

**CS FOR SENATE BILL NO. 301(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/19/96

Referred: Rules

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 shall  
28 include one member of the senate appointed by the president of the senate and one  
29 member of the house appointed by the speaker of the house of representatives.

30 (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 \* **Sec. 7.** AS 14.42.200(10) is amended to read:

23 (10) gather information on student loans available to residents of  
24 Alaska and disseminate the information to reasonably assure that qualified residents  
25 are aware of financial resources available to those attending or desiring to attend  
26 institutions for which loans may be made under AS 14.43.100 - 14.43.325 [AS  
27 14.43.090 - 14.43.325], 14.43.600 - 14.43.700, or 14.43.710 - 14.43.790;

28 \* **Sec. 8.** AS 14.42.210(a) is amended to read:

29 (a) The student loan fund is established in the corporation. The student loan  
30 fund is a trust fund to be used to carry out the purposes of AS 14.42.100 - 14.42.390,  
31 AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325], 14.43.600 - 14.43.700, and

1 14.43.710 - 14.43.790. The fund consists of money or assets appropriated or  
2 transferred to the corporation for the fund and money or assets deposited in it by the  
3 corporation. The corporation may establish separate accounts in the fund **and shall**  
4 **establish separate accounts for the teacher scholarship revolving loan account**  
5 **under AS 14.43.620 and the family education loan account under AS 14.43.720.**

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

7 (b) Money and other assets of the student loan fund may be used to secure  
8 bonds of the corporation, invested in student loans and investments under  
9 AS 37.10.071, and used to **make** [PURCHASE] loans approved under AS 14.43.090 -  
10 14.43.325, 14.43.600 - 14.43.700, or 14.43.710 - 14.43.790.

11 \* **Sec. 10.** AS 14.43.100 is amended to read:

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

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

17 \* **Sec. 11.** AS 14.43.110, as amended by sec. 1, ch. 5, SLA 1996, is amended to read:

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

20 (1) \$8,500 to a full-time undergraduate student or **\$4,500** [\$5,000] to  
21 a half-time undergraduate student attending a college or university if the full- or half-  
22 time student is otherwise eligible under AS 14.43.125;

23 (2) \$9,500 to a full-time graduate student or **\$5,000** [\$4,500] to a  
24 half-time graduate student attending a college or university if the full- or half-time  
25 graduate student is otherwise eligible under AS 14.43.125;

26 (3) \$5,500 to a full-time student or \$2,000 to a half-time student if the  
27 full- or half-time student is attending a career education program [THAT IS AT  
28 LEAST SIX WEEKS IN LENGTH] and is otherwise eligible under AS 14.43.125.

29 (b) The **corporation** [COMMISSION] may make a loan for a summer term,  
30 even if the total loan for the school year exceeds the limit imposed under (a) of this  
31 section if the loan for the summer term is counted against the limit imposed under (a)

1 of this section for the following school year.

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

4 \* **Sec. 12.** AS 14.43.120(b), as amended by sec. 3, ch. 5, SLA 1996, is amended to read:

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

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

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

8 (B) submitted an executed program participation agreement as  
9 required by the **corporation** [COMMISSION]; or

10 (2) a college or university that

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

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

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

18 (D) is a degree granting institution; and

19 (E) has submitted an executed program participation agreement  
20 as required by the **corporation** [COMMISSION].

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

22 (c) To maintain a loan awarded to a full-time student, the student must  
23 continue to be enrolled as a full-time student in good standing in a career education  
24 program, college, or university that meets the requirements under (b) of this section.

25 To maintain a loan awarded to a half-time student, the student must continue to be  
26 enrolled as a half-time student in good standing in (1) a career education program,  
27 college, or university in the state that meets the requirements under (b) of this section,  
28 or (2) a career education program, college, or university that meets the requirements  
29 under (b) of this section, and be physically present in **this** [THE] state while attending  
30 the career education program, college, or university. The **corporation**  
31 [COMMISSION] shall adopt regulations defining "good standing" for purposes of this

1 subsection.

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

3 (d) Scholarship loans may not be made to a student

4 (1) for more than a total of \$42,500 for undergraduate study;

5 (2) for more than a total of \$47,500 for graduate study;

6 (3) for more than a combined total of \$60,000 for undergraduate and  
7 graduate study;

8 (4) to attend an institution, if the total amount of scholarship loans  
9 made to students to attend that institution exceeds \$100,000 and the default rate on  
10 those loans is (A) greater than 20 percent but less than 25 percent, and the institution  
11 is unable to reduce its default rate within 24 months after the rate determination; or  
12 (B) equal to or greater than 25 percent for two consecutive calendar years; for  
13 purposes of this paragraph, the default rate shall annually be determined by the  
14 **corporation** [COMMISSION] from loans required to be repaid under (g) of this  
15 section on or after July 1, 1996; if a scholarship loan is refused based on the  
16 provisions of this paragraph and, under a subsequent default rate determination [,] an  
17 institution's default rate does not exceed the limits established under this paragraph,  
18 the **corporation** [COMMISSION] may not refuse to issue a scholarship loan to attend  
19 that institution based on the provisions of this paragraph.

20 \* **Sec. 15.** AS 14.43.120(f) is amended to read:

21 (f) Interest on a loan made under **AS 14.43.100 - 14.43.160** [AS 14.43.090 -  
22 14.43.160] is equal to the interest rate

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

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

27 \* **Sec. 16.** AS 14.43.120(g), as amended by sec. 6, ch. 5, SLA 1996, is amended to read:

28 (g) A borrower's obligation to commence repayment of the principal and  
29 interest on the loan begins six months after the borrower is no longer enrolled under  
30 (c) of this section. The borrower shall repay the total amount owed in periodic  
31 installments of at least \$50 a month over a period of not more than 15 years from the

1 commencement of the repayment obligation. If the **corporation** [COMMISSION] and  
2 the borrower agree to a different repayment schedule, the borrower shall repay the loan  
3 in accordance with the agreement. A borrower may make payments earlier than  
4 required by this subsection or the agreement.

5 \* **Sec. 17.** AS 14.43.120(i), as amended by sec. 8, ch. 5, SLA 1996, is amended to read:

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

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

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

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

18 \* **Sec. 18.** AS 14.43.120(m), as amended by sec. 11, ch. 5, SLA 1996, is amended to read:

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

21 \* **Sec. 19.** AS 14.43.120(r) is amended to read:

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

27 \* **Sec. 20.** AS 14.43.120(t), as amended by sec. 13, ch. 5, SLA 1996, is amended to read:

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

1 of loans.

2 \* **Sec. 21.** AS 14.43.120(u), as amended by sec. 14, ch. 5, SLA 1996, is amended to read:

3 (u) The **corporation** [COMMISSION] by regulation shall set a loan  
4 origination fee, not to exceed five percent of the total [SCHOLARSHIP] loan amount,  
5 to be assessed upon a [SCHOLARSHIP] loan that is funded from the student loan fund  
6 of the **corporation** [ALASKA STUDENT LOAN CORPORATION]. The loan  
7 origination fee shall be deducted at the time the loan is disbursed. Subject to  
8 appropriation, the loan origination fees shall be deposited into an origination fee  
9 account within the student loan fund of the **corporation** [ALASKA STUDENT LOAN  
10 CORPORATION], and subsequently used by the corporation to offset losses incurred  
11 as a result of death, disability, default, or bankruptcy of the borrower.

12 \* **Sec. 22.** AS 14.43.120(v) is amended to read:

13 (v) In determining a rate of interest under (f)(2) of this section,  
14 (1) the **corporation** [COMMISSION] shall use a method that ensures  
15 that the rate of interest is as low as possible without precluding the ability of the  
16 **corporation** [COMMISSION] to administer loans made under AS 14.43.100 -  
17 14.43.160 [AS 14.43.090 - 14.43.160]; and

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

21 \* **Sec. 23.** AS 14.43.122(a) is amended to read:

22 (a) The **corporation** [COMMISSION] may offer **the option of consolidating**  
23 **into a single loan**

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

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

31 \* **Sec. 24.** AS 14.43.125(a), as amended by sec. 15, ch. 5, SLA 1996, is amended to read:

1 (a) A person may apply for and obtain a **student** [SCHOLARSHIP] loan if the  
2 person

3 (1) is

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

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

8 (i) in the state; or

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

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

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

17 (3) is a resident of the state at the time of application for the loan; for  
18 purposes of this section, a person qualifies as a resident of the state if at the time of  
19 application for the loan the person

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

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

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

- 1 (i) serving an initial period of up to three years on active  
2 duty as a member of the armed forces of the United States;
- 3 (ii) serving for up to three years as a full-time volunteer  
4 under the Peace Corps Act;
- 5 (iii) serving for up to three years as a full-time volunteer  
6 under the Domestic Volunteer Service Act of 1973;
- 7 (iv) required medical care for the applicant or the  
8 applicant's immediate family;
- 9 (v) being a person who otherwise qualifies as a resident  
10 and is accompanying a spouse who qualifies as a resident under (i) -  
11 (iv) of this paragraph;
- 12 (vi) an absence allowed under (D)(i)-(iv) of this  
13 paragraph; or
- 14 (D) is a dependent of a parent or guardian who has been  
15 physically present in the state for at least one year immediately before the  
16 parent or guardian was absent from the state and the absence is due solely to
- 17 (i) participating in a foreign exchange student program  
18 recognized by the corporation [COMMISSION];
- 19 (ii) attending a school as a full-time student;
- 20 (iii) full-time employment by the state;
- 21 (iv) being a member of or employed full-time by the  
22 state's congressional delegation;
- 23 (v) being a person who otherwise qualifies as a resident  
24 and is accompanying a spouse who qualifies as a resident under (i) -  
25 (iv) of this paragraph;
- 26 (4) does not have a past due child support obligation established by  
27 court order or by the child support enforcement division under AS 25.27.160 -  
28 25.27.220 at the time of application; and
- 29 (5) has not, within the previous five years, had a [SCHOLARSHIP]  
30 loan discharged or written off by the corporation or the former Alaska Commission  
31 on Postsecondary Education [COMMISSION] for any reason.

1 \* **Sec. 25.** AS 14.43.125(c), as amended by sec. 16, ch. 5, SLA 1996, is amended to read:

2 (c) A person may not be awarded a scholarship loan under AS 14.43.100 -  
3 14.43.160 [AS 14.43.090 - 14.43.160] if that person receives a teacher scholarship loan  
4 under AS 14.43.600 - 14.43.700 for the same period of attendance.

5 \* **Sec. 26.** AS 14.43.150(a) is amended to read:

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

14 \* **Sec. 27.** AS 14.43.160 is amended to read:

15 Sec. 14.43.160. DEFINITIONS. In AS 14.43.100 - 14.43.160, [AS 14.43.090  
16 - 14.43.160]

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

21 (2) "federally insured" means a loan covered by the provisions of the  
22 Guaranteed Student Loan Program of Title IV, Part B, of the Higher Education Act of  
23 1965 (P.L. 89-329), as amended;

24 (3) "full-time student" means an undergraduate or career education  
25 student who is enrolled and is in regular attendance at classes for at least 12 semester  
26 hours of credit or the equivalent during the semester or a graduate student who is  
27 enrolled and is in regular attendance at classes for at least nine semester hours of credit  
28 or the equivalent; any combination of semester hours of credit, or the equivalent,  
29 aggregating to the requisite number of semester hours and undertaken during a  
30 semester at two or more public or private institutions of higher education constitutes  
31 full-time student status;

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

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

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

10 \* **Sec. 28.** AS 14.43.255(a) is amended to read:

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

18 \* **Sec. 29.** AS 14.43.300(g), as amended by sec. 18, ch. 5, SLA 1996, is amended to read:

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

29 \* **Sec. 30.** AS 14.43.305(i) is amended to read:

30 (i) To the extent they are not in conflict with terms and conditions under  
31 AS 14.43.250 - 14.43.325, the terms and conditions of a memorial scholarship loan

1 made under AS 14.43.250(b)(5) are the same as the terms and conditions for a  
2 scholarship loan under AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160], except  
3 that the interest on the loan is equal to five percent.

4 \* **Sec. 31.** AS 14.43.320(b) is amended to read:

5 (b) To the extent that they are not in conflict with the provisions of  
6 AS 14.43.250 - 14.43.325, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 -  
7 14.43.160] relating to scholarship loans are applicable to loans made under  
8 AS 14.43.250 - 14.43.325.

9 \* **Sec. 32.** AS 14.43.405(b) is amended to read:

10 (b) To the extent that they are not in conflict with the provisions of  
11 AS 14.43.400 - 14.43.405, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 -  
12 14.43.160] relating to student financial aid are applicable to the grants made under  
13 AS 14.43.400 - 14.43.500.

14 \* **Sec. 33.** AS 14.43.410 is amended to read:

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

20 \* **Sec. 34.** AS 14.43.415 is amended to read:

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

23 (1) is a resident of Alaska;

24 (2) is [EITHER]

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

27 (B) eligible to be admitted to an accredited postsecondary  
28 educational institution; and

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

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

6 \* **Sec. 35.** AS 14.43.620(a) is amended to read:

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

18 \* **Sec. 36.** AS 14.43.630(a) is amended to read:

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

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

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

31 \* **Sec. 37.** AS 14.43.650(a) is amended to read:

- 1 (a) To be eligible for a teacher scholarship loan, a student must  
2 (1) be a graduate of a public or private high school in the state [,] with  
3 sufficient credits to be admitted to an accredited college or university;  
4 (2) be enrolled in or show evidence of intent to enroll in a degree  
5 program directed at a teaching career at the elementary or secondary school level;  
6 (3) meet the conditions set by the student's local school board with  
7 respect to the district's requirements for teachers in particular subject areas;  
8 (4) submit to the local school board an application **on a form** provided  
9 by the **corporation** [COMMISSION] under AS 14.43.630(a)(2); an application may  
10 be submitted six months before graduation from high school; and  
11 (5) not have a past due child support obligation established by court  
12 order or by the child support enforcement division under AS 25.27.160 - 25.27.220 at  
13 the time of application.

14 \* **Sec. 38.** AS 14.43.650(c), as amended by sec. 20, ch. 5, SLA 1996, is amended to read:

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

19 \* **Sec. 39.** 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  
22 account shall be used to make family education loans to families selected under  
23 AS 14.43.710 - 14.43.790, to pay the costs of collecting family education loans that  
24 are in default if those costs are not recovered from the family, and to pay the costs of  
25 administering the account. **Repayments** [UNLESS THE INSTRUMENT  
26 EVIDENCING THE FAMILY EDUCATION LOAN HAS BEEN SOLD OR  
27 ASSIGNED TO THE ALASKA STUDENT LOAN CORPORATION,  
28 REPAYMENTS] of principal and interest on family education loans shall be paid into  
29 the family education loan account. If estimated funds available from family education  
30 loan repayments are inadequate to fully fund estimated family education loans in a  
31 fiscal year, additional funding from the general fund may be requested and

1 appropriated for that year.

2 \* **Sec. 40.** AS 14.43.740(d) is amended to read:

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

13 \* **Sec. 41.** AS 14.43.990 is repealed and reenacted to read:

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

16 \* **Sec. 42.** AS 14.44.035 is amended to read:

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

20 \* **Sec. 43.** AS 14.48 is amended by adding a new section to read:

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

28 (b) Members of the commission serve without compensation, but the members  
29 who are not state employees are entitled to per diem and travel expenses authorized  
30 for boards and commissions under AS 39.

31 20.180.

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

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

6 \* **Sec. 44.** AS 14.48.040 is amended to read:

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

12 \* **Sec. 45.** AS 14.48.050 is amended by adding new subsections to read:

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

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

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

23 (c) The commission may

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

30 (2) establish task forces, committees, or subcommittees, not necessarily  
31 consisting of commission members or employees, to advise and assist the commission

1 in carrying out its functions assigned by this chapter and federal statute; the  
2 commission may contract with, or use, existing institutions of higher education or other  
3 individuals or organizations to make studies, conduct surveys, submit  
4 recommendations, or otherwise contribute to the work of the commission.

5 \* **Sec. 46.** AS 14.48.090 is repealed and reenacted to read:

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

9 \* **Sec. 47.** AS 14.48.120 is amended by adding a new subsection to read:

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

13 \* **Sec. 48.** AS 39.05.100(a) is amended to read:

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

24 \* **Sec. 49.** AS 39.25.110(11) is amended to read:

25 (11) the officers and employees of the following boards, commissions,  
26 and authorities:

27 (A) [REPEALED]

28 (B) Alaska Permanent Fund Corporation;

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

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

31 **(D)** [(E)] Alaska **Student Loan Corporation** [COMMISSION

1 ON POSTSECONDARY EDUCATION];

2 (E) [(F)] Alaska Aerospace Development Corporation;

3 \* **Sec. 50.** AS 39.50.200(b)(32) is amended to read:

4 (32) Alaska Commission on Postsecondary Education (AS 14.48.035)  
5 [(AS 14.42.015)];

6 \* **Sec. 51.** AS 39.50.200(b) is amended by adding a new paragraph to read:

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

8 \* **Sec. 52.** AS 43.23.067(a) is amended to read:

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

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

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

17 (3) a statement that

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

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

26 \* **Sec. 53.** AS 43.23.067(b) is amended to read:

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

31 (1) the amount of the claim; and

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

6 \* **Sec. 54.** AS 14.42.010, 14.42.015, 14.42.020, 14.42.025, 14.42.030, 14.42.035, 14.42.040,  
7 14.42.045, 14.42.050, 14.42.055, 14.42.170, 14.42.200(18), 14.42.210(c); AS 14.43.090,  
8 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  
9 repealed.

10 \* **Sec. 55.** TRANSITIONAL PROVISION: TEMPORARY FEE SCHEDULE FOR  
11 CERTAIN ACTIVITIES RELATED TO POSTSECONDARY EDUCATIONAL  
12 INSTITUTIONS AND AGENTS. Until a new fee schedule is adopted by regulation to  
13 implement the changes made by sec. 46 of this Act, the commission may charge the fees set  
14 out in the following schedule for an authorization to operate an institution in this state and for  
15 an agent's permit related to activities for postsecondary educational institutions:

- 16 (1) authorization to operate \$100;
- 17 (2) renewal of authorization to operate \$100;
- 18 (3) an agent's permit \$ 50;
- 19 (4) renewal of an agent's permit \$ 50.

20 \* **Sec. 56.** TRANSITION. (a) The terms of the members of the Alaska Commission on  
21 Postsecondary Education terminate on the effective date of sec. 1 of this Act. The governor  
22 may appoint to the Alaska Student Loan Corporation a person who has served on the Alaska  
23 Commission on Postsecondary Education and who meets the qualifications of AS 14.42.120,  
24 as repealed and reenacted by this Act. The terms of public persons initially appointed to the  
25 Alaska Student Loan Corporation must be set as provided in AS 39.05.055.

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

30 (c) Regulations adopted by the Alaska Commission on Postsecondary Education under  
31 authority of AS 14.43 remain in effect until regulations adopted by the Alaska Student Loan

1 Corporation under that chapter, as amended by this Act, take effect. The Alaska Student Loan  
2 Corporation may implement and enforce commission regulations until the regulations of the  
3 corporation take effect. Notwithstanding sec. 58 of this Act, the Alaska Student Loan  
4 Corporation may immediately proceed to adopt regulations necessary to implement the  
5 changes made by this Act to AS 14.43. The regulations take effect under AS 44.62  
6 (Administrative Procedure Act), but not before the effective date of sec. 1 of this Act.

7 (d) Regulations adopted under the authority of AS 14.48 by the Alaska Commission  
8 on Postsecondary Education, as constituted before July 1, 1996, remain in effect.  
9 Notwithstanding sec. 58 of this Act, the commission may immediately proceed to adopt  
10 regulations necessary to implement the changes made by this Act to AS 14.48. The  
11 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the  
12 effective date of sec. 1 of this Act.

13 (e) Contracts, rights, liabilities, notes, or other obligations created by or under a  
14 section of AS 14.43 amended or repealed by this Act, and in effect on June 30, 1996, remain  
15 in effect notwithstanding this Act, with all contracts, rights, liabilities, notes, or other  
16 obligations created by or under a section of AS 14.43 amended or repealed by this Act  
17 becoming contracts, rights, liabilities, notes, or other obligations of the Alaska Student Loan  
18 Corporation.

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

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

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

28 \* **Sec. 57.** Section 56(c) and (d) take effect immediately under AS 01.10.070(c).

29 \* **Sec. 58.** Except as provided in sec. 57 of this Act, this Act takes effect July 1, 1996.