

Introduced: 2/15/66
Referred: Health, Welfare
and Education and Finance

1 IN THE SENATE

BY ALL SENATE MEMBERS

2 SENATE BILL NO. 253

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a student loan program
7 utilizing surplus money of the teachers'
8 retirement fund."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 14.40 is amended by adding new sections to
11 read:

12 Sec. 14.40.700. USE OF FUND AUTHORIZED. A total of
13 not more than five per cent of the total amount of the
14 teachers' retirement fund may be used to provide student
15 loans in accordance with secs. 700 - 770 of this chapter.

16 Sec. 14.40.710. CONTROL BY STATE BOND COMMITTEE. The
17 loans shall be granted and administered in accordance with
18 secs. 700 - 770 of this chapter by the State Bond Committee.

19 Sec. 14.40.720. DUTIES OF STATE BOND COMMITTEE. The
20 State Bond Committee shall:

- 21 (1) determine which applicants are eligible for a
22 loan;
23 (2) select the applicants who will be granted
24 loans;
25 (3) establish and administer loan application pro-
26 cedures;
27 (4) disseminate to the public information regard-
28 ing the loan program; and
29 (5) promulgate regulations in the manner provided

1 by the Administrative Procedure Act (AS 44.62) which are
2 necessary to carry out secs. 700 - 770 of this chapter.

3 Sec. 14.40.730. CONDITIONS OF LOAN. (a) A loan made
4 to an applicant under secs. 700 - 770 of this chapter may be
5 in any amount not to exceed \$1,500 per year. The interest
6 on a loan shall be at a rate of five per cent per annum.
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10 (b) Repayment of principal with interest shall be
11 made in monthly instalments equal in amount, shall commence
12 one year after the student graduates, or at the time he
13 ceases to be in regular attendance or in good standing at
14 the school, college, or university which he is attending,
15 and shall be completed within 10 years after the student
16 graduates or ceases to be in regular attendance or in good
17 standing at the school, college, or university which he is
18 attending. The obligation to make repayments is suspended
19 during any time, not to exceed three years, in which the
20 student is in regular attendance in a graduate or under-
21 graduate program of a recognized college or university. The
22 time during which the student is in regular attendance at a
23 recognized college or university shall not be counted in
24 determining the minimum number of years within which the
25 student must complete repayment.

26 (c) A loan shall be made with endorsement if the
27 student is a minor and cannot legally create a binding
28 obligation. However, if endorsement cannot be obtained, the
29 bond committee may make the loans on the basis of good

1 character.

2 (d) Nothing in this section shall be construed to
3 prevent the accelerated repayment of a loan at the option of
4 the student, or in the event of a default by the student, at
5 the option of the commission.

6 (e) The loan may be used to obtain a vocational,
7 technical, or academic education.

8 Sec. 14.40.740. ELIGIBILITY OF STUDENTS. (a) To be
9 eligible for selection by the State Bond Committee, a stu-
10 dent shall:

11 (1) be a resident of the state;

12 (2) be a graduate of a high school or be scheduled
13 for graduation from a high school within six months if the
14 loan is for undergraduate study;

15 (3) be a graduate of a recognized college or
16 university or be scheduled for graduation from a recognized
17 college or university within six months if the loan is for
18 graduate study;

19 (4) have educational qualifications sufficient
20 to enable him to successfully pursue his field of study;

21 (5) have such financial need that without the
22 loan he would be severely hindered in pursuing the field of
23 his choice;

24 (6) have the capacity to benefit from continued
25 education; and

26 (7) meet such other requirements as the State
27 Bond Committee may prescribe by regulation.

28 (b) A student is no longer eligible for a loan if he
29 ceases to be in good standing with the school, college, or

1 university which he is attending.

2 Sec. 14.40.750. SELECTION OF STUDENTS. (a) The State
3 Bond Committee has the final discretion in selecting from
4 among eligible students those who will be granted loans un-
5 der secs. 700 - 770 of this chapter. The grant of a loan
6 does not become final until the student is enrolled in a
7 recognized school, college or university.

8 (b) An eligible student may be selected for periods
9 which may or may not be consecutive but not to exceed a
10 total time of four full years for undergraduate study plus
11 not to exceed three full years for graduate study.

12 (c) In making the selection the commission shall give
13 preference to students progressing toward a degree or com-
14 pletion of a course of study over those who have not begun
15 a program.

16 Sec. 14.40.760. REVIEW. The Teachers' Retirement Fund
17 Advisory Board shall periodically review the loan program and
18 the selections made, and submit its recommendations to the
19 State Bond Board.

20 Sec. 14.40.770. DEFINITIONS. (a) For purposes of
21 secs. 700 - 770 of this chapter, a student is in "regular
22 attendance" from the time he enrolls in a school, college or
23 university until the last day of a school year during which
24 he has failed to carry the acceptable number of hours to
25 maintain a full-time status according to the standards of the
26 school, college or university.

27 (b) "Recognized school, college or university" means
28 an academic institution with a curriculum substantially
29 equivalent to that required for accreditation by the

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Northwest Association of Secondary and Higher Schools, or a vocational or technical school which is approved by the department of education.