

**SB**

**301**

9-LS1748F-  
Ford  
3/15/96

**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 date."**

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

3 **\* Section 1. AS 14.40.170(b) is amended to read:**

4 **(b) The Board of Regents may**

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

7 **(2) determine and regulate the course of instruction in the university with**  
8 **the advice of the president;**

9 **(3) set student tuition and fees;**

10 **(4) receive and spend university receipts in accordance with AS 37.07**

11 **[ (THE) Executive Budget Act];**

12 **(5) enter into agreements with government or postsecondary**  
13 **education, officials of this state or other states to provide postsecondary educational**  
14 **services and programs to residents of this state pursuing a medical education; an**  
15 **agreement with another state must be limited to services and programs that are**

1        unavailable in this state [(AS 37.07)].

2        \* Sec. 2. AS 14.42.015(a) is repealed and reenacted to read:

3                (a) There is created in the Department of Revenue the Alaska Commission on  
4        Postsecondary Education. The commission shall be governed by a board of directors  
5        consisting of the commissioner of revenue, the commissioner of administration, a person  
6        representing the department appointed by the governor, four members of the public  
7        appointed by the governor, two members of the legislature who shall serve as ex officio  
8        nonvoting members, and one student member appointed under (e) of this section who  
9        shall serve as an ex officio nonvoting member. The two legislative members shall  
10       include one member of the senate appointed by the president of the senate and one  
11       member of the house appointed by the speaker of the house of representatives.

12       \* Sec. 3. AS 14.42.015(c) is amended to read:

13                (c) The governor's appointees are subject to confirmation by the legislature and  
14       shall serve at the pleasure of the governor for four-year staggered terms. [MEMBERS  
15       APPOINTED OR DESIGNATED BY BODIES OR AGENCIES OTHER THAN THE  
16       GOVERNOR SERVE AT THE PLEASURE OF THE APPOINTING AUTHORITY.]  
17       Vacancies shall be filled in the same manner as original appointment.

18       \* Sec. 4. AS 14.42.030(a) is amended to read:

19                (a) The commission has the following functions, advisory to the governing  
20       boards of institutions of public and private higher education in Alaska, to the governor,  
21       the legislature, and to other appropriate state and federal officials:

22                        (1) coordinate the development of comprehensive plans for the orderly,  
23       systematic growth of public and private postsecondary education, including community  
24       colleges and occupational education, in the state and submit recommendations on the  
25       need for, and location of, new facilities and programs;

26                        (2) advise as to the functions and purposes of the colleges and  
27       universities, both public and private, in the state and counsel as to the programs  
28       appropriate to each;

29                        (3) [REVIEW THE ANNUAL BUDGETS AND CAPITAL OUTLAY  
30       REQUESTS OF THE UNIVERSITY OF ALASKA AND OF EACH OF THE  
31       PRIVATE COLLEGES AND UNIVERSITIES IN THE STATE, AND PRESENT  
32       COMMENTS ON THE GENERAL LEVEL OF SUPPORT SOUGHT;

1 (4)] review and advise as to the working of all consortia and other  
2 cooperative agreements between the institutions of higher education in the state that  
3 are parties to them [;

4 (5) REPEALED].

5 \* Sec. 5. AS 14.42.030(b) is amended to read:

6 (b) The commission shall

7 (1) [DEVELOP A COMPREHENSIVE STATEWIDE PLAN FOR  
8 COORDINATED POSTSECONDARY EDUCATION IN THE STATE AND SERVE  
9 AS THE STATE COMMISSION ON POSTSECONDARY EDUCATION REQUIRED  
10 UNDER SEC. 1202 OF TITLE XII OF THE HIGHER EDUCATION ACT OF 1965,  
11 AS AMENDED BY THE EDUCATION AMENDMENTS OF 1972 (P.L. 92-318,  
12 SEC. 196; 86 STAT. 324);

13 (2) ESTABLISH A STATE ADVISORY COUNCIL ON  
14 COMMUNITY COLLEGES AND DEVELOP A COMPREHENSIVE STATEWIDE  
15 PLAN FOR THE EXPANSION AND IMPROVEMENT OF THE COMMUNITY  
16 COLLEGES UNDER SEC. 1001 OF TITLE X OF THE HIGHER EDUCATION ACT  
17 OF 1965, AS AMENDED BY THE EDUCATION AMENDMENTS OF 1972 (P.L.  
18 92-318, SEC. 186; 86 STAT. 312, 313);

19 (3) SERVE AS THE STATE AGENCY REQUIRED UNDER SEC.  
20 105 OF TITLE I (COMMUNITY SERVICE AND CONTINUING EDUCATION), 603  
21 OF TITLE VI (FINANCIAL ASSISTANCE FOR UNDERGRADUATE  
22 EDUCATION), 704 OF TITLE VII (CONSTRUCTION OF ACADEMIC  
23 FACILITIES), AND PART B OF TITLE IV (GUARANTEED STUDENT LOAN  
24 PROGRAM) OF THE HIGHER EDUCATION ACT OF 1965 (P.L. 89-329; 79 STAT.  
25 1220, 1262; 20 U.S.C. 1005, 1123) AS AUTHORIZED BY SEC. 1202(c) OF TITLE  
26 XII OF THE HIGHER EDUCATION ACT OF 1965, AS AMENDED BY THE  
27 EDUCATION AMENDMENTS OF 1972 (P.L. 92-318, SEC. 196; 86 STAT. 324);

28 (4)] administer the provisions of AS 14.43.090 - 14.43.160 (student  
29 loan program);

30 (2) [(5)] administer the provisions of AS 14.48 (regulation of  
31 postsecondary educational institutions) [;

1 (6) RESOLVE ANY DISPUTES THAT EXIST OR ARISE UNDER  
2 A CONSORTIUM OR OTHER COOPERATIVE AGREEMENT BETWEEN  
3 INSTITUTIONS OF PUBLIC AND PRIVATE HIGHER EDUCATION IN THE  
4 STATE]

5 \* Sec. 6. AS 14.42.040 is amended to read:

6 Sec. 14.42.040. EXECUTIVE OFFICER AND STAFF; ADMINISTRATION.

7 (a) The commission may appoint an executive director as the commission's executive  
8 officer. The executive officer is a member of the exempt service under AS 39.25.110,  
9 serves at the pleasure of the commission, and receives compensation fixed by the  
10 commission. The executive officer appoints persons to the staff positions authorized by  
11 the commission, and staff compensation is fixed by the commission. Each employee of  
12 the commission shall participate [ELECT MEMBERSHIP EITHER IN THE STATE  
13 TEACHERS' RETIREMENT SYSTEM (AS 14.25), IF QUALIFIED, OR] in the public  
14 employees' retirement system (AS 39.35).

15 (b) The Alaska Commission on Postsecondary Education is not a division in the  
16 Department of Revenue [EDUCATION]. The commission, its members, executive  
17 officer, and staff are in the Department of Revenue [EDUCATION] for administrative  
18 support services only, and they are not subject to the direction of the commissioner of  
19 revenue [EDUCATION OR THE STATE BOARD OF EDUCATION].

20 \* Sec. 7. AS 14.42.100 is amended to read:

21 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

22 There is created the Alaska Student Loan Corporation. The corporation is a public  
23 corporation and government instrumentality within the Department of Revenue  
24 [EDUCATION] but having a legal existence independent of and separate from the state.  
25 The corporation may not be terminated as long as it has bonds, notes, or other  
26 obligations outstanding. Upon termination of the corporation, its rights and property pass  
27 to the state.

28 \* Sec. 8. AS 14.42.120(a) is amended to read:

29 (a) The corporation shall be governed by a board of directors appointed by the  
30 governor consisting of two public members of the Alaska Commission on Postsecondary  
31 Education [, EACH OF WHOM IS SELECTED FOR THE COMMISSION UNDER  
32 AS 14.42.015(a)(1) - (2), (4) - (6), (8), OR (9)] and the commissioner of revenue, the

1 commissioner of administration, and the commissioner of commerce and economic  
2 development. Members of the board serve without compensation but the members who  
3 are also members of the Alaska Commission on Postsecondary Education are entitled to  
4 per diem and travel expenses authorized [BY LAW] for boards and commissions under  
5 AS 39.20.180.

6 \* Sec. 9. AS 14.42.015(b), 14.42.015(d), 14.42.030(d), and 14.42.055 are repealed.

7 \* Sec. 10. TRANSITION. The terms of the existing members of the Alaska Commission on  
8 Postsecondary Education terminate on the effective date of this Act. The governor may appoint  
9 to the Alaska Commission on Postsecondary Education a person who has served on the Alaska  
10 Commission on Postsecondary Education and who meets the qualifications of AS 14.42.015(a),  
11 as repealed and reenacted by sec. 2 of this Act.

12 \* Sec. 11. This Act takes effect July 1, 1996.

9-LS1748VG ✓

Ford

3/22/96

**CS FOR HOUSE BILL NO. 535(H76)****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 14.07.020(a) is amended by adding a new paragraph to read:

5 (16) administer the provisions of AS 14.48 (regulation of postsecondary  
6 educational institutions).

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

8 (b) The Board of Regents may

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

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

13 (3) set student tuition and fees;

14 (4) receive and spend university receipts in accordance with AS 37.07

1 ([THE] Executive Budget Act);

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

7 \* Sec. 3. AS 14.42.015(a) is repealed and reenacted to read:

8 (a) There is created in the Department of Revenue the Alaska Commission on  
9 Postsecondary Education. The commission shall be governed by a board of directors  
10 consisting of the commissioner of revenue, the commissioner of administration, a person  
11 representing the department appointed by the governor, four members of the public  
12 appointed by the governor, two members of the legislature who shall serve as ex officio  
13 nonvoting members, and one student member appointed under (e) of this section who  
14 shall serve as an ex officio nonvoting member. The two legislative members shall  
15 include one member of the senate appointed by the president of the senate and one  
16 member of the house appointed by the speaker of the house of representatives.

17 \* Sec. 4. AS 14.42.015(b) is amended to read:

18 (b) A [NO] governing body member, trustee, official, or employee of either a  
19 public, private, or proprietary institution of postsecondary or higher education in the state  
20 may not be appointed to membership on the commission as representative of the general  
21 public for the purpose of (a) [(a)(4)] of this section.

22 \* Sec. 5. AS 14.42.015(c) is amended to read:

23 (c) The governor's appointees are subject to confirmation by the legislature and  
24 shall serve at the pleasure of the governor for four-year staggered terms. [MEMBERS  
25 APPOINTED OR DESIGNATED BY BODIES OR AGENCIES OTHER THAN THE  
26 GOVERNOR SERVE AT THE PLEASURE OF THE APPOINTING AUTHORITY.]  
27 Vacancies shall be filled in the same manner as original appointment.

28 \* Sec. 6. AS 14.42.025 is amended to read:

29 Sec. 14.42.025. MEETINGS, RULES, VOTES REQUIRED. The commission  
30 shall prescribe its own rules of procedure. The commission shall meet once quarterly  
31 at a time and place determined by the chair [CHAIRMAN], and at other times and  
32 places as the chair [CHAIRMAN], or a majority of the members of the commission,

1 consider necessary. A quorum is a majority of the voting members of the commission.  
2 The votes of the commission members shall be recorded, and effective action requires  
3 the affirmative vote of a majority of the commission members present. A commission  
4 member may not, with respect to a matter before the commission, vote for or on behalf  
5 of, or in any way exercise the vote of, another member of the commission.

6 \* Sec. 7. AS 14.42.030(b) is amended to read:

7 (b) The commission shall

8 [(1) DEVELOP A COMPREHENSIVE STATEWIDE PLAN FOR  
9 COORDINATED POSTSECONDARY EDUCATION IN THE STATE AND SERVE  
10 AS THE STATE COMMISSION ON POSTSECONDARY EDUCATION REQUIRED  
11 UNDER SEC. 1202 OF TITLE XII OF THE HIGHER EDUCATION ACT OF 1965,  
12 AS AMENDED BY THE EDUCATION AMENDMENTS OF 1972 (P.L. 92-318,  
13 SEC. 196; 86 STAT. 324);

14 (2) ESTABLISH A STATE ADVISORY COUNCIL ON  
15 COMMUNITY COLLEGES AND DEVELOP A COMPREHENSIVE STATEWIDE  
16 PLAN FOR THE EXPANSION AND IMPROVEMENT OF THE COMMUNITY  
17 COLLEGES UNDER SEC. 1001 OF TITLE X OF THE HIGHER EDUCATION ACT  
18 OF 1965, AS AMENDED BY THE EDUCATION AMENDMENTS OF 1972 (P.L.  
19 92-318, SEC. 186; 86 STAT. 312, 313);

20 (3) SERVE AS THE STATE AGENCY REQUIRED UNDER SEC.  
21 105 OF TITLE I (COMMUNITY SERVICE AND CONTINUING EDUCATION), 603  
22 OF TITLE VI (FINANCIAL ASSISTANCE FOR UNDERGRADUATE  
23 EDUCATION), 704 OF TITLE VII (CONSTRUCTION OF ACADEMIC  
24 FACILITIES), AND PART B OF TITLE IV (GUARANTEED STUDENT LOAN  
25 PROGRAM) OF THE HIGHER EDUCATION ACT OF 1965 (P.L. 89-329; 79 STAT.  
26 1220, 1262; 20 U.S.C. 1005, 1123) AS AUTHORIZED BY SEC. 1202(c) OF TITLE  
27 XII OF THE HIGHER EDUCATION ACT OF 1965, AS AMENDED BY THE  
28 EDUCATION AMENDMENTS OF 1972 (P.L. 92-318, SEC. 196; 86 STAT. 324);

29 (4) administer the provisions of AS 14.43.090 - 14.43.160 (student  
30 loan program) [;

31 (5) ADMINISTER THE PROVISIONS OF AS 14.48 (REGULATION

1 OF POSTSECONDARY EDUCATIONAL INSTITUTIONS);

2 (6) RESOLVE ANY DISPUTES THAT EXIST OR ARISE UNDER  
3 A CONSORTIUM OR OTHER COOPERATIVE AGREEMENT BETWEEN  
4 INSTITUTIONS OF PUBLIC AND PRIVATE HIGHER EDUCATION IN THE  
5 STATE].

6 • Sec. 8. AS 14.42.040 is amended to read:

7 Sec. 14.42.040. EXECUTIVE OFFICER AND STAFF; ADMINISTRATION.

8 (a) The commission may appoint an executive director as the commission's executive  
9 officer. The executive officer is a member of the exempt service under AS 39.25.110,  
10 serves at the pleasure of the commission, and receives compensation fixed by the  
11 commission. The executive officer appoints persons to the staff positions authorized by  
12 the commission, and staff compensation is fixed by the commission. Each employee of  
13 the commission shall participate [ELECT MEMBERSHIP EITHER IN THE STATE  
14 TEACHERS' RETIREMENT SYSTEM (AS 14.25), IF QUALIFIED, OR] in the public  
15 employees' retirement system (AS 39.35).

16 (b) The Alaska Commission on Postsecondary Education is not a division in the  
17 Department of Revenue [EDUCATION]. The commission, its members, executive  
18 officer, and staff are in the Department of Revenue [EDUCATION] for administrative  
19 support services only, and they are not subject to the direction of the commissioner of  
20 revenue [EDUCATION OR THE STATE BOARD OF EDUCATION].

21 • Sec. 9. AS 14.42.045 is amended to read:

22 Sec. 14.42.045. COMPENSATION AND PER DIEM. The public members  
23 and the student member [MEMBERS] of the commission serve without compensation  
24 but are entitled to per diem and travel expenses as may be authorized [BY LAW] for  
25 boards and commissions under AS 39.20.180.

26 • Sec. 10. AS 14.42.100 is amended to read:

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

1 to the state.

2 \* Sec. 11. AS 14.42.120(a) is amended to read:

3 (a) The corporation shall be governed by a board of directors appointed by the  
4 governor consisting of two public members of the Alaska Commission on Postsecondary  
5 Education [, EACH OF WHOM IS SELECTED FOR THE COMMISSION UNDER  
6 AS 14.42.015(a)(1) - (2), (4) - (6), (8), OR (9)] and the commissioner of revenue, the  
7 commissioner of administration, and the commissioner of commerce and economic  
8 development. Members of the board serve without compensation but the members who  
9 are also members of the Alaska Commission on Postsecondary Education are entitled to  
10 per diem and travel expenses authorized [BY LAW] for boards and commissions under  
11 AS 39.20.180.

12 \* Sec. 12. AS 14.43.100(b) is amended to read:

13 (b) A person whose loan application is not approved by the executive director  
14 of the commission may appeal to the commission and the commission shall, sitting as  
15 a quasi-judicial body, consider the application.

16 \* Sec. 13. AS 14.48.010(a) is amended to read:

17 (a) It is the purpose of this chapter to provide for the protection, education, and  
18 welfare of the citizens of the state, its postsecondary educational institutions, and its  
19 students, by

20 (1) establishing minimum standards concerning quality of education,  
21 ethical and business practices, health and safety, and fiscal responsibility, to protect  
22 against substandard, transient, unethical, deceptive, or fraudulent institutions and  
23 practices;

24 (2) prohibiting the granting of false or misleading educational credentials;

25 (3) regulating the use of academic terminology in designating educational  
26 institutions;

27 (4) prohibiting misleading literature, advertising, solicitation, or  
28 representation by educational institutions or their agents;

29 (5) providing for the preservation of essential academic records; and

30 (6) providing certain rights and remedies to the public and the  
31 department [COMMISSION] necessary to carry out the purposes of this chapter.

32 \* Sec. 14. AS 14.48.020 is amended to read:

1           Sec. 14.48.020. AUTHORIZATION AND PERMITS REQUIRED. A person  
2 may not

3           (1) operate a postsecondary educational institution in the state unless the  
4 institution has a valid authorization to operate issued under this chapter or is exempt  
5 from the provisions of this chapter;

6           (2) offer, itself or through an agent, enrollment or instruction in, or the  
7 granting of educational credentials from, a postsecondary educational institution, whether  
8 the institution is in or outside the state, unless the agent is a natural person and has a  
9 currently valid agent's permit issued under this chapter or is exempt from the provisions  
10 of this chapter;

11           (3) accept contracts or enrollment applications of prospective students  
12 from an agent who does not have a current permit as required by this chapter; however,  
13 the department [COMMISSION] may adopt regulations to permit the rendering of  
14 legitimate public information services without a [THE] permit;

15           (4) instruct or educate, [OR] offer to instruct or educate, enroll or offer  
16 to enroll, contract or offer to contract or award an educational credential, or contract with  
17 an institution or person to do so, in or outside the state, unless that person is in  
18 compliance with the minimum standards set out in AS 14.48.060, the criteria established  
19 by the department [COMMISSION] under AS 14.48.050(1), and the regulations adopted  
20 by the department [COMMISSION] under AS 14.48.050(7);

21           (5) use the term "university" or "college" without authorization to do so  
22 from the department [COMMISSION];

23           (6) grant, or offer to grant, educational credentials [,] without  
24 authorization to do so from the department [COMMISSION].

25 \* Sec. 15. AS 14.48.030(b) is amended to read:

26           (b) The following educational programs or services and educational institutions  
27 are exempt from the provisions of this chapter, or portions of them, as determined by the  
28 department [COMMISSION]:

29           (1) education sponsored by a bona fide trade, business, labor,  
30 professional, or fraternal association or organization, recognized by the department,  
31 [COMMISSION] and conducted solely for that association's or organization's  
32 membership [,] or offered on a no-fee basis;

1 (2) education solely avocational or recreational in nature and institutions  
2 offering avocational or recreational education exclusively;

3 (3) education offered by charitable organizations, recognized by the  
4 department [COMMISSION], if the education is not advertised or promoted as leading  
5 toward educational credentials;

6 (4) nonprofit postsecondary educational institutions offering  
7 undergraduate or graduate educational programs conducted in the state, but not by  
8 correspondence, that [WHICH] are acceptable for credit toward an associate, bachelor's,  
9 or graduate degree;

10 (5) postsecondary educational institutions established, operated, and  
11 governed by the United States, a state or its political subdivisions.

12 \* Sec. 16. AS 14.48.040 is amended to read:

13 Sec. 14.48.040. DEPARTMENT [COMMISSION] TO ADMINISTER  
14 CHAPTER. The commissioner of education [ALASKA COMMISSION ON  
15 POSTSECONDARY EDUCATION] shall administer this chapter and may hire necessary  
16 personnel. The department [COMMISSION] may obtain from departments,  
17 commissions, and other state agencies information and assistance needed to carry out the  
18 provisions of this chapter.

19 \* Sec. 17. AS 14.48.050 is amended to read:

20 Sec. 14.48.050. POWERS AND DUTIES OF DEPARTMENT  
21 [COMMISSION]. The department [COMMISSION] shall

22 (1) establish minimum criteria consistent with AS 14.48.060 including  
23 quality of education, ethical and business practices, health and safety, and fiscal  
24 responsibility that applicants for authorization to operate, or for an agent's permit, must  
25 meet before the authorization or permit is issued;

26 (2) receive, investigate, and act upon applications for authorization to  
27 operate postsecondary educational institutions and applications for agent's permits;

28 (3) maintain a list of postsecondary educational institutions and agents  
29 authorized to operate in the state under this chapter;

30 (4) keep current and make available as public information the list of  
31 institutions and agents;

32 (5) enter into interstate reciprocity agreements with similar agencies in

1 other states [,] if in the judgment of the department [COMMISSION] the agreements  
2 will be helpful in carrying out the purposes of this chapter;

3 (6) receive and maintain as a permanent file [,] copies of academic  
4 records maintained in accordance with AS 14.48.060(b)(6);

5 (7) adopt regulations and procedures necessary or appropriate for the  
6 conduct of its work and the implementation of this chapter under AS 44.62  
7 (Administrative Procedure Act);

8 (8) investigate on its own initiative, or in response to a complaint lodged  
9 with it, persons subject to [,] or reasonably believed by the department  
10 [COMMISSION] to be subject to [,] the jurisdiction of this chapter; [AND] in connection  
11 with the investigation, subpoena persons, books, records, or documents related to the  
12 investigation; require answers in writing under oath to questions propounded by the  
13 department [COMMISSION] and administer oaths or affirmations to persons in  
14 connection with the investigation; and, for the purpose of examination at all reasonable  
15 times, shall have access to, and the right to copy, documentary evidence of a corporation  
16 that is under investigation or being proceeded against;

17 (9) exercise other necessary powers and duties in conformity with the  
18 provisions of this chapter that, in the judgment of the department [COMMISSION], are  
19 necessary to carry out the provisions of this chapter.

20 • Sec. 18. AS 14.48.060 is amended to read:

21 Sec. 14.48.060. MINIMUM STANDARDS. (a) In establishing the criteria  
22 required by AS 14.48.050(1), the department [COMMISSION] shall require compliance  
23 with the minimum standards set out in (b) of this section.

24 (b) A postsecondary educational institution must be maintained and operated [,]  
25 or, in the case of a new institution, must demonstrate that it can be maintained and  
26 operated so that

27 (1) the quality and content of each course or program of instruction,  
28 training, or study [ARE SUCH AS] may reasonably and adequately achieve the stated  
29 objective for which the course or program is offered;

30 (2) the institution has or has access to adequate space, equipment,  
31 instructional materials, and personnel where applicable to achieve the stated objective of  
32 the course or program of study and to provide education of good quality;

1 (3) the education or experience qualifications of directors, administrators,  
2 supervisors, and instructors [ARE SUCH AS] may reasonably ensure that the students  
3 will receive education consistent with the objectives of the course or program of study;

4 (4) the institution provides a catalog or brochure containing information  
5 describing the programs offered, program objectives, length of program, schedule of  
6 tuition, fees, [AND] all other charges and expenses necessary for completion of the  
7 course of study, cancellation and refund policies, and other material facts concerning the  
8 institution and the program or course of instruction that are reasonably likely to affect  
9 the decision of the student to enroll, together with any other disclosures specified by the  
10 department [COMMISSION] by regulation; and that this information is provided to  
11 prospective students before enrollment;

12 (5) upon satisfactory completion of training, the student is given  
13 appropriate educational credentials by the institution, indicating that the course of  
14 instruction or study has been satisfactorily completed by the student;

15 (6) adequate records are maintained by the institution to show attendance,  
16 progress [,] or grades, and that satisfactory standards are enforced relating to attendance,  
17 progress, and performance;

18 (7) the institution is maintained and operated in compliance with all  
19 pertinent ordinances and laws relating to the safety and health of persons upon the  
20 premises of the institution;

21 (8) the institution is financially sound and capable of fulfilling its  
22 commitments to students;

23 (9) neither the institution nor its agents engage in advertising, sales,  
24 collection, credit, or other practices that [WHICH] are false, deceptive, misleading, or  
25 unfair;

26 (10) the chief executive officer, trustees, directors, owners, administrators,  
27 supervisors, staff, and instructors of the institution are of good reputation and character  
28 and have not been convicted of a violation of AS 14.48.020, [OR] 14.48.150, [OR]  
29 AS 45.50.471 - 45.50.561, or a comparable law in another state or province;

30 (11) the student housing owned, maintained, or approved by the  
31 institution is appropriate, safe, and adequate;

32 (12) the institution has a fair and equitable cancellation and refund

1 policy; and

2 (13) the charges set by the institution for tuition, fees, books, and  
3 supplies are fair and equitable.

4 (c) The department may accept accreditation [ACCREDITATION] by  
5 national or regional accrediting agencies recognized by the department [COMMISSION  
6 MAY BE ACCEPTED BY THE COMMISSION] as evidence of compliance with the  
7 minimum standards established by this section and the criteria established under  
8 AS 14.48.050(1). However, the department [COMMISSION] may require further  
9 evidence and may [MAKE] further investigate [INVESTIGATION] as [MAY BE]  
10 necessary. If the institution as a whole is not accredited, accreditation  
11 [ACCREDITATION] by a recognized, specialized accrediting agency may be accepted  
12 as evidence of compliance only as to the portion or program of an institution accredited  
13 by the accrediting agency [IF THE INSTITUTION AS A WHOLE IS NOT  
14 ACCREDITED].

15 \* Sec. 19. AS 14.48.070(a) is amended to read:

16 (a) Each postsecondary educational institution desiring to operate in this state  
17 shall apply to the department [COMMISSION], upon forms provided by the  
18 department [COMMISSION]. The application must [SHALL] be accompanied by a  
19 catalog or brochure published, or proposed to be published by the institution, containing  
20 the information specified in AS 14.48.060(b)(4). The application must [SHALL] also  
21 be accompanied by evidence of a surety bond or other deposit as required by  
22 AS 14.48.100, and by the required fees.

23 \* Sec. 20. AS 14.48.070(b) is amended to read:

24 (b) Following review of the application and after necessary investigation of the  
25 applicant, the department [COMMISSION] shall either grant or deny authorization to  
26 operate to the applicant. A grant of authorization to operate may be on those terms and  
27 conditions the department [COMMISSION] may prescribe.

28 \* Sec. 21. AS 14.48.070(c) is amended to read:

29 (c) The authorization to operate must be in a form approved by the department  
30 [COMMISSION] and must include

- 31 (1) the date of issuance, effective date, and term of approval;  
32 (2) the name and address of the institution;

- 1 (3) the authority for approval;  
2 (4) any condition or limitation of the authorization, as considered  
3 necessary by the department [COMMISSION].

4 \* Sec. 22. AS 14.48.070(f) is amended to read:

5 (f) At least 60 days before the expiration of its [AN] authorization to operate,  
6 the institution shall complete and file with the department [COMMISSION] an  
7 application form for renewal [OF ITS AUTHORIZATION TO OPERATE]. The renewal  
8 application shall be reviewed and acted upon as provided for an original application.

9 \* Sec. 23. AS 14.48.070(g) is amended to read:

10 (g) An institution not yet in operation when its application for authorization to  
11 operate is filed may not begin operation until receipt of authorization. An institution in  
12 operation when its application for authorization to operate is filed may continue operation  
13 until its application is acted upon by the department [COMMISSION]. The  
14 department [COMMISSION] may issue provisional authorization to operate, containing  
15 limitations as to time, procedures, functions, or other conditions as the department  
16 [COMMISSION] considers necessary.

17 \* Sec. 24. AS 14.48.080(a) is amended to read:

18 (a) A person desiring to solicit or perform the services of an agent [,] in this  
19 state [,] shall apply to the department on [COMMISSION UPON] forms provided by  
20 the department [COMMISSION]. The application must [SHALL] be accompanied by  
21 evidence of the good reputation and character of the applicant and must state the  
22 institution that the applicant intends to represent. An agent representing more than one  
23 institution must obtain a separate agent's permit for each institution represented.  
24 However, when an agent represents institutions having a common ownership, only one  
25 agent's permit is required. If an institution that the applicant intends to represent does  
26 not have authorization to operate in this state, the application must [SHALL] be  
27 accompanied by the information required of institutions making application for  
28 authorization. The application for an agent's permit must [SHALL] also be accompanied  
29 by evidence of a surety bond or other deposit as required by AS 14.48.100, and by  
30 payment of the required fees.

31 \* Sec. 25. AS 14.48.080(c) is amended to read:

32 (c) Following review of the application and any further information submitted

1 by the applicant, and investigation of the applicant as the department [COMMISSION]  
2 considers necessary, the department [COMMISSION] shall either grant or deny an  
3 agent's permit to the applicant.

4 \* Sec. 26. AS 14.48.080(d) is amended to read:

5 (d) The agent's permit must be in a form approved by the department  
6 [COMMISSION] and must include

- 7 (1) the date of issuance, effective date, and term;  
8 (2) the correct name and address of the agent;  
9 (3) the institution or institutions that the agent is authorized to represent.

10 \* Sec. 27. AS 14.48.080(f) is amended to read:

11 (f) At least 60 days before the expiration of an agent's permit, the agent shall  
12 complete and file with the department [COMMISSION] an application form for  
13 renewal. The renewal application shall be reviewed and acted upon as provided for an  
14 original application.

15 \* Sec. 28. AS 14.48.090 is repealed and reenacted to read:

16 Sec. 14.48.090. FEES. The department shall adopt regulations that establish the  
17 amount and manner of payment of fees for applications, authorizations, permits, and  
18 renewals under this chapter.

19 \* Sec. 29. AS 14.48.100 is amended to read:

20 Sec. 14.48.100. BONDS. (a) At the time application is made for authorization  
21 to operate, or for renewal of an authorization to operate, the department  
22 [COMMISSION] may require the postsecondary educational institution to file a surety  
23 bond in the amount determined by the department [COMMISSION]. The amount shall  
24 be determined by the number of students the institution seeks to enroll. The amount of  
25 the surety bond shall be reexamined by the department [COMMISSION] upon each  
26 renewal of the authorization to operate to determine if a larger or smaller bond would  
27 be appropriate to ensure adequate protection for the students or enrollees, [OR] their  
28 parents or guardians, or classes thereof. The bond shall be executed by the applicant as  
29 principal and by a surety company qualified and authorized to do business in this state,  
30 The bond [AND] shall be conditioned to provide indemnification to any student or  
31 enrollee, [OR] the student's or enrollee's parent or guardian, or class thereof [,]  
32 determined to have suffered loss or damage as a result of a postsecondary educational

1 institution's [AN] act or practice that [WHICH] is a violation of this chapter [BY THE  
2 POSTSECONDARY EDUCATIONAL INSTITUTION] and that the bonding company  
3 shall pay a final nonappealable order of the department [COMMISSION] or judgment  
4 of a court of this state having jurisdiction, upon receipt of written notification of the  
5 order or judgment. The aggregate liability of the surety for the bond of the institution  
6 or agent involved in the order or judgment may not, in any event, exceed the amount of  
7 the bond.

8 (b) An application for an agent's permit must [SHALL] be accompanied by a  
9 surety bond in the amount determined by the department [COMMISSION] to be  
10 necessary for the protection of the students or enrollees, [OR] their parents or guardians,  
11 or classes of these, or to reflect an institution's volume of business in the state. The  
12 bond shall be executed by the applicant as principal and by a surety company qualified  
13 and authorized to do business in this state. The bond shall be conditioned to provide  
14 indemnification to any student or enrollee, [OR] the student's or enrollee's parents or  
15 guardian, or class of these, determined to have suffered loss or damage as a result of an  
16 agent's act or practice that [WHICH] is a violation of this chapter [BY THE AGENT].

17 (c) The surety bond to be filed under this section must [SHALL] cover the  
18 period of the authorization to operate or the agent's permit, as appropriate, except when  
19 a surety is released as provided in this subsection. A surety on a bond filed under this  
20 section may be released from that bond after the surety serves written notice of the  
21 release to the department [COMMISSION] and to the bonded agent or institution 45  
22 days before the release. However, the release does not discharge or otherwise affect a  
23 claim filed by a student or enrollee, [OR] a parent or guardian, or class thereof, before  
24 or after the release for loss or damage resulting from an act or practice that [WHICH]  
25 is a violation of this chapter alleged to have occurred while the bond was in effect or for  
26 an institution's ceasing operations during the term for which tuition has been paid while  
27 the bond was in force.

28 (d) Authorization for an institution to operate and an agent's permit shall be  
29 suspended by operation of law when the institution or agent is no longer covered by a  
30 surety bond as required by this section. However, the department [COMMISSION]  
31 shall give the institution or agent, or both, at least 30 days written notice before the  
32 release of the surety, to the effect that the authorization or permit shall be suspended by

1 operation of law until another surety bond is filed in the same manner as, and in a like  
2 amount to, the bond being terminated.

3 (c) In lieu of the surety bond required in (a) and (b) of this section, the applicant  
4 may file with the department [COMMISSION] a cash deposit or other negotiable  
5 security, acceptable to the department [COMMISSION], in the amount specified for  
6 bonds.

7 \* Sec. 30. AS 14.48.110 is amended to read:

8 Sec. 14.48.110. DENIAL. If the department [COMMISSION], upon review  
9 of an application for authorization to operate [,] or an application for an agent's permit,  
10 determines that the application should be denied, the department [COMMISSION] shall  
11 notify the applicant, setting out the reasons in writing. AS 44.62 (Administrative  
12 Procedure Act) governs the review of a denial under this section.

13 \* Sec. 31. AS 14.48.120 is amended to read:

14 Sec. 14.48.120. SANCTIONS [REVOCAION]. (a) An authorization to  
15 operate or an agent's permit may be revoked or conditioned if the department  
16 [COMMISSION] has reasonable cause to believe that the holder of the authorization or  
17 permit is violating or has violated this chapter, [OR] AS 45.50.471, [OR] regulations  
18 adopted under this chapter, or AS 45.50.491. Except as provided in (b) of this section,  
19 AS 44.62 (Administrative Procedure Act) governs the procedure for a revocation, review  
20 of a revocation, or other action under this section.

21 (b) Authorization for an institution to operate, and a permit for an agent  
22 representing that institution, are revoked 30 days after the institution ceases to operate.  
23 The department [COMMISSION] shall give the institution and the agent 15 days'  
24 written notice, by certified mail, sent return receipt requested, to the last addresses of the  
25 institution and agent.

26 (c) The institution and the agent may appeal a revocation under (b) of this  
27 section by filing an appeal in writing with the department [COMMISSION] within 30  
28 days after the revocation.

29 \* Sec. 32. AS 14.48.120 is amended by adding a new subsection to read:

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

1 \* Sec. 33. AS 14.48.130 is amended to read:

2 Sec. 14.48.130. 'COMPLAINTS. (a) A person claiming damage or loss as a  
3 result of an act or practice by a postsecondary educational institution or its agent, or  
4 both, that [WHICH] is a violation of this chapter or of the regulations adopted under this  
5 chapter may file with the department [COMMISSION] a complaint against the  
6 institution or against its agent or both. The complaint must state [SHALL SET OUT]  
7 the alleged violation and must [SHALL] contain other information as may be required  
8 by the department [COMMISSION]. A complaint may also be filed by the department  
9 [COMMISSION] on its own motion or the attorney general. A complainant may file  
10 with the department [COMMISSION] as a representative of a class of complainants.

11 (b) The department [COMMISSION] shall investigate the complaint and may  
12 attempt to resolve the complaint by [EFFECT A] settlement [BY PERSUASION AND  
13 CONCILIATION]. The department [COMMISSION] may consider a complaint after  
14 30 days written notice by registered mail to the institution or agent, or both, giving  
15 notice of a time and place for hearing on the complaint. The hearing shall be conducted  
16 in accordance with AS 44.62 (Administrative Procedure Act).

17 (c) If, upon the evidence at a hearing, the department [COMMISSION] finds  
18 that a postsecondary educational institution or its agent, or both, has engaged in, or is  
19 engaging in, an act or practice that [WHICH] violates this chapter or the regulations  
20 adopted under this chapter, the department [COMMISSION] shall serve upon the  
21 institution or agent or both [,] an order requiring the institution or agent or both to cease  
22 and desist from the act or practice. If the department [COMMISSION] finds that the  
23 complainant, or class of complainants, has suffered loss or damage as a result of the act  
24 or practice, the department [COMMISSION] may also award the complainant, or class  
25 of complainants, full or partial restitution for the damage or loss and may impose the  
26 penalties provided for in AS 14.48.190. The department [COMMISSION] may also,  
27 based on its own investigation and the evidence presented [ADDUCED] at the hearing,  
28 begin an action to revoke an institution's authorization to operate or an agent's permit.

29 \* Sec. 34. AS 14.48.140 is amended to read:

30 Sec. 14.48.140. JUDICIAL REVIEW. A final administrative order issued by the  
31 department [COMMISSION] is subject to judicial review under AS 44.62  
32 (Administrative Procedure Act).

1 \* Sec. 35. AS 14.48.150 is amended to read:

2 Sec. 14.48.150. PRESERVATION OF RECORDS. (a) If a postsecondary  
3 educational institution proposes to discontinue its operation, the chief administrative  
4 officer of the institution shall file with the department [COMMISSION] the original or  
5 legible true copies of academic records of the institution as specified by the department  
6 [COMMISSION]. The records must include that academic information customarily  
7 required by colleges when considering students for transfer or advanced study and the  
8 academic record of each former student.

9 (b) If it appears to the department [COMMISSION] that records of an  
10 institution discontinuing its operations are in danger of being destroyed or otherwise  
11 made unavailable to the department [COMMISSION], the department  
12 [COMMISSION] may seize the records [,] under an order of the superior court. The  
13 department [COMMISSION] shall maintain a permanent file of records coming into its  
14 possession under this section.

15 \* Sec. 36. AS 14.48.180 is amended to read:

16 Sec. 14.48.180. ENFORCEMENT: INJUNCTION. (a) The attorney general at  
17 the request of the department [COMMISSION] or on motion of the attorney general,  
18 may bring an action or proceeding in a court of competent jurisdiction for the  
19 enforcement of the provisions of this chapter.

20 (b) When it appears to the department [COMMISSION] that a person is, is  
21 about to, or has violated a provision of this chapter or a regulation adopted under this  
22 chapter, the department [COMMISSION] may, on its own motion or on the written  
23 complaint of any person, file a petition for injunction in the name of the department  
24 [COMMISSION] in a court of competent jurisdiction against the person for the purpose  
25 of enjoining the violation or for an order directing compliance with the provisions of this  
26 chapter. It is not necessary that the department [COMMISSION] allege or prove that  
27 it has no adequate remedy at law. The right of injunction provided in this section is in  
28 addition to other legal remedies available to the department [COMMISSION] and is in  
29 addition to the right of criminal prosecution. However, the department  
30 [COMMISSION] may not obtain a temporary restraining order without notice to the  
31 person affected.

32 \* Sec. 37. AS 14.48.190 is amended to read:

1           Sec. 14.48.190. VIOLATIONS: CIVIL PENALTY. A person who violates the  
2 provisions of AS 14.48.020, or who fails or refuses to deposit with the department  
3 [COMMISSIONER] the records required by AS 14.48.150, is subject to a civil penalty  
4 of not more than \$1,000 for each violation. Each day's failure to comply with the  
5 provisions of AS 14.48.020 and 14.48.150 constitutes a separate violation. The fine may  
6 be imposed by the department [COMMISSION] in an administrative proceeding or by  
7 a court of competent jurisdiction.

8 \* Sec. 38. AS 14.48.200 is amended to read:

9           Sec. 14.48.200. CRIMINAL VIOLATION. A person who wilfully violates the  
10 provisions of AS 14.48.020 or who wilfully fails or refuses to deposit with the  
11 department [COMMISSION] the records required by AS 14.48.150 is guilty of a  
12 misdemeanor and, upon conviction, is punishable by a fine of not more than \$1,000 or  
13 by imprisonment for not more than six months, or by both. Each day's failure to comply  
14 is a separate violation.

15 \* Sec. 39. AS 14.48.210(2) is amended to read:

16           (2) "agent's permit" means a nontransferable written authorization issued  
17 to a natural person by the department that [COMMISSION WHICH] allows that person  
18 to solicit or enroll a resident of the state for education in a postsecondary educational  
19 institution;

20 \* Sec. 40. AS 14.48.210(3) is amended to read:

21           (3) "authorization to operate" means approval of the department  
22 [COMMISSION] to operate or to contract to operate a postsecondary educational  
23 institution in the state;

24 \* Sec. 41. AS 44.62.330(a)(43) is amended to read:

25           (43) Department of Education [ALASKA COMMISSION ON  
26 POSTSECONDARY EDUCATION] under AS 14.48 as to denial of applications and  
27 revocation of authorizations and permits;

28 \* Sec. 42. AS 14.42.015(d), 14.42.030(a), 14.42.030(d), 14.42.055, and AS 14.48.210(4)  
29 are repealed.

30 \* Sec. 43. TRANSITION. The terms of the existing members of the Alaska Commission  
31 on Postsecondary Education terminate on the effective date of this Act. The ~~governor~~ may  
32 appoint to the Alaska Commission on Postsecondary Education a person who has served on

1 the Alaska Commission on Postsecondary Education and who meets the qualifications of  
2 AS 14.42.015(a), as repealed and reenacted by sec. 3 of this Act.

3 \* Sec. 44. This Act takes effect July 1, 1996.

\* Sec. 1. AS 08.02.025(a) is amended to read:

(a) A person licensed under this title shall comply with the student loan repayment provisions under AS 14.43 that are applicable to the person. Notwithstanding another provision of law, a license issued to a person under this title may not be renewed if the licensee [BORROWER] and the department [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] have received notice from the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] that the licensee is in default on a student loan provided to the licensee. This action may be taken no sooner than 60 days after the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] has notified the licensee [BORROWER] of the default status of the loan as provided under AS 14.43.120(i). If a licensee's [AN] appeal of a determination of default status is pending [ON BEHALF OF THE LICENSEE], the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] shall notify the department and the department may not deny renewal [RENEWAL MAY NOT BE DENIED] under this section until and unless the [APPEAL HAS BEEN CONCLUDED AND THE] default status has been affirmed on appeal. The denial [DENIAL] of renewal of a licensee shall continue until the department [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] receives notice from the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] that the licensee is no longer in default on the student loan.

\* Sec. 2. AS 14.42.100 is amended to read:

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

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

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

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

(c) A full-time postsecondary student shall serve as a nonvoting member of the  
board of directors. The governor shall appoint the student member from a list of nominees  
within 60 days after it is submitted. The list must consist of the names of two nominees

from Alaska Pacific University, two nominees from Sheldon Jackson College, and two nominees from each campus of the University of Alaska. The nominees shall be selected from a student election held on each campus. Elections under this subsection shall be held concurrently with student regent elections required under AS 14.40.150(b) and conducted under rules established by the Office of the Governor. The term of office of the student member is two years beginning June 1 of the year in which the appointment is made. Membership on the corporation is immediately forfeited by a student member who ceases to be a full-time student. Within 60 days after a vacancy occurs, the governor shall appoint a successor from those students appearing on the list of nominees to serve for the unexpired term of the original appointee. The term "campus" used in this subsection means a portion of the University of Alaska designated as a "campus" by the Board of Regents.

(d) No governing body member, trustee, official, or employee of a public, private, or proprietary institution of postsecondary or higher education in the state may be appointed to membership on the corporation as representative of the general public for the purpose of (a) of this section.

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

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

\* Sec. 4 AS 14.42.160 is repealed and reenacted to read:

Sec. 14.42.160. EXECUTIVE OFFICER AND STAFF; ADMINISTRATION.

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

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

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

\* Sec. 5. AS 14.42. is amended by adding a new section to read:

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

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

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

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

(b) The corporation may adopt regulations under AS 44.62 (APA) to carry out the purposes of AS 14.43.

(c) The corporation may enter into agreements with government or postsecondary education officials of this state or other states to provide postsecondary educational services and programs to Alaska residents pursuing a medical education. An agreement with another state must be limited to services and programs that are unavailable in Alaska.

\* Sec. 7. AS 14.42.210 is amended to read:

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

\* Sec. 8. AS 14.42.210(b) is amended to read:

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

\* Sec. 9. AS 14.43.100 is amended to read:

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

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

\* Sec. 10. AS 14.43.110 is amended to read:

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

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

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

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

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

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

\* Sec. 11. AS 14.43.120(b) is amended to read:

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

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

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

(B) submitted an executed program participation agreement as

required by the corporation [COMMISSION]; or

(2) a college or university that

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

(B) is accredited by a national or regional accreditation association

recognized by the Council on Recognition of Postsecondary Accreditation [COUNCIL

ON POSTSECONDARY ACCREDITATION] or is approved by the corporation

[COMMISSION];

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

(D) is a degree granting institution; and

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

\* Sec. 12. AS 14.43.120(c) is amended to read:

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

\* Sec. 13. AS 14.43.120(d) is amended to read:

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

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

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

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

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

\* Sec. 14. AS 14.43.120(f) is amended to read:

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

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

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

\* Sec. 15. AS 14.43.120(g) is amended to read:

(g) A borrower's obligation to commence repayment of the principal and interest on the loan begins six months after the borrower is no longer enrolled under (c) of this

section. The borrower shall repay the total amount owed in periodic installments of at least \$50 a month over a period of not more than 15 years from the commencement of the repayment obligation. If the corporation [COMMISSION] and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement. A borrower may make payments earlier than required by this subsection or the agreement.

\* Sec. 16. AS 14.43.120(i) is amended to read:

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

(1) shall notify the borrower that[, IF THE BORROWER HAS AN OCCUPATIONAL LICENSE ISSUED UNDER AS 08.01.025, AND THAT] repayment of the remaining balance is accelerated and due and that, if the borrower has an occupational license issued under AS 08, the license may not be renewed under AS 08.02.025, by mailing the borrower a notice at the most recent address provided to the commission by the borrower;

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

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

\* Sec. 17. AS 14.43.120(m) is amended to read:

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

\* **Sec. 18.** AS 14.43.120(r) is amended to read:

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

\* **Sec. 19.** AS 14.43.120(t) is amended to read:

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

\* **Sec. 20.** AS 14.43.120(u) is amended to read:

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

\* Sec. 21. AS 14.43.120(v) is amended to read:

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

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

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

\* Sec. 22. AS 14.43.122(a) is amended to read:

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

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

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

\* Sec. 23. AS 14.43.125(a) is amended to read:

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

(1) is

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

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

(i) in the state; or

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

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

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

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

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

(B) is dependent on a parent or guardian for care, the parent or guardian has been present in the state for at least one year immediately before the time of application for the loan and, the person has been present in the state for at least one year of the immediately preceding five years, except that the corporation [COMMISSION]

may by a two-thirds vote, acting upon a written appeal by the person, grant an exemption to the requirement that the person has been present in the state for one year of the immediately preceding five years;

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

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

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

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

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

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

(vi) an absence allowed under (D)(i)-(iv) of this paragraph,  
or

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

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

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

(iii) full-time employment by the state;

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

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

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

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

\* Sec. 24. AS 14.43.150(a) is amended to read:

(a) In a court proceeding regarding a defaulted loan under this chapter in which the court has entered judgment in favor of the corporation or the former Alaska Commission on Postsecondary Education [COMMISSION], the court may, on its own motion or motion of the corporation [COMMISSION], after notice and an opportunity for hearing, order the loan recipient to assign to the corporation [COMMISSION] that

portion of salary or wages due the loan recipient currently and in the future in an amount sufficient to pay the amount ordered by the court to be repaid [TO THE COMMISSION].

\* Sec. 25. AS 14.43.160(1) is amended to read:

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

\* Sec. 26. AS 14.43.255(a) is amended to read:

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

\* Sec. 27. AS 14.43.300(g) is amended to read:

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

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

\* Sec. 28. AS 14.43.415 is amended to read:

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

(1) is a resident of Alaska;

(2) is [EITHER]

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

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

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

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

\* Sec. 29. AS 14.43.620 is amended to read:

Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN ACCOUNT

[FUND]. (a) The [THERE IS CREATED A] teacher scholarship revolving loan account is created within the student loan fund (AS 42.210). The account [FUND] shall be used to make scholarship loans to students selected under AS 14.43.600 - 14.43.700. [UNLESS THE INSTRUMENT EVIDENCING THE TEACHER SCHOLARSHIP LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA STUDENT LOAN CORPORATION, REPAYMENTS] Repayments of principal and interest on a teacher scholarship loan shall be paid into the teacher scholarship revolving loan account [FUND] and shall be used to make new teacher scholarship loans. If estimated funds available are inadequate to fully fund estimated teacher scholarship loans for any fiscal year, additional funding from the general fund may be requested and appropriated for that year.

[(b) THE COMMISSION MAY SELL OR ASSIGN NOTES AND OTHER INSTRUMENTS EVIDENCING TEACHER SCHOLARSHIP LOANS TO THE ALASKA STUDENT LOAN CORPORATION AND ENTER INTO AGREEMENTS WITH THE CORPORATION RELATING TO LOANS, THE ADMINISTRATION OF THE STUDENT LOAN FUND CREATED UNDER AS 14.42.210 AND THE PAYMENT OF AND SECURITY FOR BONDS OF THE CORPORATION. PROCEEDS FROM THE SALE OR ASSIGNMENT OF THE NOTES OR OTHER INSTRUMENTS SHALL BE DEPOSITED IN THE TEACHER SCHOLARSHIP REVOLVING LOAN FUND.]

\* Sec. 30. AS 14.43.630(a) is amended to read:

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

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

(2) [DEVELOP AND] distribute to the local school boards an application form for teacher scholarship loans; [THE FORM MUST INCLUDE A REQUIREMENT THAT] the applicant must provide [SUPPLY] a high school academic transcript and a statement of intent to enter a teaching career at the elementary or secondary school level in the state.

\* Sec. 31. AS 14.43.650(a) is amended to read:

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

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

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

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

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

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

\* Sec. 32. AS 14.43.720(a) is amended to read:

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

\* Sec. 33. AS 14.43.740(d) is amended to read:

(d) A borrower's obligation to commence repayment [REPAYMENT] of the principal and interest on a family education loan [MADE UNDER AS 14.43.710 -

14.43.790] begins on the first of the month immediately following loan disbursement. The loan may be canceled without prejudice at any time before actual disbursement. The borrower shall repay [THE LOAN SHALL PROVIDE FOR REPAYMENT OF] the total amount owed in periodic installments over a period of [IN] not more than 10 years from the commencement of the repayment obligation. If the corporation [COMMISSION] and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement. The borrower may make payments earlier than required by this section or the agreement.

\* Sec. 34. AS 14.43.990 is repealed and readopted to read:

AS 14.43.990. DEFINITION. In this chapter, "corporation" means the Alaska Student Loan Corporation.

\* Sec. 35. AS 14.44.035 is amended to read:

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

\* Sec. 36. AS 14.48 is amended by adding a new section to read:

Sec. 14.48.035. ALASKA POSTSECONDARY EDUCATION COMMISSION. (a) The Alaska Postsecondary Education Commission is created in the Department of Education consisting of the voting members of the Alaska Student Loan Corporation under AS 14.42.120. The public members are subject to confirmation by the legislature and serve at the pleasure of the governor for four-year staggered terms.

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

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

(d) The employees of the Department of Education shall serve as staff to the commission.

\* Sec. 37. AS 14.48.040 is amended to read:

Sec. 14.48.040. COMMISSION TO ADMINISTER CHAPTER. The commission shall administer this chapter [AND MAY HIRE NECESSARY PERSONNEL]. The commission may obtain from corporations, commissions, and other state agencies information and assistance needed to carry out the provisions of this chapter.

\* Sec. 38. AS 14.48.050 is amended by adding sections to read:

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

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

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

(b) The commission may

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

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

\* Sec. 39. AS 14.48.090 is repealed and reenacted to read:

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

\* Sec. 40. AS 14.48.120 is amended by reading the title and adding a new section to read:

Sec. 14.48.120. SANCTIONS [REVOICATION].

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

\* **Sec. 41.** AS 39.05.100(a) is amended to read:

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

\* **Sec. 42.** AS 39.25.110(11) is amended to read:

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

(A) [Repealed, § 13 ch 43 SLA 1994.]

(B) Alaska Permanent Fund Corporation;

(C) Alaska Industrial Development and Export Authority;

(D) Alaska Commercial Fisheries Entry Commission;;

(E) Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION];

(F) Alaska Aerospace Development Corporation;

\* Sec. 43. AS 39.50.200(b) is amended by adding a paragraph to read:

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

\* Sec. 44. AS 43.23.067 is amended to read:

**Sec. 43.23.067. CLAIMS OF DEFAULTED SCHOLARSHIP LOANS.** (a)

AS 09.38 does not apply to permanent fund dividends taken under AS 14.43.120(i).

Notwithstanding AS 09.35, the Alaska Student Loan Corporation may take a permanent fund dividend [EXECUTION ON A CLAIM] under AS 14.43.120(i) [IS ACCOMPLISHED] by delivering a certified claim to the department containing the following information:

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

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

(3) a statement that

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

(B) if the debt has been contested and resolved in favor of the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY

EDUCATION], no appeal is pending, the time limit for filing an appeal has expired, or the appeal has been resolved in favor of the commission.

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

(1) the amount of the claim; and

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

\* Sec. 45. AS 14.42.010 - 14.42.055, 14.42.170, 14.42.200(18), 14.42.210(c), AS 14.43.090, 14.43.105, 14.43.255(c), 14.43.320(a), 14.43.405(a) and 14.43.720(b) are repealed.

\* Sec. 46. TRANSITIONAL PROVISION: TEMPORARY FEE SCHEDULE FOR CERTAIN ACTIVITIES RELATED TO POSTSECONDARY EDUCATIONAL INSTITUTIONS AND AGENTS. Until a new fee schedule is adopted by regulation to implement the changes made by sec. 39 of this Act, the commission may charge the fees set out in the following schedule for an authorization to operate an institution in this state and for an agent's permit related to activities for postsecondary educational institutions:

- |   |        |
|---|--------|
| (1) authorization to operate            | \$100; |
| (2) renewal of authorization to operate | \$100; |

(3) an agent's permit \$ 50;

(4) renewal of an agent's permit \$ 50;

\* **Sec. 47. TRANSITION.** (a) The terms of the members of the Alaska Commission on Postsecondary Education terminate on the effective date of this Act. The governor may appoint to the Alaska Student Loan Corporation a person who has served on the Alaska Commission on Postsecondary Education and who meets the qualifications of AS 14.42.120, as repealed and reenacted by this Act. The terms of public persons initially appointed to the Alaska Student Loan Corporation must be set as provided in AS 39.05.055.

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

(c) Regulations adopted by the Alaska Commission on Postsecondary Education under authority of AS 14.43 remain in effect until regulations adopted by the Alaska Student Loan Corporation under that chapter, as amended by this Act, take effect. The Alaska Student Loan Corporation may implement and enforce commission regulations until its own take effect. Notwithstanding sec. 48 of this Act, the Alaska Student Loan Corporation may immediately proceed to adopt regulations necessary to implement the changes made by this Act to AS 14.43. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of this act.

(d) Regulations adopted under the authority of AS 14.48 by the Alaska Commission on Postsecondary Education, as constituted before July 1, 1996, remain in effect. Notwithstanding

sec. 48 of this Act, the commission may immediately proceed to adopt regulations necessary to implement the changes made by this Act to AS 14.48. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of this act.

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

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

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

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

\* Sec. 48. Except as provided in sec. 47(c) and (d) of this Act, this Act takes effect on July 1, 1996.

\* Sec. 1. AS 08.02.025(a) is amended to read:

(a) A person licensed under this title shall comply with the student loan repayment provisions under AS 14.43 that are applicable to the person. Notwithstanding another provision of law, a license issued to a person under this title may not be renewed if the licensee [BORROWER] and the Department of Commerce and Economic Development have received notice from the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] that the licensee is in default on a student loan provided to the licensee. This action may be taken no sooner than 60 days after the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] has notified the licensee [BORROWER] of the default status of the loan as provided under AS 14.43.120(i). If a licensee's [AN] appeal of a determination of default status is pending [ON BEHALF OF THE LICENSEE], the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] shall notify the department and renewal may not be denied under this section until and unless the appeal has been concluded and the default status affirmed. The denial [DENIAL] of renewal of a license shall continue until the Department of Commerce and Economic Development receives notice from the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] that the licensee is no longer in default on the student loan.

\* Sec. 2. AS 14.07.020(a) is amended by adding a paragraph to read:

(16) administer the provisions of AS 14.48 (regulation of postsecondary educational institutions).

\* Sec. 3. AS 14.07.020 is amended by adding a new section to read:

(c) The department has the following functions, advisory to the governing board; of institutions of public and private higher education in Alaska, to the governor, the legislature, and to other appropriate state and federal officials:

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

(2) advise as to the functions and purposes of the colleges and universities, both public and private, in the state and counsel as to the programs appropriate to each; and

(3) review and advise as to the working of all consortia and other cooperative agreements between the institutions of higher education in the state that are parties to them.

\* Sec. 4. AS 14.07.030 is amended by adding new paragraphs to read:

(14) establish task forces, committees, or subcommittees, not necessarily consisting of department officers or employees, to advise and assist the department in carrying out its functions assigned by AS 14.07.020(a)(16) and (c), and federal statute. The department may contract with, or use, existing institutions of higher education or other individuals or organizations to make studies, conduct surveys, submit recommendations, or otherwise contribute to the work of the department.

\* Sec. 5. AS 14.07 is amended by adding new sections to read:

Sec. 14.07.032. CONSORTIA. All parties that are signatory to a consortium agreement between the University of Alaska and a private university or college must abide by a decision rendered by the department when disagreements arise or exist between the parties. For purposes of this section and AS 14.07.020, "consortium" means a cooperative arrangement between two or more public or private institutions of higher

education specified in agreements or memoranda of understanding to permit sharing of facilities, instructional opportunities, and other educational services in such a way that the integrity of each institution party to the consortium is preserved while at the same time the institutions cooperatively plan the academic calendar, scheduling, use of personnel and facilities, and educational programs and offerings to the maximum advantage of the students and faculties of the institutions that are parties to a consortium.

Sec. 14.07.033. COLLECTION OF DATA. The department may require the institutions of public and private higher education and other institutions of postsecondary education in the state to submit data on costs, selection and retention of students, enrollments, plant capacities and use, and other matters pertinent to effective planning and coordination, and shall furnish information concerning these matters to the governor, to the legislature, and to other state and federal agencies as requested by them.

\* Sec. 6. AS 14.42.100 is amended to read:

Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

There is created the Alaska Student Loan Corporation. The corporation is a public corporation and government instrumentality within the Department of Revenue [EDUCATION] but having a legal existence independent of and separate from the state. The corporation may not be terminated as long as it has bonds, notes, or other obligations outstanding. Upon termination of the corporation, its rights and property pass to the state.

\* Sec. 7. AS 14.42.120 is repealed and reenacted to read:

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

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

(c) A full-time postsecondary student shall serve as a nonvoting member of the board of directors. The student will be appointed to the Alaska Commission on Postsecondary Education from a list of nominees submitted to the governor. The governor shall make the appointment from the list within 60 days after it is submitted. The list must consist of the names of two nominees from Alaska Pacific University, two nominees from Sheldon Jackson College, and two nominees from each campus of the University of Alaska. The nominees shall be selected by the students at Alaska Pacific University, Sheldon Jackson College, and each campus of the University of Alaska by an election held on each campus. Elections under this subsection shall be held concurrently with student regent elections required under AS 14.40.150(b) and conducted under rules established by the Office of the Governor. The term of office of the student member of the commission is two years and begins June 1 of the year in which the appointment is made. Membership on the commission is immediately forfeited by a student member who ceases to be a full-time student. Within 60 days after a vacancy occurs, the governor shall appoint a successor from those students appearing on the list of nominees to serve for the unexpired term of the original appointee. The term "campus" used in this subsection means a portion of the University of Alaska designated as a "campus" by the Board of Regents.

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

(e) The board shall elect a chairman from among its voting membership at its annual meeting each year. A majority of the voting members constitute a quorum for organizing the board, conducting its business, and exercising the powers of the corporation.

\* **Sec. 8.** AS 14.42.60 is repealed and reenacted to read:

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

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

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

\* **Sec. 9.** AS 14.42. is amended by adding a new section to read:

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

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

\* **Sec. 10.** AS 14.42 is amended by adding a new section to read:

**Sec. 14.42.195. FUNCTIONS OF THE CORPORATION.** (a) The corporation shall administer the provisions of AS 14.43.100 - 14.43.160 (student loan program).

(b) The corporation may enter into agreements with government or postsecondary education officials of this state or other states to provide postsecondary educational services and programs to Alaska residents pursuing a medical education. An agreement with another state must be limited to services and programs that are unavailable in Alaska.

\* Sec. 11. AS 14.42.210 is amended to read:

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

\* Sec. 12. AS 14.42.210(b) is amended to read:

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

\* Sec. 13. AS 14.42.210(c) is amended to read:

(c) The student loan fund shall be administered by the corporation [ALASKA COMMISSION ON POSTSECONDARY EDUCATION. THE CORPORATION AND THE COMMISSION MAY ENTER INTO AGREEMENTS RELATING TO THE ADMINISTRATION OF THE FUND. THE CORPORATION MAY ASSIGN ITS RIGHTS UNDER THE AGREEMENTS FOR THE BENEFIT AND SECURITY OF HOLDERS OF ITS BONDS].

\* **Sec. 14.** AS 14.42.390(2) is amended to read:

(2) "corporation" means the Alaska Student Loan Corporation.

\* **Sec. 15.** AS 14.43.100 is amended to read:

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

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

\* **Sec. 16.** AS 14.43.105 is amended to read:

Sec. 14.43.105. ADMINISTRATION OF PROGRAM. The executive director shall administer the programs subject to review by the corporation [COMMISSION] and in accordance with the regulations adopted by the corporation [COMMISSION]. The adoption of these regulations is subject to AS 44.62 (Administrative Procedure Act). A summary of the regulations shall be distributed to each applicant.

\* **Sec. 17.** AS 14.43.110 is amended to read:

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

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

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

(b) The corporation [COMMISSION] may make a loan for a summer term, even if the total loan for the school year exceeds the limit imposed under (a) of this section if the loan for

the summer term is counted against the limit imposed under (a) of this section for the following school year.

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

\* Sec. 18. AS 14.43.120(b) is amended to read:

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

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

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

(B) submitted an executed program participation agreement as

required by the corporation [COMMISSION]; or

(2) a college or university that

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

(B) is accredited by a national or regional accreditation association

recognized by the Council on Postsecondary Accreditation or is approved by the

corporation [COMMISSION];

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

(D) is a degree granting institution; and

(E) has submitted an executed program participation agreement as

required by the commission.

\* Sec. 19. AS 14.43.120(c) is amended to read:

(c) To maintain a loan awarded to a full-time student, the student must continue to be enrolled as a full-time student in good standing in a career education program, college, or university that meets the requirements under (b) of this section. To maintain a loan awarded to a half-time student, the student must continue to be enrolled as a half-time

student in good standing in (1) a career education program, college, or university in the state that meets the requirements under (b) of this section, or (2) a career education program, college, or university that meets the requirements under (b) of this section, and be physically present in this [THE] state while attending the career education program, college, or university. The corporation [COMMISSION] shall adopt regulations defining "good standing" for purposes of this subsection.

\* Sec. 20. AS 14.43.120(d) is amended to read:

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

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

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

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

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

\* Sec. 21. AS 14.43.120(f) is amended to read:

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

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

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

\* Sec. 22. AS 14.43.120(g) is amended to read:

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

\* Sec. 23. AS 14.43.120(i) is amended to read:

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

(1) shall notify the borrower that, if the borrower has an occupational license issued under AS 08, the license may not be renewed under AS 08.02.025 and that repayment of the remaining balance is accelerated and due by mailing the borrower a notice at the most recent address provided to the commission by the borrower;

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

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

\* Sec. 24. AS 14.43.120(m) is amended to read:

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

\* Sec. 25. AS 14.43.120(r) is amended to read:

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

\* Sec. 26. AS 14.43.120(t) is amended to read:

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

\* Sec. 27. AS 14.43.120(u) is amended to read:

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

\* Sec. 28. AS 14.43.120(v) is amended to read:

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

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

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

\* Sec. 29. AS 14.43.122(a) is amended to read:

(a) The corporation [COMMISSION] may offer

(1) a borrower who has received more than one loan under this chapter the option of consolidating the multiple loans into a single loan; or

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

\* Sec. 30. AS 14.43.125(a) is amended to read:

(a) A person may apply for and obtain a scholarship loan if the person

(1) is

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

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

(i) in the state; or

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

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

(2) is not delinquent or in default on a previously awarded scholarship loan;

and

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

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

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

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

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

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

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

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

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

(vi) an absence allowed under (D)(i)-(iv) of this paragraph.

or

(D) is a dependent of a parent or guardian who has been physically present in the state for at least two years immediately before the parent or guardian was absent from the state and the absence is due solely to:

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

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

(iii) full-time employment by the state;

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

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

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

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

\* **Sec. 31.** AS 14.43.150(a) is amended to read:

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

\* **Sec. 32.** AS 14.43.160(1) is amended to read:

(1) "career education" means a course or program in vocational-technical training or education approved by the corporation [COMMISSION];

\* **Sec. 33.** AS 14.43.255(a) is amended to read:

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

\* **Sec. 34.** AS 14.43.300(g) is amended to read:

(g) The corporation [COMMISSION] by regulation shall set a loan origination fee, not to exceed five percent of the total memorial scholarship loan amount, to be assessed upon a memorial scholarship loan. The loan origination fee shall be deducted at the time the total loan amount is awarded. Subject to appropriation, the loan origination fee shall be deposited into a origination fee account within the memorial scholarship revolving loan fund, and subsequently transferred by the corporation [COMMISSION] to the appropriate memorial scholarship accounts within the memorial scholarship revolving loan fund to offset losses incurred due to loan debt cancellation as a result of death, disability, or bankruptcy of the borrower.

\* **Sec. 35.** AS 14.43.320(a) is amended to read:

(a) The memorial scholarship loans provided for under AS 14.43.250 - 14.43.325 shall be administered by the executive director of the corporation [COMMISSION], subject to review by the corporation [COMMISSION] and to those regulations the corporation [COMMISSION] may prescribe to carry out the purposes of AS 14.43.250 - 14.43.325.

\* **Sec. 36.** AS 14.43.405(a) is amended to read:

Sec. 14.43.405. ADMINISTRATION. (a) The educational incentive grant program established under AS 14.43.400 - 14.43.500 shall be administered by the executive director of the corporation [COMMISSION], subject to review by the corporation [COMMISSION] and to those regulations the corporation [COMMISSION] may adopt to carry out the purposes of AS 14.43.400 - 14.43.500.

\* **Sec. 37.** AS 14.43.415 is amended to read:

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

(1) is a resident of Alaska;

(2) is [EITHER]

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

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

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

(b) The corporation [COMMISSION] shall, by regulation, establish a system of priority in the selection of recipients of grants under AS 14.43.400 - 14.43.500 under which students from "low income" families or whose incomes are considered "low income" shall be given preference in the award of the educational incentive grants.

\* Sec. 38. AS 14.43.620 is amended to read:

Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN ACCOUNT [FUND]. (a) The [THERE IS CREATED A] teacher scholarship revolving loan account is created within the student loan fund (AS 42.210). The account [FUND] shall be used to make scholarship loans to students selected under AS 14.43.600 - 14.43.700. [UNLESS THE INSTRUMENT EVIDENCING THE TEACHER SCHOLARSHIP LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA STUDENT LOAN CORPORATION, REPAYMENTS] Repayments of principal and interest on a teacher scholarship loan shall be paid into the teacher scholarship revolving loan account [FUND] and shall be used to make new teacher scholarship loans. If estimated funds available are inadequate to fully fund estimated teacher scholarship loans for any fiscal year, additional funding from the general fund may be requested and appropriated for that year.

[(b) THE COMMISSION MAY SELL OR ASSIGN NOTES AND OTHER INSTRUMENTS EVIDENCING TEACHER SCHOLARSHIP LOANS TO THE

ALASKA STUDENT LOAN CORPORATION AND ENTER INTO AGREEMENTS WITH THE CORPORATION RELATING TO LOANS, THE ADMINISTRATION OF THE STUDENT LOAN FUND CREATED UNDER AS 14.42.210 AND THE PAYMENT OF AND SECURITY FOR BONDS OF THE CORPORATION. PROCEEDS FROM THE SALE OR ASSIGNMENT OF THE NOTES OR OTHER INSTRUMENTS SHALL BE DEPOSITED IN THE TEACHER SCHOLARSHIP REVOLVING LOAN FUND.]

\* Sec. 39. AS 14.43.630(a) is amended to read:

(a) The teacher scholarship loan program shall be administered by the corporation [COMMISSION] in accordance with regulations adopted by the corporation [COMMISSION]. The corporation [COMMISSION] shall

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

(2) develop and distribute to the local school boards an application form for teacher scholarship loans; the form must include a requirement that the applicant supply a high school academic transcript and a statement of intent to enter a teaching career at the elementary or secondary school level in the state.

\* Sec. 40. AS 14.43.650(a) is amended to read:

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

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

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

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

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

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

\* **Sec. 41.** AS 14.43.720(a) is amended to read:

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

\* **Sec. 42.** AS 14.43.730 is amended to read:

AS 14.43.730 ADMINISTRATION. The family education loan program shall be administered by the corporation [COMMISSION] under regulations that it adopts.

\* **Sec. 43.** AS 14.43.740(d) is amended to read:

(d) A borrower's obligation to commence repayment [REPAYMENT] of the principal and interest on a loan made under AS 14.43.710 - 14.43.790 begins on the first of the month immediately following loan disbursement. The loan may be canceled without prejudice at any time before actual disbursement. The borrower shall repay [THE LOAN SHALL PROVIDE FOR REPAYMENT OF] the total amount owed in periodic installments over a period of [IN] not more than 10 years from the commencement of the repayment obligation. If the corporation [COMMISSION] and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement.

\* Sec. 44. AS 14.43.990 is repealed and readopted to read:

AS 14.43.990. DEFINITION. In this chapter, "corporation" means the Alaska Student Loan Corporation.

\* Sec. 45. AS 14.44.035 is amended to read:

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

\* Sec. 46. AS 14.48.010(a) is amended to read:

(a) It is the purpose of this chapter to provide for the protection, education, and welfare of the citizens of the state, its postsecondary educational institutions, and its students, by

(1) establishing minimum standards concerning quality of education, ethical and business practices, health and safety, and fiscal responsibility, to protect against substandard, transient, unethical, deceptive, or fraudulent institutions and practices;

(2) prohibiting the granting of false or misleading educational credentials;

- (3) regulating the use of academic terminology in designating educational institutions;
- (4) prohibiting misleading literature, advertising, solicitation, or representation by educational institutions or their agents;
- (5) providing for the preservation of essential academic records; and
- (6) providing certain rights and remedies to the public and the department [COMMISSION] necessary to carry out the purposes of this chapter.

\* Sec. 47. AS 14.48.020 is amended to read:

Sec. 14.48.020. AUTHORIZATION AND PERMITS REQUIRED. A person may not

- (1) operate a postsecondary educational institution in the state unless the institution has a valid authorization to operate issued under this chapter or is exempt from the provisions of this chapter;
- (2) offer, itself or through an agent, enrollment or instruction in, or the granting of educational credentials from, a postsecondary educational institution, whether the institution is in or outside the state, unless the agent is a natural person and has a currently valid agent's permit issued under this chapter or is exempt from the provisions of this chapter;
- (3) accept contracts or enrollment applications of prospective students from an agent who does not have a current permit as required by this chapter; however, the department [COMMISSION] may adopt regulations to permit the rendering of legitimate public information services without a [THE] permit;
- (4) instruct or educate, [OR] offer to instruct or educate, enroll or offer to enroll, contract or offer to contract or award an educational credential, or contract with an institution or person to do so, in or outside the state, unless that person is in compliance

with the minimum standards set out in AS 14.48.060, the criteria established by the department [COMMISSION] under AS 14.48.050(1), and the regulations adopted by the department [COMMISSION] under AS 14.48.050(7);

(5) use the term "university" or "college" without authorization to do so from the department [COMMISSION];

(6) grant, or offer to grant, educational credentials[,] without authorization to do so from the department [COMMISSION].

\* Sec. 48. AS 14.48.030(b) is amended to read:

(b) The following educational programs or services and educational institutions are exempt from the provisions of this chapter, or portions of them, as determined by the department [COMMISSION]:

(1) education sponsored by a bona fide trade, business, labor, professional, or fraternal association or organization, recognized by the department, [COMMISSION] and conducted solely for that association's or organization's membership[,] or offered on a no-fee basis;

(2) education solely avocational or recreational in nature and institutions offering avocational or recreational education exclusively;

(3) education offered by charitable organizations, recognized by the department [COMMISSION], if the education is not advertised or promoted as leading toward educational credentials;

(4) nonprofit postsecondary educational institutions offering undergraduate or graduate educational programs conducted in the state, but not by correspondence, that [WHICH] are acceptable for credit toward an associate, bachelor's, or graduate degree;

(5) postsecondary educational institutions established, operated, and governed by the United States, a state, or its political subdivisions.

\* Sec. 49. AS 14.48.040 is amended to read:

Sec. 14.48.040. DEPARTMENT [COMMISSION] TO ADMINISTER CHAPTER. The commissioner of the department of education [COMMISSION ON POSTSECONDARY EDUCATION] shall administer this chapter and may hire necessary personnel. The department [COMMISSION] may obtain from corporations, commissions, and other state agencies information and assistance needed to carry out the provisions of this chapter.

\* Sec. 50. AS 14.48.050 is amended to read:

Sec. 14.48.050. POWERS AND DUTIES OF DEPARTMENT [COMMISSION]. The department [COMMISSION] shall

- (1) establish minimum criteria consistent with AS 14.48.060 including quality of education, ethical and business practices, health and safety, and fiscal responsibility that applicants for authorization to operate, or for an agent's permit, must meet before the authorization or permit is issued;
- (2) receive, investigate, and act upon applications for authorization to operate postsecondary educational institutions and applications for agent's permits;
- (3) maintain a list of postsecondary educational institutions and agents authorized to operate in the state under this chapter;
- (4) keep current and make available as public information the list of institutions and agents;
- (5) enter into interstate reciprocity agreements with similar agencies in other states[,] if in the judgment of the department [COMMISSION] the agreements will be helpful in carrying out the purposes of this chapter;
- (6) receive and maintain as a permanent file, copies of academic records maintained in accordance with AS 14.48.060(b)(6);

(7) adopt regulations and procedures necessary or appropriate for the conduct of its work and the implementation of this chapter under AS 44.62 (Administrative Procedure Act);

(8) investigate on its own initiative, or in response to a complaint lodged with it, persons subject to[,] or reasonably believed by the department [COMMISSION] to be subject to[,] the jurisdiction of this chapter; [AND] in connection with the investigation, subpoena persons, books, records, or documents related to the investigation; require answers in writing under oath to questions propounded by the department [COMMISSION] and administer oaths or affirmations to persons in connection with the investigation; and, for the purpose of examination at all reasonable times, shall have access to, and the right to copy, documentary evidence of a corporation that is under investigation or being proceeded against;

(9) exercise other necessary powers and duties in conformity with the provisions of this chapter that, in the judgment of the department [COMMISSION], are necessary to carry out the provisions of this chapter.

\* Sec. 51. AS 14.48.060 is amended to read:

Sec. 14.48.060. MINIMUM STANDARDS. (a) In establishing the criteria required by AS 14.48.050(1), the department [COMMISSION] shall require compliance with the minimum standards set out in (b) of this section.

(b) A postsecondary educational institution must be maintained and operated[,] or, in the case of a new institution, must demonstrate that it can be maintained and operated so that

(1) the quality and content of each course or program of instruction, training, or study [ARE SUCH AS] may reasonably and adequately achieve the stated objective for which the course or program is offered;

(2) the institution has or has access to adequate space, equipment, instructional materials, and personnel where applicable to achieve the stated objective of the course or program of study and to provide education of good quality;

(3) the education or experience qualifications of directors, administrators, supervisors, and instructors [ARE SUCH AS] may reasonably ensure that the students will receive education consistent with the objectives of the course or program of study;

(4) the institution provides a catalog or brochure containing information describing the programs offered, program objectives, length of program, schedule of tuition, fees, [AND] all other charges and expenses necessary for completion of the course of study, cancellation and refund policies, and other material facts concerning the institution and the program or course of instruction that are reasonably likely to affect the decision of the student to enroll, together with any other disclosures specified by the department [COMMISSION] by regulation; and that this information is provided to prospective students before enrollment;

(5) upon satisfactory completion of training, the student is given appropriate educational credentials by the institution, indicating that the course of instruction or study has been satisfactorily completed by the student;

(6) adequate records are maintained by the institution to show attendance, progress[,] or grades, and that satisfactory standards are enforced relating to attendance, progress, and performance;

(7) the institution is maintained and operated in compliance with all pertinent ordinances and laws relating to the safety and health of persons upon the premises of the institution;

(8) the institution is financially sound and capable of fulfilling its commitments to students;

(9) neither the institution nor its agents engage in advertising, sales, collection, credit, or other practices that [WHICH] are false, deceptive, misleading, or unfair;

(10) the chief executive officer, trustees, directors, owners, administrators, supervisors, staff, and instructors of the institution are of good reputation and character and have not been convicted of a violation of AS 14.48.020, [OR] 14.48.150, [OR] AS 45.50.471 - 45.50.561, or a comparable law in another state or province;

(11) the student housing owned, maintained, or approved by the institution is appropriate, safe, and adequate;

(12) the institution has a fair and equitable cancellation and refund policy;  
and

(13) the charges set by the institution for tuition, fees, books, and supplies are fair and equitable.

(c) The department may accept accreditation [ACCREDITATION]] by national or regional accrediting agencies recognized by the department [COMMISSION MAY BE ACCEPTED BY THE COMMISSION] as evidence of compliance with the minimum standards established by this section and the criteria established under AS 14.48.050(1). However, the department [COMMISSION] may require further evidence and make further investigation as [MAY BE] necessary. If the institution as a whole is not accredited, accreditation [ACCREDITATION] by a recognized, specialized accrediting agency may be accepted as evidence of compliance only as to the portion or program of an institution accredited by the accrediting agency [IF THE INSTITUTION AS A WHOLE IS NOT ACCREDITED].

\* Sec. 52. AS 14.48.070(a) is amended to read:

Sec. 14.48.070. AUTHORIZATION TO OPERATE. (a) Each postsecondary educational institution desiring to operate in this state shall apply to the department [COMMISSION], upon forms provided by the department [COMMISSION]. The application must [SHALL] be accompanied by a catalog or brochure published, or proposed to be published by the institution, containing the information specified in AS 14.48.060(b)(4). The application shall also be accompanied by evidence of a surety bond or other deposit as required by AS 14.48.100, and by the required fees.

\* Sec. 53. AS 14.48.070(b) is amended to read:

(b) Following review of the application and after necessary investigation of the applicant the department [COMMISSION] shall either grant or deny authorization to operate to the applicant. A grant of authorization to operate may be on those terms and conditions the department [COMMISSION] may prescribe.

\* Sec. 54. AS 14.48.070(c) is amended to read:

(c) The authorization to operate must be in a form approved by the department [COMMISSION] and must include

- (1) the date of issuance, effective date, and term of approval;
- (2) the name and address of the institution;
- (3) the authority for approval;
- (4) any condition or limitation of the authorization, as considered necessary

by the department [COMMISSION].

\* Sec. 55. AS 14.48.070(f) is amended to read:

(f) At least 60 days before the expiration of its [AN] authorization to operate, the institution shall complete and file with the department [COMMISSION] an application form for renewal [OF ITS AUTHORIZATION TO OPERATE]. The renewal application shall be reviewed and acted upon as provided for an original application.

\* **Sec. 56.** AS 14.48.070(g) is amended to read:

(g) An institution not yet in operation when its application for authorization to operate is filed may not begin operation until receipt of authorization. An institution in operation when its application for authorization to operate is filed may continue operation until its application is acted upon by the department [COMMISSION]. The department [COMMISSION] may issue provisional authorization to operate, containing limitations as to time, procedures, functions, or other conditions as the department [COMMISSION] considers necessary.

\* **Sec. 57.** AS 14.48.080(a) is amended to read:

(a) A person desiring to solicit or perform the services of an agent[,] in this state[,] shall apply to the department on [COMMISSION UPON] forms provided by the department [COMMISSION]. The application must [SHALL] be accompanied by evidence of the good reputation and character of the applicant and must state the institution that the applicant intends to represent. An agent representing more than one institution must obtain a separate agent's permit for each institution represented. However, when an agent represents institutions having a common ownership, only one agent's permit is required. If an institution that the applicant intends to represent does not have authorization to operate in this state, the application must [SHALL] be accompanied by the information required of institutions making application for authorization. The application for an agent's permit must [SHALL] also be accompanied by evidence of a surety bond or other deposit as required by AS 14.48.100, and by payment of the required fees.

\* **Sec. 58.** AS 14.48.080(c) is amended to read:

(c) Following review of the application and any further information submitted by the applicant, and investigation of the applicant as the department [COMMISSION]

considers necessary, the department [COMMISSION] shall either grant or deny an agent's permit to the applicant.

\* Sec. 59. AS 14.48.080(d) is amended to read:

(d) The agent's permit must be in a form approved by the department [COMMISSION] and must include

- (1) the date of issuance, effective date, and term;
- (2) the correct name and address of the agent;
- (3) the institution or institutions that the agent is authorized to represent.

\* Sec. 60. AS 14.48.080(f) is amended to read:

(f) At least 60 days before the expiration of an agent's permit, the agent shall complete and file with the department [COMMISSION] an application form for renewal. The renewal application shall be reviewed and acted upon as provided for an original application.

\* Sec. 61. AS 14.48.090 is repealed and reenacted to read:

Sec. 14.48.090. FEES. The department shall adopt regulations that establish the amount and manner of payment of application fees, authorization or permit fees, renewal fees, investigation fees, and all other fees as appropriate for the authorization to operate under AS 14.48.070 and the agent's permit for services under AS 14.48.080.

\* Sec. 62. AS 14.48.100 is amended to read:

Sec. 14.48.100. BONDS. (a) At the time application is made for authorization to operate, or for renewal of an authorization to operate, the department [COMMISSION] may require the postsecondary educational institution to file a surety bond in the amount determined by the department [COMMISSION]. The amount shall be determined by the number of students the institution seeks to enroll. The amount of the surety bond shall be reexamined by the department [COMMISSION] upon each renewal of the authorization

to operate to determine if a larger or smaller bond would be appropriate to ensure adequate protection for the students or enrollees, [OR] their parents or guardians, or classes thereof. The bond shall be executed by the applicant as principal and by a surety company qualified and authorized to do business in this state. The bond [AND] shall be conditioned to provide indemnification to any student or enrollee, [OR] the student's or enrollee's parent or guardian, or class thereof[,] determined to have suffered loss or damage as a result of a postsecondary educational institution's [AN] act or practice that [WHICH] is a violation of this chapter [BY THE POSTSECONDARY EDUCATIONAL INSTITUTION] and that the bonding company shall pay a final nonappealable order of the department [COMMISSION] or judgment of a court of this state having jurisdiction, upon receipt of written notification of the order or judgment. The aggregate liability of the surety for the bond of the institution or agent involved in the order or judgment may not, in any event, exceed the amount of the bond.

(b) An application for an agent's permit must [SHALL] be accompanied by a surety bond in the amount determined by the department [COMMISSION] to be necessary for the protection of the students or enrollees, [OR] their parents or guardians, or classes of these, or to reflect an institution's volume of business in the state. The bond shall be executed by the applicant as principal and by a surety company qualified and authorized to do business in this state. The bond shall be conditioned to provide indemnification to any student or enrollee, [OR] the student's or enrollee's parents or guardian, or class of these, determined to have suffered loss or damage as a result of an agent's act or practice that [WHICH] is a violation of this chapter [BY THE AGENT].

(c) The surety bond to be filed under this section must [SHALL] cover the period of the authorization to operate or the agent's permit, as appropriate, except when a surety is released as provided in this subsection. A surety on a bond filed under this section may be

released from that bond after the surety serves written notice of the release to the department [COMMISSION] and to the bonded agent or institution 45 days before the release. However, the release does not discharge or otherwise affect a claim filed by a student or enrollee, [OR] a parent or guardian, or class thereof, before or after the release for loss or damage resulting from an act or practice that [WHICH] is a violation of this chapter alleged to have occurred while the bond was in effect or for an institution's ceasing operations during the term for which tuition has been paid while the bond was in force.

(d) Authorization for an institution to operate and an agent's permit shall be suspended by operation of law when the institution or agent is no longer covered by a surety bond as required by this section. However, the department [COMMISSION] shall give the institution or agent, or both, at least 30 days written notice before the release of the surety, [TO THE EFFECT] that the authorization or permit shall be suspended by operation of law until another surety bond is filed in the same manner as, and in a like amount to, the bond being terminated.

(e) In lieu of the surety bond required in (a) and (b) of this section, the applicant may file with the department [COMMISSION] a cash deposit or other negotiable security, acceptable to the department [COMMISSION], in the amount specified for bonds.

• **Sec. 63.** AS 14.48.110 is amended to read:

Sec. 14.48.110. DENIAL. If the department [COMMISSION], upon review of an application for authorization to operate[,] or an application for an agent's permit, determines that the application should be denied, the department [COMMISSION] shall notify the applicant, setting out the reasons in writing. AS 44.62 (Administrative Procedure Act) governs the review of a denial under this section.

• **Sec. 64.** AS 14.48.120 is amended to read:

Sec. 14.48.120. REVOCATION. (a) An authorization to operate or an agent's permit may be revoked or conditioned if the department [COMMISSION] has reasonable cause to believe that the holder of the authorization or permit is violating or has violated this chapter, [OR] AS 45.50.471, [OR] regulations adopted under this chapter, or AS 45.50.491. Except as provided in (b) of this section, AS 44.62 (Administrative Procedure Act) governs the procedure for a revocation, review of a revocation, or other action under this section.

(b) Authorization for an institution to operate, and a permit for an agent representing that institution, are revoked 30 days after the institution ceases to operate. The department [COMMISSION] shall give the institution and the agent 15 days' written notice, by certified mail, sent return receipt requested, to the last addresses of the institution and agent.

(c) The institution and the agent may appeal a revocation under (b) of this section by filing an appeal in writing with the department [COMMISSION] within 30 days after the revocation.

\* Sec. 65. AS 14.48.130 is amended to read:

Sec. 14.48.130. COMPLAINTS. (a) A person claiming damage or loss as a result of an act or practice by a postsecondary educational institution or its agent, or both, that [WHICH] is a violation of this chapter or of the regulations adopted under this chapter may file with the department [COMMISSION] a complaint against the institution or against its agent or both. The complaint must state [SHALL SET OUT] the alleged violation and must [SHALL] contain other information as may be required by the department [COMMISSION]. A complaint may also be filed by the department [COMMISSION] on its own motion or the attorney general. A complainant may file with the department [COMMISSION] as a representative of a class of complainants.

(b) The department [COMMISSION] shall investigate the complaint and may attempt to effect a settlement by persuasion and conciliation. The department [COMMISSION] may consider a complaint after 30 days written notice by registered mail to the institution or agent, or both, giving notice of a time and place for hearing on the complaint. The hearing shall be conducted in accordance with AS 44.62 (Administrative Procedure Act).

(c) If, upon the evidence at a hearing, the department [COMMISSION] finds that a postsecondary educational institution or its agent, or both, has engaged in, or is engaging in, an act or practice that [WHICH] violates this chapter or the regulations adopted under this chapter, the department [COMMISSION] shall serve upon the institution or agent or both[,] an order requiring the institution or agent or both to cease and desist from the act or practice. If the department [COMMISSION] finds that the complainant, or class of complainants, has suffered loss or damage as a result of the act or practice, the department [COMMISSION] may also award the complainant, or class of complainants, full or partial restitution for the damage or loss and may impose the penalties provided for in AS 14.48.190. The department [COMMISSION] may also, based on its own investigation and the evidence adduced at the hearing, begin an action to revoke an institution's authorization to operate or an agent's permit.

\* Sec. 66. AS 14.48.140 is amended to read:

Sec. 14.48.140. JUDICIAL REVIEW. A final administrative order issued by the department [COMMISSION] is subject to judicial review under AS 44.62 (Administrative Procedure Act).

\* Sec. 67. AS 14.48.150 is amended to read:

Sec. 14.48.150. PRESERVATION OF RECORDS. (a) If a postsecondary educational institution proposes to discontinue its operation, the chief administrative officer

of the institution shall file with the department [COMMISSION] the original or legible true copies of academic records of the institution as specified by the department [COMMISSION]. The records must include that academic information customarily required by colleges when considering students for transfer or advanced study and the academic record of each former student.

(b) If it appears to the department [COMMISSION] that records of an institution discontinuing its operations are in danger of being destroyed or otherwise made unavailable to the department [COMMISSION], the department [COMMISSION] may seize the records[,] under an order of the superior court. The department [COMMISSION] shall maintain a permanent file of records coming into its possession under this section.

\* Sec. 68. AS 14.48.180 is amended to read:

Sec. 14.48.180. ENFORCEMENT: INJUNCTION. (a) The attorney general at the request of the department [COMMISSION] or on motion of the attorney general, may bring an action or proceeding in a court of competent jurisdiction for the enforcement of the provisions of this chapter.

(b) When it appears to the department [COMMISSION] that a person is, is about to, or has violated a provision of this chapter or a regulation adopted under this chapter, the department [COMMISSION] may, on its own motion or on the written complaint of any person, file a petition for injunction in the name of the department [COMMISSION] in a court of competent jurisdiction against the person for the purpose of enjoining the violation or for an order directing compliance with the provisions of this chapter. It is not necessary that the department [COMMISSION] allege or prove that it has no adequate remedy at law. The right of injunction provided in this section is in addition to other legal remedies available to the department [COMMISSION] and is in addition to the right of criminal

prosecution. However, the department [COMMISSION] may not obtain a temporary restraining order without notice to the person affected.

\* **Sec. 69.** AS 14.48.190 is amended to read:

Sec. 14.48.190. VIOLATIONS: CIVIL PENALTY. A person who violates the provisions of AS 14.48.020, or who fails or refuses to deposit with the department [COMMISSIONER] the records required by AS 14.48.150, is subject to a civil penalty of not more than \$1,000 for each violation. Each day's failure to comply with the provisions of AS 14.48.020 and 14.48.150 constitutes a separate violation. The fine may be imposed by the department [COMMISSION] in an administrative proceeding or by a court of competent jurisdiction.

\* **Sec. 70.** AS 14.48.200 is amended to read:

Sec. 14.48.200. CRIMINAL VIOLATION. A person who wilfully violates the provisions of AS 14.48.020 or who wilfully fails or refuses to deposit with the department [COMMISSION] the records required by AS 14.48.150 is guilty of a misdemeanor and, upon conviction, is punishable by a fine of not more than \$1,000 or by imprisonment for not more than six months, or by both. Each day's failure to comply is a separate violation.

\* **Sec. 71.** AS 14.48.210(2) is amended to read:

(2) "agent's permit" means a nontransferable written authorization issued to a natural person by the department that [COMMISSION WHICH] allows that person to solicit or enroll a resident of the state for education in a postsecondary educational institution;

\* **Sec. 72.** AS 14.48.210(3) is amended to read:

(3) "authorization to operate" means approval of the department [COMMISSION] to operate or to contract to operate a postsecondary educational institution in the state;

\* Sec. 73. AS 14.48.210 is amended by adding a new paragraph to read:

(12) "department" means the Department of Education;

\* Sec. 74. AS 16.43.340(a) is amended to read:

(a) In addition to entry permits and interim-use permits, the commission may issue educational entry permits to public, private, or denominational educational institutions, career, or vocational programs accredited or authorized by the Department of Education [OR ACCREDITED INSTITUTIONS, CAREER, OR VOCATIONAL PROGRAMS APPROVED BY THE ALASKA COMMISSION ON POSTSECONDARY EDUCATION], or full-time non-profit residential child care facilities licensed by the Department of Health and Social Services, division of social services, if

(1) the program is offered to students at the junior high school level or above;

(2) the issuance of an educational entry permit is reasonably necessary to the instruction of students under courses offered by the applicant for the educational entry permit;

(3) the program is offered by an institution that is located in the state and has been in operation for at least two years; and

(4) the institution offering the program is not a correspondence institution.

\* Sec. 75. AS 39.05.100(a) is amended to read:

(a) A person appointed to a board or commission of the state government shall be and have been before the last general election, (1) a registered voter in the state, if the appointment is made at large or (2) a registered voter from the judicial district, if the

appointment is made from a specific judicial district. The student member of the Board of Regents of the University of Alaska appointed under AS 14.40.150(b), [THE STUDENT MEMBER OF THE ALASKA COMMISSION ON POSTSECONDARY EDUCATION APPOINTED UNDER 14.42.015(e)], and a member of the Alaska Human Relations Commission appointed under AS 44.19.600, are exempt from the requirement of this subsection if the member was not old enough to be a registered voter in the last general election.

\* Sec. 76. AS 39.25.110(11) is amended to read:

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

(A) [Repealed, § 13 ch 43 SLA 1994.]

(B) Alaska Permanent Fund Corporation;

(C) Alaska Industrial Development and Export Authority;

(D) Alaska Commercial Fisheries Entry Commission;;

(E) Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION];

(F) Alaska Aerospace Development Corporation;

\* Sec. 77. AS 39.50.200(32) is amended to read:

(32) Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] AS 14.42.100 [14.42.015];

\* Sec. 78. AS 43.23.067 is amended to read:

Sec. 43.23.067. CLAIMS OF DEFAULTED SCHOLARSHIP LOANS. (a) AS 09.38 does not apply to permanent fund dividends taken under AS 14.43.120(i). Notwithstanding AS 09.35, execution on a claim under AS 14.43.120(i) is accomplished by delivering a certified claim to the department containing the following information:

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

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

(3) a statement that

(A) the debt has not been contested, or, if contested, that the issue has been resolved in favor of the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION]; and

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

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

(1) the amount of the claim; and

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

\* Sec. 79. AS 43.23.067 is amended to read:

(43) Department of Education [ALASKA COMMISSION ON POSTSECONDARY EDUCATION] under AS 14.48 as to denial of applications and revocation of authorizations and permits;

\* **Sec. 80.** AS 14.42.010 - 14.42.055, 14.42.170, 14.42.200(18), AS 14.43.090, 14.43.255(c), 14.43.720(b), and AS 14.48.210(4) are repealed.

\* **Sec. 81. TRANSITIONAL PROVISION: ADOPTION OF REGULATIONS.** The state agency affected by this Act may proceed to adopt regulations necessary to implement the changes made by secs. \_\_\_\_ of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of this act.

\***Sec. 82. TRANSITIONAL PROVISION: TEMPORARY FEE SCHEDULE FOR CERTAIN ACTIVITIES RELATED TO POSTSECONDARY EDUCATIONAL INSTITUTIONS AND AGENTS.** Until a new fee schedule is adopted by regulation to implement the changes made by sec. \_\_\_\_ of this Act, the department may charge the fees set out in the following schedule for an authorization to operate an institution in this state and for an agent's permit related to activities for postsecondary educational institutions:

- |  |        |
|--|--------|
| (1) authorization to operate               | \$100; |
| (2) renewal of authorization to<br>operate | \$100; |
| (3) an agent's permit                      | \$ 50; |
| (4) renewal of an agent's permit           | \$ 50; |

\* **Sec. 83. TRANSITION.** (a) The terms of the members of the Alaska Commission on Postsecondary Education terminate on the effective date of this bill. The governor may appoint to the Alaska Student Loan Corporation a person who has served on the Alaska Commission on Postsecondary Education and who meets the qualifications of AS 14.42.120, as repealed and reenacted by this bill. The terms of public persons initially appointed to the Alaska Student Loan Corporation must be set as provided in AS 39.05.055.

(b) Litigation, hearings, investigations, and other proceedings pending under a law amended or repealed by this bill, or in connection with functions transferred by this bill, continue

in effect and may be continued and completed notwithstanding a transfer or amendment or repeal provided for in this bill.

(c) Regulations adopted by the Alaska Commission on Postsecondary Education under authority of AS 14.43 remain in effect until regulations adopted by the Alaska Student Loan Corporation under those statutes, as amended by this bill, take effect. The Alaska Student Loan Corporation may implement and enforce commission regulations until its own take effect. (d) Regulations adopted by the Alaska Commission on Postsecondary Education under authority of AS 14.48 remain in effect until regulations adopted by the Department of Education under those statutes, as amended by this bill, take effect. The Department of Education may implement and enforce commission regulations until its own take effect.

(e) Contracts, rights, liabilities, notes, or other obligations created by or under a law amended or repealed by this bill, and in effect on June 30, 1996, remain in effect notwithstanding this bill, with all contracts, rights, liabilities, notes, or other obligations created by or under a law amended or repealed by this bill becoming contracts, rights, liabilities, notes, or other obligations of the Alaska Student Loan Corporation.

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

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

\* Sec. 84. This bill takes effect on July 1, 1996.

# LEGAL SERVICES

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

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101


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

## MEMORANDUM

March 28, 1996

**SUBJECT:** Sectional Summary of CSSB 301(HES)  
(Work Order No. 9-LS1749\C)

**TO:** Senator Lyda Green  
Attn: Mike

**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.

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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.

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**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.

MFF:pl

96-096.plm

9-LS1749(C)

Ford

3/28/96

CS FOR SENATE BILL NO. 301(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE 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

- Technical change  
Substitute from  
1994 Law.

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

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

(b) The Board of Regents may

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

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

(3) set student tuition and fees;

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

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

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

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

-WAMI  
Language  
from DOE.

-Creates  
the AK Student  
Loan Corporation  
in Dept of  
Revenue

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.

*Are we  
excluding  
other  
nominees*

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*Voting  
Members  
3 departmental  
officials  
4 public  
members.*

*Non-voting  
members  
1 Senator  
1 Rep.  
1 F.T. student*

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

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

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

Sec. 14.42.160. EXECUTIVE OFFICER AND STAFF; ADMINISTRATION.

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

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

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

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

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

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

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

*14.42.180  
with student  
deleted (b)*

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

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

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

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

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

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

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

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

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

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

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

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

25 (2) a college or university that

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

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

31 (C) if the loans are federally insured, is approved by the United

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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

*Constitution  
ground for  
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has found  
appropriate*

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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

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state's congressional delegation;

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

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

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

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

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

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

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

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

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

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

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

*New definition of 1/2 time career education student.*

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

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

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

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

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

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

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

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

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

*Should stay in*

*As deleted language but as on page 9, line 14 should be consistent. There is constitutional grounds for legislative appropriation.*

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

*New  
 allow use  
 of original  
 fee to offset  
 losses due to  
 default.*

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 period of attendance.

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.

*Now allow borrower to make payments earlier than required*

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.

*Moves WICHE from ALPE to Student Loan Corporation*

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.

*Signify inclusion of public members*

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

*Delete  
Commission's  
authority  
to hire staff*

*Establish  
advisory  
functions  
of the  
commission  
- existing  
authority  
of commission  
under 14.48.050*

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:

*authority  
to establish  
fees to  
offset costs  
of commission  
- already  
in statute*

*Places officers  
& employees  
in exempt  
services*

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

*Conflict  
interest  
provision*

*allows  
corporation  
to take a  
PFD  
for defaulted  
loans.*

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.

CS FOR SENATE BILL NO. 301(HES)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATE 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 members of the Alaska  
6 Commission on Postsecondary Education under AS 14.48.035. The governor's appointees  
7 shall serve at the pleasure of the governor for four-year staggered terms.

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

12 (c) A full-time postsecondary student shall serve as a nonvoting member of the  
13 board of directors. The governor shall appoint the student member from a list of  
14 nominees within 60 days after it is submitted. The list must consist of the names of two  
15 nominees from each four-year public or nonprofit college or university campus in the state  
16 that has representative student government. The nominees shall be selected from a student  
17 election held on each campus. Elections under this subsection shall be held concurrently  
18 with student regent elections required under AS 14.40.150(b) and conducted under rules  
19 established by the Office of the Governor. The term of office of the student member is  
20 two years beginning June 1 of the year in which the appointment is made. Members' ip  
21 on the corporation is immediately forfeited by a student member who ceases to be a  
22 full-time student. Within 60 days after a vacancy occurs, the governor shall appoint a  
23 successor from those students appearing on the list of nominees to serve for the unexpired  
24 term of the original appointee. In this subsection, "campus" means a portion of the  
25 college or university designated as a "campus" by the board of the college or university.

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

30 (e) Members of the board serve without compensation, but the voting members  
31 who are not state employees and the student member are entitled to per diem and travel

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expenses authorized for boards and commissions under AS 39.20.180.

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

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

Sec. 14.42.150. EXECUTIVE OFFICER AND STAFF; ADMINISTRATION.

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

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

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

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

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

*- delete reference to hiring legal council (independent - already granted authority under another section of law)*

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

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

(b) The corporation may adopt regulations under AS 14.62 (Administrative

1 Procedure Act) to carry out the purposes of AS 14.43.

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

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

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

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

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

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

22 \* Sec. 11. AS 14.43.100 is amended to read:

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

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

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

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

31 (1) \$8,500 to a full-time undergraduate student or \$4,500 [\$5,000] to a

1 half-time undergraduate student attending a college or university if the full- or half-time  
2 student is otherwise eligible under AS 14.43.125;

3 (2) \$9,500 to a full-time graduate student or \$5,000 [\$4,500] to a  
4 half-time graduate student attending a college or university if the full- or half-time  
5 graduate student is otherwise eligible under AS 14.43.125;

6 (3) \$5,500 to a full-time student or \$2,000 to a half-time student if the  
7 full- or half-time student is attending a career education program [THAT IS AT LEAST  
8 SIX WEEKS IN LENGTH] and is otherwise eligible under AS 14.43.125.

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

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

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

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

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

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

19 (B) submitted an executed program participation agreement

20 required by the corporation [COMMISSION]; or

21 (2) a college or university that

22 (A) has operated for at least two years before the borrower  
23 attends;

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

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

29 (D) is a degree granting institution; and

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

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

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

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

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

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

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

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

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

30 \* Sec. 16. AS 14.43.120(i), is amended to read:

31 (f) Interest on a loan made under AS 14.43.100 - 14.43.160 [AS 14.43.090 -

1 14.43.160] is equal to the interest rate

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

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

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

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

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

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

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

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

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

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

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

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

31 (r) The rate of interest, time of payment of an installment of principal or interest,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (1) is

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

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

15 (i) in the state; or

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

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

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

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

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

28 (B) is dependent on a parent or guardian for care, the parent or  
29 guardian has been present in the state for at least one year immediately before the  
30 time of application for the loan, and the person has been present in the state for  
31 at least one year of the immediately preceding five years, except that the

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

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

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

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

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

13                            (iv) required medical care for the applicant or the  
14                            applicant's immediate family;

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

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

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

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

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

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

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

29                            (v) being a person who otherwise qualifies as a resident  
30                            and is accompanying a spouse who qualifies as a resident under (i) - (iv)  
31                            of this paragraph;

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

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

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

8 (c) A person may not be awarded a scholarship loan under AS 14.43.100 -  
9 14.43.160 [AS 14.43.090 - 14.43.160] if that person receives a teacher scholarship loan  
10 under AS 14.43.600 - 14.43.700 for the same period of attendance.

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

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

19 \* Sec. 28. AS 14.43.160 is amended to read:

20 Sec. 14.43.160. DEFINITIONS. In AS 14.43.100 - 14.43.160, [AS 14.43.090 -  
21 14.43.160]

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

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

29 (3) "full-time student" means an undergraduate or career education student  
30 who is enrolled and is in regular attendance at classes for at least 12 semester hours of  
31 credit or the equivalent during the semester or a graduate student who is enrolled and is

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

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

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

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

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

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

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

23 (g) The corporation [COMMISSION] by regulation shall set a loan origination  
24 fee, not to exceed five percent of the total memorial scholarship loan amount, to be  
25 assessed upon a memorial scholarship loan. The loan origination fee shall be deducted  
26 at the time the loan amount is disbursed. Subject to appropriation, the loan origination  
27 fee shall be deposited into a origination fee account within the memorial scholarship  
28 revolving loan fund, and subsequently transferred by the corporation [COMMISSION]  
29 to the appropriate memorial scholarship accounts within the memorial scholarship  
30 revolving loan fund to offset losses incurred due to loan debt cancellation as a result of  
31 death, disability, default, or bankruptcy of the borrower [STUDENT].

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

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

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

8 (b) To the extent that they are not in conflict with the provisions of AS 14.43.250  
9 - 14.43.325, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160]  
10 relating to scholarship loans are applicable to loans made under AS 14.43.250 -  
11 14.43.325.

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

13 (b) To the extent that they are not in conflict with the provisions of AS 14.43.400  
14 - 14.43.405, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160]  
15 relating to student financial aid are applicable to the grants made under AS 14.43.400 -  
16 14.43.500.

17 \* Sec. 34. AS 14.43.410 is amended to read:

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

22 \* Sec. 35. AS 14.43.415 is amended to read:

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

25 (1) is a resident of Alaska;

26 (2) is [EITHER]

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

29 (B) eligible to be admitted to an accredited postsecondary  
30 educational institution; and

31 (3) establishes financial need in accordance with standards for determining

1 financial need adopted by the corporation [COMMISSION] under 20 U.S.C. 1070c-2.

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

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

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

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

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

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

27 (2) [DEVELOP AND] distribute to the local school boards an application  
28 form for teacher scholarship loans; [THE FORM MUST INCLUDE A REQUIREMENT  
29 THAT] the applicant must provide [SUPPLY] a high school academic transcript and a  
30 statement of intent to enter a teaching career at the elementary or secondary school level  
31 in the state.

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

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

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

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

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

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

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

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

16 (c) A student may not be awarded a teacher scholarship loan under AS 14.43.600  
17 - 14.43.700 if the student receives a student [SCHOLARSHIP] loan under AS 14.43.100 -  
18 14.43.160 [AS 14.43.090 - 14.43.160] for the same period of attendance.

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

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

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

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

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

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

15 \* Sec. 43. AS 14.44.035 is amended to read:

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

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

20 Sec. 14.48.035. ALASKA COMMISSION ON POSTSECONDARY  
 21 EDUCATION. (a) The Alaska Commission on Postsecondary Education is created in  
 22 the department consisting of the commissioner of revenue, the commissioner of  
 23 administration, a person representing the department appointed by the governor, and four  
 24 public members appointed by the governor. The public members are subject to  
 25 confirmation by the legislature and serve at the pleasure of the governor for four-year  
 26 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

*Gov.  
 appoints:  
 Legis  
 appointment  
 25  
 Confirmation*

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.

# STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

TONY KNOWLES, GOVERNOR

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

## MEMORANDUM

TO: Honorable Con Bunde  
(H)HES

FROM: Gillian R. Hays  
Executive Assistant

DATE: February 22, 1996

RE: Commission Statutes  
AS 14.42.010-055

You requested I submit some recommendations for changes to the Commission statutes in order to bring it more in line with the current needs and responsibilities. After having worked with Governor Knowles' staff to develop the Executive Order (based on Dr. McCormick's white paper on the issue) I do not have any 'original' ideas. Combining the oversight of the student loan program into one group to reduce the membership to a workable number is a good idea and one embraced by the bond advisory group.

The following statutory references may be of assistance in the development of your bill:

Delete reference to membership from specific groups that no longer exist, or reduce memberships that have two representatives:

Sec. 14.42.015. CREATION, COMPOSITION, APPOINTMENT OF MEMBERS. (a)(1), (5) and (6)

Delete reference to functions formerly mandated by federal law that are no longer in effect:

Sec. 14.42.030. FUNCTIONS OF THE COMMISSION. (b)(1)-(3)

Delete reference to review of University of Alaska budget:

Sec. 14.42.030. FUNCTIONS OF THE COMMISSION. (a)(3)

Delete reference to functions never performed or that don't exist:

Sec. 14.42.030. (b)(6) and Sec. 14.42.055. CONSORTIA.

Omit reference to gender - [CHAIRMAN] chair

(b) The legislature affirms that the legal authority for the operation and management of the statewide university system remains with the Board of Regents of the University of Alaska and the legal authority for the operation and management of other postsecondary educational programs remains with the governing boards of the other private non-profit and proprietary institutions in the state. (§ 4 ch 78 SLA 1974)

*Revisor's notes.* — Formerly AS 14.40.901. Renumbered in 1982.

**Sec. 14.42.015. Creation, composition, appointment of members.** (a) There is in the Department of Education the Alaska Commission on Postsecondary Education consisting of

(1) two members of the Board of Regents of the University of Alaska designated by the members of that body;

(2) one person representing private higher education in the state selected jointly by the Boards of Trustees of Alaska Pacific University and Sheldon Jackson College from among their membership;

(3) one person representing the Department of Education selected by the state Board of Education;

(4) four persons broadly and equitably representative of the general public appointed by the governor;

(5) one member of the state Advisory Council on Vocational Education designated by the members of that body;

(6) one person from the members of the local community college advisory councils appointed by the governor;

(7) two members from the legislature, one of whom shall be appointed by the president of the senate and one by the speaker of the house of representatives;

(8) one person appointed in accordance with (e) of this section who is a full-time student as defined in AS 14.43.160;

(9) one administrator appointed by the governor from a proprietary institution of postsecondary education that has an authorization to operate in the state issued under AS 14.48.

(b) No governing body member, trustee, official, or employee of either a public, private, or proprietary institution of postsecondary or higher education in the state may be appointed to membership on the commission as representative of the general public for the purpose of (a)(4) of this section.

(c) The governor's appointees are subject to confirmation by the legislature and shall serve at the pleasure of the governor for four-year staggered terms. Members appointed or designated by bodies or agencies other than the governor serve at the pleasure of the appointing authority. Vacancies shall be filled in the same manner as original appointment.

(d) For the purpose of (a)(4) of this section, "broadly and equitably representative of the general public" means that the public member-

each campus of the University of Alaska. The nominees shall be selected by the students at Alaska Pacific University, Sheldon Jackson College, and each campus of the University of Alaska by an election held on each campus. Elections under this subsection shall be held concurrently with student regent elections required under AS 14.40.150(b) and conducted under rules established by the Office of the Governor. The term of office of the student member of the commission is two years and begins June 1 of the year in which the appointment is made. Membership on the commission is immediately forfeited by a student member who ceases to be a full-time student. Within 60 days after a vacancy occurs, the governor shall appoint a successor from those students appearing on the list of nominees to serve for the unexpired term of the original appointee. The term "campus" used in this subsection means a portion of the University of Alaska designated as a "campus" by the Board of Regents. (§ 4 ch 78 SLA 1974; am §§ 1 — 3 ch 64 SLA 1982; am § 56 ch 6 SLA 1984; am § 1 ch 64 SLA 1986; am § 1 ch 41 SLA 1990; am § 3 ch 61 SLA 1995)

*Effect of amendments.* — The 1995 amendment, effective July 1, 1995, substituted "Alaska Human Resource Investment Council established by AS 44.19.620" for "state Advisory Council on Vocational Education" in paragraph (a)(5).

**Sec. 14.42.030. Functions of the commission.** (a) The commission has the following functions, advisory to the governing boards of institutions of public and private higher education in Alaska, to the governor, the legislature, and to other appropriate state and federal officials:

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

(2) advise as to the functions and purposes of the colleges and universities, both public and private, in the state and counsel as to the programs appropriate to each;

(3) review the annual budgets and capital outlay requests of the University of Alaska and of each of the private colleges and universities in the state, and present comments on the general level of support sought;

(4) review and advise as to the working of all consortia and other cooperative agreements between the institutions of higher education in the state that are parties to them;

(5) *[Repealed, § 35 ch 126 SLA 1994.]*

(b) The commission shall

(1) develop a comprehensive statewide plan for coordinated postsecondary education in the state and serve as the state commission on

postsecondary education required under sec. 1202 of Title XII of the Higher Education Act of 1965, as amended by the Education Amendments of 1972 (P.L. 92-318, sec. 196; 86 Stat. 324);

(2) establish a state advisory council on community colleges and develop a comprehensive statewide plan for the expansion and improvement of the community colleges under sec. 1001 of Title X of the Higher Education Act of 1965, as amended by the Education Amendments of 1972 (P.L. 92-318, sec. 186; 86 Stat. 312, 313);

(3) serve as the state agency required under sec. 105 of Title I (Community Service and Continuing Education), 603 of Title VI (Financial Assistance for Undergraduate Education), 704 of Title VII (Construction of Academic Facilities), and Part B of Title IV (Guaranteed Student Loan Program) of the Higher Education Act of 1965 (P.L. 89-329; 79 Stat. 1220, 1262; 20 U.S.C. 1005, 1123) as authorized by sec. 1202(c) of Title XII of the Higher Education Act of 1965, as amended by the Education Amendments of 1972 (P.L. 92-318, sec. 196; 86 Stat. 324);

(4) administer the provisions of AS 14.43.090 — 14.43.160 (student loan program);

(5) administer the provisions of AS 14.48 (regulation of postsecondary educational institutions);

(c) resolve any disputes that exist or arise under a consortium or other cooperative agreement between institutions of public and private higher education in the state.

(c) The commission may establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions assigned by state or federal statute. The commission may contract with, or use, existing institutions of higher education or other individuals or organizations to make studies, conduct surveys, submit recommendations, or otherwise contribute to the work of the commission. The commission may appoint a committee to be responsible for the area of student financial aid.

(d) The commission may enter into agreements with government or postsecondary education officials of this state or other states to provide postsecondary educational services and programs to Alaska residents pursuing a medical education. An agreement with another state must be limited to services and programs that are unavailable in Alaska. (§ 4 ch 78 SLA 1974; am § 2 ch 25 SLA 1976; am § 24 ch 14 SLA 1987; am § 1 ch 15 SLA 1987; am § 1 ch 43 SLA 1991; am § 35 ch 126 SLA 1994)

**Effect of amendments.** — The 1994 amendment, effective July 1, 1994, repealed paragraph (a)(3), relating to the

commission's report on, and suggested changes in, public and postsecondary education in Alaska.

sented by counsel in a proceeding, the attorney general, upon request of the commission, shall represent the public interest.

(b) The commission may employ temporary legal counsel from time to time in matters in which the commission is involved. (§ 3 ch 25 SLA 1976)

Revisor's notes. — Formerly AS 14.40.917. Renumbered in 1982.

**Sec. 14.42.055. Consortia.** All parties that are signatory to a consortium agreement between the University of Alaska and a private university or college must abide by a decision rendered by the commission when disagreements arise or exist between the parties. For purposes of this section and AS 14.42.030(b)(6), "consortium" means a cooperative arrangement between two or more public or private institutions of higher education specified in agreements or memoranda of understanding to permit sharing of facilities, instructional opportunities, and other educational services in such a way that the integrity of each institution party to the consortium is preserved while at the same time the institutions cooperatively plan the academic calendar, scheduling, use of personnel and facilities, and educational programs and offerings to the maximum advantage of the students and faculties of the institutions that are parties to a consortium. (§ 8 ch 246 SLA 1976)

Revisor's notes. — Formerly AS 14.40.919. Renumbered in 1982.

**Article 2. Alaska Student Loan Corporation.**

<p><b>Section</b>                  100. Creation of Alaska Student Loan Corporation                  110. Purpose of corporation                  120. Corporation governing body                  130. Meetings of the board                  140. Minutes of meetings                  150. Administration of affairs                  160. Executive officer                  170. Staff                  190. Budget                  200. General powers                  210. Student loan fund                  220. Bonds of the corporation</p>	<p><b>Section</b>                  230. Trust indentures and trust agreements                  240. Reserves and capital reserves                  250. Validity of pledge                  260. Nonliability on bonds                  265. Underwriters                  270. Pledge and agreement of state                  280. Exemption from taxation                  290. Bonds legal investments for fiduciaries                  300. Operation of certain statutes cited                  310. Annual audit                  390. Definitions</p>
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