

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

1319 HHESS HB 42 - HB 65 1319

The consistency of student choice over the past few years is quite high. Alaska remains the most frequent choice for undergraduate attendance this year, as it has in the past. In fact, the number of undergraduates electing attendance in-state increased by 44.6% this year over last.

The average loan amount increased in almost every case, with the most pronounced increase in loans for attendance in Montana and California. Hawaii continues to be the state for which undergraduate loan amounts are the lowest (\$1,888).

The percent of undergraduates using their loans for attendance in Alaska increased this year. In fact, as can be seen in Figure 2, the 1979-80 rate of 36.1% is the highest rate since 1974-75.

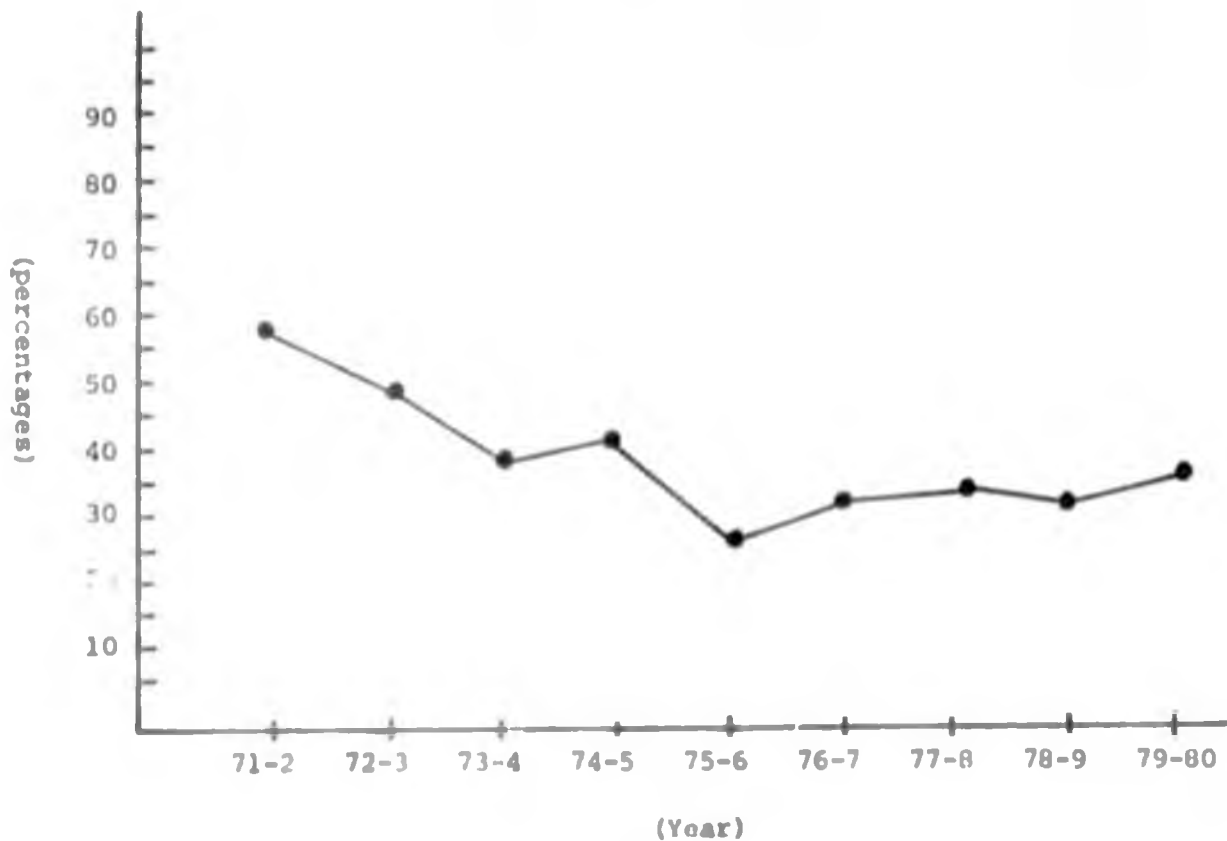


FIGURE 2

PERCENT OF UNDERGRADUATE LOANS
USED IN ALASKA

The wide geographic distribution of Alaskans pursuing undergraduate education is shown most vividly in Figure 3, with Alaskan undergraduates attending institutions in every state except Delaware and West Virginia. The predominance of the West and the Northwest is quite evident; with only Alaska, Washington, Oregon, California, Colorado, and Arizona receiving over 100 Alaskan undergraduates on state loans. Of the thirteen western states comprising the WICHE Compact (Western Interstate Commission for Higher Education), only Wyoming, New Mexico, and Nevada receive fewer than 21 Alaskan undergraduates on state loans. In fact, the WICHE states account for 82.9% of these loan recipients.

Under the state loan program, Alaskans may pursue their educational goals in whatever setting seems most appropriate for them. The freedom of choice which this provides is quite evident by the wide geographic distribution of our students.

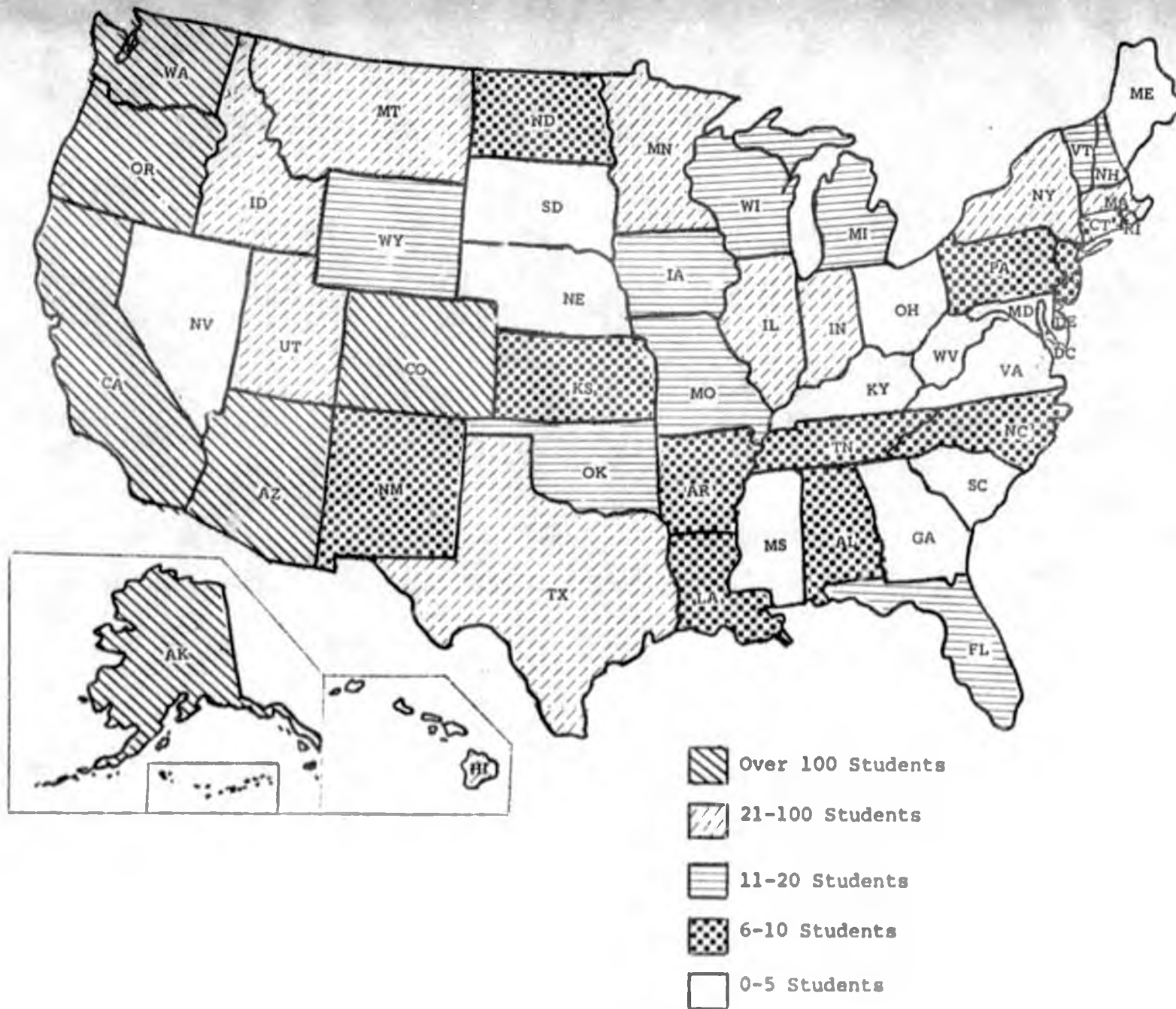


FIGURE 3

GEOGRAPHIC DISTRIBUTION OF ALASKANS UTILIZING STATE LOANS FOR UNDERGRADUATE EDUCATION IN 1979-80

Graduate Loans

The number of Alaskans receiving loans for graduate study has increased by over 500% since 1971-72, with 470 students receiving assistance in 1979-80. Of these 470, 87.7% used their loans for attendance outside of Alaska, while 12.3% used them for attendance in-state. The percentage of graduate loan recipients attending school in Alaska has increased both last year and again for 1979-80, after decreasing steadily from 1971-72 through 1977-78. This apparent reversal in trend is presented in Figure 4.

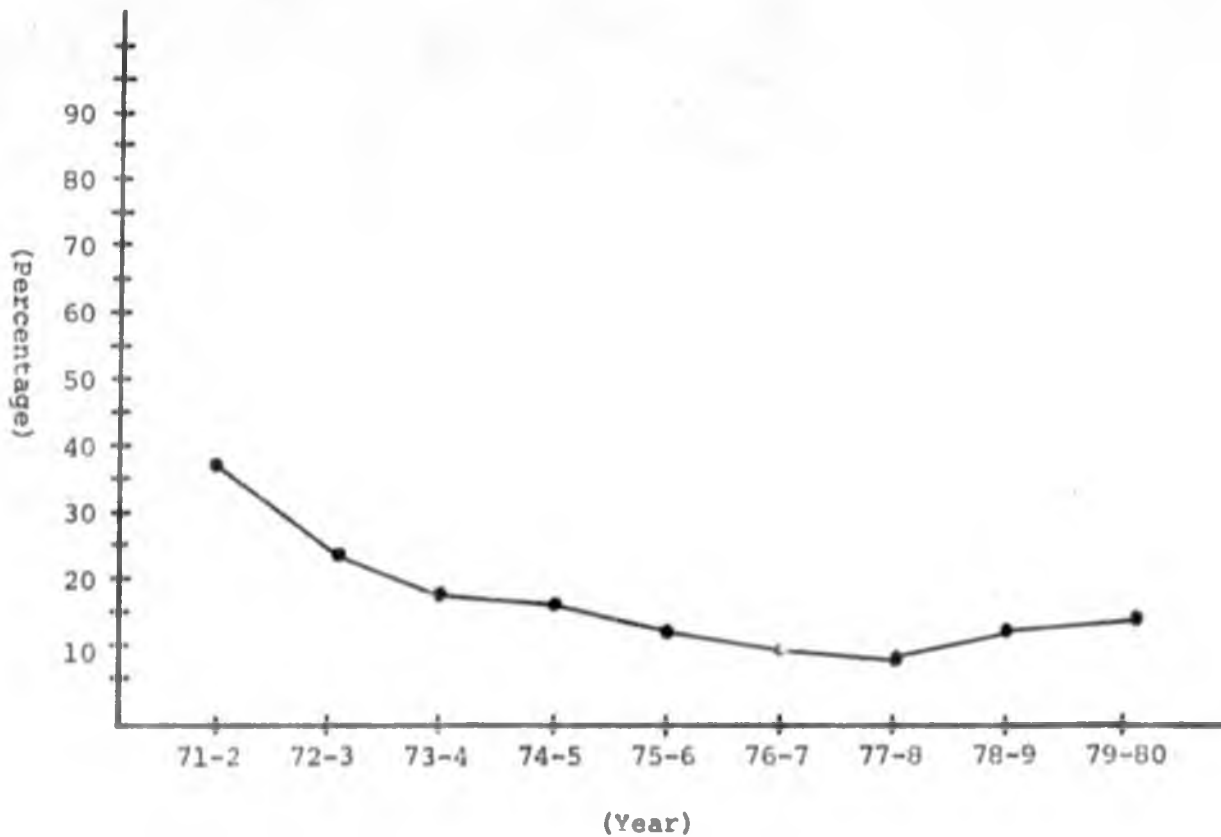


FIGURE 4

PERCENT OF GRADUATE LOANS
USED IN ALASKA

The states most frequently chosen by graduate students from Alaska in 1979-80 are presented in Table 3. Again, as with undergraduates, the students' preference is quite stable. The most dramatic increase is certainly Alaska, with a 41.5% increase over last year.

The average loan award for 1979-80 increased in most cases from the 1978-79 average, with the largest increases for students attending graduate institutions in Washington.

TABLE 3
TEN TOP STATES OF ATTENDANCE
FOR ALASKANS WITH
GRADUATE LOANS

STATE	NUMBER			AVERAGE LOAN		
	1977-78	1978-79	1979-80	1977-78	1978-79	1979-80
Washington	56	72	77	\$3,743	\$3,542	\$3,847
California	42	75	73	3,150	3,650	3,441
Alaska	27	41	58	2,367	2,637	2,906
Oregon	34	42	49	3,125	3,287	3,526
Colorado	15	15	18	3,830	3,840	3,972
New York	7	8	13	2,214	4,375	3,781
Iowa	4	6	10	4,063	4,083	4,330
Massachusetts	11	9	9	3,900	4,389	3,911
Arizona	7	7	9	3,429	3,300	3,586
Hawaii	4	5	8	2,350	2,780	2,988
Remaining U.S.	74	62	146	N.A.	N.A.	N.A.
TOTAL	280	343	470	\$3,203	\$3,414	\$3,646

Alaskans pursuing graduate educational goals are also disbursed quite widely across the nation; with Alaskan graduate loan recipients attending institutions in all but fourteen of the fifty states. The predominance of the West, and particularly the West Coast is readily apparent in Figure 5.

Only Alaska, Washington, Oregon, and California receive more than 40 Alaskan graduate students on state loans. The thirteen states comprising the WICHE compact account for 65.5% of all the graduate Alaskan loan recipients for 1979-80.

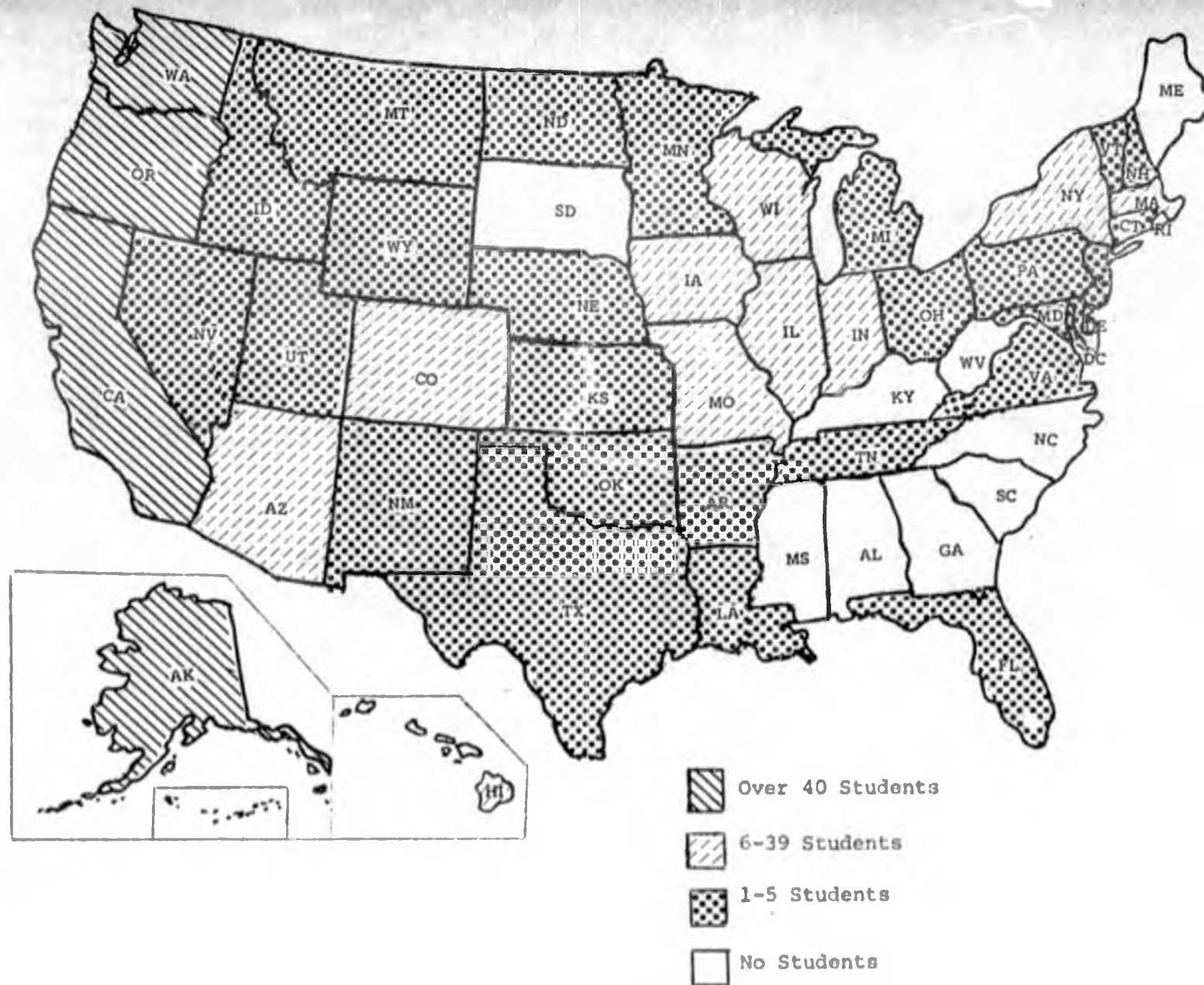


FIGURE 5

GEOGRAPHIC DISTRIBUTION OF ALASKANS UTILIZING STATE LOANS FOR GRADUATE EDUCATION IN 1979-80

Loan Repayment:

The student loan program is based upon a revolving fund with the students' loan repayments being re-utilized for future loans. Since 1971-72 (actually 1974-75, since that was the year payments were first received), Alaskans have repaid over \$6 million on their educational loans. The volume of these revolving funds now contribute a significant portion of the loan account, and as can be seen in Figure 5, these repayments are rapidly increasing each year.

Also presented in Figure 6 is a representation of the cancellation history of the student loan program. Students who work in Alaska after completion of their course of study are eligible to have up to 40% of their loans cancelled. Beginning with the first such cancellation in 1974-75, the total amount of loan funds (including interest) which the State of Alaska has cancelled has reached nearly \$1.3 million. The amount cancelled has increased rapidly the past few years and then essentially leveled this year, but this is expected to increase greatly over the next few years as larger numbers of students complete their educational programs.

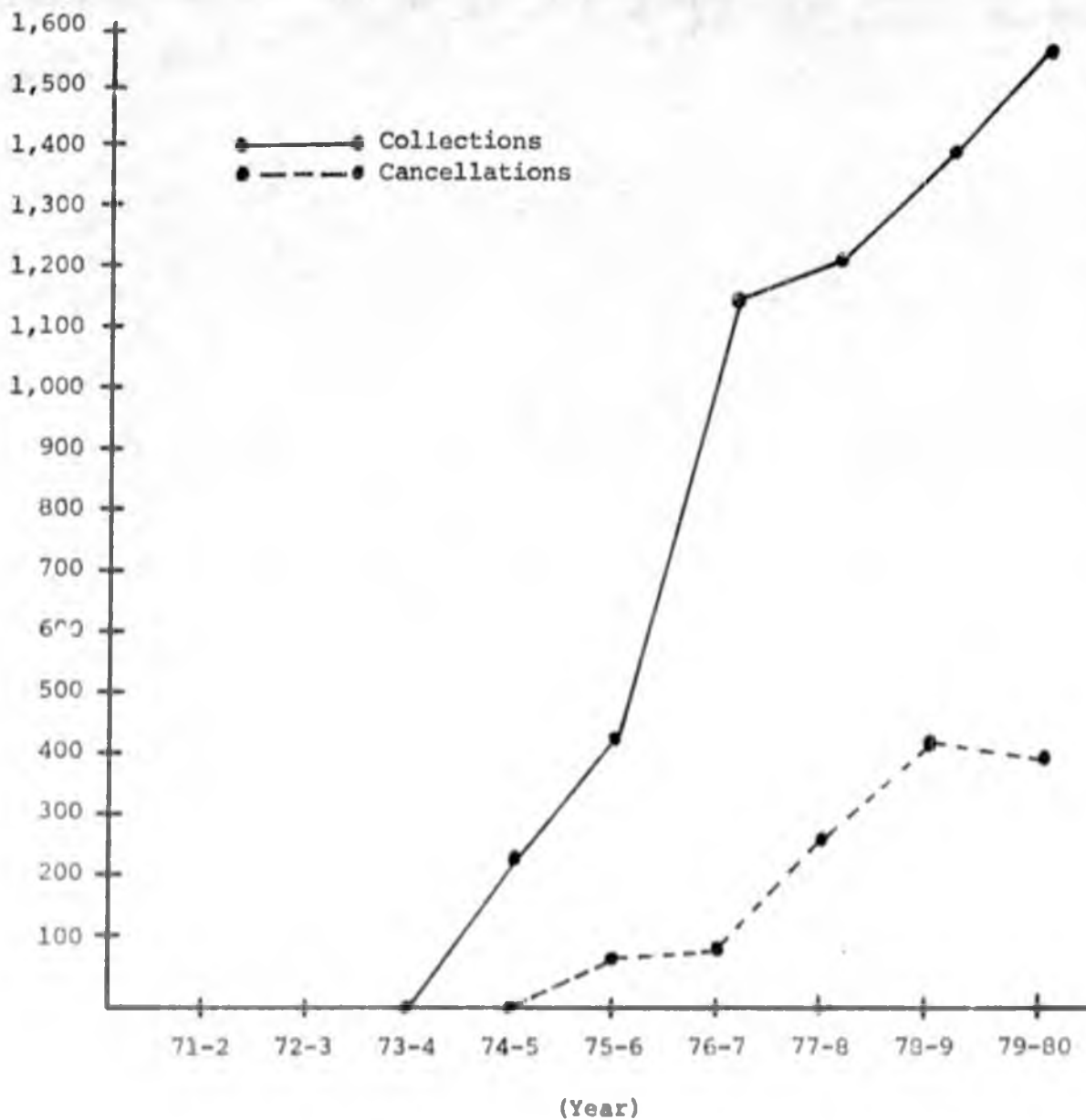


FIGURE 6
STUDENT LOAN COLLECTIONS
and CANCELLATIONS

Statistical Data

Following are Tables 4-8 containing data on the Alaska Student Loan Program from 1971-72 through 1979-80. Information on the number and amount of loans made annually to undergraduate and graduate students attending in-state and out-of-state are presented in Tables 4-7. Table 8 contains summaries of the average size loan awarded each year.

ALASKA STUDENT LOAN PROGRAM

(1971-72 through 1979-80)

TABLE 4

NINE-YEAR SUMMARY

(1971-72 through 1979-80)

STUDENT LEVEL	STUDENTS ATTENDING IN-STATE				STUDENTS ATTENDING OUT-OF-STATE				TOTAL	
	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Loan Amount
Under-graduate	6,281	38.4	\$10,273,835	33.8	10,079	62.2	\$20,107,873	56.2	16,359	\$30,381,708
Graduate	321	14.5	\$854,682	11.6	1,889	85.5	\$6,511,157	88.4	2,210	\$7,365,839
TOTAL	6,601	35.5	\$11,128,517	29.5	11,968	64.5	\$26,619,030	70.5	18,569	\$37,747,547

TABLE 5

YEARLY SUMMARY
OF
UNDERGRADUATE STUDENT LOANS

ACADEMIC YEAR	STUDENTS ATTENDING IN-STATE				STUDENTS ATTENDING OUT-OF-STATE				TOTAL	
	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Loan Amount
1971-72	570	57.6	\$680,351	50.1	420	42.4	\$666,536	49.5	990	\$1,346,887
1972-73	761	48.7	965,274	42.1	801	51.3	1,326,975	57.9	1,562	2,292,249
1973-74	585	40.1	913,284	38.8	874	59.9	1,438,990	61.2	1,459	2,352,274
1974-75	528	41.5	764,872	36.4	745	58.5	1,336,279	63.6	1,273	2,101,151
1975-76	456	30.5	747,112	27.9	1,041	69.5	1,927,334	72.1	1,497	2,674,446
1976-77	561	33.1	858,139	28.6	1,132	66.9	2,143,458	71.4	1,693	3,001,597
1977-78	713	35.9	1,211,203	32.7	1,272	64.1	2,496,063	67.3	1,985	3,707,266
1978-79	861	35.1	1,664,246	31.7	1,591	64.9	3,581,002	68.3	2,452	5,245,248
1979-80	1,245	36.1	2,469,354	32.2	2,203	63.9	5,191,236	67.8	3,448	7,660,590
TOTAL	6,280	38.4	\$10,273,835	33.8	10,079	62.2	\$20,107,873	66.2	16,359	\$30,381,708

TABLE 6
YEARLY SUMMARY
OF
GRADUATE STUDENT LOANS

ACADEMIC YEAR	STUDENT ATTENDING IN-STATE				STUDENTS ATTENDING OUT-OF-STATE				TOTAL	
	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Loan Amount
1971-72	31	34.1	\$74,613	29.1	60	65.9	\$181,658	70.9	91	\$256,271
1972-72	48	25.8	113,990	19.7	138	74.2	464,145	80.3	186	578,135
1973-74	37	18.0	107,988	17.0	169	82.0	525,914	83.0	206	633,902
1974-75	31	16.8	86,266	15.4	153	83.2	472,390	84.6	184	558,656
1975-76	25	11.3	61,424	8.7	197	88.7	647,127	91.3	222	708,551
1976-77	23	10.1	69,833	8.2	205	89.9	779,077	91.8	228	848,910
1977-78	27	9.6	63,919	7.1	253	90.4	832,982	92.9	280	896,901
1978-79	41	12.0	108,130	9.2	302	88.0	1,063,024	90.8	343	1,171,154
1979-80	58	12.3	168,519	9.8	412	87.7	1,544,840	90.2	470	1,713,359
TOTAL	321	14.5	\$854,682	11.6	1,889	85.5	\$6,511,157	88.4	2,210	\$7,365,839

TABLE 7
 YEARLY SUMMARY
 OF
 ALL STUDENT LOANS

ACADEMIC YEAR	STUDENTS ATTENDING IN-STATE				STUDENTS ATTENDING OUT-OF-STATE				TOTAL	
	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Loan Amount
1971-72	601	55.6	\$754,964	47.1	480	44.4	\$848,194	52.9	1,081	\$1,603,158
1972-73	809	46.3	1,079,264	37.6	939	53.7	1,791,120	62.4	1,748	2,870,384
1973-74	622	37.4	1,021,272	34.2	1,043	62.6	1,964,904	65.8	1,665	2,986,176
1974-75	559	38.4	851,138	32.0	898	61.6	1,808,669	68.0	1,457	2,659,807
1975-76	481	28.0	808,536	23.9	1,238	72.0	2,574,461	76.1	1,719	3,382,997
1976-77	584	30.4	927,972	24.1	1,337	69.6	2,922,535	75.9	1,921	3,850,507
1977-78	740	32.7	1,275,122	27.7	1,525	67.3	3,329,045	72.3	2,265	4,604,167
1978-79	902	32.3	1,772,376	27.6	1,893	67.7	4,644,026	72.4	2,795	6,416,402
1979-80	1,303	33.3	2,637,873	28.1	2,615	66.7	6,736,076	71.9	3,918	9,373,949
TOTAL	6,601	35.5	\$11,128,517	29.5	11,968	64.5	\$26,619,030	70.5	18,569	\$37,747,547

TABLE 8

MEAN LOAN AMOUNT PER RECIPIENT
BY
IN-STATE/OUT-OF-STATE INSTITUTIONAL ATTENDANCE

ACADEMIC YEAR	STUDENTS ATTENDING IN-STATE			STUDENTS ATTENDING OUT-OF-STATE			TOTAL		
	Number of Loan Recipients	Total Amount Loaned	Mean Loan per Recipient	Number of Loan Recipients	Total Amount Loaned	Mean Loan per Recipient	Number of Loan Recipients	Total Amount Loaned	Mean Loan per Recipient
1971-72	601	\$754,964	\$1,256	480	\$848,194	\$1,767	1,081	\$1,603,158	\$1,483
1972-73	809	1,079,264	1,334	939	1,771,120	1,907	1,748	2,870,384	1,642
1973-74	6	1,021,272	1,642	1,043	1,964,904	1,884	1,665	2,986,176	1,793
1974-75	559	851,138	1,523	898	1,808,669	2,014	1,457	2,659,807	1,826
1975-76	481	808,536	1,681	1,238	2,574,461	2,080	1,719	3,382,997	1,968
1976-77	584	927,972	1,589	1,337	2,922,535	2,186	1,921	3,850,507	2,004
1977-78	740	1,275,122	1,723	1,525	3,329,045	2,183	2,265	4,604,167	2,033
1978-79	902	1,772,376	1,965	1,893	4,644,026	2,453	2,795	6,416,402	2,296
1979-80	1,303	2,637,873	2,024	2,615	6,736,076	2,576	3,918	9,373,949	2,393
TOTAL	6,601	\$11,128,517	\$1,686	11,968	\$26,619,030	\$2,224	18,569	\$37,747,547	\$2,033

M E M O R A N D U M

TO: Legislators and staff

FROM: Terry Gardiner

DATE: 24 February 1981

RE: Changes in student loan program to aid vocational students

Vocational education seems to be working in Alaska for motivated students who get the training. This can be best seen in the jump in incomes reported by students successfully completing programs at Alaska Skill Center at Seward, the state's only training facility strictly for adult vocational education. Tax returns showed that for FY1979, the pre-training average income for Skill Center students was \$4,247; the post-training average was \$10,023. (For FY1978, the figures were \$3,031 and \$11,972; for FY1977, \$4,755 and \$8,628.)

The Alaska student loan program, which is supposed to help citizens obtain post-secondary education, is not helping vocational students much. Just over eight per cent (8%) of the loans awarded in 1980-1981 were for vocational education (423 out of 5,232), reports Dr. Kerry Romesburg, executive director of the Alaska Commission on Postsecondary Education. **

Lack of demand for vocational training seems an unlikely explanation for the small number of loans made for this purpose. Bob Booher, director of the Skill Center, reports that the facility maintains a file of between 400 and 600 individuals who wish to attend but are not doing so, and says that at least half of this group cites lack of money as their major problem. In addition, a 1979 survey of adult vocational students in Fairbanks found that 26 per cent felt that the cost of training might prevent them from completing their education.

Factors apparently reducing the number of vocational students, and suggested changes:

1. Lack of awareness. Most Alaskans--including many educational professionals--simply don't know that state student

* Figures provided by the Alaska Department of Revenue to the Skill Center. The Skill Center accounts for less than 25 per cent of all vocational students in Alaska, and the income change for all such students would likely be somewhat less.

** There is some dispute over this figure. Eleanor Brown, director of financial aid at Anchorage Community College, estimates that 450 to 500 vocational students have loans at that institution. There may be a definitional problem here, as some students at community colleges take vocational education courses not to learn job skills, but to improve their personal skills. Romesburg only counts in his 423 students enrolled at vocational institutions, such as the Skill Center.

loans are available for vocational education. A respected counselor at a Fairbanks career center says that it took her more than three years on the job before she discovered this.

Suggested changes: More publicity, outreach, and a program name change. Suggested language is being drafted to amend the student loan program to provide for:

a. Increased awareness. To make it generally known that student loans are available for vocational students, the commission should arrange for media advertising (radio, TV, newspapers) and the distribution of posters and brochures. These posters and brochures should be available at places frequented by teachers, counselors, and potential vocational students, including secondary schools, colleges and universities, government and private social service agencies.

In addition, the commission should administer a concentrated outreach campaign aimed at disseminating information about the availability of student loans for vocational purposes. The efforts could include itinerant loan information officers, who would travel the state spreading this message (the majority of these officers should be bilingual in English and an Alaska Native language). It could also include contracts with non-profit corporations in the state's various regions which are already engaged in similar counseling activities.

b. Program name change.

Finally, the program's name should be changed from the "Alaska Student Loan Program" to the "Alaska Academic and Vocational Student Loan Program."

2. Inappropriate funding cycle. Both vocational and academic students have been affected by the

funding shortfalls and administrative bottlenecks which have plagued the program the past three years. The program's need to wait each year for the budget to become law before awarding the loans has led to hurried disbursements of funds in the late summer and early fall, so that students can start the beginning of each school year. This process sometimes exhausts the funds between late fall and July, although the program has sought supplementals.

This pattern of disbursement can be bothersome for academic students, but it is much more of a problem for vocational education students. Vocational education programs often don't follow the lockstep September-May school year of colleges, but instead operate on an individualized, year-round, "open entry-open

exit" basis. Moreover, vocational education programs are sometimes tied to specific and immediate short-term needs of industry, requiring a turnaround between loan application and loan award (or rejection) as short as 30 days. Finally, for a number of would-be vocational students delaying a loan may end the possibility they will get the training, either because they won't wait (because of low goal orientation) or can't wait (because of pressing economic circumstances).

Suggested change: Create a forward funding mechanism to avoid shortfalls. SB88 provides such a revolving base for this program. This could allow the spreading out of the disbursements throughout the year instead of the current hurried process, which can be irritating for all students and particularly frustrating for those seeking vocational education.

Romesburg says this legislation would allow a two-week turnaround between loan application and loan decision, and--depending on the mails and the speed of the student's response-- a 30-day turnaround between application and the time the student receives the funds. The legislative change would dovetail well with a new administrative policy announced by Romesburg, who has pledged to have the commission make lump sum payments of loans awarded to students in short-term vocational programs, as opposed to stretching them throughout the regular year.

As with the publicity campaign suggested in (1), the legislature should determine if the commission needs more staff to implement these changes, particularly the speedy processing

2-18-81

Alaska Student Loan Program

Fact Sheet

1. Total Loans 1971-72 through 1979-80:

Undergraduate	16,359	\$ 30.4 million
Graduate	<u>2,210</u>	<u>7.4 million</u>
Total	18,569	\$ 37.8 million

2. Current Year

(1980-81, as of 1/14/81): 5,880 loans \$ 16.0 million

3. Percent Loans In-State/Out-of-State (1979-80):

	<u>In-State</u>	<u>Out-of-State</u>
Undergraduate	36.1 (43.5)	63.9 (56.5)
Graduate	12.3 (19.0)	87.7 (81.0)

4. Loan Collections (per month average):

1974-75	\$ 19,623
1975-76	38,794
1976-77	95,122
1977-78	97,321
1978-79	115,970
1979-80	133,620
1980-81 (est.)	170,000

5. Loan Cancellations (per month average):

1974-75	\$ 59
1975-76	3,686
1976-77	5,396
1977-78	26,192
1978-79	37,165
1979-80	34,125
1980-81 (est.)	45,000

6. Individuals in Repayment

Account Status	October		November		December		January	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Current	4,121	9,833,332	4,168	10,179,865	4,115	10,214,971	4,257	10,736,864
31-60 days	484	1,171,102	478	1,032,186	547	1,174,413	508	1,053,685
61-90	204	451,853	268	649,596	288	585,991	295	585,775
91-120	180	505,039	178	389,083	188	463,252	193	385,664
120+	878	1,981,084	904	2,038,126	954	2,096,983	927	2,154,220
TOTAL	5,867	13,942,409	6,001	14,288,857	6,092	14,535,610	6,250	14,916,209
Default Rate	11.2%		11.2%		11.3%		11.3%	

7. Current year (as of 1/14/81)

	In-State	Out-of-State	Total
Freshman	864 (46.0)	1,014 (54.0)	1,878
Sophomore	512 (41.1)	734 (58.9)	1,246
Junior	399 (41.0)	575 (59.0)	974
Senior	327 (46.0)	384 (54.0)	711
Vocational	173 (40.9)	250 (59.1)	423
Sub-Total	2,275 (43.5)	2,957 (56.5)	5,232
Graduate	123 (19.0)	525 (81.0)	648
TOTAL	2,398 (40.8)	3,482 (58.2)	5,880

14% → people (loans)
2 yrs ago
25%!

B. Raising loan limits

	NR 41	NTS 42	ST
Undergraduate	\$3,500	\$4,500	\$5,000
Graduate	\$6,000	\$7,500	\$7,000

1981-82 (Cost) → \$1,571,700 \$3,619,600 \$4,041,704

9. Other Issues

- Adding a section which states that if a person allows the loan to become default (120+ days past due), all cancellation benefits are forfeited.
- Providing additional cancellation for in-state attendance, for example, an additional 5% per year of attendance, for up to a maximum of 20%.
- Providing additional cancellation for maintaining a "B" grade average for undergraduates, for example, an additional 5% upon graduation.
- Providing grant provisions for Alaskan borrowers age 60 and over.

provision

10. Sample Costs:

a. Single Student College-Approved Budgets (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Anchorage	\$5,922	\$8,500
University of Alaska, Fairbanks	5,814	5,684
University of Washington	5,654	7,120
Gonzaga University	7,010	7,940
Western Washington University	6,280	7,890
University of Oregon	6,940	8,120
University of Colorado	8,150	9,540
Stanford University	9,800	11,250

b. Tuition and/or Required Fees (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Fairbanks	\$ 562	\$ 792
University of Arizona*	2,500	2,500
University of Colorado*	3,584	3,752
University of Hawaii	480	582
University of Idaho*	1,990	2,000
University of Oregon*	3,431	2,433
University of Washington*	2,394	2,736

11. Miscellaneous Information:

a. Length of Residence of 1980-81 Borrowers

<u>Student Level</u>	<u>Median Residency</u>	<u>Percent of Lifelong Residents</u>	<u>Percent of 7-year Residents</u>
Freshman	10.7 years	30.4	8.1 (152)
Sophomore	12.0 years	38.2	5.9 (74)
Junior	5.0 years	26.9	19.2 (187)
Senior	5.0 years	20.0	15.0 (107)
Graduate	4.0 years	28.6	21.4 (31)
Combined	8.6 years	30.0	10.4

b. Age of 1980-81 Borrowers

<u>Age</u>	<u>Percent Freshmen</u>	<u>Percent Sophomores</u>	<u>Percent Juniors</u>	<u>Percent Seniors</u>	<u>Percent Graduate</u>
16-18	41.0	-	-	-	-
19-21	29.2	41.2	38.5	15.8	7.1
22-25	10.4	14.7	19.2	26.3	28.6
26-30	8.1	17.6	23.1	30.8	20.0
30-60	10.8	26.3	19.2	21.1	35.6
60+	.1	.2	N.A.	N.A.	.1
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Median Age	18.5 years	22.5 years	24.0 years	27.8 years	26.3 years

*Non-resident

A Comparison of the
Alaska State Student Loan Program
and the Federal Loan Program

The most common student loan program available in states other than Alaska is the Federal Guaranteed Student Loan (GSL) Program. The terms are dictated by federal regulation and are essentially the same as for the Federally Insured Student Loan Program.

<u>Terms</u>	<u>Alaska</u>	<u>GSL</u>
1. Maximum Loan		
(a.) Undergraduate	\$ 3,000	\$ 2,500 or \$ 3,000
(b.) Graduate	\$ 5,000	\$ 5,000
2. Interest rate	5%	9%
3. Maximum Indebtedness		
(a.) Undergraduate	\$18,000	\$12,500 or \$15,000
(b.) Graduate	\$30,000	\$25,000
4. Grace Period	12 months	6 months
5. Cancellation Provisions	up to 40%	None
6. Need Test	None	Required until 1979 and to be reinstated for 1981 and 82
7. Full-Time Attendance Required	Yes	No

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SSHB 42
 Title Amending Scholarship Loan Program
 Requested by Representative Buchholdt Date 2/18/81

II. FISCAL DETAIL
 Agency Affected Education
 Program Category Affected Commission on Postsecondary Education
 BRU, Program, or Subprogram(s) Affected Student Loan Program
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	N.A.					
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		1,575.7	1,970.6	2,331.1	2,814.8	3,472.8
TOTAL	N.A.	1,575.7	1,970.6	2,331.1	2,814.8	3,472.8

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	N.A.	1,575.7	1,970.6	2,331.1	2,814.8	3,472.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

A. Fiscal impact of raising limits is based upon the following assumptions:

- current mix of 11% graduate, 89% undergraduate will continue
- current borrowing pattern will continue with slight increase upward, i.e.
 Undergraduate: 27.5% \$40-\$4,950 Graduate: 46.5% \$50-\$4,950
 29.3% \$2,000-\$2,950 53.5% \$5,000
 41.2% \$1,000
- 100% of undergraduate maximum borrowers will borrow increased maximum
 90% of graduate maximum borrowers will borrow increased maximum and
 another 8% will borrow \$5,500

B. Fiscal impact of HB 42, Section 3 will be negligible until 1988, then:

1988	\$1.5 million	1990	\$4.5 million	1992	\$6.8 million
1989	\$2.0 million	1991	\$5.6 million		

IV. DATE 2/18/81 PREPARED BY Kerry D. [Signature]
 AGENCY Commission on Postsecondary Education
 PHONE 465-2854
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)



Alaska Statewide Student Association

P.O. BOX 548
DOUGLAS, ALASKA 99824

Director - Bill Zybach

REPRESENTING STUDENTS OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM

Senate Bill 120

Senator Charlie Parr, Chairman
Senate HESS Committee
Alaska State Legislature

Feb. 9, 1981

Mr. Chairman,

The Alaska Statewide Student Association is concerned with the committee action on SB120. The Student Loan Program has been an area of concern for the statewide student association for the past four years.

The legislation before you, we believe, will have a positive effect in keeping the program up to date in terms of the dollar amounts and the period under which the loan is extended. We believe that for the loan to keep pace with the escalating costs of education then the annual amounts must be increased. These increases will more realistically offset the costs of tuition for many students who are participating in the program out of state, but more importantly, it will better provide the funds which are necessary to attend higher education institutions in the state of Alaska for those students who are married, those who are returning to education, and those who are not participating in residence campus housing programs.

The extension of the period of eligibility, we believe is most needed and more realistic. The current period does not take into consideration those students who are in undergraduate work for more than 4 years in cases of the pursuit of double majors or more than one degree, and who will need assistance in graduate school. The current program would logically afford assistance to a student who would take a four year undergraduate program and a two years graduate program. Many graduate programs are for longer periods than two years, and assistance is needed for a three or four year period.

We would also like to suggest, as we have in the past, incentives be added to the State Loan Program which would help keep University Graduates in Alaska after they obtain their degree. At the same time we would like to promote academic excellence, and as such we would like to suggest amending SB120 to include the forgiveness clauses and academic incentives which are contained in Representative Buchholdt's pre-filed House Bill 47.

cc: Rep. Don Clocksin

With Respect,
Bill Zybach
Bill Zybach, Director ASSA
ASSA

SS HB 42: Section-by-section analysis

Section 1: Raises the upper limit on a student loan to \$3,500 for an undergraduate student.

Section 2: Raises the upper limit on a student loan to \$6,000 for a graduate student.

Section 3: Requires the Alaska Commission on Postsecondary Education to notify a student that his loan is in default and that repayment is accelerated and due.

Section 4: Changes "forgiveness clauses" as follows: (1) A borrower remaining in the state for 5 years after finishing school would have 70% of his loan forgiven. (2) A borrower whose GPA was "B" or better, remaining in the state for five years after finishing school would have 100% of his loan forgiven.

Section 5: States that the forgiveness provisions of the law would not apply to a student who defaults on his loan.

Section 6: Effective date: 7/1/81.

Revisor's note. — Chapter 30, SLA 1967, is from the Model Compact for Education.

Sec. 14.40.720. Execution of Compact by governor. Upon ratification and approval of the Compact for Education by 10 or more of the eligible party jurisdictions, including the State of Alaska, the governor shall execute the Compact on behalf of the state and perform other acts requisite to its formal ratification and promulgation. (§ 1 ch 108 SLA 1966)

Sec. 14.40.730. Members of the commission. (a) One of the commission members shall be the governor; one shall be the state commissioner of education; two shall be members of the state legislature selected by its respective houses and serving in such manner as the legislature may determine; one shall be the president of the state Board of Education; and two shall be appointed at large by and serve at the pleasure of the governor.

(b) The terms of office of the at-large members shall be four years; provided, however, that the first members shall be appointed as follows: one for two years, and one for four years. Each member shall hold office until his successor is appointed and qualified.

(c) The legislative and at-large members of the commission shall not receive compensation for their services, but they shall receive the travel expenses and per diem provided by AS 39.20.180 (2). (§ 1 ch 108 SLA 1966)

Article 9. Scholarship Loans and Tuition Grants.

Section

- 751. Loan and tuition funds created
- 753. Financial aid committee
- 755. Applications
- 757. Administration of program
- 759. Undergraduate loans
- 761. Graduate loans
- 763. Conditions of loans
- 765. Eligibility of students
- 767. Selection criteria
- 769. Discrimination prohibited
- 771. Enforceability of certain contracts with minors

Section

- 773. [Repealed]
- 776. Tuition grants
- 781. Limitations on grants
- 786. Conditions of grants
- 791. Eligibility of students
- 796. Application and certification
- 801. Fiscal and business management practices
- 806. Definitions

Repeal of former article. — Section 2, ch. 98, SLA 1971 repealed former Article 9, entitled "Scholarship Grants and Loans." The former article consisted of §§ 14.40.750

— 14.40.849, and derived from ch. 112, SLA 1968, and ch. 230, SLA 1970. Former AS 14.40.830 had been previously repealed by § 14, ch. 230, SLA 1970.

Sec. 14.40.751. Loan and tuition funds created. (a) There is created a scholarship revolving loan fund. The fund shall be used to make scholarship loans to students selected under §§ 751 — 806 of this chapter. All repayments of principal and interest on scholarship loans shall be paid into the scholarship revolving loan fund and shall be used to make new scholarship loans. If estimated funds available from scholarship loan repayments are inadequate to fully fund estimated scholarship loans for any fiscal year, additional funding from the general fund may be requested and appropriated for that year.

(b) There is created a tuition grant fund as an account in the general fund. The fund shall be used to make tuition grants to students selected under §§ 751 — 806 of this chapter.

(c) On March 1 of each fiscal year, if there is a balance of appropriated but unobligated funds in the tuition grant fund created under (b) of this section, that sum shall be automatically transferred to the scholarship revolving loan fund created under (a) of this section to make additional scholarship loans during that fiscal year. (§ 1 ch 98 SLA 1971; am § 1 ch 156 SLA 1972; am §§ 1, 2 ch 136 SLA 1974; am § 1 ch 136 SLA 1975)

Effect of amendments. — The 1972 amendment, effective July 1, 1972, designated the former section as subsection (a) and added subsection (b). In subsection (a), the amendment substituted "806" for "773" in the second sentence.

The 1974 amendment deleted "as an account in the general fund" from the end of the first sentence of subsection (a), added the third and fourth sentences of that subsection, and added subsection (c).

The 1975 amendment, effective June 5, 1975, and retroactive to February 3, 1975, substituted "unobligated" for "unexpended" in subsection (c).

Editor's note. — Section 3, ch. 98, SLA 1971, provides: "Sec. 1 of this Act takes effect on July 1, 1971, or on the date the Alaska Higher Education Commission is enjoined from making payments under the provisions of AS 14.40.900, whichever date is earlier. Sec. 2 of this Act takes effect on July 1, 1972."

AS 14.40.900, referred to in this note, was repealed by § 2, ch. 98, SLA 1971.

Legislative committee report. — For report on ch. 98, SLA 1971 (CSHB 415 [Finance] am 3), see 1971 House Journal, p. 935.

Sec. 14.40.753. 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 §§ 751 — 806 of this chapter 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 §§ 751 — 806 of this chapter.

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

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EDUCATION

§ 14.40.757

(c) The committee shall make an annual report reviewing the work of the committee to the governor, the legislature and the private colleges and universities where students receiving tuition grants are enrolled.

(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 133 SLA 1974)

Revisor's note (1974). — The amendments of AS 14.40.753(a) by § 5, ch. 78, SLA 1974 and § 3, ch. 136, SLA 1974, are in conflict, the first act rewriting the subsection to provide that the Alaska Commission on Postsecondary Education will act as the financial aid committee, the second act changing the name and term of members of the existing financial aid selection committee. It is considered, on the basis of the legislative history, apparent legislative intent, and later effective date of the first act, that the re-enactment by ch. 78, SLA 1974 should prevail.

Effect of amendments. — The 1972 amendment inserted "and tuition grant" in the first sentence of subsection (a).

The first 1974 amendment rewrote subsection (a).

The second 1974 amendment, in subsection (a), substituted "student financial aid committee" for "student loan and tuition grant selection committee" in the first sentence, added language beginning "for a staggered four-year term" to the end of the fourth sentence, substituted "is the" for "shall act as" in the sixth sentence, and substituted "programs established by §§ 751 — 806 of this chapter" for program established by this chapter" in the seventh sentence. The amendment also deleted "selection" preceding "committee" in subsection (b) and in the first sentence of subsection (d), and rewrote subsection (c).

Sec. 14.40.755. Applications. (a) Applications shall be submitted to the executive secretary of the committee.

(b) A person whose loan or grant 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)

Effect of amendment. — The 1972 amendment inserted "loan or grant" near the beginning of subsection (b).

The 1974 amendment substituted "may

appeal to the committee" for "may appeal to the selection committee" in subsection (b).

Sec. 14.40.757. Administration of program. The executive secretary shall administer the programs subject to review by the committee and in accordance with the regulations prescribed by the committee. The promulgation of these regulations is subject to the Administrative Procedure Act (AS 44.52), and a summary of the regulations shall be distributed to each applicant. (§ 1 ch 98 SLA 1971; am § 5 ch 136 SLA 1974)

Effect of amendment. — The 1974 amendment substituted "programs" for "program," and "in accordance with the regulations prescribed by the committee"

for "such regulations as the committee may prescribe" in the first sentence and added the second sentence

Sec. 14.40.759. Undergraduate loans. The committee may make a loan, not to exceed \$3,000 in any one school year, to an undergraduate student eligible under AS 14.40.763. (§ 1 ch 98 SLA 1971; am § 6 ch 136 SLA 1974; am § 1 ch 153 SLA 1978)

Effect of amendment. — The 1974 "committee" near the beginning of the amendment deleted "selection" preceding section.

Sec. 14.40.761. Graduate loans. The committee may make a loan, not to exceed \$5,000 in any one school year, to a graduate student who is eligible under § 765 of this chapter and is pursuing an advanced degree. (§ 1 ch 98 SLA 1971; am § 7 ch 136 SLA 1974)

Effect of amendment. — The 1974 "committee" near the beginning of the amendment deleted "selection" preceding section.

Sec. 14.40.763. 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 approved by the Department of Education or a college or university accredited by the accreditation association for the region in which the college or university is located.

(c) To maintain a loan the student must continue to be enrolled as a full-time student in good standing in a career education program, college or university designated under (b) of this section.

(d) Scholarship loans may not be made to a student for more than six years.

(e) Loans are noninterest bearing while a student is enrolled under (c) of this section or is fulfilling required military service.

(f) Interest on a loan given under §§ 751 — 806 of this chapter is at the rate of five per cent a year.

(g) Repayment of a loan shall commence within one year after a student terminates his studies or required military service, and shall be fully repaid within a period of six years; in cases of hardship, the committee may extend repayment of a loan for an additional five years.

(h) Security may not be required for the loans; however, provision shall be made for payment of attorney fees and costs of court if either or both are incurred in collection of the amount owed on the loan.

(i) If a loan is in default, the commission may notify the student that repayment of the remaining balance is accelerated and due by sending the student a notice by registered or certified mail.

(j) A portion of a loan shall be considered a grant if, upon completion of the course of study for which the loan was granted, the grantee spends at least two years employed in the state. The portion of the loan

Amended

which shall be regarded as a grant shall be the following percentages of the total loan received plus accrued interest:

- (1) two — three years residency 10 per cent
- (2) three — four years residency 20 per cent
- (3) four — five years residency 30 per cent
- (4) over five years residency 40 per cent

(§ 1 ch 98 SLA 1971; am § 4 ch 156 SLA 1972; am § 6 ch 78 SLA 1974; am § 8 ch 136 SLA 1974)

Amended

Revisor's note (1971). — In ch. 98, SLA 1971, AS 14.40.763 (j) (2) read "four — five years . . ." This was a typographical error occurring for the first time in the enrolled version of the bill (CSHB 415 [Finance am S]) and has been corrected here.

amendment substituted "806" for "773" in subsection (f).

The first 1974 amendment substituted "commission" for "Department of Education" in subsection (i).

The second 1974 amendment added "a year" to the end of subsection (f).

Effect of amendments. — The 1972

Sec. 14.40.765. Eligibility of students. A student may apply for a scholarship loan if

- (1) he is a resident of Alaska, and if
- (2) he is either
 - (A) enrolled as a full-time student in a career education or associate or baccalaureate or graduate degree program; or
 - (B) a graduate of a high school, or scheduled for graduation from a high school within six months, with sufficient credits to be admitted to a career education program or to an accredited college or university. (§ 1 ch 98 SLA 1971)

Sec. 14.40.767. Selection criteria. In selecting from among the eligible students those students who will be awarded loans the selection committee shall take into consideration the following items:

- (1) the student's financial needs;
- (2) entering freshmen who are graduates of Alaska high schools or who are graduates of a high school outside the state if their Alaskan residency has been continuous;
- (3) personal recommendations from the student's instructors, employers, and others familiar with his abilities;
- (4) the student's record of achievement. (§ 1 ch 98 SLA 1971)

Amended

Sec. 14.40.769. Discrimination prohibited. The student loan program shall be carried out without regard to the race, creed, sex, color, ancestry, national origin, or membership in fraternal or political organizations of the student applying for the loan. (§ 1 ch 98 SLA 1971)

Sec. 14.40.771. Enforceability of certain contracts with minors. A written obligation entered into by a minor at least 16 years of age, evidencing a loan or other assistance received by him from any person for the purpose of furthering his education in a career education program or an institution of higher learning, is enforceable against the

Effect of amendment. maximum amount of the loan from
 The 1978 amendment increased the \$2,500.00 to \$3,000.00.

Sec. 14.40.763. Conditions of loans.

(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.

(c) Loans are interest bearing while a student is enrolled under (c) of this section or is receiving a deferment of payments under (k) of this section; however, a student is entitled to have a portion of the interest paid on his behalf and for his account in accordance with (1) of this section.

(g) The required repayment of the principal amount of the loan and any interest on the loan begins no earlier than nine months nor later than one year after the student terminates his studies. The loan shall provide for repayment of the total amount owed in periodic installments in not less than five nor more than 10 years from the commencement of repayment or more than 15 years from the date of execution of the original promissory note evidencing the disbursement of the loan, except as provided for in (k) and (m) of this section. Notwithstanding the provisions of this subsection, a student may at his option make payments earlier than this subsection requires.

(j) A portion of a loan shall be paid on behalf of the borrower by the state if, upon completion of the course of study for which the loan was granted, the borrower spends at least three years employed in the state. The portion of the loan which shall be paid by the state shall be the following percentages of the total loan received plus interest for up to a total of 40 per cent:

- (1) two — three years residency, 10 per cent;
- (2) three — four years residency, an additional 10 per cent;
- (3) four — five years residency, an additional 10 per cent;
- (4) over five years residency, an additional 10 per cent.

(k) Periodic installments of principal shall be deferred, but interest shall accrue and be paid unless the student is eligible for interest payment benefits under (1) of this section during any of the following:

- (1) return to student status as provided in (c) of this section;
- (2) serving on active duty as a member of the armed forces of the United States;
- (3) serving, for up to three years, as a full-time volunteer under the Peace Corps Act;
- (4) serving, for up to three years, as a full-time volunteer under the Domestic Volunteer Service Act of 1973;
- (5) for a one-time period up to 12 months in which the borrower is seeking and unable to find employment in the United States; or
- (6) if the borrower becomes 50 per cent or more disabled as certified by competent medical authority.

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(l) The state will pay the interest on that portion of a loan that is not federally insured during

(1) the period before the beginning of the repayment period of the loan; and

(2) deferments under (k) of this section.

(m) In case of hardship, the committee may extend repayment of a loan for an additional period of up to five years in increments no longer than six months each, within the 15-year requirement of (g) of this section.

(n) Each year spent attending a college or university in Alaska qualifies as a year of employment and residency under (j) of this section, if the borrower resides no less than three years in Alaska after completion of the course for which the loan was granted, and has a total Alaskan residency of 10 years time.

(am §§ 1 — 4 ch 99 SLA 1977; am §§ 3 — 8 ch 87 SLA 1979)

Effect of amendments.

The 1977 amendment substituted "commission" for "Department of Education" in subsection (b), substituted "receiving of deferment of payments under (k) of this section" for "fulfilling required military service" at the end of subsection (e), rewrote subsection (g), and added subsection (k).

The 1979 amendment deleted "approved by the commission" following "career education program" and substituted the language beginning "approved by the commission" for "accredited by the accreditation association for the region in which the college or university is located" in subsection (b), substituted "interest" for "non-interest" in subsection (e), added the language beginning "however, a student shall be entitled" to the end of subsection (e), rewrote subsection (g), and in subsection (j), substituted "paid on behalf of the borrower by the state" for "considered a grant," "borrower" for "grantee," and "three years" for "two years" in the first sentence, substituted "paid by the state" for "regarded as a

grant" and "interest for up to a total of 40 per cent" for "accrued interest" in the introductory language of the second sentence, and substituted "an additional 10 per cent" for "20 per cent" in paragraph (2), for "30 per cent" in paragraph (3), and for "40 per cent" in paragraph (4). The amendment also rewrote subsection (k) and added subsections (h), (m), and (n).

As the rest of the section was not affected by the amendments, it is not set out.

Editor's note. — Section 8, ch. 99, SLA 1977 provides: "The change in the repayment period of student loans set out in AS 14.40.763(g) as amended by sec. 3 of this Act and the additional bases for granting a deferment of repayment of a student loan set out in AS 14.40.763(k) as enacted by sec. 4 of this Act shall, upon request of the loan recipient, be applied retroactively to the outstanding balance of principal of and accrued interest on loans made under AS 14.40.751 — 14.40.806 as they read before the effective date of this Act."

Sec. 14.40.767. Selection criteria. (a) The selection committee shall grant loans based on total point accumulations under this subsection with priority going to those applicants with the highest point accumulations, except as provided in (b) of this section for loan applications completed before May 15 of each year. Points shall be awarded to applicants based upon student status and continuous Alaskan residency, according to the following schedule:

(1) student status:

- (A) continuing undergraduate and graduate students with existing Alaska scholarship loans 4 points
- (B) continuing undergraduate and graduate students without existing Alaska scholarship loans 3 points
- (C) freshmen 2 points
- (D) new graduate students without existing Alaska scholarship loans 1 point
- (2) continuous Alaskan residency:
 - (A) students with continuous Alaskan residency of 10 years or more 3 points
 - (B) students with continuous Alaskan residency of at least 5 years and less than 10 years 2 points
 - (C) students with continuous Alaskan residency of more than 2 years and less than 5 years 1 point
- (3) students attending Alaska colleges or universities . . . 1 point
- (b) In awarding loans the selection committee shall award loans to applicants based upon the earliest date of completed applications if
 - (1) the applicant has accumulated at least 5 points under (a) of this section; and
 - (2) the applicant has filed a completed application not later than May 15 of the year for which the loan is requested. (§ 1 ch 98 SLA 1971; am § 2 ch 87 SLA 1979)

Effect of amendment. — The 1979 amendment rewrote this section.

Editor's note. — Section 1, ch 87, SLA 1979 provides: "The legislature determines that

"(1) there are no incentives in the student loan program for residents of Alaska to attend colleges and universities in Alaska as compared with colleges and universities outside Alaska;

"(2) the result of this lack of incentives is that 64.9 per cent of all undergraduate student loans and 92.9 per cent of graduate student loans go to students attending colleges and universities outside Alaska;

"(3) the amount of the average loan to

undergraduate students attending colleges and universities in Alaska is lower than the average of similar loans in all but one of the 10 western states and the amount of the average loan for graduate students is the lowest in the West;

"(4) the funds spent on education in Alaskan colleges and universities go further than when the funds are spent out of state; and

"(5) it would be an aid to the Alaskan economy if the funds in the student loan program were spent for education in Alaskan colleges and universities."

Secs. 14.40.776 — 14.40.796.

Repealed by § 15 ch 94 SLA 1980.

Editor's note. — The repealed sections — 15 ch 136 SLA 1974 §§ 2—4, ch 136, derived from § 5, ch 136 SLA 1972, §§ 9 SLA 1975, §§ 1—7, ch 246 SLA 1976

Sec. 14.40.801. Fiscal and business management practices.

Repealed by § 7 ch 246 SLA 1976 and § 15 ch 94 SLA 1980.

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Editor's note. — The repealed section ch. 78, SLA 1974; §§ 16, 17, ch. 136, SLA derived from § 5, ch. 156, SLA 1972; § 7, 1974.

Sec. 14.40.806. Definitions. In AS 14.40.751 — 14.40.806

(1) "career education" means a course or program in vocational-technical training or education approved by the commission;

(2) "full-time student" means an undergraduate or career education student who is enrolled and is in regular attendance at classes for at least 12 semester hours of credit or the equivalent during the semester or a graduate student who is enrolled and is in regular attendance at classes for at least nine semester hours of credit or the equivalent; any combination of semester hours of credit, or the equivalent, aggregating to the requisite number of semester hours and undertaken during a semester at two or more public or private institutions of higher education operating under a consortium constitutes full-time student status;

(3) "part-time student" means a student who is enrolled and is in regular attendance at classes for at least three but less than the semester hours of credit required for full-time student status under (2) of this section during the semester;

(7) Repealed by § 7 ch 246 SLA 1976.

(8) "federally insured" means a loan covered by the provisions of the Guaranteed Student Loan Program of Title IV, Part B, of the Higher Education Act of 1965 (P.L. 89-329), as amended.

(am § 7 ch 246 SLA 1976; am §§ 5 — 7 ch 99 SLA 1977; am § 9 ch 87 SLA 1979)

Effect of amendments.

The 1976 amendment repealed paragraph (7), which defined "consortium."

The 1977 amendment substituted "commission" for "Department of Education" in paragraph (1), substituted "an undergraduate or career education student" for "a student" and the language beginning "or a graduate student who is enrolled" and ending "requisite number of semester hours and" for "any combination of 12 or more semester hours of credit" in

paragraph (2), inserted "or the equivalent" preceding "during the semester" in paragraph (2), and substituted "the semester hours of credit required for full-time student status under (2) of this section" for "12 semester hours of credit" in paragraph (3).

The 1979 amendment added paragraph (8).

As the rest of the section was not affected by the amendments, it is not set out.

Article 11. Alaska Commission on Postsecondary Education.

Section

- 909. Functions of the commission
- 917. Legal counsel
- 919. Councils

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99801
907-463-3800

MEMORANDUM

January 2, 1981

SUBJECT: Student loan amendments
(Work Order No. 12-0326)

TO: Representative Thelma Buchholdt

FROM: John B. Chenoweth
Legislative Counsel

Memos accompanying bill drafts are usually used to comment critically concerning deficiencies, real or otherwise, in the drafts. In this case, as an exception to the general use of these memos, I wanted to advise you that, at least with respect to those who process bills -- the typists and proofreaders and others in the division who handle drafts on a confidential basis (who have sons and daughters attending college usually with the aid of a loan) -- your suggestion that all of a loan for postsecondary education might possibly be forgiven based on evidence of superior academic standing and state residency met with favorable comment. There was a general feeling that the idea of forgiveness based on academic standing would be a good additional incentive to achieving higher grades.

JBC:jdn

Enclosure

ANNETTE ISLANDS SCHOOL DISTRICT

P.O. BOX 7

METLAKATLA, ALASKA 99926

(907) 886-6332
Supt. Office

(907) 886-4121
Elementary School

(907) 886-6000
Jr. - Sr. High School

January 15, 1981

State Representative Thelma Bucholdt
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Representative Bucholdt,

The Annette Island School District totally supports H.B. 42. However, there is one amendment that we would like to see:

We feel that the "3.0" grade point average is too high for students coming from small high schools in Alaska. A "2.0" GPA would be more realistic.

Small high schools cannot offer many advanced classes like chemistry, physics, advanced math, etc. Consequently, our students have a hard time in college and especially in the first year.

We commend you for your efforts of raising the dollar amounts for both undergraduates and graduates. What better way can Alaska spend money than on its future leaders.

Thank you.

Sincerely,

Annette Island School District



Larrae Rocheleau, Superintendent

6941 Tall Spruce Drive
Anchorage, Alaska 99502
February 5, 1981

Dear Rep. Buchholdt,

I have heard that there is consideration of introducing two pieces of legislation in the Legislature during this session.

One such proposal involves increasing the Student Loan Program from \$3000 per year to at least \$5000 per year. Having two children in college presently and another soon, I would like to ask you to support or introduce such a bill. Our daughter just informed us that her tuition "outside" is increasing \$2000 next year. Also, air fare has increased 10% in the last two months, greatly increasing the cost to and from college. What better investment of state money is there than in the future of our younger citizen's education?

The second proposal is the possibility of eliminating part or all of these loan repayments if the student maintains a "B" average. I would like this amended to read "student in good standing" at the university of attendance, rather than "B" average since universities vary in their grading systems and this would be more equitable. I do urge your support or introduction of such legislation. It seems a fair and just investment as well as an incentive for the students to achieve and continue their post-secondary education.

Thank you for your time and consideration concerning the above matters.

Sincerely,

*Ismajean Barta
Donald F. Barta*

REPORT R01-105-0090
 PROGRAM 105-0090 COMPILED 10/30/80
 DATE 01/08/81
 TIME 1:51:54

STATE OF ALASKA: COMM ON POST SECONDARY EDUCATION
 DIVISION OF STUDENT FINANCIAL AIDS
 STUDENT FINANCIAL AID SYSTEM
 PAST-DUE PAYMENT REPORT

LOAN CURRENT REPAYMENT SCHEDULE P A S T - D U E S C LAST PAYMENT PAID D E F E R M E N T CORRESPOND
 SFX DATE PRNCPAL INTRST TOTAL PRINCIPAL INTEREST 30 60 90 120 T D DATE AMOUNT THRU CODE BEGIN END CODE DA

RECOLLECTIONS ACTIVITY:

	NUMBER OF LOANS	ORIGINAL LOAN AMT	CURRENT BALANCE	P A S T D U E PRINCIPAL	A M O U N T INTEREST
AUTOMATIC TRANSFERS TO PRECOLLECTIONS TODAY	425	1,131,283.40	844,278.18	56,497.09	11,769.29
MANUAL TRANSFERS TO PRECOLLECTIONS LAST MONTH	4	15,540.00	14,101.09	734.18	247.21
AUTOMATIC CURES LAST MONTH	173	489,818.38	360,920.79	2,037.30	490.06
MANUAL CURES LAST MONTH	187	558,842.76	426,966.44	32,503.97	6,935.38
TRANSFERS TO COLLECTIONS LAST MONTH	13	26,753.99	26,289.22	3,727.62	801.09
TOTAL ACCOUNTS IN PRECOLLECTIONS	1,263	3,540,672.56	2,881,883.27	244,778.84	54,847.43

COLLECTIONS ACTIVITY

	NUMBER OF LOANS	ORIGINAL LOAN AMT	CURRENT BALANCE	P A S T D U E PRINCIPAL	A M O U N T INTEREST
TRANSFERS TO COLLECTIONS LAST MONTH	13	26,753.99	26,289.22	3,727.62	801.09
TRANSFERS TO REPAYMENT (CURES) LAST MONTH	15	32,016.39	29,593.01	2,536.62	437.40
TERMINATIONS FROM COLLECTIONS LAST MONTH	38	65,569.69	34.14	12,720.39	2,000.25
TOTAL ACCOUNTS IN COLLECTIONS	248	659,896.35	622,142.99	96,712.49	24,637.78

AGED ANALYSIS (ACCOUNTS IN DEFERMENT ARE CURRENT):

	NUMBER OF LOANS	ORIGINAL LOAN AMT	CURRENT BALANCE	P A S T D U E PRINCIPAL	A M O U N T INTEREST
CURRENT	4,257	13,598,688.81	10,736,864.63	289,885.93	4,807.74
30 TO 59 DAYS	508	1,502,268.83	1,053,685.06	18,756.70	4,254.84
60 TO 89 DAYS	295	755,963.25	585,775.44	19,677.65	4,270.21
90 TO 120 DAYS	193	512,008.03	385,663.97	19,471.50	6,033.83
PRECOLLECTIONS OVER 120 DAYS	700	2,019,412.37	1,665,342.80	211,582.95	47,078.19
COLLECTIONS OVER 120 DAYS	297	691,695.79	488,877.20	97,048.39	29,262.34
TOTAL	6,250	19,080,037.08	14,916,209.10	76,651.26	86,090.17

DEFAULT RATE
11.3%

FISCAL NOTE

Learn Act by act, to Budget

I. REQUEST

Bill/Resolution No. HB 42
 Title Amending Scholarship Loan Program
 Requested by Representative Buchholdt Date 1/20/81

II. FISCAL DETAIL

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

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	N.A.					
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		1,575.7	1,970.6	2,331.1	2,814.8	3,472.8
TOTAL	N.A.	1,575.7	1,970.6	2,331.1	2,814.8	3,472.8

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	N.A.	1,575.7	1,970.6	2,331.1	2,814.8	3,472.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- A. Fiscal impact of raising limits is based upon the following assumptions:
- current mix of 11% graduate, 89% undergraduate will continue
 - current borrowing pattern will continue with slight increase upward, i.e.

Undergraduate:	27.5%	\$50-\$1,950	Graduate:	46.5%	\$50-\$4,950
	29.3%	2,000-2,950		53.5%	\$5,000
	41.2%	\$3,000			
 - 100% of undergraduate maximum borrowers will borrow increased maximum
 90% of graduate maximum borrowers will borrow increased maximum and another 80% will borrow \$5,500
- B. Fiscal impact of HB 42, Section 3 will be negligible until 1988, then:
- | | | | | | |
|------|---------------|------|---------------|------|---------------|
| 1988 | \$1.5 million | 1990 | \$4.5 million | 1992 | \$6.8 million |
| 1989 | 2.0 million | 1991 | 5.6 million | | |

IV. DATE 1/22/81 PREPARED BY Kerry D. Romach
 AGENCY Commission on Postsecondary Education
 PHONE 465-2854
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

2-18-81
HSS-12

Lee Ann Carter - visit to Thelma Robinson

Jordan -

- del in general rate?
Q - Bank investment error del.

% of repayment 14% deficit,

5 yr undergraduate

Rosenberg -

Bankruptcy - very NOT for permitted

i.e. Fed Court says not ad. loan of gov. not
with...

Part-time students

e.g. 60% @ U of A are part-time
some parents need it
no "need" attached

H P

4 2

COMMITTEE REPORT

HOUSE

2/20/81

FURTHER: FINANCE

§5)

Date: Mar 5 1981

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had SSHB 43

"An Act relating to day care assistance."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Sponsors' proposed amendment to SS HB 43:

The purpose of the proposed amendment is to ensure that the rights of parents and the rights of centers are both protected. The sponsors wish to provide for flexibility in the payment of benefits, but also want to allow centers to determine how flexible they can be in accepting different methods of payment to cover the cost of their operations.

page 2, line 14: Delete new language and replace it with the following language:
"A parent may elect to enroll a child in a facility that has an enrollment policy or in a facility that has an attendance policy. The payment of benefits shall be based on the number of units of care when a child is authorized for care in a facility that has an enrollment policy or in a facility that has an attendance policy, in accordance with the method used by the facility in billing the parent or guardian. When a facility allows the option of billing on the basis of either enrollment or attendance, the payment of benefits by the department shall be based on the method elected by the parent or guardian and specified to the facility."

3/4/81 : LC

ESTIMATED LOSS PER YEAR FOR

ST. ANN'S DAYCARE/NURSERY

Daycare

$$\begin{array}{r} 265^{00} \text{ Present + C+RA enrollment fee} \\ - 204^{00} \text{ attendance w/4 days absence (21 possible days)} \\ \hline 61^{00} = \text{Loss per child} \end{array}$$

$$61^{00} \times 24 = \$1,464 \text{ (present loss per month if on ~~enrollment~~ attendance.)}$$

$$61^{00} \times 44 = \$2,684 \text{ (loss per month if mod. income is included on attendance.)}$$

$$\$2,684 \times 6 = \$16,104 \text{ loss in 6 mos.}$$

$$\$2,684 \times 12 = \$32,208 \text{ loss in 12 mos.}$$

Nursery

$$\begin{array}{r} 330^{00} \text{ C+RA enrollment fee} \\ - 255^{00} \text{ attendance w/4 days absence (21 possible days)} \\ \hline 75^{00} \text{ Loss per child} \end{array}$$

$$75^{00} \times 10 = \$750^{00} \text{ (present loss/mo. if on attendance)}$$

$$75^{00} \times 23 = \$1,725^{00} \text{ (loss/mo. if moderate income is included on attendance.)}$$

$$\$1,725 \times 6 = \$10,350 \text{ loss in 6 mos.}$$

$$\$1,725 \times 12 = \$20,700 \text{ loss in 12 mos.}$$

Total Daycare/Nursery Loss in 6 mos.: \$26,454

Total Daycare/Nursery Loss in 12 mos.: \$52,908 ✓

The estimated loss/yr. is equal to 5 full-time salaries/yr.
(25% of our staff.)

POSITION PAPER

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 43

"An Act relating to day care assistance."

This Bill would amend the Day Care Assistance statute to add provisions to expand the eligible families to include those of moderate income, to require Department of Community and Regional Affairs payment to a municipality to help defray the expenses of administering the Day Care Assistance Program, and to provide for parent option in determining whether the payment of services would be based on child enrollment or actual attendance.

While the Department of Community and Regional Affairs has major responsibility for purchase of day care services in the State, the Department of Health and Social Services maintains responsibility for purchase of day care in child protective cases and for WIN registrants. The protective services and WIN day care programs are not named in this Bill, however, the Department of Health and Social Services has adhered to a policy of administering its day care programs in a manner consistent with the Day Care Assistance Program and plans to continue that policy to the maximum extent feasible. From a licensing perspective, the Department has an interest in the financial viability and stability of day care facilities. It is for these reasons that the Department of Health and Social Services is commenting on this Bill.

The Department has no objection to expanding the group of program (eligibles) provided that a priority system is established to ensure the ready availability of services to those most economically in need. Consideration may be given to amending section 280 of the statute to provide for prioritizing low income families.

The Department enforces the concept of financial assistance to municipalities to help defray the costs of administering the Day Care Assistance Program. Some communities have opted not to participate in the Day Care Assistance Program because of the administrative costs involved, and in some instances a local day care center has absorbed these costs and acted as the administrator in order to have the Day Care Assistance Program in their community. This amendment would offset many of the current financial hardships being experienced by communities. It may result in several additional communities choosing to participate in the Day Care Assistance Program. Furthermore, the monies would allow the funding of a part-time position in a municipal office, thereby permitting local day care operators to withdraw from a situation of potential conflict of interest, both in terms of determining eligibility for parents enrolling children in their program and determining eligibility for parents interested in a competitor's program.

✓
The second provision of this Bill would provide payment of benefits based on days enrolled or attended "each month" as elected by the parent. The Department recommends that the words "each month" be removed, since it has been our experience that enrollment policies of day care providers vary greatly; many providers permitting children to enroll for a day or two while others require a three to nine month commitment.

There are also several issues which should be addressed related to the diversity of provider payment policies. Some day care facilities charge based on enrollment, others charge based on attendance, while others use an excused absence and/or a required two week notice system. Day care providers being private businesses have a right to select the payment system which best addresses their management requirements. It would appear to be more appropriate for the State funded program to honor admission and payment policies established by a day care facility provided that the established policies are applied to the general public, as well as to the State funded child.

Consideration should also be given to establishing a maximum length of time for payment to continue for periods of non-attendance or following withdrawal from the program. We would suggest some committee deliberation and discussion on this issue.

For your information, the Department of Health and Social Services initiated a policy of payment on an enrollment basis on July 1, 1980 following receipt of funding from the Legislature for that purpose. The following paragraph, taken from our letter to day care providers, explains the way this Department decided to administer the policy for the first year: ✓

↓
Since the Department's protective service and WIN day care programs serve different client needs than the Day Care Assistance Program, there are frequently reasons for authorizing day care services for periods of time substantially less than a full month. WIN clients may need short term day care for their children during job interviews, vocational counseling, testing sessions, or employment related medical sessions. Occasionally, one unit of day care is needed. Families may need protective services day care support for only one week of respite from the stresses of parenting during a family crisis. Most day care center enrollment policies and some care home policies allow enrollment on a drop-in basis and also for periods of less than a full month. We are assuming that these enrollment options will remain available for WIN and protective services eligible children. We believe that it is appropriate to pay for the number of units authorized, recognizing that a day care facility must hold space open for the child. There are times when a day care center or home receives notice that a child will no longer be attending, but the enrollment (authorized period) has not ended. The Department will allow payment unless another child is enrolled for that space. The units billed to the Department should cease with the enrollment of a new child or the end of the authorized period, whichever comes first.

POSITION PAPER/Department of Health & Social Services

We hope this information is useful to you in committee deliberations.

The Department supports the concept of expanding the Day Care Assistance program to moderate income families, supports the concept of financial assistance to municipalities for administering the Day Care Assistance Program, and supports allowing payment based on enrollment. We suggest that modifications be made based on Department comments and information obtained in committee hearings.

RECOMMENDED BY:

John R. Pugh
John R. Pugh, Director
Division of Family and
Youth Services

DATE:

3/2/81

RECOMMENDED BY:

Elizabeth Muktarian
Elizabeth Muktarian
Director, Division of
Adult and Aging
Services

DATE:

3/2/81

APPROVED BY:

Helen D. Beirne
Helen D. Beirne
Commissioner

DATE:

3/2/81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. _____ Sponsor Substitute for House Bill No. 43
 Title "An Act relating to day care."
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Department of Health and Social Services
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Payment based on enrollment was included in the Department's day care budget.

DATE 2/27/81 PREPARED BY John R. Pugh John R. Pugh, Director
 IV. DATE _____ PREPARED BY Elizabeth Muktarian Elizabeth Muktarian,
 AGENCY Div. of Family & Youth Svcs/Div. of Director
 PHONE 465-3170/465-3253 Adult & Aging Svcs.
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) M&B Approval Date 2/28/81

REGORY: SOCIAL SERVICES
 AGENCY: DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

PROGRAM: CHILD ASSISTANCE
 SUB-PROGRAM: DAY CARE

***** F.C.C. ANALYSIS *****

BS REC \$2,004.1

ST GROUP	VARIATION	DESCRIPTION	F.C.C. VERSUS GOVERNOR
BS, CLMS	1348.8 72.9%	ADD 978.8 TO FULLY FUND EXISTING PROGRAM AND ADD 370.0 TO PROVIDE PAYMENTS BASED ON ENROLLMENT.	

1348.8 67.3%

$2004.1 + 978.8 = 2982.9 \times 20\% = 596.6$
 GOV'S wait list TOTAL

FIGURE \$3,352.9

LEGISLATIVE INTENT: THE DAY CARE ALLOCATION INCLUDES \$370,000 TO PROVIDE FOR PAYMENTS BASED ON ENROLLMENT INSTEAD OF THE PRESENT METHOD OF PAYMENTS BASED ON ATTENDANCE.

LEGISLATIVE INTENT: THE DEPARTMENT IS TO PERFORM A STUDY ON THE ACTUAL COST OF FULLY FUNDING DAY CARE AND THE COST OF ANNUALLY REVISING THE SLIDING FEE SCALE TO THE STATEWIDE MEDIAN INCOME LEVEL WITH REGIONAL COST OF LIVING FACTORS AND THE REPORT IS TO BE PROVIDED TO THE LEGISLATURE BY FEBRUARY 1, 1981.

***** HOUSE ANALYSIS *****

implemented 3/1 a higher fee scale

BS REC \$2,004.1

ST GROUP	VARIATION	DESCRIPTION	HOUSE VERSUS GOVERNOR
BS, CLMS	978.8 52.9%	ADD 978.8 TO FULLY FUND EXISTING PROGRAM.	

L 978.8 48.8%

FIGURE \$2,982.9



Rep. Don Clocksin, Chairman
465-3797

Alaska State Legislature

House of Representatives

Committee on Health, Education & Social Services

3/25/81
Pouch V
State Capitol
Juneau, Alaska 99811

Proposed Committee Substitute to SSHB 43 (Conceptual Language):

Amendments:

1. 44.47.300(b) is amended to read:

Each day care facility receiving a grant under Secs. 44.47.250-.310, shall, when payment of benefits is based upon the number of days a child is enrolled at the facility, provide for full-time and part-time enrollment. Each such facility shall provide for payment of benefits based upon the number of days a child attends the facility. The number of children who may utilize the attendance payment policy shall be as determined by the department, based upon the need for such a policy and the economic impact on the facility.

2. Amend 44.47.270 - after "freed to work" insert ", seek work."
3. 44.33.245 (a)(1) and .255(a) (delete lines 11-23, findings and purpose).
4. Sec. 1. The Early Childhood Development Grant Program is established in the Department of Community and Regional Affairs to provide state assistance in the operation of child care facilities. The program shall provide grants for the operation of day care centers, including private, non-profit child care facilities. Participation in the program is optional.

Sec. 2. (a) Grants will be available to day care centers if the following conditions are met:

(a) be currently licensed under 47.35.010-.080 and any appropriate municipal licensing requirements.

(b) be participating in the day care assistance program under AS 44.47.250-.310.

(c) be providing care under both enrollment and attendance policies as provided in 44.47.300(b).

(d) minimum grants will be \$150.00/month for each licensed day care slot as determined by the Department of Health and Social Services. The grants shall vary by geographic region and COLA.

Sec. 3.

(a) Application for a grant under this section shall be made in the form established by the commissioner.

(b) A grant under this section shall be made monthly and shall be based on the average daily enrollment in the child care facility during the calendar month preceding the date on which application for a grant is made.

Sec. 4.

(a) Grants in addition to those in Sec. 2 may be provided to day care centers which provide a quality of care in excess of that required by the licensing requirements of AS 47.35.010-.080. To receive the supplemental grant, all conditions of Sec. 2(a) must be met and in addition, the center shall meet or exceed criteria established by the Department of Health and Social Services. Those criteria will include personnel training and experience, staff-child ratio, establishment of programs designed for early childhood development, improved nutrition, equipment and space.

(b) A center meeting requirements of Sec. 2 (a) and the requirements of this section as well will receive at least an additional \$100/per child per month. Grants shall vary based on the geographic region and COLA.

DC:am

SS HB 43: Section-by-section analysis

Section 1: Expands Day Care Assistance Program (DCAP) in the Department of Community and Regional Affairs (C&RA) to cover middle income families.

Section 2: Requires the state to pay some of a municipality's cost to administer the program. Costs that the state will pay half of include: (1) salaries of eligibility workers; (2) accounting and bookkeeping; (3) clerical work; (4) making sure that recipients are attending school or working while their children are in day care; (5) advertising the program; (6) reports required by C&RA. In addition, the state is required to contribute to the salary paid a program manager, by paying 10% of the total cost of the salaries required in (1) to the program manager.

Section 3: Same effect as section 1.

Section 4: Requires C&RA to pay day care payments on the "enrollment" or the "attendance" basis to a facility. The parent has the right to choose which method of payment he or she prefers, as long as the center provides for both options.

(prepared by Rep. Bucholdt's office)

DCAP subsidy schedule as of 3/81

Dollar figures represent maximum adjusted net income (monthly) for level of subsidy in each community.

Anchorage Ketchikan Juneau	Petersburg Sitka Wasilla	Kenai Kodiak	Cordova Fairbanks	Bethel Nome Anderson Ft. Greely Delta Junction	Kotzebue	Max. st. subsidy avail- able for day care costs
base	1.0375*	1.0764*	1.1587*	1.3425*	1.3928*	
\$533	\$553	\$574	\$618	\$716	\$742	100%
633	657	681	733	850	882	90
733	760	789	849	984	1021	80
833	864	897	965	1118	1160	70
933	968	1004	1081	1253	1299	60
1033	1072	1112	1197	1387	1439	50
1133	1175	1220	1313	1521	1578	40
1233	1279	1327	1429	1655	1717	30
<u>1333</u>	1383	1435	1545	1790	<u>1857</u>	20

209/yr

*These figures represent percentages of the base figure used for Anchorage, Ketchikan and Juneau.

Source: Day Care Assistance Program, Department of Community and Regional Affairs

*1850
12
3700
18
21700*

Estimated Loss Per Year for Home Daycare/Nursery Facility

Daycare:

$\$265^{00}$ Present C&RA enrollment fee
 $- \$204^{00}$ Attendance w/ 4 days absence (21 possible days)

 61^{00} Loss per child Per month

$\$61^{00} \times 3 = \183^{00} Loss Per month if on attendance

$\$183^{00} \times 6 = \1098^{00} Loss in 6 months

$\$183^{00} \times 12 = \2196^{00} Loss in 12 months

Nursery:

$\$330^{00}$ Present C&RA enrollment fee
 $- \$255^{00}$ Attendance w/ 4 days absence (21 days)

 75^{00} Loss per child

$\$75^{00} \times 2 = 150^{00}$ Loss per month

$\$150^{00} \times 6 = \900^{00} Loss in 6 months

$\$150^{00} \times 12 = \1800^{00} Loss in 12 months

Total Daycare/Nursery loss in 6 mos. = $\$1998^{00}$

Total Daycare/Nursery loss in 12 mos. = $\$3996^{00}$

(over)

Home daycare/nursery facility is necessary as it provides second income to a family or full income to a single parent.

The estimated loss/yr. represents 3 to 5 (approx) monthly house payments or 5 to 8 (approx) monthly rent payments.

(2) "director" means the executive director of the Rural Development Council. (§ 2 ch 172 SLA 1980)

Editor's note. — This section derives from AS 44.19.231 and was renumbered by the revisor under 01.05.031.

Article 6. Community Legal Assistance Grants.

Section	Section
200. Community legal assistance grant fund	220. Grants
210. Eligibility	230. Regulations

Sec. 44.47.200. Community legal assistance grant fund. There is created in the Department of Community and Regional Affairs the community legal assistance grant fund. From legislative appropriations to the fund, the department shall make grants to eligible communities and regions for the purpose of enabling them to obtain legal assistance. (§ 1 ch 60 SLA 1975)

Sec. 44.47.210. Eligibility. First and second class cities and unincorporated villages, and regional associations of those communities, may apply to the department for a grant under AS 44.47.200. Grants shall be made only to those communities or regions that would otherwise be unable to obtain legal assistance. No regional or village corporation formed under the Alaska Native Claims Settlement Act (P.L. 92-203) is eligible for a grant under AS 44.47.200. (§ 1 ch 60 SLA 1975)

Sec. 44.47.220. Grants. Grants made under AS 44.47.200 shall be used for a single legal project and not for the provision of general legal counsel. The department shall assure that the grant is spent for necessary legal assistance and that appropriate accounting procedures are maintained. Grants may not exceed \$20,000. (§ 1 ch 60 SLA 1975)

Sec. 44.47.230. Regulations. The department shall adopt regulations to carry out the purposes of AS 44.47.200 — 44.47.220. (§ 1 ch 60 SLA 1975)

Article 7. Day Care Assistance.

Section	Section
250. Powers and duties	290. Contributions by parent or guardian
300. Local participation	300. Child care facilities
270. Conditions of receipt of benefits	310. Definitions
280. Eligibility of families for benefits	

Editor's note. — Section 1, ch. 66, SLA 1975, provides: "Findings of fact; purpose. The legislature finds that a need exists in the state for the provision of adequate day care facilities for families with low income. Adequate child care facilities allow the parent or guardian to work outside the home and in many cases

to avoid the need for welfare and other forms of public assistance. The purpose of this Act is to establish in the Department of Community and Regional Affairs a program to aid low income families in urban and rural areas of the state in providing adequate care for their children."

Sec. 44.47.250. Powers and duties. (a) The department shall

- (1) implement and administer a program to assist in providing day care for the children of low-income families according to the requirements of AS 44.47.250 — 44.47.310;
- (2) establish standards of eligibility for day care benefits;
- (3) contract for the care of children of eligible families;
- (4) establish procedures to periodically review the needs of families receiving day care benefits;
- (5) provide notification to the local government body of the request for a contract with a day care facility.

(b) The department may

- (1) adopt regulations necessary for the performance of its duties under AS 44.47.250 — 44.47.310;
- (2) contract with municipalities to perform its duties under AS 44.47.250 — 44.47.310 within that municipality; with the approval of the department, the municipality may subcontract with another organization in the community to perform administrative duties;
- (3) [deleted]
- (4) contract with day care facilities outside of municipalities; to provide more effective administration of programs in the unorganized borough, the department may contract with another organization in the community or with an organization serving the region in which the community is located to perform administrative duties. (§ 2 ch 66 SLA 1975; am § 1 ch 272 SLA 1976)

Effect of amendment. — The 1976 amendment deleted "with day care facilities" following "contract" in paragraph (3) of subsection (a), and in subsection (b), substituted "municipalities" for "local agencies" in paragraph (2), added the language beginning "within that municipality" to the end of paragraph (2), deleted paragraph (3), which read

"solicit recommendations from local governing bodies regarding local agencies which may provide contractual services under this section." and added paragraph (4).

Legislative history report. — For report on ch. 66, SLA 1975 (HCS CSSB 120), see 1975 Senate Journal, p. 287; 1975 House Journal, p. 876.

Sec. 44.47.260. Local participation. When a contract is made under AS 44.47.250(b)(2) between the department and a municipality,

the municipality shall pay the costs of administering the contractual duties within its jurisdiction. (§ 2 ch 66 SLA 1975; am § 2 ch 272 SLA 1976)

Effect of amendment. — The 1976 amendment substituted "municipality" for "local agency within an incorporated borough or city of the state" and for "incorporated borough or city."

Sec. 44.47.270. Conditions of receipt of benefits. Benefits may be paid for the care of children of a low income family only if a parent or guardian, because of the day care, is freed to work or to attend school. In no event shall benefits be paid for the care of children of a family where one parent or guardian is not working or attending school and is physically and mentally capable of caring for the children. (§ 2 ch 66 SLA 1975)

Sec. 44.47.280. Eligibility of families for benefits. The department shall determine the eligibility of families for day care benefits on the basis of the following factors:

- (1) net income of the family including salary, alimony, child support, retirement benefits, social security, and any other source of income;
- (2) number of children in the family;
- (3) whether there is one parent or guardian solely responsible for the care of the family;
- (4) Repealed by § 3 ch 98 SLA 1977.
- (5) other factors found relevant by the department. (§ 2 ch 66 SLA 1975; am § 3 ch 98 SLA 1977)

Effect of amendment. — The 1977 amendment repealed paragraph (4), which read "whether the family receives aid to families with dependent children and is eligible for day care service under aid to families with dependent children."

Sec. 44.47.290. Contributions by parent or guardian. The department shall develop a sliding fee scale based on the factors listed in AS 44.47.280 for purposes of determining the amount to be contributed by the parent or guardian for child care. The contribution of the parent or guardian shall be paid to the day care facility. (§ 2 ch 66 SLA 1975)

Sec. 44.47.300. Child care facilities. (a) Parents or guardians shall select the day care facility for the care of their children.

(b) Benefits shall be paid by the department directly to the municipality contracting with the day care facility or, outside of a municipality, to the facility upon receipt of a billing from a municipality or facility. (§ 2 ch 66 SLA 1975; am § 3 ch 272 SLA 1976)

Effect of amendment. — The 1976 amendment rewrote this section.

Sec. 44.47.310. Definitions. In AS 44.47.250 — 44.47.310

- (1) "day care facility" means a center or home licensed in accordance with the provisions of AS 47.35.010—47.35.080 or recognized by the federal government for the care of children;
- (2) "department" means the Department of Community and Regional Affairs;
- (3) "child" means any person below 11 years of age.
- (4) "day care" means the care, supervision, and guidance of a child or children unaccompanied by a parent or legal guardian on a regular basis for periods of less than 24 hours a day.
- (5) "municipality" includes a home rule, general law and unified municipality, as defined in AS 29. (§ 2 ch 66 SLA 1975; am §§ 6—8 ch 253 SLA 1976; am §§ 4, 5 ch 272 SLA 1976; am § 2 ch 98 SLA 1977)

Effect of amendments. — The first 1976 amendment rewrote paragraphs (1) and (3) and added paragraph (4). The second 1976 amendment substituted "who has not reached the age of 7" for "up to the mandatory school age" in paragraph (3) and added paragraph (5). The 1977 amendment rewrote paragraph (3).

Article 8. The Temperate Social Activities Revolving Loan Fund.

Section	Section
320. Fund established	340. Loan terms
330. Powers and duties of the office in administering the fund	350. Sale or transfer of mortgages and notes

Sec. 44.47.320. Fund established. There is established in the Department of Community and Regional Affairs the revolving loan fund for temperate social activities to carry out the purposes of AS 44.47.320 — 44.47.350. Loans made under AS 44.47.320 — 44.47.350 are to be used to foster social activities at which alcohol is not served or consumed. The fund may be used for no other purpose. (§ 5 ch 152 SLA 1978)

Sec. 44.47.330. Powers and duties of the office in administering the fund. (a) The Department of Community and Regional Affairs may

- (1) make loans for the purchase, construction, and modification of building in which social activities at which alcohol is not served or consumed may be held; however loans may be made only in communities with a population of less than 5,000;
- (2) promulgate regulations necessary to carry out the provisions of AS 44.47.320 — 44.47.350.

(b) The Department of Community and Regional Affairs shall develop eligibility standards for loans made under AS 44.47.320 — 44.47.350 and adopt guidelines for the determination of loan terms. (§ 5 ch 152 SLA 1978)



Alaska State Legislature

House of Representatives

Committee on

Health, Education & Social Services

Rep. Don Clocksin, Chairman
465-3797

Pouch V
State Capitol
Juneau, Alaska 99811

TO: House HESS Committee Members
FROM: Rep. Don Clocksin, Chair
RE: Additional Amendments to CS for SSHB 43
DATE: April 8, 1981

Proposed Amendments to CS for SSHB 43 (Conceptual language)

1. Page 2, line 8 (d)
amended to reflect the following concept:

Grants in addition to those in (c) of this section ~~may~~ be provided to day care centers for the sole purpose of training administrators and day care teachers.

The amount of grants will be determined according to availability of training services or types of potential contractual arrangements.

2. Page 2, line 28, insert words and parents after providers.

3. Page 4, lines 4 - 10 delete.

4. Page 4, line 15, after part-time enrollment, insert:

In addition, each day care facility receiving a grant under AS 44.47.250 - 44.47.310 - shall make at least 20% of its slots available for children eligible for day care assistance who may wish to pay based on the attendance policy.

DC:sp



Rep. Don Clocksin, Chairman
465-3797

Alaska State Legislature

House of Representatives

Committee on Health, Education & Social Services

Pouch V
State Capitol
Juneau, Alaska 99811

Date: May 5, 1981

To: House HESS Committee

Fr: Rep. Don Clocksin

Re: Additional Amendments to CS for SSHB 43

On Wednesday, April 8, 1981 the following amendments were proposed and accepted by the House HESS Committee to CS for SSHB 43 - Day Care.

1. Page 2, line 8 (d)
amended to reflect the following concept:

Grants in addition to those in (c) of this section may be provided to day care centers for the sole purpose of training administrators and day care teachers.

There will be a ceiling of \$50,000 on the training grants.

2. Page 2, line 28, insert words and parents after providers.
3. Page 4, line 4-10, delete.
4. Page 4, line 15, after part-time enrollment, insert:

In addition, each day care facility receiving a grant under AS 44.47.250-44.47.310 shall make at least 20% of its slots available for children eligible for day care assistance who may wish to pay based on the attendance policy.

The new proposed amendments for CS for SSHB 43:

In the current form of CS for SSHB 43, the following amendments are proposed and included in the Bill:

1. Page 1, lines 22-26 Contract Administration

-department's portion of payment for contract administration is extended beyond Municipality to include an organization which administers day care assistance.



Alaska State Legislature

House of Representatives

Committee on

Health, Education & Social Services

Rep. Don Clocksin, Chairman
465-3797

Pouch V
State Capitol
Juneau, Alaska 99811

Page 2

2. Page 1, lines 27-29
Page 2, line 2

-simplified to read: 10% of total contract will go for administrative costs.

3. Page 2, line 6

-day care is extended to one who is seeking work.

4. Page 2, line 11

-title is amended for consistency to read Child Care Grant Program.

5. Page 2, line 28-29

-percentages of grant are adjusted downward to account for geographical differences in cost of living and cost of service delivery.

6. Page 3, lines 1-7

-reminder that fund for training was increased from \$50,000 to \$100,000.

7. Page 3, lines 14-23 (g)

-department shall, by regulation, determine how many slots each day care center must make available on an attendance basis.

POSITION PAPER ON SSHB 43

"An Act relating to day care assistance."

by

Department of Community and Regional Affairs

The Department supports the three major concepts of this bill:

- 1) raising the day care subsidy scale to the state median income. This concept is proposed as a use of the grant budget increase in FY '82.
- 2) administrative relief for local municipalities, or in the absence of a local municipality a local group, who administers the day care assistance program.
- 3) the parental choice of having children either attend or enroll at a day care facility, if they are covered under the day care assistance program. This concept is currently being utilized by parents.

The cost of implementing these three concepts is estimated to be \$4,542,560 in FY 1982. This is \$466,180 over the Governor's budget request for the coming fiscal year.

STATE MEDIAN INCOME AS 44.47.156(a)(1)

The state median income is estimated for FY 1982 at \$21,037. Using this figure, adjusted, as the upper limit of income subsidy, we project that this will serve a monthly average of 1342 families. The families are projected to have 2317 children who will participate in the program of which 463 of these would be infants.

Currently, the program is serving a monthly average of 833 families, 1250 children of which 250 are infants. Thus, there would be an additional 700 families served, if the subsidy level were increased to include state median income families.

Eighty percent of the families that are currently being served would be receiving a 100 percent subsidy. Presently, the upper limit income is \$20,000. However, 80 percent the families currently being served earn \$15,000 per year, or less. These same families have state subsidy for child care ranging from 50-100 percent, depending upon their income.

The cost projections and the number of families served are derived from using a subsidy scale that has been used by the Department for a number of years. We are not confident that this scale takes into consideration the various costs for families, family configuration, and budgets. As is suggested

by the Day Care Study, the Department does plan a thorough review of the subsidy scale, including poverty weighting.

A limitation on both the projected dollars and people served is the straight line projection we have done based on current client usage. Our current clients are low income wage earners and are frequently the most volatile in the labor market. That is, they are the last to be hired, work irregular hours, and are the first to be dismissed. These employment characteristics are generally not held to be true of moderate income wage earners. We may find that the new group of families to be served are more stable in the work force and thus the per child cost may be dramatically understated.

CONTRACT ADMINISTRATION: AS 44.47.260

As the day care assistance program has expanded to include more and more families, and with the advent of the enrollment policy, the demand on local administrators' time has also increased.

While we concur that contractors (local municipalities, day care facilities outside of municipalities or other organizations) should have some administrative relief, we believe the present language could be a burden both to the local contractor and the state.

We are also concerned that grants to municipalities for administration not come from program dollars for child care.

Therefore, we suggest that the language be changed to read:

(line 15)"...the department shall pay the local contractor an amount equal to ten percent of the total contract award. This payment will be on a monthly basis. However, under no circumstances will the payment be less than \$500.00 per year.

Further, a separate grant award will be made to the department to pay this portion of the contractor's cost, but in no circumstances is this payment to come from grants appropriated for family day care."

ENROLLMENT OR ATTENDANCE AS: 44.47.300(B)

Currently, parents do have the option of having their children cared for by facilities that use either an attendance or enrollment policy. As of December, 1960 approximately 60 percent of the children in the day care assistance program were in a facility that had an enrollment policy.

However, we do have some concerns regarding the proposed language. Parents are authorized to have child care subsidy based on units of care. These units may be by the hour, full time, part time or a combination. The proposed language speaks

of days, and perhaps may be construed to be the only form of authorization. We would prefer substituting "units of care" for days.

Parents now have their authorization for day care renewed every three months, unless there has been a change in family income, size, marital status, working or training hours. The proposed language appears to say that the parent must come each month for reauthorization. We would hope this burden was not placed on parents.

The proposed language appears to say that the parent can specify to the facility what type of policy the facility may have. We propose a change in the language to clarify that parents have the option of attendance or enrollment, as does the facility have the right to make that determination.

Therefore we would suggest the following as substitute language:

"The payment of benefits shall be based on the number of units of care when a child is authorized for care in a facility that has an enrollment policy or the number of units of authorized care in a facility that has an attendance policy. The parent may elect a facility that has an attendance policy or a facility that has an enrollment policy."

I. REQUEST

Bill/Resolution No. SSHB 43
 Title "An Act relating to day care"
 Requested by House Health & Social Services Date 2/27/1981

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs
 Program Category Affected Community Development
 BRU, Program, or Subprogram(s) Affected Day Care Assistance Program
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	-0-	466.2	503.5	543.8	587.3	634.3
TOTAL	-0-	466.2	503.5	543.8	587.3	634.3

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	466.2	503.5	543.8	587.3	634.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

These figures include the day care grant funds as a result of the raise in subsidy scale level, local municipal administration cost for the program, with a constant eight percent inflation figure.

In FY 82 this includes \$66.0 for a raise in subsidy scale and \$400.2 in municipal administrative grants. (This does not include grants to military installations.)

This does not include any new programs, revising the scale annually, or recognition that median income families may use the program on a more constant level, thus increasing the child per care costs.

IV. DATE February 27, 1981 PREPARED BY Lore' *Lore'*
 AGENCY Dept. of Community & Regional Affairs
 Original: Legislative Finance PHONE 264-2201
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

3/4/51

SSHB 43

- In what % of all people covered?
i.e. low + middle + high income.

- Why include middle income families?
Will it damage low income?

- Program only 1 yr. old - Has it ^{been} time enough to get all the ~~best~~ low income needy covered for sure?

Richard Buckhardt

Richard McCarter Dir of Longwood inst.

Lorray - Coordinator

led by big appropriation

80% on enrollment now.

leg intent - cost of dc than state
- formula

Lorray - supports - see memo

10% due → mem. → sub contract

June	60-70%	full
July	"	"
Aug	"	"
Sept	100%	100%
Oct	100%	100%
Nov	100%	100%
Dec	100%	100%

12/day rate

John Hugh - Dir of Family & Youth Serv.

Tele conf:

Vicki Worthington - Seculian. NO. NO NO.

3/14/81 Cont - Teleconference

Nome - Cheryl Yates - Dir of Home Childcare
YES.

MORRISHA -

← 2 yrs very expensive + diff to find
\$350/mo. is not realistic pay

Clue - ~~from~~ Karen Smith - chr. - An child care
all taken care of except the Center

Lee Robinson - Coorsal center YES
6 wks to 10 yrs

Murray Nancy, Hobart
YES.

Enke - self ← observed provision present but not present
proportion expense
" " edu cost

Pat Cook - of June

YES
Smith (note) must go up (4 weeks)

maison Eggberg - AT Ann
100 kids for analysis/statement

Judy Callison - AT Ann

Pat Henry with low sponsor for AT Ann
Archie Mackay city of June -
Roselee P Walker

Lee Callage - wants 10/day

3/4

- CETA programs support many social de program
in big effect.

- Joe Grogan - child. Com Center, Jan
CETA provides sev. workers,

Bernie Moseley - Dir. mem. ; coord.

^{9/26}
Chor Gisel - op. d. done center

H B

6 2

COMMITTEE REPORT

HOUSE

2/4/81

FURTHER: JUDICIARY

(5)

Date: March 19, 1981

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had HB 62

"An Act relating to civil liability of providers of alcoholic beverages."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING

DO/PASS

[Signature]

[Signature]

[Signature]

MEMBERS HAVING

OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]
CHAIRMAN

3-19-81

1875

Live Com

Bob Maloney 735 midnight mine

Peg Anquell Wood Rural cap

Bob KRAUER, delta junction

Talking - @ 4¹⁵ PM.

Bob Cole 5-OK

62-

Howard Hanson

Mind Altering ^{Drug} - Results in Special order
Speeches

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 3
JUNEAU, ALASKA 99811

February 26, 1981

The Honorable Donald E. Clocksin
Chairman
House Health, Education and Social
Services Committee
Room 106 - Capitol Building
Juneau, Alaska

Dear Mr. Clocksin:

Re: House Bill No. 62

House Bill No. 62, an Act relating to civil liability of providers of alcoholic beverages, was introduced in the House on February 4, 1981 and was referred to the House Health, Education and Social Services and Judiciary Committees.

For the consideration of the House Health, Education and Social Services Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Patrick L. Sharrock, Director, Alcoholic Beverage Control Board, Department of Revenue, Anchorage concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: The Honorable Fred E. Brown
Chairman
House Judiciary Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Patrick L. Sharrock, Director
Alcoholic Beverage Control Board
Department of Revenue
Anchorage, Alaska

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB#62
 Title Relating to civil liability & providers of alcoholic beverages
 Requested by Governor Date _____

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Consumer Protection
 BRU, Program, or Subprogram(s) Affected Alcoholic Beverage Control Board
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

There will not be any fiscal impact on the BRU with passage of this legislation.

IV. DATE February 25, 1981 PREPARED BY *Patrick L. Sharrock*
 AGENCY Alcoholic Beverage Control Board
 PHONE 277-8638
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

the property was used in a manner subjecting it to forfeiture under (a) of this section.

(e) The owner of property subject to forfeiture under (a) of this section is entitled to relief from the forfeiture in the nature of remission of the forfeiture if in an action under (d) of this section the owner shows that he was not a party to the violation and had no actual knowledge that the property was used or was to be used in violation of the law.

(f) A person other than the owner holding, or the assignee of, a lien, mortgage, conditional sales contract on, or the right to possession to property subject to forfeiture under (a) of this section is entitled to relief from the forfeiture in the nature of remission of the forfeiture if in an action under (d) of this section the person shows that he was not a party to the violation subjecting the property to forfeiture and had no actual knowledge that the property was used or was to be used in violation of the law.

(g) It is no defense in an in rem forfeiture proceeding brought under (d)(2) of this section that a criminal proceeding is pending or has resulted in conviction or acquittal of a person charged with violating AS 04.11.010, 04.11.496(b), or AS 04.21.060.

(h) Property forfeited under this section shall be placed in the custody of the commissioner of public safety for disposition according to an order entered by the court. The court shall order destroyed any property forfeited under this section which is harmful to the public. Other property shall be ordered sold and the proceeds used for payment of expenses of the proceedings for forfeiture and sale, including expenses of seizure, custody and court costs. The remainder of the proceeds shall be deposited in the general fund. (§ 3 ch 131 SLA 1980)

Former law construed. — See 45 Am. Jur. 2d Intoxicating Liquors § 486—532.
Territory of Alaska v. 188 Cases of Mixed Intoxicating Liquors, 10 Alaska 414 (1946). 48 C.J.S. Intoxicating Liquors § 384—404

Am. Jur. 2d and C.J.S. references. —

Chapter 20. General Provisions.

Section

10. [Repealed]

Sec. 04.20.010. Intoxicating liquor defined.

Repealed by § 12 ch 131 SLA 1980.

Cross reference. — For present provisions covering the subject matter of the repealed chapter, see AS 04.21.
Editor's note. — The repealed chapter derived from § 36-4-11, ACIA 1949; § 2 ch 131, SLA 1957; § 2 ch 197, SLA 1960; § 1 ch 71, SLA 1969; § 9, ch 129, SLA 1980.

10. Municipal regulation
20. Civil liability of persons providing alcoholic beverages
30. Responsibility of licensees, agents and employees

40. Sales on federal reservations
50. Proof of age
60. Warehousing of alcoholic beverages
70. Enforcement
80. Definitions

Sec. 04.21.010. Municipal regulation. (a) A municipality may adopt ordinances governing the barter, sale, and consumption of alcoholic beverages within the municipality as necessary for the orderly conduct of the business of selling alcoholic beverages within the municipality. An ordinance adopted under this section may not be inconsistent with this title or regulations adopted under this title.

(b) If, as a result of an election held in accordance with AS 04.11.502 in a municipality, the board is prohibited from issuing, renewing, or transferring a license between holders or locations or if the importation of alcoholic beverages is prohibited in the municipality, the municipality may adopt an ordinance making the sale or importation of alcoholic beverages a misdemeanor. The ordinance may not be inconsistent with this title or the regulations adopted under this title.

(c) A municipality may not impose taxes on alcoholic beverages except (1) property taxes on alcoholic beverage inventories and (2) sales taxes on alcoholic beverage sales. (§ 4 ch 131 SLA 1980)

Am. Jur. 2d and C.J.S. references. —

45 Am. Jur. 2d Intoxicating Liquors § 27

48 C.J.S. Intoxicating Liquors § 193

Sec. 04.21.020. Civil liability of persons providing alcoholic beverages. A person who provides alcoholic beverages to another person may not be held civilly liable for injuries resulting from the intoxication of that person unless the person who provides the alcoholic beverages holds a license authorized under AS 04.11.080 — 04.11.220, or is an agent or employee of such a licensee and

(1) the alcoholic beverages are provided to a person under the age of 19 years in violation of AS 04.16.051, unless the licensee, agent, or employee secures in good faith from the person a signed statement, liquor identification card, or driver's license meeting the requirements of AS 04.21.050(a) and 04.21.050(b), which indicates that the person is 19 years of age or older; or

(2) the alcoholic beverages are provided to a drunken person in violation of AS 04.16.030. (§ 5 ch 131 SLA 1980)

Cross reference. — As to responsibility of licensee for violations, see AS 04.16.150. As to responsibility of licensee, agents and employees, see AS 04.21.030.

Editor's note. — The cases cited in the note below were decided under former AS 04.10.180 and 04.15.020.

Civil liability under former law. — The common-law rule as to the non-liability of the vendor of intoxicating liquor for torts committed by the drinker of liquor while the latter was intoxicated, without more, generally prevailed. *Cherbonnier v. Rafalovich*, 12 Alaska 634, 88 F. Supp. 900 (D. Alas. 1950). See *Vance v. United States*, 355 F. Supp. 756 (D. Alas. 1973).

Although it was true that policy embodied in former AS 04.10.180 could also be enforced by criminal and administrative sanctions, there was no

Sec. 04.21.030. Responsibility of licensees, agents and employees. The licensee has a duty to exercise that degree of care which a reasonable person would observe to insure that a business under his control is lawfully conducted. This duty of the licensee includes, but is not limited

(1) to insuring the compliance by agents or employees with this title and regulations adopted under this title, including acting with reasonable diligence to determine that his agents or employees are advised of the provisions of this title and the regulations adopted under this title, either by securing the agent's or employee's written acknowledgement of posted instructions or otherwise; and

(2) to insuring the compliance of the premises with public health, fire, and safety codes and ordinances of the state or municipality having jurisdiction. (§ 4 ch 131 SLA 1980)

Cross reference. — As to responsibility of licensee for violations, see AS 04.16.150.

Sec. 04.21.040. Sales on federal reservations. (a) A wholesaler of alcoholic beverages may sell alcoholic beverages to a person who does not have a license under this title who has a fixed place of business on land in the state maintained by the United States government as a military or naval reservation, a national park, or other federal reservation. A sale may be made under this section only if the purchaser is a ship's service store, officers club, officers mess, post exchange, or similar organization. The wholesaler may deliver

No. 2148 (File No. 4406), P.2d (1980), overruling *Barton v. Lund*, Sup. Ct. Op. No. 1423 (File No. 2726), 563 P.2d 875 (1977).

It is not unfair to hold a licensee responsible for the establishment's operation even though the licensee does not have actual control of the day-to-day functions. *Alesna v. Legrue*, Sup. Ct. Op. No. 2148 (File No. 4406), P.2d (1980).

For construction of former AS 04.15.020(a) as setting a minimum standard of care for purposes of the common-law cause of action based upon ordinary negligence, see *Vance v. United States*, 355 F. Supp. 756 (D. Alas. 1973).

Am. Jur. 2d and C.J.S. references. — 45 Am. Jur. 2d Intoxicating Liquors §§ 553 — 614.

48 C.J.S. Intoxicating Liquors §§ 430 — 485.

section shall keep the original order attached to the copy of the invoice on file at his premises.

(b) Alcoholic beverages received on federal reservations under this section may not be removed for resale or public use outside the federal reservation.

(c) A wholesaler who sells alcoholic beverages on a federal reservation under this section shall pay the state excise tax imposed by AS 43.60.010 on the alcoholic beverages sold and may subsequently claim credit for the excise taxes paid if the sale is made to an organization which is an instrumentality of the federal government. (§ 4 ch 131 SLA 1980)

Sec. 04.21.050. Proof of age. (a) If a licensee, or an agent or employee of the licensee questions or has reason to question whether a person entering a licensed premises, or ordering, purchasing, attempting to purchase, or otherwise procuring or attempting to procure alcoholic beverages, has attained the age of 19 years, that licensee, agent, or employee shall require the person to furnish proof of age acceptable under (b) of this section. If the person questioned does not furnish proof of age acceptable under (b) of this section, or if a licensee, agent, or employee questions or has reason to question the validity of the proof of age furnished, the licensee, employee, or agent shall require the person to sign a statement that he is over the age of 19 years. This statement shall be made on a form prepared by and furnished to the licensee by the board.

(b) A valid driver's license or a valid identification card is acceptable as proof of age when used for identification in the purchase of alcoholic beverages and for securing entry to and remaining on premises where alcoholic beverages are sold if the license or identification card is made of or encased in plastic and contains a photograph of the license or card holder and a statement of his age or date of birth.

(c) A licensee, or an agent or employee of the licensee, may not be charged for a violation of AS 04.16.051 — 04.16.052 if a signed statement as provided in (a) of this section is secured in good faith, or a valid driver's license or identification card is presented indicating that the owner and possessor of the presented driver's license or identification card is 19 years of age or over. (§ 4 ch 131 SLA 1980)

Sec. 04.21.060. Warehousing of alcoholic beverages. A licensee may stock, warehouse, or otherwise store alcoholic beverages in a place elsewhere than premises indicated on his license if

(1) the premises to be used for storage are inspected and approved by the board before their use.

January 12, 1981

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

Dear Mr. Speaker:

Under the authority of art. II, sec. 18, of the Alaska Constitution, I am transmitting a bill repealing AS 04.21.020. AS 04.21.020 sets out the circumstances under which a provider of alcohol may be civilly liable for injuries resulting from intoxication of persons to whom the provider furnishes the alcohol. That section, enacted last year as part of the comprehensive revision of AS 04 (ch. 131 SLA 1980, derived from FCCSSB 239), broadens the alcohol provider's immunity from civil liability.

Under AS 04.21.020, a prerequisite to civil liability is that the provider be licensed. This condition has the presumably unintended but nonetheless clear result of immunizing illegal, unlicensed alcohol distributors from civil liability.

Under AS 04.21.020(1), a provider of alcohol is immunized from civil liability if, where age is questioned, the patron supplies identification or signs a statement asserting he is of lawful age. Although it is probably beneficial to limit criminal liability exposure of providers under such circumstances, when civil liability is at issue, it is preferable to hold providers to the same standard of reasonable conduct under the circumstances as is present under the general law of civil liability.

Under AS 04.21.020(2), a provider of alcohol is immunized from civil liability for injuries resulting from intoxication unless the provider acts with criminal negligence and supplies alcohol to one who is visibly drunk. See AS 04.16.030 and 04.21.080(a)(1) and (b)(7). The common law of tort liability for negligence would hold providers accountable under circumstances where their conduct was unreasonable (e.g., serving a great quantity of alcohol), not just where there was a "gross

Richard I. Pegues

IV. DATE 1/08/81 PREPARED BY Richard I. Pegues, Admin. Officer
AGENCY DEPARTMENT OF LAW
PHONE 465-2691
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

deviation" from the standard of care that a reasonable person would observe in the situation.

As a matter of state public policy, rather than specially sheltering a certain class of individuals, persons acting negligently should be held accountable for their negligence to the same degree as other members of the public. This is especially so where injuries to innocent victims are involved. Repeal of AS 04.21.020 will further this public policy.

Sincerely,

S.J.S.H.

Jay S. Hammond
Governor

-2-

IV. DATE 1/08/91 PREPARED BY *Richard I. Perues*
AGENCY DEPARTMENT of Law
PHONE 463-3693
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 62
 Title "An Act relating to civil liability of providers of alcoholic beverages"
 Requested by The Governor Date Jan. 8, 1981

II. FISCAL DETAIL

Agency Affected Department of Law
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Legal Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill deals with the rights of private parties in their relationship to each other. It does not require state administration except as private litigants use the court system. No significant impact is anticipated.

IV. DATE 1/08/81 PREPARED BY Richard I. Piques, Admin. Officer
 AGENCY Department of Law
 PHONE 463-3633
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

H B
65

MATERIALS TO BE INCLUDED WITH THE TESTIMONY OF CAROLE A. BAEKEY

1. SENATE BILL 65 (JUDICIARY)
2. ALASKA LEGAL SERVICES CORPORATION HAND-OUT TO VILLAGES CONCERNING THE TITLE IV ALCOHOL LOCAL OPTIONS LAW
3. RURALCAP BETHEL WORKSHOP RESOLUTIONS
4. RURALCAP JUNEAU WORKSHOP RESOLUTIONS
5. RURALCAP CITIZEN'S PARTICIPATION CONFERENCE ALCOHOL RESOLUTIONS
6. STATE REVIEW BOARD ON ALCOHOL AND DRUG ABUSE RESOLUTIONS
7. RURAL VIOLENCE CONFERENCE RESOLUTION: SB 65
8. LETTER FROM ALASKA NATIVE COMMISSION ON ALCOHOLISM & DRUG ABUSE
9. LETTER FROM THE DIVISION OF ELECTIONS : SB 65
10. LETTER FROM THE LIEUTENANT GOVERNOR
11. LETTER FROM CONRAD EARL ALBRECHT, M.D. TO WILSON CONDON, ATTORNEY GENERAL RE: LOCAL OPTIONS
12. LETTER FROM BERING SEA WOMEN'S SERVICES
13. LETTER FROM MICHAEL N. WHITE, DISTRICT ATTORNEY-NOME, ALASKA
14. LETTER FROM FATHER JAMES E. POOLE, S. J.
15. LETTER FROM MEKORYUK CITY COUNCIL: SB65
16. LETTER FROM CITY COUNCIL OF POINT HOPE
17. ST. MARY'S EMERGENCY ORDINANCE
18. LETTER FROM MOSES PAUKAN, SR., MAYOR OF ST. MARY'S
19. CITY COUNCIL OF ALAKANUK RESOLUTIONS
20. TUNDRA DRUMS ARTICLE
21. STATE TROOPERS REPORT
22. LETTER FROM NICK CHANAR, TOKSOOK BAY RE: LOCAL OPTIONS
23. DAILY NEWS ARTICLE

Original sponsor: Ray

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE BILL NO. 65 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to alcoholic beverages; and providing
7 for an effective date."

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

9 * Section 1. AS 04.11.330 is amended by adding a new subsection to read:

10 (d) Notwithstanding (a)(3) of this section, a recreational site
11 license issued under AS 04.11.210 may be renewed if the license was
12 exercised at least once during the immediately preceding calendar year.

13 * Sec. 2. AS 04.11.390(b) is amended to read:

14 (b) A beverage dispensary license or package store license may
15 not be issued to either a domestic corporation which has not been
16 issued a certificate of incorporation or a foreign corporation which
17 has not been issued a certificate of authority to transact business in
18 the state at least one year before the date of the application. How-
19 ever, a beverage dispensary or package store license may be issued to
20 a domestic corporation if each of the stockholders of the corporation
21 has resided in the state for at least one year immediately preceding
22 the filing of the application.

23 * Sec. 3. AS 04.11.4b0(a) is amended to read:

24 (a) If a local governing body wishes to protest the issuance,
25 renewal, transfer of location or transfer to another person of a li-
26 cense, it shall furnish the board and the applicant with a protest and
27 the reasons for the protest within 30 days of receipt from the board of
28 notice of filing of the application. ~~_____~~

29 ~~_____~~ The board

1 shall consider a protest and testimony received at a hearing conducted
2 under AS 04.11.510(b)(2) or (b)(4) when it considers the application,
3 and the protest and the record of the hearing conducted under AS 04.11.-
4 510(b)(2) or (b)(4) shall be retained as part of the board's permanent
5 record of its review of the application. If an application is pro-
6 tested, the board may not approve the application unless the board
7 finds that the protest is arbitrary, capricious, and unreasonable.

8 Sec. 4. AS 04.11.490(b) is amended to read:

9 (b) If a majority of the voters vote "yes" on the question set
10 out in (a) of this section, the board shall be notified immediately
11 after certification of the results of the election and thereafter the
12 board may not issue, renew, or transfer between holders or locations a
13 license for licensed premises located within the boundaries of a muni-
14 cipality and in unincorporated areas within five miles of the boundaries
15 of the municipality or within the perimeter of an established village.
16 Licenses [AS OF MIDNIGHT DECEMBER 31 OF THE YEAR IN WHICH THE RESULTS
17 OF THE ELECTION ARE CERTIFIED LICENSES] which may not be renewed
18 because of a local option election held under this section are void
19 90 days after the results of the election are certified. A license
20 which will expire during the 90 days after the results of a local
21 option election under this section are certified may be extended,
22 until it is void under this subsection, by payment of a prorated
23 portion of the annual license fee. (THE RESULTS OF AN ELECTION HELD
24 UNDER THIS SECTION ARE NOT A GROUND FOR THE SUSPENSION OF A LICENSE
25 DURING THE YEAR FOR WHICH THE LICENSE WAS ISSUED OR RENEWED.)

26 * Sec. 5. AS 04.11.492(b) is amended to read:

27 (b) If a majority of the voters vote "yes" on the question set
28 out in (a) of this section, the board shall be notified immediately
29 after certification of the results of the election and thereafter may

1 not issue, renew, or transfer between holders or locations a license
2 for licensed premises located within the boundaries of a municipality
3 and in unincorporated areas within five miles of the boundaries of the
4 municipality, with the exception of a beverage dispensary or package
5 store operated under a community liquor license held by the munici-
6 pality. Licenses [AS OF MIDNIGHT DECEMBER 31 OF THE YEAR IN WHICH THE
7 RESULTS OF THE ELECTION ARE CERTIFIED, LICENSES] in effect are void
8 90 days after the results of the election are certified. A license
9 which will expire during the 90 days after the results of a local
10 option election under this section are certified may be extended,
11 until it is void under this subsection, by payment of a prorated
12 portion of the annual license fee. [THE RESULTS OF AN ELECTION HELD
13 UNDER THIS SECTION ARE NOT A GROUND FOR THE SUSPENSION OF A LICENSE
14 DURING THE YEAR FOR WHICH THE LICENSE WAS ISSUED OR RENEWED.]

15 * Sec. 6. AS 04.11.497(c) is amended to read:

16 (c) If a majority of the voters vote "no" on the question set out
17 in (a) of this section or vote "yes" on a question set out in AS 04.11.-
18 490, 04.11.496, or 04.11.500 in an election conducted in accordance
19 with AS 04.11.502 after an election in which the voters voted "yes" on
20 the question set out in (a) of this section, the board shall be notified
21 immediately after a certification of the results of the election. The
22 [AS OF MIDNIGHT DECEMBER 31 OF THE YEAR IN WHICH THE RESULTS OF THE
23 ELECTION ARE CERTIFIED, THE] prohibitions imposed under (b) of this
24 section on the issuance, renewal, or transfer of licenses between
25 holders and locations as a result of the earlier election are removed
26 90 days after the results of the election are certified except insofar
27 as those prohibitions are imposed in accordance with the results of the
28 subsequent election. [THE RESULTS OF AN ELECTION HELD UNDER THIS
29 SECTION ARE NOT A GROUND FOR THE SUSPENSION OF A LICENSE DURING THE