

**SENATE BILL NO. 186**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY SENATOR TIM KELLY

Introduced: 1/10/00

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act establishing a college tuition savings plan; and providing for an effective  
2 date."

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

4 \* **Section 1.** AS 14.42.030(b) is amended to read:

5 (b) The commission shall

6 (1) develop a comprehensive statewide plan for coordinated  
7 postsecondary education in the state and serve as the state commission on  
8 postsecondary education required under 20 U.S.C. 1099 (Higher Education Act of  
9 1965) [SEC. 1202 OF TITLE XII OF THE HIGHER EDUCATION ACT OF 1965,  
10 AS AMENDED BY THE EDUCATION AMENDMENTS OF 1972 (P.L. 92-318,  
11 SEC. 196; 86 STAT. 324)];

12 (2) establish a state advisory council on community colleges and  
13 develop a comprehensive statewide plan for the expansion and improvement of the  
14 community colleges under 20 U.S.C. 1135 (Higher Education Act of 1965) [SEC.

1 1001 OF TITLE X OF THE HIGHER EDUCATION ACT OF 1965, AS AMENDED  
 2 BY THE EDUCATION AMENDMENTS OF 1972 (P.L. 92-318, SEC. 186; 86 STAT.  
 3 312, 313)];

4 (3) serve as the state agency required under **20 U.S.C. 1005 and 20**  
 5 **U.S.C. 1123 (Higher Education Act of 1965)** [SEC. 105 OF TITLE I (COMMUNITY  
 6 SERVICE AND CONTINUING EDUCATION), 603 OF TITLE VI (FINANCIAL  
 7 ASSISTANCE FOR UNDERGRADUATE EDUCATION), 704 OF TITLE VII  
 8 (CONSTRUCTION OF ACADEMIC FACILITIES), AND PART B OF TITLE IV  
 9 (GUARANTEED STUDENT LOAN PROGRAM) OF THE HIGHER EDUCATION  
 10 ACT OF 1965 (P.L. 89-329; 79 STAT. 1220, 1262; 20 U.S.C. 1005, 1123)  
 11 AS AUTHORIZED BY SEC. 1202(c) OF TITLE XII OF THE HIGHER  
 12 EDUCATION ACT OF 1965, AS AMENDED BY THE EDUCATION  
 13 AMENDMENTS OF 1972 (P.L. 92-318, SEC. 196; 86 STAT. 324)];

14 (4) administer the provisions of AS 14.43.090 - 14.43.160 (student loan  
 15 program);

16 (5) administer the provisions of AS 14.48 (regulation of postsecondary  
 17 educational institutions);

18 (6) resolve any disputes that exist or arise under a consortium or other  
 19 cooperative agreement between institutions of public and private higher education in  
 20 the state;

21 **(7) administer the provisions of AS 14.42.400.**

22 \* **Sec. 2.** AS 14.42 is amended by adding a new section to read:

23 **Article 3. Alaska College Tuition Savings Plan.**

24 **Sec. 14.42.400. Alaska college tuition savings plan.** (a) The Alaska college  
 25 tuition savings plan is established in the Alaska Commission on Postsecondary  
 26 Education. The commission shall

27 (1) administer, manage, promote, and market the savings plan;

28 (2) maintain the savings plan in compliance with United States Internal  
 29 Revenue Service standards for a qualified state tuition program as the term is defined  
 30 in 26 U.S.C. 529(b);

31 (3) establish application and withdrawal procedures for savings plan

1 participants;

2 (4) issue requests for proposals for a contractor to act as the savings  
3 plan manager; in determining who is best qualified to manage the savings plan, the  
4 commission shall consider the ability to

5 (A) administer financial programs with individual account  
6 maintenance and reporting;

7 (B) develop and administer an investment program with similar  
8 objectives to those of the savings plan; and

9 (C) augment the savings plan with other programs or services  
10 considered beneficial by the commission;

11 (5) require savings plan participants to pay a fee to cover the  
12 administrative costs of the savings plan;

13 (6) operate the savings plan on a cash only basis, including provisions  
14 for automatic deductions;

15 (7) allow both residents and nonresidents to participate in the savings  
16 plan;

17 (8) allow funds deposited with the savings plan to be used for any  
18 qualified higher education expenses.

19 (b) The commission may divide the savings plan into multiple investment  
20 portfolios or operate the savings plan as a trust.

21 (c) The state or an agency of the state is not liable for a loss of funds that are  
22 invested by a participant in the savings plan. The commission shall provide written  
23 notice to each applicant that the savings plan does not guarantee any rate of return and  
24 that any risk of loss in fund value rests with the participants.

25 (d) In this section,

26 (1) "commission" means the Alaska Commission on Postsecondary  
27 Education;

28 (2) "qualified higher education expenses" has the meaning given in 26  
29 U.S.C. 529(e);

30 (3) "savings plan" means the Alaska college tuition savings plan.

31 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section

1 to read:

2           TRANSITION. The Alaska Commission on Postsecondary Education shall issue the  
3 initial request for proposals to manage the Alaska college tuition savings plan by January 1,  
4 2001.

5       \* **Sec. 4.** This Act takes effect July 1, 2000.