

SCOMM

#50:29

Introduced: 4/8/85
Referred: House Special Committee
on State Loans, Health, Education &
Social Services and Finance

BY GRUENBERG, KOPONEN
AND SHULTZ

1 IN THE HOUSE

2

HOUSE BILL NO. 357

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the use of student loans to pay
7 child care expenses."

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

9 * Section 1. AS 14.43.120(a) is amended to read:

10 (a) Proceeds from scholarship loans may only be used for books,
11 tuition and required fees, child care expenses, and for room and
12 board, *however the maximum loan amount may not exceed the cost of books, tuition and
required fees, room and board.*

13 * Sec. 2. AS 14.43.640(d) is amended to read:

14 (d) Proceeds from a teacher scholarship loan may be used only
15 for undergraduate expenses of books, tuition, required fees, room and
16 board, child care expenses, and the transportation expense for two
17 round trips between the loan recipient's home and school.

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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10 (a) Proceeds from scholarship loans may only be used for books,
11 tuition and required fees, child care expenses, and for room and
12 board, *however the maximum loan award may not exceed the cost of books, ↑*
13 *tuition and required fees, and room and board.*

* Sec. 2. AS 14.43.640(d) is amended to read:

14 (d) Proceeds from a teacher scholarship loan may be used only
15 for undergraduate expenses of books, tuition, required fees, room and
16 board, child care expenses, and the transportation expense for two
17 round trips between the loan recipient's home and school, *however the*
18 *maximum loan award may not exceed the cost of books, tuition and*
19 *required fees, and room and board & transportation.*

HB 357 - STUDENT LOANS FOR CHILD CARE EXPENSES

I HAD NO INTENTION OF INCREASING THE AMOUNT OF MONEY FOR THE STUDENT LOAN PROGRAM WHEN I CONTEMPLATED INTRODUCING HB 357.

RATHER, I ENVISIONED IT AS A VEHICLE TO ALLOW STUDENTS TO USE THEIR EXISTING STUDENT LOAN FUNDS FOR THE PURPOSES OF CHILD CARE.

ALLOWING STUDENT LOANS TO BE USED TO PAY CHILD CARE EXPENSES WOULD GRANT THE STUDENT A FEDERAL INCOME TAX DEDUCTION AND A STATE OF ALASKA CHILD CARE CREDIT.

A VERY SMALL NUMBER OF STUDENTS RECEIVE DAY CARE ASSISTANCE (5% OF 2100 PERSONS ARE FULL TIME STUDENTS/2.9% ARE PART TIME STUDENTS). LESS THAN 200 STUDENTS RECEIVED DAY CARE ASSISTANCE IN THE HIGHEST USE MONTH IN 1984: DR. ROMESBURG CLAIMS ON HIS FISCAL NOTE THAT OVER 500 LOAN APPLICANTS (31.5%) WOULD CLAIM CHILD CARE CREDIT, ALTHOUGH THERE ARE ALMOST 9,000 STUDENTS GOING TO SCHOOL IN-STATE RECEIVING STUDENT LOANS. THIS MUST INDICATE THAT THE MAJORITY OF STUDENTS WHO ARE PARENTS HAVE THEIR CHILDREN IN UNLICENSED CHILD CARE (ASSUMING IT IS LESS EXPENSIVE), ARE ON THE WAITING LIST FOR DAY CARE ASSISTANCE, CAN ONLY AFFORD TO ATTEND SCHOOL PART-TIME OR HAVE NON-FINANCIAL CHILD CARE ARRANGEMENTS (FAMILY, FRIENDS ETC.).

THE BENEFIT TO THE STATE OF ALASKA IS THAT THE MONEY USED FOR CHILD CARE WOULD BE A LOAN, TO BE PAID BACK, AND MAY LESSEN THE DEMAND FOR DAY CARE ASSISTANCE.

Alaska State Legislature



House of Representatives

Committee on Loans

POUCH V
JUNEAU, ALASKA 99811

PHONE
(907) 485-4919
(907) 485-4920

TUESDAY, APRIL 23, 1985
3:30 p.m.
Room 124 (House Judiciary)

- * HB 357 "An Act relating to the use of student loans to pay child care expenses."

Loan Programs: General Fund Recommendations for FY 86.

THURSDAY, APRIL 25, 1985
3:30 p.m.
Room 124 (House Judiciary)

- * HB 378 "An Act relating to interest rates on state loan programs; and providing for an effective date."

For more information, contact JOHN HARTLE
CAPITOL ROOM 411
465-4919

* indicates first public hearing

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 357
 Title: RE: Student Loan Expenses
For Child Care
 Sponsor: Gruenberg, Koponen, Shultz
 Requestor: Gruenberg
 Date of Request: 4/19/85

FISCAL DETAIL

Agency Affected: Education
 Program Category Affected: Postsecondary
Education Commission
 BRU, Program or Subprogram(s) Affected:
Student Loan Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONNEL 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.	9,640.0	9,920.0	10,206.0	10,489.5	10,773.0
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	9,640.0	9,920.0	10,206.0	10,489.5	10,773.0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See Attached

Prepared By: Kerry D. Romberg, Executive Director Phone: 465-2854
 Division: Alaska Commission on Postsecondary Date: 4/22/85
Education
 Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

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

7/1/84

FISCAL NOTE FOR HB 357

(a) Assumptions:

1. Child care expenses are an add-on expense in addition to those eligible expenses currently in statute, i.e., there is no trade-off, only additional program cost.
2. Child care expenses may be claimed by both male and female applicants.
3. 53.6% of current FY85 Alaska Student Loan recipients indicate dependents on their loan applications. Of these, 60.0% will have at least one dependent under the age of six, and of these, 98.0% will claim child care expenses. Therefore, approximately 31.5% of all applicants will claim child care expenses.
4. University of Alaska, Fairbanks standard student budget provides \$268 per month for child care expense per eligible dependent (\$2,400 per academic year).
5. Approximately 75% of those eligible would receive the additional \$2,400. Others would not--due to loan maximums.

(b) Comment:

1. This cost will either be a new program cost, in General Fund appropriation, or will result in loans to fewer persons.

MEMORANDUM

TO: ALL REPRESENTATIVES
FROM: MAX GRUENBERG
RE: HB 357 - USE OF STUDENT LOANS TO PAY CHILD CARE EXPENSES
DATE: APRIL 22, 1985

HB 357 HAS TWO PROVISIONS:

1. AS 14.43.120 (a) applies to the student loan program, and would allow the proceeds from student loans to be used to pay child care expenses.
2. AS 14.43.640 (d) applies to the teacher scholarship loan fund, and would allow the proceeds from those student loans to be used for child care expenses.

§ 14.43.090

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§ 14.43.095

Effect of amendments. — The 1984 amendment, effective July 6, 1984, in subsection (a), added "and to pay the costs of collecting student loans that are in default if those costs are not recovered from the student" at the end of the first sentence

EDUCATION

§ 14.43.120

and substituted "loan fund" for "fund shall be used to make new scholarship loans" in the second sentence and "money estimated to be" for "funds" and "is" for "are" in the third sentence.

Sec. 14.43.095. Financial aid committee. (a) The student financial aid committee is composed of the members of the Alaska Commission on Postsecondary Education. The commission may delegate its functions under AS 14.43.090 — 14.43.160 to a committee of its members, with augmented membership as the commission considers appropriate. The executive officer of the commission is the executive secretary of the committee. The Alaska Commission on Postsecondary Education shall administer the program established by AS 14.43.090 — 14.43.160.

(b) Members of the committee serve without compensation but are entitled to per diem and travel expenses authorized by law for boards and commissions.

(c) The committee shall make an annual report reviewing the work of the committee to the governor and the legislature.

(d) The committee shall meet at least once a year. The meetings shall be held at the call of the chairman or upon petition by two members. (§ 1 ch 98 SLA 1971; am § 2 ch 156 SLA 1972; am § 5 ch 78 SLA 1974; am § 3 ch 136 SLA 1974; AS 14.40.753; am § 57 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment, effective February 14, 1984, substituted "and the legislature" for "the legislature and the private colleges and

universities where students receiving tuition grants are enrolled" in subsection (c).

Sec. 14.43.100. Applications. (a) Applications shall be submitted to the executive secretary of the committee.

(b) A person whose loan application is not recommended or presented to the committee by the executive secretary may appeal to the committee through the chairman of the committee and the committee shall consider the application. (§ 1 ch 98 SLA 1971; am § 3 ch 156 SLA 1972; am § 4 ch 136 SLA 1974; AS 14.40.755; am § 58 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment, effective February 14, 1984,

deleted "or grant" following "loan" in subsection (b).

Sec. 14.43.120. Conditions of loans. (a) Proceeds from scholarship loans may only be used for books, tuition and required fees, and for room and board.

(b) The loans may only be used to attend a career education program or a college or university approved by the commission, and, if the loans are federally insured, by the United States Commissioner of Education.

(b) The legislature further finds that existing programs have failed to increase the proportion of Natives teaching in rural schools. Therefore, it is the intent of the legislature to establish the teacher scholarship loan program to encourage rural high school graduates to return to rural schools as teachers and relieve the conditions described in this section. (§ 1 ch 121 SLA 1984)

Sec. 14.43.610. Program established. There is established the teacher scholarship loan program to provide an incentive for rural high school graduates to pursue teaching careers in rural elementary and secondary schools in the state. (§ 1 ch 121 SLA 1984)

Sec. 14.43.620. Teacher scholarship revolving loan fund. There is created a teacher scholarship revolving loan fund. The fund shall be used to make scholarship loans to students selected under AS 14.43.600 — 14.43.700. All repayments of principal and interest on teacher scholarship loans shall be paid into the teacher scholarship revolving loan fund and shall be used to make new teacher scholarship loans. If estimated funds available from teacher scholarship loan repayments are inadequate to fully fund estimated teacher scholarship loans for any fiscal year, additional funding from the general fund may be requested and appropriated for that year. (§ 1 ch 121 SLA 1984)

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

(1) allocate the loan awards available for teacher scholarship loans annually to local school boards giving a preference to rural school districts; and

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

(b) The local school boards shall select the recipients of the teacher scholarship loans according to the criteria in AS 14.43.650. (§ 1 ch 121 SLA 1984)

Sec. 14.43.640. Conditions of loans. (a) The conditions provided in AS 14.43.120 apply to teacher scholarship loans except as otherwise provided in this section.

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

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§ 14.43.650

EDUCATION

§ 14.43.700

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

(c) A loan may not exceed \$7,500 in a school year.

(d) Proceeds from a teacher scholarship loan may be used only for undergraduate expenses of books, tuition, required fees, room and board, and the transportation expense for two round trips between the loan recipient's home and school. (§ 1 ch 121 SLA 1984)

Sec. 14.43.650. Selection criteria. (a) To be eligible for a teacher scholarship loan, a student must

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

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

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

(4) submit to the local school board an application provided by the student financial aid committee under AS 14.43.630(a)(3); an application may be submitted six months before graduation from high school.

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

(c) A student may not be awarded a scholarship loan under AS 14.43.090 — 14.43.160 and a teacher scholarship loan under AS 14.43.600 — 14.43.700 for the same school year. (§ 1 ch 121 SLA 1984)

Legislative history reports. — For legislative letter of intent, see 1984 Senate Journal at p. 3117.

Sec. 14.43.700. Definition. In AS 14.43.600 — 14.43.700, "rural" means

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

(2) a community in the first judicial district of the state with a population of 4,500 or less. (§ 1 ch 121 SLA 1984)