

Original sponsor: Rules Committee  
by request of the Legislative Council

Offered: 4/9/74  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 181

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to student financial aid; and  
7 providing for an effective date."

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

9 \* Section 1. AS 14.40.751(a) is amended to read:

10 (a) There is created a scholarship revolving loan fund [AS AN  
11 ACCOUNT IN THE GENERAL FUND]. The fund shall be used to make scholar-  
12 ship loans to students selected under secs. 751 - 806 of this chapter.  
13 All repayments of principal and interest on scholarship loans shall be  
14 paid into the scholarship revolving loan fund and shall be used to  
15 make new scholarship loans. If estimated funds available from scholar-  
16 ship loan repayments are inadequate to fully fund estimated scholarship  
17 loans for any fiscal year, additional funding from the general fund  
18 may be requested and appropriated for that year.

19 \* Section 2. AS 14.40.753 is amended to read:

20 Sec. 14.40.753. FINANCIAL AID [SELECTION] COMMITTEE. (a) There  
21 is created the student financial aid [LOAN AND TUITION GRANT SELECTION]  
22 committee composed of seven members appointed by the governor. The  
23 committee is composed of the commissioner of education and at least  
24 one undergraduate student, one person employed as a high school counselor,  
25 one person from a minority group and one person representing the field  
26 of vocational-technical training. No member may be the president or a  
27 senior administrative officer of a college or university. Members  
28 serve at the pleasure of the governor for a staggered four-year term,  
29 determined by lot, except that the undergraduate student may serve

1 only during the time he is enrolled as a full-time student. Vacancies  
2 shall be filled in the same manner as original appointment. The  
3 committee shall elect its chairman. The commissioner of education is  
4 the [SHALL ACT AS] executive secretary of the committee. The Depart-  
5 ment of Education is charged with administering the programs [PROGRAM]  
6 established by secs. 751 - 806 of this chapter.

7 (b) Members of the [SELECTION] committee serve without compensa-  
8 tion but are entitled to per diem and travel expenses authorized by  
9 law for boards and commissions.

10 (c) The [SELECTION] committee shall make an annual report review-  
11 ing the work of the committee to the governor, the [AND] legislature  
12 and the private colleges and universities where students receiving  
13 tuition grants are enrolled [REVIEWING THE WORK OF THE COMMITTEE].

14 (d) The [SELECTION] committee shall meet at least once a year.  
15 The meetings shall be held at the call of the chairman or upon petition  
16 by two members.

17 \* Sec. 3. AS 14.40.755(b) is amended to read:

18 (b) A person whose loan or grant application is not recommended  
19 or presented to the committee by the executive secretary may appeal to  
20 the [SELECTION] committee through the chairman of the committee and  
21 the committee shall consider the application.

22 \* Sec. 4. AS 14.40.757 is amended to read:

23 Sec. 14.40.757. ADMINISTRATION OF PROGRAM. The executive secre-  
24 tary shall administer the programs [PROGRAM] subject to review by the  
25 committee and in accordance with the [SUCH] regulations prescribed by  
26 [AS] the committee [MAY PRESCRIBE]. The promulgation of these regula-  
27 tions is subject to the Administrative Procedure Act (AS 44.62), and a  
28 summary of the regulations shall be distributed to each applicant.

29 \* Sec. 5. AS 14.40.759 is amended to read:

1           Sec. 14.40.759. UNDERGRADUATE LOANS. The [SELECTION] committee  
2 may make a loan, not to exceed \$2,500 in any one school year, to an  
3 undergraduate student eligible under sec. 765 of this chapter.

4 \* Sec. 6. AS 14.40.761 is amended to read:

5           Sec. 14.40.761. GRADUATE LOANS. The [SELECTION] committee may  
6 make a loan, not to exceed \$5,000 in any one school year, to a graduate  
7 student who is eligible under sec. 765 of this chapter and is pursuing  
8 an advanced degree.

9 \* Sec. 7. AS 14.40.763(f) is amended to read:

10           (f) Interest on a loan given under secs. 751 - 806 of this  
11 chapter is at the rate of five per cent a year.

12 \* Sec. 8. AS 14.40.776(a) is amended to read:

13           (a) The executive secretary of the [SELECTION] committee shall  
14 award a tuition grant to a student in an amount up to the difference  
15 between (1) the cost, in a city where there is both a four-year state  
16 university and a four-year private university or in a city where there  
17 is both a two-year state community college and a two-year private  
18 college, for the operation of the state institution on a full-time  
19 student per academic year basis, and (2) the tuition or fees paid by  
20 the student at the state institution in those locations, but in no  
21 case may the amount exceed \$1,400. The tuition grant paid to a full-  
22 time student may not be in an amount that would result in a student  
23 paying less in tuition or fees at a private college or university than  
24 would be required for a similar enrollment at the state institution in  
25 the same city. The grant [AMOUNT] is to be applied by the student  
26 toward his tuition at the private university or college in which he  
27 enrolls.

28 \* Sec. 9. AS 14.40.776 is amended by adding a new subsection to read:

29           (c) The computation under (a) of this section shall be made by

1 the executive secretary. He shall publish the accounting procedures  
2 employed in making the computation, including, but not limited to, the  
3 time period on which the computation is based and the cost figures  
4 used. This cost data shall be made available for information purposes  
5 to the officers or administrators of the state institution whose cost  
6 of operations is the basis for the computation and to the officers or  
7 administrators of the private colleges and universities in which stu-  
8 dents receiving tuition grants are enrolled. A committee consisting  
9 of a qualified member of the staff of the division of budget and  
10 management of the Department of Administration designated by the  
11 commissioner, a qualified member of the staff of the Legislative  
12 Budget and Audit Committee designated by the chairman of the committee,  
13 and one other specially qualified person in the field of accounting,  
14 business management or institutional finance appointed by the governor,  
15 shall review, and may hear an appeal from, the determination of the  
16 computation by the executive secretary. No officer, administrator, or  
17 other member of the staff of a state institution whose cost of opera-  
18 tions is under review or an officer, administrator, or other member of  
19 the staff of the private colleges or universities in which students  
20 receiving tuition grants are enrolled may be a member of that committee.

21 \* Sec. 10. AS 14.40.781 is amended by adding new subsections to read:

22 (b) The amount of the maximum tuition grant under sec. 776 of  
23 this chapter that may be awarded to a student who is also the recipient  
24 of a federal grant for tuition is computed according to the formula  $G$   
25 equals  $P$  minus  $S$  minus  $F$ , in which

26 (1)  $G$  = the grant awarded, which in no case may exceed  
27 \$1,400;

28 (2)  $P$  = the tuition and fees charged by the private college  
29 or university in which the student is enrolled;

1 (3) S = the fee or tuition paid by a student at the state  
2 institution in the same city where the private college or university  
3 is located;

4 (4) F = the amount of any federal grant for tuition or fees  
5 the student may receive.

6 (c) Private universities and colleges in which students receiving  
7 tuition grants are enrolled may not use the income from these grants  
8 for instruction either sectarian in religion or partisan in politics.

9 \* Sec. 11. AS 14.40.786(b) is amended to read:

10 (b) Before any funds for tuition grants are disbursed, the  
11 commissioner of administration and the executive secretary of the  
12 [SELECTION] committee shall assure themselves that at least 65 [22.5]  
13 per cent of the annual audited total operating revenues [OPERATING  
14 BUDGET] of a private university or college in which students receiving  
15 tuition grants are enrolled is derived [FUNDED] from sources of income  
16 other than tuition grants [NONPUBLIC SOURCES (PRIVATE GIFTS AND GRANTS)]  
17 PROVIDED IF A PRIVATE UNIVERSITY OR COLLEGE HAS LESS THAN 300 FULL-  
18 TIME STUDENTS, THE PERCENTAGE REQUIRED SHALL BE 15 PER CENT FUNDING  
19 FROM NONPUBLIC SOURCES]. Determination of the required 65 [15 OR  
20 22.5] per cent revenue to be derived [FUNDING] from [NONPUBLIC] sources  
21 of income other than tuition grants shall be made by the commissioner  
22 and the executive secretary as of May 1, based on the audit for the  
23 immediately prededing fiscal [JULY 1, 1973, AND AS OF JULY 1, FOR EACH  
24 SUCCEEDING] year.

25 \* Sec. 12. AS 14.40.786(c) is amended to read:

26 (c) No private university or college in which students receiving  
27 tuition grants are enrolled may grant remission of tuition to any  
28 student unless at least 65 [MORE THAN 22.5] per cent of its annual  
29 audited total operating revenues [OPERATING BUDGET] is derived [FUNDED]

1 from [NONPUBLIC] sources of income other than tuition grants [(PRIVATE  
2 GIFTS AND GRANTS), PROVIDED IF A PRIVATE UNIVERSITY OR COLLEGE HAS  
3 LESS THAN 300 FULL-TIME STUDENTS, THE PERCENTAGE REQUIRED SHALL BE 15  
4 PER CENT FUNDING FROM NONPUBLIC SOURCES]. The 65 [15 OR 22.5] per  
5 cent revenue required to be derived [FUNDING] from [NONPUBLIC] sources  
6 of income other than tuition grants shall apply as of May 1, based on  
7 the audit for the immediately preceding fiscal [JULY 1, 1973, AND AS  
8 OF JULY 1, FOR EACH SUCCEEDING] year.

9 \* Sec. 13. AS 14.40.786 is amended by adding new subsections to read:

10 (f) For the purposes of (c) and (d) of this section, a scholarship  
11 in the amount of tuition, or in the amount of tuition not covered by a  
12 tuition grant, is neither a "remission of tuition" nor a "contractual  
13 agreement under the terms of which a student covered by the contract  
14 pays less than the published tuition" as those terms are used in (c)  
15 and (d) of this section.

16 (g) It is the intention of the legislature that the tuition  
17 grant income be used solely for the support of the academic or in-  
18 structional program. A private college or university in which students  
19 receiving tuition grants are enrolled may not use the income derived  
20 from the tuition grant for

21 (1) construction or capital improvement costs and consequent  
22 debt service;

23 (2) expenditures for research and public service unrelated  
24 to curriculum, instruction or academic program;

25 (3) fund-raising and general development costs;

26 (4) intercollegiate athletics;

27 (5) the support of auxiliary services, including but not  
28 limited to food services, dormitories, residence halls, or other forms  
29 of student or faculty housing; or

1 (6) other extracurricular student activities or services.

2 \* Sec. 14. AS 14.40.796 is amended to read:

3 Sec. 14.40.796. APPLICATION AND CERTIFICATION. Application for  
4 tuition grants must be submitted to the executive secretary. The  
5 application deadline for a school year shall be determined by the  
6 executive secretary [SELECTION COMMITTEE]. The executive secretary  
7 [OF THE SELECTION COMMITTEE] may award grants only after the institution  
8 of higher education has certified that the student has enrolled in a  
9 full-time or part-time course of study in an associate, baccalaureate  
10 or graduate degree program. The executive secretary [SELECTION COM-  
11 MITTEE] shall determine the appropriate formula for awarding tuition  
12 grants to part-time students. He [, AND THE COMMITTEE] shall be  
13 guided by the provisions of sec. 776 of this chapter in making that  
14 determination: the difference between (1) the cost of operation for  
15 the state institution per semester credit hour and (2) the fee paid by  
16 the student at the state institution per semester credit hour, but not  
17 to exceed an appropriate portion of \$1,400. The tuition grant paid to  
18 a part-time student may not be in an amount that would result in a  
19 student paying less in tuition or fees at a private college or univer-  
20 sity than would be required for a similar enrollment at the state  
21 institution in the same city.

22 \* Sec. 15. AS 14.40.801(a) is amended to read:

23 (a) The executive secretary may decline to award tuition grants  
24 under sec. 776 of this chapter to students attending an institution if  
25 he finds that the fiscal and business management practices of the  
26 institution are inadequate in comparison with the practices of similar  
27 institutions. However, an institution whose fiscal and business  
28 management practices are found inadequate as reflected in an annual  
29 audit conducted according to auditing standards applicable to an

1 institution of higher education by a certified public accounting firm  
2 of the institution's selection may appeal the determination of the  
3 executive secretary to the same committee appointed under sec. 776(c)  
4 of this chapter [SELECTION COMMITTEE THROUGH THE CHAIRMAN OF THE  
5 COMMITTEE].

6 \* Sec. 16. AS 14.40.801(d) is amended to read:

7 (d) Before any funds for tuition grants are disbursed, [THE  
8 COMMISSIONER OF ADMINISTRATION AND] the executive secretary of the  
9 [SELECTION] committee shall determine that no student is receiving a  
10 grant to pay for courses of study or academic programs leading to an  
11 undergraduate or graduate degree that are unnecessarily duplicated at  
12 each of the institutions [A REQUIRED COURSE OR COURSES IN HIS AREA OF  
13 STUDY THAT ARE OFFERED] under a [THE] consortium.

14 \* Sec. 17. AS 14.40.806(2) is amended to read:

15 (2) "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; any combination of 12 or more semester  
18 hours of credit undertaken during a semester at two or more public or  
19 private institutions of higher education operating under a consortium  
20 constitutes full-time student status;

21 \* Sec. 18. AS 14.40.806(3) is amended to read:

22 (3) "part-time student" means a student who is enrolled and  
23 is in regular attendance at classes for at least six [TWO] but less  
24 than twelve semester hours of credit during the semester;

25 \* Sec. 19. AS 14.40.806 is amended by adding a new paragraph to read:

26 (6) "consortium" means a cooperative arrangement between  
27 two or more public or private institutions of higher education specified  
28 in agreements or memoranda of understanding to permit sharing of  
29 facilities, instructional opportunities, and other educational services

1 in such a way that the integrity of each institution party to the  
2 consortium is preserved while at the same time the institutions  
3 cooperatively plan the academic calendar, scheduling, use of personnel  
4 and facilities, and educational programs and offerings to the maximum  
5 advantage of the students and faculties of the institutions that are  
6 parties to a consortium.

7 \* Sec. 20. This Act takes effect on the day after its passage and  
8 approval or on the day it becomes law without approval.

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