

HB

4182

HB 482 "An Act relating to eligibility for a family education
loan."

Fiscal Note (Blue) - 0 - DOE, Postsecondary Ed

1. Sponsor Statement
2. Article 8. Alaska Family Education Loan Program

STATE OF ALASKA
House of Representatives
District 27

Representative Cliff Davidson
Chairman
House Resources Committee



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SPONSOR STATEMENT

Representative Cliff Davidson

House Bill 482

Under current statute, in the Alaska Family Education Loan Program, parents can only borrow money for their children's postsecondary education if their children are still claimed as dependants on their federal income tax returns. This proposed legislation would allow parents to borrow money for their children's education, even if their children are no longer dependant for federal tax purposes.

As sponsor of the original enabling legislation in 1988, I feel strongly that this revision would improve the current Alaska Family Education Loan Program. More and more students today live on their own throughout their postsecondary education. However, many parents still wish to help their children finance their education. This proposed change would allow parents whose children are no longer "dependant" under federal tax law to still apply for and receive a loan for their children's postsecondary education. Under this program the parents, not the children, are responsible for repayment of the loan.

The proposed amendment has a zero fiscal note and is considered to be a positive addition by the Alaska Commission on Postsecondary Education. It is not expected to cause an undue increase in the number of applicants nor demand for an increase in current staff levels at the Commission.

I am also offering an amendment at this time that would require that the age of the student be 23 years or under. This age limit would be in compliance with Federal Student Loan Programs.

FISCAL NOTE

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

BILL NO. HB 482

Revision Date: _____ Department Affected: Education
 Title: An Act relating to eligibility for a Family Education Loan BRU: Postsecondary Education Commission
 Component: Student Loan Program
 Sponsor: Representative Davidson
 Requestor: HESS COMPONENT SERIAL NO.

| | | | |
|---|---|---|---|
| 0 | 2 | 1 | 8 |
|---|---|---|---|

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|----------------------|-----|-----|-----|-----|-----|-----|
| REVENUE LOANS BUDGET | | | | | | |
| FUND SOURCE: | -0- | -0- | -0- | -0- | -0- | -0- |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | -0- | -0- | -0- | -0- | -0- | -0- |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| FUND SOURCE: | | | | | | |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of current year impact: \$-0-

ANALYSIS: (Attach a separate page if necessary.) Current staffing for Family Education Loan Program administrative support should be able to manage increased loan demand through increased automation of document processing.

Prepared By: Allan Barnes, Executive Director Phone: 465-2165
 Division: Alaska Commission on Postsecondary Education Date: February 20, 1992

Approved by Commissioner: _____ Date: _____
 Agency: _____

CS FOR HOUSE BILL NO. 482 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES DAVIDSON, Koponen, Brown, Carney, Gruenberg, Ulmer, MacLean, Lincoln, Bruckman, B.Davis, Ivan, Kubina, Navarre, C.Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to eligibility for a family education loan."

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

3 * Section 1. AS 14.43.750(a) is amended to read:

4 (a) A person may apply for and obtain a family education loan on behalf of a family
5 member if

6 (1) the borrower is a resident of the state at the time of application for the loan;
7 for purposes of this paragraph, a borrower qualifies as a resident of the state if the borrower has
8 been physically present in the state for at least two years immediately before the time of
9 application for the loan;

10 (2) the family member has been claimed as a dependent for federal tax purposes
11 by the borrower for the tax year immediately before the time of application, or the borrower
12 is a parent or legal guardian of the family member, and the family member

13 (A) is enrolled as a full-time student in a career education, associate,
14 baccalaureate, or graduate degree program; or

1 (B) is a graduate of a high school or the equivalent, or scheduled for
2 graduation from a high school within six months, with sufficient credits to be admitted
3 to a career education program or to an accredited college or university; and

4 (C) is not yet 24 years of age on the date of application; and

5 (3) neither the borrower nor the family member is delinquent or in default on a
6 previously awarded student loan from the state.

tion may be submitted six months before graduation from high school; and

(5) 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 local school board shall award teacher scholarship loans giving a preference to applicants from rural schools who meet the qualifications for a loan and taking into account the applicants' academic records.

(c) A student may not be awarded a teacher scholarship loan under AS 14.43.600 — 14.43.700 if a family education loan is made on behalf of the student under AS 14.43.710 — 14.43.790 or if the student receives a scholarship loan under AS 14.43.090 — 14.43.160 for the same school year. (§ 1 ch 121 SLA 1984; am § 3 ch 116 SLA 1986; am § 16 ch 92 SLA 1987)

Effect of amendments. — The 1986 amendment added paragraph (a)(5) and made related technical changes.

The 1987 amendment rewrote subsection (c).

Legislative history reports. — For legislative letter of intent, see 1984 Senate Journal at p. 3117.

Sec. 14.43.700. Definition. In AS 14.43.600 — 14.43.700, "rural" means

(1) a community in the second, third, or fourth judicial district of the state with a population of 4,500 or less that is not connected by road or rail to Anchorage or Fairbanks; or

(2) a community in the first judicial district of the state with a population of 4,500 or less. (§ 1 ch 121 SLA 1984)

Article 8. Alaska Family Education Loan Program.

Section
710. Program established
720. Family education loan account
730. Administration

Section
740. Loan terms and conditions
750. Eligibility
790. Definitions

Sec. 14.43.710. Program established. The Alaska family education loan program is established to provide low interest loans to families to assist in paying the costs of postsecondary education for family members. (§ 17 ch 92 SLA 1987)

Sec. 14.43.720. Family education loan account. (a) The family education loan account is created within the scholarship revolving loan fund (AS 14.43.090). The account shall be used to make family education loans to families selected under AS 14.43.710 — 14.43.790, to pay the costs of collecting family education loans that are in default if those costs are not recovered from the family, and to pay the costs of

administering the account. Unless the instrument evidencing the family education loan has been sold or assigned to the Alaska Student Loan Corporation, repayments of principal and interest on family education loans shall be paid into the family education loan account. If estimated funds available from family education loan repayments are inadequate to fully fund estimated family education loans in a fiscal year, additional funding from the general fund may be requested and appropriated for that year.

(b) The student financial aid committee created under AS 14.43.095 may sell or assign notes and other instruments evidencing family education 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 family education loan account. (§ 17 ch 92 SLA 1987)

Sec. 14.43.730. Administration. The family education loan program shall be administered by the student financial aid committee (AS 14.43.095) under regulations adopted by the committee. (§ 17 ch 92 SLA 1987)

Sec. 14.43.740. Loan terms and conditions. (a) The provisions of AS 14.43.100, 14.43.110, 14.43.115, 14.43.120(a) — (d), (i), (m), and (r), and 14.43.135 apply to a loan made under AS 14.43.710 — 14.43.790.

(b) The provisions of AS 14.43.120(p) apply to a loan made under AS 14.43.710 — 14.43.790 with respect to the family member on whose behalf a loan is made.

(c) Interest on a loan made under AS 14.43.710 — 14.43.790 is at a rate of five percent a year unless the loan is in default. Interest on a loan that is in default is 10 percent a year.

(d) Repayment of the principal and interest on a loan made under AS 14.43.710 — 14.43.790 begins on the first of the month immediately following loan disbursement. The loan may be cancelled without prejudice at any time before actual disbursement. 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. If the commission and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement.

(e) Provision shall be made for payment by the borrower of fees and costs incurred in collection of delinquent or defaulted loans. (§ 17 ch 92 SLA 1987)

Sec. 14.43.750. Eligibility. (a) A person may apply for and obtain a family education loan on behalf of a family member if

(1) the borrower is a resident of the state at the time of application for the loan; for purposes of this paragraph, a borrower qualifies as a resident of the state if the borrower has been physically present in the state for at least two years immediately before the time of application for the loan;

(2) the family member has been claimed as a dependent for federal tax purposes by the borrower for the tax year immediately before the time of application and *add amendments here* ←

(A) is enrolled as a full-time student in a career education, associate, baccalaureate, or graduate degree program; or

(B) is 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; and

(3) neither the borrower nor the family member is delinquent or in default on a previously awarded student loan from the state.

(b) A family education loan may not be made on behalf of a family member if the family member receives a scholarship loan under AS 14.43.090 — 14.43.160 or a teacher scholarship loan under AS 14.43.600 — 14.43.700 for the same school year. (§ 17 ch 92 SLA 1987)

Sec. 14.43.790. Definitions. (a) In AS 14.43.710 — 14.43.790

(1) "default" means a loan that is 120 days or more past due in repayment;

(2) "delinquent" means a loan that is 60 days or more past due in repayment.

(b) The definitions set out in AS 14.43.160 apply to AS 14.43.710 — 14.43.790. (§ 17 ch 92 SLA 1987)

Article 9. General Provisions.

Section

910. Confidentiality of financial need information

Sec. 14.43.910. Confidentiality of financial need information. All information submitted in support of a determination of financial need as provided in this chapter is confidential. However, an applicant may inspect or copy information from the applicants' application, or records relating to the applicant's own application, or authorize release of the application or records to designated individuals or organizations. (§ 1 ch 51 SLA 1978)

loan recipient's home and school. (§ 1 ch 121 SLA 1984; am § 15 ch 92 SLA 1987)

Editor's notes. — This section is set out above to correct a minor error in the main pamphlet.

Sec. 14.43.650. Selection criteria. (a) To be eligible for a teacher scholarship loan, a student must

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

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

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

(4) submit to the local school board an application provided by the commission under AS 14.43.630(a)(2); an application may be submitted six months before graduation from high school; and

(5) not have a past due child support obligation established by court order or by the child support enforcement division under AS 25.27.160 — 25.27.220 at the time of application.

(b) A local school board shall award teacher scholarship loans giving a preference to applicants from rural schools who meet the qualifications for a loan and taking into account the applicants' academic records.

(c) A student may not be awarded a teacher scholarship loan under AS 14.43.600 — 14.43.700 if a family education loan is made on behalf of the student under AS 14.43.710 — 14.43.790 or if the student receives a scholarship loan under AS 14.43.090 — 14.43.160 for the same school year. (§ 1 ch 121 SLA 1984; am § 3 ch 116 SLA 1986; am § 16 ch 92 SLA 1987; am § 25 ch 43 SLA 1991)

Effect of amendments. — The 1991 amendment, effective July 1, 1991, in paragraph (a)(4), substituted "commission" for "Student Financial Aid Committee."

Article 8. Alaska Family Education Loan Program.

Section
720. Family education loan account
730. Administration

Section
740. Loan terms and conditions

Sec. 14.43.720. Family education loan account. (a) The family education loan account is created within the scholarship revolving loan fund (AS 14.43.090). The account shall be used to make family education loans to families selected under AS 14.43.710 — 14.43.790, to pay the costs of collecting family education loans that are in default if those costs are not recovered from the family, and to pay the costs of administering the account. Unless the instrument evidencing the family education loan has been sold or assigned to the Alaska Student Loan Corporation, repayments of principal and interest on family education loans shall be paid into the family education loan account. If estimated funds available from family education loan repayments are inadequate to fully fund estimated family education loans in a fiscal year, additional funding from the general fund may be requested and appropriated for that year.

(b) The commission may sell or assign notes and other instruments evidencing family education 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 family education loan account. (§ 17 ch 92 SLA 1987; am § 26 ch 43 SLA 1991)

Effect of amendments. — The 1991 amendment, effective July 1, 1991, in subsection (b), substituted "commission" for "Student Financial Aid Committee created under AS 14.43.095."

Sec. 14.43.730. Administration. The family education loan program shall be administered by the commission under regulations that it adopts. (§ 17 ch 92 SLA 1987; am § 27 ch 43 SLA 1991)

Effect of amendments. — The 1991 amendment, effective July 1, 1991, substituted "commission under regulations that it adopts" for "Student Financial Aid Committee (AS 14.43.095) under regulations adopted by the committee."

Sec. 14.43.740. Loan terms and conditions. (a) The provisions of AS 14.43.100, 14.43.110, 14.43.115, 14.43.120(a) — (d), (i), (m), and (r) — (t), and 14.43.135 apply to a loan made under AS 14.43.710 — 14.43.790.

(b) The provisions of AS 14.43.120(p) apply to a loan made under AS 14.43.710 — 14.43.790 with respect to the family member on whose behalf a loan is made.

(c) Interest on a loan made under AS 14.43.710 — 14.43.790 is at a rate of five percent a year unless the loan is in default. Interest on a loan that is in default is 10 percent a year.

(d) Repayment of the principal and interest on a loan made under AS 14.43.710 — 14.43.790 begins on the first of the month immedi-

ately following loan disbursement. The loan may be cancelled without prejudice at any time before actual disbursement. 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. If the commission and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement.

(e) Provision shall be made for payment by the borrower of fees and costs incurred in collection of delinquent or defaulted loans. (§ 17 ch 92 SLA 1987; am § 2 ch 44 SLA 1991)

Effect of amendments. — The 1991 amendment, effective June 15, 1991, in subsection (a), inserted "(r)-(t)." SLA 1991 provides that "this Act applies to principal and interest due on a loan entered into on or after July 1, 1990."
Editor's notes. — Section 3, ch. 44,

Article 9. General Provisions.

Section 990. Definition

Sec. 14.43.990. Definition. In this chapter, "commission" means the Alaska Commission on Postsecondary Education. (§ 28 ch 43 SLA 1991)

Effective dates. — Section 30, ch. 43, SLA 1991 makes this section effective July 1, 1991.

Chapter 45. Private and Denominational Schools.

Article

2. Exempt Religious and Other Private Schools (§ 14.45.110)

Article 2. Exempt Religious and Other Private Schools.

Section 110. Requirements of exempt schools

Sec. 14.45.110. Requirements of exempt schools. (a) The parent or guardian of a child of compulsory school age enrolled in a religious or other private school that complies with AS 14.45.100 — 14.45.130 shall file an annual notice of enrollment in the school for the child with the local public school superintendent for the area in which the child resides on a form provided by the department. The form shall be signed by the parent or guardian and the chief administrative officer of the school and returned to the local public school superintendent by the parent or guardian. The school shall notify the local public school