

CS FOR SENATE BILL NO. 301(FIN) am H

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 5/2/96

Offered: 4/19/96

Sponsor(s): SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to postsecondary education; and providing for an effective
2 date."

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

4 * **Section 1.** AS 08.02.025(a) is amended to read:

5 (a) A person licensed under this title shall comply with the student loan
6 repayment provisions under AS 14.43 that are applicable to the person.
7 Notwithstanding another provision of law, a license issued to a person under this title
8 may not be renewed if the licensee [BORROWER] and the department
9 [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] have
10 received notice from the Alaska Student Loan Corporation [COMMISSION ON
11 POSTSECONDARY EDUCATION] that the licensee is in default on a student loan
12 provided to the licensee. This action may be taken no sooner than 60 days after the
13 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
14 EDUCATION] has notified the licensee [BORROWER] of the default status of the

1 loan as provided under AS 14.43.120(i). If a licensee's [AN] appeal of a
2 determination of default status is pending [ON BEHALF OF THE LICENSEE], the
3 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
4 EDUCATION] shall notify the department and the department [RENEWAL] may not
5 deny renewal [BE DENIED] under this section until and unless the [APPEAL HAS
6 BEEN CONCLUDED AND THE] default status has been affirmed on appeal. The
7 denial [DENIAL] of renewal of a license shall continue until the department
8 [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] receives
9 notice from the Alaska Student Loan Corporation [COMMISSION ON
10 POSTSECONDARY EDUCATION] that the licensee is no longer in default on the
11 student loan.

12 * **Sec. 2.** AS 14.42.100 is amended to read:

13 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN
14 CORPORATION. The [THERE IS CREATED THE] Alaska Student Loan
15 Corporation is created as [. THE CORPORATION IS] a public corporation and
16 government instrumentality within the Department of Revenue [EDUCATION] but
17 having a legal existence independent of and separate from the state. The corporation
18 may not be terminated as long as it has outstanding bonds, notes, or other obligations
19 [OUTSTANDING]. Upon termination of the corporation, its rights and property pass
20 to the state.

21 * **Sec. 3.** AS 14.42.120 is repealed and reenacted to read:

22 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corporation
23 shall be governed by a board of directors consisting of the members of the Alaska
24 Commission on Postsecondary Education under AS 14.48.035. The governor's
25 appointees shall serve at the pleasure of the governor for four-year staggered terms.

26 (b) Two members of the legislature shall serve as ex officio nonvoting
27 members of the board of directors. The two ex officio nonvoting members
28 shall include one member of the senate appointed by the president of the senate
29 and one member of the house appointed by the speaker of the house of
30 representatives.

31 (c) A full-time postsecondary student shall serve as a nonvoting member of the

1 board of directors. The governor shall appoint the student member from a list of
2 nominees within 60 days after it is submitted. The list must consist of the names of
3 two nominees from each four-year public or nonprofit college or university campus in
4 the state that has representative student government. The nominees shall be selected
5 from a student election held on each campus. Elections under this subsection shall be
6 held concurrently with student regent elections required under AS 14.40.150(b) and
7 conducted under rules established by the Office of the Governor. The term of office
8 of the student member is two years beginning June 1 of the year in which the
9 appointment is made. Membership on the corporation is immediately forfeited by a
10 student member who ceases to be a full-time student. Within 60 days after a vacancy
11 occurs, the governor shall appoint a successor from those students appearing on the list
12 of nominees to serve for the unexpired term of the original appointee. In this
13 subsection, "campus" means a portion of the college or university designated as a
14 "campus" by the board of the college or university.

15 (d) A governing body member, trustee, official, or employee of a public,
16 private, or proprietary institution of postsecondary or higher education in the state may
17 not be appointed to membership on the corporation as representative of the general
18 public for the purpose of (a) of this section.

19 (e) Members of the board serve without compensation, but the voting members
20 who are not state employees and the student member are entitled to per diem and
21 travel expenses authorized for boards and commissions under AS 39.20.180.

22 (f) Each year, the board shall elect a chair from among its voting membership.
23 A majority of the voting members constitute a quorum for organizing the board,
24 conducting board business, and exercising the powers of the corporation.

25 * **Sec. 4.** AS 14.42.160 is repealed and reenacted to read:

26 Sec. 14.42.160. EXECUTIVE OFFICER AND STAFF; ADMINISTRATION.

27 (a) The corporation may appoint an executive director as the corporation's executive
28 officer. The executive officer is a member of the exempt service under AS 39.25.110,
29 serves at the pleasure of the corporation, and receives compensation fixed by the
30 corporation. The executive officer appoints persons to the staff positions authorized
31 by the corporation, and staff compensation is fixed by the corporation. Each employee

1 of the corporation shall participate as a member of the public employees' retirement
2 system (AS 39.35).

3 (b) The corporation is not a division in the Department of Revenue. The
4 corporation, members of the corporation, the executive officer, and staff are in the
5 Department of Revenue for administrative support services only, and they are not
6 subject to the direction of the commissioner of revenue.

7 (c) Subject to review by the corporation, the executive director shall administer
8 the student loan and grant programs under AS 14.43.

9 * **Sec. 5.** AS 14.42 is amended by adding a new section to read:

10 Sec. 14.42.180. LEGAL COUNSEL. The attorney general is legal counsel for
11 the corporation. The attorney general shall advise the corporation in legal matters
12 arising in the discharge of its duties and represent the corporation in actions to which
13 it is a party. If, in the opinion of the corporation, the public interest is not adequately
14 represented by counsel in a proceeding, the attorney general, upon request of the
15 corporation, shall represent the public interest.

16 * **Sec. 6.** AS 14.42 is amended by adding a new section to read:

17 Sec. 14.42.195. FUNCTIONS OF THE CORPORATION. (a) The corporation
18 shall administer the student loan fund under AS 14.42.210 and the student loan and
19 grant programs under AS 14.43.

20 (b) The corporation may adopt regulations under AS 44.62 (Administrative
21 Procedure Act) to carry out the purposes of AS 14.43.

22 (c) The corporation may enter into agreements with government or
23 postsecondary education officials of this state or other states to provide postsecondary
24 educational services and programs to residents of this state pursuing a medical
25 education; an agreement with another state must be limited to services and programs
26 that are unavailable in this state.

27 * **Sec. 7.** AS 14.42.200(9) is amended to read:

28 (9) collect from a borrower amounts owed with respect to a student
29 loan held by the corporation [HAS PURCHASED];

30 * **Sec. 8.** AS 14.42.200(10) is amended to read:

31 (10) gather information on student loans available to residents of

Alaska and disseminate the information to reasonably assure that qualified residents are aware of financial resources available to those attending or desiring to attend institutions for which loans may be made under AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325], 14.43.600 - 14.43.700, or 14.43.710 - 14.43.790;

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

(a) The student loan fund is established in the corporation. The student loan fund is a trust fund to be used to carry out the purposes of AS 14.42.100 - 14.42.390, AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325], 14.43.600 - 14.43.700, and 14.43.710 - 14.43.790. 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 **and shall establish separate accounts for the teacher scholarship revolving loan account under AS 14.43.620 and the family education loan account under AS 14.43.720.**

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

(b) Money and other assets of the student loan fund may be used to secure bonds of the corporation, **used to pay the costs of administration of the fund,** invested in student loans and investments under AS 37.10.071, [AND] used to **make** [PURCHASE] loans approved under **AS 14.43, and used to pay the costs of administering the loans and of collecting delinquent loans if those costs are not recovered from the borrower** [AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or 14.43.710 - 14.43.790].

* **Sec. 11.** AS 14.43.100 is amended to read:

Sec. 14.43.100. APPLICATIONS. (a) Applications shall be submitted to the executive director of the **corporation** [COMMISSION].

(b) A person whose loan application is not approved by the executive director of the **corporation** [COMMISSION] may appeal to the **corporation** [COMMISSION] and the **corporation** [COMMISSION] shall consider the application.

* **Sec. 12.** AS 14.43.110, as amended by sec. 1, ch. 5, SLA 1996, is amended to read:

Sec. 14.43.110. STUDENT LOANS. (a) In a school year, the **corporation** [COMMISSION] may make a loan not to exceed

(1) \$8,500 to a full-time undergraduate student or **\$4,500** [\$5,000] to

1 a half-time undergraduate student attending a college or university if the full- or half-
2 time student is otherwise eligible under AS 14.43.125;

3 (2) \$9,500 to a full-time graduate student or \$5,000 [\$4,500] to a
4 half-time graduate student attending a college or university if the full- or half-time
5 graduate student is otherwise eligible under AS 14.43.125;

6 (3) \$5,500 to a full-time student or \$2,000 to a half-time student if the
7 full- or half-time student is attending a career education program [THAT IS AT
8 LEAST SIX WEEKS IN LENGTH] and is otherwise eligible under AS 14.43.125.

9 (b) The corporation [COMMISSION] may make a loan for a summer term,
10 even if the total loan for the school year exceeds the limit imposed under (a) of this
11 section if the loan for the summer term is counted against the limit imposed under (a)
12 of this section for the following school year.

13 (c) The corporation [COMMISSION] shall adopt regulations establishing a
14 minimum amount for which a loan may be made.

15 * **Sec. 13.** AS 14.43.120(b), as amended by sec. 3, ch. 5, SLA 1996, is amended to read:

16 (b) Scholarship loans may only be used to attend a

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

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

19 (B) submitted an executed program participation agreement as
20 required by the corporation [COMMISSION]; or

21 (2) a college or university that

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

24 (B) is accredited by a national or regional accreditation
25 association recognized by the Council on Recognition of Postsecondary
26 Accreditation or is approved by the corporation [COMMISSION];

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

29 (D) is a degree granting institution; and

30 (E) has submitted an executed program participation agreement
31 as required by the corporation [COMMISSION].

1 * **Sec. 14.** AS 14.43.120(c), as amended by sec. 4, ch. 5, SLA 1996, is amended to read:

2 (c) To maintain a loan awarded to a full-time student, the student must
3 continue to be enrolled as a full-time student in good standing in a career education
4 program, college, or university that meets the requirements under (b) of this section.
5 To maintain a loan awarded to a half-time student, the student must continue to be
6 enrolled as a half-time student in good standing in (1) a career education program,
7 college, or university in the state that meets the requirements under (b) of this section,
8 or (2) a career education program, college, or university that meets the requirements
9 under (b) of this section, and be physically present in this [THE] state while attending
10 the career education program, college, or university. The **corporation**
11 [COMMISSION] shall adopt regulations defining "good standing" for purposes of this
12 subsection.

13 * **Sec. 15.** AS 14.43.120(d), as amended by sec. 4, ch. 5, SLA 1996, is amended to read:

14 (d) Scholarship loans may not be made to a student
15 (1) for more than a total of \$42,500 for undergraduate study;
16 (2) for more than a total of \$47,500 for graduate study;
17 (3) for more than a combined total of \$60,000 for undergraduate and
18 graduate study;
19 (4) to attend an institution, if the total amount of scholarship loans
20 made to students to attend that institution exceeds \$100,000 and the default rate on
21 those loans is (A) greater than 20 percent but less than 25 percent, and the institution
22 is unable to reduce its default rate within 24 months after the rate determination; or
23 (B) equal to or greater than 25 percent for two consecutive calendar years; for
24 purposes of this paragraph, the default rate shall annually be determined by the
25 **corporation** [COMMISSION] from loans required to be repaid under (g) of this
26 section on or after July 1, 1996; if a scholarship loan is refused based on the
27 provisions of this paragraph and, under a subsequent default rate determination [,] an
28 institution's default rate does not exceed the limits established under this paragraph,
29 the **corporation** [COMMISSION] may not refuse to issue a scholarship loan to attend
30 that institution based on the provisions of this paragraph.

31 * **Sec. 16.** AS 14.43.120(f) is amended to read:

(f) Interest on a loan made under AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160] is equal to the interest rate

(1) paid in each year on bonds issued by the corporation [ALASKA STUDENT LOAN CORPORATION] under AS 14.42.220; and

(2) necessary to pay the administrative cost of the student loan program that is represented by the loan.

* **Sec. 17.** AS 14.43.120(g), as amended by sec. 6, ch. 5, SLA 1996, is amended to read:

(g) A borrower's obligation to commence repayment of the principal and interest on the loan begins six months after the borrower is no longer enrolled under (c) of this section. The borrower shall repay the total amount owed in periodic installments of at least \$50 a month over a period of not more than 15 years from the commencement of the repayment obligation. If the corporation [COMMISSION] and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement. A borrower may make payments earlier than required by this subsection or the agreement.

* **Sec. 18.** AS 14.43.120(i), as amended by sec. 8, ch. 5, SLA 1996, is amended to read:

(i) If a loan is in default, the corporation [COMMISSION]

(1) shall notify the borrower that [, IF THE BORROWER HAS AN OCCUPATIONAL LICENSE ISSUED UNDER AS 08, THE LICENSE MAY NOT BE RENEWED UNDER AS 08.02.025 AND THAT] repayment of the remaining balance is accelerated and due and that, if the borrower has an occupational license issued under AS 08, the license may not be renewed under AS 08.02.025, by mailing the borrower a notice at the most recent address provided to the corporation [COMMISSION] by the borrower;

(2) may take the borrower's permanent fund dividend under AS 43.23.065(b)(3) to satisfy the balance due on a defaulted loan; and

(3) shall provide notice of the default to the Department of Commerce and Economic Development, if the loan recipient is licensed under AS 08.

* **Sec. 19.** AS 14.43.120(m), as amended by sec. 11, ch. 5, SLA 1996, is amended to read:

(m) In case of hardship, the corporation [COMMISSION] may extend repayment of a loan for an additional period of up to five years.

1 * **Sec. 20.** AS 14.43.120(r) is amended to read:

2 (r) The rate of interest, time of payment of an installment of principal or
3 interest, or other loan terms [OF A SCHOLARSHIP LOAN] may be modified if
4 required to establish or maintain tax-exempt status under 26 U.S.C. 103 (Internal
5 Revenue Code of 1986), as amended, for the interest on bonds issued by the
6 corporation [ALASKA STUDENT LOAN CORPORATION].

7 * **Sec. 21.** AS 14.43.120(t), as amended by sec. 13, ch. 5, SLA 1996, is amended to read:

8 (t) Payment of interest under (l) of this section and forgiveness under (s) of
9 this section are subject to appropriation by the legislature. Money obtained from the
10 sale of bonds by the corporation [STUDENT LOAN CORPORATION] under
11 AS 14.42.220 may not be appropriated for the payment of interest or the forgiveness
12 of loans.

13 * **Sec. 22.** AS 14.43.120(u), as amended by sec. 14, ch. 5, SLA 1996, is amended to read:

14 (u) The corporation [COMMISSION] by regulation shall set a loan
15 origination fee, not to exceed five percent of the total [SCHOLARSHIP] loan amount,
16 to be assessed upon a [SCHOLARSHIP] loan that is funded from the student loan fund
17 of the corporation [ALASKA STUDENT LOAN CORPORATION]. The loan
18 origination fee shall be deducted at the time the loan is disbursed. Subject to
19 appropriation, the loan origination fees shall be deposited into an origination fee
20 account within the student loan fund of the corporation [ALASKA STUDENT LOAN
21 CORPORATION], and subsequently used by the corporation to offset losses incurred
22 as a result of death, disability, default, or bankruptcy of the borrower.

23 * **Sec. 23.** AS 14.43.120(v) is amended to read:

24 (v) In determining a rate of interest under (f)(2) of this section,

25 (1) the corporation [COMMISSION] shall use a method that ensures
26 that the rate of interest is as low as possible without precluding the ability of the
27 corporation [COMMISSION] to administer loans made under AS 14.43.100 -
28 14.43.160 [AS 14.43.090 - 14.43.160]; and

29 (2) the total amount charged for administrative costs of the student loan
30 program may not exceed two and one-half percent above the amount determined under
31 (f)(1) of this section.

1 * **Sec. 24.** AS 14.43.122(a) is amended to read:

2 (a) The corporation [COMMISSION] may offer the option of consolidating
3 into a single loan

4 (1) multiple loans made to a borrower who has received more than
5 one loan under this chapter [THE OPTION OF CONSOLIDATING THE MULTIPLE
6 LOANS INTO A SINGLE LOAN]; or

7 (2) [TO CONSOLIDATE] loans made to married borrowers if the
8 married borrowers agree to be jointly and severally liable for repayment of the
9 consolidated loan [,] regardless of the borrowers' future marital status or the death of
10 one of the borrowers.

11 * **Sec. 25.** AS 14.43.125(a), as amended by sec. 15, ch. 5, SLA 1996, is amended to read:

12 (a) A person may apply for and obtain a student [SCHOLARSHIP] loan if the
13 person

14 (1) is

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

17 (B) enrolled as a half-time student in a career education,
18 associate, baccalaureate, or graduate degree program

19 (i) in the state; or

20 (ii) out of the state and is physically present in this state
21 while attending that program; or

22 (C) a graduate of a high school or the equivalent, or scheduled
23 for graduation from a high school within six months, with sufficient credits to
24 be admitted to a career education program or to an accredited college or
25 university;

26 (2) is not delinquent or in default on a previously awarded student
27 [SCHOLARSHIP] loan; and

28 (3) is a resident of the state at the time of application for the loan; for
29 purposes of this section, a person qualifies as a resident of the state if at the time of
30 application for the loan the person

31 (A) has been physically present in the state for at least one year

1 immediately before the time of application for the loan;

2 (B) is dependent on a parent or guardian for care, the parent or
3 guardian has been present in the state for at least one year immediately before
4 the time of application for the loan, and the person has been present in the state
5 for at least one year of the immediately preceding five years, except that the
6 **corporation** [COMMISSION] may by a two-thirds vote, acting upon a written
7 appeal by the person, grant an exemption to the requirement that the person has
8 been present in the state for one year of the immediately preceding five years;

9 (C) has been physically present in the state for at least one year
10 immediately before the applicant was absent from the state and the absence is
11 due solely to

12 (i) serving an initial period of up to three years on active
13 duty as a member of the armed forces of the United States;

14 (ii) serving for up to three years as a full-time volunteer
15 under the Peace Corps Act;

16 (iii) serving for up to three years as a full-time volunteer
17 under the Domestic Volunteer Service Act of 1973;

18 (iv) required medical care for the applicant or the
19 applicant's immediate family;

20 (v) being a person who otherwise qualifies as a resident
21 and is accompanying a spouse who qualifies as a resident under (i) -
22 (iv) of this paragraph;

23 (vi) an absence allowed under (D)(i)-(iv) of this
24 paragraph; or

25 (D) is a dependent of a parent or guardian who has been
26 physically present in the state for at least one year immediately before the
27 parent or guardian was absent from the state and the absence is due solely to

28 (i) participating in a foreign exchange student program
29 recognized by the **corporation** [COMMISSION];

30 (ii) attending a school as a full-time student;

31 (iii) full-time employment by the state;

1 (iv) being a member of or employed full-time by the
2 state's congressional delegation;
3 (v) being a person who otherwise qualifies as a resident
4 and is accompanying a spouse who qualifies as a resident under (i) -
5 (iv) of this paragraph;
6 (4) does not have a past due child support obligation established by
7 court order or by the child support enforcement division under AS 25.27.160 -
8 25.27.220 at the time of application; and
9 (5) has not, within the previous five years, had a [SCHOLARSHIP]
10 loan discharged or written off by the **corporation or the former Alaska Commission**
11 **on Postsecondary Education** [COMMISSION] for any reason.
12 * Sec. 26. AS 14.43.125(c), as amended by sec. 16, ch. 5, SLA 1996, is amended to read:
13 (c) A person may not be awarded a **student** [SCHOLARSHIP] loan under
14 **AS 14.43.100 - 14.43.160** [AS 14.43.090 - 14.43.160] if that person receives a teacher
15 scholarship loan under AS 14.43.600 - 14.43.700 for the same period of attendance.
16 * Sec. 27. AS 14.43.150(a) is amended to read:
17 (a) In a court proceeding regarding a defaulted loan under this chapter in
18 which the court has entered judgment in favor of the **corporation or the former**
19 **Alaska Commission on Postsecondary Education** [COMMISSION], the court may,
20 on its own motion or motion of the **corporation** [COMMISSION], after notice and an
21 opportunity for hearing, order the loan recipient to assign to the **corporation**
22 [COMMISSION] that portion of salary or wages due the loan recipient currently and
23 in the future in an amount sufficient to pay the amount ordered by the court to be
24 repaid [TO THE COMMISSION].
25 * Sec. 28. AS 14.43.160 is amended to read:
26 Sec. 14.43.160. DEFINITIONS. In **AS 14.43.100 - 14.43.160**, [AS 14.43.090
27 - 14.43.160]
28 (1) "career education" means a course or program in vocational-
29 technical training or education approved by the **corporation that is a half-time**
30 **program at least 12 weeks in length or a full-time program at least six weeks in**
31 **length** [COMMISSION];

(2) "federally insured" means a loan covered by the provisions of the Guaranteed Student Loan Program of Title IV, Part B, of the Higher Education Act of 1965 (P.L. 89-329), as amended;

(3) "full-time student" means an undergraduate or career education student who is enrolled and is in regular attendance at classes for at least 12 semester hours of credit or the equivalent during the semester or a graduate student who is enrolled and is in regular attendance at classes for at least nine semester hours of credit or the equivalent; 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 full-time student status;

(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 semester credit hours or an equivalent of six semester credit hours, and includes a career education student enrolled and in regular attendance in classes for at least 15 hours a week;

(5) "school year" means the period from September 1 of one year through August 31 of the following year;

(6) "summer term" means the period from June 1 - August 31.

* **Sec. 29.** AS 14.43.255(a) is amended to read:

(a) There is created a memorial scholarship revolving loan fund **to be administered by the corporation.** The fund shall be used to provide educational scholarship loans to students selected under AS 14.43.250 - 14.43.325 **and for the purposes allowed under AS 14.42.210.** **Repayments** [UNLESS THE INSTRUMENT EVIDENCING THE MEMORIAL SCHOLARSHIP LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA STUDENT LOAN CORPORATION, REPAYMENTS] of a loan shall be deposited into the memorial scholarship revolving loan fund and shall be used to make new loans.

* **Sec. 30.** AS 14.43.300(g), as amended by sec. 18, ch. 5, SLA 1996, is amended to read:

(g) The **corporation** [COMMISSION] by regulation shall set a loan

1 origination fee, not to exceed five percent of the total memorial scholarship loan
2 amount, to be assessed upon a memorial scholarship loan. The loan origination fee
3 shall be deducted at the time the loan amount is disbursed. Subject to appropriation,
4 the loan origination fee shall be deposited into a origination fee account within the
5 memorial scholarship revolving loan fund, and subsequently transferred by the
6 corporation [COMMISSION] to the appropriate memorial scholarship accounts within
7 the memorial scholarship revolving loan fund to offset losses incurred due to loan debt
8 cancellation as a result of death, disability, default, or bankruptcy of the borrower
9 [STUDENT].

10 * **Sec. 31.** AS 14.43.305(i) is amended to read:

11 (i) To the extent they are not in conflict with terms and conditions under
12 AS 14.43.250 - 14.43.325, the terms and conditions of a memorial scholarship loan
13 made under AS 14.43.250(b)(5) are the same as the terms and conditions for a
14 scholarship student [SCHOLARSHIP] loan under AS 14.43.100 - 14.43.160 [AS
15 14.43.090 - 14.43.160], except that the interest on the loan is equal to five percent.

16 * **Sec. 32.** AS 14.43.320(b) is amended to read:

17 (b) To the extent that they are not in conflict with the provisions of
18 AS 14.43.250 - 14.43.325, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 -
19 14.43.160] relating to scholarship loans are applicable to loans made under
20 AS 14.43.250 - 14.43.325.

21 * **Sec. 33.** AS 14.43.405(b) is amended to read:

22 (b) To the extent that they are not in conflict with the provisions of
23 AS 14.43.400 - 14.43.405, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 -
24 14.43.160] relating to student financial aid are applicable to the grants made under
25 AS 14.43.400 - 14.43.500.

26 * **Sec. 34.** AS 14.43.410 is amended to read:

27 Sec. 14.43.410. DISTRIBUTION OF FUNDS. The funds appropriated for the
28 educational incentive grant program shall be allocated to eligible students in
29 accordance with the provisions of the federal state student incentive grant program and
30 regulations adopted under AS 14.42.200 and AS 14.43.405 [AS 14.43.105 AND
31 14.43.405].

1 * **Sec. 35.** AS 14.43.415 is amended to read:

2 Sec. 14.43.415. ELIGIBILITY; PRIORITY. (a) A student may apply for an
3 educational incentive grant if the student

4 (1) is a resident of Alaska;

5 (2) is [EITHER]

6 (A) enrolled as a full-time undergraduate student in a degree
7 program in an accredited postsecondary educational institution; or

8 (B) eligible to be admitted to an accredited postsecondary
9 educational institution; and

10 (3) establishes financial need in accordance with standards for
11 determining financial need adopted by the **corporation** [COMMISSION] under 20
12 U.S.C. 1070c-2.

13 (b) The **corporation** [COMMISSION] shall **adopt regulations to** [, BY
14 REGULATION,] establish a system of priority in the selection of recipients of grants
15 under AS 14.43.400 - 14.43.500 under which students from "low income" families or
16 whose incomes are considered "low income" shall be given preference in the award
17 of the educational incentive grants.

18 * **Sec. 36.** AS 14.43.620(a) is amended to read:

19 (a) **The** [THERE IS CREATED A] teacher scholarship revolving loan **account**
20 **is created within the student loan** fund (**AS 14.42.210**). The **account** [FUND] shall
21 be used to make scholarship loans to students selected under AS 14.43.600 - 14.43.700
22 **and for the purposes allowed under AS 14.42.210. Repayments** [UNLESS THE
23 INSTRUMENT EVIDENCING THE TEACHER SCHOLARSHIP LOAN HAS BEEN
24 SOLD OR ASSIGNED TO THE ALASKA STUDENT LOAN CORPORATION,
25 REPAYMENTS] of principal and interest on a teacher scholarship loan shall be paid
26 into the teacher scholarship revolving loan **account** [FUND] and shall be used to make
27 new teacher scholarship loans. If estimated funds available are inadequate to fully
28 fund estimated teacher scholarship loans for any fiscal year, additional funding from
29 the general fund may be requested and appropriated for that year.

30 * **Sec. 37.** AS 14.43.630(a) is amended to read:

31 (a) [THE TEACHER SCHOLARSHIP LOAN PROGRAM SHALL BE

ADMINISTERED BY THE COMMISSION IN ACCORDANCE WITH
REGULATIONS ADOPTED BY THE COMMISSION.] The corporation
[COMMISSION] shall

(1) annually allocate the [LOAN AWARDS] available [FOR] teacher
scholarship loans awards [ANNUALLY] to local school boards, giving a preference
to rural school districts; and

(2) [DEVELOP AND] distribute to the local school boards an
application form for teacher scholarship loans [; THE FORM MUST INCLUDE A
REQUIREMENT THAT THE APPLICANT SUPPLY A HIGH SCHOOL
ACADEMIC TRANSCRIPT AND A STATEMENT OF INTENT TO ENTER A
TEACHING CAREER AT THE ELEMENTARY OR SECONDARY SCHOOL
LEVEL IN THE STATE].

* **Sec. 38.** AS 14.43.650(a) is amended to read:

(a) To be eligible for a teacher scholarship loan, a student must

(1) be a graduate of a public or private high school in the state [,] with
sufficient credits to be admitted to an accredited college or university;

(2) be enrolled in or show evidence of intent to enroll in a degree
program directed at a teaching career at the elementary or secondary school level;

(3) meet the conditions set by the student's local school board with
respect to the district's requirements for teachers in particular subject areas;

(4) submit to the local school board an application on a form provided
by the corporation [COMMISSION] under AS 14.43.630(a)(2); the applicant shall
supply a high school transcript and a statement of intent to enter a teaching
career at the elementary or secondary school level in the state [AN APPLICATION
MAY BE SUBMITTED SIX MONTHS BEFORE GRADUATION FROM HIGH
SCHOOL]; and

(5) not have a past due child support obligation established by court
order or by the child support enforcement division under AS 25.27.160 - 25.27.220 at
the time of application.

* **Sec. 39.** AS 14.43.650(c), as amended by sec. 20, ch. 5, SLA 1996, is amended to read:

(c) A student may not be awarded a teacher scholarship loan under

AS 14.43.600 - 14.43.700 if the student receives a student [SCHOLARSHIP] loan under AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160] for the same period of attendance.

* **Sec. 40.** AS 14.43.720(a) is amended to read:

(a) The family education loan account is created within the student [SCHOLARSHIP REVOLVING] loan fund (AS 14.42.210 [AS 14.43.090]). The account shall be used to make family education loans to families selected under AS 14.43.710 - 14.43.790, and for the purposes allowed under AS 14.42.210 [TO PAY THE COSTS OF COLLECTING FAMILY EDUCATION LOANS THAT ARE IN DEFAULT IF THOSE COSTS ARE NOT RECOVERED FROM THE FAMILY, AND TO PAY THE COSTS OF ADMINISTERING THE ACCOUNT]. Repayments [UNLESS THE INSTRUMENT EVIDENCING THE FAMILY EDUCATION LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA STUDENT LOAN CORPORATION, REPAYMENTS] of principal and interest on family education loans shall be paid into the family education loan account. If estimated funds available from family education loan repayments are inadequate to fully fund estimated family education loans in a fiscal year, additional funding from the general fund may be requested and appropriated for that year.

* **Sec. 41.** AS 14.43.730 is amended to read:

Sec. 14.43.730. ADMINISTRATION. The family education loan program shall be administered by the corporation [COMMISSION] under regulations that it adopts.

* **Sec. 42.** AS 14.43.740(d) is amended to read:

(d) A borrower's obligation to commence repayment [REPAYMENT] of the principal and interest on a family education loan [MADE UNDER AS 14.43.710 - 14.43.790] begins on the first of the month immediately following loan disbursement. The loan may be cancelled without prejudice at any time before actual disbursement. The borrower shall repay [LOAN SHALL PROVIDE FOR REPAYMENT OF] the total amount owed in periodic installments over a period of [IN] not more than 10 years from the commencement of the repayment obligation. If the corporation [COMMISSION] and the borrower agree to a different repayment schedule, the

borrower shall repay the loan in accordance with the agreement. The borrower may make payments earlier than required by this section or the agreement.

* **Sec. 43.** AS 14.43.990 is repealed and reenacted to read:

Sec. 14.43.990. DEFINITION. In this chapter, "corporation" means the Alaska Student Loan Corporation.

* **Sec. 44.** AS 14.44.035 is amended to read:

Sec. 14.44.035. ADMINISTRATION. The Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] shall administer the state's participation in the Western Regional Higher Education Compact.

* **Sec. 45.** AS 14.48 is amended by adding a new section to read:

Sec. 14.48.035. ALASKA COMMISSION ON POSTSECONDARY EDUCATION. (a) The Alaska Commission on Postsecondary Education is created in the department consisting of the commissioner of revenue, the commissioner of administration, a person representing the department appointed by the governor, and four public members appointed by the governor. The public members are subject to confirmation by the legislature and serve at the pleasure of the governor for four-year staggered terms.

(b) Members of the commission serve without compensation, but the members who are not state employees are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

(c) The commission shall elect a chair from among its membership at its annual meeting each year. A majority of the members constitute a quorum for organizing the commission, conducting its business, and exercising the powers of the commission.

(d) The employees of the department shall serve as staff to the commission.

* **Sec. 46.** AS 14.48.040 is amended to read:

Sec. 14.48.040. COMMISSION TO ADMINISTER CHAPTER. The Alaska Commission on Postsecondary Education shall administer this chapter [AND MAY HIRE NECESSARY PERSONNEL]. The commission may obtain from departments, commissions, and other state agencies information and assistance needed to carry out the provisions of this chapter.

1 *** Sec. 47.** AS 14.48.050 is amended by adding new subsections to read:

2 (b) The commission has the following advisory functions to the governing
3 boards of higher education institutions in this state, the governor, the legislature, and
4 other appropriate state and federal officials:

5 (1) coordinate the development of comprehensive plans for the orderly
6 systematic growth of public and private postsecondary education, including community
7 colleges and occupational education, and submit recommendations on the need for, and
8 location of, new facilities and programs; and

9 (2) advise as to the functions and purposes of the public and private
10 colleges and universities in the state and counsel as to the programs appropriate to
11 each.

12 (c) The commission may

13 (1) require the institutions of public and private higher education and
14 other institutions of postsecondary education in the state to submit data on costs,
15 selection and retention of students, enrollments, plant capacities and use, and other
16 matters pertinent to effective planning and coordination, and shall furnish information
17 concerning these matters to the governor, the legislature, and other state and federal
18 agencies as requested;

19 (2) establish task forces, committees, or subcommittees, not necessarily
20 consisting of commission members or employees, to advise and assist the commission
21 in carrying out its functions assigned by this chapter and federal statute; the
22 commission may contract with, or use, existing institutions of higher education or other
23 individuals or organizations to make studies, conduct surveys, submit
24 recommendations, or otherwise contribute to the work of the commission.

25 *** Sec. 48.** AS 14.48.090 is repealed and reenacted to read:

26 Sec. 14.48.090. FEES. The commission shall adopt regulations that establish
27 the amount and manner of payment of fees for applications, authorizations, permits,
28 and renewals under this chapter.

29 *** Sec. 49.** AS 14.48.120 is amended by adding a new subsection to read:

30 (d) In addition to the sanctions imposed under (a) of this section, the
31 commission may assess a civil fine, not to exceed \$5,000, for costs of investigating

1 and adjudicating a matter under this chapter.

2 * **Sec. 50.** AS 39.05.100(a) is amended to read:

3 (a) A person appointed to a board or commission of the state government shall
4 be and have been before the last general election, (1) a registered voter in the state,
5 if the appointment is made at large or (2) a registered voter from the judicial district,
6 if the appointment is made from a specific judicial district. The student member of
7 the Board of Regents of the University of Alaska appointed under AS 14.40.150(b),
8 the student member of the Alaska **Student Loan Corporation** [COMMISSION ON
9 POSTSECONDARY EDUCATION] appointed under **AS 14.42.120** [AS 14.42.015(e)],
10 and a member of the Alaska Human Relations Commission appointed under
11 AS 44.19.600, are exempt from the requirement of this subsection if the member was
12 not old enough to be a registered voter in the last general election.

13 * **Sec. 51.** AS 39.25.110(11) is amended to read:

14 (11) the officers and employees of the following boards, commissions,
15 and authorities:

16 (A) [REPEALED

17 (B)] Alaska Permanent Fund Corporation;

18 **(B)** [(C)] Alaska Industrial Development and Export Authority;

19 **(C)** [(D)] Alaska Commercial Fisheries Entry Commission;

20 **(D)** [(E)] Alaska **Student Loan Corporation** [COMMISSION
21 ON POSTSECONDARY EDUCATION];

22 **(E)** [(F)] Alaska Aerospace Development Corporation;

23 * **Sec. 52.** AS 39.50.200(b)(32) is amended to read:

24 (32) Alaska Commission on Postsecondary Education **(AS 14.48.035)**
25 [(AS 14.42.015)];

26 * **Sec. 53.** AS 39.50.200(b) is amended by adding a new paragraph to read:

27 (56) Alaska Student Loan Corporation (AS 14.42.100).

28 * **Sec. 54.** AS 43.23.067(a) is amended to read:

29 (a) AS 09.38 does not apply to permanent fund dividends taken under
30 AS 14.43.120(i). Notwithstanding AS 09.35, **the Alaska Student Loan Corporation**
31 **may take a permanent fund dividend** [EXECUTION ON A CLAIM] under

AS 14.43.120(i) [IS ACCOMPLISHED] by delivering a certified claim to the department containing the following information:

(1) the name and social security number of the individual whose dividend is being claimed;

(2) the amount the individual owes on the scholarship loan; and

(3) a statement that

(A) a [THE] debt for at least the amount claimed has not been contested, or, if contested, that the issue has been resolved in favor of the Alaska Student Loan Corporation or the predecessor Commission on Postsecondary Education; and

(B) if the debt has been contested and resolved in favor of the Alaska Student Loan Corporation or the predecessor Commission on Postsecondary Education, no appeal is pending, the time limit for filing an appeal has expired, or the appeal has been resolved in favor of the corporation [COMMISSION].

* **Sec. 55.** AS 43.23.067(b) is amended to read:

(b) The Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] shall notify the individual of a claim under (a) of this section. The notice shall be sent to the address provided in the individual's permanent fund dividend application and must provide the following information:

(1) the amount of the claim; and

(2) notice that the amount of the permanent fund dividend that does not exceed the amount of the claim shall be paid to the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] unless the corporation [COMMISSION] releases the claim or the individual requests a hearing within 30 days after the date the notice is sent by the corporation [COMMISSION].

* **Sec. 56.** AS 14.42.010, 14.42.015, 14.42.020, 14.42.025, 14.42.030, 14.42.035, 14.42.040, 14.42.045, 14.42.050, 14.42.055, 14.42.170, 14.42.200(18), 14.42.210(c); AS 14.43.090, 14.43.105, 14.43.255(c), 14.43.320(a), 14.43.405(a), 14.43.620(b), and 14.43.720(b) are repealed.

* **Sec. 57.** TRANSITIONAL PROVISION: TEMPORARY FEE SCHEDULE FOR

1 CERTAIN ACTIVITIES RELATED TO POSTSECONDARY EDUCATIONAL
2 INSTITUTIONS AND AGENTS. Until a new fee schedule is adopted by regulation to
3 implement the changes made by sec. 48 of this Act, the commission may charge the fees set
4 out in the following schedule for an authorization to operate an institution in this state and for
5 an agent's permit related to activities for postsecondary educational institutions:

- | | | |
|---|---|--------|
| 6 | (1) authorization to operate | \$100; |
| 7 | (2) renewal of authorization to operate | \$100; |
| 8 | (3) an agent's permit | \$ 50; |
| 9 | (4) renewal of an agent's permit | \$ 50. |

10 * **Sec. 58.** TRANSITION. (a) The terms of the members of the Alaska Commission on
11 Postsecondary Education terminate on the effective date of sec. 1 of this Act. The governor
12 may appoint to the Alaska Student Loan Corporation a person who has served on the Alaska
13 Commission on Postsecondary Education and who meets the qualifications of AS 14.42.120,
14 as repealed and reenacted by this Act. The terms of public persons initially appointed to the
15 Alaska Student Loan Corporation must be set as provided in AS 39.05.055.

16 (b) Litigation, hearings, investigations, and other proceedings pending under a law
17 amended or repealed by this Act, or in connection with functions transferred by this Act,
18 continue in effect and may be continued and completed notwithstanding a transfer or
19 amendment or repeal provided for in this Act.

20 (c) Regulations adopted by the Alaska Commission on Postsecondary Education under
21 authority of AS 14.43 remain in effect until regulations adopted by the Alaska Student Loan
22 Corporation under that chapter, as amended by this Act, take effect. The Alaska Student Loan
23 Corporation may implement and enforce commission regulations until the regulations of the
24 corporation take effect. Notwithstanding sec. 60 of this Act, the Alaska Student Loan
25 Corporation may immediately proceed to adopt regulations necessary to implement the
26 changes made by this Act to AS 14.43. The regulations take effect under AS 44.62
27 (Administrative Procedure Act), but not before the effective date of sec. 1 of this Act.

28 (d) Regulations adopted under the authority of AS 14.48 by the Alaska Commission
29 on Postsecondary Education, as constituted before July 1, 1996, remain in effect.
30 Notwithstanding sec. 60 of this Act, the commission may immediately proceed to adopt
31 regulations necessary to implement the changes made by this Act to AS 14.48. The

1 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the
2 effective date of sec. 1 of this Act.

3 (e) Contracts, rights, liabilities, notes, or other obligations created by or under a
4 section of AS 14.43 amended or repealed by this Act, and in effect on June 30, 1996, remain
5 in effect notwithstanding this Act, with all contracts, rights, liabilities, notes, or other
6 obligations created by or under a section of AS 14.43 amended or repealed by this Act
7 becoming contracts, rights, liabilities, notes, or other obligations of the Alaska Student Loan
8 Corporation.

9 (f) Records, equipment, appropriations, and other property of agencies of the state
10 whose functions are transferred under this Act shall be transferred to implement the provisions
11 of this Act.

12 (g) An individual who is an employee of the Alaska Commission on Postsecondary
13 Education on June 30, 1996, becomes an employee of the Alaska Student Loan Corporation
14 on July 1, 1996.

15 (h) Employees of the Alaska Student Loan Corporation who were, on June 30, 1996,
16 employees of the Alaska Commission on Postsecondary Education, are no longer eligible to
17 accrue credited service under AS 14.25.

18 * **Sec. 59.** Section 58(c) and (d) take effect immediately under AS 01.10.070(c).

19 * **Sec. 60.** Except as provided in sec. 59 of this Act, this Act takes effect July 1, 1996.