

Original sponsors: Rodey, Hackney
and Sackett

Offered: 3/15/79
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR SENATE BILL NO. 130 am

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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."

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

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* Section 1. The legislature determines that

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(1) there are no incentives in the student loan program for resi-
11 dents of Alaska to attend colleges and universities in Alaska as compared
12 with colleges and universities outside Alaska;

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(2) the result of this lack of incentives is that 64.9 per cent of
14 all undergraduate student loans and 92.9 per cent of graduate student loans
15 go to students attending colleges and universities outside Alaska;

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(3) the amount of the average loan to undergraduate students
17 attending colleges and universities in Alaska is lower than the average of
18 similar loans in all but one of the 10 western states and the amount of the
19 average loan for graduate students is the lowest in the West;

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(4) the funds spent on education in Alaskan colleges and univer-
21 sities go further than when the funds are spent out of state; and

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(5) it would be an aid to the Alaskan economy if the funds in the
23 student loan program were spent for education in Alaskan colleges and univer-
24 sities.

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* Sec. 2. AS 14.40.763(b) is amended to read:

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(b) the loans may only be used to attend a career education pro-
27 gram [APPROVED BY THE COMMISSION] or a college or university approved
28 by the commission, and if the loans are federally insured, by the

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United States Commissioner of Education [ACCREDITED BY THE ACCREDITATION

1 ASSOCIATION FOR THE REGION IN WHICH THE COLLEGE OR UNIVSITY IS LOCATED].

2 * Sec. 3. AS 14.40.763(e) is amended to read:

3 (e) Loans are interest [NON-INTEREST] bearing while a student is
4 enrolled under (c) of this section or is receiving a deferment of pay-
5 ments under (k) of this section; however, a student shall be entitled
6 to have a portion of the interest paid on his behalf and for his account
7 in accordance with (l) of this section.

8 * Sec. 4. AS 14.40.763(g) is repealed and re-enacted to read:

9 (g) The required repayment of the principal amount of the loan and
10 any interest on the loan begins no earlier than nine months nor later
11 than one year after the student terminates his studies. The loan shall
12 provide for repayment of the total amount owed in periodic installments
13 in not less than five nor more than 10 years from the commencement of
14 repayment or more than 15 years from the date of execution of the
15 original promissory note evidencing the disbursement of the loan, except
16 as provided for in (k) and (m) of this section. Notwithstanding the
17 provisions of this subsection a student may at his option make payments
18 earlier than this subsection requires.

19 * Sec. 5. AS 14.40.763(j) is amended to read:

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

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

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

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

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

5 * Sec. 6. AS 14.40.763(k) is repealed and re-enacted to read:

6 (k) Periodic installments of principal shall be deferred, but
7 interest shall accrue and be paid unless the student is eligible for
8 interest payment benefits under (1) of this section during any of the
9 following;

10 (1) return to student status as provided in (c) of this
11 section;

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

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

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

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

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

23 * Sec. 7. AS 14.40.763 is amended by adding new subsections to read:

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

26 (1) the period before the beginning of the repayment period
27 of the loan; and

28 (2) deferments under (k) of this section.

29 (m) In case of hardship, the committee may extend repayment of a

1 loan for an additional period of up to five years in increments no
2 longer than six months each, within the 15-year requirement of (g) of
3 this section.

4 * Sec. 8. AS 14.40.806 is amended by adding a new paragraph to read:

5 (8) "federally insured" means a loan covered by the provi-
6 sions of the Guaranteed Student Loan Program of Title IV, Part B, of the
7 Higher Education Act of 1965 (P.L. 89-329), as amended.

8 * Sec. 9. This Act takes effect July 1, 1979.

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