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Senate Health, Education and Social Services Committee

Legislation Checklist

Bill number: HB 185
Sponsor: KOPONEN
Date referred to committee: 4/25/85
Synopsis completed:
Fiscal note:
Further referrals: NONE

CONTACTS:

- ✓ Rile Koponen - Lisa McCarren
- ✓ Kenny Combs 2954 / Joan Malpart
- ✓ John Lind. John Hurtle 4919
Su. / Elston 4711 (Shula) questions

STATE OF ALASKA
THE LEGISLATURE

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907-465-3800

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

House Special Committee on State Loans, 2/26/85, 3:30pm
" " " " " 2/27/85, 3:30pm
" " " " " 3/ /85, 3:30

COMMITTEE REPORT

SENATE

FURTHER:

Date 11-14-1953

Mr. President

The Committee on Education considered CS 125 (Topic 1)

minimum pay; accounts, eligibility requirements, and conditions of
scholarship grants; etc.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

Bill Josephson

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

Start HB 185 file
BILL SHEFFIELD, GOVERNOR

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

February 19, 1985

The Honorable Bettye Fahrenkamp
Alaska State Senate
Pouch V, State Capitol
Juneau, AK 99811

Dear Senator Fahrenkamp:

The bill which I discussed with you has now been introduced in the House (HB 185). I have enclosed a copy for your reference. This bill has been requested by the Commission for four years in a row. It contains much needed changes and clean-up, but we have not been able to get it through the legislative process in an unmolested fashion. Each time it has been introduced, it has been amended and then killed. We really would appreciate seeing it pass this time.

I will discuss each of the provisions in order of the appearance in HB 185.

Section 1. Military deferment. Currently, a borrower's loan is deferred for as long as the borrower remains in the military. The Commission sees no justification for such a deferment and would like to see it amended back to the way it was originally established--that is, for the first enlistment period only. Now, if a borrower joins the service and stays in for 20 years, we have to defer the loan and the interest and try to keep track of the individual so we can begin the 10-year repayment period when the military services ceases.

Section 2. Physical presence. Currently, an individual must be physically present for the 24 months immediately preceding loan application. The only exception is military service. The statute, taken literally, would mean that if a person borrowed as a freshman and attended school out-of-state, that person should have to come back to Alaska, wait 24 months, and then borrow for the sophomore year--similarly for the junior and senior years. We clearly do not do this and hence operate in exception to the law over 7,000 times each year. We would appreciate clarification of legislative intent with regard to when a person can be absent from the State and still retain loan eligibility. Section 2 of HB 185 sets out those circumstances.

I hope this bill is non-controversial and can remain that way. I am very uncomfortable running a program which is not in strict adherence to the statutes, even though everyone--including the Legislative Audit staff and the Office of Management and Budget audit staff agree that what we are doing is reasonable.

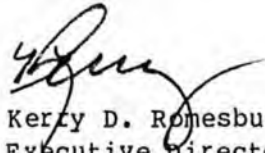
The Honorable Bettye Fahrenkamp
February 19, 1985
Page 2

Section 2. Part 2. The only other change is that we do not believe people should be able to borrow if they are already in default on their loans. We turn down applicants now, but again, there is no basis in statute for us to do so. We have a regulation that we passed, but the Department of Law has indicated we would be on much firmer footing if the statutes specifically addressed the issued.

Fiscal Impact. Please note that there is no fiscal impact--a zero fiscal note. HB 185 received three committee referrals, including Finance. I am afraid the shortened session may hold this bill up for yet another year.

I would appreciate anything you can do to assist.

Sincerely,



Kerby D. Romesburg
Executive Director

Enclosure

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 (l) 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).

COPY

STATE OF ALASKA
THE LEGISLATURE

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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

CSHB 185(LOANS) RELATING TO STUDENT LOAN AMOUNTS, CONDITIONS OF LOANS, AND ELIGIBILITY REQUIREMENTS

- ** ALLOWS A STUDENT TO ATTEND SUMMER SCHOOL AND CHARGE THE LOAN FOR THAT ATTENDANCE PERIOD AGAINST THE UPCOMING LOAN YEAR
 - ** DEFERS THE COLLECTION OF STUDENT LOANS FROM A MEMBER OF THE ARMED FORCES UNTIL COMPLETION OF THE FIRST ENLISTMENT PERIOD.
 - ** DENIES A NEW LOAN TO A STUDENT IN DEFAULT
 - ** SETS OUT CIRCUMSTANCES UNDER WHICH A PERSON MAY BE PHYSICALLY ABSENT FROM THE STATE AND STILL RETAIN RESIDENCY
- 1) NO FISCAL NOTE

17-0
you

Good - Thank You

CSHB 185 (LOANS) RELATING TO THE MAXIMUM LOAN AMOUNTS,
ELIGIBILITY REQUIREMENTS, AND CONDITIONS OF
SCHOLARSHIP LOANS; EFD

CSHB 185 revises the scholarship loan program (commonly known as the student loan program) based on recommendations of the Alaska Commission on Postsecondary Education. In brief, CSHB 185 would: 1) allow a student to attend summer school and charge the loan for that attendance period against the upcoming loan year; 2) defer the collection of student loans from a member of the armed forces until the completion of the borrower's first enlistment period. Currently an enlisted borrower is deferred from payment and interest does not accrue for as long as the borrower is in the military; 3) provide for denying a new loan to a borrower in default on a previous student loan, a provision currently in regulation; 4) set out those circumstances under which a person may be physically absent from the State and not lose residency. Though exceptions are currently being made by the Commission without statutory or regulatory authority, the only existing acceptable absence from the State is military service.

*Revising fund
no fiscal note*

*when a person can be gone from
the state for religious purpose
Put state in a position of
deferring when "religious" purpose
is. Church and State separation
How do you address it w/o giving
- carte blanche -*

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. *only lift the cap once*

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
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).

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 185
Title: RE: Student Loans

FISCAL DETAIL

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

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

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)

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

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. [Signature], 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

from Rep. Koponen

CSHB 185

Summary: The bill accomplishes four things:

1. it provides for a student to attend summer school and charge the loan for that attendance against the upcoming loan year (Secs. 1 and 2);
2. it allows for collection on student loans from a member of the armed forces after the borrower's first enlistment period (Sec. 3);
3. it provides for denying a new loan to a borrower in default on a previous student loan (Sec. 4); and
4. it sets out those circumstances under which a person may be physically absent from the State and not lose residency (Sec. 4).

Need:

1. Summer attendance may shorten the borrowing years and enable the student to repay sooner. At no additional cost to the program, this gives the student more flexibility in academic program planning.
2. Currently a borrower is deferred from payment and interest does not accrue for as long as the borrower is in the military (even 20 or 30 years). After the initial enlistment period, the borrower should be able to begin repaying the loan.
3. Loans are currently denied to defaulted borrowers, but only by regulation. Such a basic lending action should have the force of statute.
4. The only existing acceptable absence from the State is military service. This portion of the statute is knowingly violated (ignored) some five-to-six thousand times annually. If the existing statute is enforced as written, a student borrowing to attend as a freshman out-of-state should return and wait two years before borrowing as a sophomore, return and wait two years before borrowing as a junior, and so on. This badly needs clarification by the Legislature.

Fiscal Impact:

There is no added program cost--either administrative or loan.

THE ALASKA STUDENT LOAN PROGRAM

Introduction

The Alaska Student Loan Program is one of the most successful programs offered by the State of Alaska. Its purpose is to provide low-interest loans to Alaskans wishing to pursue education and training at a postsecondary level. The program has grown from serving just over 1,000 Alaskans in 1971-72, to the current 1984-85 level of serving nearly 17,000 Alaskans. The true impact of this program is considerable, that is, the financial assistance, not only to the individual, but to the individual's family; the expanded educational opportunities afforded the citizens of the state; the societal benefits of having a more highly trained and educated citizenry; and the benefits to the state and local communities of having educational institutions and resources available to meet current and future demands. All of these are related, either directly or indirectly, to the availability of student loans. Alaska has chosen to invest in the education of its people. Through these loans, which are in large part repayable to the state, Alaska has committed itself to providing opportunities and access to all those residents seeking postsecondary education.

Legislative History

The current student loan program was created by the 1971 Alaska State Legislature, however, it was based upon a program which originated in 1968. The 1968 Alaska State Legislature established a program of

Scholarship Loans (Senate Bill 378). These loans were for undergraduate students studying in Alaska at an accredited institution. The students could borrow up to \$500 per year for up to four years. The loans were non-interest-bearing and could be used only to meet the costs of books, tuition, and required fees (excluding room and board). If the student lived in Alaska after ceasing study, the loans were forgiven at a rate of \$500 of loan indebtedness for each six months spent in Alaska.

This program was amended by the 1970 Alaska State Legislature after a good deal of debate (based upon the bill number for the adopted legislation - PCCS SCS CSHB599). Loans now were for up to \$750; could be used at any accredited college or university, could be used for books, tuition, room and board, and required fees; and were eligible for forgiveness at a rate of \$750 of loan indebtedness for each full year spent in Alaska. The loans were still restricted to undergraduate students and were still non-interest-bearing.

In 1971, the Alaska State Legislature once again looked at student loans and passed CSHB415 (Finance) am S. This bill created the true framework for the present student loan program. Under the 1971 program, student loans could be obtained for undergraduate study, graduate study, and career education programs. Undergraduate students and career education students could borrow up to \$2,500 per year and graduate students could borrow up to \$5,000 per year. Students could borrow for up to six years of study. Loans were to bear interest at a rate of 5 percent and could be used for books, tuition, room and board, and required fees. Forgiveness was limited to 40 percent of the total borrowed (plus interest), and was accrued in 10 percent increments for each year of employment in Alaska after the grace year.

The loan program experienced minor amendments on a number of occasions, but remained relatively unchanged until the 1976 Alaska State Legislative Session. During that session, FCCSSB70 passed. Under this bill, the undergraduate and career education borrowing maximum was raised to \$3,000 per year, but the \$5,000 per year maximum for graduate students was maintained.

Subsequent legislatures continued to make relatively minor adjustments to the program, and then in 1981, the last major change occurred. The 1981 Legislature passed FCCSSB120, which raised the borrowing maximum to \$6,000 per year for undergraduate and career education students and to \$7,000 per year for graduate students. The bill also raised the amount of loan forgiveness up to 50 percent of the total borrowed (including interest), and provided that this forgiveness be accrued in 10 percent increments for each year of residence in Alaska after the grace year. Loans under this program could be obtained for up to five years for either undergraduate or graduate study or up to eight years of combined study. This is the program currently being administered by the state.

sity, two nominees from Sheldon Jackson College, and two nominees from each campus of the University of Alaska. The nominees shall be selected by the students at Alaska Pacific University, Sheldon Jackson College, and each campus of the University of Alaska. Selections shall be made at elections conducted under rules established by the Office of the Governor. The term of office of the student member of the commission is two years. Membership on the commission is immediately forfeited by a student member who ceases to be a full-time student. Within 60 days after a vacancy occurs, the governor shall appoint a successor from those students appearing on the list of nominees to serve for the unexpired term of the original appointee. The term "campus" used in this subsection means a portion of the University of Alaska designated as a "campus" by the Board of Regents. (§ 4 ch 78 SLA 1974; am §§ 1 — 3 ch 64 SLA 1982; AS 14.40.903; am § 56 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment, effective February 14, 1984, substituted "Pacific" for "Methodist" in paragraph (2) of subsection (a).

Chapter 43. Scholarship, Loan, and Grant Programs for Postsecondary Students.

Article

- 4. Scholarship Loan Program (§§ 14.43.090, 14.43.095, 14.43.100, 14.43.120, 14.42.125, 14.43.130, 14.43.160)
- 7. Teacher Scholarship Loan Program (§§ 14.43.600 — 14.43.700)

Article 4. Scholarship Loan Program.

Section	Section
90. Scholarship revolving loan fund	125. Eligibility of students
95. Financial aid committee	130. [Repealed]
100. Applications	160. Definitions
120. Conditions of loans	

Sec. 14.43.090. Scholarship revolving loan fund. (a) There is created a scholarship revolving loan fund. The fund shall be used to make scholarship loans to students selected under AS 14.43.090 -- 14.43.160 and to pay the costs of collecting student loans that are in default if those costs are not recovered from the student. All repayments of principal and interest on scholarship loans shall be paid into the scholarship revolving loan fund. If money estimated to be available from scholarship loan repayments is inadequate to fully fund estimated scholarship loans for any fiscal year, additional funding from the general fund may be requested and appropriated for that year.

(b) *[Repealed, § 31 ch 59 SLA 1982.]*

(c) *[Repealed, § 31 ch 59 SLA 1982.]* (§ 1 ch 98 SLA 1971; am § 1 ch 156 SLA 1972; am §§ 1, 2 ch 136 SLA 1974; am § 1 ch 136 SLA 1975; am § 31 ch 59 SLA 1982; AS 14.40.751; am § 1 ch 158 SLA 1984)

Revisor's notes. — The amendments of AS 14.43.095(a) by § 5, ch. 78, SLA 1974 and § 3, ch. 136, SLA 1974, are in conflict, the first act rewriting the subsection to provide that the Alaska Commission on Postsecondary Education will act as the financial aid committee, the second act changing the name and term of members of the existing financial aid selection committee. It is considered, on the basis of the legislative history, apparent legislative intent, and later effective date of the first

act, that the re-enactment by ch. 78, SLA 1974 should prevail.

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

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

Sec. 14.43.100. Applications. (a) Applications shall be submitted to the executive secretary of the committee.

(b) A person whose loan or grant application is not recommended or presented to the committee by the executive secretary may appeal to the committee through the chairman of the committee and the committee shall consider the application. (§ 1 ch 98 SLA 1971; am § 3 ch 156 SLA 1972; am § 4 ch 136 SLA 1974; AS 14.40.755)

Revisor's notes. — The reference to "grant application" in subsection (b) of this section is obsolete in light of the repeal of

the tuition grant program by Chapter 94, SLA 1980 and Chapter 59, SLA 1982.

Sec. 14.43.105. Administration of program. The executive secretary shall administer the programs subject to review by the committee and in accordance with the regulations prescribed by the committee. The promulgation of these regulations is subject to the Administrative Procedure Act (AS 44.62), and a summary of the regulations shall be distributed to each applicant. (§ 1 ch 98 SLA 1971; am § 5 ch 136 SLA 1974; AS 14.40.757)

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

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

amount of the loan from \$2,500.00 to \$3,000.00.

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

Effect of amendments. — The 1978 amendment increased the maximum

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

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Effect of amendments. — The 1984 amendment, effective July 6, 1984, in subsection (a), added "and to pay the costs of collecting student loans that are in default if those costs are not recovered from the student" at the end of the first sentence

and substituted "loan fund" for "fund shall be used to make new scholarship loans" in the second sentence and "money estimated to be" for "funds" and "is" for "are" in the third sentence.

Sec. 14.43.095. Financial aid committee. (a) The student financial aid committee is composed of the members of the Alaska Commission on Postsecondary Education. The commission may delegate its functions under AS 14.43.090 — 14.43.160 to a committee of its members, with augmented membership as the commission considers appropriate. The executive officer of the commission is the executive secretary of the committee. The Alaska Commission on Postsecondary Education shall administer the program established by AS 14.43.090 — 14.43.160.

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

(c) The committee shall make an annual report reviewing the work of the committee to the governor and the legislature.

(d) The committee shall meet at least once a year. The meetings shall be held at the call of the chairman or upon petition by two members. (§ 1 ch 98 SLA 1971; am § 2 ch 156 SLA 1972; am § 5 ch 78 SLA 1974; am § 3 ch 136 SLA 1974; AS 14.40.753; am § 57 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment, effective February 14, 1984, substituted "and the legislature" for "the legislature and the private colleges and

universities where students receiving tuition grants are enrolled" in subsection (c).

Sec. 14.43.100. Applications. (a) Applications shall be submitted to the executive secretary of the committee.

(b) A person whose loan application is not recommended or presented to the committee by the executive secretary may appeal to the committee through the chairman of the committee and the committee shall consider the application. (§ 1 ch 98 SLA 1971; am § 3 ch 156 SLA 1972; am § 4 ch 136 SLA 1974; AS 14.40.755; am § 5 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment, effective February 14, 1984,

deleted "or grant" following "loan" in subsection (b).

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 (l) of this section.

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

(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.

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(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 (l) 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 that is in default.

(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.

(q) For the purposes of this section a loan is in default if a loan payment is 120 or more days past due. (§ 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; am §§ 2 — 4 ch 158 SLA 1984)

Effect of amendments. — The 1984 amendment, effective July 6, 1984, added subsection (q) and, in subsection (l), added the second sentence and added "unless the loan is in default" at the end of the first sentence; and, in subsection (o), substituted "that is in default" for "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."

Editor's notes. — This section is set out above to correct errors in the main pamphlet.

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, the parent or guardian has been present in the state for at least two years, and the person has been present in the state for at least one year of the immediately preceding five years. (§ 1 ch 98 SLA 1971; am § 10 ch 89 SLA 1981; am § 9 ch 67 SLA 1983)

Effect of amendments. — The 1983 amendment, in paragraph (2) of subsection (b) deleted "and" following "guardian for care" and added the language beginning "and the person has been present" at the end of the paragraph.

Editor's notes. — Section 18, ch. 67, SLA 1983 provided: "If the two-year residency requirement for scholarship

loans provided by AS 14.43.125 is declared unconstitutional or otherwise invalid by a court of competent jurisdiction, the Commission on Postsecondary Education shall adopt regulations to impose the most stringent residency requirement allowable under the Constitution of the State of Alaska and the United States Constitution on scholarship loan applicants."

Sec. 14.43.130. Selection criteria. [Repealed, § 19 ch 67 SLA 1983.]

Sec. 14.43.160. Definitions. In AS 14.43.090 — 14.43.160

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

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

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(3) [Repealed. § 59 ch 6 SLA 1984.]

(4) [Repealed. § 11 ch 89 SLA 1981.]

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

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

(7) [Repealed. § 7 ch 246 SLA 1976.]

(8) "federally insured" means a loan covered by the provisions of the Guaranteed Student Loan Program of Title IV, Part B, of the Higher Education Act of 1965 (P.L. 89-329), as amended. (§ 5 ch 156 SLA 1972; am § 8 ch 78 SLA 1974; am §§ 18 — 20 ch 136 SLA 1974; am § 5 ch 136 SLA 1975; am § 7 ch 246 SLA 1976; am §§ 5 — 7 ch 99 SLA 1977; am § 9 ch 87 SLA 1979; am § 11 ch 89 SLA 1981; am § 59 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment, effective February 14, 1984, repealed former paragraph (3), which defined "part-time student."

Article 7. Teacher Scholarship Loan Program.

Section

600. Findings and intent

610. Program established

620. Teacher scholarship revolving loan fund

Section

630. Administration

640. Conditions of loans

650. Selection criteria

700. Definition

Effective date of article. — Section 2, ch. 121, SLA 1984, makes this article effective June 21, 1984, in accordance with AS 01.10.070(c).

Sec. 14.43.600. Findings and intent. (a) The legislature finds that there is a wide and unacceptable disparity between the distribution of Native teachers and Native students in rural elementary and secondary schools in the state. Many rural schools have virtually no Native teachers and no non-Native students. The undesirable effects of this disparity include the following:

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

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

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

(4) there is an annual turnover of 40 percent among teachers in rural educational attendance areas in the state.

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 preceding 5 years because that is a requirement Senat. 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.

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

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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
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ALASKA COMMISSION ON POSTSECONDARY EDUCATION

STATEMENT ON ALASKA STUDENT LOANS

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

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

The Commission endorses and recommends the continuation and full-funding of the Alaska Student Loan Program. Amendments which restrict access by denying loans to groups of Alaskans, either by design or by default, are vigorously opposed.

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
3220 Briarcliff Dr. Anchorage, Alaska 99508

cc Dr. Kerry Romesburg

Other Members of the House and Senate

*from Rep.
Koponen*

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 24, 1985

SUBJECT: Scholarship loan eligibility

TO: Representative Fritz Pettyjohn

FROM: Keith B. Levy *KBL*
Legislative Counsel

You have asked whether the state may make registration for the military draft an eligibility requirement for the scholarship loan program. The United States Supreme Court recently held that a similar eligibility requirement for federal financial assistance is not unconstitutional as a bill of attainder or a violation of the Fifth Amendment privilege against self incrimination. Selective Service System v. Minnesota Public Interest Research Group, 52 U.S.L.W. 5140 (1984). However, such a provision may violate the equal protection clause of the state constitution.

The Alaska Supreme Court has stated that if legislation creates an identifiable class to be treated differently from others not in the class, under the equal protection clause, the classification

. . . must be reasonable, not arbitrary, and must rest upon some ground of difference having a fair and substantial relation to the object of the legislation, so that all persons similarly circumstanced shall be treated alike.

Isakson v. Rickey, 550 P.2d 359, 363 (Alaska 1976). Moreover, the object of the legislation must be a legitimate governmental purpose.

The provision you are considering creates a class of loan applicants who have failed to register for the military draft and denies them student loans on that basis. The object of the legislation is apparently to encourage compliance with the federal draft laws and to punish those

Representative Fritz Pettyjohn
April 24, 1985
page 2

who fail to comply. The means used to achieve this object is the denial of student financial aid. The necessary fair and substantial relationship between the means used and the goal of the legislation appears to be lacking. It is difficult to see a rational connection between compliance with federal draft laws and the denial of state financial aid to students. Accordingly, the provision may violate the state equal protection clause.

Even if there were some connection between state financial aid and the military draft laws, the state would also have to show that encouraging compliance with the draft laws is a legitimate state governmental purpose. Since the federal government already provides sanctions for violation of the draft laws and the state has no power in regard to federal military affairs, the legitimacy of the purpose of the provision is doubtful.

I would caution that in the absence of a State Supreme Court ruling on the issue, it is difficult to determine the validity of denying financial aid to students for failure to register for the military draft. You should be aware, however, that such a provision would be subject to challenge under the state equal protection clause.

KBL:csh
c4/014

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

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



PO BOX 143
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(907) 485-4916

MEMORANDUM

*from
Rep. Koponen*

TO: Representative Koponen, Co-chairman
House HESS 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 a 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 scolution. 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 STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

March 20, 1985

MEMORANDUM

TO: Representative Niilo Koponen

ATTN: Lisa McClaren

FROM: Nancy Pease *Nancy Pease*
Legislative Analyst

RE: Length of Enlistment in Armed Services, Peace Corps and VISTA
Research Request 85-243

In response to your request, we are providing information on the length of enlistment in the United States Armed Services, the Peace Corps, and Volunteers in Service to America (VISTA). We transmitted this information to your office in a telephone conversation on March 13.

Every recruit to the Armed Services obligates himself for a total of eight years of service on active duty and in the inactive reserves. The initial period of active duty varies from two to six years depending on the position for which the recruit enlists (see attached table). Generally, recruits for positions which require lengthy or advanced training, such as nuclear weapons programmer or fighter pilot, must give a longer commitment to active duty; while recruits for less specialized positions enlist for three or four years. Reenlistments vary in length from six-month contract extensions in the Coast Guard to indefinite tenure for Marine and Air Force regular officers. Marine enlisted personnel may not serve more than six years on active duty; otherwise, there do not appear to be automatic limits to length of military service.

If selective service were reactivated, men exempted from serving in the armed services might be required to perform two years of alternate (nonmilitary) public service such as social work or health work. Alternate service could be performed any place in the United States that the server chose.

Peace Corps volunteers serve for 27 months; three months in training and 24 months in a foreign country. A Peace Corps volunteer may extend his commitment for one year at a time, spending a maximum of five years in one country. Volunteers in Service to America commit themselves to one year of service. Upon the recommendation of their project manager, they may serve up to three years.

LENGTHS OF ENLISTMENT (In Years)

	Enlisted Person		Officer	
	initial enlistment	reenlistment	initial enlistment	reenlistment
ARMY	2, 3, or 4	3, 4, or 6	4	3, 4, or 6
NAVY	4, 5, or 6	2, 3, 4, 5, or 6	2 or 4	2 or 4
AIR FORCE	4	4 or 6	4,5, or 6 medical corps- 2 or 3	tenured when commissioned as regular officer
MARINES	4 or 6	no reenlistment after 6 years' service	3 or 6	tenured when commissioned as regular officer
NATIONAL GUARD	4 or 6	3 or 6	4 or 6	4 or 6
COAST GUARD	4	May extend contract twice, extension not exceeding two years; otherwise, reenlist for four years.	usually 6	May extend contract twice, extension not exceeding two years; otherwise, reenlist for four years.

* * *

I hope that this information is useful. If you have any further questions, please let us know.

NP

¹After Air Force officers serve four years, or after Marine officers serve three years they may stay on as "reserve" officers (full-time officers employed for a contracted period of duty). A reserve officer who is commissioned as a regular officer is effectively tenured; his contract is open for as long as he continues to make grade.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
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LEGISLATIVE AFFAIRS AGENCY
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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HESS 4-30-85 1:36pm

CSHB 185 RELATING TO CHANGES IN THE STUDENT LOAN PROGRAM

- ** ALLOWS A STUDENT TO TAKE OUT A LOAN TO ATTEND SUMMER SCHOOL AND CHARGE IT TO THE UPCOMING LOAN YEAR (Rep. Sund)
- ** REQUIRES THAT A MEMBER OF THE ARMED FORCES BEGIN PAYMENT OF THEIR STUDENT LOAN AT COMPLETION OF THEIR FIRST ENLISTMENT PERIOD. PRESENTLY, AN ENLISTED BORROWER IS DEFERRED FROM PAYMENT AS LONG AS THE BORROWER IS IN THE MILITARY - WHICH COULD BE UP TO 20 or 30 YEARS.
- ** DENIES LOANS TO A BORROWER WHO IS ALREADY IN DEFAULT ON A STUDENT LOAN
- ** PROVIDES FOR CIRCUMSTANCES UNDER WHICH A PERSON MAY BE PHYSICALLY OUT OF THE STATE AND NOT LOSE RESIDENCY. PRESENTLY, MILITARY SERVICE IS THE ONLY ACCEPTABLE ABSENCE.

ALL CHANGES WERE RECOMMENDED AND SUPPORT BY POSTSECONDARY
EDUCATION COMMISSION.

PASSED HOUSE 38-1.

CSHB 185 (Loans), Relating to the maximum loan amounts, eligibility requirements, and conditions of scholarship loans.

CSHB 185 revises the scholarship loan program (commonly known as the student loan program) based on recommendations of the Alaska Commission on Postsecondary Education. In brief, CSHB 185 would: 1) allow a student to attend summer school and charge the loan for that attendance period against the upcoming loan year; 2) defer the collection of student loans from a member of the armed forces until the completion of the borrower's first enlistment period. Currently an enlisted borrower is deferred from payment and interest does not accrue for as long as the borrower is in the military; 3) provide for denying a new loan to a borrower in default on a previous student loan, a provision currently in regulation; 4) set out those circumstances under which a person may be physically absent from the State and not lose residency. Though exceptions are currently being made by the Commission without statutory or regulatory authority, the only existing acceptable absence from the State is military service.