

HB

535

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: April 2, 1996

FURTHER REFERRALS:

Date of Committee Action: _____

The FINANCE Committee considered:

HB 535

HOUSE BILL NO. 535

POSTSECONDARY EDUCATION

“An Act relating to postsecondary education.”

recommends it be replaced with the following committee substitute _____ 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) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
Died				
In				
Committee				

CHAIR'S SIGNATURE _____

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Bill Version: CSHB 535(HES)
(H) Publish Date: 4/3/96

Revision Date:
Title: An Act relating to postsecondary education.

Department Affected: University of Alaska
BRU: UAA
Component: Anchorage Campus

Sponsor: House HESS
Requestor:

COMPONENT SERIAL NO. 753

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	1,309.0	1,354.8	1,402.2	1,451.3	1,502.1	1,554.7
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	1,309.0	1,354.8	1,402.2	1,451.3	1,502.1	1,554.7

CAPITAL						
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REVENUE FD SOURCE						
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FUNDING: (Thousands of Dollars)	FY97	FY98	FY99	FY00	FY01	FY02
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND	1,309.0	1,354.8	1,402.2	1,451.3	1,502.1	1,554.7
1006 GF/MHTIA						
OTHER						
TOTAL FUNDING	1,309.0	1,354.8	1,402.2	1,451.3	1,502.1	1,554.7

POSITIONS:	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: Currently, the university operates and funds the first year WAMI program, while the Postsecondary Education Commission (PSEC) administers and contracts for the second through fourth year of the program with the University of Washington, School of Medicine. This bill transfers administration of the full WAMI program to the University of Alaska, and as such would transfer FY97 funding currently budgeted in PSEC for the second through fourth years of the program to the University of Alaska, Anchorage Campus. Based on past experience, University of Washington costs are projected to increase approximately 3.5% a year.

Prepared by: Marylou Burton
Division: Statewide Budget Office

Approved by: Marylou Burton, Director
Agency: Statewide Budget Office

Phone: 463-3086
Date: 4/2/96

Date: 4/2/96

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

FISCAL NOTE

No. 2
 Bill Version: CSHB 535(HES)
 (H) Publish Date: 4/3/96

STATE OF ALASKA

1996 LEGISLATIVE SESSION

Revision Date: 4/1/96

Title: relating to postsecondary education

Department Affected: Education

BRU: Alaska Commission on Postsecondary Education

Component: Program Administration

Sponsor: (H)HES

Requester: (H)FIN

COMPONENT SERIAL NO. 212

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL	(20.0)					
CONTRACTUAL	(2.0)					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(22.0)	-0-	-0-	-0-	-0-	-0-

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other: Corporate Receipts	(22.0)					
TOTAL	(22.0)	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ (11.5)

ANALYSIS: Provisions in this bill transfers the Institutional Authorization functions to the Department of Education with oversight from a five-member Commission; requires legislative confirmation of Commission members; and transfers student loan program administration to the Alaska Student Loan Corporation in the Department of Revenue. There would be a reduction in costs associated with the preparation of quarterly Commission meetings, and travel and per diem for 14 members. Because the staff perform the Institutional Authorization functions and student loan compliance audits simultaneously in the office and out in the field, staffing levels would remain the same. This would allow for an increase in focus on the auditing of the student loan funds distributed to students through institutions.

Prepared by: Gillian R. Hays, Legislative Liaison *GRH*

Phone: 465-6718

Division: Alaska Student Aid Corporation

Date: 4/1/96

Approved by Executive Director: Diane Barrans *Diane Barrans*

Date: 4/1/96

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COMMITTEE COPY

FISCAL NOTE

No. 3
 Bill Version: CSHB 535 (HES)
 (H) Publish Date: 4/3/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: 4/1/96
 Title: relating to postsecondary education

Department Affected: Education
 BRU: Alaska Commission on Postsecondary Education
 Component: Alaska Student Loan Corporation

Sponsor: (H)HES
 Requester: (H)FIN

COMPONENT SERIAL NO. 218

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL	6.0					
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	6.0					

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other: Corporate Receipts	6.0					
TOTAL	6.0					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ -0-

ANALYSIS: The membership of the corporation would be increased from 5 to 10, creating a slight increase in travel and per diem costs for the 2 additional public members and 1 student member. The duties associated with the administration of the student loan programs would remain with the current staff and at the same staffing levels.

Prepared by: Gillian R. Hays, Legislative Liaison Phone: 465-6718
 Division: Alaska Commission on Postsecondary Education Date: 4/1/96
 Approved by Executive Director: Diane Barrans Date: 4/1/96

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FISCAL NOTE

No. 4
 Bill Version: CSHB 535(HES)
 (H) Publish Date: 4/3/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: 4/1/96
 Title: relating to postsecondary education
 Sponsor: (H)HES
 Requester: (H)EIN

Department Affected: Education
 BRU: Alaska Commission on Postsecondary Education
 Component: WAMI Medical Education

COMPONENT SERIAL NO. 953

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(1,309.0)					
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(1,309.0)	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ -0-

ANALYSIS: Provisions in this bill transfers the administration of the WAMI program to the University of Alaska Board of Regents. The University of Alaska currently funds first year students of this program, while the Commission administers the funds for the student's second through fourth year of study. The administration of the program is performed by one staff that has other full time duties. Due to this lack of overhead, no adjustment to staffing levels is necessary.

Prepared by: Gillian R. Hays, Legislative Liaison Phone: 465-6718
 Division: Alaska Commission on Postsecondary Education Date: _____
 Approved by Executive Director: Diane Barrans Date: 4/2/96

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FISCAL NOTE

No. 5

Bill Version: CSHB 535(HES)

(H) Publish Date: 4/3/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: 4/1/96

Dept. Affected: EDUCATION

Title: An act relating to postsecondary education

BRU: Teaching & Learning Support

Component: Institutional Authorization

Sponsor: House Health, Education & Social Services

Requester: House HESS

COMPONENT SERIAL NO. new

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	95.5	95.5	95.5	95.5	95.5	95.5
TRAVEL	2.0	2.0	2.0	2.0	2.0	2.0
CONTRACTUAL	27.5	27.5	27.5	27.5	27.5	27.5
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	125.0	125.0	125.0	125.0	125.0	125.0

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	125.0					
1005 GF/Program Receipts		125.0	125.0	125.0	125.0	125.0
Other: 1007 I/A Receipts						
TOTAL	125.0	125.0	125.0	125.0	125.0	125.0

Estimate of current year (FY96) cost: \$125.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary) The transfer of this function to the Department of Education will require the transfer of a full-time Program Coordinator and a part-time Compliance Auditor, currently in the Program Administration component of the Alaska Postsecondary Education Commission to the Division of Teaching & Learning Support. The positions will remain in Anchorage and will perform the function of institutional authorization and compliance. During the transition year, general funds will be necessary to support these activities. This will allow the newly appointed Commission to promulgate regulations to institute a self-supporting fee structure for this function in FY98.

Prepared by: Karen J. Rehfeld, Director

Division: Administrative Services

Phone: 465-8650

Date: April 2, 1996

Approved by Commissioner: Shirley J. Holloway, Ph.D.

Date: April 2, 1996

Agency: Department of Education

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FISCAL NOTE

No. 6

Bill Version: CSHB 535 (HES)

(H) Publish Date: 4/3/96

**STATE OF ALASKA
1996 LEGISLATIVE SESSION**

Revision Date: 4/1/96

Dept. Affected: EDUCATION

Title: An act relating to postsecondary education

BRU: Commissions & Boards

Component: Alaska Postsecondary Education

Sponsor: House Health, Education & Social Services

Commission:

Requester: House HESS

COMPONENT SERIAL NO. new

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	34.7	34.7	34.7	34.7	34.7	34.7
TRAVEL	4.5	4.5	4.5	4.5	4.5	4.5
CONTRACTUAL	25.0	25.0	25.0	25.0	25.0	25.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	64.2	64.2	64.2	64.2	64.2	64.2

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	64.2	32.1	32.1	32.1	32.1	32.1
1005 GF/Program Receipts		32.1	32.1	32.1	32.1	32.1
Other: 1007 I/A Receipts						
TOTAL	64.2	64.2	64.2	64.2	64.2	64.2

Estimate of current year (FY96) cost: See AK Postsecondary Education Commission

POSITIONS:

FULL-TIME						
PART-TIME	1					
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary) The transfer of this responsibility to the Department of Education will require a part-time Program Coordinator to support the activities of the Commission. During the transition year, general funds will be necessary to support staff, travel, planning and meeting costs. The Commission will be implementing regulations to charge fees for institutional authorization and a portion of those fees may be used to support these activities in the out years, depending upon the receipts generated and the level of participation in the program.

Prepared by: Karen J. Rehfeld, Director *Karen J. Rehfeld*

Phone: 465-8650

Division: Administrative Services

Date: April 2, 1996

Approved by Commissioner: Shirley J. Holloway, Ph.D. *Shirley J. Holloway*

Date: April 2, 1996

Agency: Department of Education

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FISCAL NOTE

STATE OF ALASKA

BILL NO. CS HB 535 (HES)

1996 LEGISLATIVE SESSION

Revision Date: 4/1/96

Department Affected: Education

Title: relating to postsecondary education

BRU: Alaska Commission on Postsecondary Education

Component: Student Loan Operations

Sponsor: (H)HES

Requester: (H)FIN

COMPONENT SERIAL NO. 213

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL	6.0					
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	6.0					

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other: Corporate Receipts	6.0					
TOTAL	6.0					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ -0-

ANALYSIS: The membership of the corporation would be increased from 5 to 10, creating a slight increase in travel and per diem costs for the 2 additional public members and 1 student member. The duties associated with the administration of the student loan programs would remain with the current staff and at the same staffing levels.

Prepared by: Gillian R. Hays, Legislative Liaison

Phone: 465-6718

Division: Alaska Commission on Postsecondary Education

Date: _____

Approved by Executive Director: Diane Barrans

Date: 4/2/96

For further distribution information call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA

BILL NO. CS HB 535 (HES)

1996 LEGISLATIVE SESSION

Revision Date: 4/1/96

Department Affected: Education

Title: relating to postsecondary education

BRU: Alaska Commission on Postsecondary Education

Sponsor: (H)HES

Component: WAMI Medical Education

Requester: (H)FIN

COMPONENT SERIAL NO. 953

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(1,309.0)					
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(1,309.0)	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ -0-

ANALYSIS: Provisions in this bill transfers the administration of the WAMI program to the University of Alaska Board of Regents. The University of Alaska currently funds first year students of this program, while the Commission administers the funds for the student's second through fourth year of study. The administration of the program is performed by one staff that has other full time duties. Due to this lack of overhead, no adjustment to staffing levels is necessary.

Prepared by: Gillian R. Hays, Legislative Liaison

Phone: 465-6718

Division: Alaska Commission on Postsecondary Education

Date: _____

Approved by Executive Director: Diane Barrans

Date: 4/1/96

For further distribution information call the Governor's Legislative Office

STATE OF ALASKA

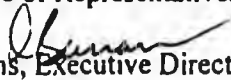
TONY KNOWLES, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

3030 VINTAGE BLVD.
JUNEAU, ALASKA 99801-7109
VOICE (800) 441-2962
In Juneau 465-6740
TDD (907) 465-3143
FAX (907) 465-3293

MEMORANDUM

TO: Members, Finance Committee
Alaska House of Representatives

FROM: Diane Barrans,  Executive Director

DATE: April 4, 1996

RE: HB535
Alaska Student Loan Program

I am writing to you about the continuing efforts to provide for the long-term stability of the Alaska Student Loan programs through HB 535. Our commitment is to making changes necessary for the financial success of the loan program, the goal of which is to support all Alaskans in lifelong learning and workforce preparation.

Many provisions in the legislation were first proposed in Executive Order 97 (see attached comparison sheet). The governor's plan called for elimination of a nearly redundant board and consolidation of all student financial aid functions under an expanded, special interest-free corporation board. The primary goal was to create and maintain a clear and distinct focus on the general welfare of our programs and customers.

This legislation would also make some positive changes--separating the institutional authorization activity and assigning it to the Department of Education while moving the administration of the loan fund and the loan programs, within the Alaska Student Loan Corporation, to the Department of Revenue; eliminating special interest representation on the board; and, repealing unnecessary or redundant statutes.

However, this bill still leaves in its wake the inefficiencies of a state agency having to run two separate boards when only one is needed. Also, the corporation's bond counsel, Ken Vassar, Wohlforth, Argeisinger, Johnson and Brecht, has reviewed the legislation and has expressed serious concerns about the proposed composition of the corporation board. His letter is attached.

In our current climate of budget reduction and restraint an obvious solution to the first issue would be to eliminate the Commission altogether and let the State Board of Education accept, amend or reject the recommendations of the Institutional Authorization staff. Secondly, to address bond counsel's concerns, the bill could be amended to remove the nonvoting legislative members. I urge you to consider these options in your effort to ensure that the best interest of the programs and the Alaskan people can continue to be served.

As you deliberate over this legislation, I would appreciate your input on this or any other matter involving the student loan programs.

Attachments

**COMPARISON OF EXECUTIVE ORDER 97 AND RELATED LEGISLATION
ALASKA COMMISSION ON POSTSECONDARY EDUCATION**

Feature	Executive Order 97	CS HB 535	CS SB 301
ASL Fund Stability	<p>Eliminates 14 member Commission;</p> <p>Transfers agency to the Department of Revenue;</p> <p>ASL program governed by a single group of 7 members instead of two groups totaling 17 members.</p>	<p><u>Transfers Commission to the Department of Education for oversight of Institutional Authorization;</u></p> <p><u>Transfers administration of the loan fund and ASL programs to the Department of Revenue;</u></p> <p><u>ASL programs governed by ASL Corporation of 10 members (3 are ex officio, non voting members);</u></p> <p><u>Provides authority to adopt regulations under general provisions for all programs.</u></p>	<p><u>Transfers Commission to the Department of Education for oversight of Institutional Authorization;</u></p> <p><u>Transfers administration of the loan fund and ASL programs to the Department of Revenue;</u></p> <p><u>ASL programs governed by ASL Corporation of 10 members (3 are ex officio, non voting members);</u></p> <p><u>Provides authority to adopt regulations under general provisions for all programs.</u></p>
Administrative Efficiency	<p>Eliminates costs associated with a 14 member commission meeting 4 times a year;</p> <p>Provides additional bonding expertise from the Department of Revenue;</p> <p>Streamlines the investment functions of the student loan fund;</p>	<p>Reduces costs associated with a 14 member commission meeting 4 times a year;</p> <p>Provides additional bonding expertise from the Department of Revenue;</p> <p>Streamlines the investment functions of the student loan fund;</p> <p><u>Replaces Commissioner of C & ED with representative from Department of Education;</u></p> <p><u>Transfers authority to receive GF funds for WAMI program to the University of Alaska;</u></p>	<p>Reduces costs associated with a 14 member commission meeting 4 times a year;</p> <p>Provides additional bonding expertise from the Department of Revenue;</p> <p>Streamlines the investment functions of the student loan fund;</p> <p><u>Replaces Commissioner of C & ED with representative from Department of Education;</u></p> <p><u>Transfers authority to receive GF funds for WAMI program to the University of Alaska;</u></p>

Underlined text indicates language *not* included in EO

Feature	Executive Order 97	CS HB 535	CS SB 301
<p>Constitutional and Legal Authority Clarifications</p>	<p>Resolves constitutional issue that exists with two legislators sitting on a regulatory commission;</p> <p>The staff of the corporation transfer to the Department of Revenue for administrative support purposes only;</p> <p>Expands scope of policy and planning by the Department of Education to include postsecondary education;</p>	<p><u>Does not resolve constitutional issue that exists with legislative representation on a public Corporation;</u></p> <p>The staff of the corporation transfer to the Department of Revenue for administrative support purposes only;</p> <p><u>Leaves legislative confirmation of Commission members;</u></p> <p><u>Requires membership of the Corporation to also serve on Commission;</u></p> <p><u>Expands scope of policy and planning by the Department of Education to perform Institutional Authorization functions;</u></p> <p><u>Commission to adopt regulations to establish institutional review fees.</u></p>	<p><u>Does not resolve constitutional issue that exists with legislative representation on a public Corporation;</u></p> <p>The staff of the corporation transfer to the Department of Revenue for administrative support purposes only;</p> <p><u>Leaves legislative confirmation of Commission members;</u></p> <p><u>Requires membership of the Commission to also serve on Corporation;</u></p> <p><u>Expands scope of policy and planning by the Department of Education to perform Institutional Authorization functions;</u></p> <p><u>Commission to adopt regulations to establish institutional review fees.</u></p>
<p>Technical Changes</p>	<p>none</p>	<p><u>Corrects errors found in SB 123 regarding half-time loan amounts and length of study for half-time career education programs.</u></p>	<p><u>Corrects errors found in SB 123 regarding half-time loan amounts and length of study for half-time career education programs.</u></p>

Underlined text indicates language *not* included in EO

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

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KENNETH B. VASSAR
ERIC S. WOHLFORTHTELEPHONE
(907) 276-0001FACSIMILE
(907) 276-0000OF COUNSEL
PETER ARGETSINGER**MEMORANDUM**

TO: Diane Barrans
Executive Director
Alaska Student Loan Corporation

Teresa E. Williams
Assistant Attorney General
Attorney General's Office

FROM: Ken Vassar 

DATE: April 4, 1996

SUBJECT: Comments Regarding CS for Senate Bill No. 301 (HES) (Legislative Affairs Work Draft 9-LS1749V Dated 3/29/96) and CS for House Bill No. 535 (HES) (Legislative Affairs Work Draft 9-851748V Dated 3/27/96)
Our File No. 4908.0213

As we discussed over the telephone yesterday, I have reviewed the above-referenced draft legislation. The two bills are similar in most respects, although there are some differences. I offer the following comments for your consideration.

My first, and most serious, concern arises on page 3, lines 8 through 11, of the Senate Bill and at page 3, lines 9 through 12, of the House Bill. Under these provisions, two legislators would be included as members of the board of directors of the Alaska Student Loan Corporation. Even though these members would be nonvoting, I am very concerned that inclusion of legislators on the governing board of an executive branch agency may violate the separation of powers concept of the Alaska Constitution.

This concern is particularly serious because it goes to the validity of the Corporation's decision-making process. Any issuance of bonds by the Corporation must be approved by its board of directors, and the validity of any such approval by the board of directors depends upon the validity of the board's membership. I fear that the inclusion of legislators on the board may constitutionally taint the

board's validity. If there is any reasonable possibility that this is the case, it would be difficult, if not impossible, for us to provide an approving opinion in connection with an attempt by the Corporation to issue bonds. This issue will certainly require further research and consultation with the Department of Law if it remains a part of the legislation.

Also relating to the membership of the board of directors, I note that the language contained on page 3, lines 14 through 16, of the Senate Bill, relating to the student members of the board, is an improvement over the corresponding language contained in the House Bill (page 3, lines 15 through 17). The previous version would have specified certain existing universities from which the student members would be chosen. The current version calls for selection of the members from colleges in Alaska without naming particular colleges. In the interest of avoiding questions of special or local legislation under Article II, Section 19, of the State Constitution, I think the current version is far preferable.

As a new bill section to be added at page 5 before the existing section 8 at line 2 of the Senate Bill and line 3 of the House Bill, we discussed amending AS 14.42.200(9). This paragraph, as it currently reads, gives the Corporation the power to "collect from a borrower amounts owed with respect to a student loan the corporation has purchased". Under the proposed legislation, the Corporation will make loans directly rather than purchasing them from another entity. Accordingly, AS 14.42.200(9) should more appropriately read: "collect from a borrower amounts owed with respect to a student loan held by the corporation".

Finally, this legislation would also shift many of the duties of the Alaska Commission on Postsecondary Education over to the Corporation and (at page 21, line 2 of the Senate Bill and line 4 of the House Bill) would repeal AS 14.43.090 (establishing the scholarship revolving loan fund and describing how that fund can be used). Since the Corporation would be taking on many of the Commission's responsibilities, it should be given adequate powers to accomplish those duties as well. Accordingly, I would suggest borrowing from AS 14.43.090 the phrase "to pay the costs of administering the fund" and add it to the proposed amendment of AS 14.42.210(b) on page 5, at lines 18 through 21 of the Senate Bill and lines 22 through 25 of the House Bill.

I hope these comments are helpful. I am happy to review further drafts as you consider appropriate.

MEMORANDUM 04/04/1996

Comments Regarding CS for Senate Bill No. 301 (HE3) (Legislative Affairs Work Draft 9-LS1748V Dated 3/23/96)
and CS for House Bill No. 533 (HE3) (Legislative Affairs Work Draft 9-H1748K Dated 3/27/96)

AFF:ZD/AMBA (21)

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
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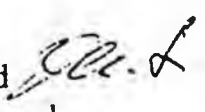
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 28, 1996

SUBJECT: Sectional Summary of CSHB 535(HES)
(Work Order No. 9-LS1748\K)

TO: Representative Con Bunde
Attn: Lynn

FROM: Michael F. Ford 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Makes various technical changes to allow the Alaska Student Loan Corporation to use the occupational licensing statutes to enforce student loan repayment provisions.

Section 2. Allows the University of Alaska to assume the W.A.M.I. program, under which residents of Alaska can pursue a medical degree.

Section 3. Establishes the Alaska Student Loan Corporation in the Department of Revenue.

Section 4. Establishes the board of directors of the Alaska Student Loan Corporation. Provides that two members of the board shall be nonvoting legislative members and one member of the board shall be a nonvoting student member. Provides for compensation to board members and for election of a chair.

Section 5. Allows the corporation to appoint an executive director and allows the executive director to appoint staff. Requires employees to participate in the state retirement system.

Section 6. Provides that the attorney general is the legal counsel for the corporation, but allows the corporation to employ other legal counsel.

Section 7. Requires the corporation to administer the student loan fund under AS 14.42.210 and the student loan program (AS 14.43). Allows the corporation to adopt regulations under the Administrative Procedures Act.

Section 8. Technical amendment.

Section 9. Requires the corporation to establish separate accounting for teacher scholarship and family education loans.

Section 10. Allows the student loan fund to be used to make student loans.

Section 11. Technical change.

Section 12. Changes the amount of a loan that can be made to half-time undergraduate or graduate student. Repeals a provision that a career education program be at least six weeks in length. (see sec. 28 for new definition of "career education" program) Also makes other technical changes.

Section 13. Technical changes.

Section 14. Technical changes.

Section 15. Technical changes.

Section 16. Technical changes.

Section 17. Technical changes.

Section 18. Technical changes.

Section 19. Technical changes.

Section 20. Technical changes.

Section 21. Technical changes.

Section 22. Technical changes.

Section 23. Technical changes.

Section 24. Technical changes.

Section 25. Technical changes.

Section 26. Technical changes.

Section 27. Technical changes.

Section 28. Defines "career education" as a half-time program at least 12 weeks long and a full-time program at least six weeks long.

Section 29. Allows the student loan fund to be used by the corporation to make student loans.

Section 30. Allows the corporation to use the student loan program to offset losses resulting from default by a borrower.

Section 31. Technical changes.

Section 32. Technical changes.

Section 33. Technical changes.

Section 34. Technical changes.

Section 35. Technical changes.

Section 36. Creates the teacher scholarship revolving loan account in the student loan fund.

Section 37. Requires the corporation to annually allocate available teacher scholarship loan awards to local school boards.

Section 38. Technical changes.

Section 39. Technical changes.

Section 40. Technical changes.

Section 41. Allows a recipient of a family education loan to make payments earlier than required and makes various technical changes.

Section 42. Adds a definition of "corporation".

Section 43. Requires the corporation to administer the W.I.C.H.E. program.

Section 44. Recreates the Alaska Postsecondary Education Commission in the Department of Education. The members of the commission are the voting members of the Alaska Student Loan Corporation. Provides for member compensation, election of a chair, and that the employees of the Department of Education shall serve as staff to the commission.

Section 45. Repeals the authority of the commission to hire staff to administer AS 14.48.

Section 46. Establishes the advisory functions of the corporation and the optional powers of the commission.

Section 47. Authorizes the commission to set fees for certain functions performed under AS 14.48.

Section 48. Allows the commission to impose a civil penalty for costs of conduction investigations or adjudications.

Section 49. Technical change.

Section 50. Places the officers and employees of the Alaska Student Loan Corporation in the exempt service.

Section 51. Technical change.

Section 52. Applies the state conflict of interest provisions under AS 39.50 to the Alaska Student Loan Corporation.

Section 53. Allows the Alaska Student Loan Corporation to take a permanent fund dividend for a student loan that is in default.

Section 54. Technical change.

Section 55. Repeals various provisions relating to postsecondary education.

Section 56. Transitional provision relating to fees charged to postsecondary institutions.

Section 57. Transitional section relating to membership on the commission and the corporation, to transfer of ongoing functions of the commission, and to regulations, contracts equipment, and employees of the commission.

Section 58. Immediate effective date for sec. 57(c) and (d).

Section 59. Effective date.

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Juneau, Alaska 99801-2105

MEMORANDUM

March 29, 1996

SUBJECT: Postsecondary education - (CSHB 535(HES))

TO: Representative Con Bunde
Attn: Lynn

FROM: Michael F. Ford 
Legislative Counsel

In CSHB 535(HES) there are two provisions of law that relate to the collection and transfer of loan origination fees. In sec. 22, loan origination fees for the scholarship loan fund (AS 14.43.090) are authorized to be deposited into an origination fee account within the student loan fund. This section also maintains existing language that the deposit is subject to legislative appropriation. We believe that the necessity of legislative appropriation is required by Article IX, section 7 and by Article IX, section 13, of the Alaska Constitution. A similar provision exists in sec. 30 of CSHB 535(HES). However, the language referencing the appropriation requirement for the deposit of fees is reflected as repealed in this section. We recommend that sec. 30 be changed to leave "subject to appropriation" in the statute.

Please contact me if you have further questions.

MFF:glc:pl
96-193.glc

(7)

HOUSE COMMITTEE REPORT

Date Referred to Committee: February 29, 1996

FURTHER REFERRALS:

Finance
ref added
4/2/96

Date of Committee Action: 3/28/96

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 535

HOUSE BILL NO. 535

POSTSECONDARY EDUCATION

"An Act relating to postsecondary education."

recommends it be replaced with the following committee substitute CS HB 535 (HES) [] the same title [x] a new title

[x] additional referral to Finance Committee [] attached amendment(s)

ADOPTS: Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

(6) [x] fiscal note(s) 5 DOE, U of A

[] fiscal note(s)

[] zero fiscal note(s)

[] zero fiscal note(s)

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i> G. Davis			✓	
<i>[Signature]</i> Rokeberg				✓
<i>[Signature]</i> Punde	✓			
<i>[Signature]</i> Toohy	✓			
<i>[Signature]</i> Verze	✓			
<i>[Signature]</i> Robinson			✓	
	(3)		(2)	(1)

CHAIR'S SIGNATURE

[Signature]
Punde

30-