

SCOMM

149:9

Date Referred to Committee: February 19, 2008

FURTHER REFERRALS: HES

Date of Committee Action: April 1, 2008

The HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS considered: HB 405

HOUSE BILL NO. 405

STUDENT LOAN FORGIVENESS FOR MILITARY

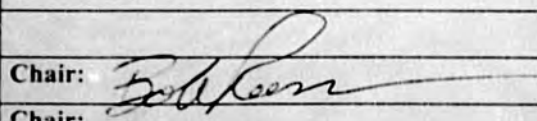
"An Act relating to forgiveness of a percentage of student loans for a member of the armed forces deployed since 2001."

Recommends it be replaced with ☐ HCS or ☒ CS for HAB 405 (MLV)
For Senate Bills with new title: ☐ Technical Title ☐ New Title: HCR ☐ Same Title ☐ New Title

- [] attach amendments
[] add new referral to _____ Committee
[] Letter of Intent _____ Committee

*List of
Abbrev
for
Depts.:*
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
HSS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

[illegible][illegible]

Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
		Kragg			X	
Walt Doty		Walt Doty			X	
R. L. Buck		Buck	X			
Nancy Doty		Doty	X			
Chair: 		ROSE	X			
Chair:						

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: HB405
Bill Version: _____
() Publish Date: _____

Identifier (file name): _____ Dept. Affected: Education
Title An Act relating to forgiveness of a percentage of student RDU ACPE
loans for a member of the armed forces deployed since 2001. Component Program Administration &
Sponsor Rep. Crawford Operations
Requester (H)MLV Component Number 2735

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
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							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES ()							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	1,100.0	*	*	*	*	*	*
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	1,100.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

The current aggregate balance of loans owed by borrowers who were eligible for a 2007 dividend (proxy for AK resident) and known to have received military deferments or forbearances on their loans between 2001 and 2008 totals \$2.2 million. That would be the anticipated cost of this program in the year the law is enacted. The future costs of the loan discharge benefit is indeterminate at this time.

Prepared by: Diane Barrans, Executive Director
Division: Executive Office
Approved by: Diane Barrans, Executive Director
Alaska Commission on Postsecondary Education

Phone 465-6740
Date/Time 3/14/2008 4:30PM
Date 3/14/2008

Nancy offering

25-LS1483\E.1
Bullock/Mischel
2/27/08

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 405

- 1 Page 1, line 14, following "States":
- 2 Insert ", the United States Coast Guard,"

25-LS1483/M
Mischel
3/29/08

CS FOR HOUSE BILL NO. 405()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CRAWFORD, Kawasaki, Doll, Kerttula

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to repayment of a percentage of student loans for a member of the
2 armed forces deployed since 2001."

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

4 * Section 1. AS 14.43 is amended by adding a new section to read:

5 **Sec. 14.43.925. Loan repayment for certain military personnel.** (a) A
6 portion of a loan made to a borrower by the commission shall be repaid by the state if
7 the borrower is a resident of the state, and

8 (1) has served in the armed forces;

9 (2) was deployed to provide direct or indirect support for the global
10 war on terrorism;

11 (3) if discharged from the armed forces, was discharged in honorable
12 status; and

13 (4) is in good standing for the repayment of the loan and in full
14 compliance with the terms and conditions of the loan.

1 (b) The portion of the loan that shall be repaid by the state under this section is
2 50 percent of the total unpaid balance of the loan, plus interest, not to exceed \$20,000.

3 (c) Repayment of a portion of a loan under this section is subject to
4 appropriation and is not a financial obligation of the corporation.

5 (d) The commission may adopt regulations to implement this section.

6 (e) In this section, "armed forces" means the armed services or forces of the
7 United States, the United States Coast Guard, or the Alaska National Guard or Naval
8 Militia.

9 * **Sec. 2.** The uncoded law of the State of Alaska is amended by adding a new section to
10 read:

11 **APPLICABILITY.** The provisions of this Act apply to loans that have an outstanding
12 balance on the effective date of this Act and to loans made after the effective date of this Act.

Changes in CS for HB 405

All instances of "forgiveness, forgive, forgiven" have been replaced with "repayment, repayment benefit, repaid" terminology to more accurately reflect that the State is *repaying* the debt for the borrower--the lender (ASLC) is not "forgiving" anything.

Page 1, Line 9: The deployment criteria have been changed from "deployed to Iraq and Afghanistan" to "deployed to provide direct or indirect support for the global war on terrorism".

This change ensures that those serving in areas other than Iraq and Afghanistan in the Global War on Terrorism are not excluded from this benefit. According to DMVA this is a status that can be verified with a copy of a member of the Armed Services orders.

Page 1, Line 11: added "if discharged from the armed forces, was discharged in honorable status"

Page 1, Line 13: added "is in good standing for the repayment of the loan and in full compliance with the terms and conditions of the loan".

These two changes will help to minimize abuse of the loan repayment benefit.

Page 2, Line 1: changed "The portion of the loan that shall be forgiven by the state under this section is 50 percent of the **total loan amount**, plus interest, not to exceed \$20,000" to "The portion of the loan that shall be forgiven by the state under this section is 50 percent of the **total unpaid balance of the loan**, plus interest, not to exceed \$20,000.

This will encourage borrowers to apply for the benefit sooner rather than later.

Page 2, line 5: added "the commission may adopt regulations to implement this section"

This gives the Commission the authority to adopt regulations to administer the benefit program.

Page 2, Line 7: added "United States Coast Guard"

This change reflects the amendment adopted by the committee on 3/25.

Diane Barrens

25-LS1483E

HOUSE BILL NO. 405

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES CRAWFORD, Kawasaki, Doll

Introduced: 2/19/08

Referred: House Special Committee on Military and Veterans' Affairs, Health, Education and Social Services,
Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to forgiveness of a percentage of student loans for a member of the
2 armed forces deployed since 2001."

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

4 * **Section 1.** AS 14.43 is amended by adding a new section to read:

5 **Sec. 14.43.925. Loan forgiveness for certain military personnel.** (a) A
6 portion of a loan made to a borrower by the commission shall be forgiven by the state
7 if the borrower is a resident of the state, has served in the armed forces, and was
8 deployed to (Afghanistan or Iraq during or after 2001.)

9 (b) The portion of the loan that shall be forgiven by the state under this section
10 is 50 percent of the total loan amount, plus interest, not to exceed \$20,000.

11 (c) Forgiveness of a portion of a loan under this section is subject to
12 appropriation and is not a financial obligation of the corporation.

13 (d) In this section, "armed forces" means the armed services or forces of the
14 United States or the Alaska National Guard or Naval Militia.

1 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 APPLICABILITY. The provisions of this Act apply to loans that have an outstanding
4 balance on the effective date of this Act and to loans made after the effective date of this Act.

Alaska State Legislature
House of Representatives

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Representative Harry Crawford
District 21

SPONSOR STATEMENT: HOUSE BILL 405

In the aftermath of the attacks on September 11, 2001, many Alaskans answered the call of duty to serve their country in the Armed Forces. They answered this call with extraordinary bravery and dedication at great sacrifice to their own personal lives and safety.

To honor the bravery, dedication, and sacrifice of Alaskan servicemen and women who have served in the Armed Forces in Iraq and Afghanistan, House Bill 405 grants 50% loan forgiveness, up to \$20,000, of the total amount of an Alaska student loan. While this cannot begin to reimburse Alaska servicemen and women for their sacrifice, it offers a small measure of gratitude on the part of the state of Alaska for their extraordinary service to our state and country.

ACPE Student Loan Statistics

Selection criteria:

- Members of the military who have Alaska student loans and,
- Between 2001 and 2008, were granted deferments or forbearances on these loans for their service; and
- Qualified for a 2007 dividend as an Alaska resident.

Total Troops: 125

Average Debt: \$17,600

Total Outstanding Debt: \$2.2 million

Note: this list includes borrowers in military service during this period who may not have been deployed to Iraq or Afghanistan. Additionally, it is possible that there are borrowers who have been deployed but who have continued to repay their loans and have not requested either a deferment or forbearance and therefore are not included in the identified population.

March 6, 2008

Representative Harry Crawford
House of Representatives, District 21
Alaska State Legislature

RE: House Bill No. 405/Act relating to forgiveness of a percentage of student loans for a member of the armed forces deployed since 2001.

Dear Representative Harry Crawford,

We want to thank you for proposing HB 405, and offer this letter of support.

Our son, Drew Gehler, born and raised in Anchorage, is a member of the U.S. Air Force Security Forces on active duty. He has served two tours in Iraq, the last in Baghdad as a lieutenant training Iraqi police and patrolling in Baghdad. He was awarded the Bronze Star.

Drew was commissioned a second lieutenant through the University of Alaska Anchorage Air Force Reserve Officer Training Corps (ROTC). Drew utilized the Alaska Student Loan program to help fund his college education, and as a result accumulated a substantial debt. HB 405 would relieve him and other Alaskans of a portion of that burden and also send a message that the State of Alaska recognizes and honors the contributions of our sons and daughters who sacrificed for both an education, for Alaska and for our country by serving in harm's way.

We had many sleepless nights while Drew was in Iraq. Yet when he came home, he told us that he would go back to help again although he acknowledged it was a difficult and complex task not only fighting the insurgents but also trying to help Sunni and Shia factions reconcile. He provided training to both Sunni and Shia police chiefs and police personnel. He told us stories of hope and others of despair. That was Baghdad.

We would think that the fiscal impact of this bill would be modest and that the number of college educated members of the armed forces with Alaska Student loans who have served in the combat theater would be small.

We also want to thank Representatives Doll and Kawasaki for their sponsorship of this bill.

Best wishes,

Bill and Jan Gehler
2411 Foxhall Drive
Anchorage, Alaska 99504
(907) 337-1436
bjgeh@ak.net

ProQuest

Databases selected: Multiple databases...

The Washington Post

Battling for a Diploma; Veterans find it's hard to be all they can be since the GI Bill has failed to keep pace with college tuition; [FINAL Edition]

Michelle Diamant. The Washington Post. Washington, D.C.: Aug 5, 2007. pg. W.18

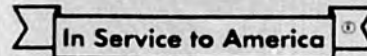
Abstract (Summary)

[Patrick Campbell] was a combat medic in the National Guard in Iraq and now works full time while using the GI Bill to attend law school full time at Catholic University, a route that for many veterans would be simply too overwhelming. "You're either going to get a full-time job or go live on Mama's couch and go to school. And you don't want to live on Mama's couch after a year overseas," he says.

Updating the GI Bill, Webb says, is a cost of war. "If you're not going to take care of people you send to war, don't send them to war," he says. But, he argues, it's a cost with a clear return. He cited a 2007 government report that concluded that World War II veterans who took advantage of their educational benefits had higher earnings, lower rates of post-traumatic stress disorder and an easier time readjusting to civilian life than those who did not. "You don't lose money when you pour it into people's heads," Webb says.

Even so, [Edwin Cadena] figured his benefits from the GI Bill would help make his service worthwhile. But when his service was up, Cadena realized he still wouldn't have enough money to attend U-Va., even with in-state tuition. Today, Cadena gets about \$1,200 a month from the GI Bill. He lives with his parents to save on rent and has a part-time job making \$12 an hour scanning and entering forms into corporate databases. Even with Northern Virginia Community College's comparatively low tuition of about \$1,100 a semester, Cadena can't afford to get a place of his own. Once he finishes his associate's degree next spring, he hopes to transfer to one of Virginia's public four-year universities, where he'll likely pay at least three times as much in tuition alone.

Full Text (1511 words)



ALASKA STATE COUNCIL

March 18, 2008

Chairman Bob Roses

Members of the House Special Committee on Military and Veterans Affairs

REF: HB405 Forgiveness of a percentage of student loans for a member of the armed forces deployed since 2001

Mr. Chairman:

The Alaska State Council and our many chapters across Alaska strongly support of this legislation.

Vietnam Veterans of America has taken a close look at all of the "new" veteran's organizations sprouting up around our nation and concluded that we will only support the Veterans of Modern Warfare. We have taken this position based on our organizations confidence that this new veterans group, representing all veterans post Vietnam, is a solid, competent, and transparent veteran service organization. It puts its money and human resources in the right place; serving their members and veterans in general.

I placed this opening paragraph here to ensure you know we are working closely with the Veterans of Modern Warfare because many of their members will be the ones who can take advantage of the opportunity offered in HB405. This is an important statement by our State in recognizing those who have volunteered to stand guard for America in the face of a persistent and violent enemy of our way of life.

We have suggested the need for a clarification amendment to the bill to ensure that the members of the U.S. Coast Guard are included in the reach of this legislation. This is due to some ongoing confusion of their inclusion as "members of the armed forces" since their inclusion in the U.S. Department of Homeland Security. It is my understanding that this amendment will be offered at the committee hearing today.

The number of new Alaskans who are veterans is not yet clearly understood. We hope that with the passage of HB44 "finding our veterans" we will begin to find and understand the nature of our growing veteran community across Alaska. I can only tell you that almost daily we meet new Alaskans and new veterans who have chosen to live in Alaska as a result of their exposure to our great state while in service. They will greatly benefit, as will all of Alaska, with the passage of HB405.

I am not able to testify personally at the hearing today due to a previous medical appointment. But you can be assured that all of our members stand in support of HB405.

Ric Davidge
State Council President

Vietnam Veterans of America Alaska State Council
3705 Arctic Blvd, #548, Anchorage, Alaska 99503



ALASKA VETERANS FOUNDATION

March 18, 2008

Chairman Bob Roses
Members of the House Special Committee on Military and Veterans Affairs

REF: HB405

Mr. Chairman:

The Alaska Veterans Foundation, Inc. representing almost 80,000 Alaskan veterans and their families are in strong support of HB405 and ask you to move this bill forward so that our new veterans can take advantage of this action by our State in recognition of their service and sacrifice.

When a member of the armed services volunteers to stand guard for America they take themselves in many ways out of our communities. This is a service that must be recognized, honored, and rewarded.

As these brave men and women return home, we must do everything we can to help them reenter our communities. The passage of HB405 will financially enable many to obtain a college education at lower cost. This is as it should be.

Also, on behalf of our members, I want to again thank you for the interest and attention your committee has shown this session in the varied issues and challenges Alaskan veterans face. The actions of your committee and the support of the members of your committee will greatly improve the lives of thousands of veterans and their families.

It is an honor,

Ric Davidge, Chairman/CEO



March 18, 2008

Chairman Bob Roses
Members of the House Special Committee on Military and Veterans Affairs

REF: HB405 Forgiveness of a percentage of student loans for a member of the armed forces deployed since 2001

Mr. Chairman:

I am a member of the Veterans of Modern Warfare (VMW) which is endorsed and supported by the Vietnam Veteran of America (VVA). Membership to the VMW is for all veterans and active duty personnel who served from August 20, 1990 to present.

I am in support of HB405 since this will affect members as well as other active duty members and veterans. With all the deployments going on and the troops trying to better themselves with education this is a good bill to pass. We need to do more for our troops and this is one way we can help since we all know their cash flow is very limited. With another deployment coming up in January this is an incentive for the troops who are deployed to continue in their distant education studies while protecting our freedoms.

Thank you,

Tim Wheeler
Veterans of Modern Warfare