

**HB**

**104**

<TARGET><BILL>HB 104</BILL><SUBJECT>HB  
104</SUBJECT><COMM>HEDC27</COMM></TARGET>

# HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: January 18, 2011

FURTHER REFERRALS: Finance

Date of Committee Action: 3/21/11

The EDUCATION Committee considered:

HB 104

**HOUSE BILL NO. 104**

"An Act renaming the Alaska performance scholarship and relating to the scholarship and tax credits applicable to contributions to the scholarship; establishing the Alaska performance scholarship investment fund and the Alaska performance scholarship award fund and relating to the funds; making conforming amendments; and providing for an effective date."

**HB 104 ALASKA PERFORMANCE SCHOLARSHIPS**


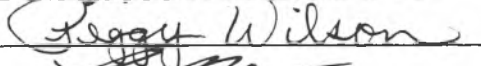



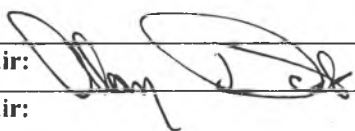
Recommends it be replaced with  HCS or  CS for House Bill 104 (EDC)  
 For Senate Bills with new title:  Technical Title  New Title: HCR \_\_\_\_\_  Same Title  New Title

- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

- List of Abbrev for Depts.:
- ADM
  - CEC
  - COR
  - CRT
  - EED
  - DEC
  - DFG
  - GOV
  - DHS
  - LWF
  - LAW
  - LEG
  - MVA
  - DNR
  - DPS
  - REV
  - DOT
  - UA

<u>NEW FISCAL NOTES</u>				
*FN# is assigned by Chief Clerk's Office				
*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	EED		✓	

<u>PREVIOUS FISCAL NOTES</u>				
FN#	List by Dept(s):	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	CISSNA				X
	WILSON				X
	PRUITT				X
	FEIGE				X
	SEATON	X			
Chair: 		X			
Chair:					

**CS FOR HOUSE BILL NO. 104(EDC)**

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

**TWENTY-SEVENTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE EDUCATION COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act renaming the Alaska performance scholarship and relating to the scholarship**  
2 **and tax credits applicable to contributions to the scholarship; relating to**  
3 **AlaskAdvantage education grant funding and to Alaska performance scholarship**  
4 **funding; establishing an account and fund for those purposes; making conforming**  
5 **amendments; and providing for an effective date."**

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

7 **\* Section 1.** AS 14.03.113, as enacted by sec. 1, ch. 14, SLA 2010, is amended to read:

8 **Sec. 14.03.113. District determination of scholarship eligibility.** A school  
9 district shall determine whether a student who graduates from a high school in the  
10 district is eligible for an award of an Alaska performance [MERIT SCHOLARSHIP  
11 PROGRAM] scholarship under AS 14.43.810 - 14.43.849. If a student is eligible, the  
12 district shall state in the student's permanent record the highest level of funding for  
13 which the student is eligible. A district shall provide a student with an opportunity to

1 request that the district correct an error in the eligibility determination.

2 \* **Sec. 2.** AS 14.43.810, as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

3 **Sec. 14.43.810. Alaska performance [MERIT] scholarship program**  
 4 **established; regulations.** (a) The Alaska performance [MERIT] scholarship program  
 5 is established to provide scholarships for high school graduates who are Alaska  
 6 residents to attend a qualified postsecondary institution in the state.

7 (b) The department shall, in consultation with the commission, adopt  
 8 regulations necessary to implement the scholarship program. The commission shall  
 9 administer the daily operations of the scholarship program and financing of the  
 10 scholarship program, including the procedures for applying for the scholarships,  
 11 establishing standards for and ensuring continuing compliance with programmatic  
 12 standards, and requiring students to apply for other nonloan financial aid, consistent  
 13 with federal law.

14 \* **Sec. 3.** AS 14.43.820(a), as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

15 (a) Subject to appropriation, the commission shall award an Alaska  
 16 performance [MERIT SCHOLARSHIP PROGRAM] scholarship to an applicant who

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

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

20 (3) has completed a core academic curriculum in high school that  
 21 includes

22 (A) four years of mathematics, four years of language arts, four  
 23 years of science, and four years of social studies, one year of which may  
 24 include a foreign language, an Alaska Native language, fine arts, or cultural  
 25 heritage; or

26 (B) three years of mathematics, four years of language arts,  
 27 three years of science, four years of social studies, and two years of a foreign  
 28 language or an Alaska Native language;

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

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

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

9 \* **Sec. 4.** AS 14.43.825(a), as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

10 (a) The maximum annual awards for the Alaska performance [MERIT  
 11 SCHOLARSHIP PROGRAM] scholarships are as follows:

12 (1) the first award level is \$4,755 and requires a 3.5 grade-point  
 13 average or above and a very high minimum score on a college entrance examination;

14 (2) the second award level is \$3,566 and requires a 3.0 grade-point  
 15 average or above and a high minimum score on a college entrance examination;

16 (3) the third award level is \$2,378 and requires a 2.5 grade-point  
 17 average or above and a moderately high minimum score on a college entrance  
 18 examination.

19 \* **Sec. 5.** AS 14.43.825(f) is repealed and reenacted to read:

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

25 \* **Sec. 6.** AS 14.43.830, as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

26 **Sec. 14.43.830. Qualified postsecondary institutions.** (a) The following  
 27 institutions are qualified postsecondary institutions for purposes of awarding an  
 28 Alaska performance [MERIT SCHOLARSHIP PROGRAM] scholarship:

29 (1) a university or college physically located in the state that [IS]

30 (A) is authorized to operate in the state under AS 14.48.020 or  
 31 is exempt from authorization under AS 14.48.030(b)(1); [AND]

1 (B) is accredited by a regional accreditation association;

2 (C) has an advisory program established for incoming  
 3 students that provides counseling related to course selection, career  
 4 choice, and personal challenges; and

5 (D) provides courses and credits that can result in the  
 6 issuance of a degree or certificate available at the institution within a time  
 7 frame expected for that degree or certificate;

8 (2) a career and technical school program physically located in the  
 9 state that meets the standards established in (a)(1)(C) and (D) of this section and  
 10 that has been included on a list of certified career and technical school programs  
 11 received from the Department of Labor and Workforce Development; the commission  
 12 shall publish the list on or before June 30 of the year preceding enrollment.

13 (b) The Department of Labor and Workforce Development shall, in  
 14 consultation with the Department of Education and Early Development, adopt  
 15 regulations under AS 44.62 (Administrative Procedure Act) establishing criteria under  
 16 which the Department of Labor and Workforce Development shall certify career and  
 17 technical school programs in the state as eligible to participate in the Alaska  
 18 performance [MERIT] scholarship program.

19 \* Sec. 7. AS 14.43.849, as enacted by sec. 2, ch. 14, SLA 2010, is amended to read:

20 **Sec. 14.43.849. Definitions.** In AS 14.43.810 - 14.43.849, unless the context  
 21 requires otherwise,

22 (1) "department" means the Department of Education and Early  
 23 Development;

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

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

29 (4) "program" means the Alaska performance [MERIT] scholarship  
 30 program established under AS 14.43.810 - 14.43.849;

31 (5) "school district" means a borough school district, a city school

1 district, a regional educational attendance area, and a state boarding school.

2 \* **Sec. 8.** AS 14.43 is amended by adding a new section to read:

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

13 \* **Sec. 9.** AS 14.45.130(a), as amended by sec. 7, ch. 14, SLA 2010, is amended to read:

14 (a) A religious or other private school that elects to comply with AS 14.45.100  
 15 - 14.45.130 shall maintain permanent student records reflecting immunizations,  
 16 physical examinations, standardized testing, academic achievement, courses taken at  
 17 the school, and level of eligibility for an Alaska **performance** [MERIT  
 18 SCHOLARSHIP PROGRAM] scholarship under AS 14.43.810 - 14.43.849.

19 \* **Sec. 10.** AS 37.14 is amended by adding a new section to read:

20 **Article 8A. AlaskAdvantage Education Grant and Alaska Performance Scholarship**  
 21 **Fund.**

22 **Sec. 37.14.750. AlaskAdvantage education grant and Alaska performance**  
 23 **scholarship fund established.** (a) The AlaskAdvantage education grant and Alaska  
 24 performance scholarship fund is established in the general fund for the purpose of  
 25 making grant payments under AS 14.43.400 - 14.43.420 and scholarship payments to  
 26 qualified postsecondary institutions for students under AS 14.43.810 - 14.43.849 by  
 27 appropriation to the income account established under AS 14.43.915. Money in the  
 28 fund does not lapse. The fund consists of

- 29 (1) money appropriated to the fund;  
 30 (2) income earned on investment of fund assets; and  
 31 (3) donations to the fund.

1 (b) The amount annually appropriated and deposited to the fund may not  
2 exceed the greater of

3 (1) \$40,000,000; or

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

6 (c) The balance in the AlaskAdvantage education grant and Alaska  
7 performance scholarship fund shall be determined on June 30 of each year. The  
8 department shall distribute one-third of that amount or \$40,000,000, whichever is less,  
9 for deposit into the account established in AS 14.43.915.

10 (d) Notwithstanding the limitation in (c) of this section, the legislature may  
11 appropriate any amount to the AlaskAdvantage education grant and Alaska  
12 performance scholarship fund. Nothing in this section creates a dedicated fund.

13 (e) In this section, unless the context requires otherwise, "fund" means the  
14 AlaskAdvantage education grant and Alaska performance scholarship fund established  
15 in (a) of this section.

16 \* **Sec. 11.** AS 43.20.014(a) is amended to read:

17 (a) A taxpayer is allowed a credit against the tax due under this chapter for  
18 cash contributions accepted for

19 (1) [FOR] direct instruction, research, and educational support  
20 purposes, including library and museum acquisitions, and contributions to endowment,  
21 by an Alaska university foundation or by a nonprofit, public or private, Alaska two-  
22 year or four-year college accredited by a regional accreditation association;

23 (2) [FOR] secondary school level vocational education courses,  
24 programs, and facilities by a school district in the state;

25 (3) [FOR] vocational education courses, programs, and facilities by a  
26 state-operated vocational technical education and training school; [AND]

27 (4) [FOR] a facility by a nonprofit, public or private, Alaska two-year  
28 or four-year college accredited by a regional accreditation association; and

29 (5) the AlaskAdvantage grant and Alaska performance  
30 scholarship fund under AS 37.14.750(a).

31 \* **Sec. 12.** AS 43.20.014(a), as amended by sec. 14, ch. 92, SLA 2010, is amended to read:

1 (a) A taxpayer is allowed a credit against the tax due under this chapter for  
2 cash contributions accepted

3 (1) for direct instruction, research, and educational support purposes,  
4 including library and museum acquisitions, and contributions to endowment, by an  
5 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or  
6 four-year college accredited by a regional accreditation association;

7 (2) for secondary school level vocational education courses and  
8 programs by a school district in the state; [AND]

9 (3) by a state-operated vocational technical education and training  
10 school; and

11 (4) for the AlaskAdvantage grant and Alaska performance  
12 scholarship fund under AS 37.14.750(a).

13 \* Sec. 13. Section 8, ch. 14, SLA 2010, is amended to read:

14 TRANSITION: PERFORMANCE SCHOLARSHIP PROGRAM  
15 STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS.  
16 Notwithstanding any contrary provision of this Act, the Department of Education and  
17 Early Development and the Department of Labor and Workforce Development, after  
18 consultation with the Alaska Commission on Postsecondary Education, may adopt  
19 regulations under AS 44.62 (Administrative Procedure Act) to implement their  
20 respective duties under the Alaska performance [MERIT] scholarship program  
21 established in AS 14.43.810, enacted by sec. 5 of this Act, so that a student

22 (1) may be eligible for the Alaska performance scholarship  
23 [PROGRAM] even though the student did not fully meet the required core academic  
24 curriculum for the school years beginning July 1, 2010, through June 30, 2014; and

25 (2) who graduated from high school in this state after January 1, 2011,  
26 and before July 1, 2011, and meets eligibility requirements for the Alaska  
27 performance scholarship program may apply for a scholarship on or after January 1,  
28 2011, for enrollment in a program of study beginning on or after July 1, 2011.

29 \* Sec. 14. The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31 TRANSITION: ALASKADVANTAGE EDUCATION GRANT AND ALASKA

1 PERFORMANCE SCHOLARSHIP FUND BALANCE. Notwithstanding the \$40,000,000  
2 limit in AS 37.14.750(c), the following amounts may be substituted for that amount as  
3 follows for

4 (1) fiscal year 2012, \$20,000,000;

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

6 \* **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to  
7 read:

8 TRANSITION: REGULATIONS. The Department of Education and Early  
9 Development, the Department of Labor and Workforce Development, the Department of  
10 Revenue, and the Alaska Commission on Postsecondary Education may adopt regulations  
11 necessary to implement changes made to their respective authorities by this Act. The  
12 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1,  
13 2011.

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

16 REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the

17 (1) heading of article 12 of AS 14.43 from "Alaska Merit Scholarship  
18 Program" to "Alaska Performance Scholarship Program";

19 (2) catch line for AS 14.43.820 from "Alaska merit scholarship program;  
20 eligibility" to "Alaska performance scholarship program; eligibility."

21 \* **Sec. 17.** Section 15 of this Act takes effect immediately under AS 01.10.070(c).

22 \* **Sec. 18.** AS 14.43.830(a)(1)(C) and (D), added by sec. 6 of this Act, and the amendment  
23 to AS 14.43.830(a)(2) made by sec. 6 of this Act take effect July 1, 2012.

24 \* **Sec. 19.** Section 12 of this Act takes effect January 1, 2014.

25 \* **Sec. 20.** Except as provided in secs. 17 - 19 of this Act, this Act takes effect July 1, 2011.

STATE CAPITOL  
PO Box 110001  
Juneau, Alaska 99811-0001  
907-465-3500  
fax: 907-465-3532



550 West 7th Avenue #1700  
Anchorage, Alaska 99501  
907-269-7450  
fax: 907-269-7463  
[www.gov.alaska.gov](http://www.gov.alaska.gov)  
[Governor@alaska.gov](mailto:Governor@alaska.gov)

Governor Sean Parnell  
STATE OF ALASKA

January 14, 2011

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

Dear Speaker Chenault,

It is time now to sustainably fund the performance scholarships we so diligently worked together on last year. Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill renaming the Alaska Merit Scholarship to the Alaska Performance Scholarship; relating to tax credits applicable to contributions for the scholarships; and establishing the Alaska Performance Scholarship investment fund and the Alaska Performance Scholarship award fund. This bill would create funding mechanisms for the Alaska Performance Scholarship that are in accordance with recommendations of the Alaska State Legislature's Joint Higher Education Scholarship Funding Task Force.

The Alaska Performance Scholarship incentivizes Alaska students to take a rigorous curriculum and earn scholarships for post-secondary education. This will lead to increased academic performance in our high schools, increased parental involvement, and increased graduation rates. More students will graduate prepared to enter and complete postsecondary education and training in Alaska. The scholarship helps a variety of students – those who seek career and technical training as well as academic studies – to realize their dreams through their own hard work.

The bill creates an Alaska Performance Scholarship investment fund. The fund would consist of appropriations to the fund, donations to the fund, and income earned on investments of fund assets. Also, the bill would create the Alaska Performance Scholarship award fund to make scholarship awards. The bill would authorize certain tax credits applicable to contributions to the scholarship.

The graduating class of 2011 will be the first students eligible for this opportunity. I urge your prompt and favorable action on this important measure.

Sincerely,

A handwritten signature in cursive script that reads "Sean Parnell".

Sean Parnell  
Governor

Enclosure



## Alaska Performance Scholarship

*An invitation to excellence, extended to students, parents and educators alike.*

### SB43/HB104 Renaming the Alaska performance scholarship...and establishing scholarship investment and award funds

#### What does SB43/HB104 do?

1. The Governor's bill amends statutes to rename the statewide scholarship. The name "merit scholarship" currently in statute puts Alaska at risk of infringing on an existing copyright held by the National Merit Scholarship organization.
2. Further, the bill establishes both an award fund into which appropriations can be made and from which scholarship awards will be paid to students, and an investment fund into which the legislature may make appropriations and others may make donations. The bill specifies the Legislature may make appropriations from the investment fund into the award fund.
3. Finally, the bill permits Alaska taxpayers to make donations into the scholarship investment fund and qualify for a tax credit against the corporate income tax.

#### Why is SB43/HB104 necessary?

During the 2010 legislative session Governor Parnell proposed establishing a statewide scholarship for Alaska's students based on the principle that if our students: (1) take a curriculum which prepares them to succeed in postsecondary education, and (2) work hard and perform well in school, we should incent and reward them for pursuing postsecondary education and training in Alaska. This not only will benefit students but also the state as a whole by growing a skilled, local workforce and reducing the need for non-resident hires. The Alaska Legislature embraced this strategy and approved a merit scholarship which the Governor then signed into law.

The Governor has introduced this bill to avert the consequences of the copyright infringement noted above, and, more importantly, to propose establishment of a fund with characteristics consistent with the final recommendation of the Legislature's Joint Higher Education Scholarship Funding Task Force<sup>1</sup>.

#### Why is this funding structure being proposed?

Governor Parnell strongly believes the scholarship is a commitment to Alaska's students, and it is critical to the success of the program that these scholarship awards have a long-term, sustainable funding stream. Additionally, the Governor seeks to make it possible for any interested party to support the scholarship's workforce development objectives by donating to the fund. To the extent that there are Alaska taxpayers with an interest in donating, they are incented to do so through the corporate income tax credit for eligible donations.

Thank you for taking the time to discuss SB43/HB104. We are extremely appreciative of the support and valuable time and attention legislative leaders have given this matter and look forward to continuing our collaborative work to advance education and workforce development in Alaska.



<sup>1</sup> [http://hesf.aksenate.org/wp-content/uploads/2010/12/2010\\_Scholarship\\_Funding\\_Final\\_Report.pdf](http://hesf.aksenate.org/wp-content/uploads/2010/12/2010_Scholarship_Funding_Final_Report.pdf)

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number \_\_\_\_\_  
 Bill Version HB 104  
 ( ) Publish Date \_\_\_\_\_

Identifier HB104-EED-ESS-2-3-11 Dept. Affected Education & Early Development  
 Title An Act renaming the Alaska performance Scholarship and Appropriation Education Support Services  
relating to the scholarship and tax credits applicable to... Allocation Executive Administration  
 Sponsor House Rules by Request of the Governor  
 Requester House Education OMB Component Number 2736

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
<b>TOTAL OPERATING</b>		*	*	*	*	*	*	*

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
<b>TOTAL</b>		*	*	*	*	*	*	*

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version

Prepared by Eddy Jeans  
 Division Executive Administration  
 Approved by Mike Hanley  
Commissioner

Phone 465-2825  
 Date/Time 2/3/11 1:15 PM  
 Date 2/3/2011

FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. HB 104

**Analysis**

This fiscal note is indeterminate to allow the discussion of the Funding and Finance section of the Scholarship Funding Task Force Report. Page four of the report list the recommendation that the legislature creates, in statute, a Scholarship Fund as a sub-account within the General Fund. The Task Force recommended that the Scholarship Fund have an account balance amount sufficient to sustain award distribution and inflation proofing replenishment. The Task Force report suggested the immediate capitalization of the Scholarship Fund and also offered other alternatives if that was not possible.

The administration looks forward to discussing the Task Force Funding recommendations and identifying a long term sustainable funding mechanism for the Alaska Performance Scholarship.

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number 1  
Bill Version HB 104  
(H) Publish Date 1/18/11

Identifier (file name) LL1893-DOR-TRS-1-14-11 Dept. Affected Revenue  
Title The Alaska Performance Scholarship Fund Appropriation Treasury and Taxation  
Allocation Treasury  
Sponsor Rules Committee  
Requester By Request of the Governor OMB Component Number 121

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
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							
<b>TOTAL OPERATING</b>	<b>115.0</b>	<b>0.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>

<b>CAPITAL EXPENDITURES</b>							
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<b>CHANGE IN REVENUES</b>							
---------------------------	--	--	--	--	--	--	--

**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
<b>TOTAL</b>	<b>115.0</b>	<b>0.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**Why this fiscal note differs from previous version**

first version of fiscal note

Prepared by Scott Jones, Asst. Comptroller  
Division Treasury  
Approved by Ginger Blaisdell, Director Administrative Services Division  
Department of Revenue

Phone (907) 465-2350  
Date/Time 1/14/11; 10:40am  
Date 1/14/11; 10:40am

FISCAL NOTE #1

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. HB 104

**Analysis**

The bill provides for a separate fund designated for performance scholarships. In order to generate enough revenue to fund the performance scholarships, the Department anticipates the need for a \$400 million capitalization.

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.

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number 2  
Bill Version HB 104  
(H) Publish Date 1/18/11

Identifier (file name) LL1893-DOR-TAX-1-14-11 Dept. Affected Revenue  
Title The Alaska Performance Scholarship Fund Appropriation Treasury and Taxation  
Allocation Tax Division  
Sponsor Rules Committee  
Requester By Request of the Governor OMB Component Number 2476

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>							
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<b>CHANGE IN REVENUES</b>							
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**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**Why this fiscal note differs from previous version**

first version of fiscal note

Prepared by Johanna Bales, Deputy Director  
Division Tax Division  
Approved by Ginger Blaisdell, Director Administrative Services Division  
Department of Revenue

Phone (907) 269-6628  
Date/Time 1/14/11; 1:22pm  
Date 1/14/11; 1:22pm

FISCAL NOTE #2

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. HB 104

**Analysis**

**Bill Language:**

This bill expands the existing education credit allowed against the corporate income tax to include contributions made to the newly created Alaska Performance Scholarship Fund under AS 37.14.750.

**Revenues:**

This bill does not increase or decrease the amount of total education credits allowed against corporate income tax. Therefore, this bill has no affect on state revenues.

**Expenditures:**

The department can implement the provisions of the bill with existing resources.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
SECTIONAL ANALYSIS  
HB104 EDC 1/28/11

Renaming the Alaska performance scholarship and relating to the scholarship and tax credits applicable to contributions to the scholarship; establishing the Alaska performance scholarship investment fund and the Alaska performance scholarship award fund and relating to the funds; making confirming amendments; and providing for an effective date.

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	AGENCY IMPACTED
1	14.03.113 – District determination of scholarship eligibility.	1 2	7-13 1	Amended to rename scholarship Alaska performance scholarship (APS).	DEED - Public Schools Generally
2	14.43.810 – Alaska performance scholarship established; regulations.	2	2-13	Amended to rename scholarship Alaska performance scholarship; and to generally reference Alaska performance scholarship as scholarships, including section heading.	ACPE – Financial Aid Programs for Postsecondary Students
3	14.43.820(a) – Alaska performance scholarship; eligibility.	2 3	14-31 1-8	Amended to rename scholarship Alaska performance scholarship. (Section title changed through reviser’s instructions in Section 14)	Postsecondary Education Commission
4	14.43.825(a) – Maximum annual awards.	3	9-18	Amended to rename scholarship Alaska performance scholarship.	ACPE - Financial Aid Programs for Postsecondary Students
5	14.43.830 – Qualified postsecondary institutions.	3 4	19-31 1-5	Amended to rename scholarship Alaska performance scholarship	ACPE - Financial Aid Programs for Postsecondary Students
6	14.43.840 – Report to the legislature.	4	6-22	Amended to generally reference Alaska performance scholarship as scholarships.	ACPE - Financial Aid Programs for Postsecondary Students
7	14.43.845 – Alaska performance scholarship award fund.	4 5	23-31 1	Establishes an APS award fund, consisting of appropriations under AS 37.14.750 – 37.14.790. Monies in the fund may be used by the commission to pay APS awards and are non-lapsing.	ACPE - Financial Aid Programs for Postsecondary Students

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	AGENCY IMPACTED
8	14.45.130(a) – Records.	5	2-8	Amended to rename scholarship Alaska performance scholarship	ACPE - Financial Aid Programs for Postsecondary Students
9	Article 8A. Alaska Performance Scholarship Investment Fund added to Chapter 14. Trust Funds.				New Section
9	37.14.750 – Alaska performance scholarship investment fund established.	5	9-22	Establishes the APS investment fund consisting of appropriations, donations, and income earned on investments managed to retain the purchasing power of the fund and to earn at least 5% on invested assets. The fund is not dedicated.	Dept. of Revenue – Tax Division
9	37.14.755 – Powers and duties of the commissioner of revenue.	5	23-28	Provides that commissioner has powers and duties outlined in AS 37.10.071. Directs DOR commissioner to provide reports on the condition and investment performance of the fund to DEED, DOLWD, and ACPE.	Dept. of Revenue – Tax Division
9	37.14.760 – Use of fund.	5 6	29-31 1-7	Provides that DOR commissioner will determine amount of fund available for legislature to appropriate to the award fund as soon after July 1 each year as possible, and to report on previously available funds identified as available but not appropriated.	Dept. of Revenue – Tax Division
9	37.14.790 – Definitions.	6	8-12	Defines commissioner and fund.	Dept. of Revenue – Tax Division
10	43.20.014(a) – Income tax education credit.	6	13-27	Expands contributions eligible for the Alaska education credit against corporate income tax to include contributions made to the APS fund.	Dept. of Revenue – Tax Division
11	43.20.014(a) – Income tax education credit.	6 7	28-31 1-10	Deals with the sunset provision in the education tax credit program. In 2010, the maximum education tax credit to \$5 million. The increase sunsets 1/1/14 at which time the limit returns to \$150,000. This provision ensures, even though the amount of the credit is reduced, contributions to the APS fund remain eligible for a credit.	Dept. of Revenue – Tax Division
12	14.43.849(4) – Definitions.	7	11	Repealed. Deletes definition for program as that term is no longer incorporated.	ACPE – Financial Aid Programs for Postsecondary Students
13	Uncodified law	7	12-28	Transition language is amended to rename scholarship Alaska performance scholarship; and to generally reference Alaska performance scholarship as scholarships.	

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	AGENCY IMPACTED
14	Uncodified law	7	29-31 1-5	Instructs revisor to change title of Article 12 to Alaska Performance Scholarship and change title of 14.43.820 to Alaska performance scholarship; eligibility.	
15	Uncodified law	8	6-13	Transition language provides that state agencies may proceed to adopt regulations to implement Act, but regulations take effect no earlier than 7/1//2011.	
16	Effective date notice	8	14	Section 15 takes effect immediately	
17	Effective date notice	8	15	Section 11 takes effect January 1, 2014 Except as in Sec. 10, Act is effective 9/1/2010	
18	Effective date notice	8	16-17	Except as in Secs. 16 and 17, Act is effective 7/1/2011	

27-GH1893V  
Mischel  
2/8/11

**CS FOR HOUSE BILL NO. 104( )**

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

**BY**

**Offered:  
Referred:**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act renaming the Alaska performance scholarship and relating to the scholarship**  
2 **and tax credits applicable to contributions to the scholarship; relating to**  
3 **AlaskAdvantage education grant funding and to Alaska performance scholarship**  
4 **funding; establishing an account and fund for those purposes; relating to an unmet need**  
5 **scholarship supplement for Alaska performance scholarship recipients; repealing the**  
6 **Alaska capital income fund; making conforming amendments; and providing for an**  
7 **effective date."**

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

9 **\* Section 1.** AS 14.03.113, as enacted by sec. 1, ch. 14, SLA 2010, is amended to read:

10 **Sec. 14.03.113. District determination of scholarship eligibility.** A school  
11 district shall determine whether a student who graduates from a high school in the  
12 district is eligible for an award of an Alaska performance [MERIT SCHOLARSHIP  
13 PROGRAM] scholarship under AS 14.43.810 - 14.43.849. If a student is eligible, the

1 district shall state in the student's permanent record the highest level of funding for  
2 which the student is eligible. A district shall provide a student with an opportunity to  
3 request that the district correct an error in the eligibility determination.

4 \* **Sec. 2.** AS 14.43.810, as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

5 **Sec. 14.43.810. Alaska performance [MERIT] scholarship program**  
6 **established; regulations.** (a) The Alaska performance [MERIT] scholarship program  
7 is established to provide scholarships for high school graduates who are Alaska  
8 residents to attend a qualified postsecondary institution in the state.

9 (b) The department shall, in consultation with the commission, adopt  
10 regulations necessary to implement the scholarship program. The commission shall  
11 administer the daily operations of the scholarship program and financing of the  
12 scholarship program, including the procedures for applying for the scholarships,  
13 establishing standards for and ensuring continuing compliance with programmatic  
14 standards, and requiring students to apply for other nonloan financial aid, consistent  
15 with federal law.

16 \* **Sec. 3.** AS 14.43.820(a), as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

17 (a) Subject to appropriation, the commission shall award an Alaska  
18 performance [MERIT SCHOLARSHIP PROGRAM] scholarship to an applicant who

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

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

22 (3) has completed a core academic curriculum in high school that  
23 includes

24 (A) four years of mathematics, four years of language arts, four  
25 years of science, and four years of social studies, one year of which may  
26 include a foreign language, an Alaska Native language, fine arts, or cultural  
27 heritage; or

28 (B) three years of mathematics, four years of language arts,  
29 three years of science, four years of social studies, and two years of a foreign  
30 language or an Alaska Native language;

31 (4) has a minimum grade-point average in high school of 2.5 or higher;

1 the department shall set by regulation minimum requirements based on a substantially  
2 similar standard for districts that do not assign grades;

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

8 (6) is enrolled in good standing in a course of study at a qualified  
9 postsecondary institution in this state that is intended to result in the award of a  
10 certificate or degree.

11 \* **Sec. 4.** AS 14.43.825(a), as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

12 (a) The maximum annual awards for the Alaska performance [MERIT  
13 SCHOLARSHIP PROGRAM] scholarships are as follows:

14 (1) the first award level is \$4,755 and requires a 3.5 grade-point  
15 average or above and a very high minimum score on a college entrance examination;

16 (2) the second award level is \$3,566 and requires a 3.0 grade-point  
17 average or above and a high minimum score on a college entrance examination;

18 (3) the third award level is \$2,378 and requires a 2.5 grade-point  
19 average or above and a moderately high minimum score on a college entrance  
20 examination.

21 \* **Sec. 5.** AS 14.43.825(f) is repealed and reenacted to read:

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

27 \* **Sec. 6.** AS 14.43 is amended by adding a new section to read:

28 **Sec. 14.43.828. Eligibility for a scholarship supplement based on unmet**  
29 **need; minimum and maximum awards.** (a) Subject to appropriation, the  
30 commission shall award a scholarship supplement based on unmet need to a student  
31 who meets the eligibility criteria for the award under this section.

1 (b) A student is eligible to receive a scholarship supplement based on unmet  
2 need if the student

3 (1) is eligible for an Alaska performance scholarship; and

4 (2) can demonstrate, in a year in which the student receives a  
5 scholarship, that the student has unmet financial need greater than \$2,000.

6 (c) The annual maximum of a scholarship supplement based on unmet need is  
7 the lesser of

8 (1) 50 percent of the unmet financial need that exceeds \$2,000; and

9 (2) \$4,000.

10 (d) The commission shall determine unmet financial need by

11 (1) requiring the postsecondary institution attended by the student to  
12 verify all nonloan sources of financial support, including an expected family  
13 contribution and all federal, state, and private scholarships received by the student;  
14 and

15 (2) subtracting all nonloan sources of financial support from the  
16 student's allowable standard costs of attendance at the institution, as determined by the  
17 commission.

18 (e) Notwithstanding any other provision of this section, the minimum annual  
19 scholarship supplement for a student eligible under (b) of this section is \$500.

20 (f) In this section,

21 (1) "allowable standard costs of attendance" means the lesser of the

22 (A) standard costs of attendance at the University of Alaska, as  
23 determined by the commission; or

24 (B) actual costs of attendance at the qualified postsecondary  
25 institution that the student attends or plans to attend, as determined by the  
26 commission;

27 (2) "expected family contribution" means the amount a student or the  
28 student's family is expected to pay toward the student's cost of attendance, as  
29 determined by completion of the most recent federal Free Application for Federal  
30 Student Aid.

31 \* Sec. 7. AS 14.43.830, as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

1           **Sec. 14.43.830. Qualified postsecondary institutions.** (a) The following  
2 institutions are qualified postsecondary institutions for purposes of awarding an  
3 Alaska **performance** [MERIT SCHOLARSHIP PROGRAM] scholarship:

4           (1) a university or college physically located in the state that [IS]

5                   (A) **is** authorized to operate in the state under AS 14.48.020 or  
6 is exempt from authorization under AS 14.48.030(b)(1); [AND]

7                   (B) **is** accredited by a regional accreditation association;

8                   (C) **has an advisory program established for incoming**  
9 **students that provides counseling related to course selection, career**  
10 **choice, and personal challenges; and**

11                   (D) **provides courses and credits that can result in the**  
12 **issuance of a degree or certificate available at the institution within a time**  
13 **frame expected for that degree or certificate;**

14           (2) a career and technical school program physically located in the  
15 state that **meets the standards established in (a)(1)(C) and (D) of this section and**  
16 **that** has been included on a list of certified career and technical school programs  
17 received from the Department of Labor and Workforce Development; the commission  
18 shall publish the list on or before June 30 of the year preceding enrollment.

19           (b) The Department of Labor and Workforce Development shall, in  
20 consultation with the Department of Education and Early Development, adopt  
21 regulations under AS 44.62 (Administrative Procedure Act) establishing criteria under  
22 which the Department of Labor and Workforce Development shall certify career and  
23 technical school programs in the state as eligible to participate in the Alaska  
24 **performance** [MERIT] scholarship program.

25 \* **Sec. 8.** AS 14.43.849, as enacted by sec. 2, ch. 14, SLA 2010, is amended to read:

26           **Sec. 14.43.849. Definitions.** In AS 14.43.810 - 14.43.849, unless the context  
27 requires otherwise,

28           (1) "department" means the Department of Education and Early  
29 Development;

30           (2) "grade-point average" means the average of all grades on a four-  
31 point scale, or five-point scale for advanced placement classes, obtained by the student

1 in high school;

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

4 (4) "program" means the Alaska performance [MERIT] scholarship  
5 program established under AS 14.43.810 - 14.43.849;

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

8 \* **Sec. 9.** AS 14.43 is amended by adding a new section to read:

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

19 \* **Sec. 10.** AS 14.45.130(a), as amended by sec. 7, ch. 14, SLA 2010, is amended to read:

20 (a) A religious or other private school that elects to comply with AS 14.45.100  
21 - 14.45.130 shall maintain permanent student records reflecting immunizations,  
22 physical examinations, standardized testing, academic achievement, courses taken at  
23 the school, and level of eligibility for an Alaska performance [MERIT  
24 SCHOLARSHIP PROGRAM] scholarship under AS 14.43.810 - 14.43.849.

25 \* **Sec. 11.** AS 37.07.020(b) is amended to read:

26 (b) In addition to the budget and bills submitted under (a) of this section, the  
27 governor shall submit a capital improvements program covering the succeeding six  
28 fiscal years. The governor shall also submit a fiscal plan with estimates of significant  
29 sources and uses of funds for the succeeding 10 fiscal years. The fiscal plan

30 (1) must include sufficient details to identify

31 (A) significant sources of funds;

1 (B) significant uses of funds, including lump sum projections  
2 of

3 (i) operating expenditures;  
4 (ii) capital expenditures;  
5 (iii) debt service expenditures;  
6 (iv) fund capitalizations;  
7 (v) appropriations of income of the Alaska permanent  
8 fund (art. IX, sec. 15, Constitution of the State of Alaska), if any;

9 (2) must balance sources and uses of funds held while providing for  
10 essential state services and protecting the economic stability of the state;

11 (3) must include projected balances of significant funds held in  
12 separate accounts, including the budget reserve fund (art. IX, sec. 17, Constitution of  
13 the State of Alaska), the public education fund (AS 14.17.300), and the  
14 AlaskAdvantage education grant and Alaska performance scholarship fund  
15 (AS 37.14.750) [ALASKA CAPITAL INCOME FUND (AS 37.05.565)];

16 (4) must set out significant assumptions used in the projections with  
17 sufficient detail to enable the legislature to rely on the fiscal plan in understanding,  
18 evaluating, and resolving issues of state budgeting, including information that supports  
19 major areas of operating increases, such as population demographics that affect the  
20 need for particular government services.

21 \* Sec. 12. AS 37.13.145(d) is amended to read:

22 (d) Notwithstanding (b) of this section, income earned on money awarded in  
23 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior  
24 Court, First Judicial District), including settlement, summary judgment, or adjustment  
25 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned  
26 on the money, or on the earnings of the money shall be treated in the same manner as  
27 other income of the Alaska permanent fund, except that it is not available for  
28 distribution to the dividend fund or for transfers to the principal under (c) of this  
29 section, and shall be annually deposited into the AlaskAdvantage education grant  
30 and Alaska performance scholarship fund (AS 37.14.750) [ALASKA CAPITAL  
31 INCOME FUND (AS 37.05.565)].

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

2 **Article 8A. AlaskAdvantage Education Grant and Alaska Performance Scholarship**  
3 **Fund.**

4 **Sec. 37.14.750. AlaskAdvantage education grant and Alaska performance**  
5 **scholarship fund established.** (a) The AlaskAdvantage education grant and Alaska  
6 performance scholarship fund is established in the general fund for the purpose of  
7 making grant payments under AS 14.43.400 - 14.43.420 and scholarship payments to  
8 qualified postsecondary institutions for students under AS 14.43.810 - 14.43.849 by  
9 appropriation to the income account established under AS 14.43.915. Money in the  
10 fund does not lapse. The fund consists of

- 11 (1) money appropriated to the fund;  
12 (2) income earned on investment of fund assets;  
13 (3) donations to the fund; and  
14 (4) money deposited to the fund under AS 37.13.145(d).

15 (b) Each fiscal year, the legislature may appropriate to the AlaskAdvantage  
16 education grant and Alaska performance scholarship fund an amount equal to 15  
17 percent of the money received by the state during the previous calendar year under  
18 AS 43.55.011(g).

19 (c) The amount annually appropriated and deposited to the fund may not  
20 exceed the greater of

- 21 (1) \$40,000,000; or  
22 (2) the amount that, when added to the fund balance on June 30 of the  
23 previous fiscal year, equals \$160,000,000.

24 (d) The balance in the AlaskAdvantage education grant and Alaska  
25 performance scholarship fund shall be determined on June 30 of each year. The  
26 department shall distribute one-third of that amount or \$40,000,000, whichever is less,  
27 for deposit into the account established in AS 14.43.915.

28 (e) Notwithstanding the limitation in (d) of this section, the legislature may  
29 appropriate any amount to the AlaskAdvantage education grant and Alaska  
30 performance scholarship fund. Nothing in this section creates a dedicated fund.

31 (f) In this section, unless the context requires otherwise, "fund" means the

1 AlaskAdvantage education grant and Alaska performance scholarship fund established  
2 in (a) of this section.

3 \* **Sec. 14.** AS 43.20.014(a) is amended to read:

4 (a) A taxpayer is allowed a credit against the tax due under this chapter for  
5 cash contributions accepted **for**

6 (1) [FOR] direct instruction, research, and educational support  
7 purposes, including library and museum acquisitions, and contributions to endowment,  
8 by an Alaska university foundation or by a nonprofit, public or private, Alaska two-  
9 year or four-year college accredited by a regional accreditation association;

10 (2) [FOR] secondary school level vocational education courses,  
11 programs, and facilities by a school district in the state;

12 (3) [FOR] vocational education courses, programs, and facilities by a  
13 state-operated vocational technical education and training school; [AND]

14 (4) [FOR] a facility by a nonprofit, public or private, Alaska two-year  
15 or four-year college accredited by a regional accreditation association; **and**

16 **(5) the AlaskAdvantage grant and Alaska performance**  
17 **scholarship fund under AS 37.14.750(a).**

18 \* **Sec. 15.** AS 43.20.014(a), as amended by sec. 14, ch. 92, SLA 2010, is amended to read:

19 (a) A taxpayer is allowed a credit against the tax due under this chapter for  
20 cash contributions accepted

21 (1) for direct instruction, research, and educational support purposes,  
22 including library and museum acquisitions, and contributions to endowment, by an  
23 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or  
24 four-year college accredited by a regional accreditation association;

25 (2) for secondary school level vocational education courses and  
26 programs by a school district in the state; [AND]

27 (3) by a state-operated vocational technical education and training  
28 school; **and**

29 **(4) for the AlaskAdvantage grant and Alaska performance**  
30 **scholarship fund under AS 37.14.750(a).**

31 \* **Sec. 16.** Section 8, ch. 14, SLA 2010, is amended to read:

1                   TRANSITION: PERFORMANCE SCHOLARSHIP PROGRAM  
2 STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS.  
3 Notwithstanding any contrary provision of this Act, the Department of Education and  
4 Early Development and the Department of Labor and Workforce Development, after  
5 consultation with the Alaska Commission on Postsecondary Education, may adopt  
6 regulations under AS 44.62 (Administrative Procedure Act) to implement their  
7 respective duties under the Alaska performance [MERIT] scholarship program  
8 established in AS 14.43.810, enacted by sec. 5 of this Act, so that a student

9                   (1) may be eligible for the Alaska performance scholarship  
10 [PROGRAM] even though the student did not fully meet the required core academic  
11 curriculum for the school years beginning July 1, 2010, through June 30, 2014; and

12                   (2) who graduated from high school in this state after January 1, 2011,  
13 and before July 1, 2011, and meets eligibility requirements for the Alaska  
14 performance scholarship program may apply for a scholarship on or after January 1,  
15 2011, for enrollment in a program of study beginning on or after July 1, 2011.

16 \* **Sec. 17.** AS 37.05.565 is repealed.

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

19                   TRANSITION: ALASKADVANTAGE EDUCATION GRANT AND ALASKA  
20 PERFORMANCE SCHOLARSHIP FUND BALANCE. (a) Notwithstanding the \$40,000,000  
21 limit in AS 37.14.750(d), the following amounts may be substituted for that amount as  
22 follows for

23                   (1) fiscal year 2012, \$20,000,000;

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

25                   (b) The money deposited in the Alaska capital income fund established under  
26 AS 37.05.565 shall be transferred to the AlaskAdvantage education grant and Alaska  
27 performance scholarship fund established under AS 37.14.750 on the effective date of this  
28 section.

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

31                   TRANSITION: REGULATIONS. The Department of Education and Early

1 Development, the Department of Labor and Workforce Development, the Department of  
2 Revenue, and the Alaska Commission on Postsecondary Education may adopt regulations  
3 necessary to implement changes made to their respective authorities by this Act. The  
4 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1,  
5 2011.

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

8 REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the

9 (1) heading of article 12 of AS 14.43 from "Alaska Merit Scholarship  
10 Program" to "Alaska Performance Scholarship Program";

11 (2) catch line for AS 14.43.820 from "Alaska merit scholarship program;  
12 eligibility" to "Alaska performance scholarship program; eligibility."

13 \* **Sec. 21.** Section 19 of this Act takes effect immediately under AS 01.10.070(c).

14 \* **Sec. 22.** Section 6 of this Act, AS 14.43.830(a)(1)(C) and (D), added by sec. 7 of this Act,  
15 and the amendment to AS 14.43.830(a)(2) made by sec. 7 of this Act take effect July 1, 2012.

16 \* **Sec. 23.** Section 15 of this Act takes effect January 1, 2014.

17 \* **Sec. 24.** Except as provided in secs. 21 - 23 of this Act, this Act takes effect July 1, 2011.

# DRAFT FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number \_\_\_\_\_  
Bill Version CSHB104W  
( ) Publish Date \_\_\_\_\_

Identifier (file name) HB104CS-EED-ACPE-03-19-11 Dept. Affected Education  
Title An Act renaming the Alaska performance scholarship and... Appropriation ACPE  
Allocation Program Administration & Operations  
Sponsor House Rules Committee  
Requester (H)EDC OMB Component Number 2990

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants	*	*	*	*	*	*	*
Miscellaneous							
<b>TOTAL OPERATING</b>	*	*	*	*	*	*	*
<b>CAPITAL EXPENDITURES</b>							
<b>CHANGE IN REVENUES</b>							

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**Why this fiscal note differs from previous version (if initial version, please note as such)**

This committee substitute amends the original bill by, among other changes : 1) establishing a needs-based supplemental award of up to \$4,000 per individual for otherwise eligible Alaska performance scholarship recipients; 2) creating a potential fund source, award income account, and investment fund for the AlaskAdvantage education grant (AEG) and Alaska performance scholarship (APS) programs; and, 3) creating a forward funding structure to provide for a phase out of funding for APS recipients who have already commenced their postsecondary education training prior to APS program wind-down. Following are estimates of the costs related to full funding of: 1) the APS needs-based supplemental awards; and 2) the AEG awards. Due to the uncertainty around the level of expenditure intended for these aid programs, full program cost estimates are included in the analysis but not shown in the expenditure and revenue tables above.

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

Phone 465-6740  
Date/Time 3/19/11 10:00 AM  
Date 3/19/2011

# DRAFT

## FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. CSHB10411

### Analysis

#### APS needs-based supplement assumptions:

- 1) Incorporates 2010 APS utilization and attrition rates estimates (initial utilization rate of 28.8% and annual cohort attrition of 25% per year).
- 2) Average per student APS supplemental award is based on an analysis of unmet need data for 2009 Alaska high school graduates who attended UA in 2010 and were certified as eligible for an AEG based on their Free Application for Federal Student Aid data analysis.

This provision has a delayed effective date of July 1, 2012, for implementation, therefore, participation numbers are assumed to be: Year 1=4,034; Year 2=5,187; Year 3=5,763; Year 4=5,763

Average unmet need is \$4,245 - \$2000 (self-help) = \$2,245 @ 50% = \$1,122 (50% of remaining unmet need paid by the state)

Annual incoming cohort size: 2,305 students per year

	Number of Students	Average Supp. Award	Est. annual cost
FY13	4,034	\$1,122	\$ 4,526,148
FY14	5,187	\$1,122	\$ 5,819,814
FY15	5,763	\$1,122	\$ 6,466,086
FY16	5,763	\$1,122	\$ 6,466,086

APS needs-based cost  
(full implementation)      5,763      \$6,466,086

This is a fairly conservative estimate based on financial needs data for Alaska 2009 high school graduates moving directly into postsecondary enrollment .

#### AEG funding estimate:

The following estimate is based upon the applicant data for 2010-11 AEG applicants who were certified by a participating Alaska school as in an eligible enrollment status. The total need has been reduced by the grant costs associated with the students who will not receive supplemental aid under the APS program. Assuming an annual average grant award of \$1,452 for an applicant pool of 4,800 (average pool size, 2009 -- 2011), the annual cost for full AEG program funding would be \$6.9 million. This number is based upon the increased annual grant maximum passed into law by the Alaska Legislature in 2010; the annual maximum grant amount was increased from \$2,000 to \$3,000. While an increase in: 1) student enrollment/attendance patterns, and, 2) cost of attendance would impact program costs, such growth factors are not included in these estimates.

#### Total combined costs of APS/APS Supplement/AEG student aid components

	APS merit	APS needs	AEG needs	Total
FY12	\$8,221.9	\$0.0	\$6,969.6	\$15,191.5
FY13	\$14,389.3	\$4,526.1	\$6,989.6	\$25,905.0
FY14	\$18,502.0	\$5,819.8	\$6,989.6	\$31,311.4
FY15	\$20,556.6	\$6,466.1	\$6,989.6	\$34,012.3

Est. Annual AEG/APS

Full implementation      Students funded 10,563      \$34,012.3

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number \_\_\_\_\_  
Bill Version CSHB104  
( ) Publish Date \_\_\_\_\_

Identifier (file name) CSHB104-DOR-TRS-03-18-11 Dept. Affected \_\_\_\_\_ Revenue \_\_\_\_\_

Title Alaska Performance Scholarship Fund Appropriation Treasury and Taxation  
Allocation Treasury Division

Sponsor Rules Committee by Request of the Governor  
Requester House Education Committee OMB Component Number 121

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services	60.0		60.0	60.0	60.0	60.0	60.0	60.0
Travel								
Services	55.0		55.0	55.0	55.0	55.0	55.0	55.0
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>115.0</b>	<b>0.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1178 Temporary Code	115.0		115.0	115.0	115.0	115.0	115.0	115.0
<b>TOTAL</b>	<b>115.0</b>	<b>0.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

This is the first version of the bill.

Prepared by Scott Jones, Assistant Comptroller  
Division Treasury Division  
Approved by Ginger Blaisdell, Director Administrative Services Division  
Department of Revenue

Phone 907-4465-2350  
Date/Time 3/19/11; 6:10pm  
Date 3/19/11; 6:24pm

FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. CSHB104

**Analysis**

The bill provides for a separate fund designated for performance scholarships. In order to generate enough revenue to fund the performance scholarships, the Department anticipates the need for a \$400 million capitalization.

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.

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number \_\_\_\_\_  
 Bill Version CSHB104  
 () Publish Date \_\_\_\_\_

Identifier (file name) CSHB104-DOR-TAX-03-18-11 Dept. Affected \_\_\_\_\_ Revenue \_\_\_\_\_

Title Alaska Performance Scholarship Fund Appropriation Treasury and Taxation  
 Allocation Tax Division

Sponsor Rules Committee by Request of the Governor  
 Requester House Education Committee OMB Component Number 2476

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**Why this fiscal note differs from previous version (if initial version, please note as such)**

This is the first version of the bill.

Prepared by Johanna Bales, Deputy Director  
 Division Tax Division  
 Approved by Ginger Blaisdell, Director Administrative Services Division  
Department of Revenue

Phone 907-269-6628  
 Date/Time 3/19/11; 6:10pm  
 Date 3/19/11; 6:24pm

FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. CSHB104

**Analysis**

**Bill Language:**

This bill expands the existing education credit allowed against the corporate income tax to include contributions made to the newly created Alaska Performance Scholarship Fund under AS 37.14.750.

**Revenues:**

This bill does not increase or decrease the amount of total education credits allowed against corporate income tax. Therefore, this bill has no affect on state revenues.

**Expenditures:**

The department can implement the provisions of the bill with existing resources.

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number \_\_\_\_\_  
 Bill Version CSHB 104  
 ( ) Publish Date \_\_\_\_\_

HB104CS-REV-APFC-02-11-11  
 Title ALASKA PERFORMANCE SCHOLARSHIPS Dept. Affected \_\_\_\_\_ Revenue \_\_\_\_\_  
 Appropriation Alaska Permanent Fund Corp  
 Allocation Alaska Permanent Fund Corp  
 Sponsor Rules Committee  
 Requester By Request of the Governor OMB Component Number 109

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1105 APFC Receipts								
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version

Prepared by Laura Achee, Director of Administration  
 Division Alaska Permanent Fund Corporation  
 Approved by Mike Burns, Executive Director  
Alaska Permanent Fund Corporation

Phone (907) 796-1522  
 Date/Time 2/11/11 4:00 PM  
 Date 2/11/2011

**FISCAL NOTE**

**STATE OF ALASKA  
2011 LEGISLATIVE SESSION**

**BILL NO. CSHB 104**

**Analysis**

This committee substitute directs earnings from the Amerada Hess settlement portion of the Alaska Permanent Fund's principal to the AlaskAdvantage education grant and Alaska performance scholarship fund. Current statutes require that available Amerada Hess earnings be transferred to the Alaska Capital Income Fund. The change in the destination fund would not create a change in APFC's investing or accounting operations. As a result, there would be no additional costs to the APFC as a result of this bill.

# Alaska State Legislature

State Capitol, Room 103  
Juneau, AK 99802  
Phone: 465-2689  
Fax: 465-3472  
Toll Free (800) 665-2689  
Representative\_Paul\_Seaton@legis.state.ak.us



345 W. Sterling Highway  
Suite 102B  
Homer, AK 99603  
Phone: 235-2921  
Fax: 235-4008

## REPRESENTATIVE Paul Seaton

District 35

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### MEMORANDUM

**TO:** Representative Alan Dick  
Chair, House Education Committee

**FROM:** Representative Paul Seaton

**DATE:** February 11, 2011

**RE:** Back up documents for CSHB104

I would like to submit the information below for consideration by the House Education Committee on CSHB104v.I, amending the governor's scholarship bill to incorporate a needs based component to APS, require institutions provide student support, fund AlaskaAdvantage, and create a funding mechanism with a steady revenue stream and ability to phase down scholarship obligations.

Attached please find: Sponsor Statement for CSHB104v.I: ACPE Sectional CSHB 104v.I; Excerpts from Scholarship Funding Task Force Report to the Legislature; diagram to explain funding mechanism in CSHB104; and Alaska Capital Income Fund chart from Leg Finance.

Staff contact, Katie Koester 465-2028

## Sponsor Statement

### House Education Committee Substitute for HB 104

The Education Committee Substitute for HB 104 makes changes to the governor's bill funding the Alaska Performance Scholarship (APS) program to correspond with recommendations from the Joint Legislative Higher Education Scholarship Funding Task Force that met over the interim. The CS incorporates a needs based component to APS, requires institutions provide student support, funds AlaskaAdvantage, and creates a funding mechanism with a steady revenue stream and ability to phase down scholarship obligations.

The Task Force felt it was important to give those students who had worked hard and received the merit scholarship the real possibility for higher education even if their families could not afford it. The needs based component in the CS awards 50% of the total unmet need for attending school after all other funding sources and the \$2,000 student work commitment have been subtracted. The award is capped at the 2010 UAF level of \$4,000.

The House Education CS also requires institutions that accept scholarship funds to provide the support and structure these new adults need to succeed. A school must institute an advisory program to provide students with career counseling, course planning and help with personal challenges. Institutions are also required to offer the necessary classes for students to complete their degree in a timely manner.

The bill varies from the governor's proposed endowment account for the structure of the AlaskaAdvantage education grant and Alaska performance scholarship award income account (AEG-APS). In order to identify a steady revenue stream for the AlaskaAdvantage grants and Alaska performance scholarships the CS directs the earnings of the Amerada Hess fund to the newly created AEG-APS fund and repeals the capital income fund where Amerada Hess earnings were previously held. This represents approximately 22 million a year in potential revenue assuming a 7% rate of return. Fifteen percent of progressivity, the increase in net oil tax revenue when oil goes over \$30 a barrel profit, would make up the annual difference while capping AEG - APS fund at \$160 million.

The AEG-APS fund is modeled after community revenue sharing with a built in step down mechanism. If another legislature decides not to transfer Amerada Hess earnings, oil tax revenue or general fund money into the AEG-APS fund, there will be enough in the account to fulfill the state's obligations to the current scholarship recipients.

The House Education CS for HB 104 translates the hard work of the Scholarship Funding Task Force into improvements to the governor's bill.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 WORK DRAFT SECTIONAL ANALYSIS  
 CSHB104 EDC 2/8/11 (27-GH1893\I Mischel)

Renaming the Alaska performance scholarship and relating to the scholarship and tax credits applicable to contributions to the scholarship; relating to **AlaskAdvantage education grant funding** and to the Alaska performance scholarship funding; establishing an account and fund for those purposes; **relating to an unmet need scholarship supplement for Alaska performance scholarship recipients; repealing the Alaska capital income fund**; making confirming amendments; and providing for an effective date.

BILL SEC.	AK STATUTE SECTION TITLE	Pg	LINE	PURPOSE OF SECTION NEW OR SUBSTANTIVELY CHANGED SECTIONS SET OUT IN BOLD FONT.	AGENCY/EFF. Date
1	14.03.113 – District determination of scholarship eligibility.	1 2	9-13 1-3	Amended to rename scholarship Alaska performance scholarship (APS).	DEED - Public Schools Generally; 7/1/2011 eff.
2	14.43.810 – Alaska performance scholarship established; regulations.	2	4-15	Amended to rename Alaska performance scholarship program; and to generally reference Alaska performance scholarship as scholarships, including section heading.	ACPE – Financial Aid Programs for Postsecondary Students 7/1/2011 eff.
3	14.43.820(a) – Alaska performance scholarship; eligibility.	2 3	16-31 1-10	Amended to rename scholarship Alaska performance scholarship. (Section title changed through reviser’s instructions in Section 14).	ACPE – Financial Aid Programs for Postsecondary Students; 7/1/2011 eff.
4	14.43.825(a) – Maximum annual awards.	3	11-20	Amended to rename scholarship Alaska performance scholarship.	ACPE - Financial Aid Programs for Postsecondary Students; 7/1/2011 eff.
5	<b>14.43.825(f) – Maximum annual awards</b>	3	21-26	<b>Clarifies that in the event of a funding shortfall no “new” APS applications will be awarded.</b>	<b>ACPE - Financial Aid Programs for Postsecondary Students 7/1/2011 eff.</b>
6	<b>14.43.727 – Eligibility for a scholarship supplement based on unmet need; minimum and maximum awards.</b>	3 4	27-31 1-30	<b>Creates needs-based supplemental aid for otherwise eligible scholarship recipients. ACPE will determine eligibility by calculating a student’s unmet need relative to a standard cost of attendance. Each student/family must annually contribute a minimum of \$2,000 toward their costs of attendance. Annual minimum supplemental award is \$500 and maximum is \$4,000.</b>	<b>ACPE - Financial Aid Programs for Postsecondary Students 7/1/2012 eff.</b>
7	14.43.830 – Qualified	4	31	Amended to rename scholarship Alaska performance scholarship and adds	ACPE - Financial Aid Programs for

BILL SEC.	AK STATUTE SECTION TITLE	Pg	LINE	PURPOSE OF SECTION	AGENCY/EFF. Date
	postsecondary institutions.	5	1-24	requirements applicable to postsecondary institutions seeking to participate in APS that they 1) have counseling services; and, 2) provide to students the courses needed for on-time degree completion.	Postsecondary Students 7/1/2012 eff.
8	14.43.849 – Definitions.	5 6	25-31 1-7	Amends “program” definition for new program name.	ACPE - Financial Aid Programs for Postsecondary Students; 7/1/2011 eff.
9	14.43.915 – General Section.	6	8-18	Establishes an AEG and APS award income account in the general fund. Permits appropriations under 37.14.750 and from other sources. Monies used to pay AEG and APS awards. Amount determined annually under 37.14.750(d) [lesser of 1/3 fund balance or \$40 million].	ACPE - Financial Aid Programs for Postsecondary Students 7/1/2011 eff.
10	14.45.130(a) – Records	6	19-24	Amended to rename scholarship Alaska performance scholarship.	Education – Exempt Religious and Other Private Schools; 7/1/2011 eff.
11	37.07.020(b) – Responsibilities of the Governor.	6 7	25-31 1-20	Amends Executive Budget Act to replace the Alaska Capital Income Fund with the AEG and APS fund re: requiring a report of the annual balance of significant funds... including the new AEG and APS fund.	OMB 7/1/2011 eff.
12	37.13.145(d) – Disposition of income.	7	21-31	Amends Alaska Permanent Fund statutes to replace the Alaska Capital Income Fund with the AEG and APS fund re: mandating the deposit of Amerada Hess income into the AEG and APS fund.	Alaska Permanent Fund 7/1/2011 eff.
13	37.14.750 – Alaska performance scholarship investment fund established.	8 9	1-31 1-2	Establishes the AEG and APS fund consisting of appropriations, income earned on fund asset investments, donations, and money deposited to the fund under AS 37.13.145(b). Permits legislature to deposit into the fund 15% of money the state receives under 43.55.011(g). Caps annual appropriation at the greater of \$40 million or amount needed to raise AEG and APS fund balance to \$160 million. On or about 7/1 of each year the department will deposit the lesser of 1/3 the account balance or \$40 million into the AEG and APS account (14.43.915). This is not a dedicated fund.	Dept. of Revenue – Tax Division 7/1/2011 eff.
14	43.20.014(a) – Income tax education credit.	9	3-17	Expands contributions eligible for the Alaska education credit against corporate income tax to include contributions made to the APS fund.	Dept. of Revenue – Tax Division; 7/1/2011 eff.
15	43.20.014(a) – Income tax education credit.	9	18-30	Deals with the sunset provision in the education tax credit program. In 2010, the annual maximum education tax credit was increased to \$5 million. The increase sunsets 1/1/14 at which time the limit returns to \$150,000. This provision ensures, even though the amount of the credit is reduced, contributions to the	Dept. of Revenue – Tax Division 7/1/2011 eff.

BILL SEC.	AK STATUTE SECTION TITLE	Pg	LINE	PURPOSE OF SECTION	AGENCY/EFF. Date
				APS fund remain eligible for a credit.	
16	Sec. 8, ch. 14, SLA 2010	9 10	31 1-15	Transition language is amended to rename scholarship Alaska performance scholarship; and to generally reference Alaska performance scholarship as scholarships.	7/1/2011 eff.
17	<b>37.05.565 – Special Funds.</b>	<b>10</b>	<b>16</b>	<b>Repeals Alaska Capital Income Fund.</b>	<b>7/1/2011 eff.</b>
18	<b>Uncodified law</b>	<b>10</b>	<b>17-28</b>	<b>Transition language permitting the appropriation of smaller sums (\$20 million and \$30 million) into the AEG and APS Fund for FY12 and FY13, respectively; and, transferring money in the Alaska capital income fund to the AEG and APS fund under 37.14.750.</b>	<b>7/1/2011 eff.</b>
19	Uncodified law	10 11	29-31 1-5	Transition language provides that state agencies may proceed to adopt regulations to implement Act, but regulations take effect no earlier than 7/1/2011.	DOLWD, DEED, DOR and ACPE; Effective immediately
20	Uncodified law	11	6-12	Instructs revisor to change title of Article 12 to Alaska Performance Scholarship Program and change title of 14.43.820 to Alaska performance scholarship program; eligibility.	7/1/2011 eff.
21	Effective date notice	11	13	Section 19 takes effect immediately.	
22	<b>Effective date notice</b>	<b>11</b>	<b>14-15</b>	<b>Section 6, and new postsecondary institution requirements in Section 7, take effect 7/1/2012.</b>	
23	Effective date notice	11	16	Section 15 takes effect 7/1/2014.	
24	Effective date notice	11	17	Except as in Secs. 21 - 23, Act is effective 7/1/2011.	

Alaska State Legislature Joint Legislative Higher Education

# Scholarship Funding Task Force

## Report to the Legislature

Task Force Recommendations on

The Alaska Scholarship Program and

State-supported Educational Financial Assistance

Fall 2010

## Funding and Finance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Attachment 8

## Alaska's state financial aid policy goals

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

5

## 2010 Legislative models

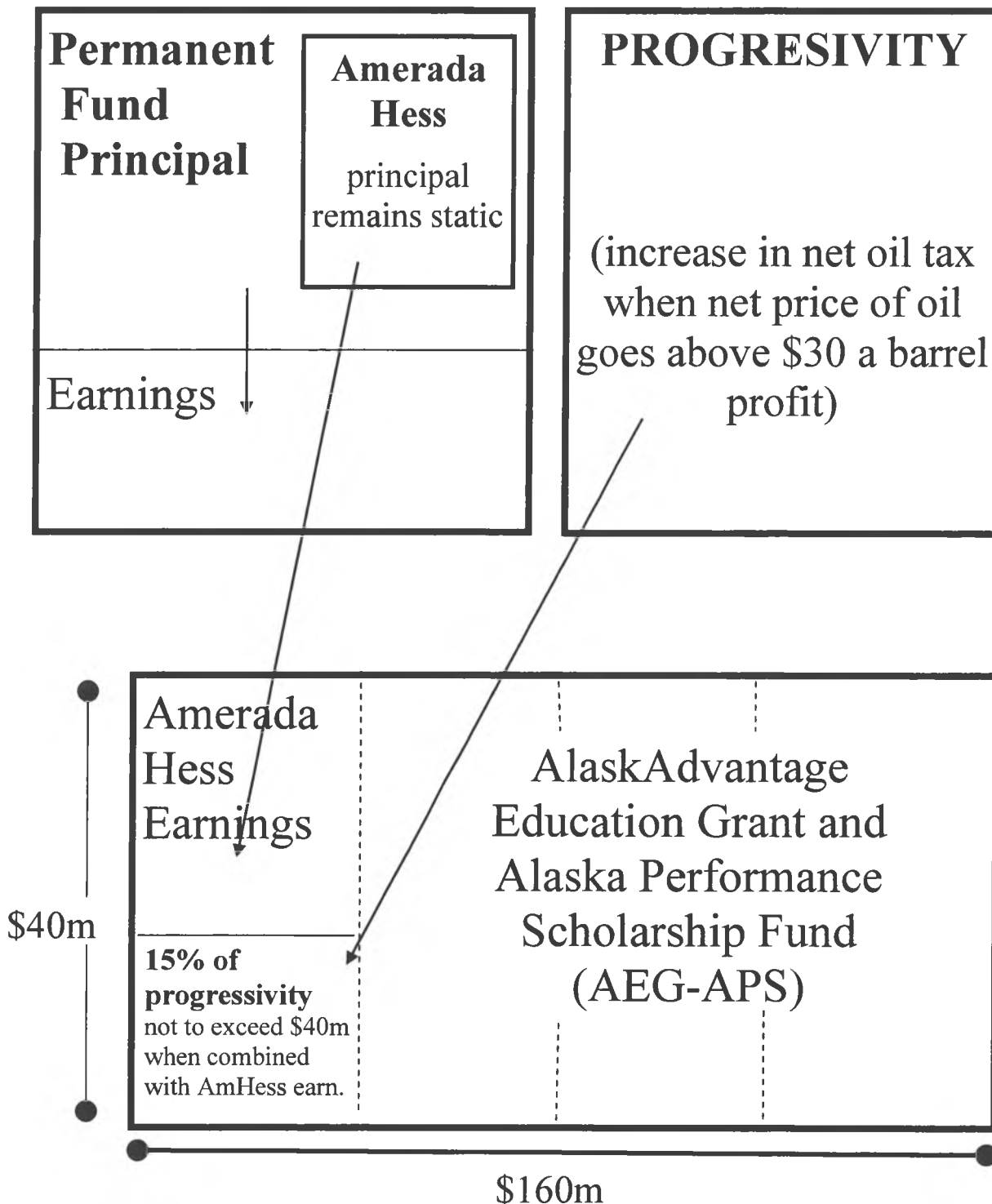
HB297(EDC)/SB224(EDC) entitled scholarship recipients to an additional 50% of unmet cost of attendance (COA) > \$2,000

B-level Award Distribution by Family Income Level

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

6

# How AEG-APS Fund Works



There were no earnings directed from AmHess to the Capital Income Account in 2009 & 2010 due to realized losses in market crisis. Fiscal year 2011 earnings were used to pay back the AmHess principal until losses to the corpus are replaced. It is projected that under a "normal" income environment Am Hess will earn approximately 7%, or 22m a year. The year end balance of the fund was \$53.3m.

	A	B	C	D	E	F	G	K	L	M	N	O
1	<b>Alaska Capital Income Fund (ACIF) (1197)</b>											
2	(thousands)											
3												
4		<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY11</b>	<b>FY12</b>	<b>FY12</b>
5									<b>GOV</b>	<b>House</b>	<b>Senate</b>	<b>CC</b>
6	<b>Revenue</b>	<b>26,750.6</b>	<b>6,698.2</b>	<b>297,656.3</b>	<b>351,267.7</b>	<b>227,417.7</b>	<b>36,466.9</b>	<b>31,266.9</b>	<b>53,266.9</b>	<b>53,266.9</b>	<b>53,266.9</b>	<b>53,266.9</b>
7	Carryforward balance	0.0	(30,049.4)	5,998.2	266,056.3	227,417.7	36,466.9	28,266.9	31,266.9	31,266.9	31,266.9	31,266.9
8	Amerada Hess Income	26,750.6	36,747.6	42,287.3	33,000.0	0.0	0.0	3,000.0	22,000.0	22,000.0	22,000.0	22,000.0
9	Other Capitalization (AHFC, ASLC, AIDEA Dividends)	0.0	0.0	0.0	50,080.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	FY07 GF Capital Vetoes Sweep; FY08 ACIF Vetoes	0.0	0.0	95,080.0	2,130.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Remaining GF Surplus Sweep	0.0	0.0	154,290.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12												
13	<b>Appropriations</b>	<b>56,800.0</b>	<b>700.0</b>	<b>31,600.0</b>	<b>123,850.0</b>	<b>190,950.8</b>	<b>8,200.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
14	Approps from ACIF	56,800.0	700.0	31,600.0	123,850.0	179,734.4	8,200.0	0.0	0.0	0.0	0.0	0.0
15	Supplemental					6,894.4						
16	Capital Budget											
17	Operating					4,322.0						
18												
19												
20												
21												
22	<b>Yr-End Available Balance</b>	<b>(30,049.4)</b>	<b>5,998.2</b>	<b>266,056.3</b>	<b>227,417.7</b>	<b>36,466.9</b>	<b>28,266.9</b>	<b>31,266.9</b>	<b>53,266.9</b>	<b>53,266.9</b>	<b>53,266.9</b>	<b>53,266.9</b>

Effective 11/4/2010  
DEED

Register \_\_, \_\_\_\_, 2011

EDUCATION AND EARLY DEV.

4 AAC is amended by adding a new chapter to read:

**Chapter 43. Alaska Performance Scholarship Program.**

**Section**

- 10. Requirements for school districts and certain religious or private schools
- 20. Standardized testing and grade point average requirements
- 30. Curriculum requirements
- 40. Procedures for home-based education and certain religious or other private schools
- 900. Definitions

**4 AAC 43.010. Requirements for school districts and certain religious or private schools.** In administering a school district's duties under the scholarship program established in AS 14.43.810 – 14.43.850, a school district, or a religious or other private school accredited under 4 AAC 04.300(c) that elects to comply with AS 14.45.100 - 14.45.130, shall

- (1) determine a student's level of eligibility for the Alaska performance scholarship based on curriculum, standardized examination scores, and grade point average for each of its graduating students;
- (2) record a student's level of eligibility on the student's permanent record;
- (3) require a student seeking Alaska performance scholarship eligibility certification to provide proof of results achieved on one of the standardized examinations required for scholarship eligibility; and

(4) no later than July 15 of each year, transmit to the department an electronic version of each graduating student's permanent record that describes the student's eligibility for the Alaska performance scholarship. (Eff. \_\_/\_\_/\_\_, Register \_\_)

**Authority:** AS 14.07.060 AS 14.43.810

**4 AAC 43.020. Standardized examination and grade point average**

**requirements.** (a) A student is eligible for an Alaska performance honors scholarship if the student meets the curriculum requirements of 4 AAC 43.030, obtains a grade point average of 3.5 or higher, and provides proof of

- (1) an ACT score of 25 or higher;
- (2) an SAT score of 1680 or higher; or
- (3) a WorkKeys score of five or higher in each of the following areas:
  - (A) applied mathematics;
  - (B) reading for information;
  - (C) locating information.

(b) A student is eligible for an Alaska performance achievement scholarship if the student meets the curriculum requirements of 4 AAC 43.030, obtains a grade point average of 3.0 or higher, and provides proof of

- (1) an ACT score of 23 or higher;
- (2) an SAT score of 1560 or higher; or
- (3) a WorkKeys score of five or higher in each of the following areas:
  - (A) applied mathematics;

- (B) reading for information;
- (C) locating information.

(c) A student is eligible for an Alaska performance opportunity scholarship if the student meets the curriculum requirements of 4 AAC 43.030, obtains a grade point average of 2.5, and provides proof of:

- (1) an ACT score of 21 or higher;
- (2) an SAT score of 1450 or higher; or
- (3) a WorkKeys score of five or higher in each of the following areas:
  - (A) applied mathematics;
  - (B) reading for information;
  - (C) locating information.

(d) A student who qualifies for a scholarship using the WorkKeys examination must use the scholarship award in a career and technical program that results in the award of a certificate. (Eff. \_\_/\_\_/\_\_, Register \_\_)

**Authority:** AS 14.07.060 AS 14.43.810

**4 AAC 43.030. Curriculum requirements.** (a) For a student graduating from high school in 2011, the curriculum requirements for all levels of the Alaska performance scholarship are completion of

- (1) the subject matter requirements for high school graduation under 4 AAC 06.075(b); and
- (2) one additional unit of credit from any of the following:
  - (A) mathematics – one unit of credit;

(B) science – one unit of credit;

(C) mathematics and science – one-half unit of credit in

mathematics and one-half unit of credit in science. (Eff. \_\_/\_\_/\_\_,

Register \_\_)

**Authority:** AS 14.07.060

AS 14.43.810

**4 AAC 43.040. Procedures for home-based education and certain religious or other private schools.** (a) To establish eligibility for an Alaska performance scholarship, a student who is not enrolled in a public school program and who completes a home-based education program in the state, or who graduates from a religious or other private school accredited under 4 AAC 04.300(c) that does not elect to comply with AS 14.45.100 - 14.45.130, shall apply to the department no later than July 1 of the year the student intends to enroll at an eligible postsecondary institution. The application must be in writing, on a form provided by the department, and must include documentation demonstrating

(1) proof of results achieved on a standardized examination that meet the requirements of 4 AAC 43.020(a), (b), or (c); and

(2) completion of the curriculum requirements in 4 AAC 43.030.

(b) No later than 15 days after receipt of a complete application under (a) of this section, the department will provide the student with a written notice of eligibility. In this notice, the department will state whether the student is eligible for a scholarship, and, if eligible, the student's maximum level of scholarship eligibility.

(c) A student who is denied eligibility for a scholarship under this section or wishes to dispute the department's determination of the student's maximum level of scholarship eligibility may appeal the department's determination by sending a written request for appeal no later than 15 days after the department issues the notice of eligibility.

(d) A request for appeal under (c) of this section must include

- (1) the name, mailing address, and telephone number of the appellant;
- (2) the relief requested in the appeal;
- (3) a short and concise statement identifying the reasons supporting a reversal or modification of the department's eligibility determination; and
- (4) all documents, papers, or other materials that support a reversal or modification of the department's eligibility determination.

(e) The commissioner will designate a reviewer who did not participate in the department's initial determination of scholarship eligibility to review a timely request for appeal received under (c) of this section. The reviewer shall consider all information and materials submitted and issue a written decision that determines the student's eligibility for a scholarship, and if eligible, the student's level of eligibility. The reviewer's decision is the final decision of the department. Notice of the department's decision will be sent to the student no later than 45 days after the department receives the notice of appeal. (Eff. \_\_/\_\_/\_\_, Register \_\_)

**Authority:** AS 14.07.060 AS 14.43.810

**4 AAC 43.900. Definitions.** In this chapter, unless context indicates otherwise,

(1) "ACT" means the ACT high school achievement and college admissions examination administered by ACT, Inc.;

(2) "Alaska performance scholarship" means the scholarship program established under AS 14.43.810 – 14.43.850;

(3) "Alaska performance achievement scholarship" means an Alaska performance scholarship at the award level described under AS 14.43.825(a)(2);

(4) "Alaska performance honors scholarship" means an Alaska performance scholarship the top award level described under AS 14.43.825(a)(1);

(5) "Alaska performance opportunity scholarship" means an Alaska performance scholarship the award level described under AS 14.43.825(a)(3);

(6) "commissioner" means the Commissioner of Education and Early Development;

(7) "home-based education program" means an educational program that qualifies the student for an exemption under AS 14.30.010(b)(12) from the compulsory education requirement of AS 14.30.010(a);

(8) "SAT" means the SAT high school achievement and college admissions test administered by College Board, Inc.;

(9) "standardized examinations" means the ACT, SAT, or WorkKeys examinations;

(10) "unit of credit" has the meaning given in 4 AAC 06.075(e);

(11) "WorkKeys" means the WorkKeys Job Skills Assessment administered by ACT, Inc. (Eff. \_\_/\_\_/\_\_, Register \_\_)

**Authority:** AS 14.07.060 AS 14.43.810

## Talking Points On-Line Learning Opportunities

### General Opportunities

- Correspondence schools and courses
- Video Conferencing between schools within a school district
  - Sharing of highly qualified teachers between schools
  - Sharing highly qualified teachers between hub and village schools
  - Specific example: NWABSD developed a system to synchronize high school schedules across the district, using stimulus funding, and therefore build greater capability for cross district instruction.
- Academies where students are brought together in a hub or central community for intensive instruction.
- Distance learning, dual credit, and tech prep courses
  - University of Alaska
  - AVTEC
  - Alaska Technical Center (Northwest Arctic Borough)

### Statewide Correspondence Schools (12)\*

School	District
Alaska Virtual Academy (K-8 Curriculum)	Wrangell Public School District
Chugach Extension	Chugach School District
Copper River Correspondence	Copper River School District
CyberLynx	Nenana School District
Delta Cyber School	Delta-Greely School District
Denali PEAK Program	Denali Borough School District
Distance Learning	Iditarod Area School District
IDEA	Galena City School District
Ketchikan Correspondence	Ketchikan Gateway Borough School District
PACE	Craig City School District
Raven Correspondence	Yukon-Koyukuk School District
SE Island Correspondence	Southeast Island school District

### District Correspondence Schools (14)\*

School	District
Connections	Kenai Peninsula Borough School District
Dillingham Correspondence	Dillingham City School District
Extensions Correspondence	Nome Public Schools
Fairbanks B.E.S.T.	Fairbanks North Star Borough School District
Family Partnership	Anchorage School District

Frontier Charter School	Anchorage School District
Gateway Correspondence	Alaska Gateway School District
Haines Home School	Haines Borough School District
HomeBRIDGE	Juneau Borough School District
Lakeview Home School	Lake & Peninsula Borough School District
Learning Center	Kodiak Island Borough School District
Mat-Su Central School	Matanuska-Susitna Borough School District
Reach Home School	Sitka School District
Twindly-Bridge Charter School	Matanuska-Susitna Borough School District

\*EED Correspondence School Directory, February 2011

### **Alaska Learning Network**

The Alaska Learning Network (AKLN) assists Alaskan schools to provide students and teachers of all ages with a comprehensive range of fundamental, advanced, and specialized online learning, regardless of geographic or technical restrictions.

The Alaska Learning Network is grant funded through EED federal Title IID (technology) funds. The 2011 components of the grant include:

- a) Provide 30 Alaskan teachers with distance and in-person training to complete technology learning plans;
- b) Provide 240 high school students with courses taught by highly qualified teachers starting in summer 2011;
- c) Develop and populate a database of online courses and lessons.

AKLN grant was provided to a consortium of eleven school districts, Alaska Staff Development Network (ASDN) and Southeast Regional Resource Center (SERRC). The goal will be to offer AKLN services to member districts, but also to non-member districts at a different rate or fee.

Member districts (11) include:

- Chatham School District
- Annette Island School District
- Hoonah City School District
- Juneau Borough School District
- Kodiak Island Borough School District
- Lake & Peninsula Borough School District
- North Slope Borough School District
- Northwest Arctic Borough School District
- Petersburg City School District
- Wrangell Public School District
- Yukon Flats School District

# STATE OF ALASKA

## Department of Education & Early Development

### *State Board of Education and Early Development*

SEAN PARNELL, GOVERNOR

*Goldbelt Place  
801 West 10<sup>th</sup> Street, Suite 200  
P. O. Box 110500  
Juneau, Alaska 99811-0500  
(907) 465-2800  
(907) 465-4156 Fax*

March 19, 2011

The Honorable Alan Dick  
Chair, House Education Committee  
Alaska House of Representatives  
Alaska State Capitol, Room 104  
Juneau, Alaska 99801

Dear Mr. Chair and Members of the House Education Committee:

Thank you for the opportunity to meet jointly with the House and Senate Education Committees yesterday while the State Board of Education and Early Development held their quarterly meeting in Juneau. Hopefully Chair Dick, you will have a chance to meet with the board at another time.

In March 2010 the State Board of Education and Early Development passed a resolution supporting the Alaska Performance Scholarship (APS) and the opportunities that it will provide for Alaskan students (see attached). The board still supports the resolution as well as the APS. The board is also committed to implementation of the APS through the regulatory process.

There are many students across the state that will graduate in the next couple of months who have been working hard towards achieving the APS and, in fact, have been counting on the APS opportunities. The board would like to emphasize its support of those students, parents and teachers who have been working so diligently towards their goal.

The Board is committed to working with Department of Education and Early Development staff, school districts, superintendents, teachers, home school families and all others to deliver the rigorous curriculum.

If you have any questions or would like to speak with me about the board's support of the APS,

House Education Committee Letter  
Chair Esther Cox  
March 19, 2011

please contact me directly at [esthercox@alaskalife.net](mailto:esthercox@alaskalife.net). I welcome an open dialogue on our support of APS.

Sincerely,

A handwritten signature in cursive script that reads "Esther Cox".

Esther Cox  
Chair  
State Board of Education and Early Development

Attachment



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;

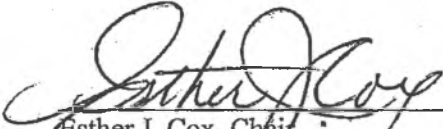
WHEREAS, the GPS helps Alaska's families afford postsecondary education;

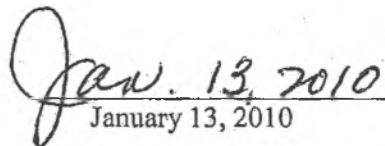
WHEREAS, the GPS encourages students to receive their postsecondary education in Alaska;

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

RESOLUTION NUMBER 11-01

RESOLUTION TO ENDORSE THE  
ALASKA PERFORMANCE SCHOLARSHIP

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WHEREAS, the Alaska Workforce Investment Board is a private industry driven public organization that is accountable through its members including representatives from business and industry, education, organized labor, and government to the residents, the Legislature and the Governor of Alaska;

WHEREAS, the Alaska Workforce Investment Board acts as the lead state planning and coordinating entity for state human resource programs involving employment training, career and technical education, and workforce development;

WHEREAS, the Alaska Workforce Investment Board recognizes and values the attributes that the Alaska Performance Scholarship provides to Alaskans graduating from an Alaskan high school;

WHEREAS, the Alaska Workforce Investment Board has noted the percentage of Alaskans entering postsecondary education is among the lowest in the nation;

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

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

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

NOW THEREFORE BE IT RESOLVED that the Alaska Workforce Investment Board endorses the Alaska Performance Scholarship.

CERTIFICATION

The Alaska Workforce Investment Board held a meeting duly and regularly called, noticed, and convened this 23<sup>rd</sup> day of February, 2011 and the foregoing Resolution was adopted unanimously at said meeting.

Signed this 23<sup>rd</sup> day of February, 2011.



Jim Lynch, Chair  
Alaska Workforce Investment Board

## State and Federal Scholarship and Grant Programs Information

**Alaska Advantage Education Grant (AEG):** The AEG is a state-funded need-based grant to Alaska students to promote access to postsecondary education. Annual grant awards range from \$500 to \$3,000 based upon: unmet cost of attendance less the student's expected family contribution and any non-loan aid, level of enrollment, and whether a student meets the requirements of one of the priority award categories. Priority categories are: having demonstrated college-readiness by scoring in the top quartile on either the SAT or ACT assessment; or, being enrolled in certain workforce shortage programs of study: education, protective and social services, allied health, and process and resource extraction industries. The AEG is available to students enrolled in a first undergraduate degree and attending at least half time at a Title IV-approved postsecondary institution in Alaska. The maximum amount a single student may receive under this program is \$12,000. The application for the AEG is the Free Application for Federal Student Aid (FAFSA).

**Alaska Performance Scholarship (APS):** The APS is a merit-based scholarship designed to incent and reward Alaska high school students who (1) take a curriculum which prepares them to succeed in postsecondary education, and (2) work hard and perform well in school to continue on and pursue postsecondary education and training in Alaska. Annual awards for full-time enrollment range from \$2,378 to \$4,755. The amount a student is eligible to receive is determined by a combination of the high school grade point average and score on the SAT, ACT or WorkKeys assessment. Recipients must attend a participating postsecondary education institution in Alaska and may use the scholarship for up to eight semesters over the six years following graduation from high school. The maximum amount a student may receive under this program is \$19,020. The application for the APS is the FAFSA.

**University of Alaska Scholars:** The UA Scholars program is a merit-based scholarship designed to reward student achievement and promote postsecondary attendance at the University of Alaska. This program was established by the University of Alaska and is funded by UA's Land Grant Trust Fund. An award is available to Alaska high school graduates identified by their school as being in the top 10% of their class. Recipients are awarded \$11,000 to be spread across eight semesters of attendance and must be used within six years of graduation from high school. The annual award is \$2,750.

**Federal Pell Grant:** The Federal Pell Grant Program provides need-based grants to low-income undergraduate students to promote access to postsecondary education. Grant amounts are dependent on: the student's expected family contribution (EFC); the cost of attendance; the student's enrollment status; and whether the student attends for a full academic year or less. For the 2010-11 award year (July 1, 2010 to June 30, 2011), the maximum award is \$5,550 and minimum is approximately \$1,180. The maximum amount can change each award year and depends on program funding. The application for the federal Pell grant is the FAFSA.

**Federal Supplemental Educational Opportunity Grants (FSEOG)** are for undergraduates with exceptional financial need. Pell Grant recipients with the lowest EFCs are first to receive these

federal supplemental grants. These annual awards range between \$100 and \$4000, depending on the time of application, financial need, and available funding at the school. FSEOGs are awarded only to first-time undergraduate students.

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Pell-eligibility is the cross-cutting qualification for each of the grants described above. Following are *generally* applicable annual gross family income ranges within which a full-time student may expect to receive a Pell grant, assuming one family member in college.

Net Assets	Income/3 in family	Income/4 in family	Income/5 in family	Income/6 in family
\$25,000	\$30k -- \$55k	\$30k -- \$65k	\$40k -- \$70k	\$50k -- \$75k
\$50,000	\$30k -- \$55k	\$30k -- \$65k	\$40k -- \$70k	\$40k -- \$75k
\$100,000	\$20k -- \$45k	\$20k -- \$55k	\$30k -- \$60k	\$40k -- \$65k

U.S. DOE has developed an online tool to assist families in estimating their precise EFC at [www.fafsa4caster.ed.gov](http://www.fafsa4caster.ed.gov). A general rule of thumb is that if the family's EFC is at or above \$4600, they will not be Pell-eligible.



# Current grant criteria

- **Alaska resident enrolled in state at a regionally or nationally accredited school, be in a cert. or degree program and attending at least half time**
  - **Meet institution's satisfactory acad. progress requirements**
  - **Demonstrate financial need based on the methodology used in the Free Application for Federal Student Aid**
  - **Meet other criteria to receive federal financial aid (not already have an undergraduate degree, registered for the draft, no drug convictions while receiving aid, etc.)**
  - **Have a high school diploma or GED**
  - **Have unmet need of at least \$500 after all other non-self-help financial aid considered**
- 



# Current award process

- **Applicant pool is all otherwise eligible students who file a FAFSA on or before April 15**
- **Applicant information is made available to schools students have listed on their FAFSAs; schools provide information about other financial aid awarded and verify enrollment**
- **Using a set standard cost of attendance (based on current year UA COA), ACPE reduces the COA by each student's other non-loan aid and the Estimated Family Contribution (EFC)**

## **Standard Cost of Attendance**

- **Other non-loan aid**
- **Estimated family contribution**
- = **Unmet need**



# **Current award process**

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

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


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

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



# Current grant structure

## Alaska Advantage priority awards

- **Program rules provide for priority awards, in the form of higher grant amounts, for students in two categories:**
    1. Those enrolled in severe workforce shortage area programs, or
    2. Those whose secondary school performances demonstrate high likelihood for postsecondary education success
  - **For category one, the Commission annually determines qualifying shortage programs and they are:**
    1. education,
    2. social and protective services,
    3. allied health, and
    4. process and resource extraction industries
  - **For category two, by regulation, eligibility is based on having scored in the top quartile of test takers on either the SAT or ACT (1740/24)**
- 



# Current grant amounts

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

(All amounts shown for full academic years)





## **Program funding history**

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

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

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

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

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





## Population served in 2009-2010

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

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

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

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

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

**AGI – adjusted gross income**





### UA Scholars Program Highlights

- Started by UA in 1999 to attract students from high schools in every corner of the state
  - Funded by UA
- 5,266 students have benefited
- 1,873 degrees awarded
- 79% pursuing bachelor's degrees and 14% associate degrees or certificates
- 90% remain in Alaska after graduation
- 66% receive additional financial aid including loans



**UNIVERSITY**  
**of ALASKA**  
*Many Traditions One Alaska*

## UA Scholars Program and APS – a comparison

### **Different Programs, Multiple Objectives, One Goal: Alaska Student Success**

The UA Scholars program and the Alaska Performance Scholarship are both merit-based scholarships designed to reward student achievement and promote post-secondary attendance in Alaska.

#### **UA Scholars Program**

The UA Scholars Program was established in 1999 by the University of Alaska to attract the top 10 percent of students from every graduating high school class in the state. The program keeps top performers in Alaska and increases student diversity.

The \$11,000 cash scholarship is not reduced if other aid is received. Funding for the scholarship comes from the university's own Land Grant Trust Fund.

#### **Alaska Performance Scholarship (APS)**

The Alaska Performance Scholarship (APS) was established in 2010 as an invitation to excellence for high school students. It rewards students who complete a rigorous high school curriculum, earn good grades and score well on achievement tests.

The goal of APS is to better prepare students for post-secondary education and to incent them to continue their education in Alaska.

The amount of the APS can be reduced when other scholarships or grants the student receives decreases his or her cost of attendance. APS funding proposals are currently under legislative consideration.

#### **Receiving Both Scholarships**

More scholarships mean greater opportunity for Alaska's students. While some students may receive both scholarships; others will receive only one. And some college-bound students will not receive either one.

The criteria for each scholarship are different and the goals of each scholarship are different.

A student receiving both scholarships would have considerable help paying for post-secondary education or workforce training if they attend the University of Alaska.

Please see the back of this page for a side-by-side comparison.

*For information contact: Saichi Oba, Associate Vice President,  
Student & Enrollment Services, 907/450-8146*

	<b>UA SCHOLARS PROGRAM</b>	<b>ALASKA PERFORMANCE SCHOLARSHIP</b>
<b>OBJECTIVE</b>	To incent top students from every community in Alaska to attend the University of Alaska	To incent students to be well prepared for higher education and career success and to pursue those in Alaska
<b>TYPE OF SCHOLARSHIP</b>	Merit-based: class standing	Merit-based: curriculum, GPA and college/career test scores
<b>NEED-BASED COMPONENT</b>	None	None
<b>FUNDED BY</b>	University of Alaska	State of Alaska
<b>IMPLEMENTED</b>	1999	2011 subject to appropriation
<b>ELIGIBILITY</b>	Graduate in the top 10% from qualified high school Scholars are designated from virtually every community in Alaska	Complete rigorous curriculum Achieve minimum 2.5 GPA Earn at least moderate scores on ACT, SAT or Work Keys
<b>WHO DETERMINES ELIGIBILITY</b>	Designated by qualified high schools based on class standing	School districts determine initial eligibility according to APS statutes and regulations
<b>TERM OF SCHOLARSHIP</b>	8 semesters over 5 years	From 2-8 semesters over 6 years
<b>AWARD AMOUNT</b>	\$1,375 per semester for \$11,000 total award	\$1,189 - \$2,378 based on award level per semester Lifetime \$9,512-\$19,020 based on award level
<b>CONTINUING ELIGIBILITY REQUIREMENTS</b>	Satisfactory Academic Progress and GPA	Annual Credits and GPA based on class standing
<b>FINANCIAL RESTRICTIONS</b>	The award is not tied to cost of attendance and not limited by other scholarships or financial aid received by student	"Last Dollar" award that cannot exceed the cost of attendance after all other scholarships and grants have been paid (including UA Scholars)
<b>APS/UA SCHOLARS ELIGIBILITY OVERLAP</b>	Scholar may be eligible for APS based on curriculum, test scores and GPA	APS recipient may be eligible for UA Scholars Award based on class rank
<b>FUNDING</b>	Provided by earnings of UA's Land Grant Trust Fund which is comprised of revenue generated by UA natural resource development.  No State appropriation	Concepts Under Consideration Annual Direct Appropriation Renewable Funding Source
<b>COST OF PROGRAM</b>	Approx \$3.5 million annually	Est. \$8.5 to \$20 million annually
<b>OUTCOMES</b>	UA Scholars Have High Retention Rates 85% return for a second year  UA Scholars Have High Graduation Rates more than 50% graduate within 6 years 1,873 degrees  UA Scholars Stay In-State 90% remain in Alaska today  UA Scholars Increase Diversity in fall 2009 nearly 20% were Alaska Natives	Anticipated Outcomes:  Increase in higher education readiness  Increase in post-secondary education enrollment  Increase in post-secondary graduation rates  Increase in qualified local hire, Alaska workforce

## Alaska Performance Scholarship District Survey on Course Offerings

The department surveyed by email and phone each school district, and Mt. Edgecumbe High School, to determine if schools within those districts can provide students the courses necessary to meet the requirements of the Alaska Performance Scholarship (APS). The results of the survey are attached.

The survey results are organized by district and by content categories marked with a Y (for yes) or N (for no) response for each content area outlined in the APS. If the district could assist students in earning the number of courses required when the APS is fully implemented the response is Y. If the district is unable to assist students in earning the number of courses required when the APS is fully implemented the response is N.

The department learned that most districts can provide the courses necessary for a student to earn an APS; however, the department also learned about limitations that exist. Those limitations include a need to develop offerings of two consecutive years of foreign language, and the need for additional offerings in social studies and other advanced subjects in mathematics and science.

The last two columns of the survey address a) if the district provides distance or correspondence education, and b) if the district indicates they can provide students the courses needed to meet a pathway to earn an Alaska Performance Scholarship.

The department learned that under the current projections of resources and staff three districts are unable to provide a pathway to the APS. The commissioner and staff at the department will be working with those three districts to better understand the issues, and determine what technical assistance is necessary to support individual student access to required courses in those districts.

Because the area of two years of the same foreign language was a common challenge, the department is working to address this issue. The department has granted federal funds to a consortium of school districts and nonprofit education agencies in Alaska to build a virtual learning network which will provide courses that districts could use, or access to quality distance education. The first priority for course development is world language course offerings. Other priorities for course development will include the necessary courses districts need technical assistance with based on this survey, including social studies and advanced courses in mathematics and science.

The second attachment to this document is a list of current distance and virtual education programs and opportunities that exist in the state, and what districts have correspondence schools. Also included is the consortium of districts developing the virtual resources and courses, which will not only be available to those districts in the consortium, but to all Alaska districts.

**Alaska Performance Scholarship  
Superintendent Report February 2011**

<b>District Name</b>	<b>4 units math</b>	<b>4 units science</b>	<b>4 units Lang</b>	<b>4 units social studies</b>	<b>3 units social studies</b>	<b>2 units same foreign language</b>	<b>Currently provide correspondence or distance?</b>	<b>Provides route to APS</b>
Alaska Gateway	Y	Y	Y	Y	Y	N	Y	Y
Aleutian Region	Y	Y	Y	Y	Y	N	Y	Y
Aleutians East	Y	N	Y	N	Y	N	N	N
Anchorage	Y	Y	Y	Y	Y	Y	Y	Y
Annette Island	Y	Y	Y	Y	Y	Y	Y	Y
Bering Strait *	Y	Y	Y	Y	Y	N	Y	Y
Bristol Bay	Y	Y	Y	Y	Y	Y	Y	Y
Chatham	Y	Y	Y	Y	Y	N	Y	Y
Chugach	Y	Y	Y	Y	Y	Y	Y	Y
Copper River	Y	Y	Y	Y	Y	N	Y	Y
Cordova City	Y	Y	Y	Y	Y	Y	Y (credit recovery)	Y
Craig City	Y	Y	Y	N	Y	Y	Y	Y
Delta-Greely	Y	Y	Y	Y	Y	Y	Y	Y
Denali	Y	Y	Y	Y	Y	N	Y	Y
Dillingham City	Y	Y	Y	Y	Y	N	Y	Y
Fairbanks North Star	Y	Y	Y	Y	Y	Y	Y	Y

**Alaska Performance Scholarship  
Superintendent Report February 2011**

District Name	4 units math	4 units science	4 units Lang	4 units social studies	3 units social studies	2 units same foreign language	Currently provide correspondence or distance?	Provides route to APS
Galena City	Y	Y	Y	Y	Y	N	Y	Y
Haines	Y	Y	Y	Y	Y	Y	Y	Y
Hoonah City	Y	Y	Y	Y	Y	Y	Y	Y
Hydaburg City	Y	Y	Y	Y	Y	N	Y	Y
Iditarod Area	Y	Y	Y	Y	Y	Y	Y	Y
Juneau	Y	Y	Y	Y	Y	Y	Y	Y
Kake City	Y	Y	Y	Y	Y	Y	Y	Y
Kashunamiut	N	N	Y	N	Y	N	Y	N
Kenai Peninsula	Y	Y	Y	Y	Y	Y	Y	Y
Ketchikan Gateway	Y	Y	Y	Y	Y	Y	Y	Y
Klawock City	Y	Y	Y	Y	Y	N	Y	Y
Kodiak Island	Y	Y	Y	Y	Y	Y	Yes - Rosetta Stone for language, some	Y
Kuspuk *	Y	Y	Y	Y	Y	N		Y
Lake and Peninsula *	Y	Y	Y	Y	Y	Y	Y	Y
Lower Kuskokwim	Y	Y	Y	Y	Y	Y	Y	Y
Lower Yukon *	Y	Y	Y	Y	Y	Y	Y	Y

**Alaska Performance Scholarship  
Superintendent Report February 2011**

District Name	4 units math	4 units science	4 units Lang	4 units social studies	3 units social studies	2 units same foreign language	Currently provide correspondence or distance?	Provides route to APS
Mat-Su	Y	Y	Y	Y	Y	Y	Y	Y
Mt Edgecumbe	Y	Y	Y	Y	Y	Y	N	Y
Nenana City	Y	Y	Y	Y	Y	Y	Y	Y
Nome Public	Y	Y	Y	Y	Y	Y	Y	Y
North Slope	Y	Y	Y	Y	Y	Y	Y	Y
Northwest Arctic	Y	Y	Y	Y	Y	Y	Y	Y
Pelican City	Y	Y	Y	Y	Y	N	Y	Y
Petersburg City	Y	Y	Y	Y	Y	Y	Y	Y
Pribilof	Y	Y	Y	Y	Y	M	Y	Y
Saint Mary's	N	N	Y	N	Y	N	N	N
Sitka	Y	Y	Y	Y	Y	Y	Y	Y
Skagway	Y	Y	Y	Y	Y	Y	Y	Y
Southeast Island	Y	Y	Y	Y	Y	Y	Y	Y
Southwest Region	Y	Y	Y	Y	Y	Y	Y	Y
Tanana	Y	Y	Y	Y	Y	N	Y	Y
Unalaska City	Y	Y	Y	Y	Y	Y	Y	Y

**Alaska Performance Scholarship  
Superintendent Report February 2011**

<b>District Name</b>	<b>4 units math</b>	<b>4 units science</b>	<b>4 units Lang</b>	<b>4 units social studies</b>	<b>3 units social studies</b>	<b>2 units same foreign language</b>	<b>Currently provide correspondence or distance?</b>	<b>Provides route to APS</b>
Valdez City	Y	Y	Y	Y	Y	Y	Y	Y
Wrangell City	Y	Y	Y	Y	Y	Y	Y	Y
Yakutat City	Y	Y	Y	Y	Y	Y	N	Y
Yukon Flats	Y	Y	Y	Y	Y	Y	Y	Y
Yukon-Koyukuk	Y	Y	Y	Y	Y	Y	Y	Y
Yupit	Y	Y	Y	Y	Y	N	Y	Y
* = Standards Based Curriculum								

## On-Line Learning Opportunities

### General Opportunities

- Correspondence schools and courses
- Video Conferencing between schools within a school district
  - Sharing of highly qualified teachers between schools
  - Sharing highly qualified teachers between hub and village schools
  - Specific example: NWABSD developed a system to synchronize high school schedules across the district, using stimulus funding, and therefore build greater capability for cross district instruction.
- Academies where students are brought together in a hub or central community for intensive instruction.
- Distance learning, dual credit, and tech prep courses
  - University of Alaska
  - AVTEC
  - Alaska Technical Center (Northwest Arctic Borough)

### Statewide Correspondence Schools (12)\*

School	District
Alaska Virtual Academy (K-8 Curriculum)	Wrangell Public School District
Chugach Extension	Chugach School District
Copper River Correspondence	Copper River School District
CyberLynx	Nenana School District
Delta Cyber School	Delta-Greely School District
Denali PEAK Program	Denali Borough School District
Distance Learning	Iditarod Area School District
IDEA	Galena City School District
Ketchikan Correspondence	Ketchikan Gateway Borough School District
PACE	Craig City School District
Raven Correspondence	Yukon-Koyukuk School District
SE Island Correspondence	Southeast Island school District

### District Correspondence Schools (14)\*

School	District
Connections	Kenai Peninsula Borough School District
Dillingham Correspondence	Dillingham City School District
Extensions Correspondence	Nome Public Schools
Fairbanks B.E.S.T.	Fairbanks North Star Borough School District
Family Partnership	Anchorage School District

Frontier Charter School	Anchorage School District
Gateway Correspondence	Alaska Gateway School District
Haines Home School	Haines Borough School District
HomeBRIDGE	Juneau Borough School District
Lakeview Home School	Lake & Peninsula Borough School District
Learning Center	Kodiak Island Borough School District
Mat-Su Central School	Matanuska-Susitna Borough School District
Reach Home School	Sitka School District
Twindly-Bridge Charter School	Matanuska-Susitna Borough School District

\*EED Correspondence School Directory, February 2011

### Alaska Learning Network

The Alaska Learning Network (AKLN) assists Alaskan schools to provide students and teachers of all ages with a comprehensive range of fundamental, advanced, and specialized online learning, regardless of geographic or technical restrictions.

The Alaska Learning Network is grant funded through EED federal Title IID (technology) funds. The 2011 components of the grant include:

- a) Provide 30 Alaskan teachers with distance and in-person training to complete technology learning plans;
- b) Provide 240 high school students with courses taught by highly qualified teachers starting in summer 2011;
- c) Develop and populate a database of online courses and lessons.

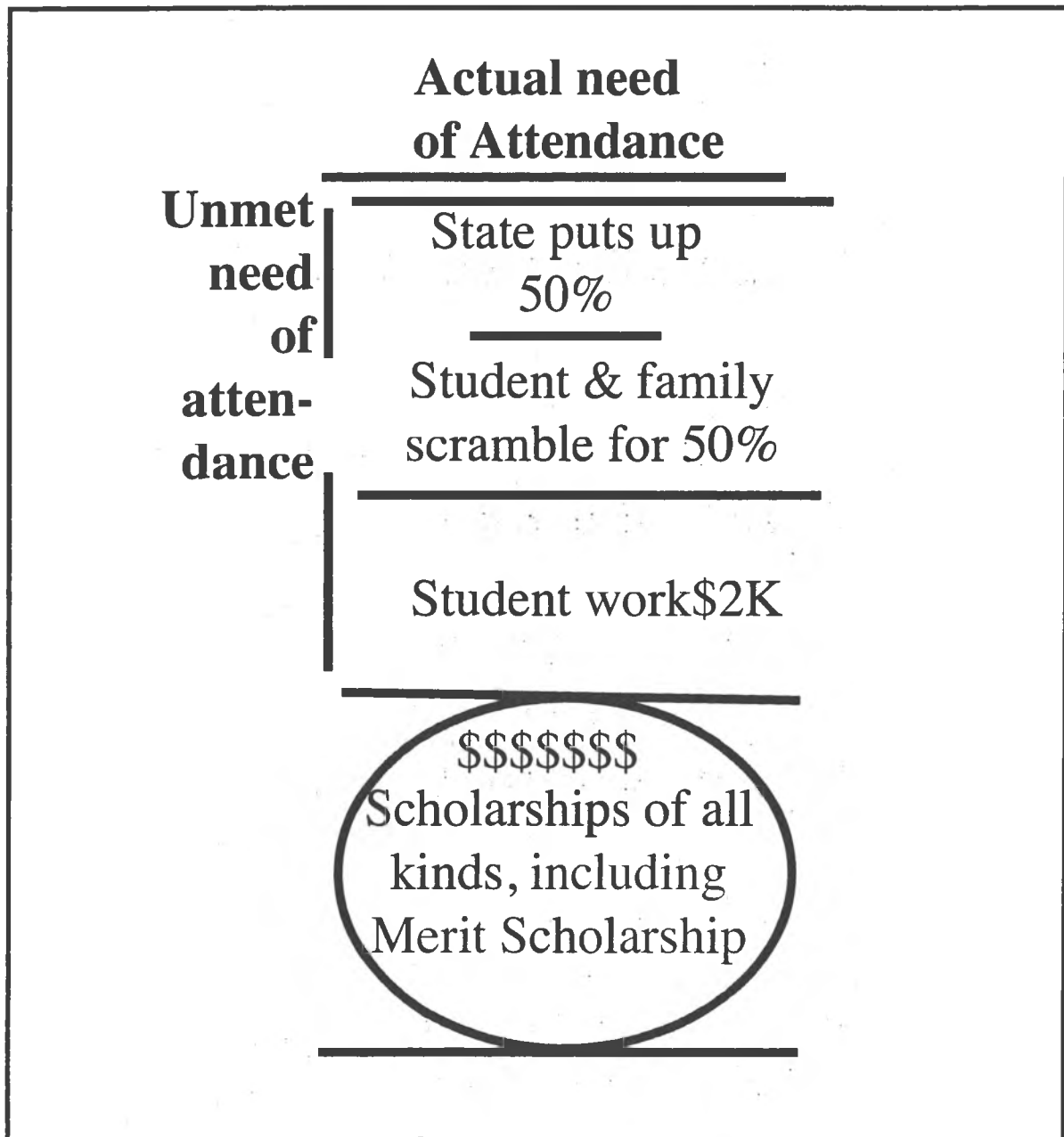
AKLN grant was provided to a consortium of eleven school districts, Alaska Staff Development Network (ASDN) and Southeast Regional Resource Center (SERRC). The consortium is also working with Alaska Staff Development Network. AKLN will not only offer services to member districts, but also to non-member districts. The agencies involved are developing a sustainability plan for AKLN beyond the length of the grant.

Member districts (11) include:

- Chatham School District
- Annette Island School District
- Hoonah City School District
- Juneau Borough School District
- Kodiak Island Borough School District
- Lake & Peninsula Borough School District
- North Slope Borough School District
- Northwest Arctic Borough School District
- Petersburg City School District
- Wrangell Public School District
- Yukon Flats School District

# Amendment #1

Amendment #1 deletes this concept  
from the CS of HB 104.



# **Amendment #2**

**This amendment deletes the portion of the CS  
for HB 104 that insures the following:**

**Insure clear path.**

**Insure counseling/coaching in college.**

# Amendment #3

**This amendment deletes “Amerada Hess”  
as a funding source.**

**It does NOT designate a funding source.**

## Identify funding source

**Amerada Hess**

**General Fund**

**Interest on a fund.**

**Takes from**

**Capitol projects**

**\$8M-20M annual over time.**

**+ Doesn't have \$400M label**

**- Appropriate every year.**

# **Amendment #4**

**This amendment removes the reference to  
progressivity of oil tax from the  
CS of HB 104.**

# **Amendment #5**

**Prefunds the scholarship fund for students in the post-secondary pipeline (students who have already earned their scholarship).**

**In the event the program is ended, it eases the transition.**

Re: New Needs Based Grant Program

27-GH1893V.1  
Mischel  
3/17/11

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE DICK

TO: CSHB 104( ), Draft Version "I"

1 Page 1, lines 4 - 5:

2 Delete "relating to an unmet need scholarship supplement for Alaska  
3 performance scholarship recipients;"

4

5 Page 3, line 27, through page 4, line 30:

6 Delete all material.

7

8 Renumber the following bill sections accordingly.

9

10 Page 11, line 13:

11 Delete "Section 19"

12 Insert "Section 18"

13

14 Page 11, lines 14 - 15:

15 Delete all material and insert:

16 "\* **Sec. 21.** AS 14.43.830(a)(1)(C) and (D), added by sec. 6 of this Act, and the amendment  
17 to AS 14.43.830(a)(2) made by sec. 6 of this Act take effect July 1, 2012."

18

19 Page 11, line 16:

20 Delete "Section 15"

21 Insert "Section 14"

22

23 Page 11, line 17:

- 1 Delete "secs. 21 - 23"
- 2 Insert "secs. 20 - 22"

Re: Advisory Program → On-time Course Offerings

27-GH1893\I.2  
Mischel  
3/17/11

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE DICK

TO: CSHB 104( ), Draft Version "I"

- 1 Page 5, line 4:
- 2 Delete "[IS]"
- 3 Insert "is"
- 4
- 5 Page 5, line 5:
- 6 Delete "**is**"
- 7
- 8 Page 5, line 6:
- 9 Delete "[AND]"
- 10 Insert "and"
- 11
- 12 Page 5, line 7:
- 13 Delete "**is**"
- 14
- 15 Page 5, lines 8 - 13:
- 16 Delete all material.
- 17
- 18 Page 5, lines 15 - 16:
- 19 Delete "meets the standards established in (a)(1)(C) and (D) of this section and
- 20 that"
- 21
- 22 Page 11, lines 14 - 15:
- 23 Delete ", AS 14.43.830(a)(1)(C) and (D), added by sec. 7 of this Act, and the

- 1 amendment to AS 14.43.830(a)(2) made by sec. 7 of this Act take "
- 2       Insert "takes"

Re: Amerada Hess Funding Source

27-GH1893\1.3  
Mischel  
3/17/11

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE DICK

TO: CSHB 104( ), Draft Version "I"

- 1 Page 1, lines 5 - 6:
- 2 Delete "repealing the Alaska capital income fund;"
- 3
- 4 Page 6, line 25, through page 7, line 31:
- 5 Delete all material.
- 6
- 7 Renumber the following bill sections accordingly.
- 8
- 9 Page 8, line 12, following ";":
- 10 Insert "and"
- 11
- 12 Page 8, line 13:
- 13 Delete "; and"
- 14 Insert "."
- 15
- 16 Page 8, line 14:
- 17 Delete all material.
- 18
- 19 Page 10, line 16:
- 20 Delete all material.
- 21
- 22 Page 10, line 20:
- 23 Delete "(a)"

1

2 Page 10, lines 25 - 28:

3 Delete all material.

4

5 Page 11, line 13:

6 Delete "Section 19"

7 Insert "Section 16"

8

9 Page 11, line 16:

10 Delete "Section 15"

11 Insert "Section 13"

12

13 Page 11, line 17:

14 Delete "secs. 21 - 23"

15 Insert "secs. 18 - 20"

# Re: Use of Progressivity Funds

27-GH1893V.4  
Mischel  
3/17/11

## AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE DICK

TO: CSHB 104( ), Draft Version "I"

1 Page 6, line 16:

2 Delete "AS 37.14.750(d)"

3 Insert "AS 37.14.750(c)"

4

5 Page 6, line 18, following "scholarships":

6 Insert "and grants"

7

8 Page 8, lines 15 - 18:

9 Delete all material.

10

11 Reletter the following subsections accordingly.

12

13 Page 8, line 28:

14 Delete "(d)"

15 Insert "(c)"

16

17 Page 10, line 21:

18 Delete "AS 37.14.750(d)"

19 Insert "AS 37.14.750(c)"

Re: Maintain Funding Level as  
the Revenue Sharing Model

27-GH1893V.5  
Mischel  
3/17/11

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE DICK

TO: CSHB 104( ), Draft Version "I"

1 Page 6, lines 16 - 18:

2 Delete "The amount determined under AS 37.14.750(d) each year and deposited into  
3 the account is the maximum amount that may be used to pay scholarships for the immediately  
4 succeeding fiscal year."  
5

6 Page 8, line 19, through page 9, line 2:

7 Delete all material.  
8

9 Page 10, lines 20 - 24:

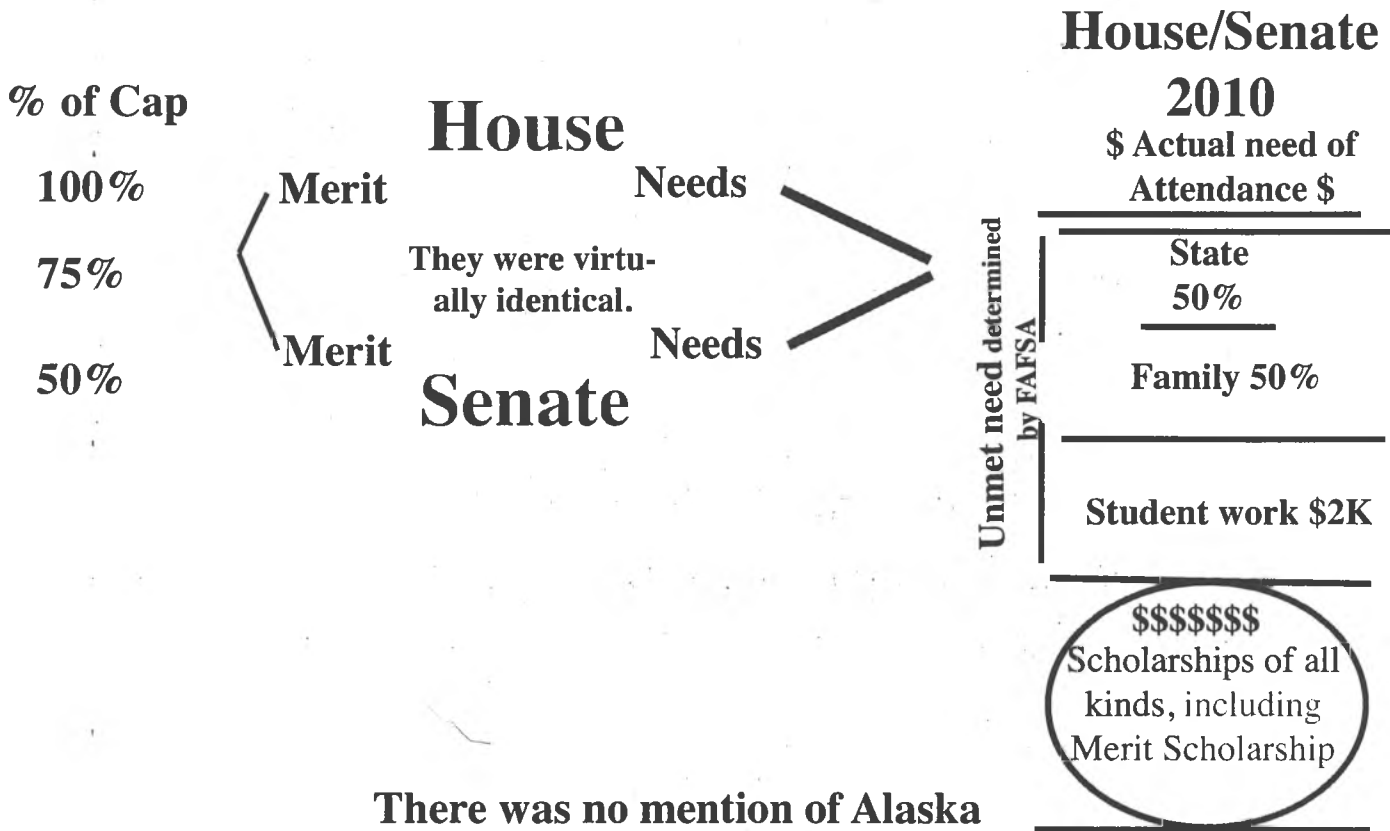
10 Delete "(a) Notwithstanding the \$40,000,000 limit in AS 37.14.750(d), the following  
11 amounts may be substituted for that amount as follows for

12 (1) fiscal year 2012, \$20,000,000;

13 (2) fiscal year 2013, \$30,000,000."  
14

15 Reletter the following subsection accordingly.

**In 2010, the House and Senate developed almost identical bills regarding the Merit scholarship. Each had a performance and a needs-based component.**



**There was no mention of Alaska Advantage at that time**

**The performance portion of the bill included 50%, 75% and 100% increments based on the 2010 tuition. This was the cap.**

**By oversight, there was no cap on the needs based component.**

**In the deliberation between the two houses, it was decided to cap the base of the Merit scholarship should be \$4037 instead of % of tuition costs.**

**Then, discussion of Alaska Advantage came into the picture.**

Prepared by Alan Dick

# Current Needs Discussion

Senate  
2011

Don't fund

Other

House/Senate  
2010

Actual need  
of Attendance

Draw upon Amorada  
Hess.  
For every \$1, 2/3 goes  
to the Merit Scholar-  
ship and 1/3 goes to  
Alaska Advantage

Non-Traditional students  
(current prime recipients) will  
compete with  
Performance Scholars.  
...apples & oranges.  
Resolve by:

regulation?

statute?

Unmet need

State  
50%

Family 50%

Student work \$2K

\$\$\$\$\$\$\$

Scholarships of all  
kinds, including  
Merit Scholarship

# Identifying funding

source

Amerada Hess

General Fund

Do not designate

Interest on a fund.

Takes from  
Capitol projects

\$8M-20M annual over time.

+ Doesn't have \$400M label  
- Appropriate every year.

Shirks duty.

Finance can do this,  
but last year's task force  
was assigned to identify-  
funding sources.

# **The task force**

was formed by consent of both bodies and  
signed by the governor, April 2010.

**There were three components to the Task Force assignment:**

- 1) Address Merit component for those who perform well.**
- 2) Address needs of those who have performed well.**
- 3) Needs of Non-traditional students.**

**2010 House and Senate Committees & Final Version  
agreed on the Merit portion.**

**2010 Education committees agreed on the needs based  
portion for those who performed well.**

**2010 SB221 Originally dealt with Higher Edu. and Ca-  
reer Readiness Task Force.**

**2010 SB 221 Stripped put the Merit portion of the Schol-  
arship bill and put it in with two Task forces 1) Scholar-  
ship & 2) Higher Education, & added a fiscal note for  
AK Advantage funding.**

## **The assignment before us:**

**Recommend funding source.**

**Decide Merit based scholarship conditions.**

**Decide needs base of Merit based scholarship (if and how)**

**Address financial needs of non-traditional students.**

**Insure clear path.**

**Insure counseling/coaching in college.**