

HB 88

HOUSE COMMITTEE REPORT

CAUSE

(11)

Date Referred: March 13, 1991

FURTHER REFERRALS:

Date of Committee Action: 4/5/91

The FINANCE Committee considered:

HB 88

HOUSE BILL NO. 88

STUDENT LOAN FORGIVENESS/MILITARY DUTY

"An Act relating to forgiveness of scholarship loans; and providing for an effective date."

RECOMMENDATIONS:

be replaced with LS HB 88 (HES) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact EDUCATION

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) MVA 2.13.91

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mike Savane</i>	✓				
<i>William K. ...</i>	X				
<i>Tan Brown</i>	X				
<i>Dandra Barnes</i>	✓				
<i>Bob ...</i>	✓				
<i>Greg ...</i>					
<i>ROSS E. ...</i>	✓				
<i>Ronald ...</i>	X				
<i>Greg ...</i>					
<i>J. ...</i>					

Mike Savane
CHAIRMAN'S SIGNATURE

CS FOR HOUSE BILL NO. 88 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 3/13/91

Referred: Finance

Sponsor(s): REPRESENTATIVES BARNES, Martin, Mackie, Gonzales, M.A.Miller, Sharp, G.Phillips, Zawacki, Taylor, MacLean, C.Davis, Finkelstein

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to forgiveness of scholarship and family education loans; and providing
2 for an effective date."

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

4 * Section 1. AS 14.43.120 is amended by adding new subsections to read:

5 (s) A portion of a loan shall be forgiven by the state if, after being enrolled in the course
6 of study for which the loan was granted, the borrower is a student who is unable to complete the
7 school term as a result of serving on active duty as a member of the armed forces of the United
8 States. The portion of the loan that shall be forgiven by the state is equal to the amount
9 borrowed by the student for the school term in which the borrower's studies are terminated.

10 (t) Forgiveness under (s) of this section is subject to appropriation by the legislature.
11 Money obtained from the sale of bonds by the Student Loan Corporation under AS 14.42.220
12 may not be appropriated for the forgiveness of loans.

13 * Sec. 2. AS 14.43.740(a) is amended to read:

14 (a) The provisions of AS 14.43.100, 14.43.110, 14.43.115, 14.43.120(a) - (d), (i), (m),

- 1 and (r) - (t) [(r)], and 14.43.135 apply to a loan made under AS 14.43.710 - 14.43.790.
- 2 * Sec. 3. This Act applies to principal and interest due on a loan entered into on or after July 1, 1990.
- 3 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSHB 88(HES)

Revision Date: April 2, 1991 Department Affected: Education

Title: An Act relating to forgiveness of scholarship loans ~~BRXX~~ Alaska Student Loan Corporation/
Student Loan Program

Sponsor: Representative Barnes

Requestor: House Finance **COMPONENT SERIAL NO.**

0	2	1	8
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
* MISCELLANEOUS	0	15.5	15.6	15.8	15.9	16.1
TOTAL OPERATING						

*Refers to Loans Budget

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	15.5	15.6	15.8	15.9	16.1
FEDERAL FUNDS						
OTHER						
TOTAL	0	15.5	15.6	15.8	15.9	16.1

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \$0, no requests for forgiveness have been made to ACPE.

ANALYSIS: (Attach a separate page if necessary.)

Estimate a total of 7 borrowers potentially affected, 7 X \$2,225 (average loan per term with a growth rate of 1%) = \$15.5.

Prepared By: Jane Byers Maynard, Executive Director *JB* Phone: 465-2854

Division: Alaska Commission on Postsecondary Education Date: April 2, 1991

Approved by Commissioner: _____

Agency: _____ Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

No. 2
 Bill Version: CSHB 88(MLV)
 (H) Publish Date: 2/13/91

STATE OF ALASKA
 1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Military & Veterans Affairs
 Title: Forgiveness of scholarship loans BRU: _____
 Component: _____

Sponsor: Barnes
 Requestor: House DMVA COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0					
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0					
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact on DMVA

Prepared By: Jeff Morrison, Director Phone: 465-4600

Division: Administrative & Support Services Date: February 12, 1991

Approved by Commissioner: MG Hugh L. Cox III by *J Morrison*

Agency: Military & Veterans Affairs Date: Feb 12, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).



THE SECRETARY OF DEFENSE
WASHINGTON, THE DISTRICT OF COLUMBIA

FEB 04 1991

29 JAN 1991

The Honorable Walter J. Hickel
Governor of Alaska
Post Office Box A
Juneau, AK 99811-0101

Dear Governor:

Many thousands of members of the National Guard and other Ready Reserve components of the U.S. Armed Forces have been called to active duty for Operation DESERT STORM. The service of the Guard and Reserve soldiers, sailors, airmen and Marines will be crucial to the American victory over Iraqi aggression.

Members of the Guard and Reserve from all walks of life have answered the country's call to arms. For those leaving America's factories, offices and farms to serve in the Middle East, Federal law guarantees that their jobs will be there when they come home. America's employers have provided that economic safety net for the nation's citizen-soldiers and their families for more than a half century.

Today's Guard and Reserve units include many students enrolled in institutions of higher learning. Federal law does not afford to members of the Guard and Reserve called to duty from the nation's colleges and universities rights similar to those afforded to members called from the nation's businesses. It does not guarantee student members of the Guard and Reserve refunds of tuition and fees they have paid for the semester they cannot complete nor does it guarantee them the right to return to the college or university upon completion of their active service.

To show your support for the youth of America summoned from the classroom to the battlefield, I ask you to use your good offices and authority under State law, or to seek enactment of new State laws if necessary, to refund to student members of the Guard and Reserve tuition and fees they paid for the semester they cannot complete and to give them the right to return to their college or university upon completion of active service.

On behalf of the men and women of the U.S. armed forces, thank you for your support and that of the colleges and universities in your State. Assistant Secretary of Defense for Reserve Affairs Stephen M. Duncan can provide any further information you may need.

Sincerely,

Dick Cheney



OFFICIAL BUSINESS

Alaska State Legislature

House of Representatives

REPRESENTATIVE
RAMONA L. BARNES
DISTRICT 14

JAN 31 1991

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JUNEAU, ALASKA 99811
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TO: All House Members

FROM: Representative Ramona Barnes *Ramona L. Barnes*

DATE: January 31, 1991

RE: HB 88 "An Act relating to the forgiveness of scholarship loans; and providing for an effective date."

I have introduced HB 88 relating to the forgiveness of scholarship loans. This bill would foregive the loan for a student who is unable to complete the term because of serving on active duty with as a member of the United States armed forces. This letter is sent to invite you to co-cponsor this legislation.

This issue has come to light as a result of the war in the Persian Gulf. I have received calls from constituents who have children in college who are members of Guard and/or reserve units. Should these units be activated in the middle of a term, these students would loose credits for that term. Similarly, if a student volunteered for active duty in the middle of a term, they would loose their credits for that term. Under current statutes, the loan utilized for that period would still be owed to the state. I believe it would be unjust to require these students to repay these loans when they were required to leave school to serve on active duty. While I do not believe that many students who are in the middle of a term would volunteer for active duty, the possibility does exist and they should be supported and included in the forgiveness provision also.

Diane Behrends of Post Secondary Education office has advised my office that, to date, they have not had anyone in this situation. The language in the bill restricts the forgiveness clause to those students who are "in good standing" to eliminate the possibility of abuse of the intent of the bill.

Higher Education & National Affairs

VOLUME 40, NUMBER 4

American Council on Education

FEBRUARY 25, 1991

Hearing Focuses on Education's Future Role

Colleges and universities and the federal government must make greater strides in educating students, especially minorities, if the United States is to regain its competitive edge in the world economy, education and business representatives told a Senate subcommittee during a hearing last week.

The hearing, before the Senate Subcommittee on Education, Arts, and Humanities, focused on the reauthorization of the Higher Education Act and the role of institutions in preparing students for the future. Witnesses stressed the need to improve education opportunities for the nation's growing minority population.

College participation rates for minorities and poor students remain far behind those of white students, American Council on Education Senior Scholar Reginald Wilson told the panel.

"Demographic studies indicate that . . . shortly after the year 2000, minorities will comprise one-third of the American population and nearly 40 percent of the students in public school," Wilson said. "Unless our institutions adapt to the new reality that those we call 'non-traditional' students will be the norm for the foreseeable future, we will not only inefficiently expend our educational resources but we will leave large segments of our rapidly changing population poorly educated."

Improving educational opportunities for minorities, Wilson said, will require a significant increase in federal student aid grants; support for minority graduate fellowships and scholarships; increased support for historically black colleges and Hispanic and American Indian colleges; funding for college programs that increase minority participation and graduation; demonstration grants for innovative teaching-learning strategies and programs; and funding for exemplary school-to-work and two-year to four-year transition programs.

In addition, the higher education community must recognize and address the needs of the growing number of part-time students, Thomas Ehrlich, president of the Indiana University System, told the Senate panel.

Many undergraduates in the Indiana University System are older students with families, who attend school part time, he said. Part-time students are unable to apply for Pell Grants and cannot get student



Reginald Wilson

loan deferrals if they stop taking classes for six months and then resume them, unless they enroll full time, he said. Changes in federal policies are needed, Ehrlich maintained.

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Bills Would Require Tuition Refunds to Student Reservists

Legislation mandating that colleges and universities provide tuition refunds and credits to student military reservists called to active duty has been proposed in the House and Senate, although many colleges and universities already have adopted such policies voluntarily.

The Senate Labor and Human Resources Committee last week approved S. 335, under which soldiers serving in the Persian Gulf would not have to begin repaying student loans until the end of the conflict. The bill, introduced by Sen. Edward M. Kennedy (D-MA), also would provide refunds or tuition credits to military personnel forced to withdraw from postsecondary classes because of the war.

Rep. Bill Richardson (D-NM) has introduced a separate bill to ensure that student reservists do not lose college tuition paid before being called to serve in the Middle East. However, more than 600

(continued on page 4)

Ability to Benefit Law Suspended by Ruling

The Education Department has ruled that through June 30, only those students seeking federal financial aid who do not have a high school diploma will be required to pass a test to show that they can benefit from postsecondary education.

The temporary ruling restricts a federal law approved by Congress last year aimed at reducing loan defaults and abuse in federal student aid programs. As enacted, the law requires all students without a diploma or its equivalent to pass an "ability to benefit" test, regardless of whether they seek financial aid. Institutions that failed to comply with the testing law risked losing their student aid eligibility.

Congressional leaders have admitted that the testing requirement was intended only for those seeking and receiving federal financial aid. The provision was approved hastily as part of the 1991 budget and deficit reduction package last year.

Educators across the nation argued that the testing rule infringed on their admissions practices and would prevent some students, especially the poor, minorities, and immigrants, from enrolling in courses necessary for them to improve and develop job skills. Despite complaints, Education Department officials said they had to enforce the testing law as enacted.

However, earlier this month, the department revised the rule to settle lawsuits filed by educators in California and Tennessee. A California federal judge issued a restraining order barring the department from enforcing the rule until June 30. The department then announced that the rule was being revised temporarily

(continued on page 2)

Inside:

- Department clarifies its anti-drug program law. 2
- Sheldon Hackney, president of the University of Pennsylvania, discusses campus rape. 5
- Study claims student loans are not a burden for graduates. 5

Bills Would Require College Tuition Reimbursement

(continued from page 1)

higher education systems and individual institutions report that they already have developed such policies.

Last November, American Council on Education (ACE) President Robert H. Atwell and the heads of five other higher education associations sent a letter to colleges and universities recommending that institutions develop their own policies to prevent the need for a federal law mandating refunds and credits. A federal law likely would fail to take into account the variations among schools and not allow flexibility in policies, stated the letter.

College and university presidents were asked to send copies of their refund and credit policies to ACE so that the associations could demonstrate to Defense Department officials and members of Congress that institutions were complying with the request.

Among the policies received by ACE, most call for 100 percent refunds for all fees and tuition and pro rated refunds for room and board charges. Some policies allow student reservists to withdraw from their classes or to receive a grade of incomplete with the opportunity to finish course work in the future. Others allow a student to receive a grade for a course if a professor determines that enough of the class has been completed before the student is called to active duty.

However, institutions in Texas are unable to develop such policies voluntarily because of a state law prohibiting full refunds if students withdraw after specific time periods, said a researcher for the state's House of Representatives. The bill

states that refunds can be given only to students who drop out of a class within 12 days of its start but remain in school. A percentage of tuition payments is refunded for students who withdraw from institutions within 20 days after the beginning of classes. Earlier this month, the Texas Senate approved a bill allowing tuition refunds for military reservists serving in the Persian Gulf. House members are expected to begin debate on the bill soon.

"We have had an enormous response to our call to voluntarily institute a refund policy," said ACE Vice President and General Counsel Sheldon E. Steinbach. "It appears that a majority of institutions with military reservists have responded and have submitted their policies on tuition refunds. Most policies include provisions similar to those in the Kennedy bill," Steinbach noted.

Under Kennedy's bill, the Gulf War Higher Education and Health Care Shortage Assistance Act, credits would have to be used within one year after the students are released or discharged from the military.

Richardson's bill, H.R. 821, the Persian Gulf Conflict Education Equity Act, calls for a total refund of tuition and fees. Institutions failing to return tuition payments would lose their eligibility to participate in federal financial assistance programs.

In addition, Richardson's bill would restore certain GI Bill education benefits that otherwise would be lost and provide forgiveness for some federal loans. Reservists who qualify for educational ben-

efits under the GI Bill currently receive \$140 per month for up to 36 months to defray educational costs. Those called up to active duty before the end of a semester lose credit for that semester and that number of months of benefits. The bill would allow returning reservists to have their monthly educational benefits fully restored for the unfinished semester.

The bill also would provide a 12.5 percent pro-rata system of Perkins Loan cancellations for those who serve in the combat zone for less than one year. Current law provides 12.5 percent loan reduction only for those who serve for at least one year.

Richardson said estimates show that loan forgiveness would cost the government less than \$1.8 million, but added that it is difficult to estimate cost because there is no data on the number of troops in the Middle East who have Perkins loans.

In introducing the bill earlier this month, Richardson said, "We all know that voluntary compliance does not yield the same results as a federal mandate."

In addition to Atwell, association heads who signed the November letter to college presidents were Allan W. Ostar, the American Association of State Colleges and Universities; Robert M. Rosenzweig, Association of American Universities; Robert L. Clodius, National Association of State Universities and Land-Grant Colleges; Dale Parnell, American Association of Community and Junior Colleges; and Richard F. Rosser, National Association of Independent Colleges and Universities. ■

Senate HEA Hearing Held

(continued from page 1)

Business leaders who testified at the hearing said that more partnerships between institutions and companies are required to discuss skills students need to enter the workforce. MCI spent about \$8 million on training last year, John Zimmerman, an MCI Communications senior vice president, told subcommittee members.

"More and more young people are being barred from MCI because they lack the basic skills," he said. "We can't afford to let education slip, and I'm afraid we are doing that today."

Zimmerman and other business representatives said high school and college students are graduating without the basic skills needed to secure entry level positions.

Business representatives said students must master more technical and problem-solving skills, and knowledge of foreign languages will be increasingly important in coming years. ■

Report Traces Trends in Degrees Conferred

While the number of bachelor's degrees awarded to African Americans increased 2.6 percent between 1986-87 and 1988-89, those gains were due solely to awards made to African American women, a survey by the National Center for Education Statistics (NCES) shows. The number of degrees received by African American men declined during the period, from 22,499 to 22,365.

The report, which traces race/ethnicity trends in degrees conferred over a 10-year period, also found that between 1986-87 and 1988-89, the rate of growth in degrees awarded to all women at all levels exceeded the rate of growth for men. Women earned a greater proportion of associate, bachelor's, and master's degrees in 1989, while men earned a greater proportion of both doctoral and first professional degrees, the study indicates.

The report presents data from the Integrated Postsecondary Education Data System (IPEDS) Completions Survey of accredited postsecondary institutions for

the years 1978-79 to 1988-89. The annual survey collects data on major field of study and degrees conferred by level of award.

Other highlights of the study include:

■ The most popular fields of study for recipients of bachelor's degrees in 1988-89 were business and management, social sciences, and education, while master's recipients most often studied education and business and management.

■ The number of both master's and doctoral degrees awarded between 1986-87 and 1988-89 increased. While all ethnic/racial groups contributed to the growth in master's degree recipients, over half of the growth in doctoral degrees can be attributed to an increase in awards to nonresident aliens.

The report, *Race/Ethnicity Trends in Degrees Conferred by Institutions of Higher Education: 1978-79 through 1988-89*, is available for \$2.50 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, (202) 783-3238. The stock number is 065-000-00434-0. ■