



STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 3/5/85

REQUEST

Bill/Resolution No.: CS HB 185 (LOAN)  
 Title: Conditions of Student Loans  
 Sponsor: Koponen, Goll, Sund, Et Al.  
 Requestor: House Loan Comm.  
 Date of Request: 3/4/85

FISCAL DETAIL

Agency Affected: Education  
 Program Category Affected: Postsecondary Education  
 BRU, Program or Subprogram(s) Affected: Student Loan Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	N.A.	-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND	N.A.	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Kerry D. Romesha, Executive Director Phone: 465-2854  
 Division: Alaska Commission on Postsecondary Education Date: \_\_\_\_\_  
 Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

7/1/84

Offered: 3/4/85  
Referred: Health, Education &  
Social Services and Finance

Original sponsors: Koponen, Goll,  
Sund, et al

1 IN THE HOUSE BY THE HOUSE SPECIAL COMMITTEE  
ON STATE LOANS

2 CS FOR HOUSE BILL NO. 185 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the maximum loan amounts, eli-  
7 gibility requirements, and conditions of scholarship  
8 loans; and providing for an effective date."

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

10 \* Section 1. AS 14.43.110 is amended to read:

11 Sec. 14.43.110. UNDERGRADUATE LOANS. The committee may make a  
12 loan, not to exceed \$6,000 in any one school year, to an undergraduate  
13 student eligible under AS 14.43.125. The committee may make a loan  
14 for a summer term, even if the total loan for the school year exceeds  
15 the \$6,000 maximum, if the loan for the summer term is counted against  
16 the \$6,000 maximum for the following school year.

17 \* Sec. 2. AS 14.43.115 is amended to read:

18 Sec. 14.43.115. GRADUATE LOANS The committee may make a loan,  
19 not to exceed \$7,000 in any one school year, to a graduate student who  
20 is eligible under AS 14.43.125 and is pursuing an advanced degree.  
21 The committee may make a loan for a summer term, even if the total  
22 loan for the school year exceeds the \$7,000 maximum, if the loan for  
23 the summer term is counted against the \$7,000 maximum for the follow-  
24 ing school year.

25 \* Sec. 3. AS 14.43.120(k) is amended to read:

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

1 (1) return to student status as provided in (c) of this  
2 section;

3 (2) serving an initial period of up to six years on active  
4 duty as a member of the armed forces of the United States;

5 (3) serving, for up to three years, as a full-time volun-  
6 teer under the Peace Corps Act;

7 (4) serving, for up to three years, as a full-time volun-  
8 teer under the Domestic Volunteer Service Act of 1973;

9 (5) for a one-time period up to 12 months in which the  
10 borrower is seeking and unable to find employment in the United  
11 States; or

12 (6) if the borrower becomes 50 percent or more disabled as  
13 certified by competent medical authority.

14 \* Sec. 4. AS 14.43.125 is repealed and reenacted to read:

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

17 (1) is

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

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

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

26 (3) is a resident of the state at the time of application  
27 for the loan; for purposes of this section, a person qualifies as a  
28 resident of the state if at the time of application for the loan the  
29 person

1 (A) has been physically present in the state for at  
2 least two years immediately before the time of application for  
3 the loan;

4 (B) is dependent on a parent or guardian for care, the  
5 parent or guardian has been present in the state for at least two  
6 years immediately before the time of application for the loan and  
7 the person has been present in the state for at least one year of  
8 the immediately preceding five years except that the commission  
9 may by a two-thirds vote, acting upon a written appeal by the  
10 person, grant an exemption to the requirement that the person has  
11 been present in the state for one year of the immediately preced-  
12 ing five years;

13 (C) has been physically present in the state, or is a  
14 dependent of a parent or guardian who has been physically present  
15 in the state, for at least two years immediately before the  
16 applicant was absent from the state and the absence is due solely  
17 to

18 (i) serving an initial period of up to six years  
19 on active duty as a member of the armed forces of the United  
20 States;

21 (ii) serving, for up to three years, as a full-  
22 time volunteer under the Peace Corps Act;

23 (iii) serving, for up to three years, as a full-  
24 time volunteer under the Domestic Volunteer Service Act of  
25 1973;

26 (iv) required medical care for the applicant or  
27 the applicant's immediate family;

28 (v) being a person who otherwise qualifies as a  
29 resident and is accompanying a spouse who qualifies as a

1                   resident under (i) - (iv) of this paragraph; or  
2                   (D) has been physically present in the state, or is a  
3                   dependent of a parent or guardian who has been physically present  
4                   in the state, for at least two years immediately before the  
5                   applicant or the parent or guardian was absent from the state and  
6                   the absence is due solely to

7                   (i) participating in a foreign exchange student  
8                   program recognized by the commission;

9                   (ii) attending a school as a full-time student;

10                  (iii) full-time employment by the state;

11                  (iv) being a member of or employed full-time by  
12                  the state's congressional delegation;

13                  (v) being a person who otherwise qualifies as a  
14                  resident and is accompanying a spouse who qualifies as a  
15                  resident under (i) - (iv) of this paragraph.

16                  (b) A person does not qualify as a resident of the state under this  
17                  section if the person declares or establishes residence in another state  
18                  during an absence from Alaska.

19                  \* Sec. 5. AS 14.43.160 is amended by adding a new paragraph to read:

20                                 (9) "summer term" means the period from June 1 - August 31.

21                  \* Sec. 6. This Act takes effect immediately in accordance with AS 01.-  
22                  10.070(c).

COPY

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 18, 1985

SUBJECT: Sectional analysis of HB 185 (student loans)

TO: Representative Niilo Koponen  
Chairman, Health, Education and Social  
Services Committee

FROM: Keith B. Levy  
Legislative Counsel

The following is a sectional analysis of HB 185, relating to the student loan program.

Section 1. Existing law allows a deferral of the repayment of student loans for certain activities including service on active duty as a member of the armed forces. This section limits the military service deferral to an initial period of service of up to six years (AS 14.43.120(k)).

Section 2. This section rewrites the eligibility requirements for a student loan (AS 14.43.125). To be eligible, a person must meet three requirements. First, the person must either be enrolled as a full-time student in a career education, associate, baccalaureate, or graduate program, or a high school graduate, or scheduled for graduation from high school within six months. Second, the person may not be delinquent or in default on a previously awarded loan. Third, the person must be a resident of the state at the time of application. To qualify as a resident, the person must either (1) have been physically present in the state for two years before applying; (2) have been present in the state for one year of the preceding five and be dependent on a parent or guardian who has been present in the state for two years before the application; or (3) have been present in the state for two years or be dependent on a parent or guardian who has been present in the state for two years before the person was absent from the state if the absence was due solely to one of the justifications listed in the statute. The justifications for absence include

Representative Niilo Koponen  
Page 2  
February 18, 1985

military service, Peace Corps service, volunteer service under the Domestic Volunteer Service Act of 1973, participating in a foreign exchange student program, attending school as a full-time student, full-time employment by the state, working as or being employed full-time by the state's congressional delegation, medical care for the applicant or the applicant's immediate family, and accompanying a spouse who qualifies under these provisions. A person does not qualify as a resident if that person establishes residence in another state during the absence.

Section 3. This section provides for an immediate effective date.

KBL:mkr  
110:WKJ11

# Alaska State Legislature

Representative Niilo Koponen

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Box 252  
Fairbanks, Alaska 99707  
479-6782

JUNEAU  
Pouch V  
Juneau, Alaska 99811  
465-4992

## HOUSE BILL 185

House Bill 185 is legislation requested by the Postsecondary Commission. Last year it was introduced as SB 385. HB 185 is a shortened version of the final version of SB 385 (CSSB 385(Fin) am).

This bill deals with two sections of AS 14.43. The first (AS 14.43.120(k)), deals with "Conditions of Loans" - specifically deferral of repayment. The second section (AS 14.43.125) deals with eligibility for the student loan program.

DEFERRAL OF REPAYMENT - This bill defines a maximum length of time (6 years) for which a person can have repayment of their student loan deferred because they are on active duty as a member of the armed forces of the United States.

SB 385 originally had a deferral period of 4 years. This was increased to 6 years in the Senate Finance amended version after discussion in committee of initial service periods which last 6 years rather than 4.

ELIGIBILITY - Language is added making certain provisions by which a person could have been out of state within the last two years and still be eligible for a student loan. These provisions include required medical care, attendance school outside of Alaska as a fulltime student etc. Currently, military service is one of the only allowable absences.

At present the Postsecondary Commission has no statutory authority to grant Alaska Student Loan eligibility to anyone who has been out of the state in the 2 years immediately prior to applying for a student loan. There is a Postsecondary Commission regulation to allow absences out of state of not more than 8 consecutive weeks or no more than 16 total weeks, but even students who have been receiving Alaska student loans and who have been going to school fulltime outside the state are not, under current statute made clearly eligible for the Alaska Student Loan program.

In Section 3 (B) a dependent must have been present in the state for at least one year of the immediately preceding 5 years because that is a requirement Senate Judiciary included in the omnibus residence bill (HB323). (Now AS 14.43.125)

I have included a copy of the referenced existing statutes for your convenience.

March 29, 1985

To: The Chairman and Members of the House Finance Committee

From: Ronald D. Martinson, 3220 Briarcliff Dr. Anchorage, AK 99508

338-2488, 277-1622

Re: House Bill No. 185 and House Bill No. 197 (Student Loans)

I am writing to urge you to pass on to the House as swiftly as possible the two Bills mentioned above. I would hope that this might be done so that the Full House might act on them and process them on through the Legislature and Governor so that they might become law during this session.

I request this for the following reasons: (1) I have discovered the shortcomings of the law(s) regarding the present rules on the student loan program through a lengthy appeal process in behalf of our daughter, Anne. (2) I discovered that the requirements for residency to enter the loan program as stated on the 1984-1985 forms were not what the law(s) read. This created confusion and frustration for an applicant who was denied, as well as for the Commission on Postsecondary Education as it sought to work under the law(s). (3) I have read carefully House Bill No. 185 and I am in full agreement with it. It covers all of the concerns I raised in the appeal process regarding the law(s) presently in effect, i.e., absence due to being in college out of State, the power of the Commission to act (by 2/3 majority) to admit persons to the loan program when there are unusual circumstances affecting their entrance into the program, loss of use of the program when a person becomes a resident of another state during absence from Alaska. (4) The change in the law made in 1983 which required one year in the last five of personal presence in the State might have seemed to be generous; however, it gave a person four years after leaving the State to continue in the loan program and denied a person who moved here with her family and left for college in the fall the opportunity to enter it. It also would have eliminated a person who attended four years of college and one year of graduate school outside of the State from continued use of the program, if the "letter of the law" had been enforced. The law preserved a person's right to use the program but made it difficult to enter it. (5) This Bill will allow the goals of the Alaska Student Loan Program to be met; and (6) I have read the rules for eligibility regarding residency as printed in the forms for use in 1985-1986 and they will need the passage of House Bill No. 185 to match the law(s) of the State of Alaska.

We have an excellent Student Loan Program in the State of Alaska. The passage of these two bills will clarify several issues which need legal clarification if the program is to continue to be fair and just.

I would hope that no changes would be made to these Bills as they proceed toward law. Some may want to limit the program to recent high school graduates. I believe that would be a mistake, and it would open the program to legal battles which could destroy it. It would prevent persons from getting a loan who need further education to continue their work or who need to change work because of injury or changes in economic conditions or of unemployment in their chosen field. Interest may need to be increased and the forgiveness provision may need to be re-examined, but the whole program should not be changed. In an effort to save money for the State we may be looking at areas which should be left alone. I would hope that we could increase our efforts to collect from those who use the program and default in their payments. Thank you for listening to my concerns.

Sincerely,

*Ronald D. Martinson*

Ronald D. Martinson

cc Dr. Kerry Romesburg  
Other Members of the House and Senate

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Revisor's notes. — AS 14.43.115 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

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

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EDUCATION

§ 14.43.125

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

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

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. 1979 provides: "The legislature determines that

Editor's notes. — Section 1, ch. 87, SLA "(1) there are no incentives in the

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON



LABOR & COMMERCE COMMITTEE, VICE-CHAIRMAN  
LEGISLATIVE COUNCIL, VICE-CHAIRMAN  
FINANCE COMMITTEE  
RESOURCES COMMITTEE

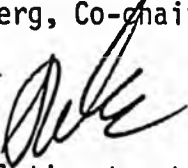
P.O. BOX 143  
SITKA, ALASKA 99835

POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4916

MEMORANDUM

TO: Representative Koponen, Co-chairman  
House HES. Committee

Representative Gruenberg, Co-chairman  
House HESS Committee

FROM: Senator Dick Eliason 

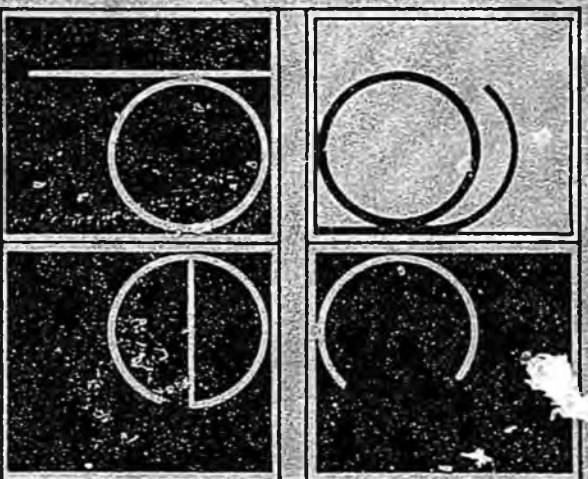
RE: H.B. 185 - "An Act relating to student loans"

DATE: March 19, 1985

Committee Substitute for House Bill 185 (Loans) addresses a current concern expressed by several residents of Sitka. A student, who attended a religious high school outside of the state, was not eligible for a student loan. Although the individual was an Alaskan resident for more than two years, she was not able to satisfy the eligibility requirement which states that an applicant must be physically present in Alaska "at least one year of the immediately preceding five years" before the time of application.

At my request, the House Special Committee on Loans considered this apparent oversight and proposed a viable solution. CS HB 185 (Loans) states that the Postsecondary Education Commission "may by a two-thirds vote, acting upon a written appeal by the person, grant an exemption to the requirement that the person has been present in the state for one year of the immediately preceding five years". This mechanism will allow the much-needed flexibility in determining each student's eligibility.

I strongly support this legislation and urge its passage from committee.



*Alaska Commission on Postsecondary Education*

ALASKA STUDENT LOAN

Background and Discussion Materials

February 1985

## PROGRAM DESCRIPTION

### PURPOSES

1. To provide Alaskans with access to postsecondary educational resources through low-interest loans to students.
2. To encourage an educated citizenry through initial access to education and training and through inducements to utilize that education and training in Alaska.

### TERMS

1. Undergraduates and vocational students may borrow up to \$6,000 per year of full-time study.
2. Graduate students may borrow up to \$7,000 per year of full-time study.
3. Students may borrow for up to 5 years of undergraduate study, or up to 5 years of graduate study, but for not more than 8 years combined.
4. A student must be a two-year Alaska resident to borrow and must maintain full-time study in good standing to continue borrowing Alaska student loans.
5. Loans may be used for attendance at any approved institution.
6. Proceeds from loans may only be used for the costs of tuition and fees, room and board, and books and supplies.
7. Loan repayment begins one year after the student ceases to be a full-time student (except for approved periods of deferment).
8. Repayment is over a 10-year period with provision for extending to 15 years if necessary.
9. Interest charged on the loans is 5%.

### FORGIVENESS

If, upon completion of the program of study for which the loan was granted, the borrower resides in Alaska, a portion of the loan, plus interest, shall be forgiven by the State. That portion, for up to a total of 50%, shall accrue as follows:

1. 2-3 years residence in the state, 10%
2. 3-4 years residence in the state, an additional 10%
3. 4-5 years residence in the state, an additional 10%
4. 5-6 years residence in the state, an additional 10%
5. Over 6 years residence in the state, a final 10%.

This residence must be continuous and must begin within one year of completion of program.

REPAYMENT SCHEDULE

IF YOUR STUDENT LOANS TOTAL:	YOUR MONTHLY PAYMENT FOR 120 MONTHS (10 YRS.) WOULD BE:	TOTAL TO BE REPAYED:		
		5% Interest	Principal	Total
\$1,000.00	\$ 10.61	\$ 273.20	\$1,000.00	\$ 1,273.20
2,000.00	21.21	545.20	2,000.00	2,545.20
3,000.00	31.83	818.40	3,000.00	3,818.40
4,000.00	42.43	1,091.60	4,000.00	5,091.60
5,000.00	53.05	1,363.60	5,000.00	6,363.60
6,000.00	63.64	1,636.80	6,000.00	7,636.80
7,000.00	74.25	1,910.00	7,000.00	8,910.00
8,000.00	84.95	2,182.00	8,000.00	10,182.00
9,000.00	95.46	2,455.20	9,000.00	11,455.20
10,000.00	106.07	2,728.40	10,000.00	12,728.40
15,000.00	159.10	4,092.00	15,000.00	19,092.00
20,000.00	212.13	5,455.60	20,000.00	25,455.60
25,000.00	265.16	6,819.20	25,000.00	31,819.20
30,000.00	318.20	8,184.00	30,000.00	38,184.00
35,000.00	371.23	9,547.60	35,000.00	44,547.60
40,000.00	424.26	10,911.20	40,000.00	50,911.20
45,000.00	477.29	12,274.80	45,000.00	57,274.80
50,000.00	530.33	13,639.60	50,000.00	63,639.60

ALASKA STUDENT LOAN PROGRAM

1984-85 Loans

(a) Funds Available

FY85 General Fund Appropriation	\$60,000,000
FY84 Carry-Forward	8,745,359
Federal Funds (GSL)	350,000
Sub-Total	\$69,095,359
Estimated FY85 Receipts	8,496,463
Total	\$77,591,822

(b) Loans as of April 5, 1985

Student Level	Alaska		Out-of-State		Total	
	Number	Amount	Number	Amount	Number	Amount
Freshman	2,896	\$10,086,032	2,045	\$ 9,376,449	4,941	\$19,462,481
Sophomore	1,487	5,680,594	1,525	7,155,363	3,012	12,835,957
Junior	1,024	4,118,473	1,292	6,290,075	2,316	10,408,548
Senior	1,064	4,289,891	1,153	5,553,274	2,217	9,843,165
Vocational	2,157	11,289,047	804	3,915,398	2,961	15,204,445
Undergraduate	8,628	\$35,464,037	6,819	\$32,290,559	15,447	\$67,754,596
Graduate	295	1,351,419	1,041	6,017,558	1,336	7,368,977
Total	8,923	\$36,815,456	7,860	\$38,308,117	16,783	\$75,123,573

(c) In-State/Out-of-State Attendance by Level (April 5, 1985).

<u>Student Level</u>	<u>Alaska</u>	<u>%</u>	<u>Out-of-State</u>	<u>%</u>
Freshman	2,896	58.6	2,045	41.4
Sophomore	1,487	49.4	1,525	50.6
Junior	1,024	44.2	1,292	55.8
Senior	1,064	48.0	1,153	52.0
Vocational	2,157	72.8	804	27.2
Undergraduate	8,628	55.9	6,819	44.1
Graduate	295	22.1	1,041	77.9
Total	8,923	53.2	7,860	46.8

(d) Percent In-State Previous Years

<u>Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>All Loans</u>
1978-79	35.1	12.0	32.3
1979-80	36.1	12.3	33.3
1980-81	45.3	17.9	42.3
1981-82	47.3	23.8	45.0
1982-83	53.1	23.4	50.4
1983-84	53.3	21.9	50.5
1984-85 (To date)	55.9	22.1	53.2

DISTRIBUTION OF ALASKA STATE LOANS  
FOR STUDENTS ATTENDING IN ALASKA  
(1984-85 Loans)  
(As of December 31, 1984)

Institution	1984-85	
	No.	Amount
University of Alaska, Fairbanks	2,101	\$ 8,130,700
University of Alaska, Anchorage	1,443	6,111,600
Anchorage Community College	1,366	5,879,150
Kenai Peninsula Community College	352	1,586,200
University of Alaska, Juneau	281	1,194,950
Alaska Pacific University	246	1,182,900
Alaska Vocational-Technical Center	180	500,800
Matanuska-Susitna Community College	168	722,300
Tanana Valley Community College	155	741,600
Testing Institute of Alaska	152	831,600
Bookkeeping Concepts	151	777,900
Alaska Masonry School	150	886,300
Sheldon Jackson College	141	732,900
New Anchorage Beauty School	111	587,200
Alaska Business College	77	443,100
Alaska Computer Institute of Technology	75	426,850
Clerical Skills Training	69	403,450
Ketchikan Community College	58	243,250
Hutchison Career Center	55	225,800
Alaska Vocational School	53	271,300
Gordon Aviation, Inc.	52	234,000
Scruples II, Action School of Broadcasting	52	227,000
North Pacific Business Institute	50	276,600
Trend Setters School of Beauty	49	283,650
Prince William Sound Community College	48	213,350
People Count, Inc.	45	220,400
Wilburs Flight Operation	41	220,900
Satellite Technicians Applied Research and Development	38	228,000
Aviation Network	31	170,700
Academy of Hair Design	30	138,200
Islands Community College	30	121,800
Aero Tech Flight School	29	166,000
Kuskokwim Community College	29	88,650
Kodiak Community College	27	120,200
Anchorage Alaska School of Barbering	26	135,800
Kotzebue Technical Center	25	115,000
Fort Richardson Flying Club	24	136,500
Elmendorf Aero Club	24	133,500
Headquarters Barber & Beauty Academy	21	110,600
Aviation North	18	94,450
Larry's Flying Service	16	95,450
Vern Air	16	93,000

(Continued)

Institution	1984-85	
	No.	Amount
Peninsula Hair Styling Academy	16	74,250
St. Herman's Theological Seminary	15	57,450
A.I.R. Center	14	78,500
New Concepts Beauty School	14	53,900
Delta Greely Rural Educational Center	13	59,500
World Security Police Academy	11	34,300
University of LaVerne	8	41,000
Alaska Bible College	7	26,100
Fairbanks Beauty School	6	25,700
Alaska Air Academy	5	29,000
Chapman College	5	18,250
American Pacific Aviation	4	24,000
Peninsula Institute of Welding Technology	4	23,200
Air Cushion Technologies	4	14,750
Arctic Bible Institute	4	9,100
Action Helicopter	3	18,000
Northwest Community College	3	11,350
High Tech Helicopter	2	12,000
Alaska Aviation School	1	6,000
Alaska Native Training Institute	1	6,000
University of Alaska, Rural Education	1	6,000
Flight Training Devices	1	5,700
Victorian Academy of Cosmetology and Barbering	1	5,200
Far North Bible College	1	4,550
TOTAL	8,250	\$36,147,350

INSTITUTIONS AT WHICH AT LEAST FIFTY ALASKA  
STUDENT LOAN BORROWERS ATTENDED  
(1984-85 Loans)  
(As of December 31, 1984)

Institution	1984-85	
	No.	Amount
*University of Alaska, Fairbanks	2,101	\$8,130,700
*University of Alaska, Anchorage	1,443	6,111,600
*Anchorage Community College	1,366	5,879,150
*Kenai Peninsula Community College	352	1,586,200
*University of Alaska, Juneau	281	1,194,950
University of Washington	255	1,379,700
*Alaska Pacific University	246	1,182,900
Oregon State University	231	1,218,300
University of Oregon	212	1,088,750
*Alaska Vocational-Technical Center	180	500,800
*Matanuska-Susitna Community College	168	722,300
Arizona State University	166	863,100
Western Washington University	162	821,150
Brigham Young University (UT)	157	585,150
*Tanana Valley Community College	155	741,600
*Testing Institute of Alaska	152	831,600
*Alaska Masonry School	150	886,300
*Sheldon Jackson College	141	732,900
Washington State University	132	716,750
International Air Academy (WA)	128	521,300
University of Puget Sound (WA)	112	625,900
*New Anchorage Beauty School	111	587,200
Northern Arizona University	110	532,150
Central Washington University	96	528,500
University of Arizona	94	490,940
Gonzaga University (WA)	93	543,950
Willamette University (OR)	90	522,500
University of Hawaii, Manoa	82	411,100
Montana State University	82	399,900
University of Colorado	78	419,750
*Alaska Business College	77	443,100
*Alaska Computer Institute of Technology	75	426,850
Seattle University (WA)	73	376,050
Pacific Lutheran University (WA)	71	397,350
University of Idaho	70	362,300
Seattle Pacific University (WA)	70	360,950
*Clerical Skills Training	69	403,450
University of Montana	65	287,450
Lewis and Clark College (OR)	62	320,000
Colorado State University	59	330,450
Stanford University (CA)	58	323,550
*Ketchikan Community College	58	243,250

\*Alaskan Schools

(Continued)

Institution	1984-85	
	No.	Amount
West Coast Training Service	58	219,600
Eastern Washington University	57	302,850
Linfield College (OR)	57	291,050
University of Colorado, Boulder	56	291,000
*Hutchison Career Center	55	225,800
Southern Oregon State College	54	274,950
*Alaska Vocational Schools	53	271,300
*Gordon Aviation, Inc.	52	234,000
*Scruples II, Action School of Broadcasting	52	227,000
Denver Automotive and Diesel College (CO)	51	293,350
DeVry Institute of Technology (AZ)	51	265,300
*North Pacific Business Institute	50	276,600

\*Alaskan School

ALASKA STUDENT LOAN PROGRAM  
REPAYMENT AND COLLECTIONS REPORT

1. Repayments

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>	<u>Average Monthly</u>
1974-75	\$ 73,432	\$ 162,044	\$ 235,476	\$ 19,623
1975-76	162,354	303,176	465,530	38,794
1976-77	320,971	820,490	1,141,461	95,122
1977-78	223,739	968,112	1,191,851	99,321
1978-79	172,249	1,219,394	1,391,643	115,970
1979-80	243,347	1,360,089	1,603,436	133,620
1980-81	416,779	1,808,609	2,225,388	185,449
1981-82	517,939	2,261,961	2,779,900	231,658
1982-83	730,150	3,877,901	4,609,051	384,088
1983-84	1,100,111	5,310,013	6,410,124	534,177
1984-85	N.A.	N.A.	9,927,084	827,257 (est.)
1985-86	N.A.	N.A.	11,879,790	989,983 (est.)

Total repaid through 1983-84: \$22,053,860

2. Number of loan accounts in repayment

<u>June 30</u>	<u>Number</u>
1981	7,196
1982	10,683
1983	15,669
1984	21,771
1985	29,326 (est.)

3. Forgiveness (through December 1984)

<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>	<u>Fifth</u>
627	627	627	627	627
524	524	524	524	-0-
568	568	568	-0-	-0-
833	833	-0-	-0-	-0-
<u>1,447</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
3,999	2,552	1,719	1,151	627

4. Forgiveness Benefits Received (1974-75 through 1983-84)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1974-75	\$ 304	\$ 399	\$ 703
1975-76	42,733	1,500	44,233
1976-77	61,202	3,544	64,746
1977-78	274,210	40,096	314,306
1978-79	367,590	78,395	445,985
1979-80	334,491	75,010	409,501
1980-81	446,077	109,417	555,494
1981-82	617,986	167,783	785,769
1982-83	665,016	181,012	846,028
1983-84	960,738	210,501	1,171,239
TOTAL	\$3,770,347	\$867,657	\$4,638,004

5. Default (Compiled on June 30)

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1971-72	N.A.	1978-79	19.3%
1972-73	N.A.	1979-80	14.5%
1973-74	N.A.	1980-81	11.5%
1974-75	80.0%	1981-82	9.2%
1975-76	44.6%	1982-83	9.1%
1976-77	24.9%	1983-84	13.5%
1977-78	22.3%		

Monthly (1984-85)

<u>Month</u>	<u>Rate</u>
July	14.2%
August	14.6%
September*	17.0%
October *	17.4%
November *	17.7%
December *	16.9%
January *	15.7%
February *	15.5%
March *	15.7%

\*Accounts transferred to Patterson and Van Abel.

6. Number of defaulted accounts transferred to Patterson and Van Abel.

<u>Month</u>	<u>Accounts</u>
October	3,190
November	108
December	125
January	302
February	112
March	144
TOTAL	3,981

TABLE I  
STUDENT FINANCIAL AIDS ADMINISTRATION  
STATE STUDENT LOAN ACTIVITY  
Projected to 1989-90

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Loan Forgiveness	General Fund
1971-72	1,081	\$ 1,603,158	\$ 1,603,158	\$1,483	\$ -0-	\$ -0-	\$ -0-	\$ 1,603,158
1972-73	1,746	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	13,058	55,007,395	149,272,158	4,213	4,609,051	1,200,000	(846,028)	49,198,344
1983-84	14,785	62,912,316	212,184,474	4,255	6,410,124	522,481	1,171,239	56,162,552
1984-85	16,404	73,818,000	286,002,474	4,500	9,927,084	350,000	1,950,101	63,540,916
1985-86	17,693	84,484,075	370,486,549	4,775	11,879,790	225,000	2,325,078	72,379,285
1986-87	17,894	90,364,700	460,851,249	5,050	15,103,702	150,000	2,944,162	75,110,998
1987-88	17,178	92,761,200	553,612,449	5,400	18,421,086	65,000	3,581,196	74,275,114
1988-89	15,212	87,088,700	640,701,149	5,725	21,667,004	25,000	4,204,507	65,396,696
1989-90	15,465	92,016,750	732,717,899	5,950	24,475,215	N.A.	4,743,765	67,541,535

\*1984-85 through 1989-90 are projections

Revised 9/84

SAMPLE STUDENT BUDGETS  
(1984-85)\*

Budget Item	UAF On-Campus	UAF Off-Campus	UAA	UAJ	ACC	Kenai Penn. C.C.	APU On-Campus	SJC On-Campus
Tuition & Fees	\$ 940	\$ 940	\$ 720	\$ 744	\$ 720	\$ 636	\$3,550	\$3,246
Room & Board	2,400	4,800	5,148	4,650	5,148	4,913	3,350	3,400
Books & Supplies	400	400	270	300	290	270	270	300
Subtotal	\$3,740	\$6,140	\$6,138	\$5,694	\$6,158	\$5,819	\$7,170	\$6,946
Transportation Personal	1,000 800	1,000 800	801 963	700 900	774 927	1,152 918	800 910	900 900
Total	\$5,540	\$7,940	\$7,902	\$7,294	\$7,859	\$7,889	\$8,880	\$8,746

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	\$4,030	\$6,410	\$ 6,080	\$7,569	\$3,618	\$3,486
Room & Board	2,200	2,340	2,700	2,210	3,037	2,805	2,325
Books & Supplies	330	300	250	250	250	399	350
Subtotal	\$6,580	\$6,720	\$9,360	\$ 8,540	\$10,856	\$6,822	\$6,161
Transportation Personal	1,400 1,050	1,300 1,000	2,000 550	2,000 650	1,600 600	1,600 1,158	1,600 700
Total	\$9,030	\$9,020	\$11,910	\$11,190	\$13,056	\$9,580	\$8,461

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	\$3,624	\$ 5,950	\$ 6,330	\$ 5,900	\$ 5,625	\$3,700	\$3,200
Room & Board	2,400	2,800	2,900	2,700	2,955	2,700	1,960
Books & Supplies	350	400	400	400	400	420	350
Subtotal	\$6,374	\$ 9,150	\$ 9,630	\$ 9,000	\$ 8,980	\$6,820	\$5,510
Transportation Personal	1,700 1,000	1,750 1,200	1,300 400	1,700 1,000	1,800 1,020	1,700 1,000	1,400 800
Total	\$9,074	\$12,100	\$11,330	\$11,700	\$11,800	\$9,520	\$7,710

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

SAMPLE STUDENT BUDGETS  
(1984-85)\*

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	\$3,126	\$2,816	\$2,241	\$4,805	\$ 5,055	\$ 6,696	\$ 9,750
Room & Board	2,275	2,580	2,081	2,740	2,468	2,955	4,000
Books & Supplies	368	400	200	320	325	375	400
Subtotal	\$5,769	\$5,796	\$4,522	\$7,865	\$ 7,848	\$10,026	\$14,150
Transportation Personal	1,400 686	1,500 600	1,100 500	1,550 260	1,800 1,417	1,615 690	2,000 800
Total	\$7,855	\$8,414	\$6,122	\$9,675	\$10,733	\$12,331	\$16,950

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	\$ 9,116	\$4,260	\$ 9,615	\$ 9,090	\$1,400
Room & Board	3,900	3,110	3,540	3,490	2,100
Books & Supplies	350	300	405	inc. personal 1,080	370
Subtotal	\$13,366	\$7,670	\$13,560	\$13,660	\$3,870
Transportation Personal	1,700 700	2,000 800	2,080 730	2,000 1,600	1,200 680
Total	\$15,766	\$10,470	\$16,370	\$16,260	\$5,750

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

Offered: 3/4/85  
Referred: Health, Education &  
Social Services and Finance

Original sponsors: Koponen, Goll,  
Sund, et al

1 IN THE HOUSE BY THE HOUSE SPECIAL COMMITTEE  
ON STATE LOANS

2 CS FOR HOUSE BILL NO. 185 (Loans)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the maximum loan amounts, eli-  
7 gibility requirements, and conditions of scholarship  
8 loans; and providing for an effective date."

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

10 \* Section 1. AS 14.43.110 is amended to read:

11 Sec. 14.43.110. UNDERGRADUATE LOANS. The committee may make a  
12 loan, not to exceed \$6,000 in any one school year, to an undergraduate  
13 student eligible under AS 14.43.125. The committee may make a loan  
14 for a summer term, even if the total loan for the school year exceeds  
15 the \$6,000 maximum, if the loan for the summer term is counted against  
16 the \$6,000 maximum for the following school year.

17 \* Sec. 2. AS 14.43.115 is amended to read:

18 Sec. 14.43.115. GRADUATE LOANS. The committee may make a loan,  
19 not to exceed \$7,000 in any one school year, to a graduate student who  
20 is eligible under AS 14.43.125 and is pursuing an advanced degree.  
21 The committee may make a loan for a summer term, even if the total  
22 loan for the school year exceeds the \$7,000 maximum, if the loan for  
23 the summer term is counted against the \$7,000 maximum for the follow-  
24 ing school year.

25 \* Sec. 3. AS 14.43.120(k) is amended to read:

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

1 (1) return to student status as provided in (c) of this  
2 section;

3 (2) serving an initial period of up to six years on active  
4 duty as a member of the armed forces of the United States;

5 (3) serving, for up to three years, as a full-time volun-  
6 teer under the Peace Corps Act;

7 (4) serving, for up to three years, as a full-time volun-  
8 teer under the Domestic Volunteer Service Act of 1973;

9 (5) for a one-time period up to 12 months in which the  
10 borrower is seeking and unable to find employment in the United  
11 States; or

12 (6) if the borrower becomes 50 percent or more disabled as  
13 certified by competent medical authority.

14 \* Sec. 4. AS 14.43.125 is repealed and reenacted to read:

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

17 (1) is

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

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

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

26 (3) is a resident of the state at the time of application  
27 for the loan; for purposes of this section, a person qualifies as a  
28 resident of the state if at the time of application for the loan the  
29 person

1 (A) has been physically present in the state for at  
2 least two years immediately before the time of application for  
3 the loan;

4 (B) is dependent on a parent or guardian for care, the  
5 parent or guardian has been present in the state for at least two  
6 years immediately before the time of application for the loan and  
7 the person has been present in the state for at least one year of  
8 the immediately preceding five years except that the commission  
9 may by a two-thirds vote, acting upon a written appeal by the  
10 person, grant an exemption to the requirement that the person has  
11 been present in the state for one year of the immediately preced-  
12 ing five years;

13 (C) has been physically present in the state, or is a  
14 dependent of a parent or guardian who has been physically present  
15 in the state, for at least two years immediately before the  
16 applicant was absent from the state and the absence is due solely  
17 to

18 (i) serving an initial period of up to six years  
19 on active duty as a member of the armed forces of the United  
20 States;

21 (ii) serving, for up to three years, as a full-  
22 time volunteer under the Peace Corps Act;

23 (iii) serving, for up to three years, as a full-  
24 time volunteer under the Domestic Volunteer Service Act of  
25 1973;

26 (iv) required medical care for the applicant or  
27 the applicant's immediate family;

28 (v) being a person who otherwise qualifies as a  
29 resident and is accompanying a spouse who qualifies as a

1 resident under (i) - (iv) of this paragraph; or

2 (D) has been physically present in the state, or is a  
3 dependent of a parent or guardian who has been physically present  
4 in the state, for at least two years immediately before the  
5 applicant or the parent or guardian was absent from the state and  
6 the absence is due solely to

7 (i) participating in a foreign exchange student  
8 program recognized by the commission;

9 (ii) attending a school as a full-time student;

10 (iii) full-time employment by the state;

11 (iv) being a member of or employed full-time by  
12 the state's congressional delegation;

13 (v) being a person who otherwise qualifies as a  
14 resident and is accompanying a spouse who qualifies as a  
15 resident under (i) - (iv) of this paragraph.

16 (b) A person does not qualify as a resident of the state under this  
17 section if the person declares or establishes residence in another state  
18 during an absence from Alaska.

19 \* Sec. 5. AS 14.43.160 is amended by adding a new paragraph to read:

20 (9) "summer term" means the period from June 1 - August 31.

21 \* Sec. 6. This Act takes effect immediately in accordance with AS 01.-  
22 10.070(c).

Introduced: 2/8/85  
Referred: House Special Committee on  
State Loans, Health, Education &  
Social Services and Finance

BY KOPONEN, GOLL, SUND,  
TAYLOR, HURLEY, NAVARRE,  
GRUENBERG, DAVIS AND  
BOUCHER

1 IN THE HOUSE

2

HOUSE BILL NO. 185

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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

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

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

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

14 (1) return to student status as provided in (c) of this  
15 section;

16 (2) serving an initial period of up to six years on active  
17 duty as a member of the armed forces of the United States;

18 (3) serving, for up to three years, as a full-time volun-  
19 teer under the Peace Corps Act;

20 (4) serving, for up to three years, as a full-time volun-  
21 teer under the Domestic Volunteer Service Act of 1973;

22 (5) for a one-time period up to 12 months in which the  
23 borrower is seeking and unable to find employment in the United  
24 States; or

25 (6) if the borrower becomes 50 percent or more disabled as  
26 certified by competent medical authority.

27 \* Sec. 2. AS 14.43.125 is repealed and reenacted to read:

28 Sec. 14.43.125. ELIGIBILITY OF STUDENTS. (a) A person may  
29 apply for and obtain a scholarship loan if the person

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(1) is

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

(B) a graduate of a high school or the equivalent, 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;

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

(3) is a resident of the state at the time of application for the loan; for purposes of this section, a person qualifies as a resident of the state if at the time of application for the loan the person

(A) has been physically present in the state for at least two years immediately before the time of application for the loan;

(B) is dependent on a parent or guardian for care, the parent or guardian has been present in the state for at least two years immediately before the time of application for the loan and the person has been present in the state for at least one year of the immediately preceding five years; or

(C) has been physically present in the state, or is a dependent of a parent or guardian who has been physically present in the state, for at least two years immediately before being absent from the state and the absence is due solely to

- (i) military service;
- (ii) volunteer service under the Peace Corps Act;
- (iii) volunteer service under the Domestic Volunteer Service Act of 1973;

1                   (iv) participating in a foreign exchange student  
2 program recognized by the commission;  
3                   (v) attending a school as a full-time student;  
4                   (vi) full-time employment by the state;  
5                   (vii) being a member of or employed full-time by  
6 the state's congressional delegation;  
7                   (viii) required medical care for the applicant or  
8 the applicant's immediate family; or  
9                   (ix) being a person who otherwise qualifies as a  
10 resident and is accompanying a spouse who qualifies as a  
11 resident under (i) - (viii) of this paragraph.  
12           (b) A person does not qualify as a resident of the state under  
13 this section if the person declares or establishes residence in another  
14 state during an absence from Alaska.  
15       \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
16 10.070(c).