

HB

264

<TARGET><BILL>HB 264</BILL><SUBJECT>HB
264</SUBJECT><COMM>HEDC29</COMM></TARGET>

Alaska State Legislature
House of Representatives
Representative Tammie Wilson

Interim
301 Santa Claus Lane 3B
North Pole, Alaska 99705
Phone - (907) 451-2723



Session
State Capitol Rm 412
Juneau, AK 99801
Phone - (907) 465-4797

Rep.Tammie.Wilson@akleg.gov

MEMORANDUM

To: The Honorable Wes Keller
Fr: Representative Tammie Wilson
Re: Hearing Request HB 264
Date: January 20, 2016

Dear Chair Keller,

I respectfully request HB 264 be considered in House Education at your earliest convenience. My staff on this piece of legislation is Barbara Barnes. She can be reached at (907) 465-4797.

Sincerely,

Tammie

Rep. Tammie Wilson

00000000000

Alaska State Legislature
House of Representatives
Representative Tammie Wilson

Interim
301 Santa Claus Lane 3B
North Pole, Alaska 99705
Phone - (907) 451-2723



Rep.Tammie.Wilson@akleg.gov

Session
State Capitol Rm 412
Juneau, AK 99801
Phone - (907) 465-4797

HB 264
Sponsor Statement

"An Act relating to repayment of Alaska Performance Scholarships and Alaska education grants."

This bill would require Alaskans who received funds from the Alaska Performance Scholarship award or the Alaska Education Grant to repay the amount of the grant or scholarship they were awarded if they fail to complete the qualified postsecondary education program within 6 years.

Terms and conditions of repayment are laid out in AS 14.43.120, except the interest would begin on the date when the obligation for repayment commences.

With the Alaska Performance Scholarship award or the Alaska Education Grant, an opportunity has been given to a student by the State of Alaska to help off-set educational costs; however, with this opportunity comes an obligation of completing the qualified degree and/or certification.

APS AT A GLANCE

	AY12 Award Year	AY13 Award Year	AY14 Award Year	AY15 Award Year	Total
Total Dollars Awarded*	\$2,982,449	\$5,653,223	\$7,824,524	\$10,247,314	\$26,707,510
Individuals Receiving**	930	1,710	2,330	2,934	4,155

APS-Eligible High School Graduates by Graduation Year and Totals***

Total and APS-Eligible Public High School Graduates					
	AY11 Graduates	AY12 Graduates	AY13 Graduates	AY14 Graduates	Total Graduates
Total Graduates	8,062	7,980	7,856	7,666	31,562
APS-Eligible Graduates	2,341	2,205	2,479	2,634	9,649
% APS Eligible, Standard award	28.2%	25.6%	24.8%	25.5%	26.1%
% APS Eligible, CTE award	0.8%	2.0%	6.8%	8.9%	4.5%

APS-Eligible High School Graduates by Award Level, Public & Private / Home Schooled					
	AY11 Graduates	AY12 Graduates	AY13 Graduates	AY14 Graduates	Total Graduates
Total APS-Eligible Graduates	2,383	2,261	2,539	2,687	9,865
Level 1	945	924	1,219	1,296	4,380
Level 2	710	799	783	861	3,151
Level 3	728	538	537	530	2,334

Public High School Graduates, APS-Eligible and Recipients In Any Year by Graduation Year and Region

	AY11 Graduates			AY12 Graduates			AY13 Graduates			AY14 Graduates		
	Graduates	Eligible	Received	Graduates	Eligible	Received	Graduates	Eligible	Received	Graduates	Eligible	Received
Far North	307	35	21	259	29	16	285	52	25	262	59	20
Interior	1,400	381	237	1,322	402	230	1,356	437	224	1,355	497	208
Southcentral	4,848	1,538	699	4,900	1,419	653	4,841	1,663	621	4,620	1,722	558
Southeast	903	269	104	878	238	92	815	228	86	816	246	66
Southwest	604	99	42	626	87	35	562	97	29	613	110	32

* AY12 through AY14 represent payments made to APS-eligible graduates. AY15 represents amounts awarded for the academic year. Year-end refunds are expected to result in a modest decrease in the final amount paid.

** Unique count of individuals receiving in a single year, and a total count of individuals ever having received the APS.

*** Throughout this report, counts of students and dollar values awarded and paid are as of December 11, 2014 when data was extracted from the scholarship management system.

EXHIBIT 7

AY14 Public High School Graduates' In-State and Out-of-State Attendance Patterns by Standard APS Eligibility and Award Levels, Fall 2014

Headcounts and Percentages of AY14 Public School Graduates
Attending Fall 2014

	AY14 Graduates	Attended in AK	Attended Outside	Not Found / Not Attending
Total / % of Total	7,666	2,273 / 30%	1,205 / 16%	4,188 / 55%
Not APS Eligible	5,708	1,332 / 23%	513 / 9%	3,863 / 68%
Total APS Eligible*	1,958	941 / 48%	692 / 35%	325 / 17%
Level 1	824	346 / 42%	378 / 46%	100 / 12%
Level 2	586	298 / 51%	180 / 31%	108 / 18%
Level 3	548	297 / 54%	134 / 24%	117 / 21%

EXHIBIT 8

AY11 Public High School Graduates' In-State and Out-of-State Attendance Patterns by Standard APS Eligibility and Award Levels, Fall 2011

Headcounts and Percentages of AY11 Public School Graduates
Attending Fall 2011

	AY11 Graduates	Attended in AK	Attended Outside	Not Found / Not Attending
Total / % of Total	8,060	2,431 / 30%	1,339 / 17%	4,290 / 53%
Not APS Eligible	5,785	1,446 / 25%	487 / 8%	3,852 / 67%
Total APS Eligible*	2,275	985 / 43%	852 / 37%	438 / 19%
Level 1	877	281 / 32%	472 / 54%	124 / 14%
Level 2	685	350 / 50%	196 / 29%	139 / 20%
Level 3	713	354 / 50%	184 / 26%	175 / 25%

*Counts in this table come from information provided by the National Student Clearinghouse, a national repository of postsecondary enrollment data. NSC data was matched to high school graduates' and APS recipients' data to determine enrollment patterns. Not all APS-eligible students attending an in-state institution received the scholarship. This most often occurred when the student enrolled in a degree program but was only eligible for a career or vocational certificate award. Otherwise-eligible students might not receive funds based on less than half-time enrollment, because they had no unmet costs of attendance after receiving other aid or failed to complete the Free Application for Federal Student Aid (FAFSA), which is the annual APS application.

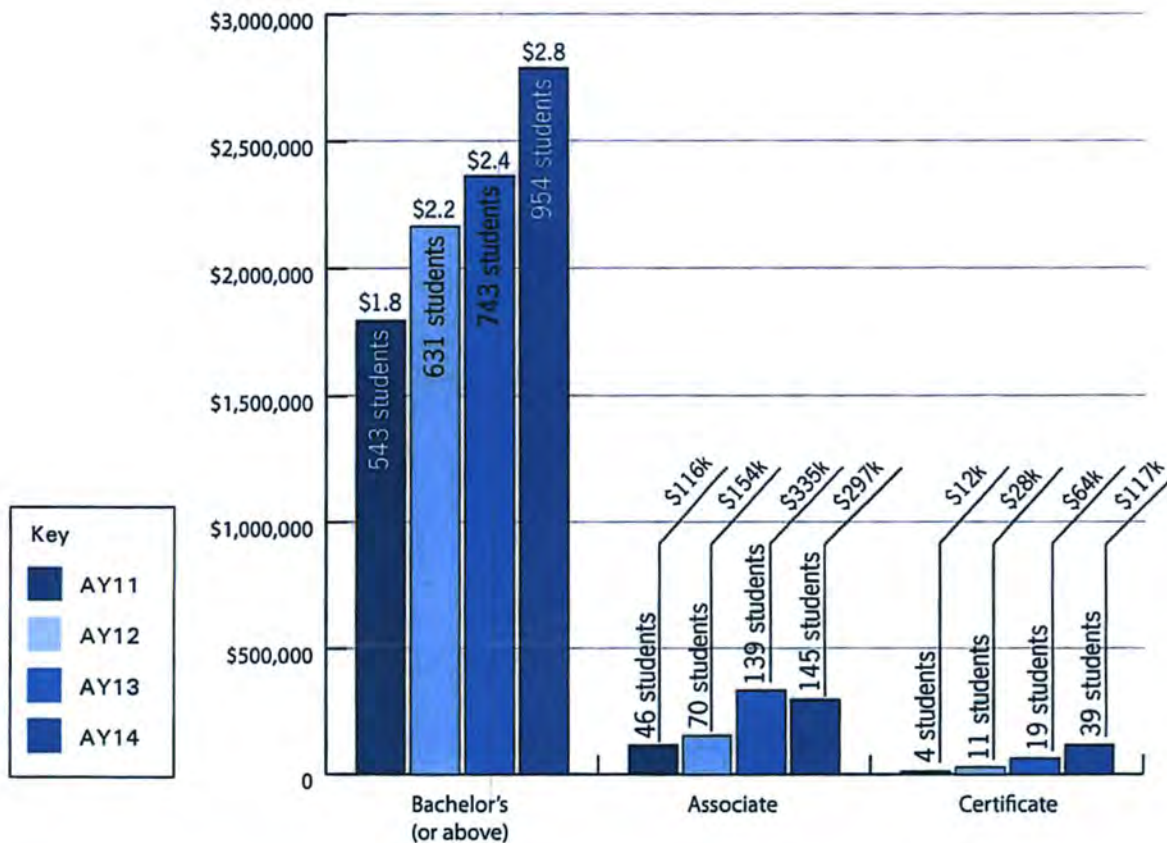
In the AY15 academic year APS awards have totaled slightly more than \$10 million for eligible high school graduates pursuing postsecondary studies.⁸ Of that, over \$9 million was awarded to graduates pursuing bachelor's degrees, and over \$900,000 to those pursuing associate degrees. Even with the recent increases in CTE APS-eligible graduates, the dollar total of certificate program awards is barely over \$200,000 in AY15.

It is not surprising that more APS funds are being awarded to the top level recipients, since, based on individual award amounts, Level 1 eligible students receive one-third more than similarly enrolled Level 2 eligible students, and twice as much as Level 3 recipients. With each passing year, though, the differences increase. (See Exhibit 11.)

⁸ APS award amounts are based on student attendance in fall and spring. Historically, total award amounts have been adjusted slightly downward at the academic year end.

EXHIBIT 10

APS Expenditures by Students' Degree/Certificate Pursuit, Fall 2014 Awards



Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 264
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB264-EED-APSA-2-5-16
Title: REPAYMENT OF SCHOLARSHIPS & ED.
GRANTS
Sponsor: WILSON
Requester: (H) EDC

Department: Department of Education and Early Development
Appropriation: Alaska Performance Scholarship Awards
Allocation: Alaska Performance Scholarship Awards
OMB Component Number: 2990

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2017 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	90.5		90.5	90.5	90.5	90.5	90.5
Travel							
Services	7.5		70.0	70.0	70.0	70.0	70.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	98.0	0.0	160.5	160.5	160.5	160.5	160.5

Fund Source (Operating Only)

1226 High Ed	98.0		160.5	160.5	160.5	160.5	160.5
Total	98.0	0.0	160.5	160.5	160.5	160.5	160.5

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
---------------------------	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 400.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 12/01/16

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: <u>Diane Barrans</u>	Phone: <u>(907)465-6740</u>
Division: <u>Alaska Commission on Postsecondary Education</u>	Date: <u>02/05/2016 05:45 PM</u>
Approved By: <u>Diane Barrans</u>	Date: <u>02/05/16</u>
Agency: <u>Alaska Commission on Postsecondary Education</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. HB264

Analysis

HB264 requires an individual applying for and receiving Alaska Performance Scholarships (APS) agree to do so under the condition that the award converts to a loan under the terms set out in AS 14.43.120 if, within six years of receiving the award, the individual fails to complete the degree program for which the scholarship funds were used.

Assumptions/estimates:

- Approximately 15,000 APS-eligible graduates through academic year 2016
- Approximately 3,000 APS recipients annually
- Approximately 2,500 new APS-eligible graduates annually from academic year 2017 forward
- Approximately 900 new APS recipients from academic year 2017 forward

The imposition of a repayment obligation triggers federal lending requirements which greatly increase program administrative costs of compliance. While processes can be automated to a great extent, the singular hybrid nature of the resulting program (as neither an unencumbered grant nor a traditional education loan) will require a customized servicing system be designed, implemented and maintained.

Based on recent actual costs associated with program changes implemented as a result of 2015 statutory changes, modification of the software is estimated to cost \$800.0 thousand. Annual system maintenance in subsequent years is estimate at \$80,000.

In addition, associated promissory notes and other mandatory disclosures must be administered prior to the disbursement of funds. It is estimated management of the program at its outset will require 2 FTE, a range 18 program coordinator (\$102.0 salary/benefits) and range 14 financial aid specialist (\$78.7); staffs' responsibilities include managing participant population communications; school liaison, oversight of collections, billing services, degree verification, etc. Regardless of the ultimate percent of recipients completing a credential, at the outset of the program an estimated 15,000 individuals would need to be notified of the change in scholarship conditions with approximately 3,600 also being required to enter into a contract in order to be able to receive awards for the spring term of 2017. Cost of contract and disclosure development by Department of Law is estimated to be \$15.0.

In terms of collections activities, there would be a lag effect since the individual has six years after the first payment of funds beginning in spring term 2017. However there would need to be skip tracing activities in order to continue to track the participants over the intervening six years to document those who earn a credential and have their obligation discharged. Tracking is also necessary to ensure the location of those who fail to earn a degree and must begin repayment on or after January 2023. The Commission anticipates outsourcing skiptracing activities with oversight of that activity managed by program staff. Annual skiptracing costs are estimated at \$30.0

HB264 places parallel conditions on Alaska Education Grants. Associated costs are set out in a separate fiscal note applicable to the appropriate budget component. System modification and personnel costs have been allocated between each respective budget component.

20 AAC Chapter 16 Article 2 will need to be amended to set out terms, conditions, and procedures applicable to the APS obligation and the participants' associated rights and responsibilities.

The Alaska Commission on Postsecondary Education's operations are generally funded by Alaska Student Loan Corporation receipts. APS is not a program of the Corporation therefore the costs associated with this program are to be paid from other sources. The Higher Education Investment Fund is the listed fund source.