



Original sponsors: Hayes, Hurlbert,  
Adams, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 504 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the teacher scholarship loan  
7 program; and providing for an effective date."

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

9 \* Section 1. AS 14.43 is amended by adding new sections to read:

10 ARTICLE 7. TEACHER SCHOLARSHIP LOAN PROGRAM.

11 Sec. 14.43.600. FINDINGS AND INTENT. (a) The legislature finds  
12 that there is a wide and unacceptable disparity between the distribu-  
13 tion of Native teachers and Native students in rural elementary and  
14 secondary schools in the state. Many rural schools have virtually no  
15 Native teachers and no non-Native students. The undesirable effects  
16 of this disparity include the following:

17 (1) there is a serious weakness in the ability of teaching  
18 staffs in rural schools to foster a sense of Native traditions and  
19 cultures in the Native students;

20 (2) many rural students are forced to exist in two entirely  
21 separate situations: the essentially traditional atmosphere of many  
22 Native homes, and the essentially modern atmosphere of the classroom;

23 (3) almost no Native students return to rural schools to  
24 teach, continuing the imbalance and exacerbating its effects; and

25 (4) there is an annual turnover of 40 percent among teach-  
26 ers in rural educational attendance areas in the state.

27 (b) The legislature further finds that existing programs have  
28 failed to increase the proportion of Natives teaching in rural  
29 schools. Therefore, it is the intent of the legislature to establish

1 the teacher scholarship loan program to encourage rural high school  
2 graduates to return to rural schools as teachers and relieve the  
3 conditions described in this section.

4 Sec. 14.43.610. PROGRAM ESTABLISHED. There is established the  
5 teacher scholarship loan program to provide an incentive for rural  
6 high school graduates to pursue teaching careers in rural elementary  
7 and secondary schools in the state.

8 Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN FUND. There  
9 is created a teacher scholarship revolving loan fund. The fund shall  
10 be used to make scholarship loans to students selected under AS 14.-  
11 43.600 - 14.43.700. All repayments of principal and interest on  
12 teacher scholarship loans shall be paid into the teacher scholarship  
13 revolving loan fund and shall be used to make new teacher scholarship  
14 loans. If estimated funds available from teacher scholarship loan  
15 repayments are inadequate to fully fund estimated teacher scholarship  
16 loans for any fiscal year, additional funding from the general fund  
17 may be requested and appropriated for that year.

18 Sec. 14.43.630. ADMINISTRATION. (a) The teacher scholarship  
19 loan program shall be administered by the student financial aid com-  
20 mittee (AS 14.43.095) in accordance with regulations adopted by the  
21 committee. The committee shall

22 (1) allocate the loan awards available for teacher scholar-  
23 ship loans annually to local school boards giving a preference to  
24 rural school districts; and

25 (2) develop and distribute to the local school boards an  
26 application form for teacher scholarship loans; the form shall include  
27 a requirement that the applicant supply a high school academic trans-  
28 cript and a statement of intent to enter a teaching career at the  
29 elementary or secondary school level in the state.

1 (b) The local school boards shall select the recipients of the  
2 teacher scholarship loans according to the criteria in AS 14.43.650.

3 Sec. 14.43.640. CONDITIONS OF LOANS. (a) The conditions pro-  
4 vided in AS 14.43.120 apply to teacher scholarship loans except as  
5 otherwise provided in this section.

6 (b) If a borrower meets the conditions provided in (a) of this  
7 section and is employed as a teacher in a rural elementary or second-  
8 ary school, the portion of the loan that shall be paid by the state,  
9 notwithstanding AS 14.43.120(j), is the following percentages of the  
10 total loan received plus interest up to a total of 100 percent of the  
11 total loan:

- 12 (1) one year employment, 15 percent;
- 13 (2) two years employment, an additional 15 percent;
- 14 (3) three years employment, an additional 15 percent;
- 15 (4) four years employment, an additional 25 percent;
- 16 (5) over four years employment, an additional 30 percent.

17 (c) A loan may not exceed \$10,000 in a school year.

18 (d) Proceeds from a teacher scholarship loan may be used only  
19 for undergraduate expenses of books, tuition, required fees, room and  
20 board, and the transportation expense for two round trips between the  
21 loan recipient's home and school.

22 Sec. 14.43.650. SELECTION CRITERIA. (a) To be eligible for a  
23 teacher scholarship loan, a student must

24 (1) be a graduate of a public or private high school in the  
25 state, with sufficient credits to be admitted to an accredited college  
26 or university;

27 (2) be enrolled in or show evidence of intent to enroll in  
28 a degree program directed at a teaching career at the elementary or  
29 secondary school level;

1 (3) meet the conditions set by the student's local school  
2 board with respect to the district's requirements for teachers in  
3 particular subject areas; and

4 (4) submit to the local school board an application pro-  
5 vided by the student financial aid committee under AS 14.43.630(a)(3);  
6 an application may be submitted six months before graduation from high  
7 school.

8 (b) A local school board shall award teacher scholarship loans  
9 giving a preference to applicants from rural schools who meet the  
10 qualifications for a loan and taking into account the applicants'  
11 academic records.

12 (c) A student may not be awarded a scholarship loan under  
13 AS 14.43.090 - 14.43.150 and a teacher scholarship loan under AS 14.-  
14 43.600 - 14.43.700 for the same school year.

15 Sec. 14.43.700 DEFINITION. In AS 14.43.600 - 14.43.700, "rural"  
16 means a community in the state with a population of 4,500 or less.

17 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
18 10.070(c).

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE  
LETTER OF INTENT  
FOR  
COMMITTEE SUBSTITUTE FOR HOUSE BILL 504 (FINANCE)

It is the intent of the legislature that rural students who are/were displaced from their communities because of (a) inadequate school facilities, (b) by Division of Family and Youth Services (State of Alaska, Department of Health and Social Services), (c) health reasons, or (d) who have elected to or were required to attend a school in an urban setting, will be given the same preference as indicated in AS 14.43.650(b), added by Section 1 of this bill. The local school board shall select these students on a case-by-case basis.



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Al Adams, Chairman  
House Finance Committee

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 3-20-84

REQUEST

Bill/Resolution No.: CSHB504 (FIN)  
Title: Teacher Scholarship

FISCAL DETAIL

Agency Affected: Education  
Program Category Affected: Postsecondary  
Commission

Loans

Sponsor: Hayes, Hurlbert, et. al.

Requestor: House Finance

Date of Request: 3-20-84

BRU, Program or Subprogram(s) Affected:

Scholarship Loan Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	N.A.	-0-	-0-	-0-	-0-	-0-
CAPITAL	N.A.	164.5	348.8	554.6	783.7	830.8
REVENUE	N.A.	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	164.5	348.8	554.6	783.7	830.8
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Kerry D. Romesburg, Executive Director Phone: 465-2854  
Division: Alaska Commission on Postsecondary Ed. Date: 3-20-84

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

FISCAL ANALYSIS  
CSHB504

March 20, 1984

1. Estimated number of teacher scholarship loans available:

FY85	80
FY86	160
FY87	240
FY88	320
FY89	320

2. Since a student may not borrow both a teacher loan and a standard student loan, much of the cost would be off-set. The only addition, other than travel, would be for those eligible costs exceeding \$6,000. This is estimated to be \$2,500 for 25 students in FY85, and then is carried forward with a 6% inflation in future years. The result for costs, other than travel are:

FY85	\$ 62.5	FY87	\$210.7	FY89	\$315.7
FY86	\$132.5	FY88	\$297.8		

3. Travel estimated costs are compiled upon the assumption that half the students each year will attend in-state, and half will attend out-of-state. Two roundtrip airline trips have been projected from various Alaska sites to the following locations: Anchorage, Fairbanks, Portland, Phoenix, and Los Angeles. The additional travel costs are:

FY85	\$102.2	FY87	\$343.9	FY89	\$515.1
FY86	\$216.3	FY88	\$485.9		

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

*Rec'd  
5-2-84*

Revision Date: 5/1/84

REQUEST

Bill/Resolution No.: SCSCSHB 504  
Title: Teacher Scholarship Loans

Sponsor: Hayes, Hurlbert, et. al.  
Requestor: Senate Finance  
Date of Request: 5/1/84

FISCAL DETAIL

Agency Affected: Education  
Program Category Affected: Postsecondary  
Education Commission

BRU, Program or Subprogram(s) Affected: Scholarship Loan Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	N.A.	-0-	-0-	-0-	-0-	-0-
CAPITAL	N.A.	90.1	191.0	310.2	439.9	466.3
REVENUE	N.A.	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
GENERAL FUND	N.A.	90.1	191.0	310.2	439.9	466.3
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
FULL-TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Kerry D. Romesburg, *[Signature]* Executive Director Phone: 465-2854  
Division: Alaska Commission on Postsecondary Ed. Date: 5/1/84

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

FISCAL ANALYSIS  
SCSCSHB504

May 1, 1984

1. Estimated number of teacher scholarship loans available:

FY85	80
FY86	160
FY87	240
FY88	320
FY89	320

2. Since a student may not borrow both a teacher loan and a standard student loan, much of the cost would be off-set. The only add-on other than travel, would be for those eligible costs exceeding \$6,000. This is estimated to be \$1,500 for 25 students in FY85, and then is carried forward with a 6% inflation in future years. The result for costs, other than travel are:

FY85	\$37.5	FY87	\$126.4	FY89	\$189.4
FY86	\$79.5	FY88	\$178.7		

3. Travel estimated costs are compiled upon the assumption that half the students each year will attend in-state, and half will attend out-of-state. Two roundtrip airline trips have been projected from various Alaska sites to the following locations: Anchorage, Fairbanks, Portland, Phoenix, and Los Angeles. The additional travel costs are:

FY85	\$ 52.6	FY87	\$183.8	FY89	\$276.9
FY86	\$111.5	FY88	\$261.2		

LETTER OF INTENT  
HB504

It is the intent of the legislature that rural students who are/were displaced from their communities because of (a) inadequate school facilities, (b) by Division of Family and Youth Services (State of Alaska, Department of Health and Social Services), (c) health reasons, or (d) who have elected to or were required to attend a school in an urban setting, will be given the same preference as indicated in AS 14.43.650(b), added by Section 1 of this bill. The local school board shall select these students on a case-by-case basis.

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14 secondary schools in the state. Many rural schools have virtually no  
15 Native teachers and no non-Native students. The undesirable effects  
16 of this disparity include the following:

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19 cultures in the Native students;

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5 otherwise provided in this section.

6 (b) If a borrower meets the conditions provided in (a) of this  
7 section and is employed as a teacher in a rural elementary or secon-  
8 dary school, the portion of the loan that shall be paid by the state,  
9 notwithstanding AS 14.43.120(j), is the following percentages of the  
10 total loan received plus interest up to a total of 100 percent of the  
11 total loan:

- 12 (1) one year employment, 15 percent;
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- 14 (3) three years employment, an additional 15 percent;
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20 board, and the transportation expense for two round trips between the  
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25 state, with sufficient credits to be admitted to an accredited college  
26 or university;

27 (2) be enrolled in or show evidence of intent to enroll in  
28 a degree program directed at a teaching career at the elementary or  
29 secondary school level;

1 (3) meet the conditions set by the student's local school  
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3 particular subject areas; and

4 (4) submit to the local school board an application pro-  
5 vided by the student financial aid committee under AS 14.43.630(a)(3);  
6 an application may be submitted six months before graduation from high  
7 school.

8 (b) A local school board shall award teacher scholarship loans  
9 giving a preference to applicants from rural schools who meet the  
10 qualifications for a loan and taking into account the applicants'  
11 academic records.

12 (c) A student may not be awarded a scholarship loan under  
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16 means a community in the state with a population of 4,500 or less.

17 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
18 10.070(c).  
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23  
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25  
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STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 3/15/84

REQUEST

Bill/Resolution No.: CSHB 504 (LOANS)  
Title: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Education  
Program Category Affected: Postsecondary  
Commission

Sponsor: Hayes, Hurlbert, et. al.  
Requestor: House Finance  
Date of Request: 3-14-84

BRU, Program or Subprogram(s) Affected:  
Scholarship Loans

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	N.A.	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	N.A.					
<b>REVENUE</b>	N.A.	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	62.5	132.5	210.7	297.8	315.7
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Kerry D. Romesha  
Division: Commission on Postsecondary Education  
Phone: 465-2854  
Date: 3/15/84

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

CSHB 504 Fiscal Analysis

1. Estimated number of teacher scholarship loans available

FY 85	80
FY 86	160
FY 87	240
FY 88	320
FY 89	320

2. Since a student may not borrow both a teacher loan and a standard student loan, much of the cost would be off-set. The only addition would be for those eligible costs exceeding \$6,000. This is estimated to be an average of \$2,500 for 25 students in FY 85, and then this is carried forward with a 6% inflation for future years.

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 3/15/84

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Title: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Education  
Program Category Affected: Postsecondary  
Commission

Sponsor: Hayes, Hurlbert, et. al.

BRU, Program or Subprogram(s) Affected:

Requestor: House Finance

Scholarship Loans

Date of Request: 3-14-84

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	N.A.	-0-	-0-	-0-	-0-	-0-
CAPITAL	N.A.					
REVENUE	N.A.	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	62.5	132.5	210.7	297.8	315.7
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Kerry D. Romesburg

Phone: 465-2854

Division: Commission on Postsecondary Education

Date: 3/15/84

Approved by Commissioner: \_\_\_\_\_

Date: \_\_\_\_\_

Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
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12/1/83

CSHB 504 Fiscal Analysis

1. Estimated number of teacher scholarship loans available

FY 85	80
FY 86	160
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FY 88	320
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2. Since a student may not borrow both a teacher loan and a standard student loan, much of the cost would be off-set. The only addition would be for those eligible costs exceeding \$6,000. This is estimated to be an average of \$2,500 for 25 students in FY 85, and then this is carried forward with a 6% inflation for future years.

## SECTIONAL ANALYSIS OF CS HB 504 (LOANS)

Title: "An Act establishing the teacher scholarship loan program"

Findings and Intent. Lays out the rationale for establishing a program of scholarship loans for prospective teachers for rural schools.

Program and Fund Established. Creates the teacher scholarship revolving loan fund consisting of appropriations from the legislature and loan repayments.

Administration. States that the program will be administered by the Alaska Commission on Postsecondary Education. Gives local school boards the authority to select the students, but leaves administration of the actual loans to the Commission.

Conditions of Loans (Forgiveness and Maximum Loan Amount. If a borrower returns to teach in a rural school, the borrower becomes eligible to receive up to 100% forgiveness instead of the 50% available through the regular student loan program. The schedule for forgiveness is: one year employment -- 15%; two years -- 30%; three years -- 45%; four years -- 70%; over four years -- 100%.

A loan may not exceed \$10,000 per school year.

Selection (Eligibility) Criteria. Establishes eligibility criteria for borrowers as follows: (1) the student must be a graduate of an Alaskan high school with enough credits for admittance to an accredited college or university; (2) show evidence of seeking a teacher's degree; (3) meet the conditions set by the student's local school board relative to teacher requirements; and (4) submit a loan application.

School boards are required to award loans giving a preference to applicants from rural schools and by taking into account the student's academic record.

A student cannot borrow through this program and the regular student loan program at the same time.

Definition of Rural. "Rural" is defined as a community in the 2nd, 3rd, or 4th judicial district with 4,500 or less population not connected by road or rail to Anchorage or Fairbanks or in the 1st judicial district if 4,500 or less population (no road or rail requirement).

*Loans C.S. (*  
*The ~~original~~ before us today is*  
*referred to in this memorandum*  
*as version #2.*  
*in House Finance*

**DEPARTMENT OF LAW**

OFFICE OF THE ATTORNEY GENERAL

March 13, 1984

The Honorable Rick Uehling  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Re: Review of draft committee  
substitutes for HB 504

Dear Representative Uehling:

You have asked us to review two versions of draft committee substitutes for HB 504 and follow up on our memorandum of February 6 on the original HB 504.

In our memorandum of February 6, we identified three provisions of HB 504 that were subject to challenge under the equal protection clauses of the United States or Alaska constitutions. These were the provisions which (1) established a racial quota in the distribution of the loans; (2) excluded graduates of and teachers in private high schools from participation in the program; and (3) limited the availability of total forgiveness to teachers who teach in the district from which they graduated.

Both draft versions of the committee substitute we have reviewed eliminate the potential equal protection problems created by (2) and (3) above. Version #2 also eliminates the problem in (1). Version #1 is discussed below.

In our February 6 memorandum, we briefly discussed the analyses that the U.S. and Alaska Supreme Courts would apply in addressing legislation which makes a classification based on race or ethnicity. The critical step in either analysis is the determination of whether the ends sought to be achieved by the legislation could be achieved by any less discriminatory means. In HB 504, § 650 created a racial quota; that is, loans were required to be distributed strictly in proportion to the distribution of ethnic groups among eligible students. Version #1 has changed § 650 to eliminate the quota and require that

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE  
SUITE 200  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 276-3550

1st NATIONAL CENTER  
100 CUSHMAN ST.  
SUITE 400  
FAIRBANKS, ALASKA 99701  
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

465-3603

The Honorable Rick Uehling  
Representative  
Re: HB 504

March 13, 1984  
Page 2

loans be awarded "giving a preference to Natives" who are qualified. This is less restrictive than the original provision, in that it does not establish an inflexible rule of distribution on the basis of race, but only requires that a preference be given to Natives. However, courts have still found "preferences" to be discriminatory, 1/ and a racial preference would be subject to the same rigorous analysis as a racial quota, i.e., are there any less discriminatory means of achieving the legislation's identified goals? Only if the answer to that question is "no", will a racial preference be upheld. 2/

Please let us know if we can be of any further assistance.

Sincerely,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By: *Linda Scoccia*  
Linda Scoccia  
Assistant Attorney General

LS:gmw

---

1/ In a very recent case, United Bldg. & Constr. Trades Council v. Mayor and Council of the City of Camden, \_\_\_\_\_ U.S. \_\_\_\_\_, No. 81-2110, February 21, 1984, the United States Supreme Court examined an ordinance which originally required that at least 40% of contractors and subcontractors working on city construction projects be Camden residents. During the course of the appeal the ordinance was amended, and by the time the case was heard by the Supreme Court the 40% resident hiring requirement was changed from a strict quota to simply a "goal" with which good faith efforts of compliance were required. The court still found that the ordinance discriminates against out-of-state residents and remanded the case for determination of whether facts exist which would justify the discrimination.

2/ In Fullilove v. Klutznick, 448 U.S. 448, 100 S.Ct. 2758, 65 L.Ed. 2d 902 (1980), the Supreme Court upheld a law that provided a 10% preference for minority businesses in the award of certain public contracts. The Court found that the purpose of the law was to remedy the present effects of past discrimination which had denied minority businesses effective participation in public contracting opportunities, and that traditional procurement practices, without the requirement of minority preference, would perpetuate the effects of past discrimination.

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

February 24, 1984

SUBJECT: Affirmative action--teacher  
scholarship loan program  
(CSHB 504 (HESS))

TO: Representative Rick Uehling

FROM: Keith B. Levy *KBL*  
Legislative Counsel

You have requested an opinion on the constitutional issues raised by CSHB 504 (HESS). As you are aware, any legislation which creates classifications based on race or ethnic background will be subject to close judicial scrutiny if challenged in the courts. In establishing the teacher scholarship loan program, the bill creates a racial classification and could therefore be subject to challenge. Although I believe that the bill could withstand a constitutional challenge, it does raise a number of significant constitutional issues.

In University of California Regents v. Bakke, 438 U.S. 265, 57 L.Ed.2d 750 (1978) the United States Supreme Court issued a divided opinion on the subject of "affirmative action". While no five justices could agree on a single opinion, the opinion of the Court lends some guidance to future treatment of affirmative action programs.

Bakke, a white male, was denied admission to a medical school run by the state and he challenged the state's admission procedures as violative of the Equal Protection clause of the Fourteenth Amendment to the United States Constitution. The school accepted a quota of a certain percentage of minority students. Bakke claimed that this constituted unfair racial discrimination in violation of the federal constitution. The Court ruled that racial and ethnic distinctions are subject to strict scrutiny, but a preferential classification using race as a factor would not be unconstitutional. However, a preferential classification establishing a racial quota would be unconstitutional unless it is

precisely tailored to serve a compelling governmental interest. Moreover, the burden is on the state to prove that the quota meets this criterion.

Under this test, the Court struck down the school's admission procedure saying that the state had failed to establish a compelling interest on which to justify the racial quota. In doing so, the Court rejected several of the state's justifications for the program. Specifically, the medical school's racial quota could not be justified: (1) solely to insure that the school contained a certain percentage of racial minorities; (2) to increase the number of physicians practicing in underserved areas, since the state couldn't prove that the program was likely to have that result; or (3) to counter the effects of "social discrimination" generally. The only justification for such an affirmative action program would be to counter the effects of specific identified discrimination, the Court said.

In a more recent case, Fullilove v. Klutznick, 448 U.S. 448, 65 L.ED.2d 902 (1980), the United States Supreme Court upheld a racial quota in the Federal Public Works Employment Act of 1977. The "minority business enterprise" provision of the Act required a minimum of 10 percent of federal funds granted for local public works projects to be used to contract with businesses owned by "minority group members." As in Bakke, no five members of the Court in Fullilove could agree on a single opinion. But the opinion of the Court stated that Congress could use a racial quota to avoid perpetuation of the effects of prior discrimination. The decision indicates that the court is leaning toward approval of affirmative action programs aimed at relieving the effects of past discrimination.

There are two provisions in the teacher scholarship loan program which raise the "affirmative action" problem. AS 14.43.630, added by section 1 of the bill, provides that the funds available for the loans shall be distributed to the local school boards by "giving a preference to school districts with a high percentage of Native students and a low percentage of Native teachers.

AS 14.43.650(b), also added by the bill, requires the local school boards to award teacher scholarship loans "giving a preference to Native students that meet the qualifications for a loan." Since both of these provisions merely give a preference to Native students, rather than establishing a

Representative Rick Uehling  
Page 3  
February 24, 1984

quota, they stand a good chance of surviving a constitutional attack under the Bakke decision.

However even the Native preference provisions will be given strict scrutiny by the Court if challenged. To withstand the challenge, the legislature will have the burden of showing that the provisions are aimed at a compelling state interest, e.g., remedying past racial discrimination. The state would also have to prove that the provisions are precisely tailored to do this.

Under the apparent rationale of the Bakke decision, the legislature would have to show that the Native preference is aimed at relieving actual past discrimination in the hiring of Native teachers and that it would actually have the effect of relieving the results of that discrimination. Moreover, the court would probably not accept the legislature's mere claims of past discrimination; the state would have to show evidence of such discrimination. Assuming that the state can make this showing, however, the teacher scholarship loan program would probably survive judicial scrutiny.

If the legislature wishes to circumvent the potential constitutional problems altogether, I would recommend removing the Native preference and substituting a preference for rural areas, or something to that effect. Removing the racial classification would have the effect of changing the test the Court would use if the provisions were challenged. If the classification were rural rather than racial, the Court would only require that the classification have a "rational basis", rather than a "compelling state interest", required under the strict scrutiny test. The rational basis test requires only that the state show that the legislation is rationally related to some legitimate end. It is a very easy burden for the state to meet, as opposed to the compelling interest standard which is very difficult to satisfy.

In conclusion, CSHB 504 (HESS) presents some significant constitutional problems, which may or may not survive a legal challenge. To remove the constitutional issues altogether, the legislature could use some classification other than the present preference for Natives, such as a rural classification.

KBL:ojb  
J4/002



*Called and explained to him that there is no problem.*  
-L

Fortuna Ledge P. O.

(907) 679-6112

Marshall, Alaska 99585

February 23, 1984

The Honorable Representatives Hayes, Hurlbert, Adams, Abood, Barnes, Bussell, Cato, Cowdery, Davis, Fuller, Furnace, Grussendorf, Herrmann, Koponen, Lindauer, Liska, Malone, Martin, M.W. Miller, Ringstad, Shultz, Szymanski, Uehling, Ward, Zharoff, Fritz, Bettisworth and McBride  
House of Representatives  
State of Alaska  
Juneau, Alaska 99801

Dear Committee Members:

At our recent Advisory School Board Meeting we reviewed the proposed House Bill No. 504, regarding State educational loans. We found the findings and intent portion of the Bill to be not only true, but also stating concerns we have discussed often. As we continued with the reading of the Bill, however, we found that section 14.43.650, Selection Criteria, has restricted a group of highly desirable potential teachers from being eligible.

We are pleased that graduating students may have the financial help needed to continue their education and feel the State of Alaska is very generous in providing funds for them. However, we feel the Bill overlooks those former graduates who, for whatever reason, decided to put off going to college for a year or two. There are many capable and desirable people in this group who have worked other available jobs and now have the maturity and drive needed to continue their education. But then now find they lack adequate financial help.

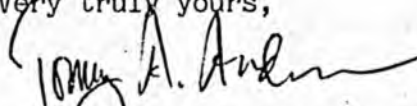
The most noteworthy group being excluded from House Bill 504, we feel, are those individuals who have gained experience working in our schools as classroom aides. Many are highly capable aides with high potential for making excellent teachers. House Bill 504 with its recent six month graduate restriction eliminates this highly desirable group.

Letter to House of Representatives  
House Bill No. 504  
Page two

It is our hope that the committee re-assess the Selection Criteria outlined in House Bill 504 and change the recent graduate requirement to allow for these highly desirable individuals.

Thank you for your time and consideration on this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tommy A. Andrew". The signature is written in a cursive style with a large, prominent initial "T".

Tommy A. Andrew, Chairperson  
Advisory School Board

TAA:te

STATE OF ALASKA  
**DEPARTMENT OF LAW**

OFFICE OF THE ATTORNEY GENERAL

February 6, 1984

**BILL SHEFFIELD, GOVERNOR**

REPLY TO:

1031 W 4th AVENUE  
SUITE 200  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 276-3550

1st NATIONAL CENTER  
100 CUSHMAN ST.  
SUITE 400  
FAIRBANKS, ALASKA 99701  
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

465-3603

The Honorable Mae Tischer  
Alaska State House  
Pouch V  
Juneau, AK 99811

Dear Representative Tischer:

You have asked us to review HB 504, "[a]n Act establishing the teacher scholarship loan program." This bill raises several constitutional and legal questions which we briefly address below.

Several provisions of this proposed legislation are subject to challenge under the equal protection clauses of the United States or Alaska Constitutions. These concern (1) the establishment of racial quotas in loan distribution; (2) the exclusion of graduates of private high schools, and (3) the limitation of total forgiveness to teachers who teach in the district from which they graduated. Another constitutional issue raised by this bill concerns the prohibition against dedicated funds.

The United States Supreme Court has adopted a "two-tiered" analysis for evaluating most legislative classifications challenged under the federal equal protection clause. A classification which is "suspect" or impinges upon a "fundamental right" is subject to "strict scrutiny." A law that makes a classification based on race or ethnicity is "suspect" and, consequently, will be closely examined by the court to determine whether (1) it is supported by a compelling state interest, and (2) whether the racial or ethnic classification is necessary to promote that state interest. The first equal protection issue identified above would be analyzed under this test. The second and third do not involve suspect classifications or fundamental rights and, therefore, under federal law would be subjected to the less demanding standard of whether (1) the classification promotes a legitimate state interest, and (2) whether the means chosen to achieve that interest is rational.

The Honorable Mae Tischer  
Representative  
Re: HB 504

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Page 2

The Alaska Supreme Court has adopted a single standard of review for equal protection questions arising under the Alaska Constitution which is more rigorous than the federal "rational basis" test and, in areas involving suspect classifications and fundamental rights, is comparable to the federal standard. The Alaska Supreme Court would inquire as to the purposes of the statute and the circumstances surrounding it to determine whether those purposes are legitimate and fall within the police power of the state. Then the court would determine whether the means chosen "substantially furthers the goals of the enactment." Finally, the court would balance the state interest in the chosen means against the nature of the constitutional right involved. State v. Erickson, 574 P.2d 1, 12 (Alaska 1978); Isakson v. Rickey, 550 P.2d 359 (Alaska 1976).

Under section 650(b), the award of loans is to be "in direct proportion to the distribution of ethnic groups" among eligible students. This provision establishes a racial quota and would be subject to close examination under both federal and state law.

We have serious reservations regarding the ability of the bill to survive an equal protection challenge, under either the federal or state analyses described above, to the ethnic classification of § 650(b). Even if the court were to find the purposes of the bill, as expressed in sections 600 and 610 to be compelling ones, which cannot be assumed, the court would closely scrutinize the means chosen to achieve those ends. Since the means employ ethnic criteria, the bill would fall if the court were to find that the ends could be achieved by less discriminatory means. An example may be helpful. In a school district with 90 percent Alaska Natives, and 10 percent non-Natives, if there were 10 loans to be awarded, nine would be available for distribution to Alaska Native students and one for a non-Native student. If only eight Alaska Natives and two non-Natives applied for loans, the bill would require that only one non-Native get a loan, despite the shortage of Alaska Native applicants. The quota in § 650(b) is not expressed as simply a preference, but as an inflexible mandate, which may not be necessary to accomplish the stated objectives. <sup>1/</sup> Of course, if it could be shown that the means employed in this legislation are

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<sup>1/</sup> This example is for illustrative purposes only and is not meant to suggest that substituting a preference for the existing quota would necessarily render it constitutionally permissible.

The Honorable Mae Tischer  
Representative  
Re: HB 504

February 6, 1984  
Page 3

essential to remedy problems identified in § 600 and 610, or problems that could be identified, 2/ the provisions of § 650(b) could be upheld.

The second equal protection issue arises with respect to the restriction of this program to graduates of public high schools. Although § 610 states that the purpose of the bill is to provide an incentive "for graduates of Alaskan high schools ...", and § 600 identifies problems found in rural schools, § 640 and 650 restrict participation to graduates of public schools, and the forgiveness benefits are only available to those who teach in public high schools. If the preservation and pedagogical use of cultural heritage and traditions, through inducement of rural students to return and teach in rural areas, is the main objective of the bill, the restriction to graduates of and teachers in public high schools would not seem to further that goal. Consequently, this provision may also be subject to challenge under state, if not federal, law.

The forgiveness provision in § 640(2) also raises equal protection concerns. Under § 640(2), total forgiveness is available only to students who return to teach in the school districts from which they graduate. Assuming the main purpose of the bill is that stated above, it would seem that a return to the general area or culture in which the student was raised would suffice to achieve it. 3/ It appears unlikely that each school district is so culturally distinct as to justify such a restriction.

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2/ In a recent case the United States Supreme Court upheld a law that employed racial and ethnic criteria. The case involved a federal law giving a 10 percent preference for minority businesses in the award of certain contracts, with the intent of remedying the present effects of past discrimination. Before a legislative body can predicate a race-conscious remedy on redressing past discrimination, however, findings of past discrimination sufficient to justify that remedy must be made. *Valentine v. Smith*, 654 F.2d 503 (8th Cir 1981). Our brief review has uncovered no cases which sanction the use of a racial or ethnic quota where there are not factual findings that the racial imbalance sought to be remedied is due to past discrimination.

3/ Additionally, it should be considered that many rural school districts will have a limited capacity to absorb new teachers,  
(Footnote Continued)

The Honorable Mae Tischer  
Representative  
Re: HB 504

February 6, 1984  
Page 4

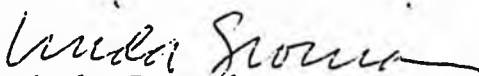
A constitutional problem of a different nature arises with respect to administration of the loan program under § 620. That section establishes the program as a revolving loan fund in which all repayments of principal and interest are put back into the fund and used to make new loans. This may contravene the constitutional prohibition against dedicated funds. Alaska Const., art IX, sec. 7. However, this department has indicated that it will defend such legislation until this issue is definitively resolved. 13 Op. Atty. Gen. Nov. 30, 1982.

We suggest, finally, that the term "ethnic minority" be defined to obviate questions of statutory interpretation that might arise as this program is implemented. For example, it is unclear whether each group in a community composed of Tlingits, Haidas, and Tsimpshians would be considered members of a single "Alaska Native" ethnic group, or whether each would be considered a distinct ethnic group.

If you have any other questions about this bill, please do not hesitate to contact us.

Sincerely yours,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:   
Linda Scotia  
Assistant Attorney General

LS:jal

cc: Arthur H. Peterson

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(Footnote Continued)  
and a teacher who is unable to get a job in his or her school district of origin may be in effect penalized as a result, by being ineligible for forgiveness under § 640(b).

# MEMORANDUM

# State of Alaska

TO: The Honorable Mae Tischer  
Alaska State Representative  
Chairman, House Health  
& Social Services

DATE: February 2, 1984

FILE NO:

TELEPHONE NO: 465-2800

FROM: Harold Reynolds  
Commissioner  
Department of Education

SUBJECT: HB 504: Teacher Scholarship  
Loan Program

The State Board of Education addressed HB 504 during the State Board meeting in Juneau, January 31, 1984. The Board voted approval of the concept of a loan program to encourage Alaskan ethnic minorities to enter the teaching profession. There were several areas which they felt needed further clarification in consideration of the legislation:

1. The findings and intent focus on problems experienced in rural Alaska, but the bill would allow any ethnic minority student to be eligible, including those from the urban Alaskan districts, with forgiveness tied to that teacher returning to the district from which he came. The State Board expressed some confusion as to whether this is what was intended by the sponsors, or if the intent was to limit the loan program to just rural ethnic minority students. If it is to be limited to rural students a definition of rural students should be included in the legislation.

2. The State Board of Education felt the criteria for forgiveness was too restrictive by requiring that a student return to teach in the district from which he graduated. The district from which he graduated may have no openings when the teacher is ready to return to teach. If that student returns to teach in another Alaskan school district, other than the district from which he graduated, the State still receives the benefit of the ethnic minority in the teaching role. If it is the intent of the legislation to assure that students return to teach in rural Alaska, this might also be accomplished by expanding Sec. 14.43.640(2) to include "employed as a public school teacher in the district from which he graduated or another rural Alaskan school district." This amendment would also require that rural school district be defined in a definitions section.

3. The State Board of Education felt that the loan should be available to a student who, after completing an academic major (i.e. history, English, science), decides to return to college for a fifth year of study for the purpose of teacher training. As the legislation is currently drafted, it prohibits loans for graduate study.

4. The State Board of Education felt that the loan program should also be available to Alaskan ethnic minority students

The Honorable Mae Tischer  
February 2, 1984  
Page 2

attending high school outside the State who desire to enter the teaching profession and return to the State to teach.

The legislation appears to be an excellent step towards encouraging Alaskan ethnic minorities into the teaching profession and providing incentives to return Native Alaskans to rural areas to teach. Your consideration of the State Board of Education's recommendations is appreciated.

cc: Ernestine Griffin, President  
State Board of Education  
Rep. Joe L. Hayes  
Rep. Vernon L. Hurlbert  
Rep. Albert P. Adams  
Rep. Mitchell E. Abood, Jr.  
Rep. Ramona L. Barnes  
Rep. Charlie Bussell  
Rep. Bette Cato  
Rep. John Cowdery  
Rep. Mike Davis  
Rep. John G. "Jack" Fuller  
Rep. Walt Furnace  
Rep. Ben F. Grussendorf  
Rep. Adelheid Herrmann  
Rep. Nilo Koponen  
Rep. John Lindauer  
Rep. John L. Liska  
Rep. Hugh Malone  
Rep. Terry Martin  
Rep. Mike W. Miller  
Rep. John Ringstad  
Rep. Richard Schultz  
Rep. Mike Symanski  
Rep. Rick Uehling  
Rep. Jerry Ward  
Rep. Fred Zharoff  
Rep. Milo Fritz  
Rep. Robert H. Bettisworth  
Rep. Jack McBride

Offered: 3/14/84  
Referred: Finance

Original sponsors: Hayes, Hurlbert,  
Adams, et al

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 504 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the teacher scholarship loan  
7 program."

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

9 \* Section 1. AS 14.43 is amended by adding new sections to read:

10 ARTICLE 7. TEACHER SCHOLARSHIP LOAN PROGRAM.

11 Sec. 14.43.600. FINDINGS AND INTENT. (a) The legislature finds  
12 that there is a wide and unacceptable disparity between the distribu-  
13 tion of Native teachers and Native students in rural elementary and  
14 secondary schools in the state. Many rural schools have virtually no  
15 Native teachers and no non-Native students. The undesirable effects  
16 of this disparity include the following:

17 (1) there is a serious weakness in the ability of teaching  
18 staffs in rural schools to foster a sense of Native traditions and  
19 cultures in the Native students;

20 (2) many rural students are forced to exist in two entirely  
21 separate situations: the essentially traditional atmosphere of many  
22 Native homes, and the essentially modern atmosphere of the classroom;

23 (3) almost no Native students return to rural schools to  
24 teach, continuing the imbalance and exacerbating its effects; and

25 (4) there is an annual turnover of 40 percent among teach-  
26 ers in rural educational attendance areas in the state.

27 (b) The legislature further finds that existing programs have  
28 failed to increase the proportion of Natives teaching in rural  
29 schools. Therefore, it is the intent of the legislature to establish

1 the teacher scholarship loan program to encourage rural high school  
2 graduates to return to rural schools as teachers and relieve the  
3 conditions described in this section.

4 Sec. 14.43.610. PROGRAM ESTABLISHED. There is established the  
5 teacher scholarship loan program to provide an incentive for rural  
6 high school graduates to pursue teaching careers in rural elementary  
7 and secondary schools in the state.

8 Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN FUND. There  
9 is created a teacher scholarship revolving loan fund. The fund shall  
10 be used to make scholarship loans to students selected under AS 14.-  
11 43.600 - 14.43.700. All repayments of principal and interest on  
12 teacher scholarship loans shall be paid into the teacher scholarship  
13 revolving loan fund and shall be used to make new teacher scholarship  
14 loans. If estimated funds available from teacher scholarship loan  
15 repayments are inadequate to fully fund estimated teacher scholarship  
16 loans for any fiscal year, additional funding from the general fund  
17 may be requested and appropriated for that year.

18 Sec. 14.43.630. ADMINISTRATION. (a) The teacher scholarship  
19 loan program shall be administered by the student financial aid com-  
20 mittee (AS 14.43.095) in accordance with regulations adopted by the  
21 committee. The committee shall

22 (1) allocate the loan awards available for teacher scholar-  
23 ship loans annually to local school boards giving a preference to  
24 rural school districts; and

25 (2) develop and distribute to the local school boards an  
26 application form for teacher scholarship loans; the form shall include  
27 a requirement that the applicant supply a high school academic trans-  
28 cript and a statement of intent to enter a teaching career at the  
29 elementary or secondary school level in the state.

1 (b) The local school boards shall select the recipients of the  
2 teacher scholarship loans according to the criteria in AS 14.43.650.

3 Sec. 14.43.640. CONDITIONS OF LOANS. (a) The conditions pro-  
4 vided in AS 14.43.120 apply to teacher scholarship loans except that  
5 loans may not be made to graduate students.

6 (b) If a borrower meets the conditions provided in (a) of this  
7 section and is employed as a teacher in a rural elementary or second-  
8 ary school, the portion of the loan that shall be paid by the state,  
9 notwithstanding AS 14.43.120(j), is the following percentages of the  
10 total loan received plus interest up to a total of 100 percent of the  
11 total loan:

- 12 (1) one year employment, 15 percent;
- 13 (2) two years employment, an additional 15 percent;
- 14 (3) three years employment, an additional 15 percent;
- 15 (4) four years employment, an additional 25 percent;
- 16 (5) over four years employment, an additional 30 percent.

17 (c) A loan may not exceed \$10,000 in a school year.

18 Sec. 14.43.650. SELECTION CRITERIA. (a) To be eligible for a  
19 teacher scholarship loan, a student must

20 (1) be a graduate of a public or private high school in the  
21 state, with sufficient credits to be admitted to an accredited college  
22 or university;

23 (2) be enrolled in or show evidence of intent to enroll in  
24 a degree program directed at a teaching career at the elementary or  
25 secondary school level;

26 (3) meet the conditions set by the student's local school  
27 board with respect to the district's requirements for teachers in  
28 particular subject areas; and

29 (4) submit to the local school board an application

1 provided by the student financial aid committee under AS 14.43.-  
2 630(a)(3); an application may be submitted six months before gradua-  
3 tion from high school.

4 (b) A local school board shall award teacher scholarship loans  
5 giving a preference to applicants from rural schools who meet the  
6 qualifications for a loan and taking into account the applicants'  
7 academic records.

8 (c) A student may not be awarded a scholarship loan under AS 14.  
9 43.090 - 14.43.160 and a teacher scholarship loan under AS 14.43.600 -  
10 14.43.700 for the same school year.

11 Sec. 14.43.700 DEFINITION. In AS 14.43.600 - 14.43.700, "rural"  
12 means

13 (1) a community in the second, third, or fourth judicial  
14 district of the state with a population of 4,500 or less that is not  
15 connected by road or rail to Anchorage or Fairbanks; or

16 (2) a community in the first judicial district of the state  
17 with a population of 4,500 or less.

Offered: 2/28/84  
Referred: House Special Committee  
on State Loans and Finance

Original sponsors: Hayes, Hurlbert,  
Adams, et al

1 IN THE HOUSE  
2  
3 CS FOR HOUSE BILL NO. 504 (HESS)  
4 IN THE LEGISLATURE OF THE STATE OF ALASKA  
5 THIRTEENTH LEGISLATURE - SECOND SESSION  
6 A BILL  
7 For an Act entitled: "An Act establishing the teacher scholarship loan  
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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
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16 have virtually no Native teachers and no non-Native students. The  
17 undesirable effects of this disparity include the following:  
18 (1) there is a serious weakness in the ability of teaching  
19 staffs, particularly in rural schools, to foster a sense of Native  
20 traditions and cultures in the Native students;  
21 (2) many rural students are forced to exist in two entirely  
22 separate situations: the essentially traditional atmosphere of many  
23 Native homes, and the essentially modern atmosphere of the classroom;  
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25 teach, continuing the imbalance and exacerbating its effects; and  
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27 ers in rural educational attendance areas in the state.  
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1 the teacher scholarship loan program to encourage Natives to return to  
2 rural schools as teachers and relieve the conditions described in this  
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23 scholarship loans annually to local school boards giving a preference  
24 to school districts with a high percentage of Native students and a  
25 low percentage of Native teachers;

26 (2) designate the secondary and elementary schools that  
27 have a high percentage of Native students for the purposes of  
28 AS 14.43.640(b); and

29 (3) develop and distribute to the local school boards an

1 application form for teacher scholarship loans; the form shall include  
2 a requirement that the applicant supply a high school academic trans-  
3 cript and a statement of intent to enter a teaching career at the  
4 elementary or secondary school level in the state.

5 (b) The local school boards shall select the recipients of the  
6 teacher scholarship loans according to the criteria in AS 14.43.650.

7 Sec. 14.43.640. CONDITIONS OF LOANS. (a) The conditions pro-  
8 vided in AS 14.43.120 apply to teacher scholarship loans except that  
9 loans may not be made to graduate students.

10 (b) If a borrower meets the conditions provided in (a) of this  
11 section and is employed as a teacher in a school designated by the  
12 student financial aid committee as having a high percentage of Native  
13 students, the portion of the loan that shall be paid by the state,  
14 notwithstanding AS 14.43.120(j), is the following percentages of the  
15 total loan received plus interest up to a total of 100 percent of the  
16 total loan:

- 17 (1) one year employment, 15 percent;
- 18 (2) two years employment, an additional 15 percent;
- 19 (3) three years employment, an additional 15 percent;
- 20 (4) four years employment, an additional 25 percent;
- 21 (5) over four years employment, an additional 30 percent.

22 (c) A loan may not exceed \$10,000 in a school year.

23 Sec. 14.43.650. SELECTION CRITERIA. (a) To be eligible for a  
24 teacher scholarship loan, a student must

25 (1) be a graduate of, or scheduled for graduation within  
26 six months from, a public or private high school in the state, with  
27 sufficient credits to be admitted to an accredited college or  
28 university;

- 29 (2) be enrolled in or show evidence of intent to enroll in

1 a degree program directed at a teaching career at the elementary or  
2 secondary school level;

3 (3) meet the conditions set by the student's local school  
4 board with respect to the district's requirements for teachers in  
5 particular subject areas; and

6 (4) submit to the local school board an application pro-  
7 vided by the student financial aid committee under AS 14.43.630(a)(3).

8 (b) A local school board shall award teacher scholarship loans  
9 giving a preference to Native students that meet the qualifications  
10 for a loan and taking into account the students' academic records.

11 (c) A student may not be awarded a scholarship loan under  
12 AS 14.43.090 - 14.43.160 and a teacher scholarship loan under AS 14.-  
13 43.600 - 14.43.700 for the same school year.

14 Sec. 14.43.700. DEFINITION. In AS 14.43.600 - 14.43.700,  
15 "Native" means any person who is a descendant of a member of the  
16 aboriginal races inhabiting the state when annexed to the United  
17 States, or who is a descendant of an Indian or Eskimo who, since the  
18 year 1867 and prior to June 30, 1952, migrated into the state from  
19 Canada, and who is a descendant having at least one-quarter blood  
20 derived from these ancestors.

Introduced: 1/10/84  
Referred: Health, Education & Social  
Services, House Special Committee on  
State Loans and Finance

BY HAYES, HURLBERT, ADAMS, ABOOD,  
BARNES, BUSSELL, CATO, COWDERY, DAVIS,  
FULLER, FURNACE, GRUSSENDORF, HERRMANN  
KOPONEN, LINDAUER, LISKA, MALONE,  
MARTIN, M.W.MILLER, RINGSTAD, SHULTZ,  
SZYMANSKI, UEHLING, WARD, ZHAROFF,  
FRITZ, BETTISWORTH AND MCBRIDE

1 IN THE HOUSE

2

HOUSE BILL NO. 504

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act establishing the teacher scholarship loan  
7 program."

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

9 \* Section 1. AS 14.43 is amended by adding new sections to read:

10 ARTICLE 7. TEACHER SCHOLARSHIP LOAN PROGRAM.

11 Sec. 14.43.600. FINDINGS AND INTENT. (a) The legislature finds  
12 that there is a wide and unacceptable disparity between the ethnic  
13 distribution of teachers and the ethnic distribution of students in  
14 the state public schools. Particularly in rural areas, many schools  
15 have virtually no Native teachers and no non-Native students. The  
16 undesirable effects of this disparity include the following:

17 (1) there is a serious weakness in the ability of teaching  
18 staffs, particularly in rural schools, to foster a sense of ethnic  
19 traditions and cultures in the students;

20 (2) many rural students are forced to exist in two entirely  
21 separate situations: the essentially traditional atmosphere of many  
22 Native homes, and the essentially modern atmosphere of the classroom;

23 (3) almost no students among the state's ethnic minorities  
24 return to rural schools to teach, continuing the ethnic imbalance and  
25 exacerbating its effects; and

26 (4) there is an annual turnover of 40 percent among teach-  
27 ers in rural educational attendance areas in the state.

28 (b) The legislature further finds that existing programs have  
29 failed to increase the proportion of members of ethnic minorities

1 teaching in rural schools. Therefore, it is the intent of the legis-  
2 lature to establish the teacher scholarship loan program to encourage  
3 members of ethnic minorities to return to rural schools as teachers  
4 and relieve the conditions described in this section.

5 Sec. 14.43.610. PROGRAM ESTABLISHED. There is established the  
6 teacher scholarship loan program to provide an incentive for graduates  
7 of Alaska high schools who are from ethnic minorities to pursue teach-  
8 ing careers in Alaska schools.

9 Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN FUND. There  
10 is created a teacher scholarship revolving loan fund. The fund shall  
11 be used to make scholarship loans to students selected under AS 14.-  
12 43.600 - 14.43.650. All repayments of principal and interest on  
13 teacher scholarship loans shall be paid into the teacher scholarship  
14 revolving fund and shall be used to make new teacher scholarship  
15 loans. If estimated funds available from teacher scholarship loan  
16 repayments are inadequate to fully fund estimated teacher scholarship  
17 loans for any fiscal year, additional funding from the general fund  
18 may be requested and appropriated for that year.

19 Sec. 14.43.630. ADMINISTRATION. The teacher scholarship loan  
20 program shall be administered by the student financial aid committee  
21 (AS 14.43.095) in accordance with regulations adopted by the  
22 committee. The committee shall distribute the funds available for  
23 teacher scholarship loans annually to local school boards giving a  
24 preference to school districts with a high percentage of students in  
25 ethnic minorities and a low percentage of teachers in ethnic  
26 minorities. The local school boards shall select the recipients of  
27 the teacher scholarship loans.

28 Sec. 14.43.640. CONDITIONS OF LOANS. Each school district shall  
29 award teacher scholarship loans subject to the following conditions:

1           (1) the conditions provided in AS 14.43.120 apply except  
2 that no loans may be made to graduate students and the state shall  
3 repay a portion of a teacher scholarship loan under AS 14.43.120(j)  
4 only if, in addition to the other criteria, the borrower is also  
5 employed as a public school teacher in the state during the period for  
6 which the loan is forgiven;

7           (2) if a borrower meets the conditions provided in para-  
8 graph (1) of this section and is employed as a public school teacher  
9 in the district from which the borrower graduated, the portion of the  
10 loan that shall be paid by the state is the following percentages of  
11 the total loan received plus interest up to a total of 100 percent of  
12 the total loan:

- 13                   (A) one year employment, 15 percent;
- 14                   (B) two years employment, an additional 15 percent;
- 15                   (C) three years employment, an additional 15 percent;
- 16                   (D) four years employment, an additional 25 percent;
- 17                   (E) over four years employment, an additional 30 per-  
18 cent; and

19           (3) a loan may not exceed \$10,000 in a school year.

20           Sec. 14.43.650. SELECTION CRITERIA. (a) To be eligible for a  
21 teacher scholarship loan, a student must

22                   (1) be a graduate of, or scheduled for graduation within  
23 six months from, a state public high school, with sufficient credits  
24 to be admitted to an accredited college or university;

25                   (2) be enrolled in or show evidence of intent to enroll in  
26 a degree program directed at a teaching career at the elementary or  
27 secondary school level; and

28                   (3) meet the conditions set by the student's local school  
29 district with respect to the district's requirements for teachers in

1 particular subject areas.

2 (b) Each school district shall award teacher scholarship loans  
3 in direct proportion to the distribution of ethnic groups among the  
4 students eligible for graduation from the school district each year.

5 (c) A student may not be awarded a scholarship loan under  
6 AS 14.43.090 - 14.43.160 and a teacher scholarship loan under AS 14.-  
7 43.600 - 14.43.650 for the same school year.