

HB

104

<TARGET><BILL>HB 104</BILL><SUBJECT>HB
104</SUBJECT><COMM>HFIN27</COMM></TARGET>

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version CSHB104
 () Publish Date _____

Identifier (file name): CSHB104-DOR-TRS-3-21-11 Dept. Affected Revenue
 Title AlaskAdvantage educ grant / AK Performance Scholarship Fund Appropriation Treasury and Taxation
 Allocation Treasury and Taxation
 Sponsor Rules by Request of the Governor
 Requester House Finance 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
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

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

Estimate of any current year (FY2011) cost _____

POSITIONS

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

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

Given the limitations on the fund, the investments will be comingled with GEFONSI rather than incurring separate costs. Since the bill limits the amount in the Fund to \$160 million we will be required to keep the investments in fixed income to avoid the possibility of loss in value rather than managing the Fund separately to achieve a 5% return as we would have under the original bill.

Prepared by Pamela Leary, Comptroller
 Division Treasury Division
 Approved by Ginger Blaisdell, Director Administrative Services Division
Department of Revenue

Phone 465-2350
 Date/Time 3/21/11 3:00 PM
 Date 3/21/2011

FISCAL NOTE

**STATE OF ALASKA
2011 LEGISLATIVE SESSION**

BILL NO. CSHB104

Analysis

The bill provides for the Alaska Advantage education grant and Alaska Performance Scholarship fund to be managed by the Commissioner of Revenue. As the fund will maintain a balance of \$160 million or less with a three year horizon, this fund is best invested in the GeFonsi and therefore no additional costs will be associated with managing the fund.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version CSHB104(EDC)
 () Publish Date _____

Identifier (file name) CSHB104(EDC)-DOR-TAX-03-29-11 Dept. Affected Revenue
 Title AlaskAdvantage Educ Grant - AK Performance Scholarship Appropriation Taxation and Treasury
 Allocation Tax Division
 Sponsor Rules by Request of the Governor
 Requester House Finance 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
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES		0.0	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Full-time							
Part-time							
Temporary							

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

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 3/29/11; 12:50pm
 Date 3/29/11; 1:06pm

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB 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 AlaskAdvantage Education Grant and 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. It merely identifies an additional class of contributions that can qualify for the credit. Therefore, this bill has no affect on state revenues.

Expenditures:

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

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version CSHB104(EDC)\D
 () Publish Date _____

Identifier (file name) HB104CS(EDC)-EED-ACPE-03-23-11 Dept. Affected Education
 Title An Act renaming the Alaska performance scholarship and... Appropriation ACPE
 Allocation Program Administration & Operations
 Sponsor House Rules Committee
 Requester (H)FIN OMB Component Number 2990

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							
Travel							
Services							
Commodities							
Capital Outlay							
Grants	*	*	*	*	*	*	*
Miscellaneous							
TOTAL OPERATING	*	*	*	*	*	*	*

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES							
---------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

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) creating a potential fund source, award income account, and investment fund for the Alaska Advantage education grant (AEG) and Alaska performance scholarship (APS) programs; and, 2) 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 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. The APS-related cost estimates are taken from the fiscal note adopted in 2010 to establish the statewide scholarship program.

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 3/23/11 2:30 PM
 Date 3/23/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB104\D

Analysis

AEG funding estimate:

The following estimates are based upon the data for 2010-11 AEG applicants who were certified by a participating Alaska school as in an eligible enrollment status. Assuming an annual average grant award of \$1,452 for an applicant pool of 4,800 (pool size, 2009--2011), the annual cost for full (the amount that would be sufficient to fund otherwise eligible applicants in a year) 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.

Total combined costs of APS/AEG student aid components

	APS merit	AEG	Total
FY12	\$8,221.9	\$6,969.6	\$15,191.5
FY13	\$14,389.3	\$6,969.6	\$21,358.9
FY14	\$18,502.0	\$6,969.6	\$25,471.6
FY15	\$20,556.6	\$6,969.6	\$27,526.2

Est. Annual AEG/APS

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 3
Bill Version CSHB 104(EDC)
(H) Publish Date 3/23/11

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
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	*	*	*	*	*	*	*	*
CAPITAL EXPENDITURES								
CHANGE IN REVENUES								

FUND SOURCE (Thousands of Dollars)

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

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 #3

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB 104(EDC)

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.

CS FOR HOUSE BILL NO. 104(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE 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 14.43.820, as enacted by sec. 5, ch. 14, SLA 2010, is amended by adding a
 10 new subsection to read:

11 (c) Notwithstanding the eligibility requirements in (a)(2) - (4) of this section,
 12 the department shall adopt regulations to provide for the eligibility of a student who
 13 has attained a general education development certificate, and for waiver or delay of a
 14 portion of the core academic curriculum requirements in (a)(3) of this section if that
 15 portion of the curriculum is not available to a student at a public school in the district
 16 in which the student resides. To demonstrate high academic performance for eligibility
 17 under this section, the department may require a student to

18 (1) provide alternative minimum standardized test scores established
 19 under this section;

20 (2) complete some or all of the core curriculum requirements in (a)(3)
 21 of this section after graduation; or

22 (3) provide a measure of academic achievement equivalent to (2) of
 23 this subsection.

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

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

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

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

31 (3) the third award level is \$2,378 and requires a 2.5 grade-point

1 average or above and a moderately high minimum score on a college entrance
2 examination.

3 * **Sec. 6.** AS 14.43.825(f) is repealed and reenacted to read:

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

9 * **Sec. 7.** AS 14.43.825, as enacted by sec. 5, ch. 14, SLA 2010, is amended by adding a
10 new subsection to read:

11 (g) Notwithstanding the grade-point average requirements in (a) of this
12 section, the department shall adopt regulations to provide for the eligibility of a
13 student who has attained a general education development certificate.

14 * **Sec. 8.** AS 14.43.830, as enacted by sec. 5, ch. 14, SLA 2010, is amended to read:

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

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

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

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

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

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

28 (2) a career and technical school program physically located in the
29 state that **meets the standards established in (a)(1)(C) and (D) of this section and**
30 **that** has been included on a list of certified career and technical school programs
31 received from the Department of Labor and Workforce Development; the commission

1 shall publish the list on or before June 30 of the year preceding enrollment.

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

8 * **Sec. 9.** AS 14.43.849, as enacted by sec. 2, ch. 14, SLA 2010, is amended to read:

9 **Sec. 14.43.849. Definitions.** In AS 14.43.810 - 14.43.849, unless the context
10 requires otherwise,

11 (1) "department" means the Department of Education and Early
12 Development;

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

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

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

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

22 * **Sec. 10.** AS 14.43 is amended by adding a new section to read:

23 **Sec. 14.43.915. AlaskAdvantage education grant and Alaska performance**
24 **scholarship award income account.** The AlaskAdvantage education grant and
25 Alaska performance scholarship award income account is created as an account in the
26 general fund. Money may be appropriated to the account from the AlaskAdvantage
27 education grant and Alaska performance scholarship fund under AS 37.14.750 and
28 from other sources. The commission may use the money in the account to pay grants
29 awarded under AS 14.43.400 - 14.43.420 and scholarships awarded to students under
30 AS 14.43.810 - 14.43.849. The amount determined under AS 37.14.750(c) each year
31 and deposited into the account is the maximum amount that may be used to pay grants

1 and scholarships for the immediately succeeding fiscal year.

2 * **Sec. 11.** AS 14.45.130(a), as amended by sec. 7, ch. 14, SLA 2010, is amended to read:

3 (a) A religious or other private school that elects to comply with AS 14.45.100
4 - 14.45.130 shall maintain permanent student records reflecting immunizations,
5 physical examinations, standardized testing, academic achievement, courses taken at
6 the school, and level of eligibility for an Alaska performance [MERIT
7 SCHOLARSHIP PROGRAM] scholarship under AS 14.43.810 - 14.43.849.

8 * **Sec. 12.** AS 37.14 is amended by adding a new section to read:

9 **Article 8A. AlaskAdvantage Education Grant and Alaska Performance Scholarship**
10 **Fund.**

11 **Sec. 37.14.750. AlaskAdvantage education grant and Alaska performance**
12 **scholarship fund established.** (a) The AlaskAdvantage education grant and Alaska
13 performance scholarship fund is established in the general fund for the purpose of
14 making grant payments under AS 14.43.400 - 14.43.420 and scholarship payments to
15 qualified postsecondary institutions for students under AS 14.43.810 - 14.43.849 by
16 appropriation to the income account established under AS 14.43.915. Money in the
17 fund does not lapse. The fund consists of

- 18 (1) money appropriated to the fund;
19 (2) income earned on investment of fund assets; and
20 (3) donations to the fund.

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

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

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

30 (d) Notwithstanding the limitation in (c) of this section, the legislature may
31 appropriate any amount to the AlaskAdvantage education grant and Alaska

1 performance scholarship fund. Nothing in this section creates a dedicated fund.

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

5 * **Sec. 13.** AS 43.20.014(a) is amended to read:

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

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

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

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

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

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

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

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

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

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

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

31 **(4) for the AlaskAdvantage grant and Alaska performance**

1 **scholarship fund under AS 37.14.750(a).**

2 * **Sec. 15.** Section 8, ch. 14, SLA 2010, is amended to read:

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

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

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

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

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

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

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

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

28 TRANSITION: REGULATIONS. The Department of Education and Early
 29 Development, the Department of Labor and Workforce Development, the Department of
 30 Revenue, and the Alaska Commission on Postsecondary Education may adopt regulations
 31 necessary to implement changes made to their respective authorities by this Act. The

1 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1,
2 2011.

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

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

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

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

10 * **Sec. 19.** Section 17 of this Act takes effect immediately under AS 01.10.070(c).

11 * **Sec. 20.** AS 14.43.830(a)(1)(C) and (D), added by sec. 8 of this Act, and the amendment
12 to AS 14.43.830(a)(2) made by sec. 8 of this Act take effect July 1, 2012.

13 * **Sec. 21.** Section 14 of this Act takes effect January 1, 2014.

14 * **Sec. 22.** Except as provided in secs. 19 - 21 of this Act, this Act takes effect July 1, 2011.

Department of Education & Early Development
Office of the Commissioner

Goldbelt Place
801 West Tenth Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
(907) 465-2800
(907) 465-4156 Fax

April 7, 2011

The Honorable Bill Stoltze
The Honorable Bill Thomas, Jr.
Co-Chairs, House Finance Committee
Alaska House of Representatives
Alaska State Capitol Room 519
Juneau, Alaska 99801

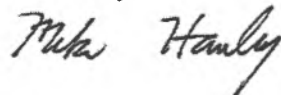
Dear Mr. Chairmen:

This letter responds to questions from this morning's House Finance Committee meeting related to the Alaska Performance Scholarship and CSHB104 (EDC).

- Representatives Thomas and Stoltze requested information on the eligibility of home and private schools for the performance scholarship. Please see attached regulation 4 AAC 43.040. (Attachment A)
- Representative Costello asked if Nine Star Education and Employment Services students would be eligible for the Alaska Performance Scholarship. Yes. Nine Star students are issued high school diplomas from the Nenana School District.
- Representative Thomas raised a concern about schools in his election district reporting potential difficulties in providing the required curriculum of the performance scholarship. Attached is a survey that the Department of Education and Early Development (EED) conducted in February 2011 of all 53 districts and Mt. Edgecumbe. Fifty of the district superintendents indicated that they will be able to offer the required curriculum for the performance scholarship. (Attachment B) EED recognizes the different information that has been shared but wanted the committee to see what has been communicated to the department and confirmed during the superintendent fly-in.

If you have questions or would like additional information related to this response or the Alaska Performance Scholarship, please contact me at mike.hanley@alaska.gov or at 465-2802.

Sincerely,



Mike Hanley
Commissioner

**House Finance Response on CSHB104 (EDC)
Regulation Related to Home/Private School Eligibility**

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 that 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

Attachment A

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.

History: Eff. 11/4/2010, Register 196

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**

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
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**

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
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
Yupiit	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

Public Testimony CSHB 104 (EDC)
House Finance Committee – April 7, 2011
Submitted C/O Matthew Gruening, Legislative Aide, through ANC LIO

House Finance Committee Co-Chairs Rep. Thomas and Rep. Stolze, I am unable to attend today's public hearing on the subject bill. Therefore, I respectfully request that my written testimony, which follows, be entered in the public record of today's hearing on CSHB 104 (EDC).

First, I wish to thank you and the other members of the House Finance Committee for your service on-behalf of the people of Alaska. The Alaska Legislature is an esteemed institution, and your job of charting a fiscally sound course for our great State is a daunting task.

Second, I am grateful for this opportunity to submit my testimony on CSHB 104 (EDC), albeit in writing, to the House Finance Committee.

Specifically with respect to CSHB 104 (EDC), contrary to the hyperbole of Governor Parnell and the Alaska Department of Education and Early Development (EED), the Governor's performance scholarship program will not transform K-12 education in Alaska, nor will it fix Alaska's dropout problem. Thus, I urge you to oppose the requested funding of Governor Parnell's performance scholarship program per CSHB 104 (EDC) for the following reasons:

1. According to testimony provided the legislative committees in the House and Senate, the Governor's performance scholarship program is modeled after Louisiana's Taylor Plan and Wyoming's Hathaway scholarship program. Neither of those two states, however, is faced with Alaska's most significant challenge, i.e., the unequal access that exists presently between urban schools and small, remote schools with regard to offering the rigorous curriculum required of scholarship recipients.

2. EED has a virtual mountain of standards-based assessment (SBAs) data that attest to the fact that students in small, rural schools are struggling currently to master basic reading, writing, and mathematics skills. Consequently, the requirement that these students, who are struggling now in basic language arts and mathematics, take additionally more advanced science and mathematics courses and achieve, as a result of taking these more rigorous courses, a prescribed threshold SAT or ACT score is unrealistic based on the present inequities educationally that exist between our State's rural vs. urban schools.

3. Distance delivery of the more rigorous science and mathematics courses required of scholarship recipients, EED's solution to leveling the unequal playing field between urban vs. small, rural schools, sans the inadequate Internet bandwidth issue plaguing rural Alaska, is not likely to be successful with students, like many in small, rural schools, who we know from Alaska's SBA results are already struggling to master basic reading, writing, and mathematics skills.

4. Already struggling students, like many in Alaska's small, rural schools, are more apt to experience a higher rate of failure in taking the more rigorous science and mathematics courses required of Governor Parnell's performance scholarship recipients and, as a consequence of said failure, become more frustrated and increasingly likely to drop out of high school.

5. The position EED is propagating with regard to the Governor Parnell's performance scholarship being truly transformative of K-12 education is unrealistic, is unfounded, and is based on a poorly thought through means of addressing Alaska's underlying educational challenges, particularly in our small, rural schools.

Therefore, I urge you to vote against CSHB 104 (EDC) and, thereby, prevent the establishment of an ill-conceived, expensive new entitlement program at a time when Alaska's future revenues are projected to decline.

Sincerely,

/s/ James W. Elliott

James W, Elliott
2440 East Tudor Road #1135
Anchorage, Alaska 99507-1185
(907) 227-5140

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 in 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	

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SECTIONAL ANALYSIS FOR CSHB104 (EDC)

Renaming the Alaska performance scholarship and relating to the scholarship and tax credits applicable to contributions to the scholarship; relating to **Alaska Advantage education grant funding and to the Alaska performance scholarship funding**; establishing an account and fund for those purposes; making confirming amendments; and providing for an effective date.

BILL SEC.	AK STATUTE SECTION TITLE	Pg	LINE	PURPOSE OF SECTION NEW OR SUBSTANTIVELY AMENDED SECTIONS SET OUT IN BOLD FONT.	AGENCY
1	14.03.113 – District determination of scholarship eligibility.	1 2	7-13 1	Renames scholarship Alaska performance scholarship (APS).	DEED - Public Schools Generally
2	14.43.810 – Alaska performance scholarship established; regulations.	2	2-13	Renames Alaska performance scholarship program; and to generally references Alaska performance scholarship as scholarships, including section heading.	ACPE – Financial Aid Programs
3	14.43.820(a) – Alaska performance scholarship; eligibility.	2 3	14-31 1-8	Renames scholarship Alaska performance scholarship. (Section title changed through reviser’s instructions in Section 16).	ACPE – Financial Aid Programs
4	14.43.825(a) – Maximum annual awards.	3	9-18	Renames scholarship Alaska performance scholarship.	ACPE - Financial Aid Programs
5	14.43.825(f) – Maximum annual awards	3	19-24	Clarifies in the event of a funding shortfall no “new” APS awards will be made.	ACPE - Financial Aid Programs
6	14.43.830 – Qualified postsecondary institutions.	3 4	25-31 1-18	Renames scholarship Alaska performance scholarship. Adds 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.	ACPE - Financial Aid Programs
7	14.43.849 – Definitions.	4 5	19-31 1	Amends “program” definition for new program name.	ACPE - Financial Aid Programs
8	14.43.915 – General Section.	5	2-12	Establishes an AEG/APS award income account in the general fund. Permits appropriations to the account from the fund under 37.14.750. Monies to be used to pay AEG and APS awards with the amount to be determined annually under 37.14.750(c)—lesser of 1/3 AEG/APS fund balance or \$40 million. [See Section 10.]	ACPE - Financial Aid Programs
9	14.45.130(a) – Records	5	13-18	Renames scholarship Alaska performance scholarship.	DEED – Exempt Religious/Other Private Schools

SUMMARY OF CHANGES

BILL SEC.	AK STATUTE SECTION TITLE	Pg	LINE	PURPOSE OF SECTION	AGENCY
10	37.14.750 – Alaska performance scholarship investment fund established.	5 6	19-31 1-15	Establishes the AEG/APS fund containing: appropriations, income earned on fund investments, and donations to the fund. Establishes a revolving balance for the AEG/APS fund. Caps annual appropriation at the greater of \$40 million or amount needed to achieve AEG/APS fund balance to \$160 million. On or about 7/1 of each year the department will deposit the lesser of 1/3 the fund balance or \$40 million into the AEG/APS account (14.43.915). No dedication of funds.	DOR – Tax Division
11	43.20.014(a) – Income tax education credit.	6	16-30	Expands contributions eligible for the Alaska education credit against corporate income tax to include contributions made to the AEG/APS fund.	DOR – Tax Division
12	43.20.014(a) – Income tax education credit.	6 7	31 1-12	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 APS fund remain eligible for a credit.	DOR – Tax Division
13	Sec. 8, ch. 14, SLA 2010	7	13-28	Transition language is amended to rename scholarship Alaska performance scholarship; and to generally reference Alaska performance scholarship as scholarships.	ACPE - Financial Aid Programs
14	Uncodified law	7 8	29-31 1-5	Transition language permitting the appropriation of smaller sums (\$20 million and \$30 million) into the AEG and APS fund in 37.14.750 for FY12 and FY13, respectively.	
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.	DOLWD, DEED, DOR and ACPE;
16	Uncodified law	8	14-20	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.	
17	Effective date notice	8	21	Section 15 takes effect immediately.	
18	Effective date notice	8	22-23	New postsecondary institution requirements in Section 6 take effect 7/1/2012.	
19	Effective date notice	8	24	Section 12 takes effect 7/1/2014.	
20	Effective date notice	8	25	Except as set out in Sections 17-19, Act is effective 7/1/2011.	



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 Force¹.

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.



¹ http://hesf.akstate.org/wp-content/uploads/2010/12/2010_Scholarship_Funding_Final_Report.pdf

RESOLUTION NUMBER 11-01

RESOLUTION TO ENDORSE THE
ALASKA PERFORMANCE SCHOLARSHIP

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;

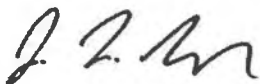
WHEREAS, the scholarships will also help lower the cost of education for Alaska students and leave them in better financial status as they complete certifications or degrees; and

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 23rd day of February, 2011 and the foregoing Resolution was adopted unanimously at said meeting.

Signed this 23rd day of February, 2011.



Jim Lynch, Chair
Alaska Workforce Investment Board

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
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 black ink that reads "Sean Parnell". The signature is written in a cursive style and is positioned above the printed name and title.

Sean Parnell
Governor

Enclosure

not offered

#1

AMENDMENT

OFFERED IN THE HOUSE
TO: CSHB 104(EDC)

BY REPRESENTATIVE GARA

1 Page 3, following line 8:

2 Insert a new bill section to read:

3 **** Sec. 4.** AS 14.43.820, as enacted by sec. 5, ch. 14, SLA 2010, is amended by adding a
4 new subsection to read:

5 (c) Notwithstanding the eligibility requirements in (a)(2) - (4) of this section,
6 the department shall adopt regulations to provide for the eligibility of a student who
7 has attained a general education development certificate, and for waiver of a portion of
8 the core academic curriculum requirements in (a)(3) of this section if that portion of
9 the curriculum is not available to a student at a public school in the district in which
10 the student resides."

11

12 Renumber the following bill sections accordingly.

13

14 Page 3, following line 24:

15 Insert a new bill section to read:

16 **** Sec. 7.** AS 14.43.825, as enacted by sec. 5, ch. 14, SLA 2010, is amended by adding a
17 new subsection to read:

18 (g) Notwithstanding the grade-point average requirements in (a) of this
19 section, the department shall adopt regulations to provide for the eligibility of a
20 student who has attained a general education development certificate."

21

22 Renumber the following bill sections accordingly.

23

- 1 Page 8, line 21:
- 2 Delete "Section 15"
- 3 Insert "Section 17"
- 4
- 5 Page 8, line 22:
- 6 Delete "sec. 6"
- 7 Insert "sec. 8"
- 8
- 9 Page 8, line 23:
- 10 Delete "sec. 6"
- 11 Insert "sec. 8"
- 12
- 13 Page 8, line 24:
- 14 Delete "Section 12"
- 15 Insert "Section 14"
- 16
- 17 Page 8, line 25:
- 18 Delete "secs. 17 - 19"
- 19 Insert "secs. 19 - 21"

Adopted
A/12/11

AMENDMENT #1

by Rep. GARA

OFFERED IN THE HOUSE
TO: CSHB 104(EDC)

1 Page 3, following line 8:

2 Insert a new bill section to read:

3 "* **Sec. 4.** AS 14.43.820, as enacted by sec. 5, ch. 14, SLA 2010, is amended by adding a
4 new subsection to read:

5 (c) Notwithstanding the eligibility requirements in (a)(2) - (4) of this section,
6 the department shall adopt regulations to provide for the eligibility of a student who
7 has attained a general education development certificate, and for waiver or delay of a
8 portion of the core academic curriculum requirements in (a)(3) of this section if that
9 portion of the curriculum is not available to a student at a public school in the district
10 in which the student resides. To demonstrate high academic performance for eligibility
11 under this section, the department may require a student to

12 (1) provide alternative minimum standardized test scores established
13 under this section;

14 (2) complete some or all of the core curriculum requirements in (a)(3)
15 of this section after graduation; or

16 (3) provide a measure of academic achievement equivalent to (2) of
17 this subsection."
18

19 Renumber the following bill sections accordingly.
20

21 Page 3, following line 24:

22 Insert a new bill section to read:

23 "* **Sec. 7.** AS 14.43.825, as enacted by sec. 5, ch. 14, SLA 2010, is amended by adding a

1 new subsection to read:

2 (g) Notwithstanding the grade-point average requirements in (a) of this
3 section, the department shall adopt regulations to provide for the eligibility of a
4 student who has attained a general education development certificate."
5

6 Renumber the following bill sections accordingly.
7

8 Page 8, line 21:

9 Delete "Section 15"

10 Insert "Section 17"
11

12 Page 8, line 22:

13 Delete "sec. 6"

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16 Page 8, line 23:

17 Delete "sec. 6"

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20 Page 8, line 24:

21 Delete "Section 12"

22 Insert "Section 14"
23

24 Page 8, line 25:

25 Delete "secs. 17 - 19"

26 Insert "secs. 19 - 21"

2011 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 4/12/11

Amendment: 1 HB 104

MEMBER	Favor	Oppose
REP. GUTTENBERG	✓	
REP. JOULE	✓	
REP. NEUMAN	✓	
REP. WILSON		✓
REP. COSTELLO	✓	
REP. DOOGAN	✓	
REP. EDGMON	✓	
REP. FAIRCLOUGH		✓
REP. GARA	✓	
REP. STOLTZE		✓
REP. THOMAS		✓

YEA 7

NAY 4