

**HOUSE CONCURRENT RESOLUTION NO. 24**  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
NINETEENTH LEGISLATURE - SECOND SESSION

**BY THE HOUSE LABOR AND COMMERCE COMMITTEE**

**Introduced: 1/26/96**

**Referred: Labor and Commerce**

**A RESOLUTION**

**1 Relating to student loan default rates at vocational education schools.**

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

**3 WHEREAS** private vocational education is an integral part of Alaska's education  
**4 system; and**

**5 WHEREAS** private vocational education schools in the state account for 21.96 percent,  
**6 state funded public schools, universities, and colleges account for 54.42 percent, and schools,**  
**7 universities, and colleges outside the state account for 23.62 percent of the total Alaska**  
**8 Student Loan Program loan dollars in default; and**

**9 WHEREAS** the statutory authority for promulgating 20 AAC 15.925 (Program and  
**10 Institutional Default Rates) was enacted by the legislature in 1987; and**

**11 WHEREAS** the Alaska Commission on Postsecondary Education did not promulgate  
**12 20 AAC 15.925 (Program and Institutional Default Rates) until November 1995, eight years**  
**13 after the legislature authorized the regulation; and**

**14 WHEREAS** 20 AAC 15.925 (Program and Institutional Default Rates) applies only  
**15 to private vocational education schools; and**

**16 WHEREAS** the Alaska Commission on Postsecondary Education has no authority to  
**17 conduct credit checks on potential borrowers; and**

1           **WHEREAS** The Alaska Student Loan Program has changed dramatically from 1987  
2 to 1995; and

3           **WHEREAS** 20 AAC 15.925 (Program and Institutional Default Rates) does not take  
4 into account new owners of private vocational education schools who have a substantially  
5 lower default rate than the schools' previous owners and the regulation calculates the schools'  
6 average default rate over the life of the school; and

7           **WHEREAS** 20 AAC 15.925 (Program and Institutional Default Rates) does not give  
8 private vocational education schools a grace period to bring down default rates, and the  
9 regulation immediately prohibits a school whose default rate is greater than 1.5 times the  
10 average default rate from participating in the Alaska Student Loan Program; and

11           **WHEREAS** 20 AAC 15.925 (Program and Institutional Default Rates) does not  
12 provide a mechanism for a private vocational education school to reenter the Alaska Student  
13 Loan Program once the school has been prohibited from participating in the program; and

14           **WHEREAS** the executive director of the Alaska Commission on Postsecondary  
15 Education has stated in writing that the reason the regulation was promulgated was at the  
16 direction of the legislature in 1995; further, in testimony before the House Labor and  
17 Commerce Committee, the executive director's assistant said the direction from the legislature  
18 for promulgating this regulation came from a letter of intent attached to legislation that did  
19 not pass the legislature; and

20           **WHEREAS** the Alaska Commission on Postsecondary Education has had no  
21 systematic loan default management program; and

22           **WHEREAS** solving the default rate problem of the Alaska Student Loan Program will  
23 require examination of all the loans of the program and not just those loans made to  
24 vocational education students; and

25           **WHEREAS** 20 AAC 15.925 (Program and Institutional Default Rates) is unfair to the  
26 private vocational education students in the state; and

27           **WHEREAS** ameliorating the Alaska Student Loan Program default rate would be  
28 assisted by soliciting and utilizing the knowledge and expertise of those who are actively  
29 involved in the state's private vocational school industry; and

30           **WHEREAS** the private vocational education schools have expressed willingness to  
31 cooperate fully with the commission to lower default rates; and

1           **WHEREAS** immediate implementation of 20 AAC 15.925 (Program and Institutional  
2 Default Rates) will cause irrevocable harm to private vocational education in the state and is  
3 not in the best interests of the students, the schools, or the state;

4           **BE IT RESOLVED** that the Governor is respectfully requested to urge the Alaska  
5 Commission on Postsecondary Education to immediately cease implementation of 20 AAC  
6 15.925 (Program and Institutional Default Rates) and take whatever action is necessary to  
7 rescind the regulation; and be it

8           **FURTHER RESOLVED** that the Governor is respectfully requested to urge the  
9 Alaska Commission on Postsecondary Education to work and consult with all affected parties  
10 in order to achieve a satisfactory resolution of the issues raised by student loan default rates  
11 and to craft a more equitable loan default regulation.