

Introduced: 3/14/79
Referred: Finance

1 IN THE HOUSE

BY BUCHHOLDT AND PARR

2 HOUSE BILL NO. 387

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the student loan program; and
7 providing for an effective date."

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

9 * Section 1. AS 14.40.765 is amended to read:

10 Sec. 14.40.765. ELIGIBILITY OF STUDENTS. A student may apply for
11 a scholarship loan if

12 (1) he is a resident of Alaska, and if

13 (2) he is [EITHER]

14 (A) enrolled as a full-time student in a career educa-
15 tion or associate or baccalaureate or graduate degree program; [OR]

16 (B) a graduate of

17 (i) a high school located in Alaska or [,]

18 (ii) a high school outside Alaska if his Alaskan
19 residence has been continuous; or

20 (C) scheduled for graduation from the [A] high school
21 within six months [,] with sufficient credits to be admitted to a
22 career education program or to an accredited college or university.

23 * Sec. 2. AS 14.40.767 is repealed and re-enacted to read:

24 Sec. 14.40.767. SELECTION CRITERIA. In selecting from among the
25 eligible students those students who will be awarded loans, the selec-
26 tion committee shall grant loans based on total point accumulations
27 under this subsection with priority going to those students with the
28 highest point accumulations. Points shall be awarded to applicants
29 based upon student status and continuous Alaskan residency, according to

1 the following schedule:

2 (1) student status:

- 3 (A) continuing students with loans.....4 points
4 (B) continuing students without loans.....3 points
5 (C) freshmen.....2 points
6 (D) all graduate students.....1 point

7 (2) continuous Alaskan residency:

- 8 (A) students with continuous Alaskan
9 residency of 10 years or more.....3 points
10 (B) students with continuous Alaskan
11 residency of 5 to 9 years.....2 points
12 (C) students with continuous Alaskan
13 residency of 4 years or less.....1 point.

14 * Sec. 3. AS 14.40.763(b) is amended to read:

15 (b) the loans may only be used to attend a career education
16 program [APPROVED BY THE COMMISSION] or a college or university
17 approved by the commission, and if the loans are federally insured,
18 by the United States Commissioner of Education [ACCREDITED BY THE
19 ACCREDITATION ASSOCIATION FOR THE REGION IN WHICH THE COLLEGE OR UNIV-
20 SITY IS LOCATED].

21 * Sec. 4. AS 14.40.763(e) is amended to read:

22 (e) Loans are interest [NON-INTEREST] bearing while a student is
23 enrolled under (c) of this section or is receiving a deferment of
24 payments under (k) of this section; however, a student shall be entitled
25 to have a portion of the interest paid on his behalf and for his
26 account in accordance with (l) of this section.

27 * Sec. 5. AS 14.40.763(g) is repealed and re-enacted to read:

28 (g) The required repayment of the principal amount of the loan and
29 any interest on the loan begins no earlier than nine months nor later

1 than one year after the student terminates his studies. The loan shall
2 provide for repayment of the total amount owed in periodic installments
3 in not less than five nor more than 10 years from the commencement of
4 repayment or more than 15 years from the date of execution of the
5 original promissory note evidencing the disbursement of the loan, except
6 as provided for in (k) and (m) of this section. Notwithstanding the
7 provisions of this subsection a student may at his option make payments
8 earlier than this subsection requires.

9 * Sec. 6. AS 14.40.763(j) is amended to read:

10 (j) A portion of a loan shall be paid on behalf of the borrower
11 by the state [CONSIDERED A GRANT] if, upon completion of the course of
12 study for which the loan was granted, the borrower [GRANTEE] spends at
13 least two years employed in the state. The portion of the loan which
14 shall be paid by the state [REGARDED AS A GRANT] shall be the following
15 percentages of the total loan received plus [ACCRUED] interest for up
16 to a total of 40 per cent:

17 (1) two - three years residency, 10 per cent;

18 (2) three - four years residency, an additional 10 [20] per
19 cent;

20 (3) four - five years residency, an additional 10 [30] per
21 cent;

22 (4) over five years residency, an additional 10 [40] per
23 cent.

24 * Sec. 7. AS 14.40.763(k) is repealed and re-enacted to read:

25 (k) Periodic installments of principal shall be deferred, but
26 interest shall accrue and be paid unless the student is eligible for
27 interest payment benefits under (l) of this section during any of the
28 following;

29 (1) return to student status as provided in (c) of this

1 section;

2 (2) serving on active duty as a member of the armed forces of
3 the United States;

4 (3) serving, for up to three years, as a full-time volunteer
5 under the Peace Corps Act;

6 (4) serving, for up to three years, as a full-time volunteer
7 under the Domestic Volunteer Service Act of 1973;

8 (5) for a one-time period up to 12 months in which the
9 borrower is seeking and unable to find employment in the United States;
10 or

11 (6) if the borrower becomes 50 per cent or more disabled as
12 certified by competent medical authority.

13 * Sec. 8. AS 14.40.763 is amended by adding new subsections to read:

14 (1) The state will pay the interest on that portion of a loan that
15 is not federally insured during

16 (1) the period before the beginning of the repayment period
17 of the loan; and

18 (2) deferments under (k) of this section except when

19 (A) military service under (k)(2) of this section
20 exceeds three years, or

21 (B) disability under (k)(6) of this section is 50 per
22 cent or more but less than total.

23 (m) In case of hardship, the committee may extend repayment of a
24 loan for an additional period of up to five years in increments no
25 longer than six months each, within the 15-year requirement of (g) of
26 this section.

27 * Sec. 9. AS 14.40.806 is amended by adding a new paragraph to read:

28 (8) "federally insured" means a loan covered by the provi-
29 sions of the Guaranteed Student Loan Program of Title IV, Part B, of the

1 Higher Education Act of 1965 (P.L. 89-329), as amended.

2 * Sec. 3. This Act takes effect July 1, 1979.

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