

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1157 SCOMM 34: HOUSE SPEC. COMMITTEE ON STATE LOANS 1983-84



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Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
907/465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

MEMORANDUM

To: Members of the House
Special Committee on State Loans

From: Rep. Rick Uehling, Chair *AS*

Subject: Committee Substitute for HB 504

Date: March 13, 1984

Enclosed are two versions for a draft CS for HB 504, relating to Teacher Scholarship Loans, which is to be heard in the Committee this afternoon at 5 pm.

Version one (marked in green) makes two minor changes in the HESS version, moving the language on page 3 line 25 pertaining to graduation within 6 months to paragraph (4) on page 4; and deleting the word "students" from the next paragraph (b).

Version two makes significant changes in the language by substituting the term "rural" for "Native" in many sections of the bill.

The Committee will need to hear testimony and make a decision on which version to pass out, then take action to pass out whichever version is most appropriate.

See you at 5 pm.



Alaska State Legislature

HOUSE CALENDAR

OFFICIAL BUSINESS OF THE HOUSE

SEVENTY-FOURTH DAY

Thursday

Reverend Milton Hunt
Resurrection Lutheran Church

March 22, 1984
Convenes: 10:00 a.m.

SECOND READING OF HOUSE BILLS

- HB 504 "An Act establishing the teacher scholarship loan program."
-HESS report w/CS(HESS), same title, p. 2735
Fiscal Note, House Supplement No. 98
-Loans report w/CS(Loans), same title, p. 2918
-Finance report w/CS(Fin), new title, p. 2992:
Establishing the teacher scholarship loan
program; effective date
Letter of Intent, p. 2992
New Fiscal Note, House Supplement No. 111
- HB 542 "An Act relating to leasing land for refuse disposal."
-Resources report, p. 2806
Zero Fiscal Note
-Finance report, p. 2917

SECOND READING OF SENATE BILLS

- SB 386 "An Act relating to the displaced homemakers program;
and providing for an effective date."
-C&RA report, p. 2978

SECOND READING OF SENATE RESOLUTIONS

- CSSCR 32 Requesting the Governor to designate each October 16
(SA) as "World Food Day" in Alaska.
-State Affairs report, p. 2977
- CSSCR 37 Relating to "Sexual Assault and Abuse Awareness Month."
(SA) -State Affairs report, p. 2978

CITATIONS

- *Honoring - Ed Rhodes by Representatives Clocksin, Furnace, Lacher
- *Honoring - Mountain Village Dance Festival by Representative
Hurlbert; Senator Sackett

HOUSE

DAILY COMMITTEE ANNOUNCEMENTS

THURSDAY 03/22/84

FINANCE CAPITOL 519 1:30 PM

HB 564 USE/PERMANENT FUND DIVIDENDS/STATE PARKS.
HB 576 GRANT OF STATE LAND TO THE CITY OF WHITTIER.
HB 680 RECOVERY & PRODUCTION/OIL/NATURAL GAS.
SSSB 350AM CREATE AK-UNITED STATES OLYMPIC TRUST FUND.
SB 356 ESTABLISHING A PREFERENCE RIGHT TO LAND

JUDICIARY CAPITOL 124 1:30 PM

CONFIRMATION HEARINGS: ALCOHOLIC BEVERAGE CONTROL BOARD.
COMMISSION ON JUDICIAL CONDUCT.
JUDICIAL COUNCIL.

LABOR AND COMMERCE BEHREND 209 8:15 AM

CSSB 296(L&C) CERTAIN LICENSES, PERMITS AND REGISTRATIONS
*HB 342 FILING & RECORDING/RECORDABLE DOCUMENTS

STATE AFFAIRS CAPITOL 102 1:15 PM

*HJR 55 LEGISLATORS' REMUNERATION.
*HB 605 PROVIDING BONDS FOR LEGISLATIVE FACILITY/ANCHORAGE

TRANSPORTATION CAPITOL 112 8:30 AM

CONFIRMATION HEARINGS- BOARD OF MARINE PILOTS
HB 399 NAME A & C ST/ ANCHORAGE/VICKERSHAM & EISENHOWER
*HB 510 ACCIDENTS INVOLVING STATE AIRCRAFT.

FISHERIES, SPECIAL COMMITTEE BEHREND CONF 4:00 PM

HB 518 ESTABLISHING A FISHERIES BUSINESS TAX.

BUDGET AND AUDIT CAPITOL 519 4:00 PM

LOANS, SPECIAL COMMITTEE CAPITOL 118 5:00 PM

HB 574 STATE LOAN PROGRAM
HB 663 ALASKA HOUSING FINANCE CORPORATION
HB 685 ALASKA RENEWABLE RESOURCES/REPEAL FUNDS

RULES CAPITOL 118 8:30 AM

HB 519 ART WORKS IN PUBLIC BUILDINGS AND FACILITIES
-CONTINUED FROM 3/21-

* FIRST PUBLIC HEARINGS

**STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 504
Title: Teacher Scholarship Loans
Sponsor: Hayes, Hurlbert, et.al.
Requestor: House HESS
Date of Request: 1-13-84

FISCAL DETAIL

Agency Affected: Education
Program Category Affected: Postsecondary Commission
BRU, Program or Subprogram(s) Affected: Scholarship Loans

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	N.A.	0	0	0	0	0
CAPITAL	N.A.					
REVENUE	N.A.	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	62.5	132.5	210.7	297.8	315.7
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	N.A.	0	0	0	0	0
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Kerry D. Romesburg *[Signature]* **Phone:** 465-2854
Division: Commission on Postsecondary Education **Date:** 1-13-84
Approved by Commissioner: _____ **Date:** _____
Agency: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

STATE OF ALASKA
DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

February 6, 1984

The Honorable Mae Tischer
Alaska State House
Pouch V
Juneau, AK 99811

Dear Representative Tischer:

You have asked us to review HB 504, "[a]n Act establishing the teacher scholarship loan program." This bill raises several constitutional and legal questions which we briefly address below.

Several provisions of this proposed legislation are subject to challenge under the equal protection clauses of the United States or Alaska Constitutions. These concern (1) the establishment of racial quotas in loan distribution; (2) the exclusion of graduates of private high schools, and (3) the limitation of total forgiveness to teachers who teach in the district from which they graduated. Another constitutional issue raised by this bill concerns the prohibition against dedicated funds.

The United States Supreme Court has adopted a "two-tiered" analysis for evaluating most legislative classifications challenged under the federal equal protection clause. A classification which is "suspect" or impinges upon a "fundamental right" is subject to "strict scrutiny." A law that makes a classification based on race or ethnicity is "suspect" and, consequently, will be closely examined by the court to determine whether (1) it is supported by a compelling state interest, and (2) whether the racial or ethnic classification is necessary to promote that state interest. The first equal protection issue identified above would be analyzed under this test. The second and third do not involve suspect classifications or fundamental rights and, therefore, under federal law would be subjected to the less demanding standard of whether (1) the classification promotes a legitimate state interest, and (2) whether the means chosen to achieve that interest is rational.

BILL SHEFFIELD, GOVERNOR

REPLY TO:

☐ 1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
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☐ 1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

☒ POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

465-3603

The Honorable Mae Tischer
Representative
Re: HB 504

February 6, 1984
Page 2

The Alaska Supreme Court has adopted a single standard of review for equal protection questions arising under the Alaska Constitution which is more rigorous than the federal "rational basis" test and, in areas involving suspect classifications and fundamental rights, is comparable to the federal standard. The Alaska Supreme Court would inquire as to the purposes of the statute and the circumstances surrounding it to determine whether those purposes are legitimate and fall within the police power of the state. Then the court would determine whether the means chosen "substantially furthers the goals of the enactment." Finally, the court would balance the state interest in the chosen means against the nature of the constitutional right involved. State v. Erickson, 574 P.2d 1, 12 (Alaska 1978); Isakson v. Rickey, 550 P.2d 359 (Alaska 1976).

Under section 650(b), the award of loans is to be "in direct proportion to the distribution of ethnic groups" among eligible students. This provision establishes a racial quota and would be subject to close examination under both federal and state law.

We have serious reservations regarding the ability of the bill to survive an equal protection challenge, under either the federal or state analyses described above, to the ethnic classification of § 650(b). Even if the court were to find the purposes of the bill, as expressed in sections 600 and 610 to be compelling ones, which cannot be assumed, the court would closely scrutinize the means chosen to achieve those ends. Since the means employ ethnic criteria, the bill would fall if the court were to find that the ends could be achieved by less discriminatory means. An example may be helpful. In a school district with 90 percent Alaska Natives, and 10 percent non-Natives, if there were 10 loans to be awarded, nine would be available for distribution to Alaska Native students and one for a non-Native student. If only eight Alaska Natives and two non-Natives applied for loans, the bill would require that only one non-Native get a loan, despite the shortage of Alaska Native applicants. The quota in § 650(b) is not expressed as simply a preference, but as an inflexible mandate, which may not be necessary to accomplish the stated objectives. 1/ Of course, if it could be shown that the means employed in this legislation are

1/ This example is for illustrative purposes only and is not meant to suggest that substituting a preference for the existing quota would necessarily render it constitutionally permissible.

The Honorable Mae Tischer
Representative
Re: HB 504

February 6, 1984
Page 3

essential to remedy problems identified in § 600 and 610, or problems that could be identified, 2/ the provisions of § 650(b) could be upheld.

The second equal protection issue arises with respect to the restriction of this program to graduates of public high schools. Although § 610 states that the purpose of the bill is to provide an incentive "for graduates of Alaskan high schools ...", and § 600 identifies problems found in rural schools, § 640 and 650 restrict participation to graduates of public schools, and the forgiveness benefits are only available to those who teach in public high schools. If the preservation and pedagogical use of cultural heritage and traditions, through inducement of rural students to return and teach in rural areas, is the main objective of the bill, the restriction to graduates of and teachers in public high schools would not seem to further that goal. Consequently, this provision may also be subject to challenge under state, if not federal, law.

The forgiveness provision in § 640(2) also raises equal protection concerns. Under § 640(2), total forgiveness is available only to students who return to teach in the school districts from which they graduate. Assuming the main purpose of the bill is that stated above, it would seem that a return to the general area or culture in which the student was raised would suffice to achieve it. 3/ It appears unlikely that each school district is so culturally distinct as to justify such a restriction.

2/ In a recent case the United States Supreme Court upheld a law that employed racial and ethnic criteria. The case involved a federal law giving a 10 percent preference for minority businesses in the award of certain contracts, with the intent of remedying the present effects of past discrimination. Before a legislative body can predicate a race-conscious remedy on redressing past discrimination, however, findings of past discrimination sufficient to justify that remedy must be made. *Valentine v. Smith*, 654 F.2d 503 (8th Cir 1981). Our brief review has uncovered no cases which sanction the use of a racial or ethnic quota where there are not factual findings that the racial imbalance sought to be remedied is due to past discrimination.

3/ Additionally, it should be considered that many rural school districts will have a limited capacity to absorb new teachers,
(Footnote Continued)

The Honorable Mae Tischer
Representative
Re: HB 504

February 6, 1984
Page 4

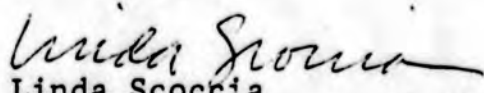
A constitutional problem of a different nature arises with respect to administration of the loan program under § 620. That section establishes the program as a revolving loan fund in which all repayments of principal and interest are put back into the fund and used to make new loans. This may contravene the constitutional prohibition against dedicated funds. Alaska Const., art IX, sec. 7. However, this department has indicated that it will defend such legislation until this issue is definitively resolved. 13 Op. Atty. Gen. Nov. 30, 1982.

We suggest, finally, that the term "ethnic minority" be defined to obviate questions of statutory interpretation that might arise as this program is implemented. For example, it is unclear whether each group in a community composed of Tlingits, Haidas, and Tsimpshians would be considered members of a single "Alaska Native" ethnic group, or whether each would be considered a distinct ethnic group.

If you have any other questions about this bill, please do not hesitate to contact us.

Sincerely yours,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: 
Linda Scoccia
Assistant Attorney General

LS:jal

cc: Arthur H. Peterson

(Footnote Continued)
and a teacher who is unable to get a job in his or her school district of origin may be in effect penalized as a result, by being ineligible for forgiveness under § 640(b).

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465-3800

MEMORANDUM

February 24, 1984

SUBJECT: Affirmative action--teacher
scholarship loan program
(CSHB 504 (HESS))

TO: Representative Rick Uehling

FROM: Keith B. Levy *KBL*
Legislative Counsel

You have requested an opinion on the constitutional issues raised by CSHB 504 (HESS). As you are aware, any legislation which creates classifications based on race or ethnic background will be subject to close judicial scrutiny if challenged in the courts. In establishing the teacher scholarship loan program, the bill creates a racial classification and could therefore be subject to challenge. Although I believe that the bill could withstand a constitutional challenge, it does raise a number of significant constitutional issues.

In University of California Regents v. Bakke, 438 U.S. 265, 57 L.Ed.2d 750 (1978) the United States Supreme Court issued a divided opinion on the subject of "affirmative action". While no five justices could agree on a single opinion, the opinion of the Court lends some guidance to future treatment of affirmative action programs.

Bakke, a white male, was denied admission to a medical school run by the state and he challenged the state's admission procedures as violative of the Equal Protection clause of the Fourteenth Amendment to the United States Constitution. The school accepted a quota of a certain percentage of minority students. Bakke claimed that this constituted unfair racial discrimination in violation of the federal constitution. The Court ruled that racial and ethnic distinctions are subject to strict scrutiny, but a preferential classification using race as a factor would not be unconstitutional. However, a preferential classification establishing a racial quota would be unconstitutional unless it is

precisely tailored to serve a compelling governmental interest. Moreover, the burden is on the state to prove that the quota meets this criterion.

Under this test, the Court struck down the school's admission procedure saying that the state had failed to establish a compelling interest on which to justify the racial quota. In doing so, the Court rejected several of the state's justifications for the program. Specifically, the medical school's racial quota could not be justified: (1) solely to insure that the school contained a certain percentage of racial minorities; (2) to increase the number of physicians practicing in underserved areas, since the state couldn't prove that the program was likely to have that result; or (3) to counter the effects of "social discrimination" generally. The only justification for such an affirmative action program would be to counter the effects of specific identified discrimination, the Court said.

In a more recent case, Fullilove v. Klutznick, 448 U.S. 448, 65 L.ED.2d 902 (1980), the United States Supreme Court upheld a racial quota in the Federal Public Works Employment Act of 1977. The "minority business enterprise" provision of the Act required a minimum of 10 percent of federal funds granted for local public works projects to be used to contract with businesses owned by "minority group members." As in Bakke, no five members of the Court in Fullilove could agree on a single opinion. But the opinion of the Court stated that Congress could use a racial quota to avoid perpetuation of the effects of prior discrimination. The decision indicates that the court is leaning toward approval of affirmative action programs aimed at relieving the effects of past discrimination.

There are two provisions in the teacher scholarship loan program which raise the "affirmative action" problem. AS 14.43.630, added by section 1 of the bill, provides that the funds available for the loans shall be distributed to the local school boards by "giving a preference to school districts with a high percentage of Native students and a low percentage of Native teachers.

AS 14.43.650(b), also added by the bill, requires the local school boards to award teacher scholarship loans "giving a preference to Native students that meet the qualifications for a loan." Since both of these provisions merely give a preference to Native students, rather than establishing a

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

BILL SHEFFIELD, GOVERNOR

REPLY TO:

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JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

465-3603

March 13, 1984

The Honorable Rick Uehling
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Re: Review of draft committee
substitutes for HB 504

Dear Representative Uehling:

You have asked us to review two versions of draft committee substitutes for HB 504 and follow up on our memorandum of February 6 on the original HB 504.

In our memorandum of February 6, we identified three provisions of HB 504 that were subject to challenge under the equal protection clauses of the United States or Alaska constitutions. These were the provisions which (1) established a racial quota in the distribution of the loans; (2) excluded graduates of and teachers in private high schools from participation in the program; and (3) limited the availability of total forgiveness to teachers who teach in the district from which they graduated.

Both draft versions of the committee substitute we have reviewed eliminate the potential equal protection problems created by (2) and (3) above. Version #2 also eliminates the problem in (1). Version #1 is discussed below.

In our February 6 memorandum, we briefly discussed the analyses that the U.S. and Alaska Supreme Courts would apply in addressing legislation which makes a classification based on race or ethnicity. The critical step in either analysis is the determination of whether the ends sought to be achieved by the legislation could be achieved by any less discriminatory means. In HB 504, § 650 created a racial quota; that is, loans were required to be distributed strictly in proportion to the distribution of ethnic groups among eligible students. Version #1 has changed § 650 to eliminate the quota and require that

The Honorable Rick Uehling
Representative
Re: HB 504

March 13, 1984
Page 2

loans be awarded "giving a preference to Natives" who are qualified. This is less restrictive than the original provision, in that it does not establish an inflexible rule of distribution on the basis of race, but only requires that a preference be given to Natives. However, courts have still found "preferences" to be discriminatory, 1/ and a racial preference would be subject to the same rigorous analysis as a racial quota, i.e., are there any less discriminatory means of achieving the legislation's identified goals? Only if the answer to that question is "no", will a racial preference be upheld. 2/

Please let us know if we can be of any further assistance.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By:

Linda Scoccia
Linda Scoccia
Assistant Attorney General

LS:gmw

1/ In a very recent case, United Bldg. & Constr. Trades Council v. Mayor and Council of the City of Camden, _____ U.S. _____, No. 81-2110, February 21, 1984, the United States Supreme Court examined an ordinance which originally required that at least 40% of contractors and subcontractors working on city construction projects be Camden residents. During the course of the appeal the ordinance was amended, and by the time the case was heard by the Supreme Court the 40% resident hiring requirement was changed from a strict quota to simply a "goal" with which good faith efforts of compliance were required. The court still found that the ordinance discriminates against out-of-state residents and remanded the case for determination of whether facts exist which would justify the discrimination.

2/ In Fullilove v. Klutznick, 448 U.S. 448, 100 S.Ct. 2758, 65 L.Ed. 2d 902 (1980), the Supreme Court upheld a law that provided a 10% preference for minority businesses in the award of certain public contracts. The Court found that the purpose of the law was to remedy the present effects of past discrimination which had denied minority businesses effective participation in public contracting opportunities, and that traditional procurement practices, without the requirement of minority preference, would perpetuate the effects of past discrimination.

quota, they stand a good chance of surviving a constitutional attack under the Bakke decision.

However, even the Native preference provisions will be given strict scrutiny by the Court if challenged. To withstand the challenge, the legislature will have the burden of showing that the provisions are aimed at a compelling state interest, e.g., remedying past racial discrimination. The state would also have to prove that the provisions are precisely tailored to do this.

Under the apparent rationale of the Bakke decision, the legislature would have to show that the Native preference is aimed at relieving actual past discrimination in the hiring of Native teachers and that it would actually have the effect of relieving the results of that discrimination. Moreover, the court would probably not accept the legislature's mere claims of past discrimination; the state would have to show evidence of such discrimination. Assuming that the state can make this showing, however, the teacher scholarship loan program would probably survive judicial scrutiny.

If the legislature wishes to circumvent the potential constitutional problems altogether, I would recommend removing the Native preference and substituting a preference for rural areas, or something to that effect. Removing the racial classification would have the effect of changing the test the Court would use if the provisions were challenged. If the classification were rural rather than racial, the Court would only require that the classification have a "rational basis", rather than a "compelling state interest", required under the strict scrutiny test. The rational basis test requires only that the state show that the legislation is rationally related to some legitimate end. It is a very easy burden for the state to meet, as opposed to the compelling interest standard which is very difficult to satisfy.

In conclusion, CSHB 504 (HESS) presents some significant constitutional problems, which may or may not survive a legal challenge. To remove the constitutional issues altogether, the legislature could use some classification other than the present preference for Natives, such as a rural classification.

KBL:ojb
J4/002

Selected letters of support and suggested changes.



MUSTANGS

Fortuna Ledge P. O.

(907) 679-6112

Marshall, Alaska 99585

February 23, 1984

The Honorable Representatives Hayes, Hurlbert,
Adams, Abood, Barnes, Bussell, Cato, Cowdery,
Davis, Fuller, Furnace, Grussendorf, Herrmann,
Koponen, Lindauer, Liska, Malone, Martin, M.W.
Miller, Ringstad, Shultz, Szymanski, Uehling,
Ward, Zharoff, Fritz, Bettisworth and McBride
House of Representatives
State of Alaska
Juneau, Alaska 99801

Dear Committee Members:

At our recent Advisory School Board Meeting we reviewed the proposed House Bill No. 504, regarding State educational loans. We found the findings and intent portion of the Bill to be not only true, but also stating concerns we have discussed often. As we continued with the reading of the Bill, however, we found that section 14.43.650, Selection Criteria, has restricted a group of highly desirable potential teachers from being eligible.

We are pleased that graduating students may have the financial help needed to continue their education and feel the State of Alaska is very generous in providing funds for them. However, we feel the Bill overlooks those former graduates who, for whatever reason, decided to put off going to college for a year or two. There are many capable and desirable people in this group who have worked other available jobs and now have the maturity and drive needed to continue their education. But then now find they lack adequate financial help.

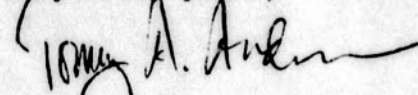
The most noteworthy group being excluded from House Bill 504, we feel, are those individuals who have gained experience working in our schools as classroom aides. Many are highly capable aides with high potential for making excellent teachers. House Bill 504 with its recent six month graduate restriction eliminates this highly desirable group.

Letter to House of Representatives
House Bill No. 504
Page two

It is our hope that the committee re-assess the Selection Criteria outlined in House Bill 504 and change the recent graduate requirement to allow for these highly desirable individuals.

Thank you for your time and consideration on this matter.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Tommy A. Andrew", with a stylized flourish at the end.

Tommy A. Andrew, Chairperson
Advisory School Board

TAA:te



Covenant High School

(907) 624-3282 Unalakleet, Alaska 99684

February 6, 1984

FEB 9 1984

Representative Jack Fuller
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Representative Fuller:

Enclosed is a letter which we submitted at the hearing recently on HB 504. We feel that this bill could serve an excellent purpose in the bush but feel strongly that private school graduates should not be restricted from participation. Our letter expresses our viewpoint.

The method of payment might need to be altered in order to avoid channeling funds through a private school to the recipients, but I am sure that this could be done without altering the intent of the bill. I am inclined to believe that it would be preferable, at any rate, to have recipients receive grants directly from the state on nomination from the districts. This method would largely parallel the present Student Loan program while giving the districts input on promising candidates.

Other items in the bill which might be given additional consideration are the following:

Sec. 14.43.640 Conditions of loan. Paragraph 2 requires that the borrower must teach in the district from which he/she graduated in order to be eligible for loan forgiveness. I believe that this is entirely too restrictive. In small districts such as Nome or Dillingham, an opening may not be available upon graduation. Also, marriage often requires a graduate to re-locate. It has been our experience that most Alaska Native graduates do return to the bush, and the value of others in the major city school systems is significant in its impact on Native students in those areas as well.

It seems unfortunate also that a returning student would be restricted from teaching in a private school in order to receive credit toward forgiveness. Federal teacher loans have not made this distinction. If the school is classified as having a high percentage of minority students, the borrower may apply for a percentage of forgiveness regardless of the public or private status of the school.

I am personally inclined to think that the loan should be supplemental rather than set at \$10,000 maximum without restrictions. BIA loans, for example, require that the applicant "show financial need after other sources of funding have been considered." Some such requirement would serve the double purpose of weeding out the less serious applicants and would increase the numbers of students who could be served.

I think that there should be close state monitorship of the loan recipients through the four years. This might require more than the present regulations for the Student Loan program.

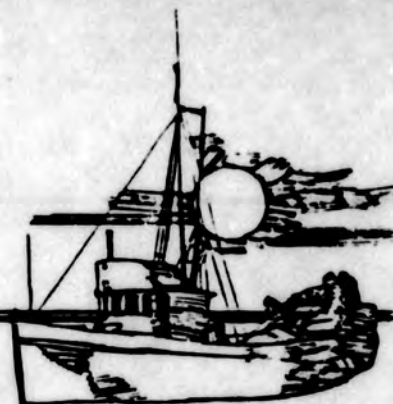
Again, we want to indicate our strong support for this bill and will appreciate your consideration of the items we have discussed.

cc. Rep. Joe Hayes

Sincerely,

CHUGACH

School District — Nyal D. Worsham, Superintendent



February 2, 1984

Honorable Joseph Hayes, Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

RE: House Bill #504

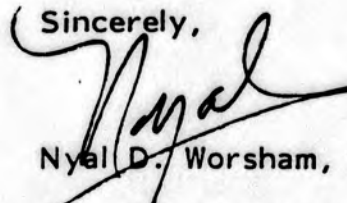
Dear Mr. Speaker:

I wish to speak in support of House Bill #504 related to a teacher scholarship fund for native students. Having spent the last eight years in Alaska bush and rural school systems, I know that our native students do need the relationships that native teachers can give to them.

We need positive counseling efforts to lead our future native teachers into the profession and give them support while they develop their teaching skills.

I thank you for the introduction of this bill and wish you and Representative Hurlbert success in its passage.

(Sincerely,


Nyal D. Worsham, Supt.

cc: Representative Vern Hurlbert
Files



FEB 17 1984

Alaska Native Land Managers Association
40 K Street, Suite 202
Anchorage, Alaska 99501
(907) 272-1254

February 13, 1984

Representative Rick Uehling
Pouch V (MS 3100)
Juneau, Alaska 99811

Re: HB 504

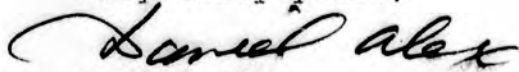
Dear Representative Uehling:

At a recent meeting of the Alaska Native Land Managers Association, the membership passed the enclosed resolution urging passage of HB 504, dealing with establishing the teacher scholarship loan program.

We feel that this bill satisfies an important need in rural Alaska. For too long, young people have left the villages to attend college, never to return. Additionally, we have watched a parade of non-native teachers through the village schools. We feel that it is important to have a stable staff of teachers in rural schools. We also feel that it is preferable to have native teachers teaching in predominantly native schools in order to understand and preserve the unique culture and history of Alaska Native peoples. It is our feeling that native teachers will provide a valuable role model for students in rural Alaska. The students need to see that they can be a success and that they can be leaders in today's world.

We feel strongly that the passage of HB 504 will be another step along the path towards improving rural education and the lives of rural Alaskans.

Very truly yours,



Daniel Alex,
President

WHEREAS, the preservation and continuation of Native culture in Alaska is of paramount importance; and

WHEREAS, Native teachers are needed to foster a sense of ethnic traditions and cultures in Alaska Native students; and

WHEREAS, existing programs have failed to increase the number of Alaska Native teachers; and

WHEREAS, the number of Alaska Native teachers returning to teach Alaska Native students is inadequate.

THEREFORE BE IT RESOLVED that the Alaska Native Land Managers Association, meeting in Anchorage, Alaska, this 19th day of January, 1984, does hereby support and urge the immediate passage of House Bill 504.

MR VERN HULBERT
HOUSE OF REPRESENTATIVES
JUNEAU, AK

FEB. 15, 1984

DEAR REP. Vern Hulbert

THIS IS A LETTER CONCERNING HOUSE BILL NO. 504
IN SUPPORT OF STUDENT LOANS TO AKASKAN STUDENTS.
I AM IN FULL SUPORT OF THIS BILL. I CAN HONESTLY SPEAK
ON THIS ISSUE. WHEN I ATTENED THE X-CED PROGRAM THERE
WHERE MANY DISCOMFORTS I HAD TO ENCOUNTER IN APPLYING
FOR FUNDING AS AN OFF CAMPUS STUDENT. THE EXISTING LOANS
WERE NOT ENOUGH TO MET THE NEEDS OF ANYONE WITH A FAMILY.
WE ALL UNDERSTOOD THAT IT COSTED MONEY TO GO TO SCHOOL
BUT THE HARDSHIP WAS AT TIMES VERY DEMANDING ON OUR
SLIM BUDGETS.

THE BILL HAS INSIGHT FOR OUR NON-CERTIFIED TEACHERS
WHO HAVE BEEN VERY DEDICATED TO THEIR JOBS. THAY HAVE
WORKED VERY SILENTLY WITHOUT RETIREMENT BENIFITS ON PART
TIME BASES. I CAN FORESEE THEM GOING ON TO SCHOOL NOW
IF THIS BILL IS PASSED IN BOTH HOUSES. THE COMMUNICATION
WHICH LINKS THE VILLAGE LIFE AND THE SCHOOLS ARE THE NON-
CERTIFIED AIDES. PERHAPS, IN THE FURTURE WITH MORE
CERTIFIED TEACHERS WHO ARE ALASKAN NATIVES A BETTER
DELIVERY OF EDUCATION WILL BE A REALITY HERE IN RURAL
ALASKA.

I ALSO CAN SEE ANOTHER BARRIER WHAT WILL BE DONE
FOR THE NATIVE CERTIFIED TEACHERS WHO MUST WAIT
FOR THE TENURE TEACHERS TO MOVE ON I MYSELF SIT IN THAT
POSITION AND HAVE BROUGHT IT TO THE ATTENTION OF THE
REAA BOARD THE REPLY WAS THE TENURE TEACHER OR AN
OPENING WITHIN THE DISTRICT WHEN EVERY THE WAS ON WHERE
I CAN FIT THE SLOT.

SINCERELY


MARIE W. [WALKER] HAILEY

MEMORANDUM

State of Alaska

TO: The Honorable Mae Tischer
Alaska State Representative
Chairman, House Health
& Social Services

DATE: February 2, 1984

FILE NO:

TELEPHONE NO: 465-2800

FROM: Harold Raynolds
Commissioner
Department of Education

SUBJECT: HB 504: Teacher Scholarship
Loan Program

The State Board of Education addressed HB 504 during the State Board meeting in Juneau, January 31, 1984. The Board voted approval of the concept of a loan program to encourage Alaskan ethnic minorities to enter the teaching profession. There were several areas which they felt needed further clarification in consideration of the legislation:

1. The findings and intent focus on problems experienced in rural Alaska, but the bill would allow any ethnic minority student to be eligible, including those from the urban Alaskan districts, with forgiveness tied to that teacher returning to the district from which he came. The State Board expressed some confusion as to whether this is what was intended by the sponsors, or if the intent was to limit the loan program to just rural ethnic minority students. If it is to be limited to rural students a definition of rural students should be included in the legislation.

2. The State Board of Education felt the criteria for forgiveness was too restrictive by requiring that a student return to teach in the district from which he graduated. The district from which he graduated may have no openings when the teacher is ready to return to teach. If that student returns to teach in another Alaskan school district, other than the district from which he graduated, the State still receives the benefit of the ethnic minority in the teaching role. If it is the intent of the legislation to assure that students return to teach in rural Alaska, this might also be accomplished by expanding Sec. 14.43.640(2) to include "employed as a public school teacher in the district from which he graduated or another rural Alaskan school district." This amendment would also require that rural school district be defined in a definitions section.

3. The State Board of Education felt that the loan should be available to a student who, after completing an academic major (i.e. history, English, science), decides to return to college for a fifth year of study for the purpose of teacher training. As the legislation is currently drafted, it prohibits loans for graduate study.

4. The State Board of Education felt that the loan program should also be available to Alaskan ethnic minority students

The Honorable Mae Tischer
February 2, 1984
Page 2

attending high school outside the State who desire to enter the teaching profession and return to the State to teach.

The legislation appears to be an excellent step towards encouraging Alaskan ethnic minorities into the teaching profession and providing incentives to return Native Alaskans to rural areas to teach. Your consideration of the State Board of Education's recommendations is appreciated.

cc: Ernestine Griffin, President
State Board of Education
Rep. Joe L. Hayes
Rep. Vernon L. Hurlbert
Rep. Albert P. Adams
Rep. Mitchell E. Abood, Jr.
Rep. Ramona L. Barnes
Rep. Charlie Bussell
Rep. Bette Cato
Rep. John Cowdery
Rep. Mike Davis
Rep. John G. "Jack" Fuller
Rep. Walt Furnace
Rep. Ben F. Grussendorf
Rep. Adelheid Herrmann
Rep. Niilo Koponen
Rep. John Lindauer
Rep. John L. Liska
Rep. Hugh Malone
Rep. Terry Martin
Rep. Mike W. Miller
Rep. John Ringstad
Rep. Richard Schultz
Rep. Mike Symanski
Rep. Rick Uehling
Rep. Jerry Ward
Rep. Fred Zharoff
Rep. Milo Fritz
Rep. Robert H. Bettisworth
Rep. Jack McBride



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

147 S. FRANKLIN #207
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

TO: Mae Tischer, Chairman
House HESS Committee
Members of the Committee

DATE: February 21, 1984

RE: HB 504; "An Act establishing the teacher scholarship loan program."

NEA-Alaska strongly supports and encourages favorable consideration of the concept of scholarship incentives as a method of encouraging Alaska Natives to pursue careers in teaching in the public schools in Alaska. This particular issue was established as one of the six major legislative priorities of the Delegate Assembly, meeting in Anchorage in January.

It may be appropriate for the Committee to seek data relative to the previous implementation of AS 14.43.050 -.090 for purposes addressing specifically identified needs. SB 426 expands upon the provisions of the above referenced statute.

We would further encourage that the Committee, either on its own initiative or through the Department of Education, consider the feasibility of conducting an annual survey of all Alaska Native High School sophomores, juniors, and seniors and, perhaps even a supplemental survey of their parents and guardians as well, in an effort to build a data base which could be used to bring even more focus to this kind of legislation on a long term basis. Specifically, it seems appropriate to have more information on:

- career aspirations, expectations, needs
- current deterrents, barriers, problems
- extent and nature of counseling and adequacy of curriculum

A recent survey published by Texas Christian University on "Factors Related to High School Students' Interest in Teaching as a Profession" strongly suggest that a decline in parental interest in encouraging their children toward teaching is a major factor. It may be appropriate to ascertain the validity of this conclusion for Alaska.

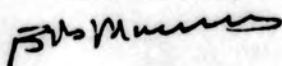
With an increasing number of Native students in the urban areas perhaps it is worthy of some emphasis to encourage, through incentives, more Native teachers in these areas as well.

It also seems appropriate to consider making this loan program an adjunct of the regular student loan program, but utilizing an expanded and separate sub-committee of the Post Secondary Education Commission which would also include practicing teachers and parents among its membership.

We feel that it is appropriate to raise some caution relative to geographic restrictions upon where a recipient may chose to teach. Reduction in the teaching force, non-retention and/or desire to voluntary job changes may have some effect on mobility of the recipients.

Finally, it may also be appropriate to clarify the legislative intent of HB 504 as it pertains to the term "teacher." AS 14.20.207 currently provides that the term teacher is also intended to cover administration. It is our recommendation that the primary focus be toward those who are actually in a classroom teaching circumstance.

Respectfully Submitted,



Bob Manners
Executive Secretary
NEA-Alaska

4:DS1

DRAFT

MEMORANDUM

To: Members of the House
Special Committee on State Loans

From: Rep. Rick Uehling, Chair

Subject: Committee Substitute for HB 504

Date: March 13, 1984

Enclosed are two versions for a draft CS for HB 504, relating to Teacher Scholarship Loans, which is to be heard in the Committee this afternoon at 5 pm.

Version one (marked in green) makes two minor changes in the HESS version, moving the language on page 3 line 25 pertaining to graduation within 6 months to paragraph (4) on page 4 and deleting the word students from the next paragraph (b).

Version two makes significant changes in the language by substituting the term "rural" for "Native" in many sections of the bill.

The Committee will need to hear testimony and make a decision on which version to pass out, then take action to pass out whichever version is most appropriate.

See you at 5 pm.

Levy
3/9/84

Version 2 ✓

Original sponsors: Hayes, Hurlbert,
Adams, et al

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 CS FOR HOUSE BILL NO. 504 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the teacher scholarship loan
7 program."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 14.43 is amended by adding new sections to read:

10 ARTICLE 7. TEACHER SCHOLARSHIP LOAN PROGRAM.

11 Sec. 14.43.600. FINDINGS AND INTENT. (a) The legislature finds
12 that there is a wide and unacceptable disparity between the distribu-
13 tion of Native teachers and Native students in rural elementary and
14 secondary schools in the state. Many rural schools have virtually no
15 Native teachers and no non-Native students. The undesirable effects
16 of this disparity include the following:

17 (1) there is a serious weakness in the ability of teaching
18 staffs in rural schools to foster a sense of Native traditions and
19 cultures in the Native students;

20 (2) many rural students are forced to exist in two entirely
21 separate situations: the essentially traditional atmosphere of many
22 Native homes, and the essentially modern atmosphere of the classroom;

23 (3) almost no Native students return to rural schools to
24 teach, continuing the imbalance and exacerbating its effects; and

25 (4) there is an annual turnover of 40 percent among teach-
26 ers in rural educational attendance areas in the state.

27 (b) The legislature further finds that existing programs have
28 failed to increase the proportion of Natives teaching in rural
29 schools. Therefore, it is the intent of the legislature to establish

1 the teacher scholarship loan program to encourage rural high school
2 graduates to return to rural schools as teachers and relieve the
3 conditions described in this section.

4 Sec. 14.43.610. PROGRAM ESTABLISHED. There is established the
5 teacher-scholarship loan program to provide an incentive for rural
6 high school graduates to pursue teaching careers in rural elementary
7 and secondary schools in the state.

8 Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN FUND. There
9 is created a teacher scholarship revolving loan fund. The fund shall
10 be used to make scholarship loans to students selected under AS 14.-
11 43.600 - 14.43.700. All repayments of principal and interest on
12 teacher scholarship loans shall be paid into the teacher scholarship
13 revolving loan fund and shall be used to make new teacher scholarship
14 loans. If estimated funds available from teacher scholarship loan
15 repayments are inadequate to fully fund estimated teacher scholarship
16 loans for any fiscal year, additional funding from the general fund
17 may be requested and appropriated for that year.

18 Sec. 14.43.630. ADMINISTRATION. (a) The teacher scholarship
19 loan program shall be administered by the student financial aid com-
20 mittee (AS 14.43.095) in accordance with regulations adopted by the
21 committee. The committee shall

22 (1) allocate the loan awards available for teacher scholar-
23 ship loans annually to local school boards giving a preference to
24 rural school districts; and

25 (2) develop and distribute to the local school boards an
26 application form for teacher scholarship loans; the form shall include
27 a requirement that the applicant supply a high school academic trans-
28 cript and a statement of intent to enter a teaching career at the
29 elementary or secondary school level in the state.

1 (b) The local school boards shall select the recipients of the
2 teacher scholarship loans according to the criteria in AS 14.43.650.

3 Sec. 14.43.640. CONDITIONS OF LOANS. (a) The conditions pro-
4 vided in AS 14.43.120 apply to teacher scholarship loans except that
5 loans may not be made to graduate students.

6 (b) If a borrower meets the conditions provided in (a) of this
7 section and is employed as a teacher in a rural elementary or secon-
8 dary school, the portion of the loan that shall be paid by the state,
9 notwithstanding AS 14.43.120(j), is the following percentages of the
10 total loan received plus interest up to a total of 100 percent of the
11 total loan:

- 12 (1) one year employment, 15 percent;
13 (2) two years employment, an additional 15 percent;
14 (3) three years employment, an additional 15 percent;
15 (4) four years employment, an additional 25 percent;
16 (5) over four years employment, an additional 30 percent.

17 (c) A loan may not exceed \$10,000 in a school year.

18 Sec. 14.43.650. SELECTION CRITERIA. (a) To be eligible for a
19 teacher scholarship loan, a student must

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

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

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

29 (4) submit to the local school board an application

1 provided by the student financial aid committee under AS 14.43.-
2 630(a)(3); an application may be submitted six months before gradua-
3 tion from high school.

4 (b) A local school board shall award teacher scholarship loans
5 giving a preference to applicants from rural schools who meet the
6 qualifications for a loan and taking into account the applicants'
7 academic records.

8 (c) A student may not be awarded a scholarship loan under AS 14.-
9 43.090 - 14.43.160 and a teacher scholarship loan under AS 14.43.600 -
10 14.43.700 for the same school year.

11 Sec. 14.43.700 DEFINITION. In AS 14.43.600 - 14.43.700, "rural"
12 means

13 (1) a community in the second, third, or fourth judicial
14 district of the state with a population of 4,500 or less that is not
15 connected by road or rail to Anchorage or Fairbanks; or

16 (2) a community in the first judicial district of the state
17 with a population of 4,500 or less.
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28
29

Levy
3/8/84

Original sponsors: Hayes, Hurlbert,
Adams, et al

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BY THE HOUSE SPECIAL
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14 ary schools in the state. Particularly in rural areas, many schools
15 have virtually no Native teachers and no non-Native students. The
16 undesirable effects of this disparity include the following:

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18 staffs, particularly in rural schools, to foster a sense of Native
19 traditions and cultures in the Native students;

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21 separate situations: the essentially traditional atmosphere of many
22 Native homes, and the essentially modern atmosphere of the classroom;

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24 teach, continuing the imbalance and exacerbating its effects; and

25 (4) there is an annual turnover of 40 percent among teach-
26 ers in rural educational attendance areas in the state.

27 (b) The legislature further finds that existing programs have
28 failed to increase the proportion of Natives teaching in rural
29 schools. Therefore, it is the intent of the legislature to establish

1 the teacher scholarship loan program to encourage Natives to return to
2 rural schools as teachers and relieve the conditions described in this
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23 scholarship loans annually to local school boards giving a preference
24 to school districts with a high percentage of Native students and a
25 low percentage of Native teachers;

26 (2) designate the secondary and elementary schools that
27 have a high percentage of Native students for the purposes of
28 AS 14.43.640(b); and

29 (3) develop and distribute to the local school boards an

1 application form for teacher scholarship loans; the form shall include
2 a requirement that the applicant supply a high school academic trans-
3 script and a statement of intent to enter a teaching career at the
4 elementary or secondary school level in the state.

5 (b) The local school boards shall select the recipients of the
6 teacher scholarship loans according to the criteria in AS 14.43.650.

7 Sec. 14.43.640. CONDITIONS OF LOANS. (a) The conditions pro-
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9 loans may not be made to graduate students.

10 (b) If a borrower meets the conditions provided in (a) of this
11 section and is employed as a teacher in a school designated by the
12 student financial aid committee as having a high percentage of Native
13 students, the portion of the loan that shall be paid by the state,
14 notwithstanding AS 14.43.120(j), is the following percentages of the
15 total loan received plus interest up to a total of 100 percent of the
16 total loan:

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1 secondary school level;

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4 particular subject areas; and

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6 vided by the student financial aid committee under AS 14.43.630(a)(3);
7 an application may be submitted six months before graduation from high
8 school.

9 (b) A local school board shall award teacher scholarship loans
10 giving a preference to Natives who meet the qualifications for a loan
11 and taking into account the applicants' academic records.

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13 AS 14.43.090 - 14.43.160 and a teacher scholarship loan under AS 14.-
14 43.600 - 14.43.700 for the same school year.

15 Sec. 14.43.700. DEFINITION. In AS 14.43.600 - 14.43.700,
16 "Native" means any person who is a descendant of a member of the
17 aboriginal races inhabiting the state when annexed to the United
18 States, or who is a descendant of an Indian or Eskimo who, since the
19 year 1867 and prior to June 30, 1952, migrated into the state from
20 Canada, and who is a descendant having at least one-quarter blood
21 derived from these ancestors.
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Draft CS (Loans).

Local S Bs are
Encouraged ~~active~~ to accept applications
from native classroom aides, who
otherwise qualify.

Change wording on ⁽¹⁾ graduate.
page 3. line 25
delete; or scheduled for graduation
within 6 mos. from
so it will read

be a graduate of a public or private
high school in the state, with
sufficient credit to be admitted to
an accredited college or university.

then add: (on page 4)

(5) a student may apply up to
6 months prior to graduation from HS

and on lines 8-9-10 — delete students?

Local school boards are also encouraged to
award loans to ^{native} persons employed as
classroom aides ^{within the district} who have

Original sponsors: Hayes, Hurlbert,
Adams, et al

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
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27 sufficient credits to be admitted to an accredited college or
28 university;

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1 a degree program directed at a teaching career at the elementary or
2 secondary school level;

3 (3) meet the conditions set by the student's local school
4 board with respect to the district's requirements for teachers in
5 particular subject areas; and ()
6

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17 aboriginal races inhabiting the state when annexed to the United
18 States, or who is a descendant of an Indian or Eskimo who, since the
19 year 1867 and prior to June 30, 1952, migrated into the state from
20 Canada, and who is a descendant having at least one-quarter blood
21 derived from these ancestors.
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Alaska State Legislature

Rep. Uehling

REP. MAE TISCHER
CHAIRMAN



POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 485-3777

House of Representatives
HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

MEMORANDUM

TO: Members of the House HESS Committee
FROM: Representative Mae Tischet *MT*
DATE: February 24, 1984

RE: Proposed CSHB 504 (HESS)

Attached please find a copy of the proposed HESS Committee Substitute for House Bill 504, "An Act establishing the teacher scholarship loan program."

I am recommending that this CS be adopted in lieu of the original bill. As you know by the published committee schedule, the Committee will hear HB 504 at 1:15 p.m., on Monday, February 27. I look forward to seeing you then.

If you have any questions about this proposed Committee Substitute or about the meeting in general, please contact my office at 3777.

/wtl

Attachment

This version, dated 2-24-84, is the final version. Give the HESS office a call (x3777) if there are any questions or comments.

Bill

Original sponsors: Hayes, Hurlbert,
Adams, et al

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 504 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the teacher scholarship loan

7 SCHOLARSHIP RLF program."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 14.43 is amended by adding new sections to read:

10 ARTICLE 7. TEACHER SCHOLARSHIP LOAN PROGRAM.

11 Sec. 14.43.600. FINDINGS AND INTENT. (a) The legislature finds
12 that there is a wide and unacceptable disparity between the distribu-
13 tion of Native teachers and Native students in elementary and second-
14 ary schools in the state. Particularly in rural areas, many schools
15 have virtually no Native teachers and no non-Native students. The
16 undesirable effects of this disparity include the following:

17 (1) there is a serious weakness in the ability of teaching
18 staffs, particularly in rural schools, to foster a sense of Native
19 traditions and cultures in the Native students;

20 (2) many rural students are forced to exist in two entirely
21 separate situations: the essentially traditional atmosphere of many
22 Native homes, and the essentially modern atmosphere of the classroom;

23 (3) almost no Native students return to rural schools to
24 teach, continuing the imbalance and exacerbating its effects; and

25 (4) there is an annual turnover of 40 percent among teach-
26 ers in rural educational attendance areas in the state.

27 (b) The legislature further finds that existing programs have
28 failed to increase the proportion of Natives teaching in rural
29 schools. Therefore, it is the intent of the legislature to establish

1 the teacher scholarship loan program to encourage Natives to return to
2 rural schools as teachers and relieve the conditions described in this
3 section.

4 Sec. 14.43.610. PROGRAM ESTABLISHED. There is established the
5 teacher scholarship loan program to provide an incentive for Native
6 high school graduates to pursue teaching careers in elementary and
7 secondary schools in the state.

8 Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN FUND. There
9 is created a teacher scholarship revolving loan fund. The fund shall
10 be used to make scholarship loans to students selected under AS 14.-
11 43.600 - 14.43.700. All repayments of principal and interest on
12 teacher scholarship loans shall be paid into the teacher scholarship
13 revolving loan fund and shall be used to make new teacher scholarship
14 loans. If estimated funds available from teacher scholarship loan
15 repayments are inadequate to fully fund estimated teacher scholarship
16 loans for any fiscal year, additional funding from the general fund
17 may be requested and appropriated for that year.

18 Sec. 14.43.630. ADMINISTRATION. (a) The teacher scholarship
19 loan program shall be administered by the student financial aid
20 committee (AS 14.43.095) in accordance with regulations adopted by the
21 committee. The committee shall

22 (1) allocate the loan awards available for teacher
23 scholarship loans annually to local school boards giving a preference
24 to school districts with a high percentage of Native students and a
25 low percentage of Native teachers;

26 (2) designate the secondary and elementary schools that
27 have a high percentage of Native students for the purposes of
28 AS 14.43.640(b); and

29 (3) develop and distribute to the local school boards an

1 application form for teacher scholarship loans; the form shall include
2 a requirement that the applicant supply a high school academic trans-
3 cript and a statement of intent to enter a teaching career at the
4 elementary or secondary school level in the state.

5 (b) The local school boards shall select the recipients of the
6 teacher scholarship loans according to the criteria in AS 14.43.650.

7 Sec. 14.43.640. CONDITIONS OF LOANS. (a) The conditions pro-
8 vided in AS 14.43.120 apply to teacher scholarship loans except that
9 loans may not be made to graduate students.

10 (b) If a borrower meets the conditions provided in (a) of this
11 section and is employed as a teacher in a school designated by the
12 student financial aid committee as having a high percentage of Native
13 students, the portion of the loan that shall be paid by the state,
14 notwithstanding AS 14.43.120(j), is the following percentages of the
15 total loan received plus interest up to a total of 100 percent of the
16 total loan:

- 17 (1) one year employment, 15 percent;
18 (2) two years employment, an additional 15 percent;
19 (3) three years employment, an additional 15 percent;
20 (4) four years employment, an additional 25 percent;
21 (5) over four years employment, an additional 30 percent.

22 (c) A loan may not exceed \$10,000 in a school year.

23 Sec. 14.43.650. SELECTION CRITERIA. (a) To be eligible for a
24 teacher scholarship loan, a student must

25 (1) be a graduate of, or scheduled for graduation within
26 six months from, a public or private high school in the state, with
27 sufficient credits to be admitted to an accredited college or
28 university;

29 (2) be enrolled in or show evidence of intent to enroll in

1 a degree program directed at a teaching career at the elementary or
2 secondary school level;

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

6 (4) submit to the local school board an application pro-
7 vided by the student financial aid committee under AS 14.43.630(a)(3).

8 (b) A local school board shall award teacher scholarship loans
9 giving a preference to Native students that meet the qualifications
10 for a loan and taking into account the students' academic records.

11 (c) A student may not be awarded a scholarship loan under
12 AS 14.43.090 - 14.43.160 and a teacher scholarship loan under AS 14.-
13 43.600 - 14.43.700 for the same school year.

14 Sec. 14.43.700. DEFINITION. In AS 14.43.600 - 14.43.700,
15 "Native" means any person who is a descendant of a member of the
16 aboriginal races inhabiting the state when annexed to the United
17 States, or who is a descendant of an Indian or Eskimo who, since the
18 year 1867 and prior to June 30, 1952, migrated into the state from
19 Canada, and who is a descendant having at least one-quarter blood
20 derived from these ancestors.
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NON-NATIVE BIA STUDENTS

Levy
2/24/84 ✓

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*Equal protection
under different school
district requirements*

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18 year 1867 and prior to June 30, 1952, migrated into the state from
19 Canada, and who is a descendant having at least one-quarter blood
20 derived from these ancestors.

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22 Administer through Post-Secondary
23 Ed. NOT LOCAL SCHOOL BOARDS
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HESS Feb. 5, 1984

Teleconference.
from Bethel.

Rep. Hayes. Statement

Refers several times to DOE Studies & the
Effective Schools emphasis.

Dave Thompson - Kodiak.

Entire School Board.

Support of the ideas.

Concern about "natives" only - it should also
include rural non-native. Language
should allow some variation on returning to
"the same village" etc..

Jim Olson - Kodiak

Support for the concept - Endorsed language of
more latitude on returning to a region.

Robert Nick - LKSD - Board Pres. Board supports
the Bill. — LKSD has a Scholarship Fund
with insurance rebate. Little publicity - many
applicants -

Discussion w/ Robt. on the Board being involved
with the Adm. of the program.

Dave Hamilton - Guidance Counselor - Lake & Peninsula SD.

Victor Guthrie - Petersburg Indian Assn.

Bill has far reaching effects which need to be
addressed. - Would it apply to students
already in college? & those transferred from
other disciplines -.

Pg. 2. Sunday 2/5/86

Gather continued. -

Bethel - Timothy Miller - Ch. of EXCEED Student Council.
? on this being for students on campus.

Peter Flison - Sillingham -

Newhalem -

Kodak - Judy Fulp

Supportive - needs to make sure that School
Boards evaluation & retention / non-retention
of teachers not be influenced or subjected
to overriding by this leg.

WAC/NEK

Harry Massington Brison Bay S. Dist.

? on regional return.

? on ~~Teacher~~ selection criteria - "graduate."

Naknek - Frank Hill - Lake & Peninsula S. Dist.

AK native from Illiana. graduated from Wasilla HS.
currently Adm Asst for L & P. - Concern that
rural schools not be held liable for things from
urban areas.

Newhalem - John.

Very excited by the prospect.

Comments from Mae - on Public vs private schools.

Robert Nick - Comments on Sponsorship.

HESS - 2/4/84 Teleconference from Rome.

Testimony - Unaklaklet.

Helen Support of the Bill

Questioned adm. section; wants advisory boards to make the decision. "School Boards may be too political."

Questioned criterion of selection

i.e. Public H.S. graduates.

Jenny Aloua. From Rome - certificated teacher
Graduated from AMU. Attended Educ. symposium
in Arch. in Dec. & really appreciated it &
everyones participation.

Wm None.

Teacher - Just saw the bill -

Against it - because its a political
football.

Bethel now over 3,000 - Kotzebue will have
a larger population.

"Things not set out in the bill" will work
against the native population.

Suggested that they establish a grant program
for 2 yrs. ^{toward a B.S. in Educ.} for natives who want it without
the involvement of the local Board. (They
can find out then if they can succeed as teachers.)
The incentive needs to come from the individual, tho!

Herb. Ivanof. City of Unaklaklet.

Criteria for selection.

Wants to remove
restriction for
returning to village.

Senie - from Gambell. Educ. in Business.
sympathetic with problems - Needs for role models
of educated natives. Supported of the ideas.

Statement from Rep. Fisher on the emphasis in this
bill; not precluding anyone from using the
reg. Student Loan program.

Alfred White

? is a private schools - returning to the District
wants to broaden it to allow people to go to
Anch. or Fairbanks as well.
Should be state monitoring not local district.

Rep.
Statement from Fisher -
on large number of natives in Anchorage -
agreeing with monitoring aspects.

Edna Apitaki - Worked for Ferguson & Fuller in Juneau
Working on Teacher certificates.

Concern about non native Alaskans who
have good cross cultural educ. skills -
Being Straits S.D. hired from outside rather
than grads from U of A Fairbanks (people
who are really qualified to teach in the Bush.)

Bethel - Kusko Inu Anep - 12 room -

HB 504

2/3/84

Teleconference
Kotzebue/Juneau

Rep. Hayes.
Russ Jones.

Q's on pp 3 lines 7-11
returning to their 'distinct' (language)
possible change to REAA

Q's from Jerry Martin.

Evelyn Canwell - REAA Bd member NWASD.

Support for concept.

Dist. should attract quality educators (ethnics & others.)

Anita Twardak - Teacher - NWASD - from Noorvik

Support the Bill - pp 3 line 1 - re: grad. students
excludes those with other degrees who want to go into edue

Jackie ?

Support. - ? on selection criteria ? St. Marys (private)

Helga Chamberlain - K. Tech Center

2 concerns - (private) grad. - GED. ? ?
School.

Graduate program. - eligibility for both ASLP & TSP.

Incentive for BIA programs.

Susan Ethlich - Adv. School Bd - Kotzebue

Support.

~~Koponen~~ Vesting - language change suggested

or region of same or similar ethnic origin

~~Calvin~~ Baker - Principal NWASD prin assn.

Support -

Q from Gall -

~~In the school~~ ? from BIA schools outside
Chenawah, etc.

Q. from Gall to Baker on expanding the present loan program to extend to's & forgiveness for "teaching" back in the state.

Wesley Goodwin - Student at Kolgebu
Support.

Jim Elliott - Supt. NWA.S.D.
Support of concept.

8 out 147 teachers are native.

High turnover -

Pleased with the discretion giving districts in recommending participants.

Marie Swine - Manalich Assn.

Supports intent & language -

Nina Bradfield - Chitchee CC

Support. but it doesn't address the reasons why so many native students fail in college.

Concern about pay back schedule not being addressed.

~~Frank H. H. H.~~ Camille - Support the Intent

Jean Robb - Teacher. NEA Alaska

Support of concept & intent.

Question on returning to specific village.

Delegate Assembly supported it.

Question on what Comm. would Admin. the program.

Rita Rick - Ada needs. Clerk & student.

Support HB 504 with intent.

Dennis ~~Johnson~~^{Tibblen} (sp) Pres. Village Corp. - NANA Scholarships

Pg 2 - . Issues 22-26 (?)

Rev. Grogan - Chukchi CC.

Support -

Encourage Disos on selection -

Reggie Jewell. NANA Corp. - Museum-youth coordinator

If Kolzebue has 8 of our 140 staff -

What is the percentage of urban Alaska students who return to their communities and can then find a position in that District?

Are there going to be vacancies to employ any of these returning teachers. -

INFORMATION SURVEY

<u>DISTRICT</u>	<u>NATIVE TEACHERS</u>	<u>CERTIFIED H.S. GRADS</u>
Adak	0	1
Alaska Gateway	0	1
Aleutians	0	1
Anchorage	30	21
Annette Island	8	6
Bering Strait	2	1
Bristol Bay	0	0
Chatham	0	0
Chugach	0	0
Copper River	1	2
Cordova	0	6
Craig	2	6
Delta/Greely	0	3
Dillingham	5	6
Fairbanks	16	89
Galena	1	0
Haines	1	4
Hoonah	0	0
Hydaburg	0	0
Iditarod	2	4
Juneau	0	0
Kake	0	0
Kenai	0	0
Ketchikan	3	25
King Cove	1	1
Klawock	2	2
Kodiak	2	?
Kuspuk	0	0
Lake & Peninsula	8	6
Lower Kuskokwim	13	22
Lower Yukon	5	15
Mat-Su	0	?
Nenana	0	1
Nome	2	2
North Slope	20	14
Northwest Arctic	6	59
Pelican	0	0
Petersburg	0	5
Pribilof	0	0
Railbelt	0	0
St. Marys	10	5
Sand Point	0	0
Sitka	2	6
Skagway	0	2
Southeast Islands	0	3
Southwest Region	6	6
Tanana	3	2
Unalaska	0	0
Valdez	0	0
Wrangell	3	2
Yakutat	1	1
Yukon Flats	2	3
Yukon Koyukuk	10	?
TOTAL	167	333

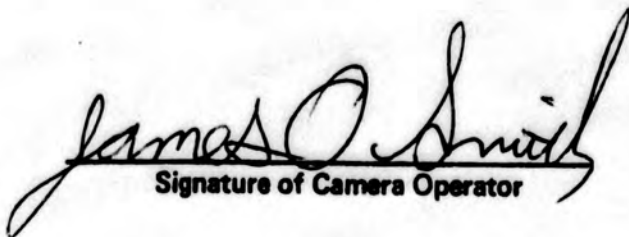
AASB
2/3/84



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

SCOMM

#

34:18

Original sponsor: Rules/Governor

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 536 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to continuing appropriations for bond debt service; making special annual appropriations from certain revolving loan funds; and providing for an effective date."

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

* Section 1. AS 37.15.012 is amended to read:

Sec. 37.15.012. CONTINUING DEBT SERVICE APPROPRIATION. The amounts required annually to pay the principal, interest, and redemption premium on all issued and outstanding general obligation bonds of the state are appropriated [ON JULY 1 OF] each fiscal year from the general fund to the state bond committee to make all required payments of principal, interest, and redemption premium.

* Sec. 2. AS 37.15 is amended by adding a new section to read:

Sec. 37.15.415. CONTINUING REVENUE BOND DEBT SERVICE APPROPRIATION. The amounts required annually to pay the principal, interest, and redemption premium on all issued and outstanding international airports revenue bonds of the state are appropriated each fiscal year from the international airports revenue fund to the state bond committee to make all required payments of principal, interest, and redemption premium.

* Sec. 3. TOURISM REVOLVING FUND. The cash balance of the tourism revolving fund, attributable to loans owned by that fund as of June 30 of each fiscal year, is appropriated annually from that fund to the general fund.

1 * Sec. 4. SMALL BUSINESS REVOLVING LOAN FUND. The cash balance of the
2 small business revolving loan fund, attributable to loans owned by that
3 fund as of June 30 of each fiscal year, is appropriated annually from that
4 fund to the general fund.

5 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
6 10.070(c).

INTRODUCTION, FIRST READING AND REFERENCEOF HOUSE BILLSHB 535

HOUSE BILL NO. 535 by Shultz, entitled:

"An Act relating to the purchase of group life insurance by former state employees and others."

was read the first time and referred to the Labor & Commerce, State Affairs and Finance Committees.

HB 536

HOUSE BILL NO. 536 by the Rules Committee by Request of the Governor, entitled:

"An Act relating to continuing appropriations for bond debt service; making special appropriations from certain defunct revolving loan funds; and providing for an effective date."

was read the first time and referred to the House Special Committee on State Loans and the Finance Committee.

Two zero fiscal notes with analyses were attached and appear in House Journal Supplement No. 85. The Governor's transmittal letter, dated January 23, 1984, appears below:

"Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making a continuing appropriation for international airport revenue bonds debt service and a standby continuing appropriation for state-guaranteed Alaska Housing Finance Corporation (AHFC) veterans' mortgage bonds debt service. The latter becomes operative only in the event of a default by AHFC. The bill also makes a minor clarification of the continuing appropriation for general obligation bonds debt service and appropriates from the funds of two defunct loan programs.

To provide backstop debt service appropriations for international airports revenue bonds and state-guaranteed AHFC veterans' loan bonds, secs. 1 and 3, respectively, of this bill add to the statutes "continuing appropriations." For the former, the appropriation is from the international airports revenue fund, whereas for the latter, it is from

HB 536

the general fund. (Sections 5 -- 9, ch. 35, SLA 1982 and ch. 81, SLA 1983 authorize the state-guaranteed bonds for veterans, subject to voter approval.) These new provisions are based on the current AS 37.15.012, which is applicable only to general obligation bonds. Although it could be argued that when the state's "full faith and credit" are pledged as security for the bonds (as in the case of the veterans' loan bonds and general obligation bonds) an appropriation is not necessary in order to make the payment, the state has a history of making appropriations for this purpose and these provisions remove any uncertainty as to the availability of the money. In addition, AS 37.15.012 is amended in sec. 2 by deleting the reference to July 1 so that there clearly will be coverage of debt service on any bonds issued during the fiscal year (after July 1).

Current law provides for the tourism revolving fund and the small business revolving loan fund (AS 45.90 and AS 45.95, respectively). However, in sec. 71, ch. 106, SLA 1980, the legislature terminated lending authority for those two funds and no new loans are being made from them. To prevent the buildup of money in those essentially defunct funds, secs. 4 and 5, respectively, of this bill appropriate to the general fund all money now in those funds that is attributable to loans owned by them, except for amounts needed for collection of outstanding loans, which are appropriated to the Department of Commerce and Economic Development. The bill also appropriates to the general fund and to the department money that borrowers will pay back in the future on presently outstanding loans that have been made from those funds.

Sincerely,

/s/ Bill Sheffield

Bill Sheffield
Governor"

CONSIDERATION OF THE DAILY CALENDARSECOND READING OF HOUSE RESOLUTIONSHCR 43

HOUSE CONCURRENT RESOLUTION NO. 43 (relating to the senseless destruction by the Soviet Union of a South Korean commercial airliner and the 269 persons aboard) was read the second time with the State Affairs Committee report (page 2282 of the Journal).



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 536

The Honorable Joe Hayes
Speaker of the House
Pouch V
Juneau, AK 99811

January 23, 1984

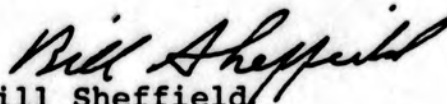
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Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making a continuing appropriation for international airport revenue bonds debt service and a standby continuing appropriation for state-guaranteed Alaska Housing Finance Corporation (AHFC) veterans' mortgage bonds debt service. The latter becomes operative only in the event of a default by AHFC. The bill also makes a minor clarification of the continuing appropriation for general obligation bonds debt service and appropriates from the funds of two defunct loan programs.

To provide backstop debt service appropriations for international airports revenue bonds and state-guaranteed AHFC veterans' loan bonds, secs. 1 and 3, respectively, of this bill add to the statutes "continuing appropriations." For the former, the appropriation is from the international airports revenue fund, whereas for the latter, it is from the general fund. (Sections 5 -- 9, ch. 35, SLA 1982 and ch. 81, SLA 1983 authorize the state-guaranteed bonds for veterans, subject to voter approval.) These new provisions are based on the current AS 37.15.012, which is applicable only to general obligation bonds. Although it could be argued that when the state's "full faith and credit" are pledged as security for the bonds (as in the case of the veterans' loan bonds and general obligation bonds) an appropriation is not necessary in order to make the payment, the state has a history of making appropriations for this purpose and these provisions remove any uncertainty as to the availability of the money. In addition, AS 37.15.012 is amended in sec. 2 by deleting the reference to July 1 so that there clearly will be coverage of debt service on any bonds issued during the fiscal year (after July 1).

Current law provides for the tourism revolving fund and the small business revolving loan fund (AS 45.90 and AS 45.95, respectively). However, in sec. 71, ch. 106, SLA 1980, the legislature terminated lending authority for those two funds and no new loans are being made from them. To prevent the buildup of money in those essentially defunct funds, secs. 4 and 5, respectively, of this bill appropriate to the general fund all money now in those funds that is attributable to loans owned by them, except for amounts needed for collection of outstanding loans, which are appropriated to the Department of Commerce and Economic Development. The bill also appropriates to the general fund and to the department money that borrowers will pay back in the future on presently outstanding loans that have been made from those funds.

Sincerely,


Bill Sheffield
Governor

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Page 1 of 2

Revision Date

REQUEST

Bill/Resolution No: HB 536

Title: Continuing debt service and
defunct loan appropriations

Sponsor: Rules by Governor

Requestor:

Date of Request:

FISCAL DETAIL

Agency Affected: State Bond Committee

Program Category Affected:

BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB

Division: Treasury

Approved by Commissioner:

Agency: Revenue

Phone: 465-2350

Date: 1-4-84

Date: 1/9/84

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

Technically no fiscal note is required for this bill since it is an appropriations bill. Sections 1 through 3 provide continuing appropriations of debt service on state guaranteed bonds, general obligation bonds, and international airport revenue bonds. Section 1, providing for state guaranteed bonds, is effective only in the event that Alaska Housing Finance Corporation defaults.

The amount of debt service on outstanding general obligation bonds and international airports revenue bonds for FY 85 is \$169,523,874 and \$5,545,637 respectively. These amounts are included as appropriations in the Governor's version of the general appropriations bill. If these amounts are in fact appropriated for FY 85, the continuing appropriations will serve only as back up or fail safe appropriations in the event additional bonds are issued or any error is made in the calculation of debt service.

076

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Page 1 of 2

Revision Date: 12/13/83

REQUEST

Bill/Resolution No.: HB 536
Title: Continued appropriation
from Bond Debt Ser. & Spec. approp.
Sponsor: Rules Com./Governor
Requestor:
Date of Request:

FISCAL DETAIL

Agency Affected: Commerce & Econ. Development
Program Category Affected: Economic Development
from defunct loan funds.)
BRU, Program or Subprogram(s) Affected:
Accounting & Collections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No fiscal impact on expenditures. Net zero fiscal impact on revenue with an increase to the general fund and a decrease to certain loan funds. See attached.

ANALYSIS: Attach a separate page for analysis

Prepared By: Margaret I. Hamley Phone: 465-2555
Division: Accounting and Collections Date: 12/13/83

Approved by Commissioner: Richard A. Lyon Date: 12/13/83
Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

The annual appropriations from the Small Business and Tourism Loan Funds would result in the payment to the general fund of (approximately):

	<u>FY '85</u>	<u>FY '86</u>	<u>FY '87</u>	<u>FY '88</u>	<u>FY '89</u>
Small Business	\$4,800.0	\$6,391.8	\$6,097.8	\$5,945.3	\$5,844.3
Tourism	<u>720.0</u>	<u>675.0</u>	<u>625.0</u>	<u>625.0</u>	<u>602.0</u>
TOTAL	\$5,520.0	\$7,066.8	\$6,722.8	\$6,570.3	\$6,446.3

Because many of the loans were made for \$100,000 - \$500,000, even a small increase in the number of defaults would cause a significant decrease in this cash flow.

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

SPECIAL COMMITTEE ON STATE LOANS
Wednesday February 1, 1984
5 o'clock p.m.

Agenda

Call to Order

HB 536, "An Act relating to continuing appropriations for bond debt service; making special appropriations from certain defunct revolving loan funds; ED."

Presentation by Deputy Commissioner Barker
Department of Revenue

Presentation by Director Margaret Hamley
Division of Accounting & Collections
Department of Commerce & Economic
Development

Adjournment

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
907/465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

HAND DELIVERED

MEMORANDUM

TO: Members of the House Special Committee on State Loans
FROM: Representative Rick Uehling, Chairman *RUE*
DATE: January 31, 1984

RE: Meeting of Special Committee on State Loans

The House Special Committee on State Loans will meet tomorrow, February 1st at 5:00 p.m. in Capitol Room 118 to hear testimony on House Bill 536. A letter from Governor Sheffield which accompanied the Bill is enclosed for your information.

We will have representatives from both the Dept. of Revenue and the Dept. of Commerce and Economic Development at the meeting.

I look forward to seeing you there.

/as
Attachments

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
907/465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

SPECIAL COMMITTEE ON STATE LOANS
Wednesday February 8, 1984
5 o'clock p.m.

Agenda

Call to Order

HB 536, "An Act relating to continuing appropriations for bond debt service; making special appropriations from certain defunct revolving loan funds; ED."

HB 574, "An Act relating to state loan programs; and providing for an effective date."

Presentation by Commissioner Dick Lyons
Department of Commerce & Economic Development

Adjournment

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
907/465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

Memorandum

FILE COPY

To: Rep. Sam Pestinger
From: Rep. Rick Uehling
Date: February 7, 1984
Subject: Meetings

The House Special Committee on State Loans will meet tomorrow, February 8, 1984 at 5:00 p.m. in Capitol Room 118

We will have a DRAFT CS to consider on HB 536-" an Act making special annual appropriations from certain inactive revolving loan funds, ED", and a presentation by Commissioner Lyons of the Department of Commerce and Economic Development on HB574- "an Act relating to state loan programs, ED."

An additional session for tomorrow which you may wish to attend, or have a staff person attend, is the presentation by Alaska Housing Finance Corporation on their programs, financing, etc. It begins at 1:00 p.m. in the Centennial Hall, Hickel Room.

Enclosures

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

Memorandum

To: Linn Asper
Legislative Counsel

From: Rep. Rick Uehling, Chairman
House Special Committee on State Loans

Subject: Draft of Committee Substitute for HB 536

Date: February 2, 1984

COPY

Please find attached a marked copy of HB 536, for which we would like to have a Committee substitute.

The CS should include only those sections pertaining to the Department of Commerce and Economic Development, which are Sections 4 and 5 of the present HB.

Thank you very much.

Introduced: 1/23/84
Referred: House Special Committee
on State Loans and Finance

DRAFT LOANS
COMM. SUBSTITUTE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 536

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "~~An Act relating to continuing appropriations for~~
7 ~~bond debt service;~~ ^{An Act} making special appropriations from
8 certain defunct revolving loan funds; and providing
9 for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 18.56 is amended by adding a new section to read:

12 Sec. 18.56.112. STANDBY CONTINUING DEBT SERVICE APPROPRIATION.

13 ^{ETC} The amounts required annually to pay the principal of and interest on
14 all issued and outstanding state-guaranteed bonds issued by the corpo-
15 ration are appropriated each fiscal year from the general fund to the
16 corporation to make all payments by the state required under its
17 guarantee for principal and interest.

18 * Sec. 2. AS 37.15.012 is amended to read:

19 Sec. 37.15.012. CONTINUING DEBT SERVICE APPROPRIATION The
20 amounts required annually to pay the principal, interest, and redemp-
21 tion premium on all issued and outstanding general obligation bonds of
22 the state are appropriated [ON JULY 1 OF] each fiscal year from the
23 general fund to the state bond committee to make all required payments
24 of principal, interest, and redemption premium.

25 * Sec. 3. AS 37.15 is amended by adding a new section to read:

26 Sec. 37.15.415. CONTINUING REVENUE BOND DEBT SERVICE APPRO-
27 PRIATION. The amounts required annually to pay the principal, inter-
28 est, and redemption premium on all issued and outstanding internation-
29 al airports revenue bonds of the state are appropriated each fiscal

~~1 year from the international airports revenue fund to the state bond
2 committee to make all required payments of principal, interest, and
3 redemption premium.~~

4 * Sec. 4. TOURISM REVOLVING FUND. (a) The sum of \$200,000 is appro-
5 priated from the cash balance of the tourism revolving fund (AS 45.90.010),
6 attributable to loans owned by that fund as of June 30 of each fiscal year,
7 to the Department of Commerce and Economic Development for the necessary
8 expenses incurred in collecting loans made by that fund.

9 (b) In accordance with AS 37.25.010, the unobligated and unexpended
10 part of each appropriation made by (a) of this section lapses at the end of
11 each fiscal year for which it was made.

12 (c) The cash balance of the tourism revolving fund, attributable to
13 loans owned by that fund as of June 30 of each fiscal year and remaining
14 after the appropriations made each year by (a) of this section, is appro-
15 priated from that fund to the general fund.

16 * Sec. 5. SMALL BUSINESS REVOLVING LOAN FUND. (a) The sum of \$200,000
17 is appropriated from the cash balance of the small business revolving loan
18 fund (AS 45.95.060), attributable to loans owned by that fund as of June 30
19 of each fiscal year, to the Department of Commerce and Economic Development
20 for the necessary expenses incurred in collecting loans made by that fund.

21 (b) In accordance with AS 37.25.010, the unobligated and unexpended
22 part of each appropriation made by (a) of this section lapses at the end of
23 each fiscal year for which it was made.

24 (c) The cash balance of the small business revolving loan fund,
25 attributable to loans owned by that fund as of June 30 of each fiscal year
26 and remaining after the appropriations made each year by (a) of this sec-
27 tion, is appropriated from that fund to the general fund.

28 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
29 10.070(c).

Work Draft

Asper
2/6/84

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 CS FOR HOUSE BILL NO. 536 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special annual appropriations from
7 certain inactive revolving loan funds; and providing
8 for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. TOURISM REVOLVING FUND. (a) The sum of \$200,000 is
11 appropriated annually on June 30 for the next fiscal year from the cash
12 balance of the tourism revolving fund (AS 45.90.010), attributable to loans
13 made from that fund, to the Department of Commerce and Economic Development
14 for the necessary expenses incurred in collecting loans made from that
15 fund.

16 (b) In accordance with AS 37.25.010, the unobligated and unexpended
17 part of each appropriation made by (a) of this section lapses at the end of
18 each fiscal year for which it was made.

19 (c) The cash balance of the tourism revolving fund, attributable to
20 loans made from that fund and remaining after the annual appropriation made
21 by (a) of this section, is appropriated from that fund to the general fund.

22 * Sec. 2. SMALL BUSINESS REVOLVING LOAN FUND. (a) The sum of \$200,000
23 is appropriated annually on June 30 for the next fiscal year from the cash
24 balance of the small business revolving loan fund (AS 45.95.060), attribut-
25 able to loans made from that fund, to the Department of Commerce and Eco-
26 nomic Development for the necessary expenses incurred in collecting loans
27 made from that fund.

28 (b) In accordance with AS 37.25.010, the unobligated and unexpended
29 part of each appropriation made by (a) of this section lapses at the end of

1 each fiscal year for which it was made.

2 (c) The cash balance of the small business revolving loan fund,
3 attributable to loans made from that fund and remaining after the annual
4 appropriation made by (a) of this section, is appropriated from that fund
5 to the general fund.

6 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
7 10.070(c).
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STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y. STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

MEMORANDUM

February 2, 1984

SUBJECT: Sectional Analysis
of HB 536

TO: Representative Rick Uehling

FROM: *LH* Linn H. Asper
Legislative Counsel

You have asked for a sectional analysis of HB 536:

Section 1 makes an automatic annual appropriation from the general fund of any amounts that maybe required to pay the principal and interest on AHFC bonds that are guaranteed by the state.

Section 2 amends the current continuing appropriation for state general obligation debt service to eliminate the requirement that the appropriation be made on July 1 of each fiscal year.

Section 3 makes an automatic annual appropriation from the international airports revenue fund of amounts required to pay debt service on internation airports revenue bonds of the state.

Section 4 provides a mechanism to appropriate money in the terminated tourism revolving fund to the Department of Commerce and Economic Development for administration expenses with the balance being paid into the general fund.

Section 5 provides a mechanism to appropriated money in the terminated small business revolving loan fund to the Department of Commerce and Economic Development for administration expenses wtih the balance being paid into the general fund.

Section 6 provides an immediate effective date.

LHA:csh
C2/133