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**CS FOR SENATE BILL NO. 195(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATORS FAIRCLOUGH, Stevens

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the membership and authority of the Alaska Commission on  
2 Postsecondary Education; relating to the Alaska Student Loan Corporation; relating to  
3 teacher education loans; relating to interest on and consolidation of postsecondary  
4 education loans; relating to Alaska supplemental education loans; relating to  
5 AlaskAdvantage grants; relating to the Alaska family education loan program; relating  
6 to postsecondary educational institutions; and providing for an effective date."

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

8 \* **Section 1.** AS 14.42.015(a) is amended to read:

9 (a) There is in the Department of Education and Early Development the  
10 Alaska Commission on Postsecondary Education consisting of

11 (1) two members of the Board of Regents of the University of Alaska  
12 designated by the members of that body;

13 (2) one person representing private, nonprofit, higher education in the

state, appointed by the governor [SELECTED BY THE BOARD OF TRUSTEES OF ALASKA PACIFIC UNIVERSITY FROM AMONG ITS MEMBERSHIP];

(3) one person representing the Department of Education and Early Development selected by the state Board of Education and Early Development;

(4) four persons broadly and equitably representative of the general public appointed by the governor;

(5) one member of the Alaska Workforce Investment Board established by AS 23.15.550 designated by the members of that body;

(6) one person from the members of the local community college advisory councils appointed by the governor;

(7) two members from the legislature, one of whom shall be appointed by the president of the senate and one by the speaker of the house of representatives;

(8) one person appointed in accordance with (e) of this section who is a full-time student as defined in AS 14.43.160;

(9) one administrator appointed by the governor from a proprietary institution of postsecondary education that has an authorization to operate in the state issued under AS 14.48.

\* **Sec. 2.** AS 14.42.015(d) is amended to read:

(d) A full-time postsecondary student shall be appointed to the Alaska Commission on Postsecondary Education from a list of nominees submitted to the governor. The governor shall make the appointment from the list within 60 days after it is submitted. The list must consist of the names of two or more nominees from private nonprofit institutions of higher education in the state [ALASKA PACIFIC UNIVERSITY] and two nominees from each campus of the University of Alaska. The nominees shall be selected by the students at private nonprofit institutions of higher education [ALASKA PACIFIC UNIVERSITY] and each campus of the University of Alaska by an election held on each campus. Elections under this subsection shall be held concurrently with student regent elections required under AS 14.40.150(b) and conducted under rules established by the Office of the Governor. If a private nonprofit institution of higher education in the state does not have an organized student governance structure to hold elections, the institution's governing board

1 **may nominate a full-time student and forward the name to the governor for**  
2 **consideration.** The term of office of the student member of the commission is two  
3 years and begins June 1 of the year in which the appointment is made. Membership on  
4 the commission is immediately forfeited by a student member who ceases to be a full-  
5 time student. Within 60 days after a vacancy occurs, the governor shall appoint a  
6 successor from those students appearing on the list of nominees to serve for the  
7 unexpired term of the original appointee. The term "campus" used in this subsection  
8 means a portion of the University of Alaska designated as a "campus" by the Board of  
9 Regents.

10 \* **Sec. 3.** AS 14.42.030(e) is amended to read:

11 (e) The commission may

12 (1) adopt regulations under AS 44.62 (Administrative Procedure Act)

13 to

14 (A) carry out the purposes of

15 (i) AS 14.43.091 - 14.43.849, 14.43.990, AS 14.44, and

16 AS 14.48; and

17 (ii) AS 14.43.910 and 14.43.920 as they relate to the

18 purposes of AS 14.43.091 - 14.43.849, 14.43.990, AS 14.44, and

19 AS 14.48;

20 (B) ensure compliance with the requirements imposed by state

21 and federal statutes and regulations governing the guaranty, insurance,

22 purchase, or other dealings in eligible loans by federal agencies,

23 instrumentalities, or corporations; and

24 (C) establish standards for the

25 (i) administration of hearings conducted under

26 AS 14.43.153; and

27 (ii) administrative enforcement of collection orders

28 under AS 14.43.151 - 14.43.155;

29 (2) delegate to the executive director of the commission or a

30 subcommittee of the commission any duty imposed on or power granted to the

31 commission by this chapter, AS 14.43, AS 14.44, or AS 14.48, except its power to

adopt regulations and its duty to consider appeals under AS 14.43.100(b) and AS 14.48.120;

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions;

(4) contract with or use existing institutions of postsecondary education or other individuals or organizations to make studies, conduct surveys, submit recommendations, or otherwise contribute to the work of the commission;

(5) establish fees for the review of an out-of-state institution that

(A) requests approval for participation in the programs under AS 14.43.091 - 14.43.750, 14.43.990, and AS 14.44; and

(B) is not accredited by a national or regional accreditation association recognized by the Council for Higher Education Accreditation; [AND]

(6) collect all fees and costs incurred in collection of the amount owed on a loan or repayment obligation if the loan or repayment obligation becomes delinquent or in default; in this paragraph, fees and costs include attorney fees, court costs, and collection fees charged by a collection agency; **and**

**(7) if approved by the department, receive and analyze performance data for students in grades kindergarten through 12 and enter into contracts for the purpose of assessing education outcomes.**

\* **Sec. 4.** AS 14.42.035 is amended to read:

**Sec. 14.42.035. Collection of data.** The commission may require the institutions of public and private higher education and other institutions of postsecondary education [,] in the state to submit data on costs, selection, and retention of students, enrollments, **education outcomes**, plant capacities and use, and other matters pertinent to effective planning and coordination, and shall furnish information concerning these matters to the governor, to the legislature, and to other state and federal agencies as requested by them.

\* **Sec. 5.** AS 14.42.200 is amended to read:

**Sec. 14.42.200. General powers.** In addition to other powers granted in this

chapter, the corporation may

(1) sue and be sued in its own name;

(2) adopt an official seal;

(3) adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the purposes of this chapter;

(4) make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation, including contracts with a person or governmental entity;

(5) receive, take, hold, and administer, on behalf of the corporation and for any of its purposes, any appropriation, gift, grant, bequest, devise, or donation of real property or personal property [IF THAT OBLIGATION OF THE CORPORATION IS NOT A DEBT OF THE STATE]; in this paragraph, "property" includes

(A) money; and

(B) life estates, leases, or other interests in property;

(6) borrow money as provided in this chapter to carry out its corporate purposes and issue its obligations as evidence of the borrowing, **if that obligation of the corporation is not a debt of the state;**

(7) include in a borrowing the amounts to pay financing charges, interest on the obligations for a period not exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory, and legal fees, and other expenses necessary or incident to the borrowing;

(8) invest or reinvest, subject to its contracts with noteholders and bondholders, money held by the corporation as set out in AS 37.10.071;

(9) set and collect interest, fees, and charges in connection with education loans or repayment obligations held by the corporation and its servicing agents; in this paragraph, "charges" includes costs of financing by the corporation, service charges, insurance premiums, and other costs incurred by the corporation in carrying out its corporate purposes;

(10) gather information on postsecondary education financial resources

1 available to residents of this state and disseminate the information to reasonably assure  
2 that qualified residents are aware of those financial resources;

3 (11) service education loans and repayment obligations held by the  
4 corporation;

5 (12) finance, purchase, or participate in the financing or purchasing  
6 [PURCHASE] of education loans;

7 (13) contract in advance for the financing, purchasing, [PURCHASE]  
8 or sale of education loans;

9 (14) sell or participate in the sale, either public or private and on terms  
10 authorized by the board, of education loans to the Student Loan Marketing Association  
11 or to other purchasers;

12 (15) collect and pay reasonable fees and charges in connection with the  
13 financing, purchase, sale, and servicing of education loans and repayment obligations;

14 (16) enter into agreements with the federal government, including  
15 guaranty agreements and supplemental guaranty agreements as described in 20 U.S.C.  
16 1001 - 1155, as amended, as necessary to provide for the receipt by the corporation of  
17 administrative allowances and other benefits available under 20 U.S.C. 1001 - 1155,  
18 as amended;

19 (17) administer federal money allotted to the state involving insured  
20 education loans and related administrative costs and other matters;

21 (18) enter into agreements with the commission relating to education  
22 loans and repayment obligations, the administration of the financial aid and loan  
23 programs under AS 14.43.091 - 14.43.750, 14.43.990, and AS 14.44, and the payment  
24 of and security for bonds of the corporation;

25 (19) to the extent permitted under contracts with bondholders, consent  
26 to the modification of the rate of interest, time of payment of an installment of  
27 principal or interest, or other terms of an education loan or repayment obligation held  
28 by the corporation;

29 (20) procure insurance against any loss in connection with the  
30 operation of its programs;

31 (21) provide advisory services to borrowers and other participants in

the corporation's programs;

(22) enter into credit facility agreements and make pledges, covenants, and agreements with respect to the repayment of borrowings under the credit facility agreements;

(23) develop and implement education financing programs; in this paragraph, "programs" includes

(A) programs listed in AS 14.42.030(b)(1);

(B) programs for the guaranteeing, servicing, originating, and financing of education loans for borrowers located both inside and outside the state; and

(C) federal financial aid programs made under federal law; and

(24) perform acts that may be necessary or appropriate to carry out effectively the general objectives and purposes of the corporation under AS 14.42.100 - 14.42.990.

\* **Sec. 6.** AS 14.42.205(a) is amended to read:

(a) The purpose of this section is to provide for supplemental education loan [PROGRAM] financing to assist qualified borrowers **with unmet costs of attendance at a postsecondary institution approved by the commission** [IN MEETING POSTSECONDARY EDUCATION COSTS FOR WHICH FEDERAL AND PRIVATE FINANCIAL AID MAY BE INSUFFICIENT].

\* **Sec. 7.** AS 14.42.205(b) is amended to read:

(b) The corporation may develop and establish a financing program for the Alaska supplemental education loan [PROGRAM] administered by the commission under AS 14.43.170 - 14.43.175.

\* **Sec. 8.** AS 14.42.205(c) is amended to read:

(c) The financing program established under (b) of this section

(1) shall

(A) provide that loans under the Alaska supplemental education loan program are

[(i)] medium-range and long-range fixed-rate and variable-rate loans; [AND

(ii) STRUCTURED TO OPERATE AS LINES OF CREDIT;]

(B) require terms and conditions for loans under the Alaska supplemental education loan program as the corporation determines are useful and feasible;

(C) be designed to

(i) assist postsecondary institutions in this state in attracting and retaining students;

(ii) maximize the amount of financing available by using private activity tax-exempt bond capacity as may be allocated by the state; and

(2) except as limited by (1)(B) of this subsection, may provide for terms and conditions that are more attractive than prevailing terms and conditions available to students from other supplemental education lenders.

\* **Sec. 9.** AS 14.42.210(a) is amended to read:

(a) The education loan fund is established in the corporation. The education loan fund is a trust fund to be used to carry out the purposes of AS 14.42.100 - 14.42.990, AS 14.43.091 - 14.43.175, [14.43.400 - 14.43.420,] 14.43.600 - 14.43.700, 14.43.710 - 14.43.750, 14.43.990, and AS 14.44.025. The fund consists of money or assets appropriated or transferred to the corporation for the fund and money or assets deposited in it by the corporation. The corporation may establish separate accounts in the fund.

\* **Sec. 10.** AS 14.42.210(b) is amended to read:

(b) Money and other assets of the education loan fund may be used to

(1) secure bonds of the corporation;

(2) pay the costs of administration of the fund;

(3) invest in education loans and investments under AS 37.10.071;

(4) finance programs approved under AS 14.43.091 - 14.43.175, [14.43.400 - 14.43.420,] 14.43.600 - 14.43.700, 14.43.710 - 14.43.750, or AS 14.44.040; and

(5) pay the costs of administering and collecting the loans and



repayment obligations under the financial aid programs listed in (4) of this subsection.

\* **Sec. 11.** AS 14.42.210 is amended by adding a new subsection to read:

(d) The corporation may provide for terms and conditions for use of the education loan fund that are more favorable than prevailing terms and conditions available to students from other education lenders.

\* **Sec. 12.** AS 14.42 is amended by adding a new section to read:

**Sec. 14.42.215. Interest.** (a) The corporation shall set the interest rate on a loan financed by the corporation under AS 14.43.091 - 14.43.160, 14.43.170 - 14.43.175, 14.43.710 - 14.43.750, and AS 14.44.040. Interest on a loan accrues from the time the loan is disbursed.

(b) A borrower may elect to make payments of interest that accrues during the borrower's term of attendance at the postsecondary institution or during authorized deferment periods; however, any unpaid interest shall be capitalized as part of the principal to be repaid as agreed, or upon graduation, withdrawal, or completion of the deferment period.

\* **Sec. 13.** AS 14.42.240(c) is amended to read:

(c) In computing the amount of a capital reserve fund for the purpose of this section, securities in which all or a portion of the fund is invested and credit facilities deposited in or credited to a capital reserve fund under (f) of this section shall be valued by a reasonable method established by the board by resolution or by trust indenture. Valuation shall include the amount of interest earned or accrued as of the date of valuation.

\* **Sec. 14.** AS 14.42.240(g) is amended to read:

(g) In this section, "capital reserve fund requirement" means the amount required to be on deposit in the capital reserve fund as of the date of computation as determined by resolution of the board or by trust indenture.

\* **Sec. 15.** AS 14.42.250 is amended to read:

**Sec. 14.42.250. Validity of pledge.** It is the intention of the legislature that a pledge made in respect to bonds of the corporation shall be valid, perfected, and binding from the time the pledge is made; that the money or property so pledged and thereafter received by the corporation shall immediately be subject to the lien of the

pledge without physical delivery or further act; and that the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the corporation irrespective of whether the parties have notice. Neither the resolution, trust agreement, nor other instrument by which a pledge is created need be recorded or filed under the provisions of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, and AS 45.29 (Uniform Commercial Code) to be valid, perfected, binding, or effective.

\* **Sec. 16.** AS 14.43.120(b) is amended to read:

(b) Education loans may only be used to attend a

(1) career education program operating on a sound fiscal basis that has

(A) operated for two years before the borrower attends; and

(B) submitted an executed program participation agreement as required by the commission; or

(2) [A] college or university that

(A) has operated for at least two years before the borrower attends;

(B) is accredited by a national or regional accreditation association recognized by the Council for Higher Education [ON RECOGNITION OF POSTSECONDARY] Accreditation or is approved by the commission;

(C) if the loans are federally insured, is approved by the United States Secretary of Education;

(D) is a degree granting institution; and

(E) has submitted an executed program participation agreement as required by the commission.

\* **Sec. 17.** AS 14.43.122 is repealed and reenacted to read:

**Sec. 14.43.122. Consolidation of loans.** (a) The corporation may offer a borrower who has received more than one education loan the option of consolidating the multiple loans into a single loan as provided in this section.

(b) For a borrower to be eligible for consolidation of a loan under this section, the borrower must apply on a form approved by the corporation and provide proof

satisfactory to the corporation that the borrower

(1) physically resides in the state and has maintained a domicile in the state for not less than 12 consecutive months before submitting an application for consolidation;

(2) has not been physically absent from the state for more than 60 days in the 12 months before submitting an application for consolidation;

(3) has not declared residency in another state;

(4) has not received a benefit of residency in another state.

(c) In this section, "education loan" means a loan to finance the cost of attendance at a postsecondary institution in or outside the state.

\* **Sec. 18.** AS 14.43.160(4) is amended to read:

(4) "half-time student" means an undergraduate, graduate, or career education student who, during the semester, is enrolled and is in regular attendance at classes at one or more public or private institutions of higher education for [AT LEAST A TOTAL OF] six to 11 semester credit hours or an equivalent of six to 11 semester credit hours, and includes a career education student enrolled and in regular attendance in classes for [AT LEAST] 15 hours a week; or a graduate student who is enrolled and is in regular attendance at classes for the equivalent of six to eight semester hours of credit or the equivalent;

\* **Sec. 19.** AS 14.43.160(5) is amended to read:

(5) "school year" means an academic period that is a minimum of 30 weeks of instructional time that begins between July [SEPTEMBER] 1 of one year and June 30 [AUGUST 31] of the following year;

\* **Sec. 20.** AS 14.43.170 is amended to read:

**Sec. 14.43.170. Creation; purpose.** There is created the Alaska supplemental education loan program to provide postsecondary educational supplemental financial assistance. Supplemental financial assistance is available to qualified borrowers to assist with unmet costs of attendance at a postsecondary institution approved by the commission [ONLY IF THE FINANCIAL AID AVAILABLE THROUGH THE ALASKADVANTAGE LOAN PROGRAM IS INSUFFICIENT TO COVER THE COSTS OF ATTENDANCE AT A POSTSECONDARY INSTITUTION OR IF THE

BORROWER DOES NOT QUALIFY FOR FINANCIAL AID UNDER THE FEDERAL GUARANTEED STUDENT LOAN PROGRAM]. The commission shall make the public aware of the Alaska supplemental education loan program to facilitate providing loans to as many eligible borrowers as possible.

\* **Sec. 21.** AS 14.43.171 is amended to read:

**Sec. 14.43.171. Applicability of other laws.** The provisions of AS 14.43.120(b), 14.43.120(d)(4) [AS 14.43.120(d)(4), 14.43.122], 14.43.135, 14.43.140, and 14.43.145 - 14.43.160 [, 14.43.164, 14.43.166, AND 14.43.168] apply to the loans made under AS 14.43.170 - 14.43.175 as if the loans were made under those applicable provisions.

\* **Sec. 22.** AS 14.43.172(a) is amended to read:

(a) For a borrower to be eligible for a loan under AS 14.43.170 - 14.43.175, the borrower must be, or be about to be, enrolled in a postsecondary institution on at least a half-time basis and must be

(1) a resident of this state

(A) attending or about to attend a postsecondary institution that has been approved by and has executed a program participation agreement with the commission; or

(B) attending or about to attend an approved federal guaranteed student [FAMILY EDUCATION] loan institution; or

(2) physically present in this state and attending or about to attend a federal guaranteed student [AN APPROVED FEDERAL FAMILY EDUCATION] loan institution located in this state.

\* **Sec. 23.** AS 14.43.172(g) is amended to read:

(g) A borrower who is attending a postsecondary institution in this state that has been approved by the commission but is not an approved federal guaranteed student [FEDERAL FAMILY EDUCATION] loan institution must also comply with and meet any other requirements established by the commission.

\* **Sec. 24.** AS 14.43.173(a) is amended to read:

(a) In a school year, the corporation may finance [COMMISSION MAY MAKE] a loan to an eligible borrower under AS 14.43.170 - 14.43.175 attending an

eligible postsecondary institution not to exceed

(1) \$14,000 [\$8,500] to an eligible undergraduate student attending a college or university;

(2) \$15,000 [\$9,500] to an eligible graduate student attending a college or university;

(3) \$8,000 [\$6,500] to an eligible student attending a career education program.

\* **Sec. 25.** AS 14.43.173(b) is amended to read:

(b) The corporation may finance [COMMISSION MAY NOT AWARD] loans made under AS 14.43.170 - 14.43.175 to a borrower in an amount that is not [FOR] more than

(1) a total of \$56,000 [\$42,500] for undergraduate study;

(2) a total of \$60,000 [\$47,500] for graduate study; or

(3) a combined total of \$87,000 [\$60,000] for undergraduate and graduate study.

\* **Sec. 26.** AS 14.43.173 is amended by adding a new subsection to read:

(d) The commission shall determine a borrower's loan award amount for a specific school year based on a student's on-time, half-time, and full-time student status and may not exceed the limits established in this section or the borrower's costs of attendance.

\* **Sec. 27.** AS 14.43.175 is amended to read:

**Sec. 14.43.175. Repayment of loans.** A borrower's obligation to commence repayment of the principal of and interest on a loan under AS 14.43.170 - 14.43.175 begins not more than six months following the borrower's completion or other termination of the postsecondary program or the date that the borrower ceases to be enrolled on at least a half-time basis. [THE COMMISSION SHALL SET THE REPAYMENT TERMS OF A LOAN UNDER AS 14.43.170 - 14.43.175.]

\* **Sec. 28.** AS 14.43.400 is amended to read:

**Sec. 14.43.400. Purpose; creation.** There is created the Alaska [ALASKADVANTAGE] education grant program to provide financial assistance to eligible students to enable them to attend, or continue their attendance at,

postsecondary educational institutions. Funds designated by the corporation or appropriated for this program may be used as matching funds for the state's participation in the federal grant program under 20 U.S.C. 1070c - 1070c-4.

\* **Sec. 29.** AS 14.43.405(a) is amended to read:

(a) The Alaska [ALASKADVANTAGE] education grant program created under AS 14.43.400 - 14.43.420 shall be administered by the executive director of the commission.

\* **Sec. 30.** AS 14.43.410(a) is amended to read:

(a) The funds for the Alaska [ALASKADVANTAGE] education grant program may be allocated to eligible students in accordance with [THE PROVISIONS OF THE FEDERAL GRANT PROGRAM UNDER 20 U.S.C. 1070C - 1070C-4 AND] regulations adopted under AS 14.42.030(e), AS 14.43.105, [AND] 14.43.405, and 14.43.415.

\* **Sec. 31.** AS 14.43.415(c) is amended to read:

(c) The commission shall adopt regulations to establish terms and conditions [A PRIORITIZATION PROCESS] for awarding grants under AS 14.43.400 - 14.43.420 and to establish the amounts to be awarded for on-time, full-time, and half-time student status.

\* **Sec. 32.** AS 14.43.420(a) is amended to read:

(a) A grant made under AS 14.43.400 - 14.43.420 may not be in an amount that exceeds \$4,000 [LESS THAN \$500 NOR MORE THAN \$3,000] for each school year.

\* **Sec. 33.** AS 14.43.420(c) is amended to read:

(c) A student may receive not more than a total of \$16,000 [\$12,000] in grants awarded under AS 14.43.400 - 14.43.420.

\* **Sec. 34.** AS 14.43.420 is amended by adding a new subsection to read:

(d) The commission may apply the amounts awarded under AS 14.43.400 - 14.43.420 to a state match required by federal grant programs under 20 U.S.C. 1070c-2.

\* **Sec. 35.** AS 14.43.620(a) is repealed and reenacted to read:

(a) The teacher education revolving loan fund is created for the purpose of

making education loans to students selected under AS 14.43.600 - 14.43.700. The fund consists of money or assets appropriated or transferred to the commission for deposit into the fund, money or assets deposited into the fund by the commission, and earnings on investments of money held in the fund.

\* **Sec. 36.** AS 14.43.620 is amended by adding a new subsection to read:

(c) The commission may make a new loan under this section only if sufficient money or assets are available in the fund established under (a) of this section. If no new loans are issued in a fiscal year under this subsection, the commission shall use deposits for the year in the succeeding year.

\* **Sec. 37.** AS 14.43.640 is amended by adding a new subsection to read:

(g) The commission shall set the interest rate on a teacher education loan made from the teacher education revolving loan fund established under AS 14.43.620.

\* **Sec. 38.** AS 14.43.740(a) is amended to read:

(a) The provisions of AS 14.43.100, 14.43.120(a) - (c), (m), and (r) - (u), 14.43.122, 14.43.135, 14.43.145 - 14.43.155, **14.43.173**, and 14.43.910 - 14.43.990 apply to a loan made under AS 14.43.710 - 14.43.750.

\* **Sec. 39.** AS 14.43.750(a) is amended to read:

(a) A person may apply for and obtain a family education loan on behalf of a family member if

(1) the borrower **and the family member**

(A) **are residents** [IS A RESIDENT] of the state at the time of application for the loan; for purposes of this paragraph, a borrower **and family member qualify** [QUALIFIES] as **residents** [A RESIDENT] of the state if the borrower **and the family member have** [HAS] been physically present in the state for at least one year immediately before the time of application for the loan with the intent to remain indefinitely or, if not physically present in the state, the borrower **and family member have** [HAS] not declared or established residency in another state, **intend** [INTENDS] to return permanently to the state, and the absence meets the requirements imposed under AS 14.43.125(a)(3)(C)(i) - (vi);

(B) satisfies the requirements of AS 14.43.125(a)(6) - (9);

(2) the family member

(A) is enrolled as a full-time student in a career education, associate, baccalaureate, or graduate degree program; or

(B) is a graduate of a high school or the equivalent, or scheduled for graduation from a high school within six months, who, at the time of loan disbursement, will be enrolled in compliance with (A) of this paragraph; and

(3) neither the borrower nor the family member

(A) is delinquent or has ever been in default on a loan previously awarded by the commission **unless the defaulted loan has been voluntarily paid in full;**

(B) is past due on a child support obligation established by court order or by the child support services agency under AS 25.27.160 - 25.27.220 at the time of application or loan disbursement;

(C) has, within the previous five years, had a loan discharged or written off by the commission for any reason.

\* **Sec. 40.** AS 14.43.915(a) is amended to read:

(a) The **Alaska** [ALASKADVANTAGE] education grant account is created as an account in the general fund. Money may be appropriated to the account from the Alaska higher education investment fund under AS 37.14.750 and from other sources. The commission may use the money in the account to pay grants awarded under AS 14.43.400 - 14.43.420 **and to pay the cost of administration of the Alaska education grant program created under AS 14.43.400.**

\* **Sec. 41.** AS 14.43.990 is amended by adding a new paragraph to read:

(7) "on-time student" means an undergraduate who is enrolled and is in regular attendance at classes for 15 or more semester hours of credit or the equivalent during the semester; any combination of semester hours of credit or the equivalent aggregating to the requisite number of semester hours and undertaken during a semester at two or more public or private institutions of higher education constitutes on-time student status.

\* **Sec. 42.** AS 14.48.030(b) is amended to read:



(b) Except as provided under AS 14.48.165, the commission may exempt the following educational programs, and educational institutions only providing programs exempt under (a) of this section and this subsection, from some or all of the provisions of this chapter:

- (1) a program operated by a state or a political subdivision of a state;
- (2) instruction sponsored by a bona fide trade, business, labor, professional, or fraternal association or organization, recognized by the commission, and conducted only for that association's or organization's membership;
- (3) nonprofit postsecondary educational institutions offering undergraduate or graduate educational programs, from a facility in this state, that are acceptable for credit toward an associate, bachelor's, or graduate degree;
- (4) a program that is provided without a fee, other than the actual cost of materials, to students;
- (5) a program that does not offer education credentials;
- (6) a short course of study that is not more than 15 [10] days or 120 [80] hours in duration;
- (7) a program offered within the state by an out-of-state institution that is authorized to operate by the state in which it is located and is nationally or regionally accredited;
- (8) a program or institution that is regulated by another agency or political subdivision of the state regarding the quality of course contents, facilities, and operation.

\* **Sec. 43.** AS 14.48.050 is amended to read:

**Sec. 14.48.050. Powers and duties of commission.** The commission shall

- (1) establish minimum criteria consistent with AS 14.48.060 including quality of education, ethical and business practices, health and safety, and fiscal responsibility that applicants for authorization to operate, or for an agent's permit, must meet before the authorization or permit is issued;
- (2) receive, investigate, and act upon applications for authorization to operate postsecondary educational institutions and applications for agent's permits;
- (3) maintain a list of postsecondary educational institutions and agents

authorized to operate in the state under this chapter;

(4) keep current and make available as public information the list of institutions and agents;

(5) enter into interstate reciprocity agreements [WITH SIMILAR AGENCIES IN OTHER STATES,] if, in the judgment of the commission, the agreements will be helpful in carrying out the purposes of this chapter;

(6) receive and maintain as a permanent file, copies of academic records maintained in accordance with AS 14.48.060(b)(6);

(7) adopt regulations and procedures necessary or appropriate for the conduct of its work and the implementation of this chapter under AS 44.62 (Administrative Procedure Act);

(8) investigate on its own initiative or in response to a complaint lodged with it, persons subject to, or reasonably believed by the commission to be subject to, the jurisdiction of this chapter; and in connection with the investigation subpoena persons, books, records, or documents related to the investigation; require answers in writing under oath to questions propounded by the commission and administer oaths or affirmations to persons in connection with the investigation; and, for the purpose of examination at all reasonable times, shall have access to, and the right to copy, documentary evidence of a corporation that is under investigation or being proceeded against;

(9) exercise other necessary powers and duties in conformity with the provisions of this chapter that, in the judgment of the commission, are necessary to carry out the provisions of this chapter.

\* **Sec. 44.** AS 14.48.165(b) is amended to read:

(b) A student attending a postsecondary educational institution and who is physically present on the campus of the postsecondary educational institution shall sign a document provided by the institution indicating that the student has received

(1) an immunization against meningococcal disease; or

(2) the notice described under (a) of this section.

\* **Sec. 45.** AS 14.43.120(f), 14.43.120(v), 14.43.174, 14.43.410, 14.43.415(b), 14.43.620(b),

1 and 14.43.740(g) are repealed.

2 \* **Sec. 46.** The uncoded law of the State of Alaska is amended by adding a new section to  
3 read:

4 TEACHER EDUCATION LOAN INTEREST RATE; TRANSITION;  
5 APPLICABILITY. (a) AS 14.43.640(g), added by sec. 37 of this Act, applies to loans made  
6 under AS 14.43.640 on or after the effective date of this Act.

7 (b) The Alaska Student Loan Corporation shall set the interest rate on a loan made  
8 under AS 14.43.640 before the effective date of this Act and on loans made to a borrower who  
9 was issued a loan before the effective date of this Act under AS 14.43.640 that are financed  
10 by the corporation and are not funded from the teacher education revolving loan fund under  
11 AS 14.43.620.

12 \* **Sec. 47.** The uncoded law of the State of Alaska is amended by adding a new section to  
13 read:

14 ALASKADVANTAGE GRANT PROGRAM; REGULATIONS. To the extent  
15 current regulations are consistent with this Act, the regulations previously adopted by the  
16 Alaska Commission on Postsecondary Education implementing the AlaskAdvantage  
17 education grant program created under AS 14.43.400, as that section read before the  
18 amendment in sec. 28 of this Act, shall be construed to apply to the Alaska education grant  
19 program under AS 14.43.400 - 14.43.420, as amended by secs. 28 - 34 of this Act, until the  
20 regulations are amended to change the name as provided in this Act.

21 \* **Sec. 48.** This Act takes effect immediately under AS 01.10.070(c).