

Amended: 3/14/90  
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) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans for half-time students,  
7 loans to attend a career education program, deferral  
8 of loan repayment, conditions of scholarship loans,  
9 and to the Alaska Postsecondary Education Commission;  
10 repealing the student financial aid committee; and  
11 providing for an effective date."

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

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

14 (b) The commission shall

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

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

25 (3) serve as the state agency required under sec. 105 of  
26 Title I (Community Service and Continuing Education), 603 of Title VI  
27 (Financial Assistance for Undergraduate Education), 704 of Title VII  
28 (Construction of Academic Facilities), and Part B of Title IV (Guaran-  
29 teed Student Loan Program) of the Higher Education Act of 1965 (P.L.

1 89-329; 79 Stat. 1220, 1262; 20 U.S.C. 1005, 1123) as authorized by  
2 sec. 1202(c) of Title XII of the Higher Education Act of 1965, as  
3 amended by the Education Amendments of 1972 (P.L. 92-318, sec. 196; 86  
4 Stat. 324);

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

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

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

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

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

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

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

1 administration of the student loan fund created under AS 14.42.210,  
2 and the payment of and security for bonds of the corporation. Pro-  
3 ceeds from the sale or assignment of notes and other instruments shall  
4 be deposited in the scholarship revolving loan fund.

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

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

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

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

14 \* Sec. 6. AS 14.43.105 is amended to read:

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

21 \* Sec. 7. AS 14.43.110 is amended to read:

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

1 school year.

2 \* Sec. 8. AS 14.43.115 is amended to read:

3 Sec. 14.43.115. GRADUATE LOANS. The commission [STUDENT FINAN-  
4 CIAL AID COMMITTEE] may make a loan, not to exceed \$6,500 in a [ANY  
5 ONE] school year [,] to a full-time graduate student, and not to  
6 exceed \$3,250 in a school year to a half-time graduate student, who is  
7 eligible under AS 14.43.125 and is pursuing an advanced degree. The  
8 commission [COMMITTEE] may make a loan for a summer term, even if the  
9 total loan for the school year exceeds the \$6,500 or \$3,250 maximum,  
10 if the loan for the summer term is counted against the \$6,500 or  
11 \$3,250 maximum for the following school year.

12 \* Sec. 9. AS 14.43.120(b) is amended to read:

13 (b) Scholarship loans may only be used to attend a

14 (1) career education program that has been approved by the  
15 commission before July 1, 1986, or has been operating for at least one  
16 year [TWO YEARS] before the borrower attends; or

17 (2) a college or university that

18 (A) has been approved by the commission before July 1,  
19 1986, or has been operating for at least two years before the  
20 borrower attends;

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

24 (C) if the loans are federally insured, is approved by  
25 the United States Secretary of Education.

26 \* Sec. 10. AS 14.43.120(c) is amended to read:

27 (c) To maintain a loan awarded to a full-time student the stu-  
28 dent must continue to be enrolled as a full-time student in good  
29 standing in a career education program, college, or university that

1 meets the requirements [DESIGNATED] under (b) of this section. To  
2 maintain a loan awarded to a half-time student, the student must con-  
3 tinue to be enrolled as a half-time student in good standing in a  
4 career education program, college, or university in the state that  
5 meets the requirements under (b) of this section. The commission  
6 shall adopt regulations defining "good standing" for purposes of this  
7 subsection.

8 \* Sec. 11. AS 14.43.120(g) is amended to read:

9 (g) Repayment of the principal and interest on the loan begins  
10 not [NO] later than one year after the borrower's studies are termi-  
11 nated. The loan shall provide for repayment of the total amount owed  
12 in periodic installments in not more than 10 years from the commence-  
13 ment of repayment if the loan is to a full-time student, or in not  
14 more than five years from the commencement of repayment if the loan is  
15 to a half-time student, except as provided in (k) and (m) of this  
16 section. If the commission and the borrower agree to a different  
17 repayment schedule, the borrower shall repay the loan in accordance  
18 with the agreement. A borrower may make payments earlier than re-  
19 quired by this subsection.

20 \* Sec. 12. AS 14.43.120(k) is amended to read:

21 (k) Periodic installments of principal shall be deferred, but  
22 interest shall accrue and be paid unless the borrower [STUDENT] is  
23 eligible for interest payment benefits under (l) of this section,  
24 during any of the following periods:

25 (1) if the borrower received a loan to attend as a full-  
26 time student, return to full-time student status in good standing in a  
27 career education program, college, or university that meets the re-  
28 quirements under (b) of this section [AS PROVIDED IN (c) OF THIS  
29 SECTION];

1           (2) if the borrower received a loan to attend as a half-  
2 time student, return to at least half-time student status in good  
3 standing in a career education program, college, or university in the  
4 state that meets the requirements under (b) of this section; a  
5 borrower is not eligible for deferral under this paragraph for a  
6 period longer than eight years;

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

9           (4) [(3)] serving, for up to three years, as a full-time  
10 volunteer under the Peace Corps Act;

11          (5) [(4)] serving, for up to three years, as a full-time  
12 volunteer under the Domestic Volunteer Service Act of 1973;

13          (6) [(5)] for a one-time period up to 12 months in which  
14 the borrower is seeking and unable to find employment in the United  
15 States; or

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

19 \* Sec. 13. AS 14.43.120(m) is amended to read:

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

23 \* Sec. 14. AS 14.43.125(a) is amended to read:

24          (a) A person may apply for and obtain a scholarship loan if the  
25 person

26               (1) is

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

29                       (B) enrolled as a half-time student in a career

1 education, associate, baccalaureate, or graduate degree program  
2 in the state; or

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

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

9 (3) is a resident of the state at the time of application  
10 for the loan; for purposes of this section, a person qualifies as a  
11 resident of the state if at the time of application for the loan the  
12 person

13 (A) has been physically present in the state for at  
14 least two years immediately before the time of application for  
15 the loan;

16 (B) is dependent on a parent or guardian for care, the  
17 parent or guardian has been present in the state for at least two  
18 years immediately before the time of application for the loan and  
19 the person has been present in the state for at least one year of  
20 the immediately preceding five years except that the commission  
21 may by a two-thirds vote, acting upon a written appeal by the  
22 person, grant an exemption to the requirement that the person has  
23 been present in the state for one year of the immediately preced-  
24 ing five years;

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

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

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

6 (iii) serving [,] for up to three years as a full-  
7 time volunteer under the Domestic Volunteer Service Act of  
8 1973;

9 (iv) required medical care for the applicant or  
10 the applicant's immediate family;

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

14 (D) has been physically present in the state, or is a  
15 dependent of a parent or guardian who has been physically present  
16 in the state, for at least two years immediately before the  
17 applicant or the parent or guardian was absent from the state and  
18 the absence is due solely to

19 (i) participating in a foreign exchange student  
20 program recognized by the commission;

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

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

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

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; and

28 (4) does not have a past due child support obligation  
29 established by court order or by the child support enforcement

1 division under AS 47.23.160 - 47.23.220 at the time of application.

2 \* Sec. 15. AS 14.43.120 is amended by adding a new subsection to read:

3 (s) A portion of a loan shall be considered a grant if the loan  
4 was made after July 1, 1971, and before July 1, 1987, and if, after  
5 completion of the course of study for which the loan was received, the  
6 borrower is a resident of the state for at least two years. The  
7 portion of the loan that shall be considered a grant is based on the  
8 following percentages of the principal amount of the loan plus inter-  
9 est up to a total of 50 percent of the total indebtedness:

10 (1) two - three years residence in the state, 10 percent;

11 (2) three - four years residence in the state, an addition-  
12 al 10 percent;

13 (3) four - five years residence in the state, an additional  
14 10 percent;

15 (4) five - six years residence in the state, an additional  
16 10 percent;

17 (5) over six years residence in the state, an additional 10  
18 percent.

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

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

27 \* Sec. 17. AS 14.43.255(c) is amended to read:

28 (c) The commission [STUDENT FINANCIAL AID COMMITTEE CREATED  
29 UNDER AS 14.43.095] may sell or assign notes and other instruments

1 evidencing memorial scholarship loans to the Alaska Student Loan  
2 Corporation and enter into agreements with the corporation relating to  
3 loans, the administration of the student loan fund created under  
4 AS 14.42.210, and the payment of and security for bonds of the corpo-  
5 ration. Proceeds from the sale or assignment of a note or other  
6 instrument shall be deposited in the appropriate memorial scholarship  
7 loan fund account.

8 \* Sec. 18. AS 14.43.320(a) is amended to read:

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

15 \* Sec. 19. AS 14.43.405(a) is amended to read:

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

22 \* Sec. 20. AS 14.43.415(a) is amended to read:

23 (a) A student may apply for an educational incentive grant if  
24 the student

25 (1) is a resident of Alaska;

26 (2) is either

27 (A) enrolled as a full-time undergraduate student in a  
28 degree program in an accredited postsecondary educational insti-  
29 tution; or

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

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

6 \* Sec. 21. AS 14.43.415(b) is amended to read:

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

13 \* Sec. 22. AS 14.43.620(b) is amended to read:

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

23 \* Sec. 23. AS 14.43.630(a) is amended to read:

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

28 (1) allocate the loan awards available for teacher scholar-  
29 ship loans annually to local school boards giving a preference to

1 rural school districts; and

2 (2) develop and distribute to the local school boards an  
3 application form for teacher scholarship loans; the form shall include  
4 a requirement that the applicant supply a high school academic tran-  
5 script and a statement of intent to enter a teaching career at the  
6 elementary or secondary school level in the state.

7 \* Sec. 24. AS 14.43.650(a) is amended to read:

8 (a) To be eligible for a teacher scholarship loan, a student  
9 must

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

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

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

19 (4) submit to the local school board an application provid-  
20 ed by the commission [STUDENT FINANCIAL AID COMMITTEE] under AS 14.-  
21 43.630(a)(2); an application may be submitted six months before grad-  
22 uation from high school; and

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

26 \* Sec. 25. AS 14.43.720(b) is amended to read:

27 (b) The commission [STUDENT FINANCIAL AID COMMITTEE CREATED  
28 UNDER AS 14.43.095] may sell or assign notes and other instruments  
29 evidencing family education loans to the Alaska Student Loan

1 Corporation and enter into agreements with the corporation relating to  
2 loans, the administration of the student loan fund created under  
3 AS 14.42.210, and the payment of and security for bonds of the corpo-  
4 ration. Proceeds from the sale or assignment of notes and other  
5 instruments shall be deposited in the family education loan account.

6 \* Sec. 26. AS 14.43.730 is amended to read:

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

11 \* Sec. 27. AS 14.43 is amended by adding a new section to article 9 to  
12 read:

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

15 \* Sec. 28. AS 14.43.095 and 14.43.160(2) are repealed.

16 \* Sec. 29. This Act takes effect July 1, 1990.