

**HB**

**208**

# Alaska State Legislature

SENATOR PAUL FISCHER, Chairman  
SENATOR JIM DUNCAN, Vice Chairman  
SENATOR AL ADAMS  
SENATOR LLOYD JONES  
SENATOR TIM KELLY



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## Senate Committee on Health, Education and Social Services

### Changes in Senate CS for CS for House Bill 208 (HESS)

1. Lowers the maximum amount to be given to undergraduates to \$2000 from \$2750. (Sec. 7.)
2. Lowers the maximum amount to be given to graduate students to \$2500 from \$3250. (Sec. 8.)
3. Places a requirement that a loan for half-time students may only be used for books, tuition and required fees. Sec. (9.)
4. Changes Sec. 9 of original bill to give flexibility to the Postsecondary commission in determining which schools may be eligible for loans that have been in operation for 1 year. This change is incorporated into (sec.10) of the CS.

# 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



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## House of Representatives

### M E M O R A N D U M

TO: Senator Paul Fischer, Chairman  
Health, Education and Social Services Committee

FROM: Representative Mark Boyer *MB*

RE: CS HB 208 (FIN), "An Act relating to loans for half-time students, deferral of loan repayment, and to the Alaska Postsecondary Education Commission; repealing the student financial aid committee; and providing for an effective date."

HJR 83, Urging a change in the allocation formula for federal grant for alcohol, drug abuse, and mental health services.

DATE: March 25, 1990

I ask, Mr. Chairman, that you schedule CS HB 208 (FIN) for a hearing. This piece of legislation broadens 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. This alteration of the student loan program is one of the recommendations presented in the Postsecondary Education Commission's December 1988 report entitled "Student Financial Aid Alternatives".

The typical half-time student in Alaska is 30 years old, is working, may be supporting a family and is seeking higher education to enhance their life and the lives of those around them. Older half-time students who are in state and have precise career goals and are expected to have a default rate lower than the national and state average for younger full-time students. It is not expected that new part-time applicants would compete with full-time applicants for available funds. If that were to develop, the commission could limit a portion of available funds to a percentile of the total as they do for vocational applicants.

Half-time student loans would be allowed only for in-state use and would have the same eligibility requirements as a

FAIRBANKS 20B

full-time loan. The interest rate would be the same for half-time loans at 8%.

This bill realizes the importance of higher education to everyone. I ask that CS HB 208 (FIN) be reviewed in your committee. I am eager to work with the Senate HESS Committee to make the "Part-time Student Loan Bill" most effective. If you have particular concerns about provisions of the bill, I would like to meet with you to discuss amendments or different approaches.

Regarding HJR 83 and its companion bill, SJR 76, I ask that you waive HJR 83 from your committee. SJR 76 is being held in Senate Rules Committee waiting for HJR 83 to be considered. SJR 76 was referred to the Senate Labor and Commerce Committee where it received a vote of 5DP. I ask that you waive HJR 83 from the Senate HESS Committee so it can be reviewed in the same committee as the companion resolution. HJR 83 was amended on the House floor to include language stating that substance abuse among Alaska high school students exceeds the national average and is continuing to increase. Senators Kelly and Sturgulewski have cross-cosponsored this legislation. There is a matter of urgency to my request; the Legislature would like the message conveyed in HJR 83 to reach our representatives in Washington, D.C. as soon as possible. Thank you for your consideration.

cc: Senator Pat Pourchot  
Senator Bettye Fahrenkamp

# ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS,  
CHAIR

ETHICS COMMITTEE,  
CHAIR



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Senator Pat Pourchot

## MEMORANDUM

TO: Senator Paul Fischer, Chairman  
Senate Committee on Health, Education  
and Social Services

FROM: Senator Pat Pourchot

RE: Scheduling of HB 208, Relating to half-time student  
loans

DATE: March 28, 1990

HB 208, which is the companion bill to SSSB 208, my bill authorizing student loans for certain half-time students, has recently been referred to the Senate HESS Committee. I am writing to urge you to schedule it for a hearing.

I would like to point out that the House version differs from SSSB 208 in the following ways. As you will recall, the Sponsor Substitute was drafted in direct response to concerns you expressed at hearings held on SB 208 last session.

### SSSB 208

Reduces maximum amount of an undergraduate half-time student loan from \$2,750 to \$2,000; reduces maximum amount of a graduate half-time student loan from \$3,250 to \$2,500

Requires that regulations be adopted establishing the minimum amount for which a loan may be made

Limits the use of loan proceeds to books, tuition, and fees

In addition, HB 208, in an attempt to address the recent IRS ruling that made taxable the forgiven portion of student loans, declares the forgiven portion a grant. It also deletes all references to the student financial aid committee, which is defunct. I support both of these provisions.

One other difference exists between the House and Senate versions, which I do not support. HB 208 amends current

statute to allow loans to be awarded to vocational institutions that have been in operation only one year, rather than the two years currently required.

Both SSSB 208 and HB 208 contain additional provisions that would ensure reasonable controls on access to and repayment of loan funds:

- Student must be enrolled in good standing in a career education, associate, baccalaureate, or graduate degree program
- Student must take at least six semester credit hours or be in attendance in career education classes at least 15 hours a week
- Loan recipients must attend school in Alaska
- Loan deferral while continuing to attend school is limited to eight years (full-time loans continue to be deferred as long as the student is in school full-time)
- Loans must be repaid within five years from the commencement of repayment (this is half of the ten year repayment period for full-time loans)

I continue to believe that there are many Alaskans who because of the demands of work, family, a disability, or some other obligation are unable to devote themselves to full-time study but who have as much interest in, can benefit as much by, and certainly are as entitled to higher education as are those Alaskans able to attend school full time. I hope you will agree, and schedule HB 208 for hearing.

Thank you for your consideration.

cc: Representative Boyer

## FISCAL NOTE

**REQUEST:**

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

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

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	42.0	42.0	42.0	42.0	42.0	42.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>42.0</b>	<b>42.0</b>	<b>42.0</b>	<b>42.0</b>	<b>42.0</b>	<b>42.0</b>

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER Corp.	42.0	42.0	42.0	42.0	42.0	42.0
<b>TOTAL Receipts</b>	<b>42.0</b>	<b>42.0</b>	<b>42.0</b>	<b>42.0</b>	<b>42.0</b>	<b>42.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

Costs for printing and mailing of loan documents.

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

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

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

CSHB 208  
Analysis of Fiscal Impact

A. Assumptions

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

Original sponsor(s): REP. BOYER, Koponen

1 IN THE HOUSE

BY THE HESS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 208 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans for half-time students,  
7 loans to attend a career education program, deferral  
8 of loan repayment, conditions of scholarship loans,  
9 and to the Alaska Postsecondary Education Commission;  
10 repealing the student financial aid committee; and  
11 providing for an effective date."

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

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

14 (b) The commission shall

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

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

25 (3) serve as the state agency required under sec. 105 of  
26 Title I (Community Service and Continuing Education), 603 of Title VI  
27 (Financial Assistance for Undergraduate Education), 704 of Title VII  
28 (Construction of Academic Facilities), and Part B of Title IV (Guaran-  
29 teed Student Loan Program) of the Higher Education Act of 1965 (P.L.

1 89-329; 79 Stat. 1220, 1262; 20 U.S.C. 1005, 1123) as authorized by  
2 sec. 1202(c) of Title XII of the Higher Education Act of 1965, as  
3 amended by the Education Amendments of 1972 (P.L. 92-318, sec. 196; 86  
4 Stat. 324);

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

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

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

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

14 (a) The commission may appoint an executive director as the  
15 commission's executive officer. The executive officer is a member of  
16 the exempt service under AS 39.25.110, serves at the pleasure of the  
17 commission, and receives compensation fixed by the commission. The  
18 executive officer appoints persons to the staff positions authorized  
19 by the commission, and staff compensation is fixed by the commission.  
20 [THE EXECUTIVE OFFICER IS THE EXECUTIVE SECRETARY OF THE STUDENT  
21 FINANCIAL AID COMMITTEE.] Each employee of the commission shall elect  
22 membership either in the state teachers' retirement system (AS 14.25),  
23 if qualified, or in the public employees' retirement system (AS 39.-  
24 35).

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

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

1 administration of the student loan fund created under AS 14.42.210,  
2 and the payment of and security for bonds of the corporation. Pro-  
3 ceeds from the sale or assignment of notes and other instruments shall  
4 be deposited in the scholarship revolving loan fund.

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

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

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

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

14 \* Sec. 6. AS 14.43.105 is amended to read:

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

21 \* Sec. 7. AS 14.43.110 is amended to read:

22 Sec. 14.43.110. UNDERGRADUATE LOANS. The commission [STUDENT  
23 FINANCIAL AID COMMITTEE] may make a loan, not to exceed \$5,500 in a  
24 [ANY ONE] school year [,] to a full-time [AN] undergraduate student,  
25 and not to exceed \$2,000 in a school year to a half-time undergraduate  
26 student, eligible under AS 14.43.125. The commission [COMMITTEE] may  
27 make a loan for a summer term, even if the total loan for the school  
28 year exceeds the \$5,500 or \$2,000 maximum, if the loan for the summer  
29 term is counted against the \$5,500 or \$2,000 maximum for the following

1 school year. The commission shall adopt regulations establishing a  
2 minimum amount for which a loan may be made.

3 \* Sec. 8. AS 14.43.115 is amended to read:

4 Sec. 14.43.115. GRADUATE LOANS. The commission [STUDENT FINAN-  
5 (IAL AID COMMITTEE] may make a loan, not to exceed \$6,500 in a [ANY  
6 ONE] school year [,] to a full-time graduate student, and not to  
7 exceed \$2,500 in a school year to a half-time graduate student, who is  
8 eligible under AS 14.43.125 and is pursuing an advanced degree. The  
9 commission [COMMITTEE] may make a loan for a summer term, even if the  
10 total loan for the school year exceeds the \$6,500 or \$2,500 maximum,  
11 if the loan for the summer term is counted against the \$6,500 or  
12 \$2,500 maximum for the following school year. The commission shall  
13 adopt regulations establishing a minimum amount for which a loan may  
14 be made.

15 \* Sec. 9. AS 14.43.120(a) is amended to read:

16 (a) Proceeds from a scholarship loan to a full-time student  
17 [LOANS] may only be used for books, tuition and required fees, and for  
18 room and board. Proceeds from a scholarship loan to a half-time  
19 student may only be used for books and tuition and required fees.

20 \* Sec. 10. AS 14.43.120(b) is amended to read:

21 (b) Scholarship loans may only be used to attend a

22 (1) career education program that has been

23 (A) approved by the commission before July 1, 1986;

24 (B) [, OR HAS BEEN] operating for two years before the

25 borrower attends; or

26 (C) operating for one year before the borrower attends

27 and the commission determines the program is operating on a  
28 fiscally sound basis; or

29 (2) a college or university that

1 (A) has been approved by the commission before July 1,  
2 1986, or has been operating for at least two years before the  
3 borrower attends;

4 (B) is accredited by a national or regional accredita-  
5 tion association recognized by the Council on Postsecondary  
6 Accreditation or is approved by the commission; and

7 (C) if the loans are federally insured, is approved by  
8 the United States Secretary of Education.

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

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

20 \* Sec. 12. AS 14.43.120(g) is amended to read:

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

1 with the agreement. A borrower may make payments earlier than re-  
2 quired by this subsection.

3 \* Sec. 13. AS 14.43.120(k) is amended to read:

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

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

13 (2) if the borrower received a loan to attend as a half-  
14 time student, return to at least half-time student status in good  
15 standing in a career education program, college, or university in the  
16 state that meets the requirements under (b) of this section; a borrow-  
17 er is not eligible for deferral under this paragraph for a period  
18 longer than 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. 14. 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. 15. 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. 16. 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. 17. 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. 18. 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. 19. 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. 20. 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. 21. 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. 22. 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. 23. 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. 24. 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. 25. 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. 26. 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. 27. 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. 28. AS 14.43.095 and 14.43.160(2) are repealed.

11 \* Sec. 29. This Act takes effect July 1, 1990.  
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# 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



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## House of Representatives

### M E M O R A N D U M

TO: Senator Paul Fischer, Chairman  
Health, Education and Social Services Committee

FROM: Representative Mark Boyer *MB*

RE: CS HB 208 (FIN), "An Act relating to loans for half-time students, deferral of loan repayment, and to the Alaska Postsecondary Education Commission; repealing the student financial aid committee; and providing for an effective date."

HJR 83, Urging a change in the allocation formula for federal grant for alcohol, drug abuse, and mental health services.

DATE: March 25, 1990

I ask, Mr. Chairman, that you schedule CS HB 208 (FIN) for a hearing. This piece of legislation broadens 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. This alteration of the student loan program is one of the recommendations presented in the Postsecondary Education Commission's December 1988 report entitled "Student Financial Aid Alternatives".

The typical half-time student in Alaska is 30 years old, is working, may be supporting a family and is seeking higher education to enhance their life and the lives of those around them. Older half-time students who are in state and have precise career goals and are expected to have a default rate lower than the national and state average for younger full-time students. It is not expected that new part-time applicants would compete with full-time applicants for available funds. If that were to develop, the commission could limit a portion of available funds to a percentile of the total as they do for vocational applicants.

Half-time student loans would be allowed only for in-state use and would have the same eligibility requirements as a

FAIRBANKS 20B

full-time loan. The interest rate would be the same for half-time loans at 8%.

This bill realizes the importance of higher education to everyone. I ask that CS HB 208 (FIN) be reviewed in your committee. I am eager to work with the Senate HESS Committee to make the "Part-time Student Loan Bill" most effective. If you have particular concerns about provisions of the bill, I would like to meet with you to discuss amendments or different approaches.

Regarding HJR 83 and its companion bill, SJR 76, I ask that you waive HJR 83 from your committee. SJR 76 is being held in Senate Rules Committee waiting for HJR 83 to be considered. SJR 76 was referred to the Senate Labor and Commerce Committee where it received a vote of 5DP. I ask that you waive HJR 83 from the Senate HESS Committee so it can be reviewed in the same committee as the companion resolution. HJR 83 was amended on the House floor to include language stating that substance abuse among Alaska high school students exceeds the national average and is continuing to increase. Senators Kelly and Sturgulewski have cross-cosponsored this legislation. There is a matter of urgency to my request; the Legislature would like the message conveyed in HJR 83 to reach our representatives in Washington, D.C. as soon as possible. Thank you for your consideration.

cc: Senator Pat Pourchot  
Senator Bettye Fahrenkamp

# ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS,  
CHAIR

ETHICS COMMITTEE,  
CHAIR



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Senator Pat Pourchot

## M E M O R A N D U M

TO: Senator Paul Fischer, Chairman  
Senate Committee on Health, Education  
and Social Services

FROM: Senator Pat Pourchot *Pat*

RE: Scheduling of HB 208, Relating to half-time student  
loans

DATE: March 28, 1990

HB 208, which is the companion bill to SSSB 208, my bill authorizing student loans for certain half-time students, has recently been referred to the Senate HESS Committee. I am writing to urge you to schedule it for a hearing.

I would like to point out that the House version differs from SSSB 208 in the following ways. As you will recall, the Sponsor Substitute was drafted in direct response to concerns you expressed at hearings held on SB 208 last session.

### SSSB 208

Reduces maximum amount of an undergraduate half-time student loan from \$2,750 to \$2,000; reduces maximum amount of a graduate half-time student loan from \$3,250 to \$2,500

Requires that regulations be adopted establishing the minimum amount for which a loan may be made

Limits the use of loan proceeds to books, tuition, and fees

In addition, HB 208, in an attempt to address the recent IRS ruling that made taxable the forgiven portion of student loans, declares the forgiven portion a grant. It also deletes all references to the student financial aid committee, which is defunct. I support both of these provisions.

One other difference exists between the House and Senate versions, which I do not support. HB 208 amends current

statute to allow loans to be awarded to vocational institutions that have been in operation only one year, rather than the two years currently required.

Both SSSB 208 and HB 208 contain additional provisions that would ensure reasonable controls on access to and repayment of loan funds:

- Student must be enrolled in good standing in a career education, associate, baccalaureate, or graduate degree program
- Student must take at least six semester credit hours or be in attendance in career education classes at least 15 hours a week
- Loan recipients must attend school in Alaska
- Loan deferral while continuing to attend school is limited to eight years (full-time loans continue to be deferred as long as the student is in school full-time)
- Loans must be repaid within five years from the commencement of repayment (this is half of the ten year repayment period for full-time loans)

I continue to believe that there are many Alaskans who because of the demands of work, family, a disability, or some other obligation are unable to devote themselves to full-time study but who have as much interest in, can benefit as much by, and certainly are as entitled to higher education as are those Alaskans able to attend school full time. I hope you will agree, and schedule HB 208 for hearing.

Thank you for your consideration.

cc: Representative Boyer

6-0592D

Ford

5/2/90

Original sponsor(s): REP. BOYER, Koponen

1 IN THE HOUSE

BY THE HESS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 208 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans for half-time students,  
7 loans to attend a career education program, deferral  
8 of loan repayment, conditions of scholarship loans,  
9 and to the Alaska Postsecondary Education Commission;  
10 repealing the student financial aid committee; and  
11 providing for an effective date."

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

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

14 (b) The commission shall

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

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

25 (3) serve as the state agency required under sec. 105 of  
26 Title I (Community Service and Continuing Education), 603 of Title VI  
27 (Financial Assistance for Undergraduate Education), 704 of Title VII  
28 (Construction of Academic Facilities), and Part B of Title IV (Guaran-  
29 teed Student Loan Program) of the Higher Education Act of 1965 (P.L.

1 89-329; 79 Stat. 1220, 1262; 20 U.S.C. 1005, 1123) as authorized by  
2 sec. 1202(c) of Title XII of the Higher Education Act of 1965, as  
3 amended by the Education Amendments of 1972 (P.L. 92-318, sec. 196; 86  
4 Stat. 324);

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

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

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

13 \* Sec. 2. AS 14.43.090(a) is amended to read:

14 (a) The commission may appoint an executive director as the  
15 commission's executive officer. The executive officer is a member of  
16 the exempt service under AS 39.25.110, serves at the pleasure of the  
17 commission, and receives compensation fixed by the commission. The  
18 executive officer appoints persons to the staff positions authorized  
19 by the commission, and staff compensation is fixed by the commission.  
20 [THE EXECUTIVE OFFICER IS THE EXECUTIVE SECRETARY OF THE STUDENT  
21 FINANCIAL AID COMMITTEE.] Each employee of the commission shall elect  
22 membership either in the state teachers' retirement system (AS 14.25),  
23 if qualified, or in the public employees' retirement system (AS 39.-  
24 35).

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

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

1 administration of the student loan fund created under AS 14.42.210,  
2 and the payment of and security for bonds of the corporation. Pro-  
3 ceeds from the sale or assignment of notes and other instruments shall  
4 be deposited in the scholarship revolving loan fund.

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

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

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

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

14 \* Sec. 6. AS 14.43.105 is amended to read:

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

21 \* Sec. 7. AS 14.43.110 is amended to read:

22 Sec. 14.43.110. UNDERGRADUATE LOANS. The commission [STUDENT  
23 FINANCIAL AID COMMITTEE] may make a loan, not to exceed \$5,500 in a  
24 [ANY ONE] school year [,] to a full-time [AN] undergraduate student,  
25 and not to exceed \$2,000 in a school year to a half-time undergraduate  
26 student, eligible under AS 14.43.125. The commission [COMMITTEE] may  
27 make a loan for a summer term, even if the total loan for the school  
28 year exceeds the \$5,500 or \$2,000 maximum, if the loan for the summer  
29 term is counted against the \$5,500 or \$2,000 maximum for the following

1 school year. The commission shall adopt regulations establishing a  
2 minimum amount for which a loan may be made.

3 \* Sec. 8. AS 14.43.115 is amended to read:

4 Sec. 14.43.115. GRADUATE LOANS. The commission [STUDENT FINAN-  
5 CIAL AID COMMITTEE] may make a loan, not to exceed \$6,500 in a [ANY  
6 ONE] school year [,] to a full-time graduate student, and not to  
7 exceed \$2,500 in a school year to a half-time graduate student, who is  
8 eligible under AS 14.43.125 and is pursuing an advanced degree. The  
9 commission [COMMITTEE] may make a loan for a summer term, even if the  
10 total loan for the school year exceeds the \$6,500 or \$2,500 maximum,  
11 if the loan for the summer term is counted against the \$6,500 or  
12 \$2,500 maximum for the following school year. The commission shall  
13 adopt regulations establishing a minimum amount for which a loan may  
14 be made.

15 \* Sec. 9. AS 14.43.120(a) is amended to read:

16 (a) Proceeds from a scholarship loan to a full-time student  
17 [LOANS] may only be used for books, tuition and required fees, and for  
18 room and board. Proceeds from a scholarship loan to a half-time  
19 student may only be used for books and tuition and required fees.

20 \* Sec. 10. AS 14.43.120(b) is amended to read:

21 (b) Scholarship loans may only be used to attend a  
22 (1) career education program that has been  
23 (A) approved by the commission before July 1, 1986;  
24 (B) [, OR HAS BEEN] operating for two years before the  
25 borrower attends; or  
26 (C) operating for one year before the borrower attends  
27 and the commission determines the program is operating on a  
28 fiscally sound basis; or

29 (2) a college or university that

1 (A) has been approved by the commission before July 1,  
2 1986, or has been operating for at least two years before the  
3 borrower attends;

4 (B) is accredited by a national or regional accredita-  
5 tion association recognized by the Council on Postsecondary  
6 Accreditation or is approved by the commission; and

7 (C) if the loans are federally insured, is approved by  
8 the United States Secretary of Education.

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

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

20 \* Sec. 12. AS 14.43.120(g) is amended to read:

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

1 with the agreement. A borrower may make payments earlier than re-  
2 quired by this subsection.

3 \* Sec. 13. AS 14.43.120(k) is amended to read:

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

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

13 (2) if the borrower received a loan to attend as a half-  
14 time student, return to at least half-time student status in good  
15 standing in a career education program, college, or university in the  
16 state that meets the requirements under (b) of this section; a borrow-  
17 er is not eligible for deferral under this paragraph for a period  
18 longer than 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. 14. 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. 15. 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 16. 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. 17. 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. 18. 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. 19. 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. 20. 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. 21. 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. 22. 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. 23. 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. 24. 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. 25. 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. 26. 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. 27. 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. 28. AS 14.43.095 and 14.43.160(2) are repealed.

11 \* Sec. 29. This Act takes effect July 1, 1990.

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APR 09 1990

# TREND *Setters*

April 5, 1990

Sen. Paul Fischer  
Pouch V  
Juneau, AK 99811

Dear Senator Fischer:

I have before me a copy of Amendment 2 to CSHB 208. This amendment concerns a reduction in the amount of time that a postsecondary school has to wait before being approved to handle Alaska Student Loans. As an owner of a vocational school in Alaska, I am concerned about this bill.

Currently, new postsecondary schools must wait two years or be nationally accredited prior to applying for approval to handle Alaska Student Loans. This rule is relatively new to Alaska but is a standard for other loan and benefit programs nationally. I can not speak for all accrediting agencies, but the National Accrediting Commission of Cosmetology Arts & Sciences requires two years of operation prior to accreditation. The Veterans Administration also requires two years of operation prior to approval for veterans training with VA benefits. There is also a two year residency rule for students to qualify for the loans.

The two year rule in Alaska was legislated after several years of problems involving catastrophic closings of schools that had enrolled students receiving Alaska Student Loans. These schools opened one day and were approved for Alaska Student Loans the next. As a result of the closures, students with loans were left without the education and without the money that they had borrowed to pay for that education.

Since the two year rule went into effect, there have been far fewer school closures. The current proposal to reduce the two year rule to one year will not only reduce the protection that is now in place but will move Alaska away from a national standard.

In opposing this amendment, I am not trying to limit my competition. In the past, the Commission on Postsecondary Education has responded to school closures with increased regulations for the schools that are left. Complying with these regulations increases my costs. I have gone as far as accepting students from a closed school without any additional tuition charge just to facilitate a smooth non-regulation producing transition.

I do not feel that this bill deserves passage. I believe that weakening the two year rule will defeat the original purpose of that rule. I hope that I can depend on the legislative process to see that this bill is not good for the State.

Sincerely,

*Dennis Millhouse*  
Dennis Millhouse  
Owner/Trend Setters

APR 09 1990



## Alaska Junior College

800 E. Dimond Blvd.  
Suite 3-350  
Anchorage, Alaska 99515  
(907) 349-1905  
Fax (907) 349-9802

April 6, 1990

All Senators  
Pouch V  
Juneau, Alaska 99811

Dear Senator,

Currently before you is an amendment to CSHB 208. This amendment will reduce the time a career-vocational institution must be in operation before a borrower attends.

As a school President, I am opposed to the change of this statute. It was sound legislation when it was originally instated in order to protect the consumer. Many accrediting agencies, including the Veterans Administration, require schools to be in operation for two years.

Also, to reduce only career education programs and not universities and colleges seems to again be creating a double standard. I know the Postsecondary Commission has been working hard to develop regulations fair for both types of education.

Please note that there has been pressure from only one school owner to change this statute over the past year. The ACPE wisely voted to keep the two year rule intact. It seems to me you should support your Postsecondary Commission and remove this amendment from CSHB 208.

Sincerely,

Kathryn Smith  
President

KJS/ads

A M E N D M E N T #2

OFFERED IN THE HOUSE

BY REP. BARNES

TO: CSHB 208(Finance)

Page 1, line 7, before "deferral":

Insert "loans to attend a career education program,"

Page 4, after line 10:

Insert a new bill section to read:

"\* Sec. 9. AS 14.43.120(b) is amended to read:

(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 one year [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."

Renumber the following bill sections accordingly.

# BARTENDING SCHOOL

April 6, 1990



Senator Fischer  
Pouch V  
Juneau, AK 99811

Dear Senator Fischer:

I am very concerned about an amendment to CSHB 208 that is currently before you. The amendment reduces the time a Post-secondary school has to be in business before being approved for Alaska Student Loans. The current law stipulates two years, the amendment would reduce the time to one year.

The Alaska Commission on Postsecondary Education has been pressured to do away with the two year rule, but they voted to keep the policy intact. The commission deals with schools on a daily basis, so they must have given careful consideration to this two year rule.

I am very worried about the increase in loan defaults and school closures that this amendment could cause. In the past when schools have closed, the existing schools have had to pay with increased bonding and loss of credibility of the entire vocational system. By giving unproven schools the opportunity to utilize Alaska Student Loans, you will increase school closures and the default rate, thus punishing the proven schools.

Protect the students and the Alaska Student Loan program. Please do not pass this amendment.

Sincerely,

A handwritten signature in cursive script that reads "Stanley M. Austin".

Stanley M. Austin  
Owner

**Brown Jug Beverage Dispensary School**  
4140 Old Seward Highway  
Anchorage, AK 99503  
(907) 563-5100  
Toll Free in Alaska 800-478-5101

# Academy of Hair Design

1921 W. Dimond Blvd, #110  
Anchorage, Alaska 99515  
(907) 349-4412

April 6, 1990  
All Legislators  
Juneau, Alaska

Dear Legislator:

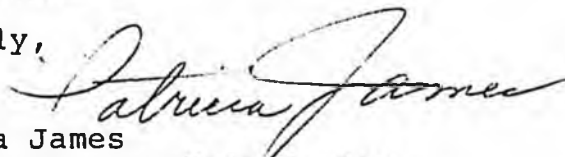
The House just passed CSHB 208 which has an amendment to it that, if passed, will reduce the time a Postsecondary school has before being approved to accept Alaska Student Loans from two years to only one year.

Giving unproven schools the opportunity to utilize the Alaska Student Loan Program will result in catastrophic closings and an increased default rate. From past experience we have found that the remaining schools have to provide increased bonding levels to protect the students in case of more school closures. Wouldn't it be better protection for the students and everyone concerned to leave the waiting period at the present two years? Most of the accrediting agencies, including the Veterans Administration, require schools to be in business for two years.

The adoption of this amendment will greatly hinder the efforts of the Alaska Commission of Postsecondary Education to assure quality education in our state. Passage of this amendment will be detrimental to all concerned except the one individual who is pushing for it's adoption.

The Alaska Commission of Postsecondary Education has wisely refused to be pressured into doing away with the two year rule. Passage of this amendment will hinder their power to administer these funds responsibly.

Sincerely,



Patricia James  
Owner/Academy of Hair Design

# Hair Studio School of Design

3801 Old Seward Highway, Suite 6 • Anchorage, Alaska 99503 • Phone (907) 562-2372



April 5, 1990

All Senators  
Pouch V  
Juneau, Alaska 99811

APR 03 1990

Dear Senator,

Currently before you is an amendment to CSHB 208. This amendment has to do with reducing the time a Postsecondary school has before being approved to accept Alaska Student Loans. The current law stipulates a school must be open for two years. The amendment before you reduces this time to one year.

As a school owner I am concerned about this amendment for several reasons including catastrophic closings and the increased default rate this measure would cause. Giving unproven schools the opportunity to utilize the Alaska Student Loans will certainly result in the above mentioned problems occurring. From past experience I know what happens to the remaining schools when schools are closed. We are asked by this same legislature to provide increased bonding levels in order to protect the student in case of more school closures. Why not protect the student now and leave the waiting period at two years? Many accrediting agencies, including the Veterans Administration, require schools to be in business for two years.

The Alaska Commission Of Postsecondary Education has adopted several policies to insure the quality of education in Alaska. With the adoption of this amendment you are taking a step backwards in this process. If you care about the quality of education in this state, you will not adopt this amendment.

There has been pressure for the past year for the Alaska Commission Of Postsecondary Education to do away with the two year rule. They wisely voted to keep the policy intact. By passing this amendment you will greatly reduce their power to administer these funds in a responsible manner.

Sincerely,

*Jerri Jessop*  
Jerri Jessop  
Owner

A M E N D M E N T #2

OFFERED IN THE HOUSE

BY REP. BARNES

TO: CSHB 208(Finance)

Page 1, line 7, before "deferral":

Insert "loans to attend a career education program,"

Page 4, after line 10:

Insert a new bill section to read:

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(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."

Renumber the following bill sections accordingly.

