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Referred: Health, Education & Social Services,
Judiciary & Finance

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1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

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SENATE BILL NO. 225

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the scholarship 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 14.43.100(a) is amended to read:

10 (a) An application for a scholarship or supplemental scholarship
11 loan must [APPLICATIONS SHALL] be submitted to the executive secretary
12 of the committee on a form approved by the committee. A loan appli-
13 cant must submit summary information on the applicant's income, and
14 family income if appropriate, and other financial data determined by
15 the commission to be necessary in implementing AS 14.43.115 -- 14.43.-
16 117.

17 * Sec. 2. AS 14.43.110 is amended to read:

18 Sec. 14.43.110. SCHOLARSHIP [UNDERGRADUATE] LOANS. The student
19 financial aid committee may make a scholarship loan, not to exceed
20 \$4,000 [\$5,500] in any one school year, to a [AN UNDERGRADUATE] stu-
21 dent eligible under AS 14.43.125. The committee may make a loan for a
22 summer term, even if the total loan for the school year exceeds the
23 \$4,000 [\$5,500] maximum, if the loan for the summer term is counted
24 against the \$4,000 [\$5,500] maximum for the following school year.

25 * Sec. 3. AS 14.43.115 is amended to read:

26 Sec. 14.43.115. SUPPLEMENTAL SCHOLARSHIP [GRADUATE] LOANS. The
27 student financial aid committee may make a supplemental scholarship
28 loan, not to exceed \$2,000 [\$6,500] in any one school year, to a
29 [GRADUATE] student [WHO IS] eligible under AS 14.43.116 and

1 AS 14.43.125 [AND IS PURSUING AN ADVANCED DEGREE]. The committee may
2 make a supplemental loan for a summer term, even if the total supple-
3 mental loan for the school year exceeds the \$2,000 [\$6,500] maximum,
4 if the supplemental loan for the summer term is counted against the
5 \$2,000 [\$6,500] maximum for the following school year.

6 * Sec. 4. AS 14.43 is amended by adding new sections to read:

7 Sec. 14.43.116. ELIGIBILITY FOR SUPPLEMENTAL SCHOLARSHIP LOANS.

8 (a) A person who qualifies under the criteria established by the
9 commission in accordance with (b) of this section, and who meets the
10 requirements of AS 14.43.125, may obtain a supplemental scholarship
11 loan under AS 14.43.115. An application for a supplemental scholar-
12 ship loan must be submitted at the same time that an application for a
13 scholarship loan under AS 14.43.110 is submitted.

14 (b) The commission shall establish by regulation the criteria
15 and procedures by which a person may qualify for a supplemental schol-
16 arship loan. The regulations adopted by the commission must

17 (1) require the applicant to submit a financial aid form
18 approved by the commission;

19 (2) use criteria and procedures for determining financial
20 need which meet the requirements of the U.S. Department of Education
21 for the evaluation of need for federal financial aid programs; and

22 (3) adjust the criteria of student and family income,
23 assets, expenses, and other relevant factors for Alaska conditions and
24 the amount of money available under AS 14.43.117.

25 Sec. 14.43.117. SCHOLARSHIP LOAN RESERVES. At the beginning of
26 each fiscal year, the commission shall set apart one-third of the
27 total money estimated to be available for scholarship loans under
28 AS 14.43.090 -- 14.43.160. The money set apart may only be used for
29 the purpose of making a scholarship loan and a supplemental

1 scholarship loan to a person who applies for and qualifies for both
2 loans. If, at any time during the fiscal year, the commission deter-
3 mines that the money set apart is in excess of that needed to make
4 loans to persons who apply for and obtain both a scholarship loan and
5 a supplemental scholarship loan, the commission may release a portion
6 or all of the money set apart and make a loan to any person who qual-
7 ifies for a loan under AS 14.43.090 -- 14.43.160.

8 * Sec. 5. AS 14.43.120(b) is amended to read:

9 (b) Scholarship loans may only be used to attend a
10 (1) career education institution [PROGRAM] that has been
11 approved by the commission before July 1, 1986, or has been operating
12 for at least two years before the borrower attends; or

13 (2) college or university that
14 (A) has been approved by the commission before July 1,
15 1986, or has been operating for at least two years before the
16 borrower attends;

17 (B) is accredited by a national or regional accredita-
18 tion association recognized by the Council on Postsecondary
19 Accreditation or is approved by the commission; and

20 (C) if the loans are federally insured, is approved by
21 the United States Commissioner of Education.

22 * Sec. 6. AS 14.43.120(i) is amended to read:

23 (i) If a loan is in default, the commission shall notify the
24 borrower that repayment of the remaining balance is accelerated and
25 due, by sending the borrower a notice by registered or certified mail.
26 As provided in AS 43.23.065(b)(4), a defaulted borrower's permanent
27 fund dividend may be taken to satisfy, in part or in whole, the bal-
28 ance due on the defaulted loan.

29 * Sec. 7. AS 14.43.120(1) is amended to read:

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

3 (1) the period in which a borrower is a full-time student
4 [BEFORE THE BEGINNING OF THE REPAYMENT PERIOD OF THE LOAN]; and

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

6 * Sec. 8. AS 14.43.120(j) is repealed.

7 * Sec. 9. The Alaska Commission on Postsecondary Education and the
8 student financial aid committee may, to carry out their respective respon-
9 sibilities under this Act, adopt regulations necessary to implement the
10 changes made by this Act.

11 * Sec. 10. Sections 6 and 9 of this Act take effect immediately under
12 AS 01.10.07(c).

13 * Sec. 11. Sections 1 -- 5, 7, and 8 of this Act take effect July 1,
14 1987.