

HB

407

Alaska State Legislature

Interim:

145 Main St. Lp., 223
Kenai, Alaska 99611
907/283-7095
907/283-3075 fx
907/262-7574 hm

Session:

State Capitol
Juneau, AK 99801
907/465-2693
fx 907/465-3835
800/463-2693

Representative Gary Davis

SPONSOR STATEMENT

House Bill 407

"An Act relating to repayment of teacher scholarship loans"

The Teacher Scholarship Loan Program provides incentive to Alaska high school graduates to pursue teaching careers in rural Alaska elementary and secondary schools. Participants in the program are eligible to have their loan payments forgiven--either partially or in their entirety--based on the number of years they teach at a rural elementary or secondary school.

Sometimes, however, individuals are prevented from fulfilling the requirements to obtain payment forgiveness because of circumstances beyond their control. House Bill 407 addresses this type of situation. It provides that an individual who, after participating in the loan program, is diagnosed with a medical condition for which treatment is available only in an urban area, may still qualify for loan payment forgiveness so long as that individual is teaching in an elementary or secondary school.

Provisions already exist for payment deferments and extensions because of hardship and total loan forgiveness because of total disability. Unfortunately, there are times when individuals who are able to continue working are not able to work in a rural area because of required medical treatment. They would like to fulfill the requirements by working in rural areas but, through no fault of their own, cannot. This legislation remedies this situation without damaging the integrity of the program.

HB407/SS/2/18/98

*Representing House District 8
Cooper Landing, Funny River, Hope, Moose Pass, Seward, Sterling, Soldotna*

Representative_Gary_Davis@legis.state.ak.us

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SECTIONAL ANALYSIS

House Bill 407

"An Act relating to repayment of teacher scholarship loans"

Section 1: Adds a new subsection (f) to **AS 14.43.640 Conditions of and limitations on loans** providing that an individual who, after participating in the loan program, is diagnosed with a medical condition for which treatment is available only in an urban area, may still qualify for loan payment forgiveness so long as that individual is teaching in an elementary or secondary school in the urban area.

HB407/SA/2/18/98

Representing House District 8

Cooper Landing, Funny River, Hope, Moose Pass, Seward, Sterling, Soldotna

Representative_Gary_Davis@legis.state.ak.us

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 407

Revision Date (Note if correction) _____ Dept. Affected Education
 Title "An act relating to repayment of teacher scholarship loans." BRU Alaska Commission on Postsecondary Education
 Component Student Loan Operations
 Sponsor Rep. Davis
 Requester HHESS Component Serial No. 213

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost:

POSITIONS

Full-time						
Part-time						
Temporary						

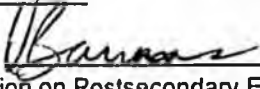
ANALYSIS: (Attach a separate page if necessary)

This legislation provides Teacher Scholarship Loan (TSL) borrowers forgiveness benefits if he/she meets all other eligibility requirements but is unable to teach in a rural area of Alaska due to a medical condition. The condition must have been diagnosed after the loan was received and only be treatable at facilities in urban Alaska.

Continued

Prepared by Mike Maher, Director of Student Loan Operations
 Division Student Loan Operations

Phone 465-6743
 Date March 17, 1998

Approved by Executive Director:  /Diane Barrans
 Agency: Alaska Commission on Postsecondary Education

Date: March 17, 1998

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 407

ANALYSIS: *(Attach a separate page if necessary)*

Because of the provision for up to 100% forgiveness on TSLs, the Alaska Student Loan Corporation must consider these loans, for financial reporting purposes, in a specific loss allowance. Therefore, assuming that the impacted borrowers would have otherwise met the forgiveness criteria, this change is not expected to have a fiscal impact.

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Alaska Administrative Code

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20 AAC 15.200 PURPOSE OF TEACHER SCHOLARSHIP LOAN PROGRAM.

The teacher scholarship loan program provides low-cost educational loans to Alaska high school graduates enrolled in bachelor's degree programs in elementary or secondary teacher education or in teacher certification programs.

History - Eff. 8/16/86, Register 99

Authority - AS 14.43.600; AS 14.43.610; AS 14.43.630

20 AAC 15.205 ADMINISTRATION.

(a) The commission will allocate loan awards in January of each year to local school boards, giving preference to rural school districts.

(b) School boards shall notify the commission by April 1 of each year, on forms provided by the commission, as to which students have been selected to be recipients of loans.

(c) By May 1 of each year, the commission will send an appropriate number of teacher scholarship loan application forms to the school boards for distribution to selected students.

(d) In May of each year, the commission will send application forms to recipients of previous teacher scholarship loans who are expected to continue in an eligible program of study.

(e) Repealed 3/22/97.

History - Eff. 8/16/86, Register 99; am 3/22/97, Register 141

Authority - AS 14.43.630

20 AAC 15.210 FILING OF APPLICATION.

(a) The application deadline for teacher scholarship loan applications is the July 1 preceding the school year for which the loan is requested.

(b) Repealed 3/22/97.

(c) Repealed 3/22/97.

History - Eff. 8/16/86, Register 99; am 3/24/94, Register 130; am 3/22/97, Register 141

Authority - AS 14.43.630

20 AAC 15.215 APPLICANT ELIGIBILITY.

In addition to the eligibility requirements set out in AS 14.43.650, an applicant must be enrolled, or must intend to enroll, in a four-year bachelor's degree program in elementary or secondary teacher education or in a teacher certification program.

History - Eff. 8/16/86, Register 99

Authority - AS 14.43.630; AS 14.43.650

20 AAC 15.220 PRIORITY RANKING OF APPLICANTS.

If available money is not sufficient to fund all eligible applicants, loans will be awarded in accordance with the following priority:

(1) applicants who received a teacher scholarship loan the preceding year;

(2) one new applicant, ranked by high school grade-point average, from each school district;

(3) remaining new applicants ranked by highest number of years enrolled in a teacher education program, with students who are in a teacher certification program ranked first.

History - Eff. 8/16/86, Register 99

Authority - AS 14.43.630; AS 14.43.650

20 AAC 15.225 COMPUTATION OF AUTHORIZED LOAN AWARDS

Repealed

History - Eff. 8/26/86, Register 99; am 11/26/94, Register 132; repealed 3/22/97, Register 141

20 AAC 15.230 CONDITIONS OF LOANS.

A loan may be used to attend only an institution that meets the requirements of

- (1) 20 AAC 15.922; and
- (2) AS 14.20.020 and 4 AAC 12.010 - 4 AAC 12.900 for teacher certification degree programs.

History - Eff. 8/16/86, Register 99; am 5/8/88, Register 106; am 11/28/92, Register 124; am 11/26/94, Register 132; am 11/27/94, Register 132; am 7/1/96, Register 138; am 12/4/96, Register 140; am 3/22/97, Register 141

Authority - AS 14.43.600; AS 14.43.610; AS 14.43.630; AS 14.43.640; AS 14.43.650

20 AAC 15.235 DISBURSEMENT OF LOAN AWARDS

Repealed.

History - Eff. 8/16/86, Register 99; am 11/26/94, Register 132; repealed 3/22/97, Register 141

20 AAC 15.240 REPAYMENT OF LOANS.

(a) In cases of hardship, and based on such factors as the seriousness of the hardship, its anticipated duration, and the expectation of increased earnings in later years, the commission will either alter the repayment schedule by extending the period of repayment, subject to the deferment provisions of AS 14.43.120(k), to a maximum term of 15 years, or weight the regular payments to ease payment in the first years and require larger payments in later years, or both.

(b) A recipient whose repayment schedule has been modified as a result of hardship shall certify annually to the commission the continued existence of the conditions under which the hardship determination was made. When the conditions no longer exist, the recipient shall notify the commission, and renegotiate the payment schedule, based on the loan's outstanding balance and accrued interest, over a term acceptable to the commission.

History - Eff. 8/16/86, Register 99; am 11/26/94, Register 132; am 11/27/94, Register 132; am 12/4/96, Register 140; am 3/22/97, Register 141

Authority - AS 14.43.630; AS 14.43.640

20 AAC 15.245 DEFERMENT OF PAYMENTS.

Repealed.

History - Eff. 8/16/86, Register 99; am 11/27/94, Register 132; repealed 3/22/97, Register 141

20 AAC 15.250 FORGIVENESS BENEFITS.

(a) To qualify to have a portion of a loan be paid by the state as a forgiveness benefit under AS 14.43.640(b), a borrower must

- (1) provide a copy of the borrower's degree, diploma, or certificate of completion for the course of study for which the loan was awarded;
- (2) show proof of employment as a teacher in a rural elementary or secondary school, as defined in AS 14.43.700;
- (3) provide certification on a form provided by the commission that the borrower has satisfied the requirements of AS 14.43.640(b) and this section;
- (4) be current in repayment in compliance with AS 14.43.120 and 20 AAC 15 on the loan for which a forgiveness benefit is claimed; and
- (5) not have defaulted on the loan.

(b) Forgiveness benefits will be prorated for a borrower who shows proof of employment as a teacher for the equivalent of at least one-half of the school day for a full

school year, or full-time for one-half of the school year, but less than full-time for the full school year.

(c) Forgiveness benefits are credited against the unpaid principal balance. Receipt of a forgiveness benefit does not alter the amount of the monthly payments due under the borrower's repayment schedule for the loan, but instead reduces the remaining number of monthly payments.

(d) A borrower who is not eligible for forgiveness benefits under AS 14.43.640(b) is eligible for benefits under former AS 14.43.120(j) if the loan was awarded before July 1, 1987 and the borrower qualifies under former AS 14.43.120(j) and 20 AAC 15.060.

History - Eff. 8/16/86, Register 99; am 6/26/87, Register 102; am 5/8/88, Register 106; am 9/15/88, Register 107; am 5/18/90, Register 114; am 11/28/92, Register 124; am 6/23/95, Register 134; am 3/22/97, Register 141
Authority - Former AS 14.43.120(j); AS 14.43.630; AS 14.43.640

20 AAC 15.255 DEFAULT

Repealed.

History - Eff. 8/16/86, Register 99; repealed 12/4/96, Register 140

20 AAC 15.260 APPEALS TO THE EXECUTIVE DIRECTOR

Repealed.

History - Eff. 8/16/86, Register 99; am 11/28/92, Register 124; repealed 6/23/95, Register 134

20 AAC 15.265 APPEALS TO THE COMMISSION

Repealed.

History - Eff. 8/16/86, Register 99; am 11/28/92, Register 124; repealed 6/23/95, Register 134

20 AAC 15.270 COMPLAINT FILE

Repealed.

History - Eff. 8/16/86, Register 99; repealed 6/23/95, Register 134

20 AAC 15.275 LOAN AUDIT AND INSTITUTIONAL SANCTIONS

Repealed.

History - Eff. 8/16/86, Register 99; am 6/26/87, Register 102; repealed 3/22/97, Register 141

20 AAC 15.295 DEFINITIONS.

(a) In AS 14.43.600 - 14.43.700 and 20 AAC 15.200 - 20 AAC 15.295, "total loan" means the total amount of all teacher scholarship loans received by a borrower.

(b) For the purposes of 20 AAC 15.200 - 20 AAC 15.295,

(1) "employment as a teacher" means to enter into and complete the terms of a contract to serve as a certificated elementary or secondary school teacher;

(2) "hardship" means being unable to meet the obligation to repay a teacher scholarship loan over the term or in the amount determined by loan personnel.

History - Eff. 8/16/86, Register 99; am 11/26/94, Register 132; am 12/4/96, Register 140; am 3/22/97, Register 141
Authority - AS 14.43.630