

Original sponsors: Rodey, Hackney
and Sackett

Offered: 5/5/79

1 IN THE SENATE

BY THE FREE CONFERENCE COMMITTEE

2

FREE CONFERENCE CS FOR SENATE BILL NO. 130

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act establishing programs of financial and academic
7 assistance to students in universities and colleges; and
8 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-
12 dents of Alaska to attend colleges and universities in Alaska as compared
13 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
15 all undergraduate student loans and 92.9 per cent of graduate student loans
16 go to students attending colleges and universities outside Alaska;

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(3) the amount of the average loan to undergraduate students
18 attending colleges and universities in Alaska is lower than the average of
19 similar loans in all but one of the 10 western states and the amount of the
20 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-
22 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
24 student loan program were spent for education in Alaskan colleges and univer-
25 sities.

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 AS 14.40.767 is repealed and re-enacted to read:

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28 Sec. 14.40.767. SELECTION CRITERIA. (a) The selection committee
29 shall grant loans based on total point accumulations under this subsec-
tion with priority going to those applicants with the highest point

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accumulations, except as provided in (b) of this section for loan applications completed before May 15 of each year. Points shall be awarded to applicants based upon student status and continuous Alaskan residency, according to the following schedule:

(1) student status:

- (A) continuing undergraduate and graduate students with existing Alaska scholarship loans.....4 points
- (B) continuing undergraduate and graduate students without existing Alaska scholarship loans.....3 points
- (C) freshmen.....2 points
- (D) new graduate students without existing Alaska scholarship loans1 point

(2) continuous Alaskan residency:

- (A) students with continuous Alaskan residency of 10 years or more.....3 points
- (B) students with continuous Alaskan residency of at least 5 years and less than 10 years.....2 points
- (C) students with continuous Alaskan residency of more than 2 years and less than 5 years1 point

(3) students attending Alaska

colleges or universities.....1 point.

(b) In awarding loans the selection committee shall award loans to applicants based upon the earliest date of completed applications if

- (1) the applicant has accumulated at least 5 points under (a) of this section; and
- (2) the applicant has filed a completed application not later than May 15 of the year for which the loan is requested.

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

2 (b) the loans may only be used to attend a career education pro-
3 gram [APPROVED BY THE COMMISSION] or a college or university approved
4 by the commission, and if the loans are federally insured, by the United
5 States Commissioner of Education [ACCREDITED BY THE ACCREDITATION ASSO-
6 CIATION FOR THE REGION IN WHICH THE COLLEGE OR UNIVERSITY IS LOCATED].

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

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

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

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

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

25 (j) A portion of a loan shall be paid on behalf of the borrower
26 by the state [CONSIDERED A GRANT] if, upon completion of the course of
27 study for which the loan was granted, the borrower [GRANTEE] spends at
28 least three [TWO] years employed in the state. The portion of the loan
29 which shall be paid by the state [REGARDED AS A GRANT] shall be the

1 following percentages of the total loan received plus [ACCRUED] interest
2 for up to a total of 40 per cent:

- 3 (1) two - three years residency, 10 per cent;
4 (2) three - four years residency, an additional 10 [20] per
5 cent;
6 (3) four - five years residency, an additional 10 [30] per
7 cent;
8 (4) over five years residency, an additional 10 [40] per
9 cent.

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

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

- 15 (1) return to student status as provided in (c) of this
16 section;
17 (2) serving on active duty as a member of the armed forces of
18 the United States;
19 (3) serving, for up to three years, as a full-time volunteer
20 under the Peace Corps Act;
21 (4) serving, for up to three years, as a full-time volunteer
22 under the Domestic Volunteer Service Act of 1973;
23 (5) for a one-time period up to 12 months in which the bor-
24 rower is seeking and unable to find employment in the United States; or
25 (6) if the borrower becomes 50 per cent or more disabled as
26 certified by competent medical authority.

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

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

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

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

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

8 (n) Each year spent attending a college or university in Alaska
9 qualifies as a year of employment and residency under (j) of this sec-
10 tion, if the borrower resides no less than three years in Alaska after
11 completion of the course for which the loan was granted, and has a total
12 Alaskan residency of 10 years time.

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

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

17 * Sec. 10. AS 24.20.060 is amended by adding a new paragraph to read:

18 (8) to establish a legislative internship program on a co-
19 operative basis with the University of Alaska which will provide for the
20 assignment of interns to standing committees of each house of the legis-
21 lature during regular sessions of the legislature.

22 * Sec. 11. AS 24.20 is amended by adding a new section to read:

23 Sec. 24.20.062. LEGISLATIVE INTERNSHIP PROGRAM. A legislative
24 internship program established by the legislative council under AS 24.-
25 20.060(8) shall provide that

26 (1) the University of Alaska provide academic support and
27 credit to the program;

28 (2) students enrolled and in good standing at any accredited
29 postsecondary educational institution who have successfully completed at

1 least two years of study are eligible to participate in the program;

2 (3) interns will be selected by a committee composed of
3 members of the legislature appointed by the legislative council and
4 representatives of the university appointed by the university;

5 (4) interns will be selected on the basis of their experience
6 and interest in subjects which the legislative council feels are likely
7 to be considered during a legislative session;

8 (5) legislative interns are entitled to receive academic
9 credit and payment of \$30 for each day of participation in the program
10 during the legislative session.

11 * Sec. 12. This Act takes effect July 1, 1979.

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