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UNIVERSITY
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Many Traditions One Alaska

Meeting Date: May 23, 2024

To: University of Alaska Board of Regents

Through: Pat Pitney, President
University of Alaska

From: Luke Fulp, CFO
University of Alaska 

Subject: Proposed Adjustment to the UA Scholars Award Level

BACKGROUND

The [UA Scholars Award](#) was established in 1999 to encourage Alaska's top performing students to attend the University of Alaska.

The UA Scholars Award is currently a \$12,000 scholarship offered to Alaska high school students who are academically ranked in the top 10 percent of their class at the end of their junior year as determined by their school. The Award may be used at any campus within the University of Alaska system and is distributed over eight semesters provided the Scholar remains eligible.

The scholarships are funded by the University of Alaska Land Grant Trust Fund. The endowment receives revenue from property sales and resource development conducted on Trust lands.

Since its inception, the Award amount has been adjusted two times: once in 2001 and again in 2016.

Fiscal Year	Award Amount	Increase
2000	\$10,500	-
2001	\$11,000	\$500
2016	\$12,000	\$1,000

Over the past 25 years, participation (measured by a cohort's fall enrollment) averaged between 40-45%. However, current participation is about 30%. The Board of Regents has set a target participation rate of 45% by FY 2027.

ALIGNMENT WITH THE ALASKA PERFORMANCE SCHOLARSHIP (APS)

In February 2024, President Pitney formed a working group comprised of university and system leadership to evaluate and recommend enhancements to the UA Scholars Program. Committee members collaborated to discuss recruitment strategies and explored numerous options related to eligibility, award timeline, and amount.

After a series of meetings, the working group proposed a \$3,000 increase to the award for a total of \$15,000, or \$3,750 per year. This recommendation considers proposed changes to the Alaska Performance Scholarship. In the current version of [CS HB148](#), the top award level provides for \$7,000/year for students with a grade-point average of 3.5 or above. If award amounts are adjusted for both programs, the UA Scholars and APS would provide up to \$10,750 of student financial aid per year, enough to cover 100% of estimated tuition and fees or undergraduate students.

To further align with the APS, the working group also proposed the maximum eight semesters of aid to be used over a six-year period. Currently, the UA Scholars Program expires five years after the date of a student's high school graduation.

Other recommendations by the working group included additional student financial aid funding to advance enrollment plans; conducting an external impact study of the UA Scholars Program effectiveness; and ensuring the long-term sustainability of the Program through more regular award increases.

ATTACHMENTS

Attachment A: Data Summary

This summary is intended to provide a conceptual view of the number of awards and dollars involved. Since the start of the Program, approximately 40% of those designated as scholars have attended UA.

Estimated Cost at Various Levels

Eight scenarios at \$1,000 increments identify the dollar impact on the Program at various award levels from \$2.4 million, based on the current award amount of \$12,000, to \$4 million assuming an increase of \$8,000. The analysis does not consider increased participation. (See Attachment D for participation scenarios.)

Attachment B: Program 6-Year Cost Projection

This schedule reflects projected enrollment trends for UA Scholars, leading to 45% participation by FY 2027. Program costs are also forecasted based on the proposed award amount of \$15,000.

Attachment C: Program Funding Projection

This schedule identifies the projected spending allowance from endowment funds that will be available for the UA Scholars Program and the significant assumptions used to develop the projections. Since the annual funding is based on a five-year moving average of the endowment balances at December 31st of each year; it's important to note that future earnings will depend on market returns and contributions to the fund (income from trust properties and inflation proofing).

There are five long-term commitments that require annual distributions from endowment funds (i.e., UA Scholars Program; Land Management Support; System-Based Scholarships; Cooperative Extension Support; and University of Alaska Press). This analysis demonstrates the University's ability to sustain the proposed award increase at the UA Scholars' target participation rate of 45% along with the other long-term commitments funded by the endowment's spending allowance.

Attachment D: Participation Scenarios

The data shows the impact of increased participation in the UA Scholars Program by increments of 100. Over the past 25 years, peak participation in the Program was evidenced by approximately 1,300 awards paid annually. At the recommended award level of \$15,000, target or peak participation requires about \$5 million per year, which aligns with available program funding.

Attachment E: [Committee Substitute for House Bill No. 148](#)**RECOMMENDATION**

The following motion is recommended:

“The Board of Regents approves two significant revisions to the UA Scholars Program, which will take effect in fall 2024 for all UA Scholars:

1. Increase the amount of the award from \$12,000 to \$15,000 to be distributed at \$1,875 per semester; and
2. To extend expiration of the award to six years from the date of a student’s high school graduation.”

Attachment A: Data Summary

Number of semester awards paid annually	1,582
Current amount of the semester award	\$1,500
Proposed amount of the semester award	\$1,875
Proposed increase per semester award	\$375
Annual award cost increase (1,582 * \$375)	\$593,250
Annual cost of awards @ \$1,875 per semester (1,582 * \$1,875)	\$2,966,250

Cohort year	Designated	Attended	%Attended	Cohort year	Designated	Attended	%Attended
1999	813	271	33.33%	2012	1070	434	40.56%
2000	879	349	39.70%	2013	1033	456	44.14%
2001	904	392	43.36%	2014	1022	429	41.98%
2002	924	377	40.80%	2015	1001	422	42.16%
2003	973	459	47.17%	2016	996	437	43.88%
2004	969	431	44.48%	2017	1003	413	41.18%
2005	949	421	44.36%	2018	1011	373	36.89%
2006	1006	411	40.85%	2019	977	322	32.96%
2007	1039	416	40.04%	2020	963	289	30.01%
2008	1025	434	42.34%	2021	944	266	28.18%
2009	1072	463	43.19%	2022	966	250	25.88%
2010	1077	473	43.92%	2023	938	294	31.34%
2011	1027	443	43.14%	Average	983	389	39.43%

Award Cost Projection (Assuming No Increase in Participation)

Award increase scenario	\$0.00	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000	\$7,000	\$8,000
4 year award value	\$12,000	\$13,000	\$14,000	\$15,000	\$16,000	\$17,000	\$18,000	\$19,000	\$20,000
Semester award value	\$1,500	\$1,625	\$1,750	\$1,875	\$2,000	\$2,125	\$2,250	\$2,375	\$2,500
Semester awards paid annually	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582
Total annual cost	\$2,373,000	\$2,570,750	\$2,768,500	\$2,966,250	\$3,164,000	\$3,361,750	\$3,559,500	\$3,757,250	\$3,955,000
Cost increase per \$1000 increment	\$0	\$197,750	\$395,500	\$593,250	\$791,000	\$988,750	\$1,186,500	\$1,384,250	\$1,582,000
%increase from current total cost	0.0%	8.3%	16.7%	25.0%	33.3%	41.7%	50.0%	58.3%	66.7%

Attachment C: Program Funding Projection

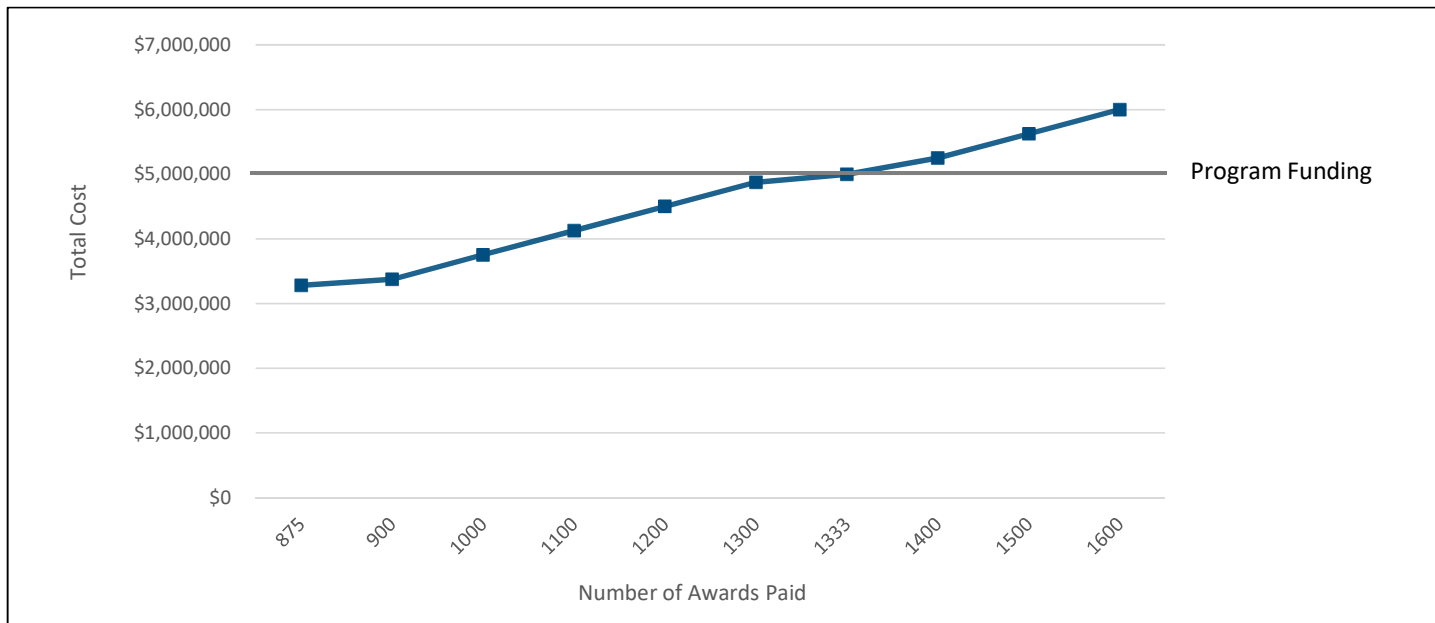
	Projected								
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Endowment Value Dec. 31	\$151,100,000	\$161,960,000	\$188,390,000	\$164,440,000	\$176,670,000	\$181,790,000	\$187,060,000	\$192,480,000	\$198,060,000
Increase/Decrease	<u>11.7%</u>	<u>7.2%</u>	<u>16.3%</u>	<u>-12.7%</u>	<u>7.4%</u>	<u>2.9%</u>	<u>2.9%</u>	<u>2.9%</u>	<u>2.9%</u>
Average Endowment Increase FY2016 - FY2025					<u>2.9%</u>				
5-Year Moving Average				\$160,240,000	\$168,512,000	\$174,650,000	\$179,670,000	\$180,488,000	\$187,212,000
Spending Rate				<u>4.5%</u>	<u>4.5%</u>	<u>4.5%</u>	<u>4.5%</u>	<u>4.5%</u>	<u>4.5%</u>
Spending Allowance				\$7,211,000	\$7,583,000	\$7,859,000	\$8,085,000	\$8,122,000	\$8,425,000
Spending Plan:									
UA Scholars Program (Target Participation)				(\$3,500,000)	(\$3,500,000)	(\$3,942,000)	(\$4,440,000)	(\$5,000,000)	(\$5,000,000)
Land Management Support				(\$970,000)	(\$970,000)	(\$1,020,000)	(\$1,070,000)	(\$1,120,000)	(\$1,180,000)
System-Based Scholarships				(\$170,000)	(\$170,000)	(\$170,000)	(\$170,000)	(\$170,000)	(\$170,000)
Cooperative Extension Support				(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
University of Alaska Press				(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)
Other Distributions				(\$1,951,000)	(\$2,323,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Projected Available				\$0	\$0	\$1,107,000	\$785,000	\$212,000	\$455,000
Potential funding available for the UA Scholars Program					\$3,500,000	\$5,049,000	\$5,225,000	\$5,212,000	\$5,455,000

Significant Assumptions:

- 1 Spending allowance rate will remain at the current 4.5% level
- 2 The amount of the UA Scholars award increased to \$15,000 in FY2025
- 3 UA Scholars participation rate will reach target of 45% by 2027
- 4 Land Management support will grow by 5% per year, beginning in FY2026
- 5 Other distributions represents a margin of safety for UA Scholars funding shortfalls or one-time awards

Attachment D: Participation Scenarios

Number of Awards Paid (Annually)	Award Amount	Annual Award Amount	Funding Available for UA Scholars Program	Total Cost	Available Funding
875	\$15,000	\$3,750	\$5,000,000	\$3,281,000	\$1,719,000
900	\$15,000	\$3,750	\$5,000,000	\$3,375,000	\$1,625,000
1000	\$15,000	\$3,750	\$5,000,000	\$3,750,000	\$1,250,000
1100	\$15,000	\$3,750	\$5,000,000	\$4,125,000	\$875,000
1200	\$15,000	\$3,750	\$5,000,000	\$4,500,000	\$500,000
1300	\$15,000	\$3,750	\$5,000,000	\$4,875,000	\$125,000
1333	\$15,000	\$3,750	\$5,000,000	\$5,000,000	\$0
1400	\$15,000	\$3,750	\$5,000,000	\$5,250,000	(\$250,000)
1500	\$15,000	\$3,750	\$5,000,000	\$5,625,000	(\$625,000)
1600	\$15,000	\$3,750	\$5,000,000	\$6,000,000	(\$1,000,000)



CS FOR HOUSE BILL NO. 148(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 2/14/24

Referred: Rules

Sponsor(s): HOUSE EDUCATION COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska performance scholarship program."**

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

3 * **Section 1.** AS 14.43.820(a) is amended to read:

4 (a) Subject to appropriation, the commission shall award an Alaska
5 performance scholarship to an applicant who

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

7 (2) graduated or will graduate within **18** [SIX] months from a high
8 school in the state; **and**

9 (3) except as provided in (c) of this section, has completed, **is enrolled**
10 **in, or plans to enroll in** a core academic curriculum of high school level coursework
11 that includes

12 (A) four years of mathematics, four years of language arts, four
13 years of science, and four years of social studies, one year of which may
14 include a foreign language, an Alaska Native language, fine arts, [OR] cultural
15 heritage, **or career and technical education**; [OR]

1 (B) three years of mathematics, four years of language arts,
2 three years of science, four years of social studies, and two years of

3 (i) a foreign language or an Alaska Native language; or

4 (ii) career and technical education, one year of
5 which includes two semesters of sequentially more rigorous content
6 within a career cluster; or

7 (C) three years of mathematics, four years of language arts,
8 three years of science, four years of social studies, one year of which may
9 be career and technical education, and two years of a foreign language or
10 an Alaska Native language [;

11 (4) HAS A MINIMUM GRADE-POINT AVERAGE IN HIGH
12 SCHOOL OF 2.5 OR HIGHER; THE DEPARTMENT SHALL SET BY
13 REGULATION MINIMUM REQUIREMENTS BASED ON A SUBSTANTIALLY
14 SIMILAR STANDARD FOR DISTRICTS THAT DO NOT ASSIGN GRADES;

15 (5) HAS ACHIEVED A MINIMUM SCORE ON A

16 (A) COLLEGE ENTRANCE EXAMINATION; OR

17 (B) STANDARDIZED EXAMINATION DESIGNED TO
18 MEASURE A STUDENT'S LEVEL OF PREPAREDNESS TO MAKE THE
19 TRANSITION TO WORK, AS SELECTED BY THE DEPARTMENT; AND

20 (6) IS ENROLLED IN GOOD STANDING IN A COURSE OF
21 STUDY AT A QUALIFIED POSTSECONDARY INSTITUTION IN THIS STATE
22 THAT IS INTENDED TO RESULT IN THE AWARD OF A CERTIFICATE OR
23 DEGREE].

24 * Sec. 2. AS 14.43.820(g) is amended to read:

25 (g) In this section,

26 (1) "career cluster" means a group of jobs and industries that are
27 related by skills or products;

28 (2) "district" has the meaning given in AS 14.17.990.

29 * Sec. 3. AS 14.43.820 is amended by adding new subsections to read:

30 (h) Not later than January 15 of each year, a district shall provide to each
31 student in the district who is enrolled in grade nine or grade 10 information about the

1 Alaska performance scholarship.

2 (i) Not later than December 31 of each year, a district shall notify each student
3 in the district who is enrolled in grade 11 of the remaining academic requirements the
4 student must meet to be awarded an Alaska performance scholarship at each level
5 described in AS 14.43.825(a).

6 (j) Not later than August 15 of each year, the commission shall notify each
7 applicant awarded a scholarship under (a) of this section that the applicant has been
8 awarded an Alaska performance scholarship. The notice must

9 (1) identify the Alaska performance scholarship level awarded as
10 described in AS 14.43.825(a); and

11 (2) inform the applicant that

12 (A) the commission may disburse the award only if the
13 applicant meets the requirements described in (m) of this section; and

14 (B) the commission will adjust the applicant's award under the
15 circumstances described in (l) of this section.

16 (k) If a district provides information to or otherwise communicates with a
17 student regarding the Alaska performance scholarship, the district shall also provide
18 information about the requirements to increase an award level under AS 14.43.825(h)
19 - (j).

20 (l) If, at the time an applicant awarded an Alaska performance scholarship
21 graduates from high school, the applicant's grade-point average differs from the grade-
22 point average on which the commission based the applicant's award, the commission
23 shall adjust the applicant's award in accordance with the applicable Alaska
24 performance scholarship level described in AS 14.43.825(a).

25 (m) Notwithstanding (a) of this section, and except as provided in (c) of this
26 section, the commission may disburse an Alaska performance scholarship awarded to
27 an applicant under this section only if the applicant

28 (1) has, at the time of the applicant's graduation from high school,

29 (A) completed the core academic curriculum of high school
30 level coursework described in (a)(3) of this section; and

31 (B) met the minimum

1 (i) grade-point average in high school described in
2 AS 14.43.825(a); or

3 (ii) score on a college entrance examination described
4 in AS 14.43.825(a); and

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

8 * **Sec. 4.** AS 14.43.825(a) is amended to read:

9 (a) The maximum annual awards for the Alaska performance scholarships are
10 as follows:

11 (1) the first award level is \$7,000 [\$4,755] and requires a

12 (A) 3.5 grade-point average or above, or the equivalent
13 established under (g) of this section; or [; AND]

14 (B) very high minimum score on a college entrance
15 examination;

16 (2) the second award level is \$5,250 [\$3,566] and requires a

17 (A) 3.0 grade-point average or above, or the equivalent
18 established under (g) of this section; or [; AND]

19 (B) high minimum score on a college entrance examination;

20 (3) the third award level is \$3,500 [\$2,378] and requires a

21 (A) 2.5 grade-point average or above, or the equivalent
22 established under (g) of this section; or [; AND]

23 (B) moderately high minimum score on a college entrance
24 examination.

25 * **Sec. 5.** AS 14.43.825(b) is amended to read:

26 (b) A student's eligibility for a scholarship terminates eight [SIX] years after
27 the date the student graduates from high school unless the student qualifies for an
28 extension of time allowed by the department by regulation.

29 * **Sec. 6.** AS 14.43.825 is amended by adding new subsections to read:

30 (g) For high schools that do not award grades on a four-point scale, or five-
31 point scale for advanced placement classes, the department shall establish by

1 regulation the equivalent rating required for a scholarship awarded under (a)(1)(A),
2 (2)(A), and (3)(A) of this section.

3 (h) Each time a student who is an award recipient completes two semesters of
4 full-time enrollment at a qualified postsecondary institution in this state, the
5 postsecondary institution shall review and notify the commission of the student's
6 postsecondary institution grade-point average. If the student's grades qualify under (i)
7 of this section, the commission shall increase the award level for the student as
8 described in (i) of this section and notify the student of the increase. In this subsection,
9 "full-time enrollment" means enrollment in a course of study that is not less than 15
10 credits.

11 (i) If an award recipient's postsecondary institution grade-point average is

12 (1) 3.5 or above, or the equivalent established under (j) of this section,
13 the commission shall increase the student's award level to the amount described in
14 (a)(1) of this section;

15 (2) 3.0 or above, or the equivalent established under (j) of this section,
16 the commission shall increase the student's award level to the amount described in
17 (a)(2) of this section.

18 (j) For qualified postsecondary institutions that do not award grades on a four-
19 point scale, the commission shall establish by regulation the equivalent rating required
20 to increase an award under (i) of this section.

21 (k) In this section,

22 (1) "award recipient" means a student who has received an Alaska
23 performance scholarship at the second or third award level;

24 (2) "postsecondary institution grade-point average" means the average
25 of all grades on a four-point scale, or the equivalent as established by the commission
26 by regulation, obtained by a student at a qualified postsecondary institution in this
27 state.

28 * **Sec. 7.** AS 14.43.849(2) is amended to read:

29 (2) "grade-point average" means the average of all grades on a four-
30 point scale, or five-point scale for advanced placement classes, **or the equivalent as**
31 **established by the department by regulation,** obtained by the student in high

1 school;