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BY SEN. RODEY, Kelly, Fischer, Szymanski

1 IN THE SENATE

2

SENATE BILL NO. 350

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

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

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

10 (b) The commission shall

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

16 (2) establish a state advisory council on community colleges  
17 and develop a comprehensive statewide plan for the expansion and  
18 improvement of the community colleges under sec. 1001 of Title X of  
19 the Higher Education Act of 1965, as amended by the Education Amend-  
20 ments of 1972 (PL 92-318, sec. 186; 86 Stat. 312, 313);

21 (3) serve as the state agency required under sec. 105 of  
22 Title I (Community Service and Continuing Education), 603 of Title VI  
23 (Financial Assistance for Undergraduate Education), 704 of Title VII  
24 (Construction of Academic Facilities), and Part B of Title IV (Guan-  
25 teed Student Loan Program) of the Higher Education Act of 1965 (PL  
26 89-329; 79 Stat. 1220, 1262; 20 U.S.C. 1005, 1123) as authorized by  
27 sec. 1202(c) of Title XII of the Higher Education Act of 1965, as  
28 amended by the Education Amendments of 1972 (PL 92-318, sec. 196;  
29 86 Stat. 324);

1 (4) administer the provisions of AS 14.43.090 - 14.43.160  
2 (student loan and grant program), and serve as the student financial  
3 aid committee;

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

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

9 \* Sec. 2. AS 14.43.090 is amended by adding a new subsection to read:

10 (e) The scholarship revolving loan fund shall also be used to  
11 provide financial assistance under AS 14.43.118.

12 \* Sec. 3. AS 14.43.100(b) is amended to read:

13 (b) A person whose loan or grant application is not recommended  
14 or presented to the committee by the executive secretary may appeal to  
15 the committee through the chair [CHAIRMAN] of the student financial  
16 aid committee and the committee shall consider the application.

17 \* Sec. 4. AS 14.43 is amended by adding a new section to read:

18 Sec. 14.43.118. ALTERNATE ASSISTANCE. (a) Instead of making a  
19 loan under AS 14.43.110 - 14.43.115, the student financial aid commit-  
20 tee may provide financial assistance in which one-half of the assis-  
21 tance is a loan and the other one-half is a grant. The assistance  
22 under this subsection, including the grant portion, is subject to the  
23 conditions under AS 14.43.110 - 14.43.115 for making loans.

24 (b) A percentage of the grant received under (a) of this section  
25 shall be converted into a loan if the person is not a state resident  
26 for a certain length of time after completing the course of study for  
27 which the assistance was made. The percentage is

28 (1) 100 percent, if the person is a resident for less than  
29 two years after completing the course of study;

1 (2) 80 percent, if the person is a resident for two to  
2 three years after completing the course of study;

3 (3) 60 percent, if the person is a resident for three to  
4 four years after completing the course of study;

5 (4) 40 percent, if the person is a resident for four to  
6 five years after completing the course of study;

7 (5) 20 percent, if the person is a resident for five to six  
8 years after completing the course of study.

9 (c) Interest on a grant that has been converted to a loan under  
10 (b) of this section begins on the date the grant was made.

11 (d) A person whose grant is converted entirely or partially into  
12 a loan under (c) of this section is not eligible for state payment of  
13 the loan under former AS 14.43.120(j).

14 (e) Except as otherwise provided in this section, the loan  
15 portion of the financial assistance made under (a) of this section and  
16 the percentage of a grant converted into a loan under (b) of this  
17 section are subject to the same interest, payment, security, and  
18 default provisions as loans made under AS 14.43.110 - 14.43.115.

19 (f) Financial assistance made under (a) of this section is  
20 subject to the same conditions for loans under AS 14.43.120(a) - (d).

21 (g) Financial assistance under this section is subject to se-  
22 lection criteria under the former AS 14.43.130. This subsection does  
23 not apply to financial assistance replacing loans made on or after  
24 July 16, 1983.

25 \* Sec. 5. AS 14.43.118 is amended by adding a new subsection to read:

26 (h) The qualification for residency in (b) of this section is  
27 governed by AS 14.43.120(p).

28 \* Sec. 6. AS 14.43.135 is amended to read:

29 Sec. 14.43.135. DISCRIMINATION PROHIBITED. The student loan

1        program and the financial assistance program under AS 14.43.118 shall  
2        be carried out without regard to the race, creed, sex, color, ances-  
3        try, national origin, or membership in fraternal or political organi-  
4        zations of the student applying for the loan.

5        \* Sec. 7. (a) The financial aid committee created under AS 14.43.095  
6        may not provide financial assistance under AS 14.43.118, as enacted by  
7        sec. 4 and amended by sec. 5 of this Act, unless

8                (1) the financial assistance is provided to a person to replace  
9        a loan made before July 1, 1987, under AS 14.43.090 - 14.43.160; and

10               (2) the applicant for the financial assistance was or is eligi-  
11       ble on or after January 1, 1986, for state payment under former AS 14.43.-  
12       120(j) of all or part of the loan being replaced.

13               (b) The financial aid committee shall provide financial assistance  
14       under AS 14.43.118 to a person if

15               (1) the financial assistance replaces a loan made under AS 14.-  
16       43.090 - 14.43.160 before July 1, 1987;

17               (2) the person was or is eligible on or after January 1, 1986,  
18       for state payment under AS 14.43.120(j) of all or part of the loan to be  
19       replaced; and

20               (3) the person applies to the student financial aid committee on  
21       or before January 1, 1992, in the manner and on the forms provided by the  
22       committee.

23               (c) When making financial assistance under AS 14.43.118, the finan-  
24       cial assistance must be for the same amount as the loan being replaced, and  
25       the student financial aid committee shall cancel the loan being replaced  
26       and make the financial assistance retroactive to the date of the loan being  
27       replaced. Except as otherwise provided under this Act, the financial  
28       assistance is subject to the provisions of AS 14.43 that applied to the  
29       loan being replaced.

1 (d) The Alaska Commission on Postsecondary Education, the Alaska  
2 Student Loan Corporation, and the student financial aid committee created  
3 under AS 14.43.095 shall take the action necessary to implement (a) - (c)  
4 of this section and secs. 2 - 6 of this Act, including

5 (1) cancelling the loan documents for a replaced loan;  
6 (2) issuing new documents for financial assistance made under  
7 AS 14.43.118; and

8 (3) notifying those persons who are eligible that financial  
9 assistance is available under AS 14.43.118 and how their federal tax obli-  
10 gation may be affected.

11 \* Sec. 8. Sections 1, 2, 4, and 6 of this Act are retroactive to Janu-  
12 ary 1, 1978.

13 \* Sec. 9. Section 3 of this Act is retroactive to February 14, 1984.

14 \* Sec. 10. Section 5 of this Act is retroactive to July 1, 1981.

15 \* Sec. 11. This Act takes effect immediately under AS 01.10.070(c).