

HB

535

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 a new title

additional referral to Finance Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) DOE University 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
<i>[Signature]</i>			✓	
<i>[Signature]</i>				✓
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	

CHAIR'S SIGNATURE *[Signature]*

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
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STATE OF ALASKA

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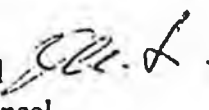
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 28, 1996

SUBJECT: Sectional Summary of CSHB 535(HES)
(Work Order No. 9-LS1748K)

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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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

CS FOR HOUSE BILL NO. 535(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to postsecondary education; and providing for an effective
2 date."

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

4 * Section 1. AS 08.02.025(a) is amended to read:

5 (a) A person licensed under this title shall comply with the student loan
6 repayment provisions under AS 14.43 that are applicable to the person.
7 Notwithstanding another provision of law, a license issued to a person under this title
8 may not be renewed if the licensee [BORROWER] and the department
9 [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] have
10 received notice from the Alaska Student Loan Corporation [COMMISSION ON
11 POSTSECONDARY EDUCATION] that the licensee is in default on a student loan
12 provided to the licensee. This action may be taken no sooner than 60 days after the
13 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
14 EDUCATION] has notified the licensee [BORROWER] of the default status of the

1 loan as provided under AS 14.43.120(i). If a licensee's [AN] appeal of a
2 determination of default status is pending [ON BEHALF OF THE LICENSEE], the
3 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
4 EDUCATION] shall notify the department and the department [RENEWAL] may not
5 deny renewal [BE DENIED] under this section until and unless the [APPEAL HAS
6 BEEN CONCLUDED AND THE] default status has been affirmed on appeal. The
7 denial [DENIAL] of renewal of a license shall continue until the department
8 [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] receives
9 notice from the Alaska Student Loan Corporation [COMMISSION ON
10 POSTSECONDARY EDUCATION] that the licensee is no longer in default on the
11 student loan.

12 * Sec. 2. AS 14.40.170(b) is amended to read:

13 (b) The Board of Regents may

14 (1) adopt reasonable rules, orders, and plans with reasonable penalties for
15 the good government of the university and for the regulation of the Board of Regents;

16 (2) determine and regulate the course of instruction in the university with
17 the advice of the president;

18 (3) set student tuition and fees;

19 (4) receive and spend university receipts in accordance with AS 37.07
20 ([THE] Executive Budget Act);

21 (5) enter into agreements with government or postsecondary
22 education officials of this state or other states to provide postsecondary educational
23 services and programs to residents of this state pursuing a medical education; an
24 agreement with another state must be limited to services and programs that are
25 unavailable in this state [(AS 37.07)].

26 * Sec. 3. AS 14.42.100 is amended to read:

27 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN
28 CORPORATION. The [THERE IS CREATED THE] Alaska Student Loan
29 Corporation is created as [. THE CORPORATION IS] a public corporation and
30 government instrumentality within the Department of Revenue [EDUCATION] but
31 having a legal existence independent of and separate from the state. The corporation
32 may not be terminated as long as it has outstanding bonds, notes, or other obligations

1 [OUTSTANDING]. Upon termination of the corporation, its rights and property pass
2 to the state.

3 * Sec. 4. AS 14.42.120 is repealed and reenacted to read:

4 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corporation
5 shall be governed by a board of directors consisting of the commissioner of revenue, the
6 commissioner of administration, a person representing the department appointed by the
7 governor, and four members of the public appointed by the governor. The governor's
8 appointees shall serve at the pleasure of the governor for four-year staggered terms.

9 (b) Two members of the legislature shall serve as ex officio nonvoting members
10 of the board of directors. The two ex officio nonvoting members shall include one
11 member of the senate appointed by the president of the senate and one member of the
12 house appointed by the speaker of the house of representatives.

13 (c) A full-time postsecondary student shall serve as a nonvoting member of the
14 board of directors. The governor shall appoint the student member from a list of
15 nominees within 60 days after it is submitted. The list must consist of the names of two
16 nominees from Alaska Pacific University, two nominees from Sheldon Jackson College,
17 and two nominees from each campus of the University of Alaska. The nominees shall
18 be selected from a student election held on each campus. Elections under this subsection
19 shall be held concurrently with student regent elections required under AS 14.40.150(b)
20 and conducted under rules established by the Office of the Governor. The term of office
21 of the student member is two years beginning June 1 of the year in which the appointment
22 is made. Membership on the corporation is immediately forfeited by a student member
23 who ceases to be a full-time student. Within 60 days after a vacancy occurs, the governor
24 shall appoint a successor from those students appearing on the list of nominees to serve
25 for the unexpired term of the original appointee. The term "campus" used in this
26 subsection means a portion of the University of Alaska designated as a "campus" by the
27 Board of Regents.

28 (d) A governing body member, trustee, official, or employee of a public, private,
29 or proprietary institution of postsecondary or higher education in the state may not be
30 appointed to membership on the corporation as representative of the general public for the
31 purpose of (a) of this section.

1 (e) Members of the board serve without compensation, but the voting members
2 who are not state employees and the student member are entitled to per diem and travel
3 expenses authorized for boards and commissions under AS 39.20.180.

4 (f) Each year, the board shall elect a chair from among its voting membership.
5 A majority of the voting members constitute a quorum for organizing the board,
6 conducting board business, and exercising the powers of the corporation.

7 * Sec. 5. AS 14.42.160 is repealed and reenacted to read:

8 Sec. 14.42.160. EXECUTIVE OFFICER AND STAFF; ADMINISTRATION.

9 (a) The corporation may appoint an executive director as the corporation's executive
10 officer. The executive officer is a member of the exempt service under AS 39.25.110,
11 serves at the pleasure of the corporation, and receives compensation fixed by the
12 corporation. The executive officer appoints persons to the staff positions authorized by
13 the corporation, and staff compensation is fixed by the corporation. Each employee of
14 the corporation shall participate as a member of the public employees' retirement system
15 (AS 39.35).

16 (b) The corporation is not a division in the Department of Revenue. The
17 corporation, members of the corporation, the executive officer, and staff are in the
18 Department of Revenue for administrative support services only, and they are not subject
19 to the direction of the commissioner of revenue.

20 (c) Subject to review by the corporation, the executive director shall administer
21 the student loan and grant programs under AS 14.43.

22 * Sec. 6. AS 14.42 is amended by adding a new section to read:

23 Sec. 14.42.180. LEGAL COUNSEL. The attorney general is legal counsel for
24 the corporation. The attorney general shall advise the corporation in legal matters arising
25 in the discharge of its duties and represent the corporation in actions to which it is a party.
26 If, in the opinion of the corporation, the public interest is not adequately represented by
27 counsel in a proceeding, the attorney general, upon request of the corporation, shall
28 represent the public interest.

29 * Sec. 7. AS 14.42 is amended by adding a new section to read:

30 Sec. 14.42.195. FUNCTIONS OF THE CORPORATION. (a) The corporation
31 shall administer the student loan fund under AS 14.42.210 and the student loan and grant

1 programs under AS 14.43.

2 (b) The corporation may adopt regulations under AS 44.62 (Administrative
3 Procedure Act) to carry out the purposes of AS 14.43.

4 * Sec. 8. AS 14.42.200(10) is amended to read:

5 (10) gather information on student loans available to residents of Alaska
6 and disseminate the information to reasonably assure that qualified residents are aware of
7 financial resources available to those attending or desiring to attend institutions for which
8 loans may be made under AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325],
9 14.43.600 - 14.43.700, or 14.43.710 - 14.43.790;

10 * Sec. 9. AS 14.42.210(a) is amended to read:

11 (a) The student loan fund is established in the corporation. The student loan fund
12 is a trust fund to be used to carry out the purposes of AS 14.42.100 - 14.42.390,
13 AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325], 14.43.600 - 14.43.700, and
14 14.43.710 - 14.43.790. The fund consists of money or assets appropriated or transferred
15 to the corporation for the fund and money or assets deposited in it by the corporation.
16 The corporation may establish separate accounts in the fund and shall establish separate
17 accounts for the teacher scholarship revolving loan account under AS 14.43.620 and
18 the family education loan account under AS 14.43.720.

19 * Sec. 10. AS 14.42.210(b) is amended to read:

20 (b) Money and other assets of the student loan fund may be used to secure bonds
21 of the corporation, invested in student loans and investments under AS 37.10.071, and
22 used to make [PURCHASE] loans approved under AS 14.43.090 - 14.43.325, 14.43.600 -
23 14.43.700, or 14.43.710 - 14.43.790.

24 * Sec. 11. AS 14.43.100 is amended to read:

25 Sec. 14.43.100. APPLICATIONS. (a) Applications shall be submitted to the
26 executive director of the corporation [COMMISSION].

27 (b) A person whose loan application is not approved by the executive director of
28 the corporation [COMMISSION] may appeal to the corporation [COMMISSION] and
29 the corporation [COMMISSION] shall consider the application.

30 * Sec. 12. AS 14.43.110, as amended by sec. 1, ch. 5, SLA 1996, is amended to read:

31 Sec. 14.43.110. STUDENT LOANS. (a) In a school year, the corporation

1 [COMMISSION] may make a loan not to exceed

2 (1) \$8,500 to a full-time undergraduate student or \$4,500 [\$5,000] to a
3 half-time undergraduate student attending a college or university if the full- or half-time
4 student is otherwise eligible under AS 14.43.125;

5 (2) \$9,500 to a full-time graduate student or \$5,000 [\$4,500] to a
6 half-time graduate student attending a college or university if the full- or half-time
7 graduate student is otherwise eligible under AS 14.43.125;

8 (3) \$5,500 to a full-time student or \$2,000 to a half-time student if the
9 full- or half-time student is attending a career education program [THAT IS AT LEAST
10 SIX WEEKS IN LENGTH] and is otherwise eligible under AS 14.43.125.

11 (b) The corporation [COMMISSION] may make a loan for a summer term, even
12 if the total loan for the school year exceeds the limit imposed under (a) of this section if
13 the loan for the summer term is counted against the limit imposed under (a) of this section
14 for the following school year.

15 (c) The corporation [COMMISSION] shall adopt regulations establishing a
16 minimum amount for which a loan may be made.

17 * Sec. 13. AS 14.43.120(b), as amended by sec. 3, ch. 5, SLA 1996, is amended to read:

18 (b) Scholarship loans may only be used to attend a

19 (1) career education program operating on a sound fiscal basis that has

20 (A) operated for two years before the borrower attends; and

21 (B) submitted an executed program participation agreement as
22 required by the corporation [COMMISSION]; or

23 (2) a college or university that

24 (A) has operated for at least two years before the borrower
25 attends;

26 (B) is accredited by a national or regional accreditation association
27 recognized by the Council on Recognition of Postsecondary Accreditation or is
28 approved by the corporation [COMMISSION];

29 (C) if the loans are federally insured, is approved by the United
30 States Secretary of Education;

31 (D) is a degree granting institution; and

1 (E) has submitted an executed program participation agreement as
2 required by the corporation [COMMISSION].

3 * Sec. 14. AS 14.43.120(c), as amended by sec. 4, ch. 5, SLA 1996, is amended to read:

4 (c) To maintain a loan awarded to a full-time student, the student must continue
5 to be enrolled as a full-time student in good standing in a career education program,
6 college, or university that meets the requirements under (b) of this section. To maintain
7 a loan awarded to a half-time student, the student must continue to be enrolled as a half-
8 time student in good standing in (1) a career education program, college, or university in
9 the state that meets the requirements under (b) of this section, or (2) a career education
10 program, college, or university that meets the requirements under (b) of this section, and
11 be physically present in this [THE] state while attending the career education program,
12 college, or university. The corporation [COMMISSION] shall adopt regulations defining
13 "good standing" for purposes of this subsection.

14 * Sec. 15. AS 14.43.120(d), as amended by sec. 4, ch. 5, SLA 1996, is amended to read:

15 (d) Scholarship loans may not be made to a student

16 (1) for more than a total of \$42,500 for undergraduate study;

17 (2) for more than a total of \$47,500 for graduate study;

18 (3) for more than a combined total of \$60,000 for undergraduate and
19 graduate study;

20 (4) to attend an institution, if the total amount of scholarship loans made
21 to students to attend that institution exceeds \$100,000 and the default rate on those loans
22 is (A) greater than 20 percent but less than 25 percent, and the institution is unable to
23 reduce its default rate within 24 months after the rate determination; or (B) equal to or
24 greater than 25 percent for two consecutive calendar years; for purposes of this paragraph,
25 the default rate shall annually be determined by the corporation [COMMISSION] from
26 loans required to be repaid under (g) of this section on or after July 1, 1996; if a
27 scholarship loan is refused based on the provisions of this paragraph and, under a
28 subsequent default rate determination [,] an institution's default rate does not exceed the
29 limits established under this paragraph, the corporation [COMMISSION] may not refuse
30 to issue a scholarship loan to attend that institution based on the provisions of this
31 paragraph.

1 * Sec. 16. AS 14.43.120(f) is amended to read:

2 (f) Interest on a loan made under AS 14.43.100 - 14.43.160 [AS 14.43.090 -
3 14.43.160] is equal to the interest rate

4 (1) paid in each year on bonds issued by the corporation [ALASKA
5 STUDENT LOAN CORPORATION] under AS 14.42.220; and

6 (2) necessary to pay the administrative cost of the student loan program
7 that is represented by the loan.

8 * Sec. 17. AS 14.43.120(g), as amended by sec. 6, ch. 5, SLA 1996, is amended to read:

9 (g) A borrower's obligation to commence repayment of the principal and interest
10 on the loan begins six months after the borrower is no longer enrolled under (c) of this
11 section. The borrower shall repay the total amount owed in periodic installments of at
12 least \$50 a month over a period of not more than 15 years from the commencement of
13 the repayment obligation. If the corporation [COMMISSION] and the borrower agree
14 to a different repayment schedule, the borrower shall repay the loan in accordance with
15 the agreement. A borrower may make payments earlier than required by this subsection
16 or the agreement.

17 * Sec. 18. AS 14.43.120(i), as amended by sec. 8, ch. 5, SLA 1996, is amended to read:

18 (i) If a loan is in default, the corporation [COMMISSION]

19 (1) shall notify the borrower that [, IF THE BORROWER HAS AN
20 OCCUPATIONAL LICENSE ISSUED UNDER AS 08, THE LICENSE MAY NOT BE
21 RENEWED UNDER AS 08.02.025 AND THAT] repayment of the remaining balance is
22 accelerated and due and that, if the borrower has an occupational license issued under
23 AS 08, the license may not be renewed under AS 08.02.025, by mailing the borrower
24 a notice at the most recent address provided to the commission by the borrower;

25 (2) may take the borrower's permanent fund dividend under
26 AS 43.23.065(b)(3) to satisfy the balance due on a defaulted loan; and

27 (3) shall provide notice of the default to the Department of Commerce and
28 Economic Development, if the loan recipient is licensed under AS 08.

29 * Sec. 19. AS 14.43.120(m), as amended by sec. 11, ch. 5, SLA 1996, is amended to read:

30 (m) In case of hardship, the corporation [COMMISSION] may extend
31 repayment of a loan for an additional period of up to five years.

1 * Sec. 20. AS 14.43.120(r) is amended to read:

2 (r) The rate of interest, time of payment of an installment of principal or interest,
3 or other loan terms [OF A SCHOLARSHIP LOAN] may be modified if required to
4 establish or maintain tax-exempt status under 26 U.S.C. 103 (Internal Revenue Code of
5 1986), as amended, for the interest on bonds issued by the corporation [ALASKA
6 STUDENT LOAN CORPORATION].

7 * Sec. 21. AS 14.43.120(t), as amended by sec. 13, ch. 5, SLA 1996, is amended to read:

8 (t) Payment of interest under (l) of this section and forgiveness under (s) of this
9 section are subject to appropriation by the legislature. Money obtained from the sale of
10 bonds by the corporation [STUDENT LOAN CORPORATION] under AS 14.42.220
11 may not be appropriated for the payment of interest or the forgiveness of loans.

12 * Sec. 22. AS 14.43.120(u), as amended by sec. 14, ch. 5, SLA 1996, is amended to read:

13 (u) The corporation [COMMISSION] by regulation shall set a loan origination
14 fee, not to exceed five percent of the total [SCHOLARSHIP] loan amount, to be assessed
15 upon a [SCHOLARSHIP] loan that is funded from the student loan fund of the
16 corporation [ALASKA STUDENT LOAN CORPORATION]. The loan origination fee
17 shall be deducted at the time the loan is disbursed. Subject to appropriation, the loan
18 origination fees shall be deposited into an origination fee account within the student loan
19 fund of the corporation [ALASKA STUDENT LOAN CORPORATION], and
20 subsequently used by the corporation to offset losses incurred as a result of death,
21 disability, default, or bankruptcy of the borrower.

22 * Sec. 23. AS 14.43.120(v) is amended to read:

23 (v) In determining a rate of interest under (f)(2) of this section,

24 (1) the corporation [COMMISSION] shall use a method that ensures that
25 the rate of interest is as low as possible without precluding the ability of the corporation
26 [COMMISSION] to administer loans made under AS 14.43.100 - 14.43.160
27 [AS 14.43.090 - 14.43.160]; and

28 (2) the total amount charged for administrative costs of the student loan
29 program may not exceed two and one-half percent above the amount determined under
30 (f)(1) of this section.

31 * Sec. 24. AS 14.43.122(a) is amended to read:

1 (a) The corporation [COMMISSION] may offer the option of consolidating
2 into a single loan

3 (1) multiple loans made to a borrower who has received more than one
4 loan under this chapter [THE OPTION OF CONSOLIDATING THE MULTIPLE
5 LOANS INTO A SINGLE LOAN]; or

6 (2) [TO CONSOLIDATE] loans made to married borrowers if the married
7 borrowers agree to be jointly and severally liable for repayment of the consolidated loan
8 [,] regardless of the borrowers' future marital status or the death of one of the borrowers.

9 * Sec. 25. AS 14.43.125(a), as amended by sec. 15, ch. 5, SLA 1996, is amended to read:

10 (a) A person may apply for and obtain a student [SCHOLARSHIP] loan if the
11 person

12 (1) is

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

15 (B) enrolled as a half-time student in a career education, associate,
16 baccalaureate, or graduate degree program

17 (i) in the state; or

18 (ii) out of the state and is physically present in this state
19 while attending that program; or

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

23 (2) is not delinquent or in default on a previously awarded student
24 [SCHOLARSHIP] loan; and

25 (3) is a resident of the state at the time of application for the loan; for
26 purposes of this section, a person qualifies as a resident of the state if at the time of
27 application for the loan the person

28 (A) has been physically present in the state for at least one year
29 immediately before the time of application for the loan;

30 (B) is dependent on a parent or guardian for care, the parent or
31 guardian has been present in the state for at least one year immediately before the

1 time of application for the loan, and the person has been present in the state for
2 at least one year of the immediately preceding five years, except that the
3 corporation [COMMISSION] may by a two-thirds vote, acting upon a written
4 appeal by the person, grant an exemption to the requirement that the person has
5 been present in the state for one year of the immediately preceding five years;

6 (C) has been physically present in the state for at least one year
7 immediately before the applicant was absent from the state and the absence is due
8 solely to

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

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

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

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

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

20 (vi) an absence allowed under (D)(i)-(iv) of this
21 paragraph; or

22 (D) is a dependent of a parent or guardian who has been
23 physically present in the state for at least one year immediately before the parent
24 or guardian was absent from the state and the absence is due solely to;

25 (i) participating in a foreign exchange student program
26 recognized by the corporation [COMMISSION];

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

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

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

31 (v) being a person who otherwise qualifies as a resident

1 and is accompanying a spouse who qualifies as a resident under (i) - (iv)
2 of this paragraph;

3 (4) does not have a past due child support obligation established by court
4 order or by the child support enforcement division under AS 25.27.160 - 25.27.220 at the
5 time of application; and

6 (5) has not, within the previous five years, had a [SCHOLARSHIP] loan
7 discharged or written off by the corporation or the former Alaska Commission on
8 Postsecondary Education [COMMISSION] for any reason.

9 * Sec. 26. AS 14.43.125(c), as amended by sec. 16, ch. 5, SLA 1996, is amended to read:

10 (c) A person may not be awarded a scholarship loan under AS 14.43.100 -
11 14.43.160 [AS 14.43.090 - 14.43.160] if that person receives a teacher scholarship loan
12 under AS 14.43.600 - 14.43.700 for the same period of attendance.

13 * Sec. 27. AS 14.43.150(a) is amended to read:

14 (a) In a court proceeding regarding a defaulted loan under this chapter in which
15 the court has entered judgment in favor of the corporation or the former Alaska
16 Commission on Postsecondary Education [COMMISSION], the court may, on its own
17 motion or motion of the corporation [COMMISSION], after notice and an opportunity
18 for hearing, order the loan recipient to assign to the corporation [COMMISSION] that
19 portion of salary or wages due the loan recipient currently and in the future in an amount
20 sufficient to pay the amount ordered by the court to be repaid [TO THE COMMISSION].

21 * Sec. 28. AS 14.43.160 is amended to read:

22 Sec. 14.43.160. DEFINITIONS. In AS 14.43.100 - 14.43.160, [AS 14.43.090 -
23 14.43.160]

24 (1) "career education" means a course or program in vocational-technical
25 training or education approved by the corporation that is a half-time program at least
26 12 weeks in length or a full-time program at least six weeks in length
27 [COMMISSION];

28 (2) "federally insured" means a loan covered by the provisions of the
29 Guaranteed Student Loan Program of Title IV, Part B, of the Higher Education Act of
30 1965 (P.L. 89-329), as amended;

31 (3) "full-time student" means an undergraduate or career education student

1 who is enrolled and is in regular attendance at classes for at least 12 semester hours of
2 credit or the equivalent during the semester or a graduate student who is enrolled and is
3 in regular attendance at classes for at least nine semester hours of credit or the equivalent;
4 any combination of semester hours of credit, or the equivalent, aggregating to the requisite
5 number of semester hours and undertaken during a semester at two or more public or
6 private institutions of higher education constitutes full-time student status;

7 (4) "half-time student" means an undergraduate, graduate, or career
8 education student who during the semester is enrolled and is in regular attendance at
9 classes at one or more public or private institutions of higher education for at least a total
10 of six semester credit hours or an equivalent of six semester credit hours, and includes a
11 career education student enrolled and in regular attendance in classes for at least 15 hours
12 a week;

13 (5) "school year" means the period from September 1 of one year through
14 August 31 of the following year;

15 (6) "summer term" means the period from June 1 - August 31.

16 * Sec. 29. AS 14.43.255(a) is amended to read:

17 (a) There is created a memorial scholarship revolving loan fund to be
18 administered by the corporation. The fund shall be used to provide educational
19 scholarship loans to students selected under AS 14.43.250 - 14.43.325. Repayments
20 [UNLESS THE INSTRUMENT EVIDENCING THE MEMORIAL SCHOLARSHIP
21 LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA STUDENT LOAN
22 CORPORATION, REPAYMENTS] of a loan shall be deposited into the memorial
23 scholarship revolving loan fund and shall be used to make new loans.

24 * Sec. 30. AS 14.43.300(g), as amended by sec. 18, ch. 5, SLA 1996, is amended to read:

25 (g) The corporation [COMMISSION] by regulation shall set a loan origination
26 fee, not to exceed five percent of the total memorial scholarship loan amount, to be
27 assessed upon a memorial scholarship loan. The loan origination fee shall be deducted
28 at the time the loan amount is disbursed. The [SUBJECT TO APPROPRIATION, THE]
29 loan origination fee shall be deposited into a origination fee account within the memorial
30 scholarship revolving loan fund, and subsequently transferred by the corporation
31 [COMMISSION] to the appropriate memorial scholarship accounts within the memorial

1 scholarship revolving loan fund to offset losses incurred due to loan debt cancellation as
2 a result of death, disability, default, or bankruptcy of the borrower [STUDENT].

3 * Sec. 31. AS 14.43.305(i) is amended to read:

4 (i) To the extent they are not in conflict with terms and conditions under
5 AS 14.43.250 - 14.43.325, the terms and conditions of a memorial scholarship loan made
6 under AS 14.43.250(b)(5) are the same as the terms and conditions for a scholarship loan
7 under AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160], except that the interest on
8 the loan is equal to five percent.

9 * Sec. 32. AS 14.43.320(b) is amended to read:

10 (b) To the extent that they are not in conflict with the provisions of AS 14.43.250
11 - 14.43.325, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160]
12 relating to scholarship loans are applicable to loans made under AS 14.43.250 -
13 14.43.325.

14 * Sec. 33. AS 14.43.405(b) is amended to read:

15 (b) To the extent that they are not in conflict with the provisions of AS 14.43.400
16 - 14.43.405, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160]
17 relating to student financial aid are applicable to the grants made under AS 14.43.400 -
18 14.43.500.

19 * Sec. 34. AS 14.43.410 is amended to read:

20 Sec. 14.43.410. DISTRIBUTION OF FUNDS. The funds appropriated for the
21 educational incentive grant program shall be allocated to eligible students in accordance
22 with the provisions of the federal state student incentive grant program and regulations
23 adopted under AS 14.42.200 and AS 14.43.405 [AS 14.43.105 AND 14.43.405].

24 * Sec. 35. AS 14.43.415 is amended to read:

25 Sec. 14.43.415. ELIGIBILITY; PRIORITY. (a) A student may apply for an
26 educational incentive grant if the student

27 (1) is a resident of Alaska;

28 (2) is [EITHER]

29 (A) enrolled as a full-time undergraduate student in a degree
30 program in an accredited postsecondary educational institution; or

31 (B) eligible to be admitted to an accredited postsecondary

1 educational institution; and

2 (3) establishes financial need in accordance with standards for determining
3 financial need adopted by the corporation [COMMISSION] under 20 U.S.C. 1070c-2.

4 (b) The corporation [COMMISSION] shall adopt regulations to [, BY
5 REGULATION,] establish a system of priority in the selection of recipients of grants
6 under AS 14.43.400 - 14.43.500 under which students from "low income" families or
7 whose incomes are considered "low income" shall be given preference in the award of the
8 educational incentive grants.

9 * Sec. 36. AS 14.43.620(a) is amended to read:

10 (a) The [THERE IS CREATED A] teacher scholarship revolving loan account
11 is created within the student loan fund (AS 14.42.210). The account [FUND] shall be
12 used to make scholarship loans to students selected under AS 14.43.600 - 14.43.700.
13 Repayments [UNLESS THE INSTRUMENT EVIDENCING THE TEACHER
14 SCHOLARSHIP LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA
15 STUDENT LOAN CORPORATION, REPAYMENTS] of principal and interest on a
16 teacher scholarship loan shall be paid into the teacher scholarship revolving loan account
17 [FUND] and shall be used to make new teacher scholarship loans. If estimated funds
18 available are inadequate to fully fund estimated teacher scholarship loans for any fiscal
19 year, additional funding from the general fund may be requested and appropriated for that
20 year

21 * Sec. 37. AS 14.43.630(a) is amended to read:

22 (a) [THE TEACHER SCHOLARSHIP LOAN PROGRAM SHALL BE
23 ADMINISTERED BY THE COMMISSION IN ACCORDANCE WITH
24 REGULATIONS ADOPTED BY THE COMMISSION.] The corporation
25 [COMMISSION] shall

26 (1) annually allocate the [LOAN AWARDS] available [FOR] teacher
27 scholarship loans awards [ANNUALLY] to local school boards giving a preference to
28 rural school districts; and

29 (2) [DEVELOP AND] distribute to the local school boards an application
30 form for teacher scholarship loans; [THE FORM MUST INCLUDE A REQUIREMENT
31 THAT] the applicant must provide [SUPPLY] a high school academic transcript and a

1 statement of intent to enter a teaching career at the elementary or secondary school level
2 in the state.

3 * Sec. 38. AS 14.43.650(a) is amended to read:

4 (a) To be eligible for a teacher scholarship loan, a student must

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

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

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

11 (4) submit to the local school board an application on a form provided
12 by the corporation [COMMISSION] under AS 14.43.630(a)(2); an application may be
13 submitted six months before graduation from high school; and

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

17 * Sec. 39. AS 14.43.650(c), as amended by sec. 20, ch. 5, SLA 1996, is amended to read:

18 (c) A student may not be awarded a teacher scholarship loan under AS 14.43.500
19 - 14.43.700 if the student receives a student [SCHOLARSHIP] loan under AS 14.43.100 -
20 14.43.160 [AS 14.43.090 - 14.43.160] for the same period of attendance.

21 * Sec. 40. AS 14.43.720(a) is amended to read:

22 (a) The family education loan account is created within the student
23 [SCHOLARSHIP REVOLVING] loan fund (AS 14.42.210 [AS 14.43.090]). The account
24 shall be used to make family education loans to families selected under AS 14.43.710 -
25 14.43.790, to pay the costs of collecting family education loans that are in default if those
26 costs are not recovered from the family, and to pay the costs of administering the account.
27 Repayments [UNLESS THE INSTRUMENT EVIDENCING THE FAMILY
28 EDUCATION LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA
29 STUDENT LOAN CORPORATION, REPAYMENTS] of principal and interest on family
30 education loans shall be paid into the family education loan account. If estimated funds
31 available from family education loan repayments are inadequate to fully fund estimated

1 family education loans in a fiscal year, additional funding from the general fund may be
2 requested and appropriated for that year.

3 * Sec. 41. AS 14.43.740(d) is amended to read:

4 (d) A borrower's obligation to commence repayment [REPAYMENT] of the
5 principal and interest on a family education loan [MADE UNDER AS 14.43.710 -
6 14.43.790] begins on the first of the month immediately following loan disbursement.
7 The loan may be cancelled without prejudice at any time before actual disbursement. The
8 borrower shall repay [LOAN SHALL PROVIDE FOR REPAYMENT OF] the total
9 amount owed in periodic installments over a period of [IN] not more than 10 years from
10 the commencement of the repayment obligation. If the corporation [COMMISSION]
11 and the borrower agree to a different repayment schedule, the borrower shall repay the
12 loan in accordance with the agreement. The borrower may make payments earlier
13 than required by this section or the agreement.

14 * Sec. 42. AS 14.43.990 is repealed and reenacted to read:

15 Sec. 14.43.990. DEFINITION. In this chapter, "corporation" means the Alaska
16 Student Loan Corporation.

17 * Sec. 43. AS 14.44.035 is amended to read:

18 Sec. 14.44.035. ADMINISTRATION. The Alaska Student Loan Corporation
19 [COMMISSION ON POSTSECONDARY EDUCATION] shall administer the state's
20 participation in the Western Regional Higher Education Compact.

21 * Sec. 44. AS 14.48 is amended by adding a new section to read:

22 Sec. 14.48.035. ALASKA POSTSECONDARY EDUCATION COMMISSION.

23 (a) The Alaska Postsecondary Education Commission is created in the department
24 consisting of the voting members of the Alaska Student Loan Corporation under
25 AS 14.42.120. The public members are subject to confirmation by the legislature and
26 serve at the pleasure of the governor for four-year staggered terms.

27 (b) Members of the commission serve without compensation, but the members
28 who are not state employees are entitled to per diem and travel expenses authorized for
29 boards and commissions under AS 39.20.180.

30 (c) The commission shall elect a chair from among its membership at its annual
31 meeting each year. A majority of the members constitute a quorum for organizing the

1 commission, conducting its business, and exercising the powers of the commission.

2 (d) The employees of the department shall serve as staff to the commission.

3 * Sec. 45. AS 14.48.040 is amended to read:

4 Sec. 14.48.040. COMMISSION TO ADMINISTER CHAPTER. The Alaska
5 Commission on Postsecondary Education shall administer this chapter [AND MAY HIRE
6 NECESSARY PERSONNEL]. The commission may obtain from departments,
7 commissions, and other state agencies information and assistance needed to carry out the
8 provisions of this chapter.

9 * Sec. 46. AS 14.48.050 is amended by adding new subsections to read:

10 (b) The commission has the following advisory functions to the governing boards
11 of higher education institutions in this state, the governor, the legislature, and other
12 appropriate state and federal officials:

13 (1) coordinate the development or the start of comprehensive plans for the
14 orderly systematic growth of public and private postsecondary education, including
15 community colleges and occupational education, and submit recommendations on the need
16 for, and location of, new facilities and programs; and

17 (2) advise as to the functions and purposes of the public and private
18 colleges and universities in the state and counsel as to the programs appropriate to each.

19 (c) The commission may

20 (1) require the institutions of public and private higher education and other
21 institutions of postsecondary education in the state to submit data on costs, selection and
22 retention of students, enrollments, plant capacities and use, and other matters pertinent to
23 effective planning and coordination, and shall furnish information concerning these matters
24 to the governor, the legislature, and other state and federal agencies as requested;

25 (2) establish task forces, committees, or subcommittees, not necessarily
26 consisting of commission members or employees, to advise and assist the commission in
27 carrying out its functions assigned by this chapter and federal statute; the commission may
28 contract with, or use, existing institutions of higher education or other individuals or
29 organizations to make studies, conduct surveys, submit recommendations, or otherwise
30 contribute to the work of the commission.

31 * Sec. 47. AS 14.48.090 is repealed and reenacted to read:

1 Sec. 14.48.090. FEES. The commission shall adopt regulations that establish the
2 amount and manner of payment of fees for applications, authorizations, permits, and
3 renewals under this chapter.

4 * Sec. 48. AS 14.48.120 is amended by adding a new subsection to read:

5 (d) In addition to the sanctions imposed under (a) of this section, the commission
6 may assess a civil fine, not to exceed \$5,000, for costs of investigating and adjudicating
7 a matter under this chapter.

8 * Sec. 49. AS 39.05.100(a) is amended to read:

9 (a) A person appointed to a board or commission of the state government shall
10 be and have been before the last general election, (1) a registered voter in the state, if the
11 appointment is made at large or (2) a registered voter from the judicial district, if the
12 appointment is made from a specific judicial district. The student member of the Board
13 of Regents of the University of Alaska appointed under AS 14.40.150(b), the student
14 member of the Alaska Student Loan Corporation [COMMISSION ON
15 POSTSECONDARY EDUCATION] appointed under AS 14.42.120 [AS 14.42.015(e)],
16 and a member of the Alaska Human Relations Commission appointed under
17 AS 44.19.600, are exempt from the requirement of this subsection if the member was not
18 old enough to be a registered voter in the last general election.

19 * Sec. 50. AS 39.25.110(11) is amended to read:

20 (11) the officers and employees of the following boards, commissions, and
21 authorities:

22 (A) [REPEALED

23 (B)] Alaska Permanent Fund Corporation;

24 ~~(B)~~ [(C)] Alaska Industrial Development and Export Authority;

25 ~~(C)~~ [(D)] Alaska Commercial Fisheries Entry Commission;

26 ~~(D)~~ [(E)] Alaska Student Loan Corporation [COMMISSION ON

27 POSTSECONDARY EDUCATION];

28 ~~(E)~~ [(F)] Alaska Aerospace Development Corporation;

29 * Sec. 51. AS 39.50.200(b)(32) is amended to read:

30 (32) Alaska Commission on Postsecondary Education (AS 14.48.035)

31 [(AS 14.42.015)];

1 * Sec. 52. AS 39.50.200(b) is amended by adding a new paragraph to read:

2 (56) Alaska Student Loan Corporation (AS 14.42.100).

3 * Sec. 53. AS 43.23.067(a) is amended to read:

4 (a) AS 09.38 does not apply to permanent fund dividends taken under
5 AS 14.43.120(i). Notwithstanding AS 09.35, the Alaska Student Loan Corporation may
6 take a permanent fund dividend [EXECUTION ON A CLAIM] under AS 14.43.120(i)
7 [IS ACCOMPLISHED] by delivering a certified claim to the department containing the
8 following information:

9 (1) the name and social security number of the individual whose dividend
10 is being claimed;

11 (2) the amount the individual owes on the scholarship loan; and

12 (3) a statement that

13 (A) a [THE] debt for at least the amount claimed has not been
14 contested, or, if contested, that the issue has been resolved in favor of the Alaska
15 Student Loan Corporation [COMMISSION ON POSTSECONDARY
16 EDUCATION]; and

17 (B) if the debt has been contested and resolved in favor of the
18 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
19 EDUCATION], no appeal is pending, the time limit for filing an appeal has
20 expired, or the appeal has been resolved in favor of the commission.

21 * Sec. 54. AS 43.23.067(b) is amended to read:

22 (b) The Alaska Student Loan Corporation [COMMISSION ON
23 POSTSECONDARY EDUCATION] shall notify the individual of a claim under (a) of
24 this section. The notice shall be sent to the address provided in the individual's permanent
25 fund dividend application and must provide the following information:

26 (1) the amount of the claim; and

27 (2) notice that the amount of the permanent fund dividend that does not
28 exceed the amount of the claim shall be paid to the Alaska Student Loan Corporation
29 [COMMISSION ON POSTSECONDARY EDUCATION] unless the commission releases
30 the claim or the individual requests a hearing within 30 days after the date the notice is
31 sent by the commission.

1 * Sec. 55. AS 14.42.010, 14.42.015, 14.42.020, 14.42.025, 14.42.030, 14.42.035, 14.42.040,
2 14.42.045, 14.42.050, 14.42.055, 14.42.170, 14.42.200(18), 14.42.210(c); AS 14.43.090,
3 14.43.105, 14.43.255(c), 14.43.320(a), 14.43.405(a), 14.43.620(b), and 14.43.720(b) are repealed.

4 * Sec. 56. TRANSITIONAL PROVISION: TEMPORARY FEE SCHEDULE FOR
5 CERTAIN ACTIVITIES RELATED TO POSTSECONDARY EDUCATIONAL
6 INSTITUTIONS AND AGENTS. Until a new fee schedule is adopted by regulation to
7 implement the changes made by sec. 47 of this Act, the commission may charge the fees set out
8 in the following schedule for an authorization to operate an institution in this state and for an
9 agent's permit related to activities for postsecondary educational institutions:

- | | | |
|----|---|--------|
| 10 | (1) authorization to operate | \$100; |
| 11 | (2) renewal of authorization to operate | \$100; |
| 12 | (3) an agent's permit | \$ 50; |
| 13 | (4) renewal of an agent's permit | \$ 50. |

14 * Sec. 57. TRANSITION. (a) The terms of the members of the Alaska Commission on
15 Postsecondary Education terminate on the effective date of sec. 1 of this Act. The governor may
16 appoint to the Alaska Student Loan Corporation a person who has served on the Alaska
17 Commission on Postsecondary Education and who meets the qualifications of AS 14.42.120, as
18 repealed and reenacted by this Act. The terms of public persons initially appointed to the Alaska
19 Student Loan Corporation must be set as provided in AS 39.05.055.

20 (b) Litigation, hearings, investigations, and other proceedings pending under a law
21 amended or repealed by this Act, or in connection with functions transferred by this Act, continue
22 in effect and may be continued and completed notwithstanding a transfer or amendment or repeal
23 provided for in this Act.

24 (c) Regulations adopted by the Alaska Commission on Postsecondary Education under
25 authority of AS 14.43 remain in effect until regulations adopted by the Alaska Student Loan
26 Corporation under that chapter, as amended by this Act, take effect. The Alaska Student Loan
27 Corporation may implement and enforce commission regulations until the regulations of the
28 corporation take effect. Notwithstanding sec. 59 of this Act, the Alaska Student Loan Corporation
29 may immediately proceed to adopt regulations necessary to implement the changes made by this
30 Act to AS 14.43. The regulations take effect under AS 44.62 (Administrative Procedure Act),
31 but not before the effective date of sec. 1 of this Act.

1 (d) Regulations adopted under the authority of AS 14.48 by the Alaska Commission on
2 Postsecondary Education, as constituted before July 1, 1996, remain in effect. Notwithstanding
3 sec. 59 of this Act, the commission may immediately proceed to adopt regulations necessary to
4 implement the changes made by this Act to AS 14.48. The regulations take effect under
5 AS 44.62 (Administrative Procedure Act), but not before the effective date of sec. 1 of this Act.

6 (e) Contracts, rights, liabilities, notes, or other obligations created by or under a section
7 of AS 14.43 amended or repealed by this Act, and in effect on June 30, 1996, remain in effect
8 notwithstanding this Act, with all contracts, rights, liabilities, notes, or other obligations created
9 by or under a section of AS 14.43 amended or repealed by this Act becoming contracts, rights,
10 liabilities, notes, or other obligations of the Alaska Student Loan Corporation.

11 (f) Records, equipment, appropriations, and other property of agencies of the state whose
12 functions are transferred under this Act shall be transferred to implement the provisions of this
13 Act.

14 (g) An individual who is an employee of the Alaska Commission on Postsecondary
15 Education on June 30, 1996, becomes an employee of the Alaska Student Loan Corporation on
16 July 1, 1996.

17 (h) Employees of the Alaska Student Loan Corporation who were, on June 30, 1996,
18 employees of the Alaska Commission on Postsecondary Education, are no longer eligible to
19 accrue credited service under AS 14.25.

20 * Sec. 58. Section 57(c) and (d) take effect immediately under AS 01.10.070(c).

21 * Sec. 59. Except as provided in sec. 58 of this Act, this Act takes effect July 1, 1996.

9-LS1748\K

Ford

3/27/96

CS FOR HOUSE BILL NO. 535(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to postsecondary education; and providing for an effective
2 date."

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

4 * Section 1. AS 08.02.025(a) is amended to read:

5 (a) A person licensed under this title shall comply with the student loan
6 repayment provisions under AS 14.43 that are applicable to the person.
7 Notwithstanding another provision of law, a license issued to a person under this title
8 may not be renewed if the licensee [BORROWER] and the department
9 [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] have
10 received notice from the Alaska Student Loan Corporation [COMMISSION ON
11 POSTSECONDARY EDUCATION] that the licensee is in default on a student loan
12 provided to the licensee. This action may be taken no sooner than 60 days after the
13 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
14 EDUCATION] has notified the licensee [BORROWER] of the default status of the

1 loan as provided under AS 14.43.120(i). If a licensee's [AN] appeal of a
2 determination of default status is pending [ON BEHALF OF THE LICENSEE], the
3 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
4 EDUCATION] shall notify the department and the department [RENEWAL] may not
5 deny renewal [BE DENIED] under this section until and unless the [APPEAL HAS
6 BEEN CONCLUDED AND THE] default status has been affirmed on appeal. The
7 denial [DENIAL] of renewal of a license shall continue until the department
8 [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] receives
9 notice from the Alaska Student Loan Corporation [COMMISSION ON
10 POSTSECONDARY EDUCATION] that the licensee is no longer in default on the
11 student loan.

12 * Sec. 2. AS 14.40.170(b) is amended to read:

13 (b) The Board of Regents may

14 (1) adopt reasonable rules, orders, and plans with reasonable penalties for
15 the good government of the university and for the regulation of the Board of Regents;

16 (2) determine and regulate the course of instruction in the university with
17 the advice of the president;

18 (3) set student tuition and fees;

19 (4) receive and spend university receipts in accordance with AS 37.07
20 [[THE] Executive Budget Act];

21 (5) enter into agreements with government or postsecondary
22 education officials of this state or other states to provide postsecondary educational
23 services and programs to residents of this state pursuing a medical education; an
24 agreement with another state must be limited to services and programs that are
25 unavailable in this state [(AS 37.07)].

26 * Sec. 3. AS 14.42.100 is amended to read:

27 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN
28 CORPORATION. The [THERE IS CREATED THE] Alaska Student Loan
29 Corporation is created as [. THE CORPORATION IS] a public corporation and
30 government instrumentality within the Department of Revenue [EDUCATION] but
31 having a legal existence independent of and separate from the state. The corporation
32 may not be terminated as long as it has outstanding bonds, notes, or other obligations

1 [OUTSTANDING]. Upon termination of the corporation, its rights and property pass
2 to the state.

3 * Sec. 4. AS 14.42.120 is repealed and reenacted to read:

4 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corporation
5 shall be governed by a board of directors consisting of the commissioner of revenue, the
6 commissioner of administration, a person representing the department appointed by the
7 governor, and four members of the public appointed by the governor. The governor's
8 appointees shall serve at the pleasure of the governor for four-year staggered terms.

9 (b) Two members of the legislature shall serve as ex officio nonvoting members
10 of the board of directors. The two ex officio nonvoting members shall include one
11 member of the senate appointed by the president of the senate and one member of the
12 house appointed by the speaker of the house of representatives.

13 (c) A full-time postsecondary student shall serve as a nonvoting member of the
14 board of directors. The governor shall appoint the student member from a list of
15 nominees within 60 days after it is submitted. The list must consist of the names of two
16 nominees from Alaska Pacific University, two nominees from Sheldon Jackson College,
17 and two nominees from each campus of the University of Alaska. The nominees shall
18 be selected from a student election held on each campus. Elections under this subsection
19 shall be held concurrently with student regent elections required under AS 14.40.150(b)
20 and conducted under rules established by the Office of the Governor. The term of office
21 of the student member is two years beginning June 1 of the year in which the appointment
22 is made. Membership on the corporation is immediately forfeited by a student member
23 who ceases to be a full-time student. Within 60 days after a vacancy occurs, the governor
24 shall appoint a successor from those students appearing on the list of nominees to serve
25 for the unexpired term of the original appointee. The term "campus" used in this
26 subsection means a portion of the University of Alaska designated as a "campus" by the
27 Board of Regents.

28 (d) A governing body member, trustee, official, or employee of a public, private,
29 or proprietary institution of postsecondary or higher education in the state may not be
30 appointed to membership on the corporation as representative of the general public for the
31 purpose of (a) of this section.

1 (e) Members of the board serve without compensation, but the voting members
2 who are not state employees and the student member are entitled to per diem and travel
3 expenses authorized for boards and commissions under AS 39.20.180.

4 (f) Each year, the board shall elect a chair from among its voting membership.
5 A majority of the voting members constitute a quorum for organizing the board,
6 conducting board business, and exercising the powers of the corporation.

7 * Sec. 5. AS 14.42.160 is repealed and reenacted to read:

8 Sec. 14.42.160. EXECUTIVE OFFICER AND STAFF; ADMINISTRATION.

9 (a) The corporation may appoint an executive director as the corporation's executive
10 officer. The executive officer is a member of the exempt service under AS 39.25.110,
11 serves at the pleasure of the corporation, and receives compensation fixed by the
12 corporation. The executive officer appoints persons to the staff positions authorized by
13 the corporation, and staff compensation is fixed by the corporation. Each employee of
14 the corporation shall participate as a member of the public employees' retirement system
15 (AS 39.35).

16 (b) The corporation is not a division in the Department of Revenue. The
17 corporation, members of the corporation, the executive officer, and staff are in the
18 Department of Revenue for administrative support services only, and they are not subject
19 to the direction of the commissioner of revenue.

20 (c) Subject to review by the corporation, the executive director shall administer
21 the student loan and grant program under AS 14.43.

22 * Sec. 6. AS 14.42 is amended by adding a new section to read:

23 Sec. 14.42.180. LEGAL COUNSEL. (a) The attorney general is legal counsel
24 for the corporation. The attorney general shall advise the corporation in legal matters
25 arising in the discharge of its duties and represent the corporation in actions to which it
26 is a party. If, in the opinion of the corporation, the public interest is not adequately
27 represented by counsel in a proceeding, the attorney general, upon request of the
28 corporation, shall represent the public interest.

29 (b) The corporation may employ temporary legal counsel from time to time in
30 matters in which the corporation is involved.

31 * Sec. 7. AS 14.42 is amended by adding a new section to read:

1 Sec. 14.42.195. FUNCTIONS OF THE CORPORATION. (a) The corporation
2 shall administer the student loan fund under AS 14.42.210 and the student loan and grant
3 programs under AS 14.43.

4 (b) The corporation may adopt regulations under AS 44.62 (Administrative
5 Procedure Act) to carry out the purposes of AS 14.43.

6 * Sec. 8. AS 14.42.200(10) is amended to read:

7 (10) gather information on student loans available to residents of Alaska
8 and disseminate the information to reasonably assure that qualified residents are aware of
9 financial resources available to those attending or desiring to attend institutions for which
10 loans may be made under AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325],
11 14.43.600 - 14.43.700, or 14.43.710 - 14.43.790;

12 * Sec. 9. AS 14.42.210(a) is amended to read:

13 (a) The student loan fund is established in the corporation. The student loan fund
14 is a trust fund to be used to carry out the purposes of AS 14.42.100 - 14.42.390,
15 AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325], 14.43.600 - 14.43.700, and
16 14.43.710 - 14.43.790. The fund consists of money or assets appropriated or transferred
17 to the corporation for the fund and money or assets deposited in it by the corporation.
18 The corporation may establish separate accounts in the fund and shall establish separate
19 accounts for the teacher scholarship revolving loan account under AS 14.43.620 and
20 the family education loan account under AS 14.43.720.

21 * Sec. 10. AS 14.42.210(b) is amended to read:

22 (b) Money and other assets of the student loan fund may be used to secure bonds
23 of the corporation, invested in student loans and investments under AS 37.10.071, and
24 used to make [PURCHASE] loans approved under AS 14.43.090 - 14.43.325, 14.43.600 -
25 14.43.700, or 14.43.710 - 14.43.790.

26 * Sec. 11. AS 14.43.100 is amended to read:

27 Sec. 14.43.100. APPLICATIONS. (a) Applications shall be submitted to the
28 executive director of the corporation [COMMISSION].

29 (b) A person whose loan application is not approved by the executive director of
30 the corporation [COMMISSION] may appeal to the corporation [COMMISSION] and
31 the corporation [COMMISSION] shall consider the application.

1 the corporation [COMMISSION] shall consider the application.

2 * Sec. 12. AS 14.43.110, as amended by sec. 1, ch. 5, SLA 1996, is amended to read:

3 Sec. 14.43.110. STUDENT LOANS. (a) In a school year, the corporation
4 [COMMISSION] may make a loan not to exceed

5 (1) \$8,500 to a full-time undergraduate student or \$4,500 [\$5,000] to a
6 half-time undergraduate student attending a college or university if the full- or half-time
7 student is otherwise eligible under AS 14.43.125;

8 (2) \$9,500 to a full-time graduate student or \$5,000 [\$4,500] to a
9 half-time graduate student attending a college or university if the full- or half-time
10 graduate student is otherwise eligible under AS 14.43.125;

11 (3) \$5,500 to a full-time student or \$2,000 to a half-time student if the
12 full- or half-time student is attending a career education program [THAT IS AT LEAST
13 SIX WEEKS IN LENGTH] and is otherwise eligible under AS 14.43.125.

14 (b) The corporation [COMMISSION] may make a loan for a summer term, even
15 if the total loan for the school year exceeds the limit imposed under (a) of this section if
16 the loan for the summer term is counted against the limit imposed under (a) of this section
17 for the following school year.

18 (c) The corporation [COMMISSION] shall adopt regulations establishing a
19 minimum amount for which a loan may be made.

20 * Sec. 13. AS 14.43.120(b), as amended by sec. 3, ch. 5, SLA 1996, is amended to read:

21 (b) Scholarship loans may only be used to attend a

22 (1) career education program operating on a sound fiscal basis that has

23 (A) operated for two years before the borrower attends; and

24 (B) submitted an executed program participation agreement as
25 required by the corporation [COMMISSION]; or

26 (2) a college or university that

27 (A) has operated for at least two years before the borrower
28 attends;

29 (B) is accredited by a national or regional accreditation association
30 recognized by the Council on Recognition of Postsecondary Accreditation or is
31 approved by the corporation [COMMISSION];

1 States Secretary of Education;

2 (D) is a degree granting institution; and

3 (E) has submitted an executed program participation agreement as
4 required by the corporation [COMMISSION].

5 * Sec. 14. AS 14.43.120(c), as amended by sec. 4, ch. 5, SLA 1996, is amended to read:

6 (c) To maintain a loan awarded to a full-time student, the student must continue
7 to be enrolled as a full-time student in good standing in a career education program,
8 college, or university that meets the requirements under (b) of this section. To maintain
9 a loan awarded to a half-time student, the student must continue to be enrolled as a half-
10 time student in good standing in (1) a career education program, college, or university in
11 the state that meets the requirements under (b) of this section, or (2) a career education
12 program, college, or university that meets the requirements under (b) of this section, and
13 be physically present in this [THE] state while attending the career education program,
14 college, or university. The corporation [COMMISSION] shall adopt regulations defining
15 "good standing" for purposes of this subsection.

16 * Sec. 15. AS 14.43.120(d), as amended by sec. 4, ch. 5, SLA 1996, is amended to read:

17 (d) Scholarship loans may not be made to a student

18 (1) for more than a total of \$42,500 for undergraduate study;

19 (2) for more than a total of \$47,500 for graduate study;

20 (3) for more than a combined total of \$60,000 for undergraduate and
21 graduate study;

22 (4) to attend an institution, if the total amount of scholarship loans made
23 to students to attend that institution exceeds \$100,000 and the default rate on those loans
24 is (A) greater than 20 percent but less than 25 percent, and the institution is unable to
25 reduce its default rate within 24 months after the rate determination; or (B) equal to or
26 greater than 25 percent for two consecutive calendar years; for purposes of this paragraph,
27 the default rate shall annually be determined by the corporation [COMMISSION] from
28 loans required to be repaid under (g) of this section on or after July 1, 1996; if a
29 scholarship loan is refused based on the provisions of this paragraph and, under a
30 subsequent default rate determination [,] an institution's default rate does not exceed the
31 limits established under this paragraph, the corporation [COMMISSION] may not refuse

1 to issue a scholarship loan to attend that institution based on the provisions of this
2 paragraph.

3 * Sec. 16. AS 14.43.120(f) is amended to read:

4 (f) Interest on a loan made under AS 14.43.100 - 14.43.160 [AS 14.43.090 -
5 14.43.160] is equal to the interest rate

6 (1) paid in each year on bonds issued by the corporation [ALASKA
7 STUDENT LOAN CORPORATION] under AS 14.42.220; and

8 (2) necessary to pay the administrative cost of the student loan program
9 that is represented by the loan.

10 * Sec. 17. AS 14.43.120(g), as amended by sec. 6, ch. 5, SLA 1996, is amended to read:

11 (g) A borrower's obligation to commence repayment of the principal and interest
12 on the loan begins six months after the borrower is no longer enrolled under (c) of this
13 section. The borrower shall repay the total amount owed in periodic installments of at
14 least \$50 a month over a period of not more than 15 years from the commencement of
15 the repayment obligation. If the corporation [COMMISSION] and the borrower agree
16 to a different repayment schedule, the borrower shall repay the loan in accordance with
17 the agreement. A borrower may make payments earlier than required by this subsection
18 or the agreement.

19 * Sec. 18. AS 14.43.120(i), as amended by sec. 8, ch. 5, SLA 1996, is amended to read:

20 (i) If a loan is in default, the corporation [COMMISSION]

21 (1) shall notify the borrower that [, IF THE BORROWER HAS AN
22 OCCUPATIONAL LICENSE ISSUED UNDER AS 08, THE LICENSE MAY NOT BE
23 RENEWED UNDER AS 08.02.025 AND THAT] repayment of the remaining balance is
24 accelerated and due and that, if the borrower has an occupational license issued under
25 AS 08, the license may not be renewed under AS 08.02.025, by mailing the borrower
26 a notice at the most recent address provided to the commission by the borrower;

27 (2) may take the borrower's permanent fund dividend under
28 AS 43.23.065(b)(3) to satisfy the balance due on a defaulted loan; and

29 (3) shall provide notice of the default to the Department of Commerce and
30 Economic Development, if the loan recipient is licensed under AS 08.

31 * Sec. 19. AS 14.43.120(m), as amended by sec. 11, ch. 5, SLA 1996, is amended to read:

1 (m) In case of hardship, the corporation [COMMISSION] may extend
2 repayment of a loan for an additional period of up to five years.

3 * Sec. 20. AS 14.43.120(r) is amended to read:

4 (r) The rate of interest, time of payment of an installment of principal or interest,
5 or other loan terms [OF A SCHOLARSHIP LOAN] may be modified if required to
6 establish or maintain tax-exempt status under 26 U.S.C. 103 (Internal Revenue Code of
7 1986), as amended, for the interest on bonds issued by the corporation [ALASKA
8 STUDENT LOAN CORPORATION].

9 * Sec. 21. AS 14.43.120(t), as amended by sec. 13, ch. 5, SLA 1996, is amended to read:

10 (t) Payment of interest under (l) of this section and forgiveness under (s) of this
11 section are subject to appropriation by the legislature. Money obtained from the sale of
12 bonds by the corporation [STUDENT LOAN CORPORATION] under AS 14.42.220
13 may not be appropriated for the payment of interest or the forgiveness of loans.

14 * Sec. 22. AS 14.43.120(u), as amended by sec. 14, ch. 5, SLA 1996, is amended to read:

15 (u) The corporation [COMMISSION] by regulation shall set a loan origination
16 fee, not to exceed five percent of the total [SCHOLARSHIP] loan amount, to be assessed
17 upon a [SCHOLARSHIP] loan that is funded from the student loan fund of the
18 corporation [ALASKA STUDENT LOAN CORPORATION]. The loan origination fee
19 shall be deducted at the time the loan is disbursed. Subject to appropriation, the loan
20 origination fees shall be deposited into an origination fee account within the student loan
21 fund of the corporation [ALASKA STUDENT LOAN CORPORATION], and
22 subsequently used by the corporation to offset losses incurred as a result of death,
23 disability, default, or bankruptcy of the borrower.

24 * Sec. 23. AS 14.43.120(v) is amended to read:

25 (v) In determining a rate of interest under (f)(2) of this section,

26 (1) the corporation [COMMISSION] shall use a method that ensures that
27 the rate of interest is as low as possible without precluding the ability of the corporation
28 [COMMISSION] to administer loans made under AS 14.43.100 - 14.43.160
29 [AS 14.43.090 - 14.43.160]; and

30 (2) the total amount charged for administrative costs of the student loan
31 program may not exceed two and one-half percent above the amount determined under

1 (f)(1) of this section.

2 * Sec. 24. AS 14.43.122(a) is amended to read:

3 (a) The corporation [COMMISSION] may offer the option of consolidating
4 into a single loan

5 (1) multiple loans made to a borrower who has received more than one
6 loan under this chapter [THE OPTION OF CONSOLIDATING THE MULTIPLE
7 LOANS INTO A SINGLE LOAN]; or

8 (2) [TO CONSOLIDATE] loans made to married borrowers if the married
9 borrowers agree to be jointly and severally liable for repayment of the consolidated loan
10 [,] regardless of the borrowers' future marital status or the death of one of the borrowers.

11 * Sec. 25. AS 14.43.125(a), as amended by sec. 15, ch. 5, SLA 1996, is amended to read:

12 (a) A person may apply for and obtain a student [SCHOLARSHIP] loan if the
13 person

14 (1) is

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

17 (B) enrolled as a half-time student in a career education, associate,
18 baccalaureate, or graduate degree program

19 (i) in the state; or

20 (ii) out of the state and is physically present in this state
21 while attending that program; or

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

25 (2) is not delinquent or in default on a previously awarded student
26 [SCHOLARSHIP] loan; and

27 (3) is a resident of the state at the time of application for the loan; for
28 purposes of this section, a person qualifies as a resident of the state if at the time of
29 application for the loan the person

30 (A) has been physically present in the state for at least one year
31 immediately before the time of application for the loan;

1 (B) is dependent on a parent or guardian for care, the parent or
2 guardian has been present in the state for at least one year immediately before the
3 time of application for the loan, and the person has been present in the state for
4 at least one year of the immediately preceding five years, except that the
5 corporation [COMMISSION] may by a two-thirds vote, acting upon a written
6 appeal by the person, grant an exemption to the requirement that the person has
7 been present in the state for one year of the immediately preceding five years;

8 (C) has been physically present in the state for at least one year
9 immediately before the applicant was absent from the state and the absence is due
10 solely to

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

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

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

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

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

22 (vi) an absence allowed under (D)(i)-(iv) of this
23 paragraph; or

24 (D) is a dependent of a parent or guardian who has been
25 physically present in the state for at least one year immediately before the parent
26 or guardian was absent from the state and the absence is due solely to;

27 (i) participating in a foreign exchange student program
28 recognized by the corporation [COMMISSION];

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

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

31 (iv) being a member of or employed full-time by the

1 state's congressional delegation;

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

5 (4) does not have a past due child support obligation established by court
6 order or by the child support enforcement division under AS 25.27.160 - 25.27.220 at the
7 time of application; and

8 (5) has not, within the previous five years, had a [SCHOLARSHIP] loan
9 discharged or written off by the corporation or the former Alaska Commission on
10 Postsecondary Education [COMMISSION] for any reason.

11 * Sec. 26. AS 14.43.125(c), as amended by sec. 16, ch. 5, SLA 1996, is amended to read:

12 (c) A person may not be awarded a scholarship loan under AS 14.43.100 -
13 14.43.160 [AS 14.43.090 - 14.43.160] if that person receives a teacher scholarship loan
14 under AS 14.43.600 - 14.43.700 for the same period of attendance.

15 * Sec. 27. AS 14.43.150(a) is amended to read:

16 (a) In a court proceeding regarding a defaulted loan under this chapter in which
17 the court has entered judgment in favor of the corporation or the former Alaska
18 Commission on Postsecondary Education [COMMISSION], the court may, on its own
19 motion or motion of the corporation [COMMISSION], after notice and an opportunity
20 for hearing, order the loan recipient to assign to the corporation [COMMISSION] that
21 portion of salary or wages due the loan recipient currently and in the future in an amount
22 sufficient to pay the amount ordered by the court to be repaid [TO THE COMMISSION].

23 * Sec. 28. AS 14.43.160 is amended to read:

24 Sec. 14.43.160. DEFINITIONS. In AS 14.43.100 - 14.43.160, [AS 14.43.090 -
25 14.43.160]

26 (1) "career education" means a course or program in vocational-technical
27 training or education approved by the corporation that is a half-time program at least
28 12 weeks in length or a full-time program at least six weeks in length
29 [COMMISSION];

30 (2) "federally insured" means a loan covered by the provisions of the
31 Guaranteed Student Loan Program of Title IV, Part B, of the Higher Education Act of

1 1965 (P.L. 89-329), as amended;

2 (3) "full-time student" means an undergraduate or career education student
3 who is enrolled and is in regular attendance at classes for at least 12 semester hours of
4 credit or the equivalent during the semester or a graduate student who is enrolled and is
5 in regular attendance at classes for at least nine semester hours of credit or the equivalent;
6 any combination of semester hours of credit, or the equivalent, aggregating to the requisite
7 number of semester hours and undertaken during a semester at two or more public or
8 private institutions of higher education constitutes full-time student status;

9 (4) "half-time student" means an undergraduate, graduate, or career
10 education student who during the semester is enrolled and is in regular attendance at
11 classes at one or more public or private institutions of higher education for at least a total
12 of six semester credit hours or an equivalent of six semester credit hours, and includes a
13 career education student enrolled and in regular attendance in classes for at least 15 hours
14 a week;

15 (5) "school year" means the period from September 1 of one year through
16 August 31 of the following year;

17 (6) "summer term" means the period from June 1 - August 31.

18 * Sec. 29. AS 14.43.255(a) is amended to read:

19 (a) There is created a memorial scholarship revolving loan fund to be
20 administered by the corporation. The fund shall be used to provide educational
21 scholarship loans to students selected under AS 14.43.250 - 14.43.325. Repayments
22 [UNLESS THE INSTRUMENT EVIDENCING THE MEMORIAL SCHOLARSHIP
23 LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA STUDENT LOAN
24 CORPORATION, REPAYMENTS] of a loan shall be deposited into the memorial
25 scholarship revolving loan fund and shall be used to make new loans.

26 * Sec. 30. AS 14.43.300(g), as amended by sec. 18, ch. 5, SLA 1996, is amended to read:

27 (g) The corporation [COMMISSION] by regulation shall set a loan origination
28 fee, not to exceed five percent of the total memorial scholarship loan amount, to be
29 assessed upon a memorial scholarship loan. The loan origination fee shall be deducted
30 at the time the loan amount is disbursed. The [SUBJECT TO APPROPRIATION, THE]
31 loan origination fee shall be deposited into a origination fee account within the memorial

1 scholarship revolving loan fund, and subsequently transferred by the corporation
2 [COMMISSION] to the appropriate memorial scholarship accounts within the memorial
3 scholarship revolving loan fund to offset losses incurred due to loan debt cancellation as
4 a result of death, disability, default, or bankruptcy of the borrower [STUDENT].

5 * Sec. 31. AS 14.43.305(i) is amended to read:

6 (i) To the extent they are not in conflict with terms and conditions under
7 AS 14.43.250 - 14.43.325, the terms and conditions of a memorial scholarship loan made
8 under AS 14.43.250(b)(5) are the same as the terms and conditions for a scholarship loan
9 under AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160], except that the interest on
10 the loan is equal to five percent.

11 * Sec. 32. AS 14.43.320(b) is amended to read:

12 (b) To the extent that they are not in conflict with the provisions of AS 14.43.250
13 - 14.43.325, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160]
14 relating to scholarship loans are applicable to loans made under AS 14.43.250 -
15 14.43.325.

16 * Sec. 33. AS 14.43.405(b) is amended to read:

17 (b) To the extent that they are not in conflict with the provisions of AS 14.43.400
18 - 14.43.405, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160]
19 relating to student financial aid are applicable to the grants made under AS 14.43.400 -
20 14.43.500.

21 * Sec. 34. AS 14.43.410 is amended to read:

22 Sec. 14.43.410. DISTRIBUTION OF FUNDS. The funds appropriated for the
23 educational incentive grant program shall be allocated to eligible students in accordance
24 with the provisions of the federal state student incentive grant program and regulations
25 adopted under AS 14.42.200 and AS 14.43.405 [AS 14.43.105 AND 14.43.405].

26 * Sec. 35. AS 14.43.415 is amended to read:

27 Sec. 14.43.415. ELIGIBILITY; PRIORITY. (a) A student may apply for an
28 educational incentive grant if the student

29 (1) is a resident of Alaska;

30 (2) is [EITHER]

31 (A) enrolled as a full-time undergraduate student in a degree

1 program in an accredited postsecondary educational institution; or

2 (B) eligible to be admitted to an accredited postsecondary
3 educational institution; and

4 (3) establishes financial need in accordance with standards for determining
5 financial need adopted by the corporation [COMMISSION] under 20 U.S.C. 1070c-2.

6 (b) The corporation [COMMISSION] shall adopt regulations to [, BY
7 REGULATION,] establish a system of priority in the selection of recipients of grants
8 under AS 14.43.400 - 14.43.500 under which students from "low income" families or
9 whose incomes are considered "low income" shall be given preference in the award of the
10 educational incentive grants.

11 * Sec. 36. AS 14.43.620(a) is amended to read:

12 (a) The [THERE IS CREATED A] teacher scholarship revolving loan account
13 is created within the student loan fund (AS 14.42.210). The account [FUND] shall be
14 used to make scholarship loans to students selected under AS 14.43.600 - 14.43.700.
15 Repayments [UNLESS THE INSTRUMENT EVIDENCING THE TEACHER
16 SCHOLARSHIP LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA
17 STUDENT LOAN CORPORATION, REPAYMENTS] of principal and interest on a
18 teacher scholarship loan shall be paid into the teacher scholarship revolving loan account
19 [FUND] and shall be used to make new teacher scholarship loans. If estimated funds
20 available are inadequate to fully fund estimated teacher scholarship loans for any fiscal
21 year, additional funding from the general fund may be requested and appropriated for that
22 year.

23 * Sec. 37. AS 14.43.630(a) is amended to read:

24 (a) [THE TEACHER SCHOLARSHIP LOAN PROGRAM SHALL BE
25 ADMINISTERED BY THE COMMISSION IN ACCORDANCE WITH
26 REGULATIONS ADOPTED BY THE COMMISSION.] The corporation
27 [COMMISSION] shall

28 (1) annually allocate the [LOAN AWARDS] available [FOR] teacher
29 scholarship loans awards [ANNUALLY] to local school boards giving a preference to
30 rural school districts; and

31 (2) [DEVELOP AND] distribute to the local school boards an application

1 form for teacher scholarship loans; [THE FORM MUST INCLUDE A REQUIREMENT
2 THAT] the applicant must provide [SUPPLY] a high school academic transcript and a
3 statement of intent to enter a teaching career at the elementary or secondary school level
4 in the state.

5 * Sec. 38. AS 14.43.650(a) is amended to read:

6 (a) To be eligible for a teacher scholarship loan, a student must

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

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

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

13 (4) submit to the local school board an application on a form provided
14 by the corporation [COMMISSION] under AS 14.43.630(a)(2); an application may be
15 submitted six months before graduation from high school; and

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

19 * Sec. 39. AS 14.43.650(c), as amended by sec. 20, ch. 5, SLA 1996, is amended to read:

20 (c) A student may not be awarded a teacher scholarship loan under AS 14.43.600
21 - 14.43.700 if the student receives a student [SCHOLARSHIP] loan under AS 14.43.100 -
22 14.43.160 [AS 14.43.090 - 14.43.160] for the same purpose or purpose.

23 * Sec. 40. AS 14.43.720(a) is amended to read:

24 (a) The family education loan account is created within the student
25 [SCHOLARSHIP REVOLVING] loan fund (AS 14.42.210 [AS 14.43.090]). The account
26 shall be used to make family education loans to families selected under AS 14.43.710 -
27 14.43.790, to pay the costs of collecting family education loans that are in default if those
28 costs are not recovered from the family, and to pay the costs of administering the account.
29 Repayments [UNLESS THE INSTRUMENT EVIDENCING THE FAMILY
30 EDUCATION LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA
31 STUDENT LOAN CORPORATION, REPAYMENTS] of principal and interest on family

1 education loans shall be paid into the family education loan account. If estimated funds
2 available from family education loan repayments are inadequate to fully fund estimated
3 family education loans in a fiscal year, additional funding from the general fund may be
4 requested and appropriated for that year.

5 * Sec. 41. AS 14.43.740(d) is amended to read:

6 (d) A borrower's obligation to commence repayment [REPAYMENT] of the
7 principal and interest on a family education loan [MADE UNDER AS 14.43.710 -
8 14.43.790] begins on the first of the month immediately following loan disbursement.
9 The loan may be cancelled without prejudice at any time before actual disbursement. The
10 borrower shall repay [LOAN SHALL PROVIDE FOR REPAYMENT OF] the total
11 amount owed in periodic installments over a period of [IN] not more than 10 years from
12 the commencement of the repayment obligation. If the corporation [COMMISSION]
13 and the borrower agree to a different repayment schedule, the borrower shall repay the
14 loan in accordance with the agreement. The borrower may make payments earlier
15 than required by this section or the agreement.

16 * Sec. 42. AS 14.43.990 is repealed and reenacted to read:

17 Sec. 14.43.990. DEFINITION. In this chapter, "corporation" means the Alaska
18 Student Loan Corporation.

19 * Sec. 43. AS 14.44.035 is amended to read:

20 Sec. 14.44.035. ADMINISTRATION. The Alaska Student Loan Corporation
21 [COMMISSION ON POSTSECONDARY EDUCATION] shall administer the state's
22 participation in the Western Regional Higher Education Compact.

23 * Sec. 44. AS 14.48 is amended by adding a new section to read:

24 Sec. 14.48.035. ALASKA POSTSECONDARY EDUCATION COMMISSION.

25 (a) The Alaska Postsecondary Education Commission is created in the department
26 consisting of the voting members of the Alaska Student Loan Corporation under
27 AS 14.42.120. The public members are subject to confirmation by the legislature and
28 serve at the pleasure of the governor for four-year staggered terms.

29 (b) Members of the commission serve without compensation, but the members
30 who are not state employees are entitled to per diem and travel expenses authorized for
31 boards and commissions under AS 39.20.180.

1 (c) The commission shall elect a chair from among its membership at its annual
2 meeting each year. A majority of the members constitute a quorum for organizing the
3 commission, conducting its business, and exercising the powers of the commission.

4 (d) The employees of the department shall serve as staff to the commission.

5 * Sec. 45. AS 14.48.040 is amended to read:

6 Sec. 14.48.040. COMMISSION TO ADMINISTER CHAPTER. The Alaska
7 Commission on Postsecondary Education shall administer this chapter [AND MAY HIRE
8 NECESSARY PERSONNEL]. The commission may obtain from departments,
9 commissions, and other state agencies information and assistance needed to carry out the
10 provisions of this chapter.

11 * Sec. 46. AS 14.48.050 is amended by adding new subsections to read:

12 (b) The commission has the following advisory functions to the governing boards
13 of higher education institutions in this state, the governor, the legislature, and other
14 appropriate state and federal officials:

15 (1) coordinate the development or the start of comprehensive plans for the
16 orderly systematic growth of public and private postsecondary education, including
17 community colleges and occupational education, and submit recommendations on the need
18 for, and location of, new facilities and programs; and

19 (2) advise as to the functions and purposes of the public and private
20 colleges and universities in the state and counsel as to the programs appropriate to each.

21 (c) The commission may

22 (1) require the institutions of public and private higher education and other
23 institutions of postsecondary education in the state to submit data on costs, selection and
24 retention of students, enrollments, plant capacities and use, and other matters pertinent to
25 effective planning and coordination, and shall furnish information concerning these matters
26 to the governor, the legislature, and other state and federal agencies as requested;

27 (2) establish task forces, committees, or subcommittees, not necessarily
28 consisting of commission members or employees, to advise and assist the commission in
29 carrying out its functions assigned by this chapter and federal statute; the commission may
30 contract with, or use, existing institutions of higher education or other individuals or
31 organizations to make studies, conduct surveys, submit recommendations, or otherwise

1 contribute to the work of the commission.

2 * Sec. 47. AS 14.48.090 is repealed and reenacted to read:

3 Sec. 14.48.090. FEES. The commission shall adopt regulations that establish the
4 amount and manner of payment of fees for applications, authorizations, permits, and
5 renewals under this chapter.

6 * Sec. 48. AS 14.48.120 is amended by adding a new subsection to read:

7 (d) In addition to the sanctions imposed under (a) of this section, the commission
8 may assess a civil fine, not to exceed \$5,000, for costs of investigating and adjudicating
9 a matter under this chapter.

10 * Sec. 49. AS 39.05.100(a) is amended to read:

11 (a) A person appointed to a board or commission of the state government shall
12 be and have been before the last general election, (1) a registered voter in the state, if the
13 appointment is made at large or (2) a registered voter from the judicial district, if the
14 appointment is made from a specific judicial district. The student member of the Board
15 of Regents of the University of Alaska appointed under AS 14.40.150(b), the student
16 member of the Alaska Student Loan Corporation [COMMISSION ON
17 POSTSECONDARY EDUCATION] appointed under AS 14.42.120 [AS 14.42.015(e)],
18 and a member of the Alaska Human Relations Commission appointed under
19 AS 44.19.600, are exempt from the requirement of this subsection if the member was not
20 old enough to be a registered voter in the last general election.

21 * Sec. 50. AS 39.25.110(11) is amended to read:

22 (11) the officers and employees of the following boards, commissions, and
23 authorities:

24 (A) [REPEALED

25 (B)] Alaska Permanent Fund Corporation;

26 (B) [(C)] Alaska Industrial Development and Export Authority;

27 (C) [(D)] Alaska Commercial Fisheries Entry Commission;

28 (D) [(E)] Alaska Student Loan Corporation [COMMISSION ON

29 POSTSECONDARY EDUCATION];

30 (E) [(F)] Alaska Aerospace Development Corporation;

31 * Sec. 51. AS 39.50.200(b)(32) is amended to read:

1 (32) Alaska Commission on Postsecondary Education (AS 14.48.035)
2 [(AS 14.42.015)];

3 * Sec. 52. AS 39.50.200(b) is amended by adding a new paragraph to read:

4 (56) Alaska Student Loan Corporation (AS 14.42.100).

5 * Sec. 53. AS 43.23.067(a) is amended to read:

6 (a) AS 09.38 does not apply to permanent fund dividends taken under
7 AS 14.43.120(i). Notwithstanding AS 09.35, the Alaska Student Loan Corporation may
8 take a permanent fund dividend [EXECUTION ON A CLAIM] under AS 14.43.120(i)
9 [IS ACCOMPLISHED] by delivering a certified claim to the department containing the
10 following information:

11 (1) the name and social security number of the individual whose dividend
12 is being claimed;

13 (2) the amount the individual owes on the scholarship loan; and

14 (3) a statement that

15 (A) a [THE] debt for at least the amount claimed has not been
16 contested, or, if contested, that the issue has been resolved in favor of the Alaska
17 Student Loan Corporation [COMMISSION ON POSTSECONDARY
18 EDUCATION]; and

19 (B) if the debt has been contested and resolved in favor of the
20 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
21 EDUCATION], no appeal is pending, the time limit for filing an appeal has
22 expired, or the appeal has been resolved in favor of the commission.

23 * Sec. 54. AS 43.23.067(b) is amended to read:

24 (b) The Alaska Student Loan Corporation [COMMISSION ON
25 POSTSECONDARY EDUCATION] shall notify the individual of a claim under (a) of
26 this section. The notice shall be sent to the address provided in the individual's permanent
27 fund dividend application and must provide the following information:

28 (1) the amount of the claim; and

29 (2) notice that the amount of the permanent fund dividend that does not
30 exceed the amount of the claim shall be paid to the Alaska Student Loan Corporation
31 [COMMISSION ON POSTSECONDARY EDUCATION] unless the commission releases

1 the claim or the individual requests a hearing within 30 days after the date the notice is
2 sent by the commission. .

3 * Sec. 55. AS 14.42.010, 14.42.015, 14.42.020, 14.42.025, 14.42.030, 14.42.035, 14.42.040,
4 14.42.045, 14.42.050, 14.42.055, 14.42.170, 14.42.200(18), 14.42.210(c); AS 14.43.090,
5 14.43.105, 14.43.255(c), 14.43.320(a), 14.43.405(a), 14.43.620(b), and 14.43.720(b) are repealed.

6 * Sec. 56. TRANSITIONAL PROVISION: TEMPORARY FEE SCHEDULE FOR
7 CERTAIN ACTIVITIES RELATED TO POSTSECONDARY EDUCATIONAL
8 INSTITUTIONS AND AGENTS. Until a new fee schedule is adopted by regulation to
9 implement the changes made by sec. 47 of this Act, the commission may charge the fees set out
10 in the following schedule for an authorization to operate an institution in this state and for an
11 agent's permit related to activities for postsecondary educational institutions:

- | | | |
|----|---|--------|
| 12 | (1) authorization to operate | \$100; |
| 13 | (2) renewal of authorization to operate | \$100; |
| 14 | (3) an agent's permit | \$ 50; |
| 15 | (4) renewal of an agent's permit | \$ 50. |

16 * Sec. 57. TRANSITION. (a) The terms of the members of the Alaska Commission on
17 Postsecondary Education terminate on the effective date of sec. 1 of this Act. The governor may
18 appoint to the Alaska Student Loan Corporation a person who has served on the Alaska
19 Commission on Postsecondary Education and who meets the qualifications of AS 14.42.120, as
20 repealed and reenacted by this Act. The terms of public persons initially appointed to the Alaska
21 Student Loan Corporation must be set as provided in AS 39.05.055.

22 (b) Litigation, hearings, investigations, and other proceedings pending under a law
23 amended or repealed by this Act, or in connection with functions transferred by this Act, continue
24 in effect and may be continued and completed notwithstanding a transfer or amendment or repeal
25 provided for in this Act.

26 (c) Regulations adopted by the Alaska Commission on Postsecondary Education under
27 authority of AS 14.43 remain in effect until regulations adopted by the Alaska Student Loan
28 Corporation under that chapter, as amended by this Act, take effect. The Alaska Student Loan
29 Corporation may implement and enforce commission regulations until the regulations of the
30 corporation take effect. Notwithstanding sec. 59 of this Act, the Alaska Student Loan Corporation
31 may immediately proceed to adopt regulations necessary to implement the changes made by this

1 Act to AS 14.43. The regulations take effect under AS 44.62 (Administrative Procedure Act),
2 but not before the effective date of sec. 1 of this Act.

3 (d) Regulations adopted under the authority of AS 14.48 by the Alaska Commission on
4 Postsecondary Education, as constituted before July 1, 1996, remain in effect. Notwithstanding
5 sec. 59 of this Act, the commission may immediately proceed to adopt regulations necessary to
6 implement the changes made by this Act to AS 14.48. The regulations take effect under
7 AS 44.62 (Administrative Procedure Act), but not before the effective date of sec. 1 of this Act.

8 (e) Contracts, rights, liabilities, notes, or other obligations created by or under a section
9 of AS 14.43 amended or repealed by this Act, and in effect on June 30, 1996, remain in effect
10 notwithstanding this Act, with all contracts, rights, liabilities, notes, or other obligations created
11 by or under a section of AS 14.43 amended or repealed by this Act becoming contracts, rights,
12 liabilities, notes, or other obligations of the Alaska Student Loan Corporation.

13 (f) Records, equipment, appropriations, and other property of agencies of the state whose
14 functions are transferred under this Act shall be transferred to implement the provisions of this
15 Act.

16 (g) An individual who is an employee of the Alaska Commission on Postsecondary
17 Education on June 30, 1996, becomes an employee of the Alaska Student Loan Corporation on
18 July 1, 1996.

19 (h) Employees of the Alaska Student Loan Corporation who were, on June 30, 1996,
20 employees of the Alaska Commission on Postsecondary Education, are no longer eligible to
21 accrue credited service under AS 14.25.

22 * Sec. 58. Section 57(c) and (d) take effect immediately under AS 01.10.070(c).

23 * Sec. 59. Except as provided in sec. 58 of this Act, this Act takes effect July 1, 1996.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS HB 535 (HEQ)

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 Phone: 465-6718
 Division: Alaska Student Aid Corporation Date: 4/1/96
 Approved by Executive Director: Diane Barrans Date: 4/1/96

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

Component: WAMI Medical Education

Sponsor: (H)HES

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						
---------------------------	--	--	--	--	--	--

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

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: 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

For further distribution information call the Governor's Legislative Office

FISCAL NOTE

**STATE OF ALASKA
1996 LEGISLATIVE SESSION**

BILL NO. CSHB 535

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)

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:						
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

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

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

Date: 4/2/96

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

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSHB 535 (HES)

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

COMPONENT SERIAL NO. new

Requester: House HFSS

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.
 Agency: Department of Education

Date: April 2, 1996

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSHB 535 (HES)

Revision Date: <u>4/1/96</u>	Dept. Affected: <u>EDUCATION</u>
Title: <u>An act relating to postsecondary education</u>	BRU: <u>Commissions & Boards</u>
Sponsor: <u>House Health, Education & Social Services</u>	Component: <u>Alaska Postsecondary Education</u>
Requester: <u>House HESS</u>	Commission: <u>Commission</u>
	COMPONENT SERIAL NO. <u>new</u>

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
 Division: Administrative Services
 Approved by Commissioner: Shirley J. Holloway, Ph.D.
 Agency: Department of Education

Phone: 465-8650
 Date: April 2, 1996
 Date: April 2, 1996

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