

Offered: 4/5/89
Referred: Finance

6-0592E

Original sponsors: Boyer and Koponen

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 208 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to loans for half-time students,
7 deferral of loan repayment, and to the Alaska Post-
8 secondary Education Commission; repealing the student
9 financial aid committee; and providing for an effec-
10 tive date."

10

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

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* Section 1. AS 14.42.030(b) is amended to read:

13

(b) The commission shall

14

(1) develop a comprehensive statewide plan for coordinated

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postsecondary education in the state and serve as the state commission
16 on postsecondary education required under sec. 1202 of Title XII of
17 the Higher Education Act of 1965, as amended by the Education Amend-
18 ments of 1972 (P.L. 92-318, sec. 196; 86 Stat. 324);

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(2) establish a state advisory council on community col-

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leges and develop a comprehensive statewide plan for the expansion and
21 improvement of the community colleges under sec. 1001 of Title X of
22 the Higher Education Act of 1965, as amended by the Education Amend-
23 ments of 1972 (P.L. 92-318, sec. 186; 86 Stat. 312, 313);

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(3) serve as the state agency required under sec. 105 of

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Title I (Community Service and Continuing Education), 603 of Title VI

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(Financial Assistance for Undergraduate Education), 704 of Title VII

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(Construction of Academic Facilities), and Part B of Title IV (Guaran-

28

teed Student Loan Program) of the Higher Education Act of 1965 (P.L.

29

89-329; 79 Stat. 1220, 1262; 20 U.S.C. 1005, 1123) as authorized by

1 sec. 1202(c) of Title XII of the Higher Education Act of 1965, as
2 amended by the Education Amendments of 1972 (P.L. 92-318, sec. 196; 86
3 Stat. 324);

4 (4) administer the provisions of AS 14.43.090 - 14.43.160
5 (student loan program) [, AND SERVE AS THE STUDENT FINANCIAL AID
6 COMMITTEE];

7 (5) administer the provisions of AS 14.48 (regulation of
8 postsecondary educational institutions);

9 (6) resolve any disputes that exist or arise under a con-
10 sortium or other cooperative agreement between institutions of public
11 and private higher education in the state.

12 * Sec. 2. AS 14.42.040(a) is amended to read:

13 (a) The commission may appoint an executive director as the
14 commission's executive officer. The executive officer is a member of
15 the exempt service under AS 39.25.110, serves at the pleasure of the
16 commission, and receives compensation fixed by the commission. The
17 executive officer appoints persons to the staff positions authorized
18 by the commission, and staff compensation is fixed by the commission.
19 [THE EXECUTIVE OFFICER IS THE EXECUTIVE SECRETARY OF THE STUDENT
20 FINANCIAL AID COMMITTEE.] Each employee of the commission shall elect
21 membership either in the state teachers' retirement system (AS 14.25),
22 if qualified, or in the public employees' retirement system
23 (AS 39.35).

24 * Sec. 3. AS 14.43.090(d) is amended to read:

25 (d) The commission [STUDENT FINANCIAL AID COMMITTEE CREATED
26 UNDER AS 14.43.095] may sell or assign notes and other instruments
27 evidencing scholarship loans to the Alaska Student Loan Corporation
28 and enter into agreements with the corporation relating to loans, the
29 administration of the student loan fund created under AS 14.42.210,

1 and the payment of and security for bonds of the corporation. Pro-
2 ceeds from the sale or assignment of notes and other instruments shall
3 be deposited in the scholarship revolving loan fund.

4 * Sec. 4. AS 14.43.100(a) is amended to read:

5 (a) Applications shall be submitted to the executive director
6 [SECRETARY] of the commission [COMMITTEE].

7 * Sec. 5. AS 14.43.100(b) is amended to read:

8 (b) A person whose loan application is not approved [RECOMMENDED
9 OR PRESENTED TO THE COMMITTEE] by the executive director of the com-
10 mission [SECRETARY] may appeal to the commission [COMMITTEE THROUGH
11 THE CHAIRMAN OF THE COMMITTEE] and the commission [COMMITTEE] shall
12 consider the application.

13 * Sec. 6. AS 14.43.105 is amended to read:

14 Sec. 14.43.105. ADMINISTRATION OF PROGRAM. The executive direc-
15 tor [SECRETARY] shall administer the programs subject to review by the
16 commission [COMMITTEE] and in accordance with the regulations adopted
17 by the commission [COMMITTEE]. The adoption of these regulations is
18 subject to the Administrative Procedure Act (AS 44.62). A summary of
19 the regulations shall be distributed to each applicant.

20 * Sec. 7. AS 14.43.110 is amended to read:

21 Sec. 14.43.110. UNDERGRADUATE LOANS. The commission [STUDENT
22 FINANCIAL AID COMMITTEE] may make a loan, not to exceed \$5,500 in a
23 [ANY ONE] school year [,] to a full-time [AN] undergraduate student,
24 and not to exceed \$2,750 in a school year to a half-time undergraduate
25 student, eligible under AS 14.43.125. The commission [COMMITTEE] may
26 make a loan for a summer term, even if the total loan for the school
27 year exceeds the \$5,500 or \$2,750 maximum, if the loan for the summer
28 term is counted against the \$5,500 or \$2,750 maximum for the following
29 school year.

1 * Sec. 8. AS 14.43.115 is amended to read:

2 Sec. 14.43.115. GRADUATE LOANS. The commission [STUDENT FINAN-
3 CIAL AID COMMITTEE] may make a loan, not to exceed \$6,500 in a [ANY
4 ONE] school year [,] to a full-time graduate student, and not to
5 exceed \$3,250 in a school year to a half-time graduate student, who is
6 eligible under AS 14.43.125 and is pursuing an advanced degree. The
7 commission [COMMITTEE] may make a loan for a summer term, even if the
8 total loan for the school year exceeds the \$6,500 or \$3,250 maximum,
9 if the loan for the summer term is counted against the \$6,500 or
10 \$3,250 maximum for the following school year.

11 * Sec. 9. AS 14.43.120(c) is amended to read:

12 (c) To maintain a loan awarded to a full-time student the stu-
13 dent must continue to be enrolled as a full-time student in good
14 standing in a career education program, college, or university that
15 meets the requirements [DESIGNATED] under (b) of this section. To
16 maintain a loan awarded to a half-time student, the student must con-
17 tinue to be enrolled as a half-time student in good standing in a
18 career education program, college, or university in the state that
19 meets the requirements under (b) of this section. The commission
20 shall adopt regulations defining "good standing" for purposes of this
21 subsection.

22 * Sec. 10. AS 14.43.120(g) is amended to read:

23 (g) Repayment of the principal and interest on the loan begins
24 not [NO] later than one year after the borrower's studies are termi-
25 nated. The loan shall provide for repayment of the total amount owed
26 in periodic installments in not more than 10 years from the commence-
27 ment of repayment if the loan is to a full-time student, or in not
28 more than five years from the commencement of repayment if the loan is
29 to a half-time student, except as provided in (k) and (m) of this

1 section. If the commission and the borrower agree to a different
2 repayment schedule, the borrower shall repay the loan in accordance
3 with the agreement. A borrower may make payments earlier than re-
4 quired by this subsection.

5 * Sec. 11. AS 14.43.120(k) is amended to read:

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

10 (1) return to full-time student status in good standing in
11 a career education program, college, or university that meets the
12 requirements under (b) of this section [AS PROVIDED IN (c) OF THIS
13 SECTION];

14 (2) return to half-time student status in good standing in
15 a career education program, college, or university in the state that
16 meets the requirements under (b) of this section; a borrower is not
17 eligible for deferral under this paragraph for a period longer than
18 eight years;

19 (3) -serving an initial period of up to six years on active
20 duty as a member of the armed forces of the United States;

21 (4) [(3)] -serving, for up to three years, as a full-time
22 volunteer under the Peace Corps Act;

23 (5) [(4)] -serving, for up to three years, as a full-time
24 volunteer under the Domestic Volunteer Service Act of 1973;

25 (6) [(5)] for a one-time period up to 12 months in which
26 the borrower is seeking and unable to find employment in the United
27 States; or

28 (7) during the period of disability [(6)] if the borrower
29 becomes 50 percent or more disabled as certified by competent medical

1 authority.

2 * Sec. 12. AS 14.43.120(m) is amended to read:

3 (m) In case of hardship, the commission [COMMITTEE] may extend
4 repayment of a loan for an additional period of up to five years in
5 increments no longer than 12 months each.

6 * Sec. 13. AS 14.43.125(a) is amended to read:

7 (a) A person may apply for and obtain a scholarship loan if the
8 person

9 (1) is

10 (A) enrolled as a full-time student in a career educa-
11 tion, associate, baccalaureate, or graduate degree program; [OR]

12 (B) enrolled as a half-time student in a career educa-
13 tion, associate, baccalaureate, or graduate degree program in the
14 state; or

15 (C) a graduate of a high school or the equivalent, or
16 scheduled for graduation from a high school within six months,
17 with sufficient credits to be admitted to a career education
18 program or to an accredited college or university;

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

21 (3) is a resident of the state at the time of application
22 for the loan; for purposes of this section, a person qualifies as a
23 resident of the state if at the time of application for the loan the
24 person

25 (A) has been physically present in the state for at
26 least two years immediately before the time of application for
27 the loan;

28 (B) is dependent on a parent or guardian for care, the
29 parent or guardian has been present in the state for at least two

1 years immediately before the time of application for the loan and
2 the person has been present in the state for at least one year of
3 the immediately preceding five years except that the commission
4 may by a two-thirds vote, acting upon a written appeal by the
5 person, grant an exemption to the requirement that the person has
6 been present in the state for one year of the immediately preced-
7 ing five years;

8 (C) has been physically present in the state, or is a
9 dependent of a parent or guardian who has been physically present
10 in the state, for at least two years immediately before the
11 applicant was absent from the state and the absence is due solely
12 to

13 (i) serving an initial period of up to six years
14 on active duty as a member of the armed forces of the United
15 States;

16 (ii) serving [,] for up to three years as a full-
17 time volunteer under the Peace Corps Act;

18 (iii) serving [,] for up to three years as a full-
19 time volunteer under the Domestic Volunteer Service Act of
20 1973;

21 (iv) required medical care for the applicant or
22 the applicant's immediate family;

23 (v) being a person who otherwise qualifies as a
24 resident and is accompanying a spouse who qualifies as a
25 resident under (i) - (iv) of this paragraph; or

26 (D) has been physically present in the state, or is a
27 dependent of a parent or guardian who has been physically present
28 in the state, for at least two years immediately before the
29 applicant or the parent or guardian was absent from the state and

1 the absence is due solely to
2 (i) participating in a foreign exchange student
3 program recognized by the commission;
4 (ii) attending a school as a full-time student;
5 (iii) full-time employment by the state;
6 (iv) being a member of or employed full-time by
7 the state's congressional delegation;
8 (v) being a person who otherwise qualifies as a
9 resident and is accompanying a spouse who qualifies as a
10 resident under (i) - (iv) of this paragraph; and
11 (4) does not have a past due child support obligation
12 established by court order or by the child support enforcement divi-
13 sion under AS 47.23.160 - 47.23.220 at the time of application.

14 * Sec. 14. AS 14.43.160 is amended by adding a new paragraph to read:

15 (7) "half-time student" means an undergraduate, graduate,
16 or career education student who during the semester is enrolled and is
17 in regular attendance at classes at one or more public or private
18 institutions of higher education for at least a total of six semester
19 credit hours or an equivalent of six semester credit hours, and in-
20 cludes a career education student enrolled and in regular attendance
21 in classes for at least 15 hours a week.

22 * Sec. 15. AS 14.43.255(c) is amended to read:

23 (c) The commission [STUDENT FINANCIAL AID COMMITTEE CREATED
24 UNDER AS 14.43.095] may sell or assign notes and other instruments
25 evidencing memorial scholarship loans to the Alaska Student Loan
26 Corporation and enter into agreements with the corporation relating to
27 loans, the administration of the student loan fund created under
28 AS 14.42.210, and the payment of and security for bonds of the corpo-
29 ration. Proceeds from the sale or assignment of a note or other

1 instrument shall be deposited in the appropriate memorial scholarship
2 loan fund account.

3 * Sec. 16. AS 14.43.320(a) is amended to read:

4 (a) The memorial scholarship loans provided for under AS 14.43.-
5 250 - 14.43.325 shall be administered by the executive director [SEC-
6 RETARY] of the commission [STUDENT FINANCIAL AID COMMITTEE UNDER
7 AS 14.43.095 AND 14.43.105], subject to review by the commission
8 [COMMITTEE] and to those regulations the commission [COMMITTEE] may
9 prescribe to carry out the purposes of AS 14.43.250 - 14.43.325.

10 * Sec. 17. AS 14.43.405(a) is amended to read:

11 (a) The educational incentive grant program established under
12 AS 14.43.400 - 14.43.500 shall be administered by the executive direc-
13 tor of the commission [SECRETARY OF THE STUDENT FINANCIAL AID COMMIT-
14 TEE UNDER AS 14.43.095 - 14.43.105], subject to review by the commis-
15 sion [COMMITTEE] and to those regulations the commission [COMMITTEE]
16 may adopt to carry out the purposes of AS 14.43.400 - 14.43.500.

17 * Sec. 18. AS 14.43.415(a) is amended to read:

18 (a) A student may apply for an educational incentive grant if
19 the student

20 (1) is a resident of Alaska;

21 (2) is either

22 (A) enrolled as a full-time undergraduate student in a
23 degree program in an accredited postsecondary educational insti-
24 tution; or

25 (B) eligible to be admitted to an accredited postsec-
26 ondary educational institution; and

27 (3) establishes financial need in accordance with standards
28 for determining financial need adopted by the commission [COMMITTEE]
29 under 20 U.S.C. 1070c-2.

1 * Sec. 19. AS 14.43.415(b) is amended to read:

2 (b) The commission [STUDENT FINANCIAL AID COMMITTEE] shall, by
3 regulation, establish a system of priority in the selection of recipi-
4 ents of grants under AS 14.43.400 - 14.43.500 under which students
5 from "low income" families or whose incomes are considered "low in-
6 come" shall be given preference in the award of the educational incen-
7 tive grants.

8 * Sec. 20. AS 14.43.620(b) is amended to read:

9 (b) The commission [STUDENT FINANCIAL AID COMMITTEE CREATED
10 UNDER AS 14.43.095] may sell or assign notes and other instruments
11 evidencing teacher scholarship loans to the Alaska Student Loan Corpo-
12 ration and enter into agreements with the corporation relating to
13 loans, the administration of the student loan fund created under
14 AS 14.42.210 and the payment of and security for bonds of the corpo-
15 ration. Proceeds from the sale or assignment of the notes or other
16 instruments shall be deposited in the teacher scholarship revolving
17 loan fund.

18 * Sec. 21. AS 14.43.630(a) is amended to read:

19 (a) The teacher scholarship loan program shall be administered
20 by the commission [STUDENT FINANCIAL AID COMMITTEE (AS 14.43.095)] in
21 accordance with regulations adopted by the commission [COMMITTEE].
22 The commission [COMMITTEE] shall

23 (1) allocate the loan awards available for teacher scholar-
24 ship loans annually to local school boards giving a preference to
25 rural school districts; and

26 (2) develop and distribute to the local school boards an
27 application form for teacher scholarship loans; the form shall include
28 a requirement that the applicant supply a high school academic tran-
29 script and a statement of intent to enter a teaching career at the

1 elementary or secondary school level in the state.

2 * Sec. 22. AS 14.43.650(a) is amended to read:

3 (a) To be eligible for a teacher scholarship loan, a student
4 must

5 (1) be a graduate of a public or private high school in the
6 state, with sufficient credits to be admitted to an accredited college
7 or university;

8 (2) be enrolled in or show evidence of intent to enroll in
9 a degree program directed at a teaching career at the elementary or
10 secondary school level;

11 (3) meet the conditions set by the student's local school
12 board with respect to the district's requirements for teachers in
13 particular subject areas;

14 (4) submit to the local school board an application provid-
15 ed by the commission [STUDENT FINANCIAL AID COMMITTEE] under AS 14.-
16 43.630(a)(2); an application may be submitted six months before grad-
17 uation from high school; and

18 (5) not have a past due child support obligation estab-
19 lished by court order or by the child support enforcement division
20 under AS 47.23.160 - 47.23.220 at the time of application.

21 * Sec. 23. AS 14.43.720(b) is amended to read:

22 (b) The commission [STUDENT FINANCIAL AID COMMITTEE CREATED
23 UNDER AS 14.43.095] may sell or assign notes and other instruments
24 evidencing family education loans to the Alaska Student Loan Corpo-
25 ration and enter into agreements with the corporation relating to
26 loans, the administration of the student loan fund created under
27 AS 14.42.210, and the payment of and security for bonds of the corpo-
28 ration. Proceeds from the sale or assignment of notes and other
29 instruments shall be deposited in the family education loan account.

1 * Sec. 24. AS 14.43.730 is amended to read:

2 Sec. 14.43.730. ADMINISTRATION. The family education loan
3 program shall be administered by the commission [STUDENT FINANCIAL AID
4 COMMITTEE (AS 14.43.095)] under regulations that it adopts [ADOPTED BY
5 THE COMMITTEE].

6 * Sec. 25. AS 14.43 is amended by adding a new section to article 9 to
7 read:

8 Sec. 14.43.990. DEFINITION. In this chapter, "commission" means
9 the Alaska Postsecondary Education Commission.

10 * Sec. 26. AS 14.43.095 and 14.43.160(2) are repealed.

11 * Sec. 27. This Act takes effect July 1, 1989.