

S B

208

10:15 am.

Paul,
Jane Maynard called re: SB208
Student loans for half-time
students.
Says commission has endorsed
bill. Any more questions -
Call 2854.

4/17/89

(w/ Postsecondary Ed. Commission)

mc

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS,
CHAIR



ETHICS COMMITTEE,
CHAIR

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JUNEAU
P.O. BOX V
STATE CAPITOL
JUNEAU, AK 99811
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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: SB 208, Half-time Student Loans

DATE: April 27, 1989

In response to the committee's concerns over SB 208, I offer the following amendments:

AMENDMENT #1

page 1, lines 6-7. Substitute a new title:

An Act relating to loans for half-time students, deferral of loan repayment, and to the Alaska Postsecondary Education Commission; and providing for an effective date.

RATIONALE: This title more accurately reflects the contents of the bill.

AMENDMENT #2

page 1, lines 13, 16, and 17. Substitute:

\$2,000 [\$2,750]

page 1, lines 21, 25, and 26. Substitute:

\$2,500 [\$3,250]

RATIONALE: This decreases the maximum loan for a half-time undergraduate student to \$2,000 and for a half-time graduate student to \$2,500. This will allow full funding of books, tuition, and fees at the University of Alaska where the per credit charge is \$30-40 undergraduate and \$75 graduate. However, it may not allow full funding at Alaska Pacific University and Sheldon-Jackson where the per credit charge is \$190-225 undergraduate and \$242 graduate, and at vocational schools.

It should be noted that the amount of the loan is based on the student's actual costs for tuition, books, and fees. The maximum amount would be awarded only if the student's costs were that amount.

AMENDMENT #3

page 1, lines 17 and 27. Add the following language:

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

RATIONALE: According to the Postsecondary Education Commission the cost of processing a loan application is roughly \$10. Establishing a minimum loan amount would ensure a reasonable relationship between the amount of the loan and the cost of administering it.

AMENDMENT #4

page 3, lines 3 and 7. Add the underlined language:

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

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

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

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

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS,
CHAIR



ETHICS COMMITTEE,
CHAIR

Senator Pat Pourchot

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(907) 465-3712

MEMORANDUM

DATE: January 11, 1990

TO: Senator Paul Fischer, Chair
Senate HESS Committee

FROM: Senator Pat Pourchot *Pat*

RE: Request for Hearing

As you know, SB 208, "An Act relating to student loans", is currently in the Senate HESS Committee.

I appreciated the committee's hearing the bill last session, at which time several concerns were raised. Attached for your consideration and use is a sponsor substitute which incorporates several changes addressing those concerns, such as the need to keep the program financially sound and limited to its intended purposes.

I would greatly appreciate having the bill scheduled for another hearing as soon as possible.

Senate Bill 208

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

Undergraduate Students

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

Graduate Students

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

Source: Office of Institutional Research, University of Alaska

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

RESIDENT	UNDERGRADUATE								GRADUATE							
	Per Credit Hour Charge					FY88 Annualized			Per Credit Hour Charge					FY88 Annualized		
	FY84	FY85	FY86	FY87	FY88	Tuition	Fees	TOTAL	FY84	FY85	FY86	FY87	FY88	Tuition	Fees	TOTAL
UAA																
Anchorage Campus	\$30	\$30	\$35	\$40	\$40	\$660	\$86	\$1,046	\$60	\$60	\$65	\$75	\$75	\$1,350	\$86	\$1,436
Kenai Pen College	\$25	\$25	\$25	\$30	\$30	\$720	\$36	\$756	-	-	-	-	-	-	-	-
Kodiak College	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
Mat-Su College	\$25	\$25	\$25	\$30	\$30	\$720	\$12	\$732	-	-	-	-	-	-	-	-
RE - Adak/Shemya	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
UAF																
Fairbanks Campus	\$30	\$30	\$35	\$40	\$40	\$960	\$338	\$1,298	\$60	\$60	\$65	\$75	\$75	\$1,350	\$338	\$1,688
Aleutians Centers	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
Bristol Bay Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
Chitochi Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
Interior Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
Kuskokwim Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$30	\$750	-	-	-	-	-	-	-	-
Northwest Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$0	\$720	-	-	-	-	-	-	-	-
UAS																
Juneau Campus	\$30	\$30	\$35	\$40	\$40	\$960	\$20	\$980	\$60	\$60	\$65	\$75	\$75	\$1,350	\$20	\$1,370
Ketchikan Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$20	\$740	-	-	-	-	-	-	-	-
Sitka Campus	\$25	\$25	\$25	\$30	\$30	\$720	\$20	\$740	-	-	-	-	-	-	-	-
PWSCC	\$25	\$25	\$25	\$30	\$30	\$720	\$20	\$740	-	-	-	-	-	-	-	-

NON-RESIDENT	UNDERGRADUATE								GRADUATE							
	Per Credit Hour Charge					FY88 Annualized			Per Credit Hour Charge					FY88 Annualized		
	FY84	FY85	FY86	FY87	FY88	Tuition	Fees	TOTAL	FY84	FY85	FY86	FY87	FY88	Tuition	Fees	TOTAL
UAA																
Anchorage Campus	\$80	\$80	\$85	\$105	\$105	\$2,520	\$86	\$2,606	\$120	\$120	\$135	\$150	\$150	\$2,700	\$86	\$2,786
Kenai Pen College	\$65	\$65	\$65	\$75	\$75	\$1,800	\$36	\$1,836	-	-	-	-	-	-	-	-
Kodiak College	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
Mat-Su College	\$65	\$65	\$65	\$75	\$75	\$1,800	\$12	\$1,812	-	-	-	-	-	-	-	-
RE - Adak/Shemya	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
UAF																
Fairbanks Campus	\$80	\$80	\$85	\$105	\$105	\$2,520	\$338	\$2,858	\$120	\$120	\$135	\$150	\$150	\$2,700	\$338	\$3,038
Aleutians Centers	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
Bristol Bay Campus	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
Chitochi Campus	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
Interior Campus	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-
Kuskokwim Campus	\$65	\$65	\$65	\$75	\$75	\$1,800	\$30	\$1,830	-	-	-	-	-	-	-	-
Northwest Campus	\$65	\$65	\$65	\$75	\$75	\$1,800	\$0	\$1,800	-	-	-	-	-	-	-	-

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A PROFESSIONAL CORPORATION

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March 22, 1989

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

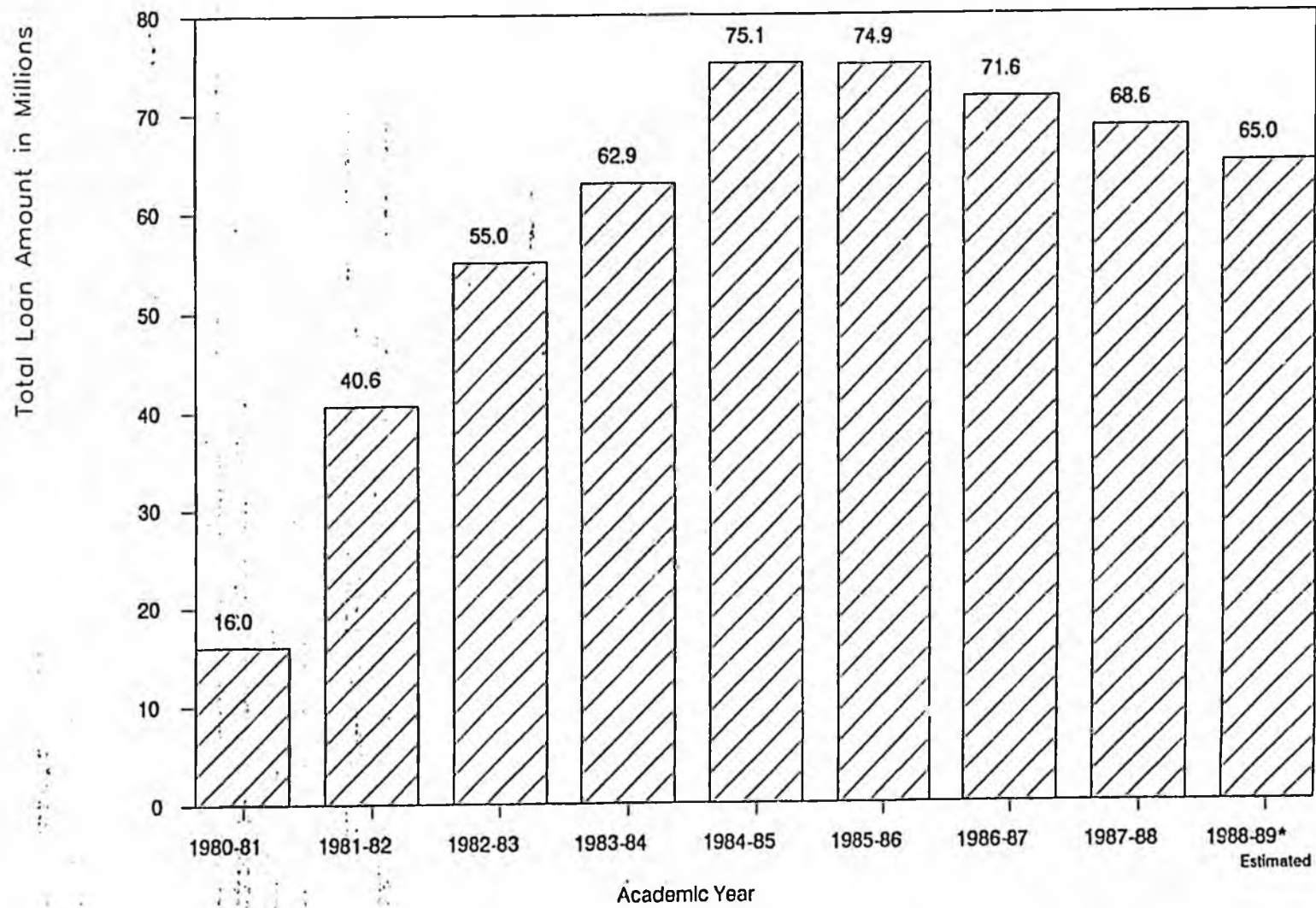
Very truly yours,


Kenneth E. Vassar

KEV/kc
S10646

Alaska Student Loan Program

Loan Amount Per Year

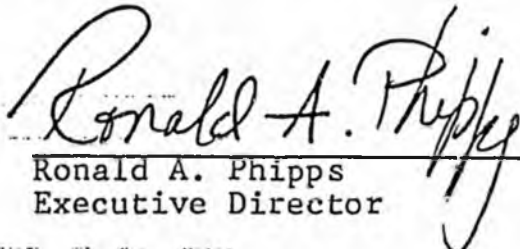


ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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

Senate 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

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS,
CHAIR

ETHICS COMMITTEE,
CHAIR



MAR 14 1989

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JUNEAU
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JUNEAU, AK 99811
(907) 465-3712

Senator Pat Pourchot

MEMORANDUM

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

FROM: Senator Pat Pourchot *Pat*

RE: Scheduling of SB 208

DATE: March 13, 1989

I would like to request a hearing on SB 208, which would broaden the group of persons eligible for the state student loan program to include certain half-time students.

The bill is intended to address the needs of the "serious" half-time student; students who because of the demands of work, family, a disability, or some other demand 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 able to attend school full-time. "Seriousness" is ensured by the requirement that the half-time student be enrolled in good standing in at least six semester credit hours in a career education or degree program.

Eligibility requirements for half-time loans would be the same as for full-time loans. Loan terms would be half what they are for full-time students. In contrast to the full-time loan, half-time loan funds could be used only at in-state schools and only for tuition, books, and fees. All other provisions of the current loan program would apply to half-time loans -- the rate of interest would be 8%, repayment would begin within one year of completing study, and interest would accrue during the grace year.

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 funds have exceeded demand the last couple of years. In addition, the statute allows for 3% program growth annually.

Back-up materials are attached. Supportive statements from the Postsecondary Education Commission and bond counsel will be forthcoming. Please let me know if additional information is desired. Thank you for your consideration of this request.

APR 06 1989

Alaska State Legislature

Al Adams
District L

WHILE IN SESSION
P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-3707

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3245

3111 C Street
Anchorage, Alaska 99503
(907) 561-7622

Official Business

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

FROM: Senator Al Adams, Chair *AA*
Community and Regional Affairs Committee

RE: SB 208

DATE: April 5, 1989

This is to request that the aforementioned legislation dealing with student loans for part time students be heard in the Senate Health, Education and Social Services committee.

This bill would allow those students who can only afford to participate in school part time, often due to employment, to obtain needed financial services to continue with their education. I believe this issue should be heard and I trust you agree and will schedule the bill in committee.

SB 208. AN ACT RELATING TO STUDENT LOANS

Broadens the group of persons eligible for the student loan program to include the serious half-time student.

MUST BE ENROLLED IN GOOD STANDING IN A CAREER EDUCATION, ASSOCIATE, BACCALAUREATE, OR GRADUATE DEGREE PROGRAM

MUST TAKE AT LEAST 6 SEMESTER CREDIT HOURS OR BE IN REGULAR ATTENDANCE IN CAREER EDUCATION CLASSES AT LEAST 15 HOURS A WEEK

Loan terms would be basically half what they are for full-time students.

	<u>HALF-TIME</u>	<u>FULL-TIME</u>
UNDERGRAD MAX	\$2,750/YR.	\$5,500/YR.
GRADUATE MAX	\$3,250/YR.	\$6,500/YR.
REPAYMENT	5 YEARS	10 YEARS
INTEREST	8%	8%

Two major differences.

<u>HALF-TIME</u>	<u>FULL-TIME</u>
BOOKS, TUITION, FEES IN-STATE SCHOOLS ONLY	BOOKS, TUITION, FEES, ROOM, BOARD IN-STATE AND OUT-OF-STATE SCHOOLS

Zero fiscal note. Half-time loans will be awarded within the statutory cap (AS 14.42.032 allows 3% growth above the prior year's award, which means the FY 90 issuance will be \$3 million above the FY 89 award of \$65 million). Applications will be processed by existing staff.

Minimal competition between half-time and full-time students. Loan funds have exceeded demand the last couple years as demand has declined. 1988-89 carry-forward was \$25 million; estimated 1989-90 carry-forward is \$16 million. Bond issuance in 1988-89 was \$83.8 million (\$41 million of this went to the legislature); 1989 bond issuance will be \$29 million. Bond proceeds are loaned first; carry-forward is primarily loan repayments.

<u>YEAR</u>	<u>LOAN RECIPIENTS</u>	<u>AMT. LOANED</u>
1984-85	17,173	\$ 75,075,883
1985-86	15,983	74,981,730
1986-87	16,566	71,582,547
1987-88	16,453	68,575,894
1988-89 EST.	14,500	65,000,000

No estimate yet of the number of half-time applicants. The Postsecondary Education Commission will likely set aside a portion of funds specifically for half-time loans (currently set aside 20% for vocational students).

Postsecondary Education Commission endorsed the concept of half-time loans at their March 4, 1989 meeting.

Sen. Pourchot
March 13, 1989

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Education
 Title: RE: Loans for half time
students BRU: Postsecondary Education/
Student Loan Corporation
 Sponsor: Pourchot, Kelly and Sturgulewski Components: Student Loan Fund
 Requestor: Senate HESS 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 Date: March 8, 1989
Education
 Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):

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

SB 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

STUDENT

FINANCIAL AID

PROGRAMS

ANNUAL REPORT
1987-88

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

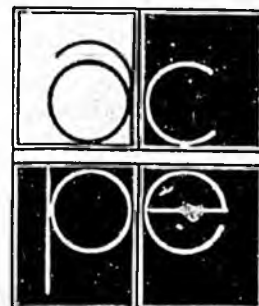


TABLE 14
YEARLY SUMMARY
OF
ALL STUDENT LOANS

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	921,972	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	\$233,907,074	46.6	66,097	51.3	\$268,527,017	53.4	128,945	\$502,434,091

ALASKA STATE LEGISLATURE

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Senator Pat Pourchot

P R E S S R E L E A S E

3-7-89

JUNEAU, AK

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SENATOR PROPOSES LOANS FOR HALF-TIME STUDENTS

JUNEAU, AK...Today Senator Pat Pourchot, D-Anchorage, introduced legislation to allow half-time students to receive state student loan funds.

Senate Bill 208 broadens the group of persons eligible for the student loan program to include the serious half-time student. "By limiting our program to full-time students, we have been neglecting some of our neediest students," said Pourchot. "Authorizing loans for half-time study will assist working people, parents, and students with disabilities who must attend college part time."

Loan terms for half-time students would be essentially half of what they are for full-time students. Loans for undergraduates would be limited to \$2,750 annually, half of the full-time limit. The repayment term would be five years rather than ten. The interest rate would remain at 8%. Loan funds could be spent only on books, tuition, and fees, not on room and board.

- MORE -

To be eligible the half-time student would need to take at least six credit hours in a degree program or be in attendance in career education classes at least 15 hours a week.

"People who are working or supporting families can benefit from state support," said Pourchot. "And with the demand for full-time loans dropping off the last couple of years, there should be adequate money in the student loan fund to allow us to assist half-time students with very little impact if any on full-time students."

The Postsecondary Education Commission, which administers the loan program, endorsed the concept of half-time loans at its March 4, 1989 meeting.

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 Arma, 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 compiles 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 60 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 erosion of aid for traditional students," she says, but "it's probably helping the people who need it most."

Student Loan Corporation

§ 14.42.100

ALASKA STATUTES

§ 14.42.150

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. (§ 2 ch 92 SLA 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. (§ 2 ch 92 SLA 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. (§ 2 ch 92 SLA 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. (§ 2 ch 92 SLA 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. (§ 2 ch 92 SLA 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-

§ 14.42.160

EDUCATION

§ 14.42.200

poration to the executive officer of the corporation. (§ 2 ch 92 SLA 1987)

Sec. 14.42.160. Executive officer. The executive officer of the Commission on Postsecondary Education appointed under AS 14.42.040(a) shall serve as executive officer of the corporation. The board shall prescribe the duties of the executive officer. (§ 2 ch 92 SLA 1987)

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

Sec. 14.42.190. Budget. The operating budget of the corporation is subject to AS 37.07 (Executive Budget Act). (§ 2 ch 92 SLA 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 student loan 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. (§ 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. (§ 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. (§ 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 increment 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 (f) 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. (§ 2 ch 92 SLA 1987)

Sec. 14.42.260. 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. (§ 2 ch 92 SLA 1987)

Sec. 14.42.265. 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. (§ 2 ch 92 SLA 1987)

Sec. 14.42.270. 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. (§ 2 ch 92 SLA 1987)

Sec. 14.42.280. 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. (§ 2 ch 92 SLA 1987)

Sec. 14.42.290. 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. (§ 2 ch 92 SLA 1987)

Sec. 14.42.300. 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 14.42.190, 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 money 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. (§ 2 ch 92 SLA 1987)

Sec. 14.42.310. 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. (§ 2 ch 92 SLA 1987)

Sec. 14.42.390. Definitions. In AS 14.42.100 — 14.42.390,
(1) "board" means the board of directors of the corporation;
(2) "corporation" means the Alaska Student Loan Corporation. (§ 2 ch 92 SLA 1987)

Revisor's notes. — Enacted as AS 14.42.500. Renumbered in 1987.

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

Article

1. University of Alaska Scholarships for High School Graduates (§§ 14.43.010 — 14.43.030)
2. University of Alaska Scholarships for Natives (§§ 14.43.050 — 14.43.075)
3. Free Tuition and Fees for Dependents (§ 14.43.080)
4. Scholarship Loan Program (§§ 14.43.090 — 14.43.160)
5. Memorial Scholarship Revolving Loan Fund (§§ 14.43.250 — 14.43.325)
6. Educational Incentive Grant Program (§§ 14.43.400 — 14.43.500)
7. Teacher Scholarship Loan Program (§§ 14.43.600 — 14.43.700)
8. Alaska Family Education Loan Program (§§ 14.43.710 — 14.43.790)
9. General Provisions (§ 14.43.910)

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

Section	Section
10. Students entitled to scholarships	20. Applications for and issuance and report of certificates
15. Alternate upon refusal or failure to accept	25. Forfeiture of scholarship benefits
	30. Payment of scholarships

Collateral references. — 15A Am. Jur. 2d Colleges and Universities, §§ 19, 20. 14 C.J.S. Colleges and Universities, §§ 27, 28.

Sec. 14.43.010. 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 benefits of the scholarship. Dormitory residence is governed by the rules and regulations established by the Board of Regents. (§ 37-10-41 ACLA 1949)

Revisor's notes. — Formerly AS 14.40.460. Renumbered in 1982.

Sec. 14.43.015. Alternate upon refusal or failure to accept. If a person entitled to receive the benefit of AS 14.43.010 declines or fails to accept it, the graduate next in line in class standing is entitled to receive the benefit. (§ 37-10-42 ACLA 1949)

Revisor's notes. — Formerly AS 14.40.470. Renumbered in 1982.

Sec. 14.43.020. 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. (§ 37-10-43 ACLA 1949)

Revisor's notes. — Formerly AS 14.40.480. Renumbered in 1982.

Sec. 14.43.025. 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 14.43.010 and 14.43.015. (§ 37-10-44 ACLA 1949)

Revisor's notes. — Formerly AS 14.40.490. Renumbered in 1982.

Sec. 14.43.030. 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. (§ 37-10-45 ACLA 1949; am § 23 ch 127 SLA 1974)

Student Loan Program

§ 14.43.090

ALASKA STATUTES

§ 14.43.090

Revisor's notes. — Formerly AS 14.40.920 Renumbered in 1982.

Article 4. Scholarship Loan Program.

Section

- 90 Scholarship revolving loan fund
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- 100 Applications
- 105 Administration of program
- 110 Undergraduate loans
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Section

- 120 Conditions of loans
- 125 Eligibility of students
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- 140 Enforceability of certain contracts with minors
- 160 Definitions

Collateral references. — 15A Am. Jur. 2d Colleges and Universities, §§ 19, 20.

14 C.J.S. Colleges and Universities, §§ 27, 28.

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

of-state students in public college. 56 ALR6d 611.

Increase in tuition as actionable in suit by student against college or university. 99 ALR6d 885.

Absence from or inability to attend school or college as affecting liability for or right to recover payments for tuition or board. 20 ALR6th 303.

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. (§ 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)

§ 14.43.095

EDUCATION

§ 14.43.100

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" for "funds" and "is" for "are" in the third sentence. The 1987 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 "from 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. (§ 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 14.40.753. Renumbered in 1982.

Effect of amendments. — The 1984 amendment substituted "and the legisla-

ture" for "the legislature and the private colleges and universities where students receiving tuition grants are enrolled" in subsection (c).

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

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

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

Sec. 14.43.105. Administration of program. The executive secretary shall administer the programs subject to review by the committee and in accordance with the regulations 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 ch 98 SLA 1971; am § 5 ch 136 SLA 1974)

Revisor's notes. — Formerly AS 14.40.757. 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 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 14.40.759. 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 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 14.40.761. 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 (h) of this section during any of the following:

- (1) return to student status as provided in (c) 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;
- (5) for a one-time period up to 12 months in which the borrower is seeking and unable to find employment in the United States; or
- (6) if the borrower becomes 50 percent or more disabled as certified by competent medical authority.

(h) 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) deferments under (k) of this section.

(m) In case of hardship, the committee may extend repayment of a loan for an additional period of up to five years in increments no longer than 12 months each.

(n) *[Repealed, § 11 ch 89 SLA 1981.]*

(o) *[Repealed, § 19 ch 92 SLA 1987.]*

(p) For purposes of this section, a person qualifies as a resident if the person is physically present in the state with the intent to remain permanently in the state or, if not physically present in the state, the person intends to return to the state and is absent due to military service.

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

(r) 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 § 4 ch 156 SLA 1972; am § 6 ch 78 SLA 1974; am § 8 ch 136 SLA 1974; am §§ 1 — 4 ch 99 SLA 1977; am §§ 3 — 8 ch 87 SLA 1979; am §§ 3 — 9, 11 ch 89 SLA 1981; am §§ 2 — 4 ch 158 SLA 1984; am § 3 ch 34 SLA 1985; am §§ 3, 4 ch 65 SLA 1986; am §§ 5 — 9, 19 ch 92 SLA 1987)

Revisor's notes. — Formerly AS 14.40.763. Renumbered in 1982.

In 1987, "Secretary" was substituted for "Commissioner" in (b)(2)(C) of this section to conform to the change in federal law.

Effect of amendments. — The 1984 amendment added subsection (q) and, in subsection (f), added the second sentence and added "unless the loan is in default" at the end of the first sentence; and, in subsection (o), substituted "that is in default" for "to a borrower named in a complaint as a defendant in an action by the state or by the commission to secure payment of the unpaid balance of a loan made under AS 14.43.110 or 14.43.115."

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

The 1986 amendment rewrote subsection (b) and in subsection (f) substituted "eight" for "five" in the first sentence.

The 1987 amendment added subsection (d)(4); in subsection (b) substituted "a loan" for "the loans" and "all" for "attorney," deleted "of court if either or both are" following "costs" and added "if it becomes delinquent or in default"; added the last sentence of subsection (l); in subsection (h) substituted "shall" for "will" in 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 (1); added subsection (r); and repealed subsections (j) and (n).

Legislative history reports. — For a report of legislative intent concerning the loan forgiveness provisions of ch. 89, SLA 1981 (FCUSSB 120), see 1981 Senate Journal p. 1560, 1580; 1981 House Journal p. 2289.

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

- (1) is
 - (A) enrolled as a full-time student in a career education, associate, baccalaureate, or graduate degree program; or
 - (B) a graduate of a high school or the equivalent, or scheduled for graduation from a high school within six months, with sufficient credits to be admitted to a career education program or to an accredited college or university;
- (2) is not delinquent or in default on a previously awarded scholarship loan; and
- (3) is a resident of the state at the time of application for the loan; for purposes of this section, a person qualifies as a resident of the state if at the time of application for the loan the person
 - (A) has been physically present in the state for at least two years immediately before the time of application for the loan;
 - (B) is dependent on a parent or guardian for care, the parent or guardian has been present in the state for at least two years immediately before the time of application for the loan and the person has been present in the state for at least one year of the immediately preceding five years 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

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

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

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

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

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

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

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

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

(iii) full-time employment by the state;

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

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

(4) does not have a past due 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 — 14.43.160 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 14.43.600 — 14.43.700 for the same school year. (§ 1 ch 98 SLA 1971; am § 10 ch 89 SLA 1981; am § 9 ch 67 SLA 1983; am § 4 ch 34 SLA 1985; am § 2 ch 116 SLA 1986; am § 10 ch 92 SLA 1987)

Revisor's notes. — Formerly AS 14.40.765. Renumbered in 1982.

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

The 1985 amendment rewrote the section.

The 1986 amendment added paragraph

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

The 1987 amendment added subsection (c).

Editor's notes. — Section 18, ch. 67, SLA 1983 provides: "If the two-year residency requirement for scholarship loans provided by AS 14.43.125 is declared unconstitutional or otherwise invalid by a court of competent jurisdiction, the Commission on Postsecondary Education shall

adopt regulations to impose the most stringent residency requirement allowable under the Constitution of the State of Alaska and the United States Constitution on scholarship loan applicants."

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

Sec. 14.43.135. 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. (§ 1 ch 98 SLA 1971)

Revisor's notes. — Formerly AS 14.40.769. Renumbered in 1982.

Cross references. — See also AS 14.18 and AS 18.80.

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. (§ 1 ch 98 SLA 1971)

Revisor's notes. — Formerly AS 14.40.771. Renumbered in 1982.

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;

(6) "summer term" means the period from June 1 — August 31. (§ 5 ch 156 SLA 1972; am § 8 ch 78 SLA 1974; am §§ 18 — 20 ch 136 SLA 1974; am § 5 ch 136 SLA 1975; am § 7 ch 246 SLA 1976; am §§ 5 — 7 ch 99 SLA 1977; am § 9 ch 87 SLA 1979; am § 11 ch 89 SLA 1981; am § 59 ch 6 SLA 1984; am § 5 ch 34 SLA 1985; am § 1 ch 52 SLA 1985)

Revisor's notes. — Formerly AS 14.40.806. Renumbered in 1982.

Reorganized in 1985 to alphabetize the defined terms.

Cross references. — For Title IV, Part B of the Higher Education Act of 1965, see 20 U.S.C. 1071 — 1087-2.

Effect of amendments. — The 1984

amendment repealed former paragraph (6), which defined "part-time student."

The first 1985 amendment added paragraph (6).

The second 1985 amendment deleted "operating under a consortium" following "higher education" near the end of paragraph (4).

Article 5. Memorial Scholarship Revolving Loan Fund.

Section

250. Declaration of purpose
255. Fund created
300. Limits on, conditions of loans
305. Repayment of loans

Section

310. Selection
315. Discrimination prohibited
320. Administering authority
325. Funding

Sec. 14.43.250. Declaration of purpose. (a) The legislature may pay tribute to the memory of Alaskans who, by the example of their lives, or by their distinguished contribution and service to this state, their community or their profession, exemplified the best that is the challenge of "The Great Land" by the creation of memorial scholarships as a part of a general memorial scholarship revolving loan fund, setting out the purpose for which each is created, and the conditions applicable to each scholarship.

(b) The purposes of the several memorial scholarship accounts in the memorial scholarship revolving loan fund are as follows:

(1) the Michael Murphy memorial scholarship perpetuates the memory of Michael Murphy, a member of the Alaska State Troopers, who, while on leave from that division, gave his life for his adopted country in Vietnam on May 22, 1968;

(2) the Carroll L. "Butch" Swartz memorial scholarship perpetuates the memory of Carroll L. "Butch" Swartz, of Juneau, who was a student intern with the Criminal Justice Planning Agency and the Governor's Commission on the Administration of Justice during the summer months of 1972 and 1973 and whose accidental and untimely death in November 1973, occurred while completing his undergraduate education at Yale University, thus never realizing his educational goals or career objective;

(3) the Harvey Golub memorial scholarship perpetuates the memory of Harvey Golub, of Juneau, who was chief engineer of the bridge design section of the Department of Highways of the State of Alaska

and whose accidental and untimely death September 13, 1971, cut short a widely-respected career in civil engineering;

(4) the Robert L. Thomas memorial scholarship perpetuates the memory of Robert L. Thomas, of Juneau, who as Deputy Commissioner of Education, and for 13 years as a member of the professional staff of that department contributed significantly to the creation, operation and administration of a sound system of public education in Alaska and whose tragic and untimely death March 12, 1974, terminated a distinguished career in education and public administration that long will be exemplary for those who aspire to service in that profession; and

(5) the A.W. (Winn) Brindle memorial scholarship loan perpetuates the memory of A.W. (Winn) Brindle, who was the president of the Wards Cove Packing Company and Columbia-Wards Fisheries and whose death July 4, 1977, terminated a distinguished career dedicated to the development of the Alaska seafood industry. (§ 21 ch 13C SLA 1974; am § 1 ch 78 SLA 1986)

Revisor's notes. — Formerly AS 14.40.810. Renumbered in 1982.

Effect of amendments. — The 1986

amendment added paragraph (5) of subsection (b).

Sec. 14.43.255. Fund created. (a) There is created a memorial scholarship revolving loan fund. The fund shall be used to provide educational scholarship loans to students selected under AS 14.43.250 — 14.43.325. Unless the instrument evidencing the memorial scholarship loan has been sold or assigned to the Alaska Student Loan Corporation, repayments of a loan shall be deposited into the memorial scholarship revolving loan fund and shall be used to make new loans.

(b) Each memorial scholarship, the purpose of which is set out in AS 14.43.250(b), is a separate account in the memorial scholarship revolving loan fund created under (a) of this section.

(c) The student financial aid committee created under AS 14.43.095 may sell or assign notes and other instruments evidencing memorial 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 a note or other instrument shall be deposited in the appropriate memorial scholarship loan fund account. (§ 21 ch 136 SLA 1974; am § 2 ch 78 SLA 1986; am §§ 11, 12 ch 92 SLA 1987)

Revisor's notes. — Formerly AS 14.40.815. Renumbered in 1982.

Effect of amendments. — The 1986 amendment rewrote subsection (a).

The 1987 amendment in the last sentence of subsection (a) substituted "Unless

the instrument evidencing the memorial scholarship loan has been sold or assigned to the Alaska Student Loan Corporation, repayments of a loan" for "Repayments of loans made under AS 14.43.250(b)(1) — (4)" and deleted "repayments of loans

3070 Limitation

14.42.030

§ 14.42.032

EDUCATION

§ 14.42.032

the vote of
a member
for or on
behalf 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, 14.43.600 — 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)

Sen. Pourchot
April 18, 1989

A M E N D M E N T

Page 1, lines 6-7
Substitute new title:

An Act relating to loans for half-time students, deferral of loan repayment, and to the Alaska Postsecondary Education Commission; and providing for an effective date.

RATIONALE: This title more accurately reflects the contents of the bill.

Page 3, line 9, after the word "section", add:

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

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

BY SEN. POURCHOT, Kelly, Sturgulewski

1 IN THE SENATE

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 208

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 deferral of loan repayment; the student loan commit-
8 tee of the Alaska Commission On Postsecondary Educa-
9 tion; and providing for an effective date."

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

11 * Section 1. AS 14.43.110 is amended to read:

12 Sec. 14.43.110. UNDERGRADUATE LOANS. The student financial aid
13 committee may make a loan, not to exceed \$5,500 in a [ANY ONE] school
14 year [,] to a full-time [AN] undergraduate student, and not to exceed
15 \$2,000 in a school year to a half-time undergraduate student, eligible
16 under AS 14.43.125. The committee may make a loan for a summer term,
17 even if the total loan for the school year exceeds the \$5,500 or
18 \$2,000 maximum, if the loan for the summer term is counted against the
19 \$5,500 or \$2,000 maximum for the following school year. The commis-
20 sion shall adopt regulations establishing a minimum amount for which a
21 loan may be made.

22 * Sec. 2. AS 14.43.115 is amended to read:

23 Sec. 14.43.115. GRADUATE LOANS. The student financial aid
24 committee may make a loan, not to exceed \$6,500 in a [ANY ONE] school
25 year [,] to a full-time graduate student, and not to exceed \$2,500 in
26 a school year to a half-time graduate student, who is eligible under
27 AS 14.43.125 and is pursuing an advanced degree. The committee may
28 make a loan for a summer term, even if the total loan for the school
29 year exceeds the \$6,500 or \$2,500 maximum, if the loan for the summer

1 term is counted against the \$6,500 or \$2,500 maximum for the following
2 school year. The commission shall adopt regulations establishing a
3 minimum amount for which a loan may be made.

4 * Sec. 3. AS 14.43.120(a) is amended to read:

5 (a) Proceeds from a scholarship loan to a full-time student
6 [LOANS] may only be used for books, tuition and required fees, and for
7 room and board. Proceeds from a scholarship loan to a half-time
8 student may only be used for books and tuition and required fees.

9 * Sec. 4. 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. 5. 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
2 required by this subsection.

3 * Sec. 6. 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]
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
10 career education program, college, or university that meets the r
11 quirements under (b) of this section [AS PROVIDED IN (c) OF THE
12 SECTION];

13 (2) if the borrower received a loan to attend as a half-
14 time student, return to half-time student status in good standing in
15 career education program, college, or university in the state th
16 meets the requirements under (b) of this section; a borrower is n
17 eligible for deferral under this paragraph for a period longer th
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. 7. AS 14.43.125(a) is amended to read:

3 (a) A person may apply for and obtain a scholarship loan if the
4 person

5 (1) is

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

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

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

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

17 (3) is a resident of the state at the time of application
18 for the loan; for purposes of this section, a person qualifies as a
19 resident of the state if at the time of application for the loan the
20 person

21 (A) has been physically present in the state for at
22 least two years immediately before the time of application for
23 the loan;

24 (B) is dependent on a parent or guardian for care, the
25 parent or guardian has been present in the state for at least two
26 years immediately before the time of application for the loan and
27 the person has been present in the state for at least one year of
28 the immediately preceding five years except that the commission
29 may by a two-thirds vote, acting upon a written appeal by the

1 person, grant an exemption to the requirement that the person has
2 been present in the state for one year of the immediately preced-
3 ing five years;

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

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

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

14 (iii) serving [,] for up to three years as a full-
15 time volunteer under the Domestic Volunteer Service Act of
16 1973;

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

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

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

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

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

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

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

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

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

10 * Sec. 8. AS 14.43.160 is amended by adding new paragraphs to read:

11 (7) "committee" means the student financial aid committee
12 established under AS 14.43.095;

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

20 * Sec. 9. This Act takes effect July 1, 1990.

4/24/89

Loan delinquents

Amt. - Min amt.

MAX Amt.

2750 -

Grad

3250 -

Degree programs only.
Certification

people already have job.

BS - stud loan.

i.e. Teach - 35,000

{ Under Grad & Credits
Grad. & Credits

6 - 75
 450 -
 100 -
 550

1. Undergrad. -
2. Grad -
3. Proprietary Schools -

Voc Ed - not req'd