

**HB**

**404**

# STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

FRANK H. MURKOWSKI, GOVERNOR

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February 9, 2004

VIA FACSIMILE TRANSMISSION

The Honorable Peggy Wilson, Chair  
Health, Education, and Social Services Committee  
Alaska House of Representatives  
State Capitol, Room 106  
Juneau, AK 99801

Dear Representative Wilson,

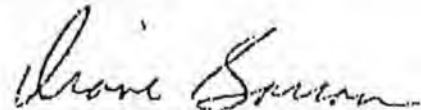
I am writing to formally request that House Bill 404, an act relating to the Alaska Commission on Postsecondary Education and the Alaska Student Loan Corporation, be scheduled for a hearing in your committee.

HB404's objectives are to:

1. Broaden the scope of the Corporation's bonding authority;
2. Reconstitute the State student grant program to focus on Alaska's workforce needs;
3. Provide loan borrowers with better loan consolidation options;
4. Clarify the Commission's ability to administratively issue liens in the collection defaulted education loans; and
5. Provide certain exemption from the State Procurement Code for services related to guaranteeing and disbursing loans.

Thank you in advance for your consideration of this request. The original of this letter will be forwarded to you with the following attachments: the Governor's transmittal letter, a current version of the bill, and a sectional analysis.

Sincerely,



Diane Barrans  
Executive Director

Attachments (3)

Governor's transmittal letter dated January 28:

Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Commission on Post-secondary Education (ACPE) and the Alaska Student Loan Corporation (ASLC). This bill is a result of ASLC board members and management, in consultation with financial advisors, proposing a mechanism where (1) the state could optimize the use of its financial assets and deliver a greater return to Alaskans for its initial investment in ASLC and ACPE; and (2) continue to effectively administer ACPE/ASLC financial aid programs.

The bill would allow ASLC to issue bonds utilizing future cash flow that is in excess of that needed for effective and efficient operation of corporation programs. ASLC predicts it can return \$260 million to the state over a three-year period beginning in 2004; the proceeds from which would be available to finance capital projects.

The ASLC's primary mission is to support, promote, and provide access to postsecondary education for Alaskans. The objective of this legislation is to continue to serve that mission, but to do so in a way that permits ASLC to serve broader state interests through the efficient allocation of financial resources. As part of the development process, cash flow models were developed to ensure the corporation has and will continue to have the financial capacity to discount loan interest rates and deliver outstanding borrower benefits to its primary customers -- Alaska students and their families.

The bill establishes a "needs-based-grant" program to be funded from corporate receipts and federal matching dollars. Grants must be used for qualified Alaska education programs focused on meeting Alaska's labor shortage needs. A priority is placed on students enrolled in programs of study (such as health care and education) where there is a severe shortage of trained individuals in Alaska.

The bill also creates an "administrative collection order" and a process for establishment and use of such an order by ACPE. An administrative collection order would allow ACPE to establish a lien on borrower's property when that person has broken their promise to re-pay an education loan.

Finally, the bill exempts ACPE and ASLC contracts for disbursing and guaranteeing financial aid money from Alaska's procurement code. This creates efficiencies in the internal operations of ACPE and ASLC and meets the needs of participating post-secondary institutions (ACPE contracts with a guaranty agency and disbursing agents to electronically guarantee and/or disburse financial aid money for students to colleges and universities).

I urge your prompt and favorable action on this measure.

Sincerely yours,

/s/

Frank H. Murkowski  
Governor

23-GH2003\D  
Cook  
2/12/04

**CS FOR HOUSE BILL NO. 404(HES)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-THIRD LEGISLATURE - SECOND SESSION**

**BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

**Offered:**  
**Referred:**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the Alaska Commission on Postsecondary Education; relating to the  
2 Alaska Student Loan Corporation; relating to bonds of the corporation; relating to loan  
3 and grant programs of the commission; relating to an exemption from the State  
4 Procurement Code regarding certain contracts of the commission or corporation;  
5 making conforming changes; and providing for an effective date."

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

7 \* Section 1. AS 14.42.030(e) is amended to read:

8 (e) The commission may

9 (1) adopt regulations under AS 44.62 (Administrative Procedure Act)

10 to

11 (A) carry out the purposes of

12 (i) AS 14.43.091 - 14.43.750, 14.43.990, AS 14.44, and

13 AS 14.48; and

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(ii) AS 14.43.910 and 14.43.920 as they relate to the purposes of AS 14.43.091 - 14.43.750, 14.43.990, AS 14.44, and AS 14.48; [AND]

(B) ensure compliance with the requirements imposed by state and federal statutes and regulations governing the guaranty, insurance, purchase, or other dealings in eligible loans by federal agencies, instrumentalities, or corporations; and

(C) establish standards for the

(i) administration of hearings conducted under AS 14.43.153; and

(ii) administrative enforcement of collection orders under AS 14.43.151 - 14.43.155;

(2) delegate to the executive director of the commission or a subcommittee of the commission any duty imposed on or power granted to the commission by this chapter, AS 14.43, AS 14.44, or AS 14.48, except its power to adopt regulations and its duty to consider appeals under AS 14.43.100(b) and AS 14.48.120;

(3) establish task forces, committees, or subcommittees, not necessarily consisting of commission members, to advise and assist the commission in carrying out its functions;

(4) contract with or use existing institutions of postsecondary education or other individuals or organizations to make studies, conduct surveys, submit recommendations, or otherwise contribute to the work of the commission;

(5) establish fees for the review of an out-of-state institution that

(A) requests approval for participation in the programs under AS 14.43.091 - 14.43.750, 14.43.990, and AS 14.44; and

(B) is not accredited by a national or regional accreditation association recognized by the Council for Higher Education Accreditation; and

(6) collect all fees and costs incurred in collection of the amount owed on a loan or repayment obligation if the loan or repayment obligation becomes delinquent or in default; in this paragraph, fees and costs include attorney fees, court

1 costs, and collection fees charged by a collection agency.

2 \* Sec. 2. AS 14.42.210(a) is amended to read:

3 (a) The education loan fund is established in the corporation. The education  
4 loan fund is a trust fund to be used to carry out the purposes of AS 14.42.100 -  
5 14.42.990, AS 14.43.091 - 14.43.175, 14.43.400 - 14.43.500, 14.43.600 - 14.43.700,  
6 14.43.710 - 14.43.750, 14.43.990, and AS 14.44.025. The fund consists of money or  
7 assets appropriated or transferred to the corporation for the fund and money or assets  
8 deposited in it by the corporation. The corporation may establish separate accounts in  
9 the fund.

10 \* Sec. 3. AS 14.42.210(b) is amended to read:

11 (b) Money and other assets of the education loan fund may be used to

12 (1) secure bonds of the corporation;

13 (2) pay the costs of administration of the fund;

14 (3) invest in education loans and investments under AS 37.10.071;

15 (4) finance programs approved under AS 14.43.091 - 14.43.175,  
16 14.43.400 - 14.43.500, 14.43.600 - 14.43.700, 14.43.710 - 14.43.750, or  
17 AS 14.44.040; and

18 (5) pay the costs of administering and collecting the loans and  
19 repayment obligations under the financial aid programs listed in (4) of this subsection.

20 \* Sec. 4. AS 14.42.220(a) is amended to read:

21 (a) The [SUBJECT TO (f) OF THIS SECTION, THE] corporation may  
22 borrow money and may issue bonds, on which the principal and interest are payable  
23 from its income and receipts or other assets or a designated part or parts of them. The  
24 corporation may use the proceeds of its bonds for any purposes that the  
25 corporation considers appropriate, including providing money to

26 (1) make or purchase education loans;

27 (2) finance programs identified in AS 14.42.210;

28 (3) finance projects of the state as those projects may be identified  
29 by law; and

30 (4) pay for any other purpose or program of the corporation that  
31 is authorized in AS 14.42.100 - 14.42.310.

1 \* **Sec. 5.** AS 14.42.220 is amended by adding a new subsection to read:

2 (g) The corporation may not issue bonds to finance projects under (a)(3) of  
3 this section in an aggregate amount that exceeds \$280,000,000.

4 \* **Sec. 6.** AS 14.43.120(u) is amended to read:

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

15 \* **Sec. 7.** AS 14.43.122(a) is amended to read:

16 (a) The commission may offer

17 (1) a borrower who has received more than one education loan  
18 [UNDER AS 14.43.091 - 14.43.160] the option of consolidating the multiple loans  
19 into a single loan; or

20 (2) to consolidate education loans made [UNDER AS 14.43.091 -  
21 14.43.160] to married borrowers if the married borrowers agree to be jointly and  
22 severally liable for repayment of the consolidated loan, regardless of the borrowers'  
23 future marital status or the death of one of the borrowers.

24 \* **Sec. 8.** AS 14.43.145(a) is amended to read:

25 (a) For the purposes of this chapter, a loan is in default after a loan payment  
26 has become 180 or more days past due or, for a loan under AS 14.43.161 - 14.43.168  
27 or 14.43.170 - 14.43.175, the default requirements established by the commission have  
28 been met. Upon default,

29 (1) repayment of the remaining balance is accelerated and due;

30 (2) the commission may take the borrower's permanent fund dividend  
31 under AS 43.23.067;

1 (3) the commission may issue an order to withhold and deliver under  
2 AS 14.43.147;

3 (4) the commission may provide notice of the default to a licensing  
4 entity for nonrenewal of the license under AS 14.43.148; [AND]

5 (5) the commission may record the lien created under AS 14.43.149;  
6 and

7 (6) the commission may establish an administrative collection  
8 order under AS 14.43.151 - 14.43.155.

9 \* **Sec. 9.** AS 14.43 is amended by adding new sections to read:

10 **Sec. 14.43.151. Authority and procedure to administratively establish and**  
11 **enforce a collection order.** If a judgment in favor of the commission has not been  
12 entered by the court regarding a defaulted loan awarded under this chapter, the  
13 commission may establish a duty to repay the defaulted loan through a collection order  
14 using the procedures prescribed in AS 14.43.152 - 14.43.155 and may enforce the  
15 collection order using the procedure prescribed in AS 14.43.149. Action under this  
16 section may be undertaken at the commission's discretion if the borrower is in default  
17 under AS 14.43.145.

18 **Sec. 14.43.152. Initiation of administrative action to establish a collection**  
19 **order; required notice.** (a) An action to establish a collection order authorized under  
20 AS 14.43.151 is initiated by the commission's serving on the borrower a notice of  
21 establishment of collection order. The notice shall be served by mailing the notice to  
22 the borrower at

23 (1) the borrower's most recent address provided to the commission by  
24 the borrower; or

25 (2) another address known to the commission.

26 (b) The notice served under (a) of this section must state

27 (1) the amount of the liability for default under AS 14.43.145 for  
28 which the borrower is found to be responsible; the amount stated under this paragraph  
29 shall include all principal, interest, and collection fees;

30 (2) that a lien may be recorded against the borrower's property as  
31 authorized under AS 14.43.145(a)(5);

1 (3) that the borrower may appear at a hearing held by the commission  
2 and show cause that a collection order should not be entered because, at the time of the  
3 notice,

4 (A) no loan payment was more than 180 days past due or, for a  
5 loan under AS 14.43.161 - 14.43.168 or 14.43.170 - 14.43.175, the default  
6 requirements established by the commission had not yet been met; or

7 (B) the borrower had entered into, or was in compliance with,  
8 an agreement to forbear default with the commission; and

9 (4) that, if the borrower served with the notice does not request a  
10 hearing within 30 days after the date of mailing of the notice, a collection order will be  
11 entered and the property of the borrower will be subject to a lien under AS 14.43.149  
12 in the amount stated in the collection order without further notice or hearing.

13 **Sec. 14.43.153. Hearings in administrative action to establish a collection**  
14 **order; burden of proof.** (a) A borrower served with a notice of establishment of  
15 collection order under AS 14.43.152 is entitled to a hearing before the commission if  
16 the request for a hearing is served on the commission by registered mail, return receipt  
17 requested, within 30 days after the date the notice is mailed to the borrower.

18 (b) If a request for a hearing in accordance with (a) of this section is made, the  
19 issuance of a collection order is automatically stayed pending the decision of the  
20 hearing officer for the commission. If a request for a hearing is not made, the  
21 collection order is final at the expiration of the 30-day period specified in (a) of this  
22 section.

23 (c) A borrower claiming that the notice is incorrect has the burden at hearing  
24 to document the existence of one of the conditions described in AS 14.43.152(b)(3)(A)  
25 and (B).

26 (d) Within 60 days after the date of the hearing, the hearing officer shall enter  
27 a decision determining whether default has occurred and, if default has occurred,  
28 specifying the amount of the collection order and declaring that the property of the  
29 borrower is subject to a lien under AS 14.43.149 in the amount of the collection order.

30 (e) If the borrower who requested the hearing fails to appear at the hearing, the  
31 hearing officer shall enter a decision

- 1 (1) confirming that a default has occurred;  
2 (2) confirming the amount of the collection order;  
3 (3) declaring that the property of the borrower is subject to a lien under  
4 AS 14.43.149 in the amount stated under (2) of this subsection.

5 (f) The decision of the hearing officer is a final decision that may be appealed  
6 to the superior court under the Alaska Rules of Appellate Procedure.

7 **Sec. 14.43.154. Collection orders as judgments.** A collection order is  
8 equivalent to a judgment for purposes of AS 14.43.149 and becomes vested

9 (1) at the expiration of the 30-day period described in AS 14.43.153(b)  
10 if a hearing is not requested; or

11 (2) on the date the hearing officer enters a decision in favor of the  
12 commission if a hearing was requested by the borrower.

13 **Sec. 14.43.155. Nature of remedies.** AS 14.43.154 provides a remedy in  
14 addition to and not as a substitute for any other remedies available to the commission.

15 \* **Sec. 10.** AS 14.43.161 is amended to read:

16 **Sec. 14.43.161. Purpose; creation.** There is established the AlaskAdvantage  
17 [ALASKA ADVANTAGE] loan program to provide postsecondary educational  
18 financial assistance through the federal guaranteed student loan program. The  
19 AlaskAdvantage [ALASKA ADVANTAGE] loan program is the primary source for  
20 financial aid to eligible borrowers under this chapter.

21 \* **Sec. 11.** AS 14.43.166 is amended to read:

22 **Sec. 14.43.166. Repayment of loans.** A borrower's obligation to commence  
23 repayment of the principal and interest on a loan under AS 14.43.161 - 14.43.166 and  
24 14.43.168 [AS 14.43.161 - 14.43.168] begins six months after the borrower's  
25 completion or other termination of the postsecondary education program. The  
26 commission may accelerate the repayment of any loan made in error or in reliance  
27 upon a false statement made by the borrower. The commission shall determine the  
28 period over which loans are repaid; however, the maximum period of repayment of  
29 loans may not exceed the maximum period permitted under applicable provisions of  
30 the federal guaranteed student loan program.

31 \* **Sec. 12.** AS 14.43.168(b) is amended to read:

1 (b) The provisions of AS 14.43.145 - 14.43.155 [AS 14.43.145 - 14.43.150]  
2 apply to loans under AS 14.43.161 - 14.43.168 that are in default.

3 \* **Sec. 13.** AS 14.43.170 is amended to read:

4 **Sec. 14.43.170. Creation; purpose.** There is created the Alaska supplemental  
5 education loan program to provide postsecondary educational supplemental financial  
6 assistance. Supplemental financial assistance is available only if the financial aid  
7 available through the AlaskAdvantage [ALASKA ADVANTAGE] loan program is  
8 insufficient to cover the costs of attendance at a postsecondary institution or if the  
9 borrower does not qualify for financial aid under the federal guaranteed student loan  
10 program. The commission shall make the public aware of the Alaska supplemental  
11 education loan program to facilitate providing loans to as many eligible borrowers as  
12 possible.

13 \* **Sec. 14.** AS 14.43.171 is amended to read:

14 **Sec. 14.43.171. Applicability of other laws.** The provisions of  
15 AS 14.43.120(d)(4), 14.43.122, 14.43.135, 14.43.140, 14.43.145 - 14.43.160,  
16 14.43.164, 14.43.166, and 14.43.168 [AND 14.43.166 - 14.43.168] apply to the loans  
17 made under AS 14.43.170 - 14.43.175 as if the loans were made under those  
18 applicable provisions.

19 \* **Sec. 15.** AS 14.43.172(c) is amended to read:

20 (c) In addition to the provisions of (a) of this section, a borrower is eligible for  
21 a loan under AS 14.43.170 - 14.43.175 if the borrower

22 (1) is not delinquent in payment [ON AND HAS NEVER BEEN IN  
23 DEFAULT] on a loan previously awarded by the commission;

24 (2) at the time of application or loan disbursement, does not have a  
25 past due child support obligation established by court order or by the child support  
26 enforcement division under AS 25.27.160 - 25.27.220;

27 (3) has not, within the previous five years, had a loan discharged or  
28 written off by the commission for any reason;

29 (4) does not have a status, at the time of application for a loan or  
30 disbursement of loan money, that would prevent the borrower from repaying the loan  
31 as it becomes due;

1 (5) has not, within the previous five years, defaulted on another loan  
2 made to the borrower by a lending entity unless the borrower can show good faith  
3 efforts to repay the loan and extraordinary circumstances that led to the default;  
4 [AND]

5 (6) does not have a credit history, at the time of application for a loan,  
6 that demonstrates chronic inability or unwillingness to pay an extension of credit or  
7 loan as it becomes due; and [.]

8 (7) has [AS] complied with the military selective service registration  
9 requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if  
10 those requirements were applicable to the person.

11 \* **Sec. 16.** AS 14.43.172(d) is amended to read:

12 (d) The commission may not make a loan to a borrower who has been in  
13 default on a loan previously awarded by the commission unless [IF

14 (1)] the previously awarded loan has been paid in full [; AND

15 (2) ANOTHER INDIVIDUAL WHO SATISFIES THE  
16 REQUIREMENTS OF (c) OF THIS SECTION COSIGNS THE LOAN].

17 \* **Sec. 17.** AS 14.43.300(a) is amended to read:

18 (a) An education loan to a recipient under AS 14.43.250(b)(1) - (4) or (6) may  
19 not exceed \$2,500 a school year for an undergraduate student or \$5,000 a school year  
20 for a graduate student [, EXCLUSIVE OF LOAN GUARANTEE FEES UNDER (g)  
21 OF THIS SECTION,] and may not be made to a student for more than six years. An  
22 education loan to a recipient under AS 14.43.250(b)(5) may not exceed the cost of  
23 tuition and required fees, [LOAN GUARANTEE FEES UNDER (g) OF THIS  
24 SECTION,] books and educational supplies, room and board, and transportation for  
25 two round trips between the recipient's home and school each year. A loan under  
26 AS 14.43.250(b)(5) may not be made for more than five years of undergraduate study,  
27 five years of graduate study, or a combined maximum of eight years of study.

28 \* **Sec. 18.** AS 14.43.400 is amended to read:

29 **Sec. 14.43.400. Purpose; creation.** There is created [ESTABLISHED] the  
30 Alaska Advantage education [ALASKA STATE EDUCATIONAL INCENTIVE]  
31 grant program to provide financial assistance to eligible students to enable them to

1 attend, or continue their attendance at, postsecondary educational institutions. Funds  
2 designated by the corporation or appropriated for this program may [SHALL] be  
3 used as matching funds for the state's participation in the federal [STATE STUDENT  
4 INCENTIVE] grant program under 20 U.S.C. 1070c - 1070c-4 [(P.L. 92-318; 20  
5 U.S.C. 1070C - 1070C-3)].

6 \* **Sec. 19.** AS 14.43.405(a) is repealed and reenacted to read:

7 (a) The AlaskAdvantage education grant program created under AS 14.43.400  
8 - 14.43.500 shall be administered by the executive director of the commission.

9 \* **Sec. 20.** AS 14.43 is amended by adding a new section to read:

10 **Sec. 14.43.406. Applicability of other laws.** (a) To the extent they are not in  
11 conflict with the provisions of AS 14.43.400 - 14.43.500, the provisions of  
12 AS 14.43.162(b), 14.43.910, and 14.43.920 apply to a grant made under AS 14.43.400  
13 - 14.43.500.

14 (b) In determining a student's eligibility for a grant under AS 14.43.400 -  
15 14.43.500, the executive director of the commission shall apply the standards  
16 contained in the definitions of "full-time student," "half-time student," and "school  
17 year" in AS 14.43.160 as if those provisions were applicable to application for the  
18 grant.

19 \* **Sec. 21.** AS 14.43.410 is amended to read:

20 **Sec. 14.43.410. Distribution of funds.** The funds [APPROPRIATED] for the  
21 AlaskAdvantage education [EDUCATIONAL INCENTIVE] grant program may  
22 [SHALL] be allocated to eligible students in accordance with the provisions of the  
23 federal [STATE STUDENT INCENTIVE] grant program under 20 U.S.C. 1070c -  
24 1070c-4 and regulations adopted under AS 14.43.105 and 14.43.405.

25 \* **Sec. 22.** AS 14.43.410 is amended by adding a new subsection to read:

26 (b) The commission may set aside a portion of grant awards for otherwise  
27 eligible applicants whose employment prevents them from attending school on a full-  
28 time basis. The commission shall adopt regulations to carry out the purposes of this  
29 subsection.

30 \* **Sec. 23.** AS 14.43.415 is repealed and reenacted to read:

31 **Sec. 14.43.415. Eligibility; priority.** (a) For an applicant to be eligible for a

1 grant under AS 14.43.400 - 14.43.500, the applicant must be

2 (1) a resident of this state;

3 (2) enrolled or about to be enrolled

4 (A) at an institution approved to participate in federal financial  
5 aid programs under 20 U.S.C. 1070 - 1099c-2, as amended, located in this  
6 state; and

7 (B) on at least a half-time basis; and

8 (3) able to demonstrate financial need in accordance with standards for  
9 determining financial need established by the commission under 20 U.S.C. 1070c-2, as  
10 amended.

11 (b) The commission shall give an applicant eligible under (a) of this section  
12 priority for a grant award if that applicant is, or is about to be, enrolled in a program of  
13 study that is preparatory for employment in an occupation or profession for which the  
14 Department of Labor and Workforce Development, or another workforce data source  
15 selected as reliable by the commission, indicates there is a severe shortage of trained  
16 individuals in this state. Additionally, the commission may give an applicant priority  
17 for a grant award if that applicant has participated in a secondary education program  
18 of study that can be demonstrated to the commission to be a predictor for success at  
19 the postsecondary education level for a program of study described in this subsection.  
20 For purposes of this subsection,

21 (1) "occupation or profession" means a job for which specific  
22 postsecondary certification is a prerequisite for entry-level placement;

23 (2) "severe shortage" means a current or recurring job vacancy rate of  
24 15 percent or greater, as determined by the Department of Labor and Workforce  
25 Development or by another workforce data source determined reliable by the  
26 commission.

27 (c) The commission shall adopt regulations to establish a prioritization process  
28 for awarding grants under AS 14.43.400 - 14.43.500.

29 \* Sec. 24. AS 14.43.420(a) is amended to read:

30 (a) A grant made under AS 14.43.400 - 14.43.500 may not be in an amount  
31 less than \$500 [\$100] nor more than \$2,000 [\$1,500] for each school [ACADEMIC]

1 year.

2 \* **Sec. 25.** AS 14.43.420 is amended by adding a new subsection to read:

3 (c) A student may receive not more than a total of \$8,000 in grants awarded  
4 under AS 14.43.400 - 14.43.500.

5 \* **Sec. 26.** AS 14.43.740(a) is amended to read:

6 (a) The provisions of AS 14.43.100, 14.43.120(a) - (c), (m), and (r) - (u),  
7 14.43.122 [14.43.110, 14.43.120(a) - (d), (m), AND (r) - (u)], 14.43.135, 14.43.145 -  
8 14.43.155 [14.43.145 - 14.43.150], and 14.43.910 - 14.43.990 apply to a loan made  
9 under AS 14.43.710 - 14.43.750.

10 \* **Sec. 27.** AS 14.43.740 is amended by adding a new subsection to read:

11 (g) The commission may, by regulation, set loan limits for loans made under  
12 AS 14.43.710 - 14.43.750.

13 \* **Sec. 28.** AS 14.43.990 is amended by adding new paragraphs to read:

14 (5) "AlaskAdvantage" means the service mark registered by the  
15 commission under 15 U.S.C. 1051 (Trademark Act) that is used to describe financial  
16 aid and higher education outreach programs and services provided by the commission;

17 (6) "education loan" means a loan made to finance the cost of  
18 attendance in a postsecondary education program that is made by the commission or is  
19 a loan received through the federal guaranteed student loan program.

20 \* **Sec. 29.** AS 14.44.040(c) is amended to read:

21 (c) If a program participant defaults on the repayment obligation, the  
22 provisions of AS 14.43.145 - 14.43.155 [AS 14.43.145 - 14.43.150] apply to collect  
23 on the obligation as if it were a defaulted loan under AS 14.43.

24 \* **Sec. 30.** AS 36.30.850(b) is amended by adding a new paragraph to read:

25 (44) contracts of the Alaska Commission on Postsecondary Education  
26 or the Alaska Student Loan Corporation for the guarantee and disbursing of financial  
27 aid money to institutions of postsecondary education under the financial aid programs  
28 under AS 14.43.091 - 14.43.750 and AS 14.44.025.

29 \* **Sec. 31.** AS 14.42.110, 14.42.220(f); AS 14.43.122(b), 14.43.300(g), 14.43.405(b),  
30 14.43.420(b), 14.43.500(1), and 14.43.500(2) are repealed.

31 \* **Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2       TRANSITION: REGULATIONS. The Alaska Student Loan Corporation may  
3 proceed to adopt regulations to implement the changes made by sec. 6 of this Act. The  
4 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the  
5 effective date of sec. 6 of this Act.

6       \* Sec. 33. The uncodified law of the State of Alaska is amended by adding a new section to  
7 read:

8       REVISOR OF STATUTES INSTRUCTIONS. (a) The revisor of statutes is  
9 instructed to change the heading of Article 5 of AS 14.43 from "Article 5. Alaska Advantage  
10 Loan Program." to "Article 5. AlaskAdvantage Loan Program."

11       (b) The revisor of statutes is instructed to change the heading of Article 8 of AS 14.43  
12 from "Article 8. Educational Incentive Grant Program." to "Article 8. AlaskAdvantage  
13 Education Grant Program."

14       \* Sec. 34. The uncodified law of the State of Alaska is amended by adding a new section to  
15 read:

16       REGULATIONS ATTORNEY INSTRUCTIONS. Wherever in the Alaska  
17 Administrative Code the term "Alaska advantage" is used, it shall be read as  
18 "AlaskAdvantage" when to do so would be consistent with the changes in this Act. Under  
19 AS 44.62.125(b)(6), the regulations attorney is instructed to make changes in the Alaska  
20 Administrative Code consistent with this section.

21       \* Sec. 35. Section 6 of this Act takes effect January 1, 2005.

22       \* Sec. 36. Except as provided in sec. 35 of this Act, this Act takes effect immediately under  
23 AS 01.10.070(c).

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
SECTIONAL ANALYSIS  
CSHB 404 (2/19/04)

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
1	ACPE authorized functions. 14.42.030(e)	1-3	7-1	Adds authority to establish and enforce collection orders on defaulted loans and provide for borrower appeals of collection orders.	Amended Language
2	Education loan fund. 14.42.210(a)	3	2-9	Conforming change to add revised grant program.	Amended Language
3	14.42.210(b)	3	10-19	Conforming change; by reference, specifically authorizes grant program funding.	Amended Language
4	Bonds of the corporation. 14.43.220(a)	3	20-31	Expand the use of bond proceeds to pay costs of state projects.	Amended Language
5	Bonds of the corporation. 14.43.220(p)	4	1-3	Places an aggregate cap on the amount of bonds the corporation may issue to finance projects of the state.	New Language
6	Conditions of loans. 14.43.120(u)	4	4-14	Makes determination of an origination fee a corporation function and automatically places fees into the education loan fund of the corporation.	Amended Language
7	Consolidation of loans. 14.43.122(a)	4	15-23	Increases flexibility for offering loan consolidation options.	Amended Language
8	Default. 14.43.145 (a)	4-5	24-8	Provides authority to establish a collection order as a means of recovering on defaulted loans.	Amended Language
9	Authority and procedure to administratively establish and enforce a collection order. 14.43.151	5	9-17	Describes administrative process for establishing a lien through a collection order.	New Language
	Initiation of administrative action to establish a collection order; required notice. 14.43.152	5-6	18-12	Steps for establishing collection order; notice to borrower.	
	Hearings in administrative action to establish a collection order; burden of proof. 14.43.153	6-7	13-6	Provides due process for borrower to contest establishment of collection order through administrative hearing.	

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
	Collection order as judgments. Sec. 14.43.154	7	7-12	Provides that collection order is equivalent to judgment.	New Language.
	Nature of remedies. 14.43.155	7	13-14	Provides that collection order is an alternate remedy to commission.	New Language
10	Purpose; creation. 14.43.161	7	15-20	Conforming change of trademark name.	Amended Language.
11	Repayment of loans. 14.43.166	7	21-30	Requires immediate repayment of consolidation loans.	Amended Language.
12	Default. 14.43.168(b)	7-8	31-2	Conforming change to incorporate new administrative collection order authority.	Amended Language
13	Creation, purpose. 14.43.170	8	3-12	Conforming change of trademark name.	Amended Language
14	Applicability of other laws. 14.43.171	8	13-18	Changes applicable cite to allow for consolidation of supplemental education loans.	Amended Language
15	Eligibility. 14.43.172(c)	8-9	19-10	Revised so borrower that has fully repaid a defaulted loan may be eligible for new loan without a cosigner.	Amended Language
16	Eligibility. 14.43.172(d)	9	11-16		
17	Limits and conditions of loans. 14.43.300(a)	9	17-27	Clean up amendment. Guarantee fees eliminated in prior legislation. Origination fee currently charged.	Amending Language
18	Purpose: creation. 14.43.400	9-10	28-5	Revised to rename and describe grant program.	Amended Language
19	Administration. 14.43.405(a)	10	6-8	Conforming change of name of grant program to be administered as provided in 14.42.030.	Amended Language
20	Applicability of other laws. 14.43.406	10	9-18	Conforms by incorporating reference to other aid programs, grant program residency requirement, confidentiality of financial need information, repayment for an ineligible recipient, and definitions.	New Language
21	Distribution of funds. 14.43.410	10	19-24	Conforming change of name of grant program.	Amended Language

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
22	4.43.410(b)	10	25-29	Revised to permit grants for half-time study.	New Language
23	Eligibility; priority. 14.43.415	10-11	30-28	Revised to require in-state attendance. Requires prioritization of eligible programs of study based on state workforce needs.	Amended Language
24	Limitation on grants. 14.43.420(a)	11-12	29-1	Revises minimum and maximum grant amounts.	Amended Language
25	14.43.420(c)	12	2-4	Sets maximum grant dollars per recipient.	New Language
26	Loan terms and conditions. 14.43.740(a)	12	5-9	Removes student-specific loan maximum; permits loan consolidation and administrative collection from liens.	Amended Language
27	14.43.740(g)	12	10-12	Permits commission to set loan limits by regulation.	New Language
28	Definition. 14.43.990	12	13-19	Provide definition for AlaskAdvantage, the agency's service mark registered under the Trademark Act.	New Language.
29	Repayment condition for program participants. 14.44.040(c)	12	20-23	Conforming change to include new authority for collection order for defaulted WICHE PSEP loans.	Amended Language
30	Application of this chapter. General Provisions to state procurement code. 36.30.850(b)	12	24-28	Excludes contracts for electronic services entered into by the Commission and Corporation for financial aid administration.	Amended Language
31	Repealer section	12	29-30	Repeal AS 14.42.110. Purpose of corporation. Repeal AS 14.42.220(f). Limits aggregate amount of bonds that can be issued in two consecutive years other than through legislation.  Repeal 14.43.122(b). Limits consolidated loan interest rate to be weighted average of the interest rates on loans being consolidated.	Amending Language.

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
31	Repealer section (cont'd)	12	29-30	<p>Repeal 14.43.300(g). ACPE authority to set loan origination fee on memorial education loans. Duplicate language of 14.43.120(u) incorporated by reference.</p> <p>Repeal 14.43.405(b). Student aid provisions applicable to the grant program. Replaced in Sec. 18.</p> <p>Repeal 14.43.420(b). Allows grant to be used at accredited postsecondary educational institution, already stated in eligibility section 14.43.415. See Sec. 20.</p> <p>Repeal 14.43.500(1) Defines resident. Replaced in Sec. 20 by incorporating residency requirement of 14.43.162.</p> <p>Repeal 14.43 500(2) Defines undergraduate. Term not used in remaining text.</p>	Amending Language.
32	Transition language.	12-13	31-5	Authorization to promulgate regulations.	
33	Instructions to Revisor	13	6-13	Conforming changes to titles in Articles 5 and 8.	
34	Instructions to Regulations Attorney	13	14-20	instructions to make conforming changes to insert "AlaskAdvantage" in regulations.	
35	Effective date section.	13	21	Providing for Sec. 6 to be effective January 1, 2005.	
36	Effective date section.	13	22-23	Providing for, except as stated in Sec. 35, this Act to have an immediate effective date.	