

HB

104

<TARGET><BILL>HB 104</BILL><SUBJECT>HB
104</SUBJECT><COMM>SF27</COMM></TARGET>

ALASKA STATE LEGISLATURE

SENATE FINANCE COMMITTEE

Senator Bert Stedman, Co-Chair
State Capitol, Room 516
Juneau, AK 99801-1182
(907) 465- 3873 - Phone
(907) 465-3922 - Fax
Senator_Bert_Stedman@legis.state.ak.us



Official Business

Senator Lyman Hoffman, Co-Chair
State Capitol, Room 518
Juneau, AK 99801-1182
Phone - (907) 465- 4453
Fax - (907) 465- 4523
Senator_Lyman_Hoffman@legis.state.ak.us

AGENDA

Wednesday, January 18, 2012

9:00 AM

HB 104 – Alaska Performance Scholarships
CSHB 104(RLS) version X
(DOR) Treasury and Taxation - Treasury
(DOR) Taxation and Treasury - Tax Division
(DEED) Education and Support Services
(DEED) ACPE
NEW (DEED) ACPE
Off-net testifier: Robynn Wilson

SB 86 – Protection of Vulnerable Adults
CSSB 86(JUD) version T
DHSS - Senior and Disabilities Services
ADMIN - Legal and Advocacy Services
LAW - Civil
DPS - Statewide Support
DPS - Alaska State Troopers
DOC - Admin. & Support
ACS - Trial Courts

Off-net testifier: Rodney Dial, Lieutenant, Division of Alaska State Troopers
Kathy Monfreda, Bureau Chief, Criminal Records and Identification, Division of Statewide Services

POSTPONED:

SB 2 – License Plates: National Rifle Association
CSSC 2(STA) version E
FN's Updated for FY13:
DOA - Administration

SB 16 – Special Request License Plates
CSSB 16(STA) version E
FN's Updated for FY13:
DOA - Administration

SENATE FINANCE COMMITTEE REPORT

DATE: 4/16/11

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 104(RLS)

HB 104-ALASKA PERFORMANCE SCHOLARSHIPS

"An Act 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 Alaska performance scholarship funding; establishing an account and fund for those purposes; making conforming amendments; and providing for an effective date."

and recommends:





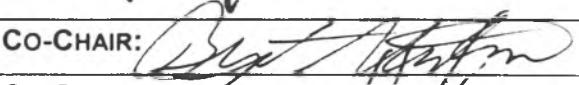

- be replaced with SCS CS HB 104 (FIN) Same Title Technical Title Change
 New Title/SCR No. _____
- adopt previous SCS _____ (_____) Same Title Technical Title Change
 New Title/SCR No. _____
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
SFIN/EED	X			
EED	X			
EED			X	
REV		X		

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Thomas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	ECA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Orson	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Ewis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CO-CHAIR: 	Stedman	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CO-CHAIR: 	Hoffman	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

FISCAL NOTE

STATE OF ALASKA cost # codes
 2012 LEGISLATIVE SESSION

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

Identifier (file name) HB104-EED-TLS-11-29-11 Dept. Affected Education & Early Development
 Title "An Act renaming the Alaska performance scholarship and relating to the scholarship and tax credits..." Appropriation Education Support Services
 Allocation Executive Administration
 Sponsor House Rules by Request of the Governor
 Requester Senate Finance Committee OMB Component Number 2736

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	0.0		0.0	0.0	0.0	0.0	0.0
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS								
Full-time								
Part-time								
Temporary								

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

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

This fiscal note was updated to reflect current fiscal information.

Prepared by Elizabeth Nudelman, Director
 Division School Finance & Facilities
 Approved by Mike Hanley
Commissioner

Phone 465-8679
 Date/Time 11/29/11 12:00 AM
 Date 12/9/2011

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. CSHB104 (RLS)

Analysis

The bill changes the name of the Alaska Merit Scholarship program to the Alaska Performance Scholarship program in the applicable statutes. The bill repeals and reenacts AS 14.43.825(f) which now prohibits the commission from awarding new scholarship applicants if insufficient funds are available to pay existing awards and the existing awards will be prorated. AS 14.43.830 (qualified postsecondary institutions) is amended to include requirements that institutions have advisory programs and provide counseling related to course selection and career choice to incoming student and proved credits that will result in the issuance of a degree or certificate within a customary time period.

The bill will establish a new income account and fund for the Alaska Advantage education grant and Alaska performance scholarship award. The amounts appropriated to the fund may not exceed the greater of \$40 million or an amount when added to the fund balance equals \$160 million. The department is required to distribute one-third of the fund or \$40 million whichever is less. The bill provides transition language so the \$40 million limit may be substituted for the following amounts and fiscal years:

FY2012, \$20,000,000
FY2013, \$30,000,000.

The tax credits allowed in AS 43.20.014(a) would be expanded to include credits for cash contributions accepted for the Alaska performance scholarship investment fund.

The bill changes the name of the Alaska merit scholarship program to the Alaska performance scholarship and leaves the scholarship awards unchanged so there is no fiscal impact to the Department of Education & Early Development.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version HB 104
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) HB104 - EED - Alaska Performance Scholarships Dept. Affected DEED
Title Alaska Performance Scholarships Appropriation AK Performance Scholarship Awards
Allocation AK Performance Scholarship Awards
Sponsor RLS by Request of the Governor
Requester Senate Finance Committee OMB Component Number 2990

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits	4,900.0	8,000.0	11,566.0	14,558.0	16,240.0	16,161.0	17,040.0	
Miscellaneous								
TOTAL OPERATING	4,900.0	8,000.0	11,566.0	14,558.0	16,240.0	16,161.0	17,040.0	

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)	4,900.0	8,000.0	11,566.0	14,558.0	16,240.0	16,161.0	17,040.0
TOTAL		4,900.0	8,000.0	11,566.0	14,558.0	16,240.0	16,161.0	17,040.0

POSITIONS								
Full-time								
Part-time								
Temporary								

CHANGE IN REVENUES								

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

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

This revised fiscal note restores the \$4.9 million that the Senate Sub-Committee removed from the Governor's FY13 operating budget (bringing total FY13 funding to \$8 million). The funding source will be changed to the Scholarship Fund if this bill is adopted and the new fund code is established.

Prepared by Darwin Peterson
Division Senate Finance Committee
Approved by Senator Stedman, Co-Chair
Senator Hoffman, Co-Chair

Phone 465-3873
Date/Time 3/30/12 8:00 AM
Date 3/30/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB 104

Analysis

The committee substitute bill establishes award income accounts and an investment fund, the earnings from which will pay out Alaska performance scholarships (APS) and AlaskAdvantage education grants (AEG); and, establishes a proportional allocation of funding structure with two-thirds of each year's appropriation allocated to APS and onethird of the appropriation to AEG.

Assumptions for the APS participation projections below include:

Student eligibility rates increase over time from 28% to 44% of high school graduates.

APS utilization rates increase over time from 36% to 50%.

Average award amount is \$3,419.

APS estimates:

#APS Projected Student Headcount by Cohort Year

CY1	CY2	CY3	CY4	CY5	CY6	Total Annual Costs	
FY13	1,273	1,067				\$ 8,000.0	
FY14	1,181	1,082	1,120			\$11,566.0	
FY15	1,157	1,003	1,049	1,041		\$14,558.0	
FY16	1,296	983	933	1,049	456	\$16,240.0	
FY17	1,296	1,101	914	933	534	129	\$16,161.0
FY18	1,296	1,101	1,024	914	496	153	\$17,040.0
FY19	1,512	1,101	1,024	1,024	486	142	\$18,069.0
FY20	1,512	1,285	1,024	1,024	544	139	\$18,900.0
FY21	1,512	1,285	1,092	1,024	544	156	\$19,191.0
FY22	1,584	1,285	1,092	1,092	544	156	\$19,670.0
FY23	1,584	1,346	1,092	1,092	635	156	\$20,189.0
FY24	1,584	1,346	1,144	1,092	635	181	\$20,452.0

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version SCSHB104 DRAFT
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HB104SCS(FIN)-EED-ACPE(2)-2-13-12 DRAFT Dept. Affected Education
 Title Alaska Performance Scholarship Fund Appropriation ACPE
 Allocation Program Administration & Operations
 Sponsor Rules
 Requester (S)FIN OMB Component Number 2738

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits		3,000.0	5,783.0	7,279.0	8,120.0	8,520.0	9,035.0	
Miscellaneous								
TOTAL OPERATING	0.0	3,000.0	5,783.0	7,279.0	8,120.0	8,520.0	9,035.0	

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)		3,000.0	5,783.0	7,279.0	8,120.0	8,520.0	9,035.0
TOTAL		0.0	3,000.0	5,783.0	7,279.0	8,120.0	8,520.0	9,035.0

POSITIONS								
Full-time								
Part-time								
Temporary								

CHANGE IN REVENUES								

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 (separate supplemental appropriation required;
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

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

This fiscal note differs in that estimates reflect amendments to HB104 which create an allocation of annual appropriations from the investment fund to pay for Alaska performance scholarships (APS) and for AlaskAdvantage education grants (AEG). The \$3,000.0 shown as FY13 costs is included in the Governor's FY13 base budget request.

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

Phone 465-6740
 Date/Time 2/13/12 1:00 PM
 Date 2/13/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. SCSHB104 DRAFT

Analysis

The committee substitute establishes award income accounts and an investment fund, the earnings from which will pay for APS and AEG awards to students; and, establishes a proportional allocation of funding structure with two-thirds of each year's appropriation allocated to APS and one-third of the appropriation allocated to AEG.

Based on the structure described above, the annual allocated amounts for AEG are shown below. These estimates are derived by assuming all APS-eligible students applying to use their award are fully funded. Also shown are the projected number of AEG recipients based upon an average individual annual award amount of \$1,580:

	Funding Allocation	#AEG Recipients
FY13	\$ 3,000.0	1,899
FY14	\$ 5,783.0	3,660
FY15	\$ 7,279.0	4,607
FY16	\$ 8,120.0	5,139
FY17	\$ 8,080.0	5,114
FY18	\$ 8,520.0	5,392
FY19	\$ 9,035.0	5,718
FY20	\$ 9,450.0	5,981
FY21	\$ 9,596.0	6,073
FY22	\$ 9,835.0	6,225
FY23	\$10,095.0	6,389
FY24	\$10,226.0	6,472

It is important to note that AEG awards are made relative to the pool of applicants specific to a given academic year. Unlike the APS, there is no implied continuing obligation that an individual awarded an AEG in a given year will receive it in a subsequent year. The applicant pool is ranked in order of greatest to least financial need and AEGs are awarded until available funds are exhausted or all eligible applicants are awarded, whichever occurs first.

FISCAL NOTE

STATE OF ALASKA cost # codes
 2012 LEGISLATIVE SESSION

Bill Version SCS CSHB104
 Fiscal Note Number 6
 Publish Date _____

Identifier (file name) HB104SCSCS-DOR-TAX-02-14-12 Dept. Affected Revenue
 Title Alaska Advantage Educ Grant - AK Performance Scholarship Appropriation Taxation and Treasury
 Allocation Tax Division
 Sponsor H Rules by Request of the Governor
 Requester S FIN OMB Component Number 2476

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	0.0	***	***	***	***	***	***
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Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required;
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

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

Updated to include other tax types against which the credit can be applied.

Prepared by Johanna Bales, Deputy Director
 Division Tax
 Approved by Jerry Burnett, Director Administrative Services
Department of Revenue

Phone (907) 269-6628
 Date/Time 2/14/2012 4:20 p.m.
 Date 2/14/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. SCS CSHB104

Analysis

Bill Language:

This bill expands the existing education tax credit allowed against the corporate income, oil and gas production and property, mining license, and fisheries business and landing taxes to include contributions made to the newly created Alaska Higher Education Investment Fund under AS 37.14.750.

Revenues:

This bill does not increase or decrease the amount of total education tax credits allowed against the tax types identified above. It merely identifies an additional class of contributions that can qualify for the credit. It is possible that taxpayers who have not made qualifying contributions and not claimed an education tax credit in the past, may contribute to the higher education fund and claim a credit. However, it is difficult to determine the affect this bill will have on taxpayer behavior and, therefore, it is difficult to determine if this bill will affect tax revenues from the taxes identified above.

Expenditures:

Department of Revenue can implement and administer the provisions of this bill utilizing existing resources.

SENATE CS FOR CS FOR HOUSE BILL NO. 104(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE 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; relating to AlaskAdvantage education grant eligibility; establishing accounts**
5 **and a fund for those purposes; making conforming amendments; and providing for an**
6 **effective date."**

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

8 *** Section 1.** AS 14.03.113 is amended to read:

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

1 which the student is eligible. A district shall provide a student with an opportunity to
2 request that the district correct an error in the eligibility determination.

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

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

6 (1) a resident of this state;

7 (2) enrolled or about to be enrolled

8 (A) at an institution **located in the state that is**

9 **(i) accredited by an institutional accrediting body**
10 **recognized by the United States Secretary of Education; or**

11 **(ii) approved to participate in the Alaska**
12 **performance scholarship program as a qualified postsecondary**
13 **institution under AS 14.43.830** [APPROVED TO PARTICIPATE IN
14 FEDERAL FINANCIAL AID PROGRAMS UNDER 20 U.S.C. 1070 -
15 1099c-2, AS AMENDED, LOCATED IN THIS STATE]; and

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

17 (3) able to demonstrate financial need in accordance with standards for
18 determining financial need established by the commission [UNDER 20 U.S.C. 1070c-
19 2, AS AMENDED].

20 * **Sec. 3.** AS 14.43.810 is amended to read:

21 **Sec. 14.43.810. Alaska performance [MERIT] scholarship program**
22 **established; regulations.** (a) The Alaska **performance** [MERIT] scholarship program
23 is established to provide scholarships for **Alaska residents who have attained an**
24 **Alaska High School Diploma by Examination after January 1, 2011, or who are**
25 high school graduates [WHO ARE ALASKA RESIDENTS] to attend a qualified
26 postsecondary institution in the state.

27 (b) The department shall, in consultation with the commission, adopt
28 regulations necessary to implement the **Alaska performance scholarship** program.
29 The commission shall administer the daily operations of the **Alaska performance**
30 **scholarship** program and financing of the **Alaska performance scholarship** program,
31 including the procedures for applying for the scholarships, establishing standards for

1 and ensuring continuing compliance with programmatic standards, and requiring
2 students to apply for other nonloan financial aid, consistent with federal law.

3 * **Sec. 4.** AS 14.43.820(a) is amended to read:

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

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

7 (2) **except as provided in (c) of this section,** graduated or will
8 graduate within six months from a high school in the state;

9 (3) **except as provided in (d) of this section,** has completed a core
10 academic curriculum **of** [IN] high school **level coursework** that includes

11 (A) four years of mathematics, four years of language arts, four
12 years of science, and four years of social studies, one year of which may
13 include a foreign language, an Alaska Native language, fine arts, or cultural
14 heritage; or

15 (B) three years of mathematics, four years of language arts,
16 three years of science, four years of social studies, and two years of a foreign
17 language or an Alaska Native language;

18 (4) **except as provided in (c) of this section,** has a minimum grade-
19 point average in high school of 2.5 or higher; the department shall set by regulation
20 minimum requirements based on a substantially similar standard for districts that do
21 not assign grades;

22 (5) has achieved a minimum score on a

23 (A) college entrance examination; or

24 (B) standardized examination designed to measure a student's
25 level of preparedness to make the transition to work, as selected by the
26 department; and

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

30 * **Sec. 5.** AS 14.43.820 is amended by adding new subsections to read:

31 (c) Notwithstanding the eligibility requirements in (a)(2) and (4) of this

1 section, the department shall adopt regulations to provide for the eligibility of a
2 student who has attained an Alaska High School Diploma by Examination in the state.

3 (d) The commissioner shall waive a portion of the core academic requirements
4 specified under (a)(3) of this section for not more than 12 additional months after a
5 student graduates from a high school in the state or 24 months after a student attains
6 an Alaska High School Diploma by Examination to provide an eligible applicant the
7 opportunity to complete the academic requirements at a qualified postsecondary
8 institution using a scholarship awarded under AS 14.43.825(a) or at a public high
9 school in the state with a district sponsorship under (g) of this section if the applicant
10 submits a timely application on a form approved by the commissioner and, for an
11 applicant who has graduated from a high school in the state, provides satisfactory
12 proof that the applicant was unable to complete the academic requirements under
13 (a)(3) of this section as a result of circumstances beyond the applicant's control,
14 including

15 (1) illness or disability;

16 (2) a lack of reasonable access to the required coursework at a small or
17 remote high school attended by the applicant in the state; and

18 (3) other circumstances prescribed by regulation adopted by the board.

19 (e) The commissioner shall approve or deny an application for a waiver
20 submitted under (d) of this section within 30 days after receiving the application.

21 (f) An applicant who receives a waiver under (d) of this section, shall, within
22 the time granted for the waiver, provide satisfactory proof to the commissioner of
23 completion of the core academic requirements specified under (a)(3) of this section.

24 (g) Notwithstanding a contrary provision in this title, a school district that
25 agrees to sponsor a student for a waiver under (d) of this section may include a student
26 who has been approved for a waiver under (d) of this section in the student count
27 conducted under AS 14.17.600 as a full-time or part-time student if the student attends
28 a school in the district for the purpose of completing the core academic requirements
29 under (a)(3) of this section.

30 (h) In this section, "district" has the meaning given in AS 14.17.990.

31 * **Sec. 6.** AS 14.43.825(a) is amended to read:

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

3 (1) the first award level is \$4,755 and requires a

4 (A) 3.5 grade-point average or above or a total score in the
5 90th percentile or above on the general educational development
6 examination; and

7 (B) [A] very high minimum score on a college entrance
8 examination;

9 (2) the second award level is \$3,566 and requires a

10 (A) 3.0 grade-point average or above or a total score in the
11 80th percentile or above on the general educational development
12 examination; and

13 (B) [A] high minimum score on a college entrance
14 examination;

15 (3) the third award level is \$2,378 and requires a

16 (A) 2.5 grade-point average or above or a total score in the
17 70th percentile or above on the general educational development
18 examination; and

19 (B) [A] moderately high minimum score on a college entrance
20 examination.

21 * **Sec. 7.** AS 14.43.825(b) is amended to read:

22 (b) A student's eligibility for a scholarship terminates six years after the date
23 the student **graduates** [GRADUATED] from high school or attains a State of
24 Alaska High School Diploma by Examination, unless the student qualifies for an
25 extension of time allowed by the department by regulation.

26 * **Sec. 8.** AS 14.43.825(f) is repealed and reenacted to read:

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

1 * **Sec. 9.** AS 14.43.830 is amended to read:

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

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

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

8 (B) **is** accredited by a regional **or national** accreditation
9 association;

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

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

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

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

27 * **Sec. 10.** AS 14.43.849(4) is amended to read:

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

30 * **Sec. 11.** AS 14.43 is amended by adding a new section to read:

31 **Sec. 14.43.915. AlaskAdvantage education grant account and Alaska**

1 **performance scholarship award account.** (a) The AlaskAdvantage education grant
2 account is created as an account in the general fund. Money may be appropriated to
3 the account from the Alaska higher education investment fund under AS 37.14.750
4 and from other sources. The commission may use the money in the account to pay
5 grants awarded under AS 14.43.400 - 14.43.420.

6 (b) The Alaska performance scholarship award account is created as an
7 account in the general fund. Money may be appropriated to the account from the
8 Alaska higher education investment fund under AS 37.14.750 and from other sources.
9 The commission may use the money in the account to pay scholarships awarded to
10 students under AS 14.43.810 - 14.43.849.

11 (c) Of the total amount available annually to the commission for payment of
12 grants under AS 14.43.400 - 14.43.420 and for payment of scholarships under
13 AS 14.43.810 - 14.43.849, one-third of the combined amount in the accounts
14 established under (a) and (b) of this section shall be available solely for payment of
15 grants awarded under AS 14.43.400 - 14.43.420. The commission shall annually
16 allocate to all qualified applicants for scholarships awarded under AS 14.43.810 -
17 14.43.849 two-thirds of the combined amount in the accounts. If an insufficient
18 number of qualified applicants are awarded scholarships under AS 14.43.810 -
19 14.43.849 before September 1 of each fiscal year, the balance of the account
20 established in (b) of this section shall be transferred to the account established in (a) of
21 this section for the payment of grants under AS 14.43.400 - 14.43.420 for that year. If
22 an insufficient number of qualified applicants are awarded grants under AS 14.43.400
23 - 14.43.420 before the end of that fiscal year, the commissioner shall redeposit the
24 remaining funds into the Alaska higher education investment fund established under
25 AS 37.14.750.

26 (d) The commission shall reserve a percentage calculated under this
27 subsection of the total amount available for awards in the accounts established under
28 (a) and (b) of this section each year for award to students who graduate from a school
29 district with an ADM of less than 800 or from a school that was operated by the
30 Alaska State-Operated School System established under former AS 14.08.020. The
31 percentage reserved under this subsection shall be calculated by adding the ADMs of

1 districts with an ADM of less than 800 and the number of students enrolled in a school
 2 that was operated by the Alaska State-Operated School System established under
 3 former AS 14.08.020 that is located in a district with an ADM of 800 or more and then
 4 dividing that number by the sum of the ADMs of all districts in the state.

5 (e) If an insufficient number of applicants apply for the available amount
 6 reserved under (d) of this section, the commission shall redeposit the remaining
 7 amount in the account from which the funds originated.

8 (f) In this section,

9 (1) "ADM" has the meaning given in AS 14.17.990;

10 (2) "district" has the meaning given in AS 14.17.990, but also includes
 11 a state boarding school under AS 14.16.

12 * **Sec. 12.** AS 14.45.130(a) is amended to read:

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

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

19 **Article 8A. Alaska Higher Education Investment Fund.**

20 **Sec. 37.14.750. Alaska higher education investment fund established.** (a)

21 The Alaska higher education investment fund is established in the general fund for the
 22 purpose of making grants awarded under AS 14.43.400 - 14.43.420 by appropriation
 23 to the account established under AS 14.43.915(a) and of making scholarship payments
 24 to qualified postsecondary institutions for students under AS 14.43.810 - 14.43.849 by
 25 appropriation to the account established under AS 14.43.915(b). Money in the fund
 26 does not lapse. The fund consists of

27 (1) money appropriated to the fund;

28 (2) income earned on investment of fund assets;

29 (3) donations to the fund; and

30 (4) money redeposited under AS 14.43.915(c).

31 (b) The legislature may appropriate any amount to the fund established in (a)

1 of this section. Nothing in this section creates a dedicated fund.

2 (c) As soon as is practicable after July 1 of each year, the commissioner of
3 revenue shall determine the market value of the fund established in this section on
4 June 30 for the immediately preceding fiscal year. The commissioner shall identify 10
5 percent of that amount as available for appropriation as follows:

6 (1) one-third for the grant account established under AS 14.43.915(a),
7 from which the Alaska Commission on Postsecondary Education may award grants;
8 and

9 (2) two-thirds for the scholarship account established under
10 AS 14.43.915(b), from which the Alaska Commission on Postsecondary Education
11 may award scholarships.

12 (d) In this section, unless the context requires otherwise, "fund" means the
13 Alaska higher education investment fund established in (a) of this section.

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

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

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

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

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

25 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
26 nonprofit, public or private, Alaska two-year or four-year college accredited by a
27 regional accreditation association;

28 (5) [FOR] Alaska Native cultural or heritage programs and educational
29 support, including mentoring and tutoring, provided by a nonprofit agency for public
30 school staff and for students who are in grades kindergarten through 12 in the state;

31 [AND]

1 (6) [FOR] education, research, rehabilitation, and facilities by an
 2 institution that is located in the state and that qualifies as a coastal ecosystem learning
 3 center under the Coastal America Partnership established by the federal government;
 4 **and**

5 **(7) the Alaska higher education investment fund under**
 6 **AS 37.14.750.**

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

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

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

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

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

18 **(4) for the Alaska higher education investment fund under**
 19 **AS 37.14.750.**

20 * **Sec. 16.** AS 43.55.019(a) is amended to read:

21 (a) A producer of oil or gas is allowed a credit against the tax due under this
 22 chapter for cash contributions accepted **for**

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

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

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

31 (4) [FOR] a facility or an annual intercollegiate sports tournament by a

1 nonprofit, public or private, Alaska two-year or four-year college accredited by a
2 regional accreditation association;

3 (5) [FOR] Alaska Native cultural or heritage programs and educational
4 support, including mentoring and tutoring, provided by a nonprofit agency for public
5 school staff and for students who are in grades kindergarten through 12 in the state;
6 [AND]

7 (6) [FOR] education, research, rehabilitation, and facilities by an
8 institution that is located in the state and that qualifies as a coastal ecosystem learning
9 center under the Coastal America Partnership established by the federal government;
10 **and**

11 **(7) the Alaska higher education investment fund under**
12 **AS 37.14.750.**

13 * **Sec. 17.** AS 43.55.019(a), as amended by sec. 21, ch. 92, SLA 2010, is amended to read:

14 (a) A producer of oil or gas is allowed a credit against the tax due under this
15 chapter for cash contributions accepted

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

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

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

24 **(4) for the Alaska higher education investment fund under**
25 **AS 37.14.750.**

26 * **Sec. 18.** AS 43.56.018(a) is amended to read:

27 (a) The owner of property taxable under this chapter is allowed a credit
28 against the tax due under this chapter for cash contributions accepted **for**

29 (1) [FOR] direct instruction, research, and educational support
30 purposes, including library and museum acquisitions, and contributions to endowment,
31 by an Alaska university foundation or by a nonprofit, public or private, Alaska two-

1 year or four-year college accredited by a regional accreditation association;

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

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

6 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
7 nonprofit, public or private, Alaska two-year or four-year college accredited by a
8 regional accreditation association;

9 (5) [FOR] Alaska Native cultural or heritage programs and educational
10 support, including mentoring and tutoring, provided by a nonprofit agency for public
11 school staff and for students who are in grades kindergarten through 12 in the state;
12 [AND]

13 (6) [FOR] education, research, rehabilitation, and facilities by an
14 institution that is located in the state and that qualifies as a coastal ecosystem learning
15 center under the Coastal America Partnership established by the federal government;
16 **and**

17 (7) **the Alaska higher education investment fund under**
18 **AS 37.14.750.**

19 * **Sec. 19.** AS 43.56.018(a), as amended by sec. 28, ch. 92, SLA 2010, is amended to read:

20 (a) The owner of property taxable under this chapter is allowed a credit
21 against the tax due under this chapter for cash contributions accepted

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

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

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

30 (4) **for the Alaska higher education investment fund under**
31 **AS 37.14.750.**

1 * **Sec. 20.** AS 43.65.018(a) is amended to read:

2 (a) A person engaged in the business of mining in the state is allowed a credit
3 against the tax due under this chapter for cash contributions accepted **for**

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

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

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

12 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
13 nonprofit, public or private, Alaska two-year or four-year college accredited by a
14 regional accreditation association;

15 (5) [FOR] Alaska Native cultural or heritage programs and educational
16 support, including mentoring and tutoring, provided by a nonprofit agency for public
17 school staff and for students who are in grades kindergarten through 12 in the state;
18 [AND]

19 (6) [FOR] education, research, rehabilitation, and facilities by an
20 institution that is located in the state and that qualifies as a coastal ecosystem learning
21 center under the Coastal America Partnership established by the federal government;
22 **and**

23 **(7) the Alaska higher education investment fund under**
24 **AS 37.14.750.**

25 * **Sec. 21.** AS 43.65.018(a), as amended by sec. 35, ch. 92, SLA 2010, is amended to read:

26 (a) A person engaged in the business of mining in the state is allowed a credit
27 against the tax due under this chapter for cash contributions accepted

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

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

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

5 (4) for the Alaska higher education investment fund under
6 AS 37.14.750.

7 * **Sec. 22.** AS 43.75.018(a) is amended to read:

8 (a) A person engaged in a fisheries business is allowed a credit against the tax
9 due under this chapter for cash contributions accepted for

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

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

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

18 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
19 nonprofit, public or private, Alaska two-year or four-year college accredited by a
20 regional accreditation association;

21 (5) [FOR] Alaska Native cultural or heritage programs and educational
22 support, including mentoring and tutoring, provided by a nonprofit agency for public
23 school staff and for students who are in grades kindergarten through 12 in the state;
24 [AND]

25 (6) [FOR] education, research, rehabilitation, and facilities by an
26 institution that is located in the state and that qualifies as a coastal ecosystem learning
27 center under the Coastal America Partnership established by the federal government;
28 and

29 (7) the Alaska higher education investment fund under
30 AS 37.14.750.

31 * **Sec. 23.** AS 43.75.018(a), as amended by sec. 42, ch. 92, SLA 2010, is amended to read:

1 (a) A person engaged in a fisheries business is allowed a credit against the tax
2 due under this chapter for 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 Alaska higher education investment fund under**
12 **AS 37.14.750.**

13 * **Sec. 24.** AS 43.77.045(a) is amended to read:

14 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
15 a floating fisheries business is allowed a credit against the tax due under this chapter
16 for cash contributions accepted **for**

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

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

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

25 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
26 nonprofit, public or private, Alaska two-year or four-year college accredited by a
27 regional accreditation association;

28 (5) [FOR] Alaska Native cultural or heritage programs and educational
29 support, including mentoring and tutoring, provided by a nonprofit agency for public
30 school staff and for students who are in grades kindergarten through 12 in the state;
31 [AND]

1 (6) [FOR] education, research, rehabilitation, and facilities by an
 2 institution that is located in the state and that qualifies as a coastal ecosystem learning
 3 center under the Coastal America Partnership established by the federal government;
 4 **and**

5 **(7) the Alaska higher education investment fund under**
 6 **AS 37.14.750.**

7 * **Sec. 25.** AS 43.77.045(a), as amended by sec. 49, ch. 92, SLA 2010, is amended to read:

8 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
 9 a floating fisheries business is allowed a credit against the tax due under this chapter
 10 for cash contributions accepted

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

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

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

19 **(4) for the Alaska higher education investment fund under**
 20 **AS 37.14.750.**

21 * **Sec. 26.** Section 8, ch. 14, SLA 2010, is repealed.

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

24 TRANSITION: ALASKA HIGHER EDUCATION INVESTMENT FUND. The
 25 Alaska higher education investment fund established in AS 37.14.750, enacted by sec. 12 of
 26 this Act, is the fund identified in sec. 20(f), ch. 5, FSSLA 2011.

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

29 TRANSITION: REGULATIONS. The Department of Education and Early
 30 Development, the Department of Labor and Workforce Development, the Department of
 31 Revenue, and the Alaska Commission on Postsecondary Education may adopt regulations

1 necessary to implement changes made to their respective authorities by this Act. The
2 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1,
3 2012.

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

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

7 (1) heading of art. 12 of AS 14.43 from "Alaska Merit Scholarship Program"
8 to "Alaska Performance Scholarship Program";

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

11 * **Sec. 30.** Sections 2, 4, 5 - 7, and AS 14.43.915(d) and (e), added by sec. 11 of this Act,
12 take effect April 1, 2013.

13 * **Sec. 31.** AS 14.43.830(a)(1)(C) and (D), added by sec. 9 of this Act, and the amendment
14 to AS 14.43.830(a)(2) made by sec. 9 of this Act take effect July 1, 2013.

15 * **Sec. 32.** Sections 15, 17, 19, 21, 23, and 25 of this Act take effect January 1, 2021.

16 * **Sec. 33.** Except as provided in secs. 30 - 32 of this Act, this Act takes effect immediately
17 under AS 01.10.070(c).

SENATE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced:
Referred:

A RESOLUTION

1 **Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State**
2 **Legislature, concerning House Bill No. 104, renaming the Alaska performance**
3 **scholarship and relating to the scholarship and tax credits applicable to contributions to**
4 **the scholarship; relating to AlaskAdvantage education grant funding and to Alaska**
5 **performance scholarship funding; establishing an account and fund for those purposes;**
6 **and making conforming amendments.**

7 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 That under Rule 54, Uniform Rules of the Alaska State Legislature, the provisions of
9 Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, regarding
10 changes to the title of a bill, are suspended in consideration of House Bill No. 104, renaming
11 the Alaska performance scholarship and relating to the scholarship and tax credits applicable
12 to contributions to the scholarship; relating to AlaskAdvantage education grant funding and to
13 Alaska performance scholarship funding; establishing an account and fund for those purposes;
14 and making conforming amendments.

Adopted 03/30/12

27-GH1893\S
Mischel
3/28/12

SENATE CS FOR CS FOR HOUSE BILL NO. 104(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE 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; relating to AlaskAdvantage education grant eligibility; establishing accounts**
5 **and a fund for those purposes; making conforming amendments; and providing for an**
6 **effective date."**

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

8 *** Section 1.** AS 14.03.113 is amended to read:

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

1 which the student is eligible. A district shall provide a student with an opportunity to
2 request that the district correct an error in the eligibility determination.

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

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

6 (1) a resident of this state;

7 (2) enrolled or about to be enrolled

8 (A) at an institution located in the state that is

9 (i) accredited by an institutional accrediting body
10 recognized by the United States Secretary of Education; or

11 (ii) approved to participate in the Alaska
12 performance scholarship program as a qualified postsecondary
13 institution under AS 14.43.830 [APPROVED TO PARTICIPATE IN
14 FEDERAL FINANCIAL AID PROGRAMS UNDER 20 U.S.C. 1070 -
15 1099c-2, AS AMENDED, LOCATED IN THIS STATE]; and

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

17 (3) able to demonstrate financial need in accordance with standards for
18 determining financial need established by the commission [UNDER 20 U.S.C. 1070c-
19 2, AS AMENDED].

20 * **Sec. 3.** AS 14.43.810 is amended to read:

21 **Sec. 14.43.810. Alaska performance [MERIT] scholarship program**
22 **established; regulations.** (a) The Alaska performance [MERIT] scholarship program
23 is established to provide scholarships for Alaska residents who have attained an
24 Alaska High School Diploma by Examination after January 1, 2011, or who are
25 high school graduates [WHO ARE ALASKA RESIDENTS] to attend a qualified
26 postsecondary institution in the state.

27 (b) The department shall, in consultation with the commission, adopt
28 regulations necessary to implement the Alaska performance scholarship program.
29 The commission shall administer the daily operations of the Alaska performance
30 scholarship program and financing of the Alaska performance scholarship program,
31 including the procedures for applying for the scholarships, establishing standards for

1 and ensuring continuing compliance with programmatic standards, and requiring
2 students to apply for other nonloan financial aid, consistent with federal law.

3 * **Sec. 4.** AS 14.43.820(a) is amended to read:

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

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

7 (2) **except as provided in (c) of this section,** graduated or will
8 graduate within six months from a high school in the state;

9 (3) **except as provided in (d) of this section,** has completed a core
10 academic curriculum **of** [IN] high school **level coursework** that includes

11 (A) four years of mathematics, four years of language arts, four
12 years of science, and four years of social studies, one year of which may
13 include a foreign language, an Alaska Native language, fine arts, or cultural
14 heritage; or

15 (B) three years of mathematics, four years of language arts,
16 three years of science, four years of social studies, and two years of a foreign
17 language or an Alaska Native language;

18 (4) **except as provided in (c) of this section,** has a minimum grade-
19 point average in high school of 2.5 or higher; the department shall set by regulation
20 minimum requirements based on a substantially similar standard for districts that do
21 not assign grades;

22 (5) has achieved a minimum score on a

23 (A) college entrance examination; or

24 (B) standardized examination designed to measure a student's
25 level of preparedness to make the transition to work, as selected by the
26 department; and

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

30 * **Sec. 5.** AS 14.43.820 is amended by adding new subsections to read:

31 (c) Notwithstanding the eligibility requirements in (a)(2) and (4) of this

1 section, the department shall adopt regulations to provide for the eligibility of a
2 student who has attained an Alaska High School Diploma by Examination in the state.

3 (d) The commissioner shall waive a portion of the core academic requirements
4 specified under (a)(3) of this section for not more than 12 additional months after a
5 student graduates from a high school in the state or 24 months after a student attains
6 an Alaska High School Diploma by Examination to provide an eligible applicant the
7 opportunity to complete the academic requirements at a qualified postsecondary
8 institution using a scholarship awarded under AS 14.43.825(a) or at a public high
9 school in the state with a district sponsorship under (g) of this section if the applicant
10 submits a timely application on a form approved by the commissioner and, for an
11 applicant who has graduated from a high school in the state, provides satisfactory
12 proof that the applicant was unable to complete the academic requirements under
13 (a)(3) of this section as a result of circumstances beyond the applicant's control,
14 including

15 (1) illness or disability;

16 (2) a lack of reasonable access to the required coursework at a small or
17 remote high school attended by the applicant in the state; and

18 (3) other circumstances prescribed by regulation adopted by the board.

19 (e) The commissioner shall approve or deny an application for a waiver
20 submitted under (d) of this section within 30 days after receiving the application.

21 (f) An applicant who receives a waiver under (d) of this section, shall, within
22 the time granted for the waiver, provide satisfactory proof to the commissioner of
23 completion of the core academic requirements specified under (a)(3) of this section.

24 (g) Notwithstanding a contrary provision in this title, a school district that
25 agrees to sponsor a student for a waiver under (d) of this section may include a student
26 who has been approved for a waiver under (d) of this section in the student count
27 conducted under AS 14.17.600 as a full-time or part-time student if the student attends
28 a school in the district for the purpose of completing the core academic requirements
29 under (a)(3) of this section.

30 (h) In this section, "district" has the meaning given in AS 14.17.990.

31 * **Sec. 6.** AS 14.43.825(a) is amended to read:

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

3 (1) the first award level is \$4,755 and requires a

4 (A) 3.5 grade-point average or above **or a total score in the**
5 **90th percentile or above on the general educational development**
6 **examination;** and

7 (B) [A] very high minimum score on a college entrance
8 examination;

9 (2) the second award level is \$3,566 and requires a

10 (A) 3.0 grade-point average or above **or a total score in the**
11 **80th percentile or above on the general educational development**
12 **examination;** and

13 (B) [A] high minimum score on a college entrance
14 examination;

15 (3) the third award level is \$2,378 and requires a

16 (A) 2.5 grade-point average or above **or a total score in the**
17 **70th percentile or above on the general educational development**
18 **examination;** and

19 (B) [A] moderately high minimum score on a college entrance
20 examination.

21 * Sec. 7. AS 14.43.825(b) is amended to read:

22 (b) A student's eligibility for a scholarship terminates six years after the date
23 the student **graduates** [GRADUATED] from high school **or attains a State of**
24 **Alaska High School Diploma by Examination,** unless the student qualifies for an
25 extension of time allowed by the department by regulation.

26 * Sec. 8. AS 14.43.825(f) is repealed and reenacted to read:

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

1 * **Sec. 9.** AS 14.43.830 is amended to read:

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

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

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

8 (B) **is** accredited by a regional **or national** accreditation
9 association;

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

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

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

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

27 * **Sec. 10.** AS 14.43.849(4) is amended to read:

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

30 * **Sec. 11.** AS 14.43 is amended by adding a new section to read:

31 **Sec. 14.43.915. AlaskAdvantage education grant account and Alaska**

1 **performance scholarship award account.** (a) The AlaskAdvantage education grant
2 account is created as an account in the general fund. Money may be appropriated to
3 the account from the Alaska higher education investment fund under AS 37.14.750
4 and from other sources. The commission may use the money in the account to pay
5 grants awarded under AS 14.43.400 - 14.43.420.

6 (b) The Alaska performance scholarship award account is created as an
7 account in the general fund. Money may be appropriated to the account from the
8 Alaska higher education investment fund under AS 37.14.750 and from other sources.
9 The commission may use the money in the account to pay scholarships awarded to
10 students under AS 14.43.810 - 14.43.849.

11 (c) Of the total amount available annually to the commission for payment of
12 grants under AS 14.43.400 - 14.43.420 and for payment of scholarships under
13 AS 14.43.810 - 14.43.849, one-third of the combined amount in the accounts
14 established under (a) and (b) of this section shall be available solely for payment of
15 grants awarded under AS 14.43.400 - 14.43.420. The commission shall annually
16 allocate to all qualified applicants for scholarships awarded under AS 14.43.810 -
17 14.43.849 two-thirds of the combined amount in the accounts. If an insufficient
18 number of qualified applicants are awarded scholarships under AS 14.43.810 -
19 14.43.849 before September 1 of each fiscal year, the balance of the account
20 established in (b) of this section shall be transferred to the account established in (a) of
21 this section for the payment of grants under AS 14.43.400 - 14.43.420 for that year. If
22 an insufficient number of qualified applicants are awarded grants under AS 14.43.400
23 - 14.43.420 before the end of that fiscal year, the commissioner shall redeposit the
24 remaining funds into the Alaska higher education investment fund established under
25 AS 37.14.750.

26 (d) The commission shall reserve a percentage calculated under this
27 subsection of the total amount available for awards in the accounts established under
28 (a) and (b) of this section each year for award to students who graduate from a school
29 district with an ADM of less than 800 or from a school that was operated by the
30 Alaska State-Operated School System established under former AS 14.08.020. The
31 percentage reserved under this subsection shall be calculated by adding the ADMs of

1 districts with an ADM of less than 800 and the number of students enrolled in a school
2 that was operated by the Alaska State-Operated School System established under
3 former AS 14.08.020 that is located in a district with an ADM of 800 or more and then
4 dividing that number by the sum of the ADMs of all districts in the state.

5 (e) If an insufficient number of applicants apply for the available amount
6 reserved under (d) of this section, the commission shall redeposit the remaining
7 amount in the account from which the funds originated.

8 (f) In this section,

9 (1) "ADM" has the meaning given in AS 14.17.990;

10 (2) "district" has the meaning given in AS 14.17.990, but also includes
11 a state boarding school under AS 14.16.

12 * **Sec. 12.** AS 14.45.130(a) is amended to read:

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

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

19 **Article 8A. Alaska Higher Education Investment Fund.**

20 **Sec. 37.14.750. Alaska higher education investment fund established.** (a)

21 The Alaska higher education investment fund is established in the general fund for the
22 purpose of making grants awarded under AS 14.43.400 - 14.43.420 by appropriation
23 to the account established under AS 14.43.915(a) and of making scholarship payments
24 to qualified postsecondary institutions for students under AS 14.43.810 - 14.43.849 by
25 appropriation to the account established under AS 14.43.915(b). Money in the fund
26 does not lapse. The fund consists of

27 (1) money appropriated to the fund;

28 (2) income earned on investment of fund assets;

29 (3) donations to the fund; and

30 (4) money redeposited under AS 14.43.915(c).

31 (b) The legislature may appropriate any amount to the fund established in (a)

1 of this section. Nothing in this section creates a dedicated fund.

2 (c) As soon as is practicable after July 1 of each year, the commissioner of
3 revenue shall determine the market value of the fund established in this section on
4 June 30 for the immediately preceding fiscal year. The commissioner shall identify 10
5 percent of that amount as available for appropriation as follows:

6 (1) one-third for the grant account established under AS 14.43.915(a),
7 from which the Alaska Commission on Postsecondary Education may award grants;
8 and

9 (2) two-thirds for the scholarship account established under
10 AS 14.43.915(b), from which the Alaska Commission on Postsecondary Education
11 may award scholarships.

12 (d) In this section, unless the context requires otherwise, "fund" means the
13 Alaska higher education investment fund established in (a) of this section.

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

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

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

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

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

25 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
26 nonprofit, public or private, Alaska two-year or four-year college accredited by a
27 regional accreditation association;

28 (5) [FOR] Alaska Native cultural or heritage programs and educational
29 support, including mentoring and tutoring, provided by a nonprofit agency for public
30 school staff and for students who are in grades kindergarten through 12 in the state;

31 [AND]

1 (6) [FOR] education, research, rehabilitation, and facilities by an
2 institution that is located in the state and that qualifies as a coastal ecosystem learning
3 center under the Coastal America Partnership established by the federal government;

4 **and**

5 **(7) the Alaska higher education investment fund under**
6 **AS 37.14.750.**

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

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

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

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

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

18 **(4) for the Alaska higher education investment fund under**
19 **AS 37.14.750.**

20 * **Sec. 16.** AS 43.55.019(a) is amended to read:

21 (a) A producer of oil or gas is allowed a credit against the tax due under this
22 chapter for cash contributions accepted **for**

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

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

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

31 (4) [FOR] a facility or an annual intercollegiate sports tournament by a

1 nonprofit, public or private, Alaska two-year or four-year college accredited by a
2 regional accreditation association;

3 (5) [FOR] Alaska Native cultural or heritage programs and educational
4 support, including mentoring and tutoring, provided by a nonprofit agency for public
5 school staff and for students who are in grades kindergarten through 12 in the state;
6 [AND]

7 (6) [FOR] education, research, rehabilitation, and facilities by an
8 institution that is located in the state and that qualifies as a coastal ecosystem learning
9 center under the Coastal America Partnership established by the federal government;
10 **and**

11 **(7) the Alaska higher education investment fund under**
12 **AS 37.14.750.**

13 * **Sec. 17.** AS 43.55.019(a), as amended by sec. 21, ch. 92, SLA 2010, is amended to read:

14 (a) A producer of oil or gas is allowed a credit against the tax due under this
15 chapter for cash contributions accepted

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

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

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

24 **(4) for the Alaska higher education investment fund under**
25 **AS 37.14.750.**

26 * **Sec. 18.** AS 43.56.018(a) is amended to read:

27 (a) The owner of property taxable under this chapter is allowed a credit
28 against the tax due under this chapter for cash contributions accepted **for**

29 (1) [FOR] direct instruction, research, and educational support
30 purposes, including library and museum acquisitions, and contributions to endowment,
31 by an Alaska university foundation or by a nonprofit, public or private, Alaska two-

1 year or four-year college accredited by a regional accreditation association;

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

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

6 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
7 nonprofit, public or private, Alaska two-year or four-year college accredited by a
8 regional accreditation association;

9 (5) [FOR] Alaska Native cultural or heritage programs and educational
10 support, including mentoring and tutoring, provided by a nonprofit agency for public
11 school staff and for students who are in grades kindergarten through 12 in the state;
12 [AND]

13 (6) [FOR] education, research, rehabilitation, and facilities by an
14 institution that is located in the state and that qualifies as a coastal ecosystem learning
15 center under the Coastal America Partnership established by the federal government;

16 **and**

17 **(7) the Alaska higher education investment fund under**
18 **AS 37.14.750.**

19 * **Sec. 19.** AS 43.56.018(a), as amended by sec. 28, ch. 92, SLA 2010, is amended to read:

20 (a) The owner of property taxable under this chapter is allowed a credit
21 against the tax due under this chapter for cash contributions accepted

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

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

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

30 **(4) for the Alaska higher education investment fund under**
31 **AS 37.14.750.**

1 * **Sec. 20.** AS 43.65.018(a) is amended to read:

2 (a) A person engaged in the business of mining in the state is allowed a credit
3 against the tax due under this chapter for cash contributions accepted **for**

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

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

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

12 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
13 nonprofit, public or private, Alaska two-year or four-year college accredited by a
14 regional accreditation association;

15 (5) [FOR] Alaska Native cultural or heritage programs and educational
16 support, including mentoring and tutoring, provided by a nonprofit agency for public
17 school staff and for students who are in grades kindergarten through 12 in the state;
18 [AND]

19 (6) [FOR] education, research, rehabilitation, and facilities by an
20 institution that is located in the state and that qualifies as a coastal ecosystem learning
21 center under the Coastal America Partnership established by the federal government;
22 **and**

23 **(7) the Alaska higher education investment fund under**
24 **AS 37.14.750.**

25 * **Sec. 21.** AS 43.65.018(a), as amended by sec. 35, ch. 92, SLA 2010, is amended to read:

26 (a) A person engaged in the business of mining in the state is allowed a credit
27 against the tax due under this chapter for cash contributions accepted

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

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

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

5 (4) for the Alaska higher education investment fund under
6 AS 37.14.750.

7 * **Sec. 22.** AS 43.75.018(a) is amended to read:

8 (a) A person engaged in a fisheries business is allowed a credit against the tax
9 due under this chapter for cash contributions accepted for

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

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

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

18 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
19 nonprofit, public or private, Alaska two-year or four-year college accredited by a
20 regional accreditation association;

21 (5) [FOR] Alaska Native cultural or heritage programs and educational
22 support, including mentoring and tutoring, provided by a nonprofit agency for public
23 school staff and for students who are in grades kindergarten through 12 in the state;
24 [AND]

25 (6) [FOR] education, research, rehabilitation, and facilities by an
26 institution that is located in the state and that qualifies as a coastal ecosystem learning
27 center under the Coastal America Partnership established by the federal government;
28 and

29 (7) the Alaska higher education investment fund under
30 AS 37.14.750.

31 * **Sec. 23.** AS 43.75.018(a), as amended by sec. 42, ch. 92, SLA 2010, is amended to read:

1 (a) A person engaged in a fisheries business is allowed a credit against the tax
2 due under this chapter for 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 Alaska higher education investment fund under
12 AS 37.14.750.

13 * **Sec. 24.** AS 43.77.045(a) is amended to read:

14 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
15 a floating fisheries business is allowed a credit against the tax due under this chapter
16 for cash contributions accepted for

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

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

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

25 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
26 nonprofit, public or private, Alaska two-year or four-year college accredited by a
27 regional accreditation association;

28 (5) [FOR] Alaska Native cultural or heritage programs and educational
29 support, including mentoring and tutoring, provided by a nonprofit agency for public
30 school staff and for students who are in grades kindergarten through 12 in the state;
31 [AND]

1 (6) [FOR] education, research, rehabilitation, and facilities by an
2 institution that is located in the state and that qualifies as a coastal ecosystem learning
3 center under the Coastal America Partnership established by the federal government;

4 and

5 (7) the Alaska higher education investment fund under
6 AS 37.14.750.

7 * **Sec. 25.** AS 43.77.045(a), as amended by sec. 49, ch. 92, SLA 2010, is amended to read:

8 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
9 a floating fisheries business is allowed a credit against the tax due under this chapter
10 for cash contributions accepted

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

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

17 (3) by a state-operated vocational technical education and training
18 school; and

19 (4) for the Alaska higher education investment fund under
20 AS 37.14.750.

21 * **Sec. 26.** Section 8, ch. 14, SLA 2010, is repealed.

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

24 TRANSITION: ALASKA HIGHER EDUCATION INVESTMENT FUND. The
25 Alaska higher education investment fund established in AS 37.14.750, enacted by sec. 12 of
26 this Act, is the fund identified in sec. 20(f), ch. 5, FSSLA 2011.

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

29 TRANSITION: REGULATIONS. The Department of Education and Early
30 Development, the Department of Labor and Workforce Development, the Department of
31 Revenue, and the Alaska Commission on Postsecondary Education may adopt regulations

1 necessary to implement changes made to their respective authorities by this Act. The
2 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1,
3 2012.

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

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

7 (1) heading of art. 12 of AS 14.43 from "Alaska Merit Scholarship Program"
8 to "Alaska Performance Scholarship Program";

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

11 * **Sec. 30.** Sections 2, 4, 5 - 7, and AS 14.43.915(d) and (e), added by sec. 11 of this Act,
12 take effect April 1, 2013.

13 * **Sec. 31.** AS 14.43.830(a)(1)(C) and (D), added by sec. 9 of this Act, and the amendment
14 to AS 14.43.830(a)(2) made by sec. 9 of this Act take effect July 1, 2013.

15 * **Sec. 32.** Sections 15, 17, 19, 21, 23, and 25 of this Act take effect January 1, 2021.

16 * **Sec. 33.** Except as provided in secs. 30 - 32 of this Act, this Act takes effect immediately
17 under AS 01.10.070(c).

2012 Alaska Performance Scholarship Outcomes Report



EXHIBIT 1. 2010-2011 APS Eligibility and Acceptance by District/Region

District Name / Region	Class of 2011 High School Graduates	APS-Eligible Graduates	Percent Eligible	APS Recipients	APS \$ Awarded
Alaska Gateway / Interior	22	6	27%	*	*
Aleutians East / Southwest	13	*	*	*	*
Aleutian Region / Southwest	*	*	*	*	*
Anchorage / Southcentral	3,062	1,081	35%	359	\$1,203,217
Annette Island / Southeast	13	*	*	*	*
Bering Strait / Far North	106	*	*	*	*
Bristol Bay / Southwest	9	*	*	*	*
Chatham / Southeast	13	*	*	*	*
Chugach / Southcentral	7	*	*	*	*
Copper River / Southcentral	24	9	38%	7	\$26,154
Cordova City / Southcentral	32	10	31%	*	*
Craig City / Southeast	22	*	*	*	*
Delta-Greely / Interior	55	14	25%	10	\$33,289
Denali / Interior	19	7	37%	*	*
Dillingham / Southwest	20	*	*	*	*
Fairbanks / Interior	836	288	34%	142	\$487,216
Galena / Interior	253	54	21%	25	\$91,549
Haines / Southeast	24	10	42%	*	*
Hoonah / Southeast	4	*	*	*	*
Hydaburg / Southeast	4	*	*	*	*
Iditarod / Southwest	27	*	*	*	*
Juneau / Southeast	403	115	29%	25	\$77,277
Kake / Southeast	6	*	*	*	*
Kashunamiut / Southwest	12	*	*	*	*
Kenai Peninsula / Southcentral	593	179	30%	58	\$199,287
Ketchikan / Southeast	122	48	39%	19	\$63,903
Klawock / Southeast	11	*	*	*	*
Kodiak Island / Southwest	181	67	37%	17	\$49,928

* Information cannot be disclosed without potentially releasing personally identifiable information.

EXHIBIT 1. (continued)

District Name / Region	Class of 2011 High School Graduates	APS-Eligible Graduates	Percent Eligible	APS Recipients	APS \$ Awarded
Kuspuk / Southwest	20	*	*	*	*
Lake and Peninsula / Southwest	26	*	*	*	*
Lower Kuskokwim / Southwest	150	12	8%	*	*
Lower Yukon / Southwest	67	*	*	*	*
Mat-Su / Southcentral	1,085	244	22%	91	\$309,281
Mt Edgecumbe / Southeast	74	13	18%	*	*
Nenana / Interior	128	5	4%	*	*
Nome / Far North	29	10	34%	6	\$19,642
North Slope / Far North	86	17	20%	8	\$30,910
Northwest Arctic / Far North	78	*	*	*	*
Pelican / Southeast	*	*	*	*	*
Petersburg / Southeast	53	25	47%	9	\$39,234
Pribilof / Southwest	4	*	*	*	*
Saint Mary's / Southwest	13	*	*	*	*
Sitka / Southeast	98	37	38%	5	\$12,484
Skagway / Southeast	12	5	42%	*	*
Southeast Island / Southeast	10	*	*	*	*
Southwest Region / Southwest	32	*	*	*	*
Tanana / Interior	*	*	*	*	*
Unalaska / Southwest	22	10	45%	5	\$16,040
Valdez / Southcentral	45	13	29%	8	\$21,400
Wrangell / Southeast	26	7	27%	*	*
Yakutat / Southeast	9	*	*	*	*
Yukon Flats / Far North	8	*	*	*	*
Yukon-Koyukuk / Interior	88	7	8%	*	*
Yupiit / Southwest	8	*	*	*	*
Statewide Public Schools Total	8,064	2,322	29%	835	\$2,826,835
Non-Public Schools Total	N/A	42	N/A	35	\$133,079

** Information cannot be disclosed without potentially releasing personally identifiable information.*

APPENDIX E.

Alaska Regions Referenced in the APS Report



Created by: Alaska Department of Labor and Workforce Development

EXHIBIT 2. AY11 Graduates' APS Percentage Eligibility and Use by Region

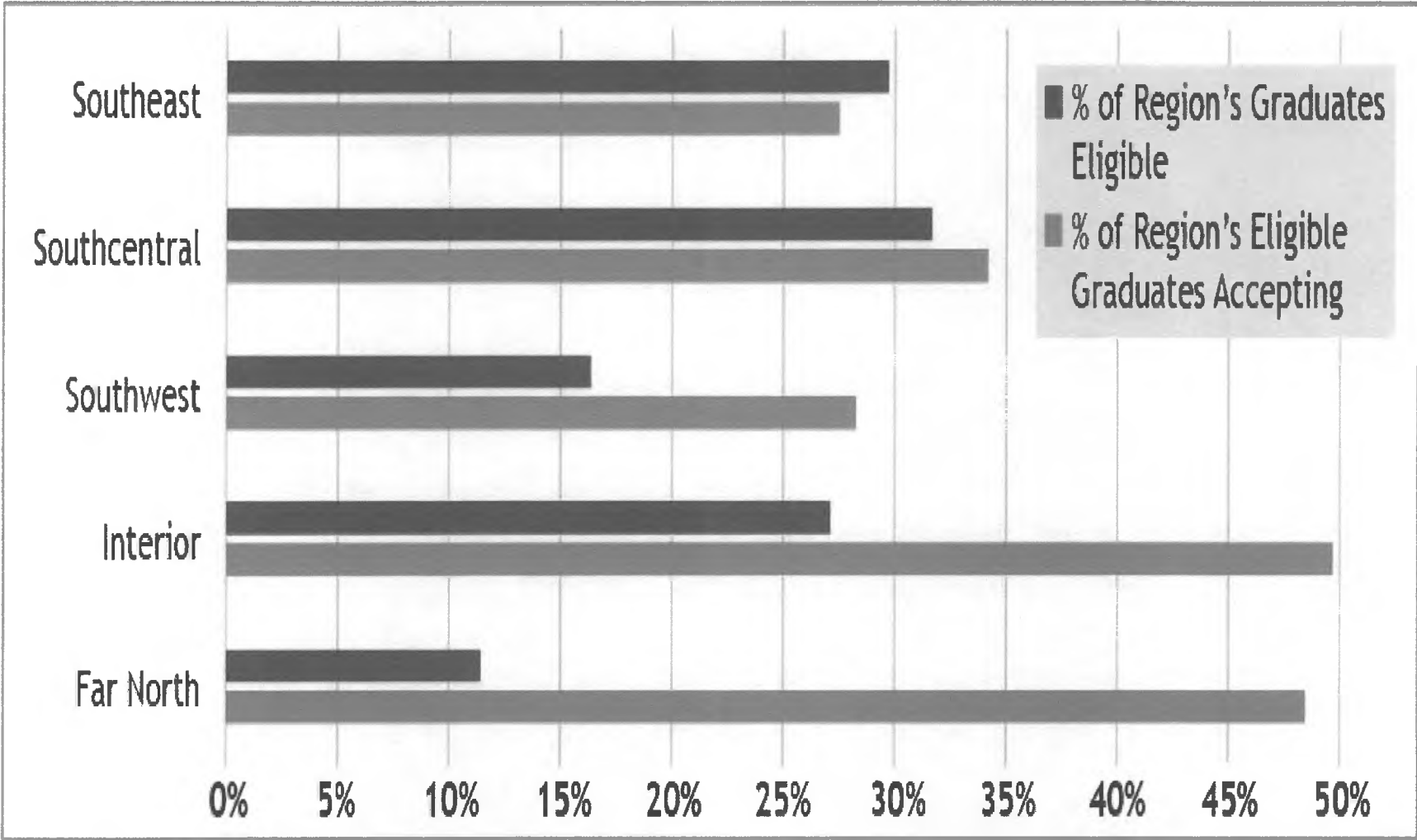


EXHIBIT 3. APS Eligibility and Recipients by Gender

	Public School Graduates	Eligible		Recipients	
		Count	% of Graduates	Count	% of Eligible
Totals	8,064	2,322	28.8%	835	36.0%
Male	4,012	1,060	26.4%	380	35.8%
Female	4,052	1,262	31.1%	455	36.1%

EXHIBIT 4. APS Eligibility and Recipients by Ethnicity

	Public School Graduates	Eligible		Recipients	
		Count	% of Graduates	Count	% of Eligible
Total	8,064	2,322	28.8%	835	36.0%
Caucasian (White)	4,764	1,807	37.9%	652	36.1%
Alaska Native/American Indian	1,463	122	8.3%	44	36.1%
Asian	575	143	24.9%	44	30.8%
Hispanic	427	78	18.3%	33	42.3%
Native Hawaiian or Pacific Islander	402	112	27.9%	40	35.7%
African-American (Black), not Hispanic	292	50	17.1%	18	36.0%
2 or more races (not Hispanic)	141	10	7.1%	4	40.0%

EXHIBIT 6. AY11 Public School Graduates' In-state and Out-of-state Attendance Patterns

	Headcounts			
	AY11 Graduates	Attended In AK	Attended Outside	Not Found / Not Attending
Total Graduates	8,064	2,437	1,401	4,226
Not APS Eligible	5,742	1,439	467	3,836
Total APS Eligible	2,322	998	934	390
Level 1	922	298	518	106
Level 2	687	350	215	122
Level 3	713	350	201	162

	Percentages			
	AY11 Graduates	Attended In AK	Attended Outside	Not Found / Not Attending
Total Graduates	8,064	30%	17%	52%
Not APS Eligible	5,742	25%	8%	67%
Total APS Eligible	2,322	43%	40%	17%
Level 1	922	32%	56%	11%
Level 2	687	51%	31%	18%
Level 3	713	49%	28%	23%

EXHIBIT 9. APS Recipients and Postsecondary Attendance by Institution

Institution	Total # of Awards
Alaska Bible College	5
AVTEC	7
UAA	497
UAF	316
UAS	40
Other Institutions	5

EXHIBIT 10. APS Award Amounts by Degree/Certificate

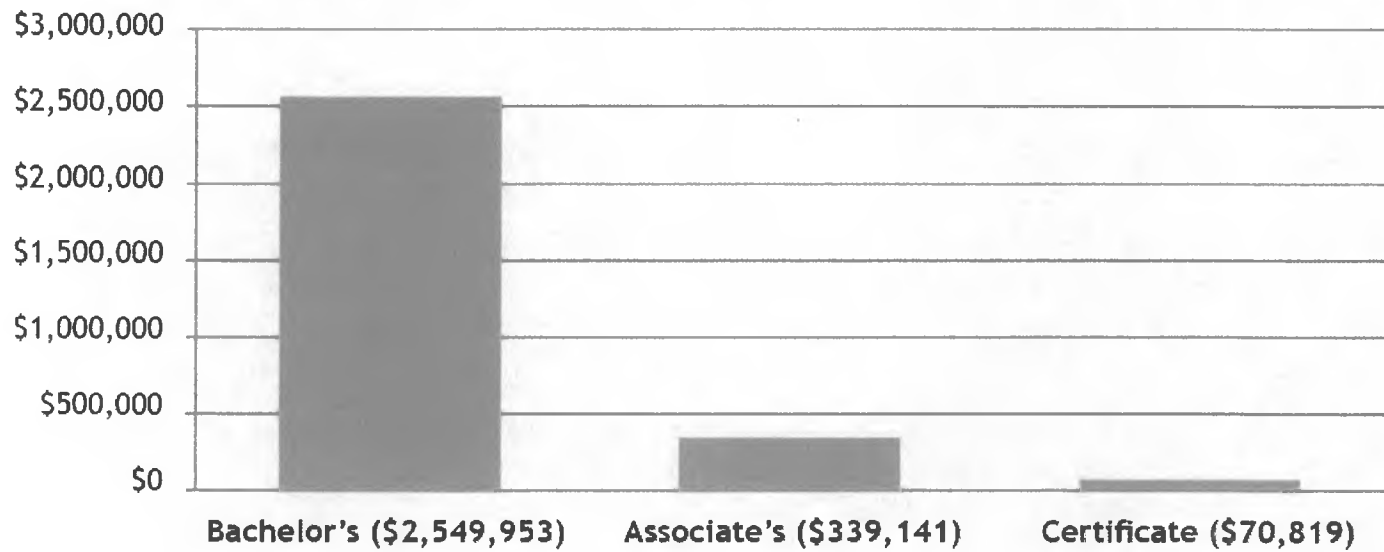


EXHIBIT 11. APS Award Amounts by Enrollment Status

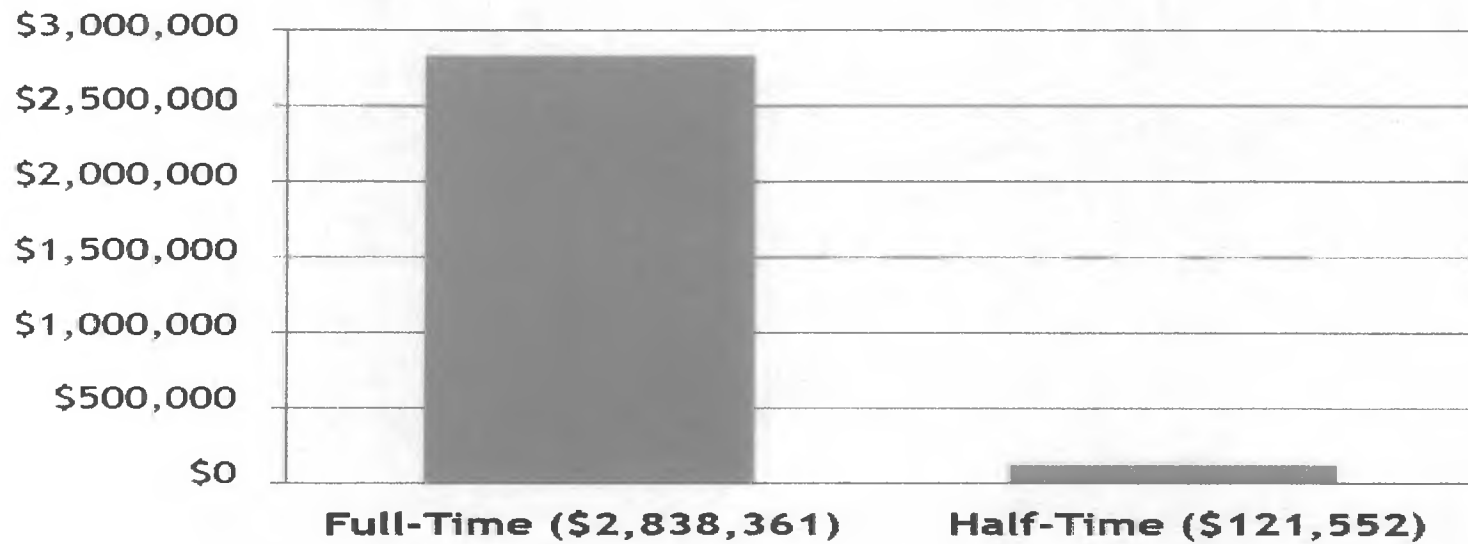
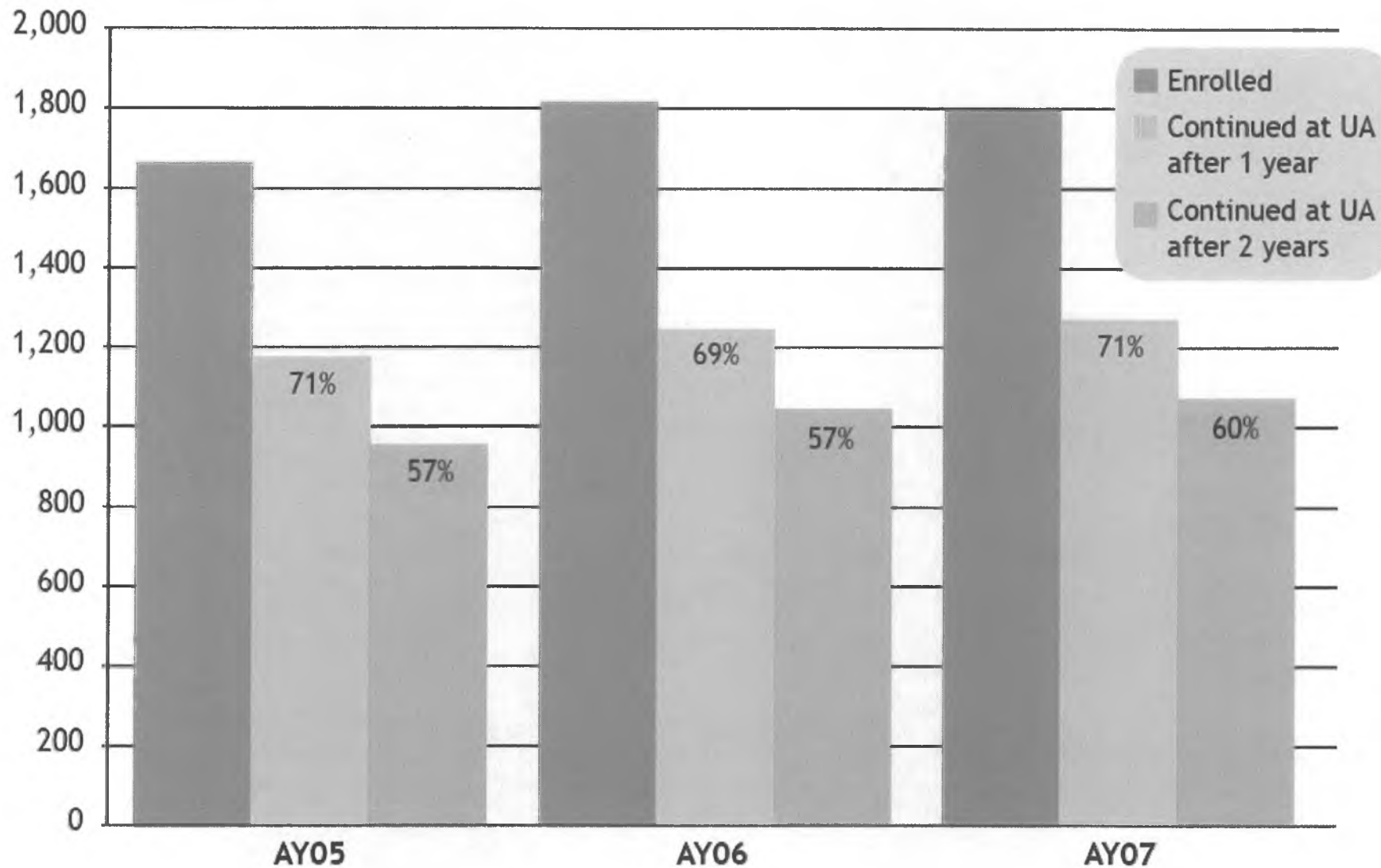


EXHIBIT 14. UA First-Time Freshmen in AY12 Taking Preparatory Courses and Average Credit Hours Attempted

Total Headcount of First-Time Freshman, AY12 = 3,631	Non-APS- Eligible First-Time Freshmen	APS-Eligible First-Time Freshmen				
		Total Eligible	College Level 1	College Level 2	College Level 3	All Vocational
Total Student Headcount	2,751	880	262	310	287	21
Students Taking Any Preparatory Courses	1,784	241	23	86	124	8
Percent of Total Headcount	64.8%	27.4%	8.8%	27.7%	43.2%	38.1%
Students Taking Preparatory Math	1,504	207	21	71	108	7
Percent of Total Headcount	54.7%	23.5%	8.0%	22.9%	37.6%	33.3%
Students Taking Preparatory English	1,003	52	2	15	32	3
Percent of Total Headcount	36.5%	5.9%	0.8%	4.8%	11.1%	14.3%
Average Total Hours Attempted	11.3	13.6	14.5	13.6	13.0	12.8
Avg. Preparatory Hours Attempted	2.9	1.0	0.3	0.9	1.6	1.7
Avg. Preparatory Hours - Math	1.7	0.7	0.2	0.7	1.2	1.1
Avg. Preparatory Hours - English	1.1	0.2	0.0	0.2	0.4	0.5

EXHIBIT 17. Retention of AY05-AY07 High School Graduates Attending UA Within One Year of Graduation



**EXHIBIT 18. UA Degree and Certificate Completion by AY11, for AY05-AY07
High School Graduates Attending UA Within One Year of Graduation**

Graduates Pursuing a Degree	AY05	AY06	AY07
Total Enrolled in a Degree Program	1,674	1,824	1,802
Total Completing Program	529	397	253
Percentage Completing Program	31.6%	21.8%	14.0%
Average Years to Completion	4.42	4.03	3.48

Graduates Pursuing a Certificate	AY07
Total Enrolled in a Certificate Program	38
Total Completing Program	9
Percentage Completing Program	23.7%
Average Years to Completion	1.44

2012 Alaska Performance Scholarship Outcomes Report



Presented to the Public, the Governor, and the Alaska Legislature by

Alaska Commission on Postsecondary Education
Alaska Department of Education & Early Development
Alaska Department of Labor and Workforce Development
University of Alaska

By Brian Rae
Assistant Director of Research and Analysis
Alaska Commission on Postsecondary Education

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1/25/2011





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EXECUTIVE SUMMARY

As set forth in Alaska Statute 14.43.840, the state's departments of Education & Early Development (EED) and Labor and Workforce Development (DOLWD), the University of Alaska (UA), and the Alaska Commission on Postsecondary Education (ACPE) present this first annual report on the Alaska Performance Scholarship (APS) to the public, the Governor, and the Legislature. In its first year, as of January 1, 2012 the APS has awarded over \$3,000,000 to over 900¹ Alaska high school graduates from the class of 2011, with over 1,400 additional students who qualified and will remain eligible to receive the APS in coming years.

Described as "an invitation to excellence," the scholarship's intent is to inspire students to push themselves academically in areas that correlate to success in college and career training. While it is still too early to measure the full effects of the scholarship, some students have indicated that the APS has had an effect on them. While the graduating class of 2011 had very little time to change their classes or study habits in order to qualify for the scholarship, in a recent survey of APS-eligible students, 16% said they had worked harder in school in order to increase their GPA, 20% said they either took or retaken a standardized test in order to become eligible, and 10% made changes to the classes they were taking. Perhaps most importantly, over one-quarter of the survey respondents said that the scholarship was extremely important in influencing their decision on whether or not to pursue postsecondary education.

APS recipients come from all regions of the state, though their eligibility and use of the scholarship vary by gender, race/ethnicity, and region. And, while there are a variety of approved training providers throughout the state at which students may use the APS, over 98% of the students in this first year are using their scholarships at one of the University of Alaska campuses. Over 96% of APS funds go to pay for students enrolled full time, and 86% of APS funds go to students pursuing a bachelor's degree.

In future years, as APS recipients progress through their academic careers and join the labor force, a more complete picture of APS' impacts on students will begin to form, and there will be additional evidence to determine how the scholarship is influencing Alaska students and providing additional opportunities for them to pursue postsecondary education and succeed in the workforce. Until then, the following report provides some preliminary information on this, the inaugural class of recipients of the Alaska Performance Scholarship, including characteristics of who is receiving the APS, where they came from, where they are pursuing their postsecondary studies, how much was spent, and some preliminary indicators of how these recipients are faring in their first year of studies.

¹ The full report references APS data as of November 14, 2011, the date information on students' APS eligibility and usage was collected and distributed to the agencies partnering in the writing of this report. At that time, APS had awarded 870 recipients approximately \$2.94 million.



“I am so grateful for the APS scholarship, as I was not completely sure I was willing to take on a student loan to attend full time. Because of the APS scholarship, in conjunction with the UAA Scholars scholarship, I am able to attend full time without any loans. I am very fortunate for the timing of the APS!”

Level 1 APS Recipient, in response to APS Outcomes Survey

“I am very thankful that the APS was available for me. I definitely have a hard time paying for school, especially as a full time student working part time hours, with full time working parents who have never received higher than a high school education. I am a full time student, daughter, and eldest sibling. I am also a part time employee. Paying for tuition on top of textbooks and other fees is almost near impossible for me. Thank you APS for this opportunity, I would be struggling to make ends meet without this scholarship!”

Level 2 APS Recipient, in response to APS Outcomes Survey

“I believe the Alaska Performance Scholarship promoted the competitiveness of the University of Alaska system in its attempt to endorse post-secondary education in the state. Also, I would also want to mention that the customer service was remarkably great. I was surprised that those answering my calls were knowledgeable and did everything to help my cause, so I commend them for that!”

Level 1 APS Recipient, in response to APS Outcomes Survey



ALASKA PERFORMANCE SCHOLARSHIP INAUGURAL YEAR'S OUTCOMES REPORT

As set forth in Alaska Statute 14.43.840, Alaska's Departments of Education & Early Development (EED) and Labor and Workforce Development (DOLWD), the University of Alaska (UA), and the Alaska Commission on Postsecondary Education (ACPE) present this first annual report on the Alaska Performance Scholarship to the public, the Governor, and the Legislature. While the legislatively authorized framework of the Alaska Performance Scholarship, or APS, has been in place for little more than one year, by mid-November 2011 the program had provided \$2,959,913 to 870 Alaskans from the 2011 high school graduating class² to provide assistance in paying for their postsecondary education. An additional 1,452 graduates qualified in 2011 and will remain eligible to receive the APS, and may take advantage of its benefit in coming years.

The APS has been described as "an invitation to excellence," in that students must strive to meet certain education milestones, which correlate to success in college and career training, in order to be eligible for a scholarship. (Information on the requirements is included in Appendix A.) Students' eligibility was verified by their school districts. The final list of eligible APS students, with relevant information, was then provided to EED. School districts were not required to report to EED the underlying details relative to each student's APS award eligibility for academic year 2011 (AY11), as such information was not readily available or easily compiled for the initial reporting period. However, this information was voluntarily provided for approximately one-third of APS-eligible students³.

AN ANALYSIS OF HIGH SCHOOL GRADUATES, APS-ELIGIBLE GRADUATES, AND RECIPIENTS

Data Sources for the AY11 APS Outcomes Report

Information on AY11 graduates is available from several sources. EED maintains information on public school students in its K-12 data system known as OASIS (the On-line Alaska School Information System), and collects some information on a small number of graduates from outside of the public school systems who applied for an APS. As the primary source of information on all Alaska public high school graduates, including those who decide not to pursue postsecondary education, EED's data was used to identify socioeconomic and demographic characteristics of students. In order to provide comparisons between the AY11 graduating class and prior years' graduates, EED provided several years of high school graduation data for the APS outcomes report. For the graduating class of 2011, the EED data can be considered to be in its final form, with no future updates or changes expected. For all other sources of information on these students, the data available is preliminary and in some cases is likely to see significant future revisions.

For students pursuing postsecondary education at one of the University of Alaska campuses, UA's BANNER system is the primary source of information about their progress toward attaining their degree or certificate. Incorporating the information on Alaska high school graduates provided by EED, the Institutional Research & Analysis (IRA) unit at UA provided some characteristics of APS-eligible students, including preliminary findings on enrollments for students attending any UA school. Data included in this report was collected early in the fall semester, and will almost certainly change once complete semester data becomes available. In future years, such information on students' rates of college attendance, retention and completion will provide valuable measures of the APS' impacts on students' educational outcomes.

DOLWD is able to link its labor force and wage data to high school and postsecondary graduates, a capability that will provide valuable information on the effects of the APS in years to come as graduates

² Public high school graduate information comes primarily from EED's summer OASIS data collection, and represents information confirmed by October 4, 2011. APS recipient information comes from ACPE's Alaska Student Aid Portal system (ASAP), and is current as of November 14, 2011. Information in both databases has been subject to slight changes since the substantive data used in this report was collected. Some information contained in this report may reflect more recent data, and slight differences in reported data may exist due to record matching disparities among the four agencies. The most recent data is available from these agencies, and on the APS webpage at aps.alaska.gov.

³ EED is coordinating with school districts to build capacity for reporting individual-level data, including student GPA, completed course information, and SAT, ACT or WorkKeys scores for those students who have their scores reported to their district.



enter the workforce. While such information will not be available for APS recipients for several years, DOLWD's Research & Analysis Section has conducted several similar studies to date, looking at characteristics such as comparative wages, workers' occupations, place of work, and unemployment insurance use. This information will provide the benchmark against which to measure APS recipients in the future.

ACPE collects information on those students who complete the Free Application for Federal Student Aid (FAFSA) and other information on students receiving the APS, as well as students receiving other grants and loans it administers. ACPE also contracts with the National Student Clearinghouse (NSC) to receive information on Alaska students and their pursuit of postsecondary education, either in or outside the state⁴. For this year's APS outcomes report, ACPE also conducted a survey of APS-eligible students to gain some understanding of how the scholarship affected them. By combining the data available from these different sources, this first annual report derives a preliminary profile of the state's most recent graduates, of APS-eligible students, and of APS recipients.

Where Do APS-Eligible and Recipient Students Reside?

Consistent with the state's population distribution, the majority of APS-eligible students and recipients come from the Anchorage School District, the largest city in the state and the school district which accounted for nearly 40% of the state's public school graduates in AY11. At the other extreme, in AY11 there were 12 of Alaska's 54 school districts which graduated fewer than 10 students⁵, two of which had no seniors. (See Exhibit 1.)

EXHIBIT 1. 2010-2011 APS Eligibility and Acceptance by District/Region

District Name / Region	Class of 2011 High School Graduates	APS-Eligible Graduates	Percent Eligible	APS Recipients	APS \$ Awarded
Alaska Gateway / Interior	22	6	27%	*	*
Aleutians East / Southwest	13	*	*	*	*
Aleutian Region / Southwest	*	*	*	*	*
Anchorage / Southcentral	3,062	1,081	35%	359	\$1,203,217
Annette Island / Southeast	13	*	*	*	*
Bering Strait / Far North	106	*	*	*	*
Bristol Bay / Southwest	9	*	*	*	*
Chatham / Southeast	13	*	*	*	*
Chugach / Southcentral	7	*	*	*	*
Copper River / Southcentral	24	9	38%	7	\$26,154
Cordova City / Southcentral	32	10	31%	*	*
Craig City / Southeast	22	*	*	*	*
Delta-Greely / Interior	55	14	25%	10	\$33,289
Denali / Interior	19	7	37%	*	*
Dillingham / Southwest	20	*	*	*	*
Fairbanks / Interior	836	288	34%	142	\$487,216
Galena / Interior	253	54	21%	25	\$91,549

* Information cannot be disclosed without potentially releasing personally identifiable information.

⁴ NSC states that 93% of all U.S. higher education students from 3,300 postsecondary institutions are reported to the Clearinghouse. NSC is more likely to miss students in smaller schools and those pursuing certificates and vocational licenses. For Alaska, the NSC database contains information only from the UA system and from Alaska Pacific University. The algorithm to match students is also prone to slight errors, in both erroneously matching records for different students, and in not matching records for the same student. These errors affect only a small percentage of students, but numbers may not equal other reported results due to these matching issues.

⁵ There are 53 local public school districts in Alaska plus the Mount Edgecumbe boarding school in Sitka, which is managed by EED.



EXHIBIT 1. (continued)

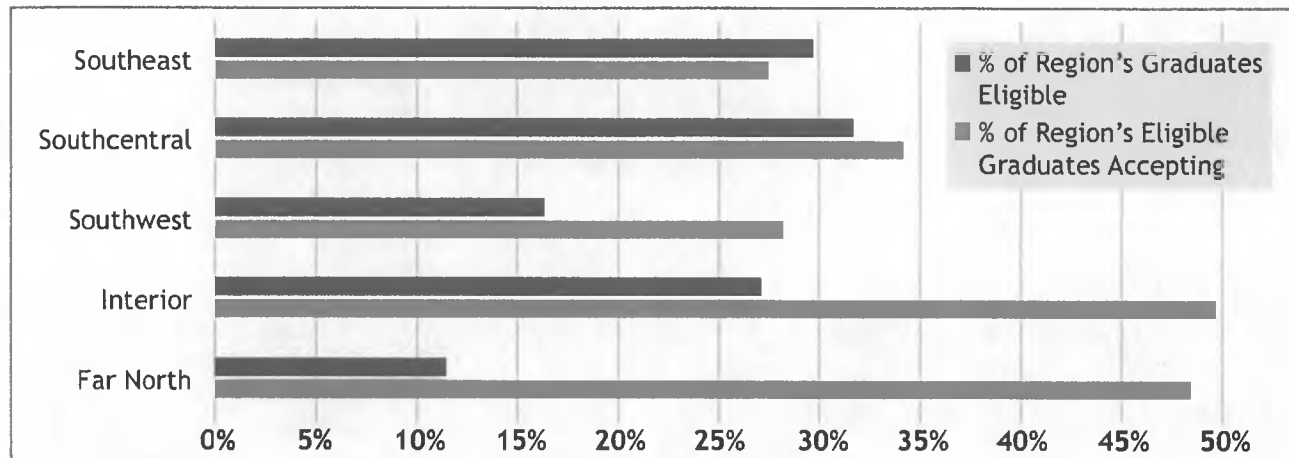
District Name / Region	Class of 2011 High School Graduates	APS-Eligible Graduates	Percent Eligible	APS Recipients	APS \$ Awarded
Haines / Southeast	24	10	42%	*	*
Hoonah / Southeast	4	*	*	*	*
Hydaburg / Southeast	4	*	*	*	*
Iditarod / Southwest	27	*	*	*	*
Juneau / Southeast	403	115	29%	25	\$77,277
Kake / Southeast	6	*	*	*	*
Kashunamiut / Southwest	12	*	*	*	*
Kenai Peninsula / Southcentral	593	179	30%	58	\$199,287
Ketchikan / Southeast	122	48	39%	19	\$63,903
Klawock / Southeast	11	*	*	*	*
Kodiak Island / Southwest	181	67	37%	17	\$49,928
Kuspuk / Southwest	20	*	*	*	*
Lake and Peninsula / Southwest	26	*	*	*	*
Lower Kuskokwim / Southwest	150	12	8%	*	*
Lower Yukon / Southwest	67	*	*	*	*
Mat-Su / Southcentral	1,085	244	22%	91	\$309,281
Mt Edgecumbe / Southeast	74	13	18%	*	*
Nenana / Interior	128	5	4%	*	*
Nome / Far North	29	10	34%	6	\$19,642
North Slope / Far North	86	17	20%	8	\$30,910
Northwest Arctic / Far North	78	*	*	*	*
Pelican / Southeast	*	*	*	*	*
Petersburg / Southeast	53	25	47%	9	\$39,234
Pribilof / Southwest	4	*	*	*	*
Saint Mary's / Southwest	13	*	*	*	*
Sitka / Southeast	98	37	38%	5	\$12,484
Skagway / Southeast	12	5	42%	*	*
Southeast Island / Southeast	10	*	*	*	*
Southwest Region / Southwest	32	*	*	*	*
Tanana / Interior	*	*	*	*	*
Unalaska / Southwest	22	10	45%	5	\$16,040
Valdez / Southcentral	45	13	29%	8	\$21,400
Wrangell / Southeast	26	7	27%	*	*
Yakutat / Southeast	9	*	*	*	*
Yukon Flats / Far North	8	*	*	*	*
Yukon-Koyukuk / Interior	88	7	8%	*	*
Yupit / Southwest	8	*	*	*	*
Statewide Public Schools Total	8,064	2,322	29%	835	\$2,826,835
Non-Public Schools Total	N/A	42	N/A	35	\$133,079

* Information cannot be disclosed without potentially releasing personally identifiable information.

It is informative to look at differences in the rates of eligibility and students' use of the APS across regions of the state. Regions referenced in this report are shown in Appendix E.



EXHIBIT 2. AY11 Graduates' APS Percentage Eligibility and Use by Region



Alaska's Southcentral region not only had the most students eligible to receive an APS, but, as shown in Exhibit 2, it had the highest percentage of graduates eligible to receive a scholarship as well, at 31.7%. Southeast and Interior Alaska trailed Southcentral, and Southwest Alaska's eligibility rate was just more than one-half that of Southcentral's. The Far North region had the lowest percentage of graduates eligible for the APS. However, when we consider the percentage of APS-eligible students who actually made use of it in their first year after graduation, the Far North and Interior regions led the state with nearly one-half of all eligible students actually receiving the scholarship, 48.6% and 49.9%, respectively. This compares to the Southeast region, where just over one-quarter, 27.5%, of eligible students took advantage of the APS in this first year.

Who is Eligible for the APS, and Who Is Using It?

To determine who is benefiting from the APS, we need to make comparisons across three different populations of students: all AY11 high school graduates; the subset of students who were academically eligible to receive the APS; and those students who actually received the scholarship. In certain cases, these three populations show only slight differences, and in other cases there are significant contrasts.

Exhibits 3 and 4 provide two examples of the similarities and the differences among these three groups. When we consider all public high school graduates in AY11, nearly 29% were academically eligible to receive the APS. Of those eligible, slightly more than one-third, or 36%, took advantage of the APS during their first semester after graduating from high school.

EXHIBIT 3. APS Eligibility and Recipients by Gender

	Public School Graduates	Eligible		Recipients	
		Count	% of Graduates	Count	% of Eligible
Totals	8,064	2,322	28.8%	835	36.0%
Male	4,012	1,060	26.4%	380	35.8%
Female	4,052	1,262	31.1%	455	36.1%

Female graduates were slightly more likely to be eligible for the APS as compared to their male counterparts. However, in terms of those eligible students who go on to receive an APS in the first year after graduation, the two genders are nearly identical.

Such similarities are not the case when we analyze APS eligibility by race/ethnicity. For the eligible populations based on race, Caucasian students are four and one-half times more likely to be academically eligible for the APS than are Alaska Native/American Indian students, at 37.9% versus 8.3%.



EXHIBIT 4. APS Eligibility and Recipients by Ethnicity

	Public School Graduates	Eligible		Recipients	
		Count	% of Graduates	Count	% of Eligible
Total	8,064	2,322	28.8%	835	36.0%
Caucasian (White)	4,764	1,807	37.9%	652	36.1%
Alaska Native/American Indian	1,463	122	8.3%	44	36.1%
Asian	575	143	24.9%	44	30.8%
Hispanic	427	78	18.3%	33	42.3%
Native Hawaiian or Pacific Islander	402	112	27.9%	40	35.7%
African-American (Black), not Hispanic	292	50	17.1%	18	36.0%
2 or more races (not Hispanic)	141	10	7.1%	4	40.0%

However, similar to our gender analysis, once a student becomes eligible for the APS, differences in its usage across ethnic groups nearly disappear. Almost all groups take advantage of the APS at the same rate, 36%, within the first year after graduating from high school. The two outliers in the use of the APS are Hispanics, with 42% of eligible students using the APS in the first year after graduation, and Asians, with only 31% making use of the APS. However, given the small size of the student populations within these ethnic groups, care should be taken in drawing conclusions about their propensity to use, or not use, the APS to pursue postsecondary education opportunities. Additional information over the next several years will help identify if there are any significant differences in the use of the APS among ethnic groups.

Still, there are instances when there are observed differences in the percentages of the eligible populations making use of the APS their first year after graduation. One of the most striking is in the use of the scholarship based on the award level. (See Exhibit 5.) Even though a Level 1 award is, in its dollar value, one-third larger than a Level 2 award, students are 50% more likely to use the Level 2 award than they are a Level 1, at 43.1% compared to 28.4%.

EXHIBIT 5. APS-Eligible Public School Graduates by Award Level⁶

	Total Eligible	Recipients	
		Count	Percent
Total	2,322	835	36.0%
Level 1	922	262	28.4%
Level 2	687	296	43.1%
Level 3	713	277	38.8%

Part of the difference in APS use by award level can be attributed to competition from non-Alaska postsecondary institutions. Using information available through the NSC, it is possible to identify many of the students academically eligible to receive the APS who pursued postsecondary education at an out-of-state institution. For the graduating class of 2011, NSC data identified 30% of all high school graduates as attending a postsecondary institution in Alaska, while 17% were found to attend out-of-state institutions.

⁶ Exhibit excludes non-public school APS recipients, because of a lack of information on the total number of non-public school students who were eligible for an award but who failed to apply by completing an Alternative Eligibility Determination Application.



(See Exhibit 6.) Just over one-half of the total graduating class was not found in the NSC database, either because they did not pursue postsecondary education, or because they attended an institution that does not report to NSC. Nevertheless, given the scope of the NSC database (see footnote 4, page 6), it is unlikely the number of graduates attending non-reporting institutions would be material.

EXHIBIT 6. AY11 Public School Graduates' In-state and Out-of-state Attendance Patterns

	Headcounts			
	AY11 Graduates	Attended In AK	Attended Outside	Not Found / Not Attending
Total Graduates	8,064	2,437	1,401	4,226
Not APS Eligible	5,742	1,439	467	3,836
Total APS Eligible	2,322	998	934	390
Level 1	922	298	518	106
Level 2	687	350	215	122
Level 3	713	350	201	162

	Percentages			
	AY11 Graduates	Attended In AK	Attended Outside	Not Found / Not Attending
Total Graduates	8,064	30%	17%	52%
Not APS Eligible	5,742	25%	8%	67%
Total APS Eligible	2,322	43%	40%	17%
Level 1	922	32%	56%	11%
Level 2	687	51%	31%	18%
Level 3	713	49%	28%	23%

In AY11, nearly as many APS-eligible graduates decided to attend out-of-state as did in-state, 934 versus 998, while only 390 eligible students are unaccounted for in the NSC data. For students eligible for the Level 1 awards, their tendency to attend an out-of-state institution is much greater than those students eligible for Levels 2 or 3 awards. Also, this group of highest academic performing students is more likely to pursue postsecondary training somewhere, whether in-state or out-of-state, with over 88% of these students being found in the NSC data. This compares to Level 3-eligible students, where only 77% were found to be attending any postsecondary institution.

Finally, there are some differences in the eligibility for and use of the APS based on students' (and their parents') financial capacity. While information on students' finances is not available consistently across the three student populations being considered - high school graduates, APS-eligible and APS-recipient students - there are two sources of financial information available to shed some light on which students are most likely to be eligible to receive the scholarship, and which are most likely to make use of it. For APS-eligible students, information collected by EED allows for the identification of those public school students considered economically disadvantaged in their senior year of high school. In AY11, 30% of all high school graduates were considered economically disadvantaged, or 2,420 total graduates. (See Exhibit 7.) Of these students, 10.9% were APS-eligible, compared to the total student eligibility of 28.8%.



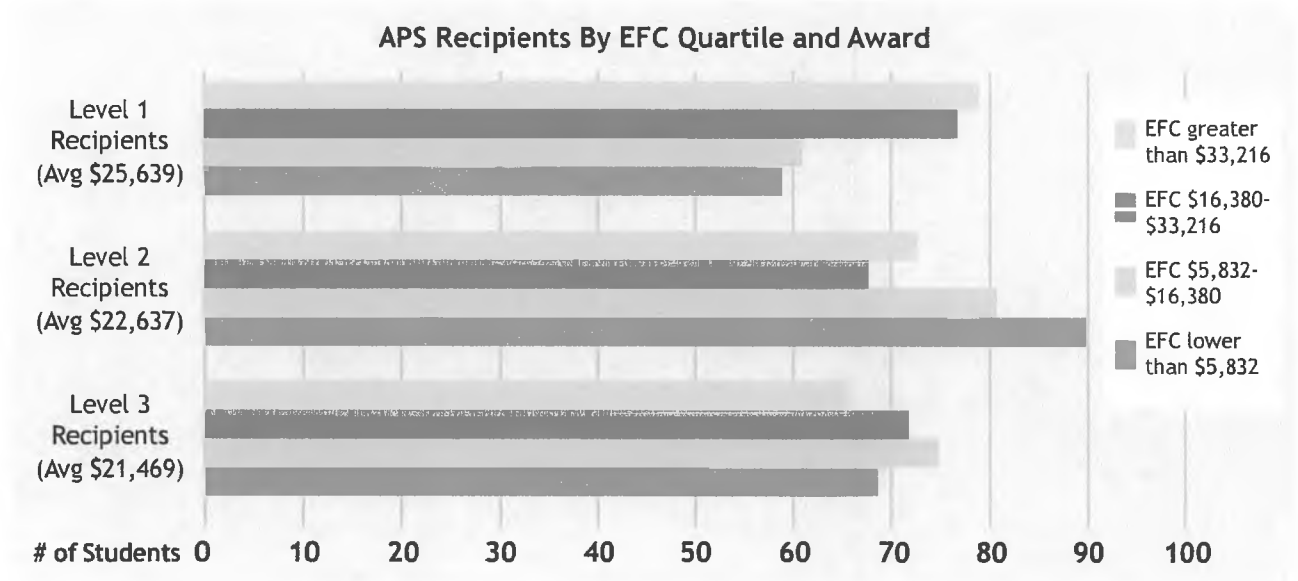
However, if an economically disadvantaged student was eligible for an APS, they were nearly as likely to use it as the total student population, at 34% versus 36%.

EXHIBIT 7. AY11 Public School Graduates and APS-Eligible Students by Financial Status

	Total AY11 Graduates	% of Total Graduates	APS Eligible	Eligible/ Total	APS Recipients	Recipients /Eligible
Total Students	8,064	n/a	2,322	28.8%	835	36.0%
Economically Disadvantaged	2,420	30.0%	253	10.9%	86	34.0%
Not Economically Disadvantaged	5,644	70.0%	2,069	36.7%	749	36.2%

The second source of financial data comes from students' FAFSA filings. To determine a student's eligibility for certain financial aid opportunities, the FAFSA collects information on the student's and their parents' (relative to dependent students) income and assets. This is used by the United States Department of Education to determine how much, according to a federal formula, the family is expected to pay toward a student's education on an annual basis (the Expected Family Contribution or EFC). Because the FAFSA is the primary application for the APS we have this information for both public- and private-school graduates. It should be noted that the EFC is not a factor in determining APS *eligibility*; however, it is used for purposes of this analysis as a proxy for student income status.

EXHIBIT 8. AY11 APS Recipients by Expected Family Contribution and Award Level



In Exhibit 8, the 870 APS recipients were sorted by their EFC and then divided into four equally sized groups, or quartiles. One quartile contained families expected to contribute at least \$33,216 to their postsecondary education. Another contained families expected to contribute at least \$16,380, but less than \$33,216. The third quartile families were to contribute at least \$5,832, but less than the second group. The final quartile was expected to contribute less than \$5,832. Each quartile's use of the APS by award level was then analyzed.

Those students in the highest EFC quartile, and to a lesser extent those students in the second quartile, were slightly more likely to be Level 1 award recipients. Those in the two lower quartiles, who were expected to contribute less than \$16,380, were less likely to receive a Level 1 award. Those students in



the lowest EFC quartile were most likely to receive a Level 2 award, followed by a Level 3 and finally by a Level 1 award. When we calculate the average EFC by award level received, Level 1 recipients' average \$25,639 compared to Level 3 recipients, whose families are expected, according to the federal methodology, to contribute an average of \$21,469 annually toward their postsecondary education.

Where are APS Recipients Pursuing Their Postsecondary Studies?

For the high school graduating class of AY11, in addition to regionally accredited institutions, 13 career and technical education institutions in the state were approved for students to attend and receive the APS⁷. However, only eight institutions were attended by APS award recipients in their first year after graduation. (See Exhibit 9.)

Because APS funds are available for up to six years after graduation from high school, and because many students pursuing career and technical training do so after having already entered the labor force, it is expected that the number of students using the APS for certifications and vocational licensure will increase in the future. However, a surprisingly low number of APS-eligible students used their scholarships to pursue certificates and licenses their first year after graduation. Of the 870 students who received a scholarship immediately after graduating, only 22 pursued a certificate.

EXHIBIT 9. APS Recipients and Postsecondary Attendance by Institution

Institution	Total # of Awards
Alaska Bible College	5
AVTEC	7
UAA	497
UAF	316
UAS	40
Other Institutions	5

As noted earlier, nearly as many eligible students pursued their postsecondary studies outside of Alaska as did in the state. (See Exhibit 6, page 10.) The largest number of students, both in terms of overall graduates and in the number of APS-eligible students, attended a postsecondary institution in Washington, followed closely by Oregon. Colorado was the only other state attracting at least 100 graduates from the class of AY11, while Montana, California, Idaho and Arizona each attracted more than 50 graduates. A list of those states where 10 or more recent graduates were attending can be found in Appendix B.

How Much In APS Funds Was Awarded, And For What Types Of Enrollment?

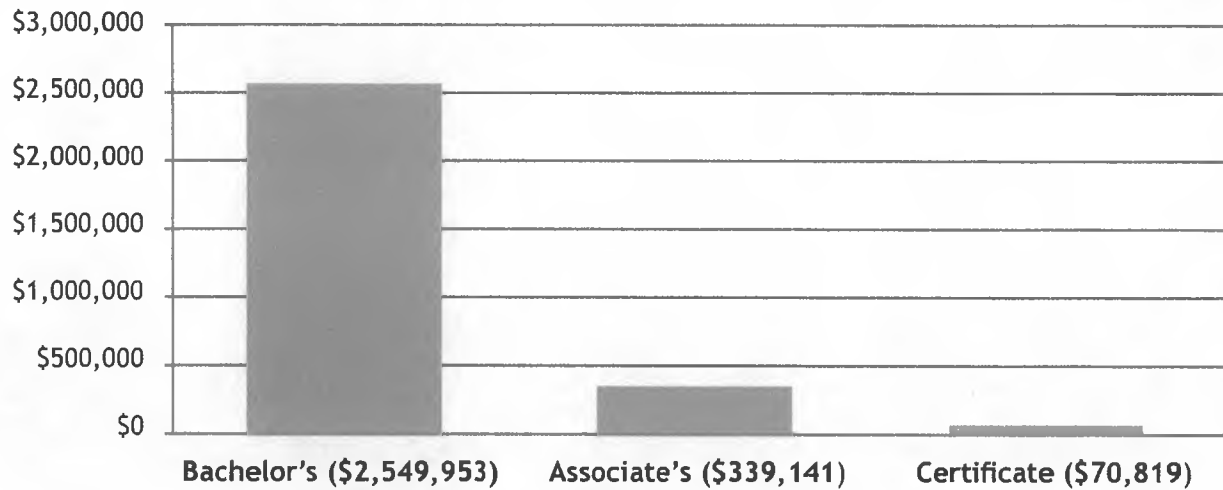
As of November 14, 2011, the APS program had paid out \$2,959,913 to 870 recipients pursuing postsecondary education at a qualified institution in Alaska, for an average award amount of \$3,402 per APS recipient⁸. As mentioned above, the majority of students used the APS to pursue degrees, either associate's or bachelor's, and so very little of the nearly \$3 million was used to pursue certificates. (See Exhibit 10.)

⁷ For a list of participating institutions and programs, see Appendix B.

⁸ As of December 20, 2011, the total amount awarded has risen to \$3,006,713, with 902 recipients receiving funds.

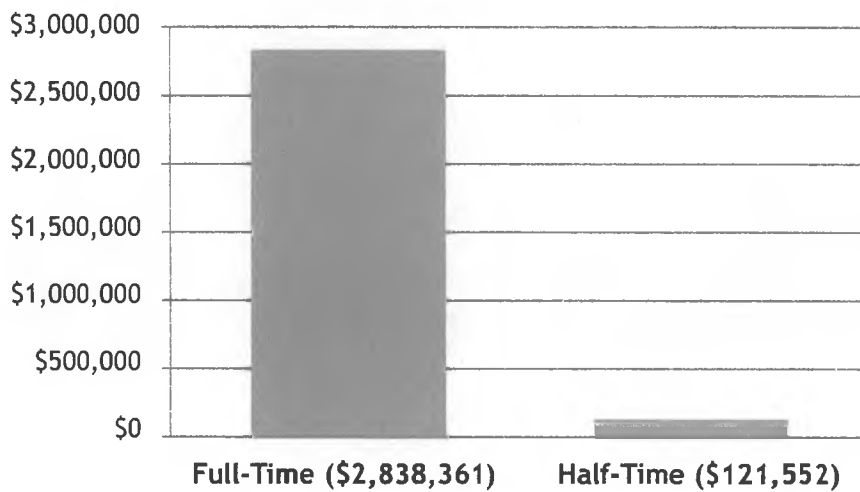


EXHIBIT 10. APS Award Amounts by Degree/Certificate



APS recipients decided overwhelmingly to pursue postsecondary studies on a full-time basis. Because the APS can be used to pay for only four years (eight semesters or twelve quarters of studies), and because the award is reduced by 50% for attending less than full-time, students may be attempting to maximize the amount of the award they are eligible to receive. However, there are additional benefits to students for attending full-time - they are able to complete their degree sooner and therefore enter the workforce sooner, maximizing the return on their educational investment. Moreover, students who attend full time are more likely to complete their degree or certificate than those who attend less than full time.

EXHIBIT 11. APS Award Amounts by Enrollment Status

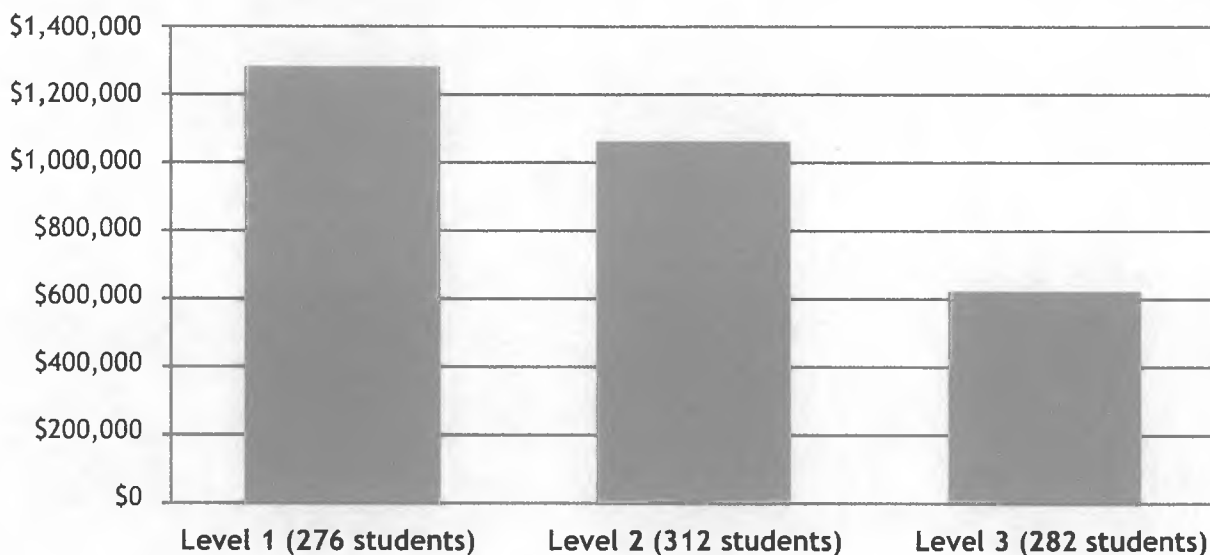


As shown in Exhibit 12, given the differences in the amounts awarded at each level, most APS funds were expended for the top award level, even though this level had the fewest recipients⁹.

⁹ Numbers of recipient students do not match those in Exhibit 3, which included only public school eligible and recipient students.

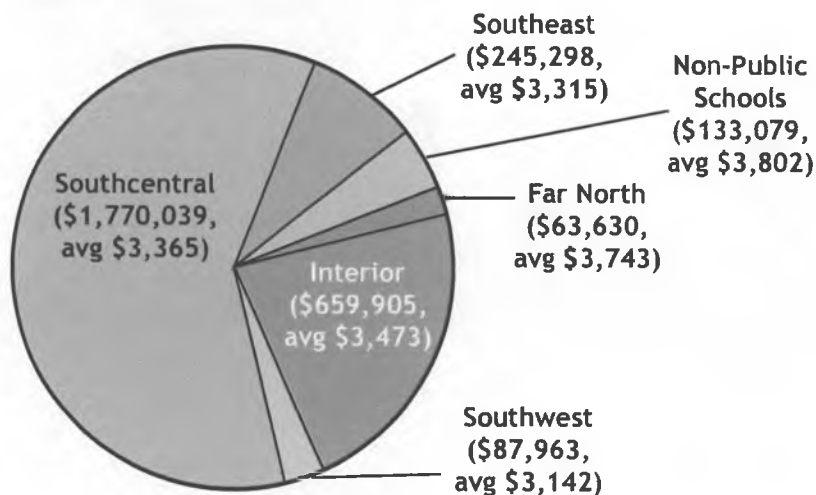


EXHIBIT 12. APS Award Amounts by Award Level



The Southcentral region receives funding roughly proportional to the number of APS recipients who come from the region, though the average award in the region is slightly less than the statewide average of \$3,402. (See Exhibit 13.) Note that while 35 non-public school graduates from the class of 2011 received an APS award and were included in the chart, these students were not allocated to a region.

EXHIBIT 13. APS Total and Average Awards by Region



How Does the APS Affect Educational Attainment?

The APS goals include improving students' high school performance and preparing them for postsecondary education and career success. Evaluating progress in achieving these goals will require several years of information comparing APS recipients to non-recipients in their postsecondary education and labor force performances.

Given the program's short history, AY11 high school graduates had few opportunities to change behaviors in order to be eligible for an APS award. In future years, as the APS eligibility requirements for rigorous



curricula are completely phased in, students will have more time to align their course plans. We will then be better able to measure if the APS motivates students to push themselves academically, and if the APS' "invitation to excellence" is broadly accepted and reflected in the performance of the recipients. (For more information on how the APS affected students' behaviors in high school, see the section "APS Survey Findings" on page 19.)

Determining the appropriate measures to evaluate APS outcomes can be complex. For example, with regard to postsecondary education, three typical measures of success are: reduced remediation, increased student retention from one year to the next, and an increase in graduation rates. However, much of the information required to determine how successful the class of AY11 has been in these regards is not yet available.

There is preliminary information available on the patterns of UA first-time freshmen who enroll in preparatory (remedial) courses during the most recent fall semester. Nearly two-thirds of those who were not APS eligible enrolled in some type of preparatory classes. More than one-half of these APS-ineligible students were enrolled in preparatory mathematics courses, and more than one-third were enrolled in preparatory English classes. By comparison, just over one in four APS eligible students took any preparatory classes in their first semester at UA. (See Exhibit 14.) As would be expected, those APS-eligible students at the higher award levels were less likely to take preparatory classes, with fewer than one in 10 students eligible for the top collegiate APS award taking any type of preparatory classes.

Not only did APS-eligible students take fewer preparatory courses, but they also enrolled in more credit hours in their first semester than did the ineligible students. Ineligible students attempted, on average, 11.3 credit hours in their first semester in AY12, of which 2.9 hours were preparatory classes. APS eligible students attempted on average 13.6 credit hours in their first semester, only one of which was in a preparatory class. Because preparatory courses do not count toward degree requirements, the average APS student, if they successfully complete their first semester course load, ends up with 12.6 credit hours to apply toward a degree, compared to 8.4 hours for an ineligible student who successfully completes their first semester classes.

EXHIBIT 14. UA First-Time Freshmen in AY12 Taking Preparatory Courses and Average Credit Hours Attempted¹⁰

Total Headcount of First-Time Freshman, AY12 = 3,631	Non-APS-Eligible First-Time Freshmen	APS-Eligible First-Time Freshmen				
		Total Eligible	College Level 1	College Level 2	College Level 3	All Vocational
Total Student Headcount	2,751	880	262	310	287	21
Students Taking Any Preparatory Courses	1,784	241	23	86	124	8
Percent of Total Headcount	64.8%	27.4%	8.8%	27.7%	43.2%	38.1%
Students Taking Preparatory Math	1,504	207	21	71	108	7
Percent of Total Headcount	54.7%	23.5%	8.0%	22.9%	37.6%	33.3%
Students Taking Preparatory English	1,003	52	2	15	32	3
Percent of Total Headcount	36.5%	5.9%	0.8%	4.8%	11.1%	14.3%
Average Total Hours Attempted	11.3	13.6	14.5	13.6	13.0	12.8
Avg. Preparatory Hours Attempted	2.9	1.0	0.3	0.9	1.6	1.7
Avg. Preparatory Hours - Math	1.7	0.7	0.2	0.7	1.2	1.1
Avg. Preparatory Hours - English	1.1	0.2	0.0	0.2	0.4	0.5

¹⁰Data reflect student enrollments for the opening of the fall semester, and credit hours are credit hours attempted. Preparatory Studies and Preparatory Science courses are not included in the analysis above, and numbers are subject to change once closing data for the fall semester becomes available.



The benefits from the APS will occur if more students are successfully motivated to study harder in order to maintain a high GPA and to take rigorous classes to become APS eligible. These two factors will contribute to higher standardized test scores, and therefore less need for remediation and greater success in postsecondary pursuits.

One future measure of such motivation will be the number of students who take college entrance examinations. There was only a limited opportunity for AY11 graduates to increase their test taking during this first year of the scholarship. However, information is available from both ACT and College Board, the organization which administers the SAT, on the number of students in each graduating class taking their tests over the past several years. As future years' graduates prepare to qualify for the scholarship, it is expected that the numbers and percentage of students taking one or both tests should increase. Historically, as the percentage of students taking these tests increases, the average scores decrease. Tracking the test-taking patterns and average scores of future graduates will provide some insights into the scholarship's ability to motivate students to pursue higher education, and also on how well increased rigor and the emphasis on higher performance in secondary school translates into higher scores on college entrance examinations. As a benchmark, for the graduating class of 2011, 40% of those graduates had taken the ACT, and of these 54% scored 21 or higher on the composite score, the minimum score to become APS-eligible using the ACT¹¹.

EXHIBIT 15. Number and Percentage of Alaska High School Graduates Taking College Entrance Examinations by Year, 2006-2011¹²

Numbers and Percentages of ACT & SAT Test Takers By Year

	2006	2007	2008	2009	2010	2011
AK High School Graduates	7,361	7,666	7,855	8,008	8,245	8,064
ACT Test Takers	1,987	2,106	2,047	2,254	2,228	3,022
% taking ACT	27%	27%	26%	28%	27%	37%
SAT Test Takers	(not available)	4,050	4,060	3,899	4,089	3,866
% taking SAT		53%	52%	49%	50%	48%

UA data was also able to capture how quickly recent high school graduating classes' students began work on their degree. Exhibit 16 again uses the most recent three years' public high school graduating classes, noting how many students in each class began their postsecondary studies within one year of graduation, and the types of degree or certificate they pursued. For AY11, UA was able to match its APS-eligible students to EED's AY11 graduation data, and to the types of endorsements they pursued. Of UA's 880 APS eligible students, 852 had graduated from public schools. Over the past three years, the percentage of Alaska public school graduates attending UA within one year of their high school graduation has remained relatively stable, between 26% and 29%. However, for the population of APS-eligible students in AY11, 36.7% attended one of the UA schools in the fall semester following their high school graduation.

¹¹ ACT Profile Report - Alaska, Graduating Class 2011. Similar statistics were not yet available for SAT test takers.

¹² Percentages of test takers will not match those as reported by the testing agencies. ACT and the College Board use the Western Interstate Commission for Higher Education's (WICHE) projections of high school graduates by year. Percentages calculated in Exhibit 15 represent the number of test takers divided by the number of public school graduates receiving diplomas as reported by EED.



EXHIBIT 16. High School Graduates Pursuing Postsecondary Degree/Certificate at UA Within One Year of Graduation¹³

	Public School Graduates			APS Eligible, AY11		Percentage of Public School Graduates			Percentage APS Eligible, AY11
	AY09	AY10	AY11	Public	Other	AY09	AY10	AY11	Public
Total Graduates	7,997	8,249	8,064	2,322					
Total Degree/Certificate Seekers	2,093	2,374	2,144	852	27	26.2%	28.8%	26.6%	36.7%
Bachelor's Degree Seekers	1,387	1,532	1,442	697	20	17.3%	18.6%	17.9%	30.0%
Associate's Degree Seekers	653	793	651	121	7	8.2%	9.6%	8.1%	5.2%
Certificate Seekers	53	49	51	10	0	0.7%	0.6%	0.6%	0.4%
Pending Endorsement	n/a	n/a	n/a	24	1	n/a	n/a	n/a	1.0%

In addition, these APS-eligible public school graduates exhibit a tendency to pursue higher degrees, thus committing to stay in school longer to attain their degrees. For all Alaska public school graduates in the last three years, between 17% and 19% pursued a bachelor's degree within a year after their high school graduation. For the inaugural class of APS-eligible students, 30% enrolled in a bachelor's degree program. In addition, because the AY11 cohort data is based only on fall semester enrollments, the percentage of AY11 students seeking a degree or certificate within one year of graduation will likely go up.

Some of these students' tendencies may be based on the fact that APS recipients have shown a history in secondary school of achieving good grades and high test scores, so these students could be more likely to pursue postsecondary education than an average student. APS recipients' higher first year attending rates could also be driven by the APS rewarding them to attend school in Alaska. Still, it appears that APS recipients are more likely to pursue postsecondary education within their first year after graduation, and at a rate substantially above the average rate for all students.

Pursuing postsecondary education soon after graduating from high school can have several benefits for students. Students' retention of information learned in high school diminishes over time, so attending a postsecondary institution early can reduce the need for remediation. Students also complete their degrees sooner, the earlier they begin their pursuit of one, giving them more years to reap the rewards of higher education.

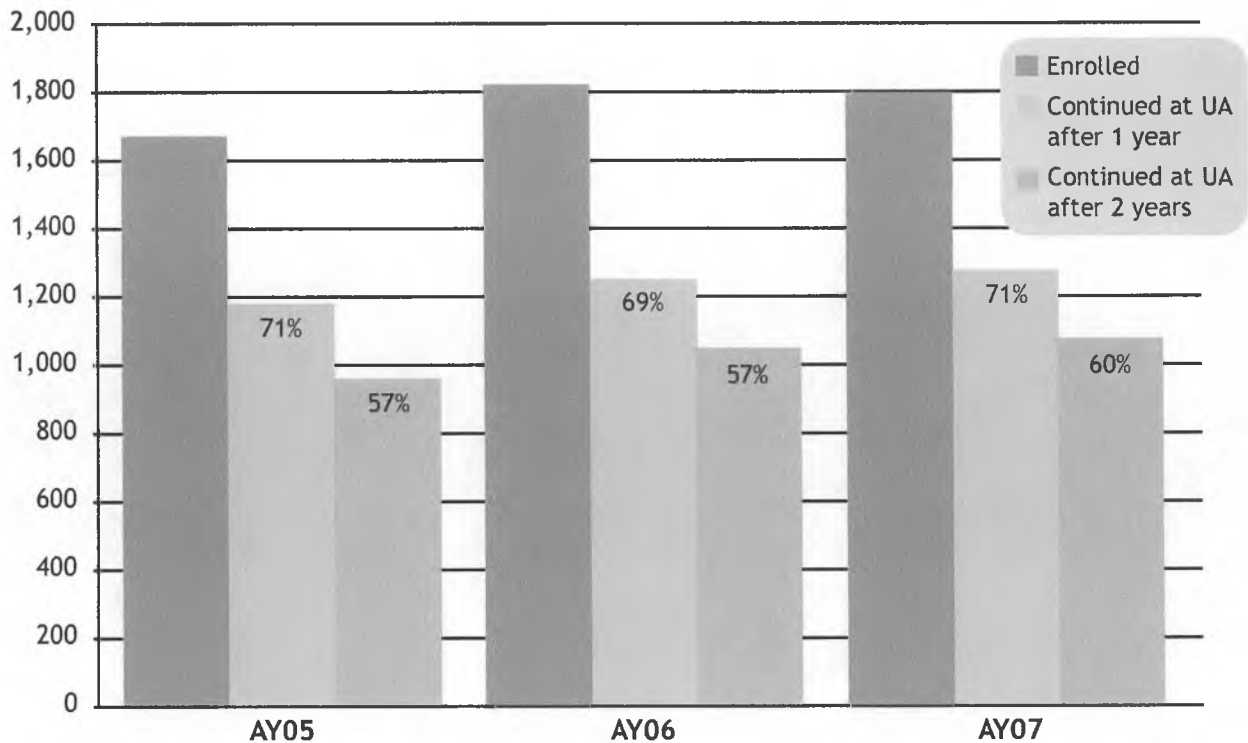
With only one semester of postsecondary data available for review, first year attendance and remedial classes taken are the only two measures of postsecondary performance available at this time. The next potentially measurable effect of the APS, second year student retention rates, will not be available until the fall of 2012¹⁴. Still, historical data is available, and can be used to illustrate current student retention rates in order to create the benchmark that the APS program will be compared against. Exhibit 17 shows Alaska high school graduates from AY05 through AY07 enrolling within one year of their high school graduation (so enrolling at UA in AY06 through AY08.)

¹³ AY11 data is based on information gathered at the beginning of the semester, while previous years' data reflects information gathered at the close of the semester. In the table, "Public" indicates APS students matched to AY11 EED data. "Other" includes those students graduating from non-public schools in AY11 who are eligible to receive an APS award. Because the total number of non-public school graduates in Alaska is not known, no percentages were calculated for this student population. "Pending Endorsement" includes students awaiting admission into a degree or certificate program.

¹⁴ Going forward, NSC data can help measure whether the APS has affected students' decisions on where to attend school, and if the APS makes students more likely to pursue their postsecondary studies in Alaska.



EXHIBIT 17. Retention of AY05-AY07 High School Graduates Attending UA Within One Year of Graduation



Without linking those students who end up not returning to UA after one or two years to other data sources, most notably the NSC data, we cannot determine if these students actually stopped pursuing their postsecondary education, or if they continued at another postsecondary institution. Still, more than one in four students did not return to their declared degree program at UA after their first year, and more than one in three were no longer pursuing their degree after two years.

For AY11 high school graduates, the 2013 APS outcomes report will be able to provide comparable retention rate measures for all students attending UA, and for the subset of APS recipients. Similar to the first year postsecondary attendance rates, APS recipients may have other factors that affect their retention rates, but it is reasonable to believe the scholarships will incent students to remain in school and complete their degree. As recipients progress through their postsecondary studies, data from their attending institutions and the NSC will help provide additional measures as to the scholarship's influence on recipients.

Educational attainment data even further into the future will include APS recipients' graduation rates, how they compare to the overall student population, and how quickly they earn their degree or certificate. However, a sufficient number of years must elapse before the data on this measure of the APS' success is available.

In preparation for future reports on the outcomes of APS students, UA's IRA unit compiled UA graduation rate data on Alaska high school students using the most recent graduating class for which complete information is available, AY05¹⁵. Comparable data for AY06 and AY07 is not yet available, since these students have had less than six years in which to complete their degrees. Information presented for AY07

¹⁵ Completion information and graduation rates are generally calculated based on 150% of the normal time to completion for the degree or certificate. For a bachelor's degree, which normally takes four years to complete, graduation and completion data is then based on six years after the student begins their postsecondary education. Similarly, associate's degree and two-year certificate programs are calculated after three years. For the high school graduating class of AY11, comparable completion and graduation rates information for four-year programs will not be available until after AY17, but completions will be reported in the first year data is available.



completers represents those students who completed either a bachelor's or associate's degree within four years (graduating with their degree in AY11).

In Exhibit 18, we can compare AY05 completion rates to AY07. At 31.6% versus 14%, it is obvious that a significant share of students take more than four years to complete their degree. While comparable data for APS recipients is several years away, APS' effect on degree completion and the average number of years required to complete a degree will be an important measure.

EXHIBIT 18. UA Degree and Certificate Completion by AY11, for AY05-AY07 High School Graduates Attending UA Within One Year of Graduation

Graduates Pursuing a Degree	AY05	AY06	AY07
Total Enrolled in a Degree Program	1,674	1,824	1,802
Total Completing Program	529	397	253
Percentage Completing Program	31.6%	21.8%	14.0%
Average Years to Completion	4.42	4.03	3.48

Graduates Pursuing a Certificate	AY07
Total Enrolled in a Certificate Program	38
Total Completing Program	9
Percentage Completing Program	23.7%
Average Years to Completion	1.44

How Does the APS Affect Workforce Success?

As a part of the analysis of how the APS affects students, DOLWD will in the future be able to provide information relative to several indicators of workforce success and how receipt of the APS changes students' behavior while in school. For example, one effect of the APS might be that the additional funds provided allow students to focus more on their studies and less on earning money to pay for school. We know that the majority of APS recipients are attending school full time, and we can compare recipients' wage earnings while in school to similar non-recipients to see if the APS allows a student to focus on their studies.

DOLWD will also be able to provide the average earnings of APS recipients, determine if their occupation is related to their degree, and determine how many remain in Alaska versus leaving the state to pursue a career elsewhere. Labor outcomes can be measured among the three eligibility levels for both recipients and non-recipients, and between eligible and ineligible students. Similar to graduation rates, however, this information will be available only after the APS cohorts are more fully matured.

APS Survey Findings

In December, ACPE surveyed approximately 1,800 students who met the academic requirements to receive an APS award. These students were a subset of the 2,322 APS-eligible students - they had filed a FAFSA and included an email address in that application. Students did not have to have received an APS award in order to be included in the survey, though students filing a FAFSA are those most likely to pursue postsecondary education. Therefore the selection process was biased toward those students intending to be enrolled in postsecondary studies in 2011-12 and therefore more likely to have received the scholarship.



The survey included several multiple choice and scaled questions, as well as opportunities for responders to provide their own comments. Selected comments gathered through the survey have been interspersed throughout this report. Not all comments received were positive, though most negative ones focused on the scholarship's requirement that it be used only at in-state schools, and in some cases on the confusion and lack of information available about the scholarship in its first year. (Representative comments, both pro and con, are included in Appendix C.)

Responses were collected from 357 students, or 20% of the students who were asked to participate. Response rates ran from a high of 23% for award Level 1-eligible students, down to 16% for award Level 3-eligible students. Nearly 90% of respondents were pursuing a degree, and 5% were not pursuing postsecondary education. Of those pursuing postsecondary education, just over one-quarter were attending school outside of Alaska and were therefore not eligible to receive the award in AY12.

Two-thirds of the survey respondents, 237 students, said that the APS affected their decision to attend school. Nearly two-thirds of these students said the APS affected their decision to pursue their education in Alaska, and over 20% said that it made them consider doing so, even though they eventually went to an out-of-state school. Over one-quarter of the respondents said it was extremely important in influencing their decision on whether or not to pursue postsecondary education.

When asked about their use of the APS, 58% of respondents said it was extremely likely that they would make use of their entire APS award within six years of graduating, and 44% said they were extremely likely to do this within four years. Two-thirds of respondents said that it is extremely likely that they will attend school full-time.

Although the APS program was new this year, and final outcomes regarding funding were not available until the spring, 55% of students knew that they could become eligible for the APS before or near the beginning of their last semester during their senior year. Another 19% found out shortly before their graduation, and only 5% discovered they were eligible after having arrived at their postsecondary institution. Nearly 10% of students surveyed stated that they weren't aware that they were eligible to receive the APS until they received the ACPE survey, but this high level was partially due to confusion in their interpretation of the question - 29 of these 34 students were attending an out-of-state institution, so while they were academically eligible they did not meet all requirements to actually receive an APS award. Thirty-nine percent of students learned about the APS through a teacher or school counselor, and 29% through a parent or guardian.

Students were seemingly well-informed about the program and their status. Two-thirds knew the award level they were eligible to receive, and 40% knew the dollar value of their award. (See Exhibit 19.)

EXHIBIT 19. Survey Respondents' Knowledge About the APS and their Eligibility Status

Knew the award level for which they were eligible	67.5%
Knew the amount of their award	40.4%
Knew the APS was available only if they attended a qualifying Alaska school	78.1%
Knew they must attend at least half time to receive the scholarship	38.4%
Knew that they would be eligible to receive up to four years of funding	57.3%
Knew that they had six years in which to use the APS	24.8%

The high school graduates in AY11 had little opportunity to change their approach to the classes they took or the effort they expended in order to become eligible for the APS - 69% said they made no changes. Almost 16% said they worked harder to increase their GPA, 12% said they retook a standardized test in hopes of increasing their score, 10% made changes to the classes they had planned to take, and 8% took a standardized test when they would not have done so otherwise.



Conclusion

With the first-ever APS recipients just finishing the first semester of their postsecondary studies, it is impossible to determine the long-term effects of the scholarship, and it is too early to tell if the eligibility and enrollment patterns seen in this first year were caused by the APS, or if they will continue into the future. Because the information available at this early date is so preliminary, it will be subject to revision as a more complete picture of these students' performance during their first semester of postsecondary studies becomes available.

Until comparative data for APS recipients versus non-recipients becomes available, some of the best information comes directly from students who are eligible to receive the scholarship, and their thoughts on how the APS program has affected them. A significant number of recipients expressed their belief that the scholarship had allowed them to pursue postsecondary education, with one-quarter saying that it was extremely important in their decision to even pursue postsecondary education. Two-thirds of surveyed students responded that it strongly influenced their decision to attend school, and most credited the APS with their choice to attend school in Alaska.

In future years, as more data becomes available, additional assessments of APS' effectiveness will be possible, and a better determination can be made as to what extent the scholarship is meeting its intended goals. For the 2013 report, examples include preliminary information on students' retention rates and more complete information on the number of remedial credit hours being taken by AY11 graduates. Information on satisfactory annual progress of APS recipients will also be available, and can be compared to non-recipients' progress. There will also be data on the number of graduates beginning their pursuit of postsecondary training in their second year after high school graduation, and on those students initially attending institutions outside of Alaska and then returning in their second year. In subsequent years, information on degree/certificate completions and labor force participation will become available, and will offer even more meaningful measures of the success and value of the Alaska Performance Scholarship.



“I think it is an amazing thing to offer a scholarship to encourage students to stay in Alaska. I love Alaska and find it sad that a lot of students my age are so eager to flee the state after graduating.”

Level 3 APS Recipient, in response to APS Outcomes Survey

“I really appreciate that I get APS. It really helps me pursue my education and life goals. It is extremely hard to work and study and any financial assistance helps a lot. Thank you very much for helping me pursue my goals. I’m greatly thankful for the opportunities I have.”

Level 3 APS Recipient, in response to APS Outcomes Survey

“Thank you for rewarding my efforts in high school with this scholarship. Every bit of financial aid encourages and empowers Alaskans to pursue a higher education. If the state invests in us, the youth, we will invest in the state with the power of our minds and ideas. It is because of programs like this that advocates for positive change are born.”

Level 2 APS Recipient, in response to APS Outcomes Survey

“It was a very nice surprise to see that I did not have to pay for school at all with this scholarship and all of my others. It is helping my family very much not to have to get a loan. It is a nice way to see that the state wants their children to go to college and will help you with that.”

Level 2 APS Recipient, in response to APS Outcomes Survey

“This scholarship program is opening up so many doors I never thought would be open and available to me. Thank you so much!”

Level 1 APS Recipient, in response to APS Outcomes Survey

“You have changed my life and future. Thank you for investing in me. I will do my best to use your faith in me well. My home is here; and hopefully will always be here.”

Level 1 APS Recipient, in response to APS Outcomes Survey



APPENDIX A.

Determining APS Eligibility

For the high school graduating class of 2011, a student could become eligible for the APS by:

- ✓ maintaining a minimum grade-point average in high school of 2.5 or higher;
- ✓ achieving a minimum score on a college entrance exam to be eligible for an APS which could be used to pursue a degree or a certificate, or achieving a minimum score on a standardized examination designed to measure a student’s level of preparedness to transition to the workforce to pursue a certificate or professional licensure; and
- ✓ completing a rigorous core curriculum that included four years of language arts, three years of social studies, a minimum of two years of each and five years combined of mathematics and science, and one year of physical education.

The APS rigorous curriculum is being phased in over four years to give school districts time to incorporate changes to meet the new requirements. Therefore curriculum requirements for the class of 2011 were less rigorous than ultimately established by the APS legislation. In 2013, students must complete:

- ✓ either four years of mathematics, science, language arts, and social studies; or
- ✓ four years of language arts and social studies, three years of science and mathematics, and two years of a foreign language or an Alaska Native language.

If a student met the rigorous curriculum requirements, their GPA and college entrance and standardized test scores were used to determine the APS award level the student could receive, and therefore the amount of their scholarship. (See Exhibit 1.) A student is eligible only for the lowest award level based on their GPA and test scores. For example, consider a student with an SAT score of 1710 and a GPA of 2.6. Although the SAT score would qualify for an APS Level 1 award, it must be combined with a GPA that also qualifies for Level 1. In this example, the lower GPA drops the student’s eligibility to a Level 3.

EXHIBIT 1. APS Award Levels and Minimum Requirements

APS Award Level	Minimum GPA	Minimum Standardized Test Scores (only one test required)			Award Amounts
		Collegiate & Career/Technical		Career/Technical Only	
		SAT	ACT	WorkKeys	
Level 1	3.5	1680	25	5 in three subject areas	\$ 4,755
Level 2	3.0	1560	23		\$ 3,566
Level 3	2.5	1450	21		\$ 2,378

The type of standardized test the student takes affects the award type they are eligible to receive. Scores from the two college entrance exams, the SAT and the ACT, can be used to determine a student’s eligibility for both a collegiate award and a career/vocational award. In the example described earlier, the student would be eligible to pursue either a degree or a certificate or vocational license and receive a Level 3 award. However, the WorkKeys test scores can only be used to determine a student’s eligibility to receive a scholarship to pursue a certificate or vocational licensure program. WorkKeys scores will not qualify a student for a collegiate award. To become eligible for a collegiate award, the student would need to take a college entrance exam.



RECEIVING THE SCHOLARSHIP

To actually receive the APS scholarship, a student must:

- ✓ submit a FAFSA or an approved alternative application no later than June 30 for the following academic year¹⁶;
- ✓ enroll in a qualified postsecondary program at one of the 23 participating institutions, or pursue an approved certificate or vocational licensure program at one of 13 career and technical education institutions in the state;
- ✓ enroll in:
 - ❖ at least 12 credit hours for each semester to receive the full amount of their APS award during their freshman year, and 15 credit hours in subsequent years; or
 - ❖ at least 6 credit hours to receive a half-time award¹⁷; or
 - ❖ a qualifying clock-hour CTE program.
- ✓ have an unmet cost of attendance¹⁸ of \$500 or more in order to receive the scholarship.

¹⁶ For AY11 graduates, the FAFSA and alternative application deadlines were extended to December 15, 2011, because of the availability of funding to provide additional scholarships after the June 30 filing deadline.

¹⁷ Students pursuing graduate degrees have lower credit hour limit requirements.

¹⁸ The cost of attendance includes tuition, fees, books, required tools and supplies, room, board and transportation. This amount is reduced by all other non-loan aid (scholarships, grants, etc.) for which a student is eligible to calculate the unmet cost of attendance. If the unmet cost of attendance is less than \$500, a student does not receive any APS funds. If the unmet cost of attendance is greater than \$500 but less than the available APS award amount, the student receives only the amount of their unmet cost of attendance.



APPENDIX B.

AY11 Alaska Public High School Graduates Attending Postsecondary Education by State Where Enrolled

Headcount of Students Attending Outside Alaska by State and APS Eligibility					
STATE	Not Eligible	Level 1	Level 2	Level 3	TOTAL
WA	60	80	36	25	201
OR	63	59	30	22	174
CO	28	50	12	17	107
MT	15	43	17	14	89
CA	34	29	7	11	81
ID	29	13	11	17	70
AZ	29	11	17	11	68
MN	20	16	4	7	47
UT	9	21	4	8	42
TX	20	12	4	4	40
NY	10	15	4	2	31
HI	9	4	7	9	29
NV	10	5	6	8	29
PA	2	22	3	0	27
MA	3	18	1	0	22
ND	10	4	1	7	22
WY	14	3	1	4	22
IL	9	7	2	2	20
MI	4	12	3	0	19
VA	7	5	2	3	17
GA	4	5	4	3	16
OK	7	5	2	2	16
IN	4	8	1	1	14
MO	5	5	3	1	14
NM	5	6	1	1	13
OH	4	4	4	1	13
FL	6	2		3	11
CT	2	6	2	0	10
NE	4	3	3	0	10
Other - 22	41	45	23	18	127
Grand Total	467	518	215	201	1,401



APPENDIX C.

Approved Institutions and Programs of Study

Regionally Accredited Institutions: Institution	Website and Telephone Number
Alaska Pacific University	www.alaskapacific.edu 907-564-8342
Bristol Bay Campus-UAF	www.uaf.edu/bbc 800-478-5109
Chukchi Campus-UAF	www.uaf.edu/chukchi/ 800-478-3402
Ilisagvik College	www.ilisagvik.edu 907-852-3333
Interior-Aleutians Campus-UAF	www.iac.uaf.edu 888-474-5207
Kenai Peninsula College-UAA	www.kpc.alaska.edu 907-262-0300
Ketchikan Campus-UAS	www.ketch.alaska.edu 907-225-6177
Kodiak College-UAA	www.koc.alaska.edu 907-486-4161
Kuskokwim Campus-UAF	www.bethel.uaf.edu/ 800-478-5822
Matanuska-Susitna College-UAA	www.matsu.alaska.edu 907-745-9774
Northwest Campus-UAF	www.nwc.uaf.edu 907-478-2202
Prince William Sound Community College	www.pwsc.edu 907-834-1600
Sitka Campus-UAS	www.uas.alaska.edu 907-747-6653
UAF Community & Technical College	www.ctc.uaf.edu 877-882-8827
University of Alaska Anchorage	www.uaa.alaska.edu 907-786-1800
University of Alaska Fairbanks	www.uaf.edu 907-474-7211
University of Alaska Southeast-Juneau Campus	www.uas.alaska.edu 907-796-6457
Wayland Baptist University- Anchorage Campus	www.wbu.edu/colleges-in-anchorage 907-333-2277
Wayland Baptist University-Anchorage Ft. Richardson Army Post Site	www.wbu.edu/colleges-in-anchorage 907-428-1496
Wayland Baptist University-Eielson Air Force Base	www.wbu.edu/colleges-in-fairbanks 907-377-4398
Wayland Baptist University-Elmendorf Air Force Base	www.wbu.edu/colleges-in-anchorage 907-753-6416
Wayland Baptist University- Fort Wainwright	www.wbu.edu/colleges-in-fairbanks 907-356-2403
Wayland Baptist University-Wasilla Center (Valley Center)	www.wbu.edu/colleges-in-anchorage 907-373-4828



Career and Technical Education Institutions	Website and Telephone Number	Approved Programs
A Head of Time Design Academy	907-277-5907	Barber Course Instructor Training Course Hairdresser Course Half-time Eligible Program: Refresher Course Hairdresser/Barber
Alaska Bible College	www.akbible.edu 907-822-3201	Bible Certificate Bible and Ministry Certificate Associate's of Arts Degree Bachelor's of Arts Degree
Alaska Christian College	www.akcc.org 907-260-7422	Certificate in Biblical and General Studies
Alaska Teamster Employer Service Training Trust	www.akteamsterstraining.com 907-278-3674	Half-time Eligible Programs: Freight Over-the-Road Driver Apprenticeship (Heavy Truck Driver) Construction Driver Apprenticeship Surveyor Assistant, Instruments Apprenticeship
Alaska Technical Center	www.nwarctic.org/atc 907-442-3733	Administrative Assistant Millwright Maintenance Construction Technology Training Half-time Eligible Programs: Personal Care Attendant Certified Nursing Assistant
Amundsen Educational Center	www.aecak.org 907-260-8041	Professional Medical Coding Professional Medical Coding (Residential)
AVTEC	www.avtec.edu 907-224-3322	Automotive Business and Office Technology Combination Welding Diesel/Heavy Equipment Technology Facility Maintenance Construction Industrial Electricity Information Technology Licensed Practical Nurse Plumbing and Heating Professional Cooking and Baking Pipe Welding Structural Welding Qualified Member of the Engine Department (QMED) Oiler Half-time Eligible Programs: Certified Nurse Assistant Master Not More than 200 Tons
Alaska Career College	www.alaskacareercollege.edu 907-563-7575	Business Office Technology Specialist Insurance Coding and Billing Specialist with Externship Insurance Coding and Billing Specialist without Externship Medical Assistant Specialist Therapeutic Massage Specialist Business and Computer Technology, AAS Half-time Eligible Programs: Phlebotomy Technician Specialist Aircraft Dispatcher Specialist
Center for Employment Education	www.cce-ak.net 907-279-8451	Half-time Eligible Program: Basic Driver Training-CDL-A
Charter College	907-277-1000 Anchorage Campus 907-352-1000 Wasilla Campus	Certificate Program in Computerized Accounting Specialist Certificate Program in Computer Aided Drafting Associate Certificate Program in Medical Assistant Certificate Program in Network Technology Certificate Program in Network Security Certificate Program in Computerized Office Specialist Certificate Program in Paralegal Studies A.A.S. Degree in Computerized Accounting A.A.S. Degree in Business Management Practice A.A.S. Degree in Computer Science Concentration in Technical Graphics A.A.S. Degree in Criminal Justice A.A.S. Degree in Health Information Technology



Charter College (continued)		A.A.S. Degree in Medical Office Administration: Concentration in Medical Assistant A.A.S. Degree in Computer Science: Concentration in Networking Technology A.A.S. Degree in Computer Science: Concentration in Network Security A.A.S. Degree in Computer Science: Concentration in Business Applications A.A.S. Degree in Paralegal Studies B.S. Business Management Accounting B.S. Business Management Technology B.S. Criminal Justice B.S. Construction Management B.S. Health Care Management B.S. Information Technology Engineering
Galena City School District Postsecondary Adult Programs	postsec.galenaalaska.org 907-565-1205	Hairdressing (Full-time and Half-time eligible)
MetrOasis	www.metroasis.com 907-276-4110	Hairdressing Esthetician
Northern Industrial Training	www.nitalaska.com 907-357-6400	Half-time Eligible Programs: CET Heavy Equipment/ Truck Driver (CDL) NCCER Electrical Level I Program NCCER Pipefitting Program Professional Truck Driver Institute (PTDI) Truck Driver Program NCCER Welding Level I Program



APPENDIX D.

Sample APS Recipients' Comments to Survey

Responders to the APS survey had an opportunity to provide comments on how their eligibility to receive the APS affected their decision on whether and where to pursue their postsecondary education, and were asked if they had any additional thoughts on the scholarship. In total there were 335 comments provided by responders, with a sampling of them below. Responses have been separated into generally positive and generally negative ones.

Examples of responders' positive comments on the APS program:

I was going to transfer after a year or two, but now I'll probably stay in Alaska all four years.

It made me stay in Alaska instead of leave the state for a different college.

The scholarship was appreciated and is a great initiative on the part of the State of Alaska. Suggest that even though a student doesn't study in Alaska, if the student comes back to Alaska and works for five years that the APS be awarded to pay student's college loans. Alaska is still benefiting from having a college educated worker in Alaska; just as if the worker studied in Alaska.

I was excited to learn that I can use it for two year of graduate school after I graduate from an out-of-state university. It has given me an incentive to return to Alaska. I like having plans for my future!

It was a huge deciding factor on whether or not I would be going to college, and if I would stay in-state.

I was going to attend Brown University, but the financial aid I received for studying within the state has encouraged me to stay in Alaska.

The APS scholarship is helping me stay in school. I could have gone to just the certification on the previous scholarship money and money I had saved. Now I will apply the APS money toward my associate's and my bachelor's degrees. I will be in the aviation industry and am convinced that a 4 yr degree is important. I thank the APS board for this assistance.

Since my family is low-income, my parents would not have been able to pay for my education. The APS Scholarship encouraged me to continue with my post-secondary plans and gave me a means to do so. It is a great idea =).

It made it possible. I graduated a year early from high school. It was important to me to start taking a core classes right away and work into seeing what field I really want to study. The APS made this possible....THANK YOU!

Knowing that I had this extra help of funding for school, I decided to go for my full bachelor's degree instead of just my associate's.

I was considering other-out-of state schools, but I believed that this scholarship opportunity was too big to miss. Thus the APS was the deciding factor for me attending college in Alaska.

It was not advantageous to me to attend an in-state school before the APS became available. I was offered the top scholarship at Covenant College in Georgia and half tuition scholarships at two or three other schools. However, as an independent home school student I was not eligible for the UA Scholars program. Thank you for providing this merit-based program to Alaskans of all walks of life!

The APS helped me take a closer look at the field of study that I plan on pursuing (Applied Engineering) and see the excellent opportunities available at Alaskan universities.

I am a UA Scholar, so I knew that \$11,000 of my tuition and fees would be covered if I chose to stay in-state. However, when I heard about the APS, I knew that it would cover any remaining tuition costs. This really closed the deal for me to stay in Alaska.



I would've attended the University of Washington in Seattle if there was no scholarship. I conducted a cost-benefit analysis of whether I should attend the University of Alaska Fairbanks or the University of Washington, and UAF proved to reap more benefits if attended. Also, this decision to decline the University of Washington was made in late June because I found out I was eligible for my scholarship level only then.

My candid opinion is that the APS is a step in the right direction; obviously, it is in its first stage, so the coordination problems are inherently understandable. However, more needs to be done. Higher education is too expensive, still, even in-state.

This scholarship is a great idea for helping low-to-middle-income students get through college. In general, this segment of students falls through the cracks, insofar that need-based scholarships seldom accept them and their family's income often prevents them from going to a choice school without taking out costly loans. Furthermore, the scholarship is well-rounded in its brackets, however I know of a few students who missed out on it by falling short in only one of the admission factors. A little more leniency would go very far, as poor test-takers are often not poor students.

I believe the Alaska Performance Scholarship promoted the competitiveness of the University of Alaska system in its attempt to endorse post-secondary education in the state. Also, I would also want to mention that the customer service was remarkably great. I was surprised that those answering my calls were knowledgeable and did everything to help my cause, so I commend them for that!

I wasn't sure who to contact in an effort to thank you all for this scholarship, but I am very grateful for this award. I plan to use it all, and I'm working towards maintaining my GPA so I can use it.

Examples of responders' negative comments on the APS program:

I felt cheated. I worked hard, took difficult classes and did well. Why should I be discriminated against and denied access to these public funds because I am going to school Outside? I actually cost the State of Alaska less since I am out of state. UAA tuition is already subsidized by the state.

Since I was misinformed and made my plans accordingly, I have to come up with a different plan that will now take longer and cost me more money than anticipated! Very disappointed!

I was already pretty certain about going to school in Alaska. I think high school should inform students better about how the program works. I know a lot of girls who didn't know they could get it with their grade 3.0's and so they didn't take the ACT or the SAT.

I had already applied and gotten in to out of state schools by the time that I knew about APS, so it didn't affect my decision much, but may in the future since I can use it for up to six years after graduating.

It did not offer me much and indicated I would get more by going out-of-state. I already knew I would be pursuing a postsecondary education. I already had full-tuition waivers, honors program offers, and other scholarship opportunities that were much better.

I think high-achieving students should be able to receive the APS even if they attend school out of state. Although I understand the appeal of keeping these students in Alaska, the fact remains that those students eligible for the APS who wish to pursue higher education out of state usually have to pay more for school than they would remaining in Alaska without the APS. There should be a level of APS that can be given regardless of the location of the chosen university of the student.

Originally I had trouble receiving this scholarship. I was eligible, but I had a few complications with the school and with my FAFSA. I ended up receiving the scholarship about a month late, but I was pleased that I was still able to receive it. After I emailed the APS through the website they were very helpful.



I could not receive the APS because I was over-awarded by many other scholarships I applied and competed for. If I knew that the APS scholarship would have been funded earlier, I could have spent less time on scholarship applications and more time studying or doing athletic sports.

I wish I had received more information on the APS. I didn't realize this award was different from some of the other scholarships offered to Alaska students, so I didn't think to look further into it.

It is a great scholarship, but I would like to see more scholarships for Alaska residents pursuing other studies that are not available in Alaska.

We had a very complicated experience with getting the 2nd set of SAT/ACT scores from the high school to the state. Each thought the other was responsible for getting scores from one place to the other. If it wasn't for the perseverance of my mother facilitating and phone calling everywhere my APS opportunity would have slipped through the cracks and I would not have gotten it! No one really understood the process or procedures at the time and it was very frustrating and messy. Maybe next year it will go smoother for students and families! Thank you very much for helping me and my family pay for college in Alaska. We are grateful for the support at home here in Alaska.



APPENDIX E.

Alaska Regions Referenced in the APS Report



Created by: Alaska Department of Labor and Workforce Development



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For more information about the Alaska Performance Scholarship, or to contact ACPE, visit: APS.alaska.gov

27-GH1893U
Kirsch/Mischel
3/6/12

SENATE CS FOR CS FOR HOUSE BILL NO. 104(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE 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; relating to AlaskAdvantage education grant eligibility; establishing accounts
5 and a fund for those purposes; making conforming amendments; and providing for an
6 effective date."

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

8 * Section 1. AS 14.03.113 is amended to read:

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

1 which the student is eligible. A district shall provide a student with an opportunity to
2 request that the district correct an error in the eligibility determination.

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

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

6 (1) a resident of this state;

7 (2) enrolled or about to be enrolled

8 (A) at an institution located in the state that is

9 (i) accredited by an institutional accrediting body
10 recognized by the United States Secretary of Education; or

11 (ii) approved to participate in the Alaska
12 performance scholarship program as a qualified postsecondary
13 institution under AS 14.43.830 [APPROVED TO PARTICIPATE IN
14 FEDERAL FINANCIAL AID PROGRAMS UNDER 20 U.S.C. 1070 -
15 1099c-2, AS AMENDED, LOCATED IN THIS STATE]; and

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

17 (3) able to demonstrate financial need in accordance with standards for
18 determining financial need established by the commission [UNDER 20 U.S.C. 1070c-
19 2, AS AMENDED].

20 * **Sec. 3.** AS 14.43.810 is amended to read:

21 **Sec. 14.43.810. Alaska performance [MERIT] scholarship program**
22 **established; regulations.** (a) The Alaska performance [MERIT] scholarship program
23 is established to provide scholarships for Alaska residents who have attained an
24 Alaska High School Diploma by Examination after January 1, 2011, or who are
25 high school graduates [WHO ARE ALASKA RESIDENTS] to attend a qualified
26 postsecondary institution in the state.

27 (b) The department shall, in consultation with the commission, adopt
28 regulations necessary to implement the Alaska performance scholarship program.
29 The commission shall administer the daily operations of the Alaska performance
30 scholarship program and financing of the Alaska performance scholarship program,
31 including the procedures for applying for the scholarships, establishing standards for

1 and ensuring continuing compliance with programmatic standards, and requiring
2 students to apply for other nonloan financial aid, consistent with federal law.

3 * **Sec. 4.** AS 14.43.820(a) is amended to read:

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

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

7 (2) **except as provided in (c) of this section,** graduated or will
8 graduate within six months from a high school in the state;

9 (3) **except as provided in (d) of this section,** has completed a core
10 academic curriculum **of** [IN] high school **level coursework** that includes

11 (A) four years of mathematics, four years of language arts, four
12 years of science, and four years of social studies, one year of which may
13 include a foreign language, an Alaska Native language, fine arts, or cultural
14 heritage; or

15 (B) three years of mathematics, four years of language arts,
16 three years of science, four years of social studies, and two years of a foreign
17 language or an Alaska Native language;

18 (4) **except as provided in (c) of this section,** has a minimum grade-
19 point average in high school of 2.5 or higher; the department shall set by regulation
20 minimum requirements based on a substantially similar standard for districts that do
21 not assign grades;

22 (5) has achieved a minimum score on a

23 (A) college entrance examination; or

24 (B) standardized examination designed to measure a student's
25 level of preparedness to make the transition to work, as selected by the
26 department; and

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

30 * **Sec. 5.** AS 14.43.820 is amended by adding new subsections to read:

31 (c) Notwithstanding the eligibility requirements in (a)(2) and (4) of this

1 section, the department shall adopt regulations to provide for the eligibility of a
2 student who has attained an Alaska High School Diploma by Examination in the state.

3 (d) The commissioner may waive a portion of the core academic requirements
4 specified under (a)(3) of this section for not more than 12 additional months after a
5 student graduates from a high school in the state or 24 months after a student attains
6 an Alaska High School Diploma by Examination to provide an eligible applicant the
7 opportunity to complete the academic requirements at a qualified postsecondary
8 institution using a scholarship awarded under AS 14.43.825(a) or at a public high
9 school in the state with a district sponsorship under (g) of this section if the applicant

10 (1) submits a timely application on a form approved by the
11 commissioner;

12 (2) provides satisfactory proof that the applicant was unable to
13 complete the academic requirements under (a)(3) of this section as a result of
14 circumstances beyond the applicant's control, including

15 (A) illness or disability;

16 (B) a lack of reasonable access to the required coursework at a
17 small or remote high school attended by the applicant in the state; and

18 (C) other circumstances prescribed by regulation adopted by
19 the board.

20 (e) The commissioner shall approve or deny an application for a waiver
21 submitted under (d) of this section within 30 days after receiving the application.

22 (f) An applicant who receives a waiver under (d) of this section, shall, within
23 one year after approval of the waiver, provide satisfactory proof to the commissioner
24 of completion of the core academic requirements specified under (a)(3) of this section.

25 (g) Notwithstanding a contrary provision in this title, a school district that
26 agrees to sponsor a student for a waiver under (d) of this section may include a student
27 who has been approved for a waiver under (d) of this section in the student count
28 conducted under AS 14.17.600 as a full-time or part-time student if the student attends
29 a school in the district for the purpose of completing the core academic requirements
30 under (a)(3) of this section.

31 (h) In this section, "district" has the meaning given in AS 14.17.990.

1 * **Sec. 6.** AS 14.43.825(a) is amended to read:

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

4 (1) the first award level is \$4,755 and requires a

5 **(A)** 3.5 grade-point average or above **or a total score in the**
6 **90th percentile or above on the general educational development**
7 **examination;** and

8 **(B)** [A] very high minimum score on a college entrance
9 examination;

10 (2) the second award level is \$3,566 and requires a

11 **(A)** 3.0 grade-point average or above **or a total score in the**
12 **80th percentile or above on the general educational development**
13 **examination;** and

14 **(B)** [A] high minimum score on a college entrance
15 examination;

16 (3) the third award level is \$2,378 and requires a

17 **(A)** 2.5 grade-point average or above **or a total score in the**
18 **70th percentile or above on the general educational development**
19 **examination;** and

20 **(B)** [A] moderately high minimum score on a college entrance
21 examination.

22 * **Sec. 7.** AS 14.43.825(b) is amended to read:

23 (b) A student's eligibility for a scholarship terminates six years after the date
24 the student **graduates** [GRADUATED] from high school **or attains a State of**
25 **Alaska High School Diploma by Examination.** unless the student qualifies for an
26 extension of time allowed by the department by regulation.

27 * **Sec. 8.** AS 14.43.825(f) is repealed and reenacted to read:

28 (f) Payment of a scholarship is subject to appropriation and the availability of
29 funds for expenditure under AS 37.14.750. If insufficient funds are appropriated or
30 available in a fiscal year to pay all eligible scholarships, the commission may not
31 award a scholarship to a new applicant, and the commission shall pay existing awards

1 on a pro rata basis for that fiscal year.

2 * **Sec. 9.** AS 14.43.830 is amended to read:

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

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

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

9 (B) **is** accredited by a regional **or national** accreditation
10 association;

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

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

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

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

28 * **Sec. 10.** AS 14.43.849(4) is amended to read:

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

31 * **Sec. 11.** AS 14.43 is amended by adding a new section to read:

1 **Sec. 14.43.915. AlaskAdvantage education grant account and Alaska**
2 **performance scholarship award account.** (a) The AlaskAdvantage education grant
3 account is created as an account in the general fund. Money may be appropriated to
4 the account from the Alaska higher education investment fund under AS 37.14.750
5 and from other sources. The commission may use the money in the account to pay
6 grants awarded under AS 14.43.400 - 14.43.420.

7 (b) The Alaska performance scholarship award account is created as an
8 account in the general fund. Money may be appropriated to the account from the
9 Alaska higher education investment fund under AS 37.14.750 and from other sources.
10 The commission may use the money in the account to pay scholarships awarded to
11 students under AS 14.43.810 - 14.43.849.

12 (c) Of the total amount available annually to the commission for payment of
13 grants under AS 14.43.400 - 14.43.420 and for payment of scholarships under
14 AS 14.43.810 - 14.43.849, one-third of the combined amount in the accounts
15 established under (a) and (b) of this section shall be available solely for payment of
16 grants awarded under AS 14.43.400 - 14.43.420. The commission shall annually
17 allocate to all qualified applicants for scholarships awarded under AS 14.43.810 -
18 14.43.849 two-thirds of the combined amount in the accounts. If an insufficient
19 number of qualified applicants are awarded scholarships under AS 14.43.810 -
20 14.43.849 before September 1 of each fiscal year, the balance of the account
21 established in (b) of this section shall be transferred to the account established in (a) of
22 this section for the payment of grants under AS 14.43.400 - 14.43.420 for that year. If
23 an insufficient number of qualified applicants are awarded grants under AS 14.43.400
24 - 14.43.420 before the end of that fiscal year, the commissioner shall redeposit the
25 remaining funds into the Alaska higher education investment fund established under
26 AS 37.14.750.

27 (d) The commission shall reserve a percentage calculated under this
28 subsection of the total amount available for awards in the accounts established under
29 (a) and (b) of this section each year for award to students who graduate from a school
30 district with an ADM of less than 800 or from a school that was operated by the
31 Alaska State-Operated School System established under former AS 14.08.020. The

1 percentage reserved under this subsection shall be calculated by adding the ADMs of
2 districts with an ADM of less than 800 and the number of students enrolled in a school
3 that was operated by the Alaska State-Operated School System established under
4 former AS 14.08.020 that is located in a district with an ADM of 800 or more and then
5 dividing that number by the sum of the ADMs of all districts in the state.

6 (e) If an insufficient number of applicants apply for the available amount
7 reserved under (d) of this section, the commission shall redeposit the remaining
8 amount in the account from which the funds originated.

9 (f) In this section,

10 (1) "ADM" has the meaning given in AS 14.17.990;

11 (2) "district" has the meaning given in AS 14.17.990, but also includes
12 a state boarding school under AS 14.16.

13 * **Sec. 12.** AS 14.45.130(a) 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. 13.** AS 37.14 is amended by adding a new section to read:

20 **Article 8A. Alaska Higher Education Investment Fund.**

21 **Sec. 37.14.750. Alaska higher education investment fund established.** (a)

22 The Alaska higher education investment fund is established in the general fund for the
23 purpose of making grants awarded under AS 14.43.400 - 14.43.420 by appropriation
24 to the account established under AS 14.43.915(a) and of making scholarship payments
25 to qualified postsecondary institutions for students under AS 14.43.810 - 14.43.849 by
26 appropriation to the account established under AS 14.43.915(b). Money in the fund
27 does not lapse. The fund consists of

28 (1) money appropriated to the fund;

29 (2) income earned on investment of fund assets;

30 (3) donations to the fund; and

31 (4) money redeposited under AS 14.43.915(c).

1 (b) The legislature may appropriate any amount to the fund established in (a)
2 of this section. Nothing in this section creates a dedicated fund.

3 (c) As soon as is practicable after July 1 of each year, the commissioner of
4 revenue shall determine the market value of the fund established in this section on
5 June 30 for the immediately preceding fiscal year. The commissioner shall identify 10
6 percent of that amount as available for appropriation as follows:

7 (1) one-third for the grant account established under AS 14.43.915(a),
8 from which the Alaska Commission on Postsecondary Education may award grants;
9 and

10 (2) two-thirds for the scholarship account established under
11 AS 14.43.915(b), from which the Alaska Commission on Postsecondary Education
12 may award scholarships.

13 (d) In this section, unless the context requires otherwise, "fund" means the
14 Alaska higher education investment fund established in (a) of this section.

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

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

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

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

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

26 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
27 nonprofit, public or private, Alaska two-year or four-year college accredited by a
28 regional accreditation association;

29 (5) [FOR] Alaska Native cultural or heritage programs and educational
30 support, including mentoring and tutoring, provided by a nonprofit agency for public
31 school staff and for students who are in grades kindergarten through 12 in the state;

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[AND]

(6) [FOR] education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

and

(7) the Alaska higher education investment fund under AS 37.14.750.

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

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

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

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

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

(4) for the Alaska higher education investment fund under AS 37.14.750.

* Sec. 16. AS 43.55.019(a) is amended to read:

(a) A producer of oil or gas is allowed a credit against the tax due under this chapter for cash contributions accepted **for**

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

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

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

1 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
2 nonprofit, public or private, Alaska two-year or four-year college accredited by a
3 regional accreditation association;

4 (5) [FOR] Alaska Native cultural or heritage programs and educational
5 support, including mentoring and tutoring, provided by a nonprofit agency for public
6 school staff and for students who are in grades kindergarten through 12 in the state;
7 [AND]

8 (6) [FOR] education, research, rehabilitation, and facilities by an
9 institution that is located in the state and that qualifies as a coastal ecosystem learning
10 center under the Coastal America Partnership established by the federal government;
11 **and**

12 **(7) the Alaska higher education investment fund under**
13 **AS 37.14.750.**

14 * Sec. 17. AS 43.55.019(a), as amended by sec. 21, ch. 92, SLA 2010, is amended to read:

15 (a) A producer of oil or gas is allowed a credit against the tax due under this
16 chapter for cash contributions accepted

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

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

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

25 **(4) for the Alaska higher education investment fund under**
26 **AS 37.14.750.**

27 * Sec. 18. AS 43.56.018(a) is amended to read:

28 (a) The owner of property taxable under this chapter is allowed a credit
29 against the tax due under this chapter for cash contributions accepted **for**

30 (1) [FOR] direct instruction, research, and educational support
31 purposes, including library and museum acquisitions, and contributions to endowment,

1 by an Alaska university foundation or by a nonprofit, public or private, Alaska two-
2 year or four-year college accredited by a regional accreditation association;

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

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

7 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
8 nonprofit, public or private, Alaska two-year or four-year college accredited by a
9 regional accreditation association;

10 (5) [FOR] Alaska Native cultural or heritage programs and educational
11 support, including mentoring and tutoring, provided by a nonprofit agency for public
12 school staff and for students who are in grades kindergarten through 12 in the state;
13 [AND]

14 (6) [FOR] education, research, rehabilitation, and facilities by an
15 institution that is located in the state and that qualifies as a coastal ecosystem learning
16 center under the Coastal America Partnership established by the federal government;
17 **and**

18 (7) **the Alaska higher education investment fund under**
19 **AS 37.14.750.**

20 * **Sec. 19.** AS 43.56.018(a), as amended by sec. 28, ch. 92, SLA 2010, is amended to read:

21 (a) The owner of property taxable under this chapter is allowed a credit
22 against the tax due under this chapter for 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 Alaska higher education investment fund under**

1 **AS 37.14.750.**

2 * **Sec. 20.** AS 43.65.018(a) is amended to read:

3 (a) A person engaged in the business of mining in the state is allowed a credit
4 against the tax due under this chapter for cash contributions accepted **for**

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

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

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

13 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
14 nonprofit, public or private, Alaska two-year or four-year college accredited by a
15 regional accreditation association;

16 (5) [FOR] Alaska Native cultural or heritage programs and educational
17 support, including mentoring and tutoring, provided by a nonprofit agency for public
18 school staff and for students who are in grades kindergarten through 12 in the state;
19 **[AND]**

20 (6) [FOR] education, research, rehabilitation, and facilities by an
21 institution that is located in the state and that qualifies as a coastal ecosystem learning
22 center under the Coastal America Partnership established by the federal government;
23 **and**

24 **(7) the Alaska higher education investment fund under**
25 **AS 37.14.750.**

26 * **Sec. 21.** AS 43.65.018(a), as amended by sec. 35, ch. 92, SLA 2010, is amended to read:

27 (a) A person engaged in the business of mining in the state is allowed a credit
28 against the tax due under this chapter for cash contributions accepted

29 (1) for direct instruction, research, and educational support purposes,
30 including library and museum acquisitions, and contributions to endowment, by an
31 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or

1 four-year college accredited by a regional accreditation association;

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

4 (3) by a state-operated vocational technical education and training
5 school; and

6 (4) for the Alaska higher education investment fund under
7 AS 37.14.750.

8 * **Sec. 22.** AS 43.75.018(a) is amended to read:

9 (a) A person engaged in a fisheries business is allowed a credit against the tax
10 due under this chapter for cash contributions accepted for

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

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

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

19 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
20 nonprofit, public or private, Alaska two-year or four-year college accredited by a
21 regional accreditation association;

22 (5) [FOR] Alaska Native cultural or heritage programs and educational
23 support, including mentoring and tutoring, provided by a nonprofit agency for public
24 school staff and for students who are in grades kindergarten through 12 in the state;
25 [AND]

26 (6) [FOR] education, research, rehabilitation, and facilities by an
27 institution that is located in the state and that qualifies as a coastal ecosystem learning
28 center under the Coastal America Partnership established by the federal government;
29 and

30 (7) the Alaska higher education investment fund under
31 AS 37.14.750.

1 * **Sec. 23.** AS 43.75.018(a), as amended by sec. 42, ch. 92, SLA 2010, is amended to read:

2 (a) A person engaged in a fisheries business is allowed a credit against the tax
3 due under this chapter for cash contributions accepted

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

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

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

12 (4) for the Alaska higher education investment fund under
13 AS 37.14.750.

14 * **Sec. 24.** AS 43.77.045(a) is amended to read:

15 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
16 a floating fisheries business is allowed a credit against the tax due under this chapter
17 for cash contributions accepted for

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

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

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

26 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
27 nonprofit, public or private, Alaska two-year or four-year college accredited by a
28 regional accreditation association;

29 (5) [FOR] Alaska Native cultural or heritage programs and educational
30 support, including mentoring and tutoring, provided by a nonprofit agency for public
31 school staff and for students who are in grades kindergarten through 12 in the state;

1 [AND]

2 (6) [FOR] education, research, rehabilitation, and facilities by an
3 institution that is located in the state and that qualifies as a coastal ecosystem learning
4 center under the Coastal America Partnership established by the federal government;

5 **and**

6 **(7) the Alaska higher education investment fund under**
7 **AS 37.14.750.**

8 * **Sec. 25.** AS 43.77.045(a), as amended by sec. 49, ch. 92, SLA 2010, is amended to read:

9 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
10 a floating fisheries business is allowed a credit against the tax due under this chapter
11 for cash contributions accepted

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

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

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

20 **(4) for the Alaska higher education investment fund under**
21 **AS 37.14.750.**

22 * **Sec. 26.** Section 8, ch. 14, SLA 2010, is repealed.

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

25 TRANSITION: ALASKA HIGHER EDUCATION INVESTMENT FUND. The
26 Alaska higher education investment fund established in AS 37.14.750, enacted by sec. 12 of
27 this Act, is the fund identified in sec. 20(f), ch. 5, FSSLA 2011.

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

30 TRANSITION: REGULATIONS. The Department of Education and Early
31 Development, the Department of Labor and Workforce Development, the Department of

1 Revenue, and the Alaska Commission on Postsecondary Education may adopt regulations
2 necessary to implement changes made to their respective authorities by this Act. The
3 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1,
4 2012.

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

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

8 (1) heading of art. 12 of AS 14.43 from "Alaska Merit Scholarship Program"
9 to "Alaska Performance Scholarship Program";

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

12 * **Sec. 30.** Sections 2, 4, 5 - 7, and AS 14.43.915(d) and (e), added by sec. 11 of this Act,
13 take effect April 1, 2013.

14 * **Sec. 31.** AS 14.43.830(a)(1)(C) and (D), added by sec. 9 of this Act, and the amendment
15 to AS 14.43.830(a)(2) made by sec. 9 of this Act take effect July 1, 2013.

16 * **Sec. 32.** Sections 15, 17, 19, 21, 23, and 25 of this Act take effect January 1, 2021.

17 * **Sec. 33.** Except as provided in secs. 30 - 32 of this Act, this Act takes effect immediately
18 under AS 01.10.070(c).

adopted 02/15/12

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SENATE CS FOR CS FOR HOUSE BILL NO. 104(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE 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; relating to AlaskAdvantage education grant eligibility; establishing accounts**
5 **and a fund for those purposes; making conforming amendments; and providing for an**
6 **effective date."**

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

8 *** Section 1.** AS 14.03.113 is amended to read:

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

1 which the student is eligible. A district shall provide a student with an opportunity to
2 request that the district correct an error in the eligibility determination.

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

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

6 (1) a resident of this state;

7 (2) enrolled or about to be enrolled

8 (A) at an institution located in the state that is

9 (i) accredited by the United States Secretary of
10 Education; or

11 (ii) approved to participate in the Alaska
12 performance scholarship program as a qualified postsecondary
13 institution under AS 14.43.830 [APPROVED TO PARTICIPATE IN
14 FEDERAL FINANCIAL AID PROGRAMS UNDER 20 U.S.C. 1070 -
15 1099c-2, AS AMENDED, LOCATED IN THIS STATE]; and

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

17 (3) able to demonstrate financial need in accordance with standards for
18 determining financial need established by the commission [UNDER 20 U.S.C. 1070c-
19 2, AS AMENDED].

20 * **Sec. 3.** AS 14.43.810 is amended to read:

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

25 (b) The department shall, in consultation with the commission, adopt
26 regulations necessary to implement the Alaska performance scholarship program.
27 The commission shall administer the daily operations of the Alaska performance
28 scholarship program and financing of the Alaska performance scholarship program,
29 including the procedures for applying for the scholarships, establishing standards for
30 and ensuring continuing compliance with programmatic standards, and requiring
31 students to apply for other nonloan financial aid, consistent with federal law.

1 * **Sec. 4.** AS 14.43.820(a) is amended to read:

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

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

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

7 (3) **except as provided in (c) of this section,** has completed a core
8 academic curriculum **of** [IN] high school **level coursework** that includes

9 (A) four years of mathematics, four years of language arts, four
10 years of science, and four years of social studies, one year of which may
11 include a foreign language, an Alaska Native language, fine arts, or cultural
12 heritage; or

13 (B) three years of mathematics, four years of language arts,
14 three years of science, four years of social studies, and two years of a foreign
15 language or an Alaska Native language;

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

19 (5) has achieved a minimum score on a

20 (A) college entrance examination; or

21 (B) standardized examination designed to measure a student's
22 level of preparedness to make the transition to work, as selected by the
23 department; and

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

27 * **Sec. 5.** AS 14.43.820 is amended by adding new subsections to read:

28 (c) The department shall waive a portion of the core academic requirements
29 provided under (a)(3) of this section if that portion of the curriculum is not available to
30 a student who attended a public school in the state in a district in which the student
31 resides.

1 (d) Notwithstanding the eligibility requirements in (a)(2) - (4) of this section,
2 the department shall adopt regulations to provide for the eligibility of a student who
3 has attained a general education development diploma in the state.

4 * **Sec. 6.** AS 14.43.825(a) is amended to read:

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

7 (1) the first award level is \$4,755 and requires a

8 (A) 3.5 grade-point average or above or a total score in the
9 90th percentile or above on the general education development diploma
10 examination; and

11 (B) [A] very high minimum score on a college entrance
12 examination;

13 (2) the second award level is \$3,566 and requires a

14 (A) 3.0 grade-point average or above or a total score in the
15 80th percentile or above on the general education development diploma
16 examination; and

17 (B) [A] high minimum score on a college entrance
18 examination;

19 (3) the third award level is \$2,378 and requires a

20 (A) 2.5 grade-point average or above or a total score in the
21 70th percentile or above on the general education development diploma
22 examination; and

23 (B) [A] moderately high minimum score on a college entrance
24 examination.

25 * **Sec. 7.** AS 14.43.825(f) is repealed and reenacted to read:

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

31 * **Sec. 8.** AS 14.43.830 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 **or national** accreditation
8 association;

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

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

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

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

26 * **Sec. 9.** AS 14.43.849(4) is amended to read:

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

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

30 **Sec. 14.43.915. AlaskAdvantage education grant account and Alaska**
31 **performance scholarship award account.** (a) The AlaskAdvantage education grant

1 account is created as an account in the general fund. Money may be appropriated to
2 the account from the Alaska higher education investment fund under AS 37.14.750
3 and from other sources, as provided under (c) of this section. The commission may use
4 the money in the account to pay grants awarded under AS 14.43.400 - 14.43.420.

5 (b) The Alaska performance scholarship award account is created as an
6 account in the general fund. Money may be appropriated to the account from the
7 Alaska higher education investment fund under AS 37.14.750 and from other sources,
8 as provided under (c) of this section. The commission may use the money in the
9 account to pay scholarships awarded to students under AS 14.43.810 - 14.43.849.

10 (c) Of the total amount available annually to the commission for payment of
11 grants under AS 14.43.400 - 14.43.420 and for payment of scholarships under
12 AS 14.43.810 - 14.43.849, one-third of the combined amount in the accounts
13 established under (a) and (b) of this section shall be available solely for payment of
14 grants awarded under AS 14.43.400 - 14.43.420. The commission shall annually
15 allocate to all qualified applicants for scholarships awarded under AS 14.43.810 -
16 14.43.849 two-thirds of the combined amount in the accounts. If an insufficient
17 number of qualified applicants are awarded scholarships under AS 14.43.810 -
18 14.43.849 before October 1 of each fiscal year, the balance of the account established
19 in (b) of this section shall be transferred to the account established in (a) of this section
20 for the payment of grants under AS 14.43.400 - 14.43.420 for that year.

21 (d) The commission shall reserve a percentage calculated under this
22 subsection of the total amount available for awards in the accounts established under
23 (a) and (b) of this section each year for award to students who graduate from a school
24 district with an ADM of less than 800 or from a school that was operated by the
25 Alaska State-Operated School System established under former AS 14.08.020. The
26 percentage reserved under this subsection shall be calculated by adding the ADMs of
27 districts with an ADM of less than 800 and the number of students enrolled in a school
28 that was operated by the Alaska State-Operated School System established under
29 former AS 14.08.020 that is located in a district with an ADM of 800 or more and then
30 dividing that number by the sum of the ADMs of all districts in the state.

31 (e) If an insufficient number of applicants apply for the available amount

1 reserved under (d) of this section, the commission shall redeposit the remaining
2 amount in the Alaska higher education investment fund established under
3 AS 37.14.750.

4 (f) In this section,

5 (1) "ADM" has the meaning given in AS 14.17.990;

6 (2) "district" has the meaning given in AS 14.17.990, but also includes
7 a state boarding school under AS 14.16.

8 * **Sec. 11.** AS 14.45.130(a) is amended to read:

9 (a) A religious or other private school that elects to comply with AS 14.45.100
10 - 14.45.130 shall maintain permanent student records reflecting immunizations,
11 physical examinations, standardized testing, academic achievement, courses taken at
12 the school, and level of eligibility for an Alaska performance [MERIT
13 SCHOLARSHIP PROGRAM] scholarship under AS 14.43.810 - 14.43.849.

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

15 **Article 8A. Alaska Higher Education Investment Fund.**

16 **Sec. 37.14.750. Alaska higher education investment fund established.** (a)

17 The Alaska higher education investment fund is established in the general fund for the
18 purpose of making grants awarded under AS 14.43.400 - 14.43.420 by appropriation
19 to the account established under AS 14.43.915(a) and of making scholarship payments
20 to qualified postsecondary institutions for students under AS 14.43.810 - 14.43.849 by
21 appropriation to the account established under AS 14.43.915(b). Money in the fund
22 does not lapse. The fund consists of

23 (1) money appropriated to the fund;

24 (2) income earned on investment of fund assets; and

25 (3) donations to the fund.

26 (b) The legislature may appropriate any amount to the fund established in (a)
27 of this section. Nothing in this section creates a dedicated fund.

28 (c) As soon as is practicable after July 1 of each year, the commissioner of
29 revenue shall determine the market value of the fund established in this section on
30 June 30 for the immediately preceding fiscal year. The commissioner shall identify 10
31 percent of that amount as available for appropriation as follows:

1 (1) one-third for the grant account established under AS 14.43.915(a),
2 from which the Alaska Commission on Postsecondary Education may award grants;
3 and

4 (2) two-thirds for the scholarship account established under
5 AS 14.43.915(b), from which the Alaska Commission on Postsecondary Education
6 may award scholarships.

7 (d) In this section, unless the context requires otherwise, "fund" means the
8 Alaska higher education investment fund established in (a) of this section.

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

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

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

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

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

20 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
21 nonprofit, public or private, Alaska two-year or four-year college accredited by a
22 regional accreditation association;

23 (5) [FOR] Alaska Native cultural or heritage programs and educational
24 support, including mentoring and tutoring, provided by a nonprofit agency for public
25 school staff and for students who are in grades kindergarten through 12 in the state;

26 (6) [FOR] education, research, rehabilitation, and facilities by an
27 institution that is located in the state and that qualifies as a coastal ecosystem learning
28 center under the Coastal America Partnership established by the federal government;

29 and

30 (7) the Alaska higher education investment fund under
31 AS 37.14.750.

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

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

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

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

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

12 (4) for the Alaska higher education investment fund under
13 AS 37.14.750.

14 * **Sec. 15.** AS 43.55.019(a) is amended to read:

15 (a) A producer of oil or gas is allowed a credit against the tax due under this
16 chapter for cash contributions accepted for

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

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

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

25 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
26 nonprofit, public or private, Alaska two-year or four-year college accredited by a
27 regional accreditation association;

28 (5) [FOR] Alaska Native cultural or heritage programs and educational
29 support, including mentoring and tutoring, provided by a nonprofit agency for public
30 school staff and for students who are in grades kindergarten through 12 in the state;
31 [AND]

(6) [FOR] education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

and

(7) the Alaska higher education investment fund under AS 37.14.750.

* **Sec. 16.** AS 43.55.019(a), as amended by sec. 21, ch. 92, SLA 2010, is amended to read:

(a) A producer of oil or gas is allowed a credit against the tax due under this chapter for cash contributions accepted

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

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

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

(4) for the Alaska higher education investment fund under AS 37.14.750.

* **Sec. 17.** AS 43.56.018(a) is amended to read:

(a) The owner of property taxable under this chapter is allowed a credit against the tax due under this chapter for cash contributions accepted **for**

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

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

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

(4) [FOR] a facility or an annual intercollegiate sports tournament by a

1 nonprofit, public or private, Alaska two-year or four-year college accredited by a
2 regional accreditation association;

3 (5) [FOR] Alaska Native cultural or heritage programs and educational
4 support, including mentoring and tutoring, provided by a nonprofit agency for public
5 school staff and for students who are in grades kindergarten through 12 in the state;
6 [AND]

7 (6) [FOR] education, research, rehabilitation, and facilities by an
8 institution that is located in the state and that qualifies as a coastal ecosystem learning
9 center under the Coastal America Partnership established by the federal government;
10 **and**

11 **(7) the Alaska higher education investment fund under**
12 **AS 37.14.750.**

13 * **Sec. 18.** AS 43.56.018(a), as amended by sec. 28, ch. 92, SLA 2010, is amended to read:

14 (a) The owner of property taxable under this chapter is allowed a credit
15 against the tax due under this chapter for cash contributions accepted

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

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

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

24 **(4) for the Alaska higher education investment fund under**
25 **AS 37.14.750.**

26 * **Sec. 19.** AS 43.65.018(a) is amended to read:

27 (a) A person engaged in the business of mining in the state is allowed a credit
28 against the tax due under this chapter for cash contributions accepted **for**

29 (1) [FOR] direct instruction, research, and educational support
30 purposes, including library and museum acquisitions, and contributions to endowment,
31 by an Alaska university foundation or by a nonprofit, public or private, Alaska two-

1 year or four-year college accredited by a regional accreditation association;

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

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

6 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
7 nonprofit, public or private, Alaska two-year or four-year college accredited by a
8 regional accreditation association;

9 (5) [FOR] Alaska Native cultural or heritage programs and educational
10 support, including mentoring and tutoring, provided by a nonprofit agency for public
11 school staff and for students who are in grades kindergarten through 12 in the state;
12 [AND]

13 (6) [FOR] education, research, rehabilitation, and facilities by an
14 institution that is located in the state and that qualifies as a coastal ecosystem learning
15 center under the Coastal America Partnership established by the federal government;
16 **and**

17 **(7) the Alaska higher education investment fund under**
18 **AS 37.14.750.**

19 * **Sec. 20.** AS 43.65.018(a), as amended by sec. 35, ch. 92, SLA 2010, is amended to read:

20 (a) A person engaged in the business of mining in the state is allowed a credit
21 against the tax due under this chapter for cash contributions accepted

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

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

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

30 **(4) for the Alaska higher education investment fund under**
31 **AS 37.14.750.**

1 * **Sec. 21.** AS 43.75.018(a) is amended to read:

2 (a) A person engaged in a fisheries business is allowed a credit against the tax
3 due under this chapter for cash contributions accepted **for**

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

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

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

12 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
13 nonprofit, public or private, Alaska two-year or four-year college accredited by a
14 regional accreditation association;

15 (5) [FOR] Alaska Native cultural or heritage programs and educational
16 support, including mentoring and tutoring, provided by a nonprofit agency for public
17 school staff and for students who are in grades kindergarten through 12 in the state;
18 [AND]

19 (6) [FOR] education, research, rehabilitation, and facilities by an
20 institution that is located in the state and that qualifies as a coastal ecosystem learning
21 center under the Coastal America Partnership established by the federal government;
22 **and**

23 (7) **the Alaska higher education investment fund under**
24 **AS 37.14.750.**

25 * **Sec. 22.** AS 43.75.018(a), as amended by sec. 42, ch. 92, SLA 2010, is amended to read:

26 (a) A person engaged in a fisheries business is allowed a credit against the tax
27 due under this chapter for cash contributions accepted

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

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

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

5 (4) for the Alaska higher education investment fund under
6 AS 37.14.750.

7 * Sec. 23. AS 43.77.045(a) is amended to read:

8 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
9 a floating fisheries business is allowed a credit against the tax due under this chapter
10 for cash contributions accepted for

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

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

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

19 (4) [FOR] a facility or an annual intercollegiate sports tournament by a
20 nonprofit, public or private, Alaska two-year or four-year college accredited by a
21 regional accreditation association;

22 (5) [FOR] Alaska Native cultural or heritage programs and educational
23 support, including mentoring and tutoring, provided by a nonprofit agency for public
24 school staff and for students who are in grades kindergarten through 12 in the state;
25 [AND]

26 (6) [FOR] education, research, rehabilitation, and facilities by an
27 institution that is located in the state and that qualifies as a coastal ecosystem learning
28 center under the Coastal America Partnership established by the federal government;
29 and

30 (7) the Alaska higher education investment fund under
31 AS 37.14.750.

1 * **Sec. 24.** AS 43.77.045(a), as amended by sec. 49, ch. 92, SLA 2010, is amended to read:

2 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
3 a floating fisheries business is allowed a credit against the tax due under this chapter
4 for cash contributions accepted

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

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

11 (3) by a state-operated vocational technical education and training
12 school; and

13 (4) for the Alaska higher education investment fund under
14 AS 37.14.750.

15 * **Sec. 25.** Section 8, ch. 14, SLA 2010, is amended to read:

16 TRANSITION: PERFORMANCE SCHOLARSHIP PROGRAM
17 STANDARDS AND IMPLEMENTATION FOR INITIAL SCHOOL YEARS.
18 Notwithstanding any contrary provision of this Act, the Department of Education and
19 Early Development and the Department of Labor and Workforce Development, after
20 consultation with the Alaska Commission on Postsecondary Education, may adopt
21 regulations under AS 44.62 (Administrative Procedure Act) to implement their
22 respective duties under the Alaska performance [MERIT] scholarship program
23 established in AS 14.43.810, enacted by sec. 5, ch. 14, SLA 2010 [OF THIS ACT], so
24 that a student

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

28 (2) who graduated from high school in this state after January 1, 2011,
29 and before July 1, 2011, and meets eligibility requirements for the Alaska
30 performance scholarship program may apply for a scholarship on or after January 1,
31 2011, for enrollment in a program of study beginning on or after July 1, 2011.

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

3 TRANSITION: REGULATIONS. The Department of Education and Early
4 Development, the Department of Labor and Workforce Development, the Department of
5 Revenue, and the Alaska Commission on Postsecondary Education may adopt regulations
6 necessary to implement changes made to their respective authorities by this Act. The
7 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1,
8 2012.

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

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

12 (1) heading of art. 12 of AS 14.43 from "Alaska Merit Scholarship Program"
13 to "Alaska Performance Scholarship Program";

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

16 * **Sec. 28.** Section 26 of this Act takes effect immediately under AS 01.10.070(c).

17 * **Sec. 29.** AS 14.43.830(a)(1)(C) and (D), added by sec. 8 of this Act, and the amendment
18 to AS 14.43.830(a)(2) made by sec. 8 of this Act take effect July 1, 2013.

19 * **Sec. 30.** Sections 14, 16, 18, 20, 22, and 24 of this Act take effect January 1, 2021.

20 * **Sec. 31.** Except as provided in secs. 28 - 30 of this Act, this Act takes effect July 1, 2012.

State of Alaska
Department of Revenue

Commissioner Bryan Butcher



SEAN PARNELL, GOVERNOR

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The Honorable Bert Stedman
The Honorable Lyman Hoffman
Co-Chairs, Senate Finance Committee
Alaska State Senate
Juneau, AK 99801

February 24, 2012

Dear Senators Stedman and Hoffman:

Attached you will find an update to previous analyses we have provided regarding the Senate Finance Committee Substitute to HB 104. The purpose of this update is to respond to the Committee's request as to how much of an additional appropriation is necessary in order to cover costs of the AlaskAdvantage Education Grant program.

Assuming an asset allocation which achieves 5% earnings, we project an additional appropriation of \$160 million in FY2013 will be needed. This appropriation is a result of the House amendments. Governor Parnell's Alaska Performance Scholarship Fund, as proposed, does not require the additional appropriation.

Please contact me if you would like more detail or any additional information. We appreciate the opportunity to provide this to the Committee.

Sincerely,

Angela Rodell
Deputy Commissioner

cc: Darwin Peterson, Senate Finance Committee Aide

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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February 22, 2012

The Honorable Bert Stedman, Co-chair
Senate Finance Committee
Alaska State Legislature
State Capitol Room 516
Juneau, Alaska 99801

Dear Senator Stedman:

The following information is provided in response to requests made at the February 15, 2012 meeting of the Senate Finance Committee.

1. What are the rates of APS eligibility and usage, aggregated by school size?

The table below aggregates APS eligibility specifically by ranges of high school size.

2011 Alaska Public High School Graduates

Size of School Graduating Class	Total Graduates	Eligible Graduates	Received Scholarship	# of Schools
All Schools	8,064	2,338	835	
Greater than 100	4,729	1,680	560	20
51 to 100	1,659	363	143	22
21 to 50	690	204	93	22
11 to 20	405	48	20	29
6 to 10	278	21	10	37
5 or fewer	303	22	9	116

2. What are the national college-going rate and the Alaska college-going rate?

This information was misreported by me during last week's discussion. According to the National Center for Higher Education Management Systems (NCHEMS), the national college-going rate in 2008 (most recent year available) was 63.3%, and the Alaska-specific rate was 45.7%, the lowest of any state in the nation. The college-going rate is defined as the number of first-time freshmen who graduated from high school in the past year and are enrolled in postsecondary institutions anywhere in the United States, divided by the number of public and private high school graduates.

3. Relative to math remediation/preparatory courses, what level of math is generally considered college level?

The University of Alaska reports that calculus is generally considered entry level for the college-level mathematics course sequences.

4. How many students are getting simultaneous awards from the AlaskAdvantage Education Grant (AEG) and the Alaska Performance Scholarship (APS)?

This number remains a moving target since spring awards have not been completed and additional AEGs are awarded as funds become available as a result of changes in students' statuses. At this time, it is anticipated we will have approximately 20 students who receive both AEG and APS awards for 2011/2012 enrollment.

5. Where did students with AEGs enroll?

AEG Awards by School of Attendance, through 12/31/2011

School	# of Students	Total Dollars Awarded
Alaska Pacific University	11	\$24,000
AVTEC	9	\$19,500
Alaska Career College	12	\$31,500
Charter College	107	\$151,375
Ilisagvik College	7	\$10,500
UAA	1,271	\$1,896,375
UAF	449	\$660,375
UAS	123	\$168,000
Wayland Baptist University	20	\$20,000
Total	2,009	\$2,981,625

6. What is the Alaska college-going rate by district?

Please see Attachment 1.

7. What are the specific legal requirements relative to small cell suppression when reporting APS outcomes, and what options are available to provide legislators with specific numbers relative to APS eligibility and usage by district and high school?

The Family Education Rights and Privacy Act, or FERPA (20 U.S.C. § 1232g), provides parents (or students, if over 18) the right to consent to the disclosure of personally identifiable information (PII) from education records, with certain exceptions set out in law. PII is defined as information that, alone or in combination, is linked or linkable to a specific student and that would allow a reasonable person (an "outside observer"), who does not have

Senator Bert Stedman

February 22, 2012

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personal knowledge of the relevant circumstances, to identify an individual student or to ascribe specific academic characteristics to an individual with reasonable certainty.

The Department of Education and Early Development works with ACPE to ensure appropriate protocols are followed and will be responding directly to the committee's inquiry. However, recent changes in federal guidance relative to FERPA provide an opportunity to re-examine compliance protocols. Such re-examination is also timely relative to policymakers' need for APS outcomes information.

To best inform this re-examination, and to ensure we maximize information availability without putting compliance at risk, ACPE will consult with a recognized FERPA expert. We expect to receive guidance relative to changes in administrative law recommended to classify receipt of an APS award as FERPA directory information, which may in future years be considered public information.

Alaska did submit a request directly to the federal FERPA compliance office several months ago for guidance relative to the publication of APS data, but have yet to receive a response.

Based on an internal review, EED and ACPE have concurred that, in a greater number of instances than originally published, release of the annual number of APS recipients by school district is reasonable and complies with all applicable FERPA requirements. A new list of graduates and APS recipients by school district is provided as the second attachment to this document.

We look forward to providing additional detail relative to FERPA requirements upon completion of legal review and receipt of additional external expert analyses.

Thank you for the opportunity to discuss the Alaska Performance Scholarship outcomes report. I hope this information is responsive to the inquiries. I would be pleased to provide any additional information requested.

Sincerely,



Diane Barrans
Executive Director

Attachments:

1. Alaska college-going rates by district
2. Summary of APS recipients by district

Attachment 1: Alaska College-Going Rates by District

The table below presents information available from the National Student Clearinghouse (NSC). AY11 Alaska high school graduates were matched to NSC data to identify those pursuing postsecondary education, both in-state and out-of-state. Students enrolled in non-collegiate postsecondary training programs such as apprenticeships or non-degree vocational training are not included in the college-going rates calculated from NSC numbers.

NSC collects its information directly from postsecondary institutions. A student's attendance is considered to be directory information under FERPA, and is disclosable by the institution unless the student requests that such information not be shared. When this occurs, the institution does not report the identity of that student to NSC. This maintains compliance with FERPA, but may understate the actual number of graduates attending postsecondary institutions.

School District	Attending Postsecondary			Not Found in NSC	Grand Total
	Total	In-State	Out-of-State		
Alaska Gateway	9	8	1	13	22
Aleutians East	5	4	1	8	13
Anchorage	1,685	1,029	656	1,377	3,062
Annette Island	3	2	1	10	13
Bering Strait	15	14	1	91	106
Bristol Bay	6	5	1	3	9
Chatham	4	3	1	9	13
Chugach	2	1	1	5	7
Copper River	17	12	5	7	24
Cordova City	17	6	11	15	32
Craig City	14	4	10	8	22
Delta-Greely	22	17	5	33	55
Denali	10	10		9	19
Dillingham	9	7	2	11	20
Fairbanks	425	302	123	411	836
Galena	83	62	21	170	253
Haines	16	12	4	8	24
Hoonah	2	2	-	2	4
Hydaburg	1	1	-	3	4
Iditarod	6	5	1	21	27
Juneau	227	114	113	176	403

Kake	3	3		3	6
Kashunamiut	2	1	1	10	12
Kenai Peninsula	267	159	108	326	593
Ketchikan	62	35	27	60	122
Klawock	6	3	3	5	11
Kodiak Island	86	58	28	95	181
Kuspuk	4	4		16	20
Lake and Peninsula	8	6	2	18	26
Lower Kuskokwim	39	32	7	111	150
Lower Yukon	9	8	1	58	67
Mat-Su	445	278	167	640	1,085
Mt Edgecumbe	51	40	11	23	74
Nenana	34	32	2	94	128
Nome	17	11	6	12	29
North Slope	32	23	9	54	86
Northwest Arctic	18	15	3	60	78
Petersburg	30	17	13	23	53
Pribilof	2	1	1	2	4
Saint Mary's	3	2	1	10	13
Sitka	49	21	28	49	98
Skagway	6	2	4	6	12
Southeast Island	2	2		8	10
Southwest Region	8	7	1	24	32
Unalaska	11	8	3	11	22
Valdez	28	22	6	17	45
Wrangell	11	5	6	15	26
Yakutat	5	3	2	4	9
Yukon Flats	1	1		7	8
Yukon-Koyukuk	21	18	3	67	88
Yupit	-			8	8
Grand Total	3,838	2,437	1,401	4,226	8,064

Attachment 2: APS Recipients by District

2010-2011 APS Eligibility and Acceptance by School District

District Name	Class of 2011 High School Graduates	APS-Eligible Graduates	Percent Eligible	APS Recipients
Alaska Gateway	22	6	27%	4
Anchorage	3,062	1,081	35%	359
Copper River	24	9	38%	7
Cordova City	32	10	31%	3
Delta-Greely	55	14	25%	10
Denali	19	7	37%	3
Fairbanks	836	288	34%	142
Galena	253	54	21%	25
Haines	24	10	42%	4
Juneau	403	115	29%	25
Kenai Peninsula	593	179	30%	58
Ketchikan	122	48	39%	19
Kodiak Island	181	67	37%	17
Lower Kuskokwim	150	12	8%	3
Mat-Su	1,085	244	22%	91
Mt Edgecumbe	74	13	18%	3
Nenana	128	5	4%	4
Nome	29	10	34%	6
North Slope	86	17	20%	8
Petersburg	53	25	47%	9
Sitka	98	37	38%	5
Skagway	12	5	42%	1
Unalaska	22	10	45%	5
Valdez	45	13	29%	8
Wrangell	26	7	27%	3
Yukon-Koyukuk	88	7	8%	2
<i>Other Districts w/ Graduates (25 total)</i>	542	29	5%	11
Statewide Public	8,064	2,322	29%	835

NOTES: *Other Districts w/ Graduates* includes twenty five school districts with fewer than five APS-eligible students in AY11. These districts were: Aleutians East, Annette Island, Bering Strait, Bristol Bay, Chatham, Chugach, Craig City, Dillingham, Hoonah, Hydaburg, Iditarod, Kake, Kashunamut, Klawock, Kuspuk, Lake and Peninsula, Lower Yukon, Northwest Arctic, Pribilof, Saint Mary's, Southeast Island, Southwest Region, Yakutat, Yukon Flats, and Yuplit. Three districts (Aleutian Region, Pelican and Tanana) had no high school seniors and/or graduates in AY11.

- 1) The committee substitute amends subsection (3) on page 3, line 8 – in the previous version eligibility for a performance scholarship was based on a student’s completion of a core academic curriculum in high school. The change in the committee substitute allows a student to complete a core academic curriculum of high school level coursework. Some students take advanced high school courses in the 8th grade and that coursework should apply.

- 2) That same section references an exemption to the core academic curriculum found in section 5 at the bottom of page 3. It provides a waiver of any portion of the core academic curriculum if those courses aren’t made available.

- 3) Subsection (d) was also included to allow a mechanism for students who attain a General Education Development diploma or GED. On that same page in section 6 you will see that language was added whereby a student who scores in the 90th percentile on the GED would be eligible for the highest scholarship award. A score in the 80th percentile would result in eligibility for the second highest award level and a score in the 70th percentile would make a student eligible for the third award level.

- 4) On page 5, line 7, the words “or national” was inserted so qualified institutions in the state could be accredited by either a regional or national accreditation association.

- 5) At the bottom of page 5, section 10 creates two subaccounts, the AlaskaAdvantage education grant account and the Alaska Performance Scholarship award account. Money would be deposited into these accounts from the Alaska Higher Education Investment Fund. This last fund I mentioned is a new fund recommended by the Administration where the \$400 million appropriated last year to a subaccount of the Alaska Housing Finance Corporation would be deposited. (appropriation required)

- 6) Sections (c) on line 10 and section (d) on line 21 of page 6 are both new. Section (c) is the $\frac{1}{3} - \frac{2}{3}$ concept whereby one-third of the amount available each year from the Alaska Higher Education Investment Fund would be made available for the AlaskaAdvantage grants and two-thirds would be for the performance scholarships. It also states that if there are an insufficient number of qualified applicants eligible for the pool of funds available for the performance scholarships, the balance remaining would be allocated to the AlaskaAdvantage grant program.

- 7) Section (d) creates a mechanism for preserving a proportional amount of funds for students in a school district with an Average Daily Membership of less than 800. This amount would be calculated by taking the statewide percentage of students in a school district of 800 students or less and that same percentage of funds would be reserved for those students. For example, if 25% of the students in Alaska are enrolled in these small school districts, then 25% of the funds available for grants and scholarships would first be made available to those students. Subsection (e) states that if an insufficient

number of those students qualify, then the remaining funds will be redeposited back into the Alaska Higher Education Investment Fund.

- 8) Section 12 on page 7 creates the Alaska Higher Education Investment Fund. Subsection (c) on the bottom of page 7 establishes the payout method from this umbrella fund into the two subaccounts. Annually, 10 percent of the amount available in the Fund would be made available for appropriation. 1/3 of that amount would go into the Alaska Advantage education grant account and 2/3 would go into the Alaska Performance Scholarship award account. This payout method will need to be revisited.

- 9) Sections 13 through 24 adds the Alaska higher education investment fund as an eligible recipient for all the statutory tax credits allowed for contributions to education. Sections 13 and 14 apply to the state corporate income tax. Sections 15 and 16 apply to the oil and gas production tax. Sections 17 and 18 apply to the oil and gas property tax. Sections 19 and 20 apply to the mining license tax. Sections 21 and 22 apply to the fisheries business tax. Sections 23 and 24 apply to the fisheries resource landing tax. The reason why each one of these tax credits are referenced twice is because of changes we made to the tax credits in previously enacted legislation which would have sunset them in 2021.

- 10) Finally, sections 29 and 30 on page 16 have new effective dates. Section 29 establishes a delayed effective date of July 1, 2013 for section 8 of the bill. This section describes

the conditions a postsecondary institution must meet in order to receive scholarship funds. Basically it says they have to provide an advisory program for incoming students and offer courses that will result in the issuance of a degree within an expected time frame.

- 11) The January 1, 2021 effective date in section 30 apply to all the second referenced tax credit provisions which would sunset in 2021. With this effective date, contributions to the Alaska Higher Education Investment Fund will be permanent.

State of Alaska
Department of Revenue

Commissioner Bryan Butcher



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The Honorable Bert Stedman
The Honorable Lyman Hoffman
Co-Chairs, Senate Finance Committee
Alaska State Senate
Juneau, AK 99801

February 14, 2012

Dear Senators Stedman and Hoffman:

Attached you will find an update to the analysis we provided on January 30, 2011 for the Senate Finance Committee Substitute to HB 104. The purpose of this update is to reflect revisions made to expenditures under the fund along with a longer time forecast as well as to give indications of the minimum investment return needed.

The first chart assumes a return of 6.85%, similar to the Power Cost Equalization Fund or the CBRF – Subaccount. The asset allocation is comprised of 41% Broad Market Fixed Income, 27% Domestic Equities and 32% International Equities. The second chart assumes a return of 5.00%. The asset allocation is comprised of 71% Broad Market Fixed Income, 19% Domestic Equities and 10% International Equities.

We believe both of the scenarios provided give the Committee both a conservative estimation along with a prudent investment strategy that while assumes more risk, provides for greater return.

As you will note the projected return under either set of assumptions appears to be sufficient to cover the expected payments relative to the Alaska Performance Scholarships, as proposed by Governor Parnell. However, amendments to the bill have expanded the purpose of the fund to cover costs of the AlaskAdvantage Education Grant program. In order to avoid an erosion of the principal of the Alaska Performance Scholarship Fund, other general fund appropriations may be necessary to cover all the purposes of this bill.

Please contact me if you would like more detail or any additional information. We appreciate the opportunity to provide this to the Committee.

Sincerely,

Angela Rodell
Deputy Commissioner

cc: Darwin Peterson, Senate Finance Committee Aide

SEAN PARNELL, GOVERNOR

Department of Education & Early Development
Office of the Commissioner

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February 10, 2012

The Honorable Bert Stedman
Co-Chair Finance Committee
Alaska State Senate
Capitol, Room 516
Juneau, AK 99801

Dear Co-Chair Stedman:

The following represents the Parnell administration's response to certain proposals to modify the Alaska Performance Scholarship's structure through HB104, a bill currently in Senate Finance.

Context

The Alaska Performance Scholarship (APS) is intended to be "an invitation to excellence" with the goal of encouraging students, schools, and parents to set their standards high so that more of Alaska's young people are fully prepared to be successful in their postsecondary education, whether at a college, university or in career training. The eligibility criteria for APS are aligned to standards that reduce the need for remediation after high school. APS also rewards students for academic achievement beyond the minimum required for high school graduation. As importantly, it challenges schools which have not previously done so to step up and offer what Alaska's students need and deserve to better meet the challenges of their future and the workforce in which they will be a part.

Proposal: Create a Statutory District Waiver of Curricular Requirements

The Administration rejects the proposal that a loophole is needed in state law that would accommodate school districts which elect not to add or make available to their students, through a growing menu of options, the course content required for APS eligibility. In order to have the desired outcome of increasing opportunities and likelihood for students striving to be prepared for postsecondary education, a uniformly high set of standards for program offerings needs to be sustained.

However, it is reasonable to conclude that it may take some districts longer than others to incorporate the necessary components into their schools' course offerings. Anticipating that process, the State Board of Education and Early Development created a student-centered safety net by regulation: 4 AAC 43.035 Grace Period for Curriculum Requirements. This regulation

provides that safety net to students by allowing the commissioner to grant otherwise eligible students a grace period to satisfy a gap in curricular requirements. The grace period grants students one extra year after graduation to complete the curriculum requirements of 4 AAC 43.030. Moreover, during the grace period the student, if enrolled in a participating institution, may apply for and receive the scholarship while potentially working on both high school and college credits simultaneously.

The current regulation sunsets after the 2012 school year but, should school districts require a longer period of time to make available the necessary course, could be extended for an appropriate period of time. With foresight, this will allow districts a definitive time period in which to assist their students in accessing the necessary courses.

Proposal: Create a Statutory Waiver of Rigorous Curriculum and High School Graduation

For reasons related to the previous discussion, the Administration objects to any proposal that would substantially dilute APS' fundamental components. The vision and purpose of the APS is to incent students to take and master academic content which prepares them to advance to postsecondary education with a much greater likelihood that they will not need to spend time and resources on the remedial course work which, data show, more often than not leads to an educational dead end. The first year of data preliminarily confirms that goal, through APS' existing structure, can be achieved with only 27% of APS recipients needing remedial courses compared to 64% of non-APS recipients.

During the first several years of scholarship implementation, APS requirements will increase in rigor and preparation above and beyond minimum graduation requirements. Incorporation of a General Equivalency Diploma (GED) alternative would purport to offer students an even less rigorous standard than high school graduation. There would be an anticipated effect that students receiving a GED may actually require more remediation than a student with a diploma and significantly more than current APS qualifiers.

Marketing the concept to our young people that a GED route to the APS is viable is not only contrary to the stated purpose of the scholarship, but is directly opposed to the goal of incentivizing students to: stay in school, take challenging courses, and prepare to succeed after high school. Additionally, the offering of a supposed GED pathway, would immediately be recognized as a "bait and switch" option when GED recipients attempted to achieve the necessary scores on required college entrance exams and overwhelmingly failed to achieve the minimums needed for APS eligibility. It is imperative that we deal honestly with teenagers weighing the impacts of their decisions to drop out or stay in their secondary education program.

APS, as it currently exists, says to set your goals high and work hard and you will be recognized and rewarded. The GED route says that you don't even have to graduate and you *could* still be rewarded. These messages are contradictory and not supported by data on the postsecondary outcomes for GED recipients.

From a policy perspective it is instructive to note that the branches of U.S. military service have become extremely restrictive in terms of accepting GED recipients as enlistees. This policy shift was based upon years of research on military enlistees which resulted in data that showed GED recipients had service attrition rates of twice those with a high school diploma or some college credit. Furthermore, studies on the impact of making GEDs available to

teenagers suggest that the mere fact the GED appears to be an “equivalent” credential may increase the high school dropout rates. The Administration is staunchly opposed to any modification of APS that would further mislead our young people into perceiving the GED track to be, in any way, comparable and leading to the same rewards as the rigorous standards associated with Alaska’s scholarship.

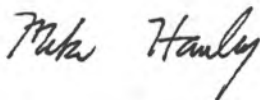
Proposal: Create Two APS Funding Priority Tiers Based on the Number of Students in a District

The Administration supports the structure of the existing statutes and as clarified in HB104 that requires, in the event of a funding shortfall, APS-eligible students would receive scholarship amounts on a pro rata basis. We do not believe that it is sound public policy to reserve any portion of scholarship funds based upon the school district size from which students graduated. Governor Parnell seeks to fully fund all eligible students because they have, in equal measure, satisfied the eligibility requirements—inclusive of students from small districts.

Using district size as a distinguishing factor fails to recognize more influential factors relative to APS-eligibility such as socio-economic status and race/ethnicity. Under the district-size amendment, assuming a shortfall in funding, based on the statistics today, most beneficiaries would not be rural kids. Those prioritized beneficiaries would be students from small cities with a higher proportions of educated parents such as Unalaska, Skagway, Wrangell, and Petersburg. Notwithstanding the public policy issue, there very well may be equal protection concerns if the outcome is discrimination in favor of small districts’ graduates. Again, this would not be a policy the Administration would advance or support.

Thank you for the opportunity to offer these comments. If you or the committee members have additional questions or would like additional information, please contact me at 465-2802 or Diane Barrans at 465-6740.

Sincerely,



Mike Hanley
Commissioner

State of Alaska
Department of Revenue

Commissioner Bryan Butcher



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The Honorable Bert Stedman
 The Honorable Lyman Hoffman
 Co-Chairs, Senate Finance Committee
 Alaska State Senate
 Juneau, AK 99801

January 30, 2012

Dear Senators Stedman and Hoffman:

On January 25, 2012 we sent you our response to questions raised during the January 18th hearing. The pro forma forecast of interest earnings assumed the fund would stay under Alaska Housing Capital Corporation and remain in GeFONSI. As of January 25th, the asset allocation for GeFONSI is 58.98% in the Short-term pool and 41.02% in the Intermediate Fixed Income pool. If the funds were moved to its own endowment fund as contemplated under HB 104 and we assumed the same asset allocation as currently utilized by the Constitutional Budget Reserve Fund – Special Subaccount, we would project the following result:

AK Performance Scholarship Fund

(\$ Thousands)

	2012	2013	2014	2015	2016	2017	2018
Principal Assets							
Beginning Assets	-	401,736.0	413,744.6	422,237.2	427,052.0	429,999.0	431,833.9
Total Investment Return	1,736.0	27,005.3	27,684.2	28,124.9	28,381.9	28,540.3	28,563.2
Transferred as Grants	-	(6,996.2)	(7,625.1)	(8,310.8)	(8,726.3)	(9,162.4)	(9,619.0)
Transferred as Scholarships	-	(8,000.5)	(11,566.5)	(14,999.2)	(16,708.7)	(17,542.9)	(20,087.6)
Net contribution/withdrawals	400,000.0	-	-	-	-	-	-
Ending Assets	401,736.0	413,744.6	422,237.2	427,052.0	429,999.0	431,833.9	430,690.5
Annual Growth %	N/A	2.99%	2.05%	1.14%	0.69%	0.43%	-0.27%

This asset allocation is comprised of 41% Broad Market Fixed Income, 27% Domestic Equities and 32% International Equities and is projected to earn an annual rate of return of 6.85%. We have also calculated the probability of a negative return over 1 year to be 24.95% for this asset allocation.

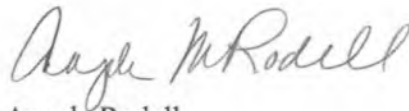
We believe both of the scenarios provided give the Committee both a conservative estimation along with a prudent investment strategy that while assumes more risk, provides for greater return. Investment returns for GeFONSI and the CBRF Special Subaccount are reviewed

Senators Stedman and Hoffman
January 30, 2012
Page 2

quarterly with the Commissioner, myself and the Chief Investment Officer and any needed adjustments are made.

Please contact me if you would like more detail or any additional information. We appreciate the opportunity to provide this to the Committee.

Sincerely,

A handwritten signature in cursive script that reads "Angela Rodell". The signature is written in dark ink and is positioned above the printed name and title.

Angela Rodell
Deputy Commissioner

cc: Darwin Peterson, Senate Finance Committee Aide

State of Alaska
Department of Revenue

Commissioner Bryan Butcher



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January 25, 2012

The Honorable Bert Stedman
 The Honorable Lyman Hoffman
 Co-Chairs, Senate Finance Committee
 Alaska State Senate
 Juneau, AK 99801

SUBJECT: Response to questions asked of the Department of Revenue at the January 18, 2012 Senate Finance Committee meeting

Dear Senators Stedman and Hoffman:

Thank you for giving us a chance to respond to questions regarding HB 104. I apologize for the delay in getting you this information.

First, the scholarship fund generated approximately \$868,000, equating to approximately 0.6%. In the chart below, we forecasted earnings vs. payouts assuming the historical GeFONSI rate of 3.2% and we assumed draws would be made twice a year.

AK Performance Scholarship Fund

(\$ Thousands)

	2012	2013	2014	2015	2016	2017	2018
Principal Assets							
Beginning Assets	-	402,364.5	399,884.5	393,029.8	381,738.8	367,910.6	352,339.2
Total Investment Return	2,364.5	12,516.7	12,336.9	12,019.0	11,606.8	11,133.9	10,563.8
1st transfer of grants		(3,498.1)	(3,812.6)	(4,155.4)	(4,363.2)	(4,581.2)	(4,809.5)
1st transfer of scholarships		(4,000.3)	(5,783.3)	(7,499.6)	(8,354.4)	(8,771.5)	(10,043.8)
2nd transfer of grants	-	(3,498.1)	(3,812.6)	(4,155.4)	(4,363.2)	(4,581.2)	(4,809.5)
2nd transfer of scholarships	-	(4,000.3)	(5,783.3)	(7,499.6)	(8,354.4)	(8,771.5)	(10,043.8)
Net contribution/withdrawals	400,000.0	-	-	-	-	-	-
Ending Assets	402,364.5	399,884.5	393,029.8	381,738.8	367,910.6	352,339.2	333,196.3
Annual Growth %	N/A	-0.616%	-1.714%	-2.873%	-3.622%	-4.232%	-5.433%

Please let us know if you need any additional information or have any questions.

Sincerely,

Angela Rodell
 Deputy Commissioner

cc: Darwin Peterson, Senate Finance Committee Aide

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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January 20, 2012

The Honorable Bert Stedman, Co-Chair
Senate Finance Committee
Alaska State Senate
State Capitol, Room 516
Juneau, Alaska 99801

Dear Senator Stedman:

The following information is provided as follow-up to my January 18, 2012 testimony to the members of the Finance Committee regarding CSHB104 (RLS). Committee members requested information about the numbers of applicants and recipients of both Alaska Performance Scholarships (APS) and AlaskAdvantage Education Grants (AEG) for the 2011-12 year.

That information follows, however, please bear in mind that with respect to the numbers of actual recipients, these are preliminary statistics that will likely have modest changes between now and the end of the 2012 academic year due to changes in students' enrollment and eligibility statuses.

For both AEG and APS purposes, the application is the Free Application for Federal Student Aid (FAFSA). 7,753 Alaska residents filed the 2011-12 FAFSA by the program deadline, which was June 30, 2011, indicating they were considering attending at least one Alaska institution.¹ As of December 1, 2011, AEGs had been awarded to 2,009 applicants for attendance at nine Alaska institutions.² Approximately 5,000 students were certified as enrolled in Alaska institutions. However, in developing ACPE's fiscal note relative to costs of fully funding this program, based upon prior year experience I have estimated that between 4,400 and 4,500 of the students meet the AEG award criteria of being: (1) enrolled at least half-time; (2) in good academic standing; and, (3) matriculated into a certificate or degree program.

Relative to APS-eligible 2011 graduates, 2,322 students met the initial eligibility requirements; as of January 1, 902 eligible students had received APS awards. As I indicated to the committee, the 2012 Alaska Performance Scholarship Outcomes Report is scheduled to be transmitted to the legislative members on or before the statutory deadline of January 27, 2012. Please note that the statistics in the report are primarily referencing a snapshot of data from November 14, 2011, and so vary slightly from these numbers. Additional preliminary APS

¹ On the FAFSA filers can list multiple institutions with which the FAFSA data will be shared.

² Alaska Pacific University, AVTEC, Alaska Career College, Charter College, Ilisagvik College, UAA, UAF, UAS and Wayland Baptist

Senator Stedman
January 20, 2012
Page - 2 -

statistics can be found online at http://akadventure.alaska.gov/Research/APS_Statistics.aspx.
These statistics will be updated following the end of the Spring 2012 term.

I hope this information is responsive to the inquiry. Please let me know if there is additional information I can provide.

Respectfully,

A handwritten signature in cursive script, appearing to read "Diane Barrans", with a long horizontal flourish extending to the right.

Diane Barrans
Executive Director

DB/dv

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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".

Sean Parnell
Governor

Enclosure

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

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; 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

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.	

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;

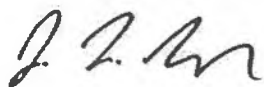
WHEREAS, the scholarships will also help lower the cost of education for Alaska students and leave them in better financial status as they complete certifications or degrees; and

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 OF ALASKA

Department of Education & Early Development

State Board of Education and Early Development

SEAN PARNELL, GOVERNOR

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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. I welcome an open dialogue on our support of APS.

Sincerely,

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

Esther Cox
Chair
State Board of Education and Early Development

Attachment