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HOUSE COMMITTEE REPORT

(11)

Date Referred: April 5, 1989

FURTHER REFERRALS:

Date of Committee Action: 5/1/89

The FINANCE Committee considered:

HB 208

HOUSE BILL NO: 208

[LOANS FOR PART-TIME STUDENTS]

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

RECOMMENDATIONS:

- be replaced with CS HB 208 (Em.) the same title a new title
- have attached amendment(s)
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: House Fin. letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) _____
- zero fn/analysis 4/5/89 Postsec. Ed.

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

Lay Brown BROWN
Koponen KOPONEN
G. Ulmer ULMER

<u>[Signature]</u> HOFFMAN	X		
<u>Ronald J. Larson</u> LARSON	X		
<u>[Signature]</u> BARNES	X		
<u>[Signature]</u> SHULTZ	X		
<u>[Signature]</u> PHILLIPS	✓		
<u>[Signature]</u> RIEGER	✓		

[Signature]
 CO-Chairman's signature



Official Business

Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

P.O. Box V
State Capitol
Juneau, Alaska 99811

LETTER OF INTENT
COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 208 (FINANCE)

May 1, 1989

It is the intent of the legislature that subject to the limitations of 20 AAC 15.030(c), an applicant's authorized loan award will be based on financial need. The calculation of financial need will take into consideration the amount of money available to the applicant from other sources to meet expenses, or \$250.00, whichever is greater.

Handwritten signature of Ron Larson in cursive.

Co-Chairman, Ron Larson
House Finance Committee

Handwritten signature of Lyman Hoffman in cursive.

Co-Chairman, Lyman Hoffman
House Finance Committee

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: RE: Loans for half-time students
Sponsor: Boyer and Koponen
Requestor: House HESS

Agency Affected: Education
BRU: Postsecondary Education/ Student Loan Corporation
Components: Student Loan Fund Student Loan Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

(SEE ATTACHED)

Prepared by: Ronald A. Phipps, Executive Director Phone: 465-2854
Division: Alaska Commission on Postsecondary Education Date: March 15, 1989

Approved by Commissioner: _____ Date: _____
Agency: _____

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

Adopted

HB 208
Analysis of Fiscal Impact

A. Assumptions

1. Total loan awards cannot exceed the statutorily required limit of three percent annual growth and will not exceed the FY 1990 budget appropriation.
2. A portion of borrowers who would have chosen to request a loan for full-time student status will elect to apply for a loan for half-time student status; i.e., a percentage of full-time loans will be supplanted by half-time loans.
3. Staff included in the FY 1990 budget request will be sufficient to service the addition of loans for half-time students.

Original sponsors: Boyer and Koponen

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 208 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans for half-time students,
7 deferral of loan repayment, and to the Alaska Post-
8 secondary Education Commission; repealing the student
9 financial aid committee; and providing for an effec-
10 tive date."

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

12 * Section 1. AS 14.42.030(b) is amended to read:

13 (b) The commission shall

14 (1) develop a comprehensive statewide plan for coordinated
15 postsecondary education in the state and serve as the state commission
16 on postsecondary education required under sec. 1202 of Title XII of
17 the Higher Education Act of 1965, as amended by the Education Amend-
18 ments of 1972 (P.L. 92-318, sec. 196; 86 Stat. 324);

19 (2) establish a state advisory council on community col-
20 leges and develop a comprehensive statewide plan for the expansion and
21 improvement of the community colleges under sec. 1001 of Title X of
22 the Higher Education Act of 1965, as amended by the Education Amend-
23 ments of 1972 (P.L. 92-318, sec. 186; 86 Stat. 312, 313);

24 (3) serve as the state agency required under sec. 105 of
25 Title I (Community Service and Continuing Education), 603 of Title VI
26 (Financial Assistance for Undergraduate Education), 704 of Title VII
27 (Construction of Academic Facilities), and Part B of Title IV (Guaran-
28 teed Student Loan Program) of the Higher Education Act of 1965 (P.L.
29 89-329; 79 Stat. 1220, 1262; 20 U.S.C. 1005, 1123) as authorized by

1 sec. 1202(c) of Title XII of the Higher Education Act of 1965, as
2 amended by the Education Amendments of 1972 (P.L. 92-318, sec. 196; 86
3 Stat. 324);

4 (4) administer the provisions of AS 14.43.090 - 14.43.160
5 (student loan program) [, AND SERVE AS THE STUDENT FINANCIAL AID
6 COMMITTEE];

7 (5) administer the provisions of AS 14.48 (regulation of
8 postsecondary educational institutions);

9 (6) resolve any disputes that exist or arise under a con-
10 sortium or other cooperative agreement between institutions of public
11 and private higher education in the state.

12 * Sec. 2. AS 14.42.040(a) is amended to read:

13 (a) The commission may appoint an executive director as the
14 commission's executive officer. The executive officer is a member of
15 the exempt service under AS 39.25.110, serves at the pleasure of the
16 commission, and receives compensation fixed by the commission. The
17 executive officer appoints persons to the staff positions authorized
18 by the commission, and staff compensation is fixed by the commission.
19 [THE EXECUTIVE OFFICER IS THE EXECUTIVE SECRETARY OF THE STUDENT
20 FINANCIAL AID COMMITTEE.] Each employee of the commission shall elect
21 membership either in the state teachers' retirement system (AS 14.25),
22 if qualified, or in the public employees' retirement system
23 (AS 39.35).

24 * Sec. 3. AS 14.43.090(d) is amended to read:

25 (d) The commission [STUDENT FINANCIAL AID COMMITTEE CREATED
26 UNDER AS 14.43.095] may sell or assign notes and other instruments
27 evidencing scholarship loans to the Alaska Student Loan Corporation
28 and enter into agreements with the corporation relating to loans, the
29 administration of the student loan fund created under AS 14.42.210,

1 and the payment of and security for bonds of the corporation. Pro-
2 ceeds from the sale or assignment of notes and other instruments shall
3 be deposited in the scholarship revolving loan fund.

4 * Sec. 4. AS 14.43.100(a) is amended to read:

5 (a) Applications shall be submitted to the executive director
6 [SECRETARY] of the commission [COMMITTEE].

7 * Sec. 5. AS 14.43.100(b) is amended to read:

8 (b) A person whose loan application is not approved [RECOMMENDED
9 OR PRESENTED TO THE COMMITTEE] by the executive director of the com-
10 mission [SECRETARY] may appeal to the commission [COMMITTEE THROUGH
11 THE CHAIRMAN OF THE COMMITTEE] and the commission [COMMITTEE] shall
12 consider the application.

13 * Sec. 6. AS 14.43.105 is amended to read:

14 Sec. 14.43.105. ADMINISTRATION OF PROGRAM. The executive direc-
15 tor [SECRETARY] shall administer the programs subject to review by the
16 commission [COMMITTEE] and in accordance with the regulations adopted
17 by the commission [COMMITTEE]. The adoption of these regulations is
18 subject to the Administrative Procedure Act (AS 44.62). A summary of
19 the regulations shall be distributed to each applicant.

20 * Sec. 7. AS 14.43.110 is amended to read:

21 Sec. 14.43.110. UNDERGRADUATE LOANS. The commission [STUDENT
22 FINANCIAL AID COMMITTEE] may make a loan, not to exceed \$5,500 in a
23 [ANY ONE] school year [,] to a full-time [AN] undergraduate student,
24 and not to exceed \$2,750 in a school year to a half-time undergraduate
25 student, eligible under AS 14.43.125. The commission [COMMITTEE] may
26 make a loan for a summer term, even if the total loan for the school
27 year exceeds the \$5,500 or \$2,750 maximum, if the loan for the summer
28 term is counted against the \$5,500 or \$2,750 maximum for the following
29 school year.

1 * Sec. 8. AS 14.43.115 is amended to read:

2 Sec. 14.43.115. GRADUATE LOANS. The commission [STUDENT FINAN-
3 CIAL AID COMMITTEE] may make a loan, not to exceed \$6,500 in a [ANY
4 ONE] school year [,] to a full-time graduate student, and not to
5 exceed \$3,250 in a school year to a half-time graduate student, who is
6 eligible under AS 14.43.125 and is pursuing an advanced degree. The
7 commission [COMMITTEE] may make a loan for a summer term, even if the
8 total loan for the school year exceeds the \$6,500 or \$3,250 maximum,
9 if the loan for the summer term is counted against the \$6,500 or
10 \$3,250 maximum for the following school year.

11 * Sec. 9. AS 14.43.120(c) is amended to read:

12 (c) To maintain a loan awarded to a full-time student the stu-
13 dent must continue to be enrolled as a full-time student in good
14 standing in a career education program, college, or university that
15 meets the requirements [DESIGNATED] under (b) of this section. To
16 maintain a loan awarded to a half-time student, the student must con-
17 tinue to be enrolled as a half-time student in good standing in a
18 career education program, college, or university in the state that
19 meets the requirements under (b) of this section. The commission
20 shall adopt regulations defining "good standing" for purposes of this
21 subsection.

22 * Sec. 10. AS 14.43.120(g) is amended to read:

23 (g) Repayment of the principal and interest on the loan begins
24 not [NO] later than one year after the borrower's studies are termi-
25 nated. The loan shall provide for repayment of the total amount owed
26 in periodic installments in not more than 10 years from the commence-
27 ment of repayment if the loan is to a full-time student, or in not
28 more than five years from the commencement of repayment if the loan is
29 to a half-time student, except as provided in (k) and (m) of this

1 section. If the commission and the borrower agree to a different
2 repayment schedule, the borrower shall repay the loan in accordance
3 with the agreement. A borrower may make payments earlier than re-
4 quired by this subsection.

5 * Sec. 11. AS 14.43.120(k) is amended to read:

6 (k) Periodic installments of principal shall be deferred, but
7 interest shall accrue and be paid unless the borrower [STUDENT] is
8 eligible for interest payment benefits under (1) of this section,
9 during any of the following periods:

10 (1) if the borrower received a loan to attend as a full-
11 time student, return to full-time student status in good standing in a
12 career education program, college, or university that meets the
13 requirements under (b) of this section [AS PROVIDED IN (c) OF THIS
14 SECTION];

15 (2) if the borrower received a loan to attend as a half-
16 time student, return to half-time student status in good standing in a
17 career education program, college, or university in the state that
18 meets the requirements under (b) of this section; a borrower is not
19 eligible for deferral under this paragraph for a period longer than
20 eight years;

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

23 (4) [(3)] serving, for up to three years, as a full-time
24 volunteer under the Peace Corps Act;

25 (5) [(4)] serving, for up to three years, as a full-time
26 volunteer under the Domestic Volunteer Service Act of 1973;

27 (6) [(5)] for a one-time period up to 12 months in which
28 the borrower is seeking and unable to find employment in the United
29 States; or

1 (7) during the period of disability [(6)] if the borrower
2 becomes 50 percent or more disabled as certified by competent medical
3 authority.

4 * Sec. 12. AS 14.43.120(m) is amended to read:

5 (m) In case of hardship, the commission [COMMITTEE] may extend
6 repayment of a loan for an additional period of up to five years in
7 increments no longer than 12 months each.

8 * Sec. 13. AS 14.43.125(a) is amended to read:

9 (a) A person may apply for and obtain a scholarship loan if the
10 person

11 (1) is

12 (A) enrolled as a full-time student in a career educa-
13 tion, associate, baccalaureate, or graduate degree program; [OR]

14 (B) enrolled as a half-time student in a career educa-
15 tion, associate, baccalaureate, or graduate degree program in the
16 state; or

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

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

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

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

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

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

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

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

20 (iii) serving [,] for up to three years as a full-
21 time volunteer under the Domestic Volunteer Service Act of
22 1973;

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

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

28 (D) has been physically present in the state, or is a
29 dependent of a parent or guardian who has been physically present

1 in the state, for at least two years immediately before the
2 applicant or the parent or guardian was absent from the state and
3 the absence is due solely to

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

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

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

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

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

13 (4) does not have a past due child support obligation
14 established by court order or by the child support enforcement divi-
15 sion under AS 47.23.160 - 47.23.220 at the time of application.

16 * Sec. 14. AS 14.43.160 is amended by adding a new paragraph to read:

17 (7) "half-time student" means an undergraduate, graduate,
18 or career education student who during the semester is enrolled and is
19 in regular attendance at classes at one or more public or private
20 institutions of higher education for at least a total of six semester
21 credit hours or an equivalent of six semester credit hours, and in-
22 cludes a career education student enrolled and in regular attendance
23 in classes for at least 15 hours a week.

24 * Sec. 15. AS 14.43.255(c) is amended to read:

25 (c) The commission [STUDENT FINANCIAL AID COMMITTEE CREATED
26 UNDER AS 14.43.095] may sell or assign notes and other instruments
27 evidencing memorial scholarship loans to the Alaska Student Loan
28 Corporation and enter into agreements with the corporation relating to
29 loans, the administration of the student loan fund created under

1 AS 14.42.210, and the payment of and security for bonds of the corpo-
2 ration. Proceeds from the sale or assignment of a note or other
3 instrument shall be deposited in the appropriate memorial scholarship
4 loan fund account.

5 * Sec. 16. AS 14.43.320(a) is amended to read:

6 (a) The memorial scholarship loans provided for under AS 14.43.-
7 250 - 14.43.325 shall be administered by the executive director [SEC-
8 RETARY] of the commission [STUDENT FINANCIAL AID COMMITTEE UNDER
9 AS 14.43.095 AND 14.43.105], subject to review by the commission
10 [COMMITTEE] and to those regulations the commission [COMMITTEE] may
11 prescribe to carry out the purposes of AS 14.43.250 - 14.43.325.

12 * Sec. 17. AS 14.43.405(a) is amended to read:

13 (a) The educational incentive grant program established under
14 AS 14.43.400 - 14.43.500 shall be administered by the executive direc-
15 tor of the commission [SECRETARY OF THE STUDENT FINANCIAL AID COMMIT-
16 TEE UNDER AS 14.43.095 - 14.43.105], subject to review by the commis-
17 sion [COMMITTEE] and to those regulations the commission [COMMITTEE]
18 may adopt to carry out the purposes of AS 14.43.400 - 14.43.500.

19 * Sec. 18. AS 14.43.415(a) is amended to read:

20 (a) A student may apply for an educational incentive grant if
21 the student

22 (1) is a resident of Alaska;

23 (2) is either

24 (A) enrolled as a full-time undergraduate student in a
25 degree program in an accredited postsecondary educational insti-
26 tution; or

27 (B) eligible to be admitted to an accredited postsec-
28 ondary educational institution; and

29 (3) establishes financial need in accordance with standards

1 for determining financial need adopted by the commission [COMMITTEE]
2 under 20 U.S.C. 1070c-2.

3 * Sec. 19. AS 14.43.415(b) is amended to read:

4 (b) The commission [STUDENT FINANCIAL AID COMMITTEE] shall, by
5 regulation, establish a system of priority in the selection of recipi-
6 ents of grants under AS 14.43.400 - 14.43.500 under which students
7 from "low income" families or whose incomes are considered "low in-
8 come" shall be given preference in the award of the educational incen-
9 tive grants.

10 * Sec. 20. AS 14.43.620(b) is amended to read:

11 (b) The commission [STUDENT FINANCIAL AID COMMITTEE CREATED
12 UNDER AS 14.43.095] may sell or assign notes and other instruments
13 evidencing teacher scholarship loans to the Alaska Student Loan Corpo-
14 ration and enter into agreements with the corporation relating to
15 loans, the administration of the student loan fund created under
16 AS 14.42.210 and the payment of and security for bonds of the corpo-
17 ration. Proceeds from the sale or assignment of the notes or other
18 instruments shall be deposited in the teacher scholarship revolving
19 loan fund.

20 * Sec. 21. AS 14.43.630(a) is amended to read:

21 (a) The teacher scholarship loan program shall be administered
22 by the commission [STUDENT FINANCIAL AID COMMITTEE (AS 14.43.095)] in
23 accordance with regulations adopted by the commission [COMMITTEE].
24 The commission [COMMITTEE] shall

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

28 (2) develop and distribute to the local school boards an
29 application form for teacher scholarship loans; the form shall include

1 a requirement that the applicant supply a high school academic tran-
2 script and a statement of intent to enter a teaching career at the
3 elementary or secondary school level in the state.

4 * Sec. 22. AS 14.43.650(a) is amended to read:

5 (a) To be eligible for a teacher scholarship loan, a student
6 must

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

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

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

16 (4) submit to the local school board an application provid-
17 ed by the commission [STUDENT FINANCIAL AID COMMITTEE] under AS 14.-
18 43.630(a)(2); an application may be submitted six months before grad-
19 uation from high school; and

20 (5) not have a past due child support obligation estab-
21 lished by court order or by the child support enforcement division
22 under AS 47.23.160 - 47.23.220 at the time of application.

23 * Sec. 23. AS 14.43.720(b) is amended to read:

24 (b) The commission [STUDENT FINANCIAL AID COMMITTEE CREATED
25 UNDER AS 14.43.095] may sell or assign notes and other instruments
26 evidencing family education loans to the Alaska Student Loan Corpo-
27 ration and enter into agreements with the corporation relating to
28 loans, the administration of the student loan fund created under
29 AS 14.42.210, and the payment of and security for bonds of the

1 corporation. Proceeds from the sale or assignment of notes and other
2 instruments shall be deposited in the family education loan account.

3 * Sec. 24. AS 14.43.730 is amended to read:

4 Sec. 14.43.730. ADMINISTRATION. The family education loan
5 program shall be administered by the commission [STUDENT FINANCIAL AID
6 COMMITTEE (AS 14.43.095)] under regulations that it adopts [ADOPTED BY
7 THE COMMITTEE].

8 * Sec. 25. AS 14.43 is amended by adding a new section to article 9 to
9 read:

10 Sec. 14.43.990. DEFINITION. In this chapter, "commission" means
11 the Alaska Postsecondary Education Commission.

12 * Sec. 26. AS 14.43.095 and 14.43.160(2) are repealed.

13 * Sec. 27. This Act takes effect July 1, 1989.
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5 10 14 11
page 7, lines 3 and 7. Add the underlined language:

approved
5/1

Principal shall be deferred, but interest shall accrue and be paid ... during any of the following periods:

(1) if the borrower received a loan to attend as a full-time student, return to full-time status in good standing in a career education program, college, or university...

(2) if the borrower received a loan to attend as a half-time student, return to half-time status in good standing in a career education program, college, or university in the state...; a borrower is not eligible for deferral under this paragraph for a period longer than eight years

RATIONALE: This language is intended to prevent loan recipients from enrolling or continuing to enroll half-time simply to avoid repayment of their loans.

STATE OF ALASKA

STUDENT

FINANCIAL AID

PROGRAMS

ANNUAL REPORT
1987-88

Alaska Commission on Postsecondary Education
Box FP, 400 Willoughby Avenue
Juneau, Alaska 99811

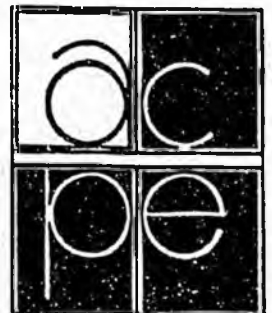
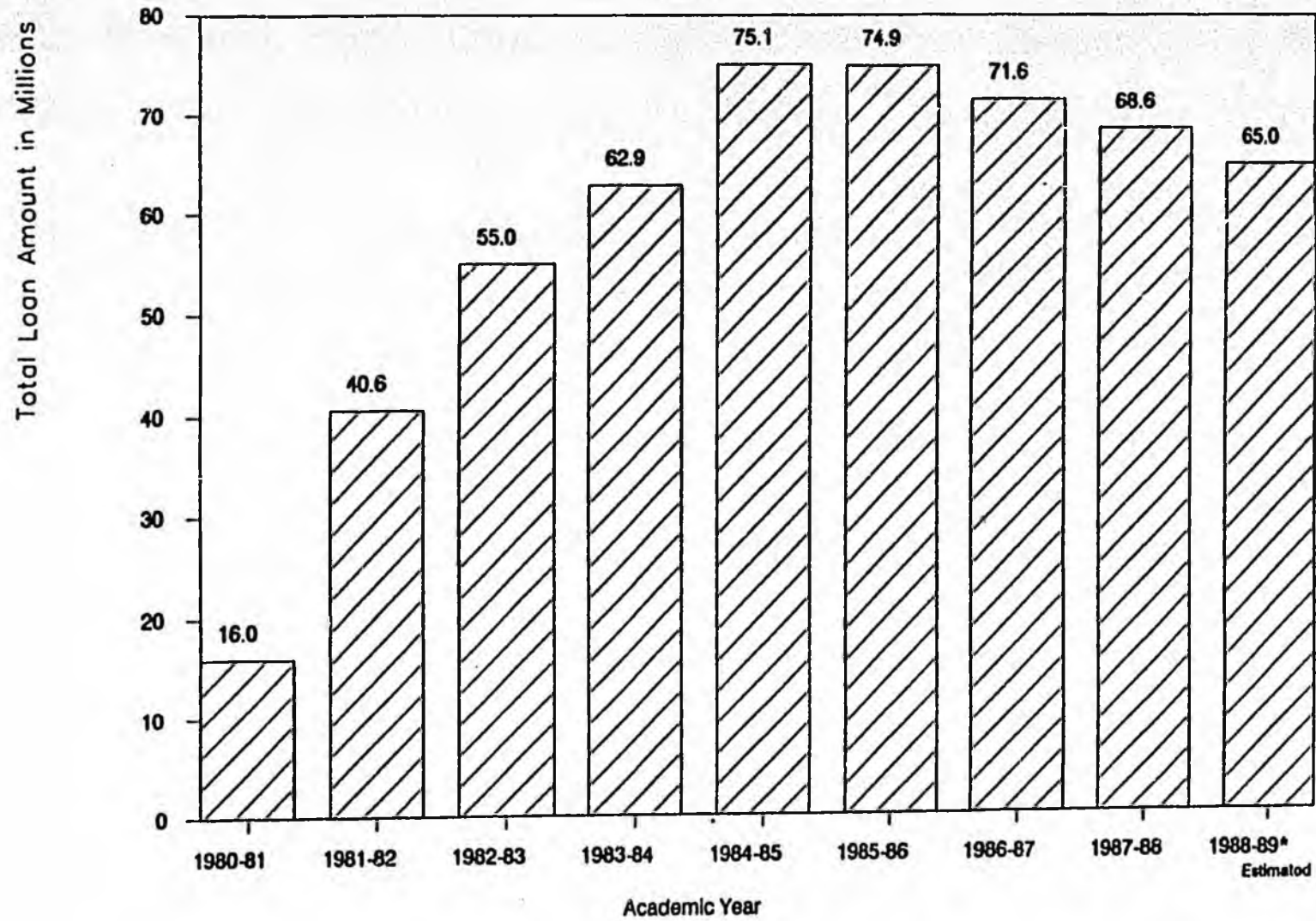


TABLE 14
YEARLY SUMMARY
OF
ALL STUDENT LOANS

ACADEMIC YEAR	STUDENTS ATTENDING IN-STATE				STUDENTS ATTENDING OUT-OF-STATE				TOTAL	
	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Loan Amount
1971-72	601	55.6	\$ 754,964	47.1	480	44.4	\$ 848,194	52.9	1,081	\$ 1,603,158
1972-73	809	46.3	1,079,264	37.6	939	53.7	1,791,120	62.4	1,748	2,870,384
1973-74	622	37.4	1,021,272	34.2	1,043	62.6	1,964,904	65.8	1,665	2,986,176
1974-75	559	38.4	851,138	32.0	898	61.6	1,808,669	68.0	1,457	2,659,807
1975-76	481	28.0	808,536	23.9	1,238	72.0	2,574,461	76.1	1,719	3,382,997
1976-77	584	30.4	927,972	24.1	1,337	69.6	2,922,535	75.9	1,921	3,850,507
1977-78	740	32.7	1,275,122	27.7	1,525	67.3	3,329,045	72.3	2,265	4,604,167
1978-79	902	32.3	1,772,376	27.6	1,893	67.7	4,644,026	72.4	2,795	6,416,402
1979-80	1,303	33.3	2,637,873	28.1	2,615	66.7	6,736,076	71.9	3,918	9,373,949
1980-81	1,733	42.3	5,960,465	37.3	3,727	57.7	10,030,815	62.7	6,460	15,991,280
1981-82	4,454	45.0	16,906,695	41.7	5,444	55.0	23,652,804	58.3	9,898	40,559,499
1982-83	6,581	50.4	25,483,984	46.3	6,477	49.6	29,523,411	53.7	13,058	55,007,395
1983-84	7,467	50.5	29,964,667	47.6	7,318	49.5	32,947,649	52.4	14,785	62,912,316
1984-85	9,266	54.0	37,638,513	50.1	7,907	46.0	37,437,370	49.9	17,173	75,075,883
1985-86	8,249	51.6	36,773,547	49.0	7,734	48.4	38,208,183	51.0	15,983	74,981,730
1986-87	8,650	52.2	35,224,988	49.2	7,916	47.8	36,357,559	50.8	16,566	71,582,547
1987-88	8,847	53.8	34,825,697	50.8	7,606	46.2	33,750,197	49.2	16,453	68,575,894
TOTAL	62,848	48.7	\$233,907,074	46.6	66,097	51.3	\$268,527,017	53.4	128,945	\$502,434,091

Alaska Student Loan Program

Loan Amount Per Year



STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 29, 1989

SUBJECT: Eligibility requirements for Student Loans -
HB 208

TO: Representative Mark Boyer

FROM: Michael F. Ford *M-F.*
Legislative Counsel

You have asked whether the state may restrict half-time student loans to in-state institutions as provided in HB 208. I believe that the state could restrict it's student loans to in-state schools, and that it would not create any constitutional problems to limit half-time student loans in this manner. This is assuming that this type of eligibility requirement would apply to all residents in an equal manner and would not discriminate against an applicant for a loan, but only against the institution. This restriction would of course deny student loans to those half-time students who wish to attend a program not available in-state. Again, I do not see that this raises a constitutional problem, instead it is a policy question within the power of the legislature to resolve.

MFF:gc
WKG8/089

Rep. Mark Boyer
March 13, 1989

SECTIONAL SUMMARY

HB 208 RELATING TO HALF-TIME STUDENT LOANS

Sec. 1 Establishes the undergraduate loan limit for half-time students at \$2,750. This is half of the \$5,500 limit for full-time students.

Sec. 2 Establishes the graduate loan limit for half-time students at \$3,250. This is half of the \$6,500 limit for full-time students.

Sec. 3 Limits the use of half-time loan funds to books, tuition, and required fees. Full-time loan funds may also be used for room and board.

Sec. 4 Requires that half-time loan recipients be enrolled in good standing in a career education program, college, or university in the state. These are the same requirements that full-time students must meet, except that full-time loan recipients may attend school out of state.

Sec. 5 Requires repayment of a half-time loan within five years from the commencement of repayment. This is half of the 10 year repayment period for full-time loans.

Sec. 6 Allows for deferral of principal and interest while the half-time student is in school. This same deferral provision applies to full-time students.

Sec. 7 Amends the eligibility provisions of the student loan program to include half-time, as well as full-time, enrollment in a career education, associate, baccalaureate, or graduate degree program in the state. Full-time students may enroll out of state also.

Sec. 8 Defines half-time student as an undergraduate, graduate, or career education student enrolled and in regular attendance for at least six semester credit hours, or a career education student enrolled and in regular attendance at classes for at least 15 hours a week. The definition of a full-time student is enrollment and regular attendance in at least 12 semester credit hours or the equivalent of undergraduate or career study, or 9 hours of graduate study.

Sec. 9 Effective date of July 1, 1989.

NOTE: All sections of HB 208 amend sections of existing law. Provisions of existing law that currently apply to full-time students but that are not referenced in SB 208 would apply to half-time students as well (8% interest, begin repayment within one year of completing study, interest accrual during grace period, default at 120 days, garnishment of Permanent Fund dividends for defaulted loans, two year residency requirement, commission approval of career education programs, etc.).

STATE OF ALASKA

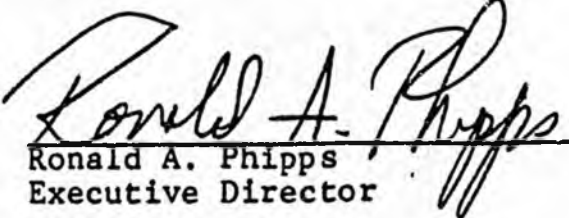
ALASKA COMMISSION ON POSTSECONDARY EDUCATION

STIVIE COWPER, GOVERNOR

P.O. BOX FP
JUNEAU, ALASKA 99811-0599
PHONE: (907) 465-2854

House Bill No. 208

At its meeting on March 3, 1989, the Commission on Postsecondary Education endorsed the concept of a half-time Student Loan Program to provide opportunities for those Alaskan students who are unable or disinclined to pursue postsecondary education on a full-time basis.


Ronald A. Phipps
Executive Director

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

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TELECOPY (907) 278-8082

March 22, 1989

Dr. Ronald Phipps
Executive Officer
Alaska Student Loan
P.O. Box PP
400 Willoughby Avenue
Juneau, Alaska 98111

Dear Ron:

You have requested that we prepare a position paper with respect to Senate Bill No. 208, an Act Relating to Student Loans and Providing for an Effective Date, (hereafter, the Bill) particularly with respect to the Indenture securing the Corporation's outstanding Bonds. We are happy to provide the following in response to your request.

POSITION PAPER

SENATE BILL NO. 208

Senate Bill No. 208 amends various sections within AS 14.43 to expand the student loan program to include loans to "half-time students". Under present law, the Commission on Postsecondary Education is authorized to make loans under the student loan program only to full-time students.

The Bill defines a "half-time student" generally as a student enrolled in at least six semester credit hours, or the equivalent, at an institution of higher education. The following are the significant differences in the Bill's treatment of half-time students and full time students:

- (1) half-time student loans are limited to an amount that is one-half the maximum amount available to full-time students;

FILE COPY

Dr. Ronald Phipps
March 22, 1989
Page 2

(2) half-time student loans cannot be used to pay for room and board;

(3) half-time students must attend school within the state, both to qualify for a loan and to qualify for interest deferment with respect to an outstanding student loan; and

(4) half-time student loans must be repaid in five years after commencement of repayment (instead of 10 years for full-time loans).

With respect to general aspects of the Bill, we have identified no difficulties in terms of ambiguities, inconsistencies, drafting problems, or the like. Insofar as tax-exempt financing for student loans is concerned, you should be aware that item (3) above (which is expressed in the Bill at page 2, line 11, and at page 3, line 8) would make the half-time student loans ineligible for tax-exempt bond financing. Under the Internal Revenue Code, bonds issued to finance student loans are tax exempt only if the financing program does not restrict the geographical area within which the student must attend school. Accordingly, the Corporation would have to finance these types of loans from assets (most likely appropriations from the State) other than bond proceeds. The loans could be used to secure the Corporation's Bonds, but they would have to be strictly segregated from any funds or accounts under the Indenture that contain Bond proceeds or loans or other investments acquired with Bond proceeds. This is necessary in order to avoid jeopardizing the tax-exempt status of the Bonds.

With respect to any impact the Bill may have on the Indenture or other financing documents used in connection with the issuance of the Corporation's 1988 Series A Bonds, we have reviewed said documents and do not believe the Bill would have any impact. None of the 1988 Series A Bond proceeds would be used to finance the loans that would be permitted by the Bill. There will be no impact on the tax-exempt status of the Bonds (provided the segregation described above occurs). We have identified no covenants or representations, express or implied, in any of the financing

Dr. Ronald Phipps
March 22, 1989
Page 3

documents that would prohibit a change in the student loan program of this sort, and we do not apprehend that the change that would be effected by the Bill would be adverse in any way to the holders of the Bonds.

We hope this adequately responds to your request, but, of course, we are always happy to provide additional assistance at your request.

Very truly yours,


Kenneth E. Vassar

KEV/kc
S10346

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE-CHAIRMAN, HOUSE
HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

MEMBER, HOUSE LABOR AND
COMMERCE COMMITTEE

CHAIR, CHILDREN'S CAUCUS



House of Representatives

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 458-8473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 485-3468

MEMORANDUM

TO: Representative Johnny Ellis, Chairman
House Committee on Health, Education
and Social Services

FROM: Representative Mark Boyer

RE: HB 208

DATE: March 23, 1989

House bill 208 would broaden the group of persons eligible to receive an Alaska student loan to include certain half-time students. The definition of a half-time student is included in the bill language.

HB 208 intends to address the needs of the serious half-time student; students who because of the demands of work, family, a disability, or some other limiting factor are unable to devote themselves to full time study. This bill intends to provide a vehicle to higher education; a vital mission of state government, for those who are bound by socio-economic circumstances. This bill aims to strengthen the rungs on the ladder of success, to insure opportunity for upward mobility and to realize the value and importance of higher education to everyone; a value ingrained in the American way.

Avoiding any potential for abuse of the system is critical to our efforts at designing and implementing post-secondary education programs. As we decipher the needs of the state such as job training and accessibility of higher education to our population, alterations of the existing programs are warranted. The alteration of the student loan program embodied in HB 208 was one of many recommendations taken from the Post-Secondary Education Commission's December 1988 report entitled "Student Financial Aid Alternatives."

Under HB 208, half-time student loans could only be used for tuition, books, and required fees and not for room and board or personal expenses. In contrast to full-time loans, half-time loans would only be used for in-state schools keeping the focus toward state retention of dollars and training for local job markets.

FAIRBANKS 20B

Academic eligibility requirements for half-time loans would be the same for full-time loans; students must be in good standing and enrolled in a career education or degree program. Loan terms would be half what they would be for full time students. All other provisions of the current loan program would apply to half-time loans; the interest rate would be 8%, repayment would begin within one year of completing study, and interest would accrue during the one year grace period.

Loans would be administered by the Postsecondary Education Commission as part of the existing full-time student loan portfolio. Loan funds would come from a combination of bond proceeds, loan repayments and state general funds as they do now for full-time loans. It is not anticipated that half-time students would be competing with full-time students for loan funds as available funds have exceeded demand in the last couple of years. In addition, the student loan program's growth is limited to 3% by statute.

I have attached back-up materials. Forthcoming materials and position papers will be placed on file. Thank you for your consideration.

TABLE 5.7 FY84-88 Tuition Rates by Campus/Course Level/Residency

RESIDENT	UNDERGRADUATE								GRADUATE							
	Per Credit Hour Charge					FY88 Annualized			Per Credit Hour Charge					FY88 Annualized		
	FY84	FY85	FY86	FY87	FY88	Tuition	Fees	TOTAL	FY84	FY85	FY86	FY87	FY88	Tuition	Fees	TOTAL
UAA																
Anchorage Campus	\$30	\$30	\$35	\$40	\$40	\$960	\$86	\$1,046	\$60	\$60	\$65	\$75	\$75	\$1,350	\$86	\$1,436
Kenai Pen College	\$25	\$25	\$25	\$30	\$30	\$720	\$36	\$756	-	-	-	-	-	-	-	-
Kodiak College	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
Mat-Su College	\$25	\$25	\$25	\$30	\$30	\$720	\$12	\$732	-	-	-	-	-	-	-	-
RE - Adak/Shemya	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
UAF																
Fairbanks Campus	\$30	\$30	\$35	\$40	\$40	\$960	\$338	\$1,298	\$60	\$60	\$65	\$75	\$75	\$1,350	\$338	\$1,688
Aleutians Centers	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
Bristol Bay Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
Chukchi Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
Interior Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
Kuskokwim Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$30	\$750	-	-	-	-	-	-	-	-
Northwest Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
UAS																
Juneau Campus	\$30	\$30	\$35	\$40	\$40	\$960	\$20	\$980	\$60	\$60	\$65	\$75	\$75	\$1,350	\$20	\$1,370
Ketchikan Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$20	\$740	-	-	-	-	-	-	-	-
Sitka Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$20	\$740	-	-	-	-	-	-	-	-
PWSCC	\$25	\$25	\$25	\$30	\$30	\$720	\$20	\$740	-	-	-	-	-	-	-	-
NON-RESIDENT																
UAA																
Anchorage Campus	\$80	\$80	\$85	\$105	\$105	\$2,520	\$86	\$2,606	\$120	\$120	\$135	\$150	\$150	\$2,700	\$86	\$2,786
Kenai Pen College	\$65	\$65	\$65	\$75	\$75	\$1,800	\$36	\$1,836	-	-	-	-	-	-	-	-
Kodiak College	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
Mat-Su College	\$65	\$65	\$65	\$75	\$75	\$1,800	\$12	\$1,812	-	-	-	-	-	-	-	-
RE - Adak/Shemya	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
UAF																
Fairbanks Campus	\$80	\$80	\$85	\$105	\$105	\$2,520	\$338	\$2,858	\$120	\$120	\$135	\$150	\$150	\$2,700	\$338	\$3,038
Aleutians Centers	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
Bristol Bay Campus	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
Chukchi Campus	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
Interior Campus	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
Kuskokwim Campus	\$65	\$65	\$65	\$75	\$75	\$1,800	\$30	\$1,830	-	-	-	-	-	-	-	-
Northwest Campus	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-

House Bill 208

Number of Part-Time Students in Degree Programs
Taking at Least 6 Credit Hours At The University of Alaska
Fall, 1988

Undergraduate Students

<u>Number of Credit Hours</u>	<u>Number of Students</u>	<u>Average Age</u>
6	784	31.7
7	259	31.6
8	123	30.4
9	492	29.7
10	203	29.7
<u>11</u>	<u>96</u>	<u>28.6</u>
Subtotal	1,957	30.7

Graduate Students

6	139	33.7
7	18	30.8
<u>8</u>	<u>7</u>	<u>32.6</u>
Subtotal	164	33.4
Total	<u>2,121</u>	<u>30.9</u>

Source: Office of Institutional Research, University of Alaska

//1038R

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: RE: Loans for half-time
Students
Sponsor: Bover and Koponen
Requestor: Senate Hess

Agency Affected: Education
BRU: Postsecondary Education/
Student Loan Corporation
Components: Student Loan Fund
Student Loan Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	42.0	42.0	42.0	42.0	42.0	42.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	42.0	42.0	42.0	42.0	42.0	42.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER Corr.	42.0	42.0	42.0	42.0	42.0	42.0
TOTAL Receipts	42.0	42.0	42.0	42.0	42.0	42.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Costs for printing and mailing of loan documents.

Prepared by: Jane Evers Maynard, Executive Director *JEM* Phone: 465-2854
Division: Alaska Commission on Postsecondary Education Date: March 27, 1990

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):

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

CSHB 208
Analysis of Fiscal Impact

A. Assumptions

1. Total loan awards cannot exceed the statutorily required limit of three percent annual growth and will not exceed the FY 1991 budget appropriation.
2. A portion of borrowers who would have chosen to request a loan for full-time student status will elect to apply for a loan for half-time student status; i.e., a percentage of full-time loans will be supplanted by half-time loans.
3. Present staff level will be sufficient to service the addition of loans for half-time students.
4. New documents will be printed annually assuming annual borrower levels of up to 5,000.