loans or repayment obligations held by the corporation and its servicing agents; in this paragraph, "charges" includes costs of financing by the corporation, service charges, insurance premiums, and other costs incurred by the corporation in carrying out its corporate purposes;

(10) gather information on postsecondary education financial resources available to residents of this state and disseminate the information to reasonably assure that qualified residents are aware of those financial resources;

(11) service education loans and repayment obligations held by the corporation;

(12) purchase or participate in the purchase of education loans;

(13) contract in advance for the purchase or sale of education loans;

(14) sell or participate in the sale, either public or private and on terms authorized by the board, of education loans to the Student Loan Marketing Association or to other purchasers;

(15) collect and pay reasonable fees and charges in connection with the purchase, sale, and servicing of education loans and repayment obligations;

(16) enter into agreements with the federal government, including guaranty agreements and supplemental guaranty agreements as described in 20 U.S.C. 1001 - 1155, as amended, as necessary to provide for the receipt by the corporation of administrative allowances and other benefits available under 20 U.S.C. 1001 - 1155, as amended;

(17) administer federal money allotted to the state involving insured

education loans and related administrative costs and other matters;

(18) enter into agreements with the commission relating to education loans and repayment obligations, the administration of the financial aid and loan programs under **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, and AS 14.44, and the payment of and security for bonds of the corporation;

(19) to the extent permitted under contracts with bondholders, consent to the modification of the rate of interest, time of payment of an installment of principal or interest, or other terms of an education loan or repayment obligation held by the corporation;

(20) procure insurance against any loss in connection with the operation of its programs;

(21) provide advisory services to borrowers and other participants in the corporation's programs;

(22) enter into credit facility agreements and make pledges, covenants, and agreements with respect to the repayment of borrowings under the credit facility agreements;

(23) develop and implement education financing programs; in this paragraph, "programs" includes

(A) programs listed in AS 14.42.030(b)(1);

(B) programs for the guaranteeing, servicing, originating, and financing of education loans for borrowers located both inside and outside the state; and

(C) federal financial aid programs made under federal law; and

(24) perform acts that may be necessary or appropriate to carry out effectively the general objectives and purposes of the corporation under AS 14.42.100 - 14.42.990.

*** Sec. 5.** AS 14.43 is amended by adding new sections to read:

Article 11A. Governor's Scholarship Program.

Sec. 14.43.810. Governor's scholarship program established; Alaska residency. (a) The governor's scholarship program is established to provide scholarships for high school graduates who are Alaska residents to attend a qualified

postsecondary institution in the state. The program includes performance, opportunity, and career scholarships.

(b) The department shall design the programmatic standards for the scholarships and appeals of adverse decisions. The commission shall administer the daily operations of the program and financing of the program, including processing applications for the scholarships, establishing standards for and ensuring continuing compliance with programmatic standards, and requiring students to apply for other nonloan financial aid, consistent with federal law. The department, the commission, the corporation, and the Department of Labor and Workforce Development shall adopt necessary regulations under AS 44.62 after consultation with each other. The department may change the regulations under AS 44.62 relating to the programmatic standards for required academic achievement for eligibility only by giving advance public notice at least one school year before the effective date of the change.

(c) For purposes of the program, a student is an Alaska resident if the student meets the requirements for establishing residency under AS 01.10.055.

(d) The program shall be administered to further the following goals:

(1) increasing high school graduation rates in the state;

(2) improving academic performance of students in kindergarten through grade 12 in the state;

(3) improving preparedness of Alaska students for postsecondary education;

(4) improving the quality of the educational programs offered by high schools in the state;

(5) increasing the scores of high school students in the state on college entrance examinations;

(6) increasing job training opportunities in the state;

(7) improving the postsecondary academic achievement and graduation rates of students in the state;

(8) expanding the pool of high school students in the state who pursue postsecondary opportunities.

Sec. 14.43.815. Qualifications of applicants. (a) A student may apply for a

governor's scholarship to attend a qualified postsecondary institution in the state if the student

(1) has applied or intends to apply for admission to the institution;

(2) is an Alaska resident who has

(A) graduated, or will graduate not later than six months after the date of the application, from a high school in the state, including a public school, private school, and home school;

(B) graduated, or will graduate not later than six months after the date of the application, from a high school outside of the state under circumstances allowed by the department; for purposes of this subparagraph, allowable circumstances include a circumstance in which a high school student who is an Alaska resident left the state because of the military service of the student's custodial parent who is an Alaska resident;

(3) will receive and use the scholarship at a qualified postsecondary institution in the state not later than six years after the beginning of the first school year after a student's graduation from high school, unless the student qualifies for an extension of time allowed by the department; for purposes of this paragraph, standards for extension of time must include time while the student is in military service;

(4) maintains a minimum grade-point average of 2.5 at a qualified postsecondary institution in the state; and

(5) meets other minimum qualifications to apply or continue to be eligible for a governor's scholarship.

(b) A student is not qualified to receive a governor's scholarship if the student

(1) has not complied with the military selective service registration requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if those requirements apply to the student;

(2) is currently in default or owes a refund on a federal financial aid loan under the federal guaranteed student loan program or financial aid awarded under this chapter; or

(3) has been convicted of a felony in the state or another jurisdiction and has not qualified for a waiver under standards adopted by the department.

Sec. 14.43.820. Eligibility for a performance scholarship. (a) Subject to appropriation, the commission shall award a performance scholarship to an applicant who meets the eligibility criteria for the award under the program.

(b) The programmatic standards for eligibility for an award of a performance scholarship under the program include the following:

(1) the four-year core academic curriculum that the student must have completed in high school; the core academic curriculum must include

(A) four years of mathematics, four years of language arts, four years of science, and three years of social studies; or

(B) three years of mathematics, four years of language arts, three years of science, three years of social studies, and two years of a foreign or Alaska Native language;

(2) achievement of a minimum grade-point average of 3.5 in high school;

(3) enrollment in a course of study at a qualified postsecondary institution described in AS 14.43.835(a)(1) that is intended to result in the award of a certificate or degree;

(4) a process through which a student who is no longer eligible can regain eligibility;

(5) a process through which a home-schooled or private-schooled student may submit evidence to the qualified university or college that establishes the equivalent of the high school diploma, grade-point average, and core academic curriculum for public school students.

Sec. 14.43.822. Eligibility for an opportunity scholarship. (a) Subject to appropriation, the commission shall award an opportunity scholarship to an applicant who

(1) meets the eligibility criteria for a performance scholarship award under AS 14.43.820(b)(1) and (b)(3) - (5);

(2) has achieved a minimum grade-point average of 2.5 in high school; and

(3) demonstrates unmet financial need on a Free Application for

Federal Student Aid (20 U.S.C. 1090).

(b) An applicant who is eligible for a scholarship under this section may be awarded an additional scholarship under AS 14.43.820.

Sec. 14.43.825. Eligibility for a career scholarship. (a) Subject to appropriation, the commission shall award a career scholarship to an applicant who meets the eligibility criteria for the award under the program.

(b) The programmatic standards for eligibility for an award of a career scholarship under the program include the following:

(1) the core academic curriculum that the student must have completed in high school; the core academic curriculum must include

(A) three years of mathematics;

(B) three years of language arts;

(C) two years of science; and

(D) two years of social studies;

(2) achievement of a minimum grade-point average of 2.0 in high school;

(3) demonstration of unmet financial need on a Free Application for Federal Student Aid (20 U.S.C. 1090);

(4) enrollment in good standing at a qualified postsecondary institution as described in AS 14.43.835(a)(2) that is intended to result in the award of a certificate that indicates the student's preparedness to enter the workforce; or

(5) a process through which a student who is no longer eligible can regain eligibility.

(c) An applicant who is awarded a scholarship under this section may not be awarded an additional scholarship under AS 14.43.820 or 14.43.822 for the same year.

Sec. 14.43.827. Maximum awards and allowable uses. (a) Subject to (b) - (e) of this section, the maximum awards for the program are as follows:

(1) for the performance scholarship, the award for a semester must be equal to the cost of approved tuition at the University of Alaska in school year 2010 through 2011 for a student taking 15 credits;

(2) for the opportunity scholarship, the award for a semester must be

equal to the applicant's unmet financial need;

(3) for the career scholarship, the award must be the actual cost of the qualified postsecondary institution attended by the student, not to exceed $3,000 a school year for two years.

(b) A part-time student who receives a scholarship and is enrolled on at least a half-time basis is eligible for an award on a pro rata basis.

(c) A student's eligibility for a scholarship terminates six years after the date the student graduated from high school unless the student qualifies for an extension of time allowed by the department.

(d) Subject to AS 14.43.815(a)(3), a student receiving a performance or opportunity scholarship may remain eligible for up to eight semesters of enrollment in good standing at a qualified university or college, which may include graduate courses. A student receiving a career scholarship may remain eligible for two calendar years of attendance at a qualified postsecondary institution.

(e) The amount of a scholarship award may not exceed the amount of the student's costs of attendance as certified by the postsecondary institution for the purposes of federal financial aid, less any other scholarships or nonloan financial aid awarded to the student.

Sec. 14.43.830. Programmatic standards; alternative pathway. The department shall establish a make-up procedure or alternative pathway to allow students who are not eligible for a scholarship to make up a deficit by alternative means if the deficit was caused by circumstances beyond the student's control. The department may not waive a requirement and shall require the student to achieve a result comparable to that required of other students. The decision of the department regarding a student's eligibility for alternative means is final. In determining circumstances in which the student may pursue alternative means, the department shall consider the effect on students who have met the requirements and the need to promote the goals of the program. Attendance at a high school outside of the state is not a circumstance in which a student may be allowed to pursue alternative means to qualify for a scholarship. Circumstances in which the department may allow a student to pursue alternative means to qualify for a scholarship include the following:

(1) the required curriculum was not reasonably available to the student because the student attended a small and remote high school in the state;

(2) the deficit was caused by rare and unusual circumstances outside the control of the student.

Sec. 14.43.835. Qualified postsecondary institutions. (a) The following institutions are qualified postsecondary institutions:

(1) a university or college physically located in the state that is

(A) authorized to operate in the state under AS 14.48.020, or is exempt from authorization under AS 14.48.030(b)(1); and

(B) accredited by a regional accreditation association;

(2) a career and technical school program physically located in the state that has been included on a list of certified career and technical school programs received from the Department of Labor and Workforce Development; the commission shall publish the list on or before September 1 of each year.

(b) The Department of Labor and Workforce Development shall, in consultation with the department, adopt regulations under AS 44.62 establishing criteria under which the Department of Labor and Workforce Development shall certify career and technical school programs in the state as eligible to participate in the career and technical school scholarship program. The criteria to be considered under this subsection include the following:

(1) the quality of the job-training program offered by the career and technical school;

(2) the employability of a graduate of the program, including whether the program results in a certificate or license that is recognized by the industry for which the training prepares the student;

(3) whether jobs in the industry for which the training prepares the student are available or expected to be available in the future in the state;

(4) other criteria established by the Department of Labor and Workforce Development in regulation.

(c) A postsecondary institution is physically located in the state if the campus, teachers, classrooms, school administrators, and equipment used to provide the

education to the students are physically present in the state. Use of virtual, electronic, or online materials by teachers in the state does not disqualify a postsecondary institution even if the materials are generated outside the state. However, a correspondence, virtual, electronic, or online program that is administered from outside the state is not physically located in the state even if the program is delivered by teachers or equipment in the state.

Sec. 14.43.840. Application and award. (a) The commission shall establish application procedures for students to apply for a governor's scholarship.

(b) The commission shall adopt procedures for payment and repayment of scholarship awards to the institution attended by the scholarship recipient. Payment of a scholarship is subject to appropriation. If insufficient funds are appropriated to pay all eligible scholarships, the commission shall pay existing awards on a pro rata basis.

(c) The commission shall collect from a student who is awarded a scholarship in error repayments to the state in the amount of the scholarship awarded in error.

Sec. 14.43.845. Governor's scholarship fund income account. The governor's scholarship fund income account is created as an account in the general fund. Money may be appropriated into the account from the expendable earnings of the governor's scholarship fund under AS 37.14.750 - 37.14.790 and other sources. The commission may use money in the account to pay scholarships awarded to students under AS 14.43.810 - 14.43.890.

Sec. 14.43.850. Report to the legislature. (a) To the extent permitted under law, the department, the commission, the University of Alaska, the Department of Revenue, and the Department of Labor and Workforce Development shall share data necessary to prepare public reports regarding the program.

(b) Not more than 10 days after the convening of each regular legislative session, the department, the commission, the University of Alaska, the Department of Revenue, and the Department of Labor and Workforce Development shall present an annual report to the public, the governor, and the legislature containing information of public interest regarding the program, including

(1) the number of applicants and number and types of scholarships awarded;

(2) the dollar amount of scholarships awarded in past years and the dollar amount expected to be awarded for the next year; and

(3) data and trends in the data regarding the goals identified in AS 14.43.810.

Sec. 14.43.890. Definitions. In AS 14.43.810 - 14.43.890, unless the context requires otherwise,

(1) "grade-point average" means the average of all grades on a four-point scale, or five-point scale for advanced placement classes, obtained by the student in high school;

(2) "military service" means active duty in the armed forces of the United States;

(3) "program" means the governor's scholarship program established under AS 14.43.810 - 14.43.890;

(4) "school district" means a borough school district, a city school district, a regional educational attendance area, and a state boarding school;

(5) "unmet financial need" means the amount of need demonstrated under federal standards for determining financial need under 20 U.S.C. 1070c-2, as amended, after other nonloan financial aid for which the student is eligible is deducted.

* **Sec. 6.** AS 14.45.130(a) is amended to read:

(a) A religious or other private school that elects to comply with AS 14.45.100 - 14.45.130 shall maintain permanent student records reflecting immunizations, physical examinations, standardized testing, academic achievement, [AND] courses taken at the school**, and level of eligibility for a governor's scholarship under AS 14.43.810 - 14.43.890**.

* **Sec. 7.** AS 23.05.060 is amended to read:

Sec. 23.05.060. Powers of the department. The department may

(1) enforce all state labor laws;

(2) act as mediator and appoint deputy commissioners of conciliation in labor disputes whenever it considers the interest of industrial peace requires it;

(3) make investigations and collect and compile statistical information

concerning the conditions of labor generally and upon all matters relating to the enforcement of this chapter;

(4) institute court proceedings against an employer of labor without cost to the employee when it is satisfied that the employer has failed to pay an employee an amount due by contract;

(5) issue cease and desist orders and other orders and regulations necessary for the enforcement of state labor laws;

(6) in accordance with AS 37.07 (the Executive Budget Act), receive and spend money derived from agreements with local governments, nongovernmental organizations, or other persons;

(7) administer duties assigned to the department under the governor's scholarship program established in AS 14.43.810 - 14.43.890.

*** Sec. 8.** AS 36.30.850(b) is amended to read:

(b) This chapter applies to every expenditure of state money by the state, acting through an agency, under a contract, except that this chapter does not apply to

(1) grants;

(2) contracts for professional witnesses to provide for professional services or testimony relating to existing or probable lawsuits in which the state is or may become a party;

(3) contracts of the University of Alaska where the work is to be performed substantially by students enrolled in the university;

(4) contracts for medical doctors and dentists;

(5) acquisitions or disposals of real property or interest in real property, except as provided in AS 36.30.080 and 36.30.085;

(6) disposals under AS 38.05;

(7) contracts for the preparation and transportation of ballots under AS 15;

(8) acquisitions or disposals of property and other contracts relating to airports under AS 02.15.070, 02.15.090, 02.15.091, and AS 44.88;

(9) disposals of obsolete property under AS 19.05.060;

(10) disposals of obsolete material or equipment under AS 35.20.060;

(11) agreements with providers of services under AS 47.25.071 - 47.25.095; AS 47.07; AS 47.08; AS 47.10; AS 47.12; AS 47.14; AS 47.17; AS 47.24; and AS 47.27, including contractors under AS 47.27.050;

(12) contracts of the Department of Fish and Game for flights that involve specialized flying and piloting skills and are not point-to-point;

(13) purchases of income-producing assets for the state treasury or a public corporation of the state;

(14) [REPEALED

(15)] a contract that is a delegation, in whole or in part, of investment powers held by

(A) the commissioner of revenue under AS 14.42.200, 14.42.210, AS 18.56.095, AS 37.10.070, 37.10.071, or AS 37.14;

(B) the Board of Regents of the University of Alaska under AS 14.40.250 - 14.40.491;

(15) [(16)] a contract that is a delegation, in whole or in part, of investment powers or fiduciary duties of

(A) the Board of Trustees of the Alaska Permanent Fund Corporation under AS 37.13;

(B) the Alaska Mental Health Trust Authority under AS 37.14.001 - 37.14.099;

(16) [(17)] the purchase of books, book binding services, newspapers, periodicals, audio-visual materials, network information services access, approval plans, professional memberships, archival materials, objects of art, and items for museum or archival acquisition having cultural, historical, or archaeological significance; in this paragraph

(A) "approval plans" means book selection services in which current book titles meeting an agency's customized specifications are provided to the agency subject to the right of the agency to return those books that do not meet with the agency's approval;

(B) "archival materials" means the noncurrent records of an agency that are preserved after appraisal because of their value;

(C) "audio-visual materials" means nonbook prerecorded materials, including records, tapes, slides, transparencies, films, filmstrips, cassettes, videos, compact discs, laser discs, and items that require the use of equipment to render them usable;

(D) "network information services" means a group of resources from which cataloging information, holdings records, inter-library loans, acquisitions information, and other reference resources can be obtained;

(17) [(18)] contracts for the purchase of standardized examinations for licensure under AS 08;

(18) [(19)] contracts for home health care provided under regulations adopted by the Department of Health and Social Services and for adult residential care services provided under regulations adopted by the Department of Health and Social Services or by the Department of Administration;

(19) [(20)] contracts for supplies or services for research projects funded by money received from the federal government or private grants;

(20) [(21)] guest speakers or performers for an educational or cultural activity;

(21) [(22)] contracts of the Alaska Industrial Development and Export Authority for a clean coal technology demonstration project that

(A) is attempting to develop a coal-fired electric generation project;

(B) uses technology that is capable of commercialization during the 1990's; and

(C) qualifies for federal financial participation under P.L. 99-190 as amended;

(22) [(23)] operation and protection of assets or disposals of equipment and supplies acquired through foreclosure or other legal proceedings relating to loans issued under AS 03.10;

(23) [(24)] purchases of curatorial and conservation services to maintain, preserve, and interpret

(A) objects of art; and

(B) items having cultural, historical, or archaeological significance to the state;

(24) [(25)] acquisition of confidential seismic survey data necessary for pre-sale oil and gas lease or gas only lease analyses under AS 38.05.180;

(25) [(26)] contracts for village public safety officers;

(26) [(27)] purchases of supplies and services to support the operations of the Alaska state troopers or law enforcement officers engaged in fish and wildlife protection if the procurement officer for the Department of Public Safety makes a written determination that publicity of the purchases would jeopardize the safety of personnel or the success of a covert operation;

(27) [(28)] expenditures when rates are set by law or ordinance;

(28) [(29)] construction of new vessels by the Department of Transportation and Public Facilities for the Alaska marine highway system;

(29) [(30)] contracts entered into with a regional development organization; in this paragraph, "regional development organization" has the meaning given in AS 44.33.895;

(30) [(31)] contracts that are to be performed in an area outside of the country and that require a knowledge of the customs, procedures, rules, or laws of the area;

(31) [(32)] contracts that are between the Department of Law and attorneys who are not employed by the state and that are for the review or prosecution of possible violations of the criminal law of the state in situations where the attorney general concludes that an actual or potential conflict of interest makes it inappropriate for the Department of Law to review or prosecute the possible violations;

(32) [(33)] contracts between the Department of Natural Resources and contractors qualified to evaluate hydrocarbon development, production, transportation, and economics, to assist the commissioner of natural resources in evaluating applications for royalty increases or decreases or other royalty adjustments, and evaluating the related financial and technical data, entered into under AS 38.05.180(j);

(33) [(34)] contracts of the Alaska Industrial Development and Export Authority made with the developer of an integrated transportation and port facility

owned by the authority;

(34) [(35)] procurements of contracts with the media for advertising;

(35) [(36)] [REPEALED

(37)] contracts between the state medical examiner and a provider of medical services to perform or assist in performing the duties assigned to the state medical examiner in AS 12.65.020;

(36) [(38)] contracts between the commissioner of revenue and an independent contractor under AS 43.82.240;

(37) [(39)] contracts for a convener under AS 44.62.730 or for a facilitator under AS 44.62.760 related to a negotiated regulation making process under AS 44.62.710 - 44.62.800;

(38) [(40) REPEALED

(41)] a tourism marketing contract awarded under AS 44.33.125;

(39) [(42)] grants and contracts with qualified entities for services under AS 47.18.330 for the foster care transition program;

(40) [(43)] contracts for travel services, including airplane travel, hotel accommodations, and travel agency services, but excluding motor vehicle rentals;

(41) [(44)] contracts of the Alaska Commission on Postsecondary Education or the Alaska Student Loan Corporation for the guarantee and disbursing of financial aid money to institutions of postsecondary education under the financial aid programs under **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750] and AS 14.44.025;

(42) [(45)] contracts for an arbitration panel to determine whether a project is uneconomic under AS 43.90.240, and contracts for the development of application provisions for licensure and for the evaluation of those applications under AS 43.90;

(43) [(46)] contracts for delivery of home heating assistance under AS 47.25.626;

(44) [(47)] contracts of the Alaska Pension Obligation Bond Corporation under AS 37.16.010 - 37.16.900.

*** Sec. 9.** AS 37.14 is amended by adding new sections to read:

Article 8A. Governor's Scholarship Fund.

Sec. 37.14.750. Governor's scholarship fund established. (a) The governor's scholarship fund is established as a fund of the state. The fund consists of

(1) appropriations to the fund;

(2) donations to the fund; and

(3) income earned on investments of fund assets.

(b) The commissioner of revenue shall manage the fund with the goal that the purchasing power of the fund will not diminish over time without regard to additional contributions that may be made to the fund. The commissioner shall invest the assets of the fund in a manner likely to yield at least a five percent real rate of return over time.

(c) Nothing in this section creates a dedicated fund.

Sec. 37.14.755. Powers and duties of the commissioner of revenue. In carrying out the investment duties under AS 37.14.750 - 37.14.790, the commissioner of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall provide reports to the Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education on the condition and investment performance of the fund.

Sec. 37.14.760. Use of fund. As soon as practicable after July 1 of each year, the commissioner of revenue shall determine the average month-end market value of the fund for the immediately preceding three fiscal years. The commissioner shall identify five percent of that amount as available for appropriation by the legislature for appropriation to the governor's scholarship fund income account created under AS 14.43.845 from which the Alaska Commission on Postsecondary Education may award scholarships under AS 14.43.810 - 14.43.890. The commissioner shall also report as available for appropriation a running total of amounts previously identified as available for appropriation to the governor's scholarship fund income account but not appropriated.

Sec. 37.14.790. Definitions. In AS 37.14.750 - 37.14.790, unless the context requires otherwise,

(1) "commissioner" means the commissioner of revenue;

(2) "fund" means the governor's scholarship fund established in AS 37.14.750(a).

*** Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: PROGRAM STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS. Notwithstanding any contrary provision of this Act, the Department of Education and Early Development and the Department of Labor and Workforce Development, after consultation with the Alaska Commission on Postsecondary Education, may adopt regulations under AS 44.62 to implement their respective duties under the governor's scholarship program established in AS 14.43.810, enacted by sec. 5 of this Act, so that a student

(1) may be eligible for the program even though the student did not fully meet the required core academic curriculum for the school years beginning July 1, 2010, through June 30, 2013; and

(2) who graduated from high school in this state after June 30, 2010, and before July 1, 2011, and meets eligibility requirements for the program may apply for a scholarship beginning July 1, 2011.

*** Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education may proceed to adopt regulations necessary to implement changes made to their respective authorities by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before September 1, 2010.

*** Sec. 12.** Section 11 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 13.** Except as provided in sec. 12 of this Act, this Act takes effect September 1, 2010.

Committee Member Questions and Concerns

General

1) What percentage of schools is currently unable to attain these academic standards? What is in place to help those schools?
2) If a school needs to offer a virtual curriculum to meet the standards, who pays for the upgrade?
3) In some schools it takes five years to do a science program. If the student is pursuing classes full time, but unable to graduate in four years, due to no fault of the student, can it be extended?
4) Wyoming has an explicit phase in for current students. How would the department phase in the course requirements so that students already in high school could be eligible?
5) Wyoming defines the courses that are to be taken, ie, Algebra I, Geometry and Algebra II.
6) Can private individuals make donations to the fund?
7) Issue of first in, last out—would that make students hesitant to apply for other scholarships and grants, which would reduce the cost the following years if it was a multiyear grant?
8) Why the six year cap? Can that be extended? If the students starts using the scholarship in their sixth year, then do they receive all eight semesters thereafter?
9) "meets other minimum qualifications to apply or continue to be eligible for a governor's performance scholarship." What does this mean. What are the other requirements? Who sets them?
10) "...a process through which a student who is no longer eligible can regain eligibility;" What is that process? Who determines it?
11) Should requirement options be offered? Three years of math and two years of a foreign language, for instance.
12) What do you expect the ACT/SAT requirements to be? Why are they a part of this if the students are getting the grades?
13) Where does a student in a small village take the SAT/ACT? Are they offered in the schools, or do they have to travel to take it?
14) Why does someone have to fill out a FAFSA form if they are not interested in getting any financial aid?
15) Goals—do you really want intent language in the bill? Should that not be in an accompanying letter?
16) Currently the language excluded anyone who graduates before June 30, 2010. What do we tell students who worked *this year* to earn this, but are not allowed to receive it?
17) This is a complicated bill, with many different components. Is this too much to do in one year?

Governor's Proposed Amendment

	A Level			B Level			C+ Level		
Current in SB 224	**UAA**	**UAF**	**UAS**	**UAA**	**UAF**	**UAS**	**UAA**	**UAF**	**UAS**
Annual Attendance Cost	19,035.00	17,483	15,838	19,035.00	17,483.00	15,838.00	19,035.00	17,483.00	15,838.00
Pell Grant	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350
Current Scholarship (A AVG.)	4,755	4,755	4,755	3,566	3,566	3,566	2,378	2,378	2,378
other Grants									
Total Grants	*10,105*	*10,105*	*10,105*	*8,916*	*8,916*	*8,916*	*7,728*	*7,728*	*7,728*
Remaining need	8,930	7,378	5,733	10,119	8,567	6,922	11,307	9,755	8,110
Current Amendment									
Required contribution	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Eligible Base	6,930	5,378	3,733	8,119	6,567	4,922	9,307	7,755	6,110
State Aid (Need)	3465	2689	1866.5	4059.5	3283.5	2461	4653.5	3877.5	3055
Total State Aid Money	**8,220**	**7,444**	**6,622**	**7,626**	**6,850**	**6,027**	**7,032**	**6,256**	**5,433**
Final unmet need	**5,465**	**4,689**	**3,867**	**6,060**	**5,284**	**4,461**	**6,654**	**5,878**	**5,055**

Assumptions — The student has full financial need (Lowest Family Income)

Annual cost of Attendence	Figure derived from UA admissions office based on entering Freshman living on campus
Pell Grant	Pell Grant is set at the maximum for the year 2009-2010. Pell
Current Scholarship	Award under the current governor's program
Total Grants	Total Grants equals the Pell plus the scholarship. plus other private & public Grants
Remaining need	This is what is left to pay of the annual cost after subtracting the monies for grants and scholarships
Current Amendment	Everything below this is what is proposed in the amendments sent to the house on 2/15/10
Required contribution	Works like a deductible; would be work study, loans, summer job, PFD, etc.
Eligble Base	The base figure used to determine the needs award. It is the remaining need, minus $2,000
State Aid	Fifty percent of the eligibility base.
Final unmet need	What the student would have pay, including remaining need after the state award and the required $2,000

Governor's Proposed Amendment (With UA scholarship)

	A Level			B Level			C+ Level		
Current in SB 224	UAA	UAF	UAS	UAA	UAF	UAS	UAA	UAF	UAS
Annual Attendance Cost	**19,035.00**	17,483	15,838	**19,035.00**	**17,483.00**	**15,838.00**	**19,035.00**	**17,483.00**	15,838.00
Pell Grant (other Grants)	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350
Alaska Scholar	2,750	2,750	2,750						
Current Scholarship	4,755	4,755	4,755	3,566	3,566	3,566	2,378	2,378	2,378
Total Grants	*12,855*	*12,855*	*12,855*	*8,916*	*8,916*	*8,916*	*7,728*	*7,728*	*7,728*
Remaining need	6,180	4,628	2,983	10,119	8,567	6,922	11,307	9,755	8,110
Current Amendment									
Required contribution	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Eligible Base	4,180	2,628	983	8,119	6,567	4,922	9,307	7,755	6,110
State Aid	2,090	1,314	492	4,060	3,284	2,461	4,654	3,878	3,055
Total State Aid Money	*6,845*	*6,069*	*5,247*	*7,626*	*6,850*	*6,027*	*7,032*	*6,256*	*5,433*
Final unmet need	**4,090**	**3,314**	**2,492**	**6,060**	**5,284**	**4,461**	**6,654**	**5,878**	**5,055**

Assumptions	The student has full financial need
Annual cost of Attendence	Figure derived from UA admissions office based on entering Freshman living on campus
Pell Grant	Pell Grant is set at the maximum for the year 2009-2010. Pe
Current Scholarship	Award under the current governor's program
Total Grants	Total Grants equals the Pell plus the scholarship. plus other private & public Grants
Remaining need	This is what is left to pay of the annual cost after subtracting the monies for grants and scholarships
Current Amendment	Everything below this is what is proposed in the amendments sent to the house on 2/15/10
Required contribution	Works like a deductible; would be work study, loans, summer job, PFD, etc.
Eligble Base	The base figure used to determine the needs award. It is the remaining need, minus $2,000
State Aid	Fifty percent of the eligibility base.
Final unmet need	What the student would have pay, including remaining need after the state award and the required $2,000

SB 224	Administration Admendment	Proposed CS
Performance scholarship Four years of mathematics Four years of language arts Fo ur years of science Three years of social studies *Tiers* A average = Full tuition B average = Seventy-five percent tuition C+ average = Fifty percent tuition		**Performance scholarship** 3.5 grade point average PLUS Four years of mathematics Four years Language arts Four years science Three years of social studies OR Three years of mathematics Four years of language arts Three years of science Three years of social studies Two years of a foreign or Alaska Native Language
	Needs based component ***Current in SB 224*** UAA Annual cost of att **19,035.00** Pell Grant 5,350 Current Scholarship 4,755	**Opportunity scholarship** Four years of mathematics Four years Language arts Four years science Three years of social studies OR Three years of mathematics

	Total Grants *10,105* Remaining need 8,930 ***Current Amendment*** Required contribution (2,000) Eligible Base 6,930 State Aid 3,465 Final unmet need **5,465**	Four years of language arts Three years of science Three years of social studies Two years of a foreign or Alaska Native Language PLUS At least 2.5 grade average PLUS Demonstrates unmet financial need
Career Scholarship Four years of mathematics Four years of language arts Four years of science Three years of social studies AND Minimum grade point average Minimum entrance exam test score Limited to $3,000 a year		**Career scholarship** Three years of mathematics Four years of language arts Two years of science Three years of social Studies AND Grade point average of at least 2.0 AND Demonstration of financial need, not to exceed $3,000 a year

* **Sec. 2.** AS 14.43 is amended by adding a new section to read:

Article 3A. Free Tuition for a Person Who Was in Out-of-Home Care.

Sec. 14.43.086. Free tuition and fees for a person who was in out-of-home care. (a) A person who enrolls as a student in good standing in a state-supported educational institution in the state is eligible for a scholarship equal to tuition and fees if the person provides adequate proof that the person

(1) was in the custody of the state under AS 47.10 or AS 47.14;

(2) was placed in out-of-home care for a period of not less than six consecutive months on or after the person became 13 years of age;

(3) has applied for educational grants or scholarships that the person is otherwise eligible for as recommended by the educational institution;

(4) has applied for an available federal education loan;

(5) is under 24 years of age; and

(6) has an academic average of 3.0 in an accredited secondary school program.

(b) The amount of the waiver to which a person is entitled under this section is the amount of unmet need for tuition determined by the commission, after deducting funding for the school year from education loans, grants, or scholarships received by a person eligible for a waiver.

(c) The proceeds of an education loan, grant, or scholarship received by a person eligible for a waiver under this section must be paid to the educational institution to offset the person's tuition, fees, and room and board expenses.

* **Sec. 3.** AS 14.43.160 is amended by adding a new paragraph to read:

(7) "out-of-home care" has the meaning given in AS 47.14.400.

old 7 #12

26-GH2771\A.11
Kane
2/17/10

AMENDMENT adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE EDGMON

TO: HB 297

Page 4, line 16, following "opportunities":

Insert ";

(9) increasing participation of Alaska high school students in Alaska postsecondary institutions"

Adapted = unmet need, scholarship component
1, 2, 3, 8, 9 discussion ACPE memo, 10,

withdrawn, 4, 5, 6, 7,

10, to be considered single scholarship

1760

26-GH2771\A.21
Mischel
2/25/10

AMENDMENT #13 Adopted by voice vote

OFFERED IN THE HOUSE

TO: HB 297

Page 5, line 22, following "curriculum":

Insert ", which may include virtual curriculum,"

Page 6, line 17, following "curriculum":

Insert ", which may include virtual curriculum,"

1761

Alaska Department of Education & early Development

Responses to questions provided by the Senate Education Committee

1) What percentage of schools is currently unable to attain these academic standards?

School Course Offerings Counts for Mathematics and Science

Each number provided in the right column below is unique—total 339 schools considered as they have high school students enrolled.

- Schools offering a least four courses each year 57
- Schools offering at least four unique courses over two years 87
- Correspondence or Alt school within district with other options 52
- Low enrollment or less than current 38
  Required offerings (distant or correspondence likely necessary)
- Offer less than four years of mathematics 33
  - 2 math courses 12
  - 3 math courses 21
- Offer less than four years of science 72
  - 2 science courses 31
  - 3 science courses 41

Estimates based on data based on school staffing reports, school type, school grade configuration, enrollment counts, district web sites, district curriculum continuums provided to EED, district instructional audit.

2) What is in place to help those schools?

Distance delivered instruction has evolved dramatically in the last ten years as access to internet technology and bandwidth have increased. Traditional distance delivery, where a lone student struggles on his/her own to learn complicated concepts with a book and a distantly connected adult proctor, is very rare. Today, a number of innovative program options and strategies are used by districts and colleges in Alaska to provide quality core and elective coursework for students. Strategies may include:

Learning Centers: Students using distance courses are commonly centralized into a learning center and actively supervised by a teacher who monitors course progress, learning focus, and technology utilization. Learning Center staff provides individual encouragement,

instructional assistance, and access to highly qualified teachers. Students are encouraged to work collaboratively and to assist one another.

Access to Highly Qualified Teachers: Some districts contract with off-site, content teachers to provide remote assistance for students engaged in distance coursework. Students are encouraged to contact their assigned specialists as necessary. E-mail is usually the form of contact but voice contact is also common.

Asynchronous Distance Learning: Coursework that allows students to engage in high school or college level learning activities at their own pace in any place that has internet connectivity. While the quality of distance delivery options may vary, significant progress has been made to design and develop quality distance coursework. Many real-time options are embedded into distance delivery including interactive e-mail or voice discussions with other students or instructors. Asynchronous distance learning is popular in Alaska because it does not require extensive bandwidth to operate. Colleges and universities around the country are using this technology to offer college courses.

Synchronous Distance Learning: Synchronous learning connects teachers to students in real time through the use to internet-based, interactive video conferencing. Synchronous learning technology allows students from multiple sites to receive instruction directly from a teacher. Some districts are even using this technology to teach band. While synchronous delivery holds real promise, it is limited in use because it is a heavy user of bandwidth and sensitive to inclement weather

Alternative Education Programming: The sophistication of distance courseware has evolved to a point where many districts allow students in brick and mortar schools to select distance-learning courses as an alternative to classroom instruction.

Districts that provide asynchronous learning courseware for their students have several options to select courseware:

- District designed
- State approved distance delivery schools
- Commercial
- College and University

A number of districts operate local distance programs as options for their home school and brick and mortar students. The following statewide programs assist students outside of their districts.

Chugach Schools Chugach Extension Correspondence 9312 Vanguard Dr Anchorage, AK 99507 Telephone: (907) 522-7400 Fax: (907) 522-3399 Grades: PK - 12 Annie Dougherty, Head Teacher Bob Crumley, Superintendent	**Copper River Schools** Copper River Correspondence Box 108 Glennallen, AK 99588 Telephone: (907) 822-3234 Fax: (907) 822-5933 Grades: KG - 12 Ramona Henspeter, Teacher/Advisor Michael Johnson, Superintendent	**Craig City Schools** PACE Correspondence Box 800 Craig, AK 99921 Telephone: (907) 826-3274 Fax: (907) 826-2974 Grades: KG - 12 Bill Taylor, Principal Jim Thomas, Superintendent
Delta-Greely Schools Delta Cyber School PO Box 369 Delta Junction, AK 99737 Telephone: (907) 895-1043 Fax: (907) 895-5198 Grades: KG - 12 Duncan Ware, Principal PJ Ford Slack, Superintendent	**Denali Borough Schools** Denali Peak Program PO Box 280 Healy, AK 99743 Telephone: (907) 683-7325 Fax: (907) 683-0329 Grades: KG - 12 Jeni Mason, Principal Kim Langton, Superintendent	**Galena City Schools** Ivanof Bay School 2157 VanHorn Rd Fairbanks, AK 99701 Telephone: (907) 374-2200 Fax: (907) 374-2286 Grades: PK - 12 Tim Cline, Director Jim Smith, Superintendent
Iditarod Area Schools Distance Learning/Corresp. Ctr. Box 772182 Eagle River, AK 99577 Telephone: (907) 694-6100 Fax: (907) 694-6105 Grades: PK - 12 Joe Banghart, Superintendent Joe Banghart, Superintendent	**Nenana City Schools** CyberLynx Correspondence Program PO Box 599 Nenana, AK 99760 Telephone: (907) 832-5423 Fax: (907) 832-5468 Grades: PK - 12 John Abrams, Principal Eric Gebhart, Superintendent	**Southeast Island Schools** SE Island Correspondence PO Box 19569 Thorne Bay, AK 99919 Telephone: (907) 828-8254 Fax: (907) 828-8257 Grades: PK - 12 Kathy Shirley, Teacher Lauren Burch, Superintendent
Yukon-Koyukuk Schools Raven Correspondence School 4762 Old Airport Way Fairbanks, AK 99709 Telephone: (907) 374-9401 Fax: (907) 374-9440 Grades: PK - 12 Andrea Berg, Director Kerry Boyd, Superintendent		

3) **If a school needs to offer a virtual curriculum to meet the standards, who pays for the upgrade?**

Districts that offer distance options are responsible for the cost of the program. A number of commercial vendors are available. The vast majority of districts, if not all, support some form of distance delivery for students.

Parents in Alaska have the option of co-enrolling in both statewide correspondence programs and tradition brick and mortar schools. This arrangement generates a shared ADM between the statewide school and the local district.

4) **In some schools it takes five years to do a science program. If the student is pursuing classes full time, but unable to graduate in four years, due to no fault of the student, can it be extended?**

The GPS program provides eligibility for eight semesters over six years.

If the question refers to graduation from high school, the GPS does not set a limit on how long it takes a student to graduate from high school. The six year program eligibility limit begins from the date of high school graduation.

If the student is not able to complete the rigorous curriculum demanded by GPS, he or she may apply for an alternative pathway. If approved, the alternative pathway will provide an alternative opportunity for the student to meet the GPS curricular requirements.

Sec. 14.43.830. (b) The department shall establish a make-up procedure or alternative pathway for students who are not eligible for a scholarship to make up a deficit by alternative means if the deficit was caused by circumstances that would make it unfair not to allow the student to make up the deficit. The department may not waive a requirement and shall require the student to achieve a result comparable to that required of other students. The decision of the department regarding a student's eligibility for alternative means is final. In determining circumstances in which the student may pursue alternative means, the department shall consider the fairness to students who have met the requirements and the need to promote the goals of the program. Attendance at a high school outside of the state is not a circumstance in which fairness requires that a student be allowed to pursue alternative means to qualify for a scholarship.
Circumstances in which the department may allow a student to pursue alternative means to qualify for a scholarship include the following:

(1) the required curriculum was not reasonably available to the student because the student attended a small and remote high school in the state;
(2) the deficit was caused by rare and unusual circumstances outside the control of the student.

The Commissioner will develop in conjunction with the State Board of Education, a process to consider requests for a make-up procedure or alternative pathway for students who are not eligible for a scholarship to make up a deficit by alternative means if the deficit was caused by circumstances that would make it unfair not to allow the student to make up the deficit.

Regulations adopted by the State Board of Education require an opportunity for public hearings, comments and public discussions.

5) **Wyoming has an explicit phase in for current students. How would the department phase in the course requirements so that students already in high school could be eligible?**

The GPS has defined specific language in the Statute that allows the program standards (curriculum, standardized assessment, and G.P.A.) to be waived during a phase-in of the GPS requirements. The phase-in will take four years.

The Alaska Board of Education will be responsible to develop the regulations that govern implementation and operation of the GPS, including the phase-in requirements. The State Board's regulatory process requires a period of public hearings and comment followed by majority vote to accept the regulations. The process is lengthy, thorough and public.

6) **Wyoming defines required courses, i.e., Algebra I, Geometry and Algebra II.**

The intent of the GPS is to prepare students to engage successfully in college-level coursework. Following action by the State Board of Education, the department will publish a list of **courses** and **content specifications** that will meet the rigorous course requirements required by GPS. The following will provide a framework for the State Board to consider as content specifications are forged into regulations.

- Successful completion of Advanced Placement courses and college courses will meet curricular requirements.
- Students who meet the curriculum requirements for an Academic Scholarship also meet the requirements for a Career Tech Scholarship.
- It is the intent of GPS that, beginning in their 6th grade year, each student be counseled annually concerning their course history, options for future course selections, and consequences attached to selecting course pathways. Students, parents and a school official will meet yearly to review the student's seven-year plan and to discuss opportunities for scholarships.
- DRAFT Course List: The list of courses is not exhaustive. Alternative courses must be approved by EED. The course content specifications are more important than the course title.
- EED will work closely with both school districts and the University of Alaska to ensure that the final course list is consistent with GPS goals.

Sample GPS Course List

Science (Four Years)
Earth Science
Biology
Chemistry
Physics
*Physical Science
Computer Science
*Power Mechanics
Marine Science

*Career Tech Approved
Choose three from above plus one additional science course.
Courses which districts intend to be used as the functional equivalent of the specified science courses, must be approved by EED.

Math (Four Years)
~Algebra I
~Algebra II
~Geometry
Trigonometry & Analytic Geometry
College Algebra
Calculus
*Business Math
*Applied Math
Statistics and Probability

Choose one additional approved math course
*Career Tech Approved
~Recommended minimum math coursework to qualify.
Courses which districts intend to be used as the functional equivalent of the specified math courses, including courses taken before grade nine used to satisfy the level of the requirement of Algebra I, Algebra II, and Geometry must be approved by EED.

Social Studies (Three Years)
World History
+US History
Sociology
Psychology
Geography
American Government
Civics
Economics
+Alaska History
+One credit of US History and .5 Credits of Alaska History is required under current law.

Language Arts Standards (Four Years)
Reading
Writing
Listening
Speaking

Students must select four years of language arts at the college or industry preparatory level in grades 9 through 12, to include standards in Reading, Writing, Listening, and Speaking.

7) Can private individuals make donations to the fund?

Yes, SB224 includes language that allows donations to the fund.

* **Sec. 7.** AS 37.14 is amended by adding new sections to read:
Article 8A. Governor's Performance Scholarship Fund.
Sec. 37.14.750. Governor's performance scholarship fund established. (a) The governor's performance scholarship fund is established as a fund of the state. The fund consists of
(1) appropriations to the fund;
(2) donations to the fund; and
(3) income earned on investments of fund assets.

8) **Issue of first in, last out—would that make students hesitant to apply for other scholarships and grants, which would reduce the cost the following years if it was a multiyear grant?**

No. While it is difficult to predict applicant behavior psychology, the GPS, even with the needs-based assistance, will not provide 100% of the cost of attendance. Students should be encouraged by their parents and counselors to apply for the maximum awards possible. The need to fully inform parents and students is another reason why a multi-year college plan with annual reviews is important to the program's success.

Students will apply because they will be required to complete the FAFSA which automatically puts them in the pool for federal aid and also because it is in their own best interest to since the needs based portion is limited to 50% of unmet need. The motivation there will be to get that unmet need amount as small as possible which will be mutually beneficial to the student and the state. They may not go to the trouble of applying for non-federal or institutional aid but that will be to their own disadvantage. We will also make it perfectly clear that the state has no legal obligation to appropriate from one year to the next.

9) **Why the six year cap? Can that be extended? If the students starts using the scholarship in their sixth year, then do they receive all eight semesters thereafter?**

The administration has several objectives in proposing this timeframe. First and foremost, in terms of ensuring student success, there is a growing body of research documenting that students who go directly to higher education are more likely to complete their higher education goals, and do so at less cost, than those who stop out or who attend over a longer period. In terms of managing and forecasting the state's potential financial obligations under the program, it establishes a terminal date after which the state no longer has an outstanding obligation to the individual. In terms of achieving measurable success for the state, a six-year limit ensures that the program comports with federal standards for reporting collegiate-level student success, defined as the percent of students completing a four-year degree within 150% of the normal period. It is important to note that the bill specifically excludes a period of military service from the six-year period, thereby extending the timeframe by that period. While most state merit programs require that otherwise eligible students begin their program of study within one year of high school graduation, in developing this proposal the administration sought a balance between the value of immediately continuing into postsecondary education and training and the tendency of young Alaskans to want to explore the world beyond our state's borders.

10) "meets other minimum qualifications to apply or continue to be eligible for a governor's performance scholarship." What does this mean. What are the other requirements? Who sets them?

The phrase "meets other minimum qualifications to apply or continue to be eligible for a governor's performance scholarship." (Sec. 14.43.815 A4) refers to the programmatic standards for eligibility, G.P.A. requirements and qualifying scores on a college entrance examination.

11) "...a process through which a student who is no longer eligible can regain eligibility;" What is that process? Who determines it?

The criteria for losing eligibility will be set in regulation by the State Board of Education. The following criteria will be submitted to the State Board for regulatory consideration.

Criteria for Losing Eligibility: A student will lose eligibility if/once the student:

- does not take advantage of the scholarship within the six year limit following graduation from high school. Military service may extend this timeline;
- completes eight semesters of eligibility;
- does not maintain a grade-point average of 2.5 at a qualified postsecondary institution;
- does not meet other minimum qualifications to apply or continue to be eligible for a governor's scholarship;
    - ✓ has not complied with the military selective service registration requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if those requirements apply to the student;
    - ✓ is currently in default or owes a refund on a federal financial aid loan under the federal guaranteed student loan program or financial aid awarded under this chapter; or
    - ✓ has been convicted of a felony in the state or another jurisdiction and has not qualified for a waiv3er under standards adopted by the department.
- does not maintain Satisfactory Academic Progress (SAP) – completing a minimum number of credits relative to their enrollment status (at least 6 for half-time and at least 12 for full-time). [

Students may regain eligibility by meeting this requirement for one subsequent semester during which they are not eligible to receive their GPS award.

Student eligibility is certified by the institution disbursing the GPS funds received from ACPE.

12) Should requirement options be offered? Three years of math and two years of a foreign language, for instance.

Section AS 14.43,810 (d)
The program shall be administered to further the following goals:
(1) increasing high school graduation rates in the state;
(2) improving academic performance of students in grades kindergarten through 12 in the state;
(3) improving preparedness of Alaska students for postsecondary education;
(4) improving the quality of the educational programs offered by high schools in the state;
(5) increasing the scores of high school students in the state on college entrance examinations;
(6) increasing job training opportunities in the state;
(7) improving the postsecondary academic achievement and graduation rates of students in the state
(8) expanding the pool of high school students in the state who pursue postsecondary opportunities.

Changes in the proposed curricular requirements should be carefully considered in light of the GPS goals. The inclusion of a two year foreign or Alaska Native language requirement with a commensurate reduction in the four-year requirement in Math and Science to three years meets the standards defined as a college prep program. However, four years of math and science are an even greater predictor of college success. Students interested in any degree program that requires strong proficiency in math and science will be well advised to take four years of math and science.

13) What do you expect the ACT/SAT requirements to be? Why are they a part of this if the students are getting the grades?

A standardized achievement test provides an opportunity to ensure that an applicant's G.P.A. is not the result of grade inflation and that the student's qualifying coursework was academically rigorous. For this purpose, the qualifying score will be of sufficient scale to validate G.P.A. and curricular rigor. Qualifying scores will be used to validate G.P.A. and curriculum rigor rather than representing a barrier to scholarship access. The State Board of Education will set the SAT/ACT standard. **(The exact achievement will be approved by the State Board of Education).**

Students will have the option of using the ACT and SAT for Academic performance scholarships. Students who qualify for the Career and Technical scholarship may use the ACT, SAT or WorkKeys as the qualifying assessment.

Merit program without a standardized assessment have no external measure of a students' academic fitness for college. Research studies have established a clear link between ACT/SAT performance and a students' performance during their first year of college. If students enter college or the GPS program as a result of grade inflation or general coursework, the goals of the GPS will not be met. Students will continue to require both remedial education and increased academic failure.

ACT has identified the minimum score needed on each ACT test to indicate a **50% chance of obtaining a B** or higher or about a **75% chance of obtaining a C** or higher in the corresponding first-year college course.

ACT Test	ACT Benchmark Score	College Course
English	18	English Composition
Math	22	Algebra
Reading	21	Social Sciences/Humanities
Science	24	Biology

The ACT® test assesses high school students' general educational development and their ability to complete college-level work.

The ACT is universally accepted for college admission.

The ACT is curriculum-based. The ACT is not an aptitude or an IQ test. Instead, the questions on the ACT are directly related to what students have learned in high school courses in English, mathematics, and science. Because the ACT tests are based on what is taught in the high school curriculum, students are generally more comfortable with the ACT than they are with traditional aptitude tests or tests with narrower content. Colleges use the ACT and the SAT Reasoning Test because there are substantial differences in funding, curricula, grading, and difficulty among U.S. secondary schools due to American, local control, and the prevalence of private, distance, home schooled students and, most importantly, lack of rigorous college entrance examination system like those used in other countries. ACT/SAT scores are used to supplement the secondary school record and help admission officers put local data—such as course work, grades, and class rank—in a national perspective.

14) Why does someone have to fill out a FAFSA form if they are not interested in getting any financial aid?

FAFSA is the Free Application for Federal Student Aid, and it is a required application for students who want to apply for federal and state financial aid and college scholarships. Most public and private colleges require students who want to apply for **any** financial aid or

college scholarships to submit the FAFSA every year they are in college if they want to be considered for such awards.

There are several reasons to require the FAFSA for the GPS program. They include:

- The FAFSA is the most cost effective method to ensure that GPS funds are used for their intended purpose. The development of a form unique to the GPS would be expensive to develop and difficult to manage. ACPE already uses FAFSA data in aid administration.
- The FAFSA has been redesigned to simplify the application process.
- The University of Alaska uses data derived from the FAFSA to determine financial need. ACPE and UA staff also host annual FAFSA completion events to help families fill out the FAFSA.
- The FAFSA provides statistical data that will help ensure that the GPS achieves the goals defined in legislation. The Legislature will use this data to determine if the GPA is meeting the goals outlined in the GPS legislation.

15) Goals—do you really want intent language in the bill? Should that not be in an accompanying letter?

It is important that the intent language remain in the legislation. The GPS is designed to:

- inspire Alaska's youth to engage in a rigorous college curriculum;
- invite youth to work to their full potential as learners;
- demand that communities, school leaders, teachers and students work collegially to ensure that every child is provided an educational program that prepares him/her for college or tech school; and to
- ensure that Alaska has a trained workforce necessary for Alaska's economy to thrive.

The GPS intent language is a constant reminder that the GPS is much more than a scholarship program.

16) Currently the language excluded anyone who graduates before June 30, 2010. What do we tell students who worked *this year* to earn this, but are not allowed to receive it?

There is no answer to this question that will satisfy either the person asking the question or the one who answers. Every program has to have a beginning. While there may be options to reach back a year to the class of 2010, each will create a new challenge. If 2010 is included...why not 2009, 2008 and so forth.

The GPS is designed as a partnership between a student and the state. If the student engages in a rigorous curriculum, achieves a qualifying G.P.A. and SAT/ACT score, Alaska will

provide support for postsecondary education. The GPS is not a reward as much as it is a contractual invite for excellence.

If members of the class of 2010 selected college/career tech classes based on the possibility of the GPS being funded, they are better prepared for college. No public statements have included the class of 2010 in the program.

17) This is a complicated bill, with many different components. Is this too much to do in one year?

Absolutely Not. Alaska does not have to reinvent the wheel. There are many examples of merit-based scholarship programs in the United States. Departmental staff and attorneys are already working on regulatory language necessary to implement the GPS for the Class of 2011. The State School Board is prepared to consider and deliberate on these proposed regulations.

The Alaska Department of Education, the Alaska Commission on Postsecondary Education, the Department of Labor and Workforce Development and the University of Alaska are ready to move forward as soon as the GPS is approved by the Legislature and signed by the Governor.

If enacted thousands of Alaska's youth in the Class of 2011 will be able to participate.

18) Should the awards to career scholars be limited to $3,000? Why was that scholarship limited to $3,000 when the cost of attendance can be greater?

The cost of attendance at Career and Technical schools varies considerably. The highest cost of tuition at AVTEC is $5,000 for the Licensed Practical Nurse program (176 training days) and $1,320 for the Certified Nurse Assistant (38 training days). The cost of tools for the Automotive Technology (197 training days) and the Diesel/Heavy Equipment (197 training days) programs are both higher than the cost of tuition. The tuition for the majority of programs at AVTEC are below $3,000.

Students who qualify for one of the performance scholarships may carry that award to an approved technical school program. This is significant in that the majority of the career and technical school programs in Alaska are offered by the University of Alaska. Students who earn a Career and Technical Scholarship may use it at the University of Alaska.

The Unmet Financial need proposed by the GPS will assist those students who qualify for a Career and Technical Education GPS award and have unmet financial need. Unmet need includes the cost of room and board, tools and other costs of attendance.

AVTEC Training Dates

Alaska Culinary Academy

- **Professional Cooking & Baking**, 210 training days
  Offered 01/05/10 to 12/16/10, 08/16/10 to 06/30/11

Alaska Maritime Training Center Courses

- **Marine License Preparation - Master Mate**, 45 training days

of the Engine Department (QMED) Oiler, 60 training days
Offered 09/13/10 to 12/08/10

Allied Health Department - Anchorage Training Facility

- **Certified Nurse Assistant (CNA)**, 38 training days
  Offered 01/04/10 to 02/26/10, 02/03/10 to 03/30/10, 03/08/10 to 04/28/10,
  04/05/10 to 05/27/10, 05/05/10 to 06/29/10, 06/07/10 to 08/03/10, 07/12/10 to 09/01/10
- **Licensed Practical Nurse (LPN)**, 176 training days
  Offered 01/04/10 to 11/18/10, 08/16/10 to 07/01/11

Applied Technologies Department

- **Automotive Technology**, 197 training days
  Offered 01/05/10 to 12/17/10, 08/16/10 to 06/09/11
- **Combination Welding**, 172 training days
  Offered 01/25/10 to 12/17/10, 08/16/10 to 05/04/11
- **Diesel/Heavy Equipment Technologies**, 197 training days
  Offered 01/05/10 to 12/17/10, 08/16/10 to 06/09/11
- **Industrial Electricity**, 197 training days
  Offered 08/16/10 to 6/09/11
- **Pipe Welding**, 75 training days
  Offered 01/19/10 to 05/05/10, 09/01/10 to 12/17/10
- **Power Plant Operation**, 40 training days
  Offered 01/11/10 to 03/05/10, 03/17/10 to 05/11/10
- **Structural Welding**, 97 training days
  Offered 01/25/10 to 06/11/10, 08/16/10 to 01/17/11

Information Technology Department

- **Business & Office Technology**, 183 training days
  Offered 01/05/10 to 12/17/10, 08/16/10 to 05/19/11
- **Information Technology**, 188 training days
  Offered 08/16/10 to 05/26/11
- **Web Development Technology**, 188 training days
  Offered 08/16/10 to 07/12/11

Building Trades Technology

- **Facility Maintenance Construction Trades**, 188 training days
  Offered 08/16/10 to 05/26/11
- **Plumbing & Heating**, 102 training days
  Offered 01/05/10 to 05/28/10

AVTEC Training Cost * Costs Effective July 1, 2009

Program	Tuition	Technology Fee[1]	Security Deposit	Student Service Fee*	Meal Plan[4]	Dormitory Fees	Dorm Security Deposit[3]	Books/ Supplies[2] sold by AVTEC	Tools/ Supplies Not sold by AVTEC	Total
Qualified Member of the Engine Department (QMED) Oiler	$1,650	$150	$50	$75	$1,573	$1,820	$200	$155	$655	$6,328
Marine License Preparation - Master Mate	$1,650	$150	$50	$75	$1,086	$1,260	$200	$302	N/A	$4,773
Certified Nurse Assistant	$1,320	N/A	N/A	N/A	N/A	N/A	N/A	$580	N/A	$1,900
Licensed Practical Nurse	$5,000	$150	$50	N/A	N/A	N/A	N/A	$360	N/A	$5,560
Business & Office Technology	$2,750	$150	$50	$75	$3,400	$4,400	$200	$1,800	N/A	$12,825
Information Technology	$2,750	$150	$50	$75	$3,400	$4,400	$200	$2,600	N/A	$13,625
Web Development Technology	$2,750	$150	$50	N/A	N/A	N/A	N/A	$2,400	N/A	$5,350
Professional Cooking & Baking	$2,750	$150	$50	$75	$3,400	$4,400	$200	$1,425	$300	$12,750
Automotive Technology	$2,750	$150	$50	$75	$3,400	$4,400	$200	$600	$3,600	$15,225
Diesel/Heavy Equipment Technologies	$2,750	$150	$50	$75	$3,400	$4,400	$200	$1,050	$3,700	$15,775
Industrial Electricity	$2,750	$150	$50	$75	$3,400	$4,400	$200	$950	$2,300	$14,275
Pipe Welding	$1,650	$150	$50	$75	$1,700	$2,100	$200	$570	$700	$7,195
Power Plant Operation	$1,320	$150	$50	$75	$975	$1,120	N/A	N/A	$420	$4,110
Structural Welding	$2,200	$150	$50	$75	$1,700	$2,200	$200	$920	$600	$8,095
Combination Welding	$2,750	$150	$50	$75	$3,400	$4,400	$200	$1,500	$800	$13,325
Facility Maintenance/ Construction Trades	$2,750	$150	$50	$75	$3,400	$4,400	$200	$650	$2,000	$13,675
Plumbing & Heating	$2,200	$150	$50	$75	$1,700	$2,200	$200	$236	$1,700	$8,511

19) Why is the time limit for career scholarships set for two years, while the time limit for the academic scholarships are semesters?

The time limit was set to two years because almost all career and technical education programs are under two years in duration.

Most career and technical education programs are not divided into semesters unless they are offered at a University or College.

ACPE will ensure that the funds are available and disbursed for both semester and non-semester programs.

20) Are the scholarships be transferable between categories? Can a student use a top tier grant to attend a career school?

Under the amended GPS bill before the House Education Committee, students who earn a performance scholarship may use it for a Career and Technical Education program.

Students who achieve a career and technical education GPS award may not use it at the University unless they are engaged in a career and technical education program.

21) The statue says the eligible career and technical schools are certified by DLWD each September. Would you use last year's list? By September a student would already be enrolled at a school.

The certification by the Department of Labor and Workforce Development will be for the following year or semester of attendance.

22) Is there any kind of financial cap for the needs based scholarship? The merit scholarship is capped at 2010-2011 tuition rates. (Currently the Alaska Scholars program, capped at 1998 levels, promises a full tuition, but only pays $2750 of tuition.)

There is no total dollar cap for needs-based under the amended GPS program amendment approved by the House Education Committee other than the amount may not exceed 50% of unmet need as calculated based upon the standard cost of attendance at UA.

Governor's Performance Scholarship Aid by Family Income

Assumes: Minimal net assets
Family size of four/one in college
Dependent student, attending full-time and residing on campus
Cost of attendance is averaged between UAA/UAF for 2009-10 year

A-level GPS Award

Family income	$25,000	$50,000	$75,000	$100,000
Cost of Attendance	$18,500	$18,500	$18,500	$18,500
Less Pell Grant	-$5,550	-$0	-$0	-$0
Remaining Costs	$12,950	$18,500	$18,500	$18,500
Less GPS	-$4,775	-$4,775	-$4,775	-$4,775
Remaining Costs	$8,175	$13,725	$13,725	$13,725
Less EFC	-$2,000	-$6,772	-$14,157	-$15,401
Unmet Need	$6,175	$6,953	$0	$0
Less Needs GPS @ 50%	-$3,088	-$3,476	$0	$0
Remaining Costs	$3,088	$3,477	$0	$0
Total State Aid	$7,862	$8,251	$4,775	$4,775
Total Student & Family Paid	$5,087	$10,249	$13,725	$15,401

Note: Actual results will vary based on family size, net assets, enrollment level, eligibility for additional non-loan aid, dependency status of student and whether the student resides: at home, on campus, or off campus but independent from parental household.

Provided by Diane Barrans February 25, 2010

Governor's Performance Scholarship Aid by Family Income

Assumes: Minimal net assets
Family size of four/one in college
Dependent student, attending full-time and residing on campus
Cost of attendance is averaged between UAA/UAF for 2009-10 year

B-level GPS Award

Family income	$25,000	$50,000	$75,000	$100,000
Cost of Attendance	$18,500	$18,500	$18,500	$18,500
Less Pell Grant	-$5,550	-$0	-$0	-$0
Remaining Costs	$12,950	$18,500	$18,500	$18,500
Less GPS	-$3,566	-$3,566	-$3,566	-$3,566
Remaining Costs	$9,384	$14,934	$14,934	$14,934
Less EFC	-$2,000	-$6,772	-$14,157	-$15,401
Unmet Need	$7,384	$8,212	$777	$0
Less Needs GPS @ 50%	-$3,692	-$4,106	-$388	$0
Remaining Costs	$3,692	$4,106	$389	$0
Total State Aid	$7,258	$7,672	$3,954	$3,566
Total Student & Family Paid	$5,692	$10,878	$14,546	$15,401

Note: Actual results will vary based on family size, net assets, enrollment level, eligibility for additional non-loan aid, dependency status of student and whether the student resides: at home, on campus, or off campus but independent from parental household.

Provided by Diane Barrans February 25, 2010

Governor's Performance Scholarship Aid by Family Income

Assumes: Minimal net assets
Family size of four/one in college
Dependent student, attending full-time and residing on campus
Cost of attendance is averaged between UAA/UAF for 2009-10 year

C-level GPS Award

Family income	$25,000	$50,000	$75,000	$100,000
Cost of Attendance	$18,500	$18,500	$18,500	$18,500
Less Pell Grant	-$5,550	-$0	-$0	-$0
Remaining Costs	$12,950	$18,500	$18,500	$18,500
Less GPS	-$2,378	-$2,378	-$2,378	-$2,378
Remaining Costs	$10,572	$16,122	$16,122	$16,122
Less EFC	-$2,000	-$6,772	-$14,157	-$15,401
Unmet Need	$8,572	$9,350	$1,965	$721
Less Needs GPS @ 50%	-$4,286	-$4,675	-$982	-$360
Remaining Costs	$4,286	$4,675	$983	$361
Total State Aid	$6,664	$7,053	$3,360	$2,738
Total Student & Family Paid	$6,286	$11,447	$15,140	$15,762

Note: Actual results will vary based on family size, net assets, enrollment level, eligibility for additional non-loan aid, dependency status of student and whether the student resides: at home, on campus, or off campus but independent from parental household.

Provided by Diane Barrans February 25, 2010

23) Does the whole needs based part of it muddy the waters? Should we not just push the merit part, and work on a needs based bill later?

The core of the GPS program is the demand for excellence or merit from students. Discussions in the House and Senate Education Committees evidence that a needs-based component is an important addition to the program.

A provision for need following the achievement of GPS performance standards preserves the integrity of the program as a vehicle to meet the goals delineated in the GPS Legislation.

24) What is the financial cost of the needs based amendment as proposed by the administration?

The inclusion of a needs-based addition to the GPS program will increase the costs of the program. EED Finance Director Eddy Jeans is working on those projections based on the current college-going patterns in Alaska. It is important to note that to the extent the program is successful in encouraging more low-income students into postsecondary education than have historically participated beyond high school, this successful outcome will increase programs costs.

WorkKeys®

The WorkKeys® system provides employers, schools, students, and community organizations with a common language for building a higher-skilled, higher-paid workforce.
Using WorkKeys . . .

- Employers can identify and develop workers for a wide range of skilled jobs, both professional and technical
- Students and workers can document and advance their employability skills
- Educators can tailor instructional programs to help students acquire the skills employers need.

The WorkKeys system uses job profiling combined with WorkKeys assessments, instructional guidance, and reporting to help students and workers identify their strengths and weaknesses as they pursue their education and career goals. This enables them to make appropriate decisions about jobs.

What skills does WorkKeys measure?
WorkKeys assessments measure nine foundational workplace skills:

- Applied Mathematics
- Applied Technology
- Business Writing
- Listening
- Locating Information
- Observation
- Reading for Information
- Teamwork
- Writing

WorkKeys also measures personal skills:

- Performance — a job applicant's tendency toward unsafe behaviors and attitudes toward work
- Talent — characteristics such as dependability, assertiveness, and emotional stability
- Fit — the interests and values that determine the fit between a candidate and occupations in an organization

What kinds of jobs are profiled?
WorkKeys is used for white-collar professional jobs as well as jobs on the shop floor.

More than 15,000 unique job titles, ranging from accountant to automotive technician and from welder to webmaster, have been profiled.

WorkKeys is also the foundation of the ACT National Career Readiness Certificate, a nationally recognized credential for job seekers.

What companies are using WorkKeys?

Thousands of companies across the United States and worldwide have experienced the benefits of WorkKeys in a broad range of high technology, manufacturing, service, and retail environments. WorkKeys has been used in virtually every industry.
Review these examples of WorkKeys case studies to see how companies have used WorkKeys.

What benefits have companies that use WorkKeys experienced?
Companies that use the WorkKeys system to assess their incoming and current workforce typically achieve substantial benefits, including:

- Improved employee selection and advancement procedures
- Reduced overtime
- Reduced turnover
- Increased productivity
- Fewer legal challenges over hiring processes
- Higher employee morale

For specific examples, see WorkKeys case studies.

Why should students, parents, and educators care about these tests?
All students enter the workforce eventually—whether they get a job right out of high school, work part-time while continuing their education, or go through extensive postsecondary training.

WorkKeys stresses skills development important for virtually *every* type of employment. In fact, the fastest growing segments of the WorkKeys job analyses are being done for professional, technical, and managerial jobs that require at least a bachelor's degree.
The abilities to learn, listen, communicate, work in teams, and solve problems—all areas addressed by WorkKeys—are important assets for any employee, regardless of career choice. They are also extremely important in today's higher education. (ACT.org)

Graduation requirements

West Anchorage

As with all schools in the Anchorage School District, students must complete 22.5 credits (1 semester = .5 credits), as well as pass the state mandated High School Graduation Qualifying Exam.[3]

- **Language Arts**: 4 credits (including one semester of composition)
- **Social Studies**: 4 credits (including one semester of each Alaska Studies, Economics, U.S. Government, and Area Studies)
- **Mathematics**: 2.5 credits (all credits are Algebra I material or over)
- **Sciences**: 3 credits (including one year of each life and physical science)
- **Physical Education**: 1.5 credits (must pass Lifetime Personal Fitness test or class. Quarter credit PE waivers are offered for participation in school sponsored sports)
- **Electives**: 7.5 credits

West Valley:

- 4 credits in English/Language Arts
- 3 credits in Mathematics
- 3 credits in Science
- 3 credits in Social Studies
- 1.5 credits in P.E. (can be waived with school sports)
- 0.5 credit in Health
- 7.0 credits in general electives

It is highly recommended that students take at least two years of a foreign language. Languages offered are French, Spanish, German, and American Sign Language.

Ketchikan High School:

- 22 credits total (.5=1 semester)
- 4 English
- 3 Mathematics
- 3 Science
- 3 History (American government required senior year)
- 7 Electives (art, photography, foreign languages, etc.)
- .5 Health (usually taken freshmen year)
- .5 Alaska Studies (as of 2006 — usually taken freshmen year)
- .5 Careers (usually taken sophomore year)
- .5 P.E. (usually taken sophomore year)

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

SEAN PARNELL, GOVERNOR

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March 3, 2010

The Honorable Kevin Meyer
The Honorable Joe Thomas
Co-Chairs, Education Committee
Alaska State Senate
State Capitol, Rooms 101, 514
Juneau, Alaska 99801

Subject: SB 224 - An Act establishing the governor's performance scholarship program...
Federal Grant Programs

Dear Senators Meyer and Thomas:

During the committee's recent deliberations on SB 224, members posed several questions which required follow up. Following is the requested information regarding:

- Statewide participation levels relative to college and career outreach and early awareness programs
- Utilization of national standard test(s) scores for the purpose of admission at the University of Alaska
- History of General Fund appropriations for the AlaskAdvantage Education Grant program

Outreach and Early Awareness Participation—Please find enclosed a summary of ACPE's statewide partnership programs with some related participation information.

University of Alaska Admissions Test Standards—In response to my query to University of Alaska administration, the following information was provided:

- *For admissions purposes, UAF uses the ACT or SAT score only when the student's overall high school grade point average (GPA) is below 3.0. If the student's GPA is below 3.0, the cut score is 18 for ACT or 1290 for the SAT.*
- *At UAF, ACT or SAT scores can be used in lieu of minimum overall HS GPA. UAF uses a more competitive admission standard for their baccalaureate programs - hence the option of using standardized scores.*
- *For admission into a UAF baccalaureate degree program, the requirements are:*
  - ** Possess a high school diploma, AND*
  - ** Have a HS GPA of at least 2.5 on the 16-credit high school core curriculum, AND*

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** Submit results of the ACT Plus Writing (preferred) or SAT exam taken within the last two years, AND*

Have a an overall high school GPA of at least 3.0, OR

Have a high school GPA of at least 2.5 and ACT Plus Writing score of at least 18 or SAT score of at least 1290 (including writing skills section).

- *SAT / ACT scores are not required for associate or certificate admission at any UA campus nor are they required for admission to UAA or UAS baccalaureate programs.*

History of General Fund appropriations for the AlaskAdvantage Education Grant program—In FY09 the legislature approved a $2.5 million capital appropriation for the award of needs-based education grants. To maximize use of these funds to assist students with the highest needs, ACPE has spread distribution of grants across a three-year period which extends through FY11. ACPE estimates that it will have approximately $620 thousand remaining in that capital appropriation at the end of the current fiscal year. Total funding for the program in FY11, including federal funds, is expected to be approximately $740 thousand.

I hope this information is responsive to the committee. Please let me know if you would like anything further.

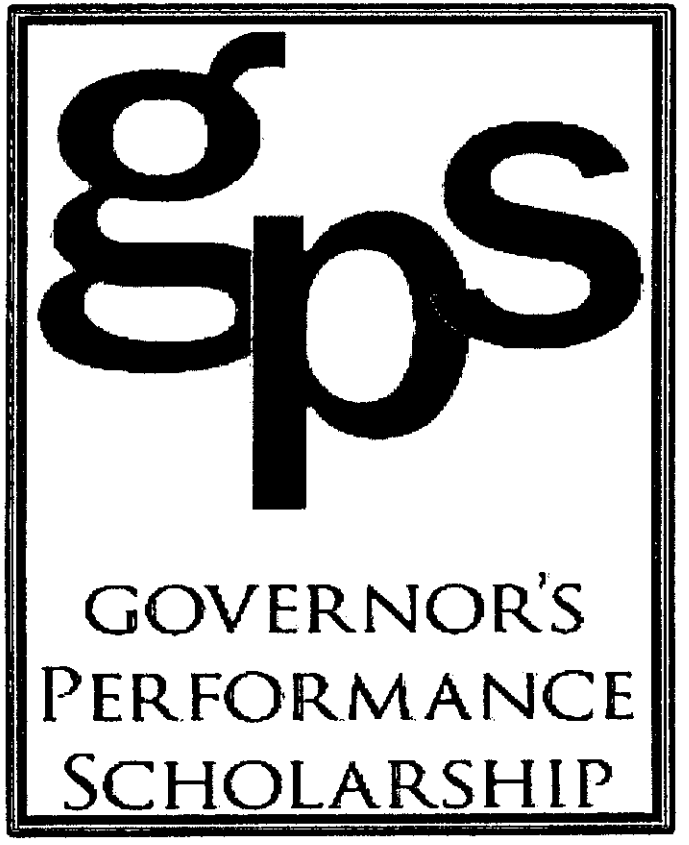
Sincerely,

Diane Barrans
Executive Director

DB/dv

Attachment

1786



AN INVITE TO EXCELLENCE AND RIGOR

GOALS:

- *Increase High School (HS) graduation rate.*
- *More HS students taking rigorous curriculum.*
- *More course offerings in HS.*
- *More HS students prepared for postsecondary.*
- *More-affordable postsecondary.*
- *More use of in-state postsecondary.*
- *Contribute to a college going culture.*
- *Increase the rigor of courses statewide.*

BASIC INFORMATION

- *Open to graduates of Alaska high schools.*
- *Open to home school, public school and private school students.*
- *Use at Alaska postsecondary, private or public*

TYPES OF SCHOLARSHIPS

- *Three levels of academic scholarships*
- *One level of career and technical scholarship*

CRITERIA

- *Grades*
- *Assessments*
- *Curriculum*
- *Alternative Pathway*

CRITERIA: Grades

- *"A" average for highest level of academic scholarship*
- *"B" average for middle level of academic scholarship*
- *"C+" average for lower level of academic scholarship*
- *"C+" average for career and technical scholarship*

CRITERIA: Assessments

- *An established national college-entrance assessment for academic scholarships.*

- *An established national work-ready assessment for career and technical scholarships.*

CRITERIA: Curriculum

- *Four years of English*
- *Four years of Math*
- *Four years of Science*
- *Three years of Social Studies*
- *Options for rural students*

VALUE OF SCHOLARSHIPS

- *Platinum academic: Equal to 100% of tuition at UA in 2010, for 8 semesters.*
- *Gold academic: Equal to 75% of tuition at UA in 2010, for 8 semesters.*
- *Silver academic: Equal to 50% of tuition at UA in 2010, for 8 semesters.*
- *Career & Technical: Actual tuition up to $3,000 a year, for two years.*

FUNDING

- *Use the annual earnings from $400 million of general fund.*

GOVERNOR'S PERFORMANCE SCHOLARSHIP

HB297/SB224

INFORMATION PACKET

JANUARY 2010

ALASKA DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT

STATE OF ALASKA

Department of Education & Early Development

Office of the Commissioner

SEAN PARNELL, GOVERNOR

Goldbelt Place
801 West 10th Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
Telephone: (907) 465-2800
Fax: (907) 465-4156

Dear Alaskans,

Alaska's high school graduation rate jumped 5 percentage points last year and we graduated 8,000 students, 1,000 more a year than in recent years. That's great news, and it's a tribute to the efforts of our families and educators. Those are 8,000 Alaskans who have pushed open the door to greater opportunities.

But many of our students still leave school without a diploma. That's why I'm excited that Gov. Parnell has sponsored legislation that provides families with an incentive to make high school a productive experience for students.

The Governor's Performance Scholarship says to our kids: Challenge yourself in high school, work hard, and you can earn a substantial scholarship that helps you fulfill *your* goals in life. We call it GPS because its course requirements help students navigate through high school and into their careers.

What I especially like about Gov. Parnell's program is that it creates both academic and career/technical scholarships. Alaska needs the talents of all of our youth. Our economy offers good jobs for a variety of skills. Let's fill those jobs ourselves.

I also like that the scholarships will be available for students with different levels of academic achievement. I was a school principal for decades, and I know that not every productive adult was an A student in high school. If you take tough courses, study hard and end up with a B or a C+ average, you also qualify for a Governor's Performance Scholarship. That's only right.

But it's not a giveaway program. Students who want to receive a Governor's Performance Scholarship must take four years of English, math and science, and three years of social studies. High school students who take a rigorous curriculum are more likely to do well in college.

You'll be hearing a lot about the Governor's Performance Scholarship this year as the Legislature considers the proposal. I hope you will review the bill and talk to your legislators about it. Please contact Information Officer Eric Fry at 465-2851 or eric.fry@alaska.gov if you have questions.

Sincerely,

Larry LeDoux
Commissioner

1797

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Brief talking points for the proposed Governor's Performance Scholarship

In a nutshell:

- The Governor's Performance Scholarship program offers scholarships to Alaska residents who take a rigorous curriculum in high school, get good grades, and score well on an assessment.
- The scholarships may be used only at Alaska technical and academic postsecondary institutions, public and private.
- GPS will be funded from earnings of a portion of the state's savings.

The goals:

- Increase high school graduation rates.
- Increase high school graduates' readiness for postsecondary education.
- Increase the likelihood that Alaska's students will be academically and financially prepared to access and succeed in their postsecondary education.
- Ensure that Alaskans can contribute to a robust state economy as participants in the highly skilled work force.
- Encourage schools to provide a rigorous curriculum.
- Encourage families to feel ownership of their students' education.

More details:

- The GPS awards would first be available to the high school Class of 2011, graduates of which would enter colleges or technical schools in or after fall 2011.
- The high school course requirements would be phased in over time. They are: four years of English, math and science, and three years of social studies.
- Examples of permitted assessments include ACT college-admission tests for academic scholarships and the ACT WorkKeys tests for technical scholarships.

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Governor Sean Parnell
STATE OF ALASKA

January 15, 2010

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens,

Under the authority of Art. III, Sec. 18, of the Alaska Constitution, I am transmitting a bill that will create a merit-based scholarship program for Alaska high school students who pursue higher education in Alaska.

This legislation, referred to as the Governor's Performance Scholarship (GPS), is patterned after successful scholarship programs in 22 other states. The GPS will improve high school graduation rates, prepare students for college or job training, provide Alaskan students with affordable opportunities for higher education, sustain Alaska's economy with a capable workforce, and retain equipped, hardworking Alaskan students.

This bill provides four tiers of scholarship payment for qualified high school graduates. Three of these tiers would be designated for academic scholarships, and the fourth for career and technical school scholarships.

The key feature of the scholarship program is that it is merit-based. All students who participate will be required to complete a more rigorous high school curriculum consisting of four years of language arts, mathematics, and science, and three years of social studies. Students will also be evaluated according to standards established for their grade-point averages and scores on college entrance or work-ready examinations.

The program will provide an incentive for students to challenge themselves in high school and to graduate. It also provides an impetus for schools to enhance curriculum. Studies have shown that students who take a rigorous curriculum in high school are more likely to do well in college and job training programs. Thus, the scholarship recipients will be more likely to achieve their certification or degree.

Students who achieve the highest attainable grade point average and examination scores will be awarded the highest tier of the academic scholarship for an Alaska-based college or university. This tier will equal the full cost of tuition at an Alaskan university for the 2010-2011 school year. The second and third tiers of the academic scholarship will be 75 and 50 percent the amount of

respective tuition. Students will be eligible for the academic scholarship for a maximum of eight semesters. Students who qualify for a career or technical school scholarship will receive an award of full fees for training, the maximum at $3,000 per year. The career and technical scholarship may be used by a student for up to two years.

The GPS will only be accessible to Alaska residents. However, this bill will allow that Alaskan military members and their families will not lose eligibility on account of their service.

The bill will require that money from these scholarships will only be spent at qualified Alaska post-secondary institutions or training programs. Students educated in the state are more likely to remain in the state. This provision encourages our best and brightest young people to remain in the state and prepare qualified Alaskan workers for Alaskan jobs.

The GPS program contains a "use it or lose it" provision: students will have a six-year window to apply the scholarship to a postsecondary institution. This protects the State of Alaska from an extended liability. As previously stated, the bill will provide extensions for Alaskans who serve in the military.

The GPS will be administered by the Alaska Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education. Regulations will be adopted to govern the program, grade-point average standard, eligibility criteria and an appeals process to consider extraordinary circumstances. The Alaska Commission on Postsecondary Education will adopt regulations for streamlined application, award, and continuing eligibility standards.

Also, this bill will establish a fund whose earnings could be used to pay for scholarships. The proposed fund is based on other funds established in statute, such as the Alaska Veterans' Memorial endowment fund, and will be managed by the Department of Revenue. Nothing in this bill will establish a dedicated fund.

The GPS is modeled after the famous "Taylor plan," established by private businessman, Patrick Taylor, to keep students in school and motivate them to pursue successful postsecondary education. Currently, twenty-two states have "Taylor like" state-sponsored plans.

I urge your prompt and favorable action on this bill.

Sincerely,

Sean Parnell
Governor

Enclosure

SENATE BILL NO. 224

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/19/10
Referred: Education, Finance

A BILL

FOR AN ACT ENTITLED

"An Act establishing the governor's performance scholarship program and relating to the program; establishing the governor's performance scholarship fund and relating to the fund; relating to student records; making conforming amendments; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school district shall determine whether a student who graduates from a high school in the district is eligible for an award of a governor's performance scholarship under AS 14.43.810 - 14.43.890. If a student is eligible, the district shall include in a student's permanent record the highest tier of funding for which the student is eligible. A district shall provide a student with an opportunity to request that the district correct any errors in the eligibility determination.

*** Sec. 2.** AS 14.07.020(a) is amended by adding a new paragraph to read:

(18) administer duties assigned to the department under the governor's performance scholarship program established in AS 14.43.810 - 14.43.890.

* **Sec. 3.** AS 14.42.030(e) is amended to read:

(e) The commission may

(1) adopt regulations under AS 44.62 (Administrative Procedure Act) to

(A) carry out the purposes of

(i) **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48; and

(ii) AS 14.43.910 and 14.43.920 as they relate to the purposes of **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48;

(B) ensure compliance with the requirements imposed by state and federal statutes and regulations governing the guaranty, insurance, purchase, or other dealings in eligible loans by federal agencies, instrumentalities, or corporations; and

(C) establish standards for the

(i) administration of hearings conducted under AS 14.43.153; and

(ii) administrative enforcement of collection orders under AS 14.43.151 - 14.43.155;

(2) delegate to the executive director of the commission or a subcommittee of the commission any duty imposed on or power granted to the commission by this chapter, AS 14.43, AS 14.44, or AS 14.48, except its power to adopt regulations and its duty to consider appeals under AS 14.43.100(b) and AS 14.48.120;

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions;

(4) contract with or use existing institutions of postsecondary education or other individuals or organizations to make studies, conduct surveys,

submit recommendations, or otherwise contribute to the work of the commission;

(5) establish fees for the review of an out-of-state institution that

(A) requests approval for participation in the programs under AS 14.43.091 - 14.43.750, 14.43.990, and AS 14.44; and

(B) is not accredited by a national or regional accreditation association recognized by the Council for Higher Education Accreditation; and

(6) collect all fees and costs incurred in collection of the amount owed on a loan or repayment obligation if the loan or repayment obligation becomes delinquent or in default; in this paragraph, fees and costs include attorney fees, court costs, and collection fees charged by a collection agency.

*** Sec. 4.** AS 14.43 is amended by adding new sections to read:

Article 11A. Governor's Performance Scholarship.

Sec. 14.43.810. Governor's performance scholarship established; Alaska residency. (a) The governor's performance scholarship program is established to provide scholarship opportunities for Alaska resident high school graduates to attend a qualified postsecondary institution in the state. The program includes a merit-based academic scholarship and a merit-based career and technical school scholarship. The merit-based academic scholarship consists of three levels of awards. The merit-based career and technical school scholarship consists of one level of award.

(b) The Department of Education and Early Development shall design the programmatic standards for the scholarships and appeals of adverse decisions. The Alaska Commission on Postsecondary Education shall administer the daily operations of the program and financing of the program, including the procedures for applying for the scholarships, establishing standards for and ensuring continuing compliance with programmatic standards, and requiring students to apply for other non-loan financial aid, consistent with federal law. The respective agencies shall adopt necessary regulations under AS 44.62 after consultation with each other. The department may change the regulations under AS 44.62 for requirements for programmatic standards for required academic achievement for eligibility only by giving advanced public notice at least one school year before the change.

(c) For purposes of this program, a student is an Alaska resident if the student

meets the eligibility for residency as described in AS 01.10.055.

(d) The program shall be administered to further the following goals:

(1) increasing high school graduation rates in the state;

(2) improving academic performance of students in grades kindergarten through 12 in the state;

(3) improving preparedness of Alaska students for postsecondary education;

(4) improving the quality of the educational programs offered by high schools in the state;

(5) increasing the scores of high school students in the state on college entrance examinations;

(6) increasing job training opportunities in the state;

(7) improving the postsecondary academic achievement and graduation rates of students in the state;

(8) expanding the pool of high school students in the state who pursue postsecondary opportunities.

Sec. 14.43.815. Qualifications of applicants. (a) A student may submit an application for a governor's performance scholarship to attend a qualified postsecondary institution in the state if the student

(1) has applied or intends to apply for admission to the institution;

(2) is an Alaska resident who has

(A) graduated, or will graduate no later than six months after the date of the application from a high school in the state, including a public school, private school, and home school;

(B) graduated, or will graduate no later than six months after the date of the application from a high school outside of the state under circumstances allowed by the department; for purposes of this subparagraph, allowable circumstances include an Alaska resident high school student having left the state because of the military service of the student's Alaska resident custodial parent;

(3) will receive and utilize the scholarship at a qualified postsecondary

institution in the state no later than six years after the beginning of the first school year after a student's graduation from high school, unless the applicant qualifies for an extension of time allowed by the department; for purposes of this paragraph, standards for extension of time must include time while the student is in military service; and

(4) meets other minimum qualifications to apply or continue to be eligible for a governor's performance scholarship.

(b) A student is not qualified to receive a governor's performance scholarship if the person

(1) has not complied with the military service registration imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if those requirements were applicable to the student;

(2) is currently in default or owes a refund on a federal financial aid loan under the federal guaranteed student loan program or financial aid awarded under this chapter; or

(3) has been convicted of a felony in the state or another jurisdiction and has not qualified for a waiver under standards adopted by the department.

Sec. 14.43.820. Eligibility for an academic scholarship. (a) Subject to appropriation, the commission shall award a merit-based academic scholarship to an applicant who meets the eligibility criteria for the award under the program.

(b) The programmatic standards for eligibility for an award of a merit-based academic scholarship under the program include the following:

(1) the four-year core academic curriculum that the student must have completed in high school; the core academic curriculum must include

(A) four years of mathematics;

(B) four years of language arts;

(C) four years of science; and

(D) three years of social studies;

(2) the minimum grade-point average that the student must have achieved in high school to be eligible for each of the three tiers of academic scholarship;

(3) the minimum score on a college entrance examination that the

student must have achieved to be eligible for each of the three tiers of academic scholarship;

(4) enrollment in a course of study at a qualified university or college in this state that is intended to result in the award of a certificate or degree;

(5) a process through which a student who is no longer eligible can regain eligibility;

(6) a process through which a home-schooled or private-schooled student may submit evidence to the qualified university or college that establishes the equivalent of the high school diploma, grade-point average, and core academic curriculum for public school students.

Sec. 14.43.825. Eligibility for a career and technical school scholarship. (a) Subject to appropriation, the commission shall award a merit-based career and technical school scholarship to a student who meets the eligibility criteria for the award under the program.

(b) The programmatic standards for eligibility for an award of a merit-based career and technical school scholarship under the program include the following:

(1) the core academic curriculum that the student must have completed in high school; the core academic curriculum must include

(A) four years of mathematics;

(B) four years of language arts;

(C) four years of science; and

(D) three years of social studies;

(2) the minimum grade-point average that the student must have achieved in high school;

(3) the minimum score that the student must have achieved on a

(A) college entrance examination; or

(B) standardized examination designed to measure a student's level of preparedness to make the transition to work, as selected by the department;

(4) enrollment in good standing at a certified career and technical school that is intended to result in the award of a certificate that indicates the student's

preparedness to enter the workforce;

(5) a process through which a student who is no longer eligible can regain eligibility.

Sec. 14.43.827. Maximum awards and allowable uses. (a) Subject to (b) - (e) of this section, the maximum awards for the program are as follows:

(1) for the merit-based academic scholarship, three tiers of scholarship financing awards; the highest tier of award per semester must be equal to the cost of approved tuition at the University of Alaska in school year 2010 through 2011 for a student taking 15 credits, and require very high academic achievement; the second tier must be 75 percent of the highest tier and require high academic achievement; the third tier must be 50 percent of the highest tier and require moderate academic achievement;

(2) for the merit-based career and technical scholarship, the award must be the actual cost of the qualified career and technical school attended by the student, not to exceed $3,000 per school year;

(3) a student's academic achievement must be determined by the student's high school grade-point average and score on an examination described in AS 14.43.820(b)(3) and 14.43.825(b)(3).

(b) A part-time student who receives a merit-based academic scholarship and is enrolled on at least a half-time basis is eligible for an award on a pro rata basis.

(c) A student's eligibility for a scholarship terminates six years after the date the student graduated from high school unless the student qualifies for an extension of time allowed by the department. The department shall recognize the student's military service in making allowances under this subsection.

(d) Subject to AS 14.43.815(a)(3), a student receiving a merit-based academic scholarship may remain eligible for up to eight semesters of enrollment at a qualified university or college, which may include graduate courses. A student receiving a merit-based career and technical scholarship may remain eligible for two calendar years of attendance at a qualified career and technical school. A student may not receive both an academic and a career and technical scholarship.

(e) The amount of a scholarship award may not exceed the amount of the

student's costs of attendance as certified by the postsecondary institution for the purposes of federal financial aid, less any other scholarships or non-loan financial aid awarded to the student.

Sec. 14.43.830. Programmatic standards. (a) Subject to (b) of this section, the department shall establish programmatic standards for the program.

(b) The department shall establish a make-up procedure or alternative pathway for students who are not eligible for a scholarship to make up a deficit by alternative means if the deficit was caused by circumstances that would make it unfair not to allow the student to make up the deficit. The department may not waive a requirement and shall require the student to achieve a result comparable to that required of other students. The decision of the department regarding a student's eligibility for alternative means is final. In determining circumstances in which the student may pursue alternative means, the department shall consider the fairness to students who have met the requirements and the need to promote the goals of the program. Attendance at a high school outside of the state is not a circumstance in which fairness requires that a student be allowed to pursue alternative means to qualify for a scholarship. Circumstances in which the department may allow a student to pursue alternative means to qualify for a scholarship include the following:

(1) the required curriculum was not reasonably available to the student because the student attended a small and remote high school in the state;

(2) the deficit was caused by rare and unusual circumstances outside the control of the student.

Sec. 14.43.835. Qualified postsecondary institutions. (a) The following institutions are qualified postsecondary institutions:

(1) a university or college physically located in the state that is

(A) authorized to operate in the state under AS 14.48.020, or exempt from authorization under AS 14.48.030(b)(1); and

(B) accredited by a regional accreditation association;

(2) a career and technical school program physically located in the state that has been included on a list of certified career and technical school programs received from the Department of Labor and Workforce Development; the commission

shall publish the list on or before September 1 of the year preceding enrollment.

(b) The Department of Labor and Workforce Development shall, in consultation with the Department of Education and Early Development, adopt regulations under AS 44.62 establishing criteria under which the Department of Labor and Workforce Development shall certify career and technical school programs in the state as eligible to participate in the career and technical school scholarship program. The criteria to be considered under this subsection include the following:

(1) the quality of the job-training program offered by the career and technical school;

(2) the employability of a graduate of the program, including whether the program results in a certificate or license that is recognized by the industry for which the training prepares the student;

(3) whether jobs in the industry for which the training prepares the student are available or expected to be available in the future in the state;

(4) other criteria established by the Department of Labor and Workforce Development in regulation.

(c) A postsecondary institution is physically located in the state if the campus, teachers, classrooms, school administrators, and equipment used to provide the education to the students are physically present in the state. Use of virtual, electronic, or online materials by teachers in the state does not disqualify a postsecondary institution even if the materials are generated outside the state. However, a correspondence, virtual, electronic, or online program that is administered from outside the state is not physically located in the state even if the program is delivered by teachers or equipment in the state.

Sec. 14.43.840. Application and award. (a) The commission shall establish application procedures for students to apply for a governor's performance scholarship.

(b) The commission shall adopt procedures for payment of scholarship awards to the institution attended by the scholarship recipient. Payment of a scholarship is subject to appropriation. If insufficient funds are appropriated to pay all eligible scholarships, the commission shall pay existing awards on a pro rata basis.

(c) A student who is awarded a scholarship in error shall be required to refund

to the state the amount of the scholarship awarded in error.

Sec. 14.43.845. Governor's performance scholarship fund income account. The governor's performance scholarship fund income account is created as an account in the general fund. Money may be appropriated into the account from the expendable earnings of the governor's performance scholarship fund under AS 37.14.750 - 37.14.790 and other sources. The commission may use money in the account to pay scholarships awarded to students under AS 14.43.810 - 14.43.890.

Sec. 14.43.850. Report to the legislature. (a) To the extent permitted under law, the department, commission, University of Alaska, Department of Revenue, and Department of Labor and Workforce Development shall share data necessary to prepare public reports regarding the governor's performance scholarship program.

(b) No more than 10 days after the start of each year's legislative session, the department, commission, University of Alaska, Department of Revenue, and Department of Labor and Workforce Development shall present an annual report to the public, the governor, and the legislature containing information of public interest regarding the governor's performance scholarship program, including

(1) the number of applicants and number and types of scholarships awarded;

(2) dollar amount of scholarships awarded in past years and expected dollar amounts for the next year; and

(3) data and trends in the data regarding the goals identified in AS 14.43.810.

Sec. 14.43.890. Definitions. In AS 14.43.810 - 14.43.890, unless the context requires otherwise,

(1) "commission" means the Alaska Commission on Postsecondary Education;

(2) "commissioner" means the commissioner of education and early development;

(3) "department" means the Department of Education and Early Development;

(4) "grade-point average" means the average of all grades on a four-

point scale, or five-point scale for advanced placement classes, obtained by the student in high school;

(5) "military service" means active duty in the armed forces of the United States;

(6) "program" means the governor's scholarship program established under AS 14.43.810 - 14.43.890;

(7) "school district" means a borough school district, a city school district, a regional educational attendance area, and a state boarding school.

*** Sec. 5.** AS 14.45.130(a) is amended to read:

(a) A religious or other private school that elects to comply with AS 14.45.100 - 14.45.130 shall maintain permanent student records reflecting immunizations, physical examinations, standardized testing, academic achievement, [and] courses taken at the school**, and level of eligibility for a governor's performance scholarship under AS 14.43.810 - 14.43.890**.

*** Sec. 6.** AS 23.05.060 is amended to read:

Sec. AS 23.05.060. Powers of the department. The department may

(1) enforce all state labor laws;

(2) act as mediator and appoint deputy commissioners of conciliation in labor disputes whenever it considers the interest of industrial peace requires it;

(3) make investigations and collect and compile statistical information concerning the conditions of labor generally and upon all matters relating to the enforcement of this chapter;

(4) institute court proceedings against an employer of labor without cost to the employee when it is satisfied that the employer has failed to pay an employee an amount due by contract;

(5) issue cease and desist orders and other orders and regulations necessary for the enforcement of state labor laws;

(6) in accordance with AS 37.07 (the Executive Budget Act), receive and spend money derived from agreements with local governments, nongovernmental organizations, or other persons;

(7) administer duties assigned to the department under the

governor's performance scholarship program established in AS 14.43.810 - 14.43.890.

* **Sec. 7.** AS 37.14 is amended by adding new sections to read:

Article 8A. Governor's Performance Scholarship Fund.

Sec. 37.14.750. Governor's performance scholarship fund established. (a) The governor's performance scholarship fund is established as a fund of the state. The fund consists of

(1) appropriations to the fund;

(2) donations to the fund; and

(3) income earned on investments of fund assets.

(b) The commissioner of revenue shall manage the fund with the goal that the purchasing power of the fund will not diminish over time without regard to additional contributions that may be made to the fund. The commissioner shall invest the assets of the fund in a manner likely to yield at least a five percent real rate of return over time.

(c) Nothing in this section creates a dedicated fund.

Sec. 37.14.755. Powers and duties of the commissioner of revenue. In carrying out the investment duties under AS 37.14.750 - 37.14.790, the commissioner of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall provide reports to the Department of Education and Early Development, Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education on the condition and investment performance of the fund.

Sec. 37.14.760. Use of fund. As soon as practicable after July 1 of each year, the commissioner of revenue shall determine the average month-end market value of the fund for the immediately preceding three fiscal years. The commissioner shall identify five percent of that amount as available for appropriation by the legislature for appropriation to the governor's performance scholarship fund income account created under AS 14.43.845 from which the Alaska Commission on Postsecondary Education may award scholarships under AS 14.43.810 - 14.43.890. The commissioner shall also report as available for appropriation a running total of amounts that had previously been identified as available for appropriation to the governor's performance

scholarship fund income account but that had not been appropriated.

Sec. 37.14.790. Definitions. In AS 37.14.750 - 37.14.790, unless the context requires otherwise,

(1) "commissioner" means the commissioner of revenue;

(2) "fund" means the governor's performance scholarship fund established in AS 37.14.750(a).

*** Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: PROGRAM STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS. Notwithstanding any contrary provision of this Act, the Department of Education and Early Development and the Department of Labor and Workforce Development, after consultation with the Alaska Commission on Postsecondary Education, may adopt regulations under AS 44.62 to implement their respective duties under the governor's performance scholarship program established in AS 14.43.810, enacted by sec. 4 of this Act, so that students

(1) may be eligible for the program even though they did not fully meet the required core academic curriculum for the school years beginning July 1, 2010 through June 30, 2013; and

(2) who graduated from high school in this state after June 30, 2010 and before July 1, 2011 and meet eligibility requirements for the program may apply for their scholarships beginning July 1, 2011.

*** Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education may proceed to adopt regulations necessary to implement changes made to their respective authorities by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before September 1, 2010.

*** Sec. 10.** Section 9 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 11.** Except as provided in sec. 10 of this Act, this Act takes effect September 1, 2010.

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Governor Sean Parnell
STATE OF ALASKA

January 15, 2010

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Art. III, Sec. 18, of the Alaska Constitution, I am transmitting a bill that will create a merit-based scholarship program for Alaska high school students who pursue higher education in Alaska.

This legislation, referred to as the Governor's Performance Scholarship (GPS), is patterned after successful scholarship programs in 22 other states. The GPS will improve high school graduation rates, prepare students for college or job training, provide Alaskan students with affordable opportunities for higher education, sustain Alaska's economy with a capable workforce, and retain equipped, hardworking Alaskan students.

This bill provides four tiers of scholarship payment for qualified high school graduates. Three of these tiers would be designated for academic scholarships, and the fourth for career and technical school scholarships.

The key feature of the scholarship program is that it is merit-based. All students who participate will be required to complete a more rigorous high school curriculum consisting of four years of language arts, mathematics, and science, and three years of social studies. Students will also be evaluated according to standards established for their grade-point averages and scores on college entrance or work-ready examinations.

The program will provide an incentive for students to challenge themselves in high school and to graduate. It also provides an impetus for schools to enhance curriculum. Studies have shown that students who take a rigorous curriculum in high school are more likely to do well in college and job training programs. Thus, the scholarship recipients will be more likely to achieve their certification or degree.

Students who achieve the highest attainable grade point average and examination scores will be awarded the highest tier of the academic scholarship for an Alaska-based college or university. This tier will equal the full cost of tuition at an Alaskan university for the 2010-2011 school year. The second and third tiers of the academic scholarship will be 75 and 50 percent the amount of

respective tuition. Students will be eligible for the academic scholarship for a maximum of eight semesters. Students who qualify for a career or technical school scholarship will receive an award of full fees for training, the maximum at $3,000 per year. The career and technical scholarship may be used by a student for up to two years.

The GPS will only be accessible to Alaska residents. However, this bill will allow that Alaskan military members and their families will not lose eligibility on account of their service.

The bill will require that money from these scholarships will only be spent at qualified Alaska post-secondary institutions or training programs. Students educated in the state are more likely to remain in the state. This provision encourages our best and brightest young people to remain in the state and prepare qualified Alaskan workers for Alaskan jobs.

The GPS program contains a "use it or lose it" provision: students will have a six-year window to apply the scholarship to a postsecondary institution. This protects the State of Alaska from an extended liability. As previously stated, the bill will provide extensions for Alaskans who serve in the military.

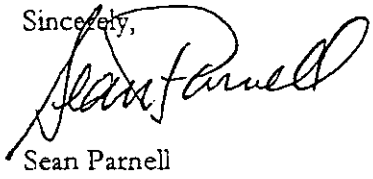
The GPS will be administered by the Alaska Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education. Regulations will be adopted to govern the program, grade-point average standard, eligibility criteria and an appeals process to consider extraordinary circumstances. The Alaska Commission on Postsecondary Education will adopt regulations for streamlined application, award, and continuing eligibility standards.

Also, this bill will establish a fund whose earnings could be used to pay for scholarships. The proposed fund is based on other funds established in statute, such as the Alaska Veterans' Memorial endowment fund, and will be managed by the Department of Revenue. Nothing in this bill will establish a dedicated fund.

The GPS is modeled after the famous "Taylor plan," established by private businessman, Patrick Taylor, to keep students in school and motivate them to pursue successful postsecondary education. Currently, twenty-two states have "Taylor like" state-sponsored plans.

I urge your prompt and favorable action on this bill.

Sincerely,



Sean Parnell
Governor

Enclosure

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 224
(S) Publish Date: 1/19/10

Identifier (file name): 0771-DOLWD-CO-12-09-09
Dept. Affected: Labor and Workforce Development
Title: Establishing the Governor's Performance Scholarship Program
RDU: Office of the Commissioner
Component: Commissioner's Office
Sponsor: Rules Committee
Requester: Governor
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	25.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**25.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	25.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**25.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: None

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

These funds will be used to contract for services to assist in the drafting of regulations setting criteria for the career and technical school scholarship portion of the bill required under Section 14.43.835 of this legislation.

Prepared by: Guy Bell, Assistant commissiioner — Phone 465-2700
Division: Office of the Commissioner — Date/Time 12/9/09 3:18 PM
Approved by: Click Bishop, Commissioner — Date 12/9/09
Agency: Department of Labor and Workforce Development

(Revised 11/6/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 224
(S) Publish Date: 1/19/10

Identifier (file name): 0771-DOR-TRS-11-30-09
Dept. Affected: Revenue
Title: Governor's Performance Scholarship Endowment Fund
RDU: Treasury
Component: Treasury
Sponsor
Requester: Governor
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	60.0		60.0	60.0	60.0	60.0	60.0
Travel							
Contractual	55.0		55.0	55.0	55.0	55.0	55.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**115.0**	**0.0**	**115.0**	**115.0**	**115.0**	**115.0**	**115.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts	115.0		115.0	115.0	115.0	115.0	115.0
TOTAL	**115.0**	**0.0**	**115.0**	**115.0**	**115.0**	**115.0**	**115.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The draft bill provides for a separate endowment fund to be set up in the amount of $400 million to be managed by the Commissioner of Revenue. It is anticipated the fund will be managed with asset allocation of 60% fixed income and 40% domestic equity in order to yield a real annual rate of return of 5%. These costs include investment management fees, audit, accounting and custody fees and are projected based on the assumptions provided by the division's investment advisor and the division's cost allocation plan.

Prepared by: Pamela Green, Comptroller
Phone 465-2300
Division: Treasury Division
Date/Time
Approved by: Jerry Burnett, Deputy Commissioner
Date 11/25/2009
Department of Revenue

(Revised 11/6/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: SB 224
(S) Publish Date: 1/19/10

Identifier (file name): An Act establishing the governor's performance
Title: scholarship program and relating to the program; establishing the
Sponsor: Rules
Requester: Governor

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					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	275.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims			8,221,935.0	14,389,278.0	18,502,029.0	20,556,621.0	20,556,621.0
Miscellaneous							
TOTAL OPERATING	**275.0**	**0.0**	**8,221,935.0**	**14,389,278.0**	**18,502,029.0**	**20,556,621.0**	**20,556,621.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	275.0		8,221,935.0	14,389,278.0	18,502,029.0	20,556,621.0	20,556,621.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**275.0**	**0.0**	**8,221,935.0**	**14,389,278.0**	**18,502,029.0**	**20,556,621.0**	**20,556,621.0**

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The contractual funds noted above represent the cost of implementation and year one support for scholarship management software.

Analysis of Governor's Performance Scholarship (GPS) utilization rates and related costs follow on page two.

Prepared by: Diane Barrans, Executive Director — Phone 465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 1/8/10 12:00 AM
Approved by: Diane Barrans, Executive Director — Date 1/8/2010
Alaska Commission on Postsecondary Education

(Revised 11/6/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: SB 224
(S) Publish Date: 1/19/10

Identifier (file name): 0771-EED-TLS-12-1-09
Dept. Affected: Education
Title "An Act establishing the governor's performance scholarship..."
RDU Teaching & Learning Support
Component School & Student Achievement
Sponsor Rules at the request of the Governor
Requester Governor
Component Number 2796

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	87.3						
Travel							
Contractual							
Supplies	30.0						
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**117.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	117.3						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**117.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time	1.0						
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Teaching and Learning Support will need to hire one staff member to oversee the promulgation and implementation of the department's regulations along coordination between EED, the University of Alaska, Department of Labor and Workforce Development and the Alaska Commission on Postsecondary Education (ACPE).

Education Specialist I at $87,306 plus start-up office supplies (computer, furniture, etc.) at $30,000 = $117,306

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division School Finance and Facilities — Date/Time 12/1/09 12:00 AM
Approved by: Larry LeDoux — Date 12/1/2009
Commissioner

(Revised 10/13/2009 OMB)

Prepared by the DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT
SECTIONAL ANALYSIS
Governor's Performance Scholarship program

BILL SECTION	SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	EFFECTIVE DATE
1	District determination of scholarship eligibility	1	6-13	Adds a new section placing determination of a student's scholarship eligibility with the school district of the graduate; also states that the student's permanent record shall include the highest scholarship tier funding for which the student is eligible.	
2	Duties of the department	1-2	14; 1-2	New paragraph authorizing EED to administer duties related to GPS.	
3	Functions, duties and powers of commission	2-3	3-31;1-10	Amends ACPE's authority to promulgate regulations; carry out purpose as it relates to GPS; etc	
4	Governor's Performance Scholarship	3-10	11…31	Adds new sections 14.43.810 establishes GPS and sets forth program goals; 14.43.815 sets forth qualifications of applicants; 14.43.820 establishes programmatic standards for eligibility for an award of merit-based academic scholarship; 14.43.825 establishes programmatic standards for an award of career and technical school scholarship; 14.43.827 sets for the maximum awards and their allowable uses; 14.43.830 establishes programmatic standards for an alternative pathway for students who are not eligible due to circumstances that would make it unfair no to allow them to make up the deficit; 14.43.835 sets forth the required credentials for qualified postsecondary institutions; 14.43.840 Authorizes the commission (ACPE) to establish procedures for student application for the GPS; 14.43.845 Sets forth the GPS fund as an income fund in the general fund and states that the fund may be used to pay scholarships awarded to students; 14.43.850 states that EED, ACPE, Dept. of	

				Revenue, UA and DOL/WD shall share data necessary to prepare public reports regarding GPS to the extent permitted under law and states that a report to the legislature, public and governor shall be given no more than 10 days following the start of each year's legislative session; 14.43.890 sets out definitions.	
5	Records	11	1-6	Adds the requirement that a religious or other private school that complies with AS 14.45.100 (Exemptions) must include the level of student eligibility for the GPS in each permanent student record.	
6	Powers of the department	11	7-25	Amends section by adding EED's responsibility to administer duties assigned to EED under the GPS establishment.	
7	Governor's Performance Scholarship Fund	11-12	26-31; 1-29	Establishes the GPS fund and sets out that the commissioner of revenue manages the fund; 37.14.755 states the powers of the commissioner of revenue; 37.14.760 sets out the uses of the fund; 37.14.790 definitions.	
8	The uncodified law of the State of Alaska is amended by adding a new section: Transition: Program Standards and Implementation For Initial School Years	12	30-31; 1-13	Authorizes EED, DOL/WD and ACPE to adopt regulations related to duties assigned under the establishment of the GPS so that students may be eligible for an award without meeting the core curriculum and setting qualifying dates.	
9	The uncodified law of the State of Alaska is amended by adding a new section: Transition: Regulations	13	14-20	Authorizes EED, DOL/WD and ACPE to adopt regulations necessary to implement changes made to their respective authorities.	September 1, 2010
10		13	21	Sets an effective date.	Immediately
11		13	22	Sets an effective date for section 11.	September 1, 2010

Resolution of the State Board of Education & Early Development

The Governor's Performance Scholarship

Resolution 03-2010

WHEREAS, the proposed Governor's Performance Scholarship (GPS) invites Alaska's high school students to challenge themselves with a rigorous course of study;

WHEREAS, the GPS encourages high schools to offer four years of science and math courses as well as the currently required four years of language arts courses and three years of social studies courses;

WHEREAS, the GPS recognizes a variety of meritorious students by awarding technical and academic scholarships to students with grade point averages ranging from C+ to A;

WHEREAS, the GPS serves students in public schools, private schools and home schools;

WHEREAS, the GPS encourages parents and guardians to participate in planning their students' high school career;

WHEREAS, the GPS encourages students to complete high school and be better prepared to attend a postsecondary institution;

WHEREAS, the GPS helps Alaska's families afford postsecondary education;

WHEREAS, the GPS encourages students to receive their postsecondary education in Alaska;

WHEREAS, the GPS recognizes the value and variety of Alaska's private and public postsecondary education institutions;

WHEREAS, the GPS will help Alaska to train its own highly skilled work force;

THEREFORE, BE IT RESOLVED, the State Board of Education & Early Development strongly supports the proposed Governor's Performance Scholarship to meet the academic and financial needs of Alaska's youth.

Esther J. Cox, Chair
Alaska State Board of Education & Early Development

January 13, 2010

1822

UNIVERSITY OF ALASKA BOARD OF REGENTS

A Resolution in Support of the Governor's Performance Scholarship

WHEREAS, the State of Alaska does not provide enough need based or grant aid for students seeking postsecondary education compared to most other states; and

WHEREAS, the University of Alaska began the UA Scholars program in 1999, which has grown in usage over time and is funded entirely out of the university's Land Grant Trust Fund; and

WHEREAS, Governor Sean Parnell has proposed the Governor's Performance Scholarship, a grade- and curriculum based program that would provide financial assistance for students wishing to attend a postsecondary institution within the state of Alaska; and

WHEREAS, the University of Alaska Board of Regents has long supported all efforts to increase access to postsecondary education, workforce training and lifelong learning; and increased financial aid, both merit- and need-based, is critical for improving access to higher education for both rural and urban residents as well as current and future students; and

NOW THEREFORE BE IT RESOLVED that the University of Alaska Board of Regents supports Governor Sean Parnell's proposed Governor's Performance Scholarship; and

BE IT FURTHER RESOLVED that the University of Alaska Board of Regents urges additional support from the Alaska Legislature for both merit- and need-based programs that will be before the Alaska Legislature in the 2010 session; and

BE IT FURTHER RESOLVED that this resolution be appropriately engrossed and conveyed to the Honorable Governor Sean Parnell and Honorable members of the Alaska State Legislature, with a copy to be incorporated into the official minutes of the November 30-December 1, 2009 meeting of the University of Alaska Board of Regents.

GREATER FAIRBANKS CHAMBER OF COMMERCE

Interior Alaska – The "Place" To Do Business

Introduced By: Kurt Newman, Education Committee Chair
Date Introduced: January 4, 2010
Date Passed: January 11, 2010
Date Transmitted: January 12, 2010

RESOLUTION 10-0111
A RESOLUTION BY THE GREATER FAIRBANKS CHAMBER OF COMMERCE (GFCC) SUPPORTING THE GOVERNOR'S PERFORMANCE SCHOLARSHIP, A MERIT-BASED SCHOLARSHIP FOR ALASKA HIGH SCHOOL STUDENTS

WHEREAS, the Greater Fairbanks Chamber of Commerce recognizes the need to encourage our Alaska high school students to attain the necessary core education to enable them to go onto higher education or vocational training, and remain in the State as productive citizens and future leaders; and

WHEREAS, we should work to keep our best and brightest students in Alaska after college, to position Alaska's economy for growth with a better prepared workforce; and

WHEREAS, only half of Alaskan students who receive a high school diploma are academically prepared for post-secondary education (Greene and Winters 2005) and are ready for college-level reading assignments in the core study areas like math, history, science, and English (ACT, 2006); and

WHEREAS, a more rigorous high school curriculum will prepare Alaska's high school students for entrance into higher education or vocational education, including the recommended four years of math, four years of science, four years of language arts, and three years of social studies; and

WHEREAS, at graduation, students will receive scholarships based on academic achievement and their hard work. For example, at graduation from high school, an 'A' student with a 3.5 GPA or better would be eligible for a 100% tuition scholarship award; a 'B' student with a 3.0 GPA or higher would be eligible for a 75% tuition award, and a 'C' student with at least a 2.5 GPA would be eligible for a 50% tuition scholarship award; and

WHEREAS, the Governor's performance Scholarship could be used at the University of Alaska, at any certified, in-state job training institution and at other certified post-secondary institutions in Alaska; and

WHEREAS, by giving more Alaskan students the opportunity to earn a scholarship like this and requiring it to be used at an in-state institution, we are preparing our youth as the future workforce leaders for Alaska.

NOW THEREFORE BE IT RESOLVED, in recognizing the importance of affordable and accessible higher education, and the need to encourage our youth to stay in Alaska and to provide for future workforce and leadership roles, the Greater Fairbanks Chamber of Commerce supports the Alaska Governor's Performance Scholarship Initiative.

BE IT FURTHER RESOLVED that this resolution be distributed to:
Governor Sean Parnell, State of Alaska
Alaska State Legislature

Dan Britton
Board Chair
Greater Fairbanks Chamber of Commerce

Kurt Newman
Chair
Education Committee

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TOTE
WAL-MART Stores, Inc.

100 Cushman St., Suite 102 | Fairbanks, Alaska 99701-4665 | ph (907) 452-1105 | fax (907) 456-6968 | www.FairbanksChamber.org

REPRESENTATIVE PAUL SEATON

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1-800-665-2689

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1-800-665-2689

ALASKA STATE LEGISLATURE
House District 35

Memorandum

From: House Education Committee Chair Representative Paul Seaton
To: Senate Education Committee Co-Chair Senator Kevin Meyer
Senate Education Committee Co-Chair Senator Joe Thomas
Date: March 22, 2010
RE: Invitation to participate in Board of Education roundtable discussion and confirmation hearings

On Wednesday March 24th the House Education Committee will hold a roundtable discussion with the State Board of Education and Early Development beginning at 8:00 a.m. As all members of the Board are scheduled to be in Juneau for this meeting, we are taking the opportunity to hold confirmation hearings for two Board members: Esther Cox and James Merriner.

Members of the Senate Education Committee are invited to participate both in the roundtable discussion and the confirmation hearing. If the Senate Education committee wishes at the end of its regularly scheduled meeting to join the House Education Committee for the confirmation hearings and sign a separate committee report, please accept this invitation to do so.

http://www.RepPaulSeaton.com
Email: Rep_Paul_Seaton@legis.state.ak.us

Academic and Career Scholarships

House CS 297	Senate CS 224	Differences
	Number/Type of Scholarships	
Sec. 14.43.810. Governor's performance scholarship program established; Alaska residency. (a) The governor's performance scholarship program is established… to provide scholarships for high school graduates who are Alaska residents to attend a qualified postsecondary institution in the state. The program includes a ***merit-based academic scholarship, a merit-based career and technical school scholarship, and an unmet financial need scholarship supplement***. The merit based academic scholarship consists of three levels of awards. The merit-based career and technical school scholarship consists of one level of award.	**Sec. 14.43.810. Governor's performance scholarship established; Alaska residency.** (a) The governor's performance scholarship program is established… to provide ***scholarships*** for high school graduates who are Alaska resident to attend a qualified postsecondary institution in the state.	House CS defines two scholarship tracks: "merit-based academic" and "merit-based career and technical". Senate CS envisions one scholarship - a "merit-based" scholarship which can be used for either academic or voc-tech educational purposes. *Both include a need-based supplement.
	Limit on Awards	
Sec. 14.43.827 Maximum awards and allowable uses. (2) for the merit-based career and technical scholarship, the award must be the ***actual cost of the qualified career and technical school*** attended by the student, ***not to exceed $3,000 a school year***;	**Sec. 14.43.827 Maximum awards and allowable uses; merit-based performance scholarship**	House CS limits career scholarships to the "actual cost of tuition" and caps awards used at career and technical schools at $3,000 per year. Senate CS similarly limits awards to actual cost of tuition but adds no additional "cap" beyond the $4,755 established in Sec. 14.43.825 (once amended)

(3) subject to (e) of this section, a student who qualifies for a merit-based academic scholarship may apply the award to the costs of attending a qualified career and technical school program as described in AS 14.43.835(a)(2).	*Not needed in Senate CS since there are not two tracks.*	**House CS has language allowing a high performing student to attend either an academic or a career school; no need for that in Senate CS since there is only one scholarship.**

Non-Traditional Students

House CS 297	Senate CS 224	Differences
Sec. 14.43.815. Qualifications of applicants. (a) A student may apply for a governor's performance scholarship to attend a qualified postsecondary institution in the state if the student (1) has applied or intends to apply for admission to the institution; (2) is an Alaska resident who has (A) graduated, or will graduate not later than six months after the date of the application, from a high school in the state, including a public school, private school, and home school; (B) graduated, or will graduate not later than six months after the date of the application, from a high school outside of the state under circumstances allowed by the department; for purposes of this subparagraph, allowable circumstances include a circumstance in which a high school student who is an Alaska resident has attended high school in the state and has left the state because of the military service of the student's custodial parent who is an Alaska resident;	**Sec. 14.43.815. Qualifications of applicants.** (a) A student may submit an application for a governor's performance scholarship to attend a qualified postsecondary institution in the state if the student (1) has applied or intends to apply for admission to the institution; (2) is an Alaska resident who has (A) graduated, or will graduate ~~no later than six months~~ after the date of the application from a high school in the state, including a public school, private school, ~~and~~ *or* home school; (B) graduated, or will graduate ~~no later than six months~~ after the date of the application from a high school outside of the state under circumstances allowed by the department; for purposes of this subparagraph, allowable circumstances include an Alaska resident high school student having left the state because of the military service of the student's Alaska resident custodial parent;	House CS has students

(c) A student's eligibility for a scholarship terminates six years after the date the student graduated from high school unless the student qualifies for an extension of time allowed by the department.	*Not found in Senate CS*	**House CS contains a six year limit for usage of scholarship; Senate CS**
(d) Subject to AS 14.43.815(a)(3), a student receiving a merit-based academic scholarship may remain eligible for up to eight semesters of enrollment at a qualified university or college, which may include graduate courses, or for up to two calendar years of attendance at a qualified career or technical school. A student receiving a merit-based career and technical scholarship may remain eligible for two calendar years of attendance at a qualified career and technical school. A student may not receive both an academic and a career and technical scholarship.	(d) Subject to AS 14.43.815(a)(3), a student receiving a merit-based academic scholarship may remain eligible for up to twelve semesters of enrollment at a qualified university or college, which may include graduate courses. A student receiving a merit-based career and technical scholarship may remain eligible for two calendar years of attendance at a qualified career and technical school. A student may not receive both an academic and a career and technical scholarship.	**House CS only eligible for eight semesters; Senate CS eligible for twelve semesters.**
Not in House CS	(c) The department shall adapt regulations to include an application procedure for the award of a scholarship or for the resumption of a scholarship award for an eligible applicant who has either withdrawn from or delayed enrollment in a qualified postsecondary institution in the state and who has been admitted to a qualified postsecondary institution, regardless of age.	**Senate CS provides a process for a non-traditional student to apply for a scholarship. House CS has no such provision.**

Goals and Intent

House CS	Senate CS	Differences
(d) The program shall be administered to further the following goals: (1) increasing high school graduation rates in the state; (2) improving academic performance of students in kindergarten through grade 12 in the state; (3) improving preparedness of Alaska students for postsecondary education; (4) improving the quality of the educational programs offered by high schools in the state; (5) increasing the scores of high school students in the state on college entrance examinations; (6) increasing job training opportunities in the state; (7) improving the postsecondary academic achievement and graduation rates of students in the state; (8) expanding the pool of high school students in the state who pursue postsecondary opportunities; (9) providing a rigorous curriculum in all high schools in the state; (10) increasing participation of Alaska high school students in Alaska postsecondary institutions.	*Goals not in bill, found in Memo of Intent.*	

L831

DIRECTORY OF CAREER AND TECHNICAL SCHOOLS IN ALASKA
LAST UPDATED DECEMBER 10, 2009

This list only includes schools that have applied for and been granted authorization to operate in Alaska or official exemption from authorization requirements. The Alaska Commission on Postsecondary Education does not recommend educational or training providers. Any link or reference to any site does not constitute or imply an endorsement or recommendation by the State of Alaska.

DIRECTORY OF CAREER AND TECHNICAL SCHOOLS IN ALASKA LAST UPDATED DECEMBER 10, 2009			
INSTITUTION	DATE FOUNDED / CONTROL	CHIEF OFFICER	AREA OF CAREER TRAINING
A Head of Time Design Academy 360 Boniface Pkwy, Suite A-28 Anchorage, AK 99504-4911 (907) 277-5907	1985 Private For Profit	Ms. Rosalyn Wyche Owner	Hairdressing
Academy of Hair Design 113 W Northern Lights, Suite M Anchorage, AK 99503-2600 (907) 274-3663	1985 Private For Profit	Mr. Mano Bolivar Owner	Hairdressing, Esthetics
AK STAR Training Institute 120 Carlanna Lake Road Ketchikan, AK 99901-5611 (907) 247-1431	2004 Private For Profit	Ms. Renee Schofield Owner	Phlebotomy
Alaska Technical Center (843 4th Street) P.O. Box 51 Kotzebue, AK 99752-0051 (907) 442-3733 http://www.nwarctic.org/atc	1981 Public	Ms. Cheryl Edenshaw Director	Business, Computer, Construction, Electrical, Health, Heating, Safety, Maintenance, Plumbing
*Alaska Vocational Technical Center (809 Second Ave) P.O. Box 889 Seward, AK 99664-0889 (907) 224-3322 http://avtec.labor.state.ak.us	Public	Mr. Fred W. Esposito Director	Auto, Business, Diesel/Heavy Equip, Culinary, Electricity, Health, Maritime, Maintenance, Plumbing, Welding
Amundsen Educational Center (998 Roald Avenue) P.O. Box 4006 Soldotna, AK 99669 (907) 260-8041 http://www.aecak.org	1996 Private Not For Profit	Mr. Mark Hill Executive Officer	Religious, Construction

DIRECTORY OF CAREER AND TECHNICAL SCHOOLS IN ALASKA LAST UPDATED DECEMBER 10, 2009			
INSTITUTION	DATE FOUNDED / CONTROL	CHIEF OFFICER	AREA OF CAREER TRAINING
Amundsen Educational Center dba New Frontier Vo-Tech Center 43335 K-Beach Rd, Suite 14 Soldotna, AK 99669 (907) 262-9055 http://www.aecak.org	1985 Private Not For Profit	Ms. Judi Walgenbach Program Director	Office (Accounting, Legal, Medical)
Ariel's Hair Design School 2727 West Dimond Boulevard Anchorage, AK 99502-1604 (907) 344-4122	1989 Private For Profit	Ms. Corazon Negron Owner	Hairdressing, Esthetics
*Beacon Training Center 450 Marathon Rd, Kenai, AK 99611-7857 (907) 283-3054 800 Cordova St, Anchorage, AK 99501-3717 (907) 222-7612	1999 Private For Profit	Ms. Holly Hylen President	EMT, Firefighter, First Aid, Health, Rescue, Safety
Career Academy 1415 East Tudor Rd Anchorage, AK 99507-1033 (907) 563-7575 http://www.careeracademy.net	1985 Private For Profit	Ms. Jennifer A. Deitz President	Aircraft Dispatch, Business, Insurance Coding & Billing, Massage Therapy, Medical, Phlebotomy, Travel
Center for Employment Education 1749 Ship Avenue, Anchorage, AK 99501-1806 (907) 279-8451 3207 International Ave. #2, Fairbanks, AK 99701 (907) 479-8451	1994 Private Not For Profit	Mr. Frederic Ready Training Director	Commercial Driving, Construction Technology, Heavy Equipment, Safety
Central Council Tlingit & Haida Indian Tribes of AK Vocational Training & Resource Center 3239 Hospital Drive Juneau, AK 99801-7809 (907) 463-7375	1996 Private Not For Profit	Ms. Phyllis Carlson Director	Business, Computer, Construction, Heating

DIRECTORY OF CAREER AND TECHNICAL SCHOOLS IN ALASKA LAST UPDATED DECEMBER 10, 2009			
INSTITUTION	DATE FOUNDED / CONTROL	CHIEF OFFICER	AREA OF CAREER TRAINING
*Galena City School District – Galena Interior Learning Academy -Post Secondary (Building 1847 Challenger Road) P.O. Box 359 Galena, AK 99741-0359 (907) 656-2053	1984 Public	Mr. Jim Smith Superintendent	Automotive, Computer, Culinary, Esthetician, Flight, Hairdressing
MetrOasis Advanced Training Center 401 W. International Airport Road, 1C Anchorage, AK 99518-1167 (907) 276-4110 http://www.metroasis.com	1995 Private For Profit	Mr. F. Sigel Shroy Owner	Hairdressing, Esthetics
Northern Industrial Training 1740 North Terrilou Court Palmer, AK 99645-7436 (907) 357-6400 Spring Street Wasilla, AK 99687 http://www.nitalaska.com	2003 Private For Profit	Mr. Joe Crum President/CEO	Commercial Driving, Construction Equip, Safety
Oriental Healing Arts School of Massage Therapy 2636 Spenard Road Anchorage, AK 99503 (907) 279-0135 http://www.touchoftao.com	2003 Private For Profit	Ms. Cynthia McMullen Partner	Massage Therapy, Acupuncture
SERRC - Alaska Vocational Institute 210 Ferry Way, Suite 200 Juneau, AK 99801-1390 (907) 586-6806	1976 Private Not For Profit	Ms. Sheryl Weinberg Executive Director	Office Skills, Computer Training
Shear Fire Academy of Hair Design 1012 South Colony Way Palmer, AK 99645-6929 (907) 746-4264	2008 Private For Profit	Ms. Jana Rhea Powell Owner	Hairdressing

DIRECTORY OF CAREER AND TECHNICAL SCHOOLS IN ALASKA LAST UPDATED DECEMBER 10, 2009			
INSTITUTION	DATE FOUNDED / CONTROL	CHIEF OFFICER	AREA OF CAREER TRAINING
Southwest AK Vocational & Educational Center (Building 647 Air Force Rd) PO Box 615 King Salmon, AK 99613-0615 (907) 246-4600 http://www.savec.org	2000 Private Not For Profit	Mr. Eldon Davidson Executive Director	First Aid, Hazwoper, Heavy Equipment, Safety
Trend Setters School of Beauty 407 E. Northern Lights Blvd Anchorage, AK 99503-2807 (907) 274-7150	1972 Private For Profit	Mr. Dennis Millhouse Owner	Hairdressing

*AVTEC is regulated by the Alaska Department of Labor and is exempted from the provisions of authorization by the Alaska Commission on Postsecondary Education.

Beacon Training Center is regulated by the city of Kenai and is exempted from the provisions of authorization by the Alaska Commission on PostsecondaryEducation.

GCSD - GILA - Postsecondary is regulated by the GCSD and is exempted from the provisions of authorization by the Alaska Commission on Postsecondary Education.

STATE OF ALASKA

Department of Education & Early Development

Office of the Commissioner

SEAN PARNELL, GOVERNOR

Goldbelt Place
801 West 10th Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
Telephone: (907) 465-2800
Fax: (907) 465-4156

January 19, 2010

The Honorable Joe Thomas
1292 Sadler Way Suite 308
Fairbanks, AK 99701

Dear Senator Thomas,

The State Board of Education & Early Development has unanimously passed a resolution in support of the Governor's Performance Scholarship. A copy is enclosed. If you have any questions, please contact me at 465-2851 or eric.fry@alaska.gov.

Sincerely,

Eric Fry
Public Information Officer

printed on recycled paper

ALASKA DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT

Resolution of the State Board of Education & Early Development

The Governor's Performance Scholarship

Resolution 03-2010

WHEREAS, the proposed Governor's Performance Scholarship (GPS) invites Alaska's high school students to challenge themselves with a rigorous course of study;

WHEREAS, the GPS encourages high schools to offer four years of science and math courses as well as the currently required four years of language arts courses and three years of social studies courses;

WHEREAS, the GPS recognizes a variety of meritorious students by awarding technical and academic scholarships to students with grade point averages ranging from C+ to A;

WHEREAS, the GPS serves students in public schools, private schools and home schools;

WHEREAS, the GPS encourages parents and guardians to participate in planning their students' high school career;

WHEREAS, the GPS encourages students to complete high school and be better prepared to attend a postsecondary institution;

WHEREAS, the GPS helps Alaska's families afford postsecondary education;

WHEREAS, the GPS encourages students to receive their postsecondary education in Alaska;

WHEREAS, the GPS recognizes the value and variety of Alaska's private and public postsecondary education institutions;

WHEREAS, the GPS will help Alaska to train its own highly skilled work force;

THEREFORE, BE IT RESOLVED, the State Board of Education & Early Development strongly supports the proposed Governor's Performance Scholarship to meet the academic and financial needs of Alaska's youth.

Esther J. Cox, Chair
Alaska State Board of Education & Early Development

Jan. 13, 2010
January 13, 2010

26-LS0219\W
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3/31/10

CS FOR SENATE BILL NO. 33( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS ELLIS, Paskvan, Thomas, McGuire, Stevens

A BILL

FOR AN ACT ENTITLED

"An Act relating to the AlaskaAdvantage Education Grant Program; and establishing loan forgiveness for eligible applicants."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.43.400 is amended to read:

Sec. 14.43.400. Purpose; creation. There is created the AlaskAdvantage education grant **and loan forgiveness** program to provide financial assistance to eligible students to enable them to attend, **to** [OR] continue their attendance at, **or to forgive loans made to them by the state for attendance at** postsecondary educational institutions. Funds designated by the corporation or appropriated for this program may be used as matching funds for the state's participation in the federal grant program under 20 U.S.C. 1070c - 1070c-4.

*** Sec. 2.** AS 14.43.405(a) is amended to read:

(a) The AlaskAdvantage education grant **and loan forgiveness** program created under AS 14.43.400 - 14.43.420 shall be administered by the executive

director of the commission.

*** Sec. 3.** AS 14.43.410(a) is amended to read:

(a) The funds for the **payment of grants from** AlaskAdvantage education grant **and loan forgiveness** program may be allocated to eligible students in accordance with the provisions of the federal grant program under 20 U.S.C. 1070c - 1070c-4 and regulations adopted under AS 14.43.105 and 14.43.405.

*** Sec. 4.** AS 14.43.410 is amended by adding a new subsection to read:

(c) The commission shall annually distribute not less than $10,000,000 or, if available funding from appropriations and other sources is less than that amount, the full amount available in grants and loan forgiveness awards on behalf of eligible students under AS 14.43.415. Payments shall be made directly to the postsecondary or lending institution if feasible.

*** Sec. 5.** AS 14.43.415(b) is repealed and reenacted to read:

(b) The commission shall give an applicant eligible under (a) or (e) of this section priority for a grant or loan forgiveness award if that applicant

(1) is, or is about to be, enrolled in a postsecondary education program that prepares the applicant for employment in an occupation or profession for which there is a severe shortage of trained individuals in the state;

(2) has completed a postsecondary education program within the four years preceding an application for loan forgiveness and is employed in the state in an occupation or profession for which there is a severe shortage of trained individuals in this state; or

(3) has achieved a cumulative grade point average at the postsecondary institution at which the student is or was enrolled of 3.0 or above on a 4.0 grade point scale, with a higher priority for students who achieved a cumulative grade point average of 3.5 or above.

*** Sec. 6.** AS 14.43.415 is amended by adding new subsections to read:

(d) In addition to the priorities required under (b) of this section, the commission may give an applicant priority for a grant award if that applicant has participated in a secondary education program of study that can be demonstrated to the commission to be a predictor for success at the postsecondary education level for a

program of study described in (b)(1) of this section.

(e) A portion of a loan made by the state in an amount that is equal to the amount of a grant for which a student was or would have been eligible under (a) of this section shall be forgiven by the state for a person who

(1) is a resident of the state;

(2) has completed within the four years preceding the application for loan forgiveness a postsecondary education program that is eligible to participate in federal financial aid programs under 20 U.S.C. 1070 - 1099c-2, as amended, and that is located in the state; and

(3) has an outstanding balance on the loan and has not defaulted on the loan repayments.

(f) Forgiveness under (e) of this section is subject to appropriation by the legislature. Money obtained from the sale of bonds by the corporation under AS 14.42.220 may not be appropriated for the forgiveness of loans.

(g) In this section,

(1) "occupation or profession" means a job for which specific postsecondary certification is a prerequisite for entry-level placement;

(2) "severe shortage" means a current or recurring job vacancy rate of 15 percent or greater, as determined by the Department of Labor and Workforce Development or by another workforce data source determined reliable by the commission.

*** Sec. 7.** AS 14.43.420(a) is amended to read:

(a) A grant **or loan forgiveness** made under AS 14.43.400 - 14.43.420 may not be in an amount less than **$1,000** [$500] nor more than **$5,000** [$2,000] for each school year.

*** Sec. 8.** AS 14.43.420(c) is amended to read:

(c) A student may receive not more than a total of **$20,000** [$8,000] in grants **or loan forgiveness** awarded under AS 14.43.400 - 14.43.420.

*** Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the

heading of art. 8 of AS 14.43 from "AlaskAdvantage Education Grant Program" to "AlaskAdvantage Education Grant and Loan Forgiveness Program."

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:

SENATOR KEVIN MEYER

SENATOR JOE THOMAS

MEMBERS:

SENATOR BETTYE DAVIS

SENATOR CHARLIE HUGGINS

SENATOR GARY STEVENS

SENATOR DONALD OLSON

It is the intent of the legislature to establish a scholarship program with the following goals:

(1) increasing high school graduation rates in the state;

(2) improving academic performance of students in grades kindergarten through 12 in the state;

(3) improving preparedness of Alaska students for postsecondary education;

(4) improving the quality of the educational programs offered by high schools in the state;

(5) increasing the scores of high school students in the state on college entrance examinations;

(6) increasing job training opportunities in the state;

(7) improving the postsecondary academic achievement and graduation rates of students in the state;

(8) expanding the pool of high school students in the state who pursue postsecondary opportunities..

(9) Providing a rigorous curriculum in all high schools in the state

(10) increasing participation of Alaska high school students in Alaska postsecondary institutions

Jomo Stewart, Committee Aide
(907) 465-6874

Murray Richmond, Committee Aide
(907) 465 - 6443

Senate_Education@legis.state.ak.us

Conceptual Amendment ____

Page 7, lines 16-31, page 9 Lines 4-15 to read:

(1) the four year core academic curriculum, which may include virtual curriculum, that the student must have completed in high school; the core academic curriculum must include:

(A)

(i) four years of mathematics;
(ii) four years of language arts;
(iii) four years of science; and
(iv) three years of social studies, one year of which may include a foreign language or an Alaskan Native language, **fine arts or cultural heritage**;

(B)

(i) three years of mathematics;
(ii) four years of language arts
(iii) three years of science
(iv) four years of social studies; and
(v) two years of a foreign language or Alaska Native Language;

Conceptual Amendment ____

Page 11, Lines 19-22;

(c) The maximum amount for a needs-based performance scholarship for a student who is enrolled

(1) not less than **full** time, is 50 percent of the unmet financial need that exceeds $2,000; and

(2) less than **full** time **but not less than half time**, is 25 percent of the unmet financial need that exceeds $2,000.

Conceptual Amendment

Pages 11-12, Lines 28-31 and 1-3, replace (e) (1) to read:

(e) In this section,

(1) "allowable standard costs of attendance" means for a student who receives a merit-based performance scholarship, the **lesser of (A) standard** costs of attendance at the University of Alaska, as determined by the commission; **or (B) actual costs of attendance at the qualified postsecondary institution that the student attends or plans to attend, as determined by the commission;**

Conceptual Amendment

Page 22, lines 10-11;

(2) who graduated from high school in this state after January 1, 2010 and before July 1, 2011 and meets eligibility requirements for the program may apply for a scholarship **on or after January 1, 2011 for enrollment in a program of study beginning on or after** July 1, 2011.

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3/19/10

CS FOR SENATE BILL NO. 224(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act establishing the Alaska student achievement scholarship program and relating to the program; establishing the Alaska student achievement scholarship fund and relating to the fund; relating to student records; making conforming amendments; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.113. District determination of scholarship eligibility. A school district shall determine whether a student who graduates from a high school in the district is eligible for an award of a merit-based Alaska student achievement scholarship under AS 14.43.810 - 14.43.890. If a student is eligible, the district shall state in the student's permanent record the highest level of funding for which the student is eligible. A district shall provide a student with an opportunity to request that the district correct an error in the eligibility determination.

*** Sec. 2.** AS 14.07.020(a) is amended to read:

(a) The department shall

(1) exercise general supervision over the public schools of the state except the University of Alaska;

(2) study the conditions and needs of the public schools of the state, adopt or recommend plans, administer and evaluate grants to improve school performance awarded under AS 14.03.125, and adopt regulations for the improvement of the public schools;

(3) provide advisory and consultative services to all public school governing bodies and personnel;

(4) prescribe by regulation a minimum course of study for the public schools; the regulations must provide that, if a course in American Sign Language is given, the course shall be given credit as a course in a foreign language;

(5) establish, in coordination with the Department of Health and Social Services, a program for the continuing education of children who are held in detention facilities in the state during the period of detention;

(6) accredit those public schools that meet accreditation standards prescribed by regulation by the department; these regulations shall be adopted by the department and presented to the legislature during the first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;

(7) prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards that will **ensure** [ASSURE] healthful and safe conditions in the public and private schools of the state, including a requirement of physical examinations and immunizations in pre-elementary schools; the standards for private schools may not be more stringent than those for public schools;

(8) exercise general supervision over pre-elementary schools that receive direct state or federal funding;

(9) exercise general supervision over elementary and secondary correspondence study programs offered by municipal school districts or regional educational attendance areas; the department may also offer and make available to any

Alaskan through a centralized office a correspondence study program;

(10) accredit private schools that request accreditation and that meet accreditation standards prescribed by regulation by the department; nothing in this paragraph authorizes the department to require religious or other private schools to be licensed;

(11) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction or major maintenance project; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, and final contract documents;

(12) provide educational opportunities in the areas of vocational education and training, and basic education to individuals over 16 years of age who are no longer attending school;

(13) administer the grants awarded under AS 14.11;

(14) establish, in coordination with the Department of Public Safety, a school bus driver training course;

(15) require the reporting of information relating to school disciplinary and safety programs under AS 14.33.120 and of incidents of disruptive or violent behavior;

(16) establish by regulation criteria, based on low student performance, under which the department may intervene in a school district to improve instructional practices, as described in AS 14.07.030(14) or (15); the regulations must include

(A) a notice provision that alerts the district to the deficiencies and the instructional practice changes proposed by the department;

(B) an end date for departmental intervention, as described in AS 14.07.030(14)(A) and (B) and (15), after the district demonstrates three consecutive years of improvement consisting of not less than two percent increases in student proficiency on standards-based assessments in math, reading, and writing as provided in AS 14.03.123(f)(2)(A); and

(C) a process for districts to petition the department for

continuing or discontinuing the department's intervention;

(17) notify the legislative committees having jurisdiction over education before intervening in a school district under AS 14.07.030(14) or redirecting public school funding under AS 14.07.030(15)**;**

(18) administer duties assigned to the department under the Alaska student achievement scholarship program established in AS 14.43.810 - 14.43.890.

*** Sec. 3.** AS 14.42.030(e) is amended to read:

(e) The commission may

(1) adopt regulations under AS 44.62 (Administrative Procedure Act) to

(A) carry out the purposes of

(i) **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48; and

(ii) AS 14.43.910 and 14.43.920 as they relate to the purposes of **AS 14.43.091 - 14.43.890** [AS 14.43.091 - 14.43.750], 14.43.990, AS 14.44, and AS 14.48;

(B) ensure compliance with the requirements imposed by state and federal statutes and regulations governing the guaranty, insurance, purchase, or other dealings in eligible loans by federal agencies, instrumentalities, or corporations; and

(C) establish standards for the

(i) administration of hearings conducted under AS 14.43.153; and

(ii) administrative enforcement of collection orders under AS 14.43.151 - 14.43.155;

(2) delegate to the executive director of the commission or a subcommittee of the commission any duty imposed on or power granted to the commission by this chapter, AS 14.43, AS 14.44, or AS 14.48, except its power to adopt regulations and its duty to consider appeals under AS 14.43.100(b) and AS 14.48.120;

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions;

(4) contract with or use existing institutions of postsecondary education or other individuals or organizations to make studies, conduct surveys, submit recommendations, or otherwise contribute to the work of the commission;

(5) establish fees for the review of an out-of-state institution that

(A) requests approval for participation in the programs under AS 14.43.091 - 14.43.750, 14.43.990, and AS 14.44; and

(B) is not accredited by a national or regional accreditation association recognized by the Council for Higher Education Accreditation; and

(6) collect all fees and costs incurred in collection of the amount owed on a loan or repayment obligation if the loan or repayment obligation becomes delinquent or in default; in this paragraph, fees and costs include attorney fees, court costs, and collection fees charged by a collection agency.

*** Sec. 4.** AS 14.43 is amended by adding new sections to read:

Article 11A. Alaska Student Achievement Scholarship Program.

Sec. 14.43.810. Alaska student achievement scholarship program established; residency. (a) The Alaska student achievement scholarship program is established to provide scholarships for high school graduates who are Alaska residents to attend a qualified postsecondary institution in the state.

(b) The department shall design the programmatic standards for the scholarships and appeals of adverse decisions. The commission shall administer the daily operations of the program and financing of the program, including the procedures for applying for the scholarships, establishing standards for and ensuring continuing compliance with programmatic standards, and requiring students to apply for other non loan financial aid, consistent with federal law. The respective agencies shall adopt necessary regulations under AS 44.62 after consultation with each other. The department may change the regulations under AS 44.62 relating to the programmatic standards for required academic achievement for eligibility only by giving advance public notice at least one school year before the effective date of the

change.

(c) For purposes of the program, a student is an Alaska resident if the student meets the requirements for establishing residency under AS 01.10.055.

Sec. 14.43.815. Qualifications of applicants. (a) A student may apply for an Alaska student achievement scholarship to attend a qualified postsecondary institution in the state if the student

(1) has applied or intends to apply for admission to the institution;

(2) is an Alaska resident who has

(A) graduated, or will graduate not later than six months after the date of the application, from a high school in the state, including a public school, private school, or home school;

(B) graduated, or will graduate not later than six months after the date of the application, from a high school outside of the state under circumstances allowed by the department; for purposes of this subparagraph, allowable circumstances include a circumstance in which a high school student who is an Alaska resident left the state because of the military service of the student's custodial parent who is an Alaska resident;

(3) will receive and use the scholarship at a qualified postsecondary institution in the state not later than six years after the beginning of the first school year after a student's graduation from high school, unless the student qualifies for an extension of time allowed by the department; for purposes of this paragraph, standards for extension of time must include time while the student is in military service;

(4) maintains a minimum grade-point average while attending the postsecondary institution; and

(5) meets other minimum qualifications to apply or continue to be eligible for an Alaska student achievement scholarship.

(b) A student is not qualified to receive an Alaska student achievement scholarship if the student

(1) has not complied with the military selective service registration requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if those requirements apply to the student;

(2) is currently in default or owes a refund on a federal financial aid loan under the federal guaranteed student loan program or financial aid awarded under this chapter; or

(3) has been convicted of a felony in the state or another jurisdiction and has not qualified for a waiver under standards adopted by the department.

(c) The commission shall adopt regulations to include an application procedure for the award of a scholarship or for the resumption of a scholarship award for an eligible applicant who has either withdrawn from or delayed enrollment in a qualified postsecondary institution in the state and who has been admitted to a qualified postsecondary institution, regardless of age.

Sec. 14.43.820. Eligibility for an academic scholarship. (a) Subject to appropriation, the commission shall award a merit-based academic scholarship to an applicant who meets the eligibility criteria for the award under the program.

(b) The programmatic standards for eligibility for an award of a merit-based academic scholarship under the program include the following:

(1) the four-year core academic curriculum, which may include virtual curriculum, that the student must have completed in high school; the core academic curriculum must include one of the following:

(A) a combination of

(i) four years of mathematics;

(ii) four years of language arts;

(iii) four years of science; and

(iv) four years of social studies, one year of which may include a foreign language or an Alaska Native language; or

(B) a combination of

(i) three years of mathematics;

(ii) four years of language arts;

(iii) three years of science;

(iv) four years of social studies; and

(v) two years of a foreign language or an Alaska Native language;

(2) the minimum grade average that the student must have achieved in high school to be eligible for each of the three award levels of merit-based academic scholarship under AS 14.43.827; for the first award level, a student must have an A average; for the second award level, a student must have a B average; and for the third award level a student must have a C plus average; the grade-point average for an A average is 3.5 or higher, for a B average, less than 3.5 but not less than 3.0, and for a C plus average, less than 3.0 but not less than 2.5; the department shall set by regulation minimum requirements based on a substantially similar standard for districts that do not assign grades;

(3) the minimum score on a college entrance examination that the student must have achieved to be eligible for each of the three award levels of merit-based academic scholarship award under AS 14.43.827;

(4) a process by which a student who meets the grade standards in (2) of this subsection for a particular award level, but does not meet the minimum scores established under (3) of this subsection for that award level, may apply for a lower level scholarship;

(5) enrollment in a course of study at a qualified postsecondary institution as described in AS 14.43.835 that is intended to result in the award of a certificate or degree;

(6) a process through which a student who is no longer eligible can regain eligibility;

(7) a process through which a home-schooled or private-schooled student may submit evidence to the qualified postsecondary institution that establishes the equivalent of the high school diploma, grade-point average, and core academic curriculum for public school students.

Sec. 14.43.825. Eligibility for a career and technical school scholarship. (a) Subject to appropriation, the commission shall award a merit-based career and technical school scholarship to an applicant who meets the eligibility criteria for the award under the program.

(b) The programmatic standards for eligibility for an award of a merit-based career and technical school scholarship under the program include the following:

(1) the core academic curriculum, which may include virtual curriculum, that the student must have completed in high school; the core academic curriculum must include

(A) a combination of

(i) four years of mathematics;

(ii) four years of language arts;

(iii) four years of science; and

(iv) four years of social studies, one year of which may include a foreign language or an Alaska Native language; or

(B) a combination of

(i) three years of mathematics;

(ii) four years of language arts;

(iii) three years of science;

(iv) four years of social studies; and

(v) two years of a foreign language or an Alaska Native language;

(2) the minimum grade average that the student must have achieved in high school; the minimum is C plus average; the C plus average requirement is a grade-point average of 2.5 or higher; the department shall set by regulation minimum requirements based on a substantially similar standard for districts that do not assign grades;

(3) the minimum score that the student must have achieved on a

(A) college entrance examination; or

(B) standardized examination designed to measure a student's level of preparedness to make the transition to work, as selected by the department;

(4) enrollment in good standing at a certified career and technical school that is intended to result in the award of a certificate that indicates the student's preparedness to enter the workforce;

(5) a process through which a student who is no longer eligible can regain eligibility.

Sec. 14.43.827. Maximum awards and allowable uses. (a) Subject to (b) - (e) of this section and the programmatic standards established under AS 14.43.820(b), the maximum awards and allowable uses for the merit-based programs are as follows:

(1) for the merit-based academic scholarship, the following three levels of scholarship financing award for a semester:

(A) the first award level is an amount that is equal to the cost of approved tuition at the University of Alaska in school year 2010 - 2011 and requires an A grade average and a very high minimum score on a college entrance examination;

(B) the second award level is an amount that is equal to 75 percent of the first award level and requires a B grade average and a high minimum score on a college entrance examination;

(C) the third award level is an amount that is equal to 50 percent of the first award level and requires a C plus grade average and a moderately high minimum score on a college entrance examination;

(2) for the merit-based career and technical scholarship, the award must be the actual cost of the qualified career and technical school attended by the student, not to exceed $3,000 a school year;

(3) subject to (e) of this section, a student who qualifies for a merit-based academic scholarship may apply the award to the costs of attending a qualified career and technical school program as described in AS 14.43.835(a)(2).

(b) A part-time student who receives a merit-based academic scholarship and is enrolled on at least a half-time basis is eligible for an award of 50 percent of the amount of scholarship award for which the student is eligible under (a) of this section.

(c) A student's eligibility for a scholarship terminates six years after the date the student graduated from high school unless the student qualifies for an extension of time allowed by the department.

(d) Subject to AS 14.43.815(a)(3), a student receiving a merit-based academic scholarship may remain eligible for up to eight semesters of enrollment at a qualified university or college, which may include graduate courses, or for up to two calendar years of attendance at a qualified career or technical school. A student receiving a

merit-based career and technical scholarship may remain eligible for two calendar years of attendance at a qualified career and technical school. A student may not receive both an academic and a career and technical scholarship.

(e) The amount of a scholarship award may not exceed the amount of the student's costs of attendance as certified by the postsecondary institution for the purposes of federal financial aid, less any other scholarships or non loan financial aid awarded to the student.

Sec. 14.43.828. Eligibility for a needs-based achievement scholarship; maximum award. (a) Subject to appropriation, the commission shall award a needs-based achievement scholarship to a student who meets the eligibility criteria for the award.

(b) A student is eligible to receive a needs-based achievement scholarship if the student

(1) is eligible for a merit-based achievement scholarship under AS 14.43.810 - 14.43.890; and

(2) can demonstrate, in a year in which the student receives a scholarship, that the student has unmet financial need greater than $2,000.

(c) The maximum amount for a needs-based achievement scholarship for a student who is enrolled

(1) not less than half time, is 50 percent of the unmet financial need that exceeds $2,000; and

(2) less than half time, is 25 percent of the unmet financial need that exceeds $2,000.

(d) The qualified postsecondary institution attended by the student shall determine unmet financial need by subtracting from the student's allowable standard costs of attendance at the institution all non loan sources of financial support, including an expected family contribution and all federal, state, and private scholarships or grants received by the student.

(e) In this section,

(1) "allowable standard costs of attendance" means, for a student who receives a merit-based achievement scholarship, the costs of attendance at the

qualified postsecondary institution that the student attends or plans to attend, as determined by the commission based on room and board costs that do not exceed the standard room and board costs at the University of Alaska as determined by the commission;

(2) "expected family contribution" means the amount a student or the student's family is expected to pay toward the student's cost of attendance, as determined by use of the most recent federal Free Application for Federal Student Aid.

Sec. 14.43.830. Programmatic standards. (a) Subject to (b) of this section, the department shall establish programmatic standards for the program.

(b) The department shall establish a make-up procedure or alternative pathway to allow students who are not eligible for a scholarship to make up a deficit by alternative means if the deficit was caused by circumstances beyond the student's control. The department may not waive a requirement and shall require the student to achieve a result comparable to that required of other students. The decision of the department regarding a student's eligibility for alternative means is final. In determining circumstances in which the student may pursue alternative means, the department shall consider the effect on students who have met the requirements. Attendance at a high school outside of the state is not a circumstance in which a student may be allowed to pursue alternative means to qualify for a scholarship. Circumstances in which the department may allow a student to pursue alternative means to qualify for a scholarship include the following:

(1) the required curriculum was not reasonably available to the student because the student attended a small and remote high school in the state;

(2) the deficit was caused by rare and unusual circumstances outside the control of the student.

Sec. 14.43.835. Qualified postsecondary institutions. (a) The following institutions are qualified postsecondary institutions:

(1) a university or college physically located in the state that is

(A) authorized to operate in the state under AS 14.48.020, or is exempt from authorization under AS 14.48.030(b)(1); and

(B) accredited by a regional accreditation association;

(2) a career and technical school program physically located in the state that has been included on a list of certified career and technical school programs received from the Department of Labor and Workforce Development; the commission shall publish the list on or before September 1 of the year preceding enrollment.

(b) The Department of Labor and Workforce Development shall, in consultation with the Department of Education and Early Development, adopt regulations under AS 44.62 establishing criteria under which the Department of Labor and Workforce Development shall certify career and technical school programs in the state as eligible to participate in the Alaska student achievement scholarship program. The criteria to be considered under this subsection include the following:

(1) the quality of the job-training program offered by the career and technical school;

(2) the employability of a graduate of the program, including whether the program results in a certificate or license that is recognized by the industry for which the training prepares the student;

(3) whether jobs in the industry for which the training prepares the student are available or expected to be available in the future in the state;

(4) other criteria established by the Department of Labor and Workforce Development in regulation.

(c) A postsecondary institution is physically located in the state if the campus, teachers, classrooms, school administrators, and equipment used to provide the education to the students are physically present in the state. Use of virtual, electronic, or online materials by teachers in the state does not disqualify a postsecondary institution even if the materials are generated outside the state. However, a correspondence, virtual, electronic, or online program that is administered from outside the state is not physically located in the state even if the program is delivered by teachers or equipment in the state.

Sec. 14.43.840. Application and award. (a) The commission shall establish application procedures for students to apply for an Alaska student achievement scholarship.

(b) The commission shall adopt procedures for payment of scholarship awards

to the institution attended by the scholarship recipient. Payment of a scholarship is subject to appropriation. If insufficient funds are appropriated to pay all eligible scholarships, the commission shall pay existing awards on a pro rata basis.

(c) A student who is awarded a scholarship in error shall be required to refund to the state the amount of the scholarship awarded in error.

Sec. 14.43.845. Alaska student achievement scholarship fund income account. The Alaska student achievement scholarship fund income account is created as an account in the general fund. Money may be appropriated into the account from the expendable earnings of the Alaska student achievement scholarship fund under AS 37.14.750 - 37.14.790 and other sources. The commission may use money in the account to pay scholarships awarded to students under AS 14.43.810 - 14.43.890.

Sec. 14.43.850. Report to the legislature. (a) To the extent permitted under law, the department, the commission, the University of Alaska, the Department of Revenue, and the Department of Labor and Workforce Development shall share data necessary to prepare public reports regarding the program.

(b) Not more than 10 days after the convening of each regular legislative session, the department, the commission, the University of Alaska, the Department of Revenue, and the Department of Labor and Workforce Development shall present an annual report to the public, the governor, and the legislature containing information of public interest regarding the program, including

(1) the number of applicants and number and types of scholarships awarded;

(2) the dollar amount of scholarships awarded in past years and the dollar amounts expected to be awarded for the next year; and

(3) data and trends in the data regarding high school and postsecondary student performance, programmatic changes, and graduation rates over time.

Sec. 14.43.890. Definitions. In AS 14.43.810 - 14.43.890, unless the context requires otherwise,

(1) "commission" means the Alaska Commission on Postsecondary Education;

(2) "department" means the Department of Education and Early

Development;

(3) "grade-point average" means the average of all grades on a four-point scale, or five-point scale for advanced placement classes, obtained by the student in high school;

(4) "military service" means active duty in the armed forces of the United States;

(5) "program" means the Alaska student achievement scholarship program established under AS 14.43.810 - 14.43.890;

(6) "school district" means a borough school district, a city school district, a regional educational attendance area, and a state boarding school.

*** Sec. 5.** AS 14.45.130(a) is amended to read:

(a) A religious or other private school that elects to comply with AS 14.45.100 - 14.45.130 shall maintain permanent student records reflecting immunizations, physical examinations, standardized testing, academic achievement, [AND] courses taken at the school**, and level of eligibility for an Alaska student achievement scholarship under AS 14.43.810 - 14.43.890**.

*** Sec. 6.** AS 23.05.060 is amended to read:

Sec. 23.05.060. Powers of the department. The department may

(1) enforce all state labor laws;

(2) act as mediator and appoint deputy commissioners of conciliation in labor disputes whenever it considers the interest of industrial peace requires it;

(3) make investigations and collect and compile statistical information concerning the conditions of labor generally and upon all matters relating to the enforcement of this chapter;

(4) institute court proceedings against an employer of labor without cost to the employee when it is satisfied that the employer has failed to pay an employee an amount due by contract;

(5) issue cease and desist orders and other orders and regulations necessary for the enforcement of state labor laws;

(6) in accordance with AS 37.07 (the Executive Budget Act), receive and spend money derived from agreements with local governments, nongovernmental

organizations, or other persons;

(7) administer duties assigned to the department under the Alaska student achievement scholarship program established in AS 14.43.810 - 14.43.890.

*** Sec. 7.** AS 36.30.850(b) is amended to read:

(b) This chapter applies to every expenditure of state money by the state, acting through an agency, under a contract, except that this chapter does not apply to

(1) grants;

(2) contracts for professional witnesses to provide for professional services or testimony relating to existing or probable lawsuits in which the state is or may become a party;

(3) contracts of the University of Alaska where the work is to be performed substantially by students enrolled in the university;

(4) contracts for medical doctors and dentists;

(5) acquisitions or disposals of real property or interest in real property, except as provided in AS 36.30.080 and 36.30.085;

(6) disposals under AS 38.05;

(7) contracts for the preparation and transportation of ballots under AS 15;

(8) acquisitions or disposals of property and other contracts relating to airports under AS 02.15.070, 02.15.090, 02.15.091, and AS 44.88;

(9) disposals of obsolete property under AS 19.05.060;

(10) disposals of obsolete material or equipment under AS 35.20.060;

(11) agreements with providers of services under AS 47.25.071 - 47.25.095; AS 47.07; AS 47.08; AS 47.10; AS 47.12; AS 47.14; AS 47.17; AS 47.24; and AS 47.27, including contractors under AS 47.27.050;

(12) contracts of the Department of Fish and Game for flights that involve specialized flying and piloting skills and are not point-to-point;

(13) purchases of income-producing assets for the state treasury or a public corporation of the state;

(14) [REPEALED

(15)] a contract that is a delegation, in whole or in part, of investment powers held by

(A) the commissioner of revenue under AS 14.42.200, 14.42.210, AS 18.56.095, AS 37.10.070, 37.10.071, or AS 37.14;

(B) the Board of Regents of the University of Alaska under AS 14.40.250 - 14.40.491;

(15) [(16)] a contract that is a delegation, in whole or in part, of investment powers or fiduciary duties of

(A) the Board of Trustees of the Alaska Permanent Fund Corporation under AS 37.13;

(B) the Alaska Mental Health Trust Authority under AS 37.14.001 - 37.14.099;

(16) [(17)] the purchase of books, book binding services, newspapers, periodicals, audio-visual materials, network information services access, approval plans, professional memberships, archival materials, objects of art, and items for museum or archival acquisition having cultural, historical, or archaeological significance; in this paragraph

(A) "approval plans" means book selection services in which current book titles meeting an agency's customized specifications are provided to the agency subject to the right of the agency to return those books that do not meet with the agency's approval;

(B) "archival materials" means the noncurrent records of an agency that are preserved after appraisal because of their value;

(C) "audio-visual materials" means nonbook prerecorded materials, including records, tapes, slides, transparencies, films, filmstrips, cassettes, videos, compact discs, laser discs, and items that require the use of equipment to render them usable;

(D) "network information services" means a group of resources from which cataloging information, holdings records, inter-library loans, acquisitions information, and other reference resources can be obtained;

(17) [(18)] contracts for the purchase of standardized examinations for

licensure under AS 08;

(18) [(19)] contracts for home health care provided under regulations adopted by the Department of Health and Social Services and for adult residential care services provided under regulations adopted by the Department of Health and Social Services or by the Department of Administration;

(19) [(20)] contracts for supplies or services for research projects funded by money received from the federal government or private grants;

(20) [(21)] guest speakers or performers for an educational or cultural activity;

(21) [(22)] contracts of the Alaska Industrial Development and Export Authority for a clean coal technology demonstration project that

(A) is attempting to develop a coal-fired electric generation project;

(B) uses technology that is capable of commercialization during the 1990's; and

(C) qualifies for federal financial participation under P.L. 99-190 as amended;

(22) [(23)] operation and protection of assets or disposals of equipment and supplies acquired through foreclosure or other legal proceedings relating to loans issued under AS 03.10;

(23) [(24)] purchases of curatorial and conservation services to maintain, preserve, and interpret

(A) objects of art; and

(B) items having cultural, historical, or archaeological significance to the state;

(24) [(25)] acquisition of confidential seismic survey data necessary for pre-sale oil and gas lease or gas only lease analyses under AS 38.05.180;

(25) [(26)] contracts for village public safety officers;

(26) [(27)] purchases of supplies and services to support the operations of the Alaska state troopers or law enforcement officers engaged in fish and wildlife protection if the procurement officer for the Department of Public Safety makes a

written determination that publicity of the purchases would jeopardize the safety of personnel or the success of a covert operation;

(27) [(28)] expenditures when rates are set by law or ordinance;

(28) [(29)] construction of new vessels by the Department of Transportation and Public Facilities for the Alaska marine highway system;

(29) [(30)] contracts entered into with a regional development organization; in this paragraph, "regional development organization" has the meaning given in AS 44.33.895;

(30) [(31)] contracts that are to be performed in an area outside of the country and that require a knowledge of the customs, procedures, rules, or laws of the area;

(31) [(32)] contracts that are between the Department of Law and attorneys who are not employed by the state and that are for the review or prosecution of possible violations of the criminal law of the state in situations where the attorney general concludes that an actual or potential conflict of interest makes it inappropriate for the Department of Law to review or prosecute the possible violations;

(32) [(33)] contracts between the Department of Natural Resources and contractors qualified to evaluate hydrocarbon development, production, transportation, and economics, to assist the commissioner of natural resources in evaluating applications for royalty increases or decreases or other royalty adjustments, and evaluating the related financial and technical data, entered into under AS 38.05.180(j);

(33) [(34)] contracts of the Alaska Industrial Development and Export Authority made with the developer of an integrated transportation and port facility owned by the authority;

(34) [(35)] procurements of contracts with the media for advertising;

(35) [(36)] [REPEALED

(37)] contracts between the state medical examiner and a provider of medical services to perform or assist in performing the duties assigned to the state medical examiner in AS 12.65.020;

(36) [(38)] contracts between the commissioner of revenue and an independent contractor under AS 43.82.240;

(37) [(39)] contracts for a convener under AS 44.62.730 or for a facilitator under AS 44.62.760 related to a negotiated regulation making process under AS 44.62.710 - 44.62.800;

(38) [(40) REPEALED

(41)] a tourism marketing contract awarded under AS 44.33.125;

(39) [(42)] grants and contracts with qualified entities for services under AS 47.18.330 for the foster care transition program;

(40) [(43)] contracts for travel services, including airplane travel, hotel accommodations, and travel agency services, but excluding motor vehicle rentals;

(41) [(44)] contracts of the Alaska Commission on Postsecondary Education or the Alaska Student Loan Corporation for the guarantee and disbursing of financial aid money to institutions of postsecondary education under the financial aid programs under AS 14.43.091 - 14.43.750 and AS 14.44.025;

(42) contracts of the Alaska Commission on Postsecondary Education for the servicing and disbursing of financial aid money to institutions of postsecondary education under the financial aid programs under AS 14.43.810 - 14.43.890;

(43) [(45)] contracts for an arbitration panel to determine whether a project is uneconomic under AS 43.90.240, and contracts for the development of application provisions for licensure and for the evaluation of those applications under AS 43.90;

(44) [(46)] contracts for delivery of home heating assistance under AS 47.25.626;

(45) [(47)] contracts of the Alaska Pension Obligation Bond Corporation under AS 37.16.010 - 37.16.900.

*** Sec. 8.** AS 37.14 is amended by adding new sections to read:

Article 8A. Alaska Student Achievement Scholarship Fund.

Sec. 37.14.750. Alaska student achievement scholarship fund established. (a) The Alaska student achievement scholarship fund is established as a fund of the state. The fund consists of

(1) appropriations to the fund;

(2) donations to the fund; and

(3) income earned on investments of fund assets.

(b) The commissioner of revenue shall manage the fund with the goal that the purchasing power of the fund will not diminish over time without regard to additional contributions that may be made to the fund. The commissioner shall invest the assets of the fund in a manner likely to yield at least a five percent real rate of return over time.

(c) Nothing in this section creates a dedicated fund.

Sec. 37.14.755. Powers and duties of the commissioner of revenue. In carrying out the investment duties under AS 37.14.750 - 37.14.790, the commissioner of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall provide reports to the Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education on the condition and investment performance of the fund.

Sec. 37.14.760. Use of fund. As soon as practicable after July 1 of each year, the commissioner of revenue shall determine the average month-end market value of the fund for the immediately preceding three fiscal years. The commissioner shall identify five percent of that amount as available for appropriation by the legislature for appropriation to the Alaska student achievement scholarship fund income account created under AS 14.43.845 from which the Alaska Commission on Postsecondary Education may award scholarships under AS 14.43.810 - 14.43.890. The commissioner shall also report as available for appropriation a running total of amounts previously identified as available for appropriation to the Alaska student achievement scholarship fund income account but not appropriated.

Sec. 37.14.790. Definitions. In AS 37.14.750 - 37.14.790, unless the context requires otherwise,

(1) "commissioner" means the commissioner of revenue;

(2) "fund" means the Alaska student achievement scholarship fund established in AS 37.14.750(a).

*** Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: PROGRAM STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS. Notwithstanding any contrary provision of this Act, the Department of Education and Early Development and the Department of Labor and Workforce Development, after consultation with the Alaska Commission on Postsecondary Education, may adopt regulations under AS 44.62 to implement their respective duties under the Alaska student achievement scholarship program established in AS 14.43.810, enacted by sec. 4 of this Act, so that a student

(1) may be eligible for the program even though the student did not fully meet the required core academic curriculum for the school years beginning July 1, 2009, through June 30, 2013; and

(2) who graduated from high school in this state after January 1, 2010, and before July 1, 2011, and meets eligibility requirements for the program may apply for a scholarship beginning July 1, 2011.

*** Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education may proceed to adopt regulations necessary to implement changes made to their respective authorities by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before September 1, 2010.

*** Sec. 11.** Section 10 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect September 1, 2010.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB 224**
() Publish Date:

Identifier (file name): SB224-DOLWD-CO-01-29-10
Dept. Affected: Labor and Workforce Development
Title: Postsecondary Scholarships
RDU: Office of the Commissioner
Component: Commissioner's Office
Sponsor: Rules Committee
Requester: Senate EDC
Component Number: 340

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	25.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**25.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	25.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**25.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: None

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

These funds will be used to contract for services to assist in the drafting of regulations setting criteria for the career and technical school scholarship portion of the bill required under Section 14.43.835 of this legislation.

Prepared by: Guy Bell, Assistant commissiioner
Phone 465-2700
Division: Office of the Commissioner
Date/Time 1/29/10 1:49 PM
Approved by: Click Bishop, Commissioner
Date 1/29/10
Agency: Department of Labor and Workforce Development

(Revised 11/6/2009 OMB)

Introduced By: Education Committee
Date Introduced: Month day, 200X
Date Passed: Month day, 200X
Date Transmitted: Month day, 200X

RESOLUTION XX-XXXX

A RESOLUTION BY THE GREATER FAIRBANKS CHAMBER OF COMMERCE (GFCC) SUPPORTING THE GOVERNOR'S PERFORMANCE SCHOLARSHIP, A MERIT-BASED SCHOLARSHIP FOR ALASKA HIGH SCHOOL STUDENTS

WHEREAS, the graduation rate of Alaska high school students has fallen to 62%, below even the national average of 68%; and

WHEREAS, only half of those students who receive a high school diploma are academically prepared for post-secondary education (Greene and Winters 2005) and are ready for college-level reading assignments in the core study areas like math, history, science, and English (ACT, 2006); and

WHEREAS, at graduation, students will receive scholarships based on academic achievement and their hard work. For example, and A student at graduation from high school would get a 100% tuition scholarship award; a B student would get a 75% tuition award, and a C+ student would get a 50% tuition scholarship award; and

WHEREAS, the Governor's performance Scholarship could be used at the University of Alaska, at any certified, in-state job training institution and at other certified post-secondary institutions in Alaska; and

WHEREAS, by giving more students the opportunity to earn a scholarship like this and requiring it to be used at an in-state institution, we are building a better-trained workforce for Alaska and giving young people hope for their future; and

WHEREAS, there is no direct allocation of funds required – the funding mechanism uses existing monies in the State's savings account to create interest earnings to pay for the scholarships.

NOW THEREFORE BE IT RESOLVED that the Greater Fairbanks Chamber of Commerce, recognizing the importance of affordable and accessible higher education, supports the Alaska Governor's Performance Scholarship Initiative.

BE IT FURTHER RESOLVED that this resolution be distributed to:

Governor Sean Parnell, State of Alaska
Alaska State Legislature

Dan Britton
Board Chair
GFCC

Kurt Newman
Education Committee Chair
GFCC

Summary of the Governor's Performance Scholarship program

The governor's office is preparing legislation establishing the GPS (Governor's Performance Scholarship) program.

The proposal envisions these categories of scholarships:

Career and technical: acceptable GPA and an assessment score on a work-ready assessment for an award capped at $2,500 a year for two years.

Silver: "C+" high school GPA and an acceptable score on a college-entrance assessment for an award equal to 50% of UA's tuition in the 2010-2011 academic year for up to 8 semesters.

Gold: "B" high school GPA and an acceptable score on a college-entrance assessment for an award equal to 75% of UA's tuition in the 2010-2011 academic year for up to 8 semesters.

Platinum: "A" high school GPA and an acceptable score on a college-entrance assessment for an award equal to 100% of UA's tuition in the 2010-2011 academic year for up to 8 semesters.

Use of the scholarships
The GPS may be used for tuition and other academic costs. Students would be allowed to use the GPS only after all other scholarship funds, including Alaska Scholars funds, have been expended. The GPS funds would be sent directly to the education institutions.

Eligibility criteria

- Eligible students must be Alaska residents as defined in AS 14.43.162(a)-(h).
- Home school and private school students are eligible if they can establish that they have the equivalent of a high school diploma and the required GPA, assessment scores and curriculum.
- Recipients must apply for the scholarship within six months of graduating high school.
- Recipients would have six years from high school to use their scholarship unless they receive an extension for military service.
- They must maintain a minimum GPA, such as 2.5, in the postsecondary school to remain eligible.
- Part-time college students would receive an award proportionate to their part-time status.

The Governor's Performance Scholarship program would provide financial incentives for high school students to earn admission to, and be prepared to excel at, public and private institutions of vocational or academic higher education in Alaska.

GPS recipients would be required to complete a rigorous course of study in high school, have good grades, and score well on an assessment. Students who meet the eligibility requirements would be entitled to a scholarship. Alaska's postsecondary institutions would remain free to determine their own admissions policies.

The program would begin with the high school Class of 2011, which would enter colleges or technical schools in the fall of 2011. The high school course requirements would be phased in over time. They are: four years of English, math and science, and three years of social studies. The rigorous course requirements are central to the program's value. The state currently requires high school graduates to take four years of English and three years of social studies -- but only two years of math and science.

ACT -- a nationwide nonprofit with extensive experience in college-entrance assessments -- reports that students are much more likely to do well in college if they have taken at least four years of English and three years of math, social studies and science in high school.
Note that the Governor's Performance Scholarship has even higher requirements than that. In fact, ACT has found that students who take a curriculum similar to the GPS requirement are significantly more likely to do well in college than other students.

The GPS program would require school districts to talk to students in the spring of their eighth grade year, or students who are enrolling in an Alaska public high school for the first time, about their high school curriculum options and the GPS program. Parents and guardians would be invited to attend the session.

The goals of GPS are to:
• improve students' performance in high school;
• increase high school graduation rates;
• improve students' preparation for college-level work;
• improve students' scores on college entrance exams, which are the basis for some national scholarships;
• bolster the rigor of high schools' curriculums;
• boost students' opportunities for job training;
• increase parents' involvement in their children's education;
• reduce students' remediation in college;
• increase students' academic achievement in institutions of higher education;
• and provide for timely completion of higher education degrees.

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/19/10

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 3/25/10

Education Committee considered SENATE BILL NO. 224

SB 224 POSTSECONDARY SCHOLARSHIPS

"An Act establishing the governor's performance scholarship program and relating to the program; establishing the governor's performance scholarship fund and relating to the fund; relating to student records; making conforming amendments; and providing for an effective date."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB 224 (EDC)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[X] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
EED	3/19	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
EED	12/1	✓			4
REV	11/25	✓			2
DOL	12/9	✓			1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins				X
	[illegible]	X			
	DAVIS	X			
	OLSON			✓	
CO-CHAIR:	Mayer	✓			
CO-CHAIR:	Thomas	✓			

SB 235

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS

MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

TO: All Members

FROM: Senator Kevin Meyer, Senator Joe Thomas
Co-Chairs, Senate Education Committee

RE: Hearing: SB-235 **"An Act relating to charter school approval and funding."**

LOCATION: BELTZ 105 (TSBldg)

DATE/TIME: Monday, February 8 – 8am

AGENDA

SB 235 - **"An Act relating to charter school approval and funding."**
Bills Previously Scheduled & Heard

Jomo Stewart, Committee Aide
(907) 465-6874

Murray Richmond, Committee Aide
(907) 465 - 6443

Senate_Education@legis.state.ak.us

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS

MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

Sponsor Statement
Senate Bill 235
"An Act relating to charter school approval and funding."

Senate Bill 235 amends existing state statute to allow the Department of Education & Early Development to compete on behalf of Alaska charter schools for facility maintenance & start-up grant funds nationally available through the U.S. Department of Education. Alaska and its charter schools are currently ineligible.

Senate Bill 235 addresses this inequity in two ways:

First, Senate Bill 235 removes the statutory cap which limits the number of charter schools, on a statewide basis to sixty. As the only authorizer of charter schools, local school boards thoroughly examine and evaluate charter applications prior to agreeing to accept a charter for their district. In this way, local school boards act as a check on charter school over-proliferation and growth - today, there are only 26 charter schools in existence across Alaska – making a state mandated cap unnecessary.

Second, Senate Bill 235 creates in statute the programmatically required state funding mechanism necessary to comply under the federal grant program. It amends current law to establish in Alaska the per-pupil facilities aid program required under the U.S. Department of Education's applicant eligibility requirements. Senate Bill 235 then seeds the in-state aid program with a nominal $1 dollar per pupil per year. However, it is communities and school districts which must arrange for themselves the means to provide the 10% local contribution necessary to achieve the initial 90% federal match and subsequent, escalating match proportions.

With minimal State involvement, but maximized local initiative & control, Senate Bill 235:

- Improves the State of Alaska's ability to secure the Federal Start Up Funds for Alaskan Charter Schools.
- Makes charter schools eligible to compete for federal grants for facilities.
- Is strongly supported statewide by school boards, school districts, and charter schools.
- Reduces a major barrier to the development of charter schools.
- Benefits Alaska's children.
- Will increase educational choices for parents & opportunities for students.

Jomo Stewart, Committee Aide
(907) 465 - 6874

Murray Richmond, Committee Aide
(907) 465 – 6443

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SENATE EDUCATION COMMITTEE

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SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

SECTIONAL ANALYSIS
Senate Bill 235

SECTION 1:
Deletes cap (60) on number of charter schools the State Board of Education may approve for operation within Alaska.

SECTION 2:
Creates new Article 2 under AS 14.11 - CONSTRUCTION, REHABILITATION, AND IMPROVEMENT OF SCHOOLS AND EDUCATION- RELATED FACILITIES

New sections include:

Sec. 14.11.121 - Supplemental charter school facilities construction, lease, and major maintenance grant program – creating, subject to legislative appropriation a five-year mechanism for state support in supplement of local contribution & federal aid, and describing administration of the program; and

Sec. 14.11.126 - State aid for costs of charter school construction, lease, and major maintenance – directing state to allocate not less than one dollar per charter school pupil per year to school districts or regional attendance areas receiving grants under the program.

SECTION 3:
Repeal of Sec. 14.11.121 and Sec. 14.11.126 on July 1, 2015.

26-LS1256\R

2/4/10

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FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 235
(S) Publish Date: 2/8/10

Identifier (file name): SB235-EED-ESS-2-05-10
Title: An Act relating to charter school approval and funding
Sponsor: Senate Education Committee
Requester: Seneate Education Committee

Dept. Affected: Education and Early Development
RDU: Education Support Services
Component: School Finance & Facilities
Component Number: 2737

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	300.0		150.0	154.5	159.1	163.9	168.8
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**300.0**	**0.0**	**150.0**	**154.5**	**159.1**	**163.9**	**168.8**
CAPITAL EXPENDITURES	**1.0**		**1.0**	**1.0**	**1.0**	**1.0**	
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	301.0		151.0	155.5	160.1	164.9	168.8
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**301.0**	**0.0**	**151.0**	**155.5**	**160.1**	**164.9**	**168.8**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**1.0**		1.0	1.0	1.0	1.0	1.0
Part-time	0.5		0.5	0.5	0.5	0.5	0.5
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Sec. 1, removes limit on number of charter schools that can operate in the state. As there are only 25 operating charter schools in the state currently, there is no anticipated fiscal impact resulting from this provision.

Sec. 2, Establishes charter school construction program based on charter school enrollment. Establishing regulations will require an estimated $150,000. Management of the program will require 1.5 FTE, one full-time grant administrator (Range 17), and a half-time administrative assistant (Range 14), to assist with the required reporting paperwork. The personnel costs are escalated at 3% per year to approximate cost of living increases. While it is difficult to say how much state funding might be required, the department has estimated that the program will impact 40% of the Charter schools in each year of the program. The bill reqiures the legislature to appropriate at least a dollar for each pupil enrolled in the charter school recieving funding which amounts to approximately $1,000 per year.

Sec. 3, Sunsets the charter school construction grant program on July 1, 2015, however, the department's finanical reporting and project oversight obligations will continue beyond sunset of the program.

Prepared by: Sam Kito III, P. E. , School Facilities Engineer — Phone (907) 465-6906
Division: School Finance/Facilities Section — Date/Time 2.5.2010
Approved by: Larry LeDoux, Commissioner — Date 2/5/2010

(Revised 10/13/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 235
(S) Publish Date: 4/7/10

Identifier (file name): SB235-EED-ESS-4-01-10
Title: An Act relating to charter school approval and funding
Sponsor: Senate Education Committee
Requester: Senate Finance Committee

Dept. Affected: Education and Early Development
RDU: Education Support Services
Component: School Finance & Facilities
Component Number: 2737

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	150.0		150.0	154.5	159.1	163.9	168.8
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**150.0**	**0.0**	**150.0**	**154.5**	**159.1**	**163.9**	**168.8**
CAPITAL EXPENDITURES			**1.0**	**1.0**	**1.0**	**1.0**	
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	150.0		151.0	155.5	160.1	164.9	168.8
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**150.0**	**0.0**	**151.0**	**155.5**	**160.1**	**164.9**	**168.8**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**0.0**		1.0	1.0	1.0	1.0	1.0
Part-time	0.0		0.5	0.5	0.5	0.5	0.5
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Sec. 1, removes limit on number of charter schools that can operate in the state. As there are only 25 operating charter schools in the state currently, there is no anticipated fiscal impact resulting from this provision.

Sec. 2, Establishes charter school construction program based on charter school enrollment. Establishing regulations will require an estimated $150,000. Management of the program will require 1.5 FTE, one full-time grant administrator (Range 17), and a half-time administrative assistant (Range 14), to assist with the required reporting paperwork. The personnel costs are escalated at 3% per year to approximate cost of living increases. While it is difficult to say how much state funding might be required, the department has estimated that the program will impact 40% of the Charter schools in each year of the program. The bill reqiures the legislature to appropriate at least a dollar for each pupil enrolled in the charter school recieving funding which amounts to approximately $1,000 per year. Personnel costs are not expected until after the first year, when regulations have been adopted and the department begins applying for any available federal grant opportunities.

Sec. 3, Sunsets the charter school construction grant program on July 1, 2015, however, the department's finanical reporting and project oversight obligations will continue beyond sunset of the program.

Prepared by: Sam Kito III, P. E. , School Facilities Engineer — Phone (907) 465-6906
Division: School Finance/Facilities Section — Date/Time 4.1.2010
Approved by: Larry LeDoux, Commissioner — Date 4/1/2010

(Revised 10/13/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: HCS SB 235(FIN)
(H) Publish Date: 4/15/2010

Identifier (file name):
Dept. Affected: DEED
Title: An Act relating to charter school approval and funding
RDU: Education Support Services
Component: School Finance & Facilties
Sponsor: Senate Education Committee
Requester: House Finance Committee
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by: Co-Chair Bill Stoltze
House Finance Committee
Phone 465-4958
Date/Time 4/15/2010 12:00PM

Co-Chair Mike Hawker/
House Finance Committee
Date 4/15/2010

(Revised 11/6/2009 OMB)

26-LS1256\E
Mischel
4/14/10

HOUSE CS FOR SENATE BILL NO. 235(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE EDUCATION COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to charter school approval and funding."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.03.250(a) is amended to read:

(a) A charter school may be established as provided under AS 14.03.250 - 14.03.290 upon the approval of the local school board and the state Board of Education and Early Development of an application for a charter school. [THE STATE BOARD OF EDUCATION AND EARLY DEVELOPMENT MAY NOT APPROVE MORE THAN 60 CHARTER SCHOOLS TO OPERATE IN THE STATE AT ANY ONE TIME.]

*** Sec. 2.** AS 14.11 is amended by adding new sections to read:

Article 2. Charter School Facilities.

Sec. 14.11.121. Supplemental charter school facilities construction, lease, and major maintenance grant program. (a) The department shall establish a charter school facilities construction, lease, and major maintenance grant program that supplements grant aid otherwise available under this chapter and that is based on a per

pupil funding formula.

(b) The department shall apply for available federal funding and award federal funding made available under the grant program established under (a) of this section for not more than five years for approved projects for charter school facilities construction, lease, or major maintenance as follows:

(1) 90 percent of the allowable costs for the first fiscal year for the approved project;

(2) 80 percent of the allowable costs for the second fiscal year for the approved project;

(3) 60 percent of the allowable costs for the third fiscal year for the approved project;

(4) 40 percent of the allowable costs for the fourth fiscal year for the approved project; and

(5) 20 percent of the allowable costs for the fifth fiscal year for the approved project.

(c) The grant program established in this section is subject to legislative appropriation and available funding and must be consistent with applicable federal and state requirements.

(d) A school district or regional educational attendance area that submits an application for a proposed project under AS 14.11.011 for funding under this section that is approved for funding by the department shall provide a participating share that is equal to the difference between the allowable costs of a project and the combined available federal funding and the state aid provided under AS 14.11.126. Allowable costs for a project approved under this section shall be based on the adjusted student count for a charter school calculated under AS 14.17.450(a) and (c), as determined by the commissioner.

Sec. 14.11.126. State aid for costs of charter school construction, lease, and major maintenance. During each fiscal year, the state shall allocate to a school district and regional educational attendance area that is approved for a charter school facilities construction, lease, or major maintenance grant under AS 14.11.121 an amount that is not less than one dollar for each pupil enrolled in the charter school.

* **Sec. 3.** AS 14.11.121 and 14.11.126, added by sec. 2 of this Act, are repealed July 1, 2015.

Alaska Charter School Law

- **Alaska**
- **Year Charter Law Enacted:** 1995

Background: The Alaska Legislature passed the Charter School Act in 1995. Governor Knowles signed the bill into law. House Bill 101 amended the existing Alaska statute for charter schools and was signed into law July 1, 2001. The major changes of the amendment are: length of charter was changed to a maximum of ten (10) years, total number of allowable charter schools to operate within the state set at 60, and the geographical restrictions on number of total schools per region or district was dropped.

Both the local school board and the State Board of Education must approve a charter school application before the school can begin operation. If a local school board denies an application, there is no appeal to a higher authority.

- **Amendment(s):** SB 57, the bill established a more equitable state funding of public charter and alternative schools. SB 57 states that charter schools with fewer than 150 students will have their student count adjusted by the same per-student rate as neighborhood schools with 400 students. SB 57 also contains a one-year, hold-harmless provision for charter schools and alternative schools that unexpectedly fall below the enrollment threshold, and are either in their first year of operation or were above the threshold the previous year. For a full-text version of the most recent amendment, see the Alaska State Legislature.

Authorizers: local school boards, with final approval from the State Board of Education

Length of charter: maximum 10 years

Caps on number of schools: October 2002 Amendment increased the cap from 30 to 60 total schools in operation

Funding: Operational funding is equivalent to "the amount generated by the students enrolled minus a portion for administrative costs." The local school board is responsible for setting the charter school's budget based on student enrollment.

President Obama

October 1, 2009

- President Obama has called upon Congress to increase funding for the charter school programs by $52 million dollars this year, bringing total funding for the charter school programs to $268 million. As Congress works to finish its appropriations bills, it is critical that charter advocates voice their support for increased funding, helping the President's request become law.

- The federal public charter schools programs provide support at key points in the development of charter schools: helping cover the extraordinary costs of launching successful charters; disseminating their successful innovations to other public schools; and providing financial incentives to state governments and private lenders that help enable schools to build and renovate facilities.

"Significant Education Reforms"

November 9, 2009

The passage of the historic American Recovery and Reinvestment Act of 2009 enabled two competitive grant programs aimed at drastically improving public education in America.

Recently, the U.S. Department of Education released draft priorities and guidelines for the Investing in Innovation Fund (i3) grant competition. On behalf of over 4,900 public charter schools across the country educating over 1.5 million children, the Alliance strongly supports **the U.S. Department of Education's efforts to use the i3 fund to scale significant education reforms** and find the next generation of notable educational innovations..

Reform – Lift caps

In a speech earlier this year to the US Hispanic Chamber of Commerce, President Obama explicitly called on states to "… *reform their charter rules, and lift caps on the number of allowable charter schools, wherever such caps are in place*."

Secretary of Education Arne Duncan

For all the money at his disposal, Duncan is not making it easy to get. To qualify for the cash, states are being encouraged to remove laws limiting the expansion of public charter schools

Read more:
http://www.time.com/time/magazine/article/0,9171,1920299,00.html#ixzz0XdXGDuN5

Race to the Top funding Criteria

See folder

State Charter School Facilities Incentive Grant Program

- Started in 2001, this program awards matching funds to states that offer per-pupil financial assistance to public charter schools to obtain facilities. The program is intended to encourage states to develop and expand per-pupil facilities aid programs and to share the costs associated with charter schools facilities funding.

Eligibility for Facilities Incentive Grants

- To be eligible to receive a grant, a state must establish or enhance, and administer, a per-pupil facilities aid programs for charter schools in the state. This per-pupil facilities aid program ***must be specified in state law*** and must provide annual per-pupil financing for charter school facilities.

Federal Start Up Grants for Charters

(In recent years, State Applications for Federal Start up grants have been denied)

Director's Office

State of Alaska Department of Education & Early Development Division of Teaching & Learning Support

Paul Prussing, Deputy Director
E-mail: **paul.prussing@alaska.gov**
Telephone: (907) 465-8721
Fax: (907) 465-6760

Concurrent Bill in House and Senate

1. Remove Cap of 60
2. Add language to provide annual per- pupil financing for charter school facilities

(Center for Education Reform ranks Alaska's law 8th weakest of the nation's 41 charter laws, with an overall grade of D.)

Some examples...Three State's Charter Facilities Language

California

Facilities Assistance Charter schools may lease space from public or private nonprofit, nonsectarian organizations with approval of Department of Education. Law provides lesser of up to $1,200 dollars per pupil or 90% of actual lease cost.

Utah

Utah State Legislature created and funded a program, *Local Replacement Revenue for Charter Schools*. This program's funds replace some of the local property tax revenues that are not available to charter schools. Ten percent of the funds this program provides to a charter school are dedicated to facility costs only.

3rd example

District of Columbia

- Uniform Per Student Funding Formula for Public School and Public Charter Schools Act, which serves as the basis for current funding procedures. Each of the District's public charter schools is entitled to a per-pupil facilities allowance in addition to funds the Uniform Per-Pupil Funding Formula provides.
- The Credit Enhancement Fund helps provide access to financing to District of Columbia public charter schools to acquire, renovate and construct school facilities by pledging collateral. The Fund also guarantees leases.

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY

AMENDING MSB 19.08.020, LOCATION OF SCHOOL BUILDINGS; AND MSB 19.080.23, SITE APPROVAL PROCESS FOR LEASE OR CHARTER SCHOOL FACILITIES.

(F) Charter School Site Selection Process:

(1) A new or proposed Charter School shall follow the site approval process according to 19.08.023

(2) An existing Charter School that has been in existence for five years or more may request the borough and or the school district acquire permanent facilities for the Charter School. Permanent school facilities include providing for land and buildings as follows, but not limited to: a design build long term lease or lease purchase, use of an existing borough or school district facility, public financing and construction of a new facility or by private and or public grant funds for a new facility or upgrade of an existing facility.

http://www.edreform.com/_upload/ranking_chart.pdf

The 2009 ranking reflects the most critical components of a good charter school law, those the federal Education Department should focus on in order to evaluate those states most likely to make it in the Race to the Top

Charter School Law Ranking and Scorecard 2009

STATE	TX	OK	NC	IL	TN	NH	AR	MD	RI	AK	CT	HI	WY	KS	VA
Year Law Passed	95	99	96	96	02	95	95	03	95	95	96	94	95	94	98
Multiple Authorizers (15)	3	2	3	2	2	2	2	1	2	1	2	2	1	1	1
Number of Schools Allowed (10)	2	2	2	1	2	5	2	4	2	5	1	2	10	10	10
Operations (15)															
• State Autonomy	2	2	2	3	1	3	1	1	1	1	1	3	2	0	0
• District Autonomy	2	2	3	2	1	2	2	2	1	1	2	2	0	0	0
• Collective Bargaining Equity (15)	3	5	3	3	5	5	3	1	0	0	3	0	0	1	0
• 100% Funding	7	5	4	5	5	2	5	5	7	4	3	2	2	0	0
• Facilities Funds	0	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0
Implementation Points	0	0	0	0	0	-3	0	0	0	0	0	0	-5	-3	-3
2009 Total Score (out of 55)	19	18.5	17	16	16	16	15	14	13	12	12	11	10	9	8
2009 Rank	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39
2008 Total Score	27.5	32.5	33.5	27.75	23.75	26.5	24	21	15	20	23	20	20.25	19	16
2008 Rank	27	19	17	26	31	29	30	33	39	36	32	35	34	37	38
Number of Charters as of Feb. 2009	331	14	103	74	14	11	25	34	11	26	21	32	3	40	4

D

F

out of 55pts possible

Definitions

1. Multiple Chartering Authorizers (15 points). Does the state permit entities other than traditional school boards to create and manage charter schools independently, and does the existence of such a provision actually lead to the active practice of independent authorizing? Independent entities may include universities, independent boards, and mayors.

2. Equity (15 points). Fiscal equity requires that not only are the amounts received the same, but charters receive monies from the identical streams and routes as other schools. If the law guarantees that charter schools receive money that is the same amount as and received in the same manner as traditional public schools, then they will be viewed as and treated the same as public schools in law and practice.

3. Operations (15 points). How much independence from existing state and district operational rules and procedures is codified in law and results in freedom and flexibility as intended? In the early charter laws, a provision known as the blanket waiver ensured that once opened, charter schools could set their own processes and rules for operations, while still adhering to standards, safety and civil rights requirements.

4. Number of Schools Allowed (10 points). How many charter schools are allowed to open, whether annually, in total throughout the state, or on a local level? Do the caps imposed through charter law hinder the growth and development of the charter school movement in the state? It is not enough to simply have an unlimited provision in a state law regarding the number of charters that can be approved. Virginia, Wyoming, and Delaware all, by law, allow an unlimited number of schools, but constrain growth in other ways. Restrictions are not only defined by how many schools exist—some states also restrict total enrollment and per pupil revenue to limit charter growth.

(States were able to score extra—or lose—points for accountability and other factors.)

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http://www.edreform.com/Fast_Facts/Ed_Reform_FAQs/?Just_the_FAQs_Charter_Schools

NATIONAL CHARTER SCHOOL & ENROLLMENT STATISTICS 2009

STATE	OPERATING IN 2008-2009	OPEN IN 2009-2010	APPROVED TO OPEN IN FUTURE	TOTAL OPERATING	TOTAL ENROLLMENT	LAW GRADE 09	LAW GRADE 10
Alaska	26	1	0	27	5,489	D	
Arkansas	28	6	0	34	7,812	D	
Colorado	151	15	8	166	63,799	B	
Delaware	19	0	3	19	8,990	B	
Florida	375	38	12	413	131,183	B	
Hawaii	32	0	0	32	7,878	D	C
Illinois	80	8	1	88	33,400	D	O
Iowa	9	0	0	9	1,462	F	M
Louisiana	65	13	2	78	29,078	C	I
Massachusetts	63	2	1	65	25,579	C	N
Minnesota	158	4	1	162	28,371	A	G
Nevada	25	3	0	28	8,559	C	
New Jersey	65	7	1	72	20,496	C	S
New York	125	29	19	154	44,000	B	O
Ohio	323	15	0	338	94,171	C	O
Oregon	92	16	0	108	16,809	C	N
Rhode Island	11	2	0	13	3,106	D	
Tennessee	16	5	1	21	4,301	D	
Utah	68	8	6	76	30,183	B	
Wisconsin	219	4	0	223	37,432	C	

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Arizona	Charter schools receive a per pupil allocation called "additional assistance." These monies can be used for anything from teacher salaries to transportation to facility construction. The amount of "additional assistance" is currently $1,405 per pupil in kindergarten through grade eight and $1,644 per pupil in grades nine through twelve.http://www.azleg.state.az.us/FormatDocument.asp?inDoc=/ars/15/00185.htm&Title=15&DocType=ARS (see B, 4)
California	A charter schools revolving loan fund allows charter schools to receive loans for as much as $250,000, allowing up to five years for repayment. A school can use these loans for any start-up costs, including facilities.http://www.leginfo.ca.gov/cgi-bin/displaycode?section=edc&group=41001-42000&file=41360-41367 The charter school facilities program authorizes the State Allocation Board to provide per pupil facilities grant funding for 50% of the total project cost for new construction of charter school facilities. This program is subject to available statewide school bonds passed to support charter school facilities. Currently, no funding is available to support this program, while a backlog of almost $2 billion of eligible charter projects exists. http://www.leginfo.ca.gov/cgi-bin/displaycode?section=edc&group=17001-18000&file=17078.52-17078.66 A lease aid funding program for charter schools in low-income areas provides up to $750 per student.http://leginfo.ca.gov/cgi-bin/displaycode?section=edc&group=47001-48000&file=47610-47615 (See 47614.5)
Colorado	For FY 2009, $5 million in capital construction funds have been appropriated and are provided to qualified charter schools on a per-pupil basis. See Word document entitled "CO Per-Pupil Charter Facilities Funds Statute." The legislature also provides a mechanism for limited credit enhancement for eligible, highly rated bond transactions for charter schools, by using the state's moral obligation to back up to $400 million in debt. See Word document entitled "CO Moral Obligation for Charter Facilities Statute."
Connecticut	For the two-year budget cycle starting on July 1, 2006, the state provided $10 million in bond financing to cover facilities costs at existing charter schools, disbursed through a competitive application process. For the two-year budget cycle starting on July 1, 2008, the state provided and additional $10 million in bond financing to cover facilities costs at existing charter schools, disbursed through a competitive application process.http://www.cga.ct.gov/2007/pub/Chap164.htm#Sec10-66ll.htmhttp://www.cga.ct.gov/2007/pub/Chap164.htm#Sec10-66hh.htm
D.C.	There is a per-pupil facilities aid program in D.C. The amount is based on a five year moving average of capital funds available to the school system. For Fiscal Year 2009, the allowance as calculated at $3,109 per pupil. See Word document entitled "DC Charter Facilities Funding Statute." The City Build Charter School Initiative promotes community revitalization with a particular emphasis on strengthening public charter schools. Most of the grants from this program have been allocated for facilities and expansion projects. The Fiscal Year 2009 District of Columbia Appropriations Act includes $3.25 million for the program. The Public Charter School Credit Enhancement Fund provides credit enhancement for the purchase, construction, and/or renovation of facilities for charter schools. The program offers guarantees or collateral pledges of up to $3 million for two to five years.http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=browse_usc&docid=Cite:+20USC1155 (Sections 1155(e)(2)(B) and 1155(e)(3)) The District of Columbia's Direct Loan Fund for Charter School Improvement provides flexible loan capital for the construction, purchase, renovation and maintenance of charter school facilities. Loans are capped at $2 million per school. $4.5 million in federal appropriations was earmarked for this initiative for Fiscal Year 2009.http://government.westlaw.com/linkedslice/default.asp?rs=gvt1.0&vr=2.0&sp=dcc-1000 (Section 38-1833.02)
Florida	For FY 2009, Florida appropriated $57 million for its per-pupil charter facilities funding

State	Capital Funding
	program. http://www.flsenate.gov/statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=Ch1013/Sec62.HTM
Georgia	The state has a per-pupil, needs-based capital-funding program. Approximately $2 million was appropriated for FY 2010. See Word document entitled "GA Charter Facilities Funding Statute."
Massachusetts	Charter schools receive a per-pupil capital needs allowance as part of their per pupil tuition revenue. For Fiscal Year 2009, the per pupil capital needs component was $893.http://www.mass.gov/legis/laws/mgl/71-89.htm (See nn)
Minnesota	The state provides lease aid to charter schools in the amount of 90% of lease costs or $1,200 per-pupil. With approval of the state department of education, charter schools may lease space from public or private nonprofit, nonsectarian organizations and from sectarian organizations.http://www.revisor.leg.state.mn.us/stats/124D/11.html (See Subd. 4)
New Mexico	Lease payments for charter schools for FY 2010: $700 per student.http://nmcharterschools.org/docs/charter_schools/charter_schools_act.pdf (See 22-8B-14)
New York	The Charter Schools Stimulus Fund provides discretionary financial support to charter schools for start-up costs and for costs associated with the acquisition, renovation and construction of school facilities. Grants awarded by the New York State Board of Regents are capped at $200,000, and those awarded by the State University of New York are capped at $350,000. $5.5 million was appropriated for the FY 2009 school year. See Word document entitled "NY Charter Schools Stimulus Fund Statute."
Oklahoma	The charter school incentive fund provides up to $50,000 per school to cover costs associated with renovating or remodeling existing buildings and structures for use by a charter school. See Word document entitled "OK Charter Facilities Funding Statute."
Pennsylvania	The state department of education calculates an approved reimbursable annual rental charge for leases of buildings or portions of buildings for charter school use which have been approved by the secretary of education on or after July 1, 2001. This charge is the lesser of (1) the annual rental payable under the provisions of the approved lease agreement or (2) the product of the enrollment times $160 for elementary schools, $220 for secondary schools or $270 for area vocational-technical schools. See Word document entitled "PA Charter Facilities Funding Statute."
Utah	The Local Revenue Replacement Program provides an additional annual per pupil appropriation for charter schools to replace some of the local property tax revenue that traditionally covers maintenance and operation, capital projects and debt service. A minimum of 10% of the grant monies must be expended for facilities. This facilities dedication was $143 per pupil in Fiscal Year 2009.http://le.utah.gov/~code/TITLE53A/htm/53A02032.htm The state has created a charter school revolving loan fund. This fund provides loans to charter schools for the costs of constructing, renovating, and purchasing charter school facilities. This fund is capitalized at $6,000,000.http://www.rules.utah.gov/publicat/code/r277/r277-487.htm

National Alliance for Public Charter Schools

Federal Charter School Programs

There are three federal programs that support public charter schools: the Charter Schools Program; the State Charter School Facilities Incentive Grant Program; and the Credit Enhancement for Charter School Facilities Program.

Charter Schools Program

Created in 1994, the Charter Schools Program (CSP) provides financial assistance to help cover charter school start-up costs. Through a competitive process, the U.S. Department of Education (DOE) awards grants to state education agencies (SEAs). In turn, SEAs make subgrants to charter schools. If an SEA doesn't apply for funding or if its application for funding is not approved, the DOE can make grants directly to charter school developers.

Since its creation, the CSP has received more than $2 billion in funding. The CSP has been a tremendous success, helping create more than 4,600 public charter schools serving more than 1.4 million students in 40 states and the District of Columbia.

State Charter School Facilities Incentive Grant Program

Created via the No Child Left Behind Act, the State Charter School Facilities Incentive Grant Program provides federal funds on a competitive basis to states to help cover charter school facility costs. The program is intended to encourage states to develop and expand per-pupil facilities aid programs and to share in the costs associated with charter schools facilities funding.

Over the past seven years, the program has received over $90 million in funding and has leveraged over $1 billion dollars on the behalf of charter schools, serving over 472 schools (as of 2008). With those funds, it has made grants to four jurisdictions: California, the District of Columbia, Minnesota, and Utah.

Credit Enhancement for Charter School Facilities Program

The Credit Enhancement for Charter School Facilities Program provides grants on a competitive basis to public and nonprofit entities that enhance the ability of public charter schools to raise private capital to acquire, construct, renovate, or lease academic facilities. On behalf of charter schools, grantees use the monies to guarantee loans, reduce interest rates, and encourage other lenders to participate in charter facilities lending.

Since 2002, the program has received over $213 million in funding helping over 265 charter schools finance facilities. It has done an exceptional job of using those funds to leverage private investment in charter facilities. In fact, more than $8 private sector dollars have been raised for every $1 dollar in federal funds.

Sponsored by: Assemblymember Colver
Adopted: 12/15/09

MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 09-123

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY SUPPORTING CHANGES IN STATE LAW TO ALLOW CHARTER SCHOOLS IN ALASKA TO APPLY FOR FEDERAL FACILITY GRANTS.

WHEREAS, Alaska has many successful charter schools excelling in academics; and

WHEREAS, charter schools in Alaska have not been able to apply for Federal grants to provide for charter school classrooms and facilities; and

WHEREAS, the limit on the number of charter schools in Alaska needs to be repealed to be eligible to apply for Federal grants; and

WHEREAS, the State of Alaska needs to establish a matching fund with a minimal amount of funding per pupil to be eligible to apply for Federal charter school facility grants; and

WHEREAS, a matching fund will have a minimal fiscal impact;

WHEREAS, without the charter schools in the Mat-Su School District, the District would not have adequate space to house all of the students; and

WHEREAS, the Matanuska Susitna Borough Assembly supports legislation to change state law to allow Alaskan charter schools to comply with federal requirements to apply for facility grant.

NOW, THEREFORE, BE IT RESOLVED, the Matanuska-Susitna Borough Assembly respectfully requests of Governor Parnell and the Alaska State Legislature a change in State law allowing charter schools in Alaska to apply for federal facility grants.

ADOPTED by the Matanuska-Susitna Borough Assembly this 15 day of December, 2009.

TALIS J COLBERG, Borough Mayor

ATTEST:

LONNIE MCKECHNIE, CMC, Borough Clerk

(SEAL)

PASSED UNANIMOUSLY: Woods, Houston, Arvin, Ewing, Bettine, Colver, and Halter.

Partnership for Alaska Charter Schools

Dear Education Committee,

I ask for your support of SB 235. Charter schools throughout Alaska offer families a choice in public school education. While charter schools differ from one to the other, from curriculum to immersion in different languages, we all share a common issue: facilities. SB 235 offers solutions to our facility issues because it will provide an avenue for eligibility in federal charter school facility grants. Alaska charter schools are currently eliminated from consideration for federal charter school facility grants due to the current language in the law. The new language in SB 235 that removes the caps and allows a per pupil facility allotment would allow Alaska charter schools to compete nationally for the numerous federal charter school grants.

Generally, charter schools are relegated to leasing their facilities. Often times, our charter schools use their Basic Needs funds allocated by the state for use with students to pay for their leased facilities. When charter schools can start participating in federal facility grants, the money intended for the students can go to the students. The new language of SB 235 removes the road blocks and allows the State of Alaska to pursue other avenues of federal funding to provide facilities to charter schools.

Everyone wins with the new language of SB 235. These changes in the charter school law rates high on federal grading rubrics thereby allowing for higher scores for other School District's projects. So, not only will charter schools benefit, but Alaska's local School Districts will have a higher success in seeking federal grants for traditional public schools. The language of SB 235 also creates a funding stream for new charter schools allowing for eligibility for federal start up grants. Currently, new charter schools do not receive any additional funding to open their doors. SB 235 would meet criteria for $400,000 of federal grant start up money.

On behalf of the members of Partnership for Alaskan Charter Schools, we support SB 235. It's essential for the growth and success of Alaska's charter schools. It's good for Alaska.

Sincerely,

Loretta Nardi
Partnership for Alaskan Charter Schools (PACS)
President

Academy Charter School Advisory Board

Palmer, Alaska

A Resolution from Academy Charter School's Advisory Board Supporting new Alaska State Charter School Law ✣ Sec. 14.03.250. Establishment of charter schools to eliminate caps on the number of charter schools allowed and to include language for a per pupil allotment for facility funding.

WHEREAS, the Academy Charter School Advisory Board invites support of changing Alaska State Law and

WHEREAS, removing language from the state law that limits the number of charter schools allowed in the state.

WHEREAS, charter schools give opportunities outside of traditional public schools for innovative programs to be implemented; and

WHEREAS, charter schools gain momentum and interest to meet the needs of the children of the community; and

WHEREAS, removing caps limiting the number of charter schools will allow the state of Alaska to pursue other avenues for federal funding not previously allowed due to limits.

WHEREAS adding per-pupil facility funding for charter schools,

WHEREAS, recognizing charter schools operate using funds allocated for use with students to pay for facilities,

WHEREAS, Charter schools allotted a per pupil facility fund gives economic relief by bringing a great dollar amount to the school allowing for adequate funding for students,

WHEREAS, adding an allotment for per pupil facility funding will allow the state of Alaska to pursue other avenues for federal funding not previously allowed due to lack of language.

THEREFORE BE IT RESOLVED that the Advisory Board of Academy Charter School, supports changing ✣ Sec. 14.03.250. Establishment of charter schools to remove caps on charter schools and adds state mandated per pupil facility funding.

David Dahms, Advisory Board President

Loretta Nardi 12-2-09

Loretta Nardi, Advisory Board Secretary

Thunderbird Early College Charter School, Inc.

A Resolution from Thunderbird Early College Charter School, Inc, APC Directors, supporting new Alaska State Charter School Law ✠ Sec. 14.03.250.

WHEREAS, Thunderbird Early College Charter School, Inc. was organized as a nonprofit entity in 2008, to establish, develop, and oversee a Grade 5-12 public early college charter school in compliance with a five year contract with Matanuska Susitna Borough School District and the State of Alaska, proposing to open for the 2011-2012 School Year;

NOTING THAT, charter schools are nonsectarian public schools of choice that operate with freedom from many of the regulations that apply to traditional public schools. The "charter" establishing each such school is a performance contract detailing the school's mission, program, goals, students served, methods of assessment, and ways to measure success;

FURTHER NOTING, charter schools are accountable to their sponsor, usually a state and local school board, to produce positive academic results and adhere to the charter contract ;

FURTHER NOTING, the basic concept of charter schools is that they exercise increased autonomy in return for this accountability and they are accountable for both academic results and fiscal practices to several groups: the sponsor that grants them, the parents who choose them, and the public that funds them;

EXPRESSING APPRECIATION, that charter schools increase new opportunities for learning and quality education for all students; they are established for a variety of reasons and have many benefits; they create choice for parents and students within the public school system; they provide a system of accountability for results in public education; they encourage innovative teaching practices; they create new professional opportunities for teachers and encourage community and parent involvement in public education;

WHEREAS, Thunderbird Early College Charter School, Inc., APC Directors support the changing of Alaska State Law and removing caps limiting the number of charter schools as it will allow the state of Alaska to pursue other avenues for federal funding not previously allowed due to limits;

NOTING WITH REGRET, that charter schools in our state currently operate using funds allocated for use with students to pay for facilities;

APPROVING, that if Charter schools are allotted a per pupil facility fund it provides economic relief by bringing a great dollar amount to the school allowing for adequate funding for students;

FURTHER APPROVING, that by adding an allotment for per pupil facility funding the state of Alaska will be able to pursue other avenues for federal funding not previously allowed due to lack of language;

THEREFORE BE IT RESOLVED that Thunderbird Early College Charter School, Inc. APC Directors,

1 .Support the changing ✠ Sec. 14.03.250. Establishment of charter schools, by removing language from the state law that limits the number of charter schools allowed in the state and adding language requiring state mandated per pupil facility funding.

electronic signatures on file

Anna Wilbur Roys, President

Heather Pelletier, Treasurer

Jomo Stewart

From: Josh Applebee
Sent: Friday, February 05, 2010 8:28 AM
To: Jomo Stewart
Subject: FW: SB 235, please add to public testimony for Feb. 8th

-----Original Message-----
From: Roger & Contessa Gossett [mailto:messa@gci.net]
Sent: Friday, February 05, 2010 8:33 AM
To: Sen. Kevin Meyer
Subject: Re: SB 235, please add to public testimony for Feb. 8th

Dear Senator Meyer, we am writing you regarding SB 235 that is being considered.

Alaska Charter Schools are currently eliminated from consideration for federal charter school facility grants due to caps on the number of charter schools and no language for per pupil facility funding.

The new language proposed in SB 235 will remove the caps and allow a per pupil facility allotment. With that new language, Alaska charter schools will be able to compete nationally for the numerous federal facility grants that are available to charter schools.

Please consider these proposed changes. This will remove the road bloaks and allow the State of Alaska to pursue other avenues of federal funding.

In addition, this new language will open the door to eligibility in 90/10 splits where the federal government would pay 90 % of the costs for facilities for charter schools.

As parents of a charter school 5th grader, we respectfully request that SB 235 be considered.

Thank you, Roger and Contessa Gossett, Palmer, Alaska

Jomo Stewart

From: Josh Applebee
Sent: Monday, February 08, 2010 7:21 AM
To: Jomo Stewart
Subject: FW: SB 235

From: Kim & Brent Taylor [mailto:taylorkb@gci.net]
Sent: Sunday, February 07, 2010 6:02 PM
To: Sen. Kevin Meyer
Subject: SB 235

Dear Sir,
I am writing this letter to ask for your support of SB 235. As a parent of two charter school children, I can attest to the need for better facilities. I believe investing in successful educational programs benefits us all.

Sincerely,

Brent Taylor

Jomo Stewart

From: Josh Applebee
Sent: Monday, February 08, 2010 7:23 AM
To: Jomo Stewart
Subject: FW: Senate Bill 235

-----Original Message-----
From: clph28@gci.net [mailto:clph28@gci.net]
Sent: Sunday, February 07, 2010 9:42 PM
To: Sen. Kevin Meyer
Subject: Senate Bill 235

Greetings Senator Meyer,

I am writing to you in support of Senate Bill 235 and beneficial charter school legislation. Currently, starting and running a charter school in Alaska is a very challenging task with the limited funding
available from school districts and other government agencies.
Charter schools need access to state and federal financial support and start up grants, which will be instrumental in the growth and sustenance of healthy charter school options. Charter schools provide a unique educational format and/or curriculum, allowing students and their families a choice in the scope of their education. The roadblocks for charter school education need to be removed. Our public education system should encourage new models to reach the greatest number of students with quality education that meets student needs as well as public demand.

I urge you to pass this Bill and show the state and the country that we all can benefit from charter schools as a part of our public education system. Without the ability to use the money that is out there for this purpose, charter schools now in existence, are not able to operate to their fullest potentials. In addition, it is much more difficult for new charter schools to begin.

Thank you for your careful consideration of the positive impact this Bill can have.
Sincerely,

Alysia Loughlin-Bushey
Wasilla, Alaska

Please include this letter in the public testimony packet. Thank you.

Jomo Stewart

From: Josh Applebee
Sent: Monday, February 08, 2010 7:25 AM
To: Jomo Stewart
Subject: FW: SB 235
Attachments: image001.gif

From: Ryan and Erin [mailto:eleaders@mtaonline.net]
Sent: Sunday, February 07, 2010 11:12 PM
To: Sen. Kevin Meyer
Subject: SB 235

Senator Meyer,

I would like to request my name be added to the Public Testimony packet in support of SB 235.

Regards,

Erin Leaders
eleaders@mtaonline.net

From: Nancy Hiney [mailto:hineynancy@gmail.com]
Sent: Monday, February 08, 2010 6:38 PM
To: Sen. Kevin Meyer
Subject: Senate Bill 235

Dear Kevin
I apologize for not having researched your position on this bill. I am a teacher who works for Family Partnership and was informed recently about this bill. I believe that the benefits of passing this bill will allow ASD to apply for federal money which will directly benefit those of us who work for homeschooled students. As you may or may not know the face of homeschooled students is vast. It is often the traditional stay at home mom but more often than we would like, it is a child who really likes regular school but because they had a broken leg or the H1N1 virus and missed two months of school can no go to school because they are too far behind and are brought home to catch up for the year. Sometimes bringing these students together for a small class can be a life-saver for them. This is just one example of why being able to access facilities would be helpful for our school.
Thanks.
Nancy Hiney
522-2838

Jomo Stewart

From: Josh Applebee
Sent: Thursday, February 04, 2010 12:54 PM
To: Jomo Stewart
Subject: FW: In support of SB 235

From: Monica G. [mailto:wisdomak@hotmail.com]
Sent: Thursday, February 04, 2010 12:54 PM
To: Sen. Joe Thomas; Sen. Kevin Meyer
Subject: In support of SB 235

Dear Sirs:
My name is Monica Gilpin of Wasilla and I am in support of SB235. Charter schools are critical in providing exceptional educational opportunities to the public at large. Thank you for considering my testimony.

Hotmail: Powerful Free email with security by Microsoft. Get it now.

Jomo Stewart

From: rustyandliz@gci.net on behalf of rustyandliz [rustyandliz@gci.net]
Sent: Wednesday, February 03, 2010 12:35 AM
To: Jomo Stewart
Subject: Expediting SB 235

Dear Senators and Representatives,

I would greatly appreciate your help in expediting SB 235 passage through the committees and on to final approval.

Please put this attached letter in the file as public testimony.

Sincerely,

Elizabeth D. Thatcher

Dear Senators and Representatives,

February 3, 2010

I am the Father of two charter school students. Charter Schools provide an important parent choice option in public school education! The education my children are receiving is very impressive. After 13 years, the majority of Academy's students still attend class in old, worn out portables. I would greatly appreciate your help in expediting SB 235 passage through the committees and on to final approval. Successful passage of SB 235 will give Alaska charter schools a chance to compete for grants to obtain funding for a permanent facility.

Thank you for your support and assistance.

Please put this in the file as public testimony.

Sincerely,

Russell R. Thatcher

Russell R. Thatcher
1950 N. Spruce Dr.
Wasilla, Alaska 99654

Jomo Stewart

From: Josh Applebee
Sent: Tuesday, February 02, 2010 2:29 PM
To: Jomo Stewart
Subject: FW: SB 235
Attachments: image001.jpg; image002.gif

From: Heather R.S. Oberholtzer [mailto:heather@crystalcreeklodge.com]
Sent: Tuesday, February 02, 2010 1:33 PM
To: Sen. Kevin Meyer
Subject: SB 235

Hello Senator Meyer,

I am writing to you today to state my support for SB 235. Currently, charter schools in Alaska use their Basic Needs funds allocated by the state for use with students to pay for leased facilities. When charter schools start participating in federal facility grants, the money intended for the students can go to the students.

Federal Facility grants were created for this reason.

Please take my voice into consideration when you vote.
Thank you.

Heather Oberholtzer
Palmer, Alaska

Sincerely,

Heather R. S. Oberholtzer
Guest Relations Manager
907.357.3153

Please save my new email address to your Address Book and Spam filter
heather@crystalcreeklodge.com

Crystal Creek LODGE

If you are actively reducing your environmental footprint, we are happy to send all invoices, receipts, brochures, and trip information electronically.

Jomo Stewart

From: Josh Applebee
Sent: Tuesday, February 02, 2010 12:45 PM
To: Jomo Stewart
Subject: FW: Please support SB 235

-----Original Message-----
From: Lisa Leeper [mailto:lleeper@nomeschools.com]
Sent: Tuesday, February 02, 2010 11:33 AM
To: Sen. Kevin Meyer
Subject: Please support SB 235

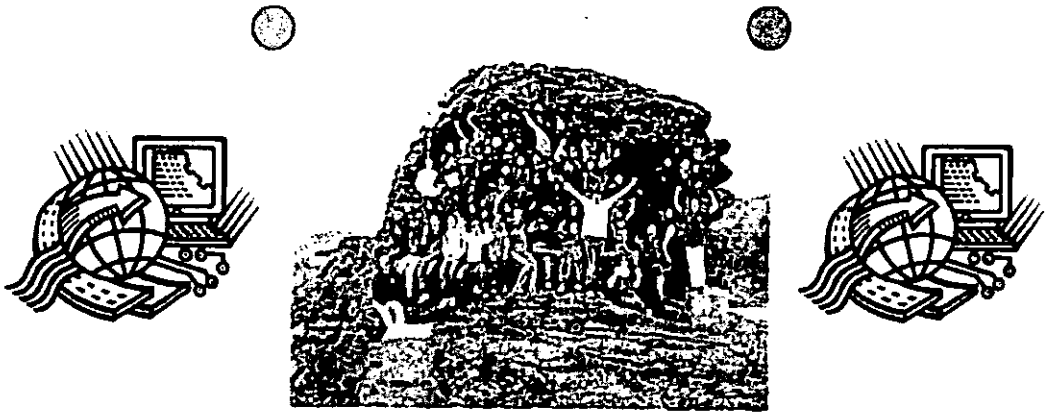
Dear Senator Meyer,

I am a teacher at Anvil City Science Academy. Our school is over ten years old and is offering a unique program for 5th through 8th grade students. The program is project based learning with an emphasis in math and science. It is proven that we have helped most students increase their scores in all areas on the Standards Based Assessments.

Our school is housed in facility that needs major upgrades. We've been provided spare space, but we have a vision of building our own school to better fit our basic needs. We do not have the funds to build or relocate, but federal assistance could change this.

Please support SB235 so that we may be eligible to access federal grants for charter schools. In addition, having new charter schools throughout the state is good for kids. More options means more kids will succeed in school.

Thank you for considering my request and for your dedicated service, Lisa Leeper Teacher, Anvil City Science Academy



Anvil City Science Academy

Nome, Alaska

Senator Meyer,

On behalf of the Anvil City Science Academy's Academic Policy Committee, I would like to express our thanks for your support for SB 57 during the last legislative session. At this time, we would request your support for the passage of SB 235. Currently, charter schools all over Alaska are using a substantial portion of their funding from the student based allocation to pay for the facilities they use, since they are unable to compete for federal grants due to the cap on the number of charter schools that can operate in Alaska. SB 235 would eliminate this restriction, allowing charter schools to compete for the grants, thus getting more dollars into the classroom.

The Charter School Act has allowed parents, community members, and teachers to take the lead in developing unique educational programs and to be involved in the decision making for school policies. The result of which is a flexible education process, which provides for the needs of students and parents alike. Charter schools can create a distinctive school culture in which everyone takes ownership in the program.

Anvil City Science Academy was created twelve years ago by parents, teachers, and community members interested in a family oriented school characterized by high academic standards and a well-rounded curriculum, with an emphasis in science and math. In that time, ACSA has been able to meet the needs of its fifth through eighth grade students who come to the program with a wide variety of backgrounds, learning styles, experiences, and needs.

ACSA is currently housed in a building, which is over forty years old. The building has a roof that leaks and has past issues with Radon. If we chose to remodel, asbestos abatement could be an issue. Passage of SB 235 would allow our APC to pursue federal dollars to help finance the construction of a safe, new, permanent facility, a benefit to the students and families we serve.

In a small community such as Nome, a program such as ACSA is valuable resource to the city by providing an alternative education program. A safe, new, permanent facility would be a guarantee that our dedicated staff and parent volunteers would be able to continue serving the community of Nome for years to come.

Thank you for you time and consideration on this matter,

Todd Hindman, Lead Teacher
Anvil City Science Academy
Nome, Alaska

Jomo Stewart

From: Josh Applebee
Sent: Tuesday, February 02, 2010 9:40 AM
To: Jomo Stewart
Subject: FW: support of SB 235

-----Original Message-----
From: Greg Miller [mailto:Greg.Miller@matsuk12.us]
Sent: Tuesday, February 02, 2010 9:35 AM
To: Sen. Kevin Meyer
Subject: support of SB 235

Senator Meyer,
I wanted to convey my support for SB 235.....an important step in securing charter school facilities for our students. Because Districts do not provide funding or facilities, most of our charter schools must lease. At Twindly Bridge Charter School we lease an old strip mall with nine separate exit doors for our students., not the best environment for teaching our kids. Also, the fact that we lease means we will never have our own building....and that lease money from our budget always goes to a landlord instead of our students' education.

Thanks for your support of this bill.
Greg Miller
Palmer, Alaska

Jomo Stewart

From: Josh Applebee
Sent: Tuesday, February 02, 2010 9:39 AM
To: Jomo Stewart
Subject: FW: I support SB 235

-----Original Message-----
From: Janigo_Melissa [mailto:janigo_melissa@asdk12.org]
Sent: Tuesday, February 02, 2010 9:25 AM
To: Sen. Kevin Meyer
Subject: I support SB 235

Dear Senator Meyer,
My name is Melissa Janigo, I live in Anchorage and I am one of the four founders of Winterberry Charter School. I am writing to you to pledge my support of SB 235. Winterberry Charter School is currently in its fifth year. The birth and growth of Winterberry has been a very difficult but worthwhile endeavor, it's success is due to the devotion and hard work of many volunteer parents and teachers. Our biggest challenge has been, and continues to be in finding and funding adequate space to house our school. We are currently outgrowing our space and are having great difficulty in finding an adequate facility that is affordable and does not compromise the integrity of our educational program. I believe SB 235 is a step forward in supporting the success of Charter Schools. Please add my pledge of support to the public testimony.

Sincererly,
Melissa Janigo
Founder and Board Chair of
Winterberry Charter School
Anchorage, Alaska

Jomo Stewart

From: Josh Applebee
Sent: Monday, February 01, 2010 3:49 PM
To: Jomo Stewart
Subject: FW: SB 235

From: Tom Adams [mailto:tomisty@mtaonline.net]
Sent: Monday, February 01, 2010 2:49 PM
To: Sen. Kevin Meyer
Subject: SB 235

Dear Senator Meyer,
As a registered voter, and parent of two children who have attended a Charter school from k-8th grade and one child who will attend a Charter school in two years, I am writing to you asking that you work hard to push through SB235. This is a huge opportunity for Alaska Charter Schools that have proven to be successful an avenue to secure a permanent facility at minimal cost to the state. While my first two children received an excellent educational opportunity, I can only imagine what it could be like if our school no longer had to worry about maintaining a poor facility and focus only on education. I appreciate your support.
Misty Adams

Jomo Stewart

From: Lanissa Grogan [lilsu@mtaonline.net]
Sent: Monday, February 01, 2010 2:49 PM
To: Jomo Stewart
Subject: SB235

Dear Senators and Representatives,

I am a parent of 3 charter school students. Charter Schools provide an important parent choice option in public school education! After 13 years, the majority of Academy's students still attend class in old, worn out portables. I would greatly appreciate your help in expediting SB 235 passage through the committees and on to final approval. Successful passage of SB 235 will give Alaska charter schools a chance to compete for grants to obtain funding for a permanent facility.

Thank you for your support and assistance.

Please put this in the file as public testimony.

Sincerely,

Rob and Lanissa Grogan
961 E McAdoo Way
Wasilla, Alaska 99654

Jomo Stewart

From: Dawn Robinson [Dawn.Robinson@matsuk12.us]
Sent: Monday, February 01, 2010 2:16 PM
To: Jomo Stewart

Dear Senators and Representatives,

I am a parent of a charter school student. My daughter Claire has attended Academy Charter school for 3 years now. Charter Schools provide an important parent choice option in public school education! After 13 years, the majority of Academy's students still attend class in old, worn out portables. I would greatly appreciate your help in expediting SB 235 passage through the committees and on to final approval. Successful passage of SB 235 will give Alaska charter schools a chance to compete for grants to obtain funding for a permanent facility. They have done a wonderful job in getting a gym and main building but it sure would be nice for my 2nd grade daughter to be walking in the halls of a real school instead of running from portable to portable in all kinds of weather.

Thank you for your support and assistance.

Please put this in the file as public testimony.

Sincerely,

Dawn Robinson
1100 W. Granville St.
Palmer, AK 99645
907-746-3430

Jomo Stewart

From: Donna Button [donna@travelservicesinc.com]
Sent: Monday, February 01, 2010 1:45 PM
To: Jomo Stewart
Subject: SB 235

Dear Senators and Representatives,

I am a parent of a charter school student, for 12 years. Charter Schools provide an important parent choice option in public school education! After 13 years, the majority of Academy's students still attend class in old, worn out portables. I would greatly appreciate your help in expediting SB 235 passage through the committees and on to final approval. Successful passage of SB 235 will give Alaska charter schools a chance to compete for grants to obtain funding for a permanent facility.

Thank you for your support and assistance.

Please put this in the file as public testimony.

Sincerely,

Donna Button

POBox 1892

Palmer, AK 99645

Thank you,
Donna Button
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Jomo Stewart

From: lorettanardi@gci.net on behalf of Loretta Nardi [lorettanardi@gci.net]
Sent: Monday, February 01, 2010 1:30 PM
To: Murray Richmond; Jomo Stewart
Subject: Support SB 235 Public Testimony

To: Senate Education Committee
Re: SB 235
Note: Please add to the Public Testimony Packet

Dear Senator Meyers and Senator Thomas,

My children attend a k-8 charter school in Palmer. My daughter graduated from 8th grade after attending Academy Charter School since kindergarten. My youngest son just started at Academy in the fall. His class room is the same old temporary portable class room that was my daughter's old temporary portable class room in the fall of 2000. This is the case for all the grades at Academy Charter School. My husband and I drive our children almost 15 miles to school each day where they attend class in old temporary portable class rooms. We do this because we love the education that our children receive.

SB 235 will answer our prayers. SB 235 would enable Alaska charter schools to be eligible for federal charter school facility grants for the first time in 13 years, since Alaska first allowed charter schools. Changing the language of the current Alaska Charter School Law and adopting SB 235 will open doors to a funding stream of federal grants that were previously closed to us.

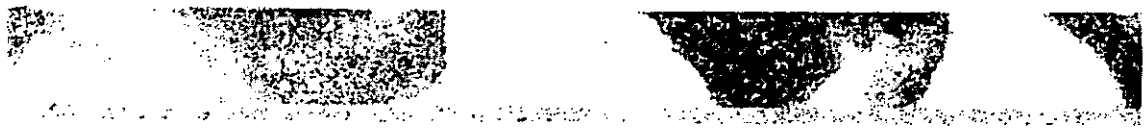
I urge your support for SB 235 so our state can pursue federal charter school facility grants that will give my kindergartner the chance to attend classes in a real school with inside doors and hallways.

Thank you,

Loretta Nardi
Palmer, Alaska
907-373-6032

Jomo Stewart

From: Tracy Adams [tadams@mta-telco.com]
Sent: Monday, February 01, 2010 1:17 PM
To: Jomo Stewart
Subject: SB 235
Attachments: image002.gif; image001.gif



Dear Senators and Representatives,

I am a parent of a charter school student. Charter Schools provide an important parent choice option in public school education! After 13 years, the majority of Academy's students still attend class in old, worn out portables. I would greatly appreciate your help in expediting SB 235 passage through the committees and on to final approval. Successful passage of SB 235 will give Alaska charter schools a chance to compete for grants to obtain funding for a permanent facility.

Thank you for your support and assistance.

Please put this in the file as public testimony.

Sincerely,

Tracy Adams
1750 E Scotwood Dr
Wasilla, AK 99654
(907)841-1345

Jomo Stewart

From: Harmon_Jennifer [harmon_jennifer@asdk12.org]
Sent: Monday, February 01, 2010 11:54 AM
To: Jomo Stewart
Subject: SB 235

Dear Representative Cissna,

I am one of your constituents in Anchorage. Thank you for your service! I am a teacher at a local charter school, and I am writing in regards to SB 235.

I am so excited to see that the charter school bill, SB 235, has been calendared in the Senate. I would greatly appreciate your help in facilitating something similar from the House. Thank you for your help in this matter.

Sincerely,

Jennifer Harmon (teacher, Winterberry Charter School)

Jomo Stewart

From: Josh Applebee
Sent: Monday, February 01, 2010 10:16 AM
To: Jomo Stewart
Subject: FW: SB 235

-----Original Message-----
From: Mall_Shanna [mailto:Mall_Shanna@asdk12.org]
Sent: Monday, February 01, 2010 10:12 AM
To: Sen. Kevin Meyer
Subject: SB 235

Dear Senator Meyer,

Please support SB 235. Charter School's greatest challenge is finding and maintaining safe, viable facilities. Please be a strong voice in Juneau helping to lead the way in passage of this charter school bill. I greatly appreciate your help in this matter.

The State of Alaska is currently ranked 34 out of 40 states in its interpretation and practice of National Charter Law. It is within your power to assure that our great State becomes a forerunner in charter school legislation.

Sincerely,

Shanna Mall

Principal
Winterberry Charter School
508 W 2nd Avenue
Anchorage, AK 99501
907.301.1201

"I hope it will be said we taught them to stand tall and proud, even in the face of history and the future was made whole for us all,
one child at a time" -Brian Andreas

Jomo Stewart

From: Josh Applebee
Sent: Monday, February 01, 2010 8:17 AM
To: Jomo Stewart
Subject: FW: Support of SB235

-----Original Message-----
From: Joe Kennedy [mailto:kennedyfish@gmail.com]
Sent: Sunday, January 31, 2010 7:20 PM
To: Sen. Kevin Meyer
Subject: Support of SB235

Dear Senator Meyer: I am writing in support of proposed SB235. I am the parent of three elementary-school age children attending school in Nome, Alaska. One child attends a public charter school and the other two will follow in the near future. I am in favor of eliminating the caps on the number of charter schools allowed in the state of Alaska and a state appropriation to be allotted for charter school facilities. Thank you for your consideration. I look forward to
hearing from you. Sincerely, Paula Kennedy, PO Box 1128, Nome, AK
99762.

Jomo Stewart

From: Kern, Dean [Dean.Kern@ed.gov]
Sent: Monday, February 22, 2010 10:34 AM
To: barbara.gerard@matsuk12.us
Subject: Charter Facilities Programs

Hi Barbara,

It was great talking with you today. Information about the State Charter School Facilities Incentive grant program can be found at http://www2.ed.gov/programs/statecharter/index.html. As you are aware, States that have enacted a state law authorizing per-pupil facilities aid for charter schools may apply. The program provides grants to eligible states to help them establish or enhance, and administer, per-pupil facilities aid programs for charter schools. States eligible for these grants are those with per-pupil aid programs to assist charter schools with their school facility costs. Federal funds are used to match programs funded with nonfederal dollars that make payments, on a per-pupil basis, to provide charter schools with facilities financing.

Priority is given to states that meet the criteria in section 5202(e) which include states that provide for a periodic review and evaluation by the authorized public chartering agency, at least once every 5 years and do all of the following: demonstrate progress in increasing the number of high-quality charter schools; provide for an authorized public chartering agency that is not a local educational agency or, if local educational agencies are the only authorized pubic chartering agencies, allow for an appeals process; and ensure that charter schools have a high degree of autonomy over the charter school's budget and expenditures.

This program is a five-year program and conducted a competition during FY09 for a new five-year cohort. The next competition is not scheduled until FY13.

State and local officials have the responsibility for determining per pupil funding and facilities funding formulas and the administration of these programs. We strongly encourage all states to provide equitable facilities funding and participation for all students attending public schools, including public charter schools, for purposes of construction, modernization, renovation, or repair of public schools.

Please feel free to contact me if you have questions or need further assistance.

Dean Kern
Director, Office of Charter Schools Program
Office of Innovation and Improvement
U.S. Department of Education
400 Maryland Ave., SW
LBJ-4W231
Washington, D.C. 20202

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Purpose

CFDA Number: 84.282
Program Type: Discretionary/Competitive Grants
Also Known As: Charter Schools, Public Charter Schools Program, CSP

PROGRAM DESCRIPTION

This program provides financial assistance for the planning, program design, and initial implementation of charter schools, and the dissemination of information on charter schools. Grants are available, on a competitive basis, to SEAs in states that have charter school laws; SEAs in turn make subgrants to developers of charter schools who have applied for a charter. If an eligible SEA elects not to participate or if its application for funding is not approved, the Department can make grants directly to charter school developers.

ED PROGRAMS

Search or print all Department programs.

MORE RESOURCES

Join Our Listserv

A Commitment to Quality National Charter School Policy Forum Report
PDF (1.28MB)

TYPES OF PROJECTS

An eligible applicant that receives a grant or subgrant may use the funds only for post-award planning and design of the education program of a charter school. It may carry out such activities as the refinement of the desired education results, the refinement of the methods for measuring progress toward achieving those results, and the initial implementation of the charter school. Implementation may include informing the community about the charter school and acquiring necessary equipment, materials, and supplies. Other eligible operational costs that cannot be met by state and local sources also may be covered. A state may reserve up to 10 percent of its allocation to support eligible charter schools for dissemination activities.

ADDITIONAL INFORMATION

The Public Charter Schools Program supports the planning, development, and initial implementation of charter schools. Charter schools provide enhanced parental choice and are exempt from many statutory and regulatory requirements. In exchange for increased flexibility, charter schools are held accountable for improving student academic achievement. The objective is to replace rules-based governance with performance-based accountability, thereby stimulating the creativity and commitment of teachers, parents, and citizens.

States--and specifically their State educational Agencies (SEAs)-- are eligible to compete for grants if they have a charter school law in place. If an eligible SEA does not participate, charter schools from the State may apply directly to the U.S. Department of Education. Grantees receive up to 3 years of assistance, of which the charter school may use not more than 18 months for planning and program design and not more than 2 years for the initial implementation of a charter school.

In awarding grants, the Department must give preference to States that have multiple chartering agencies (or an appeals process for prospective charter schools that initially fail to be approved by a single agency), that ensure accountability of public charter schools for reaching clear and measurable objectives, and that give public charter schools a high degree of autonomy over their budgets and expenditures.

In addition, States may reserve up to 10 percent of their grant for dissemination sub-grants to spread lessons learned form high-quality charter schools with a demonstrated history of success to other public schools, including other public charter schools, about how to create and sustain high-quality, accountable schools.

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Eligibility

Who May Apply: (by category) State Education Agencies

Who May Apply: (specifically) SEAs in states with a state statute specifically authorizing the establishment of charter schools may apply. After SEAs receive awards, they make competitive grants to charter schools. If an eligible SEA chooses not to compete for PCSP funding, then charter schools in that state may apply directly to the secretary.

(a) State educational agencies (SEAs) in States with a specific State statute authorizing the establishment of charter schools may apply for funding. The Secretary awards grants to SEAs to enable them to conduct charter school programs in their States. SEAs use their PCSP funds to award sub-grants to "eligible applicants," as defined in this notice, for planning, program design, and initial implementation of a charter school; and to support the dissemination of information about, including successful practices in, charter schools. A charter school may apply to an SEA for funds to carry out dissemination activities, whether or not the charter school has applied for or received funds under the PCSP for planning or implementation, if the charter school has been in operation for at least three consecutive years and has demonstrated overall success, including--

1. Substantial progress in improving students achievement;
2. High levels of parent satisfaction; and
3. The management and leadership necessary to overcome initial start-up problems and establish a thriving, financially viable charter school.

(b) Non-SEA eligible applicants may apply for funding directly from the U.S. Department of Education (Department) if the SEA in the State elects not to participate in the PCSP or does not have an application approved under the program. An "eligible applicant" is defined as a developer that has applied to an authorized public chartering authority to operate a charter school and has provided to that authority adequate and timely notice, and a copy of its PCSP application, except that the Secretary or the SEA may waive these requirements in the case of a pre-charter planning grant. If an SEA's application is approved in this competition, applications received from non-SEA eligible applicants in that State will be returned to the applicants. In such a case, the non-SEA eligible applicant should contact the SEA for information related to the State's subgrant competition.

Note: The Department plans to hold separate competitions for non-SEA eligible applicants under CFDA # 84.282B and # 84.282C.

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Awards

Number of New Awards Anticipated
4-6 for SEAs; 50-75 for others.

Average Award
$3,000,000 for SEAs; $150,000 for others.

Range of Awards
$500,000 - $8,000,000 for SEAs; $10,000 - $150,000 for others.

STATES WITH CURRENT APPROVED APPLICATIONS

The following States currently have approved applications under this program:

- Arkansas
- California
- Colorado
- Connecticut
- Delaware
- District of Columbia
- Florida
- Georgia
- Hawaii
- Idaho
- Illinois
- Indiana
- Louisiana
- Massachusetts
- Michigan
- Minnesota
- Missouri
- Nevada
- New Jersey
- New York
- North Carolina
- Ohio
- Oklahoma
- Oregon
- Rhode Island
- Tennessee
- Texas
- Utah
- Wisconsin

Charter schools and charter school planning groups in these states may not apply directly to the U.S. Department of Education for funds, but must apply to the SEA in their state.

EXAMPLES OF FUNDED PROGRAM ABSTRACTS

These abstracts are taken from the grant applications submitted to the U.S. Department of Education in 2002.

State Education Agencies

New Jersey--New Jersey's Charter School Program Act of 1995 became the nation's twentieth charter school law, thereby stimulating development of an important model for innovation in the State's system of public education. As amended in November 2000, the Charter School Program Act has enabled a flourishing charter school movement to take hold in New Jersey by providing a balance of flexibility, autonomy, and accountability. The number of charter schools in the state has grown from 13 in the first cohort to 50 charter schools currently in operation, serving nearly 13,000 students. Six additional charter schools are scheduled to open in September 2002. Forty of these 56 schools, or 71 percent of New Jersey's charter schools are located in the poorest urban districts in the state and provide service to educationally disadvantaged students. Forty-eight percent of all students in charter schools meet the definition of economically disadvantaged (eligible for free lunch). This percentage is equal to the percentage of students who are economically disadvantaged in the districts in which they are located, and is significantly higher than in New Jersey's traditional public schools. Charter schools serve predominantly minority students. Overall, minority students account for 89 percent of the students in the 50 operating schools.

The New Jersey Charter Schools Grant Program seeks to promote high student academic achievement and attainment of New Jersey's Core Curriculum Content Standards through the design and implementation of viable new charter schools, and the dissemination of successful charter school practices and innovations that show promise of effecting broader reforms in our traditional system of public education. The goals of this grant program parallel the state's overall objectives for the charter school initiative:

- To improve student learning and achievement;
- To increase the availability of choice to parents and students when selecting a learning environment;
- To establish a new system of accountability for schools; to make the school the unit for educational improvement;
- To establish new professional opportunities for teachers and school leaders.

Assessing the achievement of the objectives of the charter school grant program is closely aligned with evaluating the success of our charter school initiative as a whole. Specific assessment tools have been developed for both programs: required quarterly program and fiscal reports and on-site monitoring to track achievement of charter school grant program objectives; and a three-phase evaluation procedure consisting of the Annual Report, Program Review, and Renewal Process for tracking the success and viability of operating charter schools.

New Jersey's charter school program has a proven track record of success beginning with the first cohort of schools that commenced operations in the 1997-98 school year. The New Jersey Charter School Grant Program, by supporting the planning and implementation of new charter schools, has significantly contributed to this success. Going forward, the New Jersey Department of Education anticipates improved results based on refinement of programs as we incorporate lessons learned in the first six years of the charter school initiative.

New Jersey Charter School Grant Program awards will be made in two categories: Planning and Implementation Grants targeted to new charter schools; and Dissemination Grants, aimed at assisting "veteran" charter schools in adapting and sharing their successful programs with other schools, and enabling the dissemination of information about the charter school. The New Jersey Department of Education anticipates providing assistance to an estimated 30-35 new charter schools over the next 3 years through the New Jersey Charter Schools Grant Program. Dissemination grants are expected to become an increasingly important component of New Jersey's charter school initiative, and are projected at 6 grants per year over the next 3 years. The Office of Innovative Programs and Schools, Charter School Unit, is dedicated to providing administrative oversight of the charter school grant program to ensure that objectives are achieved in a timely and efficient manner.

Wisconsin--Wisconsin has 101 operating charter schools and anticipates an increase of 40 percent by the year 2005. Wisconsin Charter School growth is the result of a strong and flexible Wisconsin charter school law and the Wisconsin Charter School Program (WCSP) subgrant awards for planning, start up, implementation, and dissemination activities. Our charter schools are exempt from most state regulations. There is no limit on the number of schools to be chartered, the chartering authority and planners are given great flexibility in designing the schools, and our state law has recently expanded chartering authority. No state approval is required. However, an appeal process for denied charters is in place for a portion of our state. Our law works in concert with federal charter school statutes. The WCSP Dissemination grant program that was begun in 1999-2000, has enhanced the growth of and interest in charter schools by sharing best practices and by providing innovative models and ideas for charter school planners and developers.

The Wisconsin Charter School Program is aligned to our state content standards, the state accountability system and our state plan. The New Wisconsin Promise, which promotes early learning opportunities, educator quality, career and technology education, increased parent and community involvement, and building reading skills to close the achievement gap for minorities, children in poverty, and other children at-risk of school failure. The goals of this project are to increase the number of high quality charter schools, increase the availability of and access to resources and expertise for operators, planners and authorizers, and to award planning subgrants to groups establishing strong, innovative charter schools which support state priorities; by awarding implementation subgrants to new charter schools, and by expanding our dissemination program to share best and promising practices.

Local Education Agency

Avondale Learning, located in the suburbs of Maricopa County west of Phoenix, is a college preparatory high school for 150 students of all backgrounds and learning abilities in grades 9-12. It is based on a program the charter holder created and led for three years for a Phoenix-based charter school. Under this program, upper class students successfully attended nearby community colleges and did exceptionally well on the state's writing test Avondale Learning is a Local Educational Agency according to Arizona State law.

Avondale Learning features instruction that is student-centered. Extended lectures and worksheets are discouraged; rather, students do various projects, many of which are interdisciplinary. Required courses include four years each of English and Social Studies and three years each of Math and Science. Also, students take the sequences of career and Life Success, Leadership, and Internship courses. Leadership includes two hours minimum per week of community service, and Internship enables students to practice professional skills in a paid or nonpaid off-campus job. Students also study speech, fine arts, technology, a second language, and College Prep. College Prep improves reading comprehension and vocabulary, reduces the unknown about college life, and prepares students for standardized tests.

The mission of Avondale Learning is to help students prepare for postsecondary education and entry into careers. Our

goals are to have a strong instructional focus for all students; help establish a positive school climate; meet individual student needs; offer ongoing, relevant staff development, vary school assessment, and encourage strong parental involvement. Being accredited by North Central Association is a priority.

Juniors and seniors are encouraged to take one course each semester at nearby community colleges. Advisors and instructors from the colleges will visit our campus to ease the students' way into the college environment. Our school will provide tuition reimbursement and set the calendar to accommodate the colleges' schedule of classes.

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Funding Status

2009

Appropriation: $216,031,000
Number of New Awards Anticipated: 6-10 for SEAs; 20-25 for non-SEAs
Average New Award: $5,000,000 for SEAs; $150,000 for non-SEAs
Range of New Awards: $500,000-$10,000,000 for SEAs; $10,000-$150,000 for non-SEAs
Number of Continuation Awards: 41
Average Continuation Award: $5,410,000 for SEAs; $137,342 for non-SEAs

2008

Appropriation: $190,000,000
Number of New Awards Anticipated: 10-12 for SEAs; 20-25 for non-SEAs
Average New Award: $5,000,000 for SEAs; $150,000 for non-SEAs
Range of New Awards: $500,000-$20,000,000 for SEAs; $10,000-$150,000 for non-SEAs
Number of Continuation Awards: 41
Average Continuation Award: $5,410,000 for SEAs; $137,342 for non-SEAs

2007

Appropriation: $200,000,000
Number of New Awards Anticipated: 10-12 for SEAs; 20-25 for non-SEAs
Average New Award: $5,000,000 for SEAs; $150,000 for non-SEAs
Range of New Awards: $500,000-$20,000,000 for SEAs; $10,000-$150,000 for non-SEAs
Number of Continuation Awards: 54
Average Continuation Award: $5,410,000 for SEAs; $137,342 for non-SEAs

2006

Appropriation: $214,782,480

2005

Appropriation: $216,952,384

2004

Appropriation: $218,702,000

2003

Appropriation: $198,700,000

2002

Appropriation: $200,000,000

2001

Appropriation: $190,000,000

2000

Appropriation: $145,000,000

Note: The Department is not bound by any estimates in this Guide.

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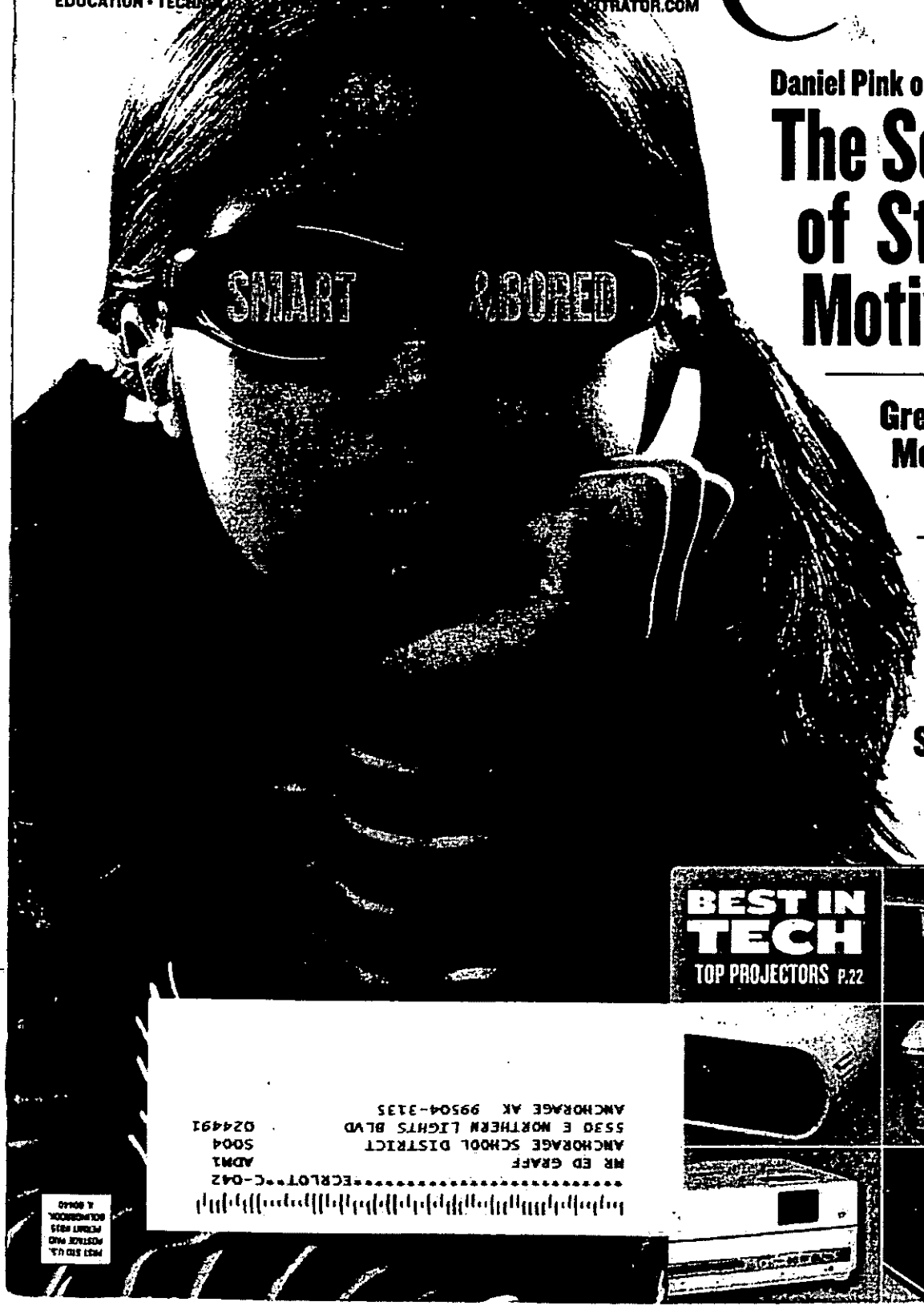

Daniel Pink on
The Secrets of Student Motivation

Green Schools: Meeting LEED Standards

Cloud Computing Pitfalls

Stretch Your Special Ed Budget

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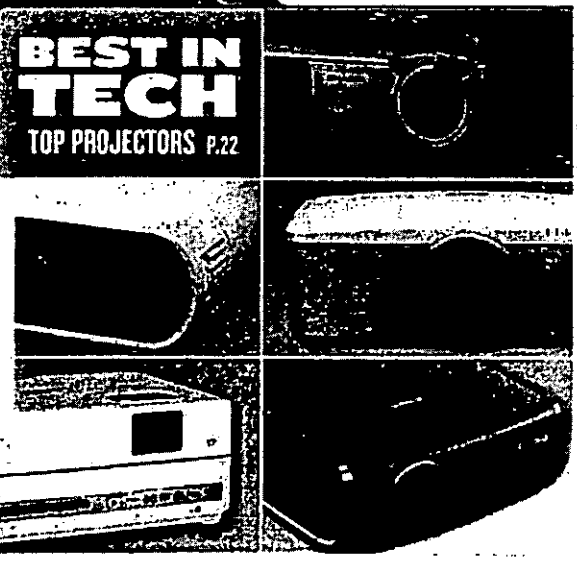
TOP PROJECTORS P.22



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SpeakOut: Should States Lift the Caps on Charter Schools?

With Race to the Top, the public school landscape may change. BY JACQUELINE HEINZE

"There's got to be some consideration given to those left in the host district," says Dr. Bernard Taylor, superintendent of Grand Rapids Public Schools in Michigan. "I have no problem with choice and I have no problem with charters, but we need to think about the district as a whole. Who's left in the host school district? How are those children going to be educated? If the charter cap is lifted, it has to be done in such a way that does not erode the ability of the traditional public school system to meet the needs of all of the rest of the students.

"We are in a financial crisis in Michigan. In our school district, fully 85 percent of our students are eligible for free and reduced lunch, and roughly half of our 19,000-student population is designated special ed, ELL, or both. Districts like mine are faced with educating the children who have the most pressing needs, and we have declining resources to meet those needs at the same time. We have a middle class in Grand Rapids, but our school district itself is deplete of any semblance of a middle class. Those students go to private school, parochial school, charter school, and our district loses those resources.

"If you look at our population relative to those populations in charter schools, they are significantly different. And charter laws state that every student is treated the same without consideration of educational need. A charter school is not obligated to the same degree that a traditional public school system is. So if the cap is lifted, are new charter schools going to be targeted to meet the needs of students with special needs? Because I have yet to see that happen. I have yet to see a charter school specifically open to meet the needs of special ed students. We can't look at this like we're able to fund everyone in the same exact way. So what I'm hoping you'll see if they lift the cap is a tiered level of funding. There should be a prorated amount that remains with the host district that's used to sustain programs that the school district is required to provide by law. Any lifting of the cap should be done with an eye toward what it truly costs to educate students in the charter environment and what it truly costs to educate students in the traditional host district."

"Instead of increasing charter schools, let's learn from what they do well," says Bernard Pierorazio, superintendent of Yonkers Public Schools in New York. "What is the attraction of charter schools for parents? Why is the federal government bullying states into increasing the charter school cap in the recent Race to the Top legislation? The attraction is a rigorous core curriculum that challenges all students; a support staff that cares about children; an extended daily learning schedule and a year-round program; smaller class size; parental involvement; dynamic school leaders who use data and have empathy for children; and, most importantly, an instructional staff that disaggregates data, individualizes learning, and consistently evaluates student progress through formative assessments.

"Urban school superintendents across this nation struggle to implement the same goals as charter schools on a daily basis but are thwarted time and again by the well-negotiated but adult-centered rules imposed by organized labor, as well as state and city governmental financial constraints that cause an annual disruption to education. Unions must become cognizant of the big picture. Teacher evaluation based on student

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1939

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success must be woven into every contractual agreement. Tenure rules must be reexamined to enable retraining and dismissal of continuously unsatisfactory teachers. Commensurate salaries and recognition of master teachers must also be part of every negotiated agreement. In addition, a longer school day and an elongated school year, including a robust early childhood program, must be part of every large urban district. This is how we make our public schools system strong and keep our students in it."

"Lift the charter cap, but keep the laws rigorous," says Carol Comeau, superintendent of Anchorage School District. "In Alaska, the only charter schools that are allowed are those that are approved by a local school board, and then approved by the state board of education. But if the local school board doesn't approve them, then the state board cannot overrule that decision. Also, there is no outside entity that can approve charter schools. So because of that, I would have no objection whatsoever to lifting the cap.

"Anchorage has a large number of public school choices and has since the early 1970s. For example, we have a Montessori public school and language-immersion public schools built into our regular system. Also, charter schools are an integral part of any school district in the state of Alaska. So we still have those students; they are included in our count.

"We go through a very rigorous evaluation of each charter school proposal. Our school board has approved a lot of proposals, but they have also not approved some because the proposals were weak. In some cases, the proposals returned to us much stronger, and in some cases they just didn't come back. If the proposal passes, that charter school has the real support of the district.

"In some ways, the charter schools have helped the district overall. We have two charters that are homeschooling-based and they are partner schools with us. So students who have been out of the system and receive most of their education through homeschooling now have the opportunity to take some classes in the public system. That has been a very good partnership, and it has helped bring students into the system who were formerly out of the system.

"Alaska does have certain limitations. For example, we require parents to transport their students to their choice schools. This creates a concern about the equity of access. Also, there is a lack of facilities, which is a large impediment to charter school development. The operators of these schools need to go out and lease commercial space and then renovate it. That is a big chunk out of their operating budget. But I will say, in talking to superintendents around the country, I hear their stories about charter schools and how many students have been taken out of their system and the consequences of that. It makes me glad that we have the laws that we do."

"Charter schools are not a silver bullet for what ails education," says Dr. Alan J. Ingram, superintendent of Springfield Public Schools in Massachusetts. "Opponents often cite the loss of revenue and the adverse impact on fixed costs as challenges to supporting charter schools. In my view, the conversation underscores the fierce sense of urgency that underperforming public schools should feel to improve student proficiency in a meaningful and measurable way. The alternative is that we will continue to lose students and finances to charter schools. It is the reality facing Massachusetts and school districts nationwide.

"The question is not whether we should have charter schools or not. More importantly, we should seek answers to questions that speak to the autonomies that charter schools enjoy; the educational practices they use with evidence of success; and how regular public schools might replicate those best practices.

"The overarching challenge is to move beyond the debate on charter schools and provide the right incentives and pressures for transforming chronically underperforming schools, particularly those in urban districts. In the words of James Baldwin: "These are all our children. We will all profit by, or pay for, whatever they become." ■

1940

Alaska

Year Charter Law Enacted: 1995

Background: The Alaska Legislature passed the Charter School Act in 1995. Governor Knowles signed the bill into law. House Bill 101 amended the existing Alaska statute for charter schools and was signed into law July 1, 2001. The major changes of the amendment are: length of charter was changed to a maximum of ten (10) years, total number of allowable charter schools to operate within the state set at 60, and the geographical restrictions on number of total schools per region or district was dropped.

Both the local school board and the State Board of Education must approve a charter school application before the school can begin operation. If a local school board denies an application, there is no appeal to a higher authority.

Amendment(s): For a full-text version of the most recent amendment, see the Alaska State Legislature.

Authorizers: local school boards, with final approval from the State Board of Education

Length of charter: maximum 10 years

Caps on number of schools: October 2002 Amendment increased the cap from 30 to 60 total schools in operation

Funding: Operational funding is equivalent to "the amount generated by the students enrolled minus a portion for administrative costs." The local school board is responsible for setting the charter school's budget based on student enrollment.

October 1, 2009

President Obama has called upon Congress to increase funding for the charter school programs by $52 million dollars this year, bringing total funding for the charter school programs to $268 million. As Congress works to finish its appropriations bills, it is critical that charter advocates voice their support for increased funding, helping the President's request become law.

The federal public charter schools programs provide support at key points in the development of charter schools: helping cover the extraordinary costs of launching successful charters; disseminating their successful innovations to other public schools; and providing financial incentives to state governments and private lenders that help enable schools to build and renovate facilities.

November 9, 2009

The passage of the historic American Recovery and Reinvestment Act of 2009 enabled two competitive grant programs aimed at drastically improving public education in America.

Recently, the U.S. Department of Education released draft priorities and guidelines for the Investing in Innovation Fund (i3) grant competition. On behalf of over 4,900 public charter schools across the country educating over 1.5 million children, the Alliance strongly supports the U.S. Department of Education's efforts to use the i3 fund to scale significant education reforms and find the next generation of notable educational innovations. The current draft is a commendable start, but we do believe it can be improved further. Download our comments below to read the suggestions Alliance experts offer in the spirit of positive collaboration.

In a speech earlier this year to the US Hispanic Chamber of Commerce, President Obama explicitly called on states to "... reform their charter rules, and lift caps on the number of allowable charter schools, wherever such caps are in place."

Eligibility for Facilities Incentive Grants

To be eligible to receive a grant, a state must establish or enhance, and administer, a per-pupil facilities aid programs for charter schools in the state. This per-pupil facilities aid program must be specified in state law and must provide annual per-pupil financing for charter school facilities.

State Charter School Facilities Incentive Grant Program

Started in 2001, this program awards matching funds to states that offer per-pupil financial assistance to public charter schools to obtain facilities. The program is intended to encourage states to develop and expand per-pupil facilities aid programs and to share the costs associated with charter schools facilities funding.

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/22/10

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 2/8/10

Education Committee considered SENATE BILL NO. 235

SB 235 CHARTER/ALTERNATIVE SCHOOL FUNDING

"An Act relating to charter school approval and funding."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
EED	2/5/10	✓			

PREVIOUS FISCAL NOTE(S):

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	X			
	FEVEN	✓			
	Huggins				
CO-CHAIR:	Thomas	✓			
CO-CHAIR:	Meyer	✓			

SB

236

1944

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS

MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

Sponsor Statement for Senate Bill 236

An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes or for a facility...

Under current law, state income tax payers who make cash contributions to an Alaskan educational or vocational institution receive a tax credit of 50 percent for contributions up to $100,000 and 100 percent for contributions between $100,000 and $200,000. Therefore, maximum tax credit allowable in any given year is $150,000.

SB 236 amends current the current statutes regarding higher education tax credits by adding a third tier - allowing for a 50 percent tax credit for contributions in excess of $200,000.

This limit appears to be having a constraining effect on corporate donations to & investments in educational and vocational institutions in Alaska. In 2008, only 11 donors contributed enough to the University of Alaska to maximize the current tax credit; only 4 donors gave more.

Many major employers in Alaska understand that the future success of their businesses requires a highly skilled workforce. These businesses want to hire Alaskans from Alaska's vocational schools, colleges and universities. In addition, many businesses are interested in, through commercialization of university-generated information and technologies, helping Alaska's universities expand their existing scientific research & development capacities – a process that has become a major source for economic development and diversification in other states.

By facilitating greater cooperation between Alaska's business and education sectors, and encouraging greater financial support from the former to the latter, SB 236 hopes important workforce and economic development goals such as the following can be achieved:

- Strengthening workforce development and job opportunities for Alaskans
- Increasing collaboration between Alaska's employers and its higher education institutions
- Diversifying funding sources for Alaska's higher education institutions
- Enhancing student success through internships, K-12 outreach, camps, and other developmental programs
- Developing research programs that contribute to economic development in Alaska

26-LS1191\S 2/1/10

Jomo Stewart, Committee Aide
(907) 465 - 6874

Murray Richmond, Committee Aide
(907) 465 – 6443

Senate_Education@legis.state.ak.us

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS

MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

SECTIONAL ANALYSIS
CS for Senate Bill 236

Section 1:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 2:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 3:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 4:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Jomo Stewart, Committee Aide
(907) 465 - 6874

Murray Richmond, Committee Aide
(907) 465 – 6443

Senate_Education@legis.state.ak.us

Section 5:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 6:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 7:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types

Leaves in place impact of claiming tax credits in Alaska on a contributor's ability to claim deductions for charitable giving under Federal Tax code.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 8:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 9:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 10:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 11:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 12:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 13:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 14:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 15:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 16:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 17:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 18:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 19:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 20:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 21:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 22:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 23:
Establishes an effective date of January 1, 2011

SEDA
SITKA ECONOMIC DEVELOPMENT ASSOCIATION
329 Harbor Drive, Suite 212 • Sitka, Alaska 99835 • (907) 747-2660 • fax (907) 747-7688 • www.sitka.net

RECEIVED
MAR 17 2010

March 17, 2010

Senator Bert Stedman
Finance Committee Co-Chair
Alaska State Capitol, Room #516
Juneau, Alaska 99801

Dear Senator Stedman:

The Sitka Economic Development Association (SEDA) would like to express its support for Senate Bill 236, an "Act relating to tax credits for cash contributions by corporate taxpayers that are accepted for certain educational purposes or for a facility."

SEDA recognizes that education is a key component to economic development and requests your support for Senate Bill 236. The current cap of $150,000 in annual tax credits on corporate contributions to Alaskan higher education institutions discourages maximum giving. Adding the 50% tax credit for contributions over $200,000 will encourage larger corporate contributions to Alaska's Universities, colleges, and vocational training schools.

Institutions of higher education play a multi-faceted role in economic development by:

1. Creating a skilled workforce that is prepared to support Alaska's key industries;
2. Providing scientific research and development of new technologies that can be commercialized or utilized in a manner that benefits Alaska's communities; and
3. Directly contributing to local and regional economies through job creation and spending.

This bill is a significant step toward diversifying funding sources for Alaska's institutions of higher education and strengthening workforce development and employment opportunities for Alaskans.

We encourage passage of Senate Bill 236 during the current session of the Twenty-sixth Legislature.

Thank you for your consideration.

Best regards,

Garry White, Executive Director

DOYON
Limited

1 Doyon Place, Suite 300
Fairbanks, Alaska 99701

Toll Free: (888) 78-4755
Tel: Fairbanks: 459-2000

January 26, 2010

Dear Senate Education Committee Members:

On behalf of Doyon, Limited—a regional Alaska Native corporation with 17,500 shareholders and more than 3,000 employees in its family of companies—I am writing in strong support of Senate Bill 236, an Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes or for a facility.

Under current law Alaska state income tax payers who make cash contributions to an Alaskan higher education institution (including vocational/technical programs) receive a tax credit of 50 percent of the contribution up to $100,000 and 100 percent of the contribution between $100,000 and $200,000. The maximum tax credit in any one year is $150,000.

While the current tax credit is helpful, the cap on the current tax credit does not encourage corporate donations to higher education institutions in Alaska. Senate Bill 236 would remove the cap, setting the stage for increased private funding for higher education in Alaska.

Our company operates more than a dozen businesses across the state. We are especially active in oil field services, government contracting, and natural resource development. We take pride in contributing to Alaska's economic development and diversification. We are committed to providing employment opportunities for Alaskans as we build our businesses in the future.

Our ability to continue to grow now and in the years to come requires a well trained workforce. While not all of our employees require a college degree, some certainly do, and the others require at least some training beyond high school. We want to hire Alaskans from Alaska's vocational schools, colleges and universities. In addition, we are interested in exploring opportunities for the commercialization of scientific research, a major source for economic development and diversification in other states.

Senate Bill 236 will level the playing field with other state investment tax credits and encourage business to partner with our state's educational institutions. With this critical partnership, we can achieve key workforce and economic development and diversification goals for Alaska.

Thank you for your consideration and support of this important legislation.

Sincerely,

Norman L. Phillips, Jr.
President and CEO

Chair and Secretary of the Board of Regents to sign the resolution. This motion is effective February 17, 2009."

The Board of Regents regularly passes a resolution specifying certain university officers as being authorized to execute investment and banking transactions for the University of Alaska. Because of changes in members of the board, a current resolution is necessary in order to execute timely investment and banking transactions.

I. Approval of Resolution in Support of Alaska Native Education

Regent Martin moved, seconded by Regent Cowell, and passed that:

PASSED
"The Board of Regents approves the resolution in support of Alaska Native Education as presented. This motion is effective February 18, 2009."

WHEREAS: The University of Alaska—through our three universities and 13 community campuses—has been the sole provider of public higher education in Alaska since 1917, offering more than 500 academic programs ranging from occupational endorsement certificates to doctoral degrees. These programs include training and research in subjects of special importance to Alaska Natives because of their contribution to economic, political, and social opportunity and their cultural relevance. As well, the University reaches out to encourage and to prepare young people to continue their education and career development. In fall 2008, the University enrolled more than 32,000 students, of which 4,300 were Alaska Natives; and

WHEREAS: The University has increased Alaska Native degree achievement by 108 percent this last decade and hopes to achieve another 100 percent increase in the decade ahead; and

WHEREAS: The University has created strong statewide initiatives in recent years to provide needed research, curriculum, and outreach programs in close partnership with the health, process technology, energy, mining, transportation, and other important Alaska industries. These programs meet critical workforce development needs, provide answers to Alaska's problems, and attract new students; and

WHEREAS: The Alaska Native Corporation Regional Association (the Association) has as its members the Presidents and CEOs of the Alaska Native Regional Corporations. These corporations represent Alaska Natives and their descendents enrolled with each individual organization

who strive to provide meaningful benefits in the form of dividends, education and training, job opportunities, cultural preservation and land management as the largest private landowners in Alaska; and

WHEREAS: The Regional Corporations collectively represent the economic interests of over 100,000 Alaska Native people; the Regional Corporations are among the largest Alaskan-owned businesses, employ thousands of Alaskans, and generate significant benefits to the Alaskan economy. In a short period of 35 years since ANCSA was adopted, Alaska Native people have developed the skills and vision to enable and empower current and future generations the ability to run these organizations successfully; and

WHEREAS: Communication and collaboration with Alaska's Native Corporations will enrich the University of Alaska and its programs and services while strengthening the Alaska Native Corporations' competitive capacity; and

WHEREAS: On December 17, 2008, the Association passed a unanimous resolution in support of the formation of an Alaska Native Education and Research Council, which will:

- Develop—in partnership with the Alaska Native Corporation CEOs—a program that identifies, prioritizes, and supports such activities as vocational and technical training, university academic curriculum, research, community outreach, endowed chairs, and other mutually determined activities that would meet the needs and serve the interests of the Alaska Native Corporations and the University;
- Provide funding in support of the program developed above; and
- Annually evaluate program progress and reprioritize activities as appropriate.

NOW THEREFORE BE IT RESOLVED that the Board of Regents appreciates the action taken by the Association and strongly supports the formation of an Alaska Native Education and Research Council as proposed by the Association; and

BE IT FURTHER RESOLVED that the President of the University should take what actions he determines appropriate to further the mutual interests of the University and the Alaska Native Corporations through this Council; and

BE IT FURTHER RESOLVED that this resolution be appropriately engrossed, with a copy to be incorporated in the official minutes of the February 17-19, 2009 meeting of the Board of Regents.

ANCSA REGIONAL ASSOCIATION
Bringing Together Regional Corporation Presidents and CEOs

PO Box 240766 • Anchorage, AK 99524 • 907 339 6052

December 22, 2008

Mr. Mark R. Hamilton, President
University of Alaska Statewide System
President's Office
Suite 202 Butrovich Building
Fairbanks, Alaska 99775

Dear President Hamilton:

On behalf of the ANCSA Regional Association, I am pleased to transmit the enclosed resolution.

The presidents and chief executive officers of the regional Alaska Native Corporations voted unanimously in support of this initiative to strengthen our corporations' ties with Alaska's university system. We appreciate your encouraging response to our invitation to discuss this initiative on November 18th, 2008 and we look forward to working closely with you and other university leaders to build on the good work already being done all across the state.

The opportunities afforded by this initiative to enhance our mutual interests are enormous. We stand ready to take the next step with you.

Sincerely yours,

William Anderson, Jr., President
ANCSA Regional Association

ANCSA Regional Association
Resolution 08-01

IN SUPPORT OF ALASKA NATIVE EDUCATION

WHEREAS: The ANCSA Regional Association (the Association) has as its members the Presidents and CEOs of the Alaska Native Regional Corporations; and

WHEREAS: The Regional Corporations represent Alaska Natives and their descendents enrolled with each individual organization who strive to provide meaningful benefits in the form of dividends, education and training, job opportunities, cultural preservation and land management as the largest private landowners in Alaska. The Regional Corporations collectively represent the economic interest of over 100,000 Alaska Native people; the Regional Corporations are among the largest Alaskan-owned businesses, employ thousands of Alaskans; and generate significant benefits to the Alaskan economy; and

WHEREAS: In a short period of 35 years since ANCSA was adopted, our people have developed the skills and vision to enable and empower current and future generations the ability to run these organizations successfully; and

WHEREAS: The University of Alaska—through its three universities and 13 community campuses—has been the sole provider of public higher education in Alaska since 1917 offering more than 500 academic programs ranging from certificates to doctoral degrees. These programs include training and research in subjects of special importance to Alaska Natives because of their cultural relevance and their contribution to political, social, and economic opportunity. And the University reaches out to encourage and to prepare young people to continue their education and career development. In 2007, the University enrolled over 4,000 Alaska Native Students; and

WHEREAS: The University of Alaska has created strong statewide initiatives in recent years to provide needed research, curriculum, and outreach programs in close partnership with the health, process technology, energy, mining, transportation, and other important Alaska industries. These programs meet critical workforce development needs, provide answers to Alaska's problems, and attract new students;

WHEREAS: Communication and collaboration with the University of Alaska will strengthen Alaska's Native Corporations and their shareholders—enhancing competitive capacity while increasing opportunities in high demand occupations in Alaska—as well as enrich the University of Alaska and its programs and services;

NOW THEREFORE BE IT RESOLVED that the Association recognizes the importance of education for our people and supports development of classes, programs and a better working relationship with the University of Alaska; and

BE IT FURTHER RESOLVED that the Association supports the formation of an Alaska Native Education and Research Council, which will:

- Develop—in partnership with the President of the University of Alaska—a program that identifies, prioritizes, and supports such activities as vocational and technical training, university academic curriculum, research, community outreach, endowed chairs, and other mutually determined activities that would meet the needs and serve the interests of the Alaska Native Corporations and the University;
- Provide funding in support of the program developed above; and
- Annually evaluate program progress and reprioritize activities as appropriate.

BE IT FURTHER RESOLVED that the following are examples of the activities that could be developed to promote current and future programs, classes, and an environment to enhance education of our Alaska Native people:

- A series of courses and areas of ANCSA emphasis within the University of Alaska's business management and public administration programs, including but not limited to MBA or MPA degree programs;
- Focused outreach programs using innovative technologies that improve student readiness for success in higher education and in their subsequent careers;
- Possible short courses for contracting (tribal and 8a and others);
- Degree completion and executive programs designed for working people which recognize academic credit for professional experience;
- Programs that support Alaska Native arts, culture, history, and languages;
- Facilities for housing ANCSA papers and historic documents;
- Endowed faculty chairs;
- Conferences for the exploration of the role of Alaska Natives in Statehood; and
- Research on the economic impact of ANCSA Corporations.

ADOPTED AND DATED December 17, 2008.

Board of Directors
ANCSA Regional Association

President

12/22/2008
Date

GREATER FAIRBANKS CHAMBER OF COMMERCE

Interior Alaska – The "Place" To Do Business

Introduced By: Governmental Relations Committee
Date Introduced: February 22, 2010
Date Passed: February 22, 2010
Date Transmitted: February 22, 2010

RESOLUTION 10-0222B
A RESOLUTION IN SUPPORT OF SENATE BILL 236, AN ACT RELATING TO TAX CREDITS FOR CASH CONTRIBUTIONS BY CORPORATE TAXPAYERS THAT ARE ACCEPTED FOR CERTAIN EDUCATIONAL PURPOSES OR FOR A FACILITY

WHEREAS, under current law Alaska state corporate income tax payers who make cash contributions to an Alaskan higher education institution (including vocational/technical programs) receive a tax credit of 50 percent of the contribution up to $100,000 and 100 percent of the contribution between $100,000 and $200,000. The maximum tax credit in any one year is $150,000.

WHEREAS, limits on the current tax credit appear to constrain corporate donations to higher education institutions in Alaska.

WHEREAS, many major employers in Alaska understand that the future success of their businesses requires a highly skilled workforce. These businesses want to hire Alaskans from Alaska's vocational schools, colleges and universities. In addition, businesses are interested in increasing incentives for the commercialization of scientific research, a major source for economic development and diversification in other states. By leveling the playing field with other state investment tax credits, important workforce and economic development goals can be achieved.

WHEREAS, Alaska businesses and higher education institutions could partner to prepare workers skilled in specific areas of high demand, develop courses using advanced technology to increase access to important skills and employment opportunities, create academic and training programs with more flexible scheduling to accommodate working people, support innovative outreach programs for secondary students to increase participation in and preparation for higher education, strengthen the relevance of selected programs to Alaskan concerns and opportunities, and increase private sector participation in development of new facilities at vocational and college facilities across the state.

WHEREAS, the Alaska Senate Education Committee has proposed a bill—SB 236—to amend the current tax credit by adding third tier, 50 percent for contributions in excess of $200,000, and to clarify that contributions may be made to support facilities at any qualifying institution.

INVESTORS

DIAMOND
BP Exploration
ConocoPhillips
ExxonMobil
Fairbanks Daily News-Miner
FMH & Denali Center
Flint Hills Resources Alaska

PLATINUM
Alyeska Pipeline Service Co.
Carlson Center
Doyon, Limited
Fred Meyer Stores
Golden Heart Utilities
Mt. McKinley Bank
Wells Fargo Bank Alaska

GOLD
Alaska USA FCU
Birchwood Homes
Denali State Bank
Design Alaska
Doyon Utilities LLC
First National Bank Alaska
GCI
Kinross-Fort Knox Mine
MAC Federal Credit Union
Pogo Gold Mine
The Boeing Co.
Usibelli Coal Mine

SILVER
ACS
Alaska Airlines
Alaska Railroad
AT&T
Denali – The Alaska Gas Pipeline
Everts Air Cargo, Everts Air AK
Exclusive Paving/Univ. Redi-Mix
Fairbanks Natural Gas
Flowline Alaska
Fountainhead Development
GVEA
Hale & Associates, Inc.
JL Properties, Inc.
Key Bank
Northrim Bank
Personnel Plus
Spirit of Alaska FCU
Tanana Valley Clinic
TDL Professional Staffing
TOTE
WAL-MART Stores, Inc.
Yukon Title Company

100 Cushman St., Suite 102 | Fairbanks, Alaska 99701-4665 | ph (907) 452-1105 | fax (907) 456-6968 | www.FairbanksChamber.org

THEREFORE BE IT RESOLVED, that on this date, February 22nd, 2010, the Greater Fairbanks Chamber of Commerce strongly supports SB 236 and encourages its passage in this session of the Twenty-sixth Legislature.

BE IT FURTHER RESOLVED that this resolution be distributed to:

Senator Kevin Meyer, Senate Education Committee Chair
Senator Joe Thomas, Senate Education Committee Co-Chair

Dan Britton
Board Chair
Greater Fairbanks Chamber of Commerce

Lorna Shaw
Chair
Governmental Relations Committee

EDWARD B RASMUSON
MAC K3212-051
PO Box 196127
Anchorage, Alaska 99519

February 4, 2010

Dear Members of the Senate Education Committee:

I am writing in support of Senate Bill 236, an Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes.

As a longtime Alaskan with success building businesses in our state, I know the importance of a highly skilled workforce, an engaged citizenry, and a vibrant culture. These qualities of Alaska's people are developed in our schools and in our vocational/technical institutes, colleges, and universities.

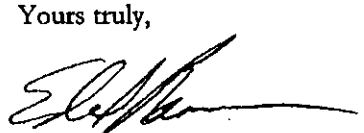
My family believes so strongly in the role of education in Alaska that we have supported such important institutions as the University of Alaska and Alaska Pacific University by providing financial resources and by serving as Regents and Trustees. Through these partnerships, we are contributing to our state's economic, cultural, and political development.

I support Senate Bill 236 because it addresses a concern about the current law, which caps tax credits at $150,000 per year. I think it is in the state's interest to increase the cap in order to generate more business support for our colleges and universities. By leveling the playing field with other state investment tax credits, we can strengthen workforce development and job opportunities for Alaskans, diversify funding sources for Alaska's higher education institutions, encourage community participation in funding new facilities, and develop research programs that contribute to economic development in Alaska.

I was a Regent of the University of Alaska in 1989 when this tax credit was first introduced. I supported it then and I support the proposed amendments in Senate Bill 236 now.

Thank you for considering my views on this important opportunity for Alaska.

Yours truly,



Edward Rasmuson

Dear Senate Education Committee Members:

I am writing on behalf of GCI in strong support of Senate Bill 236, an Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes or for a facility.

Under current law Alaska state income tax payers who make cash contributions to an Alaskan higher education institution (including vocational/technical programs) receive a tax credit of 50 percent of the contribution up to $100,000 and 100 percent of the contribution between $100,000 and $200,000. The maximum tax credit in any one year is $150,000.

While the current tax credit is helpful, the cap on the current tax credit does not encourage corporate donations to higher education institutions in Alaska. Senate Bill 236 would remove the cap, setting the stage for increased private funding for higher education in Alaska.

GCI was founded in Alaska in 1979 and our corporate headquarters are still located in Anchorage. We have over 1,600 employees and their families living across the state. We take pride in contributing to Alaska's economic development and diversification and are committed to providing employment opportunities for Alaskans as we build our business in the future.

Our ability to continue to grow today and in the future requires a well trained workforce. While not all of our employees require a college degree, some certainly do, and the others require at least some training beyond high school. We want to hire Alaskans from Alaska's vocational schools, colleges and universities.

Senate Bill 236 will level the playing field with other state investment tax credits and encourage business to partner with our state's educational institutions. With this critical partnership, we can achieve key workforce and economic development and diversification goals for Alaska.

Thank you for your consideration and support of this important legislation.

Sincerely,

Gregory W. Pearce
Vice President & General Manager
Commercial Services

2550 Denali Street, Suite 1000 •Anchorage, Alaska 99503 (907) 868-5600

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CS FOR SENATE BILL NO. 236(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE EDUCATION COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes and facilities; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 21.06.110 is amended to read:

Sec. 21.06.110. Director's annual report. As early in each calendar year as is reasonably possible, the director shall prepare and deliver an annual report to the commissioner, who shall notify the legislature that the report is available, showing, with respect to the preceding calendar year,

(1) a list of the authorized insurers transacting insurance in this state, with a summary of their financial statement as the director considers appropriate;

(2) the name of each insurer whose certificate of authority was surrendered, suspended, or revoked during the year and the cause of surrender, suspension, or revocation;

(3) the name of each insurer authorized to do business in this state

against which delinquency or similar proceedings were instituted and, if against an insurer domiciled in this state, a concise statement of the facts with respect to each proceeding and its present status;

(4) a statement in regard to examination of rating organizations, advisory organizations, joint underwriters, and joint reinsurers as required by AS 21.39.120;

(5) the receipt and expenses of the division for the year;

(6) recommendations of the director as to amendments or supplementation of laws affecting insurance or the office of director;

(7) statistical information regarding health insurance, including the number of individual and group policies sold or terminated in the state; this paragraph does not authorize the director to require an insurer to release proprietary information;

(8) the annual percentage of health claims paid in the state that meets the requirements of AS 21.36.128(a) and (d); [AND]

(9) **the total amount of contributions reported and the total amount of credit claimed under AS 21.89.070 and 21.89.075; and**

(10) other pertinent information and matters the director considers proper.

* **Sec. 2.** AS 21.89.070(a) is amended to read:

(a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or AS 21.66.110 for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs**, and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association.

* **Sec. 3.** AS 21.89.070(a), as amended by sec. 2 of this Act, is amended to read:

(a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or AS 21.66.110 for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses **and** [,] programs [, AND FACILITIES] by a school district in the state; **and**

(3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS, AND FACILITIES] by a state-operated vocational technical education and training school [; AND

(4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE, ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A REGIONAL ACCREDITATION ASSOCIATION].

* **Sec. 4.** AS 21.89.070(b) is amended to read:

(b) The amount of the credit is [THE LESSER OF

(1)] an amount equal to

(1) [(A)] 50 percent of contributions of not more than $100,000;

(2) [AND (B)] 100 percent of the next $~~100~~300,000 of contributions; **and**

(3) 50 percent of the amount of contributions that exceed ~~$200,000~~ 300,000

[OR

(2) 50 PERCENT OF THE TAXPAYER'S TAX LIABILITY UNDER THIS TITLE].

* **Sec. 5.** AS 21.89.070(b), as amended by sec. 4 of this Act, is amended to read:

(b) The amount of the credit is **the lesser of**

(1) an amount equal to

(A) [(1)] 50 percent of contributions of not more than $100,000; **and**

(B) [(2)] 100 percent of the next $100,000 of contributions; **or**

(2) 50 percent of the taxpayer's tax liability under this title [AND

(3) 50 PERCENT OF THE AMOUNT OF CONTRIBUTIONS THAT EXCEED $200,000].

* **Sec. 6.** AS 21.89.070(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be **the basis for a credit** claimed [AS A CREDIT] under more than one provision of this title; and

(2) when combined with **contributions that are the basis for** credits taken during the taxpayer's tax year under AS 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, **result in the total amount of credits exceeding $25,000,000** [EXCEED $150,000].

* **Sec. 7.** AS 21.89.070(d), as amended by sec. 6 of this Act, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under more than one provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding **$150,000** [$25,000,000].

* **Sec. 8.** AS 21.89.070 is amended by adding a new subsection to read:

(f) The credit under this section may not reduce a person's tax liability under AS 21.09.210 or AS 21.66.110 to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.

* **Sec. 9.** AS 21.89.075(c) is amended to read:

(c) A contribution claimed by a taxpayer as a credit under this section may not

(1) be **the basis for a credit** claimed [AS A CREDIT] under more than one provision of this title;

(2) when combined with **contributions that are the basis for** credits taken during the taxpayer's tax year under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, **result in the total amount of credits exceeding $25,000,000** [EXCEED $150,000]; or

(3) be claimed as a credit unless the contribution qualifies for the credit under (d) of this section.

*** Sec. 10.** AS 21.89.075(c), as amended by sec. 9 of this Act, is amended to read:

(c) A contribution claimed by a taxpayer as a credit under this section may not

(1) be the basis for a credit claimed under more than one provision of this title;

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding **$150,000** [$25,000,000]; or

(3) be claimed as a credit unless the contribution qualifies for the credit under (d) of this section.

*** Sec. 11.** AS 21.89.075 is amended by adding a new subsection to read:

(f) The credit under this section may not reduce a person's tax liability under AS 21.09.210 to below zero for any tax year. An unused credit or portion of a credit not used under this section for a calendar year may not be sold, traded, transferred, or applied in a subsequent calendar year.

*** Sec. 12.** AS 43.05.010 is amended to read:

Sec. 43.05.010. Duties of commissioner. The commissioner of revenue shall

(1) exercise general supervision and direct the activities of the Department of Revenue;

(2) supervise the fiscal affairs and responsibilities of the department;

(3) prescribe uniform rules for investigations and hearings;

(4) keep a record of all departmental proceedings, record and file all bonds, and assume custody of returns, reports, papers, and documents of the department;

(5) adopt a seal and affix it to each order, process, or certificate issued by the commissioner;

(6) keep a record of each order, process, and certificate issued by the commissioner, and keep the record open to public inspection at all reasonable times;

(7) hold hearings and investigations necessary for the administration of

state tax and revenue laws;

(8) except as provided in AS 43.05.405 - 43.05.499 and in AS 44.64.030, hear and determine appeals of a matter within the jurisdiction of the Department of Revenue and enter orders on the appeals that are final unless reversed or modified by the courts;

(9) issue subpoenas to require the attendance of witnesses and the production of necessary books, papers, documents, correspondence, and other things;

(10) order the taking of depositions before a person competent to administer oaths;

(11) administer oaths and take acknowledgments;

(12) request the attorney general for rulings on the interpretation of the tax and revenue laws administered by the department;

(13) call upon the attorney general to institute actions for recovery of unpaid taxes, fees, excises, additions to tax, penalties, and interest;

(14) issue warrants for the collection of unpaid tax penalties and interest and take all steps necessary and proper to enforce full and complete compliance with the tax, license, excise, and other revenue laws of the state;

(15) **report to the legislature before February 15 of each year the total amount of contributions reported and the total amount of credit claimed during the previous calendar year under AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, and AS 43.77.045** [REPEALED].

*** Sec. 13.** AS 43.20.014(a) is amended to read:

(a) A taxpayer is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a

state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association.

*** Sec. 14.** AS 43.20.014(a), as amended by sec. 13 of this Act, is amended to read:

(a) A taxpayer is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses **and** [,] programs [, AND FACILITIES] by a school district in the state; **and**

(3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS, AND FACILITIES] by a state-operated vocational technical education and training school [; AND

(4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE, ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A REGIONAL ACCREDITATION ASSOCIATION].

*** Sec. 15.** AS 43.20.014(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 16.** AS 43.20.014(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be **the basis for a credit** claimed [AS A CREDIT] under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with **contributions that are the basis for** credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.55.019,

AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, **result in the total amount of credits exceeding $25,000,000** [EXCEED $150,000].

*** Sec. 17.** AS 43.20.014(d), as amended by sec. 16 of this Act, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding **$150,000** [$25,000,000].

*** Sec. 18.** AS 43.20.014 is amended by adding a new subsection to read:

(f) The credit under this section may not reduce a person's tax liability under this chapter to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.

*** Sec. 19.** AS 43.55.019(a) is amended to read:

(a) A producer of oil or gas is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses**,** [AND] programs**, and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association.

*** Sec. 20.** AS 43.55.019(a), as amended by sec. 19 of this Act, is amended to read:

(a) A producer of oil or gas is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses **and** [,] programs [, AND FACILITIES] by a school district in the state; **and**

(3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS, AND FACILITIES] by a state-operated vocational technical education and training school [; AND

(4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE, ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A REGIONAL ACCREDITATION ASSOCIATION].

* **Sec. 21.** AS 43.55.019(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

* **Sec. 22.** AS 43.55.019(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be **the basis for a credit** claimed [AS A CREDIT] under another provision of this title; and

(2) when combined with **contributions that are the basis for** credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, **result in the total amount of credits exceeding $25,000,000** [EXCEED $150,000].

* **Sec. 23.** AS 43.55.019(d), as amended by sec. 22 of this Act, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding **$150,000** [$25,000,000].

*** Sec. 24.** AS 43.55.019 is amended by adding a new subsection to read:

(f) The credit under this section may not reduce a person's tax liability under this chapter to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.

*** Sec. 25.** AS 43.56.018(a) is amended to read:

(a) The owner of property taxable under this chapter is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses**,** [AND] programs**, and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association.

*** Sec. 26.** AS 43.56.018(a), as amended by sec. 25 of this Act, is amended to read:

(a) The owner of property taxable under this chapter is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses **and** [,] programs [, AND FACILITIES] by a school district in the state; **and**

(3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS, AND FACILITIES] by a state-operated vocational technical education and training school [; AND

(4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE, ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A REGIONAL ACCREDITATION ASSOCIATION].

*** Sec. 27.** AS 43.56.018(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 28.** AS 43.56.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be **the basis for a credit** claimed [AS A CREDIT] under another provision of this title; and

(2) when combined with **contributions that are the basis for** credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, or AS 43.77.045, **result in the total amount of credits exceeding $25,000,000** [EXCEED $150,000].

*** Sec. 29.** AS 43.56.018(d), as amended by sec. 28 of this Act, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding **$150,000** [$25,000,000].

*** Sec. 30.** AS 43.56.018 is amended by adding a new subsection to read:

(f) The credit under this section may not reduce a person's tax liability under this chapter to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in

a subsequent tax year.

* **Sec. 31.** AS 43.65.018(a) is amended to read:

(a) A person engaged in the business of mining in the state is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses**,** [AND] programs**, and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association.

* **Sec. 32.** AS 43.65.018(a), as amended by sec. 31 of this Act, is amended to read:

(a) A person engaged in the business of mining in the state is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses **and** [,] programs [, AND FACILITIES] by a school district in the state; **and**

(3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS, AND FACILITIES] by a state-operated vocational technical education and training school [; AND

(4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE, ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A REGIONAL ACCREDITATION ASSOCIATION].

* **Sec. 33.** AS 43.65.018(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 34.** AS 43.65.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be **the basis for a credit** claimed [AS A CREDIT] under another provision of this title; and

(2) when combined with **contributions that are the basis for** credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, **result in the total amount of the credits exceeding $25,000,000** [EXCEED $150,000].

*** Sec. 35.** AS 43.65.018(d), as amended by sec. 34 of this Act, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, result in the total amount of the credits exceeding **$150,000** [$25,000,000].

*** Sec. 36.** AS 43.65.018 is amended by adding a new subsection to read:

(f) The credit under this section may not reduce a person's tax liability under this chapter to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.

*** Sec. 37.** AS 43.75.018(a) is amended to read:

(a) A person engaged in a fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association.

*** Sec. 38.** AS 43.75.018(a), as amended by sec. 37 of this Act, is amended to read:

(a) A person engaged in a fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses **and** [,] programs [, AND FACILITIES] by a school district in the state; **and**

(3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS, AND FACILITIES] by a state-operated vocational technical education and training school [; AND

(4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE, ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A REGIONAL ACCREDITATION ASSOCIATION].

*** Sec. 39.** AS 43.75.018(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 40.** AS 43.75.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be **the basis for a credit** claimed [AS A CREDIT] under another provision of this title; and

(2) when combined with **contributions that are the basis for** credits

taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, **result in the total amount of the credits exceeding $25,000,000** [EXCEED $150,000].

*** Sec. 41.** AS 43.75.018(d), as amended by sec. 40 of this Act, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, result in the total amount of the credits exceeding **$150,000** [$25,000,000].

*** Sec. 42.** AS 43.75.018 is amended by adding a new subsection to read:

(f) The credit under this section may not reduce a person's tax liability under this chapter to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.

*** Sec. 43.** AS 43.77.045(a) is amended to read:

(a) In addition to the credit allowed under AS 43.77.040, a person engaged in a floating fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association.

*** Sec. 44.** AS 43.77.045(a), as amended by sec. 43 of this Act, is amended to read:

(a) In addition to the credit allowed under AS 43.77.040, a person engaged in a floating fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses **and** [,] programs [, AND FACILITIES] by a school district in the state; **and**

(3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS, AND FACILITIES] by a state-operated vocational technical education and training school [; AND

(4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE, ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A REGIONAL ACCREDITATION ASSOCIATION].

* **Sec. 45.** AS 43.77.045(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

* **Sec. 46.** AS 43.77.045(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be **the basis for a credit** claimed [AS A CREDIT] under another provision of this title; and

(2) when combined with **contributions that are the basis for** credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, **result in the total amount of the credits exceeding $25,000,000** [EXCEED $150,000].

* **Sec. 47.** AS 43.77.045(d), as amended by sec. 46 of this Act, is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this

title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, result in the total amount of the credits exceeding **$150,000** [$25,000,000].

* **Sec. 48.** AS 43.77.045 is amended by adding a new subsection to read:

(f) The credit under this section may not reduce a person's tax liability under this chapter to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.

* **Sec. 49.** AS 21.06.110(9); AS 21.89.070(f), 21.89.075(f); AS 43.05.010(15); AS 43.20.014(b)(3), 43.20.014(f); AS 43.55.019(b)(3), 43.55.019(f); AS 43.56.018(b)(3), 43.56.018(f); AS 43.65.018(b)(3), 43.65.018(f); AS 43.75.018(b)(3), 43.75.018(f); AS 43.77.045(b)(3), and 43.77.045(f) are repealed.

* **Sec. 50.** Sections 1, 2, 4, 6, 8, 9, 11 - 13, 15, 16, 18, 19, 21, 22, 24, 25, 27, 28, 30, 31, 33, 34, 36, 37, 39, 40, 42, 43, 45, 46, and 48 of this Act take effect January 1, 2011.

* **Sec. 51.** Except as provided in sec. 50 of this Act, this Act takes effect January 1, 2014.

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Bullock
2/4/10

CS FOR SENATE BILL NO. 236(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE EDUCATION COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes and facilities; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 21.06.110 is amended to read:

Sec. 21.06.110. Director's annual report. As early in each calendar year as is reasonably possible, the director shall prepare and deliver an annual report to the commissioner, who shall notify the legislature that the report is available, showing, with respect to the preceding calendar year,

(1) a list of the authorized insurers transacting insurance in this state, with a summary of their financial statement as the director considers appropriate;

(2) the name of each insurer whose certificate of authority was surrendered, suspended, or revoked during the year and the cause of surrender, suspension, or revocation;

(3) the name of each insurer authorized to do business in this state

against which delinquency or similar proceedings were instituted and, if against an insurer domiciled in this state, a concise statement of the facts with respect to each proceeding and its present status;

(4) a statement in regard to examination of rating organizations, advisory organizations, joint underwriters, and joint reinsurers as required by AS 21.39.120;

(5) the receipt and expenses of the division for the year;

(6) recommendations of the director as to amendments or supplementation of laws affecting insurance or the office of director;

(7) statistical information regarding health insurance, including the number of individual and group policies sold or terminated in the state; this paragraph does not authorize the director to require an insurer to release proprietary information;

(8) the annual percentage of health claims paid in the state that meets the requirements of AS 21.36.128(a) and (d); [AND]

(9) **the total amount of contributions reported and the total amount of credit claimed under AS 21.89.070 and 21.89.075; and**

(10) other pertinent information and matters the director considers proper.

*** Sec. 2.** AS 21.89.070(a) is amended to read:

(a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or AS 21.66.110 for cash contributions accepted **before January 1, 2014,**

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs**, and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 3.** AS 21.89.070(b) is amended to read:

(b) The amount of the credit is [THE LESSER OF

(1)] an amount equal to

(1) [(A)] 50 percent of contributions of not more than $100,000;

(2) [AND (B)] 100 percent of the next $100,000 of contributions; **and**

(3) 50 percent of the amount of contributions that exceed $200,000

[OR

(2) 50 PERCENT OF THE TAXPAYER'S TAX LIABILITY UNDER THIS TITLE].

*** Sec. 4.** AS 21.89.070(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under more than one provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 5.** AS 21.89.075(c) is amended to read:

(c) A contribution claimed by a taxpayer as a credit under this section may not

(1) be claimed as a credit under more than one provision of this title;

[(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000;] or

(2) [(3)] be claimed as a credit unless the contribution qualifies for the credit under (d) of this section.

*** Sec. 6.** AS 43.05.010 is amended to read:

Sec. 43.05.010. Duties of commissioner. The commissioner of revenue shall

(1) exercise general supervision and direct the activities of the Department of Revenue;

(2) supervise the fiscal affairs and responsibilities of the department;

(3) prescribe uniform rules for investigations and hearings;

(4) keep a record of all departmental proceedings, record and file all bonds, and assume custody of returns, reports, papers, and documents of the department;

(5) adopt a seal and affix it to each order, process, or certificate issued by the commissioner;

(6) keep a record of each order, process, and certificate issued by the commissioner, and keep the record open to public inspection at all reasonable times;

(7) hold hearings and investigations necessary for the administration of state tax and revenue laws;

(8) except as provided in AS 43.05.405 - 43.05.499 and in AS 44.64.030, hear and determine appeals of a matter within the jurisdiction of the Department of Revenue and enter orders on the appeals that are final unless reversed or modified by the courts;

(9) issue subpoenas to require the attendance of witnesses and the production of necessary books, papers, documents, correspondence, and other things;

(10) order the taking of depositions before a person competent to administer oaths;

(11) administer oaths and take acknowledgments;

(12) request the attorney general for rulings on the interpretation of the tax and revenue laws administered by the department;

(13) call upon the attorney general to institute actions for recovery of unpaid taxes, fees, excises, additions to tax, penalties, and interest;

(14) issue warrants for the collection of unpaid tax penalties and interest and take all steps necessary and proper to enforce full and complete compliance with the tax, license, excise, and other revenue laws of the state;

(15) **report to the legislature before February 15 of each year the total amount of contributions reported and the total amount of credit claimed during the previous calendar year under AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, and AS 43.77.045** [REPEALED].

*** Sec. 7.** AS 43.20.014(a) is amended to read:

(a) A taxpayer is allowed a credit against the tax due under this chapter for

cash contributions accepted **before January 1, 2014,**

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs**, and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 8.** AS 43.20.014(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 9.** AS 43.20.014(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; **and**

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter [; AND

(3) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 10.** AS 43.55.019(a) is amended to read:

(a) A producer of oil or gas is allowed a credit against the tax due under this chapter for cash contributions accepted **before January 1, 2014,**

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 11.** AS 43.55.019(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 12.** AS 43.55.019(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under another provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 13.** AS 43.56.018(a) is amended to read:

(a) The owner of property taxable under this chapter is allowed a credit against the tax due under this chapter for cash contributions accepted **before January 1, 2014,**

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 14.** AS 43.56.018(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 15.** AS 43.56.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under another provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 16.** AS 43.65.018(a) is amended to read:

(a) A person engaged in the business of mining in the state is allowed a credit against the tax due under this chapter for cash contributions accepted **before January 1, 2014,**

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs**, and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 17.** AS 43.65.018(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 18.** AS 43.65.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under another provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 19.** AS 43.75.018(a) is amended to read:

(a) A person engaged in a fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted **before January 1, 2014,**

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs**, and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 20.** AS 43.75.018(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 21.** AS 43.75.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under another provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 22.** AS 43.77.045(a) is amended to read:

(a) In addition to the credit allowed under AS 43.77.040, a person engaged in

a floating fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted **before January 1, 2014,**

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 23.** AS 43.77.045(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 24.** AS 43.77.045(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under another provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, OR AS 43.75.018, EXCEED $150,000].

*** Sec. 25.** This Act takes effect January 1, 2011.

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS

MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

SECTIONAL ANALYSIS
CS for Senate Bill 236

Section 1:
Directs the Director of the Division of Insurance to, as early as possible within the calendar year, make an Annual Report to the Commissioner of the Department of Commerce & Economic Development and the Legislature regarding contributions made and credits claimed under the relevant statutes.

Section 2:
Creates a sunset date for the revised tax credit regime.

Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 3:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 4:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Jomo Stewart, Committee Aide
(907) 465 - 6874

Murray Richmond, Committee Aide
(907) 465 – 6443

Senate_Education@legis.state.ak.us

Section 5:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 5:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 6:
Directs the Commissioner of the Department of Revenue to, before February 15th of a given year, make an Annual Report to the Legislature regarding contributions made and credits claimed under the relevant statutes.

Section 7:
Creates a sunset date for the revised tax credit regime.

Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 8:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 9:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types

Leaves in place impact of claiming tax credits in Alaska on a contributor's ability to claim deductions for charitable giving under Federal Tax code.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 10:
Creates a sunset date for the revised tax credit regime.

Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 11:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 12:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 13:
Creates a sunset date for the revised tax credit regime.

Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 14:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 15:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 16:
Creates a sunset date for the revised tax credit regime.

Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 17:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 18:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 19:
Creates a sunset date for the revised tax credit regime.

Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 20:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 21:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 22:
Creates a sunset date for the revised tax credit regime.

Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 23:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 24:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 25:
Establishes an effective date of January 1, 2011

Three-year look-back at current system:

Alaska State Department of Revenue 2008 Annual Report

Education tax credits used in 2007 through 2009 (2009 is preliminary) are as follows:

	FY2007	FY2008	FY2009	Grand Total
CIT Non-Oil	$ 756,916	$ 841,249	$ 668,183	$ 2,266,348
CIT Oil & Gas	$ 456,500	$ 456,500	$ 395,750	$ 1,308,750
Fisheries Business Tax	$ 300,000	$ 450,000	$ 450,000	$ 1,200,000
Fisheries Landing Tax	$ 1,200,000	$ 1,050,000	$ 150,000	$ 2,400,000
Insurance Tax	$ 450,000	$ 450,000	$ 300,000	$ 1,200,000
Mining Tax	$ 189,626	$ 10,814	$ -	$ 200,440
Grand Total*	$ 3,353,042	$ 3,258,563	$ 1,963,933	$ 8,575,538

* Total does not include credits used against O&G production or property taxes

SENATE EDUCATION COMMITTEE

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SENATOR JOE THOMAS

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SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

Sponsor Statement for Senate Bill 236

An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes or for a facility...

Under current law, state income tax payers who make cash contributions to an Alaskan educational or vocational institution receive a tax credit of 50 percent for contributions up to $100,000 and 100 percent for contributions between $100,000 and $200,000. Therefore, maximum tax credit allowable in any given year is $150,000.

SB 236 amends current the current statutes regarding higher education tax credits by adding a third tier - allowing for a 50 percent tax credit for contributions in excess of $200,000.

This limit appears to be having a constraining effect on corporate donations to & investments in educational and vocational institutions in Alaska. In 2008, only 11 donors contributed enough to the University of Alaska to maximize the current tax credit; only 4 donors gave more.

Many major employers in Alaska understand that the future success of their businesses requires a highly skilled workforce. These businesses want to hire Alaskans from Alaska's vocational schools, colleges and universities. In addition, many businesses are interested in, through commercialization of university-generated information and technologies, helping Alaska's universities expand their existing scientific research & development capacities – a process that has become a major source for economic development and diversification in other states.

By facilitating greater cooperation between Alaska's business and education sectors, and encouraging greater financial support from the former to the latter, SB 236 hopes important workforce and economic development goals such as the following can be achieved:

- Strengthening workforce development and job opportunities for Alaskans
- Increasing collaboration between Alaska's employers and its higher education institutions
- Diversifying funding sources for Alaska's higher education institutions
- Enhancing student success through internships, K-12 outreach, camps, and other developmental programs
- Developing research programs that contribute to economic development in Alaska

26-LS1191\S 2/1/10

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1995

Senate Bill 236

Tax Credits
for
Donations for Educational Purposes & Facilities

SB236 Impacts 7 Different Tax Types:

- 5 Administered by Revenue
  - Oil & Gas Property Tax
  - Oil & Gas Production Tax
  - Corporate Income Tax
  - Mining License Tax
  - Fisheries Business Tax
- 2 Administered by Commerce
  - 2 sections under Health Insurance Providers Tax

How the Current Tax Credit Statutes Work

A contributor receives a 50% credit for the first $100,000 and a 100% credit for the second $100,000.

AlaskaCo contributes $500,000 to AKU:

Contribution	%	Credit
$100,000	50%	$50,000
$100,000	100%	$100,000
$100,000		
$100,000		
$100,000		
$500,000		$150,000*

*Maximum allowable credit per individual contributor per year

How the Current Tax Credit Statutes Work

Earned credits can be divided to impact multiple tax obligations

AlaskaCo contributed $500,000 to AKU:

Contrbtn	%	Credit
$100,000	50%	$50,000
$100,000	100%	$100,000
$100,000		
$100,000		
$100,000		
$500,000		$150,000

→ $50,000 Oil & Gas Property Tax

→ $50,000 Oil & Gas Production Tax

→ $50,000 Corporate Income Tax

How Tax Credit work under SB236

A contributor receives a 50% credit for the first $100,000, a 100% credit for the second $100,000 and a 100% credit for all dollars over $200,000.

AlaskaCo contributes $500,000 to AKU:

Contribution	%	Credit
$100,000	50%	$50,000
$100,000	100%	$100,000
$100,000	50%	$50,000
$100,000	50%	$50,000
$100,000	50%	$50,000
$500,000		$300,000*

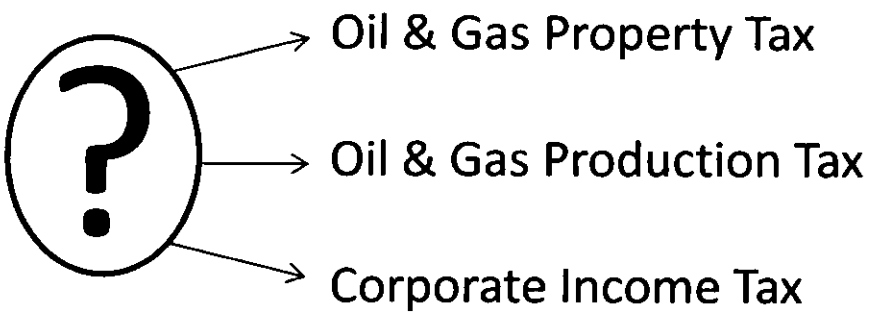
*No maximum contribution

How Tax Credits work under SB236

Credits earned for a single contribution can only be applied to a single tax

AlaskaCo contributed $500,000 to AKU:

Contrbtn	%	Credit
$100,000	50%	$50,000
$100,000	100%	$100,000
$100,000	50%	$50,000
$100,000	50%	$50,000
$100,000	50%	$50,000
$500,000		$300,000



26-LS1191\S
Bullock
2/2/10

CS FOR SENATE BILL NO. 236(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE EDUCATION COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes or for facilities; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 21.89.070(a) is amended to read:

(a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or AS 21.66.110 for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

2001

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 2.** AS 21.89.070(b) is amended to read:

(b) The amount of the credit is [THE LESSER OF

(1)] an amount equal to

(1) [(A)] 50 percent of contributions of not more than $100,000;

(2) [AND (B)] 100 percent of the next $100,000 of contributions; **and**

(3) 50 percent of the amount of contributions that exceed $200,000

[OR

(2) 50 PERCENT OF THE TAXPAYER'S TAX LIABILITY UNDER THIS TITLE].

*** Sec. 3.** AS 21.89.070(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under more than one provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 4.** AS 21.89.075(c) is amended to read:

(c) A contribution claimed by a taxpayer as a credit under this section may not

(1) be claimed as a credit under more than one provision of this title;

[(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000;] or

(2) [(3)] be claimed as a credit unless the contribution qualifies for the credit under (d) of this section.

*** Sec. 5.** AS 43.20.014(a) is amended to read:

(a) A taxpayer is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes,

including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school; **and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 6.** AS 43.20.014(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions; **and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 7.** AS 43.20.014(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; **and**

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter [; AND

(3) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 8.** AS 43.55.019(a) is amended to read:

(a) A producer of oil or gas is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 9.** AS 43.55.019(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 10.** AS 43.55.019(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under another provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 11.** AS 43.56.018(a) is amended to read:

(a) The owner of property taxable under this chapter is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses**,** [AND] programs**, and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 12.** AS 43.56.018(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions; **and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 13.** AS 43.56.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under another provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 14.** AS 43.65.018(a) is amended to read:

(a) A person engaged in the business of mining in the state is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school; **and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 15.** AS 43.65.018(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions; **and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 16.** AS 43.65.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under another provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014,

AS 43.55.019, AS 43.56.018, AS 43.75.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 17.** AS 43.75.018(a) is amended to read:

(a) A person engaged in a fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school**; and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 18.** AS 43.75.018(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions**; and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 19.** AS 43.75.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under another provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, OR AS 43.77.045, EXCEED $150,000].

*** Sec. 20.** AS 43.77.045(a) is amended to read:

(a) In addition to the credit allowed under AS 43.77.040, a person engaged in a floating fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an

Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, **and facilities** by a school district in the state; [AND]

(3) **for vocational education courses, programs, and facilities** by a state-operated vocational technical education and training school; **and**

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college.

*** Sec. 21.** AS 43.77.045(b) is amended to read:

(b) The amount of the credit is

(1) 50 percent of contributions of not more than $100,000; [AND]

(2) 100 percent of the next $100,000 of contributions; **and**

(3) 50 percent of the amount of contributions that exceed $200,000.

*** Sec. 22.** AS 43.77.045(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

[(1)] be claimed as a credit under another provision of this title [; AND

(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, OR AS 43.75.018, EXCEED $150,000].

*** Sec. 23.** This Act takes effect January 1, 2011.

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS

MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

SECTIONAL ANALYSIS
CS for Senate Bill 236

Section 1:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 2:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 3:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 4:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Jomo Stewart, Committee Aide
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Section 5:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 6:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 7:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types

Leaves in place impact of claiming tax credits in Alaska on a contributor's ability to claim deductions for charitable giving under Federal Tax code.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 8:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 9:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 10:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 11:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 12:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 13:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 14:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 15:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 16:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 17:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 18:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 19:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 20:
Amends existing statue to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statue to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 21:
Amends existing statue to create 50% tax credit on contributions in excess of $200,000

Section 22:
Amends current statue to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statue limiting tax credits per contributor to a maximum of $150,000 per year.

Section 23:
Establishes an effective date of January 1, 2011

1 Doyon Place, Suite 300
Fairbanks, Alaska 99701

Toll free: (888) 478-4755
In Fairbanks 459-2000

DOYON
Limited®

January 26, 2010

Dear Senate Education Committee Members:

On behalf of Doyon, Limited—a regional Alaska Native corporation with 17,500 shareholders and more than 3,000 employees in its family of companies—I am writing in strong support of Senate Bill 236, an Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes or for a facility.

Under current law Alaska state income tax payers who make cash contributions to an Alaskan higher education institution (including vocational/technical programs) receive a tax credit of 50 percent of the contribution up to $100,000 and 100 percent of the contribution between $100,000 and $200,000. The maximum tax credit in any one year is $150,000.

While the current tax credit is helpful, the cap on the current tax credit does not encourage corporate donations to higher education institutions in Alaska. Senate Bill 236 would remove the cap, setting the stage for increased private funding for higher education in Alaska.

Our company operates more than a dozen businesses across the state. We are especially active in oil field services, government contracting, and natural resource development. We take pride in contributing to Alaska's economic development and diversification. We are committed to providing employment opportunities for Alaskans as we build our businesses in the future.

Our ability to continue to grow now and in the years to come requires a well trained workforce. While not all of our employees require a college degree, some certainly do, and the others require at least some training beyond high school. We want to hire Alaskans from Alaska's vocational schools, colleges and universities. In addition, we are interested in exploring opportunities for the commercialization of scientific research, a major source for economic development and diversification in other states.

Senate Bill 236 will level the playing field with other state investment tax credits and encourage business to partner with our state's educational institutions. With this critical partnership, we can achieve key workforce and economic development and diversification goals for Alaska.

Thank you for your consideration and support of this important legislation.

Sincerely,

Norman L. Phillips, Jr.
President and CEO

Chair and Secretary of the Board of Regents to sign the resolution. This motion is effective February 17, 2009."

The Board of Regents regularly passes a resolution specifying certain university officers as being authorized to execute investment and banking transactions for the University of Alaska. Because of changes in members of the board, a current resolution is necessary in order to execute timely investment and banking transactions.

I. Approval of Resolution in Support of Alaska Native Education

Regent Martin moved, seconded by Regent Cowell, and passed that:

PASSED
"The Board of Regents approves the resolution in support of Alaska Native Education as presented. This motion is effective February 18, 2009."

WHEREAS: The University of Alaska—through our three universities and 13 community campuses—has been the sole provider of public higher education in Alaska since 1917, offering more than 500 academic programs ranging from occupational endorsement certificates to doctoral degrees. These programs include training and research in subjects of special importance to Alaska Natives because of their contribution to economic, political, and social opportunity and their cultural relevance. As well, the University reaches out to encourage and to prepare young people to continue their education and career development. In fall 2008, the University enrolled more than 32,000 students, of which 4,300 were Alaska Natives; and

WHEREAS: The University has increased Alaska Native degree achievement by 108 percent this last decade and hopes to achieve another 100 percent increase in the decade ahead; and

WHEREAS: The University has created strong statewide initiatives in recent years to provide needed research, curriculum, and outreach programs in close partnership with the health, process technology, energy, mining, transportation, and other important Alaska industries. These programs meet critical workforce development needs, provide answers to Alaska's problems, and attract new students; and

WHEREAS: The Alaska Native Corporation Regional Association (the Association) has as its members the Presidents and CEOs of the Alaska Native Regional Corporations. These corporations represent Alaska Natives and their descendents enrolled with each individual organization

who strive to provide meaningful benefits in the form of dividends, education and training, job opportunities, cultural preservation and land management as the largest private landowners in Alaska; and

WHEREAS: The Regional Corporations collectively represent the economic interests of over 100,000 Alaska Native people; the Regional Corporations are among the largest Alaskan-owned businesses, employ thousands of Alaskans, and generate significant benefits to the Alaskan economy. In a short period of 35 years since ANCSA was adopted, Alaska Native people have developed the skills and vision to enable and empower current and future generations the ability to run these organizations successfully; and

WHEREAS: Communication and collaboration with Alaska's Native Corporations will enrich the University of Alaska and its programs and services while strengthening the Alaska Native Corporations' competitive capacity; and

WHEREAS: On December 17, 2008, the Association passed a unanimous resolution in support of the formation of an Alaska Native Education and Research Council, which will:

- Develop—in partnership with the Alaska Native Corporation CEOs—a program that identifies, prioritizes, and supports such activities as vocational and technical training, university academic curriculum, research, community outreach, endowed chairs, and other mutually determined activities that would meet the needs and serve the interests of the Alaska Native Corporations and the University;
- Provide funding in support of the program developed above; and
- Annually evaluate program progress and reprioritize activities as appropriate.

NOW THEREFORE BE IT RESOLVED that the Board of Regents appreciates the action taken by the Association and strongly supports the formation of an Alaska Native Education and Research Council as proposed by the Association; and

BE IT FURTHER RESOLVED that the President of the University should take what actions he determines appropriate to further the mutual interests of the University and the Alaska Native Corporations through this Council; and

BE IT FURTHER RESOLVED that this resolution be appropriately engrossed, with a copy to be incorporated in the official minutes of the February 17-19, 2009 meeting of the Board of Regents.

ANCSA REGIONAL ASSOCIATION

Bringing Together Regional Corporation Presidents and CEOs

PO Box 240766 • Anchorage, AK 99524 • 907 339 6052

December 22, 2008

Mr. Mark R. Hamilton, President
University of Alaska Statewide System
President's Office
Suite 202 Butrovich Building
Fairbanks, Alaska 99775

Dear President Hamilton:

On behalf of the ANCSA Regional Association, I am pleased to transmit the enclosed resolution.

The presidents and chief executive officers of the regional Alaska Native Corporations voted unanimously in support of this initiative to strengthen our corporations' ties with Alaska's university system. We appreciate your encouraging response to our invitation to discuss this initiative on November 18th, 2008 and we look forward to working closely with you and other university leaders to build on the good work already being done all across the state.

The opportunities afforded by this initiative to enhance our mutual interests are enormous. We stand ready to take the next step with you.

Sincerely yours,

William Anderson, Jr., President
ANCSA Regional Association

ANCSA Regional Association
Resolution 08-01

IN SUPPORT OF ALASKA NATIVE EDUCATION

WHEREAS: The ANCSA Regional Association (the Association) has as its members the Presidents and CEOs of the Alaska Native Regional Corporations; and

WHEREAS: The Regional Corporations represent Alaska Natives and their descendents enrolled with each individual organization who strive to provide meaningful benefits in the form of dividends, education and training, job opportunities, cultural preservation and land management as the largest private landowners in Alaska. The Regional Corporations collectively represent the economic interest of over 100,000 Alaska Native people; the Regional Corporations are among the largest Alaskan-owned businesses, employ thousands of Alaskans; and generate significant benefits to the Alaskan economy; and

WHEREAS: In a short period of 35 years since ANCSA was adopted, our people have developed the skills and vision to enable and empower current and future generations the ability to run these organizations successfully; and

WHEREAS: The University of Alaska—through its three universities and 13 community campuses—has been the sole provider of public higher education in Alaska since 1917 offering more than 500 academic programs ranging from certificates to doctoral degrees. These programs include training and research in subjects of special importance to Alaska Natives because of their cultural relevance and their contribution to political, social, and economic opportunity. And the University reaches out to encourage and to prepare young people to continue their education and career development. In 2007, the University enrolled over 4,000 Alaska Native Students; and

WHEREAS: The University of Alaska has created strong statewide initiatives in recent years to provide needed research, curriculum, and outreach programs in close partnership with the health, process technology, energy, mining, transportation, and other important Alaska industries. These programs meet critical workforce development needs, provide answers to Alaska's problems, and attract new students;

WHEREAS: Communication and collaboration with the University of Alaska will strengthen Alaska's Native Corporations and their shareholders—enhancing competitive capacity while increasing opportunities in high demand occupations in Alaska—as well as enrich the University of Alaska and its programs and services;

NOW THEREFORE BE IT RESOLVED that the Association recognizes the importance of education for our people and supports development of classes, programs and a better working relationship with the University of Alaska; and

BE IT FURTHER RESOLVED that the Association supports the formation of an Alaska Native Education and Research Council, which will:

- Develop—in partnership with the President of the University of Alaska—a program that identifies, prioritizes, and supports such activities as vocational and technical training, university academic curriculum, research, community outreach, endowed chairs, and other mutually determined activities that would meet the needs and serve the interests of the Alaska Native Corporations and the University;
- Provide funding in support of the program developed above; and
- Annually evaluate program progress and reprioritize activities as appropriate.

BE IT FURTHER RESOLVED that the following are examples of the activities that could be developed to promote current and future programs, classes, and an environment to enhance education of our Alaska Native people:

- A series of courses and areas of ANCSA emphasis within the University of Alaska's business management and public administration programs, including but not limited to MBA or MPA degree programs;
- Focused outreach programs using innovative technologies that improve student readiness for success in higher education and in their subsequent careers;
- Possible short courses for contracting (tribal and 8a and others);
- Degree completion and executive programs designed for working people which recognize academic credit for professional experience;
- Programs that support Alaska Native arts, culture, history, and languages;
- Facilities for housing ANCSA papers and historic documents;
- Endowed faculty chairs;
- Conferences for the exploration of the role of Alaska Natives in Statehood; and
- Research on the economic impact of ANCSA Corporations.

ADOPTED AND DATED December 17, 2008.

Board of Directors
ANCSA Regional Association

President

12/22/2008
Date

ALASKA NATIVE REGIONAL CORPORATIONS
HIGHER EDUCATION PRIORITIES
AUGUST 2009

Evaluation Criteria

- responding to ANC workforce needs
- strengthening ANC management and governance
- contributing to shareholder success
- increasing broader knowledge about ANCs
- serving ANC cultural interests
- maximizing impact through use of technology and other means

Project	Description	Priority
ANCSA course - web based	Inform students about ANCSA, increase visibility of ANCs • Content would include history, culture, politics, economics • Modify existing, already approved course • Preferably web-based, self-paced with rich content (video, archive documents) • Could be targeted to enrolled students or new employees of ANCs	**HIGH**
ANCSA course – GER	Inform students (degree seeking or not) about ANCSA, increase visibility of ANCs • Content would include history, culture, politics, economics • Face to face course, could be used as a General Education Requirement (GER) • Would expose a large number of undergraduates to ANCs	**HIGH**
Increase tax credit	Diversify funding, increase private funding, strengthen partnerships, increase exposure • Current tax credit value maximized at contribution of $150,000 • Increase tax credit to 50% of contribution	**HIGH**
Executive MBA	Enable working professionals to obtain MBAs without interrupting career or family life. Top business schools in the nation offer Executive MBA programs, which feature: • Top quality curriculum and faculty • A cohort model, resulting in high student success and career long networks • Schedule designed for working people • Use of guest faculty and practitioners, providing real world perspectives and networking opportunities	**HIGH**
ANCSA conferences	Expand knowledge of ANCSA history, issues, impacts, and opportunities • ANC leaders and scholars can provide learning opportunities for students and the broader public • UA scholars and students can use as forums for presentation and later publication • ANCs receive recognition, become familiar to students and potential employees	**HIGH**
High School outreach camps	Build on highly successful pre-college summer programs (RAHI, ANSEP) • Offer dual credit with high schools • Possibly link with sports programs and internships	**HIGH**
Self-paced develop-mental courses	Improve student preparedness and success through IT enabled self-paced courses • Faculty design courses for delivery in learning centers with long hours accessible to high school students (dual credit), working people, etc., through self-paced on-line technology, with advanced students serving as on-site course guides • Highly successful examples have improved student performance and reduced cost	**MEDIUM**
Alaska Native Arts	Expand course and program offerings • Focus on development of high value arts and crafts • Support the development of new accomplished Native artists	**MEDIUM**
Short courses for ANCs and tribes	Provide highly practical short training programs, e.g., grant writing and 8(a) • Could be delivered on-site • Tailored to each company's specific needs and interests	**MEDIUM**

ALASKA NATIVE REGIONAL CORPORATIONS
HIGHER EDUCATION PRIORITIES
AUGUST 2009 (2)

Project	Description	Priority
Political support	Provide support for University system priorities • State budget: program funding • Land grant legislation	MEDIUM
Cooperative education programs	Improve knowledge of employment opportunities for students and employers • E.g., UAF Management School has proposed a 4 year program in which students spend 3 full semesters with 3 different employers • Experience with employers is for credit and integrated with the academic program • Common in engineering and business programs	MEDIUM
Career Pathways	Show shareholders educational pathways for major job groups for each ANC • University staff will take occupational data from each ANC, focus on high demand job categories and create educational pathway materials • Materials can be distributed widely to shareholders and others about the tracks, in terms of education and training needed, increasing number of prepared applicants • Can be used as an effective advising tool to prepare shareholders for existing jobs	MEDIUM
ANCSA CEO in residence	Provide students and faculty insights on leadership of ANCs • CEO would be available for a certain time period (semester or year) • CEO would visit classes, make presentations, advise faculty and mentor students • CEO could be interviewed for ANCSA and/or ANC corporate history	MEDIUM
Visiting lecturers	Support visits of experts to campus • Bring new/outside perspectives to campus, students, and faculty • Draw members of the community onto campus	MEDIUM
Board of Directors' training	Strengthen leadership capabilities of board directors (Profit and non-profit) • UA experts provide training in fields such as governance, finance, strategy, human resources	MEDIUM
Histories of ANCSA Leaders and Corporations	Make available histories of ANCSA leaders for use in curriculum, research • University faculty and students would conduct and record interviews- likely in high definition video • Text, video, etc., could be used in web-based and face to face classes • Way to formally preserve history for future generations of shareholders, teachers and historians	MEDIUM
Collection of historic documents, images	Collect, preserve and archive papers and images of early land claims battles and development of the corporations • Collect this material before it is lost • Reposited in designated sections of libraries which create visibility for the collections	MEDIUM
Support Alaska Native Scholars	Provide support for Alaska Natives who are pursuing academic excellence in their disciplines • Increases the number of Alaska Natives with advanced degrees • Strengthens diversity among the faculty	MEDIUM
Provide scholarships in selected fields	Create an educated workforce in areas of importance to the ANCs • Provide funding in targeted fields, those of high priority to the ANCs • Flexible in terms of funding, from an annual contribution to an endowment • Can change fields as ANC needs change • Supports connection between scholarship and UA	MEDIUM
Facility purchase, construction, operation	Provide facilities (building, lecture halls, galleries, conference rooms, residence halls, labs) • Funding to provide facilities would support added capacity, services • Would provide alternative to public funding • Would provide opportunity for naming, outreach	LOW
Endow faculty chairs	Establish faculty positions with stable funding insulated from competing funding pressures • UA has very few compared to other universities • Provide funding stability, earnings off invested principal • Can be set up as a term appointment (1 year, 3 years, 5 years) • $4-5 million (approx, depending on academic field) required to establish	LOW

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/22/10

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: _____

Education Committee considered SENATE BILL NO. 236

SB 236 TAX CREDITS FOR EDUCATIONAL CONTRIBUTIONS

"An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes or for a college facility; and providing for an effective date."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB 236 (EDC)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[✓] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
REV	2/4/10		✓		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	DAVIS	X			
	Huggins	X			
CO-CHAIR:	Meyer	✓			
CO-CHAIR:	Thomas	✓			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB236**
() Publish Date:

Identifier (file name): SB236-REV-TAX-02-04-10
Dept. Affected: Revenue
Title: Tax Credits for Educational Contributions
RDU: Taxation and Treasury
Component: Tax Division
Sponsor: (EDC) Education
Requester: Co-Chairs (S)EDC
Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )	**0.0**	**0.0**	***	***	***	**0.0**	**0.0**

0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

See Attached

Prepared by: Tim Harper, Economist III/Johanna Bales, Deputy Director — Phone (907) 269-1020
Division: Tax Division — Date/Time 2-4-10; 12:55pm
Approved by: Ginger Blaisdell, Director — Date 2-4-10; 1:16pm
Administartive Services Division

(Revised 11/6/2009 OMB)

2022

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. SB 236

ANALYSIS CONTINUATION

Bill Language:

This bill increases the amount taxpayers who are currently eligible under AS 21.89.070, AS 21.89.075, AS 43.56.018, AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, and AS 43.77.045 can take for education credits. Currently, taxpayers who meet the qualifications in the statutes are limited to $150,000 in credits on the first $200,000 in contributions. This bill would remove the cap on credits . All additional contributions in excess of $200,000 would be eligible for a 50% tax credit.

The intent of this bill is to provide increased contributions to qualifying higher education institutions by removing the credit cap currently in place.

Revenues:

Revenues to the State of Alaska would decline if companies increase their contributions to qualifying higher education institutions. The amount of decline cannot be determined at this time, because it is impractical and impossible to speculate on taxpayer behavior in taking advantage of this credit.

For example: if corporations were to contribute $100 million to a college, 50% of that donation would be a tax credit thereby reducing the state's general fund by $50 million. As the bill is written currently, there is no limit on the contribution amount.

The maximum decline in revenues the SOA could expect is the loss of all Petroleum Production and Property Taxes, all Corporate Income Taxes, all Fisheries Business Taxes, all Fisheries Landing Taxes, all Mining License Taxes, and all Insurance Taxes. In FY 2009 these taxes totaled $3,910,000,000. Forecasted revenues for these taxes in FY 2010 and FY 2011, are $2,866,000,000 and $3,281,000,000 respectively. This legislation would become effective for tax years beginning January 1, 2011. Therefore this credit would be allowed against tax liabilities due beginning in fiscal year 2012. In addition, the legislation provides that only contributions made prior to January 1, 2014 would be allowed as a credit. Therefore, the effects of this legislation would run through fiscal year 2014. Projected maximum revenue losses for fiscal years 2012 through 2014 are based on forecasted revenues for fiscal year 2011.

Expenditures:

The provisions of this bill can be implemented using existing resources.

2023

SB

237

Senator Lyman Hoffman

Alaska State Legislature

Sponsor Statement for SB 237

This proposed legislation addresses the way in which Alaska funds school construction for both REAA's and Municipal districts.

In 2001, Alaska courts ruled in Kasayulie vs. State of Alaska that the process by which REAA schools are funded in Alaska is significantly different than the process used for funding schools in municipal districts. The court further said that, as a result of this difference, funding for REAA schools has been arbitrary and inadequate.

While municipal districts are able to access the debt service program which is described in statute, the funding for REAA school construction has not been clear. Because funding depends upon legislative appropriation, there is uncertainty from year to year as to how much money will be available. This uncertainty makes construction planning difficult for both the REAA school districts and the Department of Education.

This legislation proposes to remedy this situation by creating a stream of funding that can be used for REAA construction. This funding is based on the amount of debt outstanding for municipal schools, adjusted by the amount of money spent on REAA schools and by the percent of students who attend these schools. This methodology provides a reasonable, consistent level of funding to be used for REAA school construction and moves the State along the road to addressing concerns raised in the Kasayulie case.

Additionally, the legislation provides that a fund be established into which the proceeds from this mechanism can be deposited. However, to assure that excess dollars cannot accumulate in this account, the balance of the fund is limited to $100,000,000. Also, the legislation assumes that a project must meet all current Department of Education approvals before becoming eligible to use money from this account.

This legislation also changes the State's debt reimbursement program for municipal school construction. Current law establishes the debt reimbursement to municipal districts for outstanding bonds at 70 percent and time limits for that reimbursement. Consequently, every few years, the statute needs amending to continue the program. This creates uncertainty among school district planners. The committee substitute lessens uncertainty by eliminating a date certain when the 70 percent reimbursement will sunset.

Senate District S
Senator_Lyman_Hoffman@legis.state.ak.us

Position Statement 09-5

Funding Bond Debt Reimbursement and the Capital Improvement Program

The Alaska Council of School Administrators supports the continuation of the current level of 60% and 70% debt reimbursement of voter-approved bonds, and supports the development of a process to equitably address the need of school districts unable to bond locally.

- A reduction in the payment schedule from the State of Alaska will adversely affect budgets and promises made to taxpayers at an extremely challenging economic time.
- The planning of construction projects and major maintenance efforts were carefully considered with anticipated budget information secured from a variety of sources, including the State of Alaska.
- The public was informed that local and statewide bond efforts would receive state repayment support.

Adopted by the Alaska Council of School Administrators
October and December 2009

Position Statement 09-14

DEED Audit of All Alaskan School Buildings

The Alaska Council of School Administrators urges the Legislature to fund a statewide audit of all school facilities to accurately assess which school buildings must be replaced or renovated in three, five and ten years.

- A building audit would provide the Legislature and Governor with accurate data on the state of school buildings throughout Alaska, including anticipated and immediate needs.

- The audit should focus on the expectation that all school facilities in Alaska are maximally energy-efficient and provide safe, healthy learning environments.

Adopted by the Alaska Council of School Administrators (AASA, AAESP and AASSP) October 2009

State of Alaska
Department of Education and Early Development
Capital Improvement Projects (FY 2011)
School Construction Grant Fund (Top 11 Projects)

Reconsideration List

Summary with Student Capacity Data

Reconsideration Priority	Initial Priority	District	Project Name	Year Constructed	School Student Capacity	Current ADM	Number of Students*	District Request	Eligible Amount	Department Recommended	District Share	State Share
1	1	Lower Yukon	Alakanuk K-12 School Replacement	1974/2003	111	219	300	$47,394,170	$47,394,170	$47,394,170	$947,883	$46,446,287
2	2	Lower Kuskokwim	Kipnuk K-12 School Renovation / Addition	1990	70	209	241	$56,344,082	$50,841,480	$50,841,480	$1,016,830	$49,824,650
3	3	Lower Kuskokwim	Kwigillingok K-12 School Renovation / Addition	1979/1987	55	114	124	$39,128,740	$32,750,467	$32,750,467	$655,009	$32,095,458
4	4	Lower Kuskokwim	Napaskiak K-12 School Replacement[#]	1973/1978/1984	77	161	206	$40,921,255	$33,586,431	$33,586,431	$671,729	$32,914,702
5	5	Lower Yukon	Emmonak K-12 School Renovation/Addition	1993/1975	143	231	231	$28,898,799	$39,990,445	$39,990,445	$799,809	$39,190,636
6	6	Lower Kuskokwim	Kuinerramiut Elitnaurviat K-12 School Renovation/Addition, Quinhagak[#]	1981/1986	90	212	259	$31,160,414	$31,160,414	$31,160,414	$623,208	$30,537,206
7	7	Northwest Arctic	Kivalina K-12 Renovation/Addition[#]	1976/1984	75	107	109	$15,414,491	$15,414,491	$15,414,491	$4,624,347	$10,790,144
8	8	Lower Kuskokwim	Kwethluk K-12 School Replacement	1981/1986	143	250	293	$50,489,918	$45,445,163	$45,445,163	$908,903	$44,536,260
9	9	Southwest Region	Koliganek K-12 School Replacement[*,#]	1959/1979/1981	75	51	51	$26,311,134	$22,802,662	$22,802,662	$456,053	$22,444,609
10	10	Lower Kuskokwim	Nightmute K-12 School Renovation / Addition	1980/1984	53	92	132	$33,913,215	$23,770,075	$23,770,075	$475,401	$23,294,674
11	11	Kuspuk	Auntie Mary Nicoli Elementary School Replacement, Aniak[*,#]	1930/1955/1979/1973/1993	111	63	64	$12,363,060	$12,363,060	$12,363,060	$247,261	$12,115,799
			Totals for top 11 projects on the FY2011 School Construction CIP List					$392,339,278	$355,618,858	$355,618,858	$11,428,433	$344,190,425
			Totals for all 35 projects on the FY2011 School Construction CIP List					$475,961,552	$437,939,547	$437,939,547	$26,296,398	$411,643,149

* Projected at 5 year Post Occupancy
# Reused FY2010 data
+ Eligible Space Reduced

Kivalina K-12 Renovation/Addition adds 9,100 square feet of new space in order to address moderate overcrowding. The school has also demonstrated significant life/safety and health issues including no fire protection, no sewage lagoon for waste discharge (waste is discharged directly into the surf adjacent to the school), a leaking roof with suspected structural damage and/or rot. All plumbing and mechanical systems have exceeded their useful life and are in need of replacement, and the interior finishes are significantly aged and worn and in need of replacement. The Corps of Engineers is currently working on a shoreline protection project that is designed to protect the school property from additional erosion for the next 15-20 years. The district considered relocation, but due to land constraints in the village, there are no other locations available that could reasonably accomdate an new school facility.

Koliganek K-12 School Replacement does not add space due to overcrowding, but has demonstrated significant life/safety and health issues inlcuding no fire protection, moisture infiltration, a leaking roof that continues to leak despite repeated repairs, differential foundation movements due to several different years of construction, mechanical and electrical sysytems that no longer meet functional or code requirements, and environmental health issues including lead and asbestos.

Auntie Mary Nicholi Elementary School Replacement, Aniak does not add space due to overcrowding, but has demonstrated significant life/safety and health issues including a deteriorating foundation and differential settling, moisture and mold infiltration, a sewage lift station in the basement beneath the food preparation area and which floods often and containes no

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

THIRD JUDICIAL DISTRICT

WILLIE & SOPHIE KASAYULIE, et al.,

Plaintiff,

vs.

STATE OF ALASKA,

Defendant.

Case No. 3AN-97-03782 CIV

FILED
In chambers of
Superior Court
Judge John Reese
12/7 2001
State of Alaska
Third Judicial District
at ANCHORAGE

ORDER

The state has moved to reopen the rural school facilities funding order of this court, citing a "mistake of law" made in its prior briefing. Specifically, the state argues that its prior briefing did not present the court with information about prior appropriations made for rural school construction and maintenance.

The court has carefully reviewed the supplemental briefing and the exhibits. They show that the State of Alaska has failed to fund the C.I.P. program, to follow the legally established funding priorities in the projects it did fund, or to allocate available school facility construction and maintenance funds in a non discriminatory way. The prior findings of this court are well supported in the record, and reinforced by the new filings.

Procedure.

The States motion is a Civil R. 60(b) motion premised on a "mistake of law". The State's failure to present a more detailed funding history certainly is not a mistake of law, nor in the final analysis was it a mistake in tactics.

However, the gravity of the issues involved requires that the litigants have every opportunity to fully air their claims and defenses, even if it appears superficially to excuse tactical decisions or legal mistakes. The rules of procedure are designed to do justice, and justice requires the State to be allowed a reasonable opportunity to test a new defense, to use

different counsel, and perhaps even to craft its litigation strategy in a way to satisfy political pressures. Civ R.94 will be applied to relax the application of Rule 60(b) and Civ.R. 77 (I), and to allow the State its second bite at the apple.

Analysis:

The fundamental facts presented in the new briefing are how much money the State spent over the last 20 years or so on rural school facility funding. The State argues that since it spent hundreds of millions of dollars on rural school facilities, this courts findings of equal protection and civil rights violations was incorrect.

What this court found was that the systems for school facility funding, the C.I.P. for rural schools and the bond reimbursement program for districts with a tax base, have not been applied in a sufficiently even handed way to avoid constitutional and federal civil rights condemnation.

The C.I.P. program was established in 1990. Rural school per capita capital expenditures for FY 91, 92, 93 and 94, were roughly equal to the bond reimbursed urban expenditures, even though rural construction and maintenance costs exceed urban by a very large factor. In the six fiscal years prior to this court's order, the legislature chose to fund rural school construction at $30 or less per student four times, and at zero twice:

Fiscal Yr.	C.I.P.	Urban
95	-0-	869
96	30	724
97	389	627
98	24	581
99	1998	1009
00	-0-	556

After this court's order, the 2000-2001 fiscal year per capita funding for rural schools jumped to $6,200 versus $476 for urban schools. The State's brief claims this change was a result of the court's order, pressure from the governor, and the good faith of the legislature.

The court has no reason to doubt this, but there remains the flawed dual funding system that allowed the prior problems. The urban districts get 70% of their funding for schools reimbursed by the State. The rural districts get whatever the legislature chooses to give them.

The bond reimbursement program is automatic. The rural funding is political, and has been arbitrary, inadequate and racially discriminatory. Education health and safety of our youth have suffered. The dignity of our fellow citizens has suffered. The respect for public officials has suffered. The racial divisions in our state are further aggravated.

The media has reported legislators' comments on this issue: "It is cheaper to build a school in Homer than the bush", "There is only so much money to go around." These are absolutely true statements, of course - but they illustrate the fundamental legislative mistakes: We are constitutionally required to provide education on a substantially equal basis to all children, including rural mostly Native children, even if it costs more in the rural areas. As we spend the money available, we cannot spend it on urban, mostly non Native children first, and then say there is not enough to go around.

The present dual funding system is constitutionally flawed in form, and application. Civ.R. 54(b).

Plaintiffs ask the court to enter a final order, and to require specific funding to correct the prior errors of the legislature. This court does have the power to require remedial action, within the limitations of separation of power, but would do so only with great reluctance.

The spending of the wealth of Alaska is for the legislature to manage, within the constitutional and federal limits. Legislation takes time, and school funding is expensive and complex. This court is not prepared to say the legislature will not, within a reasonable time, create a constitutionally proper system of funding, nor is this court prepared at this time to say the legislature will not, in the mean time, provide adequate remedial and ongoing capital funding for rural schools, in light of the FY 01 appropriation.[1]

---

[1] This court is, however, concerned that the priorities established through the legislatively mandated process have not been followed even in the FY 01 funding. Urban school districts choose their capital plans, and the reimbursement law carries it out. The priority setting by the Department of Education is a surrogate for the rural districts choices. There is no inherent problem with this representative arrangement, but if the priorities are ignored, it leaves the rural districts, and the parents and children they represent, " out of the loop," effectively

What the legislature creates, and what is developed in the other parts of this litigation, will result in a comprehensive resolution. It should be done together, and therefore a Civ- R. 54 (b) partial final judgment will not be entered at this time. However, should progress be thwarted, or the good faith efforts of the players be successfully challenged, specific orders will be issued.

DATED this 27th day of March, 2001, at Anchorage, Alaska.

John Reese
Superior Court Judge

I certify that on 03-27-01
a copy of the above was mailed to
each of the following at their
addresses of record:
H. Trickey, C, Middleton.
B. Bjorkquist, AGO

Marie Suazo mo.
Secretary

disenfranchised. Considering the impermissible racial impact of the prior funding choices made by the legislature, to deprive the rural children of even the indirect voice of the priority list seems to be treading on pretty thin legal ice. Endorsement of the priorities would seem to be a much better policy.

Alaska Department of Education and Early Development
School Construction and Major Maintenance funding last 20 years
Grants and Debt Reimbursement funded projects
Prepared 3/29/10

	REAA			City/Borough	
Year	Funding	# of projects		Funding	# of projects
1990	$4,115,500	16		$5,331,154	22
1991	$17,590,300	13		$268,000	1
1992	$17,594,700	17		$16,151,500	7
1993	$14,770,400	7		$52,815,700	8
1994	$38,829,471	35		$154,832,003	65
1995	$0	0		$158,935,000	17
Subtotal 1990-1995	**$92,900,371**	**88**		**$388,333,357**	**120**
1996	$400,000	2		$10,641,550	3
1997	$5,322,300	3		$66,294,985	16
1998	$336,720	1		$4,335,864	4
1999	$27,962,208	27		$338,292,184	71
2000	$0	0		$10,250,000	1
Subtotal 1996-2000	**$34,021,228**	**33**		**$429,814,583**	**95**
10yr Sub-total	**$126,921,599**	**13.43%**		**$818,147,940**	**86.57%**
2001	$88,725,178	5		$86,599,657	33
2002	$75,824,359	28		$114,686,707	36
2003	$140,182,852	32		$427,372,247	49
2004	$814,738	3		$117,978,054	46
2005	$5,839,787	11		$162,541,971	18
Subtotal 2000-2005	**$311,386,914**	**79**		**$909,178,636**	**182**
2006	$67,494,522	22		$78,422,984	21
2007	$82,268,165	21		$146,242,068	23
2008	$127,180,513	13		$124,868,261	20
2009	$139,127,653	12		$83,397,904	22
2010	$20,918,597	8		$40,374,884	17
Subtotal 2005-2010	**$436,989,450**	**76**		**$473,306,101**	**103**
10yr Sub-total	**$748,376,364**	**35.12%**		**$1,382,484,737**	**64.88%**
Total REAA	**$875,297,963**	**276**	**Total City/Borough**	**$2,200,632,677**	**500**

SB 237 Funding Formula =
Outstanding debt x proxy % .28 x % of REAA students.

REAA School Construction - past 10 years: 2001-2010	$ 543,645,894	
FY11 REAA Projects	$ 344,190,425	
Total REAA Funding - incl FY11	$ 887,836,319	
Outstanding School Constr. Debt	**$ 1,230,933,627**	
Less Total REAA Funding	$ (887,836,319)	
Funding Differential	$ 343,097,308	
differential % muncipal vs REAA	**27.87%**	
Based on FY09		
Average Daily Student Count Total	128,380	baed on FY09
Average Daily Student Count REAA	14,208	
% of REAA students	**11%**	
SB 237 Formula =		
Outstanding Debt (variable)	**$ 1,230,933,627**	
x differnetial % 'proxy' (constant)	**28.00%**	
x % of REAA students (variable)	**11%**	
	$ 37,912,755.71	

Submitted by JAY Livey
OFFICE OF SEN. LYMAN HOFFMAN
4-7-2010

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AMENDMENT #1

OFFERED IN THE HOUSE
TO: CSSB 237(FIN)

by Thomas

Page 1, line 2, following "**areas**":
Insert "**and city school districts in the unorganized borough**"

Page 2, lines 7 - 8:
Delete "**regional educational attendance areas**"
Insert "**the unorganized borough**"

Page 2, line 10:
Delete "that is a regional educational attendance area"
Insert "in the unorganized borough"

Page 2, line 12, following "AS 14.11.005 - 14.11.020":
Insert "and for which sufficient bond funding is unavailable"

Page 2, following line 17:
Insert a new subsection to read:

"(c) The department shall determine for each school district that is in the unorganized borough whether the district has the bonding capacity necessary to finance construction of a project approved under AS 14.11.005 - 14.11.020. If the department determines that sufficient bond funding is unavailable to the district, the project may receive a grant under this section."

Page 2, line 18:

Delete "**Regional educational attendance area school fund**"

Insert "**Fund for school construction in the unorganized borough**"

Page 2, line 19:

Delete "regional educational attendance area school fund"

Insert "fund for school construction in the unorganized borough"

Page 2, lines 21 - 22:

Delete "regional educational attendance areas"

Insert "the unorganized borough"

Page 2, line 25:

Delete "$100,000,000"

Insert "$120,000,000"

Alaska Department of Education and Early Development
Capital Improvement Projects (FY2011)
School Construction Grant Fund

Total Points - Objective and Subjective
Final List

Pri. #	School District	Project Name	School Dist Rank	Weight Avg Age	Prev. 14,11 Fund	Plan and Design	Avg Expend Main	Un-Housed Today	Un-housed 7 Years	Type of Space	Survey and Apprai	Maint Labor	Maint Type	Maint Mgt	Energy Mgt	Cond Pgm	Maint Train	Capital Plan	Emer-gency	Adeq Dec	Life/Safety and Code Conditions	Exist-ing Space	Cost Esti-mate	Proj vs Oper Cost	Alter-na-tives	Op-tions	Total Points
1	Lower Yukon	Alakanuk K-12 School Replacement	30.00	16.67	0.00	20.00	2.20	38.74	30.00	23.30	10.00	15.00	10.00	3.67	3.33	3.33	3.33	4.33	0.00	25.00	21.00	25.33	21.33	12.00	4.67	16.67	339.92
2	Lower Kuskokwim	Kipnuk K-12 School Renovation / Addition	30.00	4.64	0.00	20.00	3.71	50.00	30.00	24.38	10.00	15.00	10.00	5.00	5.00	4.00	4.67	4.33	0.00	23.67	15.33	30.00	19.67	7.00	4.33	15.67	336.40
3	Lower Kuskokwim	Kwigillingok K-12 School Renovation / Addition	27.00	9.34	0.00	20.00	3.71	33.97	25.09	23.42	10.00	15.00	10.00	5.00	5.00	4.00	4.67	4.33	0.00	23.67	17.33	21.67	20.00	7.00	4.33	18.00	312.53
4	Lower Kuskokwim	Napaskiak K-12 School Replacement	24.00	9.32	0.00	10.00	3.71	36.21	30.00	23.99	10.00	15.00	10.00	5.00	5.00	4.00	4.67	4.33	0.00	21.33	9.67	22.33	18.67	3.00	4.33	18.33	292.90
5	Lower Yukon	Emmonak K-12 School Renovation/Addition	27.00	8.15	0.00	20.00	2.20	20.60	12.36	25.66	10.00	15.00	10.00	3.67	3.33	3.00	3.33	4.33	0.00	23.33	20.00	16.33	18.00	10.67	4.67	17.33	278.97
6	Lower Kuskokwim	Kuinerramiut Elitnaurvat K-12 School Renovation/Addition, Quinhagak	3.00	8.63	0.00	10.00	3.87	38.09	30.00	22.69	10.00	15.00	10.00	5.00	4.67	3.67	4.00	4.67	0.00	20.67	13.67	23.67	18.67	6.00	4.00	16.00	275.95
7	Northwest Arctic	Kivalina K-12 Renovation/Addition	30.00	14.68	0.00	20.00	4.40	14.42	9.20	22.13	10.00	15.00	10.00	3.33	4.67	3.33	3.33	4.33	0.00	20.67	18.33	13.67	18.00	9.33	3.33	10.67	262.82
8	Lower Kuskokwim	Kwethluk K-12 School Replacement	21.00	8.22	0.00	10.00	3.71	24.73	20.86	22.53	10.00	15.00	10.00	5.00	5.00	4.00	4.67	4.33	0.00	17.67	15.00	20.67	16.67	3.33	4.33	14.33	261.06
9	Southwest Region	Koliganek K-12 School Replacement	30.00	29.69	0.00	20.00	2.39	0.00	0.00	24.03	10.00	15.00	10.00	4.33	4.33	4.67	4.33	3.67	0.00	24.00	19.00	6.00	19.33	5.67	2.67	20.67	259.79
10	Lower Kuskokwim	Nightmute K-12 School Renovation / Addition	6.00	3.98	0.00	10.00	3.71	24.73	29.87	23.39	10.00	15.00	10.00	5.00	5.00	4.00	4.67	4.33	0.00	17.33	12.33	23.33	17.00	4.67	4.33	13.67	252.36
11	Kuspuk	Auntie Mary Nicoli Elementary School Replacement, Aniak	30.00	30.00	0.00	0.00	4.23	0.00	0.00	24.19	0.00	10.00	10.00	2.33	2.33	2.00	2.67	2.00	6.67	11.67	17.67	14.67	8.00	9.00	3.00	9.67	201.09
12	Northwest Arctic	Districtwide Clock Upgrade	27.00	1.18	0.00	30.00	4.40	0.00	0.00	0.00	5.00	15.00	10.00	3.33	4.67	3.33	3.33	4.33	0.00	17.00	1.67	3.67	22.00	23.33	3.67	10.33	193.25
13	Craig City	Craig Schools Alternative Wood Heat Project, Recovery Of Funds	30.00	11.57	0.00	30.00	1.85	0.00	0.00	0.00	0.00	15.00	10.00	2.67	2.67	2.67	2.00	2.00	0.00	20.67	0.00	0.33	21.67	24.00	3.00	11.33	191.42
14	Lake & Peninsula	Port Alsworth Classroom Addition	30.00	6.04	0.00	0.00	2.70	8.21	25.62	29.07	0.00	15.00	0.00	3.67	3.33	2.33	3.00	3.33	0.00	13.00	3.00	19.67	12.67	2.33	1.67	6.00	190.65
15	Galena	Galena Regional Learning Center Iditarod Classroom Conversion	27.00	6.50	0.00	20.00	5.00	0.00	0.00	21.29	10.00	15.00	10.00	2.67	4.67	3.67	2.33	2.33	0.00	15.67	9.67	4.67	17.33	1.33	3.33	7.00	189.46
16	Kuspuk	Johnie John Sr. K-12 Replacement School, Crooked Creek	27.00	11.00	0.00	0.00	4.23	4.88	7.15	26.39	0.00	10.00	10.00	2.33	2.33	2.00	2.67	2.00	5.33	10.67	8.67	13.33	12.67	6.67	2.67	9.33	181.33
17	Northwest Arctic	Buckland Heating System Improvements	24.00	1.60	0.00	10.00	4.40	0.00	0.00	0.00	10.00	15.00	10.00	3.33	4.67	3.33	3.33	4.33	0.00	17.33	3.00	1.67	15.33	21.67	2.00	11.33	166.33
18	Anchorage	Mears Middle School & Huffman Elementary Paving and Site Circulation	21.00	10.58	0.00	20.00	4.65	0.00	0.00	0.00	5.00	15.00	10.00	5.00	5.00	4.33	4.67	4.67	0.00	21.00	3.67	2.00	15.33	1.33	2.00	10.67	165.90
19	Saint Marys	Playground Equipment Replacement	21.00	21.25	0.00	0.00	1.23	0.00	0.00	0.00	10.00	15.00	10.00	4.00	3.67	3.00	3.00	3.67	0.00	14.00	6.67	1.67	14.33	1.33	4.00	10.00	147.82

Alaska Department of Education and Early Development
Capital Improvement Projects (FY2011)
School Construction Grant Fund

Total Points - Objective and Subjective
Final List

Pri #	School District	Project Name	School Dist Rank	Weight Avg Age	Prev. 14.11 Fund	Plan and Design	Avg Expend Main	Un-Housed Today	Un-housed 7 Years	Type of Space	Survey and Apprai	Maint Labor	Maint Type	Maint Mgt	Energy Mgt	Cust Pgm	Maint Train	Capital Plan	Emer-gency	Adeq Dec	Life/Safety and Code Conditions	Exist-ing Space	Cost Esti-mate	Proj vs Oper Cost	Alter-na-tives	Op-tions	Total Points
20	Mat-Su Borough	Iditarod Elementary School Interior Renovation	9.00	6.81	0.00	0.00	2.45	0.00	7.32	24.14	0.00	15.00	10.00	4.33	5.00	3.00	3.33	4.33	0.00	12.33	8.33	8.00	13.00	1.00	1.67	8.67	147.72
21	Southeast Island	Kassan K-12 Covered Physical Education Area	15.00	11.02	0.00	0.00	2.57	0.00	0.00	15.00	5.00	15.00	10.00	3.33	3.67	4.00	4.00	3.67	0.00	13.00	0.00	14.33	13.00	0.00	2.00	10.00	144.58
22	Kenai Peninsula	Districtwide Asphalt Repairs	18.00	26.54	0.00	30.00	2.75	0.00	0.00	0.00	0.00	10.00	10.00	2.67	5.00	4.33	3.67	3.67	0.00	7.33	1.67	0.00	7.67	2.33	0.33	6.00	141.96
23	Annette Island	Metlakatla Schools Track and Field Construction	18.00	30.00	0.00	0.00	1.82	0.00	0.00	0.00	5.00	15.00	10.00	3.67	3.67	3.33	4.33	3.33	0.00	14.00	1.33	3.00	11.33	1.67	3.00	9.33	141.82
24	Valdez City	Districtwide Technology Upgrades	24.00	15.02	0.00	10.00	2.94	0.00	0.00	0.00	0.00	15.00	10.00	4.33	4.67	3.00	3.00	0.67	0.00	14.67	2.67	0.00	12.00	7.67	0.33	11.00	140.96
25	Mat-Su Borough	Mat-Su Day School New Construction	3.00	4.89	0.00	0.00	2.45	0.00	2.77	21.55	0.00	15.00	10.00	4.33	5.00	3.00	3.33	4.33	0.67	11.00	3.67	10.67	13.00	1.00	1.67	8.67	130.00
26	Juneau City Borough	Floyd Dryden Middle School Covered Play Area & Dzantik'i Heeni Middle School Trail Addition	24.00	7.03	0.00	0.00	3.00	0.00	0.00	15.00	0.00	15.00	10.00	4.67	4.67	5.00	3.33	4.00	0.00	8.00	0.00	1.67	5.33	0.00	2.67	8.00	121.36
27	Petersburg City	Districtwide Boiler Upgrades	30.00	30.00	0.00	0.00	1.22	0.00	0.00	0.00	5.00	5.00	5.00	1.67	2.00	1.33	1.33	0.33	0.00	10.00	2.67	0.00	13.33	3.67	1.00	4.00	117.56
28	Mat-Su Borough	Talkeetna Elementary School Playground Equipment Replacement	0.00	5.07	0.00	30.00	2.44	0.00	0.00	0.00	0.00	15.00	10.00	2.67	5.00	3.33	3.33	3.33	0.00	10.67	2.00	0.00	12.00	2.00	1.33	7.00	115.17
29	Mat-Su Borough	Meadow Lakes Elementary School Playground Equipment Replacement	0.00	0.00	0.00	30.00	2.44	0.00	0.00	0.00	0.00	15.00	10.00	2.67	5.00	3.33	3.33	3.33	0.00	11.33	2.00	0.00	12.00	2.00	1.33	7.00	110.77
30	Mat-Su Borough	Colony High School Chalk Boards Replacement	0.00	5.75	0.00	30.00	2.44	0.00	0.00	0.00	0.00	15.00	10.00	2.67	5.00	3.33	3.33	3.33	0.00	8.67	1.00	0.00	12.00	0.00	1.33	6.33	110.19
31	Juneau City Borough	Juneau School District Site / Safety / Security Improvements	27.00	8.94	0.00	0.00	3.00	0.00	0.00	0.00	0.00	15.00	10.00	4.67	4.67	5.00	3.33	4.00	0.00	7.67	2.33	0.00	7.00	0.00	0.00	0.00	102.61
32	Mat-Su Borough	Track And Field Renovation, 3 Schools	0.00	10.58	0.00	0.00	2.44	0.00	0.00	0.00	0.00	15.00	10.00	2.67	5.00	3.33	3.33	3.33	0.00	9.67	5.67	1.00	9.33	6.00	2.00	8.33	97.68
33	Petersburg City	Districtwide Covered Sidewalks	6.00	30.00	0.00	0.00	1.22	0.00	0.00	10.00	5.00	5.00	5.00	1.67	2.00	1.33	1.33	0.33	0.00	8.67	1.67	0.00	10.00	1.67	1.33	0.33	92.56
34	Juneau City Borough	Districtwide Food Service Upgrades	9.00	8.03	0.00	0.00	3.00	0.00	0.00	0.00	0.00	15.00	10.00	4.67	4.67	5.00	3.33	4.00	0.00	7.33	0.00	1.33	5.00	1.67	0.00	6.67	88.69
35	Lower Yukon	Pilot Station K-12 School Access Road Remediation	18.00	0.00	0.00	0.00	2.20	0.00	0.00	0.00	0.00	15.00	10.00	3.67	3.33	3.33	3.33	4.33	0.00	10.00	4.67	0.00	6.33	0.00	0.00	3.67	87.87

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CS FOR SENATE BILL NO. 237(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE EDUCATION COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act establishing a formula and a fund for school construction grant funding for regional educational attendance areas; extending the deadline for authorizing school construction debt reimbursed by the state; and requiring a report from the commissioner of revenue."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE FINDINGS. The legislature finds that

(1) the Alaska Superior Court, Third Judicial District, in Kasayulie v. State of Alaska, Case No. 3AN-97-3782 (1999), determined that

(A) the method of funding capital projects for school construction and major maintenance does not provide rural schools with adequate or equitable funding opportunities; and

(B) while urban schools are adequately funded through existing

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mechanisms including bond debt, taxes, and appropriations, a comparable mechanism for funding rural schools does not exist;

(2) the mechanisms that currently exist in statute to provide construction funding to regional educational attendance areas have not resulted in sufficient funding for projects approved for those districts.

*** Sec. 2.** AS 14.11 is amended by adding new sections to read:

Sec. 14.11.025. State aid for school construction in regional educational attendance areas. (a) In addition to other appropriations and funding sources, the department shall annually provide grant funding from the fund established under AS 14.11.030 to a school district that is a regional educational attendance area in an amount determined under (b) of this section for a project approved under AS 14.11.005 - 14.11.020.

(b) The amount of money available each fiscal year for expenditure under (a) of this section shall be the outstanding debt amount required to be reimbursed by the state under AS 14.11.100, multiplied by 0.28, the product of which is to be multiplied by the percentage of students in the state enrolled in and attending a school located in a regional educational attendance area.

Sec. 14.11.030. Regional educational attendance area school fund. (a) The regional educational attendance area school fund is created as an account in the general fund to be used, in addition to other funding sources, to fund projects approved under AS 14.11.025 for the costs of school construction in regional educational attendance areas.

(b) Legislative appropriations, including appropriations of interest earned on the fund, shall be deposited in the fund established under this section. The fund balance may not exceed $100,000,000.

(c) Money appropriated to the fund does not lapse except to the extent money in the fund exceed the maximum fund balance specified in (b) of this section.

*** Sec. 3.** AS 14.11.100(a) is amended to read:

(a) During each fiscal year, the state shall allocate to a municipality that is a school district the following sums:

(1) payments made by the municipality during the fiscal year two years

earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred before July 1, 1977, to pay costs of school construction;

(2) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after June 30, 1977, and before July 1, 1978, to pay costs of school construction;

(B) cash payments made after June 30, 1976, and before July 1, 1978, by the municipality during the fiscal year two years earlier to pay costs of school construction;

(3) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after June 30, 1978, and before January 1, 1982, to pay costs of school construction projects approved under AS 14.07.020(a)(11);

(B) cash payments made after June 30, 1978, and before July 1, 1982, by the municipality during the fiscal year two years earlier to pay costs of school construction projects approved under AS 14.07.020(a)(11);

(4) subject to (h) and (i) of this section, up to 90 percent of

(A) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after December 31, 1981, and authorized by the qualified voters of the municipality before July 1, 1983, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are approved under AS 14.07.020(a)(11);

(B) cash payments made after June 30, 1982, and before July 1, 1983, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are approved under AS 14.07.020(a)(11); and

(C) payments made by the municipality during the current

fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are submitted to the department for approval under AS 14.07.020(a)(11) before July 1, 1983, and approved by the qualified voters of the municipality before October 15, 1983, not to exceed a total project cost of (i) $6,600,000 if the annual growth rate of average daily membership of the municipality is more than seven percent but less than 12 percent, or (ii) $20,000,000 if the annual growth rate of average daily membership of the municipality is 12 percent or more; payments made by a municipality under this subparagraph on total project costs that exceed the amounts set out in (i) and (ii) of this subparagraph are subject to (5)(A) of this subsection;

(5) subject to (h) - (j) of this section, 80 percent of

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality

(i) after June 30, 1983, but before March 31, 1990, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are approved under AS 14.07.020(a)(11); or

(ii) before July 1, 1989, and reauthorized before November 1, 1989, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are approved under AS 14.07.020(a)(11); and

(B) cash payments made after June 30, 1983, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $25,000 and are approved by the department before July 1, 1990, under AS 14.07.020(a)(11);

(6) subject to (h) - (j) and (m) of this section, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and

interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $200,000 and are approved under AS 14.07.020(a)(11);

(7) subject to (h) - (j) and (m) of this section, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality after March 31, 1990, but before April 30, 1993, to pay costs of school construction, additions to schools, and major rehabilitation projects;

(8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after July 1, 1995, but before July 1, 1998, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $200,000 and are approved under AS 14.07.020(a)(11);

(9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after July 1, 1998, but before July 1, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed $200,000 and are approved under AS 14.07.020(a)(11);

(10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1998, to pay costs of school construction, additions to schools, and major

rehabilitation projects that exceed $200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n) of this section;

(11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before January 1, 2005, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed $200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

(12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before January 1, 2005, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed $200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

(13) subject to (h), (i), (j)(2) - (5), and (p) of this section, and after projects funded by the tax exempt bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed $200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

(14) subject to (h), (i), (j)(2), (3), and (5), and (p) of this section, 60 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness

authorized by the qualified voters of the municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed $200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

(15) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 90 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed $200,000, are approved under AS 14.07.020(a)(11), meet the 10 percent participating share requirement for a municipal school district under AS 14.11.008(b), and are not reimbursed under (n) or (o) of this section;

(16) subject to (h), (i), and (j)(2) - (5) of this section, and after projects funded by the tax exempt bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after October 1, 2006, [BUT BEFORE NOVEMBER 30, 2010,] to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed $200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (o) of this section;

(17) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after October 1, 2006, [BUT BEFORE NOVEMBER 30, 2010,] to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed $200,000, are reviewed under AS 14.07.020(a)(11), and are not

reimbursed under (o) of this section.

*** Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORT ON STATE BOND RATING. The commissioner of revenue shall review the effect of AS 14.11.100(a), as amended by sec. 3 of this Act, on the state's bond rating and provide a report to the legislature within 30 days of the date that is five years after the effective date of this Act.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CS for SB237 (FIN)**
() Publish Date:

Identifier (file name): CSSB237-EED-ESS-3-31-10 Section 3
Dept. Affected: Education & Early Develo
Title "An act extending the deadline for authorizing school construction debt reimbursed by the state"
RDU School Debt Reimbursement
Component School Debt Reimbursement
Sponsor Senate Education Committee
Requester Senate Finance Committee
Component Number 153

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims		0.0	0.0	3,700.0	3,700.0	3,700.0	3,700.0
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**3,700.0**	**3,700.0**	**3,700.0**	**3,700.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts		0.0	0.0	3,700.0	3,700.0	3,700.0	3,700.0
TOTAL	**0.0**	**0.0**	**0.0**	**3,700.0**	**3,700.0**	**3,700.0**	**3,700.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Section 3 of SB 237 removes the sunset date for the existing debt reimbursement program. Anticipated increases as a result of the extension of the debt program are based on increases averaged over the prior three fiscal years. FY08-09 increased by $2,000,000; FY 09-10 increased by $3,000,000; and FY10-11 increased by $6,000,000. The average of the 3 year increases are $11,000,000÷3= $3,666,666. 70% of school debt payments, made by a municipality, will be reimbursed by the state if they meet state approved space guidelines. 60% of school debt payments will be reimbursed by the state if the municipality exceeds state approved space guidelines.

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division School Finance — Date/Time 3/31/10 4:30 PM
Approved by: Larry LeDoux — Date 3/31/2010
Commissioner

(Revised 10/13/2009 OMB)

SB 237

Amendment 1
by Hoffman

REPORT TO THE LEGISLATURE. By February 1, 2013, the Department of Education and Early Development shall provide to the governor and make available to the public and the legislature a report on the effectiveness including an analysis funding sources and the short and long term fiscal impacts to the state of both the school construction and major maintenance grants and school construction debt reimbursement program under AS 14.11.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CS for SB237 (FIN)**
() Publish Date:

Identifier (file name): CSSB237-EED-ESS-1-29-10
Dept. Affected: Education & Early Develo
Title "An act extending the deadline for authorizing school construction debt reimbursed by the state"
RDU School Debt Reimbursement
Component School Debt Reimbursement
Sponsor Senate Education Committee
Requester Senate Finance Committee
Component Number 153

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims		0.0	0.0	3,700.0	3,700.0	3,700.0	3,700.0
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**3,700.0**	**3,700.0**	**3,700.0**	**3,700.0**
CAPITAL EXPENDITURES			**40,300.0**	**40,300.0**	**40,300.0**	**40,300.0**	**40,300.0**
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF			40,300.0	40,300.0	40,300.0	40,300.0	40,300.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts		0.0	0.0	3,700.0	3,700.0	3,700.0	3,700.0
TOTAL	**0.0**	**0.0**	**40,300.0**	**44,000.0**	**44,000.0**	**44,000.0**	**44,000.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 237 establishes a program to fund rural school construction by establishing an account in the General Fund to recieve annual appropriations based on a formula defined in the legislation. The fiscal note anticipates full expenditure of all appropriated amounts for capital in the year appropriated, although the actual cash flow may vary based on the annual CIP priority list for school construction projects. The first year of fiscal expenditure as a result of this bill will be in FY2013.

SB 237 also removes the sunset date for the existin debt reimbursement program. Anticipated increases as a result of the extension of the debt program are based on increases averaged over the prior three fiscal years. FY08-09 increased by $2,000,000; FY 09-10 increased by $3,000,000; and FY10-11 increased by $6,000,000. The average of the 3 year increases are $11,000,000÷3= $3,666,666. 70% of school debt payments, made by a municipality, will be reimbursed by the state if they meet state approved space guidelines. 60% of school debt payments will be reimbursed by the state if the municipality exceeds state approved space

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division School Finance — Date/Time 3/30/10 12:30 PM
Approved by: Larry LeDoux — Date 3/30/2010
Commissioner

(Revised 10/13/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CS for SB237 (FIN)**
() Publish Date:

Identifier (file name): CSSB237-EED-ESS-3-31-10 Sections 1 and 2
Dept. Affected: Education & Early Develo
Title "An act extending the deadline for authorizing school construction debt reimbursed by the state"
RDU School Debt Reimbursement
Component School Debt Reimbursement
Sponsor Senate Education Committee
Requester Senate Finance Committee
Component Number 153

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING							
CAPITAL EXPENDITURES			**40,300.0**	**40,300.0**	**40,300.0**	**40,300.0**	**40,300.0**
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		40,300.0	40,300.0	40,300.0	40,300.0	40,300.0	40,300.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts		0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**40,300.0**	**40,300.0**	**40,300.0**	**40,300.0**	**40,300.0**	**40,300.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Sections one and two of SB 237 establish a program to fund rural school construction by establishing an account in the General Fund to recieve annual appropriations based on a formula defined in the legislation. The amount was determined by multiplying the total outstanding debt amount ($1,200,000,000) by 28% as identified on line 15 of page two of the finance CS, and subsequently multiplying that number by the percentage of students attending school in REAA schools (approximately 12%) as identified on line 16 of page two of the finance CS. The fiscal note anticipates full expenditure of all appropriated amounts for capital in the year appropriated, although the actual cash flow may vary based on the annual CIP priority list for school construction projects. The first anticipated year of fiscal expenditure related to sections one and two will be in FY2012.

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division School Finance — Date/Time 3/31/10 12:00 AM
Approved by: Larry LeDoux — Date 3/31/2010
Commissioner

(Revised 10/13/2009 OMB)

2050

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB237**
() Publish Date:

Identifier (file name): SB237-EED-ESS-1-29-10
Title "An act extending the deadline for authorizing school construction debt reimbursed by the state"
Sponsor Senate Education Committee
Requester Senate Education Committee

Dept. Affected: Education & Early Develo
RDU School Debt Reimbursement
Component School Debt Reimbursement
Component Number 153

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims		0.0	0.0	3,700.0	3,700.0	3,700.0	3,700.0
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**3,700.0**	**3,700.0**	**3,700.0**	**3,700.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts		0.0	0.0	3,700.0	3,700.0	3,700.0	3,700.0
TOTAL	**0.0**	**0.0**	**0.0**	**3,700.0**	**3,700.0**	**3,700.0**	**3,700.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill is for projects approved and authorized by voters on or after November 1, 2006 but before November 30, 2013. This bill extends the current deadline to November 30, 2013 for authorizing debt reimbursements by the state. The first year of fiscal impact of this bill will be in FY2013.

Anticipated increases are based on increases averaged over the prior three fiscal years. FY08-09 increased by $2,000,000; FY 09-10 increased by $3,000,000; and FY10-11 increased by $6,000,000. The average of the 3 year increases are $11,000,000÷3= $3,666,666.

70% of school debt payments, made by a municipality, will be reimbursed by the state if they meet state approved space guidelines. 60% of school debt payments will be reimbursed by the state if the municipality exceeds state

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division School Finance — Date/Time 1/29/10 12:00 AM
Approved by: Larry LeDoux — Date 1/29/2010
Commissioner

(Revised 10/13/2009 OMB)

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/22/10

FURTHER: Finance

Date of 5-Day Notice: 1/28/10
(in accordance with Uniform Rule.23)

DATE TURNED IN TO OFFICE: 2/1/10

Education Committee considered SENATE BILL NO. 237

SB 237 SCHOOL CONSTRUCTION DEBT REIMBURSEMENT

"An Act extending the deadline for authorizing school construction debt reimbursed by the state."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
EED	1/29/10	✓			1

PREVIOUS FISCAL NOTE(S):

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	✓			
CO-CHAIR:	THOMAS	✓			
CO-CHAIR:	MEYER	✓			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: (1)
Bill Version: SB237
() Publish Date: 2/1/10

Identifier (file name): SB237-EED-ESS-1-29-10
Title "An act extending the deadline for authorizing school construction debt reimbursed by the state"
Sponsor Senate Education Committee
Requester Senate Education Committee

Dept. Affected: Education & Early Develo
RDU School Debt Reimbursement
Component School Debt Reimbursement
Component Number 153

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims		0.0	0.0	3,700.0	3,700.0	3,700.0	3,700.0
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**3,700.0**	**3,700.0**	**3,700.0**	**3,700.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts		0.0	0.0	3,700.0	3,700.0	3,700.0	3,700.0
TOTAL	**0.0**	**0.0**	**0.0**	**3,700.0**	**3,700.0**	**3,700.0**	**3,700.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill is for projects approved and authorized by voters on or after November 1, 2006 but before November 30, 2013. This bill extends the current deadline to November 30, 2013 for authorizing debt reimbursements by the state. The first year of fiscal impact of this bill will be in FY2013.

Anticipated increases are based on increases averaged over the prior three fiscal years. FY08-09 increased by $2,000,000; FY 09-10 increased by $3,000,000; and FY10-11 increased by $6,000,000. The average of the 3 year increases are $11,000,000÷3= $3,666,666.

70% of school debt payments, made by a municipality, will be reimbursed by the state if they meet state approved space guidelines. 60% of school debt payments will be reimbursed by the state if the municipality exceeds state

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division School Finance — Date/Time 1/29/10 12:00 AM
Approved by: Larry LeDoux — Date 1/29/2010
Commissioner

(Revised 10/13/2009 OMB)

SENATE COMMITTEE REPORT

DATE: 2/26/10

FURTHER: Labor and Commerce

DATE TURNED IN TO OFFICE: 3/26/10

Education Committee considered CS FOR HOUSE BILL NO. 110(HSS)

HB 110 PSYCHOLOGISTS' LICENSING & PRACTICE

"An Act relating to the practice and licensing of psychologists."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DHS	1/14			✓	1
CED	2/16			✓	2

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
	Olson			✓	
	DAVIS	X			
	Stevens			✓	
	Meyer	✓			
CHAIR:	Thomas	✓			

2054

SENATE COMMITTEE REPORT

DATE: 3/15/10

FURTHER: Rules

DATE TURNED IN TO OFFICE: 4/5/10

Education Committee considered CS FOR HOUSE BILL NO. 360(EDC)

HB 360 YOUTH ACADEMY: STUDENT RECORDS

"An Act relating to the provision of information regarding a student by a school district to the Department of Military and Veterans' Affairs, Alaska Challenge Youth Academy."

and recommends:

[✓] be **replaced** with [~~✓~~ **SCS** or [ ] **CS** HB 360 (EDC)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[✓] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
EED	3/8			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
Co-Chair	Meyer	X			
	DAVIS	X			
	Olson			✓	
Co-CHAIR:	Thomas	✓			

SB 313

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS

MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

April 9, 2010
Senator Lyman Hoffman
Senator Bert Stedman
Co-Chairs, Senate Finance Committee
Alaska State Capitol, Room 126
Juneau, AK 99801

Re: Senate Bill 313 - "An Act relating to the Alaska Challenge Youth Academy."

Senator Stedman,

I write today to respectfully request that the Senate Finance Committee schedule Senate Bill 313: *An Act relating to the Alaska Challenge Youth Academy* for a hearing at your earliest possible convenience.

This bill changes the basic structure of the funding of the Academy. Currently the Academy receives seven times the Base Student Allocation for residential students and .6 times the BSA for non-residential students. The Academy, in conjunction with the Department of Education and Early Development and the Department of Military and Veteran Affairs, had determined that a base rate of $11,990 would be more appropriate for their purposes. For fiscal year 2011 that would be an increase of $300, but that amount would remain static over time.

The Alaska Challenge Youth Academy is an intensive educational program designed for high school drop-outs. Currently they have a seventy percent graduation rate.

Attached is the most recent version of the sponsor statement and the attached fiscal note of $300.

Please feel free to contact me with any questions at 465-6443

Sincerely,

Senator Joe Thomas

Senator Kevin Meyer

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS

MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

Sponsor Statement SB 313
Funding for the Alaska Challenge Youth Academy

Senate Bill 313 restructures the funding mechanism for the Alaska Challenge Youth Academy to more accurately reflect the needs of the Academy.

The Alaska Challenge Youth Academy is a residential high school for students who have dropped out of regular school. The Academy is highly successful with a 70% graduation rate and works closely with the National Guard following a strict model that gives students structure, challenge, and discipline. The Academy is located in Anchorage and has two sessions a year where students live on campus for 5 months while going through the rigorous program. After they graduate from the program, staff continues to track their behavior through a mentorship program. Students are considered a success if a year after graduation they are enrolled in a postsecondary program, the military, or in full time employment.

Funding for the Academy is based the following formula: 7 times the Base Student Allocation (BSA) times all residential students plus .6 times the BSA times all non-residential students. When this formula was constructed in 2002 it reflected the dollars they needed to operate. However, as the BSA has grown over the years - to cover retirement costs and other increases in education - it has resulted in a windfall that is no longer reflective of the true cost of the program.

SB 313 would set a per child amount for state dollars in statute - $11,990 - and multiply that by the number of residential and non-residential students enrolled. The Academy and the Department of Education and Early Development both agree this would give them sufficient dollars to run the program. Under SB 313, the projected total state dollars the Youth Academy would receive in fiscal year 2011 would be approximately $5.2 million, within $300 of the amount they would have received under the current formula. Alaska Military Youth Academy also receives separate federal funds that supplement this amount ($2.7 million for FY2011).

The Academy is a valuable educational alternative which, as a residential program for at-risk youth, requires higher funding than other boarding schools. SB 313 identifies an appropriate and transparent way to fund this important educational institution.

26-LS1652\A 4/7/2010

Jomo Stewart, Committee Aide
(907) 465 - 6874

Murray Richmond, Committee Aide
(907) 465 – 6443

Senate_Education@legis.state.ak.us

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB313**
() Publish Date:

Identifier (file name): SB313-EED-ESS-4-8-2010
Dept. Affected: Education & Early Development
Title "An Act relating to the Alaska Challenge Youth Academy"
RDU K-12 Support
Component AK Challenge Youth Academy
Sponsor Senate Education Committee
Requester Senate Education Committee
Component Number 2837

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	0.3						
Miscellaneous							
TOTAL OPERATING	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	0.3	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation would rewrite the state formula in AS14.30.740 so the Alaska Challenge Youth Academy would be paid at a flat rate of $11,990 per full-time residential and non-residential student. The number of students enrolled is to be provided by October 1st.

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division School Finance — Date/Time 4/8/10 12:00 AM
Approved by: Larry LeDoux, Commissioner — Date 4/8/2010

(Revised 10/13/2009 OMB)

ALASKA MILITARY YOUTH ACADEMY

FY2011 Projection

189 x $5680 x 7 =	7,514,640
297 x $5680 x 60% =	1,012,176
less $2,700,000	(2,700,000)
TOTAL $	**5,826,816**

SB313

189 x $11,990 =	2,266,110
297 x $11,990 =	3,561,030
TOTAL $	**5,827,140**

SB313 Change over FY11	**$**	**324**

Alaska Military Youth Academy Overview

Training schedules:

2 classes offered each year, consisting of:

- 2 week pre-challenge phase
- 20 week residential course
- 12 month non-residential tracking period

Education options:

A cadet may receive a GED or a high school diploma from the AMYA. The AMYA is an accredited high school, through the Northwest Association of Accredited Schools and offers a maximum of 7 credits during the residential phase of the program.

There are also work place certificate programs offered as well as internship opportunities for the cadets during the residential course to include:

- National Center for Construction Education and Research certificate, foundation training for any student going into vocational trades
- Carpentry proficiency certificate
- UPS store customer service certified training
- Culinary ServeSafe certification (required by the cabaret association that at least one employee on shift must have this certification)
- Emergency Trauma Tech certification
- Emergency Medical Tech certification
- Win and Work Keys, career readiness certificate (national program administered through the Department of Labor that shows baseline employee skill level)
- First aid and CPR certification

Success:

Success is determined by the ChalleNGe program national office located in Washington DC under the control of National Guard Bureau, which oversees all 33 ChalleNGe programs nationwide. A cadet is considered a successful graduate of the ChalleNGe program if at the end of the 12-month non-residential period he or she is:

- Working at least 30 hours per week
- Enrolled in college taking at least 12 semester hour credits
- Enrolled in a vocational training/ apprentice program
- A member of the United State's military

Alaska Military Youth Academy Budget details

Q: Do we expend funds on the mentorship program? If so what are they used for?
A: No funds are given to the mentors or the cadets for being mentored. Funds are used to pay staff to coordinate the mentor program. One staff member is dedicated full-time to running the mentor program and two other staff members spend about half of their time supporting the mentor program.

Q: How will doing away with the stipend affect the mentorship program?
A: There is an indication the stipends were an incentive for cadets to be more responsible in self-reporting. AMYA staff has invested twice as much time to contact Cadets for post-residential information than with previous classes that received the benefit.

Q: How do we plan to use the stipend money if it remains in the budget?
A: The funds will be used to replace educational equipment and material for the cadets. This includes outdated classroom resources, replacing 25% of computers yearly, adding software licenses with the Microsoft programs, replacing barracks furnishings, increasing the enrollment of additional students, and office supplies.

There has **not** been any DEED funding in the past three years that has gone towards capital projects. The only situation where this was possible was with the infrastructure money we received. However, we did not use any DEED funding as match against the infrastructure projects.

In the past three years there **has** been DEED funding that was used to pay for maintenance to the AMYA facilities. The info. is as follows:

SY08 – spent $441.72 in "repair parts & supplies". It was coded against FFY09 DEED allowable.
SY09 – spent $399.00 in "repair guardrail supplies". It was coded to FFY08 DEED allowable.
SY10 – nothing has been spent on maintenance so far.

60/40 maintenance dollars
SY08 - $118,959.25
SY09 - $93,199.28
SY10 - $15,137.88 so far this year

As for the stipends, they weren't clear on whether they were talking about graduation stipends or aftercare stipends so I provided both just in case. It was not possible to break stipends down by class without going through a labor intensive exercise. I summarized the total graduation and aftercare stipends by fund source for each SY, and

also broke out each fund source by FFY (if applicable) and what type of stipend it was. In the past three years we have paid the following in stipends:

SY08 – $79,000 Total graduation stipends paid ($47,400 FED/$31,600 GFM)
$168,600 Total aftercare stipends paid (DEED I/A)
$247,600 Total graduation & aftercare stipends paid in SY08

60/40
FFY07 Graduation Stipend $42,000
FFY08 Graduation Stipend $37,000
Total graduation stipends paid in SY08 $79,000 ($47,400 FED/$31,600 GFM)

I/A (DEED)
Aftercare Stipend $168,600

SY09 – $91,200 Total graduation stipends paid ($54,720 FED/$36,480 GFM)
$120,700 Total aftercare stipends paid (DEED I/A)
$211,900 Total graduation & aftercare stipends paid in SY09

60/40
FFY08 Graduation Stipend $42,900
FFY09 Graduation Stipend $48,300
Total graduation stipends paid in SY09 $91,200 ($54,720 FED/$36,480 GFM)

I/A (DEED)
Aftercare Stipend $120,700

SY10 – $81,600 Total graduation stipends paid ($48,960 FED/$32,640 GFM)
$58,900 Total aftercare stipends paid (DEED I/A)
$140,500 Total graduation & aftercare stipends paid so far in SY10

60/40
FFY09 Graduation Stipend $40,800
FFY10 Graduation Stipend (estimated) $40,800
Total graduation stipends paid so far in SY10 $81,600 ($48,960 FED/$32,640 GFM)

I/A (DEED)
Aftercare Stipend (there should be no more) $58,900

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Alaska Statutes.
Title 14. Education, Libraries, and Museums
Chapter 30. Pupils and Educational Programs For Pupils
Section 740. Funding For Alaska Challenge Youth Academy Program.

previous: Section 720. Definitions.
next: Section 750. Alaska School Counseling Program Grant Fund. [Repealed, Sec. 12 Ch 42 SLA 1997].

AS 14.30.740. Funding For Alaska Challenge Youth Academy Program.

(a) Each fiscal year, the department shall allocate funding for the Alaska Challenge Youth Academy program in an amount equal to the base student allocation multiplied by seven for each residential student and the base student allocation multiplied by 6/10 for each nonresidential student, minus the amount received by the program in federal matching grant funds. The determination of the number of residential and nonresidential students shall be made by the department on October 1 of the prior year.

(b) In this section,

(1) "base student allocation" means the amount established under AS 14.17.470;

(2) "nonresidential student" means a student who receives services but does not reside at the program site;

(3) "program" means the Alaska Challenge Youth Academy program;

(4) "residential student" means a student who resides at the program site.

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Note to HTML Version:

This version of the Alaska Statutes is current through December, 2007. The Alaska Statutes were automatically converted to HTML from a plain text format. Every effort has been made to ensure their accuracy, but this can not be guaranteed. *If it is critical that the precise terms of the Alaska Statutes be known, it is recommended that more formal sources be consulted.* For statutes adopted after the effective date of these statutes, see, Alaska State Legislature If any errors are found, please e-mail Touch N' Go systems at E-mail. We hope you find this information useful.

This page has been updated: 01/05/2009 15:56:11

Alaska Military and Youth Academy

Class	Start Date	Residential Grad Date	# Registered (Intake Day)	# Enrolled (After 1st Two Wks)	Graduated (end of 22 Wks)	Post Residential Compl Date	Number Receiving Stipends
2006/2007							
2006-1	4/3/2006	9/1/2006	162	140	109	10/1/2007	92
2006-2	10/1/2006	3/2/2007	257	194	154	4/1/2008	116
2007/2008							
2007-1	4/2/2007	8/31/2007	210	177	140	9/1/2008	108
2008-1	10/1/2007	3/1/2008	206	154	123	4/1/2009	91
2008/2009							
2008-2	4/1/2008	8/29/2008	206	160	143	9/1/2009	106
2009-1	10/1/2008	2/27/2009	209	184	161	4/1/2010	This is the last class to receive Post-Residential stipends
2009/2010							
2009-2	4/1/2009	8/29/2009	197	176	136	9/1/2010	Not eligible
2010-1	10/1/2009	2/27/2010	192	155	TBD	4/1/2011	Not eligible

Provided by the Department of Military and Veterans Affairs

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

Introduced:
Referred:

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska Challenge Youth Academy."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.30.740 is repealed and reenacted to read:

Sec. 14.30.740. Funding and report for Alaska Challenge Youth Academy program. (a) Each fiscal year, the department shall allocate funding for the Alaska Challenge Youth Academy program in an amount equal to $11,990 multiplied by the number of residential and nonresidential students enrolled in the academy full time.

(b) The Department of Military and Veterans' Affairs shall provide an annual report to the department that specifies the number of residential and nonresidential students enrolled in the academy full time on October 1 of the prior year.

(c) In this section,

(1) "nonresidential student" means a student who receives services but does not reside at the program site;

(2) "program" means the Alaska Challenge Youth Academy program;

(3) "residential student" means a student who resides at the program

L 2066

site.

L
2067

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 4/5/10

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: _____

Education Committee considered SENATE BILL NO. 313

SB 313 YOUTH ACADEMY FUNDING/REPORT

"An Act relating to the Alaska Challenge Youth Academy."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
EED	4/8/10				

PREVIOUS FISCAL NOTE(S):

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			X	
	DAVIS				
CO-CHAIR:	Meyer	✓			
CO-CHAIR:	Thomas	✓			

2068

SJR

2

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/21/09

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 4/10/09

Education Committee considered SENATE JOINT RESOLUTION NO. 2

SJR 2 FED. HIGHER EDUCATION FUNDING/PROGRAM

Urging the United States Congress to establish a federal program to rebuild student access to public higher education in Alaska and elsewhere and to appropriate sufficient funding for that purpose.

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
S.EDC	4/10			✓	

PREVIOUS FISCAL NOTE(S):

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			✓	
	FRENCH	X			
CHAIR: Bettye Davis	DAVIS	X			

Alaska State Legislature

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Senator_Bettye_Davis@legis.state.ak.us
http://www.akdemocrats.org

Senator Bettye Davis

SJR 2: FEDERAL HIGHER EDUCATION FUNDING/PROGRAM

An resolution "Urging the United States Congress to establish a federal program to rebuild student access to public higher education in Alaska and elsewhere and to appropriate sufficient funding for that purpose."

SPONSOR STATEMENT

SJR 2 urges congress to appropriate adequate funding for higher education to all United States Citizens. This resolution allows Alaskans in need of assistance to receive a higher education without the burdening dilemma of covering all educational expenses. President Barack Obama has set higher education as a major priority for America. In order for our country to continue to be a leading nation in higher education, higher education must become more accessible.

Over the past 10 years, higher education enrollment has risen by 20 percent. During this same period, state subsidy of higher education has continued to decline. This has caused the student tuition and fees to rise by 316 percent while overall inflation rose by only 83 percent. This increase financial responsibility on many students and their families disincentives higher education for many minorities, low-income families, and individuals trying to excel in their career of choice.

Alaskans can obtain a higher education, but the federal government must do more to make higher education more accessible to our citizens. SJR 2 recognizes both the financial and foundational changes that need to be made in accessibility to higher education. SJR 2 asks for the establishment of a new program appropriating $70 billion dollars in funding and rebuilds student access to higher education. This amount is less than 10% of the total funds allocated from the Federal American Recovery and Reinvestment Act. SJR 2 includes college grants for our military veterans, allowing for student loan forgiveness, and increases the funding available through the existing PELL Grant Program.

SJR 2 urges the President and Congress to close the educational achievement gap in our country and fuel the future generation's educational abilities in our global economy.

Policy Brief

Access

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Strategies to Empower Low-Income and Minority Students in Gaining Admission to and Paying for College

By Jennifer Dounay

November 2008

While much has been written about what schools, institutions, parents, students and communities can do to help underserved students overcome obstacles to college entry, less has been written about state policy approaches to help such students overcome these barriers. And while much of the policy focus has been on smoothing college entry by aligning high school/postsecondary standards and assessments, less has been written about other key policy approaches — particularly those to:

- **Send clear messages to underserved students** and their families about postsecondary options and costs (and financial aid options) (pp. 8-12)
- **Address human resource issues** that impede underserved students from receiving the specialized guidance and support they need (pp. 6-8)
- **Simplify college admissions and federal financial aid processes** (pp. 12-15)
- **Provide personalized guidance** to underserved students completing these processes (pp. 15-16)
- **Address other issues** related to postsecondary access and success (pp. 16-19)

Introduction

For low-income and minority students, access to college is not just about affordability. It's also about figuring out college admission requirements, accessing courses that will prepare them well for college, and reducing the debilitating fear generated by perceptions of college costs and loans.

The statements about the importance of earning a college degree have become all too familiar:

- The U.S. Chamber of Commerce projects that 90% of the fastest-growing jobs in the nation will require some form of postsecondary education.
- Individuals who have completed technical certification or a two- or four-year degree contribute more in local, state and federal income taxes and enjoy incomes that are higher on average than non-degree holders as well as numerous quality-of-life benefits.
- Lower college completion rates among minorities pose a serious economic development issue as a growing number of cities, counties and states are becoming "majority minority," and the U.S. as a whole is projected to be majority minority by 2050.
- Surveys indicate that 80% to 90% or more of high school students express the intent to go to college.

But low-income and minority students are less likely to enter college or complete a postsecondary degree than their higher-income or non-minority counterparts. A growing chorus of experts contend that institutional, state and federal policies create unintended barriers for low-income and minority students. These students comprise a disproportionate number of first-generation college-goers.

This policy brief identifies four types of barriers created by federal, state and local policies that pose a particular challenge for aspiring first-generation college students in the college and financial aid application process:

- Institutional barriers created by the misalignment of high school exit and postsecondary entry expectations; this misalignment is exacerbated by gaps in staff knowledge and a shortage of college counselors
- Lack of public awareness of postsecondary options, costs and financial aid options, particularly among low-income parents and students
- Overly complicated college application and student financial aid application processes
- Lack of assistance to students and their families in completing admissions and financial aid procedures.

Each of these barriers is described in further detail — followed by suggestions for how state-level policy might address each barrier. A final section on "other" barriers to college entry seeks to alert policymakers to emerging issues for which adequate institutional, state and federal policy responses are needed.

Note: Because of the enhanced economic benefits of completing a four-year degree as opposed to a two-year degree, the lower participation rates of low-income and minority students in four-year programs, and the relatively low baccalaureate completion rates of those who transfer from two- to four-year institutions, the focus of this policy brief is on underserved students' access to four-year institutions. However, in some sections, consideration also is given to issues that are specific to entry into two-year postsecondary programs.

Misalignments

Three types of unintentional institutional barriers inhibit the transfer of students — particularly students who are the first in their families to attend college. These barriers are: (1) the misalignment of high school curriculum and postsecondary entrance requirements, (2) the misalignment of high school assessments and postsecondary entrance tests, and (3) gaps in staff knowledge and limited staff capacity.

Misalignment of high school curriculum and postsecondary entrance requirements

Problem: As of this year's graduating high school class (the Class of 2009), no state has aligned the courses needed for high school graduation with the courses required for admission to public four-year postsecondary institutions in the state.[1] Yet one of the "Ten Myths That Students Believe About College" identified by Stanford University's Bridge Project is that "Meeting high school graduation requirements will prepare me for college."[2]

Other findings likewise support the need to send clear messages — particularly to traditionally underserved youth and their parents — about the high school courses that will increase the likelihood students will finish high school college-ready and matriculate in a four-year postsecondary institution. ACT reports that in 2006, 74% of ACT-tested Latino high school graduates hoped to complete at least a bachelor's degree, but "only 58 to 61% of ACT-tested Latino students" with such aspirations "took or planned to take the ACT-recommended core curriculum in high school[.]"[3]

High school course taking in advanced mathematics is associated with higher matriculation rates in four-year institutions. An analysis of federal data on students whose parents did not attend college found that such students who completed 8th grade algebra and advanced math courses in high school were significantly more likely to enroll in four-year postsecondary institutions than their peers who did not take algebra I as 8th graders or advanced math. Yet students "whose parents did not attend college were much less likely than those whose parents had bachelor's degrees or higher to take algebra in 8th grade (34 versus 55%)" and "were also much less likely to complete any advanced mathematics in high school (63 versus 83%).[4]

Levers for change: It is important for state policymakers to recognize that misalignment is a barrier, and to ensure students and parents know early on (i.e., before scheduling grade 9 courses) what courses students need to take and what expectations students need to meet to be college-ready upon high school graduation. Armed with this knowledge, students and parents will be better able to enroll in the high school courses that will prepare young people to pursue their post-high school goals.

- **Align high school graduation requirements and college entrance requirements.** Although it doesn't guarantee admission, taking a default high school curriculum aligned with public postsecondary admissions requirements ensures that students meet at least one of the basic minimum requirements for entry into a four-year institution. Effective with the Class of 2010, the **Oklahoma** and **South Dakota** default high school graduation requirements will be aligned with public postsecondary admissions requirements. **Indiana** will join them with the Class of 2011, as will **Ohio** effective with the Class of 2014 (though postsecondary institutions will be able to waive these requirements under certain circumstances).[5]

- **Require high school graduates to complete requirements generally included in postsecondary institutions' admissions requirements.** A 2006 ECS analysis found that some 25 states do not have state-set college admissions requirements — rather, individual postsecondary institutions set their own admissions requirements.[6] These requirements often include math course taking culminating in geometry or Algebra II, multiple units of lab sciences (as opposed to general sciences) and (less frequently) two units of foreign language. An increasing number of these states are incorporating these typical postsecondary admissions requirements into high school graduation requirements. For example, **Texas** has set a default high school curriculum of four units English, three units math (in Algebra I, geometry, Algebra II), three units lab science, and two units foreign language.[7] **Delaware** will require all but the foreign language units effective with the Class of 2011; two units foreign language will be required effective with the Class of 2013.[8] **Michigan** will require all but foreign language effective with the Class of 2011, and will require two units foreign language effective with the Class of 2016.[9]

- **Require *all* students and parents to be informed of postsecondary admissions requirements prior to high school and thereafter.** Being informed of postsecondary admissions requirements prior to high school entry helps students better prepare and plan their coursetaking sequence. **Colorado**, for example, requires the parents of all 8th-grade students to be provided with the state's higher education admissions guidelines.[10] **South Dakota** requires the board of regents to inform parents of grade 7-12 students annually about the courses needed to prepare for postsecondary-level work and the benefits of such preparation.[11] The materials for grades 7-10 propose a "model program of study" setting forth the English, math, lab science and social studies courses students should take in grades 8-12 to be prepared for life at a postsecondary institution in South Dakota or elsewhere. Online versions of each of the five mailings — to parents of students in grades 7, 8, 9, 10/11 and 12 — are available on the South Dakota Board of Regents Web site. **Texas** requires counselors to inform all students and parents — during the student's freshman and senior years of high school — of coursework designed to prepare students for higher education, and the advantage of completing the "recommended" (default) or advanced high school programs. In addition, legislation enacted in 2007 requires every district to designate one week as "Education: Go Get It" week. During this week, all middle, junior and high schools must provide students with grade-appropriate information on higher education, including the required curriculum in the standard admissions requirements for institutions of higher education.[12]

Although aligning high school graduation requirements with postsecondary admissions requirements will clearly signal to students the courses they need to take to be eligible to apply to a four-year postsecondary institution, such alignment does not guarantee that students will avoid having to spend precious dollars on non-credit-bearing developmental courses once they enter college. To ensure course titles meet content expectations and adequately prepare students for postsecondary coursework, states should consider implementing end-of-course or other measures that demonstrate that students passing a course labeled "Algebra II," for example, are truly meeting common statewide Algebra II expectations.

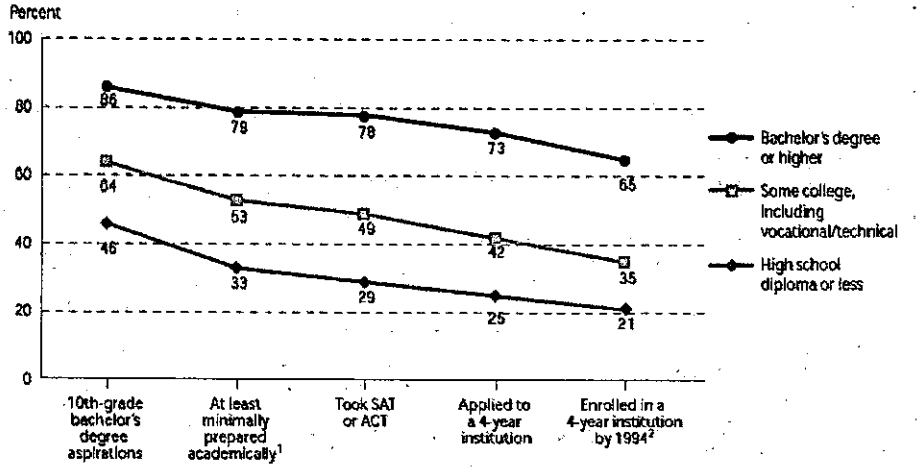
Misalignment of high school assessments and postsecondary entrance tests

Problem 1: Lack of information about or access to college entrance exams. Most students are not required to take the ACT or SAT as part of their high school testing experience. In fact, many students — low-income or otherwise — are not aware that taking the ACT or SAT is a college entrance requirement, as research in several Bridge Project states makes clear. The majority of nonhonors Texas students in the sample "could not explain or define the SAT, whereas almost all in the honors track could."[13] Only one-fourth of the low-income students in the Oregon sample had taken the SAT, even though many low-socioeconomic status (SES) students in the sample expressed the desire to attend a four-year

institution.[14] Slightly over half of *all* students in the Georgia sample knew that SAT scores were important for entering the University System of Georgia or the State University of West Georgia (one of 13 state universities).[15] Just one-fourth of all students in the California, Georgia, Maryland and Oregon samples had taken the SAT or ACT, although many students expressed the desire to go to college.[16]

First-generation college students are more likely to be low-income and are less likely to have taken the ACT or SAT (meaning they are also less likely to enroll in four-year institutions). The table below provides data on the percentage of 1992 high school graduates who took the ACT or SAT, disaggregated by parents' highest level of education, which to some degree can serve as a proxy for family income.[17]

Figure 3.—Percentage of 1992 high school graduates who progressed through each step to enrollment in a 4-year institution, by parents' highest level of education



[1]See the technical note at the end of this essay for the definition of "at least minimally prepared."

[2]Percentages differ from those shown in table 1 because the graduates who enrolled in a 4-year institution but did not have a bachelor's degree goal in 10th grade or skipped other steps (5 percent) are not included here.

NOTE: To be included in each of the second through fifth steps, students must have been included in all previous steps.

SOURCE: U.S. Department of Education, NCES, National Education Longitudinal Study of 1988 Eighth Graders, "Third Follow-up" (NELS:1988/1994).

Source: *Students Whose Parents Did Not Go to College: Postsecondary Access, Persistence, and Attainment,* National Center for Education Statistics, 2001.

Furthermore, fees associated with taking college entrance exams can present a barrier to low-income students in particular.

Levers for change: State policy can increase the likelihood that low-income students will be aware of the SAT and ACT as an admissions requirement to four-year institutions, and that they will take these assessments. Policy could:

- **Require (and pay for) all students to take the ACT or SAT.** Effective with the 2008-09 school year, six states — **Colorado**, **Illinois**, **Kentucky**, **Michigan**, **Tennessee** and **Wyoming** — require all 11th graders to take the ACT. (In **Wyoming**, WorkKeys is an alternative option for students.) One state — **Maine** — requires all 11th graders to take the SAT, and effective spring 2011, **Idaho** will require all juniors to take the ACT, SAT or COMPASS college placement test.

- **Improve communication to all students and parents concerning which tests four-year institutions require, when they're given and how well students are expected to perform.** The **South Dakota** materials sent to all parents of students grades 7-12 make clear that students who earn at least a 24 on the ACT and meet other criteria may qualify for the state's Opportunity Scholarship. The "Fall College Readiness Checklist" on the grade 11 mailing encourages students to retake the ACT or SAT in October of their senior year if they need to improve their scores.[18] **Tennessee** requires each school serving students in grades 8-11 to hold a "lottery scholarship day," at which information on postsecondary admissions requirements — including ACT and SAT testing dates and the use of such tests in postsecondary admissions decisions — must be given to students

and parents. When parents sign students' course schedules for the following school year, they must acknowledge that they have received the lottery scholarships information.[19] During each district's "Education: Go Get It" week, **Texas** middle, junior and high school students must receive information on the scores needed on the SAT and ACT for admissions determinations.[20]

Not only do students need to take the ACT or SAT, they need to perform reasonably well on it. As a 2007 SREB report indicates, while the percentage of Hispanic and African American students taking the ACT or SAT in SREB states increased dramatically between 1997 and 2006, in "the eight SAT-dominant SREB states, white students made larger gains than black students in six states, and they made larger gains than Hispanic students in all eight. In the eight ACT-dominant SREB states, white students made larger gains than black students in five states, and they made larger gains than Hispanic students in four." The average scores of Hispanic and African American students lagged those of their white counterparts in virtually every state.[21] State policy should support high curricular expectations and ensure high-quality teachers are in place for all students, so that students are equipped to perform well on these assessments by grades 11 and 12.

State policymakers should consider logistical and other questions before adopting the ACT or SAT for all students.[22] An Achieve, Inc. analysis of the ACT and SAT suggests that neither exam "includes the full range of advanced concepts and skills reflected in the [American Diploma Project] ADP [college- and work-ready] benchmarks and, increasingly, in state high school standards." Based on these findings, the report's authors encourage states administering these exams to all students to augment these assessments to reflect state standards and higher-level knowledge and skills.[23]

Problem 2: Not knowing about (or what's on) college placement exams. Many high school students and their teachers are unaware that upon college entry, students who do not pass placement exams in reading, writing and math must complete remedial coursework in these subjects. One-third of students in focus groups of underserved students for a 2007 National Center for Education Statistics (NCES) report noted that they did not find enough information and needed more information on college placement tests.[24] The costs of taking non-credit-bearing remedial courses pose a greater obstacle to college completion for low-income students.

Levers for change:

- **Embed placement exam items in high school assessments.** The 2006 ECS policy brief *Embedding College Readiness Indicators in High School Curriculum and Assessments* indicates approaches that **California**, **Kentucky**, **Texas** and other states are using to give high school students access to assessment items aligned with placement tests at state postsecondary institutions. Texas legislation enacted in 2007 calls for the replacement of the state assessment with end-of-course exams. The end-of-course instruments must include items that exempt high-scoring students from having to take placement exams upon college entry, and that determine the student's appropriate placement at a postsecondary institution. The state is working to design grade 12 courses to prepare for college entry students not meeting the college readiness benchmark on end-of-course assessments.[25]

- **Provide opportunities for high school students to take college placement exams.** The 2006 ECS policy brief *Embedding College Readiness Indicators in High School Curriculum and Assessments* points to policies in **Arkansas** and **Florida** that allow high school students to sit for college placement exams.

- **Require all students to take college placement exams.** While no state currently requires all students to take a college placement exam, Idaho, effective spring 2011, will require juniors to take either the COMPASS placement test, or the ACT or SAT.

- **Align high school standards and curricula with college placement exams. Colorado** legislation enacted in 2008 calls for the development of a postsecondary and workforce readiness description, and for K-12 standards, curricula and assessments to be backmapped from that description. Minimum admission standards at all public four-year institutions will be aligned with that description. By December 15, 2012, the commission on higher education must review the basic skills placement tests in English and math to ensure their alignment with the description, and revise these tests as needed.[26]

Placement exams used in a given state may vary from institution to institution, and reaching consensus on which items from which placement exams should be benchmarked for college readiness could be contentious. A 2007 analysis by Achieve, Inc. of college entrance and placement exams found that, in general, "admissions tests were found to be more demanding than the placement tests and better balanced in the types of questions asked." Achieve recommends that states use placement exams exclusively for diagnostic purposes to avoid watering down and narrowing the high school curriculum.[27]

Misalignment created by gaps in staff knowledge and a shortage of college counselors

Students' aspirations to college can be supported — or conversely, thwarted — by advice received at the school level.

Problem 1: Lack of teacher preparation. Many teachers are unprepared to field students' questions about applying to college, yet Bridge Project research suggests students are more likely to go to their teachers than to other school staff with questions about college application procedures. Some teachers interviewed by Bridge Project researchers expressed a desire to receive accurate college preparation information to share with students.

Problem 2: Inadequate counselor staffing. A 2007 National Center for Education Statistics (NCES) report, referencing a 2000 Cabrera and La Nasa study, noted that low-income students "who regularly consulted with a counselor were more likely to attend college[.]" Yet focus groups of low-income and first-generation college students convened for the report indicated that counselors were scarce and spread too thin to meet student needs:

> When asked if and how guidance counselors helped them search for colleges, few students indicated they were helpful. Most of the low-income rural high school students indicated they did not know if their school had a guidance counselor or, if it had one, they felt he/she was not helpful. Their responses were similar to the urban African American high school seniors who reported their counselors were either not helpful or unreliable: 'My Mom had to drive me to one college I applied to because my counselor had not mailed the application, as she promised she would.' Additionally, the majority of the parents reported similar experiences with guidance counselors, but acknowledged the counselors were overwhelmed by the large numbers of students assigned to them. They also mentioned counselors spent much of their time being "disciplinarians rather than a resource for preparing students for college."

Yet, "[e]ven though only a few students and parents [in the focus groups] mentioned guidance counselors as being helpful, they emphasized the importance of needing a good high school counselor to help them through an overwhelmingly complicated and time-consuming process."[28]

Data on high school counselors indicate that counselor workloads constrain their ability to provide postsecondary counseling. A 2006 survey of high school counselors conducted by the National Association for College Admission Counseling (NACAC) indicates that public school counselors spend only 23% of their time on postsecondary counseling.

Problem 3: Inadequate counselor preparation and professional development. In a study of college counseling in high- to low-resource high schools, counselors even at high-resource schools acknowledged they lacked preparation to provide college counseling. As one counselor at a high-resource school in Maryland stated:

> I'm not trained in [financial aid counseling]. That's not part of my graduate degree. ... My graduate degree is primarily counseling, with a little bit of school stuff in it. ... This is my second year at counseling seniors, so, you know, the college process is just sort of reading stuff, word of mouth, hearing from other things, doing my own research. ... There are a lot of opportunities to go to workshops. ... But, I mean, I have two young children so I don't go on college visits. I mean, I just can't get away from home at this point in my career.[29]

In fact, few preservice requirements help prepare counselors to provide postsecondary counseling. NACAC has identified no states that currently require college admission counseling coursework to fulfill counselor course requirements at the undergraduate or graduate level. As of March 2008, NACAC had identified 23 colleges and universities nationwide that offered graduate coursework in college admission counseling; of these, only four require school counselor candidates to complete such coursework.[30]

The 2005 NACAC counselor survey noted that just 41% of public high schools required counselors responsible for college counseling to attend professional development on postsecondary counseling.[31] And whether required or not (or on postsecondary counseling or not), the survey found that counselors in rural and large schools (over 2,000 students) and those with a caseload of more than 300 students were least likely to receive time off for professional development. Counselors in large schools and with large caseloads were significantly less likely to receive professional development funds. (The report does not indicate the content of postsecondary admissions counseling or whether professional development focused on college preparation issues.)[32]

In the study on college counseling in high- to low-resource high schools, college counselors in schools in Florida offered "intensive, one-on-one assistance with financial aid applications." While this assistance was facilitated partially by the simplicity of the award criteria, the researchers suggest that one reason counselors in some other states did not provide such intensive financial aid assistance was a "lack of training in financial aid[.]" In the study, counselors themselves cited a lack of preparation or professional development.[33]

Problem 4: College guidance not clearly defined in counselors' role. Some researchers also contend that the very role of the high school guidance counselor (resolving students' social-emotional issues vs. providing academic advising) is in question, and that counselor training "has historically not included preparation in the area of college counseling."[34]

Levers for change:

- **Incorporate information about college admissions requirements into preservice and inservice requirements for secondary-level teacher certification.** ECS has not identified any state that requires secondary-level certification candidates or teacher professional development to incorporate explicit information about postsecondary course admissions requirements. However, state policies do provide for such professional development under some circumstances. For example, the **Colorado** school counselors corps grant program requires applicants for competitive grants to indicate the extent to which grant monies will be used to provide school staff members other than counselors with professional development that will enable them to provide counseling and postsecondary preparation services.[35]

- **Incorporate information about college placement exams into teacher preservice or inservice training.** ECS has not identified any state policy that does this.

- **Incorporate explicit training on college admissions and placement exams, and on federal and state financial aid programs and application processes, into counselor certification and professional development programs, and provide time and funding for such professional development.** ECS has not identified any state policy that does this.

- **Use state policy to ensure counselors spend time on college preparation activities.** The **Colorado** school counselors corps grant program provides competitive grants to schools to cover the costs of hiring additional counselors. All grant applications must specify whether the grantee has committed to a partnership with one or more postsecondary institutions (or independent agencies that provide career and college preparatory services to students) to increase the capacity and effectiveness of counseling and postsecondary preparation services. Each grant recipient must annually report to the state department of education information indicating an increase in the level of postsecondary preparation services provided, such as the use of individual career and academic plans or enrollment in pre-collegiate preparation programs or postsecondary or vocational preparation programs.[36]

Why not just add more counselors? While additional counselors in high schools may play a role in providing more students with information on college admissions requirements, simply adding more counselors will not necessarily ensure that all students receive the information they need on college preparation. The June 2008 issue of *The Progress of Education Reform* (ECS) provides overviews of five recent research studies that make clear that the interplay of state, local and postsecondary policies, student curricular pathways (academic or technical) and family background (low-income or first-generation college student) can influence the type of information students

need and receive.[37] One of these studies notes that "[o]ne state-level force that appears to be unrelated to the availability of college counseling ... is a state mandate for counseling."[38]

Lack of public awareness of postsecondary options/costs and financial aid options

Traditionally underserved students are more likely to attend resource-poor high schools with limited staffing to address their questions about postsecondary options, costs and financial aid criteria. Inaccurate or missing information about these components can be "make or break" factors in such students' decision to go to college. Information about costs and financial aid are particularly crucial. A considerable 59% of low-income students in a 2006 study by the Center for Higher Education Policy Analysis at the University of Southern California (USC) indicated they would use financial aid information to decide where they would go to college, or whether to attend at all.[39]

Problem 1: Low-income parents are less likely to receive (or comprehend) information or participate in college-selection activities. The Bridge Project found that in the six states studied, the majority of parents (61% of parents in California to 68% of parents in Georgia) had received college preparation information. However, when survey responses were disaggregated by family income, the researchers found that less than 50% of the economically disadvantaged parents in Illinois, Maryland and Oregon had reported receiving postsecondary information, in contrast with two-thirds or three-fourths of their higher-income peers.[40]

Furthermore, in both Illinois and Oregon, depending on their socioeconomic status, parents varied in their discussions with their children and the type of activities they pursued to select potential colleges. Low-income parents were much less likely to report having conversed with their children "many times" on college topics, and were more likely than middle- or high-income parents to state they had *never* held these discussions with their children.[41] As the table below makes clear, the Illinois case study identified large gaps between low-income and high-income parents in college-selection activities such as looking at college and university Web sites, and visiting college campuses.[42]

Type of activity	Low-income parents reporting engaging in activity	High-income parents reporting engaging in activity
Looking at college and university Web sites	7.7%	48.1%
Visiting a college campus	5.8%	43.7%
Reading news magazines	7.7%	43%
Reading college brochures	27.9%	60%

These findings are significant, given the research indicating that parental encouragement and involvement have a direct and strong influence young people's early and later educational aspirations and ultimate college choice.[43] One analysis of federal data found that at-risk students and those whose parents did not attend college were almost twice as likely to enroll in a four-year postsecondary education if their parents frequently talked to them about school-related matters, in comparison to their peers whose parents had discussed these topics infrequently or not at all.[44]

In addition, focus groups of low-income and first-generation college students and their parents convened for a 2007 NCES study made clear that underserved families are less likely to have Internet access at home, making college research more difficult. Furthermore, the same set of parents tends to find information on college costs, financial aid and scholarships less comprehensible than other parents.

Low-income parents likewise reported "they did not know what information was important and where they should search for it," while one-third of underserved students reported not finding enough information. These students reported needing more information on out-of-pocket costs such as books, lab and computer fees, and the "availability of financial aid, grants and scholarships." "One student reported, 'When I was surfing online, I really didn't find the tuition for the schools. But now since I got accepted to the school, they sent me the award and how much I have to pay out of pocket.'"

Problem 2: College choices determined by "sticker price" versus actual cost. Research by Excelencia in Education also points to the influence of "sticker price" (as opposed to actual college cost after financial aid) in Latino students' decisionmaking, and the potential need for clearer messages on

college costs to Latino students and their families. Nearly half of all Latino undergraduates in 2003-2004 were enrolled in so-called "Hispanic-Serving Institutions" (HSIs), defined as accredited institutions whose student bodies are at least 25% full-time undergraduate Latino students. For Latinos choosing to attend HSIs, cost was identified as a key factor in their college choice; students indicated their college was often chosen "based on the 'sticker price' of tuition and fees instead of the total cost after integrating actual or potential financial aid offered." Latino graduates who did not attend HSIs were more likely to identify financial aid as a key factor in their college choice. The Excelencia in Education report notes, "Since degree completion is lower at nonselective institutions and Latino students are generally choosing nonselective institutions, these studies suggest that Latinos are not making the most strategic choices possible for their higher education."[45]

Problem 3: College Web sites not user-friendly. In an October 2006 commentary in the *Chronicle of Higher Education*, Clifford Adelman reports on his efforts to adopt the persona of a high school junior with average grades and find information about admissions, cost and financial aid on 27 community college Web sites. Adelman reports that only 15 of the sites "contained obvious doorways" for high school students to access this key information from the Web sites' home pages. Adelman also found that some sites provided too much information at once. Twelve sites provided no information about how high school students should prepare academically for community college, and only 10 of the sites provided a "contact us" link. On eight Web sites, a search box was the only way to locate information about tuition and fees. Few Web sites provided clear signals to cue parents into essential information. Adelman suggests that to remedy this, a wise first step "would be a radio button or prominent link for parents, either on the portal page or at the beginning of the 'admissions' sequence."[46]

Problem 4: Low-income students and parents are most likely to overestimate college costs. The researchers also found that in the California case study, nonhonors students, low-income students and parents, and students in low-performing schools and their parents, were substantially most likely to overestimate the cost of tuition at both two- and four-year institutions, thus creating a potential false barrier to seeking admission or financial aid.[47] Low-income students and parents in the Illinois case study likewise overestimated the tuition costs of local two- and four-year institutions, with nearly 50% of the low-income students and 43.7% of low-income parents estimating the cost of community college tuition by *more than five times* the actual cost.[48]

Problem 5: Financial aid information that is not sufficiently specific — or provided too late. Students at multiple schools in the Bridge Project's Illinois case study "complained that the information they were given rarely addressed financial aid issues in terms that were sufficiently specific."[49] Many low-income and minority college-goers enter community colleges, which brings with it its own set of issues. Andrea Conklin Bueschel of the Bridge Project additionally notes:

> [M]any community college students do not know several months in advance that they need to apply for financial aid. Aside from a general lack of awareness about filing deadlines, lots of these students do not decide to attend community college until right before the academic term begins. They are often surprised that they will not be able to get the aid immediately upon enrolling.[50]

In fact, many students in the California, Illinois and Maryland Bridge Project case studies erroneously believed that postsecondary institutions evaluated admissions applications based on applicants' "ability to pay." In the Maryland case study, 60% of low-income students "overestimated the importance of ability to pay tuition as an admission criterion" whereas just 37% of their higher-income peers made this error.[51] This misperception might serve as a clear disincentive for low-income students to apply for college admission in the first place.

Furthermore, in a study of college counseling in high-resource/high-achieving, middle-resource/middle-achieving and low-resource/low-achieving high schools in five states, published in the Winter 2008 *Review of Higher Education*, researchers found that in states with large merit-based aid programs, counselors combined financial aid advising with academic advising, regardless of school resource level. In other words, counselors "[work] to ensure that students meet the academic eligibility requirements for at least one of the state's non-need-based financial aid programs." The researchers also suggest that when states had simple eligibility criteria for state merit-based scholarships (the same states in the study with large merit-based aid programs), counselors felt more confident informing students about the availability of state aid and other ways to pay for college, as necessary. The simplicity of eligibility criteria also made it easier for teachers to pass along these eligibility criteria to students.[52]

Respondents in the USC survey of low-income high school students encouraged schools to provide financial aid information as early as grade 9, so that families know they can afford college.[53]

Levers for change:

- **Provide information to all students and their parents, beginning in grade 9 or earlier on postsecondary options, postsecondary tuition and other costs, and on state and federal financial aid opportunities.**
    - Parents of all 8th graders in **Colorado** public schools must be sent information on the annual cost of in-state tuition for attendance at a public higher education institution in the state, the annual state stipend amount, the amount of the student's share of tuition based on the stipend, and the availability of and information about getting financial aid to attend a four-year institution.
    - The information sent to all parents of **South Dakota** students in grade 7 includes: information on the types of degree programs available at public, private, technical and tribal institutions in the state; the average cost of tuition, fees, and room and board at a state public university ($10,371); the dollar amount of different types of federal financial aid (i.e., Pell and Supplemental Opportunity grants, and Perkins and Stafford loans) the neediest college freshman can receive ($12,231); and the availability of the state's Opportunity Scholarship for academically qualified students and of work study and institutionally supported grants and scholarships at public universities, private, technical and tribal institutions. Mailings to parents of students in later grades make clear the cost of tuition and room and board, the amount of federal aid available to the lowest-income students, and the availability of state and institution-level scholarships.[54]
    - During each **Texas** middle, junior, and high school's "Education: Go Get It" week, all students must receive information on higher education options available to students and on financial aid availability and requirements. Texas counselors, during each student's freshman and senior year of high school, must provide all students and their parents with information on financial aid eligibility.[55]

- **Develop and publicly promote state-specific, well-designed online tools to allow users to match needs and interests with available programs and financial aid options.** Focus groups of traditionally underserved students indicated that many students started their Internet research with a general Google or Yahoo search, and were not familiar with their state's postsecondary Web sites.[56] A growing number of states have developed online tools to help students and their families browse postsecondary options and find the campuses that meet their programmatic and financial specifications — and make clear where on the home page high school students need to start. Among these:
    - **Kentucky**'s www.gohigherky.org allows users to compare programs, take virtual tours of campuses and research financial aid. A computerized "Matching Assistant" allows students to select majors, enrollment size (from less than 1,000 to less than 30,000), student to faculty ratio, and other criteria to develop a list of institutions that meet those criteria. The tool allows students to do either a statewide search, or narrow their search to public four-year institutions, community and technical colleges, or private institutions. Other state Web sites, including Maryland's Maryland Mentor, Georgia's Gacollege411 and WisconsinMentor, offer a similar functionality.
    - Rather than selecting specific criteria that match student preferences, **Texas'** www.collegefortexans.com/collegecompare allows students to select up to 18 institutional data points to appear a personalized college search. Data points include average undergraduate in-state tuition for 30 semester credit hours, average cost of on-campus room and board for one school year, statewide or national reputation, and job placement rates for certificate and degree graduates. Students may compare all public four-year institutions in the state or select one or more campuses to compare. Texas also hosts a "College Matcher" that allows users to find programs that meet specific criteria, including minimum and maximum tuition costs.
    - During each student's freshman and senior year of high school, all **Texas** counselors must provide students and their parents with information on the center for financial aid information, www.collegefortexans.com, including its toll-free phone number, Web address, and the various publications available to students and their parents.[57]

- **Develop programs to provide one-on-one guidance and mentoring as students research postsecondary institutions, tuition costs, financial aid opportunities, etc.**
    - The **Oregon** ASPIRE (Access to Student Assistance Programs in Reach of Everyone) program is established to train adult volunteers to provide one-on-one mentoring, resources and encouragement to help students access postsecondary education, learn about the scholarship application process and other ways to pay for postsecondary education, and help high schools build a sustainable community of volunteer mentors. According to the ASPIRE Web site, the program, launched in 1998 and codified in legislation in 2007, is established in 114 high schools and links 1,000 mentors with 6,000 students. The program is for all interested students, not just traditionally underserved students.[58]
    - A private/public partnership, the **Ohio** College Access Network (OCAN) consists of 34 access programs in almost half of the school districts in the state. While most programs provide one-on-one guidance to help students complete financial aid applications, over half of OCAN programs also offer "college resource centers" "in public libraries, malls, religious centers and downtown storefronts" that allow students and their families to research postsecondary options. In some OCAN programs, trained volunteer mentors provide one-on-one academic, emotional and social support to students; some programs offer workshops at various community locations to help families understand financial aid options.[59]

- **Provide school-, community-, college-based and traveling programs offering one-on-one and small group guidance.** As part of the College for Texans Campaign, **Texas** is establishing a network of locally-based centers, called "Go Centers," to provide students and their parents with information about colleges and guidance in selecting a college. "Traditional" Go Centers are primarily based on high school campuses, but also can be found on middle school or postsecondary campuses; "satellite" Go Centers have been created in locations such as public libraries, community centers and local workforce centers. "Collegiate G-Force" chapters, Go Centers located on over 60 postsecondary campuses in the state, also offer outreach to high schools, as well as opportunities for college students to mentor high school students through the college selection process.[60] In addition, Mobile Go Centers, based out of four Texas colleges and universities, are a fleet of vans equipped with computers with high-speed Internet connections, "designed to bring college-related information, motivation and assistance to students and their families."[61] All Go Centers are staffed by a "Go Center Sponsor," a trained adult whose duties include assisting students as they research postsecondary, career and financial aid options. Every Go Center offers computers with Web access to allow students and parents to browse online resources, as well as university brochures, college catalogs, resources to help guide students in choosing the right college, and information about scholarships and financial aid.[62]

- **Ensure materials are provided in multiple formats and languages** (i.e., Web sites, DVDs, printed materials, etc.).

- **Evaluate the user-friendliness of state- and institutional-level Web sites.**

- **Launch public awareness campaigns on the essential admissions criteria as well as tuition and other costs at state-level four-year institutions, and on state and federal financial aid criteria.**

- **Simplify state aid criteria to facilitate communication of these criteria to students and parents.** According to researchers, the simplicity of state aid criteria in **Florida** and **Georgia** helped counselors and teachers pass this information along to students.

- **Incorporate training about financial aid options in teacher and counselor professional development programs.**

- **Make resources on college options, planning, selection, costs and financial aid available in multiple locations (i.e., community centers, libraries, etc.) rather than only at the high school.**

In spite of the fact that students and parents receive information in grade 8 that indicates tuition costs and acknowledges tuition costs may increase annually, families may be leery of planning for postsecondary education if they don't know how much tuition may increase by the time their child graduates from high school. States may consider implementing measures that

seek to limit tuition increases for specified cohorts of students, and communicating these cost-control measures to the public.

In addition, online tools are valuable only to the degree that (1) they go beyond a traditional public relations program, (2) access to Web sites is ensured and (3) guidance and support are available as students and parents use the sites. An April 2008 evaluation of the **Florida** Academic Counseling and Tracking for Students (FACTS) by the Florida Legislature's Office of Program Policy Analysis & Government Accountability found that of nearly 140,000 college students in 2006-07, fewer than 15,000 had logged into FACTS and only 936 had used the "local degree program shopping" function. The report's authors suggest that rather than accessing the statewide tool, students were logging onto individual community colleges' Web sites. The authors note, however, that with the policy that all 8th graders use FACTS to develop an Electronic Personal Education Planner as a component of a class required for promotion to grade 9, more students will begin using FACTS.[63]

Complicated college application and financial aid processes

Research suggests that college application processes and fees (including costs associated with obtaining student transcripts) and financial aid application requirements may impede eligible students from entering college.

Postsecondary application processes

Problem: Applications to four-year institutions can vary considerably in what all students are required to include. Students who lack guidance from counselors, parents or others, or who are juggling work and other responsibilities may feel overwhelmed.

In addition, college applications usually must be submitted with application fees, which may pose a barrier to low-income families. While counselors can provide low-income students with application waivers, students may be unaware of the availability of these waivers.

Lastly, students typically must submit high school transcripts to each postsecondary institution to which the student is applying. The bureaucratic processes for students to request the submission of transcripts can appear to be one more hurdle for students struggling through the college application process, and unquestionably increase the workload of high school counselors, who by many reports appear to be already stretched thin, particularly in the resource-poor high schools many traditionally underserved students attend.

These factors may result in students' decisions to limit the number of four-year institutions to which they apply (potentially resulting in lesser chances of being admitted to any four-year institution), or not to apply to any four-year institution and to enter a community college (or not apply to college at all).

Levers for change:

- **Common statewide application.** The **Texas** common college application simplifies the application process by allowing students to complete one application that can be submitted to any Texas public university, and to some public and private two-year schools. Instructions on completing the application are printed in both English and Spanish. Common college applications may be submitted by e-mailing an online application, mailing in a form printed from a Web site or mailing in a preprinted form.[64]

- **E-transcripts.** Some 18 states allow or require the use of electronic high school transcripts, often referred to as "e-transcripts" that can facilitate and reduce the cost of submitting transcripts along with college applications. A growing number of states maintain Web sites that allow students or their counselors to submit applications and e-transcripts from a common statewide Web site, rather than through disconnected preprinted forms or university Web sites.[65] The Indiana e-Transcript Web page for counselors suggests the benefits to students and all educational institutions are that the program:
    - "Is easy for students to use
    - Provides online ordering convenience
    - Tracks transcripts through e-mail notification
    - Guarantees delivery
    - Reduces unnecessary time and effort for counselors

- Reduces cost of postage and mailing materials."

The Web page suggests that with an estimated cost of $6.70 to process each paper-based transcript, and a statewide average of six transcripts requested per student, the cost reduction adds up to more than $40 per student per school, plus savings of over $9 per transcript to each postsecondary institution.[66]

Federal financial aid application processes

Problem 1: Families struggle with overly complicated application processes. As noted by Harvard University economists Susan M. Dynarski and Judith E. Scott-Clayton, the typical household's FAFSA application (Free Application for Federal Student Aid) "is longer and more complicated than the federal tax return."

They also note that the application process includes a long period of uncertainty. Families are not immediately informed of the amount of aid they can expect to receive. Instead, the application goes through a Rube Goldbergian process: It is submitted to the U.S. Department of Education. The Department calculates the "expected family contribution," or EFC. A few weeks after the FAFSA is submitted, the Department sends the EFC to families (but families might have already projected — accurately or inaccurately — how much they expected to contribute). The EFC is also sent to postsecondary institutions to which the student has sought admission. Each institution "assigns a package of grants, loans and work-study to each admitted student. In March or April, the colleges mail out letters to students that describe their aid packages." Only months before classes start do families learn how much aid they will receive. The authors argue that the "complexity and uncertainty ... disproportionately burdens those on the margin of college entry," limiting the influence of aid on college decisions.[67] Citing work by Christopher Avery and Thomas J. Kaine, Dynarski and Scott-Clayton note in a recent study that most Boston high school seniors did not "decide against college," but missed important deadlines or completed paperwork incorrectly. Dynarski and Scott-Clayton add that "backloading" information about the actual price of college increases the likelihood that students will consider college unaffordable, and consequently not even apply for admission, much less apply for financial aid.[68]

In fact, the American Council on Education (ACE) reported in 2006 that between 1999-2000 and 2003-04

> the number of low- and moderate-income undergraduates who *did not* file a FAFSA, and therefore may have missed the opportunity to receive federal, state, and institutional aid to help pay for college, rose from 1.7 million to 1.8 million. ... The lowest-income dependent students [dependent students with family incomes below $20,000 and independent students with incomes below $10,000] saw no improvement in their aid application rates, and the lowest-income independent students actually became less likely to have applied for aid (28% did not file a FAFSA in 2003–04, versus 24% in 1999–2000). These students would have likely received aid had they filed an application.

According to ACE, 22% of dependent students with family incomes below $20,000 did not file a FAFSA. An estimated 850,000 students who likely would have been eligible for a Pell grant did not file a FAFSA in 1999-2000; in 2003-04, this increased to 1.5 million likely-eligible grantees who did not submit a FAFSA.[69]

Surprisingly, in a U.S. Department of Education 1995-96 survey of students who did not complete the FAFSA, 28% of lowest-income dependent students and 39% of lowest-income independent students said they didn't apply because they could afford to go to college.[70]

Problem 2: Mistrust, especially among low-income, first-generation and immigrant parents impedes sharing of key information. Additionally, parents of first-generation or low-income students unwittingly can serve as barriers through a refusal to share essential information on financial aid applications. Guidance counselors in the NCES focus groups "gave poignant examples of how many low-income, first-generation and immigrant parents were unwilling to share income tax and Social Security information, essentially preventing their children from applying for and receiving any financial aid and therefore enrolling in college."[71]

Levers for change:

- **Simplify the FAFSA application.** Dynarski and Scott-Clayton suggest that most questions on the FAFSA application could be eliminated "while still maintaining a progressive program *and* without spending more on aid than we do now." They note, however, that the FAFSA could be shortened only by "combining Pell grants and the federal education tax credits into a single, streamlined grant program delivered through the tax system." Dynarski and Scott-Clayton propose three alternative methods that would substantially shorten the application. One approach using "income, assets and family structure" would reduce the number of questions by over 80%, change Pell eligibility by less than $100 for 76% of applicants, and result in increased awards to families with incomes under $30,000. A second method, "using income and family structure, dropping assets," results in a change in Pell grant award for just one in four applicants, with only 13% undergoing a change of 500% or more. Lower-income families would see an average increase in their Pell awards. A third option, "using income and family structure, dropping all assets and dependent students' earnings," would not change the Pell awards of 72% of applicants, and would result in the greatest award increases for students whose parents earn between $15,000 and $40,000 a year. Dynarski and Scott-Clayton add that integrating financial aid eligibility into federal income tax applications not only would save families time but reduce the likelihood of making a mistake on the FAFSA application.[72] Some other mechanism might be considered as an option for families that don't earn enough to file federal taxes.

- **Provide information promptly about the amount of federal aid to be awarded.** Dynarski and Scott-Clayton suggest that families would obtain information on the aid awards they can expect to receive if Pell grants and existing education tax credits (Hope and Lifetime Learning credits) were combined and embedded into the tax system:

  > Families would apply for the grant by checking off a box on their income tax form. Families would receive a voucher, in the mail or electronically, to be applied towards the cost of attendance at any eligible higher education institution. Students would notify schools of their grant eligibility as part of the normal application process. Schools would electronically verify students' enrollment status for the Department of Education, as the Department of Education would verify grant eligibility for schools.[73]

  Integrating the federal financial aid and income tax systems also would "[deliver] funds when they are needed" rather than awarding tax credits 16 months after tuition has been paid.[74]

- **Use means other than federal income tax to determine awards for lowest-income families.** David Longanecker, president of the Western Interstate Compact for Higher Education (WICHE), notes that evaluating eligibility for and administering federal financial aid through the income tax system may not benefit the lowest-income families who do not owe federal tax and therefore do not file a federal income tax form. Longanecker proposes that those eligible for any of several other federal assistance programs — Temporary Assistance for Needy Families (TANF), food stamps, and free and reduced lunch — would likely be eligible for the maximum Pell grant. Children in families eligible to receive benefits through these federal programs could automatically receive the maximum Pell grant, while more rigorous assessment of eligibility could be applied to middle- and upper-income families, to ensure that the FAFSA reflects what middle- to higher-SES households are truly able to pay.[75]

- **Launch public awareness campaigns to inform students and families of the need for Social Security and income tax information when completing the FAFSA.** Such campaigns would make patently clear to the public that "nothing bad is going to happen to you" if you provide income tax or Social Security information on a financial aid application.

Some important issues remain, however. Would families be expected to reimburse any funding allocated if their student drops out? Also, how would such a system work for part-time students? Furthermore, Dynarski and Scott-Clayton acknowledge that by integrating the income tax and Pell/education tax credit systems, about 14% of recipients would lose more than $250, while 8% would see more than a $500 decrease in their grant award. They also concede that this unified approach would increase the cost of the program by $2.8 billion, or 18%.[76]

Lack of assistance to students and their families in completing admissions and financial aid procedures

Problem 1: Underserved students lack support. First-generation college students in particular may feel challenged in their ability to successfully complete these applications, and the parents of these students may feel limited in their ability to help their children. A 2001 NCES study of 1992 high school graduates found that among college-qualified high school graduates, 52% reported receiving help from their school on completing college applications, and 33% said their school helped them prepare their admissions essay — but that students whose parents did not go to college were no more likely to receive help than those whose parents had completed a bachelor's degree or higher.[77] A 2007 NCES study based on literature reviews and focus groups of low-income and first-generation college students indicated these students needed resources to help them complete college applications, and their parents offered limited help.[78]

Problem 2: Parents of underserved students expect supports schools do not provide. Low-income students might also be caught between their parents' expectations of the type of assistance the school should provide in applying for college and financial aid, and the ability of schools to meet those expectations. The Bridge Project found in its Illinois case study that "85.2 percent of low-income parents *held schools primarily responsible for college application preparation* compared to 71.4 percent of middle- and 60.5 percent of high-income parents."[79] [emphasis added] However, many schools — and particularly those serving a concentration of low-income students — are unlikely to have the resources to provide substantial assistance to students in completing college application forms. Meanwhile, these low-income students are most likely to be first-generation college-goers and therefore most in need of help in completing admissions and financial aid procedures.

Problem 3: What supports are provided do not meet underserved students' needs. Although their high schools held small-group FAFSA sessions, fewer than one out of 10 students in the University of Southern California survey of low-income Los Angeles juniors and seniors reported attending such sessions. Those students who did attend

> large financial aid events in their area left with many unanswered questions about the FAFSA. Students said their financial situations were too complicated to be handled by the group session presenter at these events. The family income section of the FAFSA was particularly difficult for students with non-traditional families (i.e., a student who lives with a grandparent or sibling, students with divorced or single parents) and required additional assistance to complete. Students who attended the line-by-line workshops said they were not able to complete their FAFSA because they did not know they had to bring the necessary tax information.[80]

Levers for change:

- **Offer personalized guidance to students in completing college admissions and financial aid applications.** According to the **Ohio** College Access Network (OCAN) Web site, most programs provide one-on-one guidance on how to apply for financial aid. Some programs also make available trained OCAN advisors to shepherd students through the college application process.[81] The aforementioned **Texas** Go Centers are staffed with adults trained to help students complete college application and financial aid forms. All Go Centers are to be supplied with computers hooked up to the Internet (to complete online admissions and financial aid forms) as well as preprinted FAFSA, Texas Common Application and community college applications.[82]

- **Simplify state scholarship criteria to make it easier for counselors to help students complete applications.** Research suggests that the simple award criteria in the **Florida** and **Georgia** state merit-based scholarship programs make it easier for counselors to help students complete the related financial aid applications.[83]

"Other" barriers to college entry

While the aforementioned barriers prevent many traditionally underserved students from applying for college admission and/or financial aid, they are by no means the only ones. Policymakers should

consider mitigating or eliminating other economic and policy barriers that thwart successful college entry for underserved and middle-income students alike.

Aspirational, and "Aspirational Plus"

Some traditionally underserved students who might have the capacity to succeed in college may not receive cues from parents, teachers or other adults that they are "college material" and that they should explore postsecondary options. In addition to "Aspirational" programs that may address this need for aspirations-setting, some underserved students may also benefit from "Aspirational Plus" programs that provide clear academic cues and/or financial aid in addition to aspirational supports.

Levers for change:

- **Linking test performance to student advising. Florida** requires all districts to give students the PSAT or PLAN in grade 10. (Parents may exempt their child from participating.) Guidance counselors must use students performance data on PSAT and PLAN to identify students who are prepared to enroll and be successful in Advanced Placement and other advanced courses.[84]

- **Dual enrollment programs tailored to students not planning on going to college. Maine**'s Early College for ME program, administered by the Maine Community College System, provides aspirational, guidance and financial supports to students who have the capacity to succeed in college but have no plans to attend college. High school juniors identified by school staff complete a one-page application on which they must indicate if they would be interested in taking a college course their senior year. Staff help students register for college courses their senior year, help students complete the college application and FAFSA, and provide guidance as students enter and progress through college, serving as "students' first 'go-to' person for as long as they remain in" the program. Students receive Maine community college scholarships for up to $2,000 over two years. The program is currently available in 74 high schools and is hoped to be offered in every high school in the state.[85]

- **Get 'em while they're young.** Some states have developed so-called "early intervention" programs. Such programs invite low- to middle-income students to sign an agreement during the middle grades promising that as long as they maintain a minimum high school GPA, meet high school graduation and college admission requirements, and stay out of trouble with the law, students will be pay no tuition or fees for four years of undergraduate postsecondary education. Such programs include the **Indiana** 21st Century Scholars Program, the **Oklahoma** Higher Learning Access Program (OHLAP) and the **Washington** College Bound Scholarship. The **Wisconsin** Covenant program does not have income eligibility requirements, but does not cover all college tuition costs.

Academic

Students may not have started high school with college aspirations — or might not have realized that one "D" or "F" might negatively impact their ability to get into college. State policies should provide grade forgiveness or credit recovery options for students to clear their academic name, as it were, before applying to college.

Levers for change:

- **Grade forgiveness. Florida** authorizes districts to adopt grade forgiveness policies allowing students to replace a "D" or "F" in a required course with a "C" or higher subsequently earned in the same or comparable course. A "D" or "F" in an elective course also may be replaced with a "C" or higher subsequently earned in another course. In all cases of grade forgiveness, only the new grade may be used in calculating the student's GPA.[86]

- **Credit recovery. Indiana** legislation requires students not making adequate progress towards completing their graduation plan to be informed of credit recovery options.[87] One of the explicit purposes of the **South Carolina** Virtual School is to offer effective credit recovery alternatives.[88] **Florida** requires local boards to establish policies that address credit recovery courses. Courses should be competency based and offered through innovative delivery systems, including computer-assisted instruction. School districts should use learning gains as well as other appropriate data and

provide incentives to identify and reward high-performing teachers who teach credit recovery courses. Districts must also establish policies addressing summer academies offering competency-based credit recovery courses. To support successful implementation at the local level, the state department of education is required to share best practices for providing a complete education program to students enrolled in course recovery and credit recovery programs.[89] **Alabama** state board rules clarify that the credit recovery programs local boards choose to offer must target standards in which a student proved deficient rather than all standards of the original course, and that courses may be offered online, through computer software or through teacher-directed instruction.[90] **Louisiana** allows students who previously failed a course to take a proficiency exam for that course. If districts choose to develop credit recovery programs, they must be competency-based and self-paced. Credit recovery courses must be aligned with state content standards and grade-level expectations.[91]

Financial

State policymakers should be aware of the potential shortcomings of state and federal financial aid policies beyond those raised by a lack of information about financial aid options available to students, complicated federal aid procedures, and a lack of assistance to students and their parents as they seek to complete financial aid applications. Just a sampling of these potential shortcomings are enumerated below.

Inadequacy of Pell and other grants to meet rising college costs. A 2008 report by the Institute for Higher Education Policy notes that Pell grant awards for low-income students left students and their families with substantial remaining costs to cover. While more than half (52%) of all Pell grant recipients had an EFC of zero (demonstrating extreme financial need), the average remaining cost for zero EFC Pell grant awardees approached $5,000 — greater than the $4,500 that the average Pell grant recipient's remaining need.[92] Meanwhile, the College Board's 2007 Trends in Student Aid indicates that between 1996-97 and 2006-07, average increases in grant monies "covered an average of about a third of the increase in private college tuition and fees, and half of the increase in average public four-year college tuition and fees. The average increases in total aid, including both grant aid from all sources and federal loans, covered ... almost all of the increase in tuition and fees (*but none of the additional increase in costs of attendance*) at public four-year institutions." (emphasis added)[93]

Inadequacy of grants geared to low-income and first-generation college students to cover room and board. Some "free ride" programs such as the University of Oregon's PathwayOregon program and the University of South Carolina's Gamecock Guarantee cover low-income students' tuition and fees for four years, through a combination of federal, state and institutional financial supports. Programs are designed to offer additional supports through orientation, academic advising, etc. However, because such programs appear not to cover the costs of books, room and board, and other additional college expenses, programs are not a free ride and likely will see limited participation among the targeted audience without consideration of these additional expenses. Institutions should consider emulating programs such as the University of Missouri's program for first-generation college students, Flagship Scholars, which covers room and board, books, and other such expenses. (However, only one scholarship is available per county in three counties at this time.)

Increasing borrowing necessary to cover student costs. National and state reports indicate that loans are a growing source for students to cover the costs of postsecondary education. The College Board's 2007 *Trends in Student Aid* report indicates that "Stagnation in family incomes during a period of rapid escalation in college prices has increased reliance on grants and loans to finance higher education." Between 1996-97 and 2006-07, this translated into a 51% increase in undergraduate federal borrowing, a 20% increase in borrowing through state programs, and a 12% increase in private undergraduate loans.[94] State data paint a similar picture. For example, the Iowa College Student Aid Commission reported in October 2007 that in 2005, loans represented over half — 53.6% — of Iowa students' financial aid, a steady increase since the late 1980s, while scholarships represented just 37.2%.[95] This increased reliance on borrowing to cover college costs will have significant implications in future years as students struggle to pay off loans while seeking to secure adequate employment, become homeowners, etc.

"Sticker shock" and potential implications for Latino student enrollment. Hispanic-Serving Institutions (HSIs) typically have significantly lower in-state tuition costs than traditional two- and four-year institutions. The Excelencia in Education study on Latinos' decision on which postsecondary institution to attend suggested that many Latino students who chose to attend HSIs made their decision based on

"sticker price," while Latinos who chose to attend traditional postsecondary institutions evaluated costs after financial aid. "These graduates generally chose the institution where they had the lowest college costs after factoring in the total financial aid offered."[96] When seeking to increase Hispanic postsecondary attendance, both at HSIs and at traditional four- and two-year institutions, decisionmakers should consider policies to keep tuition costs in check and better communicate to Latino families of the actual cost of college after accounting for all available forms of financial aid.

College enrollment is only the beginning

Policies to help students navigate the college admissions and financial aid processes are not the solution to increasing the number of minority and low-income students who *complete* postsecondary degrees. Research and experience suggest that fewer otherwise college-qualified, traditionally underserved students complete a bachelor's degree within six years of postsecondary entry, as opposed to their more-advantaged peers. Furthermore, in *Moving Into Town — and Moving On*, Clifford Adelman notes that just over one out of three (37%) of 1992 high school graduates who started their postsecondary education at a community college and who earned at least 10 credits there had transferred to a four-year college eight years after high school graduation. Of those who transferred, fewer than two out of three (60%) had earned a four-year degree by December 2000.[97] Recent research indicates that state policy and practice help keep such students in college until they complete a degree. These include efforts to: place focus on the freshman year; monitor student progress and provide supports when needed; ensure special programs for at-risk students incorporate best practices identified in the literature; and use data to identify and address weaknesses in programs and systems.[98]

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State Higher Education Finance Early Release FY 2008

The State Higher Education Finance (SHEF) early release for FY 2008 provides trends on four financial indicators for higher education[1]: educational appropriations, net tuition revenue, total education revenue, and full-time equivalent enrollments (FTE).[2] Its purpose is to help educators and policymakers:

- know if state and local resources for higher education have kept pace with enrollment growth and inflationary cost increases;
- assess trends in the share of educational funding paid by students; and
- compare the funding of each state's higher education system to other states.

The national trends described below reflect the aggregation of data from 50 states. Individual state data can vary significantly from the national average.

Overview of FY 2008 appropriations, enrollments, and tuition revenues

In FY 2008, state and local governments invested $85 billion in public higher education, about $3 billion (constant dollars) more than in FY 2007, extending a three year recovery from the 2001 to 2005 recession period for some states, but with marginal to no impact in other states.

FY 2008 state and local support for public colleges and universities slightly outpaced the combined increase in enrollment (2.2 percent) and inflation (2.9 percent) for the third consecutive year. After accounting for enrollment growth and inflation, per student educational appropriations in public colleges and universities grew to $7,044, an increase of 0.6 percent in constant dollars above the previous year.

Despite three years of growth, appropriations per FTE are still lower in constant dollars compared to a decade ago. While the rate of increase in tuition stabilized over the past two years, tuition continues to account for about 36 percent of total educational revenues in public colleges and universities.

An increase in the share of costs paid by students and families

The responsibility for funding higher education increasingly is being shifted to students. In 1998, total educational revenues (in 2008 adjusted dollars) were approximately $11,000 per FTE, essentially the same as in 2008. But in 2008 students paid $656 more than they did in 1998, and state and local appropriations provided $514 less.

The trend toward students bearing more of the responsibility for funding higher education has persisted for more than 25 years. In the early 1980s, the student share of higher education funding was approximately 24 percent, with the state paying three-fourths. By 1998, the student share rose to 31 percent, and 10 years later in 2008, it has risen to more than 36 percent. While

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[1] Appendices A, B, C, and D show important state trends. Additional state detail can be found on the SHEEO web site [http://www.sheeo.org/finance/shef-home.htm].

[2] The complete State Higher Education Finance (SHEF) report for FY 2008 will be published in approximately six weeks. The final report will likely reflect technical adjustments in a few states, but no material differences from the "early release" are anticipated.

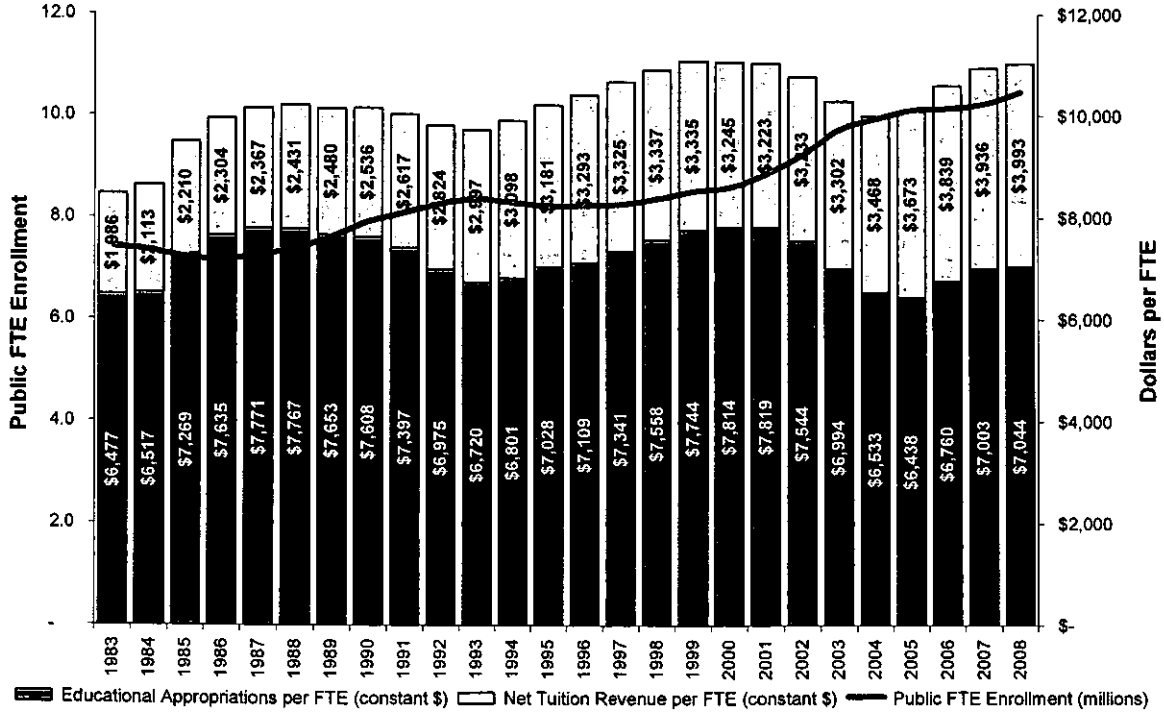
many factors are responsible for price increases in higher education, economic downturns are strongly associated with shrinking state support, accelerated rates of enrollment growth, and higher tuition increases.

Economic recessions intensify a fundamental problem

In 1999, Harold Hovey (a former state budget director in Illinois and Ohio and an expert in public finance) projected that states would increasingly be unable to meet the public demand for higher education in the first decade of the 21st century. He quite accurately projected that enrollment demand would outpace the projected growth of state revenues. In addition, higher education enrollments tend to grow most rapidly in recessions, when state revenues fall or fail to grow. Observing trends in the 1980s and 1990s, Hovey wrote that higher education becomes the "balance wheel" for state finance, declining faster than the rest of the state budget in recessions, and then growing faster when state revenues recover.

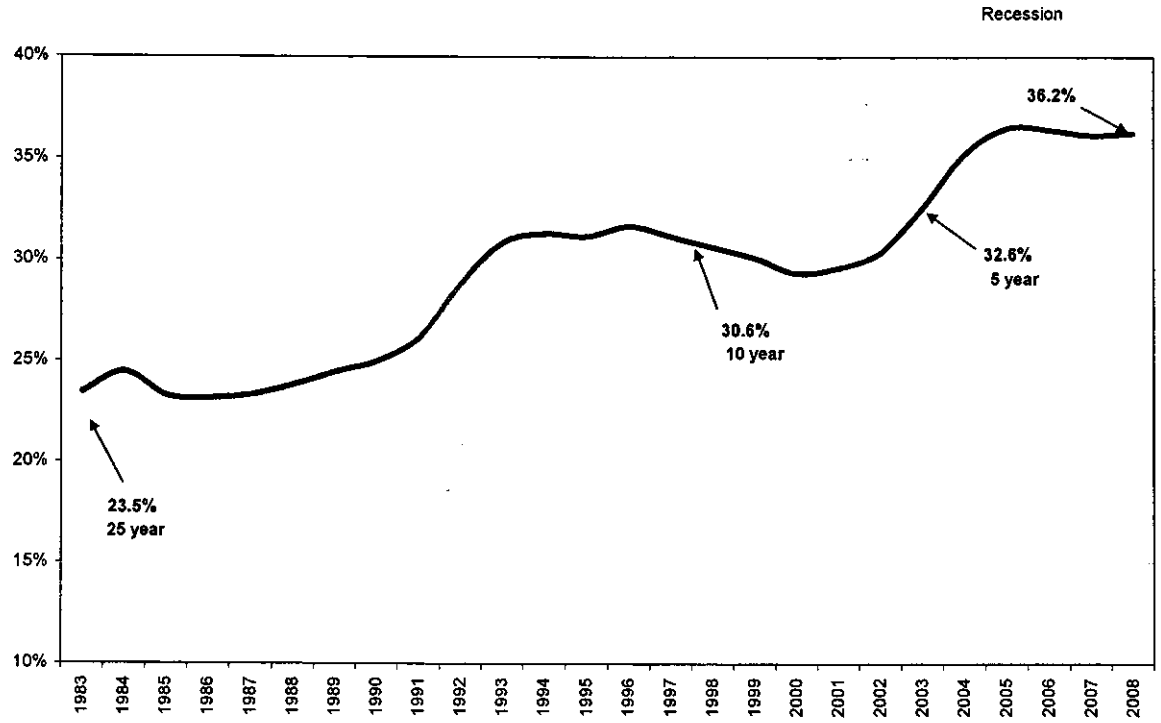
As illustrated in *Figure A*, the recession beginning in 2001 led to a dramatic decrease in state funding per student from FY 2001 to FY 2005 ($7,819 to a record low $6,438 per FTE) and an equally dramatic increase in tuition per FTE ($3,223 to $3,673). Over this same time period, total education revenue per FTE dropped from $11,042 to $10,111 in large part due to the inability of state and local support to keep pace with rapid enrollment increases.

Figure A
Public FTE Enrollment, Educational Appropriations and Total Educational Revenue per FTE, U.S., Fiscal 1983-2008



The partial recovery in state support between FY 2005 and FY 2008 helped return total educational revenues per FTE to $11,037, roughly the level of funding available ten years ago. But as noted above, students and their families still are carrying more of the load (*Figure B*).

Figure B
Net Tuition as a Percent of Public Higher Education Total Educational Revenues, U.S., Fiscal 1983-2008



Source: SHEEO SHEF Early Release

A dreary forecast

The State Higher Education Finance report provides the earliest possible review of state and local support, tuition revenue, and enrollment trends for the most recent fiscal year. All the leading indicators, however, indicate that fiscal year 2008 is the last year of a short recovery.

State higher education appropriations for FY 2009 (*Grapevine* www.grapevine.ilstu.edu) grew by only 1 percent nationally. Currently 65 percent of 23 states responding to a recent survey have reported mid-year budget reductions below appropriations reported in the *Grapevine* report, with some reductions as high as 9 percent. When all mid-year reductions are known, FY 2009 appropriations are likely to be lower than FY 2008 appropriations.

Enrollment demand continues. Enrollments grew by 2.2 percent in FY 2008, and 87 percent of 23 states responding to a recent survey have indicated continued growth in FY 2009, ranging from 1.2 percent to 6.5 percent.

While the process of developing FY 2010 budgets is just beginning, the recession that began in the last half of the 2008 calendar year is clearly affecting budgets for the next fiscal year. Early

indications are that state budgets for higher education will be stable at best, with many states projecting significant budget decreases.

Higher education – shared benefits, shared responsibilities

Education beyond high school clearly benefits both the individual and society. The benefits to the student have been used to justify charging tuition. The benefits to society have justified keeping tuition as low as possible. While it is impossible to quantify *exactly* how much students and society benefit from higher education, it is clear that both stand to benefit more than ever before in the knowledge-based economy of the 21st century.

In this context, the volatility of public support for higher education and the growing burden on students and their families are serious concerns. The most important question for higher education finance, however, is not who is paying how much. The most important question is whether we are educating a sufficient number of citizens to be well-prepared for a productive and successful life in the 21st century. Adequate support for a quality education and affordable prices, especially for low and moderate income students, are needed to achieve that goal.

Supporting Documents

Explanation of Key Terms

State and Local Support consists of state tax appropriations and local tax support plus additional non-tax funds (e.g. lottery revenues) and funds appropriated to other state agencies (e.g. fringe benefits), but destined for higher education.

Educational Appropriations is the term used for the state and local funds available for public higher education operating expenses, excluding spending for research, agriculture, and medical education and support to independent institutions and students. Funding for medical education and major non-instructional purposes is excluded to improve the comparability of per student funding among states.

Net Tuition Revenue is the gross amount of tuition and fees, less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees. It measures the net tuition and fee resources available for instruction at public higher education institutions excluding medical students. "Net tuition revenue" generally reflects the share of total instructional revenues received from students and their families, but it is incomplete as a measure of the "net price" they pay for higher education.[3]

Total Educational Revenue is the sum of educational appropriations and net tuition revenue. It measures the amount of revenue available to public institutions to support instruction excluding medical students. (Very few public institutions have significant non-restricted revenue from gifts and endowments to support instruction).

Full-Time Equivalent (FTE) Enrollment equates student credit hours to full-time, academic year students, but excludes medical school enrollments. This measures enrollment growth across the states and allows for analysis among states on revenues per FTE.

Adjustments

The State Higher Education Finance (SHEF) report employs three adjustments for purposes of analysis: **Cost of Living Adjustment (COLA)** to account for differences among the states, **Enrollment Mix Index (EMI)** to adjust for the different mix of enrollments and costs among types of institutions across the states, and the **Higher Education Cost Adjustment (HECA)** to adjust for inflation over time. More detailed information about each of these adjustments can be found on the SHEEO website in the FY 2007 publication: [http://www.sheeo.org/finance/shef-home.htm].

[3] SHEF is not able to provide a measure of "net price," the average total cost of attending a public institution, after deducting assistance from federal, state, and institutional grants. Federal grant assistance (primarily from Pell Grants) is not deducted from gross tuition revenues because non-tuition costs (room and board, transportation, books, and incidentals) typically are $10,000 or more for students attending a public institution. For students with a very low expected family contribution (most Pell recipients), federal grants plus a substantial contribution from part-time work or loans will be required to pay non-tuition costs. Since 1999 the availability of federal tuition tax credits has helped reduce "net price" for middle and lower-middle income students. While these tax credits have no impact on "net tuition revenues" received by institutions, they do reduce the "net price" paid by students.

Table 1

SHEEO SHEF Early Release 2008

Higher Education Finance Indicators *(Constant Dollars)*

(Constant Dollars)		1983 (1)	1998 (1)	2003	2007	2008	1 Year Change	5 Year Change	10 Year Change	25 Year Change
[A] State and Local Support for Public Higher Education		**$ 58,548,944,338**	**$ 74,989,926,285**	**$ 79,249,587,906**	**$ 82,453,402,264**	**$ 84,980,269,803**	**3.1%**	**7.2%**	**13.3%**	**45.1%**
	State	*$ 54,812,859,885*	*$ 68,683,065,607*	*$ 71,779,165,580*	*$ 74,927,761,322*	*$ 76,935,902,406*	*2.7%*	*7.2%*	*12.0%*	*40.4%*
	Local	*$ 3,736,084,453*	*$ 6,306,860,679*	*$ 7,470,422,327*	*$ 7,525,640,942*	*$ 8,044,367,397*	*6.9%*	*7.7%*	*27.5%*	*115.3%*
[B] Research - Agriculture - Medical (RAM)		**$ 10,254,318,618**	**$ 11,628,242,924**	**$ 11,090,377,729**	**$ 10,683,028,383**	**$ 11,202,556,778**	**4.9%**	**1.0%**	**-3.7%**	**9.2%**
[C] Educational appropriations [A-B]		**$ 48,294,625,720**	**$ 63,361,683,361**	**$ 68,159,210,178**	**$ 71,770,373,881**	**$ 73,777,713,025**	**2.8%**	**8.2%**	**16.4%**	**52.8%**
[D] Net Tuition		**$ 14,809,021,113**	**$ 27,977,427,782**	**$ 32,175,728,497**	**$ 40,342,244,873**	**$ 41,828,254,249**	**3.7%**	**30.0%**	**49.5%**	**182.5%**
Total Educational Revenue [C+D]		**$ 63,103,646,833**	**$ 91,339,111,144**	**$ 100,334,938,674**	**$ 112,112,618,754**	**$ 115,605,967,275**	**3.1%**	**15.2%**	**26.6%**	**83.2%**
Net Tuition as a % of Total Educational Revenue		**23.5%**	**30.6%**	**32.1%**	**36.0%**	**36.2%**	**0.2%**	**4.1%**	**5.6%**	**54.2%**
Full-Time Equivalent Enrollment (FTE)		**$ 7,456,322**	**$ 8,983,730**	**$ 9,745,412**	**$ 10,248,958**	**$ 10,474,401**	**2.2%**	**7.5%**	**16.6%**	**40.5%**
	Educational Appropriations Per FTE	*$ 6,477*	*$ 7,558*	*$ 6,994*	*$ 7,003*	*$ 7,044*	*0.6%*	*0.7%*	*-6.8%*	*8.7%*
	Net Tuition Per FTE	*$ 1,986*	*$ 3,837*	*$ 3,302*	*$ 3,936*	*$ 3,993*	*1.5%*	*24.0%*	*19.7%*	*101.1%*
	Total Educational Revenue Per FTE	*$ 8,463*	*$ 10,896*	*$ 10,296*	*$ 10,939*	*$ 11,037*	*0.9%*	*7.2%*	*1.3%*	*30.4%*
State support for independent and out of state institutions [2]			***$ 162,626,656***	***$ 2,567,563,226***	***$ 2,621,365,713***	***$ 2,602,136,125***	***-0.7%***	***1.3%***		
	Operating Grants		*$ 133,626,934*	*$ 2,256,329,918*	*$ 2,325,617,284*	*$ 2,307,611,265*	*-0.8%*	*2.3%*		
	Aid to Students Attending Independent Institutions		*$ 28,999,722*	*$ 311,233,308*	*$ 295,748,429*	*$ 294,524,860*	*-0.4%*	*-5.4%*		
	Aid to Students Attending Out of State Institutions		*$ -*	*$ 36,776,663*	*$ 39,421,269*	*$ 34,799,023*				

Notes:

(1) FTE enrollment excludes medical school enrollments.

(2) Data for aid to independent institutions and students attending private institutions not reported in 1983 and may be incomplete in 1998.

Source: *SHEEO SHEF Early Release*

Table 2
Public Higher Education Full-Time Equivalent (FTE) Enrollment

State	FY1998	FY2007	FY2008	1 Year % Chng	1 Year Rank	10 Year % Change
Alabama	180,335	182,504	186,280	2.1%	25	3.3%
Alaska	16,840	18,656	18,703	0.3%	43	11.1%
Arizona	170,930	221,180	223,852	1.2%	35	31.0%
Arkansas	78,940	103,369	107,428	3.9%	7	36.1%
California	1,346,144	1,686,828	1,731,754	2.7%	18	28.6%
Colorado	137,682	157,382	161,283	2.5%	21	17.1%
Connecticut	55,727	74,951	77,088	2.9%	16	38.3%
Delaware	27,401	31,269	31,619	1.1%	38	15.4%
Florida	403,535	518,086	537,898	3.8%	8	33.3%
Georgia	222,203	297,755	310,759	4.4%	2	39.9%
Hawaii	29,993	35,010	35,469	1.3%	33	18.3%
Idaho	40,937	43,378	43,968	1.4%	31	7.4%
Illinois	341,197	390,359	391,386	0.3%	42	14.7%
Indiana	178,920	223,602	229,345	2.6%	20	28.2%
Iowa	96,706	112,934	115,011	1.8%	28	18.9%
Kansas	100,435	127,245	129,737	2.0%	27	29.2%
Kentucky	113,583	145,605	142,382	-2.2%	50	25.4%
Louisiana	137,610	166,671	165,781	-0.5%	46	20.5%
Maine	26,913	35,514	35,533	0.1%	44	32.0%
Maryland	161,140	197,966	206,162	4.1%	3	27.9%
Massachusetts	114,154	139,688	144,578	3.5%	11	26.7%
Michigan	320,533	384,225	388,725	1.2%	36	21.3%
Minnesota	156,973	191,456	200,160	4.5%	1	27.5%
Mississippi	99,503	115,739	117,556	1.6%	30	18.1%
Missouri	148,155	174,650	179,364	2.7%	17	21.1%
Montana	33,431	35,293	35,556	0.7%	40	6.4%
Nebraska	64,441	73,940	75,451	2.0%	26	17.1%
Nevada	42,013	61,323	63,324	3.3%	13	50.7%
New Hampshire	27,027	32,093	33,416	4.1%	5	23.6%
New Jersey	166,289	229,968	238,040	3.5%	10	43.1%
New Mexico	67,591	83,224	85,203	2.4%	22	26.1%
New York	436,396	508,909	526,538	3.5%	12	20.7%
North Carolina	241,175	344,056	357,601	3.9%	6	48.3%
North Dakota	29,759	35,429	35,767	1.0%	39	20.2%
Ohio	322,011	383,492	391,725	2.1%	24	21.6%
Oklahoma	118,153	132,093	131,191	-0.7%	47	11.0%
Oregon	102,238	124,794	129,309	3.6%	9	26.5%
Pennsylvania	277,287	337,425	339,043	0.5%	41	22.3%
Rhode Island	24,730	28,925	30,120	4.1%	4	21.8%
South Carolina	127,873	146,624	144,696	-1.3%	49	13.2%
South Dakota	20,564	29,231	29,595	1.2%	34	43.9%
Tennessee	158,340	171,845	169,924	-1.1%	48	7.3%
Texas	631,994	794,211	804,918	1.3%	32	27.4%
Utah	84,598	102,372	102,406	0.0%	45	21.1%
Vermont	15,324	19,457	19,968	2.6%	19	30.3%
Virginia	223,817	273,039	281,940	3.3%	14	26.0%
Washington	195,074	214,847	221,264	3.0%	15	13.4%
West Virginia	62,026	72,679	73,525	1.2%	37	18.5%
Wisconsin	184,019	215,098	219,006	1.8%	29	19.0%
Wyoming	21,077	22,569	23,054	2.1%	23	9.4%
US	8,383,736	10,248,958	10,474,401	2.2%		24.9%

Note: Full-time equivalent enrollment equates student credit hours to full time, academic year students, but excludes medical students.

Source: *SHEEO SHEF Early Release*

Table 3
Public Higher Education Educational Appropriations per FTE
Constant Dollars

State	FY1998	FY2007	FY2008	1 Year % Chng	FY2008 Index to US Average	10 Year % Change
Alabama	$ 5,860	$ 7,213	$ 8,012	11.1%	1.14	36.7%
Alaska	$ 10,696	$ 11,931	$ 12,173	2.0%	1.73	13.8%
Arizona	$ 7,000	$ 7,149	$ 7,543	5.5%	1.07	7.8%
Arkansas	$ 7,829	$ 7,503	$ 7,755	3.4%	1.10	-1.0%
California	$ 8,171	$ 7,289	$ 7,262	-0.4%	1.03	-11.1%
Colorado	$ 4,932	$ 3,676	$ 3,801	3.4%	0.54	-22.9%
Connecticut	$ 9,436	$ 8,445	$ 8,766	3.8%	1.24	-7.1%
Delaware	$ 6,160	$ 6,196	$ 6,130	-1.1%	0.87	-0.5%
Florida	$ 7,276	$ 7,159	$ 6,868	-4.1%	0.98	-5.6%
Georgia	$ 9,949	$ 8,974	$ 8,833	-1.6%	1.25	-11.2%
Hawaii	$ 8,791	$ 8,484	$ 8,890	4.8%	1.26	1.1%
Idaho	$ 7,722	$ 8,022	$ 8,453	5.4%	1.20	9.5%
Illinois	$ 8,276	$ 7,128	$ 7,377	3.5%	1.05	-10.9%
Indiana	$ 6,294	$ 4,941	$ 4,869	-1.5%	0.69	-22.6%
Iowa	$ 8,434	$ 5,889	$ 6,071	3.1%	0.86	-28.0%
Kansas	$ 6,969	$ 5,791	$ 5,796	0.1%	0.82	-16.8%
Kentucky	$ 8,374	$ 7,884	$ 8,431	6.9%	1.20	0.7%
Louisiana	$ 5,867	$ 7,271	$ 8,245	13.4%	1.17	40.5%
Maine	$ 7,919	$ 5,957	$ 6,146	3.2%	0.87	-22.4%
Maryland	$ 6,797	$ 7,789	$ 7,831	0.5%	1.11	15.2%
Massachusetts	$ 8,534	$ 7,561	$ 7,381	-2.4%	1.05	-13.5%
Michigan	$ 7,292	$ 5,509	$ 5,310	-3.6%	0.75	-27.2%
Minnesota	$ 8,665	$ 6,045	$ 6,132	1.4%	0.87	-29.2%
Mississippi	$ 7,662	$ 6,411	$ 7,164	11.7%	1.02	-6.5%
Missouri	$ 8,386	$ 6,434	$ 6,225	-3.3%	0.88	-25.8%
Montana	$ 4,987	$ 4,513	$ 5,042	11.7%	0.72	1.1%
Nebraska	$ 6,918	$ 7,539	$ 7,487	-0.7%	1.06	8.2%
Nevada	$ 8,595	$ 8,992	$ 8,834	-1.8%	1.25	2.8%
New Hampshire	$ 3,474	$ 2,763	$ 2,730	-1.2%	0.39	-21.4%
New Jersey	$ 9,445	$ 7,362	$ 7,170	-2.6%	1.02	-24.1%
New Mexico	$ 7,904	$ 8,582	$ 9,473	10.4%	1.34	19.9%
New York	$ 6,801	$ 8,363	$ 8,328	-0.4%	1.18	22.4%
North Carolina	$ 10,670	$ 9,158	$ 9,469	3.4%	1.34	-11.3%
North Dakota	$ 6,343	$ 4,863	$ 5,533	13.8%	0.79	-12.8%
Ohio	$ 6,527	$ 4,602	$ 4,563	-0.9%	0.65	-30.1%
Oklahoma	$ 8,195	$ 7,583	$ 7,890	4.0%	1.12	-3.7%
Oregon	$ 6,136	$ 5,050	$ 5,311	5.2%	0.75	-13.5%
Pennsylvania	$ 6,701	$ 5,379	$ 5,315	-1.2%	0.75	-20.7%
Rhode Island	$ 5,805	$ 5,381	$ 4,863	-9.6%	0.69	-16.2%
South Carolina	$ 6,501	$ 6,698	$ 7,126	6.4%	1.01	9.6%
South Dakota	$ 5,989	$ 4,708	$ 5,025	6.7%	0.71	-16.1%
Tennessee	$ 6,622	$ 7,347	$ 7,677	4.5%	1.09	15.9%
Texas	$ 7,752	$ 8,532	$ 7,934	-7.0%	1.13	2.3%
Utah	$ 6,457	$ 5,942	$ 6,552	10.3%	0.93	1.5%
Vermont	$ 2,292	$ 2,413	$ 2,143	-11.2%	0.30	-6.5%
Virginia	$ 6,036	$ 6,012	$ 5,759	-4.2%	0.82	-4.6%
Washington	$ 6,965	$ 6,931	$ 7,051	1.7%	1.00	1.2%
West Virginia	$ 5,012	$ 5,133	$ 6,392	24.5%	0.91	27.5%
Wisconsin	$ 7,806	$ 6,232	$ 6,466	3.8%	0.92	-17.2%
Wyoming	$ 11,506	$ 15,136	$ 14,705	-2.8%	2.09	27.8%
US	$ 7,558	$ 7,003	$ 7,044	0.6%		-6.8%

Note: *Educational appropriations measure state and local support available for public higher education operating expenses and excludes appropriations for independent institutions, financial aid for students attending independent institutions, and research.*

Note: *Adjustment factors, to arrive at constant dollar figures, include Cost of Living Adjustment (COLA), Enrollment Mix Index (EMI), and Higher Education Cost Adjustment (HECA).The Cost of Living Adjustment (COLA) is not a measure of inflation over time.*

Source: *SHEEO SHEF Early Release*

Table 4
Net Tuition Revenue per FTE
Constant Dollars

State	FY1998	FY2007	FY2008	1 Year % Chng	FY2008 Index to US Average	10 Year % Change
Alabama	$ 3,830	$ 5,631	$ 5,515	-2.1%	1.38	44.0%
Alaska	$ 3,181	$ 3,884	$ 4,103	5.6%	1.03	29.0%
Arizona	$ 3,089	$ 4,591	$ 4,847	5.6%	1.21	56.9%
Arkansas	$ 3,951	$ 3,896	$ 3,922	0.7%	0.98	-0.7%
California	$ 1,422	$ 1,483	$ 1,423	-4.1%	0.36	0.0%
Colorado	$ 4,218	$ 4,650	$ 5,145	10.6%	1.29	22.0%
Connecticut	$ 4,399	$ 5,572	$ 5,697	2.2%	1.43	29.5%
Delaware	$ 8,047	$ 9,400	$ 9,388	-0.1%	2.35	16.7%
Florida	$ 2,101	$ 2,313	$ 2,221	-4.0%	0.56	5.7%
Georgia	$ 3,036	$ 2,072	$ 2,205	6.4%	0.55	-27.4%
Hawaii	$ 1,853	$ 2,288	$ 2,469	7.9%	0.62	33.2%
Idaho	$ 1,957	$ 2,421	$ 2,158	-10.9%	0.54	10.3%
Illinois	$ 2,084	$ 2,992	$ 3,107	3.8%	0.78	49.1%
Indiana	$ 4,318	$ 5,536	$ 5,540	0.1%	1.39	28.3%
Iowa	$ 4,439	$ 5,618	$ 5,661	0.8%	1.42	27.5%
Kansas	$ 3,074	$ 3,968	$ 4,095	3.2%	1.03	33.2%
Kentucky	$ 3,611	$ 6,078	$ 6,749	11.0%	1.69	86.9%
Louisiana	$ 3,661	$ 2,884	$ 2,637	-8.6%	0.66	-28.0%
Maine	$ 4,882	$ 5,649	$ 6,014	6.5%	1.51	23.2%
Maryland	$ 4,492	$ 6,488	$ 6,315	-2.7%	1.58	40.6%
Massachusetts	$ 3,861	$ 5,079	$ 4,923	-3.1%	1.23	27.5%
Michigan	$ 5,672	$ 6,831	$ 7,261	6.3%	1.82	28.0%
Minnesota	$ 3,350	$ 4,974	$ 4,971	-0.1%	1.24	48.4%
Mississippi	$ 2,766	$ 3,739	$ 3,904	4.4%	0.98	41.2%
Missouri	$ 3,333	$ 4,022	$ 4,069	1.2%	1.02	22.1%
Montana	$ 3,925	$ 5,069	$ 4,956	-2.2%	1.24	26.3%
Nebraska	$ 2,946	$ 3,406	$ 3,800	11.6%	0.95	29.0%
Nevada	$ 2,184	$ 1,796	$ 1,916	6.7%	0.48	-12.2%
New Hampshire	$ 7,178	$ 6,570	$ 5,594	-14.9%	1.40	-22.1%
New Jersey	$ 4,606	$ 5,886	$ 6,059	2.9%	1.52	31.5%
New Mexico	$ 873	$ 1,276	$ 1,531	20.0%	0.38	75.3%
New York	$ 3,367	$ 3,536	$ 3,426	-3.1%	0.86	1.8%
North Carolina	$ 2,422	$ 2,700	$ 2,637	-2.3%	0.66	8.9%
North Dakota	$ 2,949	$ 4,048	$ 4,231	4.5%	1.06	43.5%
Ohio	$ 4,763	$ 5,461	$ 5,355	-1.9%	1.34	12.4%
Oklahoma	$ 1,504	$ 3,426	$ 3,634	6.1%	0.91	141.6%
Oregon	$ 3,494	$ 4,748	$ 4,691	-1.2%	1.17	34.3%
Pennsylvania	$ 6,356	$ 6,770	$ 7,068	4.4%	1.77	11.2%
Rhode Island	$ 4,996	$ 6,547	$ 6,911	5.6%	1.73	38.3%
South Carolina	$ 4,963	$ 5,939	$ 6,086	2.5%	1.52	22.6%
South Dakota	$ 4,742	$ 5,414	$ 5,648	4.3%	1.41	19.1%
Tennessee	$ 3,250	$ 3,707	$ 3,841	3.6%	0.96	18.2%
Texas	$ 3,427	$ 4,164	$ 4,332	4.0%	1.08	26.4%
Utah	$ 2,406	$ 3,073	$ 2,945	-4.2%	0.74	22.4%
Vermont	$ 9,435	$ 8,972	$ 9,349	4.2%	2.34	-0.9%
Virginia	$ 4,184	$ 4,941	$ 5,206	5.4%	1.30	24.4%
Washington	$ 2,424	$ 2,268	$ 2,434	7.3%	0.61	0.4%
West Virginia	$ 3,993	$ 4,801	$ 4,949	3.1%	1.24	24.0%
Wisconsin	$ 3,400	$ 3,932	$ 3,863	-1.8%	0.97	13.6%
Wyoming	$ 2,941	$ 2,250	$ 2,200	-2.2%	0.55	-25.2%
US	$ 3,337	$ 3,936	$ 3,993	1.5%		19.7%

Note: *Net Tuition Revenue is calculated by taking the gross amount of tuition and fees, less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees.*

Note: *Adjustment factors, to arrive at constant dollar figures, include Cost of Living Adjustment (COLA), Enrollment Mix Index (EMI), and Higher Education Cost Adjustment (HECA).The Cost of Living Adjustment (COLA) is not a measure of inflation over time.*

Source: *SHEEO SHEF Early Release*

Table 5
Total Educational Revenue per FTE
Constant Dollars

State	FY1998	FY2007	FY2008	1 Year % Chng	FY2008 Index to US Average	10 Year % Change
Alabama	$ 9,690	$ 12,844	$ 13,527	5.3%	1.23	39.6%
Alaska	$ 13,877	$ 15,815	$ 16,276	2.9%	1.47	17.3%
Arizona	$ 10,088	$ 11,740	$ 12,391	5.5%	1.12	22.8%
Arkansas	$ 11,781	$ 11,399	$ 11,677	2.4%	1.06	-0.9%
California	$ 9,593	$ 8,772	$ 8,684	-1.0%	0.79	-9.5%
Colorado	$ 9,150	$ 8,326	$ 8,946	7.4%	0.81	-2.2%
Connecticut	$ 13,835	$ 14,016	$ 14,463	3.2%	1.31	4.5%
Delaware	$ 14,207	$ 15,596	$ 15,518	-0.5%	1.41	9.2%
Florida	$ 9,377	$ 9,472	$ 9,089	-4.0%	0.82	-3.1%
Georgia	$ 12,985	$ 11,046	$ 11,037	-0.1%	1.00	-15.0%
Hawaii	$ 10,644	$ 10,772	$ 11,359	5.5%	1.03	6.7%
Idaho	$ 9,680	$ 10,443	$ 10,611	1.6%	0.96	9.6%
Illinois	$ 10,360	$ 10,120	$ 10,484	3.6%	0.95	1.2%
Indiana	$ 10,612	$ 10,477	$ 10,409	-0.7%	0.94	-1.9%
Iowa	$ 12,873	$ 11,508	$ 11,732	1.9%	1.06	-8.9%
Kansas	$ 10,042	$ 9,759	$ 9,891	1.3%	0.90	-1.5%
Kentucky	$ 11,984	$ 13,962	$ 15,180	8.7%	1.38	26.7%
Louisiana	$ 9,528	$ 10,155	$ 10,882	7.2%	0.99	14.2%
Maine	$ 12,800	$ 11,606	$ 12,160	4.8%	1.10	-5.0%
Maryland	$ 11,289	$ 14,277	$ 14,146	-0.9%	1.28	25.3%
Massachusetts	$ 12,395	$ 12,640	$ 12,304	-2.7%	1.11	-0.7%
Michigan	$ 12,965	$ 12,340	$ 12,570	1.9%	1.14	-3.0%
Minnesota	$ 12,015	$ 11,020	$ 11,103	0.8%	1.01	-7.6%
Mississippi	$ 10,428	$ 10,150	$ 11,068	9.0%	1.00	6.1%
Missouri	$ 11,719	$ 10,456	$ 10,294	-1.6%	0.93	-12.2%
Montana	$ 8,911	$ 9,582	$ 9,998	4.3%	0.91	12.2%
Nebraska	$ 9,864	$ 10,944	$ 11,287	3.1%	1.02	14.4%
Nevada	$ 10,778	$ 10,787	$ 10,750	-0.3%	0.97	-0.3%
New Hampshire	$ 10,652	$ 9,333	$ 8,324	-10.8%	0.75	-21.9%
New Jersey	$ 14,052	$ 13,247	$ 13,229	-0.1%	1.20	-5.9%
New Mexico	$ 8,777	$ 9,858	$ 11,004	11.6%	1.00	25.4%
New York	$ 10,168	$ 11,899	$ 11,754	-1.2%	1.07	15.6%
North Carolina	$ 13,093	$ 11,858	$ 12,106	2.1%	1.10	-7.5%
North Dakota	$ 9,292	$ 8,911	$ 9,764	9.6%	0.88	5.1%
Ohio	$ 11,289	$ 10,063	$ 9,918	-1.4%	0.90	-12.1%
Oklahoma	$ 9,700	$ 11,009	$ 11,523	4.7%	1.04	18.8%
Oregon	$ 9,630	$ 9,799	$ 10,002	2.1%	0.91	3.9%
Pennsylvania	$ 13,058	$ 12,148	$ 12,383	1.9%	1.12	-5.2%
Rhode Island	$ 10,801	$ 11,928	$ 11,774	-1.3%	1.07	9.0%
South Carolina	$ 11,464	$ 12,638	$ 13,212	4.5%	1.20	15.2%
South Dakota	$ 10,731	$ 10,122	$ 10,673	5.4%	0.97	-0.5%
Tennessee	$ 9,871	$ 11,054	$ 11,518	4.2%	1.04	16.7%
Texas	$ 11,179	$ 12,696	$ 12,266	-3.4%	1.11	9.7%
Utah	$ 8,863	$ 9,015	$ 9,497	5.3%	0.86	7.2%
Vermont	$ 11,727	$ 11,385	$ 11,492	0.9%	1.04	-2.0%
Virginia	$ 10,220	$ 10,953	$ 10,966	0.1%	0.99	7.3%
Washington	$ 9,388	$ 9,200	$ 9,485	3.1%	0.86	1.0%
West Virginia	$ 9,005	$ 9,934	$ 11,341	14.2%	1.03	25.9%
Wisconsin	$ 11,206	$ 10,164	$ 10,329	1.6%	0.94	-7.8%
Wyoming	$ 14,447	$ 17,386	$ 16,904	-2.8%	1.53	17.0%
US	$ 10,895	$ 10,939	$ 11,037	0.9%		1.3%

Note: *Total Educational Revenue is the sum of educational appropriations and net tuition.*

Note: *Adjustment factors, to arrive at constant dollar figures, include Cost of Living Adjustment (COLA), Enrollment Mix Index (EMI), and Higher Education Cost Adjustment (HECA). The Cost of Living Adjustment (COLA) is not a measure of inflation over time.*

Source: *SHEEO SHEF Early Release*

Table 6
SHEEO SHEF Early Release 2008
Higher Education Finance Indicators *(Current Dollars)*

(Current Dollars)	1983 (1)	1998 (1)	2003	2007	2008	1 Year Change
[A] State and Local Support for Public Higher Education	**$ 24,403,200,000**	**$ 53,902,759,014**	**$ 67,615,748,402**	**$ 80,128,216,320**	**$ 84,980,269,803**	**6.1%**
State	*$ 22,846,000,000*	*$ 49,369,387,558*	*$ 61,241,984,073*	*$ 72,814,798,453*	*$ 76,935,902,406*	
Local	*$ 1,557,200,000*	*$ 4,533,371,456*	*$ 6,373,764,329*	*$ 7,313,417,867*	*$ 8,044,367,397*	*10.0%*
[B] Research - Agriculture - Medical (RAM)	**$ 4,274,000,000**	**$ 8,358,381,014**	**$ 9,462,310,278**	**$ 10,381,766,982**	**$ 11,202,556,778**	**7.9%**
[C] Educational appropriations [A-B]	**$ 20,129,200,000**	**$ 45,544,378,000**	**$ 58,153,438,124**	**$ 69,746,449,338**	**$ 73,777,713,025**	**5.8%**
[D] Net Tuition	**$ 6,172,400,000**	**$ 20,110,175,090**	**$ 27,452,331,553**	**$ 39,204,593,567**	**$ 41,828,254,249**	**6.7%**
Total Educational Revenue [C+D]	**$ 26,301,600,000**	**$ 65,654,553,090**	**$ 85,605,769,677**	**$ 108,951,042,905**	**$ 115,605,967,275**	**6.1%**
Net Tuition as a % of Total Educational Revenue	**23.5%**	**30.6%**	**32.1%**	**36.0%**	**36.2%**	**0.2%**
Full-Time Equivalent Enrollment (FTE) (1)	7,456,322	8,383,736	9,774,481	10,248,958	10,474,401	2.2%
Educational Appropriations Per FTE	$ 2,700	$ 5,432	$ 5,950	$ 6,805	$ 7,044	3.5%
Net Tuition Per FTE	$ 828	$ 2,399	$ 2,809	$ 3,825	$ 3,993	4.4%
Total Educational Revenue Per FTE	$ 3,527	$ 7,831	$ 8,758	$ 10,630	$ 11,037	3.8%
State support for independent and out of state institutions (2)		**$ 116,896,040**	**$ 2,190,644,944**	**$ 2,547,443,200**	**$ 2,602,136,125**	**2.1%**
Operating Grants		*$ 20,845,000*	*$ 265,544,258*	*$ 287,408,323*	*$ 294,524,860*	*2.5%*
Aid to Students Attending Independent Institutions		*$ 96,051,040*	*$ 1,925,100,686*	*$ 2,260,034,877*	*$ 2,307,611,265*	*2.1%*
Aid to Students Attending Out of State Institutions		*$ -*	*$ 31,377,849*	*$ 38,309,589*	*$ 34,799,023*	

Notes:

(1) FTE enrollment excludes medical school enrollments.

(2) Data for aid to independent institutions and students attending private institutions not reported in 1983 and may be incomplete in 1998.

Source: *SHEEO SHEF Early Release*

BLUE RIBBON COMMISSION ON HIGHER EDUCATION

NATIONAL CONFERENCE of STATE LEGISLATURES

A Policy Brief

June 2008

Sticker Shock: What's Driving the Price of Higher Education?

The Big Picture

More students are enrolling in higher education institutions than ever before; college enrollments have increased by close to 20 percent during the last 10 years. Public institutions, whether they are small, two-year community colleges or massive, four-year research institutions, enroll the vast majority of college students—more than 13 million of approximately 17 million total college students in 2006. Rapidly increasing enrollments in public institutions by low-income, minority, adult and other traditionally underserved populations are placing new demands on higher education institutions that must be addressed to meet 21st century workforce needs.

Accompanying the rising enrollment is the increasing price tag for attending college. Between 1987 and 2007, tuition and fees increased by 316 percent, while overall inflation rose by only 83 percent. It is encouraging that student enrollments in higher education have risen dramatically during this period of increasing prices. However, faced with the prospect of significant student loan debt, many future students may be shut out of higher education due to the continuing rise in tuition and fees. The rising price of a degree is the most pressing issue in regard to higher education for many Americans. Forty-two percent of Americans believe that controlling college costs is "extremely important" for the next president to address, according to a recent The Chronicle/Gallup Panel survey.

This brief examines the "sticker" price of higher education—tuition and fees—and some major factors that are driving the price increases. Price refers to what the student pays in tuition to obtain a postsecondary degree and does not refer to the full cost of providing services at an institution of higher education. Furthermore, sticker price does not include additional student costs such as room and board, supplies, texts and transportation.

What Factors Drive College Prices?

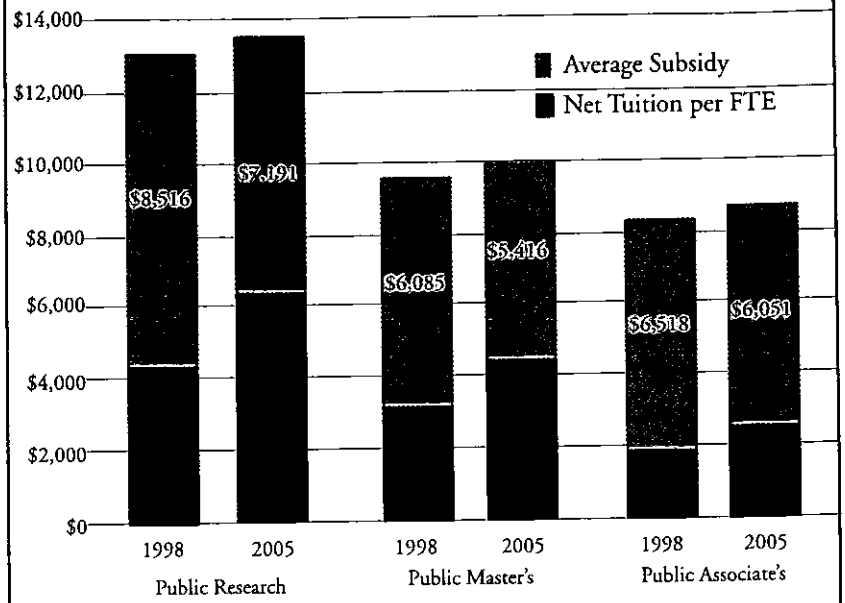
State Subsidies

Variability in state subsidies for higher education is a significant factor in public institution tuition increases. The difference between the full cost (the amount necessary to educate a student) and the amount covered by tuition revenues (price) is a general subsidy from the state. Historically, revenues from tuition have covered only a portion of the amount institutions spend to educate students. The balance of responsibility for paying for higher education has shifted recently, however. A higher proportion is paid by students relative to those paid by state and local appropriations.

One common argument is that student costs—in the form of tuition and fees—are rising primarily due to the steadily increasing cost of providing education. A closer look at actual higher education costs in relation to student costs and state subsidies, however, tells a different story. The Delta Cost Project in Washington,

D.C., has examined the relationship between full cost, price and state subsidy to help explain the balance of funding responsibilities between tuition and state and local appropriations. Figure 1 displays the average change in cost, price and subsidy for various public institutions between 1998 and 2005. The amounts are national averages; differences exist among the states in these amounts, particularly in subsidies.

Figure 1. Total Cost of Higher Education, in Terms of Price and Subsidy, for Public Institutions



Source: Delta Project on Postsecondary Costs, Washington, D.C., 2008.

According to Figure 1, the average cost to educate a student across the three types of public institutions has increased a little more than 3 percent in 2005 dollars during this time. Although this does not represent a dramatic increase, the rise in the amount of the cost covered by the student during this time is fairly substantial. Public research institutions provide an example. While costs rose a modest 3 percent between 1998 and 2005, the *student* share of that cost rose 12 percent—from 35 percent to 47 percent. What accounts for this large increase? The answer is a 12 percent average decrease in state subsidies for public research institutions, from 65 percent ($8,516) in 1998 to 53 percent ($7,191) in 2005. Similar shifts in the student cost burden also occur in other public institutions. In master's institutions, the student share rose 9 percent, and in public associate's institutions, it rose by 7 percent.

The shift toward having students cover more of the cost of higher education results in continually rising tuition and fees at public institutions. During the last 10 years, tuition and fees have risen by an average of 54 percent at public four-year institutions and by a more reasonable 16.5 percent at public associate's institutions in inflation-adjusted dollars, according to the College Board's *Trends in College Pricing*. As a result of these increases, it is more difficult for low- and middle-income families to pay for college. These students are therefore either avoiding college or are graduating with substantial debt from student loans, often from high-priced and less-regulated private lenders. According to a National Consumer Law Center report, these lenders account for close to $1 in every $4 of student lending and almost always are more expensive than federal loans. This puts further financial burden on those who can least afford it.

Cost of Competition

Institutional competition for both students and faculty is another contributing factor to the increasing price of higher education. Partially driven by national ranking systems and a burgeoning demand for college degrees—especially from more reputable institutions—the competitive nature of the higher education market has significantly amplified. A highly competitive market compels colleges to raise quality and expenses by improving their facilities and recruiting top faculty members. It also leads to higher tuition, however. Although this is especially true for private schools, it also significantly affects public institutions. One study shows that 15 percent of the real-term tuition increases at public institutions since 1950 can be attributed to this enhanced competition.

Employee Benefits

Another contributing factor to the rise in tuition is the growing cost of employee benefits. Although this cost is not unique to higher education, it nonetheless affects direct student costs. Combined with the instability in state funding, growing employee benefit costs are passed on to students in the form of higher tuition. Health care is particularly expensive and will continue to rise, especially as the workforce ages.

How Can Legislators Address Student Costs?

Examine Instability in State Funding

Unstable state funding plays a significant role in the constant increase in tuition. Considering if and how higher education subsidies can be stabilized for the future can help lower and stabilize the rate of tuition increases.

Legislators are well aware that stabilizing state funding is extremely difficult. Funding for higher education typically follows a cyclical pattern. Higher education subsidies increase considerably when state budgets are flush; conversely, as state budgets face shortfalls, funding for higher education faces significant cuts. This occurs primarily because higher education has a built-in secondary funding source—tuition and fees. When state budgets are lean, the state can use this secondary source to free funds for other critical programs or can provide extra funding that may freeze tuition increases during economic booms. This funding process, however, does not support a long-term strategy to increase access, improve quality and address overall costs.

Reaching some level of funding stability and creating incentives for higher education funding are two ways legislators can help reduce the rate of tuition increases. Shifting from a funding formula based solely on student enrollments to one based on desired outcomes—such as degree completion—is among the strategies to consider. Another is to use formal productivity reviews to identify underutilized programs and reallocate public funds to meet academic and state priorities. These approaches can shift the focus from revenues and inputs to costs and quality and, in turn, make operations more efficient. Containing spending while maintaining the student share of full costs through stabilized subsidies therefore can help address costs to students.

Reassess Tuition and Financial Aid Policies

Tuition levels and student behavior are directly connected. High tuition acts as a strong disincentive for students to either choose to enroll in higher education or complete a degree program. Instituting both flexibility and incentives can ease the financial impact of tuition prices, especially for low- and middle-income families. Some options include linking tuition increases to increases in family income, providing rebates for students who take less time to graduate, and lowering tuition at four-year colleges for students who previously earn an associate's degree. Reassessing tuition policy, along with establishing a level of stability in state subsidies, can, in turn, make tuition adaptable and responsive to state economic conditions.

Changes to tuition policy also should correspond to changes in state financial aid policy. Closely linking these policies can greatly improve access to higher education, enhance productivity, and address overall costs. Establishing an appropriate balance between need-based and merit-based financial aid may help reduce overall student borrowing and decrease debt levels. Rewarding students who efficiently obtain their degrees and targeting adult and part-time students also can improve student access and success to help meet state workforce needs.

Hold Institutions Accountable for Spending

A recent survey of public institutions from the American Association of State Colleges and Universities and SunGard Higher Education shows that, although the issue of cost containment is a high priority among the institutions surveyed, evidence suggests that efforts are lacking to document and account for costs. This can be changed, however. Legislators can hold institutions accountable for their performance and results. Investing in data systems that provide timely and reliable information on spending facilitates the ability to link funding to performance and outcomes. Institutions then can be held accountable for meeting designated expectations and state goals through regular reporting to the legislature. This will provide legislators with the information they require to appropriate funds accordingly. Reining in unnecessary costs and improving efficiency and productivity then can help stabilize tuition to reduce the student cost of obtaining a degree.

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A Higher Education Policy Brief • January 2009

Top 10 State Policy Issues for Higher Education in 2009

by
AASCU State Relations
and Policy Analysis Research Team

Introduction

Presented here are the top 10 issues most likely to affect public higher education across the 50 states in 2009, in the view of the state policy analysis and research staff at AASCU. While numerous topics shape state higher education policy, each affecting the issues of affordability and quality, our focus is on the overarching issue of college access. This synopsis is informed by a scan of state policy activities of the past year, an analysis of trends, and consideration of events that will likely shape the policy landscape. Some issues are perennial in nature, while others reflect attention to near-term circumstances (i.e., current economic turmoil) as well as recent federal and state policy actions. The influence of any given issue will, of course, vary across individual states.

#1–States' Fiscal Crises

The economic storm clouds that were gathering on the horizon early in 2008 have opened up over the past year, unleashing a torrent of negative economic data resulting in declining revenue in most states. The nation as a whole has been in a recession since December 2007, but for many states, the downturn began well before then. States are in the process of closing $30 billion in current year (fiscal 2009) budget shortfalls and face nearly an additional $200 billion in budget gaps over the next 18 to 24 months, according to the National Governors Association (NGA). States as small as Rhode Island and as large as California are being battered by large revenue shortfalls. The Wall Street meltdown, declining real estate values, decreasing consumer spending, and increasing unemployment are among the factors hastening already existing state structural deficits. The NGA predicts that states will reduce spending in the current fiscal year budget cycle for the first time in a quarter century. It is from this stark reality that most state higher education policy action in 2009 will follow.

The end result has been—and may well continue to be—reduced state appropriations for public postsecondary education as state lawmakers stitch together budgets for the 2010 fiscal year, which begins on July 1 for all but four states. This comes at a time when public higher education institutions and systems are still trying to make up ground in state appropriations that had been lost during the economic downturn earlier this decade. While perhaps no state agency will be spared from

pared-back state spending plans in the year ahead, past history suggests that higher education could well receive a disproportionate share in the fiscal bloodletting. The cascading effect of the states' financial crises will impact many crucial state policies and programs, including state student grant programs, tuition prices and student enrollment.

#2–Tuition Prices and Tuition Policy

In the wake of reduced state funding for higher education (or in a few cases, modest increases), increases in tuition prices at public colleges and universities are sure to follow. Institutions of higher education are going to great lengths to cut costs, but such efforts will likely not negate the need for colleges to hike tuition rates—sometimes dramatically—to offset reduced state support. Fall 2009 increases may, in many instances, be considerably higher than the national average increase of 6.4 percent witnessed at public four-year institutions in fall 2008, especially for those colleges facing the double blow of reduced state support paired with increases in student enrollment. In reaction to mid- (fiscal) year state budget cuts, and in anticipation of further erosion in state funding in fiscal year 2010, some institutions have taken the rare action of increasing tuition mid-year.

Significant increases in tuition prices—especially those taking place at public colleges and universities—will likely stoke debate over tuition policy, who controls it, and to what extent it should be regulated. Despite tuition increases largely provoked by insufficient, if not declining, state appropriations for higher education, many state lawmakers and other governing bodies with tuition setting authority may tussle over the parameters of these increases. Calls will be made to legislatively restrict increases, and efforts will be made to incentivize, or punish, institutions and systems to keep increases in check. Conversely, scenarios may arise in which appeals are made to loosen restrictions over tuition increases in order to meet demands for rising enrollments and to maintain the quality of undergraduate instruction. Florida serves as a case in point, with Governor Charlie Crist recently bowing to longstanding calls for that state's public postsecondary institutions to raise what are some of the lowest tuition rates in the nation to considerably higher levels to meet enrollment and quality demands. Likewise, New York Governor David Patterson recently proposed allowing the SUNY and CUNY systems to raise tuition for just the second time in 13 years to offset a proposed $348 million reduction in state funding for the two systems.

#3–State Student Grant Aid Programs

State grant aid to college students can be based on merit, financial need, or both. Over time, states have shifted from awarding predominantly need-based financial aid to a mix of merit- and need-based aid programs. In 2006-07, according to the College Board's Trends in Student Aid, the amount of state grant aid not based on financial need was 28 percent, up from 17 percent nine years earlier. Facing large budget deficits, state-funded student grant programs may well be a target for overhaul, such as implementing tighter restrictions on eligibility, as was the recent case in New Jersey for that state's popular STARS and STARS II scholarship programs. Ensuring fiscal integrity of these programs and striking a balance between financial need-based and merit-based qualifications will be a focus of state policy action in 2009. The federal government's Pell Grant program, the bellwether of all financial aid programs, has seen a huge increase in the number of applications in light of the economic downturn. Likewise, the pressure will be on at the state level to maintain, if not bolster, need-based aid.

#4–Enrollment Capacity

Although the bubble in the Baby Boom echo has popped—with the largest high school graduating class having taken place in 2008—any leveling off of enrollments at many of the nation's colleges and universities may be postponed due to burgeoning demand that is often witnessed during a recessionary period. Traditional-aged undergraduates may find themselves not only competing for seats in classrooms at their state universities and community colleges, but also with

unemployed and under-employed adults who are returning to campus to upgrade their skill sets. As with tuition policy, the struggle over balancing enrollment levels with both fiscal and physical (instructional and laboratory) capacity may be contested at various levels of governing authority within states.

States in the West and Southwest, such as Arizona, California, Nevada, Texas and Utah, exemplify the enrollment capacity dilemma. Enrollment pressures will likely vary according to the relative affordability of each sector of postsecondary education, with the squeeze particularly burdensome at public two-year institutions. The California State University System recently announced the unprecedented move to reduce enrollment by 10,000 students across its 23-campus system for the fall 2009 term in order to address midyear budget cuts—and more cuts that are likely on the way—that stem from plummeting state revenues. At the state's 109-institution community college system, suggestions have been made that upwards of a quarter million students may be turned away, not through formal enrollment policy, but rather as a result of sheer capacity limits. The availability of seats in classrooms, as well as course sections, will be at a premium; developing policies that balance enrollment demand and workforce needs with the requisite infrastructure and funding will be high on the higher education agenda in many states.

#5–Implementation of Higher Education Opportunity Act

Increased transparency and accountability were key themes of the long-awaited reauthorization of the Higher Education Opportunity Act (HEOA) in 2008. A significant number of reporting requirements for colleges, textbook publishers, lenders, the U.S. Department of Education and other higher education-related entities aim to better inform consumers, making students and families a clear winner in the HEOA.

The sweeping legislation also intends to foster greater accountability on states' part in financing their share of public postsecondary education by imposing a Maintenance of Effort (MOE) requirement. Under this provision, states must now appropriate operating funds for their public colleges and universities, and for financial aid programs provided to private institutions in the state, at an amount equal to or greater than the average during the prior five years. There are limited waiver provisions for "exceptional or uncontrollable circumstances," and many state leaders are insisting that the current recession is reason enough for a temporary release from the spending requirement. The National Governors Association has requested the U.S. Department of Education to waive this requirement for the next budget cycle due to the current recessionary impact on states. The Department has yet to weigh in on states' obligations for the next budget-setting cycle. The penalty for noncompliance is the Department of Education's withholding of College Access Challenge Grants, a state-matching grant program aimed at boosting access to underrepresented populations. While these grants were first funded in FY 2008 and average only about $1,158,000 per state, the intent of the provision is to emphasize that states must not neglect their responsibility to higher education. This MOE provision and several other rules within the reauthorized HEOA will likely play a role in higher education state policy in the months ahead.

#6–The Incoming Obama Administration

Considerable potential exists for the actions of President-elect Barack Obama to impact state higher education policy decisions in 2009, both through enactment of his various campaign policy proposals and through inclusion of higher education as part of the administration's economic recovery strategy. A refundable tax credit up to $4,000 for students in exchange for their contribution of 100 hours of community service, streamlining the federal student grant aid application process, boosting the maximum Pell Grant award, and a matching grant program for states to raise awareness of federal and state financial aid programs are among the proposals Obama offered during his campaign. On a more immediate basis, calls have been made to

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include higher education in what is anticipated to be a federal economic stimulus package in the range of $750 to $850 billion, either through a one-time injection in federal student aid to boost enrollment, or through capital outlay dollars that will expand instructional and research capabilities at the nation's colleges and universities.

It is hoped that state leaders will complement any policies and spending programs that are championed by the Obama administration so to maximize the potential for increasing postsecondary access and exploit the full economic energy produced through the workforce development, applied research, and regional outreach activities performed by the nation's colleges and universities. Conversely, it is critical that states do not use any positive investment in higher education made at the federal level to supplant, rather than augment, the workforce development and economic development capabilities of the nation's public postsecondary institutions.

#7–College Readiness

Though less time-sensitive, the need to increase the number of high school graduates who are prepared for college will continue to be a critical issue over the next year. More than a quarter of entering college freshmen take at least one remedial course in college, and this proportion is even higher at less selective four-year institutions and at community colleges. Students who are underprepared for college have a harder time completing their educational goals, and both public and private costs of degree attainment are greater. Many underprepared students do not even enroll in college, and a sizable number simply drop out of high school. If the U.S. is to remain competitive in the global economy, more must be done to strengthen the educational pipeline in order to dramatically increase the number of two- and four-year college degrees produced each year.

State and national policymakers have implemented a variety of approaches over the past 25 years to increase the college readiness of high school students, and will continue to make progress in the year ahead. This includes efforts to implement graduation requirements aimed at assuring that all graduates are prepared for college (as opposed to systems in which students are specifically tracked into, or out of, college-preparatory curriculums); efforts to align state K-12 standards with postsecondary and workforce expectations; and efforts to align secondary and postsecondary assessments. All of these strategies have potential for improving college readiness, particularly if developed in conjunction with broader P-16 initiatives, longitudinal data systems, and coordinated accountability reporting.

#8–Veterans' Education

The upcoming August 1, 2009 implementation of the Post-9/11 Veterans Educational Assistance Act of 2008, also known as the Post-9/11 GI Bill, will be a watershed moment in the history of educational assistance for veterans and servicemembers. It provides veterans with at least 90 days' active duty service post-9/11 and remaining GI Bill eligibility with tuition and required fee payments scaled to the most expensive public college in their state of residence, a housing stipend for some veterans, and a book stipend. Eligible colleges and universities may also sign on to the Yellow Ribbon Program, which allows institutions to pay up to 50 percent of eligible veterans' tuition and fee costs not covered by the Post-9/11 GI Bill and receive matching funds from the Department of Veterans Affairs (VA) for the remaining 50 percent.

The major issue in 2009 will be how this groundbreaking program will fare in implementation. The VA will be manually processing claims using pre-existing computer systems until a specialized computer system can be built to handle the new demands of the Post-9/11 GI Bill. This manual processing of claims, combined with an unknown number of veterans utilizing the Post-9/11 GI Bill benefits (best estimates hover around the 300,000 mark in its first year), and the need to write a new set of rules governing the program's benefits all add up to a complicated implementation process being put into place under an extraordinarily tight time frame. State higher education policy may be

affected either through the bill's implementation process or through the creation or augmentation of currently existing state programs aimed at facilitating postsecondary access for veterans.

#9–Undocumented Students

Higher education access and affordability for undocumented students will continue to be debated in 2009, with potential trend-setting consequences. Existing federal law pertaining to in-state tuition for undocumented students is ambiguous, and Congress has repeatedly failed to pass a measure such as the DREAM Act that would support states' rights to offer in-state tuition to these students. Between 2001 and 2006, 10 states passed measures to provide in-state tuition rates to undocumented students who meet the specified criteria (including residency in the state for a given period of time, earning a high school diploma, and signing an affidavit to agree to seek legal residency status), but since then, no additional states have followed suit. Policymakers have become increasingly wary of acting on this issue without the support of federal law.

In the past couple of years, there have been several high-profile court challenges to existing in-state tuition laws. In September 2008, a California appeals court ruled for the first time that the state's 2001 law giving undocumented students in-state tuition rates violates a 1996 federal law. The California Supreme Court has agreed to hear the case, and though not binding on other states, it will have implications elsewhere. Officials in other states (including Texas and Utah) have already asked for similar review of their state laws. Also for the first time in 2008, the right of undocumented students to enroll in public institutions in a state has been called into question. In South Carolina, undocumented students have been barred from enrolling in all public institutions (even if they pay out-of-state tuition rates), and in North Carolina and Alabama, they have been barred from community colleges.

As to the future, the new administration and the new Congress should be more favorable toward passing federal legislation that would clarify states' rights to offer in-state tuition benefits to undocumented students. With this change, the number of states with laws favorable to undocumented students would likely increase, and such a law could stem court challenges such as the one in California. However, this would remain a contentious issue in the states, as not all states will move in a direction favorable to undocumented students and states could still act to bar these students from enrolling in public colleges. If Congress fails to enact such legislation, it is highly unlikely that educational opportunity for undocumented students will improve.

#10–Sustainability

The issue of sustainability was elevated considerably in 2008, courtesy of record-high oil prices that peaked in July. The repercussions to higher education were many; some negative—such as the impact of gas prices on commuter students and the costs to universities in running their plant operations, and some were positive; such as increased actions on campuses to spur conservation and redoubled R&D efforts aimed at nurturing new alternative and renewable energy sources.
With a backdrop of high energy prices, greater recognition of the causes behind global warming, and continued conflict in the Middle East, federal and state policy actions in 2009 may accelerate campus sustainability projects and fund campus-based research endeavors while generating so-called green collar jobs in the process.

Conclusion

State higher education policy in 2009 will be affected on many fronts: through repercussions of the national economic recession, by the cascading effect of significant federal legislation passed in 2008 and which will be implemented this year, and through the perennial quest to improve college access and affordability. With diminishing revenue streams in the midst of increasing enrollment demands typical of recessionary periods, state policy and higher education leaders face a daunting task ahead. States will have to raise revenues and/or cut expenditures; assuming that it's more of the latter than the former, it is certain that elevating

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public higher education as a state priority will be all the more challenging.

Embedded in the fiscally tumultuous year ahead is a silver lining, however. Sheer economic necessity will drive greater innovation, through new policies and actions at all levels—state, system and institutional. The need to innovate, even while under financial duress, will lead to improvements in cost efficiency, effectiveness and productivity. The ultimate challenge in 2009 is to contend with current economic conditions, maximize the role of America's public colleges and universities as an integral part of a national recovery, and maintain access to these institutions as a state—and national—public policy priority.

Contact: AASCU State Relations and Policy Analysis Research Team

Daniel Hurley, Director, State Relations and Policy Analysis
Lesley McBain, Senior Research and Policy Analyst
Tom Harnisch, Research Associate
Alene Russell, Senior State Policy Consultant

HB 109

SENATE COMMITTEE REPORT

DATE: 3/16/09

FURTHER: Finance

DATE TURNED IN TO OFFICE: 3/23/09

Education Committee considered HOUSE BILL NO. 109

HB 109 EDUC. LOANS: SUPPLEMENTAL & FAMILY

"An Act relating to eligibility for the Alaska supplemental education loan program and to the interest rate for a loan made under the Alaska family education loan program; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
EED	2/5/09			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Olson			✓	
	Huggins			✓	
CHAIR: Bettye Davis	DAVIS	✓			

Alaska State Legislature

Rep. Cathy Muñoz, Vice-Chair
Rep. Wes Keller
Rep. Bob Buch

Rep. Peggy Wilson
Rep. Bryce Edgmon
Rep. Berta Gardner

Rep. Paul Seaton, Chairman
HOUSE EDUCATION COMMITTEE

MEMORANDUM

TO: Representative Bettie Davis, Chair
Senate Education Committee

FROM: Representative Paul Seaton
House Education Committee

DATE: Tuesday March 17, 2009

RE: Request for hearing, HB 109

I respectfully request the consideration of HB 109 before the Senate Education Committee.

In summary, HB 109 requires that, as a condition of eligibility for an Alaska Supplemental Education Loan (ASEL), a borrower must have good credit or, if unable to document a history of good credit, must apply with a credit-worthy co-signer.

Attached please find: sponsor statement; HB 109; fiscal note; Briefing on: ASLC Liquidity Issues and Proposed Plan of Action; Chart from ACPE website explaining loans that are affected by HB 109; articles and back-up.

Invited witness: Diane Barrans, Executive Officer of the Alaska Student Loan Corporation and Executive Director of the Alaska Commission on Post Secondary Education.
All teleconference sites are welcome; however we have no other planned testimony.

Staff contact: Katie Koester: 465-2028

State Capitol, Room 102, Juneau, AK 99801 - Phone: 465-3923 - Fax: 465-3472 - Toll Free (800) 665-2689
Representative_Paul_Seaton@legis.state.ak.us

Alaska State Legislature

Rep. Cathy Muñoz, Vice-Chair
Rep. Wes Keller
Rep. Bob Buch

Rep. Peggy Wilson
Rep. Bryce Edgmon
Rep. Berta Gardner

Rep. Paul Seaton, Chairman
HOUSE EDUCATION COMMITTEE

HB 109
Sponsor Statement

HB 109 requires that, as a condition of eligibility for an Alaska Supplemental Education Loan (ASEL), a borrower must have good credit or, if unable to document a history of good credit, must apply with a credit-worthy co-signer. Administered by the Alaska Commission on Postsecondary Education (ACPE), these loans are funded by the Alaska Student Loan Corporation (ASLC). ASLC issues bonds in the capital markets using its various AlaskAdvantage education loans as collateral pledged to support the bonds. The loans are in two categories: those with a federal guaranty (Stafford, Federal PLUS and Grad PLUS) and non-guaranteed State loans. With bonds collateralized by guaranteed loans, investors know they can rely on the backing by the federal government. ASELs have no guarantee and therefore the underlying quality is a primary concern. ASLC has determined that unless the credit quality of ASELs is improved, they will not be usable as collateral.

Compared to credit standards imposed by lenders in other states, ASEL credit requirements are among the least restrictive for alternative education loans. ACPE currently only reviews histories for bad credit. If an applicant has no credit history they may borrow without a co-signer. In today's national economic climate, bond investors are extremely averse to bonds backed by certain asset types. Unfortunately, in this new environment ASELs are viewed as subprime loans. ASLC financial advisors indicate there is little likelihood this conservative investor perspective will change in the future. Passage of HB 109 is intended to permit ACPE to improve ASEL quality so they will be more positively received in the bond market. If ASLC is unable to finance the ASEL program through the capital markets, in the future the State would have to directly fund this program or ASELs would be unavailable. ACPE estimates that its annual loan demand through the ASEL program will continue to be $40 to $50 million.

HB 109 also allows ASLC to set the interest rate for Family Education Loans (FEL) in accordance with the rate set for the ASEL (not to exceed 8.25%). The FEL program allows a family member to take out a loan on behalf of another family member. This program accounts for less than 2% of ASLC loans. Currently ASLC must charge the 5% interest rate set in statute for the FEL. HB 109 gives ASLC the flexibility to set the interest rate according to the current fiscal environment.

The Legislature should carefully examine changes that put limitations on borrowers. However, HB 109 is necessary for ACPE and ASLC to continue to meet their shared mission to promote, support, and provide access to postsecondary education for Alaskans and in Alaska; without relying on the State General Fund to finance its operations.

State Capitol, Room 102 Juneau, AK 99801 - Phone: 465-3923 - Fax: 465-3472 - Toll Free (800) 665-2689
Representative_Paul_Seaton@legis.state.ak.us

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: HB109
() Publish Date:

Identifier (file name): HB109-EED-ACPE-02-05-09
Dept. Affected: Education

Title: An act relating to eligibility for the Alaska Supplemental Education Loan Program; and the Alaska Family Education loan interest rate
RDU: ACPE
Component: Program Administration and Operations
Component Number: 2738

Sponsor: (H)Education
Requester: (H)Education

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill is intended to improve the quality of education loans sufficiently to maintain the Alaska Student Loan Corporation's (ASLC) capacity to issue revenue bonds, backed by loan assets, to finance future lending activities. Implementation of the proposed changes is not expected to require additional appropriations. It is feasible that these changes will positively impact ASLC revenues through improved collections on the loans, but it is not possible to estimate that impact at this time due to the complexity of factors impacting loan collections.

Prepared by: Diane Barrans, Executive Director — Phone 907-465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 2/5/09 11:00 AM
Approved by: Diane Barrans, Executive Director — Date 2/5/2009
Alaska Commission on Postsecondary Education

(Revised 9/10/2008 OMB)

Briefing on: ASLC Liquidity Issues and Proposed Plan of Action

- The Alaska Student Loan Corporation (ASLC), created by the legislature in 1988 to provide a source of financing for state-administered education loans, has successfully issued bonds from 1988 through 2007. ASLC's tax-exempt bond issues have been structured using education loans as collateral.

- In 2008, due to the extended disruption in the capital markets, ASLC was unable to issue bonds. One reason for that was contagion from the sub-prime mortgage-backed bond market had spread to student loan-backed bonds—particularly in regards to non-federally guaranteed education loans such as the Alaska Supplemental Education Loans (ASELs). Rating agencies, financial partners and investors have substantially altered their level of scrutiny and qualitative standards for asset-backed bonds, resulting in ASELs being viewed as sub-prime loans.

- In short, ASELs as they exist today are no longer of sufficient quality to be effectively used to back bonds. In order for ASLC to be able to efficiently use ASELs to back bonds in the future, the credit standards applied to borrowers of these loans must be strengthened.

- Failure to make the proposed changes will seriously compromise ASLC's ability to finance its programs and operations in the capital markets. In that event the options will be 1) the State of Alaska will have to directly fund the ASEL program at an annual cost of approximately $50 million, or 2) ASLC will substantially cease originating ASELs effective in 2009.

- In addition to the proposal to raise the credit standard for the ASEL, because in the increases in the costs of financing the loan program, there is also a need to alter the interest rate on the Alaska Family Education Loan (FEL). That loan rate is currently set in statute at 5%. The proposal is to set the FEL rate at the same rate charged on the ASEL—currently that rate is 7.3% and is capped in statute at 8.25%. Proposal would allow the Corporation to set the rate on these loans using the same program-costs based formula used for the ASEL.

- The timing of a change in the ASEL credit standard is fortunate in that it coincides with the 2008 increase in the federal Stafford loan limits.[1] Stafford loans, also offered by ASLC for Alaska students, are a federal entitlement to any student attending an accredited institution and no credit standard is considered in making these loans (except that the borrower may not be in default on an existing federal education loan). Furthermore, in January 2009 congress introduced a stimulus bill which provides for an additional increase in the Stafford loan limits of $2,000 per year for an undergraduate program.

The actions described above are proposed at the recommendation of ASLC Executive Officer and Alaska Commission on Postsecondary Education Executive Director Diane Barrans. She is available to respond to questions or concerns and can be contacted at diane.barrans@alaska.gov or 465.2113.

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[1] Annual Stafford borrowing limits are for dependent and independent students respectively: 1) $5,500 and $9,500 (freshman), 2) $6,500 and $10,500 (sophomore), 3) $7,500 and $12,500 (junior/senior), and 4) $20,500 (all graduate).

ACPE Quick Loan Comparison Charts

These are quick comparison charts of student and parent loans offered by the Alaska Commission on Postsecondary Education. For more information on the individual loans please click on the loan programs.

2008-2009 Interest Rates with Benefits[1]	AlaskAdvantage Stafford Loan[2]		Alaska Supplemental Education Loan		AlaskAdvantage PLUS Loan	Family Education Loan
	In-School Period/ Grace/ Deferment	Repayment Period/ Forbearance	In-school Period/ Grace/ Deferment	Repayment Period/ Forbearance		
Annual Percentage Rate[3]	n/a	n/a	8.27%	7.30%	n/a	6.31%
Base Rate	6.80%	6.80%	7.30%	7.30%	8.50%	5.00%
AlaskAdvantage General Benefit	-0.80%	-0.50%	n/a	n/a	-1.00%	n/a
Alaska Presence Benefit	-1.00%	-1.00%	-0.50%	-0.50%	-1.00%	n/a
Direct Payment Benefit	n/a	-0.25%	n/a	-0.25%	-0.25%	-0.25%
Lowest rate with **immediate** benefits	**5.00%**	**5.05%**	**6.80%**	**6.55%**	**6.25%**	**4.75%**
Timely Payment Benefit	n/a	-2.00%	n/a	-2.00%	-1.00%	n/a
Lowest rate **after 48 months** of repayment	**5.00%**	**3.05%**	**6.80%**	**4.55%**	**5.25%**	**4.75%**

[1]Interest rates are set according to the base rates set each year by the United States Department of Education. Interest rates and borrower benefits are subject to approval annually by the Alaska Student Loan Corporation and do not apply to interest subsidized by the federal government.

[2]benefits apply only to the interest owed by the borrower; not to subsidized loans. The base rate for undergraduate borrowers on subsidized Stafford loans is 6.0% after 7/1/08.

[3]APR assumes a principal loan amount of $8500, origination fee of 3%, freshman borrower, and a repayment term of 10 years. The APR does not include the effects of borrower benefits.

	AlaskAdvantage Subsidized[5] Stafford Loan	AlaskAdvantage Unsubsidized[6] Stafford Loan	Alaska Supplemental Education Loan	AlaskAdvantage PLUS Loan	Family Education Loan
What is it?	Low-interest education loan for students			Loan to parents	Low-interest loan to family member
Need-based?	Yes	No	No	No	No
Credit Check Required?	No	No	Yes	Yes	Yes
Origination fee:	No	No	3%	3%	3%
Type of interest rate:	Fixed	Fixed	Fixed	Fixed	Fixed
Repayment begins:	6 months after a student graduates or attends less than half time			Within 60 days of full disbursement	
Deferment available?	Yes	Yes	Yes	Yes	No
Forbearance available in cases of hardship?	Yes	Yes	Yes	Yes	No
Are repayment options available?	Yes	Yes	Yes	Yes	Yes

[5]a subsidized loan means the government pays the interest while you are in school, in deferment, or your grace period.

[6]students borrowing unsubsidized loans are responsible for repaying all interest that accrues on the loan.

Alaska Family Education Loan

LOAN PROGRAMS

Student Loans
AlaskAdvantage® Stafford
PLUS for Graduate & Professional Students
Alaska Supplemental
Parent Loans
PLUS
Family Education
Career Specific Loans
Teacher Education
A.W."Winn" Brindle
Michael Murphy Memorial
Professional Student Exchange
Consolidation Loans
Federal
Alternative

The Family Education Loan (FEL) is available to family members wishing to help students with education expenses.

Apply Now

- **5%** fixed interest rate
- **3%** origination fee
- **.25%** discount for autopayment

2008-2009 Interest Rates with Benefits	Percentages
Base Rate	5.00% (6.31% APR)[1]
Direct Payment Benefit	-0.25%
Lowest Cost Interest Rate Equivalent	**4.75%**

Borrowing Limits	Annual Limit
Career Training (Vocational)	$6,500
Undergraduate	$8,500
Graduate	$9,500

Eligibility

- Borrower (family member applying for loan) must be an Alaska resident
- Student must have a high school diploma or equivalent (i.e., GED)
- Student must be enrolled and admitted into an eligible program on a full-time basis
- Neither the student nor the borrower can be in default on a federal or state education loan
- Neither the student nor the borrower may be past due on an Alaska child support obligation
- Borrower must not have an adverse credit history

How to Apply

You can apply online, stop by our office in Anchorage or Juneau, or an application is available for download. Remember:

1. Family members may only borrow up to the student's cost of attendance as certified by the school, not to exceed the annual limits listed above.
2. Discuss financial aid options with the school. Many schools offer different financial aid programs. School financial aid experts can advise you regarding which aid is suitable for you. The school may also have specific criteria and deadlines, and you may miss out if you apply without first discussing your options with the school. Inform your school of your financial aid decisions.

[1]The APR assumes a principal loan amount of $8500, origination fee of 3%, freshman student, and a repayment term of 10 years. The APR does not include the effects of borrower benefits.

Alaska Supplemental Education Loan

The Alaska Supplemental Education Loan is an alternative, low-cost borrowing option to supplement funding for students with costs of attendance not fully covered by the AlaskAdvantage Stafford Loan. The interest rates listed below are fixed*, but borrower benefits are variable and may change annually.

Apply Now

- 3% origination fee

2008-2009 Interest Rates with Benefits	In-School Period	Repayment Period
Base Note Rate	7.30% (APR 8.27%)[1]	7.30% (APR 7.3%)[1]
Alaska Presence Benefit	-0.50%	-0.50%
Direct Payment Benefit		-0.25%
Timely Benefit After First 48 Repayment Months		-2.00%
Lowest Cost Interest Rate Equivalent	**6.80%**	**4.55%**

*Interest rates and AlaskAdvantage Borrower Benefits are subject to approval annually by the Alaska Student Loan Corporation. Interest rates on loans issued prior to the 2006/2007 academic year are variable and change annually. Click here for a chart of rates. AlaskAdvantage Borrower Benefits apply to both new fixed rate loans and existing variable loans.

Borrowing Limits	Annual Limit[1]	Lifetime Maximum
Career Training (Vocational)	$6,500	
Undergraduate	$8,500	$42,500
Graduate	$9,500	$47,500
Undergrad + Grad		$60,000

[1]Loan amounts are pro-rated based on the term of attendance; e.g., an undergraduate student attending only one semester is eligible for 1/2 the annual loan limit, or $4,250.

Eligibility

- FAFSA may be required
- High school diploma or equivalent (i.e., GED)
- Minimum half-time enrollment in eligible program
- Not in default on a federal or state loan
- Not have an adverse credit history (option to apply with credit-worthy cosigner)
- Alaska resident or attending an eligible school in Alaska
- Not past due in child support obligations

You can apply online, or you can download an application. Before you apply for loan programs, we recommend you:

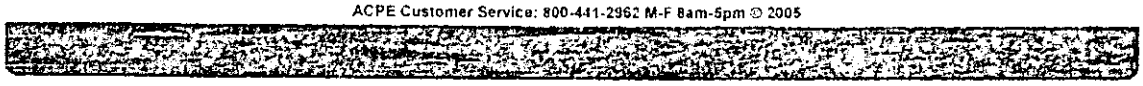
1. Complete the Free Application for Federal Student Aid (FAFSA).
   You can complete the FAFSA online at http://www.fafsa.ed.gov/ anytime after January 1st.
2. Discuss your financial aid options with your school. Many schools offer different financial aid programs. Your school financial aid experts can advise you regarding which aid is suitable for you. Your school may also have specific criteria and deadlines, and you may miss out if you apply without first discussing your options with your school. Inform your school of your financial aid

LOAN PROGRAMS

Student Loans
AlaskAdvantage® Stafford
PLUS for Graduate & Professional Students
Alaska Supplemental
Parent Loans
PLUS
Family Education
Career Specific Loans
Teacher Education
A.W."Winn" Brindle
Michael Murphy Memorial
Professional Student Exchange
Consolidation Loans
Federal
Alternative

decisions.

[1]The APR assumes a principal loan amount of $8500, origination fee of 3%, freshman borrower, and a repayment term of 10 years. The APR does not include the effects of borrower benefits.



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College financial aid system facing stiff test

By DAVE CARPENTER
The Associated Press
Sunday, January 25, 2009; 4:26 AM

CHICAGO -- Finding financial aid for college this year promises to be tougher than any final exam. The quest for money that begins for students and parents every January has taken on new urgency in 2009 amid fears that loans and grants will be scarcer than in the past due to the recession.

"The financing system for college is in real crisis," said Barmak Nassirian, associate executive director of the American Association of College Registrars and Admissions Officers. "Every one of the participants in the system is experiencing hardship _ higher education institutions, states, aid donors and families all are cash-strapped."

Federal student loans remain readily available _ with some funding even increased recently by Congress. But the prospect that grants and scholarships may be cut at many schools, combined with the shrinking availability of private loans, has fueled widespread angst at a time when more people than ever are seeking help. Applications for federal aid for the current academic year already are running 10 percent above last year's record pace, according to the Department of Education.

Savings held in Section 529 plans _ the state-sponsored investment funds for college that are popular for their tax breaks _ have been depleted by the worst bear market in decades and home equity values have plummeted. That has sapped two sources most tapped by parents to fund their children's higher education. Colleges' endowments have been similarly walloped.

Private student loans are especially hard hit. Last year, 60 private lenders provided $19 billion to students. Now, 39 of those have stopped lending to students and the remaining firms have made it harder to borrow, according to Finaid.org, a Web site that tracks the industry.

"The stress level is high," said Rod Bugarin, financial aid adviser for the New York-based college consulting firm IvyWise.

Numerous revenue-short states are likely to consider cutting aid in one way or another, and public colleges and universities are expected to raise tuition _ in some cases by double digit percentages _ as they set rates for next year.

Scholarships from civic groups and local companies across the country also are likely to decline, Bugarin said, although it's too early to know the extent.

What it all means is that families and college counselors are having to hold difficult conversations about reduced savings and the need to take on more debt and lower sights to focus on more affordable schools.

"There are no sure answers because we're in new territory," said Bruce Hammond, a Washington, D.C.-based college admissions consultant and co-author of "The Fiske Guide to Getting into the Right College." "But students with high need and lesser credentials are going to have to brace themselves

for less aid."

Jean Kliphuis, 46, of Huntington, N.Y., is concerned about the tightening vise of college costs and how to pay for them as she studies aid prospects for daughter Katie, a high school senior who has applied to six schools. Jean is a librarian and her husband Tim is self-employed in the office equipment business. As middle-income parents of three children, their tab for college could be overwhelming if they didn't do all their homework on aid options.

"There is money out there, but you have to jump through a lot of hoops to get it," Kliphuis said. "So my husband and I are jumping through the hoops."

The key to success in the "convoluted" financial aid process is good information, she said, and there's lots of it available through schools' aid offices and online at such sites as Collegeboard.com and Princetonreview.com.

Indeed, the news isn't all bad. The federal government has authorized some $95 billion in grants, loans and work-study assistance to help almost 11 million students and their families pay for college this year, and its recent commitments mean that total will all but certainly be exceeded next year.

"It's scary, but not as scary as people might think," said Lauren Asher of the California-based Institute for College Access and Success, an independent nonprofit group.

Among the encouraging developments for parents and students:

_ The government broadened student borrowing in the midst of the credit crunch, ensuring the continued flow of federal loans that families depend on ahead of costlier private ones. Among other changes, annual borrowing limits for unsubsidized Stafford loans, which students can take out regardless of income, were raised by $2,000 and parents can now defer repayment of federal loans until after their child leaves school.

Stimulus proposals that would give students more financial aid also are progressing through Congress.

"This certainly has been an unprecedented disruption in the student loan marketplace," said Mark Kantrowitz, publisher of Finaid.org. "But Congress and the Department of Education have acted quickly to avert a crisis."

_ No school is known to have withdrawn pledged financial aid this academic year despite financial setbacks that have prompted them to make cuts elsewhere. A number of top institutions, from Harvard, Yale and Duke to smaller institutions with large endowments, announced expanded aid last year and have insisted they will stick to those commitments.

Aid can make a huge difference in affordability. The average list price of tuition and fees for the current academic year is $6,585 for in-state students at four-year public universities and $25,143 at private colleges, with some costing far more. But grants and tax breaks lower the average net price to about $2,900 at public universities and $14,900 at private schools, according to the College Board.

_ Some students will benefit from the turmoil, especially at colleges with high tuitions and scarce resources.

"These places continue to jack it up," Hammond said of tuition increases, "so if you can pay the full

outrageous fee in this economy, as long as you can walk and chew gum you will be admitted. And if you're pretty good _ average, even _ you might get a $10,000 merit scholarship."

Admissions experts recommend considering a range of fallback options, from lower-cost public schools to community colleges or even waiting a year to save more money. And colleges and parents alike are hedging their bets on next year and beyond.

Administrators at Ohio State University see no big immediate impact on aid from the economy but are concerned about what may happen over the longer term, said Bill Shkurti, chief financial officer. The school's endowment has fallen by as much as 30 percent from $1.5 billion a year ago but accounts for just 2 percent of operating revenue, he said.

The University of North Carolina at Wilmington, with a much smaller enrollment and endowment, similarly has taken a hit. In a scenario likely to be repeated on many campuses, financial aid director Emily Bliss says the school is bracing for unpleasant conversations with parents about next year as it relies more on loans in its aid packages and eliminates some of the "free" money.

"Grants and scholarships won't all come through," she said. "It's difficult for us to tell families that, because our heart is breaking for them knowing what they're going through."

AP Education Writer Justin Pope contributed to this report.

On the Net:

FAFSA:http://www.fafsa.ed.gov/

FinAid:http://www.finaid.org/

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The Salt Lake Tribune http://www.sltrib.com

Paying for college

State stepping in as banks bail out of student loans

As the number of private lenders shrinks, Utah agency expects to help thousands of borrowers

By Brian Maffly
The Salt Lake Tribune
Salt Lake Tribune

Article Last Updated:08/15/2008 03:35:18 AM MDT

For the first time, the state of Utah has begun originating student loans, a shift that will ensure that any Utah college student who needs financial assistance can get it, although it will cost more.

The Utah Higher Education Assistance Authority (UHEAA), the agency that oversees financial aid to Utah students, is bracing for loan applications worth $100 million this academic year after big banks all but abandoned the federally guaranteed loan program.

Last fall, Congress cut what participating lenders could make on student loans at the same time money became more scarce. That created a double disincentive for financial institutions to lend to college students. With fewer lenders available, Utah students are expected to flock to UHEAA, agency director David Feitz told his board Thursday.

"We would rather have a full cadre of lenders, but that is unlikely to happen in the near future until Congress raises the yields," he said.

Adding to the pressure was a recent move by Congress to raise the maximum students can borrow by $2,000 (to $5,500 for freshman, $6,500 for sophomores and $7,500 for upperclassmen). Feitz estimated UHEAA will see applications worth one-fourth of the state's total student loan volume this coming year, but he won't know how much until students begin applying as they return to school.

"It could be $60 million, it could be $200 million," Feitz said of a development that represents a profound change in the way UHEAA conducts business.

UHEAA has access to $121 million to lend over the coming academic year.

The U.S. Department of Education promises to buy participating states' loans issued this year under the Federal Family and Education Loan program (FFELP). This would enable states to "recycle" the money back to students in the form of new loans. The UHEAA board voted unanimously Thursday to approve Utah's participation in the complex arrangement.

Feitz cautioned that the program, which runs only for one year, isn't a permanent solution to the liquidity mess that has caused "tremendous chaos" in the $50 billion system that subsidizes the popular Stafford and PLUS loan programs.

"Now we're calling on Congress and the departments of Treasury and Education to take additional action to further stabilize the student loan program for years to come," he said.

In recent months four banks - Wells Fargo, Zions, J.P. Morgan Chase and Key - pulled out of Utah's program, leaving only U.S. Bank. Fifteen credit unions, led by America First, still lend to students, but the banks' departure left a vacuum. Wells Fargo and Zions were the top lenders last year, accounting for more than half of the state's student loan volume.

Lenders also have become picky about which institutions they work with. One Utah school, Snow College, found itself with no lenders, so UHEAA last month began lending directly to students at the Ephraim school.

"Were in a pretty good place, a much better place than our sister agencies across the country," board chairman David Jordan said. "From the students' perspective, this will work. We will be able to help them without depleting our resources."

bmaffly@sltrib.com

Utah students can expect to pay more for college loans under steps taken by the Utah Higher Education Assistance Authority to preserve universal access to federally guaranteed loans.
But the news isn't all bad.

"I'm not aware of lenders offering better terms than what UHEAA is offering," said John Curl, the University of Utah's financial aid director. "We encourage students to research who they're going to get loans from and find the best terms they can get. They are going to have to pay more interest; that's unfortunate."

Congress last year cut the rate on some student loans from 6.8 to 6 percent. But in order to participate in an emergency federal bail-out measure, Utah slashed two rate reductions. Until now, students who had payments automatically drawn from their accounts received a 1.25-point reduction and another 2-point reduction after four years of timely payments. Losing these benefits adds $1,763 to the cost of servicing a $15,000 loan.

On Thursday, the UHEAA board suspended issuing consolidation loans to avoid tying up scarce capital needed to serve current students. Former students looking to simplify repayment plans have other options for consolidating their loans in the federal program.

But Utah students still get breaks on up-front costs of the most common loans, Stafford and PLUS. UHEAA continues to cover the 1 percent origination fee and 1 percent default fee, translating into a $100 subsidy on a $5,000 loan.
- *Brian Maffly*

Financial aid
* **Students who are considering borrowing** for college for the upcoming school year should start researching their options now, said John Curl, financial aid director at the University of Utah.
* **Students should consult the financial aid office** at their school, check Web sites that serve as information clearinghouses, such as finaid.org, or www.uheaa.org, the Web site for the Utah Higher Education Assistance Authority.

The Boston Globe

A late try to salvage student loans

Patrick calls on pension board, colleges to invest in agency bonds

By Casey Ross, Globe Staff | August 7, 2008

Governor Deval Patrick has asked the state pension fund to invest $50 million and will ask Harvard University and other local colleges to invest millions more to provide student loans to thousands of families struggling to pay college tuition bills that are due in the coming weeks.

Patrick's 11th hour proposal, floated among key officials yesterday, would prop up the troubled 26-year-old Massachusetts Educational Financing Authority, which announced last week that it would be unable to provide student loans for this school year because of turmoil in the nation's credit markets.

The proposal would entail the investment funds buying portions of a $425 million bond sale that MEFA is planning this month. The agency would use the proceeds to finance student loans.

"We have 40,000 students and families who need help, and we're right up against it," Patrick said in an interview with the Globe last night. "This is a sound investment for the pension board and the endowments."

The governor and his aides, along with state lawmakers, have been brainstorming ways to restore student loan funds for the past week. MEFA had previously offered low-cost, fixed-rate loans, but now borrowers have to look to other lenders whose loans may carry higher rates and higher costs.

Yesterday, Patrick's top budget aide, Leslie Kirwan, asked the state pension board to consider buying $50 million of the upcoming MEFA bonds. Administration officials also hope the state investment would be seen as a show of confidence in the bond market and MEFA, spurring purchase by other investors that could finance more loans.

Patrick said he intends to call officials today from Harvard, Boston College, the University of Massachusetts, and the Massachusetts Institute of Technology, among other schools, about making similar investments in MEFA bonds.

The chairman of the state pension board, state Treasurer Timothy Cahill, was noncommittal about Patrick's request, but said the board would consider it.

The pension fund staff "will examine the options legally available to invest in any debt issuance set up by MEFA and report back to the trustees before any action is taken," Cahill said through a spokeswoman.

With $51.7 billion in assets, the pension fund invests monies for state employees and retirees. And while it is unusual for the fund to use anything other than financial returns as grounds for investment, the board has already committed funds to local projects that are intended to produce economic and social benefits within Massachusetts. The program was a major policy goal of Cahill, who got the pension board to adopt it in 2003.

Even without Cahill's commitment, Patrick has a strong start on getting the board to adopt his measure, as he appoints three of its nine members, one of whom is Kirwan.

Another board member, Robert Brousseau, reacted favorably to Patrick's request and said he did not hear strong objections from fellow board members at yesterday's meeting.

"I can't see anybody opposing it, but we have to see the parameters of the investment and what form it would take," said Brousseau, who represents teachers on the board.

Patrick said he is seeking swift consideration from the pension fund board because MEFA is planning to hold its bond sale within two weeks.

"We need action," he said. "If they need to call a special meeting to approve this, then I hope they will."

Meanwhile, representatives of the local colleges said the institutions will consider the investment.

"We're always more than happy to have discussions with the governor," said John Longbrake, a spokesman for Harvard University, the governor's alma mater. "We welcome the opportunity to learn more about the challenges MEFA is facing and to discuss ways to address them."

Robert Connolly, a spokesman for UMass President Jack Wilson, said: "This is an idea we're definitely willing to explore. We do see it as a potential win-win in terms of providing the university with a sound investment while helping families cope with their financial aid challenges."

Officials at the student lending agency, meanwhile, said Patrick's plan carries minimal risk to the investment funds because MEFA's bonds provide reliable returns. Executive Director Tom Graf said the default rate on the authority's loans is less than 1 percent. "This plan allows" the pension board "to make a stable investment that is especially warranted in this financial climate," he said.

The problems in the bond market, which started with the foreclosure crisis and spread to other credit markets, have imperiled student lenders across the country, prompting more than 50 agencies to stop making federal or private loans.

Graf said the size of the upcoming bond sale may change based on investor interest. If the sale is a success, he hopes the agency will then be able to offer loans with rates below 8.5 percent, which is the current charge for Federal Plus loans. Last year, the authority's private 20-year loan rate was 6.39 percent.

The agency made $400 million in private loans in the last school year, and another $110 million in federal student loans.

State Senator Brian A. Joyce, who authored a letter last week signed by other legislators urging Patrick to support MEFA, applauded the governor's actions. "This critically important to an awful lot of Massachusetts families," he said. "The governor can use his bully pulpit to ask for some assistance, and I wholeheartedly support what he's doing."

Casey Ross can be reached at cross@globe.com. ■

AP Associated Press

NH working on student loan problem

By Kathy McCormack, Associated Press Writer | August 6, 2008

CONCORD, N.H. --Turmoil in the financial markets has driven many lenders out of the student loan market, leaving students struggling to pay their fall tuition. That's a problem that New Hampshire officials are working on.

Many students "are being frozen out from having the loans they were expecting," said Mark Connolly, director of the state Bureau of Securities Regulation.

"In the last several days, our office has been engaged in discussions with some of the participants who have been involved in securitizing these loans in our state," Connolly said Wednesday.

"We are trying to encourage these participants to bring liquidity to these loans so students can plan for their academic year. If we are unable to successfully encourage these participants to bring liquidity to our student loan market, we will take regulatory action that in part will address the issue," Connolly said.

Connolly said his office has been involved with many other states in looking at the auction-rate securities market -- short-term investments that are a popular way for companies and some wealthy investors to store their cash -- which has rippled into the student loan market.

Dozens of lenders have left the federal student loan program, though where that has happened other lenders have stepped in or students have turned to a smaller program in which the Education Department makes loans directly to students.

Last month, the Massachusetts Educational Financing Authority, which provided more than $500 million worth of college financing last year, said it would not provide private loans this year because of turmoil in the financial markets. That affected about 650 New Hampshire college students from Massachusetts.

Earlier this year, the New Hampshire Higher Education Loan Corp., the state's leading provider of student loan financing, said it was suspending its private loan program because of market conditions. That meant more than 6,000 students had to find another place to borrow money.

On the Net:

http://www.sos.nh.gov/securities/ ■

Financial Institutions
U.S.A.
Special Report

Private Education Loans: Time for a Re-Education

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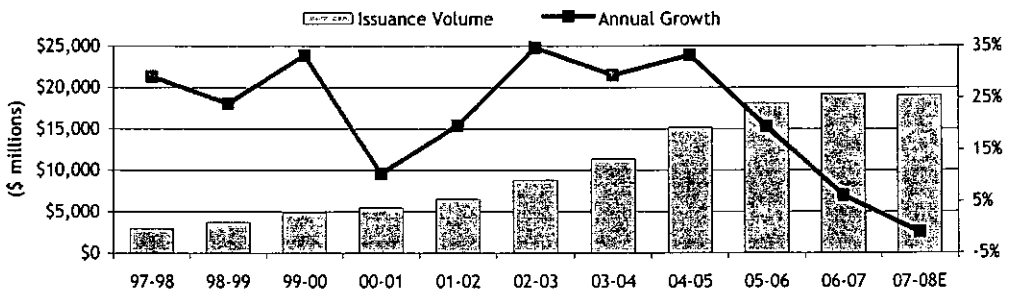
Related Research

- *Federal Student Loans: A Lesson in Legislation, Jan. 14, 2009.*
- *U.S. Finance & Leasing Company Outlook 2009, Dec. 18, 2008.*
- *2009 U.S. Structured Finance Outlook, Dec. 10, 2008.*
- *Student Loan Auction Rates - The Definition of Stress, Sept. 30, 2008.*
- *An Education in Student Lending, Feb. 5, 2007.*

Overview

The rising cost of education has consistently outpaced growth in loan limits for federal student loan programs. The gap has been filled with the private education loan. Issuance of private, or nonfederal, education loans has grown from $3bn in academic year 1997-1998 to $19.1bn in academic year 2007-2008, according to College Board. Lenders involved in the federal student loan space have leveraged their school relationships, operating platform, and expertise to expand into private education lending. While early performance data seemed to indicate a smooth transition, the economic environment was strong and loan portfolios had yet to fully season. As the economy showed signs of weakness in 2007 and more private student loans entered repayment, cracks began to emerge in lender underwriting strategies.

Private Education Loan Growth



Source: College Board.

Deterioration in portfolio credit metrics combined with a widespread re-pricing of risk in the capital markets have made it more difficult for lenders to access the asset-backed securitization (ABS) markets for private student loan term funding. Lenders have pulled back on origination volume by tightening underwriting standards and cancelling certain school relationships, but many lenders have had to arrange expensive funding facilities for un-securitized private loans on their balance sheets. Government funding programs, like the Term Asset-Backed Loan Facility (TALF) may temporarily increase investor buying of private loan deals, but they will not truly re-ignite interest. This will necessitate re-educating investors on the risk/rewards of the product and, potentially, making changes to the loans to make them more attractive to investors. Continued deterioration in portfolio credit quality and an inability to secure cost-effective funding could result in negative rating action for student lenders.

In this report, Fitch will:

- Discuss how college costs, federal student aid, and legislation drive growth trends in the private education loan;
- Explain how dislocations in the capital markets have impacted funding options for loans and how the structure of the private student loan may need to change;
- Provide an analysis of recent credit trends for large private lenders; and

- Discuss the impact of the bankruptcy of The Education Resources Institute, Inc. (TERI) on the private education loan market.

Private Education Loans

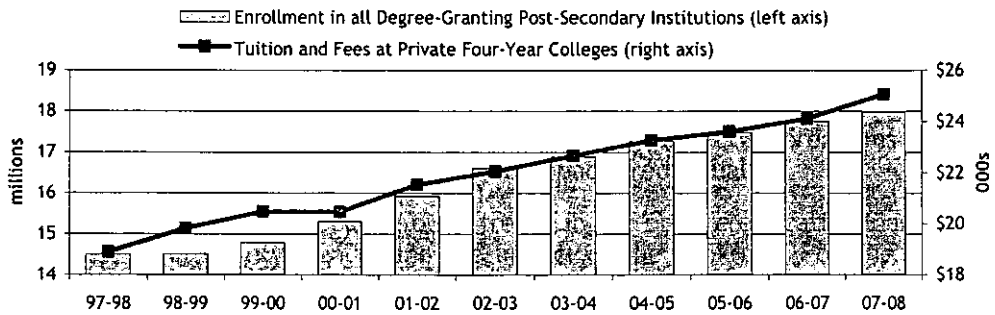
The private or nonfederal education loan has garnered increasing interest as growth in the product has surged over the last decade. Demand for private student loan ABS was relatively robust through 2006, given ample market liquidity and stable collateral performance, but investor interest waned in 2007 as market risk premiums increased and the weakening economic picture began to impact credit quality.

The following sections will discuss growth trends in the private education loan, funding alternatives, asset quality trends, and the impact of the bankruptcy of The Education Resources Institute), Inc. (TERI).

Growth

Private education loans have become an increasingly important component of education funding in the last decade, accounting for approximately 11.7% of total student aid in the 2007-2008 academic year, according to College Board, compared to 3.7% a decade ago. Growth in private student loans has been driven by increasing enrollment levels, rising tuition expenses and, until recently, static federal loan limits. Over the last ten years, enrollment in degree-granting post-secondary institutions grew 24% and average annual tuition and fees at private and public four-year institutions is up 32.7% and 53.3%, respectively. Meanwhile, federal Stafford loan limits remained static from October 1993 to June 2007.

Drivers of Private Education Loan Borrowing



Source: College Board and National Center for Education Statistics.

Fitch expects growth of the private loan product to change; however, as higher funding costs and deteriorating collateral performance have reduced the propensity to loan and some recent legislative change may have an impact on the demand for private education loans. On the legislative front, federal Stafford loan limits have increased twice in the last two years. The Deficit Reduction Act of 2006 increased base limits for freshman and sophomores receiving loans after July 1, 2007 by $875 and $1,000, respectively. Fitch believes this change contributed to the 0.9% decline in private education loans issued in academic year 2007-2008, as subsidized Stafford loans increased 11.1% during the year; well above the 3.3% average annual increase over the last ten years. The Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) increased federal loan limits further by allowing undergraduates to borrow an additional $2,000 in unsubsidized loans per year after July 1, 2008.

Loan Limits for Subsidized and Unsubsidized Federal Stafford Loans

	Pre-Deficit Reduction Base Subsidized/ Unsubsidized	Post-Deficit Reduction Base Subsidized/ Unsubsidized	Pre-ECASLA Additional Unsubsidized	Post-ECASLA Additional Unsubsidized
1st year undergraduate	$2,625	$3,500	$4,000	$6,000
2nd year undergraduate	$3,500	$4,500	$4,000	$6,000
3rd year & beyond undergraduate	$5,500	$5,500	$5,000	$7,000
Graduate/Professional	$8,500	$8,500	$12,000	$12,000

Source: FinAid.org

The most critical change, however, was a provision in the Deficit Reduction Act which permits graduate and professional students to use PLUS loans to fund their entire cost of attendance, less other aid received. Historically, students funded a significant portion of their graduate programs, which tend to be more expensive than undergraduate programs, with variable-rate private education loans. Fitch expects graduate students to willingly switch to federal PLUS loans, which offer more attractive terms. PLUS loans were up a modest 1.25% in academic year 2007-2008, well-below the 12% annual average growth rate over the last decade, but Fitch believes PLUS loans will expand materially in the 2008-2009 academic year, at the expense of private loans.

Still, private education loans remain very relevant for international graduate students with no access to federal loans and in the undergraduate space, for borrowers whose parents cannot access PLUS loans, as the gap between federal loan limits and tuition expenses continues to be relatively wide. Fitch estimates that, based on current legislation, the gap between four-years of tuition and fees at a private undergraduate college and federal loan aid could be around $50,000. Recent dislocations in the capital markets and credit deterioration resulting from portfolio seasoning and a tougher economic environment, however, have reduced the profitability, and therefore, the availability of the private education loan. Fitch believes lenders that remain in the space are taking a closer look at the terms and structuring of the product in order to make them more attractive for investors while remaining useful for borrowers.

Lenders

Many large financial institutions participate in the private student loan market, particularly those with a sizeable retail franchise, as student loans are often part of the consumer product suite. Most large banks, however, do not disclose detailed information on their student loan portfolios, as it is not a significant contributor to the overall business. Large bank lenders include JPMorgan Chase, Bank of America, Citigroup, and Wells Fargo (including Wachovia).

Private Education Loan Portfolios

($m)

	2002	2003	2004	2005	2006	2007	3Q 2008
SLM Corporation	$5,822	$8,305	$11,482	$16,437	$22,588	$ 28,328	$32,800
Student Loan Corp	$1,784	$2,643	$3,649	$4,812	$3,072	$4,696	$5,816
NelNet	$75	$92	$90	$97	$197	$275	$276

Source: Company Filings and Fitch Estimates.

More robust information is available for non-bank student lenders like SLM Corporation, Student Loan Corp. (which is 80% owned by Citibank, N.A.), and Nelnet, Inc. The portfolios of each have grown rapidly since 2002, but growth slowed materially in 2008, given the more difficult environment.

Funding

Many private education loan providers have funded a portion of their portfolio in the ABS market in recent years, but investor risk aversion and underlying collateral deterioration has reduced the demand for private student loan ABS bonds.

SLM Corporation, the largest student loan provider, completed three private loan ABS transactions in 2006 totaling over $5bn in issuance, but it has not completed a private loan ABS transaction since its $2.2bn deal in March 2007. Only two private student loan deals were completed in 2008; one $140m deal from MRU Holdings, Inc. (My Rich Uncle) completed in July, which Fitch did not rate, and a $400m deal from the Massachusetts Educational Financing Authority, completed in August, rated 'AAA' by Fitch based on the financial guaranty provided by Assured Guaranty Corp.

SLM: Private Education Loan Securitization Activity

(For the Years Ended December 31; $ 000s)

Year	Amount	# Deals
2002	$690	1
2003	$3,503	3
2004	$2,535	2
2005	$3,005	2
2006	$5,088	3
2007	$2,001	1
2008	-	0
Total	$16,822	12

Source: Company Filings.

Large bank lenders have been able to leverage their deposit base to replace ABS funding, but non-bank lenders have had to rely on more expensive sources of debt to fund student loan portfolios. The weighted-average cost of SLM's March 2007 term ABS deal, excluding the auction rate tranche, was approximately LIBOR plus 15 basis points. In 2008, the company paid LIBOR plus 400 basis points for its $2.5bn, ten-year, unsecured corporate debt issuance and LIBOR plus 155 basis points for $3.8bn in private loan ABCP capacity, which matures in February 2009.

Higher funding costs and reduced margins led many lenders, like CIT, College Loan Corporation, KeyBank, and Astrive Student Loans (a registered trademark of The First Marblehead Corporation), to exit the business altogether. Those that remain have reduced origination volume and re-evaluated underwriting criteria. SLM, for example, has tightened its underwriting standards, terminated certain school relationships and reduced origination volume by 20% year-over-year, to approximately $6.3bn in 2008. Additionally, SLM is looking to expand the deposit base of its industrial bank, Sallie Mae Bank, in order to more cost-effectively fund the private loan portfolio. The bank had $2.3bn in term bank deposits as of December 31, 2008 and Fitch believes the deposit base will grow to keep pace with private loan originations in coming quarters.

Still, Fitch does not believe that lenders will abandon the ABS markets altogether, as it can be an efficient way to secure term funding for private student loans. While lenders are expected to re-educate investors on the attractive risk/return attributes of the private education loan in order to reduce funding spreads, the Federal Reserve is doing its part to get the ABS market functioning again with the introduction of the Term Asset-Backed Loan Facility.

Term Asset-Backed Loan Facility (TALF)

The Term Asset-Backed Loan Facility (TALF) is being developed with the intention of restoring liquidity to the ABS markets for consumer assets; including auto, credit cards, and student loans. Under the TALF, the Federal Reserve Bank of NY is expected to make up to $200bn of loans, which will be fully secured by eligible ABS. Eligible collateral will include, US dollar-denominated cash ABS with a long-term credit rating of 'AAA'. The underlying credit exposures must be auto loans, student loans, credit

card loans, or small business loans guaranteed by the US Small Business Administration. Student loans will include federally-guaranteed loans, including consolidation loans, and private student loans. Eligible ABS must be issued after January 1, 2009 and all or substantially all of the underlying credit exposures of eligible student loan ABS must have had a first disbursement date on or after May 1, 2007.

TALF loans will have a three-year term with interest payable monthly and the loans will not be subject to mark-to-market requirements. TALF loans are pre-payable, but will not allow for substitution of collateral and any repayment of principal on eligible collateral must be used to reduce the principal amount of the TALF loan. The interest rate will be set to encourage borrowers to purchase ABS. The facility will stop making loans on December 31, 2009, unless the facility is extended by the Federal Reserve. Expectations are for the TALF to be up and running in the first quarter of 2009.

Fitch believes the TALF could be an attractive, and much-needed, funding source for private student loans originated after May 1, 2007, although enhancement levels needed to create 'AAA' securities will likely be more expensive given revised stress scenarios which reflect more recent credit conditions. But restoring more permanent liquidity to the private education loan ABS market may take more than what the TALF, alone, can accomplish. Fitch believes lenders will need to convince investors that underwriting criteria is effective enough to identify and exclude the riskier borrowers and schools that yielded significant deterioration in their portfolios in 2007 and 2008.

Additionally, lenders may need to alter the structure of the private student loan, itself, to make it more liquid and attractive for investors. The maturity of a private student loan, for example, is typically 15 to 20 years, while the maturity of an auto loan is around 5 to 6 years. Investors may not be comfortable with the longer average life of a private student loan ABS transaction and it may be more difficult and more expensive to hedge the interest rate risks of a longer-dated asset. Still, shortening the life of the underlying loan can increase the borrower's monthly payments significantly, making it more difficult to stay current on payment and, therefore, leading to higher portfolio credit losses. Clearly, there will be a balancing act for lenders to consider.

Furthermore, Fitch believes the Deficit Reduction Act, which gave graduate students the increased ability to borrow federal loans, will change the make-up of private student loan portfolios. Of the last 7 private student loan ABS transactions facilitated by First Marblehead Corp, 10.4% of collateral, on average, was related to graduate student borrowers. Going forward, portfolios will be more heavily weighted to undergraduate students. Typically undergraduates do not have an extensive credit history, which means underwriting is often based on the credit risk of the co-borrower or co-signor, which is often a parent, guardian, or spouse. As underwriting policies have tightened, the portion of new loans with co-borrowers has increased. Therefore, newer originations are not solely dependent upon the student's ability to graduate and obtain meaningful employment, as the co-borrower, who is more likely to be established and have more at risk from a credit perspective, is also responsible for making payments. This should provide investors with additional comfort.

SLM has discussed adjusting its private education loan by shortening the product term, increasing the portion of the portfolio with a co-borrower, and requiring interest-only payments while students are in-school.

Asset Quality

Unlike federal student loans, private education loans do not come with a government guarantee against default, although the loans are generally non-dischargeable in bankruptcy and lenders will often obtain third-party insurance to limit the downside

Asset Quality: Private Education Loans

30+ Day Delinquencies/Loans in Repayment

	2002	2003	2004	2005	2006	2007	3Q 2008	Average
SLM Corp	7.7%	9.2%	8.4%	7.7%	10.1%	9.3%	9.6%	8.8%
NelNet	14.4%	12.5%	10.1%	7.8%	5.6%	4.7%	5.3%	8.6%
Student Loan Corp	NA	3.0%	2.3%	2.5%	5.2%	4.0%	5.2%	3.7%

Loans in Forbearance/(Loans in Repayment + Forbearance)

	2002	2003	2004	2005	2006	2007	3Q 2008	Average
SLM Corp	9.8%	10.0%	7.5%	9.9%	9.2%	13.9%	11.5%	10.3%
NelNet	17.5%	22.1%	3.1%	4.2%	5.4%	7.9%	5.2%	9.4%
Student Loan Corp	NA	NA	6.6%	7.1%	6.6%	8.1%	6.2%	6.9%

Net Charge-offs/Average Private Loans in Repayment

	2002	2003	2004	2005	2006	2007	3Q 2008	Average
SLM Corp	2.2%	1.9%	1.9%	1.9%	1.6%	3.1%	3.4%	2.3%
NelNet	3.5%	9.0%	10.6%	0.9%	1.1%	0.9%	2.4%	4.1%
Student Loan Corp	NA	0.4%	0.4%	0.4%	0.7%	1.4%	2.9%	1.0%

PrivateLoans in Repayment/Private Loans

	2002	2003	2004	2005	2006	2007	3Q 2008	Average
SLM Corp	53.1%	51.6%	52.5%	49.7%	50.7%	50.3%	52.2%	51.4%
NelNet	48.8%	56.3%	72.1%	68.4%	54.3%	54.6%	59.1%	59.1%
Student Loan Corp	NA	47.7%	51.8%	52.8%	37.6%	41.2%	38.1%	44.9%

Private Allowance/Private Loans in Repayment

	2002	2003	2004	2005	2006	2007	3Q 2008	Average
SLM Corp	6.3%	5.9%	5.1%	3.4%	3.4%	8.2%	7.8%	5.7%
NelNet	5.6%	12.1%	11.0%	20.1%	17.2%	14.0%	15.2%	13.6%
Student Loan Corp	NA	0.1%	0.2%	0.1%	0.6%	1.5%	4.6%	1.2%

Note: Metrics annualized in 2008 where appropriate.
Source: Company Filings and Fitch Estimates. NA - Not Available.

risk. Federal student loans are underwritten based on need, but private education loans are underwritten based on a credit evaluation of the borrower and/or co-borrower and risk-based pricing is employed. While early statistical data of collateral performance was sound, Fitch remained cautious about early credit data, as the surge in origination volume meant that only a small portion of loans outstanding were in repayment status. In recent years, as loan portfolios have seasoned and the economy has slowed, credit performance of the private education loan product has deteriorated.

Private student loan credit performance metrics for SLM Corp, Nelnet, Inc. and Student Loan Corp (SLC) are presented in the table above. Nelnet's portfolio is significantly smaller than the other lenders, but many metrics have followed a similar pattern. Surprisingly, delinquency metrics were actually down at the end of 2007 relative to the prior year, but Fitch believes this was because lenders were employing forbearance policies more aggressively, perhaps believing that a borrower's inability to pay was a temporary blip. But delinquency rates rebounded in 2008, as lenders pulled back on forbearance, after realizing the economic downturn would have a more prolonged impact on a borrower's ability to pay, particularly given the significant increase in the unemployment rate. Borrowers receiving forbearance are being awarded shorter grace periods to ensure they do not get out of the habit of paying every month. SLM's forbearance levels declined from 13.9% of loans in repayment and forbearance in 2007 to 11.5% in 3Q2008, while STU's declined from 8.1% to 6.2%. Fitch believes forbearance levels may decline further in 2009, as lender's award payment programs only to borrowers that they believe can truly benefit, but the decline will accelerate the recognition of credit losses into current periods.

From a net charge-off perspective, metrics have deteriorated for all three issuers since 2006, with SLC increasing 220 basis points to 2.9% as of September 30, 2008, and SLM increasing 180 basis points to 3.4%. Still, both issuers believe they have identified the main source of credit deterioration (outside normal pressure from economic weaknesses) and that is: lending to students attending schools with lower graduation rates and lower average earning potential, given the degree programs offered.

SLM has divided its portfolio into traditional schools and non-traditional schools, where the latter refers to 'loans made to borrowers that are expected to have a high default rate as a result of a number of factors, including having a lower tier credit rating, low program completion and graduation rates, or where the borrower is expected to graduate, a low expected income relative to the borrower's cost of attendance'. The dispersion in portfolio performance is clear, with the traditional portfolio posting net charge-offs of 2.5% in the fourth quarter of 2008, while the non-traditional portfolio posted net losses of 16.1%. Delinquency statistics are also significant with traditional and non-traditional delinquencies of 7.1% and 28.9%, respectively. SLM has ceased lending to non-traditional schools, but Fitch believes the impact of the $4.95bn portfolio will remain for some time as only 60.6% of the portfolio was in repayment as of December 31, 2008.

SLM Corporation - Private Portfolio Distribution

(For the Years Ended December 31; $m)

	2006	2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008
Traditional Private Education Loans						
Traditional Loans, End of Period	19,533	25,791	27,502	28,349	30,060	30,949
Traditional Loans in Repayment	9,835	12,711	12,683	14,433	14,605	17,715
30+ Delinquencies/Loans in Repayment	NA	5.2%	4.6%	4.9%	6.3%	7.1%
Loans in Forbearance/Loans in Forebearance and Repayment*	NA	12.8%	15.5%	12.0%	11.0%	6.7%
Net Charge-Offs/Average Loans in Repayment	0.6%	1.5%	1.7%	2.0%	2.0%	2.5%
Allowance/Loans in Repayment	1.8%	3.5%	3.7%	3.3%	3.9%	4.0%
Non-Traditional Private Education Loans						
Non-Traditional Loans, End of Period	3,449	4,580	4,811	4,873	4,952	4,945
Non-Traditional Loans in Repayment	1,819	2,155	2,187	2,451	2,641	2,997
30+ Delinquencies/Loans in Repayment	NA	26.3%	23.3%	24.0%	26.3%	28.9%
Loans in Forbearance/Loans in Forebearance and Repayment*	NA	19.4%	21.4%	18.5%	14.4%	9.0%
Net Charge-Offs/Average Loans in Repayment	7.2%	11.9%	12.9%	15.0%	12.9%	16.1%
Allowance/Loans in Repayment	11.8%	36.3%	36.6%	33.4%	29.8%	26.4%

* Annualized.
Source: Company Filings.

Net charge-offs on SLM's traditional portfolio, which represents about 86% of the total private loan portfolio, have increased as well, given the tougher economic environment, with net losses rising from 0.6% in 2006. Fitch expects credit metrics to deteriorate further in 2009, as the unemployment picture remains weak for borrowers in and just entering repayment status.

SLC has also segmented its private loan portfolio into the following three categories: Insured CitiAssist, Uninsured CitiAssist Standard and Uninsured CitiAssist Custom. Standard loans are primarily related to CitiAssist loans that have been approved based on standard underwriting criteria and were originated on or after January 1, 2008. Custom loans are related to loans made to non-traditional students or loans with less stringent underwriting standards.

Approximately 78% of the private loan portfolio carries private insurance through

United Guaranty Commercial Insurance Company of North Carolina/New Hampshire Insurance Company or through Arrowood Indemnity Company. Risk-sharing deductibles range from 5% to 20% up to maximum loss levels. As expected, net charge-offs on Insured CitiAssist loans remain relatively low at 0.8%, as of September 30, 2008, but SLC stopped insuring new CitiAssist loan originations on January 1, 2008, believing that higher loan losses would be more than offset by declines in insurance premiums paid.

Student Loan Corp - Private Portfolio Distribution

(For the Years Ended December 31; $m)

Insured CitiAssist	2006	2007	1Q 2008	2Q 2008	3Q 2008
Loans, End of Period	$2,410	$3,870	$4,489	$4,590	$4,523
Loans in Repayment	$733	$1,443	$1,469	$1,706	$1,605
30+ Delinquencies/Loans	6.5%	3.7%	4.6%	3.5%	5.3%
Loans in Forbearance/Loans in Forebearance and Repayment	8.3%	9.3%	13.4%	9.2%	11.8%
Net Charge-Offs/Loans in Repayment*	NA	NA	0.4%	0.6%	0.8%
Allowance/Loans in Repayment	0.1%	0.2%	0.4%	0.3%	0.6%
Uninsured CitiAssist					
Loans, End of Period	$662	$826	$1,033	$1,230	$1,293
Loans in Repayment	$423	$494	$530	$580	$609
30+ Delinquencies/Loans	2.9%	4.8%	5.1%	4.6%	4.5%
Loans in Forbearance/Loans in Forebearance and Repayment	3.5%	4.4%	7.2%	7.1%	8.5%
Net Charge-Offs/Loans in Repayment*	NA	NA	6.1%	8.0%	7.3%
Allowance/Loans in Repayment	1.6%	5.4%	6.8%	11.6%	15.0%
Loans Covered by Risk-Sharing Agreements with Schools	75.9%	59.7%	47.7%	40.3%	37.3%

* Annualized.
Source: Company Filings and Fitch Estimates.

Net losses on the uninsured portfolio amounted to 7.3% in the third quarter of 2008. Standard loans account for approximately 29% of the uninsured portfolio while custom loans account for about 71%. Net charge-offs on the standard portfolio amounted to 0.2% in the third quarter of 2008, while losses on the custom portion amounted to 9.3%. In the second quarter of 2008, SLC discontinued relationships with schools that generated higher-risk uninsured CitiAssist originations, which Fitch believes would be included in the custom portion of the portfolio. SLC has tightened underwriting criteria in response to the economic environment and plans additional tightening in the near-term.

A portion of the uninsured portfolio is covered by risk-sharing agreements with schools and universities, although that portion has been on a declining trend; from 75.9% of the uninsured portfolio in 2006 to 37.3% in the third quarter of 2008. Under the agreements, the school reimburses a specified percentage when losses exceed a certain threshold or the school pays a percentage of the total disbursed amount to compensate for future expected losses. Lenders to schools with riskier borrower profiles are subject to adverse selection.

While lenders like SLM and SLC are segmenting portfolios and modifying underwriting standards; balance sheets and securitization trusts continue to contain a significant amount of loans already originated which have yet to enter repayment status. As of September 30, 2008, only 38.1% of SLC's private loan portfolio was in repayment status, compared to 57.7% of SLM's portfolio at year-end. Fitch believes lenders have and will continue to build reserves in anticipation of poorer performance of loans made to 'non-traditional' schools and to incorporate general portfolio weakening due to the weaker economic environment. SLM's allowance as a percent of loans in repayment amounted

to 7.2% at year-end 2008 and SLC's allowance amounted to 4.6% at the end of the third quarter 2008.

The fact that private education loans are non-dischargeable in bankruptcy has come under an increasing amount of scrutiny in recent years, in the face of bankruptcy reform and political transition. Consumer protection has been a hot topic in recent months and Fitch believes recent developments in the mortgage market aimed at reducing a borrower's debt burden could expand into other asset classes. Consumer protection advocates have also highlighted the higher interest rates charged by lenders on private loans. The imposition of interest rate caps or limits would also make the private loan less attractive to lenders and investors.

The Education Resources Institute, Inc.

The Education Resources Institute, Inc. (TERI), a private, non-profit corporation and the largest guarantor of private student loans, filed for Chapter 11 bankruptcy protection on April 7, 2008. TERI provided private education loan guarantees to commercial banks underwriting loans according to its articulated standards. Participating banks included Bank of America, Charter One Bank, JPMorgan Chase, and RBS Citizens. These banks would often partner with First Marblehead Corporation (FMD), a student loan facilitator, to structure private student loan ABS transactions. FMD conducted ABS transactions out of its wholly owned subsidiary, National Collegiate Funding LLC and TERI guaranteed 100% of principal and accrued interest on defaulted loans in the trusts.

As discussed in the Asset Quality section, private education loan credit performance began to deteriorate in 2007 and early 2008 as the economic picture weakened. But compounding the issue for TERI was that a large portion of the collateral included in the National Collegiate Student Loan Trust (NCSLT) was originated through the direct-to-consumer channel (as opposed to the school channel), which has been more susceptible to fraud, as there is typically no verification with schools to ensure that funds are being used to pay a borrower's tuition. On average, of the last 7 NCSLT ABS transactions, completed in 2006 and 2007, approximately 80% of loan collateral was originated in the direct-to-consumer channel. So as the economy weakened, some TERI-guaranteed portfolios deteriorated quickly, given the higher direct-to-consumer exposure. TERI received an increasing amount of default claims and its liquidity profile weakened.

Fitch has downgraded and/or placed on Rating Watch Negative numerous classes of NCSLT ABS due to deteriorating collateral performance, beyond Fitch's expectations, combined with operational uncertainties related to the bankruptcy proceedings of TERI and concerns regarding the level of recoveries on defaulted loans in a post-TERI environment. Ongoing analysis is focusing on default level and loss timing projections for each pool. Depending on the outcome, Fitch expects that ratings currently on Rating Watch Negative could be downgraded by an additional zero to three notches.

Fitch believes the impact of the TERI bankruptcy is not limited to ABS transactions, as there are TERI-guaranteed loans residing on bank balance sheets which may, therefore, end up performing well-below management expectations. While student loans are generally not a material component to a large commercial bank's profitability, unexpected losses on what were believed to be insured loans, will only add to the challenges facing banks in the current environment.

Summary

Fitch believes tighter underwriting standards and structural changes to the private education loan product will help peak investor interest in the collateral, but true market liquidity is not likely to return until investors have more information about how

private student loan portfolios perform in the current stressed environment and the ABS markets are fully functioning without government intervention.

Even so, ABS spreads are not likely to return to pre-2007 levels, which means that many lenders that have temporarily cut origination volume may need to reassess the long-term risk/return attributes of the business. Based on these dynamics, the private student loan market will find a new equilibrium; however, this may not align with public policy interests and could necessitate further legislative action to restore a healthier balance of financing for this asset class.

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