

CS FOR SENATE BILL NO. 301(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 4/2/96

Referred: Finance

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 14.40.170(b) is amended to read:

13 (b) The Board of Regents may

14 (1) adopt reasonable rules, orders, and plans with reasonable penalties for
15 the good government of the university and for the regulation of the Board of Regents;

16 (2) determine and regulate the course of instruction in the university with
17 the advice of the president;

18 (3) set student tuition and fees;

19 (4) receive and spend university receipts in accordance with **AS 37.07**
20 ([THE] Executive Budget Act);

21 **(5) enter into agreements with government or postsecondary**
22 **education officials of this state or other states to provide postsecondary educational**
23 **services and programs to residents of this state pursuing a medical education; an**
24 **agreement with another state must be limited to services and programs that are**
25 **unavailable in this state** [(AS 37.07)].

26 * **Sec. 3.** AS 14.42.100 is amended to read:

27 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN
28 CORPORATION. **The** [THERE IS CREATED THE] Alaska Student Loan
29 Corporation **is created as** [. THE CORPORATION IS] a public corporation and
30 government instrumentality within the Department of **Revenue** [EDUCATION] but
31 having a legal existence independent of and separate from the state. The corporation
32 may not be terminated as long as it has **outstanding** bonds, notes, or other obligations

1 [OUTSTANDING]. Upon termination of the corporation, its rights and property pass
2 to the state.

3 * **Sec. 4.** AS 14.42.120 is repealed and reenacted to read:

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

8 (b) Two members of the legislature shall serve as ex officio nonvoting members
9 of the board of directors. The two ex officio nonvoting members shall include one
10 member of the senate appointed by the president of the senate and one member of the
11 house appointed by the speaker of the house of representatives.

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

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

31 (e) Members of the board serve without compensation, but the voting members

1 who are not state employees and the student member are entitled to per diem and travel
2 expenses authorized for boards and commissions under AS 39.20.180.

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

6 * **Sec. 5.** AS 14.42.160 is repealed and reenacted to read:

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

8 (a) The corporation may appoint an executive director as the corporation's executive
9 officer. The executive officer is a member of the exempt service under AS 39.25.110,
10 serves at the pleasure of the corporation, and receives compensation fixed by the
11 corporation. The executive officer appoints persons to the staff positions authorized by
12 the corporation, and staff compensation is fixed by the corporation. Each employee of
13 the corporation shall participate as a member of the public employees' retirement system
14 (AS 39.35).

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

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

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

22 Sec. 14.42.180. LEGAL COUNSEL. The attorney general is legal counsel for
23 the corporation. The attorney general shall advise the corporation in legal matters arising
24 in the discharge of its duties and represent the corporation in actions to which it is a
25 party. If, in the opinion of the corporation, the public interest is not adequately
26 represented by counsel in a proceeding, the attorney general, upon request of the
27 corporation, shall represent the public interest.

28 * **Sec. 7.** AS 14.42 is amended by adding a new section to read:

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

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

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

4 (10) gather information on student loans available to residents of Alaska
5 and disseminate the information to reasonably assure that qualified residents are aware of
6 financial resources available to those attending or desiring to attend institutions for which
7 loans may be made under AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325],
8 14.43.600 - 14.43.700, or 14.43.710 - 14.43.790;

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

10 (a) The student loan fund is established in the corporation. The student loan fund
11 is a trust fund to be used to carry out the purposes of AS 14.42.100 - 14.42.390,
12 AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325], 14.43.600 - 14.43.700, and
13 14.43.710 - 14.43.790. The fund consists of money or assets appropriated or transferred
14 to the corporation for the fund and money or assets deposited in it by the corporation.
15 The corporation may establish separate accounts in the fund **and shall establish separate**
16 **accounts for the teacher scholarship revolving loan account under AS 14.43.620 and**
17 **the family education loan account under AS 14.43.720.**

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

19 (b) Money and other assets of the student loan fund may be used to secure bonds
20 of the corporation, invested in student loans and investments under AS 37.10.071, and
21 used to **make** [PURCHASE] loans approved under AS 14.43.090 - 14.43.325, 14.43.600 -
22 14.43.700, or 14.43.710 - 14.43.790.

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

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

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

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

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

1 (1) \$8,500 to a full-time undergraduate student or \$4,500 [\$5,000] to a
2 half-time undergraduate student attending a college or university if the full- or half-time
3 student is otherwise eligible under AS 14.43.125;

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

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

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

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

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

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

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

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

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

22 (2) a college or university that

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

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

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

30 (D) is a degree granting institution; and

31 (E) has submitted an executed program participation agreement

1 as required by the corporation [COMMISSION].

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

3 (c) To maintain a loan awarded to a full-time student, the student must continue
4 to be enrolled as a full-time student in good standing in a career education program,
5 college, or university that meets the requirements under (b) of this section. To maintain
6 a loan awarded to a half-time student, the student must continue to be enrolled as a half-
7 time student in good standing in (1) a career education program, college, or university in
8 the state that meets the requirements under (b) of this section, or (2) a career education
9 program, college, or university that meets the requirements under (b) of this section, and
10 be physically present in this [THE] state while attending the career education program,
11 college, or university. The corporation [COMMISSION] shall adopt regulations defining
12 "good standing" for purposes of this 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 made
20 to students to attend that institution exceeds \$100,000 and the default rate on those loans
21 is (A) greater than 20 percent but less than 25 percent, and the institution is unable to
22 reduce its default rate within 24 months after the rate determination; or (B) equal to or
23 greater than 25 percent for two consecutive calendar years; for purposes of this paragraph,
24 the default rate shall annually be determined by the corporation [COMMISSION] from
25 loans required to be repaid under (g) of this section on or after July 1, 1996; if a
26 scholarship loan is refused based on the provisions of this paragraph and, under a
27 subsequent default rate determination [,] an institution's default rate does not exceed the
28 limits established under this paragraph, the corporation [COMMISSION] may not refuse
29 to issue a scholarship loan to attend that institution based on the provisions of this
30 paragraph.

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

1 (f) Interest on a loan made under AS 14.43.100 - 14.43.160 [AS 14.43.090 -
2 14.43.160] is equal to the interest rate

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

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

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

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

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

17 (i) If a loan is in default, the corporation [COMMISSION]
18 (1) shall notify the borrower that [, IF THE BORROWER HAS AN
19 OCCUPATIONAL LICENSE ISSUED UNDER AS 08, THE LICENSE MAY NOT BE
20 RENEWED UNDER AS 08.02.025 AND THAT] repayment of the remaining balance
21 is accelerated and due **and that, if the borrower has an occupational license issued**
22 **under AS 08, the license may not be renewed under AS 08.02.025,** by mailing the
23 borrower a notice at the most recent address provided to the commission by the borrower;
24 (2) may take the borrower's permanent fund dividend under
25 AS 43.23.065(b)(3) to satisfy the balance due on a defaulted loan; and
26 (3) shall provide notice of the default to the Department of Commerce and
27 Economic Development, if the loan recipient is licensed under AS 08.

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (a) The **corporation** [COMMISSION] may offer **the option of consolidating**

1 into a single loan

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

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

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

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

11 (1) is

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

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

16 (i) in the state; or

17 (ii) out of the state and is physically present in this state

18 while attending that program; or

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

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

24 (3) is a resident of the state at the time of application for the loan; for
25 purposes of this section, a person qualifies as a resident of the state if at the time of
26 application for the loan the person

27 (A) has been physically present in the state for at least one year
28 immediately before the time of application for the loan;

29 (B) is dependent on a parent or guardian for care, the parent or
30 guardian has been present in the state for at least one year immediately before the
31 time of application for the loan, and the person has been present in the state for

1 at least one year of the immediately preceding five years, except that the
2 **corporation** [COMMISSION] may by a two-thirds vote, acting upon a written
3 appeal by the person, grant an exemption to the requirement that the person has
4 been present in the state for one year of the immediately preceding five years;

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

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

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

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

14 (iv) required medical care for the applicant or the
15 applicant's immediate family;

16 (v) being a person who otherwise qualifies as a resident
17 and is accompanying a spouse who qualifies as a resident under (i) - (iv)
18 of this paragraph;

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

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

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

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

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

28 (iv) being a member of or employed full-time by the
29 state's congressional delegation;

30 (v) being a person who otherwise qualifies as a resident
31 and is accompanying a spouse who qualifies as a resident under (i) - (iv)

1 of this paragraph;

2 (4) does not have a past due child support obligation established by court
3 order or by the child support enforcement division under AS 25.27.160 - 25.27.220 at the
4 time of application; and

5 (5) has not, within the previous five years, had a [SCHOLARSHIP] loan
6 discharged or written off by the corporation or the former Alaska Commission on
7 Postsecondary Education [COMMISSION] for any reason.

8 * **Sec. 26.** AS 14.43.125(c), as amended by sec. 16, ch. 5, SLA 1996, is amended to read:

9 (c) A person may not be awarded a scholarship loan under AS 14.43.100 -
10 14.43.160 [AS 14.43.090 - 14.43.160] if that person receives a teacher scholarship loan
11 under AS 14.43.600 - 14.43.700 for the same period of attendance.

12 * **Sec. 27.** AS 14.43.150(a) is amended to read:

13 (a) In a court proceeding regarding a defaulted loan under this chapter in which
14 the court has entered judgment in favor of the corporation or the former Alaska
15 Commission on Postsecondary Education [COMMISSION], the court may, on its own
16 motion or motion of the corporation [COMMISSION], after notice and an opportunity
17 for hearing, order the loan recipient to assign to the corporation [COMMISSION] that
18 portion of salary or wages due the loan recipient currently and in the future in an amount
19 sufficient to pay the amount ordered by the court to be repaid [TO THE COMMISSION].

20 * **Sec. 28.** AS 14.43.160 is amended to read:

21 Sec. 14.43.160. DEFINITIONS. In AS 14.43.100 - 14.43.160, [AS 14.43.090 -
22 14.43.160]

23 (1) "career education" means a course or program in vocational-technical
24 training or education approved by the corporation that is a half-time program at least
25 12 weeks in length or a full-time program at least six weeks in length
26 [COMMISSION];

27 (2) "federally insured" means a loan covered by the provisions of the
28 Guaranteed Student Loan Program of Title IV, Part B, of the Higher Education Act of
29 1965 (P.L. 89-329), as amended;

30 (3) "full-time student" means an undergraduate or career education student
31 who is enrolled and is in regular attendance at classes for at least 12 semester hours of

1 credit or the equivalent during the semester or a graduate student who is enrolled and is
2 in regular attendance at classes for at least nine semester hours of credit or the equivalent;
3 any combination of semester hours of credit, or the equivalent, aggregating to the requisite
4 number of semester hours and undertaken during a semester at two or more public or
5 private institutions of higher education constitutes full-time student status;

6 (4) "half-time student" means an undergraduate, graduate, or career
7 education student who during the semester is enrolled and is in regular attendance at
8 classes at one or more public or private institutions of higher education for at least a total
9 of six semester credit hours or an equivalent of six semester credit hours, and includes
10 a career education student enrolled and in regular attendance in classes for at least 15
11 hours a week;

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

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

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

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

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

24 (g) The **corporation** [COMMISSION] by regulation shall set a loan origination
25 fee, not to exceed five percent of the total memorial scholarship loan amount, to be
26 assessed upon a memorial scholarship loan. The loan origination fee shall be deducted
27 at the time the loan **amount** is disbursed. Subject to appropriation, the loan origination
28 fee shall be deposited into a origination fee account within the memorial scholarship
29 revolving loan fund, and subsequently transferred by the **corporation** [COMMISSION]
30 to the appropriate memorial scholarship accounts within the memorial scholarship
31 revolving loan fund to offset losses incurred due to loan debt cancellation as a result of

1 death, disability, **default**, or bankruptcy of the **borrower** [STUDENT].

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

3 (i) To the extent they are not in conflict with terms and conditions under
4 AS 14.43.250 - 14.43.325, the terms and conditions of a memorial scholarship loan made
5 under AS 14.43.250(b)(5) are the same as the terms and conditions for a scholarship loan
6 under **AS 14.43.100 - 14.43.160** [AS 14.43.090 - 14.43.160], except that the interest on
7 the loan is equal to five percent.

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

9 (b) To the extent that they are not in conflict with the provisions of AS 14.43.250
10 - 14.43.325, the provisions of **AS 14.43.100 - 14.43.160** [AS 14.43.090 - 14.43.160]
11 relating to scholarship loans are applicable to loans made under AS 14.43.250 - 14.43.325.

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

13 (b) To the extent that they are not in conflict with the provisions of AS 14.43.400
14 - 14.43.405, the provisions of **AS 14.43.100 - 14.43.160** [AS 14.43.090 - 14.43.160]
15 relating to student financial aid are applicable to the grants made under AS 14.43.400 -
16 14.43.500.

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

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

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

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

25 (1) is a resident of Alaska;

26 (2) is [EITHER]

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

29 (B) eligible to be admitted to an accredited postsecondary
30 educational institution; and

31 (3) establishes financial need in accordance with standards for determining

1 financial need adopted by the **corporation** [COMMISSION] under 20 U.S.C. 1070c-2.

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

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

8 (a) **The** [THERE IS CREATED A] teacher scholarship revolving loan **account**
9 **is created within the student loan** fund (**AS 14.42.210**). The **account** [FUND] shall be
10 used to make scholarship loans to students selected under AS 14.43.600 - 14.43.700.
11 **Repayments** [UNLESS THE INSTRUMENT EVIDENCING THE TEACHER
12 SCHOLARSHIP LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA
13 STUDENT LOAN CORPORATION, REPAYMENTS] of principal and interest on a
14 teacher scholarship loan shall be paid into the teacher scholarship revolving loan **account**
15 [FUND] and shall be used to make new teacher scholarship loans. If estimated funds
16 available are inadequate to fully fund estimated teacher scholarship loans for any fiscal
17 year, additional funding from the general fund may be requested and appropriated for that
18 year.

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

20 (a) [THE TEACHER SCHOLARSHIP LOAN PROGRAM SHALL BE
21 ADMINISTERED BY THE COMMISSION IN ACCORDANCE WITH
22 REGULATIONS ADOPTED BY THE COMMISSION.] The **corporation**
23 [COMMISSION] shall

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

27 (2) [DEVELOP AND] distribute to the local school boards an application
28 form for teacher scholarship loans; [THE FORM MUST INCLUDE A REQUIREMENT
29 THAT] the applicant **must provide** [SUPPLY] a high school academic transcript and a
30 statement of intent to enter a teaching career at the elementary or secondary school level
31 in the state.

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

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

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

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

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

9 (4) submit to the local school board an application **on a form** provided
10 by the **corporation** [COMMISSION] under AS 14.43.630(a)(2); an application may be
11 submitted six months before graduation from high school; and

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

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

16 (c) A student may not be awarded a teacher scholarship loan under AS 14.43.600
17 - 14.43.700 if the student receives a **student** [SCHOLARSHIP] loan under **AS 14.43.100**
18 **- 14.43.160** [AS 14.43.090 - 14.43.160] for the same period of attendance.

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

20 (a) The family education loan account is created within the **student**
21 [SCHOLARSHIP REVOLVING] loan fund (**AS 14.42.210** [AS 14.43.090]). The account
22 shall be used to make family education loans to families selected under AS 14.43.710 -
23 14.43.790, to pay the costs of collecting family education loans that are in default if those
24 costs are not recovered from the family, and to pay the costs of administering the account.

25 **Repayments** [UNLESS THE INSTRUMENT EVIDENCING THE FAMILY
26 EDUCATION LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA
27 STUDENT LOAN CORPORATION, REPAYMENTS] of principal and interest on family
28 education loans shall be paid into the family education loan account. If estimated funds
29 available from family education loan repayments are inadequate to fully fund estimated
30 family education loans in a fiscal year, additional funding from the general fund may be
31 requested and appropriated for that year.

1 * **Sec. 41.** AS 14.43.740(d) is amended to read:

2 (d) **A borrower's obligation to commence repayment** [REPAYMENT] of the
3 principal and interest on a **family education** loan [MADE UNDER AS 14.43.710 -
4 14.43.790] begins on the first of the month immediately following loan disbursement.
5 The loan may be cancelled without prejudice at any time before actual disbursement. The
6 **borrower shall repay** [LOAN SHALL PROVIDE FOR REPAYMENT OF] the total
7 amount owed in periodic installments **over a period of** [IN] not more than 10 years from
8 the commencement of **the** repayment **obligation**. If the **corporation** [COMMISSION]
9 and the borrower agree to a different repayment schedule, the borrower shall repay the
10 loan in accordance with the agreement. **The borrower may make payments earlier**
11 **than required by this section or the agreement.**

12 * **Sec. 42.** AS 14.43.990 is repealed and reenacted to read:

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

15 * **Sec. 43.** AS 14.44.035 is amended to read:

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

19 * **Sec. 44.** AS 14.48 is amended by adding a new section to read:

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

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

30 (c) The commission shall elect a chair from among its membership at its annual
31 meeting each year. A majority of the members constitute a quorum for organizing the

1 commission, conducting its business, and exercising the powers of the commission.

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

3 * **Sec. 45.** AS 14.48.040 is amended to read:

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

9 * **Sec. 46.** AS 14.48.050 is amended by adding new subsections to read:

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

13 (1) coordinate the development or the start of comprehensive plans for the
14 orderly systematic growth of public and private postsecondary education, including
15 community colleges and occupational education, and submit recommendations on the need
16 for, and location of, new facilities and programs; and

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

19 (c) The commission may

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

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

31 * **Sec. 47.** AS 14.48.090 is repealed and reenacted to read:

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

4 * **Sec. 48.** AS 14.48.120 is amended by adding a new subsection to read:

5 (d) In addition to the sanctions imposed under (a) of this section, the commission
6 may assess a civil fine, not to exceed \$5,000, for costs of investigating and adjudicating
7 a matter under this chapter.

8 * **Sec. 49.** AS 39.05.100(a) is amended to read:

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

19 * **Sec. 50.** AS 39.25.110(11) is amended to read:

20 (11) the officers and employees of the following boards, commissions, and
21 authorities:

- 22 (A) [REPEALED
23 (B)] Alaska Permanent Fund Corporation;
24 **(B)** [(C)] Alaska Industrial Development and Export Authority;
25 **(C)** [(D)] Alaska Commercial Fisheries Entry Commission;
26 **(D)** [(E)] Alaska **Student Loan Corporation** [COMMISSION ON
27 POSTSECONDARY EDUCATION];
28 **(E)** [(F)] Alaska Aerospace Development Corporation;

29 * **Sec. 51.** AS 39.50.200(b)(32) is amended to read:

30 (32) Alaska Commission on Postsecondary Education (**AS 14.48.035**)
31 [(AS 14.42.015)];

1 * **Sec. 52.** AS 39.50.200(b) is amended by adding a new paragraph to read:

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

3 * **Sec. 53.** AS 43.23.067(a) is amended to read:

4 (a) AS 09.38 does not apply to permanent fund dividends taken under
5 AS 14.43.120(i). Notwithstanding AS 09.35, **the Alaska Student Loan Corporation may**
6 **take a permanent fund dividend** [EXECUTION ON A CLAIM] under AS 14.43.120(i)
7 [IS ACCOMPLISHED] by delivering a certified claim to the department containing the
8 following information:

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

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

12 (3) a statement that

13 (A) **a** [THE] debt **for at least the amount claimed** has not been
14 contested, or, if contested, that the issue has been resolved in favor of the Alaska
15 **Student Loan Corporation** [COMMISSION ON POSTSECONDARY
16 EDUCATION]; and

17 (B) if the debt has been contested and resolved in favor of the
18 Alaska **Student Loan Corporation** [COMMISSION ON POSTSECONDARY
19 EDUCATION], no appeal is pending, the time limit for filing an appeal has
20 expired, or the appeal has been resolved in favor of the commission.

21 * **Sec. 54.** AS 43.23.067(b) is amended to read:

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

26 (1) the amount of the claim; and

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

1 * **Sec. 55.** AS 14.42.010, 14.42.015, 14.42.020, 14.42.025, 14.42.030, 14.42.035, 14.42.040,
2 14.42.045, 14.42.050, 14.42.055, 14.42.170, 14.42.200(18), 14.42.210(c); AS 14.43.090,
3 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.

4 * **Sec. 56.** TRANSITIONAL PROVISION: TEMPORARY FEE SCHEDULE FOR
5 CERTAIN ACTIVITIES RELATED TO POSTSECONDARY EDUCATIONAL INSTITUTIONS
6 AND AGENTS. Until a new fee schedule is adopted by regulation to implement the changes
7 made by sec. 47 of this Act, the commission may charge the fees set out in the following
8 schedule for an authorization to operate an institution in this state and for an agent's permit related
9 to activities for postsecondary educational institutions:

- | | | |
|----|---|--------|
| 10 | (1) authorization to operate | \$100; |
| 11 | (2) renewal of authorization to operate | \$100; |
| 12 | (3) an agent's permit | \$ 50; |
| 13 | (4) renewal of an agent's permit | \$ 50. |

14 * **Sec. 57.** TRANSITION. (a) The terms of the members of the Alaska Commission on
15 Postsecondary Education terminate on the effective date of sec. 1 of this Act. The governor may
16 appoint to the Alaska Student Loan Corporation a person who has served on the Alaska
17 Commission on Postsecondary Education and who meets the qualifications of AS 14.42.120, as
18 repealed and reenacted by this Act. The terms of public persons initially appointed to the Alaska
19 Student Loan Corporation must be set as provided in AS 39.05.055.

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

24 (c) Regulations adopted by the Alaska Commission on Postsecondary Education under
25 authority of AS 14.43 remain in effect until regulations adopted by the Alaska Student Loan
26 Corporation under that chapter, as amended by this Act, take effect. The Alaska Student Loan
27 Corporation may implement and enforce commission regulations until the regulations of the
28 corporation take effect. Notwithstanding sec. 59 of this Act, the Alaska Student Loan Corporation
29 may immediately proceed to adopt regulations necessary to implement the changes made by this
30 Act to AS 14.43. The regulations take effect under AS 44.62 (Administrative Procedure Act),
31 but not before the effective date of sec. 1 of this Act.

1 (d) Regulations adopted under the authority of AS 14.48 by the Alaska Commission on
2 Postsecondary Education, as constituted before July 1, 1996, remain in effect. Notwithstanding
3 sec. 59 of this Act, the commission may immediately proceed to adopt regulations necessary to
4 implement the changes made by this Act to AS 14.48. The regulations take effect under
5 AS 44.62 (Administrative Procedure Act), but not before the effective date of sec. 1 of this Act.

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

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

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

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

20 * **Sec. 58.** Section 57(c) and (d) take effect immediately under AS 01.10.070(c).

21 * **Sec. 59.** Except as provided in sec. 58 of this Act, this Act takes effect July 1, 1996.