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COMMITTEE REPORT

HOUSE

HOUSE SPECIAL
COMMITTEE ON
STATE LOANS

FURTHER:

FINANCE

2/25/83

Date:

3/30/83

Mr. Speaker:

The Committee on H.E.S.S. has had SSHB 56

An Act relating to scholarship loans.

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SSHB 56 same title
- new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Mr. Tucker - with amendments

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Mr. Miller DO PASS - AMENDED

M.W. Miller NO REC.

Mr. Davis NO REC

Mr. Tucker

CHAIRMAN

Offered: 4/30/83
Referred: Rules

Original sponsors: Lindauer, Uehling,
Furnace and Wendte

Billie Jean Hall
Henry Romberg

HB 56
+ SB 209
Thomas Bill
in FCC no doubt

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 56 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to scholarship loans; and providing
7 for an effective date."

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

9 * Section 1. AS 14.43.120(f) is amended to read:

10 (f) Interest on a loan made [GIVEN] under AS 14.43.090 - 14.43.-
11 160 is at the rate of eight [FIVE] percent a year.

12 * Sec. 2. AS 14.43.120(k)(2) is amended to read:

13 (2) serving a first enlistment period of up to four years
14 on active duty as a member of the armed forces of the United States;

15 * Sec. 3. AS 14.43.125 is repealed and reenacted to read:

16 Sec. 14.43.125. ELIGIBILITY OF STUDENTS. A person may apply for
17 and obtain a scholarship loan if the person

18 (1) is

19 (A) enrolled as a full-time student in a career educa-
20 tion, or associate, or baccalaureate, or graduate degree program;
21 or

22 (B) a graduate of a high school, or the equivalent, or
23 scheduled for graduation from a high school within six months,
24 with sufficient credits to be admitted to a career education
25 program or to an accredited college or university;

26 (2) is not delinquent or in default on a previously awarded
27 scholarship loan; and

28 (3) is a resident of the state at the time of application
29 for the loan. For purposes of this section, a person qualifies as a

1 resident of the state if at the time of application for the loan the
2 person

3 (A) has been physically present in the state for at
4 least two years;

5 (B) is dependent on a parent or guardian for care, and
6 the parent or guardian has been present in the state for at least
7 two years; or

8 (C) has been physically present in the state for at
9 least two years immediately before being absent from the state
10 and the absence is due solely to

- 11 (i) military service;
- 12 (ii) volunteer service under the Peace Corps Act;
- 13 (iii) volunteer service under the Domestic Volun-
14 teer Service Act of 1973;
- 15 (iv) attending a school as a full-time student;
- 16 (v) full-time employment by the state or its
17 congressional delegation; or
- 18 (vi) required medical care for the applicant or
19 the applicant's immediate family.

20 * Sec. 4. AS 14.43.130 is repealed and reenacted to read:

21 Sec. 14.43.130. SELECTION CRITERIA. (a) The selection commit-
22 tee shall grant loans based on total point accumulations under this
23 section with priority going to those applicants with the highest point
24 accumulations, except as provided in (b) of this section. Points
25 shall be awarded according to the following schedule:

- 26 (1) Alaska high school graduates and continuing undergrad-
27 uate and graduate students with existing Alaska scholarship loans
284 points

- 1 (2) continuing undergraduate and graduate students without
- 2 existing Alaska scholarship loans3 points
- 3 (3) first year undergraduate students2 points
- 4 (4) new graduate students without existing Alaska scholar-
- 5 ship loans1 point
- 6 (5) students attending Alaska colleges or universities ...-
- 71 point

8 (b) The selection committee shall award loans to applicants
 9 based upon the earliest date of completed applications if the appli-
 10 cant has filed a completed application not later than May 15 of the
 11 year for which the loan is requested.

12 * Sec. 5. AS 14.43 is amended by adding a new section to read:

13 Sec. 14.43.132. FEDERALLY INSURED LOANS ENCOURAGED. Whenever
 14 possible scholarship loans made under AS 14.43.090 - 14.43.160 shall
 15 be federally insured.

16 * Sec. 6. AS 14.43.160 is amended by adding a new paragraph to read:

17 (9) "committee" means the student financial aid committee
 18 of the Alaska Commission on Postsecondary Education.

19 * Sec. 7. If the two-year residency requirement for scholarship loans
 20 provided by AS 14.43.125 is declared unconstitutional or otherwise invalid
 21 by a court of competent jurisdiction, the Commission on Postsecondary
 22 Education shall adopt regulations to impose the most stringent residency
 23 requirement allowable under the Constitution of the State of Alaska and the
 24 United States Constitution on scholarship loan applicants.

25 * Sec. 8. This Act takes effect July 1, 1984.

HB 104 is in (SB 209)

- 1) Jan 1 deadline date -
- 2) 8%
- 3) forgiveness?
- 4) joint system - selection - not in 209

Summer - on 87-83 app's

Use Tech after July 1

1) tentative award - will be awarded @ same time

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSSS HB 56
 Title: An Act Re: Scholarship Loans
 Sponsor: Lindauer
 Requestor: House HESS

II. FISCAL DETAIL

Agency Affected: Education
 Program Category Affected: Postsecondary Comm.
 BRU, Program of Subprogram(s) Affected: Student Loan Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING						
CAPITAL	N.A.	52.5	(1,572.7)	(2,190.6)	(3,364.8)	(11,861.9)
REVENUE	N.A.	0	1,647.2	2,066.2	2,955.4	11,061.8

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	52.5	(1,572.7)	(2,190.6)	(3,364.8)	(11,861.9)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME	N.A.					
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Kerry D. Romesburg Phone: 465-2854
 Division: Commission on Postsecondary Education Date: 3/29/83

Approved by Commissioner: _____ Date: _____
 Department: _____

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

CSSSHB56

IV Analysis:

(a) Increasing interest from 5% to 8%

FY84	\$0	FY87	\$(372.5)
FY85	\$0	FY88	\$(1,562.8)
FY86	\$(93.5)	FY89	\$(3,210.2)

(b) Reducing forgiveness to 20%

FY84	\$0	FY87	\$(520.2)
FY85	\$0	FY88	\$(930.0)
FY86	\$(214.2)	FY89	\$(1,491.0)

(c) Allowing for borrowing actual amount of tuition
(based upon attendance of 0.35% of total borrowers)

FY84	\$52.5	FY87	\$110.8
FY85	\$74.5	FY88	\$129.9
FY86	\$89.8	FY89	\$145.0

(d) Reducing grace year to grace period of 120 days
(assuming 13.2% seniors, 12.7% vocational)

FY84	\$0	FY87	\$(2,582.9)
FY85	\$(1,647.2)	FY88	\$(9,499.0)
FY86	\$(1,972.7)	FY89	\$(13,419.6)

Alaska State Legislature

Representative John Lindauer
District 10-A
3933 Geneva Place
Anchorage, AK 99508



While in Juneau
Pouch V
Juneau, AK 99811
465-3709

House of Representatives

March 28, 1983

TO: Representative Mae Tischer
FROM: Representative John Lindauer *JL/ea*
RE: House Bill #56: "An Act relating to scholarship loans."

The committee amendments, reported to me by my aide who was in attendance at the March 25th House HESS meeting, are excellent. They protect the ability of the students to get sufficient funds while going a long way towards making the loans into legitimate income-earning state investments instead of remaining just another expensive give away program.

Specifically, I agree:

- Section 3* → 1. That the interest rate become 8%;
- Section 1 & 2* → 2. That the loan maximums stay at the current \$6000 and \$7000;
- Section 4* → 3. That repayment begin at 120 days;
- Section 5* → 4. That 20% be forgiven if student return to the state;
- Section 2* → 5. That the graduate school limit be left at \$7000 with higher levels if needed to cover tuition and fees.

Section 1 → The only further addition which would seem appropriate and consistent would be to allow undergraduates to get more than the current \$6000 if needed to cover their tuition, fees and room. Since undergraduates traditionally can work in the school cafeterias for their food, this would insure that every student can afford to go to school and, more importantly, let the maximum size of the loans increase enough to cover the most basic costs in the years ahead if there is another inflation. The inflation-proofing feature is important as its absence would eventually put pressure on the future legislatures to increase the top dollar amounts and, depending on who is in control, possibly increase them beyond the basic minimum costs again. This way we can both remove the need to periodically rewrite the legislation as well as insure that the loans will only be granted as needed to cover the basic minimum expenses.

2/8 Reg. fiscal note DOE = called Postsecondary Educ. : Romeburg.
3/31 Called Romeburg's Office: Past year's funding levels
Copy of Student Loan Reg's

3/7 Summarize Issues Outlined by the Committee
& incorporate into memo for review & draft

SUMMARY: SSB 56
(Lindauer)

"AN Act relating to scholarship loans."

- Section 1. 14.43.110 UNDERGRADUATE LOANS repealed and reenacted. New language has the effect of raising the undergraduate loan award maximum above \$6,000 under certain circumstances to be approved by the financial aid committee. Current law mandates the maximum loan award is \$6,000 with no provisions for raising the limit.
- Section 2. 14.43.115 GRADUATE LOANS repealed and reenacted with provisions of section 1 included. Removes loan maximum with the approval of the financial aid committee.
- Section 3. 14.43.120 CONDITIONS OF LOAN amended to include "other necessary student expenses as determined by committee." Current statutes provide for loan awards to be used only for books & supplies, tuition, required fees, room & board.
- Section 4. 14.43.120 CONDITIONS OF LOAN (f) amended by raising interest rates from 5% to 7%. (see fiscal note for impact).
- Section 5. 14.43.120 CONDITIONS OF LOAN (g) amended by requiring repayment of loan to begin one year after studies are terminated. Removes the [no later than] provision.
- Section 6. 14.43.132 New Section added to encourage the use of the Guaranteed Student Loan program. (Federal student loan program)
- Section 7. 14.43.160 New definition added to clarify the review of loan applications by the student financial aid committee, cited in 14.43.095.

Fiscal Note Information: The fiscal note is calculated in thousands, for example under 'Assumptions' (a), the FY 86 figure is \$62,300.00.

The amounts calculated by the Commission on Postsecondary Education would be an additional expense to the fiscal requests for FY 84. The FY 84 funding level through the Governor's budget is 65million.

Attachments:

left
Scholarship Loan Statutes
Dept. Regulations for Loan Program

right :
fiscal note
Loan Pymts.
Default Rates
Undergraduate Loans
Graduate Loans
All Student Loans

Article 3. Free Tuition and Fees for Dependents.

Section

80. Free tuition and fees at state-supported educational institutions

Revisor's notes. — This article derived from AS 14.40.920 and was renumbered by the revisor of statutes under AS 01.05.031. Collateral references. — 15A Am.Jur.2d Colleges and Universities, §§ 19, 20. 14 C.J.S. Colleges and Universities, §§ 27, 28.

Sec. 14.43.080. Free tuition and fees at state-supported educational institutions. (a) Any dependent of a bona fide Alaska resident who, while serving during the hostilities involving the United States forces in Southeast Asia, was listed by the United States Department of Defense as a prisoner of war or missing in action in Southeast Asia may attend any state-supported educational institution without payment of tuition and fees.

(b) As used in this section, "dependent" means a dependent spouse or child. (§ 1 ch 176 SLA 1972; AS 14.40.920)

Article 4. Scholarship Loan Program.

Section

90. Scholarship revolving loan fund
95. Financial aid committee
100. Applications
105. Administration of program
110. Undergraduate loans
115. Graduate loans
120. Conditions of loans

Section

125. Eligibility of students
130. Selection criteria
135. Discrimination prohibited
140. Enforceability of certain contracts with minors
160. Definitions

Revisor's notes. — This article derived from AS 14.40.751 — 14.40.806 and was renumbered by the revisor of statutes under AS 01.05.031.

Collateral references. — 15A Am.Jur.2d Colleges and Universities, §§ 19, 20.

14 C.J.S. Colleges and Universities, §§ 27, 28.

Absence from, or inability to attend, school or college as affecting liability for, or right to recover back payments on account of, tuition or board. 69 ALR 714.

Validity and application of provisions governing determination of residency for purposes of fixing fee differential for out-of-state students in public college. 56 ALR3d 641.

Increase in tuition as actionable in suit by student against college or university. 99 ALR3d 885.

Absence from, or inability to attend, school or college as affecting liability for, or right to recover back payments on account of, tuition or board. 69 ALR 714.

Sec. 14.43

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Sec. 14.43.090. Scholarship revolving loan fund. (a) There is created a scholarship revolving loan fund. The fund shall be used to make scholarship loans to students selected under AS 14.43.090 — 14.43.160. All repayments of principal and interest on scholarship loans shall be paid into the scholarship revolving fund 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) Repealed by § 31 ch 59 SLA 1982.

(c) Repealed by § 31 ch 59 SLA 1982. (§ 1 ch 98 SLA 1971; am § 1 ch 156 SLA 1972; am §§ 1, 2 ch 136 SLA 1974; am § 1 ch 136 SLA 1975; am § 31 ch 59 SLA 1982; AS 14.40.751)

Revisor's notes. — In subsection (a), AS 14.43.090 — 14.43.160 was substituted for a reference to AS 14.40.751 — 14.40.806 to conform to the renumbering of those sections by the revisor of statutes under AS 01.05.031.

Effect of amendments. — The 1982 amendment repealed subsection (b), which provided for a tuition grant fund, and sub-

section (c), which provided for the transfer of unobligated funds in the tuition grant fund to the scholarship revolving loan fund.

Legislative history reports. — For report on ch. 98, SLA 1971 (CSHB 415 [Finance] am S), see 1971 House Journal, p. 935.

Sec. 14.43.095. 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 AS 14.43.090 — 14.43.160 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 AS 14.43.090 — 14.43.160.

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

(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 136 SLA 1974; AS 14.40.753)

Revisor's notes. — The amendments of AS 14.43.095(a) by § 5, ch. 78, SLA 1974 and § 3, ch. 136, 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.

The last part of subsection (c) of this section is obsolete since the tuition grant program was repealed by Chapter 94, SLA 1980 and Chapter 59, SLA 1982.

In subsection (a), AS 14.43.090 — 14.43.160 was substituted for a reference to AS 14.40.751 — 14.40.806 to conform to the renumbering of those sections by the revisor of statutes under AS 01.05.031.

Sec. 14.43.100. 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 136 SLA 1974; AS 14.40.755)

Revisor's notes. — The reference to "grant application" in subsection (b) of this section is obsolete in light of the repeal of the tuition grant program by Chapter 94, SLA 1980 and Chapter 59, SLA 1982.

Sec. 14.43.105. 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 136 SLA 1974; AS 14.40.757)

Sec. 14.43.110. Undergraduate loans. The committee may make a loan, not to exceed \$6,000 in any one school year, to an undergraduate student eligible under AS 14.43.125. (§ 1 ch 98 SLA 1971; am § 6 ch 136 SLA 1974; am § 1 ch 153 SLA 1978; am § 1 ch 89 SLA 1981; AS 14.40.759)

Revisor's notes. — AS 14.43.125 was substituted for AS 14.40.765 to conform to the renumbering of that section by the revisor of statutes under AS 01.05.031.

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

The 1981 amendment substituted "\$6,000" for "\$3,000" following "not to exceed."

Sec. 14.43.115. Graduate loans. The committee may make a loan, not to exceed \$7,000 in any one school year, to a graduate student who is eligible under AS 14.43.125 and is pursuing an advanced degree. (§ 1 ch 98 SLA 1971; am § 7 ch 136 SLA 1974; am § 2 ch 89 SLA 1981; AS 14.40.761)

Revisor's notes substituted for the renumbering of the revisor of statutes

Sec. 14.43.120. loans may be made for room and board. (b) The loan may be for a college or university that is a member of the National Association of Federally Assisted Institutions of Higher Education.

(c) To make a loan, a full-time student at a college or university shall apply to the committee under this subsection.

(d) Scholarships (1) for meritorious students (2) for meritorious students (3) for meritorious graduate students

(e) Loans of this section shall be paid in accordance with the following:

(f) Interest rate of five percent

(g) Repayment later than the loan shall be by installment repayment, with a commission on the borrowed amount. A borrower shall be liable for the loan.

(h) Security shall be required for both undergraduate and graduate loans.

(i) If a loan is made that requires repayment, the student shall be required to send the student to the state if, upon graduation, the student is not employed. The portion of the loan shall be repaid in percentage of the student's income.

(j) A portion of the loan shall be repaid if, upon graduation, the student is not employed. The portion of the loan shall be repaid in percentage of the student's income.

Revisor's notes. — AS 14.43.125 was substituted for AS 14.40.765 to conform to the renumbering of that section by the revisor of statutes under AS 01.05.031.

Effect of amendments. — The 1981 amendment substituted "\$7,000" for "\$5,000" following "not to exceed."

Sec. 14.43.120. 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 or a college or university approved by the commission, and, if the loans are federally insured, by the United States Commissioner of Education.

(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. The commission shall adopt regulations defining "good standing" for purposes of this subsection.

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

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

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

(3) for more than a total of eight years of undergraduate and graduate study.

(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 in accordance with (1) of this section.

(f) Interest on a loan given under AS 14.43.090 — 14.43.160 is at the rate of five per cent a year.

(g) Repayment of the principal and interest on the loan begins no later than one year after the borrower's studies are terminated. The loan shall provide for repayment of the total amount owed in periodic installments in not more than 10 years from the commencement of repayment, except as provided in (k) and (m) of this section. If the commission and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement. A borrower may make payments earlier than required by this subsection.

(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 shall notify the borrower that repayment of the remaining balance is accelerated and due by sending the borrower a notice by registered or certified mail.

(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 is a resident of the state for at least two years. The portion of the loan that shall be paid by the state is the following percentages of the total loan received plus interest up to a total of 50 percent of the total loan:

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

(3) four — five years residence in the state, an additional 10 percent;
 (4) five — six years residence in the state, an additional 10 percent;
 (5) over six years residence in the state, an additional 10 percent.

(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 percent or more disabled as certified by competent medical authority.

(l) 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 12 months each.

(n) Repealed by § 11 ch 89 SLA 1981.

(o) The provisions of (j) of this section do not apply to a loan to a borrower named in a complaint as a defendant in an action by the state or by the commission to secure payment of the unpaid balance of a loan made under AS 14.43.110 or 14.43.115.

(p) For purposes of this section, a person qualifies as a resident if the person is physically present in the state with the intent to remain permanently in the state or, if not physically present in the state, the person intends to return to the state and is absent due to military service. (§ 1 ch 98 SLA 1971; am § 4 ch 156 SLA 1972; am § 6 ch 78 SLA 1974; am § 8 ch 136 SLA 1974; am §§ 1—4 ch 99 SLA 1977; am §§ 3 — 8 ch 87 SLA 1979; am §§ 3 — 9, 11 ch 89 SLA 1981; AS 14.40.763)

Revisor's notes. — In ch. 98, SLA 1971, AS 14.43.120(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

S] and has been corrected here. Effect of amendments. — The 1979 amendment deleted "approved by the commission" following "career education program" and substituted the language

beginning "approved for "accredited by the reg- or university is loc substituted "inter subsection (e), beginning "howev entitled" to the rewrote subsection (j), substituted "f borrower by the s grant," "borrower "three years" for " sentence, substitut for "regarded as a g up to a total of 40 interest" in the inf the second sentenc additional 10 perce paragraph (2), for graph (3), and for graph (4). The am subsection (k) and (m), and (n).

The 1981 amendin sentence of subsec (d), the amendment and (2) and in para "a total of eight" "years" and added "graduate study" foll section (i), the am "shall" for "may" "student." In subec ment substituted "1 "months" and delete requirement of (following "months es also rewrote subsec subsections (o) and section (n) which re

Sec. 14.43.125 and obtain a sch (1) is a residen ship loan; (2) meets the (3) is (A) enrolled as or baccalaureate (B) a graduate high school with a career educatio (b) In addition scholarship loan a least two years at

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

The 1981 amendment, added the second sentence of subsection (c). In subsection (d), the amendment added paragraphs (1) and (2) and in paragraph (3), substituted "a total of eight" for "six" preceding "years" and added "of undergraduate and graduate study" following "years." In subsection (i), the amendment substituted "shall" for "may" and "borrower" for "student." In subsection (m), the amendment substituted "12" for "six" preceding "months" and deleted "within the 15-year requirement of (g) of this section" following "months each." The amendment also rewrote subsections (g) and (j), added subsections (o) and (p) and repealed subsection (n) which read "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 ten years time."

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01-5.031(c) and § 4, Chapter 58, SLA 1982.

Section 8, ch. 99, SLA 1977 provides: "The change in the repayment period of student loans set out in AS 14.40.763(g) [now 14.43.120(g)] as amended by sec. 3 of this Act and the additional basis for granting a deferment of repayment of a student loan set out in AS 14.40.763(k) [now 14.43.120(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 [now 14.43.090 — 14.43.160] as they read before the effective date of this Act."

Section 12 of ch. 89, SLA 1981, provides: "The reenactment of AS 14.40.763(j) [now 14.43.120(j)] in sec. 7 of this Act applies to any student who has obtained a scholarship loan under AS 14.40.751 — 14.40.806 [now 14.43.090 — 14.43.160] since July 1, 1971."

Legislative history reports. — For a report of legislative intent concerning the loan forgiveness provisions of ch. 89, SLA 1981 (FCCSSB 120), see 1981 Senate Journal p. 1560, 1580; 1981 House Journal p. 2289.

Sec. 14.43.125. Eligibility of students. (a) A person may apply for and obtain a scholarship loan if the person

(1) is a resident of the state at the time of application for a scholarship loan;

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

(3) is

(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.

(b) In addition to the requirements of (a) of this section, to obtain a scholarship loan a person must have been a resident of the state for at least two years at the time of application for the loan. For purposes of

this subsection, a person qualifies as a resident of the state if at the time of application for the loan the person

(1) has been present in the state for at least two years unless an absence from the state during any part of the two years was due to military service; or

(2) is a person who is dependent on a parent or guardian for care, and the parent or guardian has been present in the state for at least two years. (§ 1 ch 98 SLA 1971; am § 10 ch 89 SLA 1981; AS 14.40.765)

Effect of amendments. — The 1981 amendment rewrote this section.

Editor's notes. — This section was redrafted by the revisor of statutes to

remove personal pronouns in conformity with AS 01.05.031(c) and § 4, ch. 58, SLA 1982.

Sec. 14.43.130. Selection criteria. (a) The selection committee shall grant loans based on total point accumulations under the 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; AS 14.40.767)

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

Editor's notes. — Section 1, ch. 87, SLA

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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 this lack of incentives is that 64.9 per cent of all undergraduate student loans and 92.9 percent 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."

Sec. 14.43.135. 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; AS 14.40.769)

Sec. 14.43.140. 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 the minor from any person for the purpose of furthering the minor's education in a career education program or an institution of higher learning, is enforceable against the minor with the same effect as if the minor were, at the time of its execution, 19 years of age, if the person making the loan has 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; AS 14.40.771)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity

with AS 01.05.031(c) and § 4, ch. 58, SLA 1982.

Sec. 14.43.160. Definitions. In AS 14.43.090 — 14.43.160

(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;

(4) Repealed by § 11 ch 89 SLA 1981.

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

"commission" means the Alaska Commission on Postsecondary Education;

(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. (§ 5 ch 156 SLA 1972; am § 8 ch 78 SLA 1974; am §§ 18 — 20 ch 136 SLA 1974; am § 5 ch 136 SLA 1975; am § 7 ch 246 SLA 1976; am §§ 5 — 7 ch 99 SLA 1977; am § 9 ch 87 SLA 1979; am § 11 ch 89 SLA 1981; AS 14.40.806)

Revisor's notes. — Part-time student is defined in paragraph (3) above but is not used in the statutes.

AS 14.43.090 — 14.43.160 was substituted for AS 14.40.751 — 14.40.806 to conform to the renumbering of those sections by the revisor of statutes under AS 01.05.031.

Effect of amendments. — The 1979 amendment added paragraph (8).

The 1981 amendment repealed paragraph (4) which defined "resident."

Editor's notes. — Title IV, Part B of the Higher Education Act of 1965, referred to in paragraph (8), may be found in 20 U.S.C. §§ 1071 et seq.

Article 5. Memorial Scholarship Revolving Loan Fund.

Section	Section
250. Declaration of purpose	310. Selection
255. Fund created	315. Discrimination prohibited
300. Limits on, conditions of loans	320. Administering authority
305. Repayment of loans	325. Funding

Revisor's notes. — This article derived from AS 14.40.810 — 14.40.845 and was renumbered by the revisor of statutes under AS 01.05.031.

Sec. 14.43.250. 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.

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CHAPTER 15.
STUDENT FINANCIAL AID

Article

1. Scholarship Loans
(20 AAC 15.010-20 AAC 15.085)

ARTICLE 1.
SCHOLARSHIP LOANS

Section

10. Purpose of scholarship loan program
15. Administration
20. Filing dates
25. Priority ranking of applicants
30. Computation of authorized loan awards
35. Limitations on granting authorized loan awards
40. Conditions of loans
45. Disbursement of loan awards
50. Repayment of loans
55. Deferment of payments
60. Grants
65. Default
70. Appeals to the executive secretary
75. Appeals to the committee
80. Complaint file
85. Definitions

20 AAC 15.010 PURPOSE OF SCHOLARSHIP LOAN PROGRAM The scholarship loan program provides low cost educational loans to Alaskan students enrolled in undergraduate, graduate, or career degree programs. (Eff. 2/3/77, Reg. 61)

Authority: AS 14.40.757

20 AAC 15.015. ADMINISTRATION. The executive secretary of the student financial aid committee shall appoint, subject to approval of the committee, a director of student financial aid. The director reviews all applications for scholarship loans and determines an applicant's eligibility and amount of award, subject to review by the executive secretary and the committee. (Eff. 2/3/77, Reg. 61)

Authority: AS 14.40.757

Editor's Note: Applications for scholarship loans are available from the Alaska Commission on Postsecondary Education, Director of Student Financial Aid, Pouch F, Juneau, Alaska 99811.

20 AAC 15.020. FILING DATES. (a) The application deadline for loan applications is May 15 preceding the school year for which the loan is requested.

(b) An application will be considered timely filed only if it is postmarked on or before the applicable deadline, contains all information required to make a determination of the applicant's eligibility and the amount of the loan award, and is accompanied by four signed verification forms.

(c) An incomplete application will be returned to the applicant with a request for further information. No further action will be taken on an incomplete application until it is resubmitted.

(d) Repealed 12/7/80.

(e) Except for good cause shown, as determined by the director, an application will not be accepted from a person who has attended more than two weeks of the school term for which the loan is requested. (Eff. 2/3/77, Reg. 61; am 12/7/80, Reg. 76; am 7/9/82, Reg. 83)
Authority: AS 14.40.757

20 AAC 15.025. PRIORITY RANKING OF APPLICANTS. (a) Upon receipt of a completed application, an applicant will be assigned priority points based upon the schedule set out in AS 14.40.767(a).

(b) Those completed applications received by the deadline set out in 20 AAC 15.020 which have a priority point accumulation of at least five points, as determined under (a) of this section, will be processed based upon the earliest date of completed application.

(c) Completed applications, other than those covered by (b) of this section, will be grouped according to those received by May 15th and then monthly thereafter and will be processed in that monthly grouping according to priority point accumulation. Those applicants receiving the highest priority point accumulation within a grouping will be processed first and those receiving the lowest priority point accumulation within a grouping will be processed last. In the case of equal point accumulation within a group, priority will be based upon the earliest date of a completed application. (Eff. 2/3/77, Reg. 61; am 12/7/80, Reg. 76)

Authority: AS 14.40.757
AS 14.40.767

20 AAC 15.030. COMPUTATION OF AUTHORIZED LOAN AWARDS. (a) Repealed 7/9/82.

(b) The maximum authorized loan for an applicant enrolled for less than a full school year, as defined by the enrolling institution and as approved by the director, is determined by prorating the maximum authorized loan award based upon the actual period of attendance, unless the period of attendance encompasses the entire program of study, in which case the award will be based upon computation of financial need.

(c) Subject to the limitations of (b) of this section, an applicant's authorized loan award will be based on the director's computation of the applicant's financial need. Financial need will be computed as the difference between the required fees, tuition, room, board, books and supplies, as applicable, charged by the institution for the course of study for which the applicant has been accepted or is enrolled in full-time status and the amount of funds available to the applicant from other sources to meet those expenses. The amount of the authorized loan award will be the next lower multiple of \$50 below the computed financial need.

(d) Married students applying for separate loans may apportion those expenses listed on their applications which are for common use or commonly held property as they see fit. However, the total of commonly shared expenses listed on both applications may not exceed 100 percent of the actual expense.

(e) An applicant who elects to live off campus when room or board is available from the institution may list as an expense only the cost of the room or board available from the institution, unless it can be demonstrated that any additional expense for living off campus is reasonable and necessary.

(f) The director may require an applicant to furnish copies of financial records and other relevant information to verify statements on his application.

(g) An applicant who has been awarded a loan based on his admission to a particular institution must notify the director immediately if he elects

to attend a different institution. The applicant must then resubmit a loan application based on his admission at the new institution. The applicant will not lose his priority category status, as determined under 20 AAC 15.020(a), but must give 60 days' notice of the change in institutions to insure the timely receipt of funds. (Eff. 2/3/77, Reg. 61; am 7/9/82, Reg. 83)

Authority: AS 14.40.757

AS 14.40.759

AS 14.40.761

20 AAC 15.035. LIMITATIONS ON GRANTING AUTHORIZED LOAN AWARDS. Repealed 12/7/80.

20 AAC 15.040. CONDITIONS OF LOANS.

(a) The recipient of a scholarship loan shall report to the director any changes which affect the conditions of his loan or his repayment schedule, including any change of address, withdrawal or dismissal from his full-time course of study, change in schools, or state residency status, or change in financial status.

(b) Money received for scholarship loan may be used only for books and supplies, tuition, required fees, room and board.

(c) A promissory note in full amount of the loan award must be signed by the recipient, or by the recipient's parent or legal guardian if the recipient is under 16 years of age. However, liability for the loan is limited to the actual amount of the loan funds disbursed to the recipient, plus interest and collection fees as necessary.

(d) The provisions of this chapter will be incorporated by reference into each promissory note.

(e) Loans will not be granted for more than five full undergraduate school years, or more than five full graduate years, or more than a total of eight full school years of combined undergraduate and graduate study.

(f) The costs incurred in the collection of a defaulted loan, including attorney fees and court costs, shall be borne by the recipient.

(g) Interest on a loan begins to accrue on the date of initial loan disbursement. However,

interest will be paid for a student during the period before the repayment period of the loan begins and during a period of deferment provided under 20 AAC 15.055.

(h) Interest shall be computed at the annual rate of five percent of the outstanding balance of the loan.

(i) At the time the promissory note is mailed to the recipient, the director will provide him with an anticipated repayment schedule for the total amount of the current loan and any loans received in prior consecutive years. The repayment schedule will be computed from the date the recipient anticipates the completion of his full-time course of study. The schedule will include: a 12-month optional deferment period, the number and amount of payments, including interest, over the 10 succeeding years, and the annual percentage rate of interest.

(j) For non-collegiate postsecondary programs, the commission applies the standard of good standing used by the institution of attendance. For collegiate programs the commission applies the cumulative grade point average (G.P.A.) based upon the following minimums, computed annually:

Student Level	Minimum Requirement
Undergraduate	2.00 cumulative G.P.A.
Graduate	3.00 cumulative G.P.A.

(k) In addition to the requirements established in (j) of this section, a borrower in a collegiate program must complete all course work in which he is enrolled up to the required full-time enrollment in each term of enrollment and must maintain a grade point average of at least 1.50 for each term. If a borrower fails to meet good-standing requirements the borrower is ineligible to receive further loans or loan disbursements until he or she successfully completes a term of full-time study and meets the minimum grade-point average.

(l) A borrower whose cumulative grade point average falls below the requirements established in (j) and (k) of this section may request a waiver of the requirements in writing from the director. The request for waiver must set forth good cause, as determined by the director, and the director may require documentation. In his discretion, the director shall grant or deny the request for waiver. (Eff. 2/3/77, Reg. 61; am

5/10/78, Reg. 66; am 12/7/80, Reg. 76; am 7/9/82, Reg. 83)

Authority: AS 14.40.757
AS 14.40.763
AS 14.40.771

20 AAC 15.045. DISBURSEMENT OF LOAN AWARDS. (a) The loan will be disbursed in equal or proportionate installments, with each installment issued before the school term which the recipient has indicated he will attend.

(b) A warrant for the appropriate amount of the loan disbursement and a record of disbursement and receipt form will be mailed to the recipient in care of the financial aid officer of the institution which the recipient is attending.

(c) Before delivering the warrant to the borrower, the financial aid officer shall certify, on a form to be provided by the commission, that the borrower is a full-time student in good standing at the institution.

(d) At the time the warrant is delivered to him, the recipient must certify its receipt on the record of disbursement and receipt form.

(e) The recipient is responsible for the return of the record of disbursement receipt form to the director. Failure to return a completed form will result in no further warrants being issued to the recipient. (Eff. 2/3/77, Reg. 61; am 12/7/80, Reg. 76; am 7/9/82, Reg. 83)

Authority: AS 14.40.757

20 AAC 15.050. REPAYMENT OF LOANS. (a) The repayment period of a loan begins 12 months after the date the loan recipient ends full-time student status. The first payment becomes due on the first day of the 13th month after the date the recipient ends full-time student status.

(b) At the time the recipient first ends his full-time student status, he must contact the director and establish a repayment schedule satisfactory to the director.

(c) Payments for all loans granted to a recipient may be consolidated into single monthly payments.

(d) Subject to the deferment provisions of 20 AAC 15.055 and the hardship provisions of (e) and (f) of this section, a loan must be fully repaid within 10 years from the date first payment is due.

(e) In cases of hardship and based on such factors as the seriousness of the hardship, its anticipated duration and the expectation of increased earnings in later years, the director may, in his discretion, alter the repayment schedule by extending the period of repayment, subject to the deferment provisions of 20 AAC 15.055, to a maximum term of 11 years, or weight the regular payments to ease payment in the first years and require larger payments in later years, or both.

(f) A recipient whose repayment schedule has been modified as a result of hardship must certify annually to the director the continued existence of the conditions under which the hardship determination was made. At the time the conditions no longer exist, the recipient must notify the director and renegotiate his payment schedule, based on the loan's outstanding balance and accrued interest, over a term acceptable to the director.

(g) If a recipient chooses to make a payment in an amount larger than that required by the repayment schedule, the difference will be applied to the remaining principal of the loan unless otherwise specified by the recipient. (Eff. 2/3/77, Reg. 61; am 5/10/78, Reg. 66; am 12/7/80, Reg. 76)

Authority: AS 14.40.757
AS 14.40.763

20 AAC 15.055. DEFERMENT OF PAYMENTS. (a) Periodic installments of principal will be deferred, but interest accrues and must be paid unless the loan recipient is eligible for interest payment benefits under 20 AAC 15.040(g) during any of the following:

- (1) return to full-time student status;
- (2) active duty as a member of the armed forces of the United States;
- (3) service for up to three years as a full-time volunteer under the Peace Corps Act;
- (4) service for up to three years as a full-time volunteer under the Domestic Volunteer Service Act of 1973;
- (5) for a one-time period of up to 12 months in which the loan recipient is seeking and unable to find employment in the United States;

(6) a period of disability of the loan recipient if the loan recipient is at least 50 percent disabled as certified by competent medical authority; or

(7) an internship or residency which is required as part of the program of study if the internship or residency does not exceed 24 months.

(b) A recipient who desires a deferment of payments under this section must inform the director of his request to be considered for a deferment. Upon receipt of this notification, the director will send the recipient a form, by certified mail, return receipt requested, which must be completed by the recipient describing the conditions under which he requests the deferment. A failure to return the form within 30 days of the date it is received without good cause will result in the continuation of interest accrual and required payments, if applicable.

(c) Repealed 12/7/80.

(d) A recipient who has received a payment deferment must notify the director immediately when the conditions under which the deferment was granted no longer exist. When the director receives this notification, he will redetermine the recipient's payment schedule and notify the recipient of the number and amount of the payments required to retire the loan. (Eff. 2/3/77, Reg. 61; am 5/10/78, Reg. 66; am 12/7/80, Reg. 76)

Authority: AS 14.40.757
AS 14.40.763

20 AAC 15.060. GRANTS. (a) Under AS 14.40.763(j), a borrower is eligible to have up to 50 percent of his total loans and accrued interest paid by the state if he continues his Alaskan residency after the successful completion of his course of study, is awarded an appropriate degree, diploma or certificate, and he remains, except for brief periods, in the state during the period for which he claims the state forgiveness.

(b) In order to qualify for state forgiveness payments under AS 14.40.763(j), a borrower must, within one year after the last day of the school year in which the borrower completed full-time study or an extension of that period by deferment under AS 14.40.763(k), return to Alaska to live.

(c) Repealed 7/9/82.

(d) State forgiveness payments under AS 14.40.763(j) will be provided to the borrower in the form of annual refunds as eligibility is established and confirmed; however, no refund will exceed the amount received by the commission in actual loan payments for the 12 months before state forgiveness payment eligibility. If the eligible state forgiveness payment exceeds the amount received in loan payments for that 12-month period, a refund equalling the school loan payments during the 12-month period will be issued and the remaining state forgiveness payment balance will be applied to the outstanding loan balance.

(e) In order to receive a grant, the recipient must notify the director of his eligibility and complete a form available from the director certifying that the recipient has satisfied the appropriate residency and employment requirements.

(f) A recipient who ceases to be a resident of Alaska during the period he is eligible for a grant loses his eligibility for any further grants under this section.

(g) A recipient whose loan is completely repaid before becoming entitled to the maximum grant available to him may notify the director of his eligibility for a grant in the manner provided in (e) of this section each time he qualifies for a recomputation of his grant. Upon verification of the recipient's eligibility, the director will issue a warrant payable to the recipient in the amount to which he is entitled. (Eff. 2/3/77, Reg. 61; am 12/7/80, Reg. 76; am 7/9/82, Reg. 83)

Authority: AS 14.40.757
AS 14.40.763

20 AAC 15.065. DEFAULT. (a) A recipient's loan will be considered in default if he fails to make three consecutive monthly payments or two consecutive quarterly payments, fails to comply with the reporting requirements of 20 AAC 15.040(a), or is determined by the director to have falsified any document required by this chapter.

(b) When a loan is found to be in default by the director, the recipient will be notified of

that fact by certified mail, return receipt requested. The recipient has 30 days from the receipt of the notification to cure the default or otherwise respond in writing to the director's finding. Failure to cure the default or otherwise respond to the default notification within this time period will result in the director forwarding the recipient's file to the executive secretary for appropriate action. (Eff. 2/3/77, Reg. 61)

Authority: AS 14.40.757
AS 14.40.763(i)

20 AAC 15.070. APPEALS TO THE EXECUTIVE SECRETARY. (a) A decision or other determination of the director under this chapter may be appealed in writing to the executive secretary of the committee, Alaska Commission on Postsecondary Education, Pouch F, Juneau, 99811. The appeal must be postmarked within 30 days of the date the decision or determination being appealed was mailed, must clearly state the objections to that decision or determination, and must set out justification for any alternative action sought.

(b) The executive secretary shall acknowledge receipt of an appeal by certified mail, return receipt requested, within 30 days. The executive secretary shall render his decision, in writing, as expeditiously as possible after receipt of the appeal and send it to the appellant by certified mail, return receipt requested.

(c) At the appellant's request, the executive secretary shall afford the appellant or his designated representative the opportunity to present his appeal in person. (Eff. 2/3/77, Reg. 61).

Authority: AS 14.40.757

20 AAC 15.075. APPEALS TO THE COMMITTEE. (a) A decision of the executive secretary may be appealed to the chairman of the committee. The appeal must be made within 30 days of the receipt of the executive secretary's decision, must clearly state the objections to that decision, and must set out justification for any alternative action sought.

(b) The chairman of the committee will place an appeal on the agenda for the committee's next meeting and notify the appellant of the time and location of the meeting and that he or his designated representative may present his appeal in person to the committee at that time.

COMPARISON OF PROPOSED STUDENT LOAN LEGISLATION

	CSHB 56 HESS	SB 197 Josephson	SB 185 Fischer	SB 118 Sackett	SB 209 Governor	SB 210 Governor
Residency:	2 years	selection criteria pt.system residency	2 years	1 year	1 year	Sets up guaranteed student loan financing in line with AK Industrial Develop. Authority; addresses financing structure rather than requirements and specifics of SB 209. Implementation of guaranteed student loan program thru Higher Education Act of 1965 PL 89 - 329 to federally insure loans for bonding purposes.
Eligibility:	retains current law	adds part-time students in more than 1 institution as = to full-time	retains current law and not addressed	high school sr. or graduation 6 mo. prior to application	retain current law	
Loan amounts:	\$6000 undergrad \$7000 grad w/provisions for fees & tuition	\$6000 undergrad \$7000 grad	\$8000 undergrad \$8000 grad	\$6000 undergrad \$7000 grad	\$6000 undergrad \$7000 grad	
Interest:	8%	8%	retains 5%	retains 5%	9%	
Forgiveness:	30%	retains 50%	retains 50%	retains 50%	retains 50%	
Limit on number of loan awards:	none	100 per vocational field annually subject to review under 14.43.150	none	none	none	
Deferment:	1 yr after studies terminate or earlier (by choice)	retain current law 1 yr after study terminates	retain current law not addressed	up to 5 yrs from date of approval	not addressed	
Application date:	not addressed current law May 15	filing date no later than Jan 1 of year for which application is made	not addressed	application filed while applicant is enrolled in high school	Jan. 1 preceeding year for which loan is requested	
Federally insured:	new section added as encouragement	not addressed	not addressed	not addressed		

Original sponsor: Lindauer

1 IN THE HOUSE

BY THE HEALTH, EDUCATION, AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 56 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to scholarship loans."

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

8 * Section 1. AS 14.43.110 is repealed and reenacted to read:

9 Sec. 14.43.110. UNDERGRADUATE LOANS. The committee may make a
10 loan for a school year to an undergraduate student eligible under
11 AS 14.43.125. A loan under this section may not exceed \$6,000 except
12 when necessary to cover the actual cost of tuition^{room} and required fees.

13 * Sec. 2. AS 14.43.115 is repealed and reenacted to read:

14 Sec. 14.43.115. GRADUATE LOANS. The committee may make a loan
15 for a school year to a graduate student eligible under AS 14.43.125.
16 A loan under this section may not exceed \$7,000 except when necessary
17 to cover the actual cost of tuition^{room} and required fees.

18 * Sec. 3. AS 14.43.120(f) is amended to read:

19 (f) Interest on a loan made [GIVEN] under AS 14.43.090 - 14.43.-
20 160 is at the rate of eight [FIVE] percent a year.

21 * Sec. 4. AS 14.43.120(g) is amended to read:

22 (g) Repayment of the principal and interest on the loan begins
23 no later than 120 days [ONE YEAR] after the borrower's studies are
24 terminated. The loan shall provide for repayment of the total amount
25 owed in periodic installments in not more than 10 years from the
26 commencement of repayment, except as provided in (k) and (m) of this
27 section. If the commission and the borrower agree to a different
28 repayment schedule, the borrower shall repay the loan in accordance
29 with the agreement. A borrower may make payments earlier than

1 required by this subsection.

2 * Sec. 5. AS 14.43.120(j) is amended to read:

3 (j) A portion of a loan shall be paid on behalf of the borrower
4 by the state if, upon completion of the course of study for which the
5 loan was granted, the borrower is a resident of the state for at least
6 two years. The portion of the loan that shall be paid by the state is
7 the following percentages of the total loan received plus interest up
8 to a total of 20 [50] percent of the total loan:

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

10 (2) over three [- FOUR] years residence in the state, an
11 additional 10 percent [;

12 (3) FOUR - FIVE YEARS RESIDENCE IN THE STATE, AN ADDITIONAL
13 10 PERCENT;

14 (4) FIVE - SIX YEARS RESIDENCE IN THE STATE, AN ADDITIONAL
15 10 PERCENT;

16 (5) OVER SIX YEARS RESIDENCE IN THE STATE, AN ADDITIONAL 10
17 PERCENT].

18 * Sec. 6. AS 14.43 is amended by adding a new section to read:

19 Sec. 14.43.132. FEDERALLY INSURED LOANS ENCOURAGED. Whenever
20 possible scholarship loans made under AS 14.43.090 - 14.43.160 shall
21 be federally insured.

22 * Sec. 7. AS 14.43.160 is amended by adding a new paragraph to read:

23 (9) "committee" means the student financial aid committee
24 of the Alaska Commission on Postsecondary Education.

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSSS HB 56
 Title: An Act Re: Scholarship Loans
 Sponsor: -Lindauer
 Requestor: House HESS

II. FISCAL DETAIL

Agency Affected: Education
 Program Category Affected: Postsecondary Comm.
 BRU, Program of Subprogram(s) Affected: Student Loan Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING						
CAPITAL	N.A.	52.5	(1,572.7)	(2,190.6)	(3,364.8)	(11,861.9)
REVENUE	N.A.	0	1,647.2	2,066.2	2,955.4	11,061.8

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	52.5	(1,572.7)	(2,190.6)	(3,364.8)	(11,861.9)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME	N.A.					
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Kerry D. Romesburg Phone: 465-2854
 Division: Commission on Postsecondary Education Date: 3/29/83

Approved by Commissioner: _____ Date: _____
 Department: _____

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

CSSSHB56

IV Analysis:

(a) Increasing interest from 5% to 8%

FY84	\$0	FY87	\$(372.5)
FY85	\$0	FY88	\$(1,562.8)
FY86	\$(93.5)	FY89	\$(3,210.2)

(b) Reducing forgiveness to 20%

FY84	\$0	FY87	\$(520.2)
FY85	\$0	FY88	\$(930.0)
FY86	\$(214.2)	FY89	\$(1,491.0)

(c) Allowing for borrowing actual amount of tuition
(based upon attendance of 0.35% of total borrowers)

FY84	\$52.5	FY87	\$110.8
FY85	\$74.5	FY88	\$129.9
FY86	\$89.8	FY89	\$145.0

(d) Reducing grace year to grace period of 120 days
(assuming 13.2% seniors, 12.7% vocational)

FY84	\$0	FY87	\$(2,582.9)
FY85	\$(1,647.2)	FY88	\$(9,499.0)
FY86	\$(1,972.7)	FY89	\$(13,419.6)

Alaska State Legislature

Representative John Lindauer
District 10-A
3933 Geneva Place
Anchorage, AK 99508



White in Juneau
Pouch V
Juneau, AK 99811
465-3709

House of Representatives

March 28, 1983

TO: Representative Mae Tischer
FROM: Representative John Lindauer *JL*
RE: House Bill #56: "An Act relating to scholarship loans."

The committee amendments, reported to me by my aide who was in attendance at the March 25th House HESS meeting, are excellent. They protect the ability of the students to get sufficient funds while going a long way towards making the loans into legitimate income-earning state investments instead of remaining just another expensive give away program.

Specifically, I agree:

- Section 3* → 1. That the interest rate become 8%; ✓
- Section 1, 2* → 2. That the loan maximums stay at the current \$6000 and \$7000; ✓
- Section 4* → 3. { That repayment begin at 120 days; ✓
- Section 5* → 4. { That 20% be forgiven if student return to the state;
- Section 2* → 5. That the graduate school limit be left at \$7000 with higher levels if needed to cover tuition and fees.

Section 1 → The only further addition which would seem appropriate and consistent would be to allow undergraduates to get more than the current \$6000 if needed to cover their tuition, fees and room. Since undergraduates traditionally can work in the school cafeterias for their food, this would insure that every student can afford to go to school and, more importantly, let the maximum size of the loans increase enough to cover the most basic costs in the years ahead if there is another inflation. The inflation-proofing feature is important as its absence would eventually put pressure on the future legislatures to increase the top dollar amounts and, depending on who is in control; possibly increase them beyond the basic minimum costs again. This way we can both remove the need to periodically rewrite the legislation as well as insure that the loans will only be granted as needed to cover the basic minimum expenses.

Self-open esp for grad. students for tuition & fees (OK)

④ 8% (OK)

① - Retain 6,000 - 7,000 (current law)

② Adjust foreignness X

③ Retain Residency @ 2 years. —

Gall

8% - 20% foreign 6% move back to state
(30%) foreignness

Kop

25% - 50% tie to Federal Rate
interest pegged to Fed

Cato

8% - 40% foreign
Pay on loan immediately

Davis

tie interest to Federal Rate
foreignness 25% - 50%

Muller

8% - 30% foreign
Do not tie to Fed interest rates / immediate payback

Tusher

foreign 8% - w/ 1 yr. deferment

Bice
Hale
Bennett

Sackett's Bill

Hopenen - letter of Intent or Resolution to ask
Commission to tighten program

Tische - would mandate legis. to obligatory funding
May 15 move to Jan 1


Miller - Problem even he is late in their.
Students can't comply w/ Date.

Interest
for
Review

Goll - Educ Statutes
CS 55 HB 56

Dindauer - insert room line 12 & line 17

Motion - Miller want CS 55 HB 56 w/ changes
of l 12 & 17 w/ Ind Rec

Davis - Comment on Motion -  any witnesses
no obj to motion - will vote no ye.
1) 120 days - should be 6 months.



Tischer/Mary Bell ..

HB 36-

Out PM

SB 209

graduate 1973

Tuition
R & B
books & supplies

4290 - tuition
1800 - R & B
450 - books
800 -
400 - personal

start July 3 / school - Dec of 83

Laramie, Wyo

Wrangel - Spring Semester - applied

awarded tentative - Boy 1673
Wrangel

rec'd - 2/2/83

> undergrad
5,000

83-84 - rec'd. ↑ tentative award made 6,000/grads

Not enough funds

Dale Rasler - Heidi
541-56-1808
874 3229

4300 - tuition
900 - Room / Board
900 - board

Loan Repayments

The student loan program is based upon a revolving fund with the students' loan repayments being re-utilized for future student loans. Since 1971-72 (actually 1974-75, since there were no repayments received the first few years), Alaskans have repaid over \$11 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 partial cancellation (forgiveness) history of the student loan program. Students who reside in Alaska after completion of their course of study are eligible to have up to 50 percent of their loans cancelled. Beginning with the first such partial cancellation in 1974-75, the total amount of loan funds (including interest) which the State of Alaska has cancelled has generally shown large annual increases, with the exception of 1979-80 when partial cancellations temporarily leveled. Increases are projected to continue over the next few years as larger numbers of students complete their educational programs.

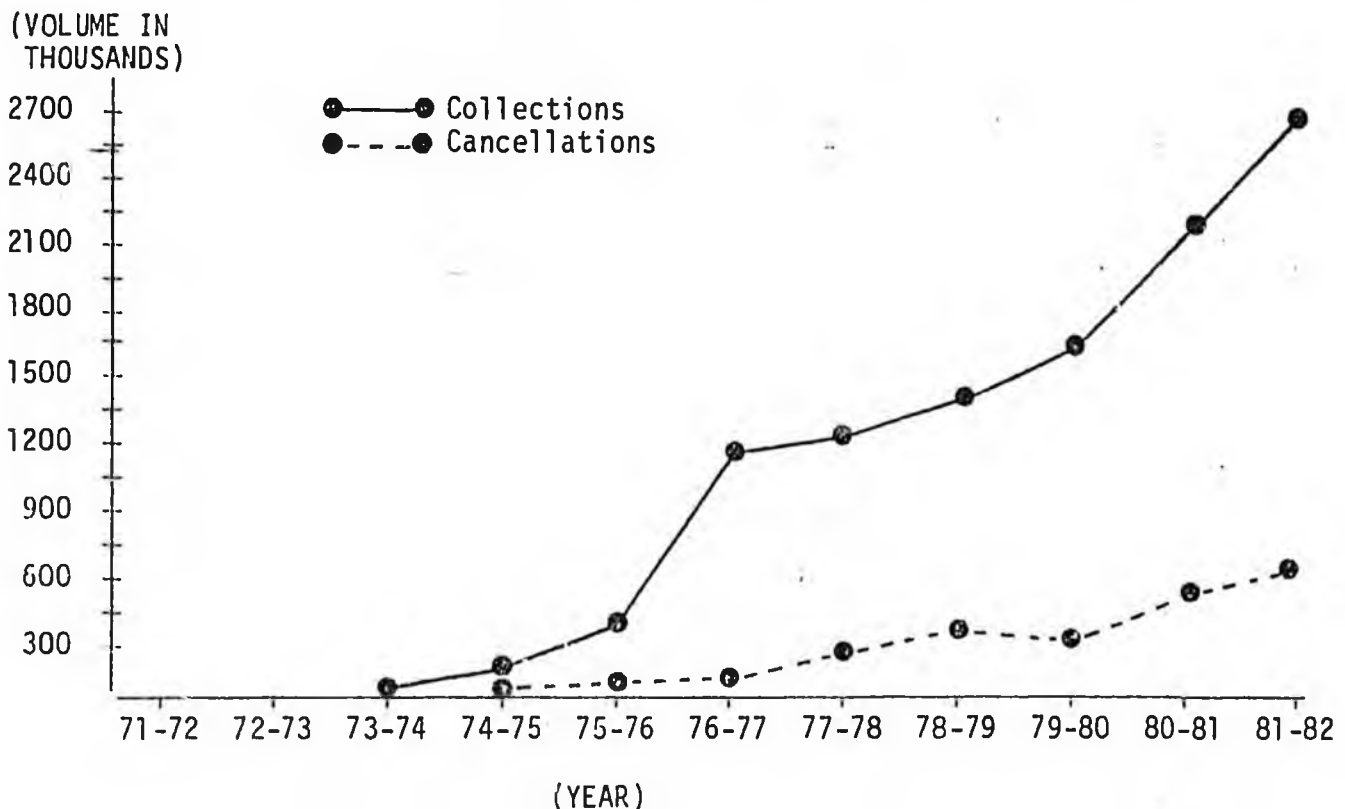


FIGURE 6
STUDENT LOAN COLLECTIONS
AND CANCELLATIONS

Default

Nationally, student loans have a notoriously high default rate, and, unfortunately, Alaska's program also has experienced problems with loan collections. Although the Alaska program is now doing considerably better than the federal loan programs, the default rate still remains at an unacceptable level. As can be seen in Table 4, the default rate has been steadily decreasing since the concerted effort began in 1975-76 to pursue these bad debts. During the 1981-82 loan year, the State of Alaska filed court action against 93 persons involving student loan default. To date, all judgments have been in the favor of the State.

TABLE 4
ANNUAL DEFAULT RATES OF
ALASKA STATE STUDENT LOANS
1971-72 through 1981-82

LOAN YEAR	DEFAULT RATE* (June 30)
1971-72	N.A.
1972-73	N.A.
1973-74	N.A.
1974-75	80.0%
1975-76	44.6%
1976-77	24.9%
1977-78	22.3%
1978-79	19.3%
1979-80	14.5%
1980-81	11.5%
1981-82	9.2%

*Default is 120+ days past due.

Statistical Data

In Appendix A are Tables 9-13 containing data on the Alaska Student Loan Program from 1971-72 through 1981-82. Information on the number and amounts of loans made annually to undergraduate and graduate students attending in-state and out-of-state is presented in Tables 9-12. Table 13 contains summaries of the average size loan awarded each year.

TABLE 10
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	470	42.4	\$ 666,536	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	874	59.9	1,438,990	61.2	1,459	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	1,211,203	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
1980-81	2,606	45.3	5,568,580	41.8	3,145	54.7	7,766,597	58.2	5,751	13,335,177
1981-82	4,225	47.3	15,846,331	44.6	4,710	52.7	19,688,486	55.4	8,935	35,534,817
TOTAL	13,111	42.2	\$31,688,746	40.0	17,934	57.8	\$47,562,956	60.0	31,045	\$79,251,702

TABLE 11
YEARLY SUMMARY
OF
GRADUATE 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	31	34.1	\$ 74,613	29.1	60	65.9	\$ 181,658	70.9	91	\$ 256,271
1972-73	48	25.8	113,990	19.7	138	74.2	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	63,919	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
1980-81	127	17.9	391,885	14.8	582	82.1	2,264,218	85.2	709	2,656,103
1981-82	229	23.8	1,060,365	21.1	734	76.2	3,964,317	78.9	963	5,024,682
TOTAL	677	17.4	\$2,306,825	15.3	3,205	82.6	\$12,739,692	84.7	3,882	\$15,046,364

TABLE 12
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
1980-81	2,733	42.3	5,960,465	37.3	3,727	57.7	10,030,815	62.7	6,460	15,991,280
1981-82	4,454	45.0	16,906,695	41.7	5,444	55.0	23,652,804	58.3	9,898	40,559,499
TOTAL	13,788	39.5	\$34,005,677	36.1	21,139	60.5	\$60,302,649	63.9	34,927	\$94,298,326

Original sponsor: Lindauer

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IN THE HOUSE

BY THE HEALTH, EDUCATION, AND
SOCIAL SERVICES COMMITTEE

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 56 (HESS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

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A BILL

For an Act entitled: "An Act relating to scholarship loans."

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

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* Sec. 2. AS 14.43.120(a) is amended to read:

(a) Proceeds from scholarship loans may only be used for books, tuition and required fees, ~~{AND FOR} room and board, and other necessary student expenses as determined by the committee.~~

* Sec. 3. AS 14.43.120(f) is amended to read:

(f) Interest on a loan made [GIVEN] under AS 14.43.090 - 14.43.-160 is at the rate of eight [FIVE] percent a year.

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5 loan was granted, the borrower is a resident of the state for at least
6 two years. The portion of the loan that shall be paid by the state is
7 the following percentages of the total loan received plus interest up
8 to a total of 30 [50] percent of the total loan:

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

10 (2) three - four years residence in the state, an addition-
11 al 10 percent,

12 (3) over four [- FIVE] years residence in the state, an
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22 * Sec. 7. AS 14.43.160 is amended by adding a new paragraph to read:

23 (9) "committee" means the student financial aid committee
24 of the Alaska Commission on Postsecondary Education.
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HOUSE

DATE: FRIDAY, MARCH 25, 1983

Prepared by the Chief Clerk's Office

** Indicates first public hearing

DAILY COMMITTEE ANNOUNCEMENTS

COMMUNITY & REGIONAL AFFAIRS 465-4894	JUDICIARY 465-4990	RULES 465-3789
<p><u>Capitol 205 - 3:15 - 5pm, M - F</u></p> <p>CSSB 21(C&RA)am - (grants/water supply, sewerage & solid waste facilities)</p>	<p><u>Capitol 124 - 1:30 pm</u></p> <p>JOINT HOUSE/SENATE JUDICIARY MEETING, CAP. 205</p> <p>SB 20 (authorizing participation by magistrates in the judicial retirement system)</p>	<p><u>Capitol 204</u></p> <p>NO MEETING SCHEDULED</p>
FINANCE 465-3706	LABOR & COMMERCE 465-3892	STATE AFFAIRS 465-4963
<p><u>Capitol 519</u></p> <p>1:30pm - House Finance Committee</p> <p>HB 19 (repealing the certificate of need program)</p> <p>HCR 15 (Est./Joint House and Senate Committee on Oil and Gas)</p> <p>HCR 18 (displaying the flags of the U.S. and the State of Alaska)</p>	<p><u>Behrends Conf. Rm. 209 - 8:45 - 10:00am</u></p> <p>HB 51 (limiting the adjustment of retirement benefits)</p> <p>HB 236 (definition for 'trade or commerce' in the Unfair Trade Practice Act.)</p>	<p><u>Capitol 102 - 1:00pm</u></p> <p>SSHB 34 (succession in the office of Lt. Governor)</p> <p>HB 164 (distribution/Alaska permanent fund income to municipalities and unincorporated communities; repealing (AS 43.23)</p> <p>HB 201 (permanent fund dividends)</p> <p>HB 245 (authorizing an advisory vote on the continuation of the permanent fund dividend program)</p>
HEALTH, EDUCATION, & SOCIAL SERVICES	RESOURCES 465-3715	TRANSPORTATION 465-4858
<p><u>Capitol 112 - MWF - 1-3pm 465-3777</u></p> <p>**HB 257 (certain limitations & exclusions in health insurance policies)</p> <p>**HJR 35 (payment for health services provided by the Alaska Area Native Health Service)</p> <p>SSHB 56 (student loans)</p> <p>HB 177 (sexual abuse of a minor)</p>	<p><u>Capitol 118 - 3-5pm</u></p> <p>**HJR 28 (processing of Native Allotments)</p> <p>SB 105 (amending an appropriation made in ch. 90, SLA 1981, making an appropriation to the Alaska Power Authority for Snettisham power project)</p>	<p><u>Capitol 112, 8:30am</u></p> <p>WORKSESSION</p>



Alaska State Legislature

HOUSE CALENDAR

OFFICIAL BUSINESS OF THE HOUSE

SIXTY-EIGHTH DAY

Friday

CHAPLAIN:
Vicar Peter Debartolo
Resurrection Lutheran Church

Convenes: 10:00 a.m.
March 25, 1983

SECOND READING OF HOUSE RESOLUTIONS

HCR 15 Establishing a Joint House and Senate Committee on Oil and Gas.
-Resources report w/Amendment, p. 320
Fiscal Note, House Supplement No. 15
-Finance report w/CS(Finance), same title, p. 590
Zero Fiscal Note

CITATIONS

- *Honoring - Paul Lincoln by Representative Fuller; Senator Ferguson
- *Honoring - Ketchikan High School Students by Representatives Wendte and McBride; Senator Ziegler
- *Honoring - Close-up Students by Senator Ferguson and all other members of the Senate; all members of the House
- *In Memoriam William J. Lyons by Senators Paul Fischer and Gilman

Standing Committee Announcements on back -- subject to change

1. Deal with Forgiveness of 50%
2. Residency of 2 yrs
3. Interest Rate (7%) Fed is 9%, &
most other states is 8%
4. Needs Test
5. Repayment.

Moll	30 ⁷⁰	890	890
	35	890	
	25	Fedrate	
Kop			
Kato	40 ⁷⁰	890	dined.
Davis	25 35	890	Fedrate
	5 70		
Miller	30 ⁷⁰	890	
Wils -			
Wra	30 70	890	defunct H

SAMPLE STUDENT BUDGETS
(1982-83)*

Budget Item	UAF On-Campus	UAF Off-Campus	UAA	UAJ	ACC	Kenai Penn. C.C.	APU On-Campus	SJC On-Campus
Tuition & Fees	\$ 788	\$ 788	\$ 648	\$ 624	\$ 632	\$ 632	\$3,190	\$3,100
Room & Board	2,100	4,800	4,096	4,650	4,608	4,608	3,050	3,000
Books & Supplies	400	400	270	300	270	270	270	250
Subtotal	\$3,288	\$5,988	\$5,014	\$5,574	\$5,510	\$5,510	\$6,510	\$6,350
Transportation	1,000	1,000	640	600	720	1,080	1,080	100
Personal	800	800	768	775	864	864	768	630
Total	\$5,088	\$7,788	\$6,422	\$6,949	\$7,094	\$7,454	\$8,358	\$7,080

Budget Item	Oregon State U On-Campus	U of Oregon On-Campus	Willamette U On-Campus	Linfield College On-Campus	Lewis & Clark College On-Campus	U of Washington On-Campus	Western Washington U On-Campus
Tuition & Fees	\$4,050	\$4,020	\$5,570	\$ 5,555	\$6,444	\$3,255	\$3,210
Room & Board	2,100	2,250	2,350	2,550	2,603	2,601	2,100
Books & Supplies	300	285	250	290	225	300	300
Subtotal	\$6,450	\$6,555	\$8,170	\$ 8,395	\$9,272	\$6,156	\$5,610
Transportation	1,240	1,126	1,800	1,850	1,560	1,525	1,500
Personal	1,320	990	530	715	575	1,041	600
Total	\$9,010	\$8,671	\$10,500	\$10,960	\$11,407	\$8,722	\$7,710

Budget Item	Washington State U On-Campus	Pacific Lutheran U On-Campus	U Puget Sound On-Campus	Gonzaga U On-Campus	Seattle U On-Campus	Arizona State U On-Campus	Northern Arizona U On-Campus
Tuition & Fees	\$3,256	\$ 5,280	\$ 5,480	\$ 4,700	\$ 4,725	\$3,250	\$2,750
Room & Board	2,200	2,370	2,580	2,420	2,493	2,320	1,770
Books & Supplies	330	330	400	330	330	288	275
Subtotal	\$5,786	\$ 7,980	\$ 8,460	\$ 7,450	\$ 7,548	\$5,858	\$4,795
Transportation	1,664	1,600	1,225	1,660	1,736	1,200	1,200
Personal	900	900	700	900	900	1,040	650
Total	\$8,350	\$10,480	\$10,385	\$10,010	\$10,184	\$8,098	\$6,645

*All budgets are for single full-time undergraduate students for a full academic year.

SAMPLE STUDENT BUDGETS
(1982-83)*

Budget Item	U of Hawaii On-Campus	U of Idaho On-Campus	U of Montana On-Campus	Colorado State U On-Campus	U of Colorado On-Campus	U of Denver On-Campus	Stanford U On-Campus
Tuition & Fees	\$ 481	\$2,516	\$2,241	\$4,109	\$ 4,711	\$ 5,790	\$ 8,220
Room & Board	2,837	1,870	2,000	2,700	2,286	2,649	3,423
Books & Supplies	316	300	200	300	230	375	350
Subtotal	\$3,634	\$4,686	\$4,441	\$7,109	\$ 7,227	\$ 8,814	\$11,993
Transportation	1,099	1,450	1,044	1,675	1,716	1,746	1,990
Personal	688	600	500	150	1,417	690	745
Total	\$5,421	\$6,736	\$5,985	\$8,934	\$10,360	\$11,250	\$14,728

Budget Item	Boston U On-Campus	Purdue U On-Campus	Northwestern U On-Campus	Dartmouth College On-Campus	Brigham Young U On-Campus
Tuition & Fees	\$ 7,275	\$3,800	\$ 8,085	\$ 8,190	\$1,100
Room & Board	3,400	2,200	3,060	3,255	1,740
Books & Supplies	310	270	350	1,033	340
Subtotal	\$10,985	\$6,270	\$11,495	\$12,478	\$3,180
Transportation	1,540	1,880	1,560	1,865	1,100
Personal	600	760	650	1,600	200
Total	\$13,325	\$8,910	\$13,705	\$15,943	\$4,480

*All budgets are for single full-time undergraduate students for a full academic year.

(c) The committee's decision on an appeal is final. (Eff. 2/3/77, Reg. 61)

Authority: AS 14.40.757

20 AAC 15.080. COMPLAINT FILE. (a) A written complaint regarding the administration of the scholarship loan program must be answered within 30 days of its receipt.

(b) The director shall maintain a separate complaint file.

(c) At the committee's first meeting of the calendar year the director shall provide the committee with a synopsis of all written complaints received during the prior 12 months and a description of the action taken on each complaint. (Eff. 2/3/77, Reg. 61)

Authority: AS 14.40.757

20 AAC 15.085. DEFINITIONS. In this chapter and AS 14.40.751 - 14.40.771, unless the context requires otherwise

(1) "accredited school" means an institution which

(A) is accredited by a national accreditation association, or the regional accreditation association for the area in which the school is located; or

(B) offers a career education degree approved by the commission;

(2) "career education degree program" means a full-time course of study in a recognized occupation leading to a degree, diploma or comparable certificate of completion;

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

(4) "committee" means the student financial aid committee of the commission;

(5) "director" means the director of student financial aid;

(6) repealed 7/9/82;

(7) repealed 7/9/82;

(8) "full-time course of study" means

(A) a course of study which consists of the completion of a minimum of 24 semester or 36 quarter hours within one school year by an undergraduate student or, when enrollment commences after the first term, the completion of that portion of the hourly requirements which equals the portion remaining of the school year;

(B) a course of study which consists of the completion of a minimum of 18 semester or 27 quarter hours within one school year by a graduate student or, when enrollment commences after the first term, the completion of that portion of the hourly requirements which equals the portion remaining of the school year;

(C) a course of study by a career education student which

(i) consists of the completion of a minimum of 1,080 clock hours, as clock hours is defined in subparagraph (9)(c) of this section, within one school year;

(ii) consists of the completion of that portion of the hourly requirements of (i) of this subparagraph which equals the portion remaining of the school year when enrollment commences after the first term of the school year; or

(iii) consists of the completion of that portion of the hourly requirements of (i) of this subparagraph which equals the portion of the school year represented by the length of the career education program when the career education program does not last for the entire school year.

(9) "full-time student" means

(A) an undergraduate student, not on academic or other probation, who is enrolled in any combination of courses, work experience, research, or special studies which the school requires of the student to consider him as being engaged in full-time study and which amount to the equivalent of 12 semester or 12 quarter hour systems;

(B) a graduate student, not on academic or other probation, who is enrolled in any combination of courses, work experience, research, or special studies which the school requires of the student to consider him as being engaged in full-time study and which amount to the equivalent of nine semester or nine quarter hours per academic term for institutions utilizing trimester, semester, or quarter hour system; or

(C) a student enrolled in a career education program for at least 30 clock hours per week, a clock hour being a period of time which is equivalent of

(i) a 50- to 60- minute class, lecture, or recitation;

(ii) two hours of laboratory, shop training or internship requiring outside preparation;

(iii) two hours of outside preparation related to the activities specified in (i) and (ii) of this subparagraph; or

(iv) three hours of laboratory, shop training, or internship not requiring outside preparation;

(10) "graduate degree program" means an educational program for which a master's degree, doctorate, or other degree requiring study beyond that necessary for a bachelor's degree is awarded;

(11) "hardship" means being unable to meet the obligation to repay a scholarship loan over the term or in the amount determined by the director;

(12) "prospective graduate" means a high school student who will graduate within six months of the submission date of his application for a scholarship loan;

(13) repealed 7/9/82;

(14) "total loan" means the total amount of all loans received by a recipient;

(15) "undergraduate degree program" means

(A) an educational program for which a bachelor's degree is awarded; or

(B) an educational program for which an associate degree, or comparable certificate is awarded, and which is acceptable, upon transfer, for full credit towards a bachelor's degree;

(16) "good cause shown" means duress, major medical disability, death in the immediate family, or administrative error. (Eff. 2/3/77, Reg. 61; am 12/7/80, Reg. 76; am 7/9/82, Reg. 83)

Authority: AS 14.40.757

NOTE REGARDING THE FOLLOWING FRAME(S) ON MICROFILM:
COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES.
TITLE PAGE ONLY HAS BEEN FILMED.

STATE OF ALASKA

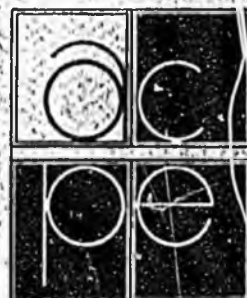
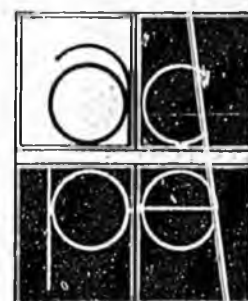
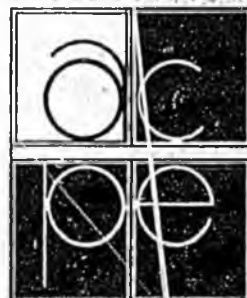
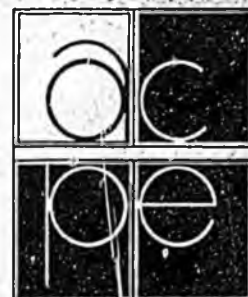
**STUDENT
FINANCIAL AID
PROGRAMS**

**ANNUAL REPORT
1981-1982**

Alaska Commission on Postsecondary Education

Pouch FP, 400 Willoughby Avenue

Juneau, Alaska 99811





Official Business

Alaska State Legislature

House of Representatives

Committee on

Health, Education & Social Services

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: House HESS Committee

DATE: March 21, 1983

FROM: Linda Otey, HESS Staff

RE: Student Loans/HB 55/For Your Review

At the 3/7/83 HESS meeting regarding SSHB 56, staff was directed to summarize the issues under debate regarding the student loan program. A list of those issues follows:

1. Amount of loan awards - line 16, page 1, subsection (4) removes the lid on loan awards.
 - a. Previous testimony pointed out that this change, cited in sections 1, 2 & 3, would increase the cost of the program to approximately 73 million dollars in the first year.
2. Interest rate - current law sets the rate at 5% - SSHB 56 proposes an increase to 7%.
 - a. The Postsecondary Commission recommends raising the rate to 9% (see attached comparisons).
 - b. Rep. Lacher's recommendation sets the rate at 8%.
 - c. The Federal Student Loan Program is presently set at 9% and will probably drop to 8% this year. In this event, the State may not retain higher rates than the federal program if it wishes to comply with federal requirements for participation in the GSLA.
 - d. Floating rates were also recommended. Apparently, this was previously avoided because of the administrative difficulties it would involve.
 - e. Another suggestion was to retain current interest rates while eliminating forgiveness. Figures reflecting this type of change were requested from the Postsecondary Commission.

3. Forgiveness - current law sets the forgiveness rate at 50%, a 10% increase from the 40% level in 1981 - SSHB 56 retains current 50% forgiveness statutes without changes.
 - a. One recommendation would set forgiveness at 30% which would total a 1986 savings of \$143,000 increasing to 1 million in 1989.
 - b. The Postsecondary Commission recommends deleting the forgiveness clause (see attachment based on 9% interest and no forgiveness).
4. Residency - residency requirement is 2 years under current law - SSHB 56 does not address this issue.
 - a. Deborah Vogt, Assistant Attorney General, testified in regards to decreasing the requirement to 1 year. The Attorney General's Office believes that the 2-year statute is defensible and recommends retaining this requirement. A case contesting the 2-year residency requirement is currently before the court but is not scheduled for oral argument.
 - b. Consider the possible ramifications if the 2-year residency requirement is not upheld in court.
 - c. Dr. Romesburg encourages leaving the current statutes unchanged because the change to 1 year would financially burden the program. Fiscal note estimate forthcoming.
5. Eligibility - current statute requirement for eligibility is 14.43.120 Conditions of Loan - "full-time" student is defined by regulation AAC 15.085 Definitions and requires 12 credit hours - SSHB 56 does not address this issue.
 - a. An amendment was offered by the Alaska Statewide Student Assoc. to include part-time students in good standing in more than one institution for a total number of credits equivalent to a full-time student 14.43.120(c) amendment (see attachment).
 - b. The "needs basis" for eligibility is suggested in Section 6 of SSHB 56. In order to comply with the GSLA and receive federal insurance, the State must comply with the federal needs test which is currently at a level far below the average Alaskan income. Because the federal needs test is based on a "Lower 48" average, Alaska has been unable to comply with or meet the federal standards. Consequently, it appears unnecessary to retain Section 6 in SSHB 56.
 - c. Another factor in the Alaska Student Loan Program which does not comply with the federal program is the State requirement for "full-time" status. The federal program requires half-time status. However, this regulatory change on the part of the State has financially benefited the program by approximately 10 million dollars since its inclusion into the structure of the loan program.

6. Regulatory changes - not addressed in SSHB 56.

- a. It was suggested that the Postsecondary Commission submit recommendations concerning regulation changes instead of statutory changes to tighten the program and reduce costs.
- b. The deadline for filing applications for the preceeding school year is currently May 15. It was suggested that moving this date to January would give the legislature a more accurate account of necessary funds to accomodate applicants in the budget process.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH FP
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

M E M O R A N D U M

TO: Linda Odie
Legislative Assistant to House HESS

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

DATE: March 21, 1983

As you requested, the fiscal impacts of changing interest rates and forgiveness rates are listed below. Please note, these impacts are compared to the current program of 5% interest and 50% forgiveness.

<u>Year</u>	<u>5% Interest</u>	<u>30% Forgiveness</u>	<u>Total Impact</u>
FY84	\$ 0	\$ 0	\$ 0
FY85	0	0	0
FY86	0	214,200	214,200
FY87	0	520,200	520,200
FY88	0	930,000	930,000
FY89	0	1,491,000	1,491,000

<u>Year</u>	<u>8% Interest</u>	<u>30% Forgiveness</u>	<u>Total Impact</u>
FY84	\$ 0	\$ 0	\$ 0
FY85	0	0	0
FY86	93,450	214,200	307,650
FY87	372,450	520,200	892,650
FY88	1,562,775	930,000	2,492,775
FY89	3,210,225	1,491,000	4,701,225

5/0 - 50% forgiveness

STATE STUDENT LOAN ACTIVITY
Projected to 1988-89
(Current Program)

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Forgiveness	General Fund
1971-72	1,081	\$ 1,603,158	\$ 1,603,158	\$1,483	\$ -0-	\$ -0-	\$ -0-	\$ 1,603,158
1972-73	1,748	2,870,384	4,473,542	1,642	-0-	-0-	-0-	2,870,384
1973-74	1,665	2,986,176	7,459,718	1,793	-0-	-0-	-0-	2,986,176
1974-75	1,457	2,659,807	10,119,525	1,826	235,476	-0-	703	2,424,331
1975-76	1,719	3,382,997	13,502,522	1,968	465,530	-0-	44,233	2,977,467
1976-77	1,921	3,850,507	17,353,029	2,004	1,141,461	-0-	64,746	2,709,046
1977-78	2,265	4,604,167	21,957,196	2,033	1,191,851	-0-	314,306	3,412,316
1978-79	2,795	6,416,402	28,373,598	2,296	1,391,643	-0-	445,985	5,024,758
1979-80	3,918	9,373,949	37,747,547	2,393	1,603,436	-0-	409,501	7,770,513
1980-81	6,460	15,957,717	53,705,264	2,475	2,225,388	-0-	555,494	13,732,329
1981-82	9,898	40,559,499	94,264,763	4,098	2,779,900	1,000,000	785,769	36,819,599
1982-83*	12,500	56,250,000	150,514,763	4,500	4,604,046	1,200,000	(1,367,555)	54,563,309
1983-84	15,000	73,500,000	224,014,763	4,900	7,591,895	850,000	2,311,210	65,058,105
1984-85	17,741	99,349,600	323,364,363	5,600	11,187,099	675,000	3,458,423	87,487,501
1985-86	19,000	112,190,600	435,464,963	5,900	15,871,653	500,000	4,750,002	95,728,947
1986-87	21,100	124,490,000	559,954,963	5,900	20,742,025	350,000	6,432,819	103,397,975
1987-88	22,489	133,809,550	693,764,513	5,950	24,787,158	225,000	8,113,038	108,797,392
1988-89	24,365	144,971,750	838,736,263	5,950	28,423,931	150,000	10,617,441	116,397,819

*1982-83 through 1988-89 are projections

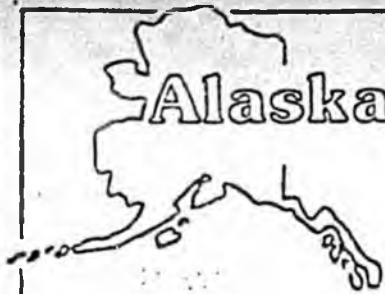
Revised 3/3/83

910 - 2-78-90

STATE STUDENT LOAN ACTIVITY
 Projected to 1988-89
 (Current Maximums)
 (9% Interest)
 (No Forgiveness)

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Forgiveness	General Fund
1971-72	1,081	\$ 1,603,158	\$ 1,603,158	\$1,483	\$ -0-	\$ -0-	\$ -0-	\$ 1,603,158
1972-73	1,748	2,870,384	4,473,542	1,642	-0-	-0-	-0-	2,870,384
1973-74	1,665	2,986,176	7,459,718	1,793	-0-	-0-	-0-	2,986,176
1974-75	1,457	2,659,807	10,119,525	1,826	235,476	-0-	703	2,424,331
1975-76	1,719	3,382,997	13,502,522	1,968	465,530	-0-	44,233	2,977,467
1976-77	1,921	3,850,507	17,353,029	2,004	1,141,461	-0-	64,746	2,709,046
1977-78	2,265	4,604,167	21,957,196	2,033	1,191,851	-0-	314,306	3,412,316
1978-79	2,795	6,416,402	28,373,598	2,296	1,391,643	-0-	445,985	5,024,758
1979-80	3,918	9,373,949	37,747,547	2,393	1,603,436	-0-	409,501	7,770,513
1980-81	6,460	15,957,717	53,705,264	2,475	2,225,388	-0-	555,494	13,732,329
1981-82	9,898	40,559,499	94,264,763	4,098	2,779,900	1,000,000	785,769	36,819,599
1982-83*	12,500	56,250,000	150,514,763	4,500	4,604,046	1,200,000	(1,367,555)	51,813,509
1983-84	15,000	73,500,000	224,014,763	4,900	7,591,895	850,000	2,311,210	65,058,105
1984-85	17,741	99,349,600	323,364,363	5,600	11,187,099	675,000	3,458,423	87,487,501
1985-86	19,630	112,100,600	435,464,963	5,900	15,996,253	500,000	4,393,002	95,604,347
1986-87	21,100	124,490,000	559,954,963	5,900	21,238,625	350,000	5,565,819	102,901,375
1987-88	22,489	133,809,550	693,764,513	5,950	26,870,858	225,000	6,563,038	106,713,692
1988-89	24,365	144,971,750	838,736,263	5,950	32,704,231	150,000	8,132,441	112,117,537

*1982-83 through 1988-89 are projections



Alaska Statewide Student Association

P.O. BOX 548
DOUGLAS, ALASKA 99824

REPRESENTING STUDENTS OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM

ASSA requests that the following section be added to SPONSOR
SUBSTITUTE FOR HOUSE BILL 56:

AS 14.43.120(c) is amended to read:

(c) To maintain a loan the student must continue to be enrolled as a full-time student in good standing or as a part-time student in good standing in more than one institution for a total number of credits equivalent to a full-time student in a career education program, college, or university designated under (b) of this section. The commission shall adopt regulations defining "good standing" for purposes of this subsection.

At present, students enrolled at both UAF and TVCC, UAA and ACC, or Sitka CC and Sheldon Jackson may not receive scholarship loans unless they have a total of twelve credit hours at one or the other institution. This amendment would allow these perfectly legitimate, full-time students to be eligible for the loans.

Thank you.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH FP
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

MEMORANDUM

TO: Representative Mae Tischer
Co-Chairman, House HESS

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

DATE: March 10, 1983

At the recent HESS Committee hearing on HB 56, you requested information on administration costs of student loans. Listed below are the actual costs for FY82 and the budgeted costs for FY83.

	<u>FY82-Actual</u>	<u>FY83 Budgeted</u>
100	\$ 835,400	\$1,467,900
200	11,800	7,800
300	438,500	667,200
400	17,100	19,800
500	<u>80,800</u>	<u>153,000</u>
TOTAL	\$1,383,600	\$2,315,700

In FY82 we made 9,898 finalized loans, and in FY83 we estimate 12,500. At mid-year FY82 we had 8,718 loan accounts in repayment, and at mid-year FY83, we had 14,128 accounts in repayment. Therefore, in FY82 we handled (either in awards or repayment and collections) 18,616 loan accounts, and in FY83, we handled 26,628 loan accounts. Dividing this into the administrative expense, one finds a straight administrative cost in FY82 of \$74.32 per loan account handled, and \$86.96 per loan account handled in FY83.

Pro-rating our administrative expenses between loan awards and loan collections, we can get a better estimate of costs to make loans and costs to collect loans. This break-out includes a lot of estimates and assumptions, but at least it can serve as a guide.

	<u>Awards-82</u>	<u>Repayment-82</u>	<u>Awards-83</u>	<u>Re:payment-83</u>
100	\$389,389	\$446,011	\$ 667,842	\$ 800,058
200	5,497	6,303	3,548	4,252
300	244,170	194,330	303,552	363,648
400	7,971	9,129	9,008	10,792
500	<u>37,662</u>	<u>43,138</u>	<u>69,609</u>	<u>83,391</u>
TOTAL	\$684,689	\$698,911	\$1,053,559	\$1,262,141

Memorandum to Representative Mae Tischer
March 9, 1983
Page 2

Again, simply dividing by the number of accounts handled, one gets an administrative cost in FY82 of \$69.17 per loan award finalized and \$80.17 per loan account in repayment, and \$84.28 per loan award finalized and \$89.34 per loan account in repayment in FY83.

A third way of looking at administrative cost is to compare it as a percentage of loan volume. Using this approach, in FY82 we find that award administration cost 1.69% of loan award volume, and repayment administration cost 15.31% of loan funds collected and/or forgiven. In FY83, award administration costs 1.87% of loan award volume, and repayment administration cost 17.60% of loan funds collected and/or forgiven. (It should be noted that these percentages already have default totals factored out.)

I am not certain that this is exactly what you were asking for in terms of administrative costs per loan. If not, please let me know and I will re-work the figures.

cc: Representative Terry Martin
Representative Rick Uehling
Representative Walt Furnace

HOUSE HESS
COMMITTEE MEETING
AGENDA

DATE: March 7, 1983

TIME: 1:00 p.m.

I. Call Meeting to Order

- A. Note Committee Members Present
- B. Welcome Those Observing
- C. Remind those wishing to testify to sign up, and those giving testimony to speak up and state their names.

II. Announce Legislation Under Consideration:

SSHB 56 An act relating to scholarship loans.

Dr. Romesberg is scheduled to speak in the first part of the meeting, and a work session is planned for the rest of the afternoon.

Other notes or reminders:

Wednesday, March 9

- HB 125 An act relating to emergency closure days in response to a threat to the health or safety of students.
- HB 196 An act relating to provision of adequate housing for public school teachers in rural areas.

Terry - Repeal Forfeitures
90 up interest to 990
Mass 2nd residency

Kerry Romesburg:

990

fed. - ~~State~~ job related

Debra Vogt -

Robert Jensen - Len Moss RSVP

Fritz - Period after 6 + 7000 & line 12 + 21

Kapenon - Death Clause insurance

Change Regs. instead of law

Close loan applic. Dec or Jan.

Tighten down Post-sec Commis - to local inquiry

Mike Muller - Forgive ~~loans~~

Holl - Raise 90 interest, keep for junior

Retain 90 .. + remove forgive

Beir & only to schools.

STATE STUDENT LOAN ACTIVITY
 Projected to 1988-89
 (Current Maximums)
 (9% Interest)
 (No Forgiveness)

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Forgiveness	General Fund
1971-72	1,081	\$ 1,603,158	\$ 1,603,158	\$1,483	\$ -0-	\$ -0-	\$ -0-	\$ 1,603,158
1972-73	1,748	2,870,384	4,473,542	1,642	-0-	-0-	-0-	2,870,384
1973-74	1,665	2,986,176	7,459,718	1,793	-0-	-0-	-0-	2,986,176
1974-75	1,457	2,659,807	10,119,525	1,826	235,476	-0-	703	2,424,331
1975-76	1,719	3,382,997	13,502,522	1,968	465,530	-0-	44,233	2,977,467
1976-77	1,921	3,850,507	17,353,029	2,004	1,141,461	-0-	64,746	2,709,046
1977-78	2,265	4,604,167	21,957,196	2,033	1,191,851	-0-	314,306	3,412,316
1978-79	2,795	6,416,402	28,373,598	2,296	1,391,643	-0-	445,985	5,024,758
1979-80	3,918	9,373,949	37,747,547	2,393	1,603,436	-0-	409,501	7,770,513
1980-81	6,460	15,957,717	53,705,264	2,475	2,225,388	-0-	555,494	13,732,329
1981-82	9,898	4,559,499	94,264,763	4,098	2,779,900	1,000,000	785,769	36,819,599
1982-83*	12,500	5,250,000	150,514,763	4,500	4,604,046	1,200,000	(1,367,555)	51,813,509
1983-84	15,000	73,500,000	224,014,763	4,900	7,591,895	850,000	2,311,210	65,058,105
1984-85	17,741	99,349,600	323,364,363	5,600	11,187,099	675,000	3,458,423	87,487,501
1985-86	19,000	112,100,600	435,464,963	5,900	15,996,253	500,000	4,393,002	95,604,347
1986-87	21,100	124,490,000	559,954,963	5,900	21,238,625	350,000	5,565,819	102,901,375
1987-88	22,489	133,809,550	693,764,513	5,950	26,870,858	225,000	6,563,038	106,713,692
1988-89	24,365	144,971,750	838,736,263	5,950	32,704,231	150,000	8,132,441	112,117,537

*1982-83 through 1988-89 are projections

1982-83 ALASKA STUDENT LOANS
(January 18, 1983)

1. Program Status

<u>Student Level</u>	<u>Number</u>	<u>Amount</u>
Freshman	4,232	\$17,566,996
Sophomore	2,808	12,391,975
Junior	2,019	9,044,064
Senior	1,734	7,639,369
Vocational	1,581	7,986,925
<u>Undergraduate</u>	<u>12,374</u>	<u>54,629,329</u>
<u>Graduate</u>	<u>1,182</u>	<u>6,522,647</u>
<u>TOTAL</u>	<u>13,556</u>	<u>\$61,151,976</u>

SEE UPDATE

2. In-State/Out-of-State Attendance by Level

<u>Student Level</u>	<u>Alaska</u>	<u>%</u>	<u>Out-of-State</u>	<u>%</u>
Freshman	2,377	56.2	1,855	43.8
Sophomore	1,404	50.0	1,404	50.0
Junior	947	46.9	1,072	53.1
Senior	822	47.4	912	52.6
Vocational	1,155	73.1	426	26.9
<u>Undergraduate</u>	<u>6,705</u>	<u>54.2</u>	<u>5,669</u>	<u>45.8</u>
<u>Graduate</u>	<u>302</u>	<u>25.6</u>	<u>880</u>	<u>74.4</u>
<u>TOTAL</u>	<u>7,007</u>	<u>51.7</u>	<u>6,549</u>	<u>48.3</u>

3. Percent In-State Previous Year

<u>Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>All Loans</u>
1981-82	47.3	23.8	45.0
1980-81	45.3	17.9	42.3
1979-80	36.1	12.3	33.3
1978-79	35.1	12.0	32.3

4. States of Attendance by Student Level

<u>Freshman</u>	<u>Sophomore</u>	<u>Junior</u>	<u>Senior</u>	<u>Vocational</u>	<u>Undergraduate</u>	<u>Graduate</u>
AK-2,377	AK-1,404	AK- 947	AK- 822	AK-1,155	AK-6,705	AK- 302
WA- 402	WA- 307	WA- 270	WA- 239	CO- 133	WA-1,307	WA- 160
OR- 298	OR- 260	OR- 174	OR- 147	WA- 89	OR- 921	CA- 178
CA- 203	CA- 142	CA- 94	CA- 89	CA- 45	CA- 573	OR- 128
ID- 126	AZ- 83	AZ- 62	AZ- 51	OR- 42	CO- 389	MA- 33
HA- 121	HA- 74	HA- 55	HA- 38	AZ- 42	AZ- 357	HA- 25
AZ- 119	ID- 73	UT- 52	ID- 43	OK- 19	HA- 320	TX- 21
CO- 111	CO- 71	ID- 36	CO- 35	FL- 7	ID- 285	UT- 21
UT- 57	UT- 60	CO- 35	UT- 34	HA- 7	UT- 204	MO- 19
MT- 45	TX- 40	MT- 35	TX- 27	MN- 5	TX- 148	NY- 18
ZZ- 373	ZZ- 294	ZZ- 259	ZZ- 209	ZZ- 37	ZZ-1,165	ZZ- 277
4,232	2,808	2,019	1,734	1,581	12,374	1,182

5. Age Distribution of Borrowers

<u>Age</u>	<u>Number</u>	
60+	24	Age Range: 16-72
50-59	163	Median Age: 22.6
40-49	618	
30-39	2,421	
20-29	8,479	
16-19	<u>1,851</u>	
	13,556	

6. Residency

<u>Student Level</u>	<u>2-Years</u>	<u>3-5</u>	<u>6-10</u>	<u>10+</u>	<u>Total</u>
Freshman	243	763	913	2,313	4,232
Sophomore	82	445	604	1,677	2,808
Junior	78	289	461	1,191	2,019
Senior	61	279	385	1,009	1,734
Vocational	87	339	305	850	1,581
Undergraduate	551	2,115	2,668	7,040	12,374
Graduate	177	293	308	404	1,182
TOTAL	728	2,408	2,976	7,444	13,556

% Breakdown

2 Years	5.4%	6-10 Years	21.9%
3-5 Years	17.8%	10+ Years	54.9%

Default: (Computed on June 30)

1971-72	N.A.
1972-73	N.A.
1973-74	N.A.
1974-75	80.0%
1975-76	44.6%
1976-77	24.9%
1977-78	22.3%
1978-79	19.3%
1979-80	14.5%
1980-81	11.5%
1981-82	9.2%

10. Loan Volumes, Collections, Forgiveness (see attached table)

STATE STUDENT LOAN ACTIVITY
Projected to 1988-89
(Current Program)

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Forgiveness	General Fund
1971-72	1,081	\$ 1,603,158	\$ 1,603,158	\$1,483	\$ -0-	\$ -0-	\$ -0-	\$ 1,603,158
1972-73	1,748	2,870,384	4,473,542	1,642	-0-	-0-	-0-	2,870,384
1973-74	1,665	2,986,176	7,459,718	1,793	-0-	-0-	-0-	2,986,176
1974-75	1,457	2,659,807	10,119,525	1,826	235,476	-0-	703	2,424,331
1975-76	1,719	3,382,997	13,502,522	1,968	465,530	-0-	44,233	2,977,467
1976-77	1,921	3,850,507	17,353,029	2,004	1,141,461	-0-	64,746	2,709,046
1977-78	2,265	4,604,167	21,957,196	2,033	1,191,851	-0-	314,306	3,412,316
1978-79	2,795	6,416,402	28,373,598	2,296	1,391,643	-0-	445,985	5,024,758
1979-80	3,918	9,373,949	37,747,547	2,393	1,603,436	-0-	409,501	7,770,513
1980-81	6,460	15,957,717	53,705,264	2,475	2,225,388	-0-	555,494	13,732,329
1981-82	9,898	40,559,499	94,264,763	4,098	2,779,900	1,000,000	785,769	36,819,599
1982-83*	12,500	56,250,000	150,514,763	4,500	4,604,046	1,200,000	(1,367,555)	54,563,309
1983-84	15,000	73,500,000	224,014,763	4,900	7,591,895	850,000	2,311,210	65,058,105
1984-85	17,741	99,349,600	323,364,363	5,600	11,187,099	675,000	3,458,423	87,487,501
1985-86	19,000	112,100,600	435,464,963	5,900	15,871,653	500,000	4,750,002	95,728,947
1986-87	21,100	124,490,000	559,954,963	5,900	20,742,025	350,000	6,432,819	103,397,975
1987-88	22,489	133,809,550	697,764,513	5,950	24,787,158	225,000	8,113,038	108,797,392
1988-89	24,365	144,971,750	838,736,263	5,950	28,423,931	150,000	10,617,441	116,397,819

*1982-83 through 1988-89 are projections

TABLE 1

DISTRIBUTION OF YEAR-TO-DATE ALASKA STATE LOANS
FOR STUDENTS ATTENDING IN ALASKA
(February, 1983)

Institution	1982-83	
	No.	Amount
U of Alaska, Fairbanks	2,266	\$ 6,975,068
U of Alaska, Anchorage	1,560	4,611,230
Anchorage Community College	1,353	4,538,244
U of Alaska, Juneau	340	1,053,425
Kenai Peninsula Community College	326	1,191,593
Alaska Pacific U	198	680,400
Alaska Business College	198	943,887
Alaska Vocational-Technical Center	197	348,741
Tanana Valley Community College	195	731,450
Testing Institute of Alaska	167	761,361
Sheldon Jackson College	138	465,953
Matanuska-Susitna Community College	130	547,800
New Anchorage Beauty School	115	549,450
Gordon Aviation, Inc.	110	549,764
Aero Technical Flight School	80	409,000
Wilburs Flight Operation	53	286,300
Fort Richardson Flying Club	49	249,000
Ketchikan Community College	46	124,250
Trend Setter School of Beauty	42	191,500
Sitka Community College	36	114,400
Headquarters Barber & Beauty Academy	35	171,000
Hutchison Career Center	35	131,200
Flight Training Devices	33	136,800
Academy of Hair Design	32	126,600
Alaska Native Training Institute	29	112,200
A.I.R. Center	24	129,000
Alaska Computer Training Center	21	97,150
Anchorage Alaska School of Barbering	20	96,000
Elmendorf Aero Club	20	90,871
St. Herman's Theological Seminary	19	62,000
Kotzebue Technical Center	19	44,250
Kodiak Community College	15	44,050
North Pacific Business Institute	14	55,050
Alaska Bible College	12	40,950
Fairbanks Beauty School	14	58,100
Peninsula Institute of Welding Technology	11	44,950
Peninsula Hair Styling Academy	11	43,750
Prince William Sound Community College	8	21,531
Kuskokwim Community College	8	18,550
Alaska Piper Sales, Inc.	6	35,900
Birchwood Air Service	4	24,000
University of LaVerne	3	12,750
Chapman College	2	3,000
Far North Bible College	2	2,450
T&M Real Estate Institute	1	6,000
Northwest Community College	1	5,000
Charismatic Bible College	1	4,500
Bar Review	1	4,000
Delta Greely Rural Educational Center	1	3,000
Alaska Media Workshop	1	550
TOTAL	8,002	\$26,648,006

INSTITUTIONS AT WHICH AT LEAST FIFTY ALASKA
STUDENT LOAN BORROWERS ATTENDED 1982-83
(as of February, 1983)

Institution	No.	Amount
*University of Alaska, Fairbanks	2,266	\$6,975,068
*University of Alaska, Anchorage	1,560	4,611,230
*Anchorage Community College	1,353	4,538,244
*University of Alaska, Juneau	340	1,053,425
*Kenai Peninsula Community College	326	1,191,593
Oregon State University	241	1,189,956
University of Oregon	233	1,026,136
University of Washington	205	935,667
*Alaska Business College	198	943,887
*Alaska Pacific University	198	680,400
*Alaska Vocational-Technical Center	197	348,741
*Tanana Valley Community College	195	731,450
Western Washington University	177	767,542
*Testing Institute of Alaska	167	761,311
Brigham Young University (UT)	160	498,630
*Sheldon Jackson College	138	465,953
Arizona State University	135	615,025
*Matanuska-Susitna Community College	130	547,800
Washington State University	124	551,776
University of Hawaii, Manoa	124	381,811
*New Anchorage Beauty School	115	549,450
Gonzaga University (WA)	113	596,450
*Gordon Aviation, Inc.	110	549,764
University of Puget Sound (WA)	103	512,200
University of Hawaii, Hilo	100	276,175
University of Idaho	99	364,950
Willamette University (OR)	95	481,675
Northern Arizona University	90	308,942
Pacific Lutheran University (WA)	87	406,950
University of Arizona	86	329,600
*Aero Technical Flight Service	80	409,000
Seattle Pacific University (WA)	77	344,550
Central Washington University	77	334,900
American Diesel & Automotive School (CO)	77	320,573
Seattle University (WA)	73	333,134
Montana State University	69	254,088
Linfield College (OR)	67	305,100
Colorado State University	60	306,050
Ricks College (OR)	58	139,181
Denver Institute of Technology (CO)	56	204,056
*Wilbur's Flight Service	53	286,300
Eastern Washington University	53	255,267
University of Colorado	52	231,400

*Alaskan School

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH FP
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

STATEMENT ON ALASKA STUDENT LOANS

The State of Alaska can make no better commitment of resources than investing in the education of its citizens. Direct support of Alaska's public elementary, secondary, and postsecondary school systems is vital to the state's continued growth and development. It is in the best interest of the state to provide access to these educational resources for the citizens of Alaska.

The best method of assuring access and opportunity is through the direct provision of educational services, but this is not always practical or possible, particularly at the postsecondary level. Therefore, the most effective and efficient method of attaining these goals of access and opportunity is through a system of low interest loans which allow the students to choose the educational setting most appropriate for their particular needs.

The Commission endorses and recommends the continuation and full-funding of the Alaska State Student Loan Program. Amendments which restrict access by denying loans to groups of Alaskans, either by design or by default, are vigorously opposed. However, the fiscal climate of the state, as well as increasing costs because of increased demand require that some modifications be made in the present program. Therefore, the Commission recommends:

1. interest rates be increased to 9%, and
2. forgiveness provisions be eliminated.

Additionally, the Commission will, by regulation, eliminate the practice of providing refunds for forgiveness benefits and will revert to the method of crediting the account.

3/2/83

REPORT R01-ESA-1420
PROGRAM ESA-1420 COMPILED 11.38.04
DATE 03/03/83
TIME 22:59:16

STATE OF ALASKA: COMM ON POST SECONDARY EDUCATION
DIVISION OF STUDENT FINANCIAL AIDS
STUDENT FINANCIAL AID SYSTEM
CLASS INFORMATION BY STATE
FOR SCHOOL YEAR 82 - 83

STATE : R E P O R T T O T A L

STUDENT LEVEL	STUDENT COUNT	AMOUNT AWARDED	MEAN
FRESHMAN	3,865	15,547,012.28	4,022.51
SOPHOMORE	2,641	11,305,076.85	4,280.60
JUNIOR	1,919	8,396,199.58	4,375.29
SENIOR	1,679	7,302,342.25	4,349.22
FIFTH YEAR	21	57,300.00	2,728.57
VOCATIONAL	1,560	7,878,118.15	5,050.07
UNDERGRADUATE TOTAL	11,685	50,486,049.11	4,320.58
GRADUATE	1,142	6,149,590.00	5,384.92
STATE TOTAL	12,827	56,635,639.11	4,415.34



Official Business

Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

FEB 25 1983

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

February 24, 1983

TO: Representative Mae Tischer

FROM: Representative Barbara Lacher

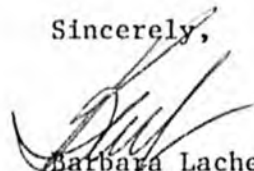
SUBJECT: Student Loan Program

HSS
Step

I am writing you in support of the following proposed changes in the student loan program:

1. Retaining existing loan maximums (\$6000 undergraduate, \$7000 graduate).
2. Retaining the existing good standing requirements.
3. Changing forgiveness from 50% to 30%.
4. Raising interest rates from 5% to 8%.
5. Maintain the existing loan period.
6. Reduce residency requirement from 2 years to 1 year.

Sincerely,


Barbara Lacher
Representative
District 16



Alaska State Legislature

Representative John Lindauer
District 10-A
3933 Geneva Place
Anchorage, AK 99508



While in Juneau
Pouch V
Juneau, AK 99811
465-3709

House of Representatives

March 28, 1983

TO: Representative Mae Tischer
FROM: Representative John Lindauer *JL*
RE: House Bill #56: "An Act relating to scholarship loans."

The committee amendments, reported to me by my aide who was in attendance at the March 25th House HESS meeting, are excellent. They protect the ability of the students to get sufficient funds while going a long way towards making the loans into legitimate income-earning state investments instead of remaining just another expensive give away program.

Specifically, I agree:

- Sec 3* -1. That the interest rate become 8%;
- Sec 1 & 2* -2. That the loan maximums stay at the current \$6000 and \$7000;
- Sec 4* -3. That repayment begin at 120 days;
- Sec 5* -4. That 20% be forgiven if student return to the state;
- Sect 2* -5. That the graduate school limit be left at \$7000 with higher levels if needed to cover tuition and fees.

Sec 1 { The only further addition which would seem appropriate and consistent would be to allow undergraduates to get more than the current \$6000 if needed to cover their tuition, fees and room. Since undergraduates traditionally can work in the school cafeterias for their food, this would insure that every student can afford to go to school and, more importantly, let the maximum size of the loans increase enough to cover the most basic costs in the years ahead if there is another inflation. The inflation-proofing feature is important as its absence would eventually put pressure on the future legislatures to increase the top dollar amounts and, depending on who is in control, possibly increase them beyond the basic minimum costs again. This way we can both remove the need to periodically rewrite the legislation as well as insure that the loans will only be granted as needed to cover the basic minimum expenses.

Introduced: 2/25/83
Referred: Health, Education and
Social Services, House Special
Committee on State Loans and Finance

1 IN THE HOUSE

BY LINDAUER

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 56
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to scholarship loans."

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

8 * Section 1. AS 14.43.110 is repealed and reenacted to read:

9 Sec. 14.43.110. UNDERGRADUATE LOANS. The committee may make a
10 loan for a school year to an undergraduate student eligible under
11 AS 14.43.125. A loan made under this section may not exceed \$6,000,
12 except when necessary to cover the actual cost of

13 (1) ~~books;~~

14 (2) tuition and required fees;

15 (3) ~~room and board, and~~

16 (4) ~~other necessary student expenses as determined by the~~
17 committee.

18 * Sec. 2. AS 14.43.115 is repealed and reenacted to read:

19 Sec. 14.43.115. GRADUATE LOANS. The committee may make a loan
20 for a school year to a graduate student eligible under AS 14.43.125.
21 A loan under this section may not exceed \$7,000, except when necessary
22 to cover the actual cost of

23 (1) books;

24 (2) tuition and required fees;

25 (3) room and board; and

26 (4) other necessary student expenses as determined by the
27 committee.

28 * Sec. 3. AS 14.43.120(a) is amended to read:

29 (a) Proceeds from scholarship loans may only be used for books,

1 tuition and required fees, [AND FOR] room and board, and other neces-
2 sary student expenses as determined by the committee.

3 * Sec. 4. AS 14.43.120(f) is amended to read:

4 (f) Interest on a loan given under AS 14.43.090 - 14.43.160 is
5 at the rate of ⁸seven ~~[FIVE]~~ percent a year.

6 * Sec. 5. AS 14.43.120(g) is amended to read:

7 (g) Repayment of the principal and interest on the loan begins
8 [NO LATER THAN] one year after the borrower's studies are terminated.
9 The loan shall provide for repayment of the total amount owed in
10 periodic installments in not more than 10 years from the commencement
11 of repayment, except as provided in (k) and (m) of this section. If
12 the commission and the borrower agree to a different repayment sched-
13 ule, the borrower shall repay the loan in accordance with the agree-
14 ment. A borrower may make payments earlier than required by this
15 subsection.

16 * Sec. 6. AS 14.43 is amended by adding a new section to read:

17 Sec. 14.43.132. FEDERALLY INSURED LOANS ENCOURAGED. Whenever
18 possible scholarship loans made under AS 14.43.090 - 14.43.160 shall
19 be federally insured.

20 * Sec. 7. AS 14.43.160 is amended by adding a new paragraph to read:

21 (9) "committee" means the student financial aid committee
22 of the Alaska Commission on Postsecondary Education.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SSHB 56 Date on Bill: 2/25/83
 Title: An Act relating to scholarship loans
 Sponsor: Lindauer
 Requestor: House HESS

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
Capital		34,195.3	40,656.2	43,845.6	46,943.7	49,273.5
Operating						
Total	N.A.					

b. Revenues:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
Revenue	N.A.	0	0	62.3	248.3	1,041.8

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

- a. Raising interest to 7%:
- | | | | |
|-------|--------|-------|-----------|
| FY 84 | \$ 0 | FY 87 | \$ 248.3 |
| FY 85 | 0 | FY 88 | \$1,041.8 |
| FY 86 | \$62.3 | FY 89 | \$2,140.1 |
- b. Removing loan maximum:
- | | | | |
|-------|----------|-------|----------|
| FY 84 | \$34,195 | FY 87 | \$46,943 |
| FY 85 | \$40,656 | FY 88 | \$49,273 |
| FY 86 | \$43,845 | FY 89 | \$51,949 |

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Kerry D. Romesburg Phone: 465-2854
 Division: Commission on Postsecondary Education Date: 3/1/83

Approved by Commissioner: _____ Date: _____
 Department: _____

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/15/83

Loan Repayments

The student loan program is based upon a revolving fund with the students' loan repayments being re-utilized for future student loans. Since 1971-72 (actually 1974-75, since there were no repayments received the first few years), Alaskans have repaid over \$11 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 partial cancellation (forgiveness) history of the student loan program. Students who reside in Alaska after completion of their course of study are eligible to have up to 50 percent of their loans cancelled. Beginning with the first such partial cancellation in 1974-75, the total amount of loan funds (including interest) which the State of Alaska has cancelled has generally shown large annual increases, with the exception of 1979-80 when partial cancellations temporarily leveled. Increases are projected to continue over the next few years as larger numbers of students complete their educational programs.

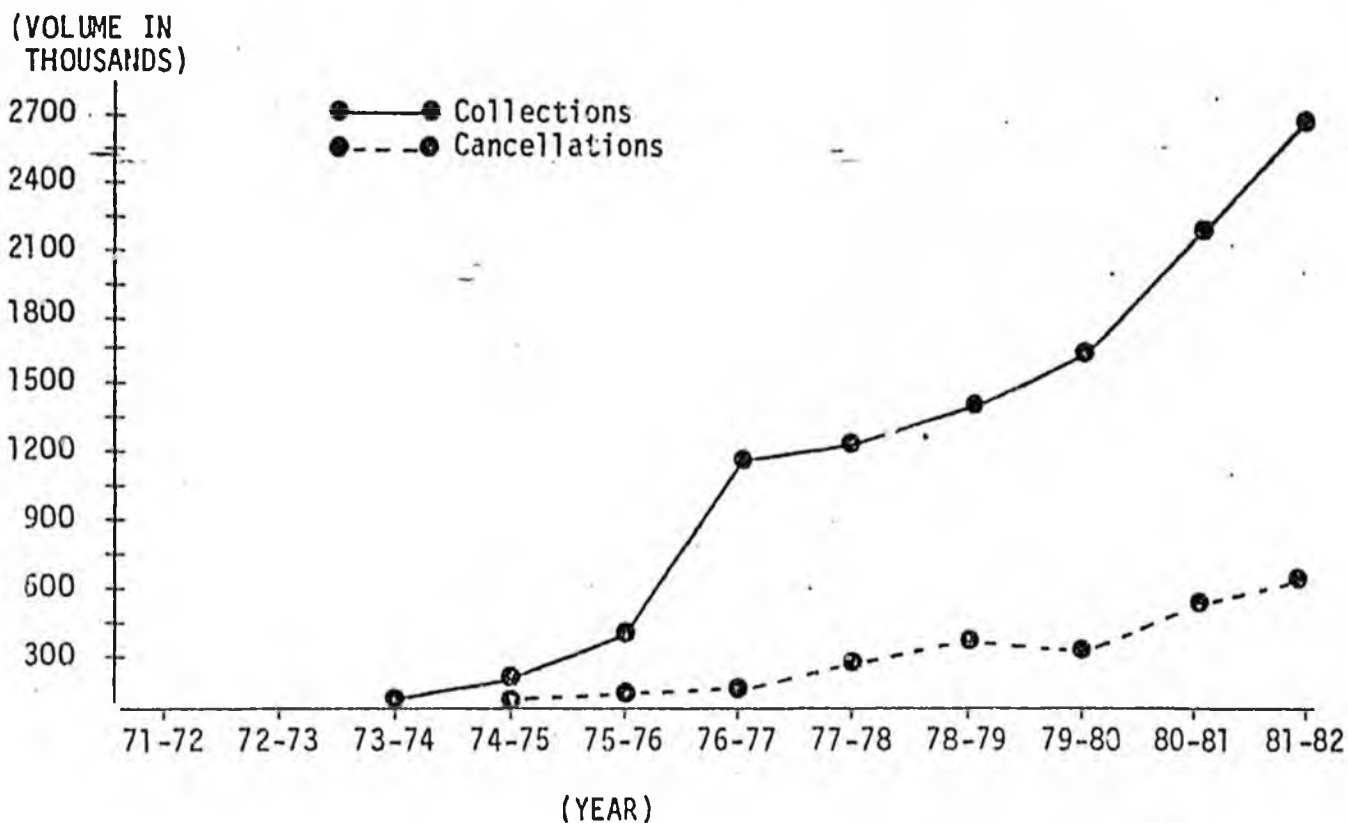


FIGURE 6
STUDENT LOAN COLLECTIONS
AND CANCELLATIONS

Default

Nationally, student loans have a notoriously high default rate, and, unfortunately, Alaska's program also has experienced problems with loan collections. Although the Alaska program is now doing considerably better than the federal loan programs, the default rate still remains at an unacceptable level. As can be seen in Table 4, the default rate has been steadily decreasing since the concerted effort began in 1975-76 to pursue these bad debts. During the 1981-82 loan year, the State of Alaska filed court action against 93 persons involving student loan default. To date, all judgments have been in the favor of the State.

TABLE 4
ANNUAL DEFAULT RATES OF
ALASKA STATE STUDENT LOANS
1971-72 through 1981-82

LOAN YEAR	DEFAULT RATE* (June 30)
1971-72	N.A.
1972-73	N.A.
1973-74	N.A.
1974-75	80.0%
1975-76	44.6%
1976-77	24.9%
1977-78	22.3%
1978-79	19.3%
1979-80	14.5%
1980-81	11.5%
1981-82	9.2%

*Default is 120+ days past due.

Statistical Data

In Appendix A are Tables 9-13 containing data on the Alaska Student Loan Program from 1971-72 through 1981-82. Information on the number and amounts of loans made annually to undergraduate and graduate students attending in-state and out-of-state is presented in Tables 9-12. Table 13 contains summaries of the average size loan awarded each year.

TABLE 10
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	470	42.4	\$ 666,536	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	874	59.9	1,438,990	61.2	1,459	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	1,211,203	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
1980-81	2,606	45.3	5,568,580	41.8	3,145	54.7	7,766,597	58.2	5,751	13,335,177
1981-82	4,225	47.3	15,846,331	44.6	4,710	52.7	19,688,486	55.4	8,935	35,534,817
TOTAL	13,111	42.2	\$31,688,746	40.0	17,934	57.8	\$47,562,956	60.0	31,045	\$79,251,702

TABLE 11
YEARLY SUMMARY
OF
GRADUATE 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	31	34.1	\$ 74,613	29.1	60	65.9	\$ 181,658	70.9	91	\$ 256,271
1972-73	48	25.8	113,990	19.7	138	74.2	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	63,919	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
1980-81	127	17.9	391,885	14.8	582	82.1	2,264,218	85.2	709	2,656,103
1981-82	229	23.8	1,060,365	21.1	734	76.2	3,964,317	78.9	963	5,024,682
TOTAL	677	17.4	\$2,306,825	15.3	3,205	82.6	\$12,739,692	84.7	3,882	\$15,046,364

TABLE 12
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
1980-81	2,733	42.3	5,960,465	37.3	3,727	57.7	10,030,815	62.7	6,460	15,991,280
1981-82	4,454	45.0	16,906,695	41.7	5,444	55.0	23,652,804	58.3	9,898	40,559,499
TOTAL	13,788	39.5	\$34,005,677	36.1	21,139	60.5	\$60,302,649	63.9	34,927	\$94,298,326