

Original sponsor: Bradner

Offered: 5/6/71

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 415

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for career and higher education  
7 scholarship loans; and providing for an effective  
8 date."

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 read:

11 ARTICLE 9. SCHOLARSHIP [GRANTS AND] LOANS.

12 Sec. 14.40.751. LOAN FUND CREATED. There is created a scholar-  
13 ship revolving loan fund as an account in the general fund. The fund  
14 shall be used to make scholarship loans to students selected under  
15 secs. 751 - 773 of this chapter.

16 Sec. 14.40.753. SELECTION COMMITTEE. (a) There is created the  
17 student loan selection committee composed of seven members appointed  
18 by the governor. The committee is composed of the commissioner of  
19 education and at least one undergraduate student, one person employed  
20 as a high school counselor, one person from a minority group and one  
21 person representing the field of vocational-technical training. No  
22 member may be the president or a senior administrative officer of a  
23 college or university. Members serve at the pleasure of the governor.  
24 The committee shall elect its chairman. The commissioner of education  
25 shall act as executive secretary of the committee. The Department of  
26 Education is charged with administering the program established by  
27 this chapter.

28 (b) Members of the selection committee serve without compensation  
29 but are entitled to per diem and travel expenses authorized by law for

1 boards and commissions.

2 (c) The selection committee shall make an annual report to the  
3 governor and legislature reviewing the work of the committee.

4 (d) The selection committee shall meet at least once a year. The  
5 meetings shall be held at the call of the chairman or upon petition  
6 of two members.

7 Sec. 14.40.755. APPLICATIONS. (a) Applications shall be sub-  
8 mitted to the executive secretary of the committee.

9 (b) A person whose application is not recommended or presented  
10 to the committee by the executive secretary may appeal to the selection  
11 committee through the chairman of the committee and the committee shall  
12 consider the application.

13 Sec. 14.40.757. ADMINISTRATION OF PROGRAM. The executive  
14 secretary shall administer the program subject to review by the com-  
15 mittee and such regulations as the committee may prescribe.

16 Sec. 14.40.759. UNDERGRADUATE LOANS. The selection committee  
17 may make a loan, not to exceed \$2,500 in any one school year, to an  
18 undergraduate student eligible under sec. 765 of this chapter.

19 Sec. 14.40.761. GRADUATE LOANS. The selection committee may  
20 make a loan, not to exceed \$5,000 in any one school year, to a graduate  
21 student who is eligible under sec. 765 of this chapter and is pursuing  
22 an advance degree.

23 Sec. 14.40.763. CONDITIONS OF LOANS. (a) Proceeds from scholar-  
24 ship loans may only be used for books, tuition and required fees, and  
25 for room and board.

26 (b) The loans may only be used to attend a career education  
27 program approved by the Department of Education or a college or uni-  
28 versity accredited by the accreditation association for the region  
29 in which the college or university is located.

1 (c) To maintain a loan the student must continue to be enrolled  
2 as a full-time student in good standing in a career education program,  
3 college or university designated under (b) of this section.

4 (d) Scholarship loans may not be made to a student for more than  
5 six years.

6 (e) Loans shall be noninterest bearing while a student is  
7 enrolled under (c) of this section or is fulfilling required military  
8 service.

9 (f) Interest on a loan given under secs. 751 - 773 of this  
10 chapter shall be at the rate of five per cent.

11 (g) Repayment of a loan shall commence within one year after a  
12 student terminates his studies or required military service, and shall  
13 be fully repaid within a period of six years; in cases of hardship,  
14 the committee may extend repayment of a loan for an additional five  
15 years.

16 (h) Security may not be required for the loans; however, provi-  
17 sion shall be made for payment of attorney fees and costs of court if  
18 either or both are incurred in collection of the amount owed on the  
19 loan.

20 (i) If a loan is in default, the Department of Education may  
21 notify the student that repayment of the remaining balance is  
22 accelerated and due by sending the student a notice by registered or  
23 certified mail.

24 (j) A portion of a loan shall be considered a grant if, upon  
25 completion of the course of study for which the loan was granted, the  
26 grantee spends at least two years employed in the state. The portion  
27 of the loan which shall be regarded as a grant shall be the following  
28 percentages of the total loan received plus accrued interest:

29 (1) two - three years residency 10 per cent

- 1 (2) three - four years residency 20 per cent
- 2 (3) four - five years residency 30 per cent
- 3 (4) over five years residency 40 per cent.

4 Sec. 14.40.765. ELIGIBILITY OF STUDENTS. A student may apply  
5 for a scholarship loan if

- 6 (1) he is a resident of Alaska, and if
- 7 (2) he is either

8 (A) enrolled as a full-time student in a career educa-  
9 tion or associate or baccalaureate or graduate degree program; or

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

14 Sec. 14.40.767. SELECTION CRITERIA. In selecting from among the  
15 eligible students those students who will be awarded loans the selec-  
16 tion committee shall take into consideration the following items:

17 (1) the student's financial needs;

18 (2) entering freshmen who are graduates of Alaska high  
19 schools or who are graduates of a high school outside the state if  
20 their Alaskan residency has been continuous;

21 (3) personal recommendations from the student's instructors,  
22 employers, and others familiar with his abilities;

23 (4) the student's record of achievement.

24 Sec. 14.40.769. DISCRIMINATION PROHIBITED. The student loan  
25 program shall be carried out without regard to the race, creed, sex,  
26 color, ancestry, national origin, or membership in fraternal or  
27 political organizations of the student applying for the loan.

28 Sec. 14.40.771. ENFORCEABILITY OF CERTAIN CONTRACTS WITH MINORS.  
29 A written obligation entered into by a minor at least 16 years of age,

1 evidencing a loan or other assistance received by him from any person  
2 for the purpose of furthering his education in a career education  
3 program or an institution of higher learning, is enforceable against  
4 the minor with the same effect as if he were, at the time of its  
5 execution, 19 years of age, if the person making the loan has in his  
6 records before making the loan a certification from the institution  
7 that the minor is enrolled in the institution or has been accepted  
8 for enrollment.

9 Sec. 14.40.773. DEFINITIONS. In secs. 751 - 773 of this chapter

10 (1) "school year" means the period from September 1 of  
11 one year through August 31 of the following year;

12 (2) "career education" means a course or program in  
13 vocational-technical training or education approved by the Department  
14 of Education;

15 (3) "full-time student" means a student who is enrolled and  
16 is in regular attendance at classes for at least 12 semester hours of  
17 credit during the semester;

18 (4) "loan" means a student loan granted under secs. 751 -  
19 773 of this chapter;

20 (5) "resident" means a person domiciled in Alaska who has  
21 resided in Alaska for at least two years before making an application  
22 for a student loan.

23 \* Sec. 2. AS 14.40.750 - 14.40.849 and AS 14.40.900 - 14.40.910 are  
24 repealed.

25 \* Sec. 3. This Act takes effect on July 1, 1971 or on the date the  
26 Alaska Higher Education Commission is enjoined from making payments under  
27 the provisions of AS 14.40.900, whichever date is earlier.  
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