

Offered: 5/2/89  
Referred: Rules

6-0592H

Original sponsors: Boyer and Koponen

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 208 (Finance)  
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."  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
12 \* 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  
15 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);  
19 (2) establish a state advisory council on community col-  
20 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);  
24 (3) serve as the state agency required under sec. 105 of  
25 Title I (Community Service and Continuing Education), 603 of Title VI  
26 (Financial Assistance for Undergraduate Education), 704 of Title VII  
27 (Construction of Academic Facilities), and Part B of Title IV (Guan-  
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) if the borrower received a loan to attend as a full-  
11 time student, return to full-time student status in good standing in a  
12 career education program, college, or university that meets the  
13 requirements under (b) of this section [AS PROVIDED IN (c) OF THIS  
14 SECTION];

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

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

23 (4) ~~[(3)]~~ serving, for up to three years, as a full-time  
24 volunteer under the Peace Corps Act;

25 (5) ~~[(4)]~~ serving, for up to three years, as a full-time  
26 volunteer under the Domestic Volunteer Service Act of 1973;

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

1                   (7) during the period of disability [(6)] if the borrower  
2 becomes 50 percent or more disabled as certified by competent medical  
3 authority.

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

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

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

9                   (a) A person may apply for and obtain a scholarship loan if the  
10 person

11                   (1) is

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

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

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

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

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

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

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

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

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

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

20 (iii) serving [,] for up to three years as a full-  
21 time volunteer under the Domestic Volunteer Service Act of  
22 1973;

23 (iv) required medical care for the applicant or  
24 the applicant's immediate family;

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

28 (D) has been physically present in the state, or is a  
29 dependent of a parent or guardian who has been physically present

1 in the state, for at least two years immediately before the  
2 applicant or the parent or guardian was absent from the state and  
3 the absence is due solely to

4 (i) participating in a foreign exchange student  
5 program recognized by the commission;

6 (ii) attending a school as a full-time student;

7 (iii) full-time employment by the state;

8 (iv) being a member of or employed full-time by  
9 the state's congressional delegation;

10 (v) being a person who otherwise qualifies as a  
11 resident and is accompanying a spouse who qualifies as a  
12 resident under (i) - (iv) of this paragraph; and

13 (4) does not have a past due child support obligation  
14 established by court order or by the child support enforcement divi-  
15 sion under AS 47.23.160 - 47.23.220 at the time of application.

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

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

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

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

1 AS 14.42.210, and the payment of and security for bonds of the corpo-  
2 ration. Proceeds from the sale or assignment of a note or other  
3 instrument shall be deposited in the appropriate memorial scholarship  
4 loan fund account.

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

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

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

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

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

20 (a) A student may apply for an educational incentive grant if  
21 the student

22 (1) is a resident of Alaska;

23 (2) is either

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

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

29 (3) establishes financial need in accordance with standards

1 for determining financial need adopted by the commission [COMMITTEE]  
2 under 20 U.S.C. 1070c-2.

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

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

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

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

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

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

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

28 (2) develop and distribute to the local school boards an  
29 application form for teacher scholarship loans; the form shall include

1 a requirement that the applicant supply a high school academic tran-  
2 script and a statement of intent to enter a teaching career at the  
3 elementary or secondary school level in the state.

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

5 (a) To be eligible for a teacher scholarship loan, a student  
6 must

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

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

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

16 (4) submit to the local school board an application provid-  
17 ed by the commission [STUDENT FINANCIAL AID COMMITTEE] under AS 14.-  
18 43.630(a)(2); an application may be submitted six months before grad-  
19 uation from high school; and

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

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

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

1 corporation. Proceeds from the sale or assignment of notes and other  
2 instruments shall be deposited in the family education loan account.

3 \* Sec. 24. AS 14.43.730 is amended to read:

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

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

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

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

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