

HB

208

HOUSE COMMITTEE REPORT

(7)

Date Referred: March 8, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 4/3/89

The HEALTH, EDUCATION, & SOCIAL SERVICES 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:

- [X] be replaced with CSHB 208 (HESS) [] the same title
[X] a new title
[] have attached amendment(s)
[X] do pass
[] do not pass
[] no recommendation
[] individual recommendations
[] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____ [] fiscal note(s) _____
[] zero fiscal note _____ [] zero fiscal note(s) _____
[X] zero with analysis Education [] zero fn/analysis _____

SIGNING DO PASS:

J. Ellis
Mark Boyer
Cheri Davis
W. Turner
W. Turner
W. Turner

SIGNING:

(Check approp. column)

	Do Not Pass	No Rec	Amend

J. Ellis
Chairman's signature

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU ALASKA 99811
907 463 3100

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

A M E N D M E N T

OFFERED IN THE HOUSE

BY BOYER

TO: HB 208

Page 3, line 9, after "section;":

Insert "a borrower is not eligible for deferral under this paragraph
for a period longer than eight years;"

A M E N D M E N T

OFFERED IN THE HOUSE

BY BOYER

TO: HB 208

Page 1, line 6:

Delete "student"

Page 1, line 6, after "loans":

Insert "for half-time students; deferral of loan repayment; and the student financial aid committee"

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

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FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

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 208

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.

FISCAL NOTE

REQUEST:

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

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
Inspected Agency(ies)

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.

STATE OF ALASKA

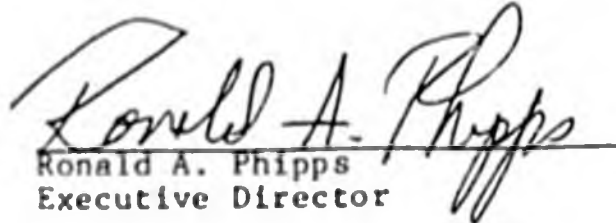
ALASKA COMMISSION ON POSTSECONDARY EDUCATION

STEVE COWPER, GOVERNOR

P O BOX 89
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, ANGETSINGER, JOHNSON & BRECHT

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March 22, 1989

Dr. Ronald Phipps
Executive Officer
Alaska Student Loan
P.O. Box FP
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
S10646

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.

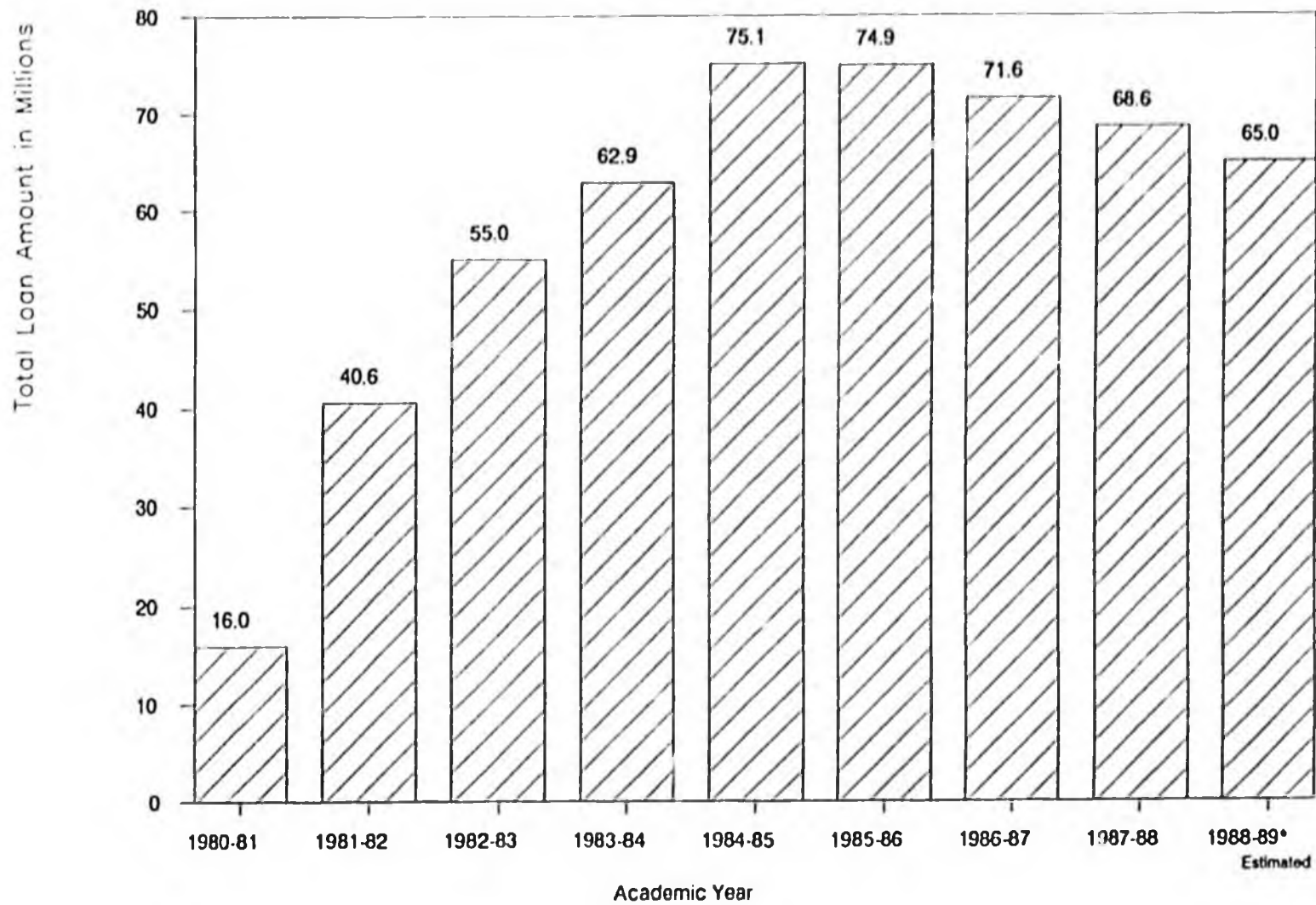
Sec. 8 Defines half-time student as an undergraduate, graduate, or career education student enrolled and in regular attendance for at least six semester credit hours, or a career education student enrolled and in regular attendance at classes for at least 15 hours a week. The definition of a full-time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

Alaska Student Loan Program

Loan Amount Per Year



STATE OF ALASKA

STUDENT FINANCIAL AID
ALTERNATIVES

A Discussion Paper



Alaska Commission on Postsecondary Education
December, 1988

STATE OF ALASKA

STUDENT
FINANCIAL AID
PROGRAMS

ANNUAL REPORT
1987-88

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

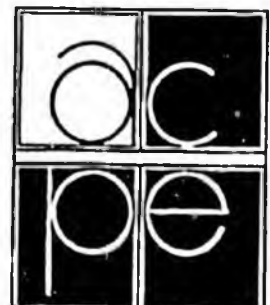


TABLE 14
YEARLY SUMMARY
OF
ALL STUDENT LOANS

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	2,733	42.3	5,960,465	37.3	3,727	57.7	10,030,815	62.7	6,460	15,991,280
1981-82	4,454	45.0	16,906,695	41.7	5,444	55.0	23,652,804	58.3	9,898	40,559,499
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	\$233,507,074	46.6	66,097	51.3	\$268,527,017	53.4	128,945	\$502,434,091

More States Are Providing Aid to Those Who Study Part Time

By GOLDIE BLUMENSTYK

Pamela J. Powell has a demanding schedule. A single parent of two grade-school-aged children, she commutes 30 minutes each way to her job at a drug company, and spends two evenings a week and Saturday afternoons in classes at the Newark campus of Rutgers University.

Fortunately for Ms. Powell, who aspires to be a lawyer, New Jersey's student financial-aid policies no longer force her to choose between a job and a college education. Ms. Powell, whose load of three courses a semester makes her a part-time student, can continue to receive state financial aid under a special program started this year.

Changing Nature of Student Body

Unluckily for Jennifer J. Daniels, the State of Washington does not have a similar program. Ms. Daniels is blind and says it is too difficult for her to attend Tacoma Community College full time because transportation poses special problems and she would need to spend an extra \$700 a semester to pay people to read to her.

But students like Ms. Daniels could soon receive help. This year state lawmakers are expected to approve a new program that would provide money to needy part-time students.

"It's really a recognition of the changing composition of the student body," says State Rep. Ken G. Jacobsen, chairman of the Higher Education Committee.

Washington is not alone. Increasingly, state officials are

dealing with the financial needs of the fastest-growing segment of the higher-education market by expanding their financial-aid programs so that working people, parents, and students with disabilities who must attend college part time can receive state aid. Today at least 30 states offer some kind of financial aid for part-timers, although some of the programs are restricted to certain kinds of students.

For example, the New Jersey program that serves Ms. Powell is only for students accepted under special conditions and who require academic help and counseling.

More than half of the 11,000 students in the program come from families with annual incomes of less than \$6,000, and even though they also qualify for federal financial aid, "there's pressure on them to pick up some additional money," says Kwaku Armah, executive director of the program.

Some students, like Ms. Powell, seek to study on a part-time basis, so that they can take a better-paying job, he says. Others are advised to take a lighter course load to help them adjust to college work. But until the state changed its financial-aid policy for them, they could not afford to do so.

In several other states—including Maryland, where the Higher Education Commission will re-evaluate its entire range of state student-aid programs next summer—coordinating boards are considering proposals to create such programs.

State Action Called Overdue

The federal government has made Pell Grants available since 1980 to students carrying at least a "half load" of courses. Beginning in 1990 needy students enrolled for less than half a course load also would be eligible, although it is still unclear whether there will be enough money in the

budget to meet the demand after first satisfying the needy full- and half-time students.

Typically, the financial aid for part-time students provided by states is available only to students taking at least a half load, although Vermont provides aid for students not pursuing a degree if they are taking courses related to their job, and Iowa next year will expand its part-time aid program to include students who take even one course.

For many advocates of financial aid to part-time students, state action of any kind is long overdue.

Students who are working or supporting families "need the help the most," says Joseph S. Murphy, chancellor of the City University of New York and a leading proponent of government support for part-time students.

New York has had such a program for five years. Even so, CUNY lobbyists this year hope to remove some of what Mr. Murphy calls the program's "onerous" requirements. If the student fails to maintain a passing grade-point average, the colleges must return most of the aid to the state, a cumbersome and expensive process. As a result, Mr. Murphy says, institutions are reluctant "to advertise the program, make it widely available, or even participate."

Lawrence N. Gold, a lobbyist in Washington who used to be employed by CUNY and worked to expand the Pell Grant program to students attending less than half time, says the problems with the New York program illustrate a more troublesome issue. Even in states where officials have committed substantial resources—\$11 million in the case of New York—other factors can undermine the effectiveness of programs.

Working students often cannot go to a financial-aid office during regular business hours, and sometimes program budgets do not provide enough money for those offices to maintain

evening hours. Also, Mr. Gold says, some financial-aid officials are reluctant to promote the programs. They require more work than preparing an aid package for a full-time student, since smaller sums are distributed to a greater number of students.

To overcome such barriers, states such as Michigan, which spent \$2-million for aid to part-time students last year, sponsor special campaigns to publicize the programs, including public-service announcements on radio and television stations.

Still, in some states, lawmakers and higher-education officials have rejected the idea of using state money for such programs altogether.

In some of those states, the officials believe the part-time student "is probably not a very serious student, whatever serious means," says Jerry S. Davis, director of policy and research analysis for the Pennsylvania Higher Education Assistance Authority. He completes an annual survey on state financial-aid programs.

In Pennsylvania, for example, a bill to establish an aid program for part-time students has failed to win support from the General Assembly for each of the last three years, although the state does have an extensive financial-aid program for full-timers.

'A Solomon-Like Decision'

Lawmakers believe "their need isn't as great because they have a job and they're only paying half the tuition and most of them are attending lower-cost community colleges," Mr. Davis says.

Others see the need to help part-time students, but believe that the states should not be the ones to meet it.

W. Ann Reynolds, chancellor of the California State University System, contends that it is a much more appropriate role for the federal government. She notes that many states, including California, are constrained financially by laws that restrict state spending and by cyclical economic conditions.

"We don't have the funding" to pay for the needs of both full-time and part-time students, she says. Deciding which group to serve would present "a Solomon-like decision for us and kind of an awful one."

Ms. Reynolds says California already assists part-time students with its low college costs.

The opposite is true in Vermont, a state with a policy of charging high tuition in public colleges and matching it with large financial-aid awards for needy students.

The Vermont experience also illustrates another problem for state financial-aid programs. Before Vermont started its aid program for part-time students, it was able to meet 68 per cent of the financial-aid needs of full-timers. Today it can afford to meet only 40 per cent of those needs.

Suzanne A. Valenti, executive director of the Vermont Higher Education Planning Commission, says that is the reason she was initially uneasy about the program, now in its fourth year.

"I had some questions about divvying up the pie," she says. "I think it has hurt in that regard."

But Ms. Valenti says she also realizes that not every student "needs or wants a degree," and that many of the part-time students—81 per cent of whom are women—could not have had a college experience without the state program.

"There was obviously an opening of aid for traditional students," she says, but "it's probably helping the people who need it most."

3% limitation

14.42.030

§ 14.42.032

EDUCATION

§ 14.42.032

the vote of
member
for or on
er of the

Assistance for Undergraduate Education), 704 of Title VII (Construction of Academic Facilities), and Part B of Title IV (Guaranteed Student Loan Program) of the Higher Education Act of 1965 (PL 89-329; 79 Stat. 1220, 1262; 20 U.S.C. 1005, 1123) as authorized by § 1202(c) of Title XII of the Higher Education Act of 1965, as amended by the Education Amendments of 1972 (PL 92-318, § 196; 86 Stat. 324);

(4) administer the provisions of AS 14.43.090 — 14.43.160 (student loan program), and serve as the student financial aid committee;

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

(6) resolve any disputes that exist or arise under a consortium or other cooperative agreement between institutions of public and private higher education in the state.

(c) The commission may establish task forces, committees or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions assigned by state or federal statute. The commission may contract with, or use, existing institutions of higher education or other individuals or organizations to make studies, conduct surveys, submit recommendations or otherwise contribute to the work of the commission. The commission may appoint a committee to be responsible for the area of student financial aid.

(d) The commission may enter into agreements with government or postsecondary education officials of this state or other states to provide postsecondary educational services and programs to Alaska residents pursuing a medical education. An agreement with another state must be limited to services and programs that are unavailable in Alaska. (§ 4 ch 78 SLA 1974; am § 2 ch 25 SLA 1976; am § 24 ch 14 SLA 1987; am § 1 ch 15 SLA 1987)

Revisor's notes. — Formerly AS 14.40.909. Renumbered in 1982.

Effect of amendments. — The first 1987 amendment in subsection (b)(3) inserted "and Part B of Title IV (Guaranteed Student Loan Program)" and made related stylistic changes. The second 1987 amendment added subsection (d).

Sec. 14.42.032. Limitation on awarding loans. In administering AS 14.43.090 — 14.43.325, 14.43.325 — 14.43.700, and 14.43.710 — 14.43.790, the commission may not during a fiscal year award loans with a total value that exceeds by more than three percent the total value of loans awarded under those provisions during the previous fiscal year. This limitation may be exceeded only if the commission is specifically authorized to do so by law. (§ 1 ch 92 SLA 1987)

Revisor's notes. — Formerly AS 14.40.020. Renumbered in 1982.

Article 4. Scholarship Loan Program.

Section	Section
90. Scholarship revolving loan fund.	120. Conditions of loans.
95. Financial aid committee.	125. Eligibility of students.
100. Applications.	135. Discrimination prohibited.
105. Administration of program.	140. Indemnability of certain contracts with minors.
110. Undergraduate loans.	100. Definitions.
115. Graduate loans.	

Collateral references. — 15A Am. Jur. 2d College and Universities, § 49-70.
 14 C.J.S. Colleges and Universities § 27-28.

Validity and application of provisions governing determination of residency for purposes of being fee differential for out-

of state students in public college. 56 ALR3d 611.
 Increase in tuition as actionable in suit by student against college or university. 99 ALR3d 895.
 Absence from or inability to attend school or college as affecting liability for or right to recover payments for tuition or board. 20 ALR3d 301.

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, to pay the costs of collecting scholarship loans that are in default if those costs are not recovered from the student, and to pay the costs of administering the fund. Unless the instrument evidencing the scholarship loan has been sold or assigned to the Alaska Student Loan Corporation, repayments of principal and interest on a scholarship loan shall be paid into the scholarship revolving loan fund. If money estimated to be available 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*

(d) The student financial aid committee created under AS 14.43.095 may sell or assign notes and other instruments evidencing scholarship loans to the Alaska Student Loan Corporation and enter into agreements with the corporation relating to loans, the administration of the student loan fund created under AS 14.42.210, and the payment of and security for bonds of the corporation. Proceeds from the sale or assignment of notes and other instruments shall be deposited in the scholarship revolving loan fund. (6 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; am § 1 ch 158 SLA 1984; am §§ 3, 4 ch 92 SLA 1987)

Revisor's notes. — Formerly AS 14.40.751. Renumbered in 1982.

Effect of amendments. — The 1984 amendment, 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 available to fund and "for use" in the third sentence. The 1981 amendment in subsection (a)

in the second sentence substituted "scholarship for student" following "collecting" added, and to pay the costs of administering the fund, at the end of the sentence, and made a related stylistic change in the third sentence substituted "Unless the instrument evidencing the scholarship loan has been sold or assigned to the Alaska Student Loan Corporation" for "All and a scholarship loan for loans" and in the last sentence deleted "loan scholarship loan repayments" following "available", and added subsection (d).

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. (6 1 ch 98 SLA 1971; am § 2 ch 156 SLA 1972; am § 5 ch 78 SLA 1974; am § 3 ch 136 SLA 1974; am § 57 ch 6 SLA 1984)

Revisor's notes. — Formerly AS 14.40.751. Renumbered in 1982.

Effect of amendments. — The 1984 amendment substituted, and the legis-

lature 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. (6 1 ch 98 SLA 1971; am § 3 ch 156 SLA 1972; am § 4 ch 136 SLA 1974; am § 58 ch 6 SLA 1984)

Revisor's notes. — Formerly AS 14.40.755. Renumbered in 1982.

Effect of amendments. — The 1981

amendment deleted, in part, following "loan" in subsection (b).

Sec. 14.43.105. Administration of programs. The executive secretary shall administer the programs subject to review by the committee and in accordance with the regulations adopted by the committee. The adoption of these regulations is subject to the Administrative Procedure Act (AS 41.62). A summary of the regulations shall be distributed to each applicant. (1) 1 ch 98 SLA 1971, am § 5 ch 136 SLA 1974)

Revisor's notes. - Formerly AS 14.40.75. Renumbered in 1982.

Sec. 14.43.110. Undergraduate loans. The student financial aid committee may make a loan, not to exceed \$5,500 in any one school year, to an undergraduate student eligible under AS 14.43.125. The committee may make a loan for a summer term, even if the total loan for the school year exceeds the \$5,500 maximum, if the loan for the summer term is counted against the \$5,500 maximum for the following school year. (1) 1 ch 98 SLA 1971, am § 6 ch 136 SLA 1974, am § 1 ch 153 SLA 1978, am § 1 ch 89 SLA 1981, am § 1 ch 34 SLA 1985, am § 1 ch 65 SLA 1986)

Revisor's notes. - Formerly AS 14.40.76. Renumbered in 1982.

Effect of amendments. - The 1985 amendment added the second sentence of the section.

The 1986 amendment inserted "student financial aid" in the first sentence and substituted "\$5,500" for "\$6,000" in three places in the section.

Sec. 14.43.115. Graduate loans. The student financial aid committee may make a loan, not to exceed \$6,500 in any one school year, to a graduate student who is eligible under AS 14.43.125 and is pursuing an advanced degree. The committee may make a loan for a summer term, even if the total loan for the school year exceeds the \$6,500 maximum, if the loan for the summer term is counted against the \$6,500 maximum for the following school year. (1) 1 ch 98 SLA 1971, am § 7 ch 136 SLA 1974, am § 2 ch 89 SLA 1981, am § 2 ch 34 SLA 1985, am § 2 ch 65 SLA 1986)

Revisor's notes. - Formerly AS 14.40.76. Renumbered in 1982.

Effect of amendments. - The 1985 amendment added the second sentence.

The 1986 amendment inserted "student financial aid" in the first sentence and substituted "\$6,500" for "\$7,000" in three places in the section.

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) Scholarship loans may only be used to attend a

(1) career education program that has been approved by the commission before July 1, 1986, or has been operating for at least two years before the borrower attends; or

(2) a college or university that

(A) has been approved by the commission before July 1, 1986, or has been operating for at least two years before the borrower attends;

(B) is accredited by a national or regional accreditation association recognized by the Council on Postsecondary Accreditation or is approved by the commission; and

(C) if the loans are federally insured, is approved by the United States Secretary 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;

(4) to attend an institution, other than a nonprofit institution, if the total amount of scholarship loans made to students to attend that institution exceeds \$100,000 and the default rate on those loans exceeds the program default rate by more than 150 percent as defined by regulation.

(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 eight 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 a loan; however, provision shall be made for payment of all fees and costs incurred in collection of the amount owed on the loan if it becomes delinquent or in default.

(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. The

permanent fund dividend of a borrower may be taken under AS 43.23.065(b)(4) to satisfy the balance due on the defaulted loan.

(j) *Repealed, § 19 ch 92 SLA 1987*

(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 (b) of this section during any of the following:

- (1) return to student status as provided in (e) of this section;
- (2) serving an initial period of up to six years 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;

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

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

(n) The state shall pay the interest on that portion of a loan that is not federally insured during:

- (1) the period in which the borrower is a full-time student;
- (2) deferrals under (k) of this section.

(o) 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.

(p) *Repealed, § 11 ch 89 SLA 1981*

(q) *Repealed, § 19 ch 92 SLA 1987*

(r) 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.

(s) For the purposes of this section a loan is in default if a loan payment is 120 or more days past due.

(t) The rate of interest, time of payment of an installment of principal or interest, or other terms of a scholarship loan may be modified if required to establish or maintain tax exempt status under 26 U.S.C. 103 (Internal Revenue Code of 1986), as amended, for the interest on bonds issued by the Alaska Student Loan Corporation. (1 ch 98 SLA 1971; am 1 ch 156 SLA 1972; am 6 ch 78 SLA 1974; am 8 ch 136 SLA 1971; am 11 ch 191 SLA 1977; am 11 3 - 8 ch 87 SLA 1979; am 11 3 - 9, 11 ch 89 SLA 1981; am 11 2 - 4 ch 156 SLA 1981; am 11 3 ch 31 SLA 1985; am 11 3, 4 ch 65 SLA 1986; am 11 5 - 9, 19 ch 92 SLA 1987)

Rastler's notes. — Formerly AS 14.43.121 Renumbered in 1992

In 1987, "Secretary" was substituted for "Commissioner" in the 2nd of the sentence in conform to the change in federal law.

Effect of amendments. — The 1984 amendment added subsection (j) and in subsection (k), added the second sentence and added "unless the loan is in default" at the end of the first sentence, and in subsection (l), substituted "that is in default" for "a borrower named in a complaint as a defaulter in an action by the state or by the commissioner to secure payment of the unpaid balance of a loan made under AS 14.43.119 or 14.43.115".

The 1985 amendment inserted "an individual of up to six years" in paragraph (2) of subsection (k).

The 1986 amendment created subsection (h) and in subsection (k) substituted "eight" for "five" in the first sentence.

The 1987 amendment added subsection (d)-(g) in subsection (k) substituted a loan for the loans and "all the former" deleted "of most if either or both are following" and added "if it is named delinquent or in default" added the last sentence of subsection (l), in subsection (l) substituted "shall be" with the introductory language and substituted "in which the borrower is a full-time student" for "before the beginning of the repayment period of the loan" at the end of paragraph (2) added subsection (m) and renumbered subsections (j) and (n).

Legislative history reports. — For a report of legislative intent concerning the loan forgiveness provisions, see AS SLA 1981 (144) SB 121, on 1981 Senate Journal p. 1203; 1981 (1981 House Journal p. 2704.

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

(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 ten 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 ten 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 except that the 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;

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

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

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

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

(v) requiring medical care for the applicant or the applicant's immediate family;

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

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

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

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

(iii) full time employment by the state;

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

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

(4) does not have a paid child support obligation established by court order or by the child support enforcement division under AS 47 23 160 - 47 23 220 at the time of application

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

(c) A person may not be awarded a scholarship loan under AS 14 43 090 - 14 43 100 if a family education loan is made on behalf of that person under AS 14 43 710 - 14 43 790 or if that person receives a teacher scholarship loan under AS 14 43 620 - 14 43 700 for the same school year. (S 1 ch 94 SJA 1971; am S 10 ch 89 SJA 1981; am S 9 ch 67 SJA 1983; am S 4 ch 34 SJA 1985; am S 2 ch 116 SJA 1986; am S 10 ch 92 SJA 1987)

Revisor's notes - Formerly AS 14 43 765. Renumbered in 1997.

Effect of amendments - The 1981 amendments to paragraph (c) of subsection (b) added and following "provision for care" and added the language beginning "and the person has been present" at the end of the paragraph.

The 1983 amendment revised the section.

The 1986 amendment added paragraph

(c) of subsection (a) and made a related technical change.

The 1987 amendment added subsection (c).

Editor's notes - Section 14, ch 67, SJA 1981 provides "If the loan payee does not meet the requirements for a scholarship loan provided by AS 14 43 125, or if the loan payee is not a dependent of a person who is a resident of the state, the Commission on Postsecondary Education shall

adopt regulations to impose the usual Alaska and the United States Government's stringent residency requirements applicable under the Constitution of the State of

Sec. 14 43 130. *Scholarship criteria. (Repealed 1978)*

Sec. 14 43 135. **Discrimination prohibited.** The student loan program shall be carried out without regard to the race, creed, sex, color, ancestry, national origin, or membership in fraternal or political organizations of the student applying for the loan. (S 1 ch 94 SJA 1971)

Revisor's notes - Formerly AS 14 43 135. Renumbered in 1997.

Editor's notes - See also AS 14 43 and AS 14 44.

Sec. 14 43 140. **Enforceability of certain contracts with minors.** A written obligation entered into by a minor at least 16 years of age, evidencing a loan or other assistance received by the minor from any person for the purpose of furthering the minor's education in a career education program or an institution of higher learning is enforceable against the minor with the same effect as if the minor were, at the time of its execution, 19 years of age, if the person making the loan has before making the loan a certification from the institution that the minor is enrolled in the institution or has been accepted for enrollment. (S 1 ch 98 SJA 1971)

Revisor's notes - Formerly AS 14 43 171. Renumbered in 1997.

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) "commission" means the Alaska Commission on Postsecondary Education.

(3) "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.

(4) "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 constitutes full time student status.

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

Sec. 14.42.100. Creation of Alaska Student Loan Corporation. There is created the Alaska Student Loan Corporation. The corporation is a public corporation and government instrumentality within the Department of Education but having a legal existence independent of and separate from the state. The corporation may not be terminated as long as it has bonds, notes, or other obligations outstanding. Upon termination of the corporation, its rights and property pass to the state. (S 2 ch 92 SFA 1987)

Sec. 14.42.110. Purpose of corporation. The purpose of the corporation is to improve higher educational opportunities for residents of the state in accordance with this chapter. (S 2 ch 92 SFA 1987)

Sec. 14.42.120. Corporation governing body. (a) The corporation shall be governed by a board of directors appointed by the governor consisting of two members of the Alaska Commission on Postsecondary Education, each of whom is selected for the commission under AS 14.42.015(a)(1) — (2), (4) — (6), (8), or (9) and the commissioner of revenue, the commissioner of administration, and the commissioner of commerce and economic development. Members of the board serve without compensation but the members who are also members of the Alaska Commission on Postsecondary Education are entitled to per diem and travel expenses authorized by law for boards and commissions under AS 39.20.180.

(b) The board shall elect a chairman from among its membership at its annual meeting each year. A majority of the members constitute a quorum for organizing the board, conducting its business, and exercising the powers of the corporation. (S 2 ch 92 SFA 1987)

Sec. 14.42.130. Meetings of the board. (a) The board shall meet at the call of its chairman and at other times as the board may determine in accordance with its regulations.

(b) Public notice of a meeting of the board at which the issuance of corporation bonds is authorized shall be provided at least 24 hours before the meeting. (S 2 ch 92 SFA 1987)

Sec. 14.42.140. Minutes of meetings. The board shall keep minutes of each meeting and send a certified copy to the governor and to the Legislative Budget and Audit Committee. (S 2 ch 92 SFA 1987)

Sec. 14.42.150. Administration of affairs. The board shall manage the assets and business of the corporation and may adopt bylaws and regulations, in accordance with the Administrative Procedure Act (AS 44.62), governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board shall delegate supervision of the administration of the cor-

poration to the executive officer of the corporation. (S 2 ch 92 SFA 1987)

Sec. 14.42.160. Executive officer. The executive officer of the Commission on Postsecondary Education appointed under AS 14.42.010(a) shall serve as executive officer of the corporation. The board shall prescribe the duties of the executive officer. (S 2 ch 92 SFA 1987)

Sec. 14.42.170. Staff. The employees of the Alaska Commission on Postsecondary Education shall serve as staff for the corporation. (S 2 ch 92 SFA 1987)

Sec. 14.42.180. Budget. The operating budget of the corporation is subject to AS 37.07 (Executive Budget Act). (S 2 ch 92 SFA 1987)

Sec. 14.42.200. General powers. In addition to other powers granted in this chapter, the corporation may

(1) sue and be sued in its own name;

(2) adopt an official seal;

(3) adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the purposes of this chapter;

(4) make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation, including contracts with a person or governmental entity;

(5) receive, administer, and comply with the conditions and requirements respecting any appropriation, gift, grant, or donation of property or money;

(6) borrow money as provided in this chapter to carry out its corporate purposes and issue its obligations as evidence of the borrowing;

(7) include in a borrowing the amounts to pay financing charges, interest on the obligations for a period not exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory and legal fees and other expenses necessary or incident to the borrowing;

(8) invest or reinvest, subject to its contracts with noteholders and bondholders, money held by the corporation in obligations or other securities authorized for investments of the commissioner of revenue under AS 37.10.070(a);

(9) collect from a borrower amounts owed with respect to a debt it has the corporation has purchased;

(10) gather information on student loans available to residents of Alaska and disseminate the information to reasonably assure that qualified residents are aware of financial resources available to those attending or desiring to attend institutions for which loans may be

made under AS 14.43.090 — 14.43.325, 14.43.600 — 14.43.700, or 14.43.710 — 14.43.790,

- (11) service student loans held by the corporation;
- (12) purchase or participate in the purchase of student loans;
- (13) contract in advance for the purchase or sale of student loans;
- (14) sell or participate in the sale, either public or private and on terms authorized by the board, of student loans to the Student Loan Marketing Association or to other purchasers;
- (15) collect and pay reasonable fees and charges in connection with the purchase, sale, and servicing of student loans;
- (16) enter into agreements with the federal government, including guaranty agreements and supplemental guaranty agreements as described in the United States Higher Education Act of 1965, as necessary to provide for the receipt by the corporation of administrative allowances and other benefits available under the United States Higher Education Act of 1965;
- (17) administer federal money allotted to the state involving insured student loans and related administrative costs and other matters;
- (18) enter into agreements with the Alaska Commission on Postsecondary Education relating to student loans, the administration of the student loan fund created under AS 14.42.210, and the payment of and security for bonds of the corporation;
- (19) to the extent permitted under contracts with bond holders, consent to the modification of the rate of interest, time of payment of an installment of principal or interest, or other terms of a student loan purchased by the corporation;
- (20) procure insurance against any loss in connection with the operation of its programs;
- (21) provide advisory services to borrowers and other participants in the corporation's programs;
- (22) enter into credit facility agreements and make pledges, covenants, and agreements with respect to the repayment of borrowings under the credit facility agreements;
- (23) do all acts necessary, convenient, or desirable to carry out the powers expressly granted or necessarily implied in AS 14.42.100 — 14.42.390. (S 2 ch 92 SLA 1987)

Sec. 14.42.210. Student loan fund. (a) The student loan fund is established in the corporation. The student loan fund is a trust fund to be used to carry out the purposes of AS 14.42.100 — 14.42.390, AS 14.43.090 — 14.43.325, 14.43.600 — 14.43.700, and 14.43.710 — 14.43.790. The fund consists of money or assets appropriated or transferred to the corporation for the fund and money or assets deposited in it by the corporation. The corporation may establish separate accounts in the fund.

(b) Money and other assets of the student loan fund may be used to secure bonds of the corporation, invested in student loans and investments described in AS 37.10.070(a) and used to purchase loans approved under AS 14.43.090 — 14.43.325, 14.43.600 — 14.43.700, or 14.43.710 — 14.43.790.

(c) The student loan fund shall be administered by the Alaska Commission on Postsecondary Education. The corporation and the commission may enter into agreements relating to the administration of the fund. The corporation may assign its rights under the agreements for the benefit and security of holders of its bonds. (S 2 ch 92 SLA 1987)

Sec. 14.42.220. Bonds of the corporation. (a) Subject to (f) of this section, the corporation may borrow money and may issue bonds, on which the principal and interest are payable from its income and receipts or other assets or a designated part or parts of them.

(b) Bonds may be authorized only by resolution of the board. Bonds shall be dated, bear interest at the rate or rates, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in the medium of payment, at the place or places, be subject to the terms of redemption, and mature as provided by the resolution or a subsequent resolution. However, a bond may not mature more than 30 years after the date it is issued.

(c) Bonds of the corporation, regardless of form or character, are negotiable instruments for all the purposes of the Uniform Commercial Code (AS 45.01 — AS 45.09).

(d) Bonds of the corporation may be sold at public or private sale in the manner, for the price or prices, and at the time or times that the board determines.

(e) The superior court has jurisdiction to hear and determine proceedings relating to the corporation, including proceedings brought by or for the benefit of a bondholder or by a trustee for or other representative of a bondholder.

(f) The corporation may not issue bonds, other than refunding bonds, during any two consecutive fiscal years in an aggregate amount greater than \$125,000,000 unless the legislature, by law, approves issuance of a greater amount. (S 2 ch 92 SLA 1987)

Sec. 14.42.230. Trust indentures and trust agreements. An issue of bonds by the corporation may be secured by a trust indenture or trust agreement between the corporation and a corporate trustee, which may be a trust company, bank, or national banking association, with corporate trust powers, located inside or outside the state, or by a secured loan agreement or other instrument or under a resolution giving powers to a corporate trustee by means of which the corporation may:

(1) enter into agreements with the trustee or the bondholders that the board determines to be necessary or desirable, including covenants, provisions, limitations, and other agreements as to the

(A) application, investment, deposit, use, and disposition of the proceeds of bonds of the corporation or of money or other property of the corporation or in which it has an interest;

(B) fixing and collecting loan payments and other consideration for a student loan;

(C) assignment by the corporation of its rights in a student loan or in a mortgage or other security interest created with respect to a student loan to a trustee for the benefit of bondholders;

(D) terms and conditions upon which additional bonds of the corporation may be issued;

(E) vesting in a trustee of rights, powers, duties, funds, or property in trust for the benefit of bondholders, including the right to enforce payment, performance, and other rights of the corporation or of the bondholders, under a student loan or a security interest created with respect to a student loan;

(2) pledge, mortgage or assign money, agreements, property, or other assets of the corporation either presently in hand or to be received in the future, or both; and

(3) provide for other matters that in any way affect the security or protection of the bonds. (2 ch 92 SLA 1987)

Sec. 14.42.240. Reserves and capital reserves. (a) For the purpose of securing one or more issues of bonds of the corporation, the board may establish one or more special funds, called "capital reserve funds," and may pay into those capital reserve funds the proceeds of the sale of bonds and other money available to the corporation from other sources for the purposes of the capital reserve funds. A capital reserve fund may be established only if the board determines that the establishment of the fund would enhance the marketability of the bonds. Money in a capital reserve fund, except as provided in this section, may be used as required only for the (1) payment of the principal of, and interest on, bonds or of the sinking fund payments with respect to those bonds; (2) purchase or redemption of the bonds; or (3) payment of a redemption premium required to be paid when the bonds are redeemed before maturity. However, money in a capital reserve fund may not be withdrawn if the withdrawal would reduce the amount in the capital reserve fund to less than the capital reserve fund requirement, except for the purpose of making payment, when due, of principal, interest, or redemption premiums on the bonds when other money of the corporation is not available for the payments. Income or interest earned by, or investment to, a capital reserve fund, from the investment of all or part of the fund, may be transferred by the corporation to other funds or accounts of the corporation if the

transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(b) If the board decides to issue bonds secured by a capital reserve fund, the bonds may not be issued if the amount in the capital reserve fund is less than the capital reserve fund requirement, unless the corporation, at the time of issuance of the bonds, pledges to deposit in the capital reserve fund from the proceeds of the bonds to be issued or from other sources, an amount that, together with the amount then in the fund, is not less than the capital reserve fund requirement.

(c) In computing the amount of a capital reserve fund for the purpose of this section, securities in which all or a portion of the fund is invested and credit facilities deposited in or credited to a capital reserve fund under (b) of this section shall be valued by a reasonable method established by the board by resolution. Valuation shall include the amount of interest earned or accrued as of the date of valuation.

(d) By January 15 of each year, the chairman of the board shall certify in writing to the governor and the legislature the amount, if any, required to restore a capital reserve fund to the capital reserve fund requirement. The legislature may appropriate to the corporation the amount certified by the chairman. The corporation shall deposit the amounts appropriated under this subsection during a fiscal year in the proper capital reserve fund. This subsection does not create a debt or liability of the state.

(e) The board may establish reserve funds, other than capital reserve funds, to secure one or more issues of bonds of the corporation. The corporation may deposit in a reserve fund established under this subsection the proceeds of sale of its bonds and other money available from any other source. The corporation may allow a reserve fund established under this subsection to be depleted without complying with (d) of this section.

(f) The corporation may hold in a capital reserve fund, in lieu of money and in satisfaction of all or part of a capital reserve fund requirement, irrevocable letters of credit issued by a commercial bank, surety bonds, insurance policies, and similar credit facilities.

(g) In this section, "capital reserve fund requirement" means the amount required to be on deposit in the capital reserve fund as of the date of computation as determined by resolution of the board. (2 ch 92 SLA 1987)

Sec. 14.42.250. Validity of pledge. It is the intention of the legislature that a pledge made in respect to bonds of the corporation shall be valid and binding from the time the pledge is made, that the money or property so pledged and thereafter received by the corporation shall immediately be subject to the lien of the pledge without physical delivery or further act; and that the lien of the pledge shall be valid and

binding as against all parties having claims of any kind in tort, contract, or otherwise against the corporation irrespective of whether the parties have notice. Neither the resolution, trust agreement, nor other instrument by which a pledge is created need be recorded or filed under the provisions of the Uniform Commercial Code (AS 45.01 — AS 45.09) to be valid, binding, or effective. (S 2 ch 92 SLA 1987)

Sec. 11.42.260. Nonliability on bonds. (a) The members of the board and individuals executing the bonds of the corporation are not liable personally on the bonds or subject to personal liability or accountability by reason of the issuance of the bonds.

(b) The bonds issued by the corporation do not constitute an indebtedness or other liability of the state or of a political subdivision of the state, except the corporation, but shall be payable solely from the income and receipts or other funds or property of the corporation. The corporation may not pledge the faith or credit of the state, or of a political subdivision of the state, except the corporation, to the payment of a bond. Issuance of a bond by the corporation does not directly, indirectly, or contingently obligate the state or a political subdivision of the state to apply money from, or levy or pledge any form of taxation whatever to the payment of the bond. (S 2 ch 92 SLA 1987)

Sec. 11.42.265. Underwriters. The board may select one or more underwriters for its bonds in accordance with procedures:

- (1) for the award of a contract under AS 36.30.200 — 36.30.260, or
- (2) adopted by regulations of the board that are based on the competitive principles of AS 36.30.200 — 36.30.260 and are adapted to the special needs of the corporation in the selling of its bonds as determined by the board. (S 2 ch 92 SLA 1987)

Sec. 11.42.270. Pledge and agreement of state. The state pledges to and agrees with holders of bonds issued by the corporation that the state will not limit or alter the rights and powers vested in the corporation under AS 14.42.100 — 14.42.390 to fulfill the terms of a contract made by the corporation with the bondholders or in any way impair the rights and remedies of the bondholders until the bonds, together with the interest on them with interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the bondholders, are fully met and discharged. The corporation may include this pledge and agreement of the state in a contract with bondholders. (S 2 ch 92 SLA 1987)

Sec. 11.42.280. Exemption from taxation. The real and personal property of the corporation and its assets, income, and receipts are declared to be the property of a political subdivision of the state and devoted to an essential public and governmental function and purpose, and the property, assets, income, receipts, and other interests of the corporation are exempt from all taxes and special assessments of the state or a political subdivision of the state, including municipalities, school districts, public utility districts, and other governmental units. Bonds of the corporation are declared to be issued by a political subdivision of the state and for an essential public and governmental purpose, and the bonds, interest on them, income from them, and transfer of them, and all assets, income, and receipts pledged to pay or secure the payment of the bonds, or interest on them, are exempt from taxation by or under the authority of the state, except for inheritance and estate taxes and taxes on transfers by or in contemplation of death. (S 2 ch 92 SLA 1987)

Sec. 11.42.290. Bonds legal investments for fiduciaries. The bonds of the corporation are securities in which public officers and bodies of the state, municipalities, insurance companies, insurance associations, other persons carrying on an insurance business, banks, bankers, trust companies, savings banks, savings associations, building and loan associations, investment companies, other persons carrying on a banking business, administrators, guardians, executors, trustees, other fiduciaries, and other persons who are authorized to invest in bonds or other obligations of the state, may properly and legally invest funds including capital in their control or belonging to them. Notwithstanding any other provisions of law, the bonds of the corporation are also securities that may be deposited with and may be received by public officers and bodies of the state and municipalities for any purpose for which the deposit of bonds or other obligations of the state is not or may be authorized. (S 2 ch 92 SLA 1987)

Sec. 11.42.300. Operation of certain statutes excepted. (a) The corporation is not a municipality as the term is defined in AS 01.10.060. Except as provided in AS 11.42.190, the corporation is not subject to AS 37. For all other purposes the corporation is a political subdivision and an instrumentality of the state.

(b) The funds, income, and receipts of the corporation are not moneys of the state, nor may real property in which the corporation has an interest be considered land owned in fee by the state or to which the state may become entitled or in any way land belonging to the state, or state land referred to in art. VIII of the Alaska Constitution. (S 2 ch 92 SLA 1987)

Sec. 11.42.310. Annual audit. The financial records of the corporation shall be audited annually by the legislative auditor or by a certified public accountant approved by the legislative auditor. The legislative auditor may prescribe the form and content of the financial records of the corporation and shall have access to these records at any time. (S 2 ch 92 SLA 1967)

Sec. 11.42.390. Definitions. In AS 11.42.100 — 11.42.390,

(1) "board" means the board of directors of the corporation;

(2) "corporation" means the Alaska Student Loan Corporation. (S 2 ch 92 SLA 1967)

Revisor's notes — Enacted as AS 11.42.390. Recombined in 1967

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

Article

1. University of Alaska Scholarships for High School Graduates (S 11.43.010 — 11.43.030)
2. University of Alaska Scholarships for Natives (S 11.43.050 — 11.43.075)
3. Fee, Tuition and Fees for Dependents (S 11.43.080)
4. Scholarship Loan Program (S 11.43.090 — 11.43.100)
5. Memorial Scholarship Reading Loan Fund (S 11.43.120 — 11.43.125)
6. Educational Incentive Grant Program (S 11.43.190 — 11.43.200)
7. Teacher Scholarship Loan Program (S 11.43.260 — 11.43.265)
8. Alaska Family Education Loan Program (S 11.43.310 — 11.43.320)
9. General Provisions (S 11.43.310)

Article 1. University of Alaska Scholarships for High School Graduates.

Section

10. Students entitled to scholarships
15. Alternate upon refusal or failure to accept

Section

20. Applications for and issuance and content of certificates
25. Forfeiture of scholarship benefits
30. Payment of scholarships

Collateral references. — 15A Am. Jur. 2d College and Universities (S 19-21); 14 C.J.S. College and Universities (S 27, 28)

Sec. 11.43.010. Students entitled to scholarships. The high school student in each graduating class in each high school in the state who, upon the completion of four years of high school work in a high school in the state, obtains the highest average standing for all the credits earned, and who is graduated at an annual commencement is entitled to receive, during dormitory residence at the University of

Alaska a scholarship covering dormitory rent for a period of two years following the year of graduation upon presenting to the registrar of the university a certificate signed by the superintendent or principal of the high school from which the student graduated stating that the graduate named is entitled to receive the benefit of the scholarship. Dormitory residence is purchased by the rules and regulations established by the Board of Regents. (S 37 10 11 ACLA 1949)

Revisor's notes — Enacted as AS 11.44.010. Recombined in 1962

Sec. 11.44.015. Alternate upon refusal or failure to accept. If a person entitled to receive the benefit of AS 11.44.010 declines or fails to accept it, the graduate next in line in class standing is entitled to receive the benefit. (S 37 10 12 ACLA 1949)

Revisor's notes — Enacted as AS 11.44.015. Recombined in 1962

Sec. 11.44.020. Applications for and issuance and report of certificates. A certificate shall be applied for and issued to a graduate before August 2 of each year and shall be reported immediately to the registrar of the University of Alaska by the superintendent or principal issuing it. (S 37 10 13 ACLA 1949)

Revisor's notes — Enacted as AS 11.44.020. Recombined in 1962

Sec. 11.44.025. Forfeiture of scholarship benefits. Failure to do passing work in more than one subject during a semester, or withdrawal or expulsion from the University of Alaska, constitutes a forfeiture during the following semester or semesters of the benefits of AS 11.44.010 and 11.44.015. (S 37 10 14 ACLA 1949)

Revisor's notes — Enacted as AS 11.44.025. Recombined in 1962

Sec. 11.44.030. Payment of scholarships. Payment of the scholarships shall be made monthly to the University of Alaska upon vouchers drawn upon the Department of Administration and duly certified by the treasurer and the president of the Board of Regents. Payments may not be made in excess of amounts specifically appropriated for this purpose. (S 37 10 15 ACLA 1949, am 3 23 ch 125 SLA 1974)

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Mary Van Nimwegen

H. HESS 3-25-89

6-0592E
Chenoweth
4/3/89

Original sponsors: Boyer and Koponen

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 208 ()

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 (Guan-
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 (l) of this section,
9 during any of the following periods:

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

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

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

21 (4) [(3)] serving, for up to three years, as a full-time
22 volunteer under the Peace Corps Act;

23 (5) [(4)] serving, for up to three years, as a full-time
24 volunteer under the Domestic Volunteer Service Act of 1973;

25 (6) [(5)] for a one-time period up to 12 months in which
26 the borrower is seeking and unable to find employment in the United
27 States; or

28 (7) during the period of disability [(6)] if the borrower
29 becomes 50 percent or more disabled as certified by competent medical

1 authority.

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

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

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

7 (a) A person may apply for and obtain a scholarship loan if the
8 person

9 (1) is

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

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

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

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

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

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

28 (B) is dependent on a parent or guardian for care, the
29 parent or guardian has been present in the state for at least two

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

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

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

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

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

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

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

26 (D) has been physically present in the state, or is a
27 dependent of a parent or guardian who has been physically present
28 in the state, for at least two years immediately before the
29 applicant or the parent or guardian was absent from the state and

1 the absence is due solely to

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

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

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

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

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

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

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

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

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

23 (c) The commission [STUDENT FINANCIAL AID COMMITTEE CREATED
24 UNDER AS 14.43.095] may sell or assign notes and other instruments
25 evidencing memorial scholarship loans to the Alaska Student Loan
26 Corporation and enter into agreements with the corporation relating to
27 loans, the administration of the student loan fund created under
28 AS 14.42.210, and the payment of and security for bonds of the corpo-
29 ration. Proceeds from the sale or assignment of a note or other

1 instrument shall be deposited in the appropriate memorial scholarship
2 loan fund account.

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

4 (a) The memorial scholarship loans provided for under AS 14.43.-
5 250 - 14.43.325 shall be administered by the executive director (SEC-
6 RETARY) of the commission (STUDENT FINANCIAL AID COMMITTEE UNDER
7 AS 14.43.095 AND 14.43.105), subject to review by the commission
8 [COMMITTEE] and to those regulations the commission [COMMITTEE] may
9 prescribe to carry out the purposes of AS 14.43.250 - 14.43.325.

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

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

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

18 (a) A student may apply for an educational incentive grant if
19 the student

20 (1) is a resident of Alaska;

21 (2) is either

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

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

27 (3) establishes financial need in accordance with standards
28 for determining financial need adopted by the commission [COMMITTEE]
29 under 20 U.S.C. 1070c-2.

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

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

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

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

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

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

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

26 (2) develop and distribute to the local school boards an
27 application form for teacher scholarship loans; the form shall include
28 a requirement that the applicant supply a high school academic tran-
29 script and a statement of intent to enter a teaching career at the

1 elementary or secondary school level in the state.

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

3 (a) To be eligible for a teacher scholarship loan, a student
4 must

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

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

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

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

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

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

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

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

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

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

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

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

11 * Sec. 27. This Act takes effect July 1, 1989.

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