



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY


**Alaska Commission on
Postsecondary Education**

EXECUTIVE OFFICE

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MEMORANDUM

TO: Representative Harriet Drummond
Representative Andy Story
Co-Chairs, House Education

FROM: Sana Efird, Executive Director 

DATE: March 8, 2021

RE: Hearing Request for HB 114

Please accept this request to schedule HB 114, an act relating to the education loan program and Alaska supplemental education loan program, for consideration by the House Education Committee.

Attached to this memo are the following supporting documents:

1. HB 114 Sponsor Statement
2. HB 114 Legislation
3. HB 114 Sectional Analysis
4. HB 114 PowerPoint

If you have any questions regarding this hearing request, please feel free to contact me directly or DEED's Legislative Liaison, Erin Hardin, at (907) 465-2803.

STATE CAPITOL
P.O. Box 110001
Juneau, AK 99811-0001
907-465-3500



550 West Seventh Avenue, Suite 1700
Anchorage, AK 99501
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Governor Mike Dunleavy
STATE OF ALASKA

February 23, 2021

The Honorable Louise Stutes
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Stutes:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the education loan program for postsecondary students.

The bill would increase opportunities for borrowers to consolidate education loans by expanding options to show eligibility. Current statute requires that borrowers physically reside in the State. This bill adds additional eligibility options to include being a previous borrower, cosigner, or beneficiary of an education loan made under AS 14.43 or AS 14.44, or being a graduate of a high school or postsecondary institution physically located in the State.

Specific loan limits would be removed from statute and instead the Alaska Student Loan Corporation would have the authority to set limits, as appropriate, to address evolving student needs. The bill would also clarify that a borrower's obligation to commence repayment of the loan could begin immediately upon disbursement of the loan.

This legislation will increase responsiveness to Alaska's higher education community and will allow for responsible increases to annual loan limits and originations to meet the financial aid needs of Alaska's student loan borrowers.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy".

Mike Dunleavy
Governor

Enclosure

HOUSE BILL NO. 114

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/24/21

Referred: Education

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to the education loan program and Alaska supplemental education
2 loan program; and providing for an effective date."

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

4 * **Section 1.** AS 14.43.122(b) is amended to read:

5 (b) For a borrower to be eligible for consolidation of a loan under this section,
6 the borrower must apply on a form approved by the corporation and **must** [PROVIDE
7 PROOF SATISFACTORY TO THE CORPORATION THAT THE BORROWER]

8 (1) physically **reside** [RESIDES] in the state and **have** [HAS]
9 maintained a domicile in the state for not less than 12 consecutive months before
10 submitting an application for consolidation;

11 (2) **be a previous borrower, cosigner, or beneficiary of an**
12 **education loan made under AS 14.43 or AS 14.44** [HAS NOT BEEN
13 PHYSICALLY ABSENT FROM THE STATE FOR MORE THAN 60 DAYS IN
14 THE 12 MONTHS BEFORE SUBMITTING AN APPLICATION FOR

1 CONSOLIDATION]; or

2 (3) be a graduate of a high school or postsecondary institution
 3 physically located in the state [HAS NOT DECLARED RESIDENCY IN
 4 ANOTHER STATE;

5 (4) HAS NOT RECEIVED A BENEFIT OF RESIDENCY IN
 6 ANOTHER STATE].

7 * **Sec. 2.** AS 14.43.173(a) is amended to read:

8 (a) In a school year, the corporation may finance a loan to an eligible borrower
 9 under AS 14.43.170 - 14.43.175 attending an eligible postsecondary institution in a
 10 maximum amount to be determined by the corporation for an eligible [NOT TO
 11 EXCEED]

12 (1) undergraduate attending a college or university [\$14,000 TO
 13 AN ELIGIBLE UNDERGRADUATE STUDENT ATTENDING A COLLEGE OR
 14 UNIVERSITY];

15 (2) graduate student attending a college or university [\$15,000 TO
 16 AN ELIGIBLE GRADUATE STUDENT ATTENDING A COLLEGE OR
 17 UNIVERSITY]; and

18 (3) student attending a career education program [\$10,000 TO AN
 19 ELIGIBLE STUDENT ATTENDING A CAREER EDUCATION PROGRAM].

20 * **Sec. 3.** AS 14.43.173(b) is amended to read:

21 (b) The corporation may finance loans made under AS 14.43.170 - 14.43.175
 22 to an eligible [A] borrower a maximum total [IN AN] amount to be determined by
 23 the corporation for [THAT IS NOT MORE THAN]

24 (1) an [A TOTAL OF \$56,000 FOR] undergraduate study program;

25 (2) a [TOTAL OF \$60,000 FOR] graduate study program; and [; OR]

26 (3) a combined [TOTAL OF \$87,000 FOR] undergraduate and
 27 graduate study program.

28 * **Sec. 4.** AS 14.43.173(d) is amended to read:

29 (d) The commission shall determine a borrower's loan award amount for a
 30 specific school year [BASED ON A STUDENT'S ON-TIME, HALF-TIME, AND
 31 FULL-TIME STUDENT STATUS] and may not exceed the limits established by the

1 **corporation** [IN THIS SECTION] or the borrower's costs of attendance.

2 * **Sec. 5.** AS 14.43.175 is amended to read:

3 **Sec. 14.43.175. Repayment of loans.** A borrower's obligation to commence
4 repayment of the principal of and interest on a loan under AS 14.43.170 - 14.43.175
5 begins not **later** [MORE] than six months following the borrower's completion or
6 other termination of the postsecondary program or the date that the borrower ceases to
7 be enrolled on at least a half-time basis. **The commission and borrower may agree**
8 **to a repayment schedule commencing repayment immediately upon**
9 **disbursement of a loan.**

10 * **Sec. 6.** This Act takes effect July 1, 2021.



HB 114 – Education & Supplemental Loan Programs

Sectional Analysis

“An Act relating to the education loan program and Alaska supplemental education loan program; and providing for an effective date.”

Section 1:

Amends AS 14.43.122(b), Consolidation of loans, by expanding the population eligible to apply for Alaska Refinancing Loans to include previous Alaska borrowers and graduates from Alaska high schools and postsecondary institutions, as well as current Alaska residents.

Section 2:

Amends AS 14.43.173(a), Loan award maximums; use of loan award, by eliminating the loan maximums in statute and providing for the Alaska Student Loan Corporation (Corporation) to set the annual loan maximums.

Section 3:

Amends AS 14.43.173(b), Loan award maximums; use of loan award, by eliminating lifetime loan maximums in statute and providing for the Corporation to set lifetime loan maximums.

Section 4:

Amends AS 14.43.173(d), Loan award maximums; use of loan award, with a conforming change to allow the Corporation to set loan limits for both half-time and full-time loans.

Section 5:

Amends AS 14.43.175, Repayment of loans, by providing for the Alaska Commission on Postsecondary Education to offer future student loan borrowers a loan program with immediate repayment requirements.

Section 6:

Establishes an effective date of July 1, 2021 (FY2022).

Alaska Commission on Postsecondary Education (ACPE) & Alaska Student Loan Corporation (ASLC)

2021 House Bill 114 Presentation to House Education Committee

Sana Efird, MA, Executive Director



ACPE & ASLC Missions

- › The Alaska Commission on Postsecondary Education supports Alaskans' access to and success in postsecondary education and career training after high school.
- › The Alaska Student Loan Corporation operates as an enterprise agency of the State of Alaska, funding and facilitating the Alaska Student Loan Program and the related work of the Alaska Commission on Postsecondary Education.



House Bill 114

- › "An Act relating to the education loan program and Alaska supplemental education loan program; and providing for an effective date."



Section 1: Amends AS 14.43.122(b)

This proposed change relates to Alaska refinance loans

- › Expands eligibility
 - Currently eligible: Alaska residents only
 - Proposed: previous borrower, cosigner, or beneficiary of an Alaska loan
 - Proposed: Alaska high schools and postsecondary institutions graduates



Sections 2, 3 & 4: Amends AS 14.43.173(a), (b) & (d)

These proposed changes relate to in-school Alaska loans

- › Removes annual loan limits from statute
- › Removes lifetime maximums from statute
- › Provides for the Corporation to set annual and lifetime limits for both half-time and full-time loans



Section 5: Amends AS 14.43.175

- › Adds clarifying language that ACPE can offer future student loan borrowers a loan program with immediate repayment



Section 6: Effective Date

- › The effective date of this bill is July 1, 2021 (FY2022)



Fiscal Note

- › This bill has a zero fiscal note
 - Not anticipated to increase agency operating costs



Constituent Resources

- › Loan Programs

<https://acpe.alaska.gov/LOANS>

- › Financial Aid

<https://acpe.alaska.gov/FINANCIAL-AID>

- › Institutional Authorization

<https://acpe.alaska.gov/Institutional-Authorization>

- › Student Complaints

<https://acpe.alaska.gov/ConsumerProtection>

- › Education Planning

<https://acpe.alaska.gov/PLANNING>



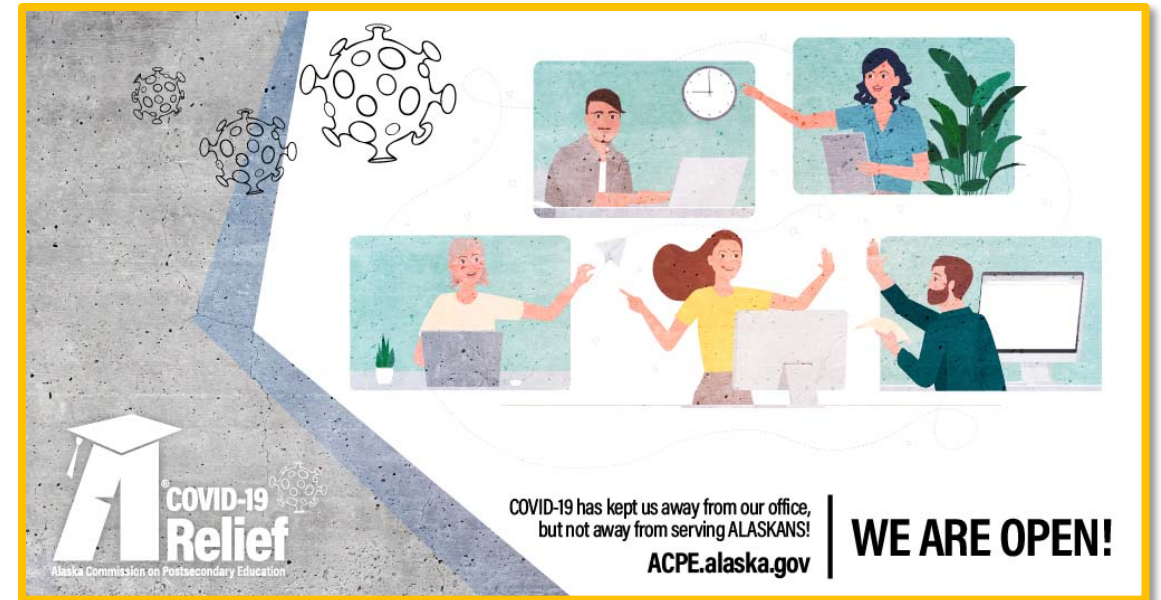
- › Investor Relations

https://acpe.alaska.gov/Investor_Relations



Legislative Resources

- › 2021 APS Outcomes Report
 - https://acpe.alaska.gov/Portals/3/APS/Pubs/APS_OutcomesReport_2021.pdf
- › 2021 Higher Education Almanac
 - https://acpe.alaska.gov/Portals/3/OTHER/Pubs/Almanac_2020-web.pdf
- › Other Reports & Publications
 - <https://acpe.alaska.gov/Reports>
 - <https://acpe.alaska.gov/Publications>
- › About ACPE & ASLC
 - <https://acpe.alaska.gov/About-Us>



- › COVID-19 Updates
 - <https://acpesecure.alaska.gov/Announcements>
 - https://acpe.alaska.gov/Press_Releases
- › ACPE & ASLC Statutes & Regs
 - <https://acpe.alaska.gov/StatutesandRegulations>



Contact Information

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