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Referred: Health, Education and
Social Services and Finance

6-0961A

1 IN THE SENATE

BY POURCHOT, KELLY AND
STURGULEWSKI

2

SENATE BILL NO. 208

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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 student loans; and providing for
7 an effective date."

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

9 * Section 1. AS 14.43.110 is amended to read:

10 Sec. 14.43.110. UNDERGRADUATE LOANS. The student financial aid
11 committee may make a loan, not to exceed \$5,500 in a [ANY ONE] school
12 year [,] to a full-time [AN] undergraduate student, and not to exceed
13 \$2,750 in a school year to a half-time undergraduate student, eligible
14 under AS 14.43.125. The committee may make a loan for a summer term,
15 even if the total loan for the school year exceeds the \$5,500 or
16 \$2,750 maximum, if the loan for the summer term is counted against the
17 \$5,500 or \$2,750 maximum for the following school year.

18 * Sec. 2. AS 14.43.115 is amended to read:

19 Sec. 14.43.115. GRADUATE LOANS. The student financial aid
20 committee may make a loan, not to exceed \$6,500 in a [ANY ONE] school
21 year [,] to a full-time graduate student, and not to exceed \$3,250 in
22 a school year to a half-time graduate student, who is eligible under
23 AS 14.43.125 and is pursuing an advanced degree. The committee may
24 make a loan for a summer term, even if the total loan for the school
25 year exceeds the \$6,500 or \$3,250 maximum, if the loan for the summer
26 term is counted against the \$6,500 or \$3,250 maximum for the following
27 school year.

28 * Sec. 3. AS 14.43.120(a) is amended to read:

29 (a) Proceeds from a scholarship loan to a full-time student

1 [LOANS] may only be used for books, tuition and required fees, and for
2 room and board. Proceeds from a scholarship loan to a half-time
3 student may only be used for books and tuition and required fees.

4 * Sec. 4. AS 14.43.120(c) is amended to read:

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

15 * Sec. 5. AS 14.43.120(g) is amended to read:

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

27 * Sec. 6. AS 14.43.120(k) is amended to read:

28 (k) Periodic installments of principal shall be deferred, but
29 interest shall accrue and be paid unless the borrower [STUDENT] is

1 eligible for interest payment benefits under (1) of this section,
2 during any of the following periods:

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

7 (2) return to half-time student status in good standing in
8 a career education program, college, or university in the state that
9 meets the requirements under (b) of this section;

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

12 (4) [(3)] -serving, for up to three years, as a full-time
13 volunteer under the Peace Corps Act;

14 (5) [(4)] -serving, for up to three years, as a full-time
15 volunteer under the Domestic Volunteer Service Act of 1973;

16 (6) [(5)] for a one-time period up to 12 months in which
17 the borrower is seeking and unable to find employment in the United
18 States; or

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

22 * Sec. 7. AS 14.43.125(a) is amended to read:

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

25 (1) is

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

28 (B) enrolled as a half-time student in a career educa-
29 tion, associate, baccalaureate, or graduate degree program in the

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state: or

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

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

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

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

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

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

(i) serving an initial period of up to six years

1 on active duty as a member of the armed forces of the United
2 States;
3 (ii) serving [,] for up to three years as a full-
4 time volunteer under the Peace Corps Act;
5 (iii) serving [,] for up to three years as a full-
6 time volunteer under the Domestic Volunteer Service Act of
7 1973;
8 (iv) required medical care for the applicant or
9 the applicant's immediate family;
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; or
13 (D) has been physically present in the state, or is a
14 dependent of a parent or guardian who has been physically present
15 in the state, for at least two years immediately before the
16 applicant or the parent or guardian was absent from the state and
17 the absence is due solely to
18 (i) participating in a foreign exchange student
19 program recognized by the commission;
20 (ii) attending a school as a full-time student;
21 (iii) full-time employment by the state;
22 (iv) being a member of or employed full-time by
23 the state's congressional delegation;
24 (v) being a person who otherwise qualifies as a
25 resident and is accompanying a spouse who qualifies as a
26 resident under (i) - (iv) of this paragraph; and
27 (4) does not have a past due child support obligation
28 established by court order or by the child support enforcement divi-
29 sion under AS 47.23.160 - 47.23.220 at the time of application.

1 * Sec. 8. AS 14.43.160 is amended by adding new paragraphs to read:
2 (7) "committee" means the student financial aid committee
3 established under AS 14.43.095;
4 (8) "half-time student" means an undergraduate, graduate,
5 or career education student who during the semester is enrolled and is
6 in regular attendance at classes at one or more public or private
7 institutions of higher education for at least a total of six semester
8 credit hours or an equivalent of six semester credit hours, and in-
9 cludes a career education student enrolled and in regular attendance
10 in classes for at least 15 hours a week.
11 * Sec. 9. This Act takes effect July 1, 1989.