

HB

135

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: February 8, 1995

FURTHER REFERRALS:

Date of Committee Action: 2/13/95

The FINANCE Committee considered:

HB 135

HOUSE BILL NO. 135

STUDENT LOANS

"An Act relating to student loans; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 135 (Fin) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) DOE, 2/8/95

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Mark P. Hamby</i>	X			
<i>Richard L. ...</i>	X			
<i>Terry ...</i>				<i>need ind.</i>
<i>David ...</i>	X			
<i>Viv ...</i>	X			
<i>Gene ...</i>	X			
<i>Mike ...</i>	X			
<i>Bar ...</i>	X			
<i>Ben ...</i>	X			
<i>Ray Brown</i>	X			

CHAIR'S SIGNATURE *Mark P. Hamby*

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BIF Version: HB 135

(H) Publish Date: 2/8/95

Revision Date: _____ Dept. Affected: EDUCATION
 Title: An Act relating to student loans; and providing BRU: ACPE
 for an effective date. _____ Component: Student Loan Operations

Sponsor: House HESS Committee
 Requestor: House HESS Committee COMPONENT SERIAL NO. 213

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES					
TRAVEL					
CONTRACTUAL					
SUPPLIES					
EQUIPMENT					
LAND & STRUCTURES					
GRANTS, CLAIMS					
MISCELLANEOUS					
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0

CAPITAL

REVENUE FUND SOURCE:

FUNDING: (Thousands of Dollars)

1002 Federal Receipts					
1003 GF Match					
1004 GF	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts					
1006 GF/MHTIA					
Other:					
TOTAL	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

Estimate of current year (FY95) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary)

Zero (0) fiscal impact.

Prepared by: Gillian R. Hays
 Division: Alaska Commission on Postsecondary Education

Phone: 465-6740
 Date: 1-Feb-95

Approved by Executive Director: Joe F. McCormick
 Agency: COMMISSIONER COPY

Date: 2-1-95

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Adopted

9-LS0518VA.1 ✓
Ford
2/10/95

AMENDMENT |

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HB 135

- 1 Page 1, line 1:
- 2 Delete "relating to student loans"
- 3 Insert "authorizing the Alaska Commission on Postsecondary Education to adopt
- 4 regulations necessary to determine and set an interest rate applicable to a student loan for
- 5 which money is disbursed on or after July 1, 1995, and regulations necessary to implement
- 6 certain loan default sanctions and consolidation of loan provisions beginning July 1, 1995"

BILL ANALYSIS

Section 1. The current interest rate of 8% for Alaska Student Loans is repealed effective July 1, 1995. Before the Commission can enter into student loans for the summer and 1995-96 terms, it must set an interest rate. This transitional language will allow the Commission to adopt regulations to implement the new interest rate under ch. 112, SLA 1994. In the absence of this authority, the Commission has been advised by the Department of Law that it will not be able to set the interest rate for money disbursed after July 1, 1995, and no new loans could be made. Under the Federal Truth in Lending law, student loan applicants must be informed of the interest rate at which they are borrowing money. The applications/promissory notes are printed each spring, and must be distributed before the summer 1995 term stating interest rate information. In order to meet the Commission's schedule for printing and distribution of loan packets for loans disbursed after July 1, 1995, the regulations must be adopted as early as possible.

Provides transitional language to allow adoption of regulations to implement loans default procedures and consolidation of loans. Regulations under this section may not take effect until July 1, 1995.

Section 2 Provides for an immediate effective date of this Act.

MEMORANDUM

State of Alaska

Department of Law

TO: Gillian Hays
Alaska Commission on
Postsecondary Education


DATE: January 13, 1995

FILE NO

TEL NO: 269-5200

SUBJECT: Transition provisions
regarding ch. 112, SLA 1994

FROM:


Teresa Williams
Assistant Attorney General
Commercial Section -- Anchorage

I am writing to explain the necessity for the legislature to immediately adopt transition provisions regarding ch. 112, SLA 1994.

The current interest rate of 8% for Alaska Student Loans is repealed effective July 1, 1995, and the commission has the duty to set the interest rate for money disbursed after that time. Ch. 112, SLA 1994. Before the commission can enter into student loans for the summer and 1995-96 terms, it must set an interest rate. The commission attempted to begin that process in November, 1994. However, the Department of Law's Regulation Attorney has determined that, in the absence of transitional regulation authority, the commission cannot move forward to adopt regulations to establish the elements of the new interest rate until the new legislation becomes effective July 1, 1995.

Commission staff have advised me that loan packets are sent to students and schools in the spring of each year, and students sign promissory notes for student loans during that time for the following school year. However, this year, the students cannot be advised of the interest rate. Under the Federal Truth in Lending law, student loan programs are required to notify students of the interest rate at which they are borrowing money. Additionally, in making decisions about which loan programs to pursue, students need to know the cost of each.

This office has drafted the attached bill language to correct the problem. Section 1 gives the commission authority to immediately begin the adoption process for regulations that will give the commission authority to set the interest rate for money disbursed after July 1, 1995. The bill would allow the regulations to take effect as soon as that project could be completed under the APA, even if that date is before July 1, 1995. In order to meet the commission's schedule for printing and distribution of loan packets for loans disbursed after July 1, 1995, the regulations must be adopted as early as possible.

Gillian Hays
Alaska Commission on
Postsecondary Education

January 13, 1995
Page 2

Section 2 of the bill gives the commission standard transition regulatory authority to immediately begin the process to adopt regulations for other provisions of ch. 112, SLA 1994, relating to loan default procedures and consolidation of loans. Regulations adopted under section 2 may not take effect before July 1, 1995, when the enabling statute becomes effective.

I will be out of the country from January 15 - February 11 and April 1 - 20. If any questions arise during that time about this problem or other issues, please direct them to AAG Linda Kesterson or to AAG Linda O'Bannon, my supervisor.

TEW:mh

Attachment

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

3030 VINTAGE BLVD.
JUNEAU, ALASKA 99801-7109
PHONE (907) 465-2962
FAX (907) 465-5316

MEMORANDUM

TO: ACPE Commission Members
ASLC Board Members

FROM: Joe L. McCormick *Joe L. McCormick*
Executive Director

DATE: February 10, 1995

RE: January 1995 Status Report

Legislative Status Report - HB 135 and companion bill SB59 have been introduced giving authority to the Alaska Commission on Postsecondary Education to promulgate emergency regulations to set the interest rate on Alaska Student Loans to be disbursed after July 1, 1995. This legislation must be passed as soon as possible in order to allow the ACPE to have appropriate regulations in place prior to July 1, 1995. The Alaska Commission on Postsecondary Education, at its December 1994 meeting, unanimously approved legislative changes to promote financial stability of the student loan fund and to assist in improving customer support services. ACPE staff are working closely with the Governor's Office and the Office of Management and Budget to secure the Administration's full support for these legislative proposals. The legislative changes proposed are:

- Increase Maximum Graduate Loan Limits
- Reduce Administrative Costs/Streamline Administrative Process
- Program Participation Agreement
- Modify Deferment Options
- Amend Repayment Options
- Expand Students' Financial Aid Options
- Amending definition of 'default'
- Establish Wage Garnishment Priority
- Deny Loans to Incarcerated Individuals
- Technical Amendments for Residency Requirements
- Amend WICHE for Directed Student Funding

1994 Alaska Student Loan Corporation Financial Audit Completed - final work was completed on the 1994 Alaska Student Loan Corporation Financial Audit. The ASL Corporation board will receive a full presentation of the audit at its March 1, 1995 meeting in Juneau. In a related activity, preparations for a compliance audit of the ASLP loan servicing system in February 1995 were completed. This audit is required by the insurer of the ASLC student loan bonds, AMBAC, and will focus on the operational

aspects of servicing Alaska Student Loans and a review of the improvements made by ACPE since the last compliance audit in March of 1993.

Alaska Student Loan Volume for 1994-1995 by Participating Schools - over \$53.0 million in ASLP awards have been made as of 1-31-95 for this current school year 1994-1995. Approximately \$31.4 million has been awarded to Alaska students attending Alaska schools; approximately \$21.7 million has been awarded to Alaska students attending out-of-state schools. Listed below is a breakdown of the ten schools in Alaska currently receiving the most ASLP funds:

<u>Alaska Schools</u>	<u>Total # of Students</u>	<u>Total \$Amount Loaned</u>
University of Alaska - Anchorage	3,213	\$12,069,063
University of Alaska - Fairbanks	1,952	\$ 8,222,668
University of Alaska - Southeast	349	\$ 1,478,391
University of Alaska -MSC	343	\$1,264,058
Alaska Pacific University - Anchorage	210	\$ 888,473
University of Alaska - Kenai	220	\$ 770,887
Alaska Computer Institute	143	\$ 712,652
Charter College	154	\$ 584,304
Alaska Junior College	133	\$ 547,652
Alaska Vo-Tech Center	123	\$ 496,117

Loan Servicing System Update - ACPE staff completed the bid process for the selection of a firm to assist staff in the search and selection of the new software needed to fully update the current ASLP loan servicing system. Only one bid was received that fully met the requirements to conduct a national search and evaluation of the appropriate software.

It is anticipated to take no more than 60 to 90 days to complete this phase of the project. As reported in the December 1994 Monthly Status Report, the Legislative Budget and Audit Committee approved ACPE to expend \$250,000 of corporate receipts as part of a larger project request (in the capital budget) for an additional \$1.4 million to fully revamp the existing student loan servicing system and replace it with an up-to-date, fully automated system. ACPE is now working with the Governor's Office and the Office of Management and Budget to secure the remaining \$1.4 million funding for the rest of the project.

Critical Dates

February 13, 1995	Loan Servicing Compliance Audit begins
February 20, 1995	President's Day - ACPE Holiday
February 28, 1995	Institutional Authorization Committee meets - Juneau
March 1, 1995	Alaska Student Loan Corporation meets - Juneau
March 1&2, 1995	Alaska Commission on Postsecondary Education meets - Juneau
March 27, 1995	Seward's Day - ACPE Holiday

cc: Management Team

ATTACHMENT ONE

Letters of Interest

* * * ALASKA STUDENT LOAN CUSTOMER SERVICE QUESTIONNAIRE * * *

INSTRUCTIONS: Check the number that best describes your response to the following questions. Please return to the Alaska Student Loan Program. No postage required. Thank you for your assistance.

	Unacceptable		Acceptable		Excellent
	1	2	3	4	5
1. Was your call answered promptly and courteously?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. How well did the representative you spoke with listen and understand your concerns?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. How well did the representative fulfill your needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. How satisfied were you with the customer service you received?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. How would you rate the overall service you have received from the Alaska Student Loan Program?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>



6. Please share your additional comments with us. In the early '90's, I had atrocious service from this sector. I appear to be excellent now.

OPTIONAL:

Name & Address: MARK Stopke
PO Box 240752
DOUGLAS AK 99824-0752

Social Security Number: 06048 3805



THANK YOU!!
 b-15 doc (10/94)

RECEIVED 9 1 1998
 1998

Alaska State Legislature

SENATOR
MIKE MILLER
P O Box 55094
North Pole, Alaska 99705
(907) 488-0862

Senate District Q



Senate

RECEIVED
JAN 27 1995

Alaska Commission on
Postsecondary Education

While in Juneau
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4976

January 24, 1995

Dr. Joe L. McCormick
Executive Director
Ak Comm Postsecondary Ed
3030 Vintage Blvd
Juneau, Ak 99801-7109

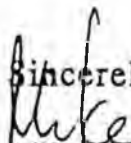
Dear Dr. McCormick,

I appreciate your letter on behalf of the Alaska Commission on Postsecondary Education regarding the services your department provides and the staff contacts for this legislative session.

You were very helpful this past year in keeping us informed on the "status quo" regarding post secondary education.

My staff in the past have made numerous calls to your student loan personnel and have always found them to be helpful and prompt in response to our requests.

We look forward to working with you and your department once again this year.

Sincerely,

Mike Miller
Senator

**Letter to the Commissioners
January 1995**New Commission Appointment

Patricia Hill, Vice President of the North Dakota Board of Higher Education, was appointed to serve on the WICHE Commission representing North Dakota. Many of you may have met Patricia at the December Commission meeting in Tucson. Congratulations and welcome Patricia. North Dakota's Commission representation is a model it shares with Utah: an individual from the state's board of higher education, a state legislator, and the state's chief higher education executive officer. In the past, other states have used this model.

December Commission Meeting-Highlights

Audrey Alvarado (CO) was elected Chair for 1995 and Paul Page (NV) was elected Vice-Chair for 1995 (Chair-elect for 1996). Congratulations to both.

Executive Committee Members for 1995 were selected. Once standing committees have been discussed by the Executive Committee, new committee assignments will be determined.

Commissioners attending their first meeting included: Cheryl Frasca of Alaska, Chuck Ruch of Idaho, Joe Cox of Oregon, and Tad Perry of South Dakota.

Commission Action

- Approved the project, "Models for Interstate/Interinstitutional Academic Degree Programs," to be undertaken jointly by the Student Exchange Program and the Western Cooperative for Educational Telecommunications, if funded.
- Approved the project, "Rural and Non-Rural Consumers' Priorities for Mental Health Services and Outcomes," to be carried out by the Mental Health Program, if funded.
- Approved an increase in the Comprehensive Health Care Benefit for staff in anticipation of a change in insurance carriers involving higher co-payments for staff and lower premium costs for WICHE.
- Approved the audit report for FY 1994 and retained the general fund reserve level at the minimum of \$200,000.

-over-

Memorandum

TO: WICHE Commissioners
FROM: Marla Hamby *Marla*
DATE: January 5, 1995
SUBJECT: New Commission Meeting Dates

At the December 1994 meeting, considerable interest was expressed in changing the Commission meetings from a Friday/Saturday format to a Thursday/Friday format. The site selection committee looked at the cost implications of this change, especially with respect to the "over Saturday night" airfare requirements. It was decided the best approach would be to alternate the formats for the next few meetings.

Future Commission meetings are as follows:

June 15-16, 1995	Thursday/Friday	Clarion, Boulder, Colorado
December 1-2, 1995	Friday/Saturday	Westin, San Francisco Airport, California
June 13-14, 1996	Thursday/Friday	Boulder/Denver, Colorado
December 6-7, 1996	Friday/Saturday	Albuquerque, New Mexico

Major revisions to the meeting schedule are being discussed as well. Suggested revisions will be presented to the Executive Committee for consideration during a conference call in January/February. Most recent plans call for the Executive Committee to meet early on the first day of the meeting. This will mean that Executive Committee members will need to arrive the night before the meeting. You may want to note this on your calendar.

We will keep you posted as decisions are made. If you have any questions, please call me 303/541-0204. Thanks.

Financing College Costs and The Decision to Attend School

By Dr. Joe L. McCormick

The decision to enroll in or return to school to pursue some type of postsecondary educational training is a most important decision that should be examined carefully, taking into account some critical factors. Among the factors a student must consider in pursuing educational training beyond high school are these:

Which program of study or training should I pursue?

The *Alaska Career Guide* contains several articles with ideas to assist you in identifying the type of program that best matches your interests and talents. In addition, it is strongly advised you use the counseling services of the local high school and/or college in your area.

Which school should I enroll in?

Choosing a school is sometimes difficult, sometimes confusing, but is most definitely a very important decision. Do your homework, compare schools on the basis of total costs, reputation in the community, type of school, and actual visits to the school. There are basically three types of schools to consider: a) public institutions operated by the state, b) private traditional colleges, and c) for-profit proprietary schools (sometimes referred to as trade or business schools).

Compare the schools that you are seriously thinking of attending using the "Three C's Test": Cost, Course Content, and Credibility.

Costs: compare the total tuition, fees, books, and other direct school charges for each school that offers the program of study you are considering. Tuition for the same program taught at different schools can be drastically different. In an important and related matter, find out what kinds of student financial aid are available at the school. There are generally three types of aid: grants and/or scholarships, student loans, and part-time employment. Please reference the student financial aid portion of this article and related sections of the *Alaska Career Guide* for more detailed information on student financial aid.

Course Content: for the program of study you are pursuing, what courses (subjects) are actually taught and how long are the courses? Do the course offerings appear reasonable and essential to the program being studied? What is different in the courses offered at the different schools being considered? Ask the school officials to explain any questions you may have about the courses taught in the programs offered.

Credibility: what is the reputation of the school in the community and among students who attend or have attended? Ask the school if it offers job placement and the names of employers that have hired the school's graduates. Ask the school what its retention rate is (how many students stay in school to complete the course of study?). Talk to fellow students and faculty. Ask if the school is accredited and/or licensed to operate by the state and whether or not it is certified to participate in the

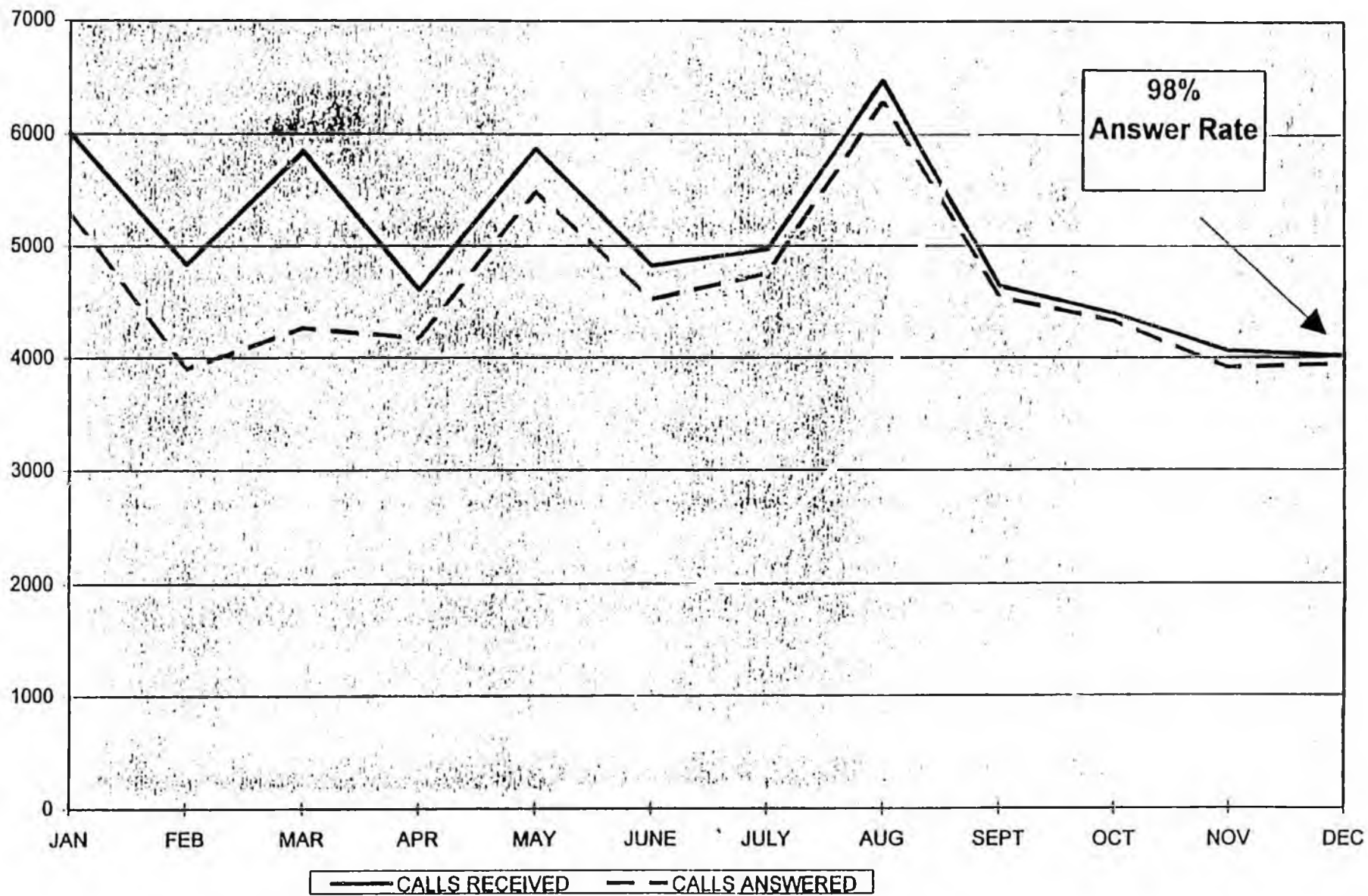
ATTACHMENT THREE

ACPE TELEPHONE & CORRESPONDENCE ACTIVITY

for

1994

1994 TELEPHONE STATISTICS



CORRESPONDENCE PROCESSING 1994

