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B

120

COMMITTEE REPORT
SENATE

1/29/81

FURTHER: Finance

Date: _____

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SB 120 amending the undergraduate and graduate scholarship loan program

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB 120 same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Handwritten signatures]

[Handwritten signature]

CHAIRMAN

APPLICATION FOR AN ALASKA STUDENT LOAN

1981-82



ALASKA STUDENT LOAN PROGRAM
Pouch F - State Office Building
Juneau, Alaska 99811
(907) 465-2962

PLEASE READ CAREFULLY

Before completing this Alaska Student Loan application, detach this page, carefully read the front and back of this page, and retain for future reference. Then see instructions for completing this application on the next page. Do NOT detach the instruction page. It must be sent to the school with the application.

Type or print clearly all information requested.

GENERAL INFORMATION

To be eligible a student must:

1. be an Alaska resident for at least twenty-four months immediately prior to filing;
2. be, or plan to be, a full-time student during the period for which funds are requested;
3. attend a school which is approved or accredited by a national or regional accrediting association or the Alaska Commission on Postsecondary Education;
4. be, or plan to be, enrolled in a career vocational—technical program or an associate, baccalaureate, or graduate degree program;
5. not have had loans under this program for more than six full school years; and
6. reapply for each year a loan is desired. Applications are NOT sent automatically to any borrower, but must be requested on or after January 1st for the following year.

Undergraduate students may borrow up to \$3,000 per school year. Graduate students may borrow up to \$5,000 per academic year. However, no loan may exceed the difference between the estimated cost of education and the estimated income sources for the school year for which the loan is received.

A REVISED APPLICATION must be submitted if there is:

- (a) a change in the school attended for all or any portion of the period for which the loan is awarded.
- (b) a change in the period of attendance for which the borrower originally applied and/or was awarded a loan.
- (c) a change in expenses or funds from other sources.

The Finance Charge (interest) under the Alaska Student Loan Program is 5% simple. All students are eligible to have interest paid on their behalf during qualifying periods. This interest will be paid by either the Federal Government under the Guaranteed Student Loan Program or by the State of Alaska.

APPLICATION DEADLINE

The application deadline for priority processing is May 15. Applications received after May 15 will be processed in monthly lots with priorities assigned in accordance with loan statutes.

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 18,500 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 over-burdened 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 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 | \$ 10.81 | \$ 273.20 | \$ 1,000.00 | \$ 1,273.20 |
| 2,000.00 | 21.21 | 545.71 | 2,000.00 | 2,545.71 |
| 3,000.00 | 31.62 | 818.40 | 3,000.00 | 3,818.40 |
| 4,000.00 | 42.03 | 1,091.20 | 4,000.00 | 5,091.20 |
| 5,000.00 | 52.43 | 1,363.99 | 5,000.00 | 6,363.99 |
| 6,000.00 | 62.84 | 1,636.80 | 6,000.00 | 7,636.80 |
| 7,000.00 | 73.25 | 1,909.60 | 7,000.00 | 8,909.60 |
| 8,000.00 | 83.65 | 2,182.40 | 8,000.00 | 10,182.40 |
| 9,000.00 | 94.06 | 2,455.20 | 9,000.00 | 11,455.20 |
| 10,000.00 | 104.47 | 2,728.00 | 10,000.00 | 12,728.00 |
| 15,000.00 | 156.70 | 4,092.00 | 15,000.00 | 19,092.00 |
| 20,000.00 | 212.13 | 5,456.00 | 20,000.00 | 25,456.00 |
| 25,000.00 | 268.16 | 6,820.00 | 25,000.00 | 31,820.00 |
| 30,000.00 | 324.20 | 8,184.00 | 30,000.00 | 38,184.00 |

STUDENT BORROWER: DETACH THIS SHEET AND SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

SPECIAL LOAN PROVISIONS

1. Repayment of loan principal and interest may be deferred under certain conditions. These are outlined in loan regulations and are contained in the Promissory Note.
2. Up to 40% of the total loan may be considered a grant if upon completion of course of study, the loan recipient meets Alaska employment and residency criteria of the loan program.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that an agency provide the following notice to each individual whom it asks to supply information:

1. The authority for collecting the requested information is section 428(b) (2) (A) of the Higher Education Act of 1965, as amended (20 U.S.C. 1078(b) (2) (A)). Applicants are advised that participation in the Guaranteed Student Loan Program (GSLP) is voluntary, but the requested information is necessary for participation in the GSLP.
2. The principal purposes of this information are as follows: to verify the identity of the applicant; to determine program eligibility; to permit servicing of the loan; and in the event it is necessary, to locate missing borrowers and collect on delinquent or defaulted loans.
3. The routine uses include the following: the information may be furnished during the life of the loan to holders of this and other loans made to the borrower under the GSLP; to educational institutions in which the borrower is enrolled or is accepted for enrollment; to guarantee agencies; to contractors which assist the U.S. Department of Education in the administration of the GSLP; to Federal or State agencies or private parties who may be able to provide information necessary for the collection of the loan, or to assist in the servicing or collection of the loan.

Section 7 [b] of the Privacy Act of 1974 (5 U.S.C. 522a) requires that when any Federal, State, or local government agency requests an individual to disclose his/her social security number (SSN) that individual must also be advised whether that disclosure is mandatory or voluntary, by what statutory or other authority the number is solicited, and what uses will be made of it.

Disclosure of the applicant's SSN is required as a condition for participation in the GSLP, as the U.S. Dept. of Education has, for several years, consistently required the disclosure of the SSN on application forms and other necessary GSLP documents adopted pursuant to published regulations (45 CFR 177, particularly 45 CFR 177.2(d) and 45 CFR 177.47(b)).

Section 7 (a) (2) of the Privacy Act provides that an agency may continue to require disclosure of an individual's SSN as a condition for the granting of a right, benefit, or privilege provided by law where the agency required the disclosure under statute or regulation prior to January 1, 1975, in order to verify the identity of an individual.

The SSN will be used to verify the identity of the applicant, and as an account number (identifier) throughout the life of the loan in order to record necessary data accurately. As an identifier, the SSN is used in such Program activities as: determining Program eligibility; certifying school attendance and student status; determining eligibility for deferment or repayments; determining eligibility for disability or death claims; and for tracing and collecting in cases of defaulted loans.

RIGHT TO FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), the U.S. Dept. of Education will have access to financial records in your student loan file maintained by the lender in connection with the administration of the Guaranteed Student Loan Program.

NOTICE

The status of this loan may be reported to a credit bureau. Therefore, in order to maintain a good credit rating, it is to your advantage to comply with all the terms of the loan agreement and to meet your responsibilities as a borrower under this program.



1981-82 INSTRUCTIONS FOR COMPLETING ALASKA STUDENT LOAN APPLICATION

STUDENT BORROWER: DO NOT DETACH THIS PAGE UNTIL THE SCHOOL HAS COMPLETED PART B

ROUTING INSTRUCTIONS:

PART A — TO BE COMPLETED BY STUDENT BORROWER. After completing Part A, forward this page and the four copies (2 white, 1 yellow and 1 blue) of the application to the student financial aid office at the school you will be attending for completion of Part B.

PART B — TO BE COMPLETED BY A SCHOOL OFFICIAL. Under Alaska Statute, applications for the Alaska Student Loan Program must be submitted at the Alaska Student Loan Office on or before May 15 of each year. Applications received after May 15 will not be handled on a priority basis. Therefore, the school is only requested to verify the student borrower's estimated cost of education, any financial aid (if known), and if the student borrower owes a refund on grants or loans previously received at the school in Part B of the application form.

The school is requested to certify the student borrower's enrollment status, academic progress, dependent/independent status, etc. on a form which accompanies each loan check which is sent to the student in care of the student financial aid office at the beginning of each term.

After completing Part B, the School Copy (blue) of the application should be detached and kept in the school records. (The school will also receive an executed copy of the Promissory Note indicating the amount of the loan approved.) The school should forward the remaining three copies (2 white and 1 yellow) and this page to the student.

STUDENT BORROWER: Upon receipt of the application from the school, the Student Copy (yellow) and this page should be detached and retained for your records. The remaining 2 white copies should be taken or sent to: Alaska Student Loan Office, Pouch F, State Office Building, 7th Floor, Juneau, Alaska 99811.

INSTRUCTIONS FOR COMPLETING PART A — THE STUDENT SECTION

Fill in all items 1 through 30 completely—do not leave any space blank. Incomplete, incorrectly completed or illegible applications will be returned to you for clarification.

1. Enter your full legal name.
2. Enter your social security number—do not guess, check your social security card. Please read the Privacy Act Notice on the reverse side of the front page regarding the use of your social security number in connection with a student loan.
3. Enter date of birth. Make sure that the year entered is the year you were born, not the current year.
4. Enter your permanent address. A temporary school or other temporary address is NOT acceptable. If your address does not include a street name or number or post office box for the city and state listed, enter "none". If your permanent address is not in Alaska, attach a separate sheet of explanation.
5. Enter your current mailing address, if different from item 4, above, where you can receive correspondence from the student loan office with regard to this application. If you do not keep us informed of your current mailing address during the application processing period, you risk having your loan delayed or canceled. If your current address is the same as your permanent address, enter "same as above".
6. WRITE IN the name of the State where you are a permanent resident and the date you became a resident. If you are a resident of Alaska DO NOT enter "yes", enter "Alaska". Alaska resident means a person who, except for brief intervals, military service, attendance at an educational institution, or for absence for good cause shown, has resided in Alaska and who has maintained his/her domicile in Alaska for at least two years immediately prior to the date of submission of the application for a student loan; domicile is the true and permanent home of a person from which he/she has no present intention of moving and to which he/she intends to return when away.
If you are a military dependent and your home of record is not Alaska, you must attach a separate sheet of explanation.
7. Enter if you are a U.S. citizen or national. If no, enter your alien type and number.
8. Enter your telephone number where you can normally be reached. If you have no telephone where you can be reached, enter "none".
9. You must provide the name, address, telephone number, and the relationship to you of FOUR (4) references with whom you have periodic contact. If either or both of your parents are deceased and you have no legal guardian, enter the information requested of your closest living relative or a close adult friend. Business or college addresses for references are not acceptable nor is General Delivery or a blank unless an explanation is attached to indicate that no street names or numbers of post office boxes exist for the city and state listed. All of the references listed must live at different addresses.
10. Enter your academic standing for the loan period. If you will be a first year Voc-Tech student, check Freshman or a second year Voc-Tech student, check Sophomore, etc. If during part of the school year you will be an undergraduate student and part of the school year you will be a graduate student, you must complete a separate application for each.
11. Enter if you have applied/will apply for any other student loans from any other source for the loan period. A "yes" answer will not have any bearing on whether or not you will be eligible for a loan under this program, but rather it will help us to determine if the loan granted should be federally reinsured or insured by the State of Alaska only.
12. List ALL student loans you have received in prior years from any source even if any of those loans have been paid in full. Include loans received through the Alaska Student Loan Program, NDSL, FISL and/or USLP loans received from banks, schools, etc. If you have not received any student loan from any source, enter "none".
13. Enter if you have ever defaulted on a federal student loan and, if yes, give details on a separate sheet of paper.
14. Enter whether you are a dependent or independent. A dependent is defined as a person who has lived with his/her parents for more than six (6) weeks in 1980 or plan to in 1981, a person who has been claimed on his/her parent's 1980 tax return or if they plan to in 1981, or a person who has received more than \$1000 worth of support from his/her parents in 1980 or if they plan to in 1981.

SEE REVERSE SIDE FOR FURTHER INSTRUCTIONS

15. Enter the total number of persons who will live with you during the school year who are dependent upon you for at least half of their support. Include dependent spouse, dependent children, and any other dependents. List ages of dependents. If you have no dependents, enter "0".
16. Enter the number of quarters, semester/trimesters or weeks/months in the appropriate space. Examples: If you will be attending a college or university for Fall, Spring and Summer semesters, enter "2" Trimesters/Semesters and "1" Summer. If you will be attending a 10 week Voc-Tech school, enter "2" Weeks and "2" Months. If you do not plan to attend school for consecutive terms during the same school year (such as Fall and Summer, but not Spring semester), you must complete a separate application for each separate term.
17. Check the appropriate box which describes where you will live while attending school.
18. Enter major course of study, i.e., English, history, dentistry, auto mechanics, etc.
19. Enter type of degree (associate, bachelors, masters, doctorate), or if you will be working toward a certificate or diploma.
20. Enter the estimated cost of education during the loan period. Refer to the financial information provided by the school you will be attending. If the estimated costs you list in this section are higher than the costs stated by the school's current school brochure, attach an itemized statement explaining the cost difference.
21. Enter sources of financial aid and other sources to cover your estimated cost of education. In addition to applying for a student loan, it is to your advantage to seek other sources of financial aid such as grants, scholarships, work/study programs, etc. through the financial aid office at the school you will be attending.
22. Enter the beginning and ending dates of attendance for which this loan is requested. The dates entered should agree with the number of terms listed in Item 16. above. Example: If you will be attending the University of Alaska for Fall and Spring semesters, enter From: Mo. "9" Yr. "81" To: Mo. "5" Yr. "82".
23. Enter amount of loan requested for the loan period. The maximum undergraduate loan is \$3,000 and the maximum graduate loan is \$5,000; however, the amount of the loan will not exceed the difference of your estimated cost of education less sources of financial aid (item 20. less item 21.).
24. Enter month and year you anticipate completion of your course of study, i.e., the date you expect to earn the degree, certificate or diploma listed in item 19.
25. List any prior degree(s) or professional certificate(s) you may have received and the date(s) earned. If you have not received any prior degrees or certificates, enter "none".
26. Enter if you will be paying resident, non-resident, or if the school you will be attending is private with no differential in tuition charged. If you will be attending a non-Alaskan school and you will pay resident tuition, you must include an explanation on a separate sheet and include a copy of the written policy of the school which covers this situation. If you will be attending school outside of Alaska and enter that you will pay resident tuition without providing an explanation, your application will not be processed, but will be returned to you for clarification.
27. Enter whether you plan to enroll as a full-time or a part-time student during the loan period. All loans under this program are granted on the basis of full-time attendance and enrollment only. Full-time student means:
 - a) an undergraduate student, not on academic or other probation, who is or will be enrolled in any combination of courses, work experience, research or special studies which the school requires of the student to consider him/her as being engaged in full-time study and which amounts to the equivalent of 12 semester or 12 quarter hours per academic term for institutions utilizing the trimester, semester, or quarter system.
 - b) A graduate student, not on academic or other probation, who is or will be enrolled in any combination of courses, work experience, research or special studies which the school requires of the student to consider him/her as being engaged in full-time study and which amounts to the equivalent of 9 semester or 9 quarter hours per academic term for institutions utilizing the trimester, semester, or quarter system.
 - c) a student enrolled in a career education program for at least 30 clock hours per week and who is pursuing a full-time course of study.
28. Enter whether you have/will apply for WICHE (Western Interstate Commission for Higher Education) and/or SEIG (State Educational Incentive Grant) for the school period. If yes, enter the date(s) you applied/will apply.
29. Enter name and address of the school you will be attending during the loan period.
30. You must sign and date the application (after reading the conditions and authorizations on the reverse side of the application).

INSTRUCTIONS FOR COMPLETING PART B — THE SCHOOL STUDENT FINANCIAL AID SECTION

An authorized school official must complete all shaded areas of the application. Please refer to ROUTING INSTRUCTIONS — PART B above for further information regarding this Section. If you should have any questions regarding what information is required, please contact the Alaska Student Loan Office (907) 465-2962.

The School Copy (blue) of the application should be detached and retained for the school records and the remaining copies and instruction sheet returned to the student borrower.

STUDENT BORROWER: DO NOT DETACH AND KEEP THIS PAGE UNTIL THE SCHOOL HAS COMPLETED PART B OF THE APPLICATION FORM.

ALASKA STUDENT LOAN APPLICATION

This application to be used for the 1981-82 year only. If you will be attending a Voc-Tech school, attendance must begin on or after JULY 1, 1981. If you will be attending a college or university, to be used from Fall 1981 through Summer 1982.

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

WARNING: The assistance applied for herein may be provided in part by the United States Department of Education and the State of Alaska. Any person who knowingly makes a false or misleading statement on this form shall be subject to prosecution under provision of U.S. Criminal Code and Alaska Statute.

PART A — TO BE COMPLETED BY STUDENT BORROWER. IMPORTANT: READ THE INSTRUCTIONS CAREFULLY. Student Borrower should complete Part A and forward the application to the school for completion of Part B.

| | | | | | | | |
|---|--|--|---|--|--|---|--|
| 1. Student Borrower's Last Name | | First Name | Middle Name | 2. Social Security no. | | 3. Date of Birth Mo. _____ Day _____ Yr. _____ | |
| 4. Permanent Mailing Address | | | City or Town | State | Zip Code | | |
| 5. Current Mailing Address | | | City or Town | State | Zip Code | | |
| 6. State of Permanent Residence: Since: Mo. _____ Year _____ | | 7. Are you a U.S. Citizen or National? Yes <input type="checkbox"/> No <input type="checkbox"/> If no, give Alien Type _____ Number _____ | | 8. Area Code / Home Telephone Number (_____) _____ | | | |
| 9. References: You must provide four references. They must be of legal age with whom you have periodic contact. | | | | | | | |
| Parent/Guardian | | Other Parent, adult relative or friend at different address | | Adult relative or friend at different address | | Adult relative or friend at different address | |
| Name: _____ | | _____ | | _____ | | _____ | |
| Address: _____ | | _____ | | _____ | | _____ | |
| City, State: _____ | | _____ | | _____ | | _____ | |
| Telephone #: _____ | | _____ | | _____ | | _____ | |
| Relationship to you _____ | | _____ | | _____ | | _____ | |
| 10. Academic year of study for which this loan applies (check one) UNDERGRADUATE: Freshman _____ Sophomore _____ Junior _____ Senior _____ 5th Yr _____ or GRADUATE YR: 1st _____ 2nd _____ 3rd _____ 4th _____ | | | | 11. Will you be applying for student loans from another source for the school period listed in item 22 below? Yes <input type="checkbox"/> No <input type="checkbox"/> | | | |
| 12. List all student loans received from any source. Attach separate sheet if necessary. | | | | | | | |
| NAME AND LOCATION OF LENDER | | | DATE & TYPE OF LOAN | | UNPAID BALANCE | | 13. Have you ever defaulted on a federal student loan? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, give details on a separate sheet |
| _____ | | | _____ | | \$ _____ | | |
| _____ | | | _____ | | \$ _____ | | |
| _____ | | | _____ | | \$ _____ | | |
| _____ | | | _____ | | \$ _____ | | |
| 14. Are you (check one — see instructions) Dependent <input type="checkbox"/> Independent <input type="checkbox"/> | | | 15. Enter the total number of your dependents (see instructions) # _____ List ages: _____ | | | | |
| 16. Number of terms you will attend during year for which loan applies (specify number) Quarters _____ Trimester/Semester _____ Summer _____ If Voc Tech student, specify number of weeks _____ Months _____ | | 17. While in school, will you live (check one) With Relatives <input type="checkbox"/> On Campus <input type="checkbox"/> Off Campus <input type="checkbox"/> | | 18. Major course of study Specify _____ | | 19. Degree or Certificate being sought (Associate, B.S., M.A., Ph.D., Diploma etc.) _____ | |
| 20. Estimated cost of education for the loan period | | | | 21. Financial aid & other resources for loan period | | | |
| Institution use only | | Institution use only | | Institution use only | | Institution use only | |
| Tuition Fees \$ _____ | | Room & Board \$ _____ | | Books & Supplies \$ _____ | | Transportation \$ _____ | |
| Personal \$ _____ | | TOTAL \$ _____ | | SCHO, SCHO \$ _____ | | Parents, Savings, Etc. \$ _____ | |
| _____ | | _____ | | Other Educ. Loans \$ _____ | | Other Scholar & Grants \$ _____ | |
| _____ | | _____ | | WICHE \$ _____ | | TOTAL \$ _____ | |
| 22. Dates of attendance for which loan is requested From Mo. _____ Yr. _____ To Mo. _____ Yr. _____ | | 23. Amount of loan requested \$ _____ | | 24. Estimated date of graduation Mo. _____ Yr. _____ | | 25. List any prior degrees and details received _____ | |
| 26. Type of tuition you will pay for loan period (see instructions) <input type="checkbox"/> Resident <input type="checkbox"/> Non Resident <input type="checkbox"/> Non Differential | | | 27. Student Status during loan period Full-time <input type="checkbox"/> Part-time <input type="checkbox"/> | | 28. Have you/will you apply during the loan period for WICHE: Yes <input type="checkbox"/> No <input type="checkbox"/> SCHO: Yes <input type="checkbox"/> No <input type="checkbox"/> | | |
| 29. Name and address of school you will be attending Name _____ Address _____ | | | | | | | |
| 30. My signature below certifies that I have read, understand and agree to the conditions and authorizations stated in the Student Certification and Statement of Educational Purpose printed on the reverse side of this application. I declare under penalty of perjury that the foregoing is true and correct. | | | | | | | |
| Signed _____ (Signature of Student Borrower) | | | | Dated _____ | | | |

PART B — TO BE COMPLETED BY SCHOOL. When School Official completes and returns Part B, the blue copy of the application should be retained for the school records. The instruction sheet, the two white copies and the yellow copy should be sent to the applicant — see instruction sheet for further information.

| | | | |
|--|--|---|--------------------------------|
| 31. Name and Address of Educational Institution Name _____ Address _____ | | 32. OE School Code _____ | 33. School Entity Number _____ |
| 34. Area Code and Telephone Number (_____) _____ | | 35. Signature of Authorized School Official _____ | |
| 36. Print or Type Name and Title _____ | | 37. Date _____ | |

| | | | |
|--------------------------|------------------------|--------------------|---|
| Loan Approved | Application Incomplete | Application Denied | Prior Alaska Student Loans? |
| ABL \$ _____ | Reason: _____ | Reason(s): _____ | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| OSL \$ _____ | | | If yes, have any entered repayment? Yes <input type="checkbox"/> No <input type="checkbox"/> |
| Total \$ _____ | | | |
| PRIORITY FINANCING _____ | | | |



ALASKA STUDENT LOAN APPLICATION

This application to be used for the 1981-82 year only. If you will be attending a Voc-Tech school, attendance must begin on or after JULY 1, 1981. If you will be attending a college or university, to be used from Fall 1981 through Summer 1982.

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

WARNING: The assistance applied for herein may be provided in part by the United States Department of Education and the State of Alaska. Any person who knowingly makes a false or misleading statement on this form shall be subject to prosecution under provision of U.S. Criminal Code and Alaska Statute.

PART A - TO BE COMPLETED BY STUDENT BORROWER "IMPORTANT" READ THE INSTRUCTIONS CAREFULLY. Student Borrower should complete Part A and forward the application to the school for completion of Part B.

| | | | | |
|---------------------------------|------------|-------------|------------------------|---------------------------------|
| 1. Student Borrower's Last Name | First Name | Middle Name | 2. Social Security no. | 3. Date of Birth Mo. Day Yr. |
|---------------------------------|------------|-------------|------------------------|---------------------------------|

| | | | |
|------------------------------|--------------|-------|----------|
| 4. Permanent Mailing Address | City or Town | State | Zip Code |
|------------------------------|--------------|-------|----------|

| | | | |
|----------------------------|--------------|-------|----------|
| 5. Current Mailing Address | City or Town | State | Zip Code |
|----------------------------|--------------|-------|----------|

| | | |
|--|--|-------------------------------------|
| 6. Dates of Permanent Residence: Since Mo. Year | 7. Are you a U.S. Citizen or National? Yes <input type="checkbox"/> No <input type="checkbox"/> If no, give Alien Type Number | 8. Area Code: Home Telephone Number |
|--|--|-------------------------------------|

9. References: You must provide four references. They must be of legal age with whom you have periodic contact.

| Parent/Guardian | Other Parent, adult relative or friend (if different address) | Adult relative or friend at different address | Adult relative or friend at different address |
|--|---|---|---|
| Name: _____ | _____ | _____ | _____ |
| Address: _____ | _____ | _____ | _____ |
| City, State: _____ | _____ | _____ | _____ |
| Telephone # (Relationship to you): _____ | _____ | _____ | _____ |

| |
|--|
| 10. Academic year of study for which this loan applies (check one): UNDERGRADUATE: Freshman _____ Sophomore _____ Junior _____ Senior _____ 5th Yr _____ or GRADUATE YR: 1st _____ 2nd _____ 3rd _____ 4th _____ |
|--|

11. Will you be applying for student loans from another source for the school period listed in item 22 below: Yes No

12. List all student loans received from any source. Attach separate sheet if necessary.

| NAME AND LOCATION OF LENDER | DATE & TYPE OF LOAN | UNPAID BALANCE |
|-----------------------------|---------------------|----------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

13. Have you ever defaulted on a federal student loan?
Yes No
If yes, give details on a separate sheet.

14. Are you (check one - see instructions):
Dependent Independent

15. Enter the total number of your dependents (see instructions):
_____ List ages: _____

| | | | |
|--|---|---|---|
| 16. Number of terms you will attend during year for which loan applies (specify number): Quarters: _____ Trimester/Semester: _____ Summer: _____ If Voc-Tech student, specify number of Weeks: _____ Months: _____ | 17. While in school, will you live (check one): With Relatives <input type="checkbox"/> On Campus <input type="checkbox"/> Off Campus <input type="checkbox"/> | 18. Major course of study. Specify: _____ | 19. Degree or Certificate being sought (Associate, B.S., M.A., Ph.D., Diploma, etc.): _____ |
|--|---|---|---|

| 20. Estimated cost of education for loan period: | | 21. Financial aid & other sources for loan period: | |
|--|----|--|----|
| Institution use only | | Distribution use only: | |
| Tuition Fees \$ | \$ | BEOG, SEIG \$ | \$ |
| Room & Board \$ | \$ | Parents, Savings, Etc. \$ | \$ |
| Books & Supplies \$ | \$ | Other Educ. Loans \$ | \$ |
| Transportation \$ | \$ | Other Scholar. & Grants \$ | \$ |
| Personal \$ | \$ | WICHE \$ | \$ |
| TOTAL \$ | \$ | TOTAL \$ | \$ |

| | | | |
|---|--|---|---|
| 22. Dates of attendance for which loan is requested: From Mo. Yr. To Mo. Yr. | 23. Amount of loan requested \$ _____ | 24. Estimated date of graduation Mo. Yr. | 25. List any prior degrees and date(s) received |
|---|--|---|---|

| | | |
|--|--|---|
| 26. Type of tuition you will pay for loan period (see instructions): <input type="checkbox"/> Resident <input type="checkbox"/> Non-Resident <input type="checkbox"/> No Differential | 27. Student Status during loan period: Full time <input type="checkbox"/> Part time <input type="checkbox"/> | 28. Have you/will you apply during the loan period for: WICHE: Yes <input type="checkbox"/> No <input type="checkbox"/> SEIG: Yes <input type="checkbox"/> No <input type="checkbox"/> |
|--|--|---|

29. Name and address of school you will be attending:
Name _____ Address _____

30. My signature below certifies that I have read, understand and agree to the conditions and authorizations stated in the Student Certification and Statement of Educational Purpose printed on the reverse side of this application. I declare under penalty of perjury that the foregoing is true and correct.

Signer: _____ Date: _____
(Signature of Student Borrower)

PART B - TO BE COMPLETED BY SCHOOL When School Official completes and signs Part B, the blue copy of the application should be returned for the school records. The instruction sheet, the two white copies and the yellow copy should be sent to the applicant - see instruction sheet for further information.

| | | |
|---|------------------------------------|--------------------------|
| 31. Name and Address of Educational Institution: Name _____ Address _____ | 32. OE School Code | 33. School Supply Number |
| | 34. Area Code and Telephone Number | |

My signature below certifies that I have read, understand, and agree to the conditions regarding the student named above in the School Certification Statement printed on the reverse side of the application.

| | | |
|---|----------------------------------|----------|
| 35. Signature of Authorized School Official | 36. Print or Type Name and Title | 37. Date |
|---|----------------------------------|----------|

PART C - FOR ALASKA STUDENT LOAN OFFICE USE ONLY

| | | | |
|---------------|------------------------|--------------------|--|
| Loan Approved | Application Incomplete | Application Denied | Prior Alaska Student Loans? |
| AMAP \$ | Reasons: _____ | Reasons: _____ | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| OBAP \$ | | | If yes, how are they repaid? |
| Total \$ | | | Yes <input type="checkbox"/> No <input type="checkbox"/> |

PROBATION POINTS _____

ALASKA STUDENT LOAN APPLICATION

This application to be used for the 1981-82 year only. If you will be attending a Voc-Tech school, attendance must begin on or after JULY 1, 1981. If you will be attending a college or university, to be used from Fall 1981 through Summer 1982.

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

WARNING: The assistance applied for herein may be provided in part by the United States Department of Education and the State of Alaska. Any person who knowingly makes a false or misleading statement on this form shall be subject to prosecution under provision of U.S. Criminal Code and Alaska Statute.

PART A — TO BE COMPLETED BY STUDENT BORROWER — IMPORTANT — READ THE INSTRUCTIONS CAREFULLY. Student Borrower should complete Part A and forward the application to the school for completion of Part B.

| | | | | | |
|---|--|--|-------------|---|---|
| 1. Student Borrower's Last Name | | First Name | Middle Name | 2. Social Security no. | 3. Date of Birth Mo. _____ Day _____ Yr. _____ |
| 4. Permanent Mailing Address | | City or Town | | State | Zip Code |
| 5. Current Mailing Address | | City or Town | | State | Zip Code |
| 6. State of Permanent Residence Since: Mo. _____ Year: _____ | | 7. Are you a U.S. Citizen or National? Yes <input type="checkbox"/> No <input type="checkbox"/> If no, give Alien Type: _____ Number: _____ | | 8. Area Code / Home Telephone Number (_____) _____ | |

9. References: You must provide four references. They must be of legal age with whom you have periodic contact.

| Parent/Guardian | Other Parent, adult relative or friend at different address | Adult relative or friend at different address | Adult relative or friend at different address |
|-----------------------------|---|---|---|
| Name: _____ | _____ | _____ | _____ |
| Address: _____ | _____ | _____ | _____ |
| City, State: _____ | _____ | _____ | _____ |
| Telephone # (_____) _____ | (_____) _____ | (_____) _____ | (_____) _____ |
| Relationship to you: _____ | _____ | _____ | _____ |

10. Academic year of study to which this loan applies (check one):
 UNDERGRADUATE: Freshman Sophomore Junior Senior 5th Yr
 or GRADUATE: 1st 2nd 3rd 4th

11. Will you be applying for student loans from another source for the school period listed in item 22 below? Yes No

12. List all student loans received from any source. Attach separate sheet if necessary.

| NAME AND LOCATION OF LENDER | DATE & TYPE OF LOAN | UNPAID BALANCE |
|-----------------------------|---------------------|----------------|
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |
| _____ | _____ | \$ _____ |

13. Have you ever defaulted on a federal student loan? Yes No
If yes, give details on a separate sheet.

14. Are you (check one — see instructions):
Dependent Independent

15. Enter the total number of your dependents (see instructions):
_____ List ages: _____

| | | | |
|--|---|--|---|
| 16. Number of terms you will attend during year for which loan applies (specify number): Quarters: _____ Trimester/Semester _____ Summer _____ If Voc-Tech student, specify number of Weeks: _____ Months: _____ | 17. While in school, will you live (check one): With Relatives <input type="checkbox"/> On Campus <input type="checkbox"/> Off Campus <input type="checkbox"/> | 18. Major course of study Specify: _____ | 19. Degree or Certificate being sought (Associate, B.S., M.A., Ph.D., Diploma, etc.): _____ |
|--|---|--|---|

| 20. Estimated cost of education for the loan period | | Institution use only | | 21. Financial aid & other sources for loan period | | Institution use only | |
|---|----------|----------------------|----------|---|----------|----------------------|----------|
| Tuition Fees | \$ _____ | _____ | \$ _____ | DECA, SERA | \$ _____ | _____ | \$ _____ |
| Books & Supplies | \$ _____ | _____ | \$ _____ | Parents, Savings, etc. | \$ _____ | _____ | \$ _____ |
| Transportation | \$ _____ | _____ | \$ _____ | Other Student Loans | \$ _____ | _____ | \$ _____ |
| Personal | \$ _____ | _____ | \$ _____ | Other Scholar & Grant | \$ _____ | _____ | \$ _____ |
| TOTAL | \$ _____ | _____ | \$ _____ | WAFSA | \$ _____ | _____ | \$ _____ |
| | | _____ | | TOTAL | \$ _____ | _____ | \$ _____ |

| | | | |
|--|--|---|--|
| 22. Dates of attendance for which loan is requested From Mo. _____ Yr. _____ To Mo. _____ Yr. _____ | 23. Amount of loan requested \$ _____ | 24. Estimated date of graduation Mo. _____ Yr. _____ | 25. List any prior degrees and degrees completed |
|--|--|---|--|

| | | |
|--|--|---|
| 26. Type of tuition you will pay for loan period (see instructions): <input type="checkbox"/> Resident <input type="checkbox"/> Non-Resident <input type="checkbox"/> No Differential | 27. Student Status during loan period: Full time <input type="checkbox"/> Part time <input type="checkbox"/> | 28. How often will you apply during the loan period for: WICHE: Yes <input type="checkbox"/> No <input type="checkbox"/> NED: Yes <input type="checkbox"/> No <input type="checkbox"/> |
|--|--|---|

29. Name and address of school you will be attending:
Name: _____ Address: _____

30. My signature below certifies that I have read, understand and agree to the conditions and authorizations stated in the Student Certification and Statement of Educational Purpose printed on the reverse side of this application. I declare under penalty of perjury that the foregoing is true and correct.

Signed: _____ (Signature of Student Borrower) Date: _____

PART B — TO BE COMPLETED BY SCHOOL. When School Official completes and signs Part B, the blue copy of the application should be retained for the school records. The instruction sheet, the two white copies and the yellow copy should be sent to the applicant — see instruction sheet for further information.

| | | |
|---|---|--------------------------------|
| 31. Name and Address of Educational Institution: Name: _____ Address: _____ | 32. DE School Code: _____ | 33. School Entry Number: _____ |
| | 34. Area Code and Telephone Number: _____ | |

My signature below certifies that I have read, understand, and agree to the conditions regarding the student named above in the School Certification Statement printed on the reverse side of the application.

| | | |
|--|---|-----------------|
| 35. Signature of Authorized School Official: _____ | 36. Print or Type Name and Title: _____ | 37. Date: _____ |
|--|---|-----------------|

PART C — TO BE COMPLETED BY ALASKA STUDENT LOAN PROGRAM

| | | | |
|-----------------------------|-------------------------------|---------------------------|--|
| Loan Approved ASLP \$ _____ | Application Incomplete: _____ | Application Denied: _____ | Plus Alaska Student Loans? Yes <input type="checkbox"/> No <input type="checkbox"/> |
| GSLP \$ _____ | | | If yes, have any entered repayment? Yes <input type="checkbox"/> No <input type="checkbox"/> |
| Total \$ _____ | | | |

PRIORITY POINTS: _____

ALASKA STUDENT LOAN APPLICATION

This application to be used for the 1981-82 year only. If you will be attending a Voc-Tech school, attendance must begin on or after JULY 1, 1981. If you will be attending a college or university, to be used from Fall 1981 through Summer 1982.

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

WARNING: The assistance applied for herein may be provided in part by the United States Department of Education and the State of Alaska. Any person who knowingly makes a false or misleading statement on this form shall be subject to prosecution under provision of U.S. Criminal Code and Alaska Statute.

PART A - TO BE COMPLETED BY STUDENT BORROWER - IMPORTANT! READ THE INSTRUCTIONS CAREFULLY. Student Borrower should complete Part A and forward the application to the school for completion of Part B.

1. Student Borrower's Last Name, First Name, Middle Name, Social Security no, Date of Birth

4. Permanent Mailing Address, City or Town, State, Zip Code

5. Current Mailing Address, City or Town, State, Zip Code

6. State of Permanent Residence, Are you a U.S. Citizen or National? Yes/No, If no, give Alien Number

7. Are you a U.S. Citizen or National? Yes/No, If no, give Alien Number

8. References: You must provide four references. They must be of legal age with whom you have periodic contact. Parent/Guardian, Other Parent, adult relative or friend at different address, Adult relative or friend at different address

9. Academic year of study for which this loan is requested, Undergraduate Freshman, Sophomore, Junior, Senior

10. Have you ever defaulted on a federal student loan? Yes/No

11. Unpaid Balance, DA E & TYPE OF LOAN, NAME AND LOCATION OF LENDER

12. Have you ever defaulted on a federal student loan? Yes/No

13. Have you ever defaulted on a federal student loan? Yes/No

14. Are you dependent? Yes/No

15. Major course of study, Specify (Associate B.S., M.A., Ph.D. Degree, etc.)

16. Write in school, are you live (check one) On Campus, Off Campus, With Relatives

17. Estimated cost of education for the loan period, Tuition Fees, Room & Board, Books & Supplies, Transportation, Personal, TOTAL

18. Estimated amount of loan requested, From the (check one) Federal, State, Private

19. Estimated cost of education for the loan period, Tuition Fees, Room & Board, Books & Supplies, Transportation, Personal, TOTAL

20. Estimated cost of education for the loan period, Tuition Fees, Room & Board, Books & Supplies, Transportation, Personal, TOTAL

21. Estimated cost of education for the loan period, Tuition Fees, Room & Board, Books & Supplies, Transportation, Personal, TOTAL

22. Dates of attendance for which loan is requested, From the (check one) Federal, State, Private

23. Dates of attendance for which loan is requested, From the (check one) Federal, State, Private

24. Dates of attendance for which loan is requested, From the (check one) Federal, State, Private

25. Name and address of educational institution, Address

26. Name and address of educational institution, Address

27. Name and address of educational institution, Address

28. Name and address of educational institution, Address

29. Name and address of educational institution, Address

30. Name and address of educational institution, Address

31. Name and address of educational institution, Address

32. Name and address of educational institution, Address

33. Name and address of educational institution, Address

34. Name and address of educational institution, Address

35. Name and address of educational institution, Address

36. Name and address of educational institution, Address

37. Name and address of educational institution, Address



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

March 1, 1981

Committee substitute for SSHB 32

1) Section 4. AS 14.40.763 (i) is amended to read:
(line 24)

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

2) Section 5. AS 14.40.763 (j) is amended to read:

(j) A portion of a loan shall be paid on behalf of the borrower by the state if, upon completion of the course of study for which the loan was granted, the borrower spends at least three years employed in the state. The portion of the loan which shall be paid by the state shall be the following percentages of the total loan received plus interest (FOR UP TO 40 PERCENT):

- Up to [40] 50 Percent:*
- 1) two---three years residency, 10 percent;
 - 2) three---four years residency, an additional 10 percent;
 - 3) four--five years residency, an additional 10 percent;
 - 4) ~~over five years~~ residency, an additional 10 percent.

five - six years
5) ~~over six years~~ residency, an additional 10 percent.

3) Section 6. AS 14.40. 763 is amended by adding a new subsection to read:

(o) The provisions of (j) of this section are not applicable after borrower has been taken to court. *insert*

4) Section 7. This Act takes effect July 1, 1981.



Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

March 13, 1981

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

Pouch V
State Capitol
Juneau, Alaska 99811

465-4907
465-4908

LETTER OF INTENT
ON
CS FOR SENATE BILL NO. 120

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 H. Parr, Chairman

Members of Senate HESS
February 11, 1981
Page 2

4. How does our state loan program compare with the programs of other states?

Response. A separate comparison sheet is attached. This sheet highlights the differences between our program and the federal Guaranteed Student Loan Program.

5. What is the average indebtedness of a graduating student?

Response. This figure changes upward each year, due to the increased costs and the increased maximum to be borrowed. For the current year, the average (based upon a median) is:

| | |
|----------------|---------|
| Undergraduate: | \$5,150 |
| Graduate: | \$7,550 |

Another issue which was raised was the possibility of a state scholarship program. I am working on a draft which I will have to you shortly. If there are other questions or further information which you would like, please let me know.

Enclosures

A Comparison of the
Alaska State Student Loan Program
and the Federal Loan Program

The most common student loan program available in states other than Alaska is the federal Guaranteed Student Loan (GSL) Program. The terms are dictated by federal regulation and are essentially the same as for the Federally Insured Student Loan Program.

| <u>Terms</u> | <u>Alaska</u> | <u>GSL</u> |
|----------------------------------|---------------|---|
| 1. Maximum Loan | | |
| (a.) Undergraduate | \$ 3,000 | \$2,500 or \$3,000 |
| (b.) Graduate | \$ 5,000 | \$5,000 |
| 2. Interest Rate | 5% | 9% |
| 3. Maximum Indebtedness | | |
| (a.) Undergraduate | \$3,000 | \$12,500 or \$15,000 |
| (b.) Graduate | \$20,000 | \$25,000 |
| 4. Grace Period | 12 months | 6 months |
| 5. Cancellation Provisions | up to 40% | None |
| 6. Need Test | None | Required until 1979 and to be reinstated for 1981 or 82 |
| 7. Full-time attendance required | Yes | No |

4/11/81

SB 120 file

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

Summary- Raises the maximum amount that can be borrowed for undergraduate loans from \$3,000 to \$5,000 and for graduate loans from \$5,000 to \$7,000 for eligible students. Also, amends loan conditions from 6 years to 8 years the number of years over which loans may be paid; increases the loan forgiveness by the State from 40% to 50% and decreases the residency requirement from 3 years to 2 years. Section 5 of the Committee Substitute repeals existing statute language regarding Student Eligibility and strengthens the residency requirement.

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 am' recommendations

Offered By Senator Sturgulewski
April 21 1981



Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

March 13, 1981

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

Pouch V
State Capitol
Juneau, Alaska 998
465-4907
465-4908

LETTER OF INTENT
ON
CS FOR SENATE BILL NO. 120

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 H. 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 | 389,083 | 188 | 463,252 | 193 | 385,664 |
| 120+ | 878 | 1,981,084 | 909 | 2,038,126 | 954 | 2,096,983 | 927 | 2,154,220 |
| TOTAL | 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) | 256 (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 | \$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

- Adding a section which states that if a person allows the loan to become default (120+ days past due), all cancellation benefits are forfeited.
- Providing additional cancellation for in-state attendance, for example, an additional 5% per year of attendance, for up to a maximum of 2%.
- Providing additional cancellation for maintaining a "B" grade average for undergraduates, for example, an additional 5% upon graduation.
- 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 |
| Gonzaga 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 | 582 |
| University of Idaho* | 1,990 | 2,000 |
| University of Oregon* | 3,431 | 2,433 |
| University of Washington* | 2,394 | 2,736 |

*Non-resident

Copies made

STATE OF ALASKA THE LEGISLATURE

POUCH V STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

February 27, 1981

SUBJECT: Student Loan Durational Residency
Requirements
(Work Order 12-0661)

TO: Senator Charles Parr

FROM: *LHA* Linn H. Asper
Legislative Counsel

This work order was assigned to Valerie Tehan, Legislative Legal Extern, and she has prepared the attached memorandum which I am forwarding for your information. I have reviewed her work and believe that she has done a good job responding to your inquiry. Considerable uncertainty will continue in regard to durational residency requirements of all kinds until Zobel II is decided by the U.S. Supreme Court, and even then we may not have all the answers about other kinds of residency requirements. The only sure way to avoid a constitutional challenge to the residency requirements of the student loan programs is to eliminate them, or at least reduce them drastically. It would seem to be premature to do this by legislat'ion until you know how Zobel II comes out.

If you require further information, please let us know.

LHA:blg

Enclosure

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1981

SUBJECT: Student Loan Residency Requirement
(Work Order Number 12-0661)

TO: Linn H. Asper
Legislative Counsel

FROM: Valerie Tehan
Legislative Legal Extern

Senator Parr has asked if there are any constitutional problems with the residency requirements of the student loan program. This question is directed at the two-year residency requirement for scholarship loans and tuition grants established in AS 14.40.751 - 14.40.806. AS 14.40.840 makes this same two-year residency requirement applicable to the Memorial Scholarships Revolving Loan Fund.

Besides the durational residency requirement, the "selection criteria" for loans set out in AS 14.40.767 raises an additional problem by awarding eligibility "points" for varying lengths of residence.

Equal Protection (Alaska approach)

Durational residency requirements are typically analyzed under the equal protection clause of the Fourteenth Amendment of the U.S. Constitution and the constitutional right to travel. The relationship between these two constitutional protections is that a durational residency requirement does not treat equally those individuals who have recently exercised their constitutional right to travel or migrate and those who have not.

The law in this area is presently in flux. The latest Alaska cases on durational residency requirements were Williams v. Zobel, 619 P.2d 422, the tax exemption case (Zobel IV) and Williams v. Zobel, 619 P.2d 488, the permanent fund dividend

case (Zobel II). Zobel II is now on appeal to the U.S. Supreme Court.

The Alaska Supreme Court has indicated that it will no longer automatically use a "strict scrutiny" analysis to require a "compelling state interest" for all durational residency requirements. Where the right of interstate migration is involved, the Court will now "balance the nature and extent of the infringement on this right caused by the classification against the state's purpose in enacting the statute and the fairness and substantiality of the relationship between that purpose and the classification". Using this test, the Court, in Zobel I, found the state income tax exemption scheme which favored residents in proportion to the number of years in residence unconstitutional. By analogy, this would cast doubt on the validity of the scholarship loan two-year residency requirement and on the "selection criteria" set forth in AS 14.40.767 which awards eligibility points to students according to the number of years in residence. On the other hand, Zobel II applied the same test and found that the Alaska Permanent Fund Dividend distribution scheme which distributes Permanent Fund earnings according to length of residence, did not "penalize" the right of interstate migration and does not violate the equal protection clause. However, the U.S. Supreme Court will have the final word on this case.

Equal Protection (Federal approach)

In the federal courts it now appears that laws which deny or restrict certain benefits to new residents will only be subjected to "strict scrutiny" when they deny "basic necessities of life" or some "fundamental political right". Memorial Hospital v. Maricopa County, 415 U.S. 250, 259. For our purposes, the most useful U.S. Supreme Court case is Vlandis v. Kline, 412 U.S. 441, in which the Court noted in dictum that eligibility for reduced tuition at a state university could be premised on a durational residency requirement. In support of its conclusion, the Court cited Starr v. Malkerson, 326 F. Supp. 234, 238, in which a three judge district court had concluded that the university could condition payment of in-state tuition on a one-year durational requirement, and specifically rejected the use of the "strict scrutiny" equal protection analysis.

In Zobel II the Court noted that decisions of the U.S. Supreme Court dealing with durational residency requirements established that such requirements are constitutionally permissible in certain cases, either as an element of proof that one is a bona fide resident or for other legitimate state interests. However, the Court added that "it has never been questioned that durational residency requirements, when valid, must be reasonable in length". (Emphasis added)

Justice Dimond noted in his dissenting opinion in Zobel II:

In my view, the underlying premise of the United States Supreme Court in these cases is that while durational residency requirements may be imposed for legitimate purposes, once the durational requirement is fulfilled, it is not permissible beyond that point for a state to allocate its resources or benefits on the basis of length of residency. If such treatment were permissible the requirement that durational residency periods be reasonable and limited in scope would lose most of its meaning.

Conclusion

Durational residency requirements have been the subject of attack in recent years. They are clearly viewed with suspicion by state and federal courts. Since case law on the subject is changing all the time, it is difficult to predict how any one statute will be viewed. However, it does appear that courts have recognized a state's desire to require residency for certain purposes. Durational residency requirements are likely to be viewed favorably if they are "reasonable" in length, (courts have said that one year is not "excessively long") and established for the purpose of establishing "bona fide residence" along with other criteria. Courts have indicated that the argument that older residents have "contributed more to the state" i.e., through taxes, et cetera, is not an acceptable rationale for establishing durational residency requirements.

The Alaska statutes in question are susceptible to attack. The two-year requirement may be considered "excessive" for the purpose of establishing "bona fide residence". The accumulation of eligibility points based on years in residence over and above the two-year minimum is arguably invalid under the test used in Zobel I to invalidate the income tax exemption statute.

VT:ljb

SB120

Section 7:

Section 7 is the forgiveness provision. The old language calls for persons to be employed in the state for at least three years to qualify for forgiveness.

The new language is resides in the state. I got an informal opinion from Tam Cook who says that resides in the state would probably be construed to mean the same as is a resident of and therefore the sections can be read to mean that all one has to do to qualify for the forgiveness is to maintain Alaska as a residence. I'm sure you are familiar with the whole tricky residency question.

The intent of the forgiveness provisions is to encourage people to stay in the state and work here, thus the state reaps the benefits of the education garnered by the educated.

Therefore, the question is: Does the state want to replace employment with residency which would in fact make it easy for persons to just maintain residency here but go and work elsewhere. When you consider that there could be up to around \$20,000 at stake for a borrower, that's a pretty positive incentive to put up with the inconvenience of maintaining a residence in a state in which you're not physically residing.

The argument for changing the language has mostly been offered by persons concerned with women's issues, i.e., one can go through school and take a couple of years off to raise a family, etc.

If the policy decision is to retain the existing language of employed in the state, there should be an exception made for persons fulfilling a military obligation outside of the state.

The House version does not address the eligibility of students. In the Senate HESS version a student must have been a resident of the state for at least two years to qualify for a loan. The current language only requires simple residency.

Question: does the state want to tighten up the eligibility requirements to insure that people just don't wander up here and take out a loan to go to school on. (This was a big concern in Senate HESS).

Alaska State Legislature

SENATOR
TERRY STIMSON
POUCH V
JUNEAU, ALASKA 99811

WHILE IN ANCHORAGE
1810 E STREET
ANCHORAGE, ALASKA 99501

Senate

TO: Senator Arliss Sturguiewski
FROM: Senator Terry Stimson
SUBJECT: House CS for CS for Senat Bill Number 120 (HESS)
DATE: June 12, 1981

I appreciate your asking my opinion with regard to the House Committee Substitute for Senate Bill 120. If I could have reached you before yesterday's floor session I would have relayed to you that while the House Committee Substitute has a few changes I could have lived without, on the whole it would have been an acceptable change from current statutes with regard to student loans.

Now that a Free Conference Committee has been called let me take a few moments and mention some changes that I would prefer to see in the final bill:

Section 1: While a figure of \$5,000 would be acceptable, I personally would prefer the amount to be \$6,000. Given the increase in the cost of tuition, etc., and given the number of academic programs that students must travel "outside" for, I truly believe \$6,000 in any one school year for an undergraduate is reasonable.

Likes House sub

Section 2: No changes, therefore the language is acceptable.

Section 3: While defining "good standing" will prove tricky I do not believe it is beyond the reach of the Commission. As for the added language, in principle it seems to sharpen the legislation.

Section 4: While the net effect of the language is the same--- a total of eight years of loans---I find the specificity of the House language more desirable. The additional language places reasonable time limits to secure the specified degrees and would seek to guarantee that students make timely progress toward receiving their degree(s).

There was
? About
this in
H Floor
Action
ie. "good
standing"
should
be defined
by school.

Section 5: I am accepting of the House language as it provides flexibility to the repayment of the loan which may prove desirable to many students and their parents.

Section 6: I also find this language desirable in that it will provide timely notification of delinquent accounts and hopefully trim the default rate for the program.

Section 7: I definitely like the change the House has made by inserting "resides in the state for" in place of "employed for at least two years in the state." This allows the opportunity for those who wish to "better" themselves by completing a University program and who do not enroll in a program to seek employment in a new or different field, the opportunity to take advantage of the state loan program. This would prove to be a most beneficial clause for women and I strongly support its inclusion in the final bill.

As for the difference in the amount of the loan that will be paid by the state, I prefer a fifty percent total but I can live with forty percent.

+ RETROACTIVE PROVISION

Section 8: I favor the new language in this section.

Section 9: I totally disagree with this new language. With the understanding that many students must travel outside of Alaska for certain degree programs (i.e. medical professions, legal professions, etc.), I question whether or not this section might prove to be discriminatory in nature. If we are going to give special incentives for Alaskan students to attend Alaskan institutions then let's pass a tuition waiver to affect all institutions or simply lower tuition in the State University system. I would like to see this section stricken from the final bill.

Section 10: I have no argument with the language in this new section.

Sections 5 and 6 of the Senate HESS Committee Substitute for SB 120 were omitted from the Hous. version. I would have no problem with them appearing in the final bill as I feel they enhance the language of the loan program. I frankly favor the retroactive nature of Section 6.

+ ADDITIONAL 10%

I look forward to discussing the above with you soon.



Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

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

Pouch V
State Capitol
Juneau, Alaska 99811

465-4907
465-4908

CS SB 120 (HESS)

#1 Sections 1, 2, and 3 of the bill are okay.

#2 New section: AS 14.40.763(j) is amended to read:

(j) A portion of a loan shall be paid on behalf of the borrower by the state if, upon completion of the course of study for which the loan was granted, the borrower spends at least two (THREE) years employed in the state. The portion of the loan which shall be paid by the state shall be the following percentages of the total loan received plus interest for up to a total of 50 (40) per cent:

- (1) one - two (TWO - THREE) years residency, 10 per cent;
- (2) two - three (THREE - FOUR) years residency, an additional 10 per cent;
- (3) three - four (FOUR - FIVE) years residency, an additional 10 per cent;
- (4) four - five (OVER FIVE) years residency, an additional 10 per cent;
- (5) over five years residency, an additional 10 per cent.

#3 We need some language to tighten up the two year residency requirement, so that residency is for actual time spent in the state. Please draft some language and then Kerry Romesburg and Charlie Parr can review it with you. Phone Rocky at 465-4908 when you have some language drafted. Thank-you.

Copies made

STATE OF ALASKA THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 461 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1981

SUBJECT: Student Loan Durational Residency Requirements
(Work Order 12-0661)

TO: Senator Charles Parr

FROM: *LHA* Linn H. Asper
Legislative Counsel

This work order was assigned to Valerie Tehan, Legislative Legal Extern, and she has prepared the attached memorandum which I am forwarding for your information. I have reviewed her work and believe that she has done a good job responding to your inquiry. Considerable uncertainty will continue in regard to durational residency requirements of all kinds until Zobel II is decided by the U.S. Supreme Court, and even then we may not have all the answers about other kinds of residency requirements. The only sure way to avoid a constitutional challenge to the residency requirements of the student loan programs is to eliminate them, or at least reduce them drastically. It would seem to be premature to do this by legislation until you know how Zobel II comes out.

If you require further information, please let us know.

LHA:blg

Enclosure

STATE OF ALASKA
THE LEGISLATURE

POUCH Y. STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1981

SUBJECT: Student Loan Residency Requirement
(Work Order Number 12-0661)

TO: Linn H. Asper
Legislative Counsel

FROM: Valerie Tehan
Legislative Legal Extern

Senator Parr has asked if there are any constitutional problems with the residency requirements of the student loan program. This question is directed at the two-year residency requirement for scholarship loans and tuition grants established in AS 14.40.751 - 14.40.806. AS 14.40.840 makes this same two-year residency requirement applicable to the Memorial Scholarships Revolving Loan Fund.

Besides the durational residency requirement, the "selection criteria" for loans set out in AS 14.40.767 raises an additional problem by awarding eligibility "points" for varying lengths of residence.

Equal Protection (Alaska approach)

Durational residency requirements are typically analyzed under the equal protection clause of the Fourteenth Amendment of the U.S. Constitution and the constitutional right to travel. The relationship between these two constitutional protections is that a durational residency requirement does not treat equally those individuals who have recently exercised their constitutional right to travel or migrate and those who have not.

The law in this area is presently in flux. The latest Alaska cases on durational residency requirements were Williams v. Zobel, 619 P.2d 422, the tax exemption case (Zobel I) and Williams v. Zobel, 619 P.2d 488, the permanent fund dividend

case (Zobel II). Zobel II is now on appeal to the U.S. Supreme Court.

The Alaska Supreme Court has indicated that it will no longer automatically use a "strict scrutiny" analysis to require a "compelling state interest" for all durational residency requirements. Where the right of interstate migration is involved, the Court will now "balance the nature and extent of the infringement on this right caused by the classification against the state's purpose in enacting the statute and the fairness and substantiality of the relationship between that purpose and the classification". Using this test, the Court, in Zobel I, found the state income tax exemption scheme which favored residents in proportion to the number of years in residence unconstitutional. By analogy, this would cast doubt on the validity of the scholarship loan two-year residency requirement and on the "selection criteria" set forth in AS 14.40.767 which awards eligibility points to students according to the number of years in residence. On the other hand, Zobel II applied the same test and found that the Alaska Permanent Fund Dividend distribution scheme which distributes Permanent Fund earnings according to length of residence, did not "penalize" the right of interstate migration and does not violate the equal protection clause. However, the U.S. Supreme Court will have the final word on this case.

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In my view, the underlying premise of the United States Supreme Court in these cases is that while durational residency requirements may be imposed for legitimate purposes, once the durational requirement is fulfilled, it is not permissible beyond that point for a state to allocate its resources or benefits on the basis of length of residency. If such treatment were permissible the requirement that durational residency periods be reasonable and limited in scope would lose most of its meaning.

Conclusion

Durational residency requirements have been the subject of attack in recent years. They are clearly viewed with suspicion by state and federal courts. Since case law on the subject is changing all the time, it is difficult to predict how any one statute will be viewed. However, it does appear that courts have recognized a state's desire to require residency for certain purposes. Durational residency requirements are likely to be viewed favorably if they are "reasonable" in length, (courts have said that one year is not "excessively long") and established for the purpose of establishing "bona fide residence" along with other criteria. Courts have indicated that the argument that older residents have "contributed more to the state" i.e., through taxes, et cetera, is not an acceptable rationale for establishing durational residency requirements.

The Alaska statutes in question are susceptible to attack. The two-year requirement may be considered "excessive" for the purpose of establishing "bona fide residence". The accumulation of eligibility points based on years in residence over and above the two-year minimum is arguably invalid under the test used in Zobel I to invalidate the income tax exemption statute.

VT:ljb

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 120
 Title Amending Scholarship Loan Program
 Requested by Senate HESS Date 3/16/81

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. | 4,691.7 | 5,723.6 | 6,669.8 | 7,979.9 | 9,687.5 |
| TOTAL | N.A. | 4,691.7 | 5,723.6 | 6,669.8 | 7,979.9 | 9,687.5 |

FUNDING (Thousands of Dollars)

| | N.A. | 4,691.7 | 5,723.6 | 6,669.8 | 7,979.9 | 9,687.5 |
|-----------------------------|------|---------|---------|---------|-----------|-----------|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Fund Source) | | | | | | |
| PROGRAM RECEIPTS | | (650.0) | (713.1) | (855.7) | (1,026.9) | (1,232.2) |

POSITIONS

| | -0- | -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 1:2 graduate, 892 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: | 50% \$5,000 | Graduate: | 55% \$7,000 |
| | 40% \$3,500-\$4,950 | | 25% \$6,000-\$6,950 |
| | 10% \$3,000-\$3,450 | | 20% \$5,000-\$5,950 |
- increased cancellation, plus immediate return will add \$600,000 to \$1,300,000 per year over the next five years.

IV. DATE March 16, 1981 PREPARED BY Kerry D. Romberg
 AGENCY Commission on Postsecondary Education
 Original: Legislative Finance PHONE 465-2836
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

MEMORANDUM

State of Alaska

TO

Peggy Shows
Collections Specialist
Alaska Commission on Postsecondary
Education
Division of Student Financial Aid

DATE: November 21, 1980

FILE NO: A66-049-81

TELEPHONE NO:

FROM

WILSON L. CONDON
ATTORNEY GENERAL

SUBJECT: Student Loan Bankruptcy
Procedures

By: Amy J. Stephson
Assistant Attorney General
Anchorage - AGO

You have asked several questions regarding the collectability of student loan payments when the debtor files for bankruptcy. These questions are (1) under what circumstances are student loan payments not dischargeable in bankruptcy and what action need the Division of Student Financial Aid take in this regard; (2) how does the filing of a bankruptcy petition affect any lawsuit the division may file or plan to file against the debtor; and (3) how do Chapter 13 cases come about and what is the division's role with regard to plans of arrangement submitted by the debtor. We will answer these questions in turn.

(1) Generally, a straight bankruptcy action (Chapter 7 of the Bankruptcy Code) serves to discharge the debtor from his debts. Certain exceptions, however, to discharge are set out in 11 U.S.C. 523. With regard to student loans, 11 U.S.C. 523(a)(8) provides that a discharge in a straight bankruptcy does not discharge an individual debtor from any debt

(B) for an educational loan made, insured, or guaranteed by a governmental unit, or made under any program funded in whole or in part by a governmental unit or a nonprofit institution of higher education, unless-

(A) such loan first became due before five years (exclusive of any applicable suspension of the repayment period) before the date of the filing of the petition; or

(B) excepting such debt from discharge under this paragraph will impose an undue hardship on the debtor and the debtor's dependents.

Under this provision, student loan debts to the division are not dischargeable if the date the first payment on the loan was due in within 5 years, exclusive of repayment suspension periods, of the date the bankruptcy petition is filed. If

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November 21, 1980

the first payment was due before 5 years before the date of filing, exclusive of repayment suspension, the loan debt is dischargeable.

In those cases where the due date meets the 5 year requirement set forth above, the exception from discharge is self-executing, i.e., we are not required to file a complaint to determine the nondischargeability of the debt. Thus, if the Division's proof of claim establishes that the first loan payment was due within 5 years of the bankruptcy petition date, the loan debt is automatically nondischargeable unless and until the debtor comes forward and objects to the nondischarge for some reason. Although the "Discharge of Debtor" orders issued by the bankruptcy court may appear to state that our student loan debts have been discharged, that is not in fact what the order says or means. Rather, as you can see on the attached copy of one of these orders, the order only releases the debtor from "dischargeable debts," not from any and all debts.

To apply the above theory to practice, the proofs of claim which you are submitting in bankruptcy cases should set forth the date on which the first loan payment was due and owing and any suspension of repayment period so as to establish whether or not the 5 year requirement is met. You should also note the maturity date of the loan and of course include the amount owing and the other loan information you have been including. Upon receipt of the "Discharge of Debtor" order, you may then seek to collect the loan if the 5 year requirement is met. If the 5 year requirement is not met, that order acts to discharge the student's debt and you might as well write the loan off unless the debtor voluntarily agrees to pay it despite the discharge.

(2) With regard to lawsuits against borrowers who have filed in bankruptcy, the general rule is that the division cannot commence or continue any legal proceedings against the borrower who has filed in bankruptcy until the bankruptcy case is closed or dismissed or a discharge is granted or denied. 11 U.S.C. 542(c)(2). This is because an automatic "stay" is issued upon the filing of a bankruptcy petition which prohibits creditors in most circumstances from commencing or continuing collection actions against the debtor until the bankruptcy case has been resolved. Thus if the borrower's debt is nondischargeable as discussed above and you have received a "Discharge of Debtor" notice, or a

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notice that the bankruptcy case has been dismissed or closed, you may at that time institute suit against the debtor or continue with a suit that was filed before the bankruptcy petition was filed. You may not, however, do anything before the discharge order is entered by the court or the bankruptcy case is dismissed or closed.

(3) Chapter 13 of the new bankruptcy code (11 U.S.C. §§1301-1330) basically sets out a scheme whereby individuals with regular income set up a plan to pay all or part of their debts from future earnings while under the protection of the bankruptcy court. The plan must comply with a variety of requirements but for your purposes, the significant thing is that you need not and indeed cannot accept or reject the plan. Rather, it is the court that decides whether or not a particular plan will be accepted and confirmed. 11 U.S.C. §1324. What the division can do, however, is to object to a particular plan if it believes that the plan does not comply with the law. 11 U.S.C. §1324. Thus in chapter 13 cases, the division should receive a copy of the plan and notice of the date of the confirmation hearing and if it is not satisfied with the plan, it should contact our office to see if a valid objection can be made.

It should also be noted that in Chapter 13 cases, a student loan debt can be discharged if the debtor's plan makes some provision for payment of the loan and the debtor completes payment under the plan. 11 U.S.C. §1328(a). Under other circumstances, however, the loan debt may be non-dischargeable. 11 U.S.C. §1328(b) and (c). In Chapter 13 cases, therefore, an individual determination will have to be made as to whether the student loan debt is dischargeable or not and thus whether it is permissible for the division to sue the debtor in state court.

One other note concerning Chapter 13 cases: the division should file a proof of claim as it does in any bankruptcy case, including in it the information concerning date of first payment, maturity date and suspension period, if any. You may use the bankruptcy court chapter 13 forms or your own forms; if you use your own form, however, do not make reference to nondischargeability under 11 U.S.C. §523(a)(8) since that provision is not necessarily applicable in chapter 13 cases as was discussed above.

I hope that this memorandum answers your questions and that bankruptcy is a bit less of a puzzle to you. Please do not hesitate to contact us if you have any further questions or problems.

AJS/jmo
Encl:

FEB 10 1980

Revisor's note. — Chapter 30, SLA 1967, is from the Model Compact for Education.

Sec. 14.40.720. Execution of Compact by governor. Upon ratification and approval of the Compact for Education by 10 or more of the eligible party jurisdictions, including the State of Alaska, the governor shall execute the Compact on behalf of the state and perform other acts requisite to its formal ratification and promulgation. (§ 1 ch 108 SLA 1966)

Sec. 14.40.730. Members of the commission. (a) One of the commission members shall be the governor; one shall be the state commissioner of education; two shall be members of the state legislature selected by its respective houses and serving in such manner as the legislature may determine; one shall be the president of the state Board of Education; and two shall be appointed at large by and serve at the pleasure of the governor.

(b) The terms of office of the at-large members shall be four years; provided, however, that the first members shall be appointed as follows: one for two years, and one for four years. Each member shall hold office until his successor is appointed and qualified.

(c) The legislative and at-large members of the commission shall not receive compensation for their services, but they shall receive the travel expenses and per diem provided by AS 39.20.180 (2). (§ 1 ch 108 SLA 1966)

Article 9. Scholarship Loans and Tuition Grants.

| Section | Section |
|--|---|
| 751. Loan and tuition funds created | 773. [Repealed] |
| 753. Financial aid committee | 775. Tuition grants |
| 754. Applications | 781. Limitation on grants |
| 757. Administration of program | 785. Conditions of grants |
| 759. Undergraduate loans | 791. Eligibility of students |
| 761. Graduate loans | 795. Application and certification |
| 763. Conditions of loans | 801. Fiscal and business management practices |
| 765. Eligibility of students | 805. Definitions |
| 767. Selection criteria | |
| 769. [Discrimination prohibited] | |
| 771. Enforceability of certain contracts with minors | |

Repeal of former article. — Section 2, ch 96, SLA 1971 repealed former Article 9, entitled "Scholarship Grants and Loans." The former article consisted of §§ 14.40.730

— 14.40.849, and derived from ch. 112, SLA 1969, and ch. 239, SLA 1970. Former AS 14.40.850 had been previously repealed by § 14, ch. 239, SLA 1970.

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Article 9. Scholarship Loans and Tuition Grants.

Section

- 751. Loan and tuition funds created
- 752. Financial aid committee
- 754. Applications
- 757. Administration of program
- 759. Undergraduate loans
- 761. Graduate loans
- 762. Conditions of loans
- 764. Eligibility of students
- 767. Selection criteria
- 769. Discrimination prohibited
- 771. Enforceability of certain contracts with minors

Section

- 772. (Repealed)
- 775. Tuition grants
- 781. Limitation on grants
- 785. Conditions of grants
- 791. Eligibility of students
- 795. Application and certification
- 801. Fiscal and business management practices
- 805. Definitions

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— 14.40.849, and derived from ch. 112, SLA 1968, and ch. 290, SLA 1970. Former AS 14.40.850 had been previously repealed by § 14, ch. 288, SLA 1970.

Sec. 14.40.751. Loan and tuition funds created. (a) There is created a scholarship revolving loan fund. The fund shall be used to make scholarship loans to students selected under §§ 751 — 806 of this chapter. All repayments of principal and interest on scholarship loans shall be paid into the scholarship revolving loan fund and shall be used to make new scholarship loans. If estimated funds available from scholarship loan repayments are inadequate to fully fund estimated scholarship loans for any fiscal year, additional funding from the general fund may be requested and appropriated for that year.

(b) There is created a tuition grant fund as an account in the general fund. The fund shall be used to make tuition grants to students selected under §§ 751 — 806 of this chapter.

(c) On March 1 of each fiscal year, if there is a balance of appropriated but unobligated funds in the tuition grant fund created under (b) of this section, that sum shall be automatically transferred to the scholarship revolving loan fund created under (a) of this section to make additional scholarship loans during that fiscal year. (§ 1 ch 98 SLA 1971; am § 1 ch 156 SLA 1972; am §§ 1, 2 ch 136 SLA 1974; am § 1 ch 136 SLA 1975)

Effect of amendments. — The 1972 amendment, effective July 1, 1972, designated the former section as subsection (a) and added subsection (b). In subsection (a), the amendment substituted "806" for "773" in the second sentence.

The 1974 amendment deleted "as an account in the general fund" from the end of the first sentence of subsection (a), added the third and fourth sentences of that subsection, and added subsection (c).

The 1975 amendment, effective June 8, 1975, and retroactive to February 3, 1975, substituted "unobligated" for "unexpended" in subsection (c).

Editor's note. — Section 2, ch. 98, SLA 1971, provides: "Sec. 1 of this Act takes effect on July 1, 1971, or on the date the Alaska Higher Education Commission is required from making payments under the provisions of AS 14.40.900, whichever date is earlier. Sec. 2 of this Act takes effect on July 1, 1972."

AS 14.40.900, referred to in this note, was repealed by § 2, ch. 98, SLA 1971.

Legislative committee report. — For report on ch. 98, SLA 1971 (CSND 418 [Finance]) see 1971 House Journal, p. 935.

Sec. 14.40.753. Financial aid committee. (a) The student financial aid committee is composed of the members of the Alaska Commission on Postsecondary Education. The commission may delegate its functions under §§ 751 — 806 of this chapter to a committee of its members, with augmented membership as the commission considers appropriate. The executive officer of the commission is the executive secretary of the committee. The Alaska Commission on Postsecondary Education shall administer the program established by §§ 751 — 806 of this chapter.

(b) Members of the committee serve without compensation but are entitled to per diem and travel expenses authorized by law for boards and commissions.

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(c) The committee shall make an annual report reviewing the work of the committee to the governor, the legislature and the private colleges and universities where students receiving tuition grants are enrolled.

(d) The committee shall meet at least once a year. The meetings shall be held at the call of the chairman or upon petition by two members. (§ 1 ch 98 SLA 1971; am § 2 ch 156 SLA 1972; am § 5 ch 78 SLA 1974; am § 3 ch 186 SLA 1974)

Reviser's note (1974). — The amendments of AS 14.40.755(a) by § 5, ch. 78, SLA 1974 and § 2, ch. 156, SLA 1974, are in conflict, the first act rewriting the subsection to provide that the Alaska Commission on Postsecondary Education will act as the financial aid committee, the second act changing the name and term of members of the existing financial aid selection committee. It is considered, on the basis of the legislative history, apparent legislative intent, and later effective date of the first act, that the re-enactment by ch. 78, SLA 1974 should prevail.

Effect of amendments. — The 1972 amendment inserted "and tuition grant" in the first sentence of subsection (a).

The first 1974 amendment rewrote subsection (a).

Sec. 14.40.755. Applications. (a) Applications shall be submitted to the executive secretary of the committee.

(b) A person whose loan or grant application is not recommended or presented to the committee by the executive secretary may appeal to the committee through the chairman of the committee and the committee shall consider the application. (§ 1 ch 98 SLA 1971; am § 3 ch 156 SLA 1972; am § 4 ch 126 SLA 1974)

Effect of amendments. — The 1972 amendment inserted "loan or grant" near the beginning of subsection (b).

The 1974 amendment substituted "may

The second 1974 amendment, in subsection (a), substituted "student financial aid committee" for "student loan and tuition grant selection committee" in the first sentence, added language beginning "for a staggered four-year term" to the end of the fourth sentence, substituted "is the" for "shall act as" in the sixth sentence, and substituted "programs established by §§ 751 — 806 of this chapter" for "program established by this chapter" in the seventh sentence. The amendment also deleted "selection" preceding "committee" in subsection (b) and in the first sentence of subsection (d), and rewrote subsection (c).

appeal to the committee" for "may appeal to the selection committee" in subsection (b).

Sec. 14.40.757. Administration of program. The executive secretary shall administer the programs subject to review by the committee and in accordance with the regulations prescribed by the committee. The promulgation of these regulations is subject to the Administrative Procedure Act (AS 44.62), and a summary of the regulations shall be distributed to each applicant. (§ 1 ch 98 SLA 1971; am § 5 ch 126 SLA 1974)

Effect of amendment. — The 1974 amendment substituted "programs" for "program," and "in accordance with the regulations prescribed by the committee"

for "such regulations as the committee may prescribe" in the first sentence and added the second sentence.

Sec. 14.40.759. Undergraduate loans. The committee may make a loan, not to exceed \$2,500 in any one school year, to an undergraduate student eligible under § 765 of this chapter. (§ 1 ch 98 SLA 1971; am 5 6 ch 186 SLA 1974)

Effect of amendment. — The 1974 "committee" near the beginning of the amendment deleted "selection" preceding section.

Sec. 14.40.761. Graduate loans. The committee may make a loan, not to exceed \$5,000 in any one school year, to a graduate student who is eligible under § 765 of this chapter and is pursuing an advanced degree. (§ 1 ch 98 SLA 1971; am § 7 ch 186 SLA 1974)

Effect of amendment. — The 1974 "committee" near the beginning of the amendment deleted "selection" preceding section.

Sec. 14.40.763. Conditions of loans. (a) Proceeds from scholarship loans may only be used for books, tuition and required fees, and for room and board.

(b) The loans may only be used to attend a career education program approved by the Department of Education or a college or university accredited by the accreditation association for the region in which the college or university is located.

(c) To maintain a loan the student must continue to be enrolled as a full-time student in good standing in a career education program, college or university designated under (b) of this section.

(d) Scholarship loans may not be made to a student for more than six years.

(e) Loans are noninterest bearing while a student is enrolled under (c) of this section or is fulfilling required military service.

(f) Interest on a loan given under §§ 751 — 806 of this chapter is at the rate of five per cent a year.

(g) Repayment of a loan shall commence within one year after a student terminates his studies or required military service, and shall be fully repaid within a period of six years; in cases of hardship, the committee may extend repayment of a loan for an additional five years.

(h) Security may not be required for the loans; however, provision shall be made for payment of attorney fees and costs of court if either or both are incurred in collection of the amount owed on the loan.

(i) If a loan is in default, the commission may notify the student that repayment of the remaining balance is accelerated and due by sending the student a notice by registered or certified mail.

(j) A portion of a loan shall be considered a grant if, upon completion of the course of study for which the loan was granted, the grantee spends at least two years employed in the state. The portion of the loan

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which shall be regarded as a grant shall be the following percentages of the total loan received plus accrued interest:

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| (1) two — three years residency | 10 per cent |
| (2) three — four years residency | 20 per cent |
| (3) four — five years residency | 30 per cent |
| (4) over five years residency | 40 per cent |

(§ 1 ch 98 SLA 1971; am § 4 ch 156 SLA 1972; am § 6 ch 78 SLA 1974; am § 8 ch 136 SLA 1974)

Revisor's note (1971). — In ch. 98, SLA 1971, AS 14.40.765 (j) (2) read "four — five years . . ." This was a typographical error occurring for the first time in the enrolled version of the bill (CSHB 415 [Finance am 8]) and has been corrected here.

amendment substituted "806" for "773" in subsection (f).

The first 1974 amendment substituted "commission" for "Department of Education" in subsection (i).

The second 1974 amendment added "a year" to the end of subsection (f).

Effect of amendments. — The 1972

Sec. 14.40.765. Eligibility of students. A student may apply for a scholarship loan if

- (1) he is a resident of Alaska, and if
- (2) he is either

(A) enrolled as a full-time student in a career education or associate or baccalaureate or graduate degree program; or

(B) a graduate of a high school, 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. (§ 1 ch 98 SLA 1971)

Sec. 14.40.767. Selection criteria. In selecting from among the eligible students those students who will be awarded loans the selection committee shall take into consideration the following items:

- (1) the student's financial needs;
- (2) entering freshmen who are graduates of Alaska high schools or who are graduates of a high school outside the state if their Alaskan residency has been continuous;
- (3) personal recommendations from the student's instructors, employers, and others familiar with his abilities;
- (4) the student's record of achievement. (§ 1 ch 94 SLA 1971)

Sec. 14.40.769. Discrimination prohibited. The student loan program shall be carried out without regard to the race, creed, sex, color, ancestry, national origin, or membership in fraternal or political organizations of the student applying for the loan. (§ 1 ch 98 SLA 1971)

Sec. 14.40.771. Enforceability of certain contracts with minors. A written obligation entered into by a minor at least 16 years of age, evidencing a loan or other assistance received by him from any person for the purpose of furthering his education in a career education program or an institution of higher learning, is enforceable against the

minor with the same effect as if he were, at the time of its execution, 19 years of age, if the person making the loan has in his records before making the loan a certification from the institution that the minor is enrolled in the institution or has been accepted for enrollment. (§ 1 ch 98 SLA 1971)

Sec. 14.40.773. Definitions.

Repealed by § 6 ch 156 SLA 1972, effective July 1, 1972.

Editor's note. — The repealed section derived from § 1 ch. 98, SLA 1971.

Sec. 14.40.776. Tuition grants. (a) The executive secretary of the committee shall award a tuition grant to a student in an amount up to the difference between (1) the cost, in a city where there is both a four-year state university and a four-year private university or in a city where there is both a two-year state community college and a two-year private college, for the operation of the state institution on a full-time student per academic year basis, and (2) the tuition or fees paid by the student at the state institution in those locations, but in no case may the amount exceed \$1,850. The tuition grant paid to a full-time student may not be in an amount that would result in a student paying less in tuition or fees at a private college or university than would be required for a similar enrollment at the state institution in the same city. The grant is to be applied by the student toward his tuition at the private university or college in which he enrolls.

(b) The computation of the cost for the operation of the state institution on a full-time student per academic year basis under (a) of this section may not include construction or capital improvement costs, debt service and expenditure for research and public service functions.

(c) The computation under (a) of this section shall be made by the executive secretary. He shall publish the accounting procedures employed in making the computation, including, but not limited to, the time period on which the computation is based and the cost figures used. This cost data shall be made available for information purposes to the officers or administrators of the state institution whose cost of operations is the basis for the computation and to the officers or administrators of the private colleges and universities in which students receiving tuition grants are enrolled. A committee consisting of a qualified member of the staff of the division of budget and management of the Department of Administration designated by the commissioner, a qualified member of the staff of the Legislative Budget and Audit Committee designated by its chairman of the committee, and one other specially qualified person in the field of accounting, business management or institutional finance appointed by the governor, shall review, and may hear an appeal from, the determination of the computation by the executive secretary. No officer, administrator, or

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other member of the staff of a state institution whose cost of operations is under review or an officer, administrator, or other member of the staff of the private colleges or universities in which students receiving tuition grants are enrolled may be a member of that committee. (§ 5 ch 156 SLA 1972; am §§ 9, 10 ch 136 SLA 1974; am § 2 ch 136 SLA 1975)

Effect of amendments. — The 1974 amendment, in subsection (a), deleted "selection" preceding "committee" near the beginning of the first sentence, inserted "or fees" in item (2) of that sentence, inserted the present third sentence, and substituted "grant" for "amount" in the

present fourth sentence. The amendment also added subsection (c).

The 1975 amendment, effective July 1, 1975, deleted "be" following "but in no case may" and substituted "\$1,850" for "\$1,400" in the first sentence of subsection (a).

Sec. 14.40.781. Limitation on grants. (a) No grants may be made under § 776 of this chapter for any portion of tuition which would otherwise be paid under the terms of a federal grant program.

(b) The amount of the maximum tuition grant under § 776 of this chapter that may be awarded to a student who is also the recipient of a federal grant for tuition is computed according to the formula G equals P minus S minus F , in which

(1) G = the grant awarded, which in no case may exceed \$1,850.

(2) P = the tuition and fees charged by the private college or university in which the student is enrolled;

(3) S = the fee or tuition paid by a student at the state institution in the same city where the private college or university is located;

(4) F = the amount of any federal grant for tuition or fees the student may receive.

(c) Private universities and colleges in which students receiving tuition grants are enrolled may not use the income from those grants for instruction either sectarian in religion or partisan in politics. (§ 5 ch 156 SLA 1972; am § 11 ch 136 SLA 1974; am § 3 ch 136 SLA 1975)

Effect of amendments. — The 1974 amendment added subsections (b) and (c). The 1975 amendment, effective July 1,

1975, substituted "\$1,850" for "\$1,400" at the end of paragraph (1) of subsection (b).

Sec. 14.40.786. Conditions of grants. (a) Proceeds from grants may be used only for tuition at a college or university in Alaska accredited by the Northwest Association of Secondary and Higher Schools. If payment is made by issuing a state warrant in the amount of the grant, it shall be paid to the order, jointly, of the student and the private university or college in which he enrolls to ensure that the grant is used solely for tuition.

(b) Before any funds for tuition grants are disbursed, the commissioner of administration and the executive secretary of the committee shall assure themselves that at least 65 per cent of the annual audited total operating revenues of a private university or college in

which students receiving tuition grants are enrolled is derived from the sources of income other than tuition grants. Determination of the required 65 per cent revenue to be derived from sources of income other than tuition grants shall be made by the commissioner and the executive secretary as of May 1, based on the audit for the immediately preceding fiscal year.

(c) No private university or college in which students receiving tuition grants are enrolled may grant remission of tuition to any student unless at least 65 per cent of its annual audited total operating revenues is derived from sources of income other than tuition grants. The 65 per cent revenue required to be derived from sources of income other than tuition grants shall apply as of May 1, based on the audit for the immediately preceding fiscal year.

(d) No private university or college in which students receiving tuition grants are enrolled may enter into contractual agreements under the terms of which a student covered by the contract pays less than the published tuition.

(e) If a student is awarded, or holds, both a scholarship loan and a tuition grant under §§ 751 — 806 of this chapter, no portion of the scholarship loan may be considered a grant under § 763(j) of this chapter.

(f) For the purposes of (c) and (d) of this section, a scholarship in the amount of tuition, or in the amount of tuition not covered by a tuition grant, is neither a "remission of tuition" nor a "contractual agreement under the terms of which a student covered by the contract pays less than the published tuition" as those terms are used in (c) and (d) of this section.

(g) It is the intention of the legislature that the tuition grant income be used solely for the support of the academic or instructional program. A private college or university in which students receiving tuition grants are enrolled may not use the income derived from the tuition grant for

- (1) construction or capital improvement costs and consequent debt service;
- (2) expenditures for research and public service unrelated to curriculum, instruction or academic program;
- (3) fund-raising and general development costs;
- (4) intercollegiate athletics;
- (5) the support of auxiliary services, including but not limited to food services, dormitories, residence halls, or other forms of student or faculty housing; or
- (6) other extracurricular student activities or services. (0 5 ch 156 SLA 1972; am 05 12 — 14 ch 136 SLA 1974)

Effect of amendment. — The 1974 amendment made such changes in subsections (d) and (f) as to make a detailed comparison impracticable and added subsections (g) and (h).

Legislative committee report. — For report on ch. 156, SLA 1972 (CNS) and on FCU, see 1972 House Journal, p. 1697.

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Sec. 14.40.791. Eligibility of students. A student may apply for a grant under § 776 of this chapter if

- (1) he is a resident of Alaska, and
- (2) he is either

(A) accepted for admission as a full-time or part-time student in an associate, baccalaureate, or graduate degree program; or

(B) enrolled as a full-time or part-time student in an associate, baccalaureate or graduate degree program. (§ 5 ch 156 SLA 1972)

Sec. 14.40.796. Application and certification. Application for tuition grants must be submitted to the executive secretary. The application deadline for a school year shall be determined by the executive secretary. The executive secretary may award grants only after the institution of higher education has certified that the student has enrolled in a full-time or part-time course of study in an associate, baccalaureate or graduate degree program. The executive secretary shall determine the appropriate formula for awarding tuition grants to part-time students. He shall be guided by the provisions of § 776 of this chapter in making that determination: the difference between (1) the cost of operation for the state institution per semester credit hour and (2) the fee paid by the student at the state institution per semester credit hour, but not to exceed an appropriate portion of \$1,850. The tuition grant paid to a part-time student may not be in an amount that would result in a student paying less in tuition or fees at a private college or university than would be required for a similar enrollment at the state institution in the same city. (§ 5 ch 156 SLA 1972; am § 15 ch 136 SLA 1974; am § 4 ch 136 SLA 1975)

Effect of amendments. — The 1974 amendment substituted "executive secretary" for "selection committee" in the second and fourth sentences, deleted "of the selection committee" following "executive secretary" in the third sentence, divided the former fourth sentence into the

fourth and fifth sentences by substituting "He" for "and the committee" at the beginning of the fifth sentence, and added the sixth sentence.

The 1975 amendment, effective July 1, 1975, substituted "\$1,850" for "\$1,000" at the end of the fifth sentence.

Sec. 14.40.801. Fiscal and business management practices. (a) The executive secretary may decline to award tuition grants under § 776 of this chapter to students attending an institution if he finds that the fiscal and business management practices of the institution are inadequate in comparison with the practices of similar institutions. However, an institution whose fiscal and business management practices are found inadequate as reflected in an annual audit conducted according to auditing standards applicable to an institution of higher education by a certified public accounting firm of the institution's selection may appeal the determination of the executive secretary to the same committee appointed under § 776(c) of this chapter.

(b) Private universities and colleges in which students receiving grants are enrolled are subject to both pre- and post-expenditure audit by the Legislative Budget and Audit Committee or by the Department of Administration.

(c) Private universities and colleges in which students receiving tuition grants are enrolled and which are signatory to a consortium agreement with the University of Alaska must abide by a decision rendered by the commission when disagreements arise or exist between the parties.

(d) Before any funds for tuition grants are disbursed, the executive secretary of the committee shall determine that no student is receiving a grant to pay for courses of study or academic programs leading to an undergraduate or graduate degree that are unnecessarily duplicated at each of the institutions under a consortium. (§ 5 ch 156 SLA 1972; am § 7 ch 78 SLA 1974; am § 16, 17 ch 136 SLA 1974)

Effect of amendments. — The first 1974 amendment substituted "commission" for "Legislative Council" in subsection (c).

The second 1974 amendment, in subsection (a), inserted the language beginning "as reflected in an annual audit" and ending "institution's selection" and substituted "same committee appointed under § 776(c) of this chapter" for "selection committee through the chairman

of the committee." The amendment also in subsection (d), deleted "the commissioner of administration and" preceding "the executive secretary" and "selection" preceding "committee" and substituted the language beginning "courses of study" and ending "a consortium" for "a required course or courses in his area of study that are offered under the consortium."

Sec. 14.40.806. Definitions. In §§ 751 — 806 of this chapter

(1) "career education" means a course or program in vocational-technical training or education approved by the Department of Education;

(2) "full-time student" means a student who is enrolled and is in regular attendance at classes for at least 12 semester hours of credit during the semester, any combination of 12 or more semester hours of credit undertaken during a semester at two or more public or private institutions of higher education operating under a consortium constitutes full-time student status;

(3) "part-time student" means a student who is enrolled and is in regular attendance at classes for at least three but less than twelve semester hours of credit during the semester.

(4) "resident" means a person domiciled in Alaska who has resided in Alaska for at least two years before an application for a grant or loan is made under §§ 751 — 806 of this chapter;

(5) "school year" means the period from September 1 of one year through August 31 of the following year.

(6) "commission" means the Alaska Commission on Postsecondary Education;

(7) "consortium" means a cooperative arrangement between two or more public or private institutions of higher education specified in agreements or memoranda of understanding to permit sharing of facilities, instructional opportunities, and other educational services in such a way that the integrity of each institution party to the consortium is preserved while at the same time the institutions cooperatively plan the academic calendar, scheduling, use of personnel and facilities, and educational programs and offerings to the maximum advantage of the students and faculties of the institutions that are parties to a consortium. (§ 5 ch 156 SLA 1972; am § 8 ch 78 SLA 1974; am §§ 18 — 20 ch 136 SLA 1974; am § 5 ch 136 SLA 1975)

Effect of amendments. — The first 1974 amendment added paragraph (6).

The second 1974 amendment added the language beginning "any combination of 12 or more semester hours of credit" to the end of paragraph (2), substituted "six" for

"two" in paragraph (8) and added paragraph (7).

The 1975 amendment, effective July 1, 1975, substituted "three" for "six" in paragraph (8).

Article 10. Memorial Scholarship Revolving Loan Fund.

- Section
- § 10. Declaration of purpose
- § 15. Fund created
- § 20. Limits on conditions of loans
- § 25. Repayment of loans

- Section
- § 30. Selection
- § 35. Discrimination prohibited
- § 40. Administering authority
- § 45. Funding

Repeal of former article. — Section 22, ch 136 SLA 1974, repealed former Article entitled "Michael Murphy Scholarship

Loan and Grant Fund." The former article consisted of §§ 14.40.820 — 14.40.899, and was set from § 1 ch 33 SLA 1969.

Sec. 14.40.810. Declaration of purpose. (a) The legislature may pay tribute to the memory of Alaskans who, by the example of their lives, or by their distinguished contribution and service to this state, their community or their profession, exemplified the best that is the challenge of "The Great Land" by the creation of memorial scholarships as a part of a general memorial scholarship revolving loan fund, setting out the purpose for which each is created, and the conditions applicable to each scholarship.

(b) The purposes of the several memorial scholarship accounts in the memorial scholarship revolving loan fund are as follows:

(1) the Michael Murphy memorial scholarship perpetuates the memory of Michael Murphy, a member of the Alaska State Troopers, who, while on leave from that division, gave his life for his adopted country in Vietnam on May 22, 1968;

(2) the Carroll L. "Butch" Swartz memorial scholarship perpetuates the memory of Carroll L. "Butch" Swartz, of Juneau, who was a student intern with the Criminal Justice Planning Agency and the Governor's Commission on the Administration of Justice during the summer months of 1972 and 1973 and whose accidental and untimely death in November 1973, occurred while he was completing his undergraduate education at Yale University, thus never realizing his educational goals or career objective;

(3) the Harvey Golub memorial scholarship perpetuates the memory of Harvey Golub, of Juneau, who was chief engineer of the bridge design section of the Department of Highways of the State of Alaska and whose accidental and untimely death September 13, 1971, cut short a widely-respected career in civil engineering; and

(4) the Robert L. Thomas memorial scholarship perpetuates the memory of Robert L. Thomas, of Juneau, who as Deputy Commissioner of Education, and for 13 years as a member of the professional staff of that department contributed significantly to the creation, operation and administration of a sound system of public education in Alaska and whose tragic and untimely death March 12, 1974, terminated a distinguished career in education and public administration that long will be exemplary for those who aspire to service in that profession. (§ 21 ch 136 SLA 1974)

Sec. 14.40.815. Fund created. (a) There is created a memorial scholarship revolving loan fund. The fund shall be used to provide educational scholarship loans to students selected under §§ 810 — 845 of this chapter. All repayments of principal shall be paid into the memorial scholarship revolving loan fund and shall be used to make new scholarship loans.

(b) Each memorial scholarship, the purpose of which is set out in § 810(b) of this chapter, is a separate account in the memorial scholarship revolving loan fund created under (a) of this section. (§ 21 ch 136 SLA 1974)

Editor's note. — Section 24, ch. 136, SLA 1974, provides "On the effective date of this Act, the balance in the Michael Murphy scholarship, loan and grant fund created under AS 14.40.855 is transferred to the

Michael Murphy memorial scholarship account in the memorial scholarship revolving loan fund created under AS 14.40.815 as added by sec. 21 of this Act."

Sec. 14.40.820. Limits on, conditions of loans. (a) A scholarship loan to a recipient under §§ 810 — 845 of this chapter, may not exceed \$2,500 a school year for an undergraduate student or \$5,000 a school year for a graduate student. Loans may not be made to a student for more than six years.

(b) A loan made under §§ 810 — 845 of this chapter may be used only as follows:

(1) a Michael pursue a degree enforcement, law fields;

(2) a Carroll used only to pursue university in criminal administration, justice;

(3) a Harvey pursue a degree mechanical, electrical transportation, engineering; and

(4) a Robert L. to pursue a degree will lead to a career closely related field

(c) The recipient

(1) enrolled as an Associate, listed in (b) of this loan received;

(2) a graduate high school within admitted to a college leading to a degree is appropriate to the

(3) an officer or the state who intend leading to a degree appropriate to the

(d) The recipient student in good standing

(e) In any year in created under § 810 loan in one of the no loan in that school shall be added to succeeding year.

(f) The administrator signed by the recipient will help it carry on 21 ch 136 SLA 1974

Sec. 14.40.825. It shall be noninterest

ARTICLE VIII. CONSTRUCTION AND SEVERABILITY.

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence or provision of this compact is declared to be contrary to the constitution of any state or of the United States, or the applicability thereof to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person, or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any state participating therein, the compact shall remain in full force and effect as to the state affected as to all severable matters.

ARTICLE XI. STATE DEFINED.

As used in this compact, "state," means a state, territory, or possession of the United States, the District of Columbia or the Commonwealth of Puerto Rico. (§ 1 ch 168 SLA 1980)

Sec. 14.40.720. Members of the commission. (a) One of the commission members shall be the governor; one shall be the state commissioner of education; two shall be members of the state legislature selected by its respective houses and serving in the manner the legislature may determine; one shall be the president of the state Board of Education; and two shall be appointed at large by and serve at the pleasure of the governor.

(b) The terms of office of the at-large members shall be four years; however, the first members shall be appointed as follows: one for two years, and one for four years. Each member shall hold office until his successor is appointed and qualified.

(c) The legislative and at-large members of the commission serve without compensation but are entitled to per diem and travel expenses provided by law for other state boards and commissions. (§ 1 ch 168 SLA 1980)

Article 9. Scholarship Loans and Tuition Grants.

Section
 759. Undergraduate loans
 763. Conditions of loans
 767. Selection criteria

Section
 776 — 801. [Repealed]
 806. Definitions

Sec. 14.40.759. Undergraduate loans. The committee may make a loan, not to exceed \$3,000 in any one school year, to an undergraduate student eligible under AS 14.40.765. (§ 1 ch 98 SLA 1971; am § 6 ch 136 SLA 1974; am § 1 ch 153 SLA 1978)

Effect of amendment. maximum amount of the loan from
The 1978 amendment increased the \$2,500.00 to \$3,000.00.

Sec. 14.40.763. Conditions of loans.

(b) The loans may only be used to attend a career education program or a college or university approved by the commission, and, if the loans are federally insured, by the United States Commissioner of Education.

(e) Loans are interest bearing while a student is enrolled under (c) of this section or is receiving a deferment of payments under (k) of this section; however, a student is entitled to have a portion of the interest paid on his behalf and for his account in accordance with (1) of this section.

(g) The required repayment of the principal amount of the loan and any interest on the loan begins no earlier than nine months nor later than one year after the student terminates his studies. The loan shall provide for repayment of the total amount owed in periodic installments in not less than five nor more than 10 years from the commencement of repayment or more than 15 years from the date of execution of the original promissory note evidencing the disbursement of the loan, except as provided for in (k) and (m) of this section. Notwithstanding the provisions of this subsection, a student may at his option make payments earlier than this subsection requires.

(j) A portion of a loan shall be paid on behalf of the borrower by the state if, upon completion of the course of study for which the loan was granted, the borrower spends at least three years employed in the state. The portion of the loan which shall be paid by the state shall be the following percentages of the total loan received plus interest for up to a total of 40 per cent:

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

(k) Periodic installments of principal shall be deferred, but interest shall accrue and be paid unless the student is eligible for interest payment benefits under (1) of this section during any of the following:

- (1) return to student status as provided in (c) of this section;
- (2) serving on active duty as a member of the armed forces of the United States;
- (3) serving, for up to three years, as a full-time volunteer under the Peace Corps Act;
- (4) serving, for up to three years, as a full-time volunteer under the Domestic Volunteer Service Act of 1973;
- (5) for a one-time period up to 12 months in which the borrower is seeking and unable to find employment in the United States; or
- (6) if the borrower becomes 50 per cent or more disabled as certified by competent medical authority.

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2-3
3-4
4-5
over 5

"two"
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(l) The federally insured loan; and
(2) deferred loan for not more than six months.
(n) Each applicant, if completing an Alaskan (am § 1

Effect of The 1978 "commissioner of Education" "receiving a military service" subsection (e), rewritten by the commission language accreditation which the "non-English language" shall be (e), rewritten subsection of the "considered" "granted" year" in "paid by

Sec. 1 shall go subject point applicant awarded Alaskan (1) st

(f) The state will pay the interest on that portion of a loan that is not federally insured during

(1) the period before the beginning of the repayment period of the loan; and

(2) deferments under (k) of this section.

(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 six months each, within the 15-year requirement of (g) of this section.

(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.

(am §§ 1 — 4 ch 99 SLA 1977; am §§ 3 — 8 ch 87 SLA 1979)

Effect of amendments.

The 1979 amendment substituted "commission" for "Department of Education" in subsection (b), substituted "receiving of deferment of payments under (k) of this section" for "fulfilling required military service" at the end of subsection (e), rewrote subsection (g), and added subsection (k).

The 1979 amendment deleted "approved by the commission" following "career education program" and substituted the language beginning "approved by the commission" for "accredited by the accreditation association for the region in which the college or university is located" in subsection (b), substituted "interest" for "non-interest" in subsection (e), added the language beginning "however, a student shall be entitled" to the end of subsection (e), rewrote subsection (g), and in subsection (j), substituted "paid on behalf of the borrower by the state" for "considered a grant," "borrower" for "grantee," and "three years" for "two years" in the first sentence, substituted "paid by the state" for "regarded as a

grant" and "interest" for up to a total of 40 per cent" for "accrued interest" in the introductory language of the second sentence, and substituted "an additional 10 per cent" for "20 per cent" in paragraph (2), for "30 per cent" in paragraph (3), and for "40 per cent" in paragraph (4). The amendment also rewrote subsection (k) and added subsections (l), (m), and (n).

As the rest of the section was not affected by the amendments, it is not set out.

Editor's note. — Section 8, ch 99, SLA 1977 provides "The change in the repayment period of student loans set out in AS 14.40.763(g) as amended by sec 3 of this Act and the additional bases for granting a deferment of repayment of a student loan set out in AS 14.40.763(k) as enacted by sec 4 of this Act shall, upon request of the loan recipient, be applied retroactively to the outstanding balance of principal of and accrued interest on loans made under AS 14.40.751 — 14.40.806 as they read before the effective date of this Act."

Sec. 14.40.767. Selection criteria. (a) The selection committee shall grant loans based on total point accumulations under this subsection with priority going to those applicants with the highest point accumulations, except as provided in (b) of this section for loan applications completed before May 15 of each year. Points shall be awarded to applicants based upon student status and continuous Alaskan residency, according to the following schedule:

(1) student status:

- (A) continuing undergraduate and graduate students with existing Alaska scholarship loans 4 points
- (B) continuing undergraduate and graduate students without existing Alaska scholarship loans 3 points
- (C) freshmen 2 points
- (D) new graduate students without existing Alaska scholarship loans 1 point
- (2) continuous Alaskan residency:
 - (A) students with continuous Alaskan residency of 10 years or more 3 points
 - (B) students with continuous Alaskan residency of at least 5 years and less than 10 years 2 points
 - (C) students with continuous Alaskan residency of more than 2 years and less than 5 years 1 point
 - (3) students attending Alaska colleges or universities . . . 1 point
 - (b) In awarding loans the selection committee shall award loans to applicants based upon the earliest date of completed applications if
 - (1) the applicant has accumulated at least 5 points under (a) of this section; and
 - (2) the applicant has filed a completed application not later than May 15 of the year for which the loan is requested. (§ 1 ch 98 SLA 1971; am § 2 ch 87 SLA 1979)

Effect of amendment. — The 1979 amendment rewrote this section.

Editor's note. — Section 1, ch. 87, SLA 1979 provides: "The legislature determines that

"(1) there are no incentives in the student loan program for residents of Alaska to attend colleges and universities in Alaska as compared with colleges and universities outside Alaska.

"(2) the result of the lack of incentives is that 64.9 per cent of all undergraduate student loans and 92.9 per cent of graduate student loans go to students attending colleges and universities outside Alaska.

"(3) the amount of the average loan to

undergraduate students attending colleges and universities in Alaska is lower than the average of similar loans in all but one of the 10 western states and the amount of the average loan for graduate students is the lowest in the West.

"(4) the funds spent on education in Alaskan colleges and universities go further than when the funds are spent out of state, and

"(5) it would be an aid to the Alaskan economy if the funds in the student loan program were spent for education in Alaskan colleges and universities."

Secs. 14.40.776 — 14.40.796.

Repealed by § 15 ch 94 SLA 1980.

Editor's note. — The repealed sections — 15 ch 136 SLA 1974, §§ 2 — 4, ch 136, SLA 1975, §§ 1 — 7, ch 246, SLA 1976,

Sec. 14.40.801. Fiscal and business management practices.

Repealed by § 7 ch 246 SLA 1976 and § 15 ch 94 SLA 1980.

Editor derived I

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Artic Section 909, Fu 917, Leg 919, C

Editor's note. — The repealed section ch. 78, SLA 1974; §§ 16, 17, ch. 136, SLA derived from § 5, ch. 156, SLA 1972; § 7, 1974.

Sec. 14.40.806. Definitions. In AS 14.40.751 — 14.40.806

(1) "career education" means a course or program in vocational-technical training or education approved by the commission;

(2) "full-time student" means an undergraduate or career education student who is enrolled and is in regular attendance at classes for at least 12 semester hours of credit or the equivalent during the semester or a graduate student who is enrolled and is in regular attendance at classes for at least nine semester hours of credit or the equivalent; any combination of semester hours of credit, or the equivalent, aggregating to the requisite number of semester hours and undertaken during a semester at two or more public or private institutions of higher education operating under a consortium constitutes full-time student status;

(3) "part-time student" means a student who is enrolled and is in regular attendance at classes for at least three but less than the semester hours of credit required for full-time student status under (2) of this section during the semester;

(7) Repealed by § 7 ch 246 SLA 1976.

(8) "federally insured" means a loan covered by the provisions of the Guaranteed Student Loan Program of Title IV, Part B, of the Higher Education Act of 1965 (P.L. 89-329), as amended.

(am § 7 ch 246 SLA 1976; am §§ 5 — 7 ch 99 SLA 1977; am § 9 ch 87 SLA 1979)

Effect of amendments.

The 1976 amendment repealed paragraph (7), which defined "consortium."

The 1977 amendment substituted "commission" for "Department of Education" in paragraph (1), substituted "an undergraduate or career education student" for "a student" and the language beginning "or a graduate student who is enrolled" and ending "requisite number of semester hours and" for "any combination of 12 or more semester hours of credit" in

paragraph (2), inserted "or the equivalent" preceding "during the semester" in paragraph (2), and substituted "the semester hours of credit required for full-time student status under (2) of this section" for "12 semester hours of credit" in paragraph (3).

The 1979 amendment added paragraph (8).

As the rest of the section was not affected by the amendments, it is not set out.

Article 11. Alaska Commission on Postsecondary Education.

Section

909. Functions of the commission

917. Legal counsel

919. Consortia

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH F - STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
(907) 465-2854

M E M O R A N D U M

TO: Members of Senate Health, Education and Social Services
Committee

~~Senator~~ Charles Parr, Chairman
Senator Terry Stimson, Vice Chairman
Senator Vic Fischer
Senator Tim Kelly
Senator Mike Colletta

FROM: Kerry D. Romesburg, Executive Director
Alaska Commission on Postsecondary Education

DATE: February 11, 1981

A number of questions were raised during the recent Senate HESS hearing on SB 120, dealing with the student loan program. I believe I am addressing all of the questions with this memorandum and accompanying information sheets. In presenting these responses, I shall try to refer to them in reference to the question asked.

1. How many individuals are in the repayment cycle of student loans?
What is the default rate of individuals, as opposed to dollar amount?

Response. Item 6 on page 2 of the enclosed revised "Fact Sheet" lists the total number of individuals who are in repayment, including those current in payments, past due, and in default (120+ days). The default rate on an individual basis, for January, is 14.8%.

2. What is the average length of residency of our student loan borrowers?

Response. I have added another Item to the "Fact Sheet." Under Item 11(a), I have included data on residency. Two aspects of these data are interesting. One, 30% of the borrowers are lifelong Alaska residents, and two, the percentage of short-residency borrowers increases dramatically the junior, senior, and graduate years.

3. What is the age pattern of our student loan borrowers?

Response. Age data are now included in Item 11(b) of the revised "Fact Sheet."



Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

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

Pouch V
State Capitol
Juneau, Alaska 99811

465-4907
465-4908

MEMORANDUM

TO: Senate HESS Committee Members
FROM: Rocky
RE: Student Loan Program

Here is a check list of policy decisions the Committee may need to make regarding the Student Loan Program:

- 1) Eligibility
 - a. residency
 - b. full-time attendance
 - c. part-time attendance

- 2) Loan Amount

| | |
|-------------------|-------------|
| a. undergraduates | 3,000 (now) |
| | 3,500 |
| | 5,000 |
| | 6,000 |
| b. graduates | 5,000 (now) |
| | 6,000 |
| | 7,000 |
| | 8,500 |

- 3) Maximum Amount of Loans
 - a. 6 years (now)
 - b. 8 years

- 4) Loan Forgiveness
 - a. Alaskan residency after graduation (now)
 - b. grade point average
 - c. In-state school attendance

- 5) Loan Repayment
 - a. graduated payment schedule
 - b. percentage of income

- 6) Bankruptcy

For an Act entitled: "An Act creating the Alaska State Scholarship Program, and providing for an effective date."

Section 1. PURPOSE. The Legislature finds and declares that the provision of higher education for all residents of Alaska who desire such education and are properly qualified therefore is important to the welfare and security of this State and Nation. Many highly qualified high school graduates are deterred by financial considerations from completing their education in Alaska and represent a potential irreparable loss to the State. A strong investment has been made to assure that quality education is available for Alaskans, but the increasing costs of obtaining this education, along with the increasing competitiveness of schools from outside the State to recruit the most highly qualified of Alaska's high school graduates, makes it imperative that a system of State scholarships be established.

Section 2. ADMINISTRATION. The Alaska State Scholarship Program shall be administered by the Alaska Commission on Postsecondary Education. The commission, in accordance with this chapter, shall prepare and supervise the issuance of public information concerning this program; prescribe the form and regulate the submission of applications for scholarships; conduct any conferences and interviews with applicants which may be appropriate; determine the eligibility of applicants; provide for and conduct, or cause to be conducted, all examinations of applicants; select the best qualified applicants, award the appropriate scholarships; and determine eligibility for, and award annual renewals of, scholarships. The commission may promulgate such regulations, not inconsistent with this chapter, as may be necessary to administer this program.

Section 3. ELIGIBILITY. An applicant is eligible to apply for a scholarship if the applicant is:

- (1) at least a two-year resident of Alaska;
- (2) is either
 - (A) eligible to be admitted to an eligible Alaska postsecondary education institution within one year of application date; or
 - (B) enrolled as a full-time undergraduate student in an eligible Alaska postsecondary education institution.

Section 4. AWARD AMOUNT. Each scholarship award shall be in the amount of \$4,000 annually, for a maximum of four undergraduate years.

Section 5. USE OF AWARD. A scholarship may be used:

- (1) at a degree granting institution of postsecondary education within the state which is approved by the commission for this purpose; and
- (2) for educational expenses, including:
 - (a) tuition and fees
 - (b) room and board,
 - (c) transportation,
 - (d) books, and
 - (e) personal expenses.

Section 6. RENEWAL. A scholarship recipient shall have the scholarship renewed annually, for up to three times, provided that the recipient:

- (1) maintain full-time student status at an eligible institution; and
- (2) maintain a grade-point-average equivalent to 3.25.

Section 7. SELECTION CRITERIA. The commission shall annually determine eligible candidates and make awards to the most qualified of these candidates, based upon the following criteria:

- (1) acceptance for admission in a regular undergraduate program at an eligible institution;
- (2) score on the competitive examination; *SAT*
- (3) potential scholastic success, based upon previous grade-point-average; and
- (4) wide geographic distribution of awards throughout the State.

Section 8. NUMBER OF SCHOLARSHIPS. The State shall annually provide for scholarships in a number equal to:

- (1) one for each high school with at least twenty graduates per year;
- (2) one, additional, for each high school with over one hundred graduates per year; and
- (3) one for each eligible scholarship renewal.

Section 9. OTHER SCHOLARSHIPS AND AWARDS. A scholarship recipient under this program may not receive an Alaska Private/Public Cooperative scholarship for the same academic year as covered by this program.

Section 10. DEFINITIONS.

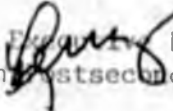
- (1) "commission" means the Alaska Commission on Postsecondary Education;
- (2) "resident" means a person who, except for brief intervals, military service, attendance at an educational or training institution, or for absences for good cause shown, has resided in Alaska and who has maintained his domicile in Alaska, domicile is the true and permanent home of a person from which he has no present intention of moving and to which he intends to return whenever he is away;
- (3) "undergraduate" means a student who has not completed a baccalaureate, graduate, or professional degree.
- (4) "full-time student" means a student enrolled and in regular attendance at classes for at least 12 semester hours of credit or the equivalent during the semester or term.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH F - STATE OFFICE BUILDING
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M E M O R A N D U M

TO: Representative Don Clocksin
Chairman, House HESS Committee

FROM: Kerry D. Romesburg,  Director
Alaska Commission on Postsecondary Education

DATE: February 24, 1981

At the last hearing on bills relating to the student loan program, you requested written positions of the Postsecondary Commission on two suggested changes to the program. A subcommittee of the Commission met Saturday, February 21, 1981, and the following are the responses on behalf of the Commission.

Loan Cancellation (Forgiveness)

The provision of partial cancellation of student loans for living and working in Alaska is one of the most attractive features of the student loan program. It addresses and achieves two concerns which the Legislature has historically recognized. After a student completes study, a year of deferment (a grace year) is given. This allows the borrower to find employment and to get established, at least initially. Then if the borrower resides and works in Alaska, a 10% per year cancellation of indebtedness is awarded for each year, up to four years. Hence, the borrower may have as much as 40% of the loan cancelled.

Through the provision of this economic benefit and incentive, the Legislature is encouraging our educated residents to remain in Alaska and utilize their educational skills within the State. At the same time, the Legislature is giving formal recognition to the burden of the cost of education and providing relief for up to 40% from part of that burden. The Commission agrees with this partnership between student and State and strongly encourages its continuation.

The Commission recommends that the partnership be enhanced to a 50-50 arrangement by adding a fifth year of 10% cancellation. It is opposed to suggestions exceeding a 50-50 partnership.

Cancellation for In-State Attendance

The Commission recognizes that the Alaska Student Loan Program is the best student loan program in the Nation. The program is, and should remain, a neutral program. Through the provision of low-interest student loans, Alaskans are provided with a free choice of postsecondary attendance. The program neither encourages persons to attend particular types of institutions, nor does it encourage persons to attend institutions in a particular geographic location. Specifically, the program does not encourage attendance either in-state or out-of-state.

Representative Don Clocksin
February 24, 1981
Page 2

Utilizing the loan program as a means for influencing the educational choice of a student is inappropriate. The Commission is opposed to providing additional cancellation benefits for in-state attendance. It feels there are better methods for making in-state attendance more attractive to students and strongly discourages the use of the loan program to achieve this purpose.

cc: Members, House HESS Committee
Members, Senate HESS Committee

Section 14.40.806. (7) "resident" means a person domiciled in Alaska who has resided in Alaska for at least two years before an application for a [GRANT OR] loan is made under sections 751-806 of this chapter;

(6) "resided in Alaska" means being physically present in Alaska for an independent student, and means parent's or guardian physical presence for a dependent student.

(2) "dependent" means a person who does not qualify as an independent.

(4) "independent" means a person who has not:

(a) lived with his/her parents for more than six weeks in the prior calendar year,

(b) been claimed on his/her parents Federal tax return in the prior calendar year, or

(c) received more than \$1,000 worth of support from his/her parents in the prior calendar year.

Sec. 14.40.763 (j) is amended to read:

A portion of a loan shall be paid on behalf of the borrower by the state if, upon completion of the course of study for which the loan was granted, the borrower spends at least [THREE] two years employed in the state. The portion of the loan which shall be paid by the state shall be in the form of annual payment refunds and shall be the following percentages of the total loan received plus interest for up to [40] 50 percent:

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

Chenoweth ✓

Original sponsors: Sturgulewski, Kerttula,
Stimson and Dankworth

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 120 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "A Act amending the undergraduate and graduate schol-
7 arship loan program; and providing for an effective
8 date."
9

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

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

12 Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a
13 loan, not to exceed \$5,000 [\$3,000] in any one school year, to an
14 undergraduate student eligible under AS 14.40.765.

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

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

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

21 (d) Scholarship loans may not be made to a student for more than
22 eight [SIX] years.

23 * Sec. 4. AS 14.40.763(j) is repealed and reenacted to read:

24 (j) A portion of a loan shall be paid on behalf of the borrower
25 by the state if, upon completion of the course of study for which the
26 loan was granted, the borrower is employed for at least two years in
27 the state. The portion of the loan which shall be paid by the state
28 shall be the following percentages of the total loan received plus
29 interest for up to a total of 50 percent of the total loan:

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

1 (2) three - four years residence in the state, an additional
2 10 percent;

3 (3) four - five years residence in the state, an additional
4 10 percent;

5 (4) five - six years residence in the state, an additional
6 10 percent;

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

9 * Sec. 5. AS 14.40.765 is repealed and reenacted to read:

10 Sec. 14.40.765. ELIGIBILITY OF STUDENTS. (a) A person may apply
11 for and obtain a scholarship loan if the person

12 (1) is a resident of the state at the time ~~he~~ ^{of} ~~applies~~ ^{applies} for a
13 scholarship loan;

14 (2) meets the requirements of (b) of this section; and

15 (3) is

16 (A) enrolled as a full-time student in a career educa-
17 tion or associate or baccalaureate or graduate degree program; or

18 (B) a graduate of a high school, or scheduled for
19 graduation from a high school within six months, with sufficient
20 credits to be admitted to a career education program or to an
21 accredited college or university.

22 (b) In addition to the requirements of (a) of this section, to
23 obtain a scholarship loan a person must have been a resident of the
24 state for at least two years at the time ~~he~~ ^{he} applies for the loan. For
25 purposes of this subsection, a person qualifies as a resident of the
26 state if at the time ~~he~~ ^{he} applies for the loan

27 (1) ~~he~~ ^{he} has been present in the state for at least two years
28 unless ~~his~~ ^{his} absence from the state during any part of the two years was
29 due to military service; or

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(2) he is a person who is dependent on a parent or guardian for his care, and the parent or guardian has been present in the state for at least two years.

Sec. 6. The reenactment of AS 14.40.763(j) in sec. 4 of this Act applies to any student who has obtained a scholarship loan under AS 14.40.751 - 14.40.806 since July 1, 1971.

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

Draft letter of intent for CS SB 120 - Student Loans

The HESS Committee formally recognizes the value of education and educated citizenry for the State of Alaska and endorses the continued investment in the futures of the people of the State through the provision of State student loans.

Under the amendments to the loan program, which CSSB 120 proposes, the State is entering into an equal partnership with the students in pursuing postsecondary education and training. The program provides low interest loans to students and increases maximum borrowing levels and carries an increased incentive for the student to utilize an education by training within the State.

It is the intention of the Committee that this increased spending in the form of grants for up to fifty percent of the total borrowed be provided to the students in a more timely fashion.

Under current administrative practice, the borrower may not realize the grant benefits for having made loan payments for as long as six years. For the incentive to be truly effective, these benefits must be realized as they are earned. Therefore, through this letter the Committee issues its intentions that grant benefits be provided to the borrower in the form of annual refunds as eligibility is established rather than crediting the grants at the end of the repayment cycle as is currently the practice.

Under this refund policy, the borrower will continue to make timely repayments ~~the~~ of the loan but after remaining and working in the State the required period of time, refunds in incremental amounts equal to ten percent of the total loan will be annually provided to the borrower.

The amendments included in CSSB 120 and the new method of administratively handling the grant provisions, the Committee strongly endorses legislative support for Alaska's student loan program.



Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

March 13, 1981

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

Pouch V
State Capitol
Juneau, Alaska 99811

465-4907
465-4929

LETTER OF INTENT
ON
CS FOR SENATE BILL NO. 120

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 percent.

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.

A handwritten signature in cursive script, appearing to read "Charles H. Parr".

Charles H. Parr, Chairman

Rocky

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 |

loans

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 | 38,704 |
| 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):

Forgiveness

| | |
|----------------|--------|
| 1974-75 | 59 |
| 1975-76 | 3,646 |
| 1976-77 | 5,396 |
| 1977-78 | 26,192 |
| 1978-79 | 37,165 |
| 1979-80 | 44,125 |
| 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 | 389,083 | 188 | 463,252 | 193 | 385,664 |
| 120+ | 878 | 1,981,084 | 909 | 2,038,126 | 954 | 2,096,983 | 927 | 2,154,220 |
| TOTAL | 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)

| | In-State | Out-of-State | Total |
|------------|--------------|--------------|-------|
| 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 |
| Graduate | \$6,000 | \$7,500 | \$7,000 |
| 1981-82 Cost | \$1,575,700 | \$3,619,600 | \$4,041,704 |

additional

9. Other Issues:

- Adding a section which states that if a person allows the loan to become default (120+ days past due), all cancellation benefits are forfeited.
- Providing additional cancellation for in-state attendance, for example, an additional 5% per year of attendance, for up to a maximum of 20%.
- Providing additional cancellation for maintaining a "B" grade average for undergraduates, for example, an additional 5% upon graduation.
- 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 |
| Gonzaga 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 | 582 |
| University of Idaho* | 1,990 | 2,000 |
| University of Oregon* | 3,431 | 2,433 |
| University of Washington* | 2,394 | 2,736 |

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 120
Title Amending Scholarship Loan Program
Requested by Senate Hess Date 1/30/81

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. | 4,041.7 | 5,010.5 | 5,814.1 | 6,953.0 | 8,455.3 |
| TOTAL | N.A. | 4,041.7 | 5,010.5 | 5,814.1 | 6,953.0 | 8,455.3 |

FUNDING (Thousands of Dollars)

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------------------------|-------|---------|---------|---------|---------|---------|
| GENERAL FUND | N.A. | 4,041.7 | 5,010.5 | 5,814.1 | 6,953.0 | 8,455.3 |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Fund Source) | | | | | | |

POSITIONS

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | -0- | -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 |
| | 24.3% | \$2,000-\$2,950 | | 53.5% | \$5,000 |
| | 41.2% | \$3,000 | | | |
- at state borrowing the maximum, if maximums are increased,

| | | | | | |
|----------------|-----|-----------------|-----------|-----|-----------------|
| Undergraduate: | 50% | \$5,000 | Graduate: | 55% | \$7,000 |
| | 40% | \$3,500-\$4,950 | | 20% | \$6,000-\$4,950 |
| | 10% | \$3,000-\$3,450 | | | |

IV. DATE February 3, 1981 PREPARED BY Kenneth D. [Signature]
 AGENCY Commission on Postsecondary Education
 PHONE 465-2500
 Original: Legislative Finance
 cc: Budget and Management
 Print Sponsor: (First Legislator Named)

Furn

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

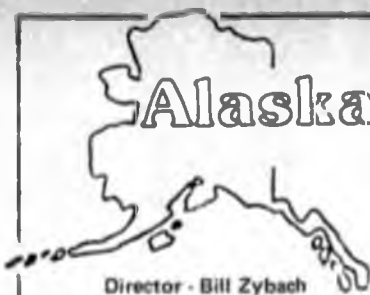
POUCH F - STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
(907) 465-2854

The Alaska Commission on Postsecondary Education

The basic purpose of the Alaska Commission on Postsecondary Education is to provide for the coordinated efficient use of Alaska's financial resources in providing postsecondary educational services to the citizens of the state. The Commission is charged with coordinating the development of comprehensive plans for the systematic growth of postsecondary education in Alaska, advising as to functions and purposes of colleges and universities operating in the state, reviewing annual budget requests from colleges and universities in the state, serving as the consumer protection agency for the citizens of the state in obtaining postsecondary education, and advising the Governor's Office, the Legislature, and other appropriate federal and state agencies and institutional boards on postsecondary education issues and concerns in and for Alaska.

Through a 13-member public board and a series of advisory councils, the Commission serves as the impartial coordinating board for all Alaskan postsecondary education. Specific programs and services provided through the Commission include:

1. authorization of postsecondary education institutions to operate in Alaska
2. serving as consumer complaint agency for postsecondary education services
3. serving as Alaska's state approval agency for veteran's educational benefits and program approval
4. administration of the federal Continuing Education and Community Service Program (Title I, HEA)
5. administration of the federal Guaranteed Student Loan Program (Title IV, HEA)
6. administration of the federal Postsecondary Education Planning Grants Program (Title XII, HEA)
7. administration of the Alaska State Student Loan Program
8. administration of the combined federal/state State Education Incentive Grant Program SEIG (Title IV, HEA)
9. administration of the State Memorial Scholarship Loan Programs
10. serving as Alaska's agency for coordinating activities in the 13-state Western Interstate Commission on Higher Education (WICHE)
11. administration of the WICHE Student Exchange Program for Alaska
12. administration of the WICHE Fellows Program for Alaska
13. coordination of federal reporting for the Higher Education General Information Survey (HEGIS)
14. serving as the State EEO agency for postsecondary education
15. administration of the federal Higher Education Facilities Grant Program (Title VII, HEA)
16. administration of Alaska's participation in the Federal Education Information Centers, EIC Program (Title IV, HEA)
17. providing oversight and arbiter services for consortia agreements between and among public and private institutions.



Alaska Statewide Student Association

P.O. BOX 548
DOUGLAS, ALASKA 99824

Director - Bill Zybach

REPRESENTING STUDENTS OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM

Senate Bill 120

Senator Charlie Parr, Chairman
Senate HESS Committee
Alaska State Legislature

Feb. 9, 1981

Mr. Chairman,

The Alaska Statewide Student Association is concerned with the committee action on SB120. The Student Loan Program has been an area of concern for the statewide student association for the past four years.

The legislation before you, we believe, will have a positive effect in keeping the program up to date in terms of the dollar amounts and the period under which the loan is extended. We believe that for the loan to keep pace with the escalating costs of education then the annual amounts must be increased. These increases will more realistically offset the costs of tuition for many students who are participating in the program out of state, but more importantly, it will better provide the funds which are necessary to attend higher education institutions in the state of Alaska for those students who are married, those who are returning to education, and those who are not participating in residence campus housing programs.

The extension of the period of eligibility, we believe is most needed and more realistic. The current period does not take into consideration those students who are in undergraduate work for more than 4 years in cases of the pursuit of double majors or more than one degree, and who will need assistance in graduate school. The current program would logically afford assistance to a student who would take a four year undergraduate program and a two years graduate program. Many graduate programs are for longer periods than two years, and assistance is needed for a three or four year period.

We would also like to suggest, as we have in the past, incentives be added to the State Loan Program which would help keep University Graduates in Alaska after they obtain their degree. At the same time we would like to promote academic excellence, and as such we would like to suggest amending SB120 to include the forgiveness clauses and academic incentives which are contained in Representative Richholdt's pre-filed House Bill 42.

With Respect,

Bill Zybach
Bill Zybach, Director ASSA

ASSA

STATE OF ALASKA

JAY S. HAMMOND, Governor

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

DIVISION OF STUDENT FINANCIAL AID

POUCH F - STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
PHONE: (907) 465-2962

Rocky

MEMORANDUM

TO: Senator Charles H. Parr

FROM: Billie Jean Hall
Loan Award Officer
Alaska Student Loan Program

DATE: January 22, 1981

The 1981-82 Alaska State Student Loan applications are now available for distribution.

If you would like a supply of applications for your office, please contact us by calling 465-2962.



Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

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

Pouch V
State Capitol
Juneau, Alaska 99811

465-4907
465-4908

MEMORANDUM

TO: Senate HESS Committee Members
FROM: Rocky
RE: Student Loan Program

Here is a check list of policy decisions the Committee may need to make regarding the Student Loan Program:

- 1) Eligibility
- a. residency - *no loopholes - school attendance cannot count towards residency*
 - b. full-time attendance *(now)*
 - c. part-time attendance *NO*

- 2) Loan Amount
- a. undergraduates
 - 3,000 (now)
 - 3,500
 - 5,000
 - 6,000
 - b. graduates
 - 5,000 (now)
 - 6,000
 - 7,000
 - 8,500

*for @ 4 yr in state
2 more months
free*

- 3) Maximum Amount of Loans
- a. 6 years (now)
 - b. 8 years

- 4) Loan Forgiveness *40% (now) [unclear]*
- a. Alaskan residency after graduation (now)
 - b. grade point average *NO*
 - c. In-state school attendance *NO*

*"pay 2, skip 1"
for 33 1/3%
in on everybody
out of Alaska*

- 5) Loan Repayment
- a. graduated payment schedule
 - b. percentage of income

Bankruptcy

3
25
40

65%

if is state,
don't pay on
loan for first

4 years = 40% forgiveness



Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

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

Pouch V
State Capitol
Juneau, Alaska 99811

465-7907
465-4908

MEMORANDUM

TO: Senate HESS Committee Members
FROM: Rocky
RE: Student Loan Program

Here is a check list of policy decisions the Committee may need to make regarding the Student Loan Program:

- 1) Eligibility
 - a. residency — 2 yrs, actual
 - b. full-time attendance
 - c. part-time attendance
- 2) Loan Amount
 - a. undergraduates 3,000 (now)
3,500
~~5,000~~
6,000
 - b. graduates 5,000 (now)
~~6,000~~
~~7,000~~
8,500
- 3) Maximum Amount of Loans
 - a. 6 years (now)
 - b. 8 years
- 4) Loan Forgiveness
 - a. Alaska residency after graduation (now)
 - b. grade point average
 - c. In-state school attendance
- 5) Loan Repayment
 - a. graduated payment schedule
 - b. percentage of income
- 6) Bankruptcy

Pay 2, skip 1 + 40%

FORGIVENESS IN FRONT

SB 132

February 2, 1981

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would centralize collection of state claims in the Department of Revenue. This bill, based on Oregon law, provides for the Department of Revenue to withhold refunds and any other payments from the state and credit those payments to a debtor's account with a state agency.

State agencies, under this bill, will submit a list of debtors having liquidated debts with the agency to the Department of Revenue which will determine whether those debtors are entitled to a tax refund or other payment. If it is determined that enough money is available for setoff, the claimant agency will notify the debtor of its intent to set off the debt and provide the debtor with an opportunity to request a hearing. After a hearing, or after the expiration of time for a hearing, the Department of Revenue will divert part or all of the payment to the agency, which in turn will credit the debtor's account in the amount of the setoff. This bill will provide an efficient method of collecting debts owed to the state.

Sincerely,

S/JSH

Jay S. Hammond
Governor

SB 120 feb

5

MSG 81-00005874 PRTY 1 02/25/81 11:27:10 ORIG: LA00 IN= 0006 OUT= 0022
FROM: ROBERTA TO: JUNO INFO
TARGET: LJH2 SUBJ: POM PAGE 0001

TO: SENATE HESS COMMITTEE--SENATORS PARR, STIMSON, COLLETTA, FISCHER, KELLY
FROM: BETH CROW, 7400 PETERSBURG DRIVE, #2, ANC. 99507; 344-8179

I SUPPORT THE FOLLOWING CHANGES IN THE STATE STUDENT LOAN PROGRAM:
ACADEMIC AND IN STATE SCHOOL INCENTIVES IN THE FORM OF ADDITIONAL
FORGIVENESS OF LONGER GRADUATED FORGIVENESS PERIOD AND AN INCREASE IN THE
AMOUNT OF THE LOAN TO \$6000 A YEAR FOR UNDERGRADUATES AND \$8500 FOR GRADS.
I FEEL THAT THIS IS A GOOD INVESTMENT IN ALASKA'S FUTURE.

March 11, 1981 ..

Charlie:

Here is the draft for a letter of intent for SB 120 - the student loan bill. So far I have got the "okay" from Fischer and Colletta on the committee substitute. Maybe Kelly or Stimson said something to you. (?)

Rocky

Draft letter of intent for CS SB 120 - Student Loans

The HESS Committee formally recognizes the value of education and educated citizenry for the State of Alaska and endorses the continued investment in the futures of the people of the State through the provision of State student loans.

Under the amendments to the loan program, which CSSB 120 proposes, the State is entering into an equal partnership with the students in pursuing postsecondary education and training. The ~~program provides low interest loans to students and~~ increases maximum borrowing levels and carries an increased incentive for the student to utilize an education by training within the State.

It is the intention of the Committee that this increased spending in the form of grants for up to fifty percent of the total borrowed be provided to the students in a more timely fashion.

Under current administrative practice, the borrower may not realize the grant benefits for having made loan payments for as long as six years. For the incentive to be truly effective, these benefits must be realized as they are earned. ~~Therefore, through this letter~~ *It is the intent* the Committee ~~issues its intentions~~ that grant benefits be provided to the borrower in the form of annual refunds as eligibility is established rather than crediting the grants at the end of the repayment cycle as is currently the practice.

Under this refund policy, the borrower will continue to make timely repayments ~~this~~ of the loan but after remaining and working in the State the required period of time, refunds in incremental amounts equal to ten percent of the total loan will be annually provided to the borrower.

The amendments included in CSSB 120 and the new method of administratively handling the grant provisions, the Committee strongly endorses legislative support for Alaska's student loan program.



Copper River
HB 51



Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

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

Pouch V
State Capitol
Juneau, Alaska 99811

465-4907
465-4908

MEMORANDUM

TO: Senate HESS Committee Members
FROM: Rocky
RE: Student Loan Program

Here is a check list of policy decisions the Committee may need to make regarding the Student Loan Program:

- 1) Eligibility
 - a. residency
 - b. full-time attendance
 - c. part-time attendance

- 2) Loan Amount

| | |
|-------------------|-------------|
| a. undergraduates | 3,000 (now) |
| | 3,500 |
| | 5,000 |
| | 6,000 |
| b. graduates | 5,000 (now) |
| | 6,000 |
| | 7,000 |
| | 8,500 |

- 3) Maximum Amount of Loans
 - a. 6 years (now)
 - b. 8 years

- 4) Loan Forgiveness
 - a. Alaskan residency after graduation (now)
 - b. grade point average
 - c. In-state school attendance

- 5) Loan Repayment
 - a. graduated payment schedule
 - b. percentage of income

- 6) Bankruptcy

MEMORANDUM

State of Alaska

TO: Peggy Shows
 Collections Specialist
 Alaska Commission on Postsecondary
 Education
 Division of Student Financial Aid

DATE: November 21, 1980

FILE NO: A66-049-81

TELEPHONE NO:

FROM: WILSON L. CONDON
 ATTORNEY GENERAL

SUBJECT: Student Loan Bankruptcy
 Procedures

By: Amy J. Stephson
 Assistant Attorney General
 Anchorage - AGO

You have asked several questions regarding the collectability of student loan payments when the debtor files for bankruptcy. These questions are (1) under what circumstances are student loan payments not dischargeable in bankruptcy and what action need the Division of Student Financial Aid take in this regard; (2) how does the filing of a bankruptcy petition affect any lawsuit the division may file or plan to file against the debtor; and (3) how do Chapter 13 cases come about and what is the division's role with regard to plans of arrangement submitted by the debtor. We will answer these questions in turn.

(1) Generally, a straight bankruptcy action (Chapter 7 of the Bankruptcy Code) serves to discharge the debtor from his debts. Certain exceptions, however, to discharge are set out in 11 U.S.C. 523. With regard to student loans, 11 U.S.C. 523(a)(8) provides that a discharge in a straight bankruptcy does not discharge an individual debtor from any debt

(B) for an educational loan made, insured, or guaranteed by a governmental unit, or made under any program funded in whole or in part by a governmental unit or a nonprofit institution of higher education, unless-

(A) such loan first became due before five years (exclusive of any applicable suspension of the repayment period) before the date of the filing of the petition; or

(B) excepting such debt from discharge under this paragraph will impose an undue hardship on the debtor and the debtor's dependents.

Under this provision, student loan debts to the division are not dischargeable if the date the first payment on the loan was due in within 5 years, exclusive of repayment suspension periods, of the date the bankruptcy petition is filed. If

FEB 10 1981

the first payment was due before 5 years before the date of filing, exclusive of repayment suspension, the loan debt is dischargeable.

In those cases where the due date meets the 5 year requirement set forth above, the exception from discharge is self-executing, i.e., we are not required to file a complaint to determine the nondischargeability of the debt. Thus, if the Division's proof of claim establishes that the first loan payment was due within 5 years of the bankruptcy petition date, the loan debt is automatically nondischargeable unless and until the debtor comes forward and objects to the nondischarge for some reason. Although the "Discharge of Debtor" orders issued by the bankruptcy court may appear to state that our student loan debts have been discharged, that is not in fact what the order says or means. Rather, as you can see on the attached copy of one of these orders, the order only releases the debtor from "dischargeable debts," not from any and all debts.

To apply the above theory to practice, the proofs of claim which you are submitting in bankruptcy cases should set forth the date on which the first loan payment was due and owing and any suspension of repayment period so as to establish whether or not the 5 year requirement is met. You should also note the maturity date of the loan and of course include the amount owing and the other loan information you have been including. Upon receipt of the "Discharge of Debtor" order, you may then seek to collect the loan if the 5 year requirement is met. If the 5 year requirement is not met, that order acts to discharge the student's debt and you might as well write the loan off unless the debtor voluntarily agrees to pay it despite the discharge.

(2) With regard to lawsuits against borrowers who have filed in bankruptcy, the general rule is that the division cannot commence or continue any legal proceedings against the borrower who has filed in bankruptcy until the bankruptcy case is closed or dismissed or a discharge is granted or denied. 11 U.S.C. §362(c)(2). This is because an automatic "stay" is issued upon the filing of a bankruptcy petition which prohibits creditors in most circumstances from commencing or continuing collection actions against the debtor until the bankruptcy case has been resolved. Thus if the borrower's debt is nondischargeable as discussed above and you have received a "Discharge of Debtor" notice, or a

FEB 17 1981

November 21, 1980

notice that the bankruptcy case has been dismissed or closed, you may at that time institute suit against the debtor or continue with a suit that was filed before the bankruptcy petition was filed. You may not, however, do anything before the discharge order is entered by the court or the bankruptcy case is dismissed or closed.

(3) Chapter 13 of the new bankruptcy code (11 U.S.C. §§1301-1330) basically sets out a scheme whereby individuals with regular income set up a plan to pay all or part of their debts from future earnings while under the protection of the bankruptcy court. The plan must comply with a variety of requirements but for your purposes, the significant thing is that you need not and indeed cannot accept or reject the plan. Rather, it is the court that decides whether or not a particular plan will be accepted and confirmed. 11 U.S.C. §1324. What the division can do, however, is to object to a particular plan if it believes that the plan does not comply with the law. 11 U.S.C. §1324. Thus in chapter 13 cases, the division should receive a copy of the plan and notice of the date of the confirmation hearing and if it is not satisfied with the plan, it should contact our office to see if a valid objection can be made.

It should also be noted that in Chapter 13 cases, a student loan debt can be discharged if the debtor's plan makes some provision for payment of the loan and the debtor completes payment under the plan. 11 U.S.C. §1328(a). Under other circumstances, however, the loan debt may be non-dischargeable. 11 U.S.C. §1328(b) and (c). In Chapter 13 cases, therefore, an individual determination will have to be made as to whether the student loan debt is dischargeable or not and thus whether it is permissible for the division to sue the debtor in state court.

One other note concerning Chapter 13 cases: the division should file a proof of claim as it does in any bankruptcy case, including in it the information concerning date of first payment, maturity date and suspension period, if any. You may use the bankruptcy court chapter 13 forms or your own forms; if you use your own form, however, do not make reference to nondischargeability under 11 U.S.C. §523(a)(8) since that provision is not necessarily applicable in chapter 13 cases as was discussed above.

I hope that this memorandum answers your questions and that bankruptcy is a bit less of a puzzle to you. Please do not hesitate to contact us if you have any further questions or problems.

AJS/jmo
Encl:

FEB 10 1980

STATE OF ALASKA

**STUDENT
LOAN
PROGRAM**

**ANNUAL REPORT
1979-1980**

**Alaska Commission on Postsecondary Education
Pouch F
Juneau, Alaska 99811**



ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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Mrs. Mildred Banfield (Juneau)
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Mrs. Blanche Walters (Nome)
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Dr. Kerry D. Romesburg
Executive Director
Alaska Commission on Postsecondary
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PREFACE

The Annual Report of the Alaska Student Loan Program for 1979-80 is hereby transmitted to the Governor and the Legislature of the State of Alaska. The Student Loan Program is administered by the Alaska Commission on Postsecondary Education with advice and guidance of the Student Financial Aid Advisory Committee. Membership of this advisory committee for 1979-80 included:

Mrs. Mildred Barfield (Chairman, Juneau)
Mr. Ron Castle (Wrangell)
Mr. Walter Furnace (ex officio, Anchorage)
Ms. Ida Greiner (Fairbanks)
Mr. Darrell Moore (Sitka)

The Commission and staff wish to express their gratitude for the work of this advisory committee.


Kerry D. Homesburg
Executive Director

July 1980
(Date)

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Introduction

The 1971 Alaska State Legislature established the Alaska Student Loan Program to provide low cost educational loans to Alaskan students enrolled in undergraduate, graduate, or career degree programs. In the nine years of operation, from 1971-72 through 1979-80, over 18,500 loans have been awarded to Alaskans pursuing education at the postsecondary level. These loans have a combined total over \$37 million in State financial assistance.

Educational loans of up to \$3,000 and up to \$5,000 per year for undergraduate and graduate study, respectively, are provided to eligible State residents. These need-based loans offer the borrower a ten-year repayment period at an annual interest rate of five percent. The loans may be used for attendance at any accredited or approved college, university, or vocational-technical program. An incentive, in the form of up to forty percent cancellation, is offered to those borrowers who work in Alaska after completion of their programs of study and for those who study in Alaskan institutions.

Program Summary

1979-80 was the ninth year of operation for the Alaska State Student Loan Program. The program has now provided Alaskans 18,569 loans, totalling \$37,747,547. Of these loans, 64.5% have been loans for postsecondary attendance out-of-state, and 35.5% have been for attendance in Alaska.

Undergraduate loans still dominate the loan volume, with only 11.9% of the student loans going for graduate study over the past nine years. Freshmen continue to be the largest group of borrowers, representing 28.4% of the loan recipients for 1979-80.

Alaskans use these loans for study throughout the United States, and in a few cases, in foreign countries. In 1979-80, students used state loans for attendance in every state except Delaware and West Virginia. The most frequent choice remains to be Alaska by nearly a three-to-one margin over any other state.

Loan Award Amounts

The average loan award continues to rise as the cost of postsecondary attendance increases. The over-all average loan in 1979-80 was \$2,393, a 4% increase over the \$2,296 average award for 1978-79, and a 61.4% increase over the \$1,483 average for 1971-72. This trend is graphically presented in Figure 1 for in-state, out-of-state and total loans of the program. All loans, whether in-state or out, have continued to rise in 1980-81. This is in part a reflection of the increased loan maximum for undergraduates, which in 1978-79 changed from \$2,500 to \$3,000.

Table 1 contains average loan amounts by student level for 1979-80. Since this is the first year for these kind of data no historical comparisons are available, however, it is readily seen that loan amounts are smaller for in-state than for out-of-state attendance in all cases except vocational. There is a large degree of consistency among undergraduate loans in-state for all four undergraduate collegiate levels (around \$1,900) and again for all out-of-state undergraduate collegiate levels (around \$2,300).

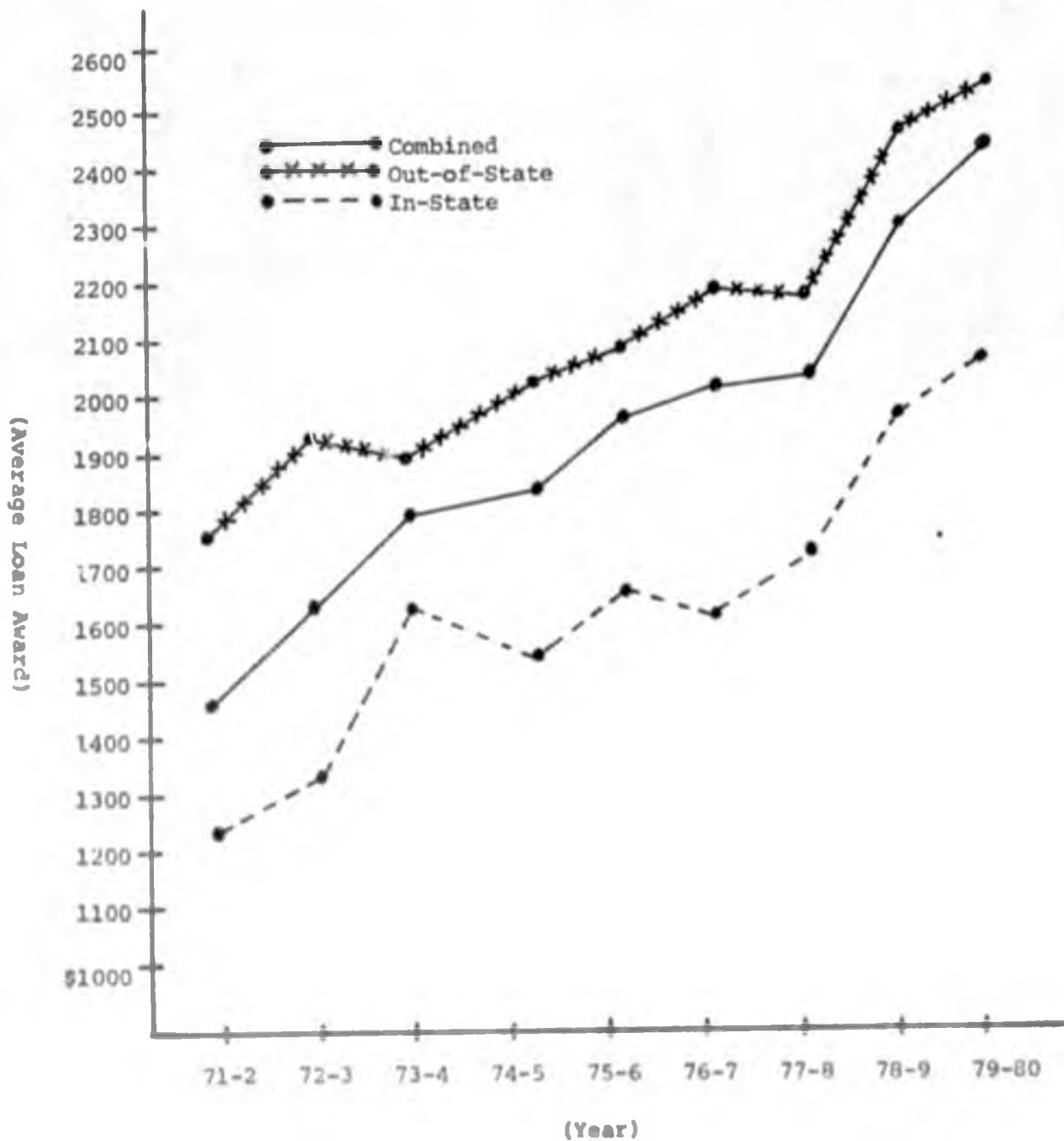


FIGURE 1

MEAN LOAN AMOUNT FOR ALL LOANS
IN-STATE, OUT-OF-STATE, AND COMBINED

TABLE 1

MEAN LOAN AMOUNT PER RECIPIENT BY
IN-STATE/OUT-OF-STATE AND STUDENT LEVEL
1979-80

| STUDENT LEVEL | IN ALASKA | OUT-OF-STATE | TOTAL |
|---------------|-----------|--------------|---------|
| Freshman | \$1,879 | \$2,298 | \$2,143 |
| Sophomore | 1,913 | 2,388 | 2,222 |
| Junior | 2,027 | 2,341 | 2,227 |
| Senior | 1,905 | 2,375 | 2,192 |
| Vocational | 2,766 | 2,480 | 2,571 |
| Undergraduate | 1,983 | 2,356 | 2,222 |
| Graduate | 2,906 | 3,750 | 3,646 |
| TOTAL | \$2,024 | \$2,576 | \$2,393 |

Undergraduate Loans

The number of undergraduate students securing loans under the state program has increased greatly over the past nine years. In 1971-72, 990 undergraduates received assistance, while in 1979-80, the number has grown to 3,448 (nearly a 250% increase). Of these 3,448 loan recipients, 63.9% used their loans for attendance out-of-state, and 36.1% used their loans within Alaska. The states most frequently chosen by undergraduates in 1979-80 are presented below in Table 2.

TABLE 2

TEN TOP STATES OF ATTENDANCE
FOR ALASKANS WITH
UNDERGRADUATE LOANS

| STATE | NUMBER | | | AVERAGE LOAN | | |
|----------------|---------|---------|---------|--------------|---------|---------|
| | 1977-78 | 1978-79 | 1979-80 | 1977-78 | 1978-79 | 1979-80 |
| Alaska | 713 | 861 | 1,245 | \$1,699 | \$1,933 | \$1,983 |
| Washington | 322 | 352 | 479 | 1,982 | 2,226 | 2,394 |
| Oregon | 220 | 285 | 372 | 2,021 | 2,297 | 2,360 |
| California | 136 | 192 | 191 | 2,000 | 2,271 | 2,517 |
| Colorado | 91 | 144 | 157 | 2,092 | 2,501 | 2,549 |
| Arizona | 49 | 61 | 104 | 1,859 | 2,163 | 2,261 |
| Idaho | 55 | 62 | 94 | 1,824 | 2,172 | 2,217 |
| Hawaii | 42 | 58 | 89 | 1,308 | 1,950 | 1,888 |
| Utah | 42 | 49 | 53 | 1,756 | 1,911 | 2,091 |
| Montana | 36 | 41 | 51 | 1,943 | 2,285 | 2,536 |
| Remaining U.S. | 279 | 347 | 613 | N.A. | N.A. | N.A. |
| TOTAL | 1,985 | 2,452 | 3,448 | \$1,868 | \$2,139 | \$2,393 |

The consistency of student choice over the past few years is quite high. Alaska remains the most frequent choice for undergraduate attendance this year, as it has in the past. In fact, the number of undergraduates electing attendance in-state increased by 44.6% this year over last.

The average loan amount increased in almost every case, with the most pronounced increase in loans for attendance in Montana and California. Hawaii continues to be the state for which undergraduate loan amounts are the lowest (\$1,888).

The percent of undergraduates using their loans for attendance in Alaska increased this year. In fact, as can be seen in Figure 2, the 1979-80 rate of 36.1% is the highest rate since 1974-75.

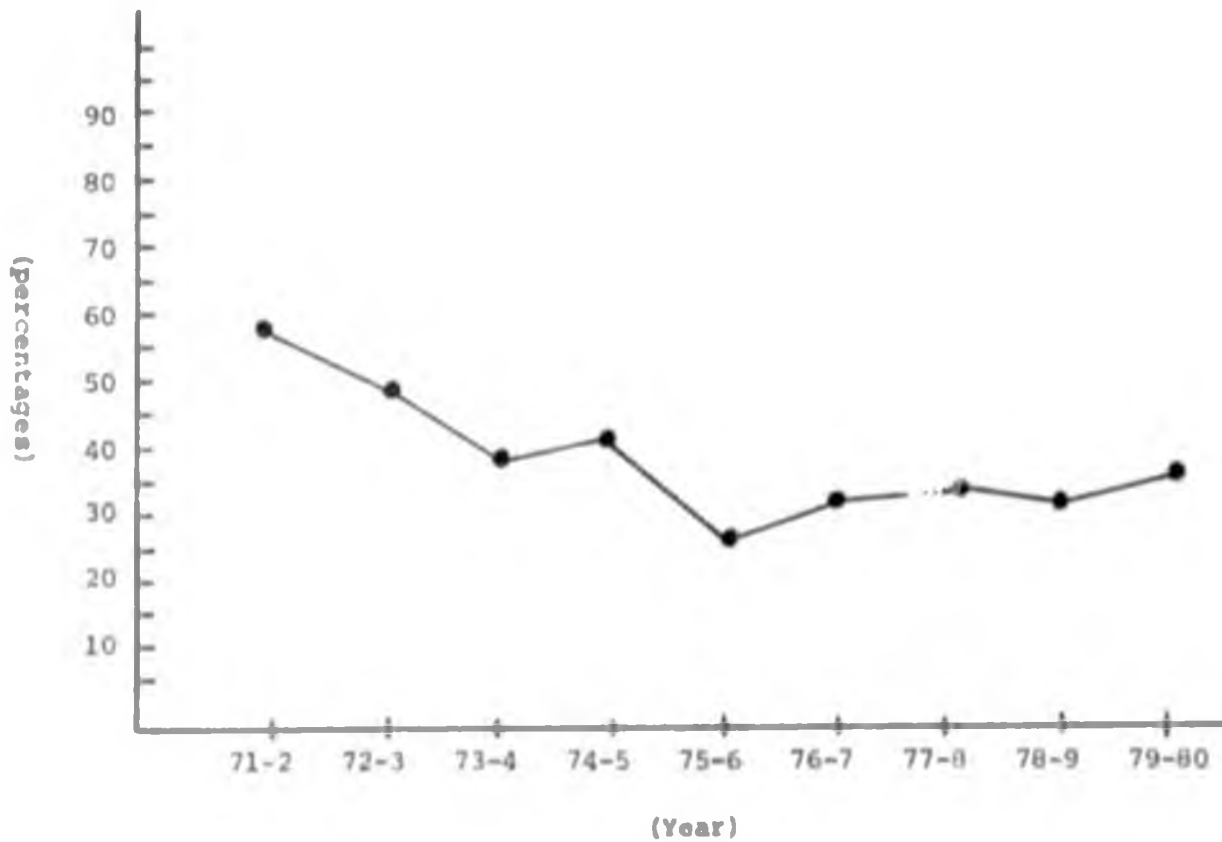


FIGURE 2

PERCENT OF UNDERGRADUATE LOANS
USED IN ALASKA

The wide geographic distribution of Alaskans pursuing undergraduate education is shown most vividly in Figure 3, with Alaskan undergraduates attending institutions in every state except Delaware and West Virginia. The predominance of the West and the Northwest is quite evident; with only Alaska, Washington, Oregon, California, Colorado, and Arizona receiving over 10 Alaskan undergraduates on state loans. Of the thirteen western states comprising the WICHE Compact (Western Interstate Commission for Higher Education), only Wyoming, New Mexico, and Nevada receive fewer than 21 Alaskan undergraduates on state loans. In fact, the WICHE states account for 82.9% of these loan recipients.

Under the state loan program, Alaskans may pursue their educational goals in whatever setting seems most appropriate for them. The freedom of choice which this provides is quite evident by the wide geographic distribution of our students.

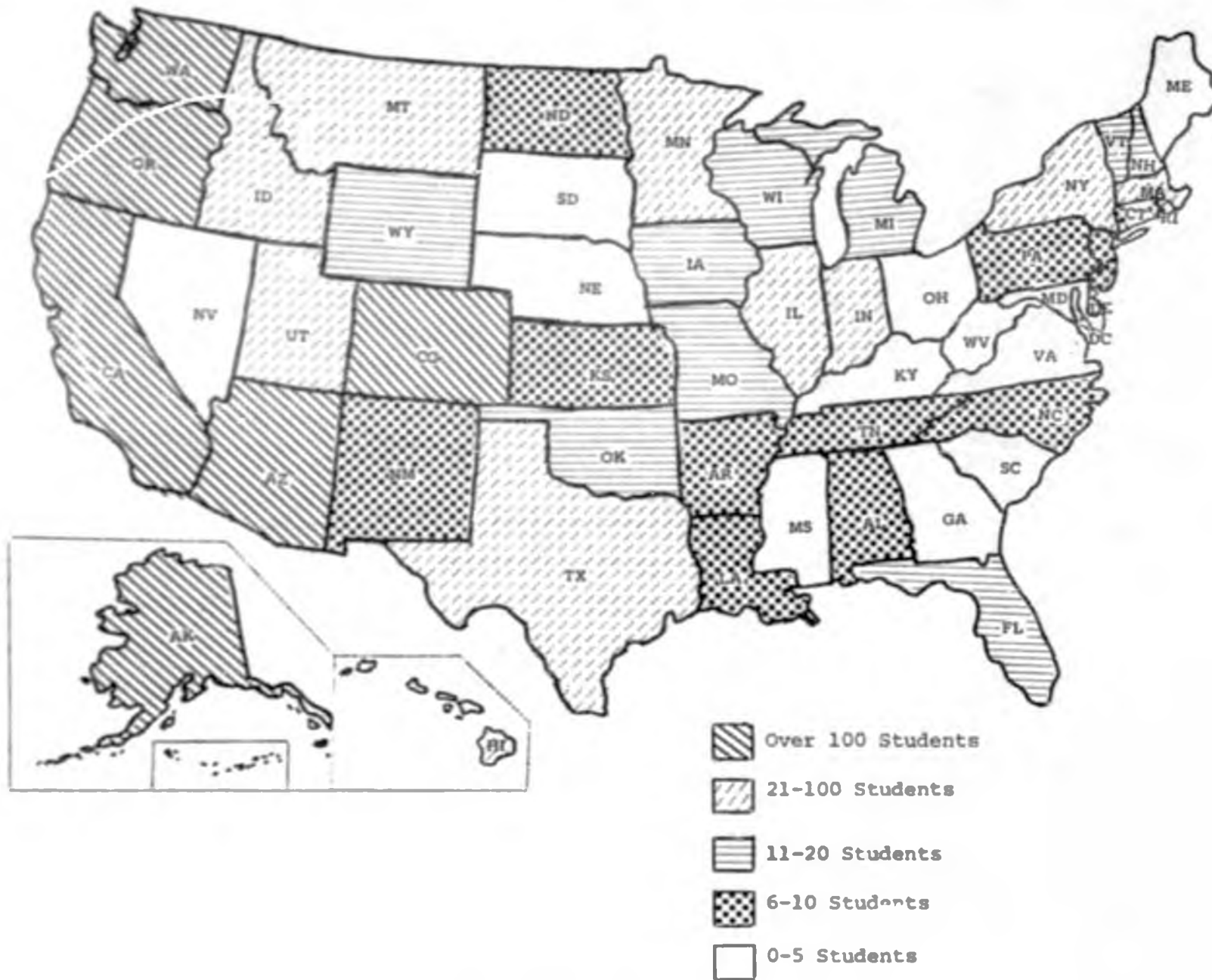


FIGURE 3

GEOGRAPHIC DISTRIBUTION OF ALASKANS UTILIZING STATE LOANS FOR UNDERGRADUATE EDUCATION IN 1979-80

Graduate Loans

The number of Alaskans receiving loans for graduate study has increased by over 500% since 1971-72, with 470 students receiving assistance in 1979-80. Of these 470, 87.7% used their loans for attendance outside of Alaska, while 12.3% used them for attendance in-state. The percentage of graduate loan recipients attending school in Alaska has increased both last year and again for 1979-80, after decreasing steadily from 1971-72 through 1977-78. This apparent reversal in trend is presented in Figure 4.

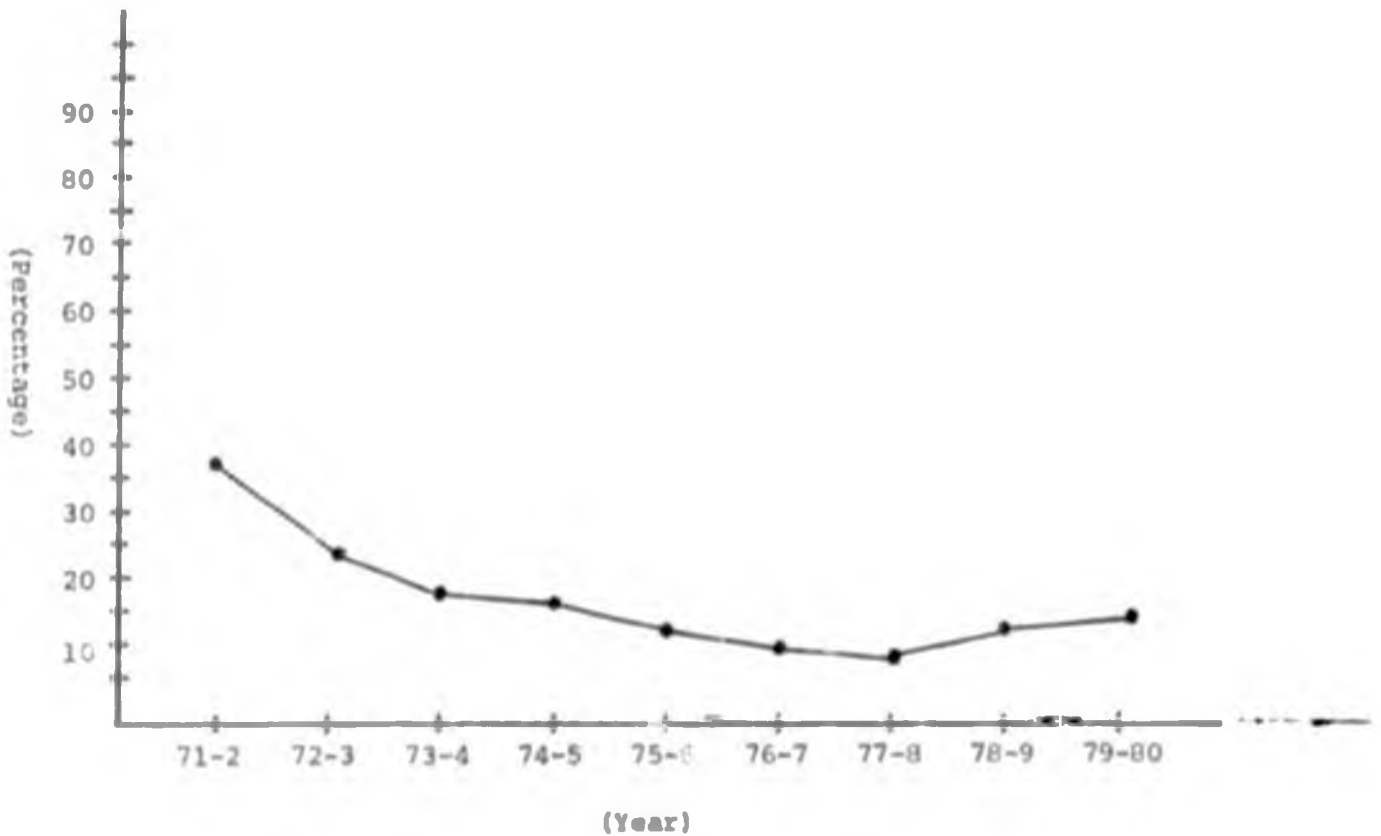


FIGURE 4

PERCENT OF GRADUATE LOANS
USED IN ALASKA

The states most frequently chosen by graduate students from Alaska in 1979-80 are presented in Table 3. Again, as with undergraduates, the students' preference is quite stable. The most dramatic increase is certainly Alaska, with a 41.5% increase over last year.

The average loan award for 1979-80 increased in most cases from the 1978-79 average, with the largest increases for students attending graduate institutions in Washington.

TABLE 3
TEN TOP STATES OF ATTENDANCE
FOR ALASKANS WITH
GRADUATE LOANS

| STATE | NUMBER | | | AVERAGE LOAN | | |
|----------------|---------|---------|---------|--------------|---------|---------|
| | 1977-78 | 1978-79 | 1979-80 | 1977-78 | 1978-79 | 1979-80 |
| Washington | 56 | 2 | 77 | \$3,743 | \$3,542 | \$3,847 |
| California | 42 | 75 | 73 | 3,150 | 3,650 | 3,441 |
| Alaska | 27 | 41 | 58 | 2,367 | 2,637 | 2,906 |
| Oregon | 34 | 42 | 49 | 3,125 | 3,287 | 3,526 |
| Colorado | 15 | 15 | 18 | 3,830 | 3,840 | 3,972 |
| New York | 7 | 8 | 13 | 2,214 | 4,375 | 3,781 |
| Iowa | 4 | 6 | 10 | 4,063 | 4,083 | 4,330 |
| Massachusetts | 11 | 9 | 9 | 3,900 | 4,389 | 3,911 |
| Arizona | 7 | 7 | 9 | 3,429 | 3,300 | 3,586 |
| Hawaii | 4 | 5 | 8 | 2,350 | 2,780 | 2,988 |
| Remaining U.S. | 74 | 62 | 146 | N.A. | N.A. | N.A. |
| TOTAL | 280 | 343 | 470 | \$3,203 | \$3,414 | \$3,646 |

Alaskans pursuing graduate educational goals are also disbursed quite widely across the nation; with Alaskan graduate loan recipients attending institutions in all but fourteen of the fifty states. The predominance of the West, and particularly the West Coast is readily apparent in Figure 5.

Only Alaska, Washington, Oregon, and California receive more than 40 Alaskan graduate students on state loans. The thirteen states comprising the WICHE compact account for 65.5% of all the graduate Alaskan loan recipients for 1979-80.

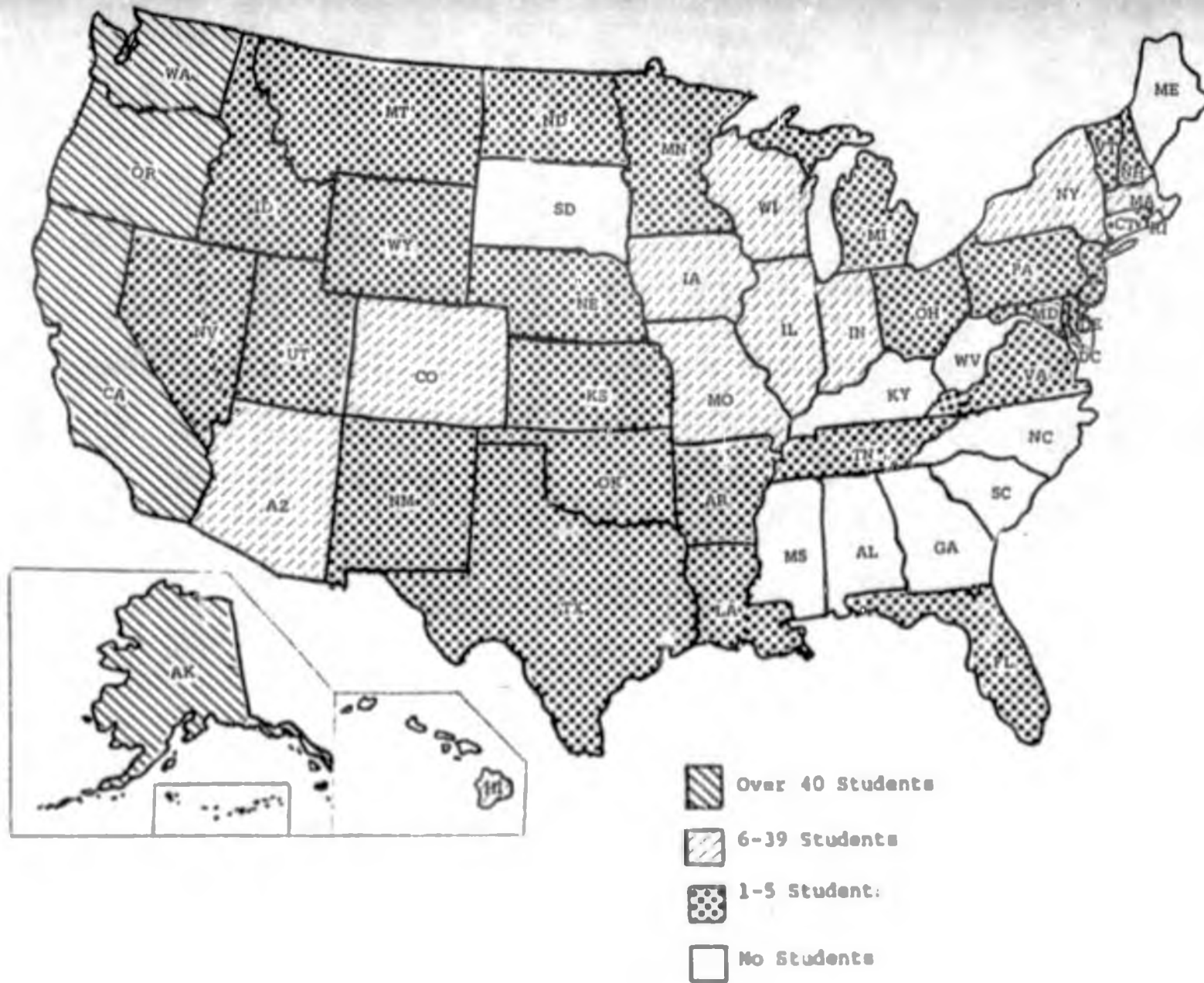


FIGURE 5

GEOGRAPHIC DISTRIBUTION OF ALASKANS UTILIZING STATE LOANS FOR GRADUATE EDUCATION IN 1979-80

Loan Repayments

The student loan program is based upon a revolving fund with the students' loan repayments being re-utilized for future loans. Since 1971-72 (actually 1974-75, since that was the year payments were first received), Alaskans have repaid over \$6 million on their educational loans. The volume of these revolving funds now contribute a significant portion of the loan account, and as can be seen in Figure 6, these repayments are rapidly increasing each year.

Also presented in Figure 6 is a representation of the cancellation history of the student loan program. Students who work in Alaska after completion of their course of study are eligible to have up to 40% of their loans cancelled. Beginning with the first such cancellation in 1974-75, the total amount of loan funds (including interest) which the State of Alaska has cancelled has reached nearly \$1.3 million. The amount cancelled has increased rapidly the past few years and then essentially leveled this year, but this is expected to increase greatly over the next few years as larger numbers of students complete their educational programs.

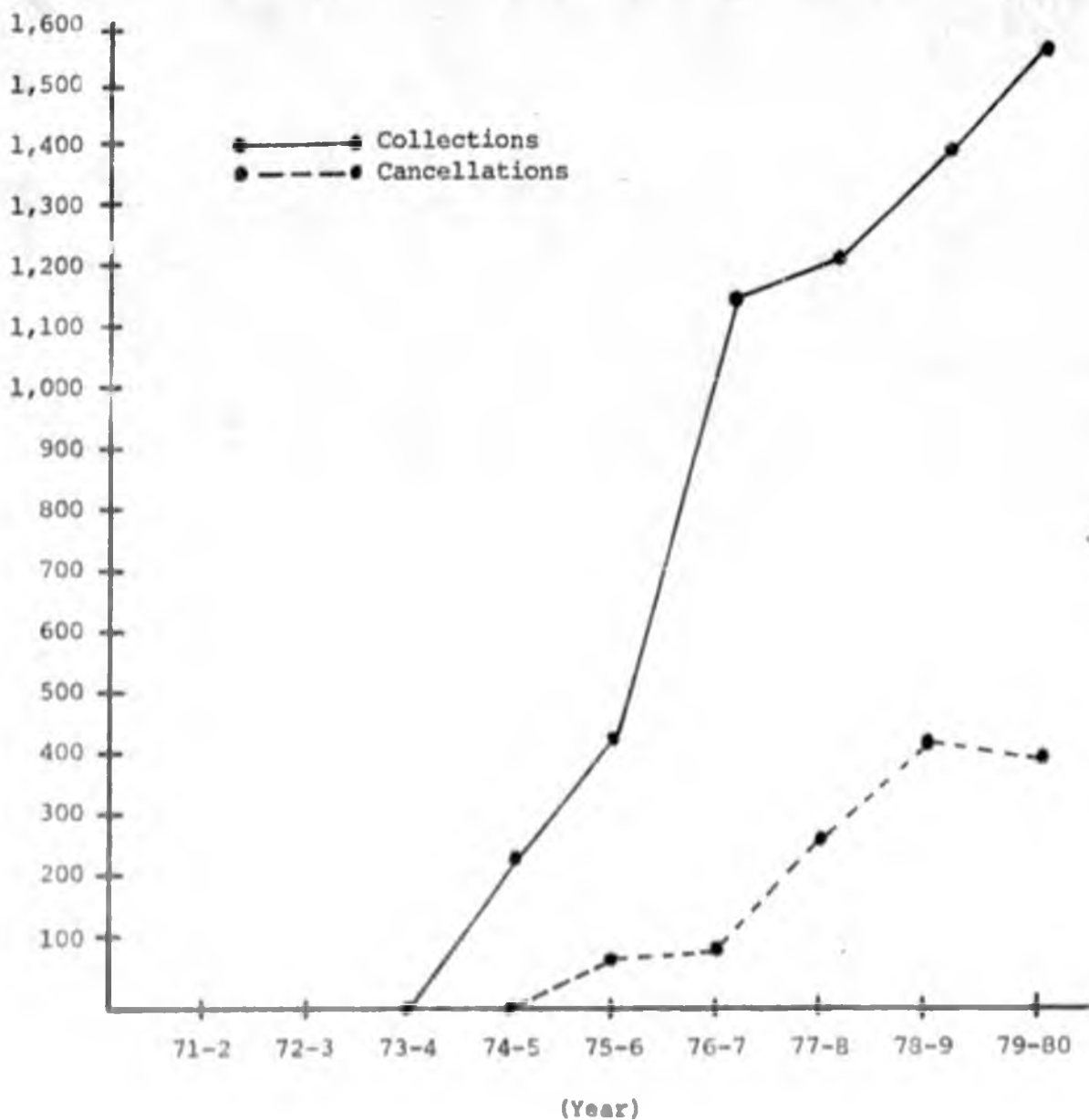


FIGURE 6

STUDENT LOAN COLLECTIONS
and CANCELLATIONS

Statistical Data

Following are Tables 4-8 containing data on the Alaska Student Loan Program from 1971-72 through 1979-80. Information on the number and amount of loans made annually to undergraduate and graduate students attending in-state and out-of-state are presented in Tables 4-7. Table 8 contains summaries of the average size loan awarded each year.

ALASKA STUDENT LOAN PROGRAM

(1971-72 through 1979-80)

TABLE 4

NINE-YEAR SUMMARY

(1971-72 through 1979-80)

| STUDENT LEVEL | STUDENTS ATTENDING IN-STATE | | | | STUDENTS ATTENDING OUT-OF-STATE | | | | TOTAL | |
|----------------|-----------------------------|------------------|--------------|------------------|---------------------------------|------------------|--------------|------------------|-----------------|--------------|
| | Loan Recipients | Percent of Total | Loan Amount | Percent of Total | Loan Recipients | Percent of Total | Loan Amount | Percent of Total | Loan Recipients | Loan Amount |
| Under-graduate | 6,280 | 38.4 | \$10,273,835 | 33.8 | 10,079 | 62.2 | \$20,107,873 | 66.2 | 16,359 | \$30,331,708 |
| Graduate | 321 | 14.5 | \$854,682 | 11.6 | 1,889 | 85.5 | \$6,511,157 | 88.4 | 2,210 | \$7,365,839 |
| TOTAL | 6,601 | 35.5 | \$11,128,517 | 29.5 | 11,968 | 64.5 | \$26,619,030 | 70.5 | 18,569 | \$37,747,547 |

TABLE 5

YEARLY SUMMARY
OF
UNDERGRADUATE STUDENT LOANS

| ACADEMIC YEAR | STUDENTS ATTENDING IN-STATE | | | | STUDENTS ATTENDING OUT-OF-STATE | | | | TOTAL | |
|---------------|-----------------------------|------------------|--------------|------------------|---------------------------------|------------------|--------------|------------------|-----------------|--------------|
| | Loan Recipients | Percent of Total | Loan Amount | Percent of Total | Loan Recipients | Percent of Total | Loan Amount | Percent of Total | Loan Recipients | Loan Amount |
| 1971-72 | 570 | 57.6 | \$680,351 | 50.1 | 420 | 42.4 | \$660,536 | 49.5 | 990 | \$1,346,887 |
| 1972-73 | 761 | 48.7 | 965,274 | 42.1 | 801 | 51.3 | 1,326,975 | 57.9 | 1,562 | 2,292,249 |
| 1973-74 | 585 | 40.1 | 913,284 | 38.8 | 674 | 59.9 | 1,438,990 | 61.2 | 1,450 | 2,352,274 |
| 1974-75 | 528 | 41.5 | 764,872 | 36.4 | 745 | 58.5 | 1,336,279 | 63.6 | 1,273 | 2,101,151 |
| 1975-76 | 456 | 30.5 | 747,112 | 27.9 | 1,041 | 69.5 | 1,927,334 | 72.1 | 1,497 | 2,674,446 |
| 1976-77 | 561 | 33.1 | 858,139 | 28.6 | 1,132 | 66.9 | 2,143,458 | 71.4 | 1,693 | 3,001,597 |
| 1977-78 | 713 | 35.9 | 1,111,203 | 32.7 | 1,272 | 64.1 | 2,496,063 | 67.3 | 1,985 | 3,707,266 |
| 1978-79 | 861 | 35.1 | 1,664,246 | 31.7 | 1,591 | 64.9 | 3,581,002 | 68.3 | 2,452 | 5,245,248 |
| 1979-80 | 1,245 | 36.1 | 2,469,354 | 32.2 | 2,203 | 63.9 | 5,191,236 | 67.8 | 3,448 | 7,660,590 |
| TOTAL | 6,280 | 38.4 | \$10,273,835 | 33.8 | 10,079 | 62.2 | \$20,107,873 | 66.2 | 16,359 | \$30,381,708 |

TABLE 6
YEARLY SUMMARY
OF
GRADUATE STUDENT LOANS

| ACADEMIC YEAR | STUDENT ATTENDING IN-STATE | | | | STUDENTS ATTENDING OUT-OF-STATE | | | | TOTAL | |
|---------------|----------------------------|------------------|-------------|------------------|---------------------------------|------------------|-------------|------------------|-----------------|-------------|
| | Loan Recipients | Percent of Total | Loan Amount | Percent of Total | Recipients | Percent of Total | Loan Amount | Percent of Total | Loan Recipients | Loan Amount |
| 1971-72 | 31 | 34.1 | \$74,613 | 29.1 | 60 | 70.9 | \$181,658 | 70.9 | 91 | \$256,271 |
| 1972-72 | 48 | 25.8 | 113,990 | 19.7 | 138 | 80.3 | 464,145 | 80.3 | 186 | 578,135 |
| 1973-74 | 37 | 18.0 | 107,988 | 17.0 | 169 | 82.0 | 525,914 | 83.0 | 206 | 633,902 |
| 1974-75 | 31 | 16.8 | 86,266 | 15.4 | 153 | 83.2 | 472,390 | 84.6 | 184 | 558,656 |
| 1975-76 | 25 | 11.3 | 61,424 | 8.7 | 197 | 88.7 | 647,127 | 91.3 | 222 | 708,551 |
| 1976-77 | 23 | 10.1 | 69,833 | 8.2 | 205 | 89.9 | 779,077 | 91.8 | 228 | 848,910 |
| 1977-78 | 27 | 9.6 | 53,919 | 7.1 | 253 | 90.4 | 832,982 | 92.9 | 280 | 896,901 |
| 1978-79 | 41 | 12.0 | 108,130 | 9.2 | 302 | 88.0 | 1,063,024 | 90.8 | 343 | 1,171,154 |
| 1979-80 | 58 | 12.3 | 168,519 | 9.8 | 412 | 87.7 | 1,544,840 | 90.2 | 470 | 1,713,359 |
| TOTAL | 321 | 14.5 | \$854,682 | 11.6 | 1,889 | 85.5 | \$6,511,157 | 88.4 | 2,210 | \$7,365,839 |

TABLE 7
YEARLY SUMMARY
OF
ALL STUDENT LOANS

| ACADEMIC YEAR | STUDENTS ATTENDING IN-STATE | | | | STUDENTS ATTENDING OUT-OF-STATE | | | | TOTAL | |
|---------------|-----------------------------|------------------|---------------------|------------------|---------------------------------|------------------|---------------------|------------------|-----------------|---------------------|
| | Loan Recipients | Percent of Total | Loan Amount | Percent of Total | Loan Recipients | Percent of Total | Loan Amount | Percent of Total | Loan Recipients | Loan Amount |
| 1971-72 | 601 | 55.6 | \$754,964 | 47.1 | 480 | 44.4 | \$848,194 | 52.9 | 1,081 | \$1,603,158 |
| 1972-73 | 809 | 46.3 | 1,079,264 | 37.6 | 939 | 53.7 | 1,791,120 | 62.4 | 1,748 | 2,870,384 |
| 1973-74 | 622 | 37.4 | 1,021,272 | 34.2 | 1,043 | 62.6 | 1,964,904 | 65.8 | 1,665 | 2,986,176 |
| 1974-75 | 559 | 38.4 | 851,138 | 32.0 | 898 | 61.6 | 1,808,669 | 68.0 | 1,457 | 2,659,807 |
| 1975-76 | 481 | 28.0 | 808,536 | 23.9 | 1,238 | 72.0 | 2,574,461 | 76.1 | 1,719 | 3,382,997 |
| 1976-77 | 584 | 30.4 | 927,972 | 24.1 | 1,337 | 69.6 | 2,922,535 | 75.9 | 1,921 | 3,850,507 |
| 1977-78 | 740 | 32.7 | 1,275,122 | 27.7 | 1,525 | 67.3 | 3,329,045 | 72.3 | 2,265 | 4,604,167 |
| 1978-79 | 902 | 32.3 | 1,772,376 | 27.6 | 1,893 | 67.7 | 4,644,026 | 72.4 | 2,795 | 6,416,402 |
| 1979-80 | 1,303 | 33.3 | 2,637,873 | 28.1 | 2,615 | 66.7 | 6,736,076 | 71.9 | 3,918 | 9,373,949 |
| TOTAL | 6,601 | 35.5 | \$11,128,517 | 29.5 | 11,968 | 64.5 | \$26,619,030 | 70.5 | 18,569 | \$37,747,547 |

TABLE 8

MEAN LOAN AMOUNT PER RECIPIENT
BY
IN-STATE/OUT-OF-STATE INSTITUTIONAL ATTENDANCE

| ACADEMIC YEAR | STUDENTS ATTENDING IN-STATE | | | STUDENTS ATTENDING OUT-OF-STATE | | | TOTAL | | |
|---------------|-----------------------------|---------------------|-------------------------|---------------------------------|---------------------|-------------------------|---------------------------|---------------------|-------------------------|
| | Number of Loan Recipients | Total Amount Loaned | Mean Loan per Recipient | Number of Loan Recipients | Total Amount Loaned | Mean Loan per Recipient | Number of Loan Recipients | Total Amount Loaned | Mean Loan per Recipient |
| 1971-72 | 601 | \$754,964 | \$1,256 | 480 | \$848,194 | \$1,767 | 1,081 | \$1,603,158 | \$1,483 |
| 1972-73 | 809 | 1,079,264 | 1,334 | 939 | 1,791,120 | 1,907 | 1,748 | 2,870,384 | 1,642 |
| 1973-74 | 622 | 1,021,272 | 1,642 | 1,043 | 1,964,904 | 1,884 | 1,665 | 2,986,176 | 1,793 |
| 1974-75 | 559 | 851,138 | 1,523 | 898 | 1,808,669 | 2,014 | 1,457 | 2,659,807 | 1,826 |
| 1975-76 | 481 | 808,536 | 1,681 | 1,238 | 2,574,461 | 2,080 | 1,719 | 3,382,997 | 1,968 |
| 1976-77 | 584 | 927,972 | 1,589 | 1,337 | 2,922,535 | 2,186 | 1,921 | 3,850,507 | 2,004 |
| 1977-78 | 740 | 1,275,122 | 1,723 | 1,525 | 3,329,045 | 2,183 | 2,265 | 4,604,167 | 2,033 |
| 1978-79 | 902 | 1,772,376 | 1,965 | 1,893 | 4,644,026 | 2,453 | 2,795 | 6,416,402 | 2,296 |
| 1979-80 | 1,303 | 2,637,873 | 2,024 | 2,615 | 6,736,076 | 2,576 | 3,918 | 9,373,949 | 2,393 |
| TOTAL | 6,601 | \$11,128,517 | \$1,686 | 11,968 | \$26,619,030 | \$2,224 | 18,569 | \$37,747,547 | \$2,033 |

USUAJ



Copy members
United Students of
University of Alaska,
Juneau

11120 Glacier Highway
Juneau, Alaska 99801

Senate Bills 88 and 120

February 25, 1981

*Senator Parr, Chairman
Senate HESS Committee
Alaska State Legislature*

Mr. Chairman,

*Representing the United Students of the University of Alaska, Juneau,
I endorse the passage of House Bill 88 and 120. Many students are
unable to make ends meet, due to the present cost of living, and thus
can only attend school on a part-time basis. The passage of a bill
increasing the loan amount will relieve a portion of this burden.*

*The passage of the above bills will create a better atmosphere for
those attaining higher education by providing adequate funds while
attending school and alleviating financial burden, through added
forgiveness clauses, when one leaves school.*

I thank you for your attention.

Sincerely,

Mary R. Liszak

*Mary R. Liszak
President USUAJ*



Senate Bills 88 & 120

Senator Charlie Parr, Chairman
Senate HESS Committee
Alaska State Legislature

Feb. 24, 1981

Mr. Chairman,

The United Students of the University of Alaska at Juneau heartily support passage of Senate Bill 88.

It is imperative that:

- 1) the Alaska Student Loan Program continue in order that all Alaskan may continue to enjoy the benefits of higher education, and that
- 2) the ceiling on State Loans be raised comensurate with current cost of living standards, thus alleviating the strain that most full-time students on financial aide experience in "making ends meet."

We further encourage amendment of SB 120 to include such incentives as those which currently exist. Alaska is a state rich in natural resources, but human potential will always be the most valuable of these. The current 40% max. forgiveness incentives encourage graduates to remain within the state thus converting raw potential to usable energy. Greater incentive measures can only promote greater response. The student loan program as envisioned under SB 88 and 120 (with suggested amendments) will prove to the benefit of all Alaska.

Sincerely,

P. S. Matherly
Patricia S. Matherly
University of Alaska
at Juneau, Upper Division
Student Representative to
the Faculty Assembly

SB 120 Feb



Associated Students University of Alaska

(907) 479-7355

UNIVERSITY OF ALASKA, FAIRBANKS
Fairbanks, Alaska 99701

Testimony

Alaska Student Loan Program / SSHB32-SSHB42

by

Jason Kuehn, President, Associated Students of the University of Alaska

on teleconference of the House Education Committee

February 25, 1981

Hi, I'm Jason Kuehn, President of the Associated Students of the University of Alaska, better known as ASUA. I appreciate this opportunity to present testimony before you on SSHB-32 and SSHB-42.

As a representative of the students here in Fairbanks I would like to speak in favor of these bills.

Increasing the amounts of a state loan. While the current maximum loan is adequate for a single student attending school at the University of Alaska in campus housing, it is not adequate for other students. Off campus students, married students that have families, and students who must transfer out of state to complete their programs, such as WAMI students, or get graduate degrees, often find the maximum loan insufficient to meet their needs. Therefore we support the proposed increase in the maximum loan from \$3,000 to \$6,000 for undergraduates and from \$5,000 to \$8,500 for graduate students.

Increasing the period of participation in the loan program. The current participation limit of six years is very restrictive to students. Students who want to participate in extracurricular activities such as music, student government, and athletics often require 5 years just to complete an undergraduate program. Such extracurricular activities can supplement the classroom experience very much and should be encouraged. Many students who are studying engineering or are pursuing double majors also find it difficult to complete an undergraduate program within four years. Expanding the participation limit to eight years would enable these people to obtain an undergraduate degree and still have enough participation time left to pursue a graduate degree. It is very important that the participation limit be increased to eight years and that five of the eight years be available for undergraduate work. In order not to restrict people who wish to advance to Ph.D. status, medical, or law school, it is important to have a six year maximum limit on graduate study.

Incentives to attend in state institutions. In order to attract more students to Alaskan schools which will strengthen those schools it is important to create an incentive to encourage Alaskans to attend school in state. A good way to accomplish this would be to offer an additional ten percent forgiveness of the original loan amount for attendance at Alaskan institutions. We propose that it be 2.5 percent per year for up to four years attendance.

Increasing incentives to return to the state after graduation. This loan program is investing lots of state money in human resources. To encourage these resources to remain in Alaska and thereby benefit the state who invested in them, we propose increasing incentives to live in this state after graduation. We propose that the forgiveness of the loan be increased to 60 percent. This would be based on 15 percent per year for each year from year two to year five after graduation.

Default on the state loan. To encourage the maintenance of the Alaska Student Loan Programs good collection rate, we feel that the forgiveness clauses should be forfeited if the loan goes into default.

Thank you for this opportunity to testify before you.

SB 120 Feb



Associated Students University of Alaska

(907) 479-7355

UNIVERSITY OF ALASKA, FAIRBANKS
Fairbanks, Alaska 99701

TESTIMONY

Alaska Student Loan Program/ SSHB 32

by

Jo A. Kuchle

of the Associated Students University of Alaska

Teleconference of the House HESS Committee

February 25, 1981

Good afternoon, I am Jo Kuchle and I represent the students on the University of Alaska, Fairbanks, campus. I am the Legislative Coordinator for student government.

I would like to speak in favor of the passage of the Sponsor Substitute to House Bill 32. The following areas in this piece of legislation students feel are of great importance:

Increasing the level of Student Loans We support the increase in the amount of loan funding from the current \$3000 dollar limit to \$6000 dollars for undergraduates, and from \$5000 dollars to \$8500 dollars for graduates. These amounts are based on single students living in University provided housing. Yet a great number of students who live off campus are equally affected by the high cost of living which increases their educational costs.

Extending the Loan Period We also agree that the period for which a student may receive a loan should be increased to eight years from the current six year limit. Often the number of years a student requires to complete either a bachelor or graduate program is greater than the standard four years/ two years, respectively.

The Sponsor Substitute for House Bill 32 would help alleviate this problem for many students throughout the state, therefore we support its passage.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 120
 Title Amending Scholarship Loan Program
 Requested by Senate Hess Date 1/30/81

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. | 4,041.7 | 5,010.5 | 5,814.1 | 6,953.0 | 8,455.3 |
| TOTAL | N.A. | 4,041.7 | 5,010.5 | 5,814.1 | 6,953.0 | 8,455.3 |

FUNDING (Thousands of Dollars)

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------------------------|-------|---------|---------|---------|---------|---------|
| GENERAL FUND | N.A. | 4,041.7 | 5,010.5 | 5,814.1 | 6,953.0 | 8,455.3 |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Fund Source) | | | | | | |

POSITIONS

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | -0- | -0- | -0- | -0- | -0- | -0- |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

Fiscal impact of relating 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-\$4,700 |
| | 24.3% | \$2,000-\$2,950 | | 53.5% | \$5,000 |
| | 41.2% | \$3,000 | | | |
- of those borrowing the maximum, if maximums are increased,

| | | | | | |
|----------------|-----|-----------------|-----------|-----|-----------------|
| Undergraduate: | 50% | \$5,000 | Graduate: | 55% | \$7,000 |
| | 40% | \$3,500-\$4,950 | | 20% | \$6,000-\$6,950 |
| | 10% | \$3,000-\$3,450 | | | |

DATE January 30, 1981 PREPARED BY [Signature]
 AGENCY [Signature]
 Original: Legislative Finance PHONE [Signature]
 Budget and Management
 Prime Sponsor: (First Legislator Named)

Furr

copies to members

SR# 20691
Fairbanks, 99701
479-2978
February 4, 1981

Mr. Charles Parr
Fairbanks State Senator
Chairman; Health, Education and Social Services

Charlie:

I've got a brain storm and (its only fair to disclose) I've got an ax to grind! I would like to see the breadth of the States' student loan program increased to allow for a greater percentage of forgiveness of debt.

Legislation could be passed to help mitigate the huge costs involved in pursuing a special degree which is not presently available in Alaska. I am speaking about any number of professional and other specialty programs which are not economically feasible for Alaska's Universitys to maintain.

Granted that there are WICHE type programs presently available; but I think that its important to note their specialized and rather narrow scope. My idea would be to stimulate and encourage Alaska residents to further their education in these specialized fields (areas which our State will have increased need of local expertise) by decreasing ~~will have increased need of local expertise~~ obligations. Presently there is a possibility of a 40% forgiveness of debt. I would encourage your committee to consider doubling that possibility to 80% or more, giving the increased advantage to long term residents (measured both before and after graduation).

As for my own personal 'ax', I would like to see the above implemented and made retroactively available to those of us in the State who are now paying the very costly price for having pursued those specialty degrees!

Many thanks for giving your measured consideration to my scheme. Please feel free to call upon me if I can be of any assistance with this or other matters.

Sincerely,
STEVE PORTER



THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 120
Title Amending Scholarship Loan Program
Requested by Senate Hess Date 12/30/81

II. FISCAL DETAIL

Agency Affected Education
Program Category Affected Commission on Postsecondary Education
BRU, Program, or Subprograms 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. | 4,041.7 | 5,010.5 | 5,814.1 | 6,441.0 | 8,455.3 |
| TOTAL | N.A. | 4,041.7 | 5,010.5 | 5,814.1 | 6,441.0 | 8,455.3 |

FUNDING (Thousands of Dollars)

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------------------------|-------|---------|---------|---------|---------|---------|
| GENERAL FUND | N.A. | 4,041.7 | 5,010.5 | 5,814.1 | 6,441.0 | 8,455.3 |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Fund Source) | | | | | | |

POSITIONS

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

Physical Impact of relating limits is based upon the following assumptions:

- current mix of 11% graduate, 8% undergraduate will continue
- current borrowing pattern will continue with slight increase

| | | | | | |
|----------------|-------|-----------------|-----------|-------|--------------|
| Undergraduate: | 27.5% | \$50-\$1,950 | Graduate: | 46.5% | \$50-\$9,950 |
| | 24.2% | \$2,000-\$2,950 | | 58.7% | \$10,000 |
| | 41.5% | \$3,000 | | | |
- if future borrowing the maximum, if maximums are increased,

| | | | | | |
|----------------|-----|-----------------|-----------|-----|-------------------|
| Undergraduate: | 50% | \$5,000 | Graduate: | 45% | \$23,000 |
| | 40% | \$2,500-\$4,950 | | 20% | \$10,000-\$26,950 |
| | 10% | \$1,000-\$3,450 | | | |

IV. DATE January 12, 1982 PREPARED BY [Signature]
 AGENCY Legislative Finance
 PHONE 457-4224
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Farm



NEA - ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

JUNEAU OFFICE
147 SOUTH FRANKLIN #207
JUNEAU, ALASKA 99801
PHONE (907) 581 3080

ANCHORAGE REGIONAL OFFICE
1411 WEST 33rd
ANCHORAGE, ALASKA 99503
PHONE (907) 274-0538

FAIRBANKS REGIONAL OFFICE
825 COLLEGE ROAD
FAIRBANKS, ALASKA 99701
PHONE (907) 458-4428

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 9, 1981

TO: Chairman Parr
Members of the Senate HESS Committee

FROM: NEA-Alaska

RE: SB 88 - Special Appropriation to Scholarship
Revolving Loan Fund

SB 120 - Amending the Graduate and Undergraduate
Scholarship Loan Program

MEMORANDUM OF SUPPORT

NEA-Alaska strongly supports and urges passage of SB 88 and SB 120.

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.

It is our feeling that SB 88 and SB 120 greatly enhance this potential.

Respectfully submitted:

Robert Manners
Executive Secretary

RM:jw

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH F - STATE OFFICE BUILDING
 JUNEAU, ALASKA 99811
 (907) 465-2854

The Alaska Commission on Postsecondary Education

The basic purpose of the Alaska Commission on Postsecondary Education is to provide for the coordinated efficient use of Alaska's financial resources in providing postsecondary educational services to the citizens of the state. The Commission is charged with coordinating the development of comprehensive plans for the systematic growth of postsecondary education in Alaska, advising as to functions and purposes of colleges and universities operating in the state, reviewing annual budget requests from colleges and universities in the state, serving as the consumer protection agency for the citizens of the state in obtaining postsecondary education, and advising the Governor's Office, the Legislature, and other appropriate federal and state agencies and institutional boards on postsecondary education issues and concerns in and for Alaska.

Through a 13-member public board and a series of advisory councils, the Commission serves as the impartial coordinating board for all Alaskan postsecondary education. Specific programs and services provided through the Commission include:

1. authorization of postsecondary education institutions to operate in Alaska
2. serving as consumer complaint agency for postsecondary education services
3. serving as Alaska's state approval agency for veteran's educational benefits and program approval
4. administration of the federal Continuing Education and Community Service Program (Title I, HEA)
5. administration of the federal Guaranteed Student Loan Program (Title IV, HEA)
6. administration of the federal Postsecondary Education Planning Grants Program (Title XII, HEA)
7. administration of the Alaska State Student Loan Program
8. administration of the combined federal/state State Education Incentive Grant Program SEIG (Title IV, HEA)
9. administration of the State Memorial Scholarship Loan Programs
10. serving as Alaska's agency for coordinating activities in the 11-state Western Interstate Commission on Higher Education (WICHE)
11. administration of the WICHE Student Exchange Program for Alaska
12. administration of the WICHE Fellows Program for Alaska
13. coordination of federal reporting for the Higher Education General Information Survey (HEGIS)
14. serving as the State EEO agency for postsecondary education
15. administration of the Federal Higher Education Facilities Grant Program (Title I, HEA)
16. administration of Alaska's participation in the Federal Education Information Centers, EIC Program (Title IV, HEA)
17. providing oversight and arbiter services for consortia agreements between and among public and private institutions.

WORK ORDER REQUEST FORM

M2 - 0661

KEYWORDS: residency
loan funds/loans
education

ASSIGNED TO Asper

REQUEST FOR: BILL RESOLUTION RESEARCH OTHER

SUBJECT Student Loan Program Residency Requirements

REQUESTED FOR Sen. Parr BY Rocky EXT. _____

* DELIVER TO Senator Parr TAKEN BY Sovhorbe

INSTRUCTIONS, EXPLANATIONS Are there any constitutional problems with the
residency requirements of the student loan program.

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED

AUTHORIZED TO CONFER WITH _____

RETURN _____

TO REQUESTER

APPROVED: BGS Director, Legal Services

REVIEWED _____

IN 2/11 DUE _____

TYPED - Draft _____ DATE _____

Final _____ DATE _____

PROOFED _____ DELIVERED _____

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER

DRAFT

FINAL

MEMORANDUM

State of Alaska

TO: Peggy Shows
Collections Specialist
Alaska Commission on Postsecondary
Education
Division of Student Financial Aid

DATE: November 21, 1980

FILE NO: A66-049-81

TELEPHONE NO:

FROM: WILSON L. CONDON
ATTORNEY GENERAL

SUBJECT: Student Loan Bankruptcy
Procedures

By: Amy J. Stephson
Assistant Attorney General
Anchorage - AGO

You have asked several questions regarding the collectability of student loan payments when the debtor files for bankruptcy. These questions are (1) under what circumstances are student loan payments not dischargeable in bankruptcy and what action need the Division of Student Financial Aid take in this regard; (2) how does the filing of a bankruptcy petition affect any lawsuit the division may file or plan to file against the debtor; and (3) how do Chapter 13 cases come about and what is the division's role with regard to plans of arrangement submitted by the debtor. We will answer these questions in turn.

(1) Generally, a straight bankruptcy action (Chapter 7 of the Bankruptcy Code) serves to discharge the debtor from his debts. Certain exceptions, however, to discharge are set out in 11 U.S.C. §523. With regard to student loans, 11 U.S.C. 523(a)(8) provides that a discharge in a straight bankruptcy does not discharge an individual debtor from any debt

(B) for an educational loan made, insured, or guaranteed by a governmental unit, or made under any program funded in whole or in part by a governmental unit or a nonprofit institution of higher education, unless-

(A) such loan first became due before five years (exclusive of any applicable suspension of the repayment period) before the date of the filing of the petition; or

(B) excepting such debt from discharge under this paragraph will impose an undue hardship on the debtor and the debtor's dependents.

Under this provision, student loan debts to the division are not dischargeable if the date the first payment on the loan was due in within 5 years, exclusive of repayment suspension periods, of the date the bankruptcy petition is filed. If

NOV 21 1980

the first payment was due before 5 years before the date of filing, exclusive of repayment suspension, the loan debt is dischargeable.

In those cases where the due date meets the 5 year requirement set forth above, the exception from discharge is self-executing, i.e., we are not required to file a complaint to determine the nondischargeability of the debt. Thus, if the Division's proof of claim establishes that the first loan payment was due within 5 years of the bankruptcy petition date, the loan debt is automatically nondischargeable unless and until the debtor comes forward and objects to the nondischarge for some reason. Although the "Discharge of Debtor" orders issued by the bankruptcy court may appear to state that our student loan debts have been discharged, that is not in fact what the order says or means. Rather, as you can see on the attached copy of one of these orders, the order only releases the debtor from "dischargeable debts," not from any and all debts.

To apply the above theory to practice, the proofs of claim which you are submitting in bankruptcy cases should set forth the date on which the first loan payment was due and owing and any suspension of repayment period so as to establish whether or not the 5 year requirement is met. You should also note the maturity date of the loan and of course include the amount owing and the other loan information you have been including. Upon receipt of the "Discharge of Debtor" order, you may then seek to collect the loan if the 5 year requirement is met. If the 5 year requirement is not met, that order acts to discharge the student's debt and you might as well write the loan off unless the debtor voluntarily agrees to pay it despite the discharge.

(2) With regard to lawsuits against borrowers who have filed in bankruptcy, the general rule is that the division cannot commence or continue any legal proceedings against the borrower who has filed in bankruptcy until the bankruptcy case is closed or dismissed or a discharge is granted or denied. 11 U.S.C. §562(c)(2). This is because an automatic "stay" is issued upon the filing of a bankruptcy petition which prohibits creditors in most circumstances from commencing or continuing collection actions against the debtor until the bankruptcy case has been resolved. Thus if the borrower's debt is nondischargeable as discussed above and you have received a "Discharge of Debtor" notice, or a

FEB 10 1980

notice that the bankruptcy case has been dismissed or closed, you may at that time institute suit against the debtor or continue with a suit that was filed before the bankruptcy petition was filed. You may not, however, do anything before the discharge order is entered by the court or the bankruptcy case is dismissed or closed.

(3) Chapter 13 of the new bankruptcy code (11 U.S.C. §§1301-1330) basically sets out a scheme whereby individuals with regular income set up a plan to pay all or part of their debts from future earnings while under the protection of the bankruptcy court. The plan must comply with a variety of requirements but for your purposes, the significant thing is that you need not and indeed cannot accept or reject the plan. Rather, it is the court that decides whether or not a particular plan will be accepted and confirmed. 11 U.S.C. §1324. What the division can do, however, is to object to a particular plan if it believes that the plan does not comply with the law. 11 U.S.C. §1324. Thus in chapter 13 cases, the division should receive a copy of the plan and notice of the date of the confirmation hearing and if it is not satisfied with the plan, it should contact our office to see if a valid objection can be made.

It should also be noted that in Chapter 13 cases, a student loan debt can be discharged if the debtor's plan makes some provision for payment of the loan and the debtor completes payment under the plan. 11 U.S.C. §1320(a). Under other circumstances, however, the loan debt may be non-dischargeable. 11 U.S.C. §1320(b) and (c). In Chapter 13 cases, therefore, an individual determination will have to be made as to whether the student loan debt is dischargeable or not and thus whether it is permissible for the division to sue the debtor in state court.

One other note concerning Chapter 13 cases: the division should file a proof of claim as it does in any bankruptcy case, including in it the information concerning date of first payment, maturity date and suspension period, if any. You may use the bankruptcy court chapter 13 forms or your own forms; if you use your own form, however, do not make reference to nondischargeability under 11 U.S.C. §523(a)(8) since that provision is not necessarily applicable in chapter 13 cases as was discussed above.

I hope that this memorandum answers your questions and that bankruptcy is a bit less of a puzzle to you. Please do not hesitate to contact us if you have any further questions or problems.

AJS/jmo
Encl:

FEB 10 1930

Testimony
Alaska Student Loan Program / SSHB 32 - SSHB 42

SB 120(?)
file

by
Bill Zybach, Director of the Alaska Statewide Student Assoc.
before the
House HESS Committee
Feb. 18, 1981

Good Afternoon. Let me introduce myself and explain who I represent. My name is Bill Zybach, I am a full time student at the University of Alaska and am currently enrolled at UAJ. I am the Director of the Alaska Statewide Student Association. The Association represents the interests of students in post-secondary education institutions in Alaska. I have just concluded statewide telephone conferences with the representatives of our members schools and would like to present to you our united positions on these bills and the Student Loan Program.

Regarding SSHB 42, I would like to reiterate the earlier testimony of Representative Bucholdt's legislative aid, Lou Ann Culter. The students we represent are in favor of coupling academic excellence to the forgiveness clause of the state loan program.

Default On The State Loan* In relation to SSHB 42, we support the recommended changes concerning notification of students in default. ALSO we suggest that the forgiveness provisions of the program not be extended to those students who abuse the program through default. However, the idea suggested to give the borrower a second chance to return to a good paying status seems fair.

Increasing The Level Of State Loans We support provisions of SSHB 32 to increase the amount of the loans to \$6,000 and \$8,500 respectively for undergraduates and graduates. The reasons outlined in my testimony on SB 120 (which I have distributed) as well as the testimony and information you have received from Rep. Gardiner and Kerry Romesburg, clearly delineate the need for the increase. Let me stress, however, that the levels quoted are in reference to single students, not married, and to those who live on campuses where housing is provided. A great number of students are married and are not in student housing, both factors which increase the cost of education to them.

Extending the Period for Loan Participation Regarding the period for which the loans may be extended, we agree that it should be extended from the current six years to eight. Again, the reasons have been outlined. We would like to see the provision dealing specifically with the number of years of graduate work which is suggested in SSHB32 changed from five to six years if that clause is necessary. Such a change would allow those students who have sought two graduate degrees to pursue them under the state loan program, e.g., a student may take a Masters in Business Administration prior to entering Law School, or a student seeking entrance into a medical doctor's program may take an advanced degree in Biology in order to become a more attractive applicant.

Graduated Repayment Of Loan We strongly advocate a graduated repayment program for the student loan, one which acknowledges the increasing earning / income potential of students after receiving their degrees and participating in the job market over time. Often, when a student is just out of college, his earning ability is relatively low compared to his earning potential five or ten years later. We believe this must be recognized in the repayment schedule of the loan. It is much more realistic and better fiscal management, as many bankers have realized, to have graduated repayment which better suits the economic ability of the borrower and thus reducing the complications of collection and default. The payment schedule should start out at a low level and balloon towards the end of the period of loan repayment.

Increasing Incentives To Return To Alaska After Graduation** Recognizing the ever increasing costs of an education and the continuing need for education as an investment in the states human resources, we would like to suggest that the forgiveness for the loan be increased from the current 40 percent to 60 percent. The additional 20 percent, we suggest should be distributed over the current formula in 5 percent increments. This would increase the incentives for students to return and contribute to the state and also keep their indebtedness at a reasonable level.

Incentives To Attend In-State Institutions*** We believe that there should be incentives to induce residents to attend in-state educational institutions. We contend that state citizens have valuable contributions to make while attending school, and these benefits can only be realized if the students remain in the state. The state gains economically and socially from its citizens who participate in Higher Education in Alaska. To encourage this, we suggest that a maximum of 10 percent of the State Loan be forgiven for attendance in Alaska. We suggest that it be administered on the basis of forgiving 2.5 percent per year for up to four years.

Encouragement Of Academic Excellence**** Despite the controversy which may surround a definition of quality education or a standard of academic excellence, we believe that there is great value in attempting to promote excellence in all that we do, especially in higher education. Therefore, we suggest that students who graduate with honors from post-secondary institutions be given a 10 percent reduction in their loan. Rather than debating the issue of how excellence is defined, "graduating with honors" and other such value judgements should be determined by the institution.

Default Rate I would like to bring to the committee's attention the excellent collection rate and payment rate which this program has. The default rate is 11 percent in Federally defined dollar terms, or 14 percent in terms of people. This rate, I am lead to believe from the Post-Secondary Education Commission, is lower than the federal rate of almost 28 percent on their state loans, and one of the best payment rates in the nation. The Alaskan Student's taking out the Loans are responsible and are, relatively speaking, out "repaying" their loans in comparison to students in other states.

Bankruptcy We believe that students should be responsible for paying back the loans they secure from the state. This is the best state loan program in the nation and we respect that fact, and do not believe that students will jeopardize the program by abusing bankruptcy. We believe that the loan should not be discharged due to bankruptcy except in hardship cases. This may be a moot point anyway due to the information I received from the Attorney General's Office. I was informed that bankruptcy was a federal act and that the student loans fell under section seven of that act. The act provides that students are not released from repaying their loans in a case of bankruptcy if the loan came from a government agency.

Attached are changes to the State Loan Program which are not mentioned in SSHB 32 or SSHB 42:

Alaska Statewide Student Assoc. (cont.)

Suggested Changes to the Alaska Student Loan Program which were not discussed in SSHB 32 / SSHB 42 / SB 120.

1. Amend AS 14.40.763 to add (p):
 - (p) Portions of the loan shall be paid by the state under sections (j), (n), or (o), only if the barrower has not defaulted on the loan. Default under this section shall be determined by the commission.

2. Amend AS 14.40.763 (j) to read:
 - (j) A portion of a loan shall be paid on behalf of the barrower by the state, if upon completion of the course of study for which the loan was granted, the barrower spends at least three years employed in the state. The portion of the Loan which shall be paid by the state shall be the following percentages of the total loan received plus interst up to 60 [40] percent:
 - (1) two-three years residency, 15 [10] percent
 - (2) three-four years residency, 15 [10] percent
 - (3) four-five years residency, 15 [10] percent
 - (4) over five years residency, an additional 15 [10] percent

3. Amend AS 14.40.763 to delete (n) and replace it with the following:
 - (n) A portion of the loan, in addition to allowances under (j) of this section and (o) of this section, shall be paid on behalf of this barrower by the state if the barrower attends a post-secondary institution in Alaska. The portion of the loan to be paid by the state shall be the following percentage of the total loan plus interest up to 10 percent:
 - (1) One year in-state attendance, 2.5 percent
 - (2) Two years in-state attendance, 5.0 percent
 - (3) Three years in-state attendance, 7.5 percent
 - (4) Four years instate attendance, 10 percent

4. Amend AS 14.40.763 to add (o):
 - (o) In addition to allowances under (j) and (n) of this section, the state shall pay 10 percent of the loan on behalf of the barrower if the barrower completes his course of study with honors. Graduating with honors or other measures of academic excellence are or shall be thoses established by the particular institution.

Copied Member

517 Sixth Street
Juneau, Alaska 99801
February 19, 1981

The Honorable Charles Parr
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: Alaska Student Loan Program

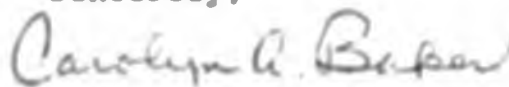
Dear Senator Parr:

Our son is in the process of applying for an Alaskan Student Loan as he will be attending college in the Fall of 1981. While he has not yet received a loan, we understand that if his application is submitted early enough, his chances for securing one are relatively good.

I am writing to say how much we appreciate this loan program and the fact that the application asks only what other loans, grants, etc. a student has been awarded and what amount the student and parents will provide towards his education, instead of asking for complete documentation of the family's income and then determining how much the State thinks the family should provide towards his education. We have found that for our son to attend a small private school in the Fall the costs will be anywhere from \$8,000-\$12,000 per year and for a state school (outside Alaska) anywhere from \$6,000-\$8,000. No matter what a family's income that amount of additional expense would surely be felt and the student loan program offers a reasonable way for a student and his family to meet these costs.

We would encourage your continued support of the student loan program making it available to all Alaska students who apply and are willing to meet the conditions of the contract in paying back the loan. Also, the fact that as much as 40% of the loan will be forgiven if a student returns to Alaska after graduation to work is a real incentive for our young people to come back to Alaska.

Sincerely,



Carolyn A. Baker

provided by
Kerry Romberg
2/2/81

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 (1971-80):

*? increasing
steadily of those
who don't default*

| | <u>In-State</u> | <u>Out-of-State</u> |
|---------------|-----------------|---------------------|
| Undergraduate | 30.1 (161,5) | 69.9 (361,5) |
| Graduate | 12.3 (19,0) | 87.7 (131,0) |

4. Loan Collections (per month average):

| | |
|----------------|---------|
| 1974-75 | 10,028 |
| 1975-76 | 18,504 |
| 1976-77 | 25,122 |
| 1977-78 | 39,121 |
| 1978-79 | 57,970 |
| 1979-80 | 101,020 |
| 1980-81 (est.) | 170,000 |

5. Loan Delinquencies (per month average):

| | |
|----------------|--------|
| 1974-75 | 1,000 |
| 1975-76 | 1,000 |
| 1976-77 | 5,300 |
| 1977-78 | 20,100 |
| 1978-79 | 37,100 |
| 1979-80 | 54,100 |
| 1980-81 (est.) | 60,000 |

*no. of loans, not people

6. Past Due and Default Loans

| Past Due | October | | November | | December | | January | |
|--------------|---------|-----------|----------|-----------|----------|-----------|---------|-----------|
| | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| 31-60 days | 484 | 1,111,102 | 478 | 1,032,186 | 547 | 1,174,413 | 508 | 1,053,155 |
| 61-90 | 204 | 451,857 | 268 | 649,596 | 288 | 585,991 | 295 | 585,775 |
| 91-120 | 180 | 505,039 | 178 | 389,081 | 188 | 463,252 | 193 | 385,664 |
| 120+ | 878 | 1,981,084 | 909 | 2,038,126 | 954 | 2,046,983 | 927 | 2,154,220 |
| TOTAL | 1,746 | 4,103,078 | 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)

| | In-State | Out-of-State | Total |
|------------|--------------|--------------|-------|
| Freshman | 874 (40.0) | 1,014 (54.0) | 1,888 |
| 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) | 235 (81.0) | 358 |
| TOTAL | 2,398 (40.8) | 3,482 (58.2) | 5,880 |

** people - who have that loans who are 30 days or more past due*

8. Making Loan Limits

| | | | |
|---------------|------------|------------|------------|
| Undergraduate | 3,000 | 5,000 | 5,000 |
| Graduate | 1,000 | 1,000 | 1,000 |
| DIFFERENTIAL | 21,577,700 | 11,000,000 | 34,000,700 |

9. Other Issues

- Adding a section which states that if a person allows the loan to become in default (30 days past due), all cancellation benefits are nullified.
- Providing additional cancellation for in-state attendance, for example, an additional 5% per year of attendance, for up to a maximum of 10%.
- Providing additional cancellation for maintaining a "B" grade average for ongoing classes, for example, an additional 5% upon graduation.
- Providing grant assessments for students 25 years of age and over.

bringing up front - the older students will never pay the money back

(loans for part-time attend. was always brought up)

10. Sample Costs:

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

| | <u>Undergraduate</u> | <u>Graduate</u> |
|---------------------------------|----------------------|-----------------|
| University of Alaska, Anchorage | 55,922 | 58,500 |
| 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 | 5,102 | 5,792 |
| University of Arizona | 2,500 | 2,500 |
| University of Colorado | 1,584 | 1,752 |
| University of Hawaii | 480 | 582 |
| University of Idaho | 1,942 | 2,000 |
| University of Oregon | 1,941 | 2,413 |
| University of Washington | 2,375 | 2,736 |

Admission Fee

Higher Education & National Affairs

① Sandra

② SB 120

ED May Alter Its
Sex Bias Regulations

file

VOLUME 30, NUMBER 11

MARCH 27, 1981

Pell Grant Battle

House Panel May Try to Quash Changes in Eligibility Rules

Members of the House Postsecondary Education Subcommittee are battling the Department of Education's proposed rule change that would tighten up eligibility for Pell Grants, in an effort to speed processing of 1981-82 grant applications.

The subcommittee has scheduled a meeting Monday with Education Secretary Terrel H. Bell over the issue, but there was a possibility a showdown may be delayed while the subcommittee studies the issue further. Rep. Paul Simon (D-Ill.), chairman of

the panel, has introduced a resolution asking Congress to reject the eligibility changes. But he was not expected to press for a vote until after his subcommittee and the full House Labor and Education Committee takes a position. This could take several days.

At issue is a new eligibility schedule, minus inflation increases in family living allowances, published March 13 by the Department that is due to become final 45 days from that date unless rejected by Congress. If Congress does approve a rejection,

(continued on page 2)

Council's Position on Student Aid Cuts Aired by CBS News

The financial pinch in store for students and their families, if the Reagan Administration's higher education budget is approved by Congress, is catching the national news media's attention.

The CBS Evening News broadcast a five-minute report March 22 zeroing in on funding problems for the Pell Grant and Guaranteed Loan programs.

The report included interviews filmed at the American Council on Education during a session on the proposed budget cuts attended by representatives of 12 higher education groups.

E. K. Fretwell, chancellor of the University of North Carolina at Charlotte and ACE board chairman, said upwards of 750,000 students would either have to change their plans for next fall or drop out of school, if the Administration's roll back was enacted. ACE President J. W. Peltason cautioned that the budget chopping could jeopardize educational gains posted by minorities and other disadvantaged groups in recent years.

Business-Higher Ed Forum Opposes 'Intrusive' Federal Regulations

Representatives of the Business-Higher Education Forum, a unit of the American Council on Education, have presented Vice President George Bush with a nine-point plan for streamlining federal rulemaking and discussed with him the steps needed for implementing it.

The reform measures applying to both universities and private industry were hammered out over the past 18 months by the group of chief executives from business and higher education institutions. They were given to Bush, who heads a White House task force on government regulation, as a comprehensive approach to guiding all present and future federal regulatory activity.

The five Forum members at the meeting were Rev. Theodore Hesburgh, president, University of Notre Dame; Robert Anderson, chairman and chief executive officer, Rockwell International Corp.; Wesley Posvar, chancellor, University of Pittsburgh and

(continued on page 3)

AMERICAN COUNCIL ON EDUCATION

PELL GRANTS (continued from page 1)

it could force the Department to accept the schedule which Congress reviewed last summer, and which was published as final on January 19.

Bell defended the plan to drop the previously approved family income inflation increases as the "most equitable" method for cutting back the program because it would affect the neediest students the least. He made the statement before Simon's subcommittee this past Monday.

But Simon objected that estimates showed the Department's proposal would cut from 100,000 to 150,000 students out of the program to save from \$185 million to \$220 million. Students from families with more than \$11,000 income would lose \$100 from their Pell Grants. As a substitute, Simon has advanced an alternative plan which, he said, would save \$179 million but not drop any students from the program. This would be accomplished by leaving intact awards to the neediest students and reducing awards to students who are better off by implementing the reduction schedule provided in current law.

Bell contended that the Simon plan, which has the support of the higher education community, would not work if the Administration cut the program by more than \$150 million, claiming the neediest students would be hurt the most. Simon, however, disagreed with that analysis. "The real question," he said, "is not one of dollars. It is one of policy."

During the session, Bell took full responsibility for freezing the processing of Pell Grant applications until the dispute is resolved. Last week, higher education leaders challenged the legality and \$600,000 cost of the "massive disruption" in applications for the 1981-82 academic year (HENA 3/20/81).

On his way out of the subcommittee hearing, Bell was questioned about the deplorable eligibility change by the *Chronicle of Higher Education*. "We're the good guys," he responded. "We've got the white hats on. It's your colleagues over on Dupont Circle that are delaying this process," referring to the American Council on Education and other groups. "If you want to put that in the *Chronicle of*

Timetable for Federal Budget

Here is a schedule of approximate dates for the remaining stages of the Federal budget-passing process in Congress:

April 15—House and Senate Budget Committees report first budget resolution.

April 13-20—Senate recess.

April 18-26—House recess.

May 15—Congress completes first budget resolution. Deadline for authorization of bills.

August—Congress recesses.

September 14—Congress completes action on appropriations.

September 15—Congress completes action on second budget resolution.

October 1—Fiscal year 1982 begins.

Higher Education as a quote from the secretary of education, that's where the problem is."

In the Senate this week, Democrats were preparing a series of amendments to restore \$200 million to the Guaranteed Student Loan program and \$100 million for Pell Grants in the Senate Budget Resolution. The resolution carries \$38.4 billion FY 1982 spending reductions requested by President Reagan. It was expected that the Republican majority would vote down the amendments. ■

AASCU Testifies in Favor Of 'Peacetime' G.I. Bill

The American Association of State Colleges and Universities has urged a House Veterans Affairs subcommittee to support educational incentives that will attract and keep qualified personnel in the armed services.

President Wade Wilson of Cheney State College testified on behalf of AASCU that a "peacetime" G.I. Bill could play a positive role in meeting military personnel needs. But he criticized the low benefit structure of the proposed bills and the lack of allowance for family dependents which he said would make the program much less attractive. ■

HIGHER EDUCATION AND NATIONAL AFFAIRS

Bob Aaron, Director of Public Affairs

William Howard, Guest Editor

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Forum Presents 9-Point Plan to Streamline Rulemaking Process

(continued from page 1)

chairman of the Forum's executive committee; Paul Henson, chairman, United Telecommunications, Inc. and J. W. Peltason, president, American Council on Education. They emphasized the comprehensive nature of the ideas embodied in "The Statement on Federal Regulatory Reform" and underscored that this consensus was reached by a cross-section of nongovernmental national leaders who promised to lend Bush the Forum's influence toward regulatory reform.

The vice president commended the Forum and asked for further recommendations from the group on regulations that were dysfunctional within the institutions and industries represented in the Forum. The delegation promised to follow up on Bush's request.

Initiated in 1978 by the American Council on Education, the Business-Higher Education Forum is a vehicle to promote understanding between major American corporations and colleges and universities. The nine-point plan for federal regulatory activity grew out of discussions on national problems and represents what the group believes can serve as the nucleus for national consensus. The Forum is urging that these recommendations be written into legislation and a presidential executive order:

- Federal laws and regulations should not intrude into the operations of corporations and other institutions unless there is a "compelling economic and social need."
- Regulations in general should not "significantly reduce the autonomy and self-management of some portion of the private sector."
- Federal rules should be subject to continuous oversight and be "erased upon evidence that the results are insufficient to justify continued intrusion or that the intrusion is too severe."
- The benefits and risks of alternatives available to achieve intended goals should be carefully studied. Priority should be given to those options that are the least intrusive and burdensome.
- Rules handed down by executive agencies should be explicitly authorized by law or clearly in keeping with the intent of Congress.
- Regulatory agencies should periodically issue public reports as part of an ongoing review, while

soliciting public comments about the impact of federal rules and the rulemaking process, and the President and Congress should regularly review existing and new regulations along with corresponding statutes—to ensure that they remain necessary.

The Forum bases these recommendations on the following principles:

- Some existing regulation cannot be avoided.
- Expansion of the government's regulatory powers and activities should be the exception, rather than the rule. "A starting assumption should be that such expansion is normally unwarranted, unwelcome, and dangerous."
- Many existing regulations should be reexamined—some can be scrapped, while the scope and the costs of others can be trimmed, making them less of a burden.

"Statement on Federal Regulatory Reform" is available upon request from Thomas W. Stauffer, director, Business-Higher Education Forum, American Council on Education, One Dupont Circle, Washington, D.C. 20036. Telephone: (202) 833-4762. The statement is being mailed to all ACE member presidents and chancellors and to opinion leaders nationwide. ■

63 Regulations Up for Review

The Reagan Administration has issued a regulatory "hit list" of federal regulations to be reviewed, postponed or terminated. As part of its deregulation campaign, the Administration plans to review 27 major existing regulations with an eye to major changes and to terminate or temporarily block from taking effect 36 new regulations so they may be studied further.

The higher education community has wholeheartedly supported changes in at least two of the regulations under review: a rule requiring college professors and researchers receiving federal grants or contracts to obtain government approval for leaves of absence, changes in research methods or transfer of the research to others; and the regulation requiring colleges and universities to share certain percentages of the cost of research financed by the federal government and to set up elaborate paperwork and reporting procedures to prove they are complying with the rule.

'Extraordinary' Steps Urged To Help Blacks in Engineering

President Paul E. Gray of the Massachusetts Institute of Technology has called upon American universities and industry to take "extraordinary measures" to increase the number of black engineers in the United States.

Speaking to 800 student delegates at the opening of the 1981 conference of the National Society of Black Engineers last week in Cambridge, Mass., Gray said that if blacks are to achieve greater representation in science, engineering and technology-based industry, science and engineering schools must do more than merely recruit more black men and women to their classrooms. They must find ways to ensure that once enrolled, black students get the encouragement and support they need to graduate, as well as ensuring that many go on to pursue graduate studies and that some, at least, enter faculty careers.

"Many young black people today look to other professions—in government or the law, for example—as forces for social change," Gray said. "But considering the influence of science and technology on our culture . . . I would argue that engineering can be even more powerful a force for change."

Key factors in a school's ability to attract black students, whose families tend to have below average incomes, and to nurture their success are adequate financial aid and effective advising programs, Gray said. He pointed out that the Reagan Administration's plans to sharply curtail the Guaranteed Student Loan Program—as well as to reduce funding for Pell Grants—will directly affect these key factors. "The recent proposals by the new Administration in Washington . . . are clear signals of a very different future with regard to students' access to higher education," Gray said.

American industry might encourage black engineers by providing graduate financial aid in the same way they offer aid to undergraduates, Gray suggested, as well as offering summer work experience.

For its part, Gray said M.I.T. intends to set aside graduate student tuition awards for minority students who intend to teach and do research at a university after receiving their degrees. M.I.T. also plans to increase its number of postdoctoral positions for minorities. ■

People in the News

Babson College in Wellesley, Mass. has a new president—Dr. William R. Dill. He's dean of the Graduate School of Business at New York University. . . . Dr. Glynn E. Clark, president of Meramec College, St. Louis, Mo. for the past 18 years, will become president emeritus on December 31, 1981. . . . Dr. Edwin E. Floyd, dean of the Faculty Arts and Sciences at the University of Virginia since 1974, has been named vice president and provost of the university. . . . Alexis C. Jackson, 35, is bucking the low salary trend for women. Currently a lawyer for the U.S. Department of the Interior, she has been named vice president for business management at the University of California. Pay: \$55,000 a year.

The White House has named Richard T. Pratt, finance professor at the University of Utah graduate business school, to be chairman of the Federal Home Loan Bank Board. . . . Daniel Oliver, former executive editor of *National Review*, has been named general counsel of the Education Department, and Vincent Reed, former Washington, D.C. superintendent of schools, has been named assistant secretary for elementary and secondary education. ■

ED Tells Court It May Overhaul Sex Bias Rules

The Education Department last week told the third U.S. Circuit Court of Appeals it wants to reconsider a — perhaps overhaul rules barring sex discrimination by schools receiving federal funds under Title IX of the Elementary and Secondary Education Act in a last-minute motion in its case against Grove City College.

The court case presents a major challenge to Title IX regulations. At issue is whether federal financial aid to students can be defined as federal aid to a school under Title IX, as well as whether all school programs or only those receiving federal funds at a given school are bound by the law.

The small Presbyterian college in Pennsylvania won the most recent court battle with ED last year. A federal district court refused to allow the Department to cut off the school's financial aid to students because Grove City would not sign a form asserting its compliance with Title IX. Declining to accept federal grants or contracts, the college maintains Title IX's rules comprise unconstitutional government control. ■

(Continued on page 5)

SEX BIAS (continued from page 4)

Theodore Sky, ED's acting general counsel, conceded the possible revamping of Title IX regulations might render its case against the college moot. But Sky's affidavit says: "As a result of a preliminary review of these issues, the Department has decided to reevaluate the regulations" and requests 90 days to complete the review.

This latest development in the case may have wide-ranging significance for smaller colleges, providing them some relief from hardships Title IX has caused them since the regulations went into effect in 1975. ■

Cornell Students Protest Planned 18% Hike in Tuition

Students at Cornell University in Ithaca, N.Y. last week took over the offices of the president and the provost in protest of a proposed 18 percent increase in tuition.

The 15 students occupied the offices for about three hours refusing to leave at the request of William D. Guvowitz, Cornell's vice president of campus affairs. Campus police entered the offices through a window, took the students in custody and then released them.

The proposed 18 percent tuition, to be voted on next week by Cornell's Board of Trustees, represents an additional \$1,000 tuition per student, raising overall tuition at Cornell to around \$7,000.

While the 15 students occupied the offices another 40 to 50 students gathered outside the building throughout the three hours. On the following day, a larger group of students held a rally on campus to protest the increase. Approximately 900 students attended an open meeting of the executive committee of the Board of Trustees later in the day to register their dissatisfaction.

Higher education news in brief:

- The University of California will refund \$550,000 to the federal government as part of a series of payments stemming from federal audits of UC government contracts and grants. Federal auditors raised questions about cost transfers (charges for salaries, fringe benefits, travel, material, and supplies that have been transferred to or between federal grants and contracts) between July 1976 and June 1980.

- The president of Kroch's and Brentano's bookstores, Carl Kroch, has made a commitment of \$1 million to endow the position of university librarian at Cornell University. He is a 1935 graduate of Cornell.

- The Bush Foundation has awarded Macalester College, St. Paul, Minn., a \$180,000 grant for a new faculty development program. ■

Rising Tuition Costs Put New Squeeze on Students

Many universities and colleges are raising tuitions and fees for the 1981-82 academic year, placing a new squeeze on students if Reagan Administration cutbacks in aid are approved.

Increases ranging from 12 to 21 percent have been announced by a number of institutions which say they are needed to offset inflation, higher energy costs, and salary increases. New York University is hiking undergraduate rates by \$758 to \$5,820, up 15 percent, and graduate tuition by 12 percent. In the Washington, D.C. area, American University's tuition is going up 13 percent (to \$5,240), Catholic University's 15 percent (to \$4,900), Georgetown's 16 percent (to \$5,750) and George Washington University's 21 percent (to \$4,100).

Many Ivy League schools are expected to pass the \$10,000 mark for tuition, room and board next year for the first time.

COUNCIL NOTES

Administrators' Pay Up 8.7 Percent; Women Trail Men, New Survey Shows

Women administrators are continuing to trail their male counterparts in the amount of pay they receive at colleges and universities.

The annual survey of the College and University Personnel Association reports that for the 1980-81 academic year the median salary for men is higher than for women in all but one administrative post—dean of nursing. The median salary for the 273 women deans of nursing is \$34,000—3.6 percent higher than the median of \$32,815 received by ten male deans of nursing. (continued on page 6)

SALARIES (continued from page 5)

On the average, the pay for all administrators rose 8.7 percent over a year ago. Administrators in private colleges and universities had pay hikes averaging ten percent while those in public institutions averaged only 7.4 percent. Chief executives of a system had a median pay of \$56,100, up 8.4 percent over last year, and chief executives of a single institution had a median salary of \$47,610—up 8.5 percent.

The largest median pay increase was scored by chief public relations officers. They went to \$24,500, an increase of 16.7 percent. Substantial increases also were registered by deans of home economics, up 14.8 percent at \$38,110; deans of music, up 14.4 percent at \$33,600; and deans of nursing, up 13.3 percent.

Deans of medicine had the highest median salary level at \$76,837, up 12.3 percent. Deans of dentistry were next at \$60,000, up 11.1 percent.

The survey found the largest gaps in pay between male and female pay levels in three job categories:

- Male student health services directors received a median of \$43,000—164.5 percent higher than the \$16,257 for women in the same post.
- Male deans of experimental programs had a median of \$36,000 compared to \$16,000 for women—a 125 percent difference.
- The difference was 112.4 percent in salaries for chief health professions officers: men \$57,000, women \$20,800.

In about 80 percent of the job categories minorities had lower median salaries than whites. This was true for both men and women.

Minorities had higher pay in such jobs as director of affirmative action and equal employment, director of student financial aid, director of personnel and affirmative action and director of information office.

Copies of the the 1980-81 *Administrative Compensation Survey Report* are available to association members for \$25, nonmembers \$75 each, from CUPA, 11 Dupont Circle, Washington, D.C. 20036. ■

New ACE Publications

The following publications are now available from the American Council on Education:

• *Chairing the Academic Department: Leadership among Peers*, a comprehensive study of the complex and demanding responsibilities of the department chairperson. Paper, \$15.00, 256 pp.

• *Competition and Cooperation in American Higher Education*. Thirty-three of the nation's leading educators examine recent developments and offer some promising, sometimes startling, conclusions in articles on marketing, recruitment, retention, affirmative action, fund raising, and the roles of the military, business and government in higher education. Paper, \$10.50, 176 pp.

• *Reshaping Faculty Careers*, a provocative new book questioning traditional assumptions about academic careers. Paper, \$15.00, 250 pp.

• *Quality—Higher Education's Principal Challenge*. Twenty-four prominent academic leaders present their vision of quality and describe its impact on the future of higher education. Paper, \$10.50, 140 pp.

These publications may be obtained by writing ACE, Publication Sales, One Dupont Circle, Washington, D.C. 20036. ■

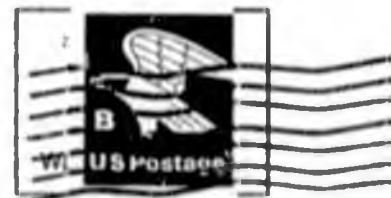
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JUNEAU, ALASKA 99811
(907) 465-2854

August 19, 1980

The Honorable Charles H. Parr
S.R. Box 50599
Fairbanks, AK 99701

Dear Representative Parr:

There have been developments in the Alaska State Student Loan Program of which you should be aware. We had projected that for the 1980-81 school year, we would award about 5,000 loans at an average of \$2,400 per loan, for a total loan volume of \$12 million. This is what we requested and received in the appropriations bill.

As soon as the Legislature passed the appropriations bill and the Governor signed it, we began processing the 1980-81 loans. First, we processed all applications received by the legal deadline of May 15 (established by the Legislature in 1979). At that time, we had received over 2,400 completed applications. The average loan award turned out to be \$2,885 and the total outlay was \$7 million.

Next, we began processing all applications received from May 16 through June 30. It soon became apparent that we were going to run out of loan funds before all students received funds for 1980-81. Through June, we awarded 4,150 loans at an average of \$2,907 for a total of \$12,064,750. In July we received an additional 857 applications. At an average of \$2,900, this would require an additional \$2.4 million.

Due to carry-over funds and a few cancellations, we can commit up to \$13 million for 1980-81. This still would leave us \$1.4 million short of funding the July applicants, and more are being received in August. In all, we could be as much as \$3 million over-subscribed. We will not award beyond the \$13 million limit, because we do not wish to have a deficit similar to 1979. Instead, we shall employ the ranking system which the Legislature established for such an event. The system (a copy of which is enclosed) gives preference for continuing students, Alaskan longevity, and Alaskan attendance. All July applicants will be assigned points, and the highest ranking students will receive loan awards until we reach our \$13 million limit.

Representative Parr
August 19, 1980
Page 2

Why did this happen?

Based upon historical projections, we thought the average loan would be \$2,400 (up from \$2,173 last year). Unfortunately, the average is around \$2,900. It is true that the loan application volume is also high, but this could have been absorbed had the loan amount been in line with what has happened the last ten years. We knew costs were rising, but we had no idea that we would see such a jump this year. It should be noted that all these costs are verified and certified by the schools, so it is not a result of students "padding" expenses.

What can be done now?

In cooperation with the Governor's Office and the Legislative Finance Division, we have explored a number of ways to generate additional lending capacity. It was felt that since the loan program has always been a fully-funded program, every attempt should be made to meet the needs of the Alaskan students.

At a special Executive Committee meeting of the Postsecondary Commission on August 6, 1980, the Commission considered a number of staff recommendations. It was decided at that meeting that we should pursue additional federal funds in an amount sufficient to fully fund the loan program. This is possible through a "warehousing program" affiliated with the federal Guaranteed Student Loan Program.

For all federally-insured loans we disburse (and we have awarded approximately \$9 million in such loans for 1980-81), the warehousing program will allow us to borrow eighty cents on the dollar. The only collateral required is the loans themselves. The full faith and credit of the State of Alaska is not involved. The loans are 12 months in duration and provide a means to make additional loans in a year when demand exceeds funding capability. If the loan is not repaid, the students' contracts will be signed over to the federal banking authority, known as "Sallie Mae," and the student will have to repay that agency rather than the State of Alaska.

The Attorney General's Office has reviewed this concept and indicated that it is indeed a possible alternative.

Therefore, we propose to borrow up to \$3-to-4 million from Sallie Mae this year. We will then fund all loan applicants and, during the upcoming Legislative Session, we will request a supplemental appropriation to repay those borrowed funds. If the Legislature passes that supplemental request, we will pay off Sallie Mae, and retain all rights to the student loan contracts.

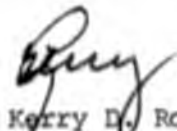
Representative Parr
August 19, 1980
Page 3

In the meantime, there will be a delay in getting loan funds to those students whose completed applications were not received by June 30. For this reason, we are sending all remaining unfunded applicants the letter of explanation which is enclosed for your reference. Since you may have a number of inquiries from constituents, we wanted you to be fully apprised of our actions.

When the Sallie Mae loan is completely negotiated, we will submit the request for receiving and expending these additional funds through the normal "RP" process, that is, the approval of the Governor and the Legislature through the Legislative Budget and Audit Committee.

Once this relationship has been established between Sallie Mae and the Commission, we may be able to avoid the lengthy delays if such an occurrence were to take place in the future. The decision which really needs to be made during the next session is whether or not the Legislature, faced with the great rise in demand for student loans, wishes this to remain a fully-funded non-discretionary program. Certainly the Commission, the students, and the educational community, in general, would endorse the continuation of this policy, but the budgetary implications most understandably will warrant study.

Sincerely,



Kerry D. Romesburg
Executive Director

Enclosures

STATE OF ALASKA

JAY S. HAMMOND, Governor

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

DIVISION OF STUDENT FINANCIAL AID

POUCH F - STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
PHONE: (907) 465-2962

MEMORANDUM

TO: All 1980-81 Alaska State Student Loan Applicants

FROM: Billie J. Hall
Loan Award Officer

Billie Jean Hall

DATE: August 11, 1980

Applications for Alaska State Student Loans for the 1980-81 school year have exceeded the total amount of funds available. We have been able to fully fund all persons applying by the May 15 deadline and have funded all persons who applied through June 30 (it should be noted that by "applied" we mean filed a complete and correct application).

Funds available will not enable us to fund all persons applying after June 30. We are, however, taking steps to provide additional loan capacity. If we are successful, all loans will be processed and you will receive the full amount for which you are qualified.

Unfortunately, there will be a delay in securing this additional funding capability, so you may not receive a loan award for some time (it could be from two to three months). If we are unsuccessful in our attempts to generate additional funds, the only new loans made will be done so if and when someone who already has a loan, cancels or returns that loan.

We apologize for the problems which this is going to cause, but the demand for loans has far exceeded the amount appropriated for the 1980-81 year. If we are able to fund your loan application, we will notify you immediately.

Sec. 14.40.767. Selection criteria. (a) The selection committee shall grant loans based on total point accumulations under this subsection with priority going to those applicants with the highest point accumulations, except as provided in (b) of this section for loan applications completed before May 15 of each year. Points shall be awarded to applicants based upon student status and continuous Alaskan residency, according to the following schedule:

(1) student status:

- (A) continuing undergraduate and graduate students with existing Alaska scholarship loans 4 points
- (B) continuing undergraduate and graduate students without existing Alaska scholarship loans 3 points
- (C) freshmen 2 points
- (D) new graduate students without existing Alaska scholarship loans 1 point

(2) continuous Alaskan residency:

- (A) students with continuous Alaskan residency of 10 years or more 3 points
- (B) students with continuous Alaskan residency of at least 5 years and less than 10 years 2 points
- (C) students with continuous Alaskan residency of more than 2 years and less than 5 years 1 point

(3) students attending Alaska colleges or universities 1 point

(b) In awarding loans the selection committee shall award loans to applicants based upon the earliest date of completed applications if

- (1) the applicant has accumulated at least 5 points under (a) of this section, and
- (2) the applicant has filed a completed application not later than May 15 of the year for which the loan is requested.

(Sec. 1 ch 98 SLA 1971; repealed and reenacted Sec. 2 ch 87 SLA 1979)

College tuition breaks the \$7,000 barrier ^{SB} ₁₂₀ _{file}

By LAURIE JOHNSTON
The New York Times

NEW YORK — The price of a college education, which hard-pressed parents have long said is going through the roof, has done just that — only there is apparently no longer a roof.

For 1981-82 undergraduates, tuition charges alone are crashing through the \$7,000 barrier for the first time. Total fees, including room and board, are not only shooting past \$10,000, but also emerging strong on the other side at such pace-setting schools as Harvard, Yale, Brown, Bennington, Columbia, the Massachusetts Institute of Technology, and Stanford.

At several campuses, they carry such canny price tags as Princeton's \$9,994.

Outstripping the inflation rate by several points, the increases will commonly be 15 percent and often more. A benchmark 20 percent rise has been announced by Boston's Northeastern University for four of its colleges, where freshmen will pay \$4,500 tuition, with a 16.7 percent rise to \$4,200 at the other colleges. Cornell's endowed colleges will go up 18 percent to \$7,000 tuition, with housing and dining increases expected to bring the

total to \$9,864.

The increases come at a time of severe concern over the Reagan administration's announced goal of limiting federal financial aid to students, and many schools are increasing their own budgets for student aid.

At Amherst college, which expects a 13 to 15 percent increase above the present \$8,450 comprehensive fee (compared with \$3,600 just 10 years ago), 70 percent of the students have federally guaranteed student loans. The college has budgeted its own financial help for 35 percent of next year's freshmen, as against 27 percent this year.

"If there's no major reduction in government loans and grants, we're in good shape," said Donald Routh, dean for financial aid. "If there are reductions, then we have some very real problems."

Putting the blame on inflation, college officials cite soaring costs of fuel and insulation programs, food and equipment, as well as relatively modest faculty and staff salary increases of 9 to 13 percent. Administrators note in passing that income from endowments and other sources is not keep-

ing pace with inflation.

Announcing that Yale's undergraduate bill would be \$10,340, President A. Bartlett Giamatti called it "as low as it can possibly be" in the face of energy costs, a decline in the purchasing power of endowments and Yale's decision to increase salaries.

Columbia and Barnard, which expect to announce increases of at least 12 percent, to about \$10,300 and \$8,840, respectively, are among the schools citing a need for improved security to justify the rises.

Total fees on nearly all campuses have at least doubled in the past decade — a period when the national consumer price index was rising 112 percent — and most picked up speed in the later years. At Brown University, for example, next year's \$10,242 comprehensive fee is up 110 percent from \$4,890 in 1970-71 and 78 percent from \$5,750 in 1975.

Princeton will break its own records with a 15 percent increase in tuition to \$7,250. The total charges come to \$9,994 — a 133 percent increase in the last decade. However, students and their families are urged to count also on an allowance of

\$1,055 (up from this year's \$975 estimate) for such expenses as books and laundry — not to mention the beer-and-skittles part of education — bringing the recognized total to \$11,049.

With a mere 12.3 percent rise in total fees, Bennington College in Vermont may still present the nation's most expensive undergraduate bill: \$10,560 for tuition, room and board. At Wesleyan University in Middletown, Conn., a planned 15 percent increase will bring student fees to \$9,780, of which \$6,850 is for tuition.

Like many other schools, Harvard University cited "steady inflation and rising energy costs" for its \$1,370 increase in undergraduate charges to \$10,540, with tuition alone up 15.5 percent to \$6,930.

Arch News 5/1/81

Justice cracks down on student borrowers

By THOMAS O'TOOLE
The Washington Post

WASHINGTON — The Justice Department began a broad new crackdown on student-loan defaults Monday with the filing of 501 lawsuits in three Ohio cities to recover more than \$860,000 in defaulted federal loans.

The suits are being filed in U.S. District Courts in Columbus, Dayton and Cincinnati by U.S. Attorney James C. Cissell, who says he is alarmed by the number of defaulted student loans across the country, and especially in the southern district of Ohio.

He said the amount in default in the National Direct

Student Loan Program administered by colleges in the southern district of Ohio was \$23.6 million, 76 percent more than the \$13.4 million taken in all the bank robberies in the country in 1978.

"The average loan in default in this district for this one program was \$947, which exceeded by \$421 the average amount taken by burglars," Cissell said. "Nationally, the amount in default for this single student-loan program was \$732 million, an amount more than four times greater than all robberies in the nation in 1978."

Today's suits to recover \$663,868.46 in defaulted student loans marks the second time in

the last two years that Cissell has cracked down on student-loan defaulters. The new suit brings to court more than three times the number of defaulters involved in the first suit and spotlights a trend in the Justice Department, which is sending out the message that holders of federal student loans can now expect to be sued if they default.

U.S. attorneys in Detroit, Cleveland and Milwaukee are cracking down on student-loan defaults with the same aggressiveness that Cissell's Cincinnati office is. The U.S. attorney in Cleveland is giving the names of alleged student-loan defaulters to local newspapers. The

U.S. attorney in Detroit used a new computerized system and a staff of seven paralegal technicians to track down loan defaulters and collect \$1.2 million last year alone.

Nationwide, the Justice Department network of 96 U.S. attorneys' offices collected more than \$23 million last year in student-loan defaults. Broken down, the collections represented \$12,752,885 in loans granted by the Veterans Administration and \$10,757,593 in loans made by the Department of Education.

To hear Cissell tell it, recipients who defaulted on their federal student loans were just about immune from prosecu-

tion until 1978. He says that U.S. attorneys didn't have the manpower or the machinery to cope with the rising number of defaulters, and that the colleges that administered student-loan programs were less

than enthusiastic about pursuing defaulters.

"One college administrator told me he didn't have the heart to go after loan defaults. He said it was like a father suing his son," Cissell said.