

**SENATE BILL NO. 307**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - SECOND SESSION

**BY SENATOR DAVIS**

**Introduced: 2/19/02**

**Referred: Health, Education and Social Services, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the Alaska teacher recruitment loan assumption program; and**  
2 **providing for an effective date."**

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

4 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 FINDINGS; PURPOSE. (a) The legislature finds that a shortage of qualified teachers  
7 in the public elementary and secondary schools exists in this state.

8 (b) The purpose of this Act is to establish the Alaska teacher recruitment loan  
9 assumption program to provide financial incentives through the assumption, in whole or part,  
10 by the state of education loans for newly hired teachers in the public elementary and  
11 secondary schools of the state to encourage eligible teachers to pursue a career in classroom  
12 teaching in those schools.

13 \* **Sec. 2.** AS 14.07.170 is amended by adding a new subsection to read:

14 (c) The board shall establish standards for the Alaska teacher recruitment loan

1 assumption program under AS 14.43.530 - 14.43.590, certify eligible applicants under  
 2 that program, and perform other duties assigned to the board under the program,  
 3 including the adoption of necessary regulations.

4 \* **Sec. 3.** AS 14.42.030(b) is amended to read:

5 (b) The commission shall

6 (1) administer the financial aid and interstate education compact  
 7 programs under AS 14.43.091 - 14.43.920 and 14.43.990, and AS 14.44;

8 (2) administer the provisions of AS 14.48 concerning regulation of  
 9 postsecondary educational institutions;

10 (3) resolve disputes under a consortium or other cooperative agreement  
 11 between institutions of public and private higher education in the state; [AND]

12 (4) serve as the state agency required under 20 U.S.C. 1001 - 1155;

13 **and**

14 **(5) perform duties assigned under AS 14.43.530 - 14.43.590**

15 **(Alaska teacher recruitment loan assumption program).**

16 \* **Sec. 4.** AS 14.42.040 is amended by adding a new subsection to read:

17 (c) The executive director of the commission shall administer the Alaska  
 18 teacher recruitment loan assumption program under AS 14.43.530 - 14.43.590 in  
 19 accordance with standards set by the commission and by the board.

20 \* **Sec. 5.** AS 14.42.295(a) is amended to read:

21 (a) The board may elect to pay the state a return of contributed capital, or a  
 22 dividend, for each base fiscal year that the corporation's net income equals or exceeds  
 23 \$2,000,000. The payment may not be less than 10 percent nor more than 35 percent,  
 24 as approved by the board, of the corporation's net income for the base fiscal year, and  
 25 is subject to the provisions of any applicable bond indentures of the corporation. If a  
 26 payment is authorized under this section, payment must be made available by the  
 27 corporation before the end of the fiscal year in which payment has been authorized.  
 28 The corporation shall notify the commissioner of revenue when the amount of the  
 29 payment authorized under this section is available for appropriation. **The money**  
 30 **made available under this subsection may be appropriated for the Alaska teacher**  
 31 **recruitment loan assumption program under AS 14.43.530 - 14.43.590 or for any**

1 **other public purpose.**

2 \* **Sec. 6.** AS 14.43 is amended by adding new sections to read:

3 **Article 6B. Alaska Teacher Recruitment Loan Assumption Program.**

4 **Sec. 14.43.530. Program Established.** (a) There is established the Alaska  
5 teacher recruitment loan assumption program to provide financial incentives for  
6 qualified teachers to pursue a career in classroom teaching in the public elementary  
7 and secondary schools in this state through the assumption of education loans to  
8 become a teacher.

9 (b) The program is not a financial obligation of the corporation.

10 **Sec. 14.43.540. Alaska teacher recruitment loan assumption program**  
11 **account.** (a) The Alaska teacher recruitment loan assumption program account is  
12 created in the general fund. The account shall be used to provide financial awards for  
13 the assumption of education loans under the program, to pay the cost of collecting  
14 financial awards improperly received if the costs are not recovered from a  
15 noncompliant teacher, and to pay for the costs of administering the program.

16 (b) The account includes money that the legislature appropriates from the  
17 corporation's return of contributed capital or dividend to the state under AS 14.42.295  
18 and the interest and earnings on money in the account. If estimated money available is  
19 inadequate to finance the requests from eligible teachers under this program for a  
20 fiscal year, additional money may be requested from the general fund and appropriated  
21 to the account for the program.

22 **Sec. 14.43.550. Administration.** (a) The Alaska teacher recruitment loan  
23 assumption program shall be administered by the executive director of the commission  
24 using

25 (1) the eligibility and other criteria of the program established by the  
26 board under AS 14.07.170(c); and

27 (2) the financial management standards for proper administration of  
28 the Alaska teacher recruitment loan assumption program account as established by the  
29 commission.

30 (b) After consultation with the board, the commission may adopt regulations  
31 to carry out its duties and the executive director's duties under the program.

1           **Sec. 14.43.560. Eligibility criteria.** (a) The board shall establish in  
 2 regulation the eligibility criteria and certification procedures for the program. The  
 3 criteria established must include the following:

4                   (1) the applicant was first hired as a classroom teacher by a district in  
 5 this state on or after July 1, 2002;

6                   (2) the applicant has the required certificates and endorsements to  
 7 lawfully teach in the subject area in the public schools of this state;

8                   (3) the applicant shall agree to fulfill any requirement of the program,  
 9 including any required completion of a length of classroom teaching in a district;

10                  (4) the applicant has outstanding teacher education loans from a  
 11 recognized entity to be assumed under the program;

12                  (5) if the applicant does not fulfill obligations under the program, the  
 13 applicant shall repay the loan assumption and may not receive further loan  
 14 assumptions under the program.

15           (b) The board shall distribute information regarding the program

16                   (1) to districts in the state; and

17                   (2) to others upon request.

18           **Sec. 14.43.570. Conditions and limitations on assumption payments.** (a)  
 19 The total amount of financial awards for assumption of educational loans may not  
 20 exceed \$10,000 in a lifetime for a teacher.

21           (b) A financial award must be conditioned on the availability of money for the  
 22 program. The executive director shall monitor the outstanding financial awards made  
 23 under the program to ensure the adequacy of the balance of the account to meet  
 24 program needs. If the executive director finds that the balance of the account is  
 25 insufficient to pay for existing awards and incur additional obligations to new  
 26 applicants, the executive director shall advise the commission and the board. Until the  
 27 commission and the board determine the account is sufficient to incur additional  
 28 obligations, the executive director shall

29                   (1) prorate the money available in the account among all existing  
 30 award recipients; and

31                   (2) suspend the acceptance of new applications and the processing of

1 pending applications under the program.

2 (c) The provisions of AS 14.43.920 apply to the repayment of a loan  
3 assumption under the program.

4 **Sec. 14.43.590. Definitions.** In AS 14.43.530 - 14.43.590, unless the context  
5 otherwise requires,

6 (1) "account" means the Alaska teacher recruitment loan assumption  
7 program account established in AS 14.43.540;

8 (2) "district" has the meaning given in AS 14.17.990;

9 (3) "executive director" means the executive director of the  
10 commission;

11 (4) "program" means the Alaska teacher recruitment loan assumption  
12 program.

13 \* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 TRANSITION: REGULATIONS. Notwithstanding sec. 9 of this Act, the state Board  
16 of Education and Early Development and the Alaska Commission on Postsecondary  
17 Education may immediately proceed to adopt regulations necessary to implement their  
18 respective duties under this Act. The regulations take effect under AS 44.62 (Administrative  
19 Procedure Act), but not before July 1, 2002.

20 \* **Sec. 8.** Section 7 of this Act takes effect immediately under AS 01.10.070(c)

21 \* **Sec. 9.** Except as provided in sec. 8, this Act takes effect July 1, 2002.