

COMMITTEE REPORT

HOUSE

FURTHER:

3/6/81

(11)

Date: April 16, 1981

Mr. Speaker:

The Committee on FINANCE has had SSHB 32

"An Act relating to undergraduate and graduate scholarship loans; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SSHB 32 (Fin) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

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MEMBERS HAVING
OTHER RECOMMENDATIONS:

no recom.

unltd amended

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CHAIRMAN

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSSHB 32
 Title Amending State Student Loan Program
 Requested by House Finance Date April 16, 1981

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Commission on Postsecondary Education
 BRU, Program, or Subprogram(s) Affected Student Loan Program
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	N.A.	4,658.6	5,615.9	7,039.4	8,982.1	11,206.8
TOTAL	N.A.	4,658.6	5,615.9	7,039.4	8,982.1	11,206.8

FUNDING (Thousands of Dollars)

GENERAL FUND	N.A.	4,658.6	5,615.9	7,039.4	8,982.1	11,206.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Fiscal impact of raising loan limits is based upon the following assumptions:

- current mix of 11% graduate, 89% undergraduate will continue
- current borrowing pattern will continue with slight increase upward, i.e.

Undergraduate:	27.5%	\$50-1,950	Graduate:	465.5%	\$50-\$4,950
	29.3%	\$2,000-\$2,950		53.5%	\$5,000
	41.2%	\$3,000			
- of those borrowing the maximum, if maximums are increased,

Undergraduate:	8%	\$6,000	55%	\$7,000
	52%	\$4,500-\$5,950	25%	\$6,000-\$6,950
	35%	\$3,050-\$4,450	20%	\$5,000-\$5,950
	5%	\$3,000		

IV. DATE April 16, 1981 PREPARED BY Kerry D. Romesburg
 AGENCY Commission on Postsecondary Education
 PHONE 465-2854

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Chenoweth ✓

Original sponsors: Gardiner, Miller,
Rogers, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 32 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to undergraduate and graduate scholar-
7 ship loans; and providing for an effective date."

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

9 * Section 1. AS 14.40.759 is amended to read:

10 Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a
11 loan, not to exceed \$6,000 [\$3,000] in any one school year, to an
12 undergraduate student eligible under AS 14.40.765.

13 * Sec. 2. AS 14.40.761 is amended to read:

14 Sec. 14.40.761. GRADUATE LOANS. The committee may make a loan,
15 not to exceed \$7,000 [\$5,000] in any one school year, to a graduate
16 student who is eligible under AS 14.40.765 and is pursuing an advanced
17 degree.

18 * Sec. 3. AS 14.40.763(c) is amended to read:

19 (c) To maintain a loan the student must continue to be enrolled
20 as a full-time student in good standing in a career education program,
21 college or university designated under (b) of this section. The com-
22 mission shall adopt regulations defining "good standing" for purposes
23 of this subsection.

24 * Sec. 4. AS 14.40.763(d) is amended to read:

25 (d) Scholarship loans may not be made to a student

26 (1) for more than five years of undergraduate study;

27 (2) for more than five years of graduate study;

28 (3) for more than a total of eight [SIX] years of under-
graduate and graduate study.

1 * Sec. 5. AS 14.40.763(g) is repealed and reenacted to read:

2 (g) Unless the commission and the student agree to a different
3 repayment schedule, repayment of the principal and interest on the loan
4 begins no earlier than nine months nor later than one year after the
5 student terminates his studies. The loan shall provide for repayment
6 of the total amount owed in periodic installments in not less than five
7 nor more than 10 years from the commencement of repayment, except as
8 provided in (k) and (m) of this section. If the commission and the
9 student agree to a different repayment schedule, the student shall
10 repay the loan in accordance with the agreement. A student may make
11 payments earlier than required by this subsection.

12 * Sec. 6. AS 14.40.763(i) is amended to read:

13 (i) If a loan is in default, the commission shall [MAY] notify
14 the borrower [STUDENT] that repayment of the remaining balance is
15 accelerated and due by sending the borrower [STUDENT] a notice by
16 registered or certified mail.

17 * Sec. 7. AS 14.40.763(j) is amended to read:

18 (j) A portion of a loan shall be paid on behalf of the borrower
19 by the state if, upon completion of the course of study for which the
20 loan was granted, the borrower resides in the state for [SPENDS] at
21 least three years [EMPLOYED IN THE STATE]. The portion of the loan
22 which shall be paid by the state shall be the following percentages of
23 the total loan received plus interest for up to a total of 40 percent
24 of the total loan:

- 25 (1) [TWO -] three years residency, 20 [10] percent;
26 (2) [THREE -] four years residency, an additional 10 percent;
27 and
28 (3) [FOUR -] five years residency, an additional 10 percent

[;

(4) OVER FIVE YEARS RESIDENCY, AN ADDITIONAL 10 PERCENT].

* Sec. 8. AS 14.40.763(m) is amended to read:

(m) In case of hardship, the committee may extend repayment of a loan for an additional period of up to five years in increments no longer than 12 [SIX] months each [, WITHIN THE 15-YEAR REQUIREMENT OF (g) OF THIS SECTION].

* Sec. 9. AS 14.40.763(n) is amended to read:

(n) Each year spent attending a college or university in Alaska qualifies as a year of [EMPLOYMENT AND] residency under (j) of this section, if the borrower resides no less than three years in Alaska after completion of the course for which the loan was granted, and has a total Alaskan residency of 10 years time.

* Sec. 10. AS 14.40.763 is amended by adding a new subsection to read:

(o) The provisions of (j) of this section do not apply to a loan to a borrower named in a complaint as a defendant in an action by the state or by the commission to secure payment of the unpaid balance of a loan made under AS 14.40.759 or 14.40.761.

* Sec. 11. This Act takes effect July 1, 1981.

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LETTER OF INTENT

Option #1

It is the intent of the Committee that in negotiating the loan repayment schedules for student loan borrowers under AS 14.40.763(g) and (j), the Student Financial Aid Committee shall establish a regular ten-year schedule based upon 60% of the total loan. These terms, except for deferment and hardship provisions, shall continue throughout the first six years of repayment. The terms for the seventh through the tenth years of repayment shall be adjusted as necessary to reflect any forgiveness benefits accrued under AS 14.40.763(j).

LETTER OF INTENT

Option #2

It is the intent of the Committee that loan forgiveness established under AS 14.40.763(j) occur before the end of the repayment cycle. Under the current practice, students cannot perceive the benefits of the forgiveness provisions of the statute during the first years of repayment. For the loan forgiveness to be a truly effective incentive, benefits should be realized as they are earned.

It is the intent of the Committee that forgiveness benefits be provided to the borrower in the form of annual refunds as eligibility is established. Under this policy, the borrower remaining in the state will get 10% loan forgiveness at the end of each of the first four years of repayment.

Original sponsors: Gardiner, Miller,
Rogers, et al

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

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9 * Section 1. AS 14.40.759 is amended to read:

10 Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a
11 loan, not to exceed an amount determined in accordance with AS 14.40.-
12 762 [\$3,000] in any one school year, to an undergraduate student eli-
13 gible under AS 14.40.765.

14 * Sec. 2. AS 14.40.761 is amended to read:

15 Sec. 14.40.761. GRADUATE LOANS. The committee may make a loan,
16 not to exceed an amount determined in accordance with AS 14.40.762
17 [\$5,000] in any one school year, to a graduate student who is eligible
18 under AS 14.40.765 and is pursuing an advanced degree.

19 * Sec. 3. AS 14.40 is amended by adding a new section to read:

20 Sec. 14.40.762. LOAN LIMITS AND ADJUSTMENTS. (a) For the fiscal
21 year ending June 30, 1982, the committee may make a loan

22 (1) to an undergraduate student under AS 14.40.759 in an
23 amount not exceeding ~~\$4,500~~; *6,000 Rogers*

24 (2) to a graduate student under AS 14.40.761 in an amount
25 not exceeding ~~\$5,500~~. *7,000*

26 (b) For each fiscal year after the fiscal year ending June 30,
27 1982, the maximum amount of a loan shall be adjusted by the commission
28 by applying *Delete* a cost-of-living index to the amounts set out in (a) of
this section. The method of calculating the cost-of-living index and

1 the manner of applying it shall be determined by the commission by
2 regulation.

3 * Sec. 4. AS 14.40.763(c) is amended to read:

4 (c) To maintain a loan the student must continue to be enrolled
5 as a full-time student in good standing in a career education program,
6 college or university designated under (b) of this section. The com-
7 mission shall adopt regulations defining "good standing" for purposes
8 of this subsection.

9 * Sec. 5. AS 14.40.763(d) is amended to read:

10 (d) Scholarship loans may not be made to a student
11 (1) for more than five years of undergraduate study;
12 (2) for more than five years of graduate study;
13 (3) for more than a total of eight [SIX] years of under-
14 graduate and graduate study.

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17 repayment schedule, repayment of the principal and interest on the loan
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19 student terminates his studies. The loan shall provide for repayment
20 of the total amount owed in periodic installments in not less than five
21 nor more than 10 years from the commencement of repayment or more than
22 15 years from the date of execution of the original promissory note
23 evidencing the disbursement of the loan, except as provided in (k) and
24 (m) of this section. If the commission and the student agree to a
25 different repayment schedule, the student shall repay the loan in
26 accordance with the agreement. Notwithstanding the provisions of this
27 subsection, a student may make payments earlier than required by this
28 subsection.

3 * Sec. 7. AS 14.40.763(i) is amended to read:

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11 the total loan received plus interest for up to a total of 40 percent
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17 *Delete* (4) six [OVER FIVE] years residency, an additional 10 per-
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21 to a borrower named in a complaint as a defendant in an action by the
22 state or by the commission to secure payment of the unpaid balance of a
23 loan made under AS 14.40.759 or 14.40.761.

24 * Sec. 10. This Act takes effect July 1, 1981.
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27
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Chenoweth ✓

Original sponsors: Gardiner, Miller,
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* Sec. 11. This Act takes effect July 1, 1981.

Original sponsors: Gardiner, Miller,
Rogers, et al

Offered: 3/6/81
Referred: Finance

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2 by the state if, upon completion of the course of study for which the
3 loan was granted, the borrower spends at least three years employed in
4 the state. The portion of the loan which shall be paid by the state
5 shall be the following percentages of the total loan received plus
6 interest for up to a total of 50 [40] percent of the total loan:

7 (1) two - three years residency, 10 percent;

8 (2) three - four years residency, an additional 10 percent;

9 (3) four - five years residency, an additional 10 percent;

10 (4) [OVER] five - six years residency, an additional 10
11 percent; and

12 (5) over six years residency, an additional 10 percent.

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14 (o) The provisions of (j) of this section do not apply to a loan
15 to a borrower who has been named in a complaint and issued a summons to
16 appear as a defendant in an action by the state or by the commission to
17 secure payment of the unpaid balance of a loan made under AS 14.40.759
18 or 14.40.761.

19 * Sec. 7. This Act takes effect July 1, 1981.
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Alaska Student Loan Program

Fact Sheet

1. Total Loans 1971-72 through 1979-80:

Undergraduate	16,359	\$ 30.4 million
Graduate	<u>2,210</u>	<u>7.4 million</u>
Total	18,569	\$ 37.8 million

2. Current Year

(1980-81, as of 1/14/81): 5,880 loans \$ 16.0 million

3. Percent Loans In-State/Out-of-State (1979-80):

	<u>In-State</u>	<u>Out-of-State</u>
Undergraduate	36.1 (43.5)	63.9 (56.5)
Graduate	12.3 (19.0)	87.7 (81.0)

4. Loan Collections (per month average):

1974-75	\$ 19,623
1975-76	38,794
1976-77	95,122
1977-78	99,321
1978-79	115,970
1979-80	133,620
1980-81 (est.)	170,000

5. Loan Cancellations (per month average):

1974-75	\$ 59
1975-76	3,686
1976-77	5,396
1977-78	26,192
1978-79	37,165
1979-80	34,125
1980-81 (est.)	45,000

6. Individuals in Repayment

Account Status	October		November		December		January	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Current	4,121	9,833,332	4,168	10,179,865	4,115	10,214,971	4,257	10,736,864
31-60 days	484	1,171,102	478	1,032,186	547	1,174,413	508	1,053,685
61-90	204	451,853	268	649,596	288	585,991	295	585,775
91-120	180	505,039	178	389,083	188	463,252	193	385,664
120+	878	1,981,084	909	2,038,126	954	2,096,983	927	2,154,220
TOTAL	5,867	13,942,409	6,001	14,288,857	6,092	14,535,610	6,250	14,916,209
Default Rate	11.2%		11.2%		11.3%		11.3%	

7. Current Year (as of 1/14/81)

	<u>In-State</u>	<u>Out-of-State</u>	<u>Total</u>
Freshman	864 (46.0)	1,014 (54.0)	1,878
Sophomore	512 (41.1)	734 (58.9)	1,246
Junior	399 (41.0)	575 (59.0)	974
Senior	327 (46.0)	384 (54.0)	711
Vocational	173 (40.9)	250 (59.1)	423
Sub-Total	2,275 (43.5)	2,957 (56.5)	5,232
Graduate	123 (19.0)	525 (81.0)	648
TOTAL	2,398 (40.8)	3,482 (58.2)	5,880

8. Raising Loan Limits

Undergraduate	\$3,500	\$4,500	\$5,000	\$4,500
Graduate	\$6,000	\$7,500	\$7,000	\$5,500
1981-82 Cost	\$1,575,700	\$3,619,600	\$4,041,704	\$3,377,600

9. Other Issues

- a. Adding a section which states that if a person allows the loan to become default (120+ days past due), all cancellation benefits are forfeited.
- b. Providing additional cancellation for in-state attendance, for example, an additional 5% per year of attendance, for up to a maximum of 20%.
- c. Providing additional cancellation for maintaining a "B" grade average for undergraduates, for example, an additional 5% upon graduation.
- d. Providing grant provisions for Alaskan borrowers age 60 and over.

10. Sample Costs:

a. Single Student College-Approved Budgets (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Anchorage	\$5,922	\$8,500
University of Alaska, Fairbanks	3,814	5,684
University of Washington	5,654	7,120
Conzaga University	7,010	7,940
Western Washington University	6,280	7,890
University of Oregon	6,940	8,120
University of Colorado	8,150	9,540
Stanford University	9,800	11,250

b. Tuition and/or Required Fees (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Fairbanks	\$ 562	\$ 792
University of Arizona*	2,500	2,500
University of Colorado*	3,584	3,752
University of Hawaii	480	532
University of Idaho*	1,990	2,000
University of Oregon*	3,431	2,433
University of Washington*	2,394	2,736

11. Miscellaneous Information:

a. Length of Residence of 1980-81 Borrowers

<u>Student Level</u>	<u>Median Residency</u>	<u>Percent of Lifelong Residents</u>	<u>Percent of 2-year Residents</u>
Freshman	10.7 years	30.4	8.1 (152)
Sophomore	12.0 years	38.2	5.9 (74)
Junior	5.0 years	26.9	19.2 (187)
Senior	5.0 years	20.0	15.0 (107)
<u>Graduate</u>	<u>4.0 years</u>	<u>28.6</u>	<u>21.4 (91)</u>
Combined	8.6 years	30.0	10.4

b. Age of 1980-81 Borrowers

<u>Age</u>	<u>Percent Freshmen</u>	<u>Percent Sophomores</u>	<u>Percent Juniors</u>	<u>Percent Seniors</u>	<u>Percent Graduates</u>
16-18	41.0	-	-	-	-
19-21	29.2	41.2	38.5	15.8	7.1
22-25	10.4	14.7	19.2	26.3	28.6
26-30	8.3	17.6	25.1	36.8	28.6
30-60	10.8	26.3	19.2	21.1	35.6
60+	.3	.2	N.A.	N.A.	.1
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Median Age	18.5 years	22.5 years	24.0 years	27.8 years	26.3 years

*Non-resident

STUDENT BUDGETS (1980-81)

University of Alaska-Fairbanks

	<u>Undergraduate Single/Dorm</u>	<u>Undergraduate Single/Off Campus</u>	<u>Undergraduate Married</u>	<u>Graduate Single/Dorm</u>	<u>Graduate Single/Off Campus</u>	<u>Graduate Married</u>
Tuition & Fees	580	580	580	810	810	810
Room & Board	2,130	4,000	6,000	2,130	4,000	6,000
Books	300	300	300	300	300	300
Transportation	800	800	800	800	800	800
Personal	<u>600</u>	<u>600</u>	<u>1,200</u>	<u>600</u>	<u>600</u>	<u>1,200</u>
Total	4,410	6,280	8,880	4,640	6,510	9,110

Anchorage Community College

	<u>Undergraduate Single at Home</u>	<u>Undergraduate Single Living Away from Home</u>	<u>Undergraduate Married</u>	<u>Graduate Single at Home</u>	<u>Graduate Single Living Away from Home</u>	<u>Graduate Married</u>
Tuition & Fees	442	442	442	640	640	640
Room	1,808	2,200	3,168	1,808	2,200	3,168
Board	Included in Room	1,632	3,016	Included in Room	1,632	3,016
Books	250	250	250	250	250	250
Transportation	592	592	592	592	592	592
Personal	<u>720</u>	<u>720</u>	<u>1,432</u>	<u>720</u>	<u>720</u>	<u>1,432</u>
Total	3,812	5,836	8,900	4,010	6,034	9,098



ALASKA STUDENT LOAN PROGRAM
 POUCH F, STATE OFFICE BUILDING
 JUNEAU, ALASKA 99811

FOR YOUR CONSIDERATION.....

While you are planning your college education, in addition to deciding what school will best meet your needs and goals, you should also plan how you are going to meet your educational expenses.

Since 1971, we have assisted over 12,000 Alaskan residents in achieving their educational ambitions by providing financial assistance. At the same time, we also realize the pitfalls that can await student borrowers who become overburdened with debt and find repayment a real hardship.

Because of this, we urge students not to borrow any more than is absolutely necessary. Your student loan should be used to supplement other available sources of assistance such as scholarships, grants, work-study programs, parental and family aid, etc.

So that you will be aware of your future financial obligation regarding your Alaska Student Loan(s), the table below outlines what your monthly payment would be over a ten (10) year repayment cycle for various total loan amounts borrowed. In addition to the principal which must be repaid, interest accrues during the repayment period at a rate of five percent (5%) per year.

IF YOUR STUDENT LOANS TOTAL:	YOUR MONTHLY PAYMENT FOR 120 MONTHS (10 YRS.) WOULD BE:	TOTAL TO BE REPAYED:		
		5% Interest	Principal	Total
\$ 1,000.00	\$ 10.61	\$ 273.20	\$ 1,000.00	\$ 1,273.20
2,000.00	21.21	545.20	2,000.00	2,545.20
3,000.00	31.82	818.40	3,000.00	3,818.40
4,000.00	42.43	1,091.60	4,000.00	5,091.60
5,000.00	53.03	1,363.60	5,000.00	6,363.60
6,000.00	63.64	1,636.80	6,000.00	7,636.80
7,000.00	74.25	1,910.00	7,000.00	8,910.00
8,000.00	84.85	2,182.00	8,000.00	10,182.00
9,000.00	95.46	2,455.20	9,000.00	11,455.20
10,000.00	106.07	2,728.40	10,000.00	12,728.40
15,000.00	159.10	4,092.00	15,000.00	19,092.00
20,000.00	212.13	5,455.60	20,000.00	25,455.60
25,000.00	265.16	6,819.20	25,000.00	31,819.20
30,000.00	318.20	8,184.00	30,000.00	38,184.00

"Good Standing" in Alaska

1. UA-Fairbanks

Undergraduate
Graduate

Semester and Cumulative GPA 2.0
Semester and Cumulative GPA 3.0

2. UA-Anchorage

Cumulative GPA 2.0

3. UA-Juneau

Undergraduate
Graduate

Semester and Cumulative GPA 2.0
Semester and Cumulative GPA 3.0

4. Anchorage Community College

Cumulative GPA 2.0

5. Alaska Pacific University

Student Enrollment Tables

Semesters

SCH

2 or 23
3 or 39
4 or 49
5 or 64
6 or 79
7+ or 94+

Cumulative GPA 1.75
Cumulative GPA 1.80
Cumulative GPA 1.85
Cumulative GPA 1.90
Cumulative GPA 1.95
Cumulative GPA 2.00



Alaska Statewide Student Association

P.O. BOX 548
DOUGLAS, ALASKA 99824

REPRESENTING STUDENTS OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM

POSITION PAPER

ALASKA STATE LOAN PROGRAM

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 32

As the representatives of the organized students in the University System, we advocate the following position concerning the Alaska State Student Loan Program. The position to support CSSH32 was adopted unanimously at the conclusion of the ASSA statewide conference in Juneau on March 1, 1981.

Whereas:

1. The Students of the State System have identified the following areas as of importance in relation to the state loan program:
 - A. Increasing the level of the loan amounts
 - B. Extending the period of the loan
 - C. A graduated repayment plan for the loan
 - D. Increase incentives for students to return to the state
 - E. Establish incentives for students to attend in state institutions
 - D. Encouragement of Academic excellence
2. The CSSH32 favorably addresses the urgent need to increase the amount of the loan, to extend the period of the loan, and to increase incentives for students to return to the state after graduation

Therefore:

ASSA strongly endorses the passage of this bill as reported out of committee. The bill as modified has the unanimous backing of the organized student representatives of the University of Alaska statewide system.

ASSA

Original sponsors: Gardiner, Miller,
Rogers, et al

Offered: 3/6/81
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION
AND SOCIAL SERVICES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 32 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to undergraduate and graduate scholar-
7 ship loans; and providing for an effective date."

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

9 * Section 1. AS 14.40.759 is amended to read:

10 Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a
11 loan, not to exceed \$6,000 [\$3,000] in any one school year, to an
12 undergraduate student eligible under AS 14.40.765.

13 * Sec. 2. AS 14.40.761 is amended to read:

14 Sec. 14.40.761. GRADUATE LOANS. The committee may make a loan,
15 not to exceed \$8,500 [\$5,000] in any one school year, to a graduate
16 student who is eligible under AS 14.40.765 and is pursuing an advanced
17 degree.

18 * Sec. 3. AS 14.40.763(d) is amended to read:

19 (d) Scholarship loans may not be made to a student

20 (1) for more than five years of undergraduate study;

21 (2) for more than five years of graduate study;

22 (3) for more than a total of eight [SIX] years of under-
23 graduate and graduate study.

24 * Sec. 4. AS 14.40.763(i) is amended to read:

25 (i) If a loan is in default, the commission shall [MAY] notify
26 the borrower [STUDENT] that repayment of the remaining balance is
27 accelerated and due by sending the borrower [STUDENT] a notice by
28 registered or certified mail.

29 * Sec. 5. AS 14.40.763(j) is amended to read:

1 (j) A portion of a loan shall be paid on behalf of the borrower
2 by the state if, upon completion of the course of study for which the
3 loan was granted, the borrower spends at least three years employed in
4 the state. The portion of the loan which shall be paid by the state
5 shall be the following percentages of the total loan received plus
6 interest for up to a total of 50 [40] percent of the total loan:

7 (1) two - three years residency, 10 percent;

8 (2) three - four years residency, an additional 10 percent;

9 (3) four - five years residency, an additional 10 percent;

10 (4) [OVER] five - six years residency, an additional 10
11 percent; and

12 (5) over six years residency, an additional 10 percent.

13 * Sec. 6. AS 14.40.763 is amended by adding a new subsection to read:

14 (o) The provisions of (j) of this section do not apply to a loan
15 to a borrower who has been named in a complaint and issued a summons to
16 appear as a defendant in an action by the state or by the commission to
17 secure payment of the unpaid balance of a loan made under AS 14.40.759
18 or 14.40.761.

19 * Sec. 7. This Act takes effect July 1, 1981.
20
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29

20 COPIES

Back-up

HB 32

Incorrect.

FN'S

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSSHB 32
 Title Amending State Student Loan Program
 Requested by House Finance Date April 14, 1981

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Commission on Postsecondary Education
 BKU, Program, or Subprogram(s) Affected Student Loan Program
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	N.A.	3,377.6	4,123.2	5,349.0	6,170.6	8,002.9
TOTAL	N.A.	3,377.6	4,123.2	5,349.0	6,170.6	8,002.9

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	N.A.	3,377.6	4,123.2	5,349.0	6,170.6	8,002.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Fiscal impact of raising loan limits is based upon the following assumptions:

- Current mix of 11% graduate, 89% undergraduate will continue
- Current borrowing pattern will continue with slight increase upward, i.e.,

Undergraduate: 27.5%	\$50 - \$1,950	Graduate: 46.5%	\$50 - \$4,950
29.3%	\$2,000 - \$2,950	53.5%	\$5,000
41.2%	\$3,000		
- Of those borrowing the maximum, if maximums are increased,

Undergraduate: 80%	\$4,500	Graduate: 100%	\$5,500
15%	\$3,050 - \$4,450		
5%	\$3,000		

IV. DATE April 14, 1981 PREPARED BY Kerry D. Romesburg
 AGENCY Commission on Postsecondary Education
 Original: Legislative Finance PHONE 465-2854
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

SSHB 32

I. REQUEST
 Bill/Resolution No. SSHB 32
 Title Increasing Maximum Student Loan
 Requested by HESS Date 2/17/81

II. FISCAL DETAIL
 Agency Affected Education
 Program Category Affected Commission on Postsecondary Education
 BRU, Program, or Subprogram(s) Affected Student Loan Program
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	N.A.	4,217.0	5,754.1	6,778.0	8,686.5	10,636.0
TOTAL	N.A.	4,217.0	5,754.1	6,778.0	8,686.5	10,636.0

FUNDING (Thousands of Dollars)

GENERAL FUND	N.A.	4,217.0	5,754.1	6,778.0	8,686.5	10,636.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Fiscal Impact of raising limits is based upon the following assumptions:

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	29.3%	\$2,000-\$2,950		53.5%	\$5,000
	41.2%	\$3,000			

- of those borrowing the maximum, if maximums are increased,

Undergraduate:	8%	\$6,000	Graduate:	10%	\$8,500
	52%	\$4,500-\$5,959		40%	\$7,500-\$8,450
	35%	\$3,050-\$4,450		25%	\$6,000-\$7,450
	5%	\$3,000		25%	\$5,000-\$5,950

IV. DATE 2/17/81 PREPARED BY Kerry D. Roesburg
 AGENCY Commission on Postsecondary Education
 PHONE 465-2854
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)