

Original sponsors: Cato, Chuckwuk,  
Fuller, et al

Offered: 3/15/82  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 492 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a state loan program for part-time  
7 postsecondary education students; and providing for an  
8 effective date."

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

10 \* Section 1. AS 14.40 is amended by adding a new section to read:

11 ARTICLE 9. SCHOLARSHIP LOANS AND LOANS FOR

12 PART-TIME STUDENTS [TUITION GRANTS].

13 Sec. 14.40.768. LOANS FOR PART-TIME STUDENTS. (a) A part-time  
14 student may apply for a loan under this section if he is

15 (1) domiciled in the state and has resided in the state for  
16 at least one year at the time he applies for the loan; and

17 (2) either

18 (A) enrolled as a part-time student in a career educa-  
19 tion or associate or baccalaureate or graduate degree program at an  
20 accredited college or university in the state; or

21 (B) a graduate of a high school, the holder of a general  
22 education development diploma, or scheduled for graduation from a  
23 high school within six months, with sufficient credits to be  
24 admitted as a part-time student to a career education program or to  
25 an accredited college or university in the state.

26 (b) The committee may make a loan under this section to an eligible  
27 part-time student who has a need for the loan as determined by the  
28 college or university in which he is enrolled. A loan may be approved  
29 only for an amount not to exceed the costs of tuition, fees, and books

1 for the borrower during each semester for which the borrower is enrolled  
2 as a part-time student.

3 (c) A loan under this section may only be used by the borrower to  
4 attend part-time a career education program or a college or university  
5 in the state that is approved by the commission, and, if the loan is  
6 federally insured, by the United States Department of Education.

7 (d) To maintain a loan under this section, the borrower must con-  
8 tinue to be enrolled as a part-time student in good standing in a career  
9 education program, college or university designated under (c) of this  
10 section.

11 (e) Interest on a loan under this section is at the rate of six  
12 percent a year. The required repayment of the principal and interest on  
13 the loan begins 120 days after the date of enrollment of the borrower,  
14 and shall provide for repayment of the total amount owed in periodic  
15 installments in not more than one year from the commencement of repay-  
16 ment. A borrower may make payments earlier than this subsection  
17 requires.

18 (f) Security may not be required for a loan under this section.  
19 However, as a condition of a loan, the committee shall require the  
20 borrower to pay attorney fees and costs of court if either or both are  
21 incurred in collection of the amount owed on the loan. If a loan is in  
22 default, the committee shall notify the borrower that repayment of the  
23 remaining balance is accelerated and due by sending the borrower a  
24 notice by registered or certified mail.

25 (g) In case of hardship, the committee may extend repayment of a  
26 loan made under this section for an additional period of up to five  
27 years in increments no longer than six months each.

28 (h) For purposes of this section "part-time student" means a  
29 student who is enrolled and is in regular attendance at classes

1 (1) for less than the semester hours of credit required for  
2 full-time student status under AS 14.40.806(2) during the semester; or  
3 (2) during a summer session.

4 \* Sec. 2. AS 14.40.751 is amended to read:

5 Sec. 14.40.751. LOAN AND TUITION FUNDS CREATED. (a) There is  
6 created a scholarship revolving loan fund. The fund shall be used to  
7 make scholarship loans to students selected under AS 14.40.759 - 14.40.-  
8 767 [AS 14.40.751 - 14.40.806]. All repayments of principal and inter-  
9 est on scholarship loans shall be paid into the scholarship revolving  
10 loan fund and shall be used to make new scholarship loans. If estimated  
11 funds available from scholarship loan repayments are inadequate to fully  
12 fund estimated scholarship loans for any fiscal year, additional funding  
13 from the general fund may be requested and appropriated for that year.

14 [(b) THERE IS CREATED A TUITION GRANT FUND AS AN ACCOUNT IN THE  
15 GENERAL FUND. THE FUND SHALL BE USED TO MAKE TUITION GRANTS TO STUDENTS  
16 SELECTED UNDER AS 14.40.751 - 14.40.806.

17 (c) ON MARCH 1 OF EACH FISCAL YEAR, IF THERE IS A BALANCE OF  
18 APPROPRIATED BUT UNOBLIGATED FUNDS IN THE TUITION GRANT FUND CREATED  
19 UNDER (b) OF THIS SECTION, THAT SUM SHALL BE AUTOMATICALLY TRANSFERRED  
20 TO THE SCHOLARSHIP REVOLVING LOAN FUND CREATED UNDER (a) OF THIS SECTION  
21 TO MAKE ADDITIONAL SCHOLARSHIP LOANS DURING THAT FISCAL YEAR.]

22 (d) There is created a revolving loan fund to make loans to part-  
23 time students selected under AS 14.40.768. All repayments of principal  
24 and interest on part-time student loans shall be paid into the fund and  
25 shall be used to make new loans for part-time students. If estimated  
26 money available from loan repayments is inadequate to fully finance  
27 estimated part-time student loans for any fiscal year, additional money  
28 from the general fund may be requested and appropriated for that year.

29 \* Sec. 3. AS 14.40.753(a) is amended to read:

1 (a) The student financial aid committee is composed of the members  
2 of the Alaska Commission on Postsecondary Education. The commission may  
3 delegate its functions under AS 14.40.751 - 14.40.806 to a committee of  
4 its members, with augmented membership as the commission considers  
5 appropriate. The executive officer of the commission is the executive  
6 secretary of the committee. The Alaska Commission on Postsecondary  
7 Education shall administer the loan programs [PROGRAM] established by  
8 AS 14.40.751 - 14.40.806.

9 \* Sec. 4. AS 14.40.753(c) is amended to read:

10 (c) The committee shall make an annual report reviewing the work  
11 of the committee to the governor and [,] the legislature [AND THE PRI-  
12 VATE COLLEGES AND UNIVERSITIES WHERE STUDENTS RECEIVING TUITION GRANTS  
13 ARE ENROLLED].

14 \* Sec. 5. AS 14.40.755 is amended to read:

15 Sec. 14.40.755. APPLICATIONS. (a) An application for a scholar-  
16 ship loan or a loan under AS 14.40.768 [APPLICATIONS] shall be submitted  
17 to the executive secretary of the committee.

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 committee through the chairman of the committee and the committee  
21 shall consider the application.

22 \* Sec. 6. AS 14.40.757 is amended to read:

23 Sec. 14.40.757. ADMINISTRATION OF PROGRAMS [PROGRAM]. The execu-  
24 tive secretary shall administer the loan programs under AS 14.40.751 -  
25 14.40.806 subject to review by the committee and in accordance with the  
26 regulations prescribed by the committee. The adoption [PROMULGATION] of  
27 these regulations is subject to the Administrative Procedure Act  
28 (AS 44.62), and a summary of the regulations shall be distributed to  
29 each applicant.

1 \* Sec. 7. AS 14.40.769 is amended to read:

2           Sec. 14.40.769. DISCRIMINATION PROHIBITED. The student loan  
3 programs established in AS 14.40.751 - 14.40.806 [PROGRAM] shall be  
4 carried out without regard to the race, creed, sex, color, ancestry,  
5 national origin, or membership in fraternal or political organizations  
6 of the student applying for a [THE] loan.

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

8           (9) "scholarship loan" means a loan made from the scholarship  
9 revolving loan fund created under AS 14.40.751(a) to a student under  
10 AS 14.40.759 or 14.40.761.

11 \* Sec. 9. AS 14.40.806(3) is repealed.

12 \* Sec. 10. This Act takes effect July 1, 1982.

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