

H B

32



Alaska State Legislature

House of Representatives

Committee on

Health, Education & Social Services

Rep. Don Clocksin, Chairman
465-3797

Pouch V
State Capitol
Juneau, Alaska 99811

ISSUES RELATING TO STUDENT LOANS

1. Loan Amounts

- a. SSHB 32 - \$3,000 to \$6,000 (undergraduates).
- b. SSHB 32 - ~~\$6,000~~ to \$8,500 (graduates). - *Costo*
- b. SSHB 42 - \$3,000 to \$3,500 (undergraduates).
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2. Notice to Borrower of Default

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total not to exceed 8 (was 6).
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5 years or more and above "B" average - 100%.
- b. Zybach - 15% per year up to 60% (currently 10% per year up to 40%).
- c. *OK* Romesberg - add fifth year of 10%; total 50%.
- d. *OK* Cutler - various options - "B" in major area.
- "good standing."
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- f. Zybach - additional 2.5% per year for attending school in-state (up to 100%).
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- a. Gardiner - create forward funding mechanism by funding revolving loan fund (SB 88).
- b. Gardiner - set up separate loan program for vocational technical.
- c. Gardiner - extend loan program to some part-time students.

7. Residency

- a. AS 14.40.806(4) defines resident as one domiciled in Alaska who has resided here two years before applying.

OK

MS
action

MS
action

hopefully later
this year

ch. 14.40.806 / part-time
year for idem.
4/20/81

4/11/81

SENATE BILL 120 (Amending the undergraduate and graduate scholarship loan program)

1-29-81 Introduced by Senators Sturgulewski, Kerttula, Stimson and Dankworth
Ref: Senate Health, Education and Social Services and Finance

3-16-81 S. HESS recommends bill be replaced with Committee Substitute and reported it back with 3 'do pass' recommendations and attached new fiscal note and letter of intent

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Note: House Bill 32 (SSHB 32) is presently being considered by the House Finance Committee.

HB 32 increases limits for undergraduate loans to \$6,000; graduate loans to \$8,500; changes 'default clause' language; residency requirements remain at 3 years; but does not contain new eligibility section.

HB 32 introduced 2-11-81 by Rep. Gardiner, Miller, et al
Ref: House HESS, Finance

3-6-81 H. HESS reported bill out with Committee Substitute and 3 'do pass' and 2 'do not pass unless an' recommendations

Offered By Senator Sturgulewski
April 21 1981

Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

March 13, 1981

LETTER OF INTENT

ON

CS FOR SENATE BILL NO. 120

Charlie Parr, Chairman
Terry Stimson, Vice-Chairman
Vic Fischer
Tim Kelly
Mike Colletta

Pouch V
State Capitol
Juneau, Alaska 99801


465-4907
465-4908

CSSB 120 amends the Student Loan Program by increasing the maximum amount which can be borrowed and the number of years in which loans may be paid. It increases the incentive for the student to remain in the State after graduation (so that the State may profit by its investment) by increasing the loan forgiveness from 40 percent to 50 per cent.

It is the intent of the Committee that the loan forgiveness not wait until the end of the repayment cycle, as is currently the practice, since students cannot perceive these benefits during the first several years. 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 percent loan forgiveness at the end of each year.

The above loan forgiveness policy can be handled by administrative action, and no legislation is required.


.....
Charles R. Parr, Chairman

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. Past Due and Default Loans

Past Due	October		November		December		January	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
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	389,063	188	462,252	193	385,664
120+	878	1,981,084	909	2,038,126	954	2,096,983	927	2,154,220
TOTAL	1,746	4,109,078	1,833	4,108,991	1,977	4,320,639	1,923	4,179,344
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	<u>2,275 (43.5)</u>	<u>2,957 (56.5)</u>	<u>5,232</u>
Graduate	123 (19.0)	525 (81.0)	648
TOTAL	2,398 (47.8)	3,482 (58.2)	5,880

8. Raising Loan Limits

Undergraduate	\$2,500	\$4,500	\$5,000
Graduate	\$6,000	\$7,500	\$7,000

1981-82 Cost \$1,575,700 \$3,619,600 \$4,041,704

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:

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	<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
Gonzaga University	7,010	7,400
Western Washington University	6,280	7,890
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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
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University of Hawaii	480	582
University of Idaho*	1,990	2,000
University of Oregon*	3,431	2,433
University of Washington*	2,394	2,736

*Non-resident

Introduced: 2/11/81
Referred: Health, Education &
Social Services and Finance

BY GARDINER, MILLER, ROGERS,
GRUSSENDORF, BEIRNE AND
PHILLIPS

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 32

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. This Act takes effect July 1, 1981.



Rep. Don Clocksin, Chairman
465-3797

Alaska State Legislature

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7. Residency

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FISCAL NOTE

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:

- 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 maximum are increased,

Undergraduate:	8%	\$6,000	Graduate:	10%	\$8,500
	52%	\$4,500-\$5,950		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 [Signature]

AGENCY Commission on Postsecondary Education

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

PHONE 465-2854



NEA - ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

JUNEAU OFFICE
147 SOUTH FRANKLIN #207
JUNEAU, ALASKA 99801
PHONE (907) 586-3080

ANCHORAGE REGIONAL OFFICE
1411 WEST 33rd
ANCHORAGE, ALASKA 99503
PHONE (907) 274-4536

FAIRBANKS REGIONAL OFFICE
825 COLLEGE ROAD
FAIRBANKS, ALASKA 99701
PHONE (907) 456-4435

Robert C. Manners
Executive Secretary
Juneau Office

Robert C. Cooksey
Deputy Executive Secretary
Juneau Office

James D. Alter
Field Staff
Juneau Office

Charles L. O'Connell
Deputy Executive Secretary
Anchorage Office

Dianne Anderson
Field Staff
Anchorage Office

Steve Pulkkinen
Field Staff
Anchorage Office

Mary Ann Eininger
Deputy Executive Secretary
Fairbanks Office

February 17, 1981

TO: Chairman Clocksin
Members of the House HESS Committee

FROM: NEA/Alaska

RE: SS HB 32 and SS HB 42: An Act Pertaining to the Graduate and Undergraduate Scholarship Loan Program

MEMORANDUM OF SUPPORT

NEA/Alaska strongly supports and urges passage of legislation which significantly increases the scholarship loan program.

Inflation has probably adversely impacted the cost of a college education as severely, if not more so, as anything in the basic economy today.

It is incumbent on us to make the fullest opportunity for a comprehensive public and college education available to all youth in Alaska who possess the motivation, skills and desires to do so. Our youth are our greatest asset and natural resource. Their access to a comprehensive education is our best hope for solutions to the problems of this and future generations.

Respectfully submitted:

Robert Manners
Executive Secretary

RM:jw

4/11/81

SENATE BILL 120 (Amending the undergraduate and graduate scholarship loan program)

1-29-81 Introduced by Senators Sturgulewski, Kerttula, Stimson and Dankworth
Ref: Senate Health, Education and Social Services and Finance

3-16-81 S. HESS recommends bill be replaced with Committee Substitute and reported it back with 3 'do pass' recommendations and attached new fiscal note and letter of intent

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LETTER OF INTENT
ON
CS FOR SENATE BILL NO. 120

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*Non-resident

4.29.81

STUDENT LOAN BILLS

<u>Provision</u>	<u>CSSSHE 32 (Finance)</u>	<u>CSSSHE 32 (HESS)</u>	<u>CSSB 120</u>
1. Loan Maximums Undergraduate Graduate	\$6,000 \$8,000 7,000	\$6,000 \$7,000 3,500	\$5,000 \$7,000
2. Define "good standing"	No Yes	Yes No	No
3. Years of borrowing Limits of 5 by level	8 Yes	8 Yes	8 No
4. Corrects repayment language (AS 14.40.763(cgl))	Yes	No	No
5. Requires notice to defaulters of accelerated payment	Yes	Yes	No
6. Changes "Employment" to "Reside" for grant	Yes	No	No
7. Grant Provisions / <i>MINIS</i>	40%	50%	50%
8. Change hardship increments to 12 months	Yes	No	No
9. Loss of grant for default	Yes	Yes	No
10. Retroactive	No	No	Yes
11. Re-defines residency	No	No	Yes
12. First grant eligible after how many years	3	3	2
13. Intent for rebate or refund of grant benefits (Yes)		No	Yes
14. FY 82 Fiscal Impact	\$4,658,600 (\$650,000) (\$5,308,600)	\$4,794,480	\$4,691,700
(a) Undergraduate	\$3,984,530	\$3,984,530	\$3,439,330
(b) Graduate	\$602,370	\$809,950	\$602,370
(c) Refund/Rebate	\$650,000	N.A.	\$650,000

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4
7

3000 → 3000 cash rebate



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 2, 1981

MEMORANDUM

TO: Representative Terry Gardiner

FROM: Leslie Longenbaugh *LL*
Research Staff

RE: Student Loans
Research Request Number 81-12

In the interest of obtaining a better understanding of the adequacy of student loan amounts offered by the State of Alaska, you have asked that we provide data on the average tuition and living expenses associated with graduate and undergraduate schools in the Pacific Northwest.

The current Alaska Student Loan Program, administered by the Commission on Postsecondary Education, limits loan awards to \$3,000 per academic year for undergraduate study and \$5,000 per academic year for graduate work.¹ Since 1971-72, when the loan program began dispensing funds, 11.9% of the loans have gone for graduate work; the remaining 88.1% have all been awarded to undergraduates. The loans offer the student a ten-year repayment period at an annual interest rate of 5%; up to 40% of the loan will be forgiven when a borrower returns to work in Alaska or attends an Alaskan institution.

The average loan award amount has increased steadily in the ten years of the program's existence as costs to students have risen. In 1979-80, the average loan (graduate and undergraduate) was \$2,393. Loan awards have been higher for those students attending schools out of state, because, as is shown below, both public and private institutions in the rest of the Northwest cost more, on the average, than Alaskan schools.

The costs presented on the following pages, both for graduate and undergraduate instruction and for the cost of living, are from a randomly chosen group of universities and colleges. They give some idea of the minimum costs incurred by most Alaskan students who attend school in the West.

¹Senate Bill 120, introduced on January 29, 1980, by Senators Sturgulewski, Kerttula, Stimpson and Dankworth, would increase these limits to \$5,000 for undergraduate study and \$7,000 for graduate study. A copy of this bill is attached.

Representative Gardiner
February 2, 1981
Page 2

The figures listed do not include a student's transportation, books, or other miscellaneous expenses. The "on-campus" costs, except where noted, are average board and room expenses for a single student sharing a dormitory room. In using these figures to compute future loan amounts, it should be remembered that all university fees increase often and without notice.

UNDERGRADUATE COSTS

According to the 1979-80 annual report of the Alaska Commission on Postsecondary Education, 60% of the undergraduate loans granted for the 1979-80 school year were given to students attending schools in Washington, Alaska and Oregon. Average costs of attendance at selected universities in these states are listed below. All figures are based on unmarried, nonresident status; students must retain their Alaska residency in order to qualify for the State loans.

Based on the schools surveyed, public school costs for undergraduate students in Washington, Oregon and Alaska average around \$4,000 (including tuition, fees, room, and board). Inclusion of the three private colleges in Alaska would increase the average for all three states to \$4,600; the average for Washington and Oregon alone is in the area of \$5,800.

TABLE 1
 Survey of Undergraduate Tuition and Living Expenses Per Academic Year

Washington

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Washington	80-81	\$2,394 ¹	on-campus: \$3,900 ² (off-campus: \$4,375 ²)	\$6,294 \$6,769)
Washington State	80-81	\$2,394	on-campus: \$1,620	\$4,014
Central Washington	80-81	\$1,983	on-campus: \$1,810	\$3,793
Western Washington	80-81	\$1,983	on-campus: \$1,680	\$3,663
AVERAGE		\$2,189	on-campus: \$2,253	\$4,415

¹The University of Washington has raised its tuition, fees, room and board for the 81-82 school year.
 New costs will be: Tuition and fees, \$3,288.
 On-campus cost of living, \$4,794.
 Expenses on campus, then, will total \$8,082.

²These are estimates computed by the Office of Admissions at the University of Washington.
 They include only tuition, fees, room, and board, but are not exact amounts.

TABLE 2

Survey of Undergraduate Tuition and Living Expenses Per Academic Year

Oregon

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Oregon	80-81	\$3,282	on-campus: \$2,200	\$5,482
Oregon State	80-81	\$3,327	on-campus: \$1,750	\$5,077
Portland State	80-81	\$3,261	- not available -	
AVERAGE		\$3,290	on-campus: \$1,975	\$5,265

TABLE 3

Survey of Undergraduate Tuition and Living Expenses Per Academic Year

Alaska

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Alaska system	80-81	\$ 410	on-campus: \$1,960	\$2,370
Inupiat College	80-81	\$ 420	- not available -	
Sheldon Jackson College (private)	80-81	\$2,650	on-campus: \$2,500	\$5,150
Alaska Pacific University (private)	80-81	\$2,350	on-campus: \$2,600	\$4,950
AVERAGE		\$1,457	on-campus: \$2,353	\$4,156

GRADUATE SCHOOL COSTS

Of those Alaskan postgraduate students who received state loans for the 1979-80 academic year, 63% were attending institutions in Washington, California, Alaska and Oregon; therefore, for the description of costs incurred by graduate students, I have included figures from California schools.

The average graduate costs for tuition, fees, and on-campus room and board for all four states is around \$4,900. Excluding Alaska, the average minimum expenditure to graduate school in 1980-81 is around \$5,300.

TABLE 4

Survey of Graduate Tuition and Cost of Living Expenses Per Academic year

Washington

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Washington	80-81	\$3,648	on-campus: \$4,260 ¹ (off-campus: \$4,735 ¹)	\$7,908 \$8,383)
Washington State	80-81	\$2,736	on-campus: \$1,620 (off-campus: \$2,800)	\$4,356 \$4,736) ²
Central Washington	80-81	\$2,256	on-campus: \$1,810	\$4,066
Western Washington	80-81	\$2,256	on-campus: \$1,680	\$3,936
AVERAGE		\$2,724	on-campus: \$2,342	\$5,067

¹ These are estimates computed by the Office of Admissions at the University of Washington. They include only tuition, fees, room, and board, but do not represent exact amounts.

² These are estimates computed by Washington State University, based on average rental and food expenses in the area.

TABLE 5

Survey of Graduate Tuition and Living Expenses Per Academic Year

California

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. C. Berkeley	80-81	\$2,400	off-campus: \$2,745 ¹	\$5,145
San Diego State	80-81	\$2,160	on-campus: \$2,030	\$4,190
Stanford (private)	80-81	\$6,900	on-campus: \$2,900	\$9,800
AVERAGE		\$3,820 (w/o Stanford, \$2,280)	on-campus: \$2,558	\$6,378 (w/o Stanford, \$4,667)

¹ This estimate was computed by the University of California at Berkeley. It includes tuition, fees, room, and board for a nonresident student.

TABLE 7

Survey of Graduate Tuition and Living Expenses Per Academic Year

Alaska

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Alaska system	80-81	\$ 640	on-campus: \$1,960	\$2,600
Alaska Pacific University (private)	80-81	\$2,350	on-campus: \$2,600	\$4,950
AVERAGE		\$1,495	on-campus: \$2,280	\$3,775

TABLE 6

Survey of Graduate Tuition and Living Expenses Per Academic Year

Oregon

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Oregon	80-81	\$2,433	on-campus: \$2,200	\$4,633
Portland State	80-81	\$2,397	- not available -	---
Oregon State	80-81	\$2,388	on-campus: \$1,750 (off-campus: \$2,000 ¹)	\$4,138 \$4,385
AVERAGE		\$2,406	on-campus: \$1,975	\$4,385

¹ This is an estimate computed informally by the Office of Admissions at Oregon State University. It includes tuition, fees, room, and board, but is not an exact amount.

Representative Gardiner
February 2, 1981
Page 11

It should be remembered that the figures presented in this memorandum are for the 1980-81 academic year. With a national inflation rate that continues at over 10%, it can be assumed that student tuition, fees, and living costs will increase at a similar pace. Any planning for increases in loan award ceilings, which are presently set at \$3,000 for each year of undergraduate study and \$5,000 for a year of graduate work, should incorporate some adjustment for the almost continuous increases in the prices of instruction, housing, and food.

I have enclosed a copy of the Annual Report, Student Loan Program, 1979-80, which gives further information about the recipients of student loans.

If we can be of further assistance in this regard, please call on us.

MEMORANDUM

TO: Legislators and staff

FROM: Terry Gardiner

DATE: 24 February 1981

RE: Changes in student loan program to aid vocational students

Vocational education seems to be working in Alaska for motivated students who get the training. This can be best seen in the jump in incomes reported by students successfully completing programs at Alaska Skill Center at Seward, the state's only training facility strictly for adult vocational education. Tax returns showed that for FY1979, the pre-training average income for Skill Center students was \$4,247; the post-training average was \$10,023. (For FY1978, the figures were \$3,031 and \$11,972; for FY1977, \$4,755 and \$8,628.)

The Alaska student loan program, which is supposed to help citizens obtain post-secondary education, is not helping vocational students much. Just over eight per cent (8%) of the loans awarded in 1980-1981 were for vocational education (423 out of 5,232), reports Dr. Kerry Romesburg, executive director of the Alaska Commission on Postsecondary Education. **

Lack of demand for vocational training seems an unlikely explanation for the small number of loans made for this purpose. Bob Booher, director of the Skill Center, reports that the facility maintains a file of between 400 and 600 individuals who wish to attend but are not doing so, and says that at least half of this group cites lack of money as their major problem. In addition, a 1979 survey of adult vocational students in Fairbanks found that 26 per cent felt that the cost of training might prevent them from completing their education.

Factors apparently reducing the number of vocational students, and suggested changes:

1. Lack of awareness. Most Alaskans--including many educational professionals--simply don't know that state student

* Figures provided by the Alaska Department of Revenue to the Skill Center. The Skill Center accounts for less than 25 per cent of all vocational students in Alaska, and the income change for all such students would likely be somewhat less.

** There is some dispute over this figure. Eleanor Brown, director of financial aid at Anchorage Community College, estimates that 450 to 500 vocational students have loans at that institution. There may be a definitional problem here, as some students at community colleges take vocational education courses not to learn job skills, but to improve their personal skills. Romesburg only

counts in his 423 students enrolled at vocational institutions, such as the Skill Center.

loans are available for vocational education. A respected counselor at a Fairbanks career center says that it took her more than three years on the job before she discovered this.

Suggested changes: More publicity, outreach, and a program name change. Suggested language is being drafted to amend the student loan program to provide for:

a. Increased awareness. To make it generally known that student loans are available for vocational students, the commission should arrange for media advertising (radio, TV, newspapers) and the distribution of posters and brochures. These posters and brochures should be available at places frequented by teachers, counselors, and potential vocational students, including secondary schools, colleges and universities, government and private social service agencies.

In addition, the commission should administer a concentrated outreach campaign aimed at disseminating information about the availability of student loans for vocational purposes. The efforts could include itinerant loan information officers, who would travel the state spreading this message (the majority of these officers should be bilingual in English and an Alaska Native language). It could also include contracts with non-profit corporations in the state's various regions which are already engaged in similar counseling activities.

b. Program name change.

Finally, the program's name should be changed from the "Alaska Student Loan Program" to the "Alaska Academic and Vocational Student Loan Program."

2. Inappropriate funding cycle. Both vocational and academic students have been affected by the

funding shortfalls and administrative bottlenecks which have plagued the program the past three years. The program's need to wait each year for the budget to become law before awarding the loans has led to hurried disbursements of funds in the late summer and early fall, so that students can start the beginning of each school year. This process sometimes exhausts the funds between late fall and July, although the program has sought supplementals.

This pattern of disbursement can be bothersome for academic students, but it is much more of a problem for vocational education students. Vocational education programs often don't follow the lockstep September-May school year of colleges, but instead operate on an individualized, year-round, "open entry-open

exit" basis. Moreover, vocational education programs are sometimes tied to specific and immediate short-term needs of industry, requiring a turnaround between loan application and loan award (or rejection) as short as 30 days. Finally, for a number of would-be vocational students delaying a loan may end the possibility they will get the training, either because they won't wait (because of low goal orientation) or can't wait (because of pressing economic circumstances).

Suggested change: Create a forward funding mechanism to avoid shortfalls. SB88 provides such a revolving base for this program. This could allow the spreading out of the disbursements throughout the year instead of the current hurried process, which can be irritating for all students and particularly frustrating for those seeking vocational education.

Rozesburg says this legislation would allow a two-week turnaround between loan application and loan decision, and--depending on the mails and the speed of the student's response-- a 30-day turnaround between application and the time the student receives the funds. The legislative change would dovetail well with a new administrative policy announced by Rozesburg, who has pledged to have the commission make lump sum payments of loans awarded to students in short-term vocational programs, as opposed to stretching them throughout the regular year.

As with the publicity campaign suggested in (1), the legislature should determine if the commission needs more staff to implement these changes, particularly the speedy processing.

5.2% per cent to remain
Public Assistance Programs -> just in case for students on welfare?
Public -> Diplomat Home makes -; Housing

Does not want to encourage going out of state but stay in state.

Ms Strater ->

Introduced: 2/6/81
Referred: Health, Education & Social Services and Finance

1 IN THE HOUSE

BY BUCHHOLDT, FULLER AND ZHAROFF

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 42

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending the undergraduate and graduate schol-
7 arship loan program; and providing for an effective
8 date."

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

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

11 Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a
12 loan, not to exceed \$3,500 *Financial aid limited and over 35%* [\$3,000] in any one school year, to an
13 undergraduate student eligible 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 \$6,000 [\$5,000] in any one school year, to a graduate
17 student who is eligible under AS 14.40.765 and is pursuing an advanced
18 degree.

19 * Sec. 3. AS 14.40.763(1) is amended to read:

20 (1) If a loan is in default, the commission shall (MAY) notify
21 the borrower (STUDENT) that repayment of the remaining balance is
22 accelerated and due by sending the borrower (STUDENT) a notice by
23 registered or certified mail.

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

25 (j) A portion of a loan shall be paid on behalf of the borrower
26 by the state if, upon completion of the course of study for which the
27 loan was granted, the borrower spends at least three years employed in
28 the state. The portion of the loan which shall be paid by the state
29 shall be the following percentages of the total loan received plus

*forgiveness?
5 yrs after
or any residence -*

1 interest [FOR UP TO A TOTAL OF 40 PERCENT];

- 2 (1) two -- three years residency, 10 percent;
- 3 (2) three -- four years residency, an additional 10 percent;
- 4 (3) four -- five years residency, an additional 10 percent;
- 5 (4) over five years residency; (.)

6 (A) 100 percent of the loan if the borrower demonstrates

7 to the committee that his scholastic average for the entire period

8 during which he received a loan under this section was "B" or

9 better; or

10 (B) an additional 40 [10] percent if the scholastic

11 average of the borrower for the entire period during which he

12 received a loan was less than "B".

13 * Sec. 5. 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 given notice of default under (i) of this

16 section.

17 * Sec. 6. This Act takes effect July 1, 1981.

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Introduced: 2/11/81
Referred: Health, Education &
Social Services and Finance

BY GARDINER, MILLER, ROGERS,
GRUSSENDORF, BEIRNE AND
PHILLIPS

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 32

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 *Why not use language of 1985 credit loans - ?*

(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. This Act takes effect July 1, 1981.

161 Min loans
16,000 - 1780
17,500 1981
expected

Introduced: 2/11/81
Referred: Health, Education &
Social Services and Finance

BY GARDINER, MILLER, ROGERS,
GRUSSENDORF, BEIRNE AND
PHILLIPS

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 32
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 ^{4,500} \$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 ^{6,500} \$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 for 36 months (years) or total credit hrs.
21 (1) for more than five years of undergraduate study;
22 (2) for more than 36 months (years) or total credit hrs. of
23 (3) for more than a total of eight [SIX] years of under-
24 graduate and graduate study.

25 * Sec. 4. This Act takes effect July 1, 1981.

26
27 *Loan calculator? - Comm. said partial forgiveness.
28 may 50% incl.*
29

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SEHB 32
 Title Increasing Maximum Student Loan
 Requested by BESS 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)

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

POSITIONS

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

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

Fiscal impact of raising 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			

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

Undergraduate:	8%	\$6,000	Graduate:	10%	\$8,500
	52%	\$4,500-\$5,950		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. [Signature]

AGENCY Commission on Postsecondary Education
 PHONE 485-2854

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

Mike Collins - Volody

↑ Announcements of acceptance for loan

cost is balance with "incredible amount of salaries"
"increase funding not forgiveness"

Kotzebue - Why is it that most intend to go out of state?
particular types of programs not a state?

Sally Hitchcock - no forgiveness on grads -
Two daughters Fto last loans - due to new grad
courses

Elizabeth Zeglar - 1980 D.D. -

5 yr. resident - need a cap for graduate loans \$8,500
present consultant system is adequate

Dan Napp - Sitka - support Sec 1-2

Don't increase forgiveness

Don't reduce residence - maybe increase to 2 yrs.

Jo Anna Ruby - favors HB 42
favor 100% forgiveness -

Mr. Spandel - Bay's clubs. tank
responsibilities - payback

Louise Collins - Pres. Kachuk Sch. Board.

HB 42 - "B" average not achievable the state pt. system
does not want 100% forgiveness.

increase by 1 yr. - recidivism - before and after

Ketchika - supports HB 3?

\$,000 will give full coverage at Colorado State

2 yrs. resident - her son is going to →

HB 42 - Sec. 3 - to legislature

Peggy Bouman - Support HB 32

Lisa Deal - Valley.

Kotzebue

Don Kanner - Inst. Su.

30 yr old student, married two children

Full time student - no problems now

Does favor HB 32 + forgiveness

"most valuable" income - "pay back state

but it also pays you back
in future - with greater
salaries in careers.

Bev. Crow - Ansh. after 3 yrs.

\$11,500 borrowed thus far but needs more
because not working. Wants law
wants everything for nothing in return.

Fibs -

^{Scott}
Mr Sterling - U of A - Senator of Student Assoc.

favours HB 32

"B" money is not favored.

Paddling cost

Homer. Kurt Dellen

See High Sch. - intends

N. Zap State - for commensurate. -

Kurt Mack - 800 student - A.P.U.

Indiana program of loans -

Wants HB 42 -

7,500 and 3,500 - encourage students
to stay in state

Joan Stratter

Arch. - Gene Norman - A.P.U.

David — — Ketchikan - 23 yrs. old.

does not favor 100% -

Music & Journalism - out of state

300⁰⁰ in state - \$2,750 out of state

Eric Palmer - Harris - gang outside - private \$5,600 - communication -

Harm to U of a

12,000

4

$\frac{1}{5}$

6th

1200 + 70 x 10 yrs.