

Offered: 4/19/83  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE HEALTH, EDUCATION,  
AND SOCIAL SERVICES COMMITTEE  
2 CS FOR SENATE BILL NO. 209 (HESS)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to scholarship loans; and providing  
7 for an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that  
10 because of student mobility, the attractiveness of the scholarship loan  
11 program, and the portability of the loans, the traditional one-year resi-  
12 dency test is not generally sufficient for determining intent to make  
13 Alaska a student's home. Consequently, the legislature finds that a dura-  
14 tional residency of two years is necessary as the test for determining  
15 whether an applicant is a bona fide resident of the state.  
16 (b) The purpose of the imposition of the January 1 scholarship loan  
17 application deadline established by sec. 6 of this Act is to provide accu-  
18 rate state budgeting for actual loan demand. The legislature has found  
19 that projection of loan demand is difficult and contains too many uncon-  
20 trollable variables to be significantly reliable. Therefore, rather than  
21 arbitrarily capping the program, or continuing the risk of under-funding, a  
22 deadline date is established to enable the committee to accurately report  
23 loan demand to each new legislative session.  
24 \* Sec. 2. AS 14.43.120(c) is amended to read:  
25 (c) To maintain a loan the student must continue to be enrolled  
26 as a full-time student in good standing or as a part-time student in  
27 good standing in more than one college or university for a total  
28 number of hours or credits equivalent to a full-time student in a  
29 career education program, college or university designated under (b)

1 of this section. The commission shall adopt regulations defining  
2 "good standing" for purposes of this subsection.

3 \* Sec. 3. AS 14.43.120(f) is amended to read:

4 (f) Interest on a loan made [GIVEN] under AS 14.43.090 - 14.43.-  
5 160 is at the rate of eight [FIVE] percent a year.

6 \* Sec. 4. AS 14.43.120(j) is amended to read:

7 (j) A portion of a loan shall be paid on behalf of the borrower  
8 by the state if, upon completion of the course of study for which the  
9 loan was granted, the borrower is a resident of the state for at least  
10 two years. The portion of the loan that shall be paid by the state is  
11 the following percentages of the total loan received plus interest up  
12 to a total of 50 percent of the total principal and 70 percent of the  
13 total interest [LOAN]:

14 (1) two - three years residence in the state, 10 percent of  
15 the total principal and 14 percent of the total interest;

16 (2) three - four years residence in the state, an addi-  
17 tional 10 percent of the total principal and 14 percent of the total  
18 interest;

19 (3) four - five years residence in the state, an additional  
20 10 percent of the total principal and 14 percent of the total inter-  
21 est;

22 (4) five - six years residence in the state, an additional  
23 10 percent of the total principal and 14 percent of the total inter-  
24 est;

25 (5) over six years residence in the state, an additional 10  
26 percent of the total principal and 14 percent of the total interest.

27 \* Sec. 5. AS 14.43.120(k)(2) is amended to read:

28 (2) serving a first enlistment period of up to four years  
29 as an enlisted person on active duty as a member of the armed forces

1 of the United States;

2 \* Sec. 6. AS 14.43.125 is repealed and reenacted to read:

3 Sec. 14.43.125. ELIGIBILITY OF STUDENTS. A person may apply for  
4 and obtain a scholarship loan if the person

5 (1) is

6 (A) enrolled as a full-time student in a career educa-  
7 tion, or associate, or baccalaureate, or graduate degree program;  
8 or

9 (B) a graduate of a high school, or scheduled for  
10 graduation from a high school within six months, with sufficient  
11 credits to be admitted to a career education program or to an  
12 accredited college or university;

13 (2) is not delinquent or in default on a previously awarded  
14 scholarship loan; and

15 (3) is a resident of the state at the time of application  
16 for the loan. For purposes of this section, a person qualifies as a  
17 resident of the state if at the time of application for the loan the  
18 person

19 (A) has been physically present in the state for at  
20 least two years;

21 (B) is dependent on a parent or guardian for care, and  
22 the parent or guardian has been present in the state for at least  
23 two years; or

24 (C) has been physically present in the state for at  
25 least two years immediately before being absent from the state  
26 and the absence is due solely to

27 (i) military service;

28 (ii) required medical care for the applicant or a  
29 member of the applicant's immediate family;

1 (iii) attending a school as a full-time student;  
2 (iv) full-time employment by the state or its  
3 congressional delegation; or  
4 (v) being a dependent or spouse accompanying a  
5 person who qualifies as a resident under (C)(i) - (iv) of this  
6 paragraph.

7 \* Sec. 7. AS 14.43 is amended by adding a new section to read:

8 Sec. 14.43.127. APPLICATION DEADLINE. An application for a  
9 scholarship loan must be submitted by the January 1 immediately pre-  
10 ceding the school year for which the loan is requested.

11 \* Sec. 8. AS 14.43 is amended by adding a new section to read:

12 Sec. 14.43.150. LIMITS ON CAREER EDUCATION LOANS. The commit-  
13 tee, acting upon the advice of a three member panel consisting of the  
14 executive director of the Alaska commission on postsecondary educa-  
15 tion, the commissioner of commerce and economic development, and the  
16 commissioner of labor, shall annually review vocational fields of  
17 study and projected in-state career opportunities and shall set limits  
18 upon the number of career education loans awarded for those fields of  
19 study in which potential student demand unnecessarily exceeds pro-  
20 jected employment opportunities.

21 \* Sec. 9. AS 14.43.130 is repealed December 31, 1983.

22 \* Sec. 10. AS 14.43.127 does not apply to scholarship loan applications  
23 made for the 1983 - 1984 school year.

24 \* Sec. 11. If the two-year residency requirement for scholarship loans  
25 provided by AS 14.43.125 is declared unconstitutional or otherwise invalid  
26 by a court of competent jurisdiction, the Commission on Postsecondary  
27 Education shall adopt regulations to impose the most stringent residency  
28 requirement allowable under the Constitution of the State of Alaska and the  
29 United States Constitution on scholarship loan applicants.

1 \* Sec. 12. This Act takes effect immediately in accordance with AS 01.-  
2 10.070(c).