

**HB**

**86**

<TARGET><BILL>HB 86</BILL><SUBJECT>HB  
86</SUBJECT><COMM>HEDC30</COMM></TARGET>



# Loan Repayment

FINANCIAL AID > Loans > Loan Repayment

## Loan Repayment

Whether you're just entering repayment, needing assistance, or you want to get a jump start on making payments while you're still in school, it's important to be informed about your options.

ACPE offers a wealth of information to guide you through the repayment process.

Plan in advance to keep the cost of repaying loans low.

Choose a repayment plan right for your situation.

Choose a payment method that makes it easy to manage your monthly payments.

Contact your lender immediately if you have difficulty making payments .

Grants & Scholarships

Loans

Supplemental Education Loan

Family Education Loans

Alternative Consolidation

Career Specific

Loan Repayment

Paying Ahead

Loan FAQs

Borrower Benefits

Military Benefits

Forms

Cosigning a Loan

Alaska Refi

The FAFSA

Exchange Programs

Road to Repayment

Your student loan is considered delinquent when your monthly payment is not received by the due date. If your loan continues in a delinquent status, you may default on your loan. Delinquency and default are very serious, and the consequences can harm your credit and hinder your ability to borrow money for future purchases.

Repayment Plans

Deferment

### State Loan Programs

Forbearance

If your state education loan becomes 180 days past due, you are legally in default. Upon default, collection activities will commence.

Consolidation

### Federal Loan Programs

Delinquency & Default

If your federal education loan becomes more than 270 days past due, you are legally in default. However, you have several options for resolving the default, including paying your loan in full and loan consolidation.

Payment Methods

### Consequences of Delinquency and Default

Delinquency and default are serious - that is why we will do our best to help you keep your account current. Failure to repay your loan may result in, but is not limited to:

- Adverse reports to consumer reporting agencies
- Loss of loan deferment rights
- Garnishment of your Alaska Permanent Fund Dividend (PFD)
- Denial of renewal of an Alaska occupational or professional license
- Transfer to an external collection agency
- Additional costs to you for collection and accrued interest
- Administrative wage garnishment
- Lien on property

### How to Avoid Delinquency and Default

We're here to help educate you on how to make sound financial decisions. Even if you are delinquent on your loan, you can still avoid default. Don't wait until it's too late; contact us early so we can help you choose an option that best fits your situation.

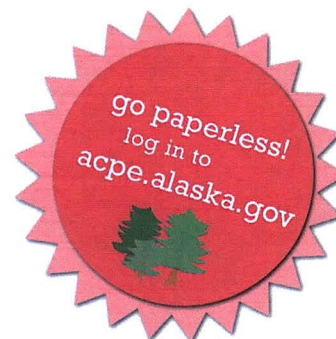
## Talk to us.

call toll free 800-441-2962  
or in Juneau 907-465-2962  
ACPE@Alaska.gov

## Paperless Billing

- Always read and respond to correspondence you receive from ACPE
- Carefully read the terms of your promissory note to know your obligations and options
- Keep good records – file important documents where you can locate them quickly
- Monitor your account balance, due date, and payment activity online
- Notify ACPE if you change your address or telephone number
- Contact ACPE if you can't make your scheduled monthly payment; there may be options available to help reduce or even postpone your payment

**Go Green**



ACPE offers quick and easy access to view your monthly billing statements online.

Save a stamp, save a tree!

Sign up for paperless billing today!

**COLLEGE PLANNING**

- AKCIS
- Success Center
- College & Career Advising Corps
- Going to College in AK Magazine
- College Goal Alaska
- I Know I Can
- Kids2College
- Meet APS Recipients

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**FINANCIAL AID**

- Alaska Performance Scholarship
- Alaska Education Grant
- Education Loans
- FAFSA
- Forms
- Make a Payment
- Repayment Plans



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EDUCATION

# States Review Laws Revoking Licenses For Student Loan Defaults

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Transcript

April 8, 2015 · 3:48 AM ET

Heard on Morning Edition

ERIC WHITNEY

FROM  Montana  
Public Radio



In 22 states, people who default on their student loans can have professional licenses suspended or revoked. The percentage of Americans who default on student loans has more than doubled since 2003.

*Butch Dill/AP*

Clementine Lindley says she had a great college experience, but if she had it to do over again, she probably wouldn't pick an expensive private school.

"I could actually buy a small home in Helena, Mont., with the amount of debt that I graduated with," she says.



"Removing my driver's license, you just created one more barrier for me being a productive citizen in my community."

Clementine Lindley, Montana resident

Fresh out of school, Lindley says there were times when she had to decide whether to pay rent, buy food or make her student loan payments.

"There was a time where I defaulted on my student loans enough that I never was sent to collections, but just long enough to, honestly, ruin my credit."

That was motivation enough for Lindley to figure out ways to make her payments. But had she defaulted longer, the state of Montana could have revoked her driver's license.

In 22 states, defaulters can have the professional licenses they need to do their jobs suspended or revoked if they fall behind in their student loan payments, licenses for things like nursing or engineering. The percentage of Americans defaulting on their student loans has more than doubled since 2003. That's putting a lot of people's livelihoods at risk.

But Montana, where Lindley lives, is rolling those sanctions back.

When Democratic State Rep. Moffie Funk learned that that was a potential consequence, she says she felt embarrassed.

"I think it is demeaning," she says. "I think it is unnecessarily punitive."

Not to mention, she says, counterproductive. If the goal is to get people to make loan payments, taking away their ability to drive to work just makes it harder for them to make money, especially in rural states.

"There isn't public transportation, or very little," Funk says. "You know people need cars in Montana."

So Funk wrote a bill ending the state's right to revoke professional or driver's licenses because of student loan defaults.



**NPR ED**  
Activists Stop  
Paying Their  
Student Loans



**THE HOWARD  
PROJECT**  
Education May  
Be Priceless, But  
A College  
Degree Isn't



**THE TWO-WAY**  
Student Tuition  
Now Outweighs  
State Funding  
At Public  
Colleges

Dustin Weeden, a policy analyst at the National Conference of State Legislatures, says a lot of states passed license revocation laws for student loan defaulters in the 1990s and early 2000s, back before the federal government started taking on a bigger role in lending to students.

"Because states were essentially the direct lenders to students, many states had large loan portfolios," he says.

Weeden adds that tying student loans to licenses, which often have to be renewed every couple of years, created a process to find people when they defaulted.

"The state loan authorities would report anybody who had defaulted on loans to all the licensing entities around the state," he says. "Then it's a way for a state to identify that person and really help them get into repayment."

But some policymakers want to retain consequences for defaulting. Like Republican State Sen. Dee Brown.

"I think that this is one of the sticks that we can use over a kid who is not paying their student loans," she says. "It's a stick to get their attention. And what a better way than their driver's license?"

There are plenty of sticks already, like having your wages garnisheed and your credit ruined, says Lindley. "Removing my driver's license," she adds, "you just created one more barrier for me being a productive citizen in my community."

The Montana bill to take away license revocation as a consequence for student loan default passed with bipartisan support. That wasn't the case in Iowa. An attempt to repeal a similar law there failed earlier this year.

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# Alaska State Legislature

## Representative Matt Claman

Session: State Capitol, Rm 118 Juneau, AK 99801 Phone: 465-4919  
Interim: 1500 W. Benson Blvd., Anch, AK 99503 Phone: 269-0130

### House Bill 86 Sponsor Statement

*An act to limit the state's authority to prevent the renewal of licenses after default on student loans.*

House Bill 86 repeals current statutes that allow the Alaska Commission on Postsecondary Education (ACPE) to threaten nonrenewal of occupational licenses for individuals who have defaulted on their student loans. Effectively, nonrenewal of an occupational license could obstruct an individual's main source of income and make repayment of the defaulted loan difficult if not impossible. The ACPE has not used this power since 2010, and prior to 2010, only 155 instances were listed. Repealing this authority will allow licensed individuals to continue their practice, earn an income, and pay back their defaulted loans without the fear of losing their occupational license and their income from that occupation.

Delinquency and default have serious consequences. Loss of an occupational license may take away a debtor's best means to pay off their student loan. Student loan default can harm the borrower's credit and continued loan debt can create late fees, additional interest, potential court costs, collection fees, attorney's fees, and other costs associated with the collection process. Failure to repay a student loan may result in liens on property and adverse reports to consumer reporting agencies. An initial default can have a domino effect that increases the challenge of getting out of debt.

The current statute (AS 14.43.145 (4)) states that the commission has the authority to provide notice to a licensing authority for nonrenewal of a license. If the ACPE posts such, the licensing entity may not renew said license during the next renewal cycle. Affected occupations include licenses for nurses, pharmacists, social workers, veterinarians, dentists, attorneys, teachers (k-12), EMS workers, and correctional officers.

In the 1990s and early 2000s, Congress passed legislation to give states the authority to revoke, suspend, or refuse to renew a variety of licenses in the instance of defaults on loans, as student aid was often provided by states. There are currently 21 states with similar statutes in place. Last year, Montana became the first state to repeal statutes that allowed the state to revoke a license in the event of a student loan default.

Due to the potential barriers that current Alaska statutes may cause, passing HB 86 will allow borrowers, who may already be struggling, the opportunity to maintain their practice while addressing their financial challenges.

# Fiscal Note

State of Alaska  
2017 Legislative Session

Bill Version: HB 86  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB086-EED-ACPE-2-22-17  
Title: STUDENT LOAN DEFAULT/OCC. LICENSE  
RENEWAL  
Sponsor: CLAMAN  
Requester: (H) EDC

Department: Department of Education and Early Development  
Appropriation: Alaska Postsecondary Education Commission  
Allocation: Program Administration & Operations  
OMB Component Number: 2738

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2017) cost:** 0.0 *(separate supplemental appropriation required)*

*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2018) cost:** 0.0 *(separate capital appropriation required)*

*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No

If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By: <u>Stephanie Butler</u>	Phone: <u>(907)465-6740</u>
Division: <u>Alaska Commission on Postsecondary Education</u>	Date: <u>02/22/2017 03:15 PM</u>
Approved By: <u>Stephanie Butler</u>	Date: <u>02/22/17</u>
Agency: <u>Alaska Commission on Postsecondary Education</u>	

**FISCAL NOTE ANALYSIS**

**STATE OF ALASKA  
2017 LEGISLATIVE SESSION**

**BILL NO. HB86**

**Analysis**

This legislation proposes removing the Alaska Commission on Postsecondary Education's authority to utilize the non-renewal of occupational licenses as incentive for borrowers who have defaulted on a student loan obligation to begin repayment, as outlined in Alaska Statute 14.43.148. The Commission has not utilized this authority in a number of years and does not have any plans to re-implement this practice.

There is not an anticipated fiscal impact related to the passage of this bill.