

Introduced: 2/8/73  
Referred: Health, Welfare  
and Education and Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY REQUEST  
OF THE LEGISLATIVE COUNCIL

2 SENATE BILL NO. 124

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 14.40.753 is amended to read:

10 Sec. 14.40.753. FINANCIAL AID [SELECTION] COMMITTEE. (a) There  
11 is created the student financial aid [LOAN AND TUITION GRANT SELECTION]  
12 committee composed of seven members appointed by the governor. The  
13 committee is composed of the commissioner of education and at least one  
14 undergraduate student, one person employed as a high school counselor,  
15 one person from a minority group and one person representing the field  
16 of vocational-technical training. No member may be the president or a  
17 senior administrative officer of a college or university. Members  
18 serve for a staggered two-year term, determined by lot, except that the  
19 undergraduate student may serve only during the time he is enrolled as  
20 a full-time student. Vacancies shall be filled in the same manner as  
21 original appointment [AT THE PLEASURE OF THE GOVERNOR]. The committee  
22 shall elect its chairman. The commissioner of education is the [SHALL  
23 ACT AS] executive secretary of the committee. The Department of Educa-  
24 tion is charged with administering the programs [PROGRAM] established  
25 by secs. 751 - 806 of this chapter.

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

29 (c) The [SELECTION] committee shall make an annual report to the

1 governor, the [AND] legislature and the private colleges and universities  
2 where students receiving tuition grants are enrolled reviewing the  
3 work of the committee.

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

7 \* Sec. 2. AS 14.40.755(b) is amended to read:

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

12 \* Sec. 3. AS 14.40.757 is amended to read:

13 Sec. 14.40.757. ADMINISTRATION OF PROGRAM. The executive secretary  
14 shall administer the programs [PROGRAM] subject to review by the com-  
15 mittee and those [SUCH] regulations as the committee may prescribe.  
16 The promulgation of these regulations is not subject to the Administra-  
17 tive Procedure Act (AS 44.62), but a copy of the regulations shall be  
18 distributed to each applicant.

19 \* Sec. 4. AS 14.40.759 is amended to read:

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

23 \* Sec. 5. AS 14.40.761 is amended to read:

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

28 \* Sec. 6. AS 14.40.763(f) is amended to read:

29 (f) Interest on a loan given under secs. 751 - 806 of this

1 chapter is at the rate of five per cent a year.

2 \* Sec. 7. AS 14.40.776(a) is amended to read:

3 (a) The executive secretary of the [SELECTION] committee shall  
4 award a tuition grant to a student in an amount up to the difference  
5 between (1) the cost, in a city where there is both a four-year state  
6 university and a four-year private university or in a city where there  
7 is both a two-year state community college and a two-year private  
8 college, for the operation of the state institution on a full-time  
9 student per academic year basis, and (2) the tuition paid by the student  
10 at the state institution in those locations, but in no case may the  
11 amount exceed \$1,400. The tuition grant paid to a full-time student  
12 may not be in an amount that would result in a student paying less in  
13 tuition or fees at a private college or university than would be re-  
14 quired for a similar enrollment at the state institution in the same  
15 city. The grant [AMOUNT] is to be applied by the student toward his  
16 tuition at the private university or college in which he enrolls.

17 \* Sec. 8. AS 14.40.776 is amended by adding a new subsection to read:

18 (c) The computation under (a) of this section shall be made by  
19 the executive secretary. He shall publish the accounting procedures  
20 employed in making the computation, including, but not limited to, the  
21 time period on which the computation is based and the cost figures used.  
22 This cost data shall be made available for information purposes to the  
23 officers or administrators of the state institution whose cost of  
24 operations is the basis for the computation and to the officers or  
25 administrators of the private colleges and universities in which students  
26 receiving tuition grants are enrolled. A committee consisting of a  
27 qualified member of the staff of the division of budget and management  
28 of the Department of Administration designated by the commissioner, a  
29 qualified member of the staff of the Legislative Budget and Audit

1 Committee designated by the chairman of the committee, and one other  
2 specially qualified person in the field of accounting, business manage-  
3 ment or institutional finance appointed by the governor, shall review,  
4 and may hear an appeal from, the determination of the computation by  
5 the executive secretary. No officer, administrator, or other member  
6 of the staff of a state institution whose cost of operations is under  
7 review or an officer, administrator, or other member of the staff of  
8 the private colleges or universities in which students receiving tuition  
9 grants are enrolled may be a member of that committee.

10 \* Sec. 9. AS 14.40.781 is amended by adding a new subsection to read:

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

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

16 (2)  $P$  = the tuition charged by the private college or uni-  
17 versity in which the student is enrolled;

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

21 (4)  $F$  = the amount of any federal grant for tuition the  
22 student may receive.

23 \* Sec. 10. AS 14.40.786 is amended by adding new subsections to read:

24 (f) For the purposes of (b) and (c) of this section, "nonpublic  
25 sources" means gifts or grants from private individuals, corporations,  
26 foundations or other philanthropic organizations; these gifts or  
27 grants are ones in which the donee's interest vests immediately. Loans  
28 obtained from any source and student payments for tuition, fees, room  
29 and board or for other auxiliary services are not "nonpublic sources"

1 as that term is used in (b) and (c) of this section. For the purposes  
2 of (c) and (d) of this section a scholarship in the amount of tuition,  
3 or in the amount of tuition not covered by a tuition grant, is neither  
4 a "remission of tuition" nor a "contractual agreement under the terms  
5 of which a student covered by the contract pays less than the published  
6 tuition" as those terms are used in (c) and (d) of this section.

7 (g) It is the intention of the legislature that the tuition grant  
8 income be used solely for the support of the academic or instructional  
9 program. A private college or university in which students receiving  
10 tuition grants are enrolled may not use the income derived from the  
11 tuition grant for

- 12 (1) construction or capital improvement costs and consequent  
13 debt service;
- 14 (2) expenditures for research and public service;
- 15 (3) fund-raising and general development costs;
- 16 (4) varsity or intramural athletics;
- 17 (5) the support of auxiliary services, including but not  
18 limited to food services, dormitories, residence halls, or other forms  
19 of student or faculty housing; or
- 20 (6) other extra-curricular student activities or services.

21 \* Sec. 11. AS 14.40.796 is amended to read:

22 Sec. 14.40.796. APPLICATION AND CERTIFICATION. Application for  
23 tuition grants must be submitted to the executive secretary. The appli-  
24 cation deadline for a school year shall be determined by the executive  
25 secretary [SELECTION COMMITTEE]. The executive secretary [OF THE  
26 SELECTION COMMITTEE] may award grants only after the institution of  
27 higher education has certified that the student has enrolled in a full-  
28 time or part-time course of study in an associate, baccalaureate or  
29 graduate degree program. The executive secretary [SELECTION COMMITTEE]

1 shall determine the appropriate formula for awarding tuition grants to  
2 part-time students. He [, AND THE COMMITTEE] shall be guided by the  
3 provisions of sec. 776 of this chapter in making that determination:  
4 the difference between (1) the cost of operation for the state insti-  
5 tution per semester credit hour and (2) the fee paid by the student at  
6 the state institution per semester credit hour, but not to exceed an  
7 appropriate portion of \$1,400. The tuition grant paid to a part-time  
8 student may not be in an amount that would result in a student paying  
9 less in tuition or fees at a private college or university than would  
10 be required for a similar enrollment at the state institution in the  
11 same city.

12 \* Sec. 12. AS 14.40.801(a) is amended to read:

13 (a) The executive secretary may decline to award tuition grants  
14 under sec. 776 of this chapter to students attending an institution if  
15 he finds that the fiscal and business management practices of the insti-  
16 tution are inadequate in comparison with the practices of similar  
17 institutions. However, an institution whose fiscal and business manage-  
18 ment practices are found inadequate as reflected in an annual audit  
19 conducted according to auditing standards applicable to an institution  
20 of higher education by a certified public accounting firm of the insti-  
21 tution's selection may appeal the determination of the executive  
22 secretary to the same committee appointed under sec. 776(c) of this  
23 chapter [SELECTION COMMITTEE THROUGH THE CHAIRMAN OF THE COMMITTEE].

24 \* Sec. 13. AS 14.40.801(d) is amended to read:

25 (d) Before any funds for tuition grants are disbursed, [THE  
26 COMMISSIONER OF ADMINISTRATION AND] the executive secretary of the  
27 [SELECTION] committee shall determine that no student is receiving a  
28 grant to pay for courses of study or academic programs leading to an  
29 undergraduate or graduate degree that are unnecessarily duplicated at

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each of the institutions [A REQUIRED COURSE OR COURSES IN HIS AREA OF  
STUDY THAT ARE OFFERED] under a [THE] consortium.

\* Sec. 14. AS 14.40.806(3) is amended to read:

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

\* Sec. 15. This Act takes effect on the day after its passage and approv-  
al or on the day it becomes law without approval.