

SCOMM

#50:23

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: Sheila Peterson
Legislative Assistant to
Senator Dick Eliason

FROM: Kerry D. Jonesburg
Executive Director

DATE: February 4, 1985

Following is the language which we discussed concerning amending the loan law to provide for more discretion in the awarding of student loans.

Amend AS 14.43.125 (b) by adding a new paragraph (4), to read:

- (4) has been granted an exemption from this section as the result of at least a two-thirds vote of the Commission acting upon written appeal of the applicant.

Sitka Seventh-day Adventist Church

BOX 1540 SITKA, ALASKA 99833
TELEPHONE 747-8151



May 17, 1984

Senator Richard Eliason
State Capitol
Juneau, Ak

Dear Senator Eliason,

This letter is in response to recently learned information regarding the student loan program. I believe the law as it now reads is quite unfair to those students who choose to attend Christian secondary schools outside Alaska.

As in the case of my children, James and Diana, who are now attending a Seventh-Day Adventist College in College Place, Washington, we moved to Sitka, Alaska in June, 1980. James and Diana came with us and in the fall of 1980, they enrolled in a Seventh-Day Adventist boarding school for secondary students in Spangle, Washington, from which they graduated in 1981 and 1983, respectively. They returned home to Sitka each summer and Christmas vacation to work here in Sitka. As the law now reads, they are ineligible to receive any student loan money for their college expenses because they were unable to be physically present for one full year in Alaska. I can't understand why they are considered Alaska residents and receive the permanent fund dividend, yet are unable to receive the student loan appropriations. It seems to me that some provision should be made for those students who with their parents are Alaska residents and choose to attend such schools outside because of religious preference, especially since there are no such schools available in Alaska.

I would hope this will be presented to the Senate.

Cordially,

Pastor James Ball
Seventh-Day Adventist Church
Sitka

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

*NON
CONTRIBUTIONS*

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

①

1 (1) is

2 (A) enrolled as a full-time student in a career educa-

3 tion, associate, baccalaureate, or graduate degree program; or

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

5 scheduled for graduation from a high school within six months,

6 with sufficient credits to be admitted to a career education

7 program or to an accredited college or university;

8 ② (2) is not delinquent or in default on a previously awarded

9 scholarship loan; and

10 (3) is a resident of the state at the time of application

11 for the loan; for purposes of this section, a person qualifies as a

12 resident of the state if at the time of application for the loan the

13 person

14 (A) has been physically present in the state for at

15 least two years immediately before the time of application for

16 the loan;

17 (B) is dependent on a parent or guardian for care, the

18 parent or guardian has been present in the state for at least two

19 years immediately before the time of application for the loan and

20 the person has been present in the state for at least one year of

21 the immediately preceding five years; or

22 (C) has been physically present in the state, or is a

23 dependent of a parent or guardian who has been physically present

24 in the state, for at least two years immediately before being

25 absent from the state and the absence is due solely to

26 (i) military service;

27 (ii) volunteer service under the Peace Corps Act;

28 (iii) volunteer service under the Domestic Volun-

29 teer 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).

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 185

Title: RE: Student Loans

Sponsor: Koponen, Goll, Sund, et al.

Requestor: Koponen

Date of Request: 2/19/85

FISCAL DETAIL

Agency Affected: Education

Program Category Affected: Postsecondary
Education Commission

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
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	N.A.	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: Kerry D. [Signature] Executive Director

Division: Alaska Commission on Postsecondary
Education

Phone: 465-2854

Date: 2/19/85

Approved by Commissioner: _____

Agency: _____

Date: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

7/1/84

Alaska State Legislature

Representative Niilo Koponen

FAIRBANKS
Box 252
Fairbanks, Alaska 99707
479-6782

JUNEAU
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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 preceeding 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.

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1981;

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

SI) 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 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 "There are no incentives in the

COPY

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 1800

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

FAIRBANKS
Box 252
Fairbanks, Alaska 99707
479-6782

JUNEAU
Pouch V
Juneau, Alaska 99811
465-4992

MEMORANDUM

TO: Representative Sund
FROM: Representative Niilo Koponen
RE: Student Loans Legislation
DATE: February 5, 1985

You will find a copy of legislation pertaining to the Alaska Student Loan program attached. I intend to introduce this legislation on Friday, February 4. You may wish to co-sponsor this legislation.

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.

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 the ~~only~~ allowable ~~absence~~.

^{one of} only

absences in statute.

I have included a copy of the referenced existing statutes for your convenience. Please contact my staff person, Lisa McLaren, if you wish to be added as a co-sponsor.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 197
Title: RE: Maximum Student Loans

Sponsor: Sund, et al.
Requestor: Sund
Date of Request: 2/19/85

FISCAL DETAIL

Agency Affected: Education
Program Category Affected: Postsecondary
Education Commission
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
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	N.A.	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: Kerry D. Rosenberg, Executive Director Phone: 465-2854
Division: Alaska Commission on Postsecondary Date: 2/19/85
Education
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

March 29, 1985

To: The Chairman and Members of the House Finance Committee

From: Ronald D. Martinson, 3220 Briarcliff Dr. Anchorage, AK 99508 338-2481, 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

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/5/85

REQUEST

Bill/Resolution No.: CS HB 185
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
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	N.A.	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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 Date: _____
Education
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

3/4

COMMITTEE REPORT
HOUSE

HEALTH, EDUCATION AND
SOCIAL SERVICES

(5)

FURTHER: FINANCE

2/8/85

Date: 3/1/85

Mr. Speaker:

The Committee on HOUSE SPECIAL COMMITTEE
ON STATE LOANS has had HB 185

"An Act relating to student loans; and providing for an effective date."

under consideration and reports it back as follows:

- [] do pass [] do not pass
- [] do pass with attached amendments(s)
- [X] replace with CS for HB 185 (Loans) [] same title
[X] new title
- and recommends do pass
- [] AND attaches a "Letter of Intent" [] New Fiscal Note
- [] reports it back without recommendation [X] Zero Fiscal Note Attached
- [] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signatures]

[Signature]
CHAIRMAN

AMENDMENTS TO CSHB 185(Loans)

(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 the applicant was absent from the state and the absence is due solely to

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

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

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

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

(v) being a person who otherwise qualifies as a resident and is accompanying a spouse who qualifies as a resident under (i) - (iv) of this paragraph; or

(D) 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 the applicant or the parent or guardian was absent from the state and the absence is due solely to

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

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

(iii) full-time employment by the state;

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

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

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 161

Title: Re: Student Loans

Sponsor: Binkley

Requestor: Binkley

Date of Request: 2/4/85

FISCAL DETAIL

Agency Affected: Education

Program Category Affected: Postsecondary

Education Commission

BRU, Program or Subprogram(s) Affected:

Student Loan Revolving Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL	N.A.	(14,243.8)	(16,202.9)	(19,083.1)	(23,199.8)	(26,602.7)
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	(14,243.8)	(16,202.9)	(19,083.1)	(23,199.8)	(26,602.7)
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

See Attached

Prepared By: Kerry D. Romberg Executive Director Phone: 465-2854

Division: Alaska Commission on Postsecondary Date: 2/5/85

Education

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

HB 161
Analysis of Fiscal Impact

Assumptions

- (1) % of borrowers entering repayment:

<u>Percent</u>	<u>Years after borrowing</u>
0.0	one year
22.4	two years
21.3	three years
21.8	four years
32.3	five years
2.2	six or more years
100.0	

- (2) Borrowing averages will be:

FY86	\$4,775	FY89	\$5,725
FY87	\$5,050	FY90	\$5,900
FY88	\$5,400		

- (3) Loan volumes are at current projection levels and program is fully funded. Adjustments made will be the result of program changes.

Impacts

- (1) Increasing loan interest from 5% to 8% (Section 1 of the bill).
 (a) The increase will not affect loan volume.
 (b) Increased interest will impact the fund over time in the following manner:

Year of Impact	<u>Borrowing Year</u>				Total New Revenue
	FY86	FY87	FY88	FY89	
FY86	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
FY87	-0-	-0-	-0-	-0-	-0-
FY88	56.7	-0-	-0-	-0-	56.7
FY89	108.2	60.7	-0-	-0-	168.9
FY90	168.5	118.5	62.3	-0-	349.3
FY91	247.9	177.6	121.6	58.5	605.6
FY92	253.5	265.1	182.3	114.2	815.1
FY93	253.5	271.1	272.2	171.1	967.9
FY94	253.5	271.1	278.3	255.5	1,058.4

(2) Eliminating the forgiveness benefits (Section 6 of the bill)

- (a) Elimination of forgiveness will not affect loan volume
(b) The impact of eliminating forgiveness will be realized over time, in the following manner:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Additional Revenue</u>
FY86	\$ -0-	\$ -0-	\$ -0-
FY87	-0-	-0-	\$ -0-
FY88	378.7	94.7	\$ 473.4
FY89	1,143.2	285.8	\$1,429.0
FY90	1,648.8	412.2	\$2,061.0
FY91	3,814.0	953.5	\$4,767.5

(3) Changing eligibility requirements (Section 2 of the bill)

- (a) Requiring graduation from an Alaska high school would greatly reduce the number of borrowers eligible for the loan program. Based upon high school enrollment projections provided by the Department of Education, and based upon attendance patterns, the potential number of borrowers would be:

<u>Year</u>	<u>Potential New Borrowers</u>	<u>Total Reduction in Borrowers</u>
FY86	3,517	3,977
FY87	3,664	4,278
FY88	3,753	4,581
FY89	4,402	5,031
FY90	4,805	5,288

The fiscal savings of this requirement would be:

<u>Year</u>	<u>Reduction in Borrowers</u>	<u>Savings</u>
FY86	3,977	\$18,990.2
FY87	4,278	\$21,603.9
FY88	4,581	\$24,737.4
FY89	5,031	\$28,802.5
FY90	5,288	\$31,992.2

- (b) Providing aid on a need-based system would allow some borrowers, excluded by the high school requirement, to borrow. We have no good estimate on the number of students qualifying for need on a need-test analysis. The estimate is that only about one in four could qualify. Hence, the reduction in borrowers would be decreased by about 25%.

The fiscal impact of the needs analysis would be:

<u>Year</u>	<u>Qualifying Borrowers</u>	<u>Cost</u>
FY86	994	\$ 4,746.4
FY87	1,070	\$ 5,401.0
FY88	1,145	\$ 6,184.4
FY89	1,258	\$ 7,200.6
FY90	1,322	\$ 7,799.8

- (c) Therefore, the total fiscal impact of the two factors (high school graduation and a needs test) would be:

<u>Year</u>	<u>Savings</u>
FY86	\$14,243.8
FY87	\$16,202.9
FY88	\$18,553.0
FY89	\$21,601.9
FY90	\$24,192.4

- (4) Combining all changes would result in the following:

<u>Year</u>	<u>Savings (including Revenue)</u>
FY86	\$14,243.8
FY87	\$16,202.9
FY88	\$19,083.1
FY89	\$23,199.8
FY90	\$26,602.7

Additional Notes

- (1) Loan processing would be slowed greatly the first year, due to imposing the new requirements and needing to handle all loans a number of times.
- (2) Grandfathering those current borrowers from the needs test requirement was assumed in the projected fiscal impact.
- (3) Additional staff may be required to administer the needs test verification, but this is unknown until the whole process is actually finalized.

Levy-

\$3

A M E N D M E N T

Offered in the HOUSE

TO: CSHB 161(Loans)

Page 1, delete section 1 of the bill and insert:

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

(f) Interest on a loan given under AS 14.43.090 - 14.43.160 is at the rate of five percent a year for the first three years of repayment, and eight percent a year for the remainder unless the loan is in default. Interest on a loan that is in default is 10 percent a year for the period the loan is in default."

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 CS FOR HOUSE BILL NO. 161 (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 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(f) is amended to read:

10 (f) Interest on a loan given under AS 14.43.090 - 14.43.160 is
11 at the rate of eight [FIVE] percent a year unless the loan is in
12 default. Interest on a loan that is in default is 10 percent a year
13 for the period the loan is in default.

14 * Sec. 2. 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; or

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

14 (i) military service;

15 (ii) volunteer service under the Peace Corps Act;

16 (iii) volunteer service under the Domestic Volun-
17 teer Service Act of 1973;

18 (iv) participating in a foreign exchange student
19 program recognized by the commission;

20 (v) attending a school as a full-time student;

21 (vi) full-time employment by the state;

22 (vii) being a member of or employed full-time by
23 the state's congressional delegation;

24 (viii) required medical care for the applicant or
25 the applicant's immediate family; or

26 (ix) being a person who otherwise qualifies as a
27 resident and is accompanying a spouse who qualifies as a
28 resident under (i) - (viii) of this paragraph.

29 (b) A person does not qualify as a resident of the state under

1 this section if the person declares or establishes residence in
2 another state during an absence from Alaska.

3 * Sec. 3. Notwithstanding AS 14.43.120(j), the maximum portion of a
4 scholarship loan that may be repaid by the state is 40 percent for a loan
5 made for the school year beginning in 1986 30 percent for 1987, 20 percent
6 for 1988, and 10 percent for 1989.

7 * Sec. 4. AS 14.43.120(j), (o), and (p) are repealed.

8 * Sec. 5. Section 4 of this Act takes effect September 1, 1990.

9 * Sec. 6. Sections 1 ~~2~~ of this Act take effect July 1, 1985.

11 See 3 delete

13 See 6 number 2

17 Amend #2

Alaska State Legislature

Representative Niilo Koponen

FAIRBANKS
Box 252
Fairbanks, Alaska 99707
479-6782

JUNEAU
Pouch V
Juneau, Alaska 99811
465-4992

MEMORANDUM

TO: Representative Sund
FROM: Representative Niilo Koponen
RE: Student Loans Legislation
DATE: February 5, 1985

You will find a copy of legislation pertaining to the Alaska Student Loan program attached. I intend to introduce this legislation on Friday, February 4. You may wish to co-sponsor this legislation.

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.

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 the ~~only~~ allowable ~~absence~~.

^{one of} ^{only} ^{absences in statute.}

I have included a copy of the referenced existing statutes for your convenience. Please contact my staff person, Lisa McLaren, if you wish to be added as a co-sponsor.



COPY

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3100

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

FAIRBANKS
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 preceeding 5 years because that is a requirement Senate Judiciary included in the omnibus residence bill (HE323). (Now AS 14.43.125)

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

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

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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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



House of Representatives

Committee on Loans

POUCH V
JUNEAU, ALASKA 99811

PHONE
(907) 465-4919
(907) 465-4920

AGENDA

TUESDAY, 2/26/85, 3:30 p.m.

Room 124 (House Judiciary)

THIS MEETING WILL BE A STATE-WIDE TELECONFERENCE re. the following bills and related student loan topics.

- * HB 161 "An Act relating to student loans; and providing for an effective date."
- * HB 185 "An Act relating to student loans; and providing for an effective date."
- * HB 197 "An Act relating to maximum loan amounts under the scholarship loan program; and providing for an effective date."

WEDNESDAY, 2/27/85, 3:30 p.m.

Room 519 (House Finance)

Continued consideration of student loan bills: HB 161, HB 185, and HB 197.

For more information, contact JOHN HARTLE
CAPITOL ROOM 411
465-4919

* Indicates first public hearing.

Levy
3/1/85 ✓

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; or

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) military service;
19 (ii) volunteer service under the Peace Corps Act;
20 (iii) volunteer service under the Domestic Volun-
21 teer Service Act of 1973;
22 (iv) participating in a foreign exchange student
23 program recognized by the commission;
24 (v) attending a school as a full-time student;
25 (vi) full-time employment by the state;
26 (vii) being a member of or employed full-time by
27 the state's congressional delegation;
28 (viii) required medical care for the applicant or
29 the applicant's immediate family; or

1 (ix) being a person who otherwise qualifies as a
2 resident and is accompanying a spouse who qualifies as a
3 resident under (i) - (viii) of this paragraph.

4 (b) A person does not qualify as a resident of the state under
5 this section if the person declares or establishes residence in anoth-
6 er state during an absence from Alaska.

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

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

9 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
10 10.070(c).
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