

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

3984 SHEES HB 130 - HB 161

868

PLANS FOR ACHIEVING HB 130

ON - GOING PROJECT ACTIVITIES

LEGISLATIVE/LOBBYING

Members lobbying In Juneau - Each week, covering Mondays, Fridays and Saturdays, members and coalition members are going to Juneau to lobby. Gayle, Chip, Staff, Local Coordinators, Local Presidents

Postcard Campaign - In conjunction with the member lobby In Juneau and with other project activities, "Let's Finish the Job" postcards will inundate Juneau. Chip, Staff, Local Coordinators

Note: Postcards should be distributed by people who have lobbied in Juneau, attended a teleconference, been to Fly-In and/or signed a petition. The message should be, "I've talked to ____ who talked to you, (in Juneau, at the teleconference, etc.). This is what I heard. This is how I feel about it."

Teleconferences - At each constituent teleconference we have people to request action on HB 130. Chip, Staff, Local Coordinators in all areas except Southeast. Juneau office covers Southeast conferences.

Telephone Campaign - Directed at certain legislators as a lobby effort. Bob Manners, Jean and Bob Cooksey, Staff, Local Coordinators

Lobby at Home - When legislators return to their home towns, we want to meet with them, be at the same political functions, etc. Bob Manners, Bob Cooksey, Staff

Targeted Constituent Contact - We want to devise a plan for school employee to neighbor contact that would reach a particular constituency. Bob Manners, Bob Cooksey, Staff, Local Coordinators

Legislative Contact Structure - Utilize the structure as needed. Bob Manners, Jean, Bob Cooksey

School Board Support - When the time comes, have School Board members testify in support of the bill. Bob Manners, Staff

COMMUNICATIONS - EXTERNAL

Speakers Bureau - We have speakers trained to give presentations on HB 130 to PTAs and community service organizations. Members of the local bargaining committee could team up with HB130 speakers to talk about the issues of local negotiations. Gayle, Chip, Local Coordinators

Jean Krause on a Speaking Tour - Whenever it's appropriate to get public/media exposure or to address audiences local speakers aren't able to reach. Local Coordinators, Trudy, Local Presidents

Letters to the Editor - In March we want to begin an on-going campaign of Letters to the Editor advocating HB 130. Chip, Local Coordinators

Local Public Relations - Margaret Ortiz, NEA/Ak Communications Coordinator prepared PR packets with ideas for Public Service Announcements, paid ads, and HB130 signs for car and home windows. Chip, Margaret, Local Coordinators

Brochures for a Public Audience - For distribution at Speakers Bureau presentations and any other appropriate occasions. Gayle, Trudy, Chip

Public Support Committee - People whose names we can use as supporters of the bill who are influential members of the public. Chip, Staff

COMMUNICATION - INTERNAL

HB 130 Up date - Regular Communication with Coordinators, Local Presidents, Board of Directors, PACE, Staff Bob, Gayle, Chip, Trudy

Ongoing Contact with Local Coordinators - Chip

NEGOTIATIONS

Big Four Bargaining - Use the fact of bargaining in Anchorage, Fairbanks, Mat-Su and Kenai to bring attention to HB130. Chip, Chuck, Leslie, Marv Ann

ESCALATION - ACTIVITIES AND EVENTS

Letters to Bennett - A statewide push for 1000 letters to Bennett by March 15. Model letter available. Provided to Board, PACE, Local Presidents, HB 130 coordinators, site reps and coalition members.
Gayle, Chip, Staff, Local Coordinators

Teleconferences between locals and legislators - Anchorage, Fairbanks, Mat-Su and Kenai to hold such conferences. Bob Manners, Bob Cooksey in Juneau, Chuck and Mary Ann (Anch. 3/11)

Fly-In - Each participant brings 20 letters to deliver. Chip, Staff, Coordinators, and Local Presidents

Saturday Hearing - hooked up by teleconference to all sites with school employees at all sites. Chip, Staff, Coordinators Local Presidents, site reps.

Capitol Vigil Saturday night. Jim, Leslie

Postcard follow up - each participant responsible for 50 postcards. Chip, Jean

Statewide Petition - Between April 7th and April 21st the goal is to have 7000 signatures. Each person who signs is given 5 postcards for people who are not school employees. Chuck, Staff, Local Coordinators, Local Presidents, Site Reps

May 3rd - HB 130 Day - Political and Public activity in every local followed by a social function for all participants. Governor/ Mayor proclamations. Chip, Staff, Board, Local Coordinators, Local Presidents

Informational Picketing - May 5th - Legislature adjournment. Picket appropriate site each day. Chip, Staff, Local Coordinators, Local Presidents



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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JUNEAU OFFICE

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

FAIRBANKS REGIONAL OFFICE

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

March 18, 1986

Notes from Fairbanks for May 3rd -

- 1) Rally, downtown in Centennial Park (near Old Main), and then March to Legislative Affairs, music, speakers, food for sale, T-shirts (sell before, wear that day).
- 2) Legislative teleconference that day, and/or HB 130 signs up around town on all major corners and at all malls.

MEDIA COVERAGE FOR ALL MAY 3rd ACTIVITIES

Up to May 3rd -- pickets after school each day (rush hour); designate spots.

Signature Ad - Hand out to Reps -

- 1) They get all employees in building.
- 2) Make effort to distribute to community for signatures.*

* Have people at Malls, Labor halls, Teamster Recreation center to gather signatures.



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March 18, 1986

Notes from Ketchikan for May 3rd -

1) A race - run or walk,

Wear T-shirts
Carry signs
Challenges between schools
Parents join us
Prizes
Members of TEASE will join us

2) A rally with a band and speeches with a teleconference hookup with our legislators.

3) A boat parade (regatta) with informational signs, music and balloons.

4) A no-host party to end the day!

GP2:06/sc



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March 18, 1986

Notes from Anchorage on May 3rd-

Balloons imprinted.
Corner picketing and Malls too.
"Walk for Hope" with T-shirts on.
Picket Abood's house.
Picket Faik's house.
Knowles declaration.
Hot air balloon.
Balloons with message.
Phone with message.
Cars drive "Walk for Hope" route with signs, etc.
Evening social activity.
Rally - Park strip - include
 community leaders
 legislators who are around
 other labor ??

Possibly less public ending activity, maybe Legislative teleconference inside?

Imprint cups - refreshment stand for "Walk for Hope" - (call to see if we can do a booth).

Petitions and post cards.

Coordinate: "Walk for Hope" walkers
 car parade
 refreshment stand
 corner pickets
 evening activity

May 5-13 and April

Picket Legislative Affairs office building -
 Eagle River site?

Starting April 21 pickets at a few intersections every day during rush hour.

Use April 15 to get material by Ortiz to sites.

Using brochure.

Rent table at Great Garage Sale for passing out information.

(over)

Need for money -
Ask in advance for donations.

Meeting of HB 130 Day Committee

6:00 - 7:30 P.M. - HB 130 Day Planning Session

Petitions in Abood's district.

Get labels for Abood's district.

GP2:04/sc



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March 18, 1986

Notes from N. W. Arctic. Tok - Alaska Gateway, Nenana, and Delta for May 3rd.

HB 130 Day Activities: Specifically in Delta

- I. Meet Saturday morning at the Post Office for informational picketing and asking public to write POMs.
- II. Write letters to the editor from:
 - Teachers
 - Classified
 - General public
 - Labor Union membersEmphasis on classified Right to Bargain
- III. KUAC FYI - Radio Spot.
- IV. Leafletting local bars.
- V. Mail out to local boxholders.
- VI. Put posters up in local businesses.

HB 130 Day Activities - Ideas for Rural Alaska

- * informational mailings to boxholders
- * informational newspaper articles
- * informational radio "blurbs"
- * involvement of other unionized employees
- * posters around communities
- * leafletting of local "hang-outs"
- * social gatherings at individual sites
- * mayoral proclamation of HB 130 day
- * personal contact with influential and/or misinformed people
- * identify community leaders and members willing to write letters
- * support staff involved

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Notes from Kenai, Mat-Su and Juneau Locals for May 3rd.

Information tables in all Malls.

Balloons - HB 130.

Party - Social Event involving community - evening.

Media coverage - Ads & Article.

Attend community events - May 3 (if any are scheduled).

Kid activity, sponsored by Local.

Sandwich boards to be worn.

Prizes as incentive.

Run/walk - 10 K. race.

Ask mayors to attend Social (Legislators & School Board).

Signature ad.

Testimony for newspaper.

Information tables: (in Malls)

- 1) Contact person in charge for permission.
- 2) Get brochures from NEA-Alaska.
- 3) Have petitions available for signatures.
- 4) Display pictures of teachers with kids.
- 5) Recruit members to work in each Mall - make schedule.
- 6) Have balloons printed & available -- HB 130.
- 7) Drawing for Grand Prize (\$50 - \$100 gift certificate)
- 8) Have information available about local negotiations, (if appropriate).

Evening activity;

Social at a Resort - No Host bar, snacks and Door Prize: \$ ____

Invita - School Board, Mayors, Borough Assembly, City Councils and entire community.

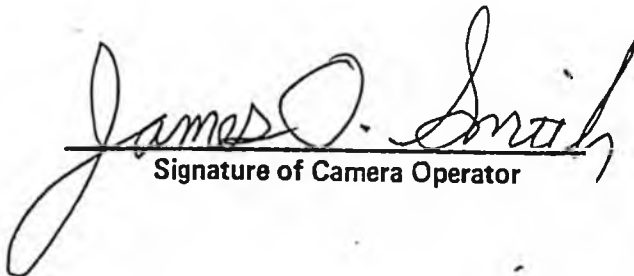
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H B

h b i

Senate Health, Education and Social Services Committee

Legislation Checklist

Bill number: HB 161

Sponsor: Binkley

Date referred to committee:

Synopsis completed:

Fiscal note:

Further referrals:

CONTACTS:

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3000

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

Senate Health Education and Social Services Committee 1/28/86, 1:37 pm
" " " " " " 3/4/86, 1:34 pm
" " " " " " 3/18/86, 1:38 pm
" " " " " " 3/27/86, 1:38 pm

My name is Marie Motschman, I'm the legislative coordinator for the student association for UAA.

On February 3 & 4, SAUAA sponsored our second annual Student Information Days. It is a chance for a 2-way communication between SAUAA Senators and the students they represent. The results of our survey relating to HB 161 are as follows in priority fashion:

Restricting loans to U.S. Citizens or permanent alien residents. Since our survey, we have discovered the Commission on Postsecondary education has regulated this proposal and we feel it is a good regulation.

Our # 2 priority is to define institutional eligibility for student loan purposes as: 1) being accredited by a national or regional accreditation association recognized by the Council on Postsecondary Accreditation (COPA); or 2) having been approved for authorization to operate by the Alaska Commission on Postsecondary Education and having operated for two consecutive years prior to becoming eligible. We feel that if a vocational school has been in business successfully for a couple of years, that they must have a good program or they would not last long.

Our # 3 priority is to reduce the maximum loan amount available to \$5,500 for undergraduates and to \$6,500 for graduates. This will inject approximately 2.5 million back into the loan program immediately and would allow approximately 595 more perspective students accessibility to the loan program. Our students were concerned with the discriminatory effect of the \$500 contributory regulation made by Postsecondary in December. This decrease in in the loan amount would affect every borrower in-state or out-of-state fairly.

Since our third priority would negate our fourth we do not consider establishing a two-tier loan program as an alternative. Our students feel that if a needs-based test were established it would have to be liberal enough to allow a single parent to own a home and a car and still be eligible for a loan.

Our students at UAA overwhelmingly oppose raising the interest rate from 5% to 8%. They are more willing to give up \$500 a year than to restrict access due to a higher rate. There are other ways

to curb abuse of the loan program and SAUAA is looking into peer pressure techniques at this time. Our students are furious with the abusers that are damaging the program for honest users. The students are also very happy to hear of the harsh consequences imposed upon defaulters.

Thank you for your time and good luck in this session .

Voc

* Sec. 4. AS 14.43.120(b) is amended to read:

(b) Scholarship [THE] loans may only be used to attend a

(1) career education program that has been approved by the commission before July 1, 1986 or has been operating for at least two years before the borrower attends; or

(2) [a] college or university that

(A) has been approved by the commission before July 1, 1986 or has been operating for at least two years before the borrower attends;

(B) is accredited by a national or regional accreditation association recognized by the Council on Postsecondary Accreditation; or

~~(C)~~ is approved by the commission; [,] and

(C)(3) if the loans are federally insured, is approved by the United States Commissioner of Education.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ARLISS STURGULEWSKI, Vice Chairman
JOE JOSEPHSON
PAUL FISCHER
EDNA ARMSTRONG-DE VRIES



Senate

Committee on

Health, Education and Social Services

FOUCH
STATE CAPITAL
JUNEAU, ALASKA 99801
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*adopted
by S HESS*

SCS CSHB 161 (2d HESS), An Act relating to the interest rate, loan conditions, and repayment provisions of scholarship loans.

A draft committee substitute has been prepared that would:

- 1) Require all applicants to submit information necessary to determine their eligibility for federal assistance.
- 2) Reduce the maximum loan award for undergraduates from \$6000 to \$5500 and for graduate students from \$7000 to \$6500.
- 3) Allow loans to be awarded only to students attending schools that have been operating for at least two years.
- 4) Increase the interest rate from 5% to 8%.
- 5) Require the Commission on Postsecondary Education to report to the Legislature by January 31, 1987 with recommendations for meeting projected loan demand with decreased state appropriations to the fund.

A draft letter of intent has been prepared that clarifies that:

- 1) the information received by the Commission concerning a student's eligibility for federal assistance is to be used to encourage the use of federal aid programs and in the development of recommended changes to the program, and
- 2) the report to the legislature should include proposals for a "needs-based" program, a "two-tier" program, and a program that matches the federal loan program requirements.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ARLISS STURGULEWSKI, Vice Chairman
JOE JOSEPHSON
PAUL FISCHER
EDNA ARMSTRONG-DE VRIES



Senate

Committee on

Health, Education and Social Services

*not adopted
by senate*

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Letter of Intent for SCS CSHB 161 (2d HESS), An Act relating to the interest rate, loan conditions, and repayment provisions of scholarship loans.

SCS CSHB 161 (2d HESS) proposes several changes to the Scholarship Loan Program in an effort to enhance the activity of the program without increasing state appropriations to the fund.

Section 1 would require all applicants to submit information necessary to determine eligibility for federal financial aid. It is the intent of the Senate Committee on Health, Education and Social Services that this information be used to counsel and advise students on the availability of federal financial aid and to encourage qualified students to apply for federal assistance. It is also the intent of the committee that the information be kept on file with the Alaska Commission on Postsecondary Education and used in the development of recommendations for revisions to the program.

Section 6 would require the Alaska Commission on Postsecondary Education to submit recommendations to the legislature for changes to the scholarship loan program. It is the intent of the committee that the report include a detailed study of a proposal based on financial need, a "two-tiered" proposal that would provide supplemental loan funds based on financial need, a proposal that matches the features of the federal aid program and establishes the state as a lender of last resort, and other proposals that would enable the program to meet projected loan demand with reduced state appropriations.

Voc. - grand father
provision
added

AS 14.43.120(b) is amended to read:

(b) The loans may only be used to attend a career education program or a college or university accredited by a national or regional accreditation association recognized by the Council on Postsecondary Accreditation or approved by the commission, and which has operated for at least the two years previous to the loan attendance. [APPROVED BY THE COMMISSION, AND, IF THE LOANS ARE FEDERALLY INSURED, BY THE UNITED STATES COMMISSIONER OF EDUCATION.]

prepared by Romesburg

ould be set at \$4,000. The second program would be need-based
able for up to \$3,000 in additional loan funds if the borrower
emonstrate (through a needs analysis mechanism) the need for the
ance.

is felt that this approach, despite requiring additional staff, would
result in reduced loan fund demand. A large majority of borrowers would
not bother with the supplemental loan, since so few would qualify and
since the needs analysis form is rather cumbersome. Estimated fund
reduced demand would be about \$8.0 to \$10.0 million.

Commission Action. The absence of a needs test is one of the most
popular aspects of the Alaska Student Loan Program. While remaining
strongly opposed to a required needs test for all borrowers, the
Commission feels this alternative may be a necessary compromise if demand
continues to exceed available funds. This alternative would require
statutory change.

5. Define institutional eligibility for student loan purposes as:
(1) being accredited by a national or regional accreditation association
recognized by the Council on Postsecondary Accreditation (COPA); or (2)
having been approved for authorization to operate by the Alaska
Commission on Postsecondary Education and having operated for two
consecutive years prior to becoming eligible. Current regulations
provide that a school is eligible to enroll students on Alaska Student
Loans if the school is accredited or approved by the Commission. The
two-year requirement is similar to that needed for federal VA benefit
approval, or for certain accreditation minimums (AICS and NATTS). The
largest impact of this change would be on vocational borrowers and
vocational schools. If there were no "grandfather clause," a number of
private Alaska vocational schools would become ineligible. Only one
vocational school currently has COPA-recognized accreditation, and as
many as 30 currently-authorized vocational schools have been in operation
less than two years.

The resulting reduced program cost would be dependent upon whether or not
existing schools were "grandfathered" in. If the Commission imposed a
strict requirement of accreditation only, the reduced cost would be
around \$13.0 million. If the Commission imposed accreditation and/or the
two-year rule, with no "grandfather clause," the reduced cost would be
around \$6.1 million, and if the "grandfather clause" were included, the
reduction would be negligible.

Commission Action. Much of the consideration of this alternative
centered on the issue of "grandfathering" existing schools. Since
grandfathering resulted in such negligible savings, no further action was
taken.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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 PHONE: (507) 465-2854

M E M O R A N D U M

TO: Danny Constanstein
 Legislative Assistant to
 Senator Bettye Fahrenkamp

FROM: Kerry D. Romesburg, Executive Director
 Alaska Commission on Postsecondary Education

DATE: March 14, 1986

Following is a list of schools operating in Alaska which will have been in operation less than two years as of July 1, 1986. Also listed is the number and amount of 1985-86 student loans awarded for attendance at those schools.

<u>School</u>	<u>Student Loans</u>	
	<u>Number</u>	<u>Amount</u>
Air Cushion Guides	43	\$235,798
Alaska Air Academy	22	120,330
Alaska Institute of Travel	50	200,750
American Pacific Aviation	23	107,950
Amicus Curial School of Court Reporting	2	12,000
Asbestos Removal Specialists of Alaska	Not Approved for Loans	
Aviation Network of Fairbanks	21	105,150
Bob Brooks School of Real Estate	Not Approved for Loans	
Charter College	46	247,200
Fort Wainwright Flying Club	22	122,566
Hair Studio School of Design	4	17,500
High Tech Helicopters	26	136,266
Jolido/Annlynn's	Not Approved for Loans	
Mat-Su Bush Flying	17	73,074
Medical Support Services	Not Approved for Loans	
Myers Modeling & Self Development Services	Not Approved for Loans	
National Association of Bank Women	Not Approved for Loans	
New Frontier Voc-Tech Center	-0-	-0-
Northland Alaska Nannies	Not Approved for Loans	
Northwind Aviation	-0-	-0-
Professional Travel Institute	Not Approved for Loans	
Resurrection Christian College	Not Approved for Loans	
Skeers Word Processing	Not Approved for Loans	
The Secretarial Center	Not Approved for Loans	
Transalaska Data Systems	Not Approved for Loans	
Valley Natural Health Center	Not Approved for Loans	
Victorian Academy	47	243,624
Wayland Baptist University	Not Approved for Loans	

Danny Constanstein
March 14, 1986
Page 2

It would be incorrect to assume that loan amounts similar to those listed above would be saved if these schools were suddenly declared ineligible, since many of the students would simply attend another school (one approved). However, the impact upon any single school could mean the difference between continued operation and closure.

Effect of amendments. — The 1984 "Methodist" in paragraph (2) of subsection amendment substituted "Pacific" for (a).

Chapter 43. Scholarship, Loan, and Grant Programs for Postsecondary Students.

Article

- 4. Scholarship Loan Program (§§ 14.43.090, 14.43.095, 14.43.100, 14.43.110, 14.43.115, 14.43.120, 14.43.125, 14.43.130, 14.43.160)
- 7. Teacher Scholarship Loan Program (§§ 14.43.600 — 14.43.700)

Article 4. Scholarship Loan Program.

Section

- 90. Scholarship revolving loan fund
- 95. Financial aid committee
- 100. Applications
- 110. Undergraduate loans
- 115. Graduate loans

Section

- 120. Conditions of loans
- 125. Eligibility of students
- 130. [Repealed]
- 160. Definitions

Sec. 14.43.090. Scholarship revolving loan fund. (a) There is created a scholarship revolving loan fund. The fund shall be used to make scholarship loans to students selected under AS 14.43.090 — 14.43.160 and to pay the costs of collecting student loans that are in default if those costs are not recovered from the student. All repayments of principal and interest on scholarship loans shall be paid into the scholarship revolving loan fund. If money estimated to be available from scholarship loan repayments is 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) *[Repealed, § 31 ch 59 SLA 1982.]*

(c) *[Repealed, § 31 ch 59 SLA 1982.]* (§ 1 ch 98 SLA 1971; am § 1 ch 156 SLA 1972; am §§ 1, 2 ch 136 SLA 1974; am § 1 ch 136 SLA 1975; am § 31 ch 59 SLA 1982; AS 14.40.751; am § 1 ch 158 SLA 1984)

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

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

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

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

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

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

Effect of amendments. — The 1984 amendment substituted "and the legislature" for "the legislature and the private colleges and universities where students receiving tuition grants are enrolled" in subsection (c).

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

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

Effect of amendments. — The 1984 amendment deleted "or grant" following "loan" in subsection (b).

Sec. 14.43.110. Undergraduate loans. The committee may make a loan, not to exceed \$6,000 in any one school year, to an undergraduate student eligible under AS 14.43.125. The committee may make a loan for a summer term, even if the total loan for the school year exceeds the \$6,000 maximum, if the loan for the summer term is counted against the \$6,000 maximum for the following school year. (§ 1 ch 98 SLA 1971; am § 6 ch 136 SLA 1974; am § 1 ch 153 SLA 1978; am § 1 ch 89 SLA 1981; AS 14.40.759; am § 1 ch 34 SLA 1985)

Revisor's notes. — The amendments of AS 14.43.095(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.

The last part of subsection (c) of this section is obsolete since the tuition grant program was repealed by Chapter 94, SLA 1980 and Chapter 59, SLA 1982.

In subsection (a), AS 14.43.095 was substituted for a reference to AS 14.40.751 — 14.40.906 to conform to the renumbering of those sections by the revisor of statutes under AS 01.05.031.

Sec. 14.43.100. 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 136 SLA 1972; am § 4 ch 136 SLA 1974; AS 14.40.755)

Revisor's notes. — The reference to "grant application" in subsection (b) of this section is obsolete in light of the repeal of

the tuition grant program by Chapter 94, SLA 1980 and Chapter 59, SLA 1982.

Sec. 14.43.105. 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 44.62), and a summary of the regulations shall be distributed to each applicant. (§ 1 ch 98 SLA 1971; am § 5 ch 136 SLA 1974; AS 14.40.757)

Sec. 14.43.110. Undergraduate loans. The committee may make a loan, not to exceed \$6,000 in any one school year, to an undergraduate student eligible under AS 14.43.125. (§ 1 ch 98 SLA 1971; am § 6 ch 136 SLA 1974; am § 1 ch 153 SLA 1978; am § 1 ch 89 SLA 1981; AS 14.40.759)

Revisor's notes. — AS 14.43.125 was substituted for AS 14.40.765 to conform to the renumbering of that section by the revisor of statutes under AS 01.05.031.

amount of the loan from \$2,500.00 to \$3,000.00.

The 1981 amendment substitutes "\$6,000" for "\$3,000" following "not to exceed."

Effect of amendments. — The 1978 amendment increased the maximum

Sec. 14.43.115. Graduate loans. The committee may make a loan not to exceed \$7,000 in any one school year, to a graduate student who is eligible under AS 14.43.125 and is pursuing an advanced degree. (§ 1 ch 98 SLA 1971; am § 7 ch 136 SLA 1974; am § 2 ch 89 SLA 1981; AS 14.40.761)

Revisor's notes. — AS 14.43.125 was substituted for AS 14.40.765 to conform to the renumbering of that section by the revisor of statutes under AS 01.05.031. Effect amendments: "\$5,000"

Sec. 14.43.120. Conditions of loans. (a) Loans may only be used for books, tuition and board.

The loans may only be used to attend a college or university approved by the commissioner, and which is federally insured, by the United States Government.

To maintain a loan the student must be a full-time student in good standing in a college or university designated under (b) (1). The committee shall adopt regulations defining "good standing."

Scholarship loans may not be made for more than five years of undergraduate study or for more than five years of graduate study or for more than a total of eight years of graduate study.

(c) Loans are interest bearing while a student is in school under this section or is receiving a deferment under this section; however, a student is entitled to have interest paid in accordance with (1) of this section.

(d) Interest on a loan given under AS 14.43.120 shall be at a rate of five per cent a year.

(e) Repayment of the principal and interest shall begin no later than one year after the borrower's last day of school. The borrower shall provide for repayment of the loan in not more than 10 years after the date of completion of the loan, except as provided in (k) and (l). The borrower and the borrower agree to a condition of the loan shall repay the loan in accordance with the schedule. The borrower may make payments earlier than the schedule.

(f) Security may not be required for a loan. If security is required, it shall be made for payment of attorney fees and costs which are incurred in collection of the loan. If a loan is in default, the committee shall require repayment of the remaining balance of the loan and shall send the borrower a notice by registered mail.

(g) A portion of a loan shall be paid or repaid if, upon completion of the course of study, the borrower is a resident of the State of Alaska. The portion of the loan that shall be paid or repaid shall be percentages of the total loan received prior to the date of completion of the total loan:

Effect of amendments. — The 1985 amendment, effective May 24, 1985, added the second sentence of the section.

Sec. 14.43.115. Graduate loans. The committee may make a loan, not to exceed \$7,000 in any one school year, to a graduate student who is eligible under AS 14.43.125 and is pursuing an advanced degree. The committee may make a loan for a summer term, even if the total loan for the school year exceeds the \$7,000 maximum, if the loan for the summer term is counted against the \$7,000 maximum for the following school year. (§ 1 ch 98 SLA 1971; am § 7 ch 136 SLA 1974; am § 2 ch 89 SLA 1981; AS 14.40.761; am § 2 ch 34 SLA 1985)

Effect of amendments. — The 1985 amendment, effective May 24, 1985, added the second sentence.

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

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

(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. The commission shall adopt regulations defining "good standing" for purposes of this subsection.

(d) Scholarship loans may not be made to a student

(1) for more than five years of undergraduate study;

(2) for more than five years of graduate study;

(3) for more than a total of eight years of undergraduate and graduate study.

(e) 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 in accordance with (l) of this section.

(f) Interest on a loan given under AS 14.43.090 — 14.43.160 is at the rate of five percent a year unless the loan is in default. Interest on a loan that is in default is 10 percent a year for the period the loan is in default.

(g) Repayment of the principal and interest on the loan begins no later than one year after the borrower's studies are terminated. The loan shall provide for repayment of the total amount owed in periodic installments in not more than 10 years from the commencement of repayment, except as provided in (k) and (m) of this section. If the

commission and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement. A borrower may make payments earlier than required by this subsection.

(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 shall notify the borrower that repayment of the remaining balance is accelerated and due by sending the borrower a notice by registered or certified mail.

(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 is a resident of the state for at least two years. The portion of the loan that shall be paid by the state is the following percentages of the total loan received plus interest up to a total of 50 percent of the total loan:

(1) two — three years residence in the state, 10 percent;

(2) three — four years residence in the state, an additional 10 percent;

(3) four — five years residence in the state, an additional 10 percent;

(4) five — six years residence in the state, an additional 10 percent;

(5) over six years residence in the state, an additional 10 percent.

(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 (l) of this section during any of the following:

(1) return to student status as provided in (c) of this section;

(2) serving an initial period of up to six years 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 percent or more disabled as certified by competent medical authority.

(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 12 months each.

(n) *[Repealed by § 11 ch 89 SLA 1981.]*

(o) The provisions of (j) of this section do not apply to a loan that is in default.

(p) For purposes of this section, a person qualifies as a resident if the person is physically present in the state with the intent to remain permanently in the state or, if not physically present in the state, the person intends to return to the state and is absent due to military service.

(q) For the purposes of this section a loan is in default if a loan payment is 120 or more days past due. (§ 1 ch 98 SLA 1971; am § 4 ch 56 SLA 1972; am § 6 ch 78 SLA 1974; am § 8 ch 136 SLA 1974; am §§ 1 — 4 ch 99 SLA 1977; am §§ 3 — 8 ch 87 SLA 1979; am §§ 3 — 9, 11 ch 89 SLA 1981; am §§ 2 — 4 ch 158 SLA 1984; am § 3 ch 34 SLA 1985)

Effect of amendments. — The 1984 amendment added subsection (q) and, in subsection (n), added the second sentence and added "unless the loan is in default" at the end of the first sentence; and, in subsection (o), substituted "that is in default" for "to a borrower named in a complaint as a defendant in an action by the state or by the commission to secure

payment of the unpaid balance of a loan made under AS 14.43.110 or 14.43.115."

The 1985 amendment, effective May 24, 1985, inserted "an initial period of up to six years" in paragraph (2) of subsection (k).

Editor's notes. — This section is set out above to correct errors in the main pamphlet.

Sec. 14.43.125. Eligibility of students. (a) A person may apply for and obtain a scholarship loan if the person

(1) is

(A) enrolled as a full-time student in a career education, associate, baccalaureate, or graduate degree program; or

(B) a graduate of a high school or the equivalent, 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;

(2) is not delinquent or in default on a previously awarded scholarship loan; and

(3) is a resident of the state at the time of application for the loan; for purposes of this section, a person qualifies as a resident of the state if at the time of application for the loan the person

(A) has been physically present in the state for at least two years immediately before the time of application for the loan;

(B) is dependent on a parent or guardian for care, the parent or guardian has been present in the state for at least two years immediately before the time of application for the loan and the person has been present in the state for at least one year of the immediately preceding five years except that the commission may by a two-thirds vote, acting upon a written appeal by the person, grant an exemption to the requirement that the person has been present in the state for one year of the immediately preceding five years;

(C) has been physically present in the state, or is a dependent of a parent or guardian who has been physically present in the state, for at least two years immediately before the applicant was absent from the state and the absence is due solely to

(i) serving an initial period of up to six years on active duty as a member of the armed forces of the United States;

(ii) serving, for up to three years, as a full-time volunteer under the Peace Corps Act;

(iii) serving, for up to three years, as a full-time volunteer under the Domestic Volunteer Service Act of 1973;

(iv) required medical care for the applicant or the applicant's immediate family;

(v) being a person who otherwise qualifies as a resident and is accompanying a spouse who qualifies as a resident under (i) — (iv) of this paragraph; or

(D) has been physically present in the state, or is a dependent of a parent or guardian who has been physically present in the state, for at least two years immediately before the applicant or the parent or guardian was absent from the state and the absence is due solely to

(i) participating in a foreign exchange student program recognized by the commission;

(ii) attending a school as a full-time student;

(iii) full-time employment by the state;

(iv) being a member of or employed full-time by the state's congressional delegation;

(v) being a person who otherwise qualifies as a resident and is accompanying a spouse who qualifies as a resident under (i) — (iv) of this paragraph.

(b) A person does not qualify as a resident of the state under this section if the person declares or establishes residence in another state during an absence from Alaska. (§ 1 ch 98 SLA 1971; am § 10 ch 89 SLA 1981; am § 9 ch 67 SLA 1983; am § 4 ch 34 SLA 1985)

Effect of amendments. — The 1983 amendment, in paragraph (2) of subsection (b) deleted "and" following "guardian for care" and added the language beginning "and the person has been present" at the end of the paragraph.

The 1985 amendment, effective May 24, 1985, rewrote the section.

Editor's notes. — Section 18, ch. 67, SLA 1983 provided: "If the two-year resi-

dency requirement for scholarship loans provided by AS 14.43.125 is declared unconstitutional or otherwise invalid by a court of competent jurisdiction, the Commission on Postsecondary Education shall adopt regulations to impose the most stringent residency requirement allowable under the Constitution of the State of Alaska and the United States Constitution on scholarship loan applicants."

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§ 14.43.135

EDUCATION

§ 14.43.160

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 percent 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."

Sec. 14.43.135. 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; AS 14.40.769)

Sec. 14.43.140. 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 the minor from any person for the purpose of furthering the minor's education in a career education program or an institution of higher learning, is enforceable against the minor with the same effect as if the minor were, at the time of its execution, 19 years of age, if the person making the loan has before making the loan a certification from the institution that the minor is enrolled in the institution or has been accepted for enrollment. (§ 1 ch 98 SLA 1971; AS 14.40.771)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, ch. 58, SLA 1982.

Sec. 14.43.160. Definitions. In AS 14.43.090 — 14.43.160

(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 constitution. Full-time student status;

Sec. 14.43.130. Selection criteria. [Repealed, § 19 ch 67 SLA 1983.]

Sec. 14.43.160. Definitions. In AS 14.43.090 — 14.43.160

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

(2) "commission" means the Alaska Commission on Postsecondary Education;

(3) "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;

(4) "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 constitutes full-time student status;

(5) "school year" means the period from September 1 of one year through August 31 of the following year;

(6) "summer term" means the period from June 1 — August 31. (§ 5 ch 156 SLA 1972; am § 8 ch 78 SLA 1974; am §§ 15 — 20 ch 136 SLA 1974; am § 5 ch 136 SLA 1975; am § 7 ch 246 SLA 1976; am §§ 5 — 7 ch 99 SLA 1977; am § 9 ch 87 SLA 1979; am § 11 ch 89 SLA 1981; am § 59 ch 6 SLA 1984; am § 5 ch 34 SLA 1985; am § 1 ch 52 SLA 1985)

Revisor's notes. — Reorganized in 1985 to alphabetize the defined terms.

Effect of amendments. — The 1984 amendment repealed former paragraph (3), which defined "part-time student."

The first 1985 amendment, effective May 24, 1985, added paragraph (6).

The second 1985 amendment, effective May 31, 1985 deleted "operating under a consortium" following "higher education" near the end of paragraph (4).

Introduced: 2/1/85
Referred: House Special Committee
on State Loans, Health, Education &
Social Services and Finance

Superseded

1 IN THE HOUSE

BY BINKLEY

2

HOUSE BILL NO. 161

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to student loans; and providing for

7

an effective date."

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

9

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

10

(. Interest on a loan given under AS 14.43.090 - 14.43.160 is

11

at the rate of eight [FIVE] percent a year unless the loan is in

12

default. Interest on a loan that is in default is 10 percent a year

13

for the period the loan is in default.

14

* Sec. 2. AS 14.43.125(a) is repealed and reenacted to read:

15

(a) A person may apply for and obtain a scholarship loan if the

16

person

17

(1) is a resident of the state at the time of application

18

for a scholarship loan;

19

(2) meets the requirements of (b) of this section; and

20

(3) has

21

(A) graduated from high school within one year preced-

22

ing the date of application or is scheduled for graduation from a

23

high school within six months after the date of application, with

24

sufficient credits to be admitted to a career education program

25

or to an accredited college or university; or

26

(B) established financial need in accordance with

27

regulations adopted by the Alaska Commission on Postsecondary

28

Education.

29

* Sec. 3. AS 14.43.125 is amended by adding a new subsection to read:

1 (c) The recipient of a scholarship loan may continue to apply
2 for and receive scholarship loans during each year in which the recip-
3 ient remains enrolled as a full-time student in a career education,
4 associate, baccalaureate or graduate degree program. A recipient who,
5 after the date of the initial application, interrupts study as a
6 full-time student for periods totaling more than two years may receive
7 a new loan only if the recipient can establish financial need under
8 (a)(3)(B) of this section.

9 * Sec. 4. AS 14.43.640(b) is amended to read:

10 (b) If a borrower meets the conditions provided in (a) of this
11 section and is employed as a teacher in a rural elementary or second-
12 ary school in the state, a portion of the loan shall be repaid by the
13 state. The [THE] portion of the loan that shall be paid by the state
14 [, NOTWITHSTANDING AS 14.43.120(j),] is the following percentages of
15 the total loan received plus interest up to a total of 100 percent of
16 the total loan:

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

22 * Sec. 5. AS 14.43.640 is amended by adding a new subsection to read:

23 (e) Notwithstanding AS 14.43.120(f), interest on a loan made
24 under AS 14.43.600 - 14.43.700 is at the rate of five percent a year
25 unless the loan is in default. Interest on a loan that is in default
26 is 10 percent a year for the period the loan is in default.

27 * Sec. 6. AS 14.43.120(j), (o), and (p) are repealed.

28 * Sec. 7. A student who received a scholarship loan during the school
29 year before the year this Act takes effect may receive a new loan only if

1 the student

2 (1) initially applied for a loan while in high school or within
3 one year after graduation from high school, and has not interrupted study
4 as a full-time student for periods totaling more than two years; or

5 (2) can establish financial need under AS 14.43.125(a)(3)(B), as
6 amended by sec. 2 of this Act.

7 * Sec. 8. This Act takes effect July 1, 1985.

Offered: 3/4/85
Referred: Health, Education &
Social Services and Finance

Original sponsor: Binkley

1 IN THE HOUSE

BY THE HOUSE SPECIAL COMMITTEE
ON STATE LOANS

2

CS FOR HOUSE BILL NO. 161 (Loans)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the interest rate, forgiveness
7 provisions, eligibility requirements, and conditions
8 of scholarship loans; and providing for an effective
9 date."

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

11 * Section 1. AS 14.43.120(f) is amended to read:

12

(f) Interest on a loan given under AS 14.43.090 - 14.43.160 is

13

at the rate of eight [FIVE] percent a year unless the loan is in

14

default. Interest on a loan that is in default is 10 percent a year

15

for the period the loan is in default.

16

Sec 2. AS 14.43.120(k) is amended to read:

17

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

21

(1) return to student status as provided in (c) of this
22 section;

23

(2) serving an initial period of up to six years on active
24 duty as a member of the armed forces of the United States;

25

(3) serving, for up to three years, as a full-time volun-
26 teer under the Peace Corps Act;

27

(4) serving, for up to three years, as a full-time volun-
28 teer under the Domestic Volunteer Service Act of 1973;

29

(5) for a one-time period up to 12 months in which the

1 borrower is seeking and unable to find employment in the United
2 States; or

3 (6) if the borrower becomes 50 percent or more disabled as
4 certified by competent medical authority.

5 * Sec. 3. AS 14.43.125 is repealed and reenacted to read:

6 Sec. 14.43.125. ELIGIBILITY OF STUDENTS. (a) A person may
7 apply for and obtain a scholarship loan if the person

8 (1) is

9 (A) enrolled as a full-time student in a career educa-
10 tion, associate, baccalaureate, or graduate degree program; or

11 (B) a graduate of a high school or the equivalent, or
12 scheduled for graduation from a high school within six months,
13 with sufficient credits to be admitted to a career education
14 program or to an accredited college or university;

15 (2) is not delinquent or in default on a previously awarded
16 scholarship loan; and

17 (3) is a resident of the state at the time of application
18 for the loan; for purposes of this section, a person qualifies as a
19 resident of the state if at the time of application for the loan the
20 person

21 (A) has been physically present in the state for at
22 least two years immediately before the time of application for
23 the loan;

24 (B) is dependent on a parent or guardian for care, the
25 parent or guardian has been present in the state for at least two
26 years immediately before the time of application for the loan and
27 the person has been present in the state for at least one year of
28 the immediately preceding five years except that the commission
29 may by a two-thirds vote, acting upon a written appeal by the

1 person, grant an exemption to the requirement that the person has
2 been present in the state for one year of the immediately preced-
3 ing five years;

4 (C) has been physically present in the state, or is a
5 dependent of a parent or guardian who has been physically present
6 in the state, for at least two years immediately before the
7 applicant was absent from the state and the absence is due solely
8 to

9 (i) serving an initial period of up to six years
10 on active duty as a member of the armed forces of the United
11 States;

12 (ii) serving, for up to three years, as a full-
13 time volunteer under the Peace Corps Act;

14 (iii) serving, for up to three years, as a full-
15 time volunteer under the Domestic Volunteer Service Act of
16 1973;

17 (iv) required medical care for the applicant or
18 the applicant's immediate family;

19 (v) being a person who otherwise qualifies as a
20 resident and is accompanying a spouse who qualifies as a
21 resident under (i) - (iv) of this paragraph; or

22 (D) has been physically present in the state, or is a
23 dependent of a parent or guardian who has been physically present
24 in the state, for at least two years immediately before the
25 applicant or the parent or guardian was absent from the state and
26 the absence is due solely to

27 (i) participating in a foreign exchange student
28 program recognized by the commission;

29 (ii) attending a school as a full-time student;

- 1 (iii) full-time employment by the state;
2 (iv) being a member of or employed full-time by
3 the state's congressional delegation;
4 (v) being a person who otherwise qualifies as a
5 resident and is accompanying a spouse who qualifies as a
6 resident under (i) - (iv) of this paragraph.

7 (b) A person does not qualify as a resident of the state under
8 this section if the person declares or establishes residence in another
9 state during an absence from Alaska.

- 10 * Sec. 4. AS 14.43.120(j), (o), and (p) are repealed.
11 * Sec. 5. Section 4 of this Act takes effect September 1, 1990.
12 * Sec. 6. Section 1 of this Act takes effect July 1, 1985.
13 * Sec. 7. Sections 2 and 3 of this Act take effect immediately in
14 accordance with AS 01.10.070(c).

Offered: 4/29/85
Referred: Rules

Original sponsor: Binkley

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 161 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to the interest rate and repayment
7 provisions of scholarship loans; and providing for an
8 effective date."

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

10 * Section 1. AS 14.43.120(f) is amended to read:

11 (f) Interest on a loan given under AS 14.43.090 - 14.43.160 is
12 at the rate of eight [FIVE] percent a year unless the loan is in
13 default. Interest on a loan that is in default is 10 percent a year
14 for the period the loan is in default.

15 * Sec. 2. AS 14.43.120(g) is amended to read:

16 (g) Repayment of the principal and interest on the loan begins
17 no later than six months [ONE YEAR] after the borrower's studies are
18 terminated. The loan shall provide for repayment of the total amount
19 owed in periodic installments in not more than 10 years from the
20 commencement of repayment, except as provided in (k) and (m) of this
21 section. Interest shall accrue as provided in (f) of this section,
22 but the borrower shall be allowed to repay the loan at a five percent
23 interest rate for the first three years of the repayment period, with
24 the extra accrued interest to be paid in later years. If the commis-
25 sion and the borrower agree to a different repayment schedule, the
26 borrower shall repay the loan in accordance with the agreement. A
27 borrower may make payments earlier than required by this subsection.

28 * Sec. 3. This Act takes effect July 1, 1985.

Offered: 4/29/85
Referred: Rules

Original sponsor: Binkley

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 161 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the interest rate, loan condi-
7 tions and repayment provisions of scholarship loans;
8 and providing for an effective date."

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

10 * Section 1. AS 14.43.120(c) is amended to read:

11 (c) To maintain a loan the student must continue to be enrolled
12 as a full-time student in good standing, or as a part-time student in
13 good standing in more than one institution for a total number of
14 credits equivalent to a full-time student in a career education pro-
15 gram, college or university designated under (b) of this section. The
16 commission shall adopt regulations defining "good standing" for pur-
17 poses of this subsection.

18 * Sec. 2. AS 14.43.120(f) is amended to read:

19 (f) Interest on a loan given under AS 14.43.090 - 14.43.160 is
20 at the rate of eight [FIVE] percent a year unless the loan is in
21 default. Interest on a loan that is in default is 10 percent a year
22 for the period the loan is in default.

23 * Sec. 3. AS 14.43.120(g) is amended to read:

24 (g) Repayment of the principal and interest on the loan begins
25 no later than six months [ONE YEAR] after the borrower's studies are
26 terminated. The loan shall provide for repayment of the total amount
27 owed in periodic installments in not more than 10 years from the
28 commencement of repayment, except as provided in (k) and (m) of this
29 section. Interest shall accrue as provided in (f) of this section.

1 but the borrower shall be allowed to repay the loan at a five percent
2 interest rate for the first three years of the repayment period, with
3 the extra accrued interest to be paid in later years. If the commis-
4 sion and the borrower agree to a different repayment schedule, the
5 borrower shall repay the loan in accordance with the agreement. A
6 borrower may make payments earlier than required by this subsection.

7 * Sec. 4. This Act takes effect July 1, 1985.

Offered: 5/9/85
Referred: Finance

Original sponsor: Binkley

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 161 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the interest rate, loan condi-
7 tions and repayment provisions of scholarship loans;
8 and providing for an effective date."

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

10 * Section 1. AS 14.43.120(f) is amended to read:

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20 commencement of repayment, except as provided in (k) and (m) of this
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24 the extra accrued interest to be paid in later years. If the commis-
25 sion and the borrower agree to a different repayment schedule, the
26 borrower shall repay the loan in accordance with the agreement. A
27 borrower may make payments earlier than required by this subsection.

28 * Sec. 3. This Act takes effect July 1, 1985.

To the Alaska State Legislature

March 4, 1986

Re: Committee Hearings on Student Loans

I have experience and professional degrees in Government, particularly specializing in Public Finance. My dissertation was about the Alaska state budget process.

Budgets often reveal priorities. In Alaska, the number one priority of state government is education, according to Alaskan budgets. Over the years, the total spent on the University, State Operated Schools, and the Department of Education exceeds all other categories.

If education is the state's most important goal--as State and Territorial budget history suggests it is--wouldn't you be wanting to further that goal, rather than attempting to reduce it? Wouldn't you be finding ways to increase student loan amounts to reasonable levels, rather than trying to cut them?

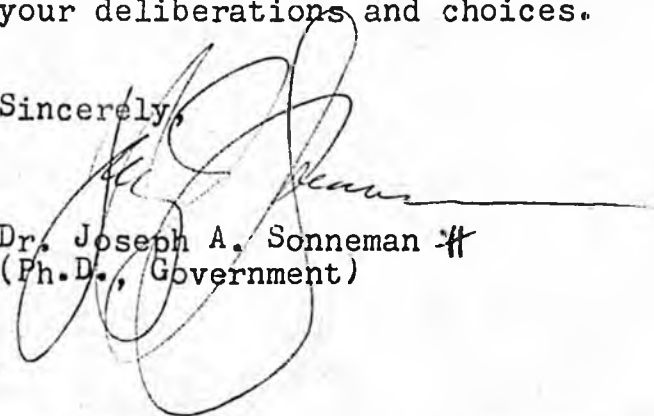
I have been applying to--and getting accepted at--law schools that I cannot afford to attend without assistance. Tuition, fees, transportation and low-level student living expenses approach or exceed \$20,000 per year at many schools. *

Any reduction in loan amount defeats the State's primary goal of education.

Please increase the loan amount even if, for financial reasons, you must reduce the forgiveness rate or otherwise change the program.

Texans have told me that their State, when oil revenues were high, established a foundation that by now has made the University of Texas one of the nation's best endowed...and has enabled state residents there to gain a quality education at relatively low cost. Perhaps further inspection of their example and practises can help you in your deliberations and choices.

Sincerely,


Dr. Joseph A. Sonneman #
(Ph.D., Government)

324 Willoughby, Juneau, AK 99801
Alaskan since 1971

*For example: Stanford, George Washington, Harvard, & Yale Law Schools

ALSO A REGISTERED REPRESENTATIONAL LOBBYIST
FOR MY BUSINESSES + INTERESTS

Survey Results regarding HB(61)

FEE 1000

My name is Marie Motschman. I am the head lobbyist for the Student Association for the University of Alaska, Anchorage Legislative Affairs Committee.

On February 3 & 4 1986, I organized and coordinated the second annual Student Information Days. Our main objectives were to create a 2-way communication between SAUAA and the students we represent. We circulated a student survey and received the following results regarding alternatives to HB 161, currently in the Senate Health, Education and Social Services Committee (HESS). The majority of students polled agreed as listed in priority fashion:

1- Restricting loans to U.S. Citizens or permanent alien residents.

I may note at this time that during a United Campus's of Alaska teleconference held on January 27, which includes eight representatives of the university student government system, the #1 priority of UAA was supported by UAF, ACC, Kenai Community, Valdez Community, Sitka Community and Ketchikan Community Colleges.

2- Defining institutional eligibility for student loan purposes as: 1) being accredited by a national or regional accreditation association recognized by the Council on Postsecondary Accreditation (COPA); or 2) having been approved for authorization to operate by the Alaska Commission on Postsecondary Education and having operated for two consecutive years prior to becoming eligible.

Upon implementation of this priority, SAUAA realizes that the approximate 30 schools that have not been in business for two years would have to be "grandfathered in." The United Campus's of Alaska at the teleconference also agreed with UAA's 2nd priority. The student body representatives were from UAF, UAJ, Anchorage Community, Kenai Community and Ketchikan Community Colleges.

3- Reducing the maximum loan available to \$5,500.

UAA students are the only ones to favor reduction of the loan amount. Some students and statewide student representatives were concerned about the discriminatory effect of the \$500 contributory clause made in regulations in December of 1985. Reducing the amount would create a fair, across the board cut for all loan borrowers, those attending in-state and those attending out-of-state.

4- The establishment of a two-tier loan program.

This alternative was supported by a very narrow minority of UAA students. Since the third priority would cancel out the fourth priority, we do not consider it an alternative. Many students I spoke with agreed that if a needs-based test were considered, it would have to be more liberal than federal standards. Also, a single parent and full-time student owning a house and a car should be eligible for such a loan program. The administration cost of such a program by the Postsecondary Commission could be a forbidding reason as well.

Raising the interest rate was overwhelmingly turned down by students. Many students are furious with abusers that are ruining the program for honest users. Many students are glad to hear of the strict policy for repayment.

I have recommended to the Postsecondary Education's subcommittee on financial aid to print up a one page flyer enumerating the consequences of defaulting on a loan. These flyers would then be sent to each school instructing state loan recipients. The perspective percentage that would default in the future could drop dramatically in SAUAA Legislative Affairs Committee's opinion.

TESTIMONY: SENATE H.E.S.S.

MARCH 4, 1986

RE: C.S. for C.S. for H.B. 161

PRESENTED BY: LESA M. STEBBINS

REPRESENTING: STUDENT ASSOCIATION OF THE
UNIVERSITY OF ALASKA, ANCHORAGE (S.A.U.A.A.)
2801 PROVIDENCE DRIVE
ANCHORAGE AK 99508-4870
(907) 786-1207

TITLE: S.A.U.A.A. SENATOR,
CHAIRMAN, S.A.U.A.A. LEGISLATIVE AFFAIRS COMMITTEE

- I. S.A.U.A.A. students appreciate the deletion of the grace period reduction clause in H.B. 161.
- II. S.A.U.A.A. students do not support an interest rate increase to the Alaska student loan program.*
 - A. The first purpose of the Alaska student loan program as stated by the Alaska Commission on Postsecondary Education, reads:

"To provide Alaskans with access to postsecondary educational resources through low-interest loans to students."

 1. Education costs are not limited to tuition, books, room and board.
 - a. Non-traditional students may have high financial obligations upon re-entry.
 - b. Opportunity costs are high, especially when lost wages are considered.
- III. SPEAKING PERSONALLY ** I am opposed to lowering the loan limit for graduate students to \$5500, but favor a \$500 reduction.
 - A. This dramatic reduction of \$1500 per year toward graduate studies would place hardship on those graduate borrowers already in the midst of their program.
 - B. Graduate studies are much more costly than undergraduate studies.
 - C. Alaska does not have a well developed graduate school at this time, thus graduate students generally must travel out-of-state to receive their educations, and travel expenses are not loanable items. (Only 251 of the 1241 students receiving state loans attend Alaskan institutions.***)
 - E. The effects would be minimal, as graduate students only constitute approximately 8% of all borrowers.

3/4/86
Stebbins
H.B. 161

IV. S.A.U.A.A. supports a \$500 reduction in the maximum loan amount*

- A. More students would be able to receive the loan.
- B. This proposal is more equitable than others presented previously.

V. The second purpose of the Alaska student loan program as stated by the Alaska Commission on Postsecondary Education reads:

"To encourage an educated citizenry through initial access to education and training and through inducements to utilize that education and training in Alaska."

- A. Though the student loan program may be costly for the state in monetary terms, it makes good economic sense. An educated citizenry has a positive impact on the Alaskan economy. Thank you for your support of the loan program, and for your endeavors to keep the program around for posterity.

*Results of a recent S.A.U.A.A. student opinion survey.

**This question was not asked in the survey described above.

***Figures courtesy of the Alaska Commission on Postsecondary Education.

WAR 4 1000



Official Business

Alaska State Legislature

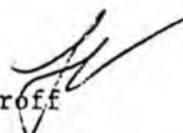
Senate

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

March 3, 1986

TO: All Legislators

FROM: Senator Fred F. Zharoff 

RE: HB 161 - State Student Loan Program

I have been requested by the Kodiak Community College Student Government to share this resolution with members of the legislature. The Senate HESS Committee will be holding a public hearing on HB 161 tomorrow at 1:30pm in the Beltz Room.

Kodiak Community College Student Body Government
Resolution No. 86-01

A resolution by the Kodiak Community College
Student Body Government opposing House Bill 161.

The Student Body of Kodiak Community College
has voted unanimously to oppose House Bill 161
or to any change relating to the interest rate,
loan conditions and repayment provisions of the
Alaska Student Loan Program.

Passed and approved this 20th day of January, 1986
Kodiak Community College Student Government

by *Lisa Camardello*
Student Body Representative

PROPOSED STUDENT LOAN PROGRAM REGULATION CHANGES

20 AAC 15.900(b)(3)(C) is repealed and readopted to read:

(b) For the purposes of 20 AAC 15.010 - 20 AAC 15.081

(3) "full-time" student means

(C) a student enrolled in a non-flight school career education program for at least 30 clock hours per week, a clock hour being a period of time which is equivalent of:

- (i) a 50 to 60 minute class, lecture, or recitation; or
- (ii) two hours of outside preparation related to the activities in (i) of this subparagraph, for up to a maximum of ten such preparation hours per week; or

20 AAC 15.900(b)(3) is amended by adding a new paragraph (D) which reads:

(b) For the purposes of 20 AAC 15.010 - 20 AAC 15.081

(3) "full-time" student means

(D) a student enrolled in an approved flight school program who logs a minimum of 40 hours per month, including pre- and post-flight instruction and ground school hours, or averages 80 hours for a two-month period.

P. O. Box 1214
Juneau, Alaska 99802

March 4, 1986

Bettye Fahrenkamp, Chairperson
Health, Education, and Social Services Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Fahrenkamp and members of the Committee:

I am a full time student at UAJ, majoring in Business Administration with an emphasis in Computer Information Systems. I hope to complete my requirements for a Bachelor's degree by December, 1987.

I regret that I am unable to attend your hearing on the student loan bill, but you have unfortunately scheduled your hearing during mid-term exams at UAJ. If you have few students at this hearing, you should not assume that it indicates a lack of interest in this legislation, since many of us are busy doing what we have put ourselves in debt to do...attend school.

I am a re-entrant student who returned to school at age 37. I cannot count on my widowed mother to provide support while I attend school. While I now have a part-time student job at UAJ, possible University budget cuts prevent me from depending on the availability of that income during the next two years. In spite of a diligent search for work last summer, I was unable to find employment for all but six weeks of the summer, and that job was in a fish processing plant where I was paid only \$6.00 per hour. Therefore, I must be able to count on the continued availability of student loans if I am going to be able to stay in school until I graduate.

During the last year and a half, I have exhausted my savings and put myself in debt to the state (through the student loan program) for \$10,400. For students living alone in off-campus housing, the maximum loan amount of \$6000 per year is insufficient to meet Juneau's living costs, the increased tuition, and the high prices of textbooks.

When I decided to return to school after an absence of 18 years, I knew that it would involve considerable sacrifice. I attempted to plan my finances for the three and one-half years that I expected to be in school, based on the maximum loan amounts. If this bill reduces the maximum amount of student loans, I may find myself financially unable to finish school unless I take some time off to seek work in a job market where the major employer (the state) has just announced a job freeze. In spite of my best attempt at sound financial planning for my education, I may be the victim of attempts to help newcomers to the student

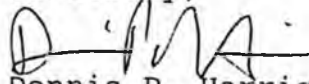
loan program. Is this fair? I am relatively fortunate, since I am a single person. What about the single parents (mostly women) who made the difficult decision to return to school so that they would not be condemned to attempt to support their children in pink-collar jobs? If you change the rules in midstream for those already in the program, you will make it even more difficult for us to finish our educations.

The Post-Secondary Commission has held meetings with high school students around the state to discuss the program, and I commend them for it. Unfortunately, the testimony of students who have never had to work for a living, have always depended on their families for support, and who have no idea of the true cost of attending college cannot be considered well-informed. The Commission has made little or no effort to discuss their lower loan amount recommendation with self-supporting, independent, or single-parent students.

I would suggest making minimal changes to the program for those already receiving loans, and making changes for new applicants. This would cause the least disruption to those already in the program. In addition, your committee should consider restricting the use of loans to attend schools outside Alaska to those seeking training or degrees that are not available in the state. This will help to keep loan money circulating in the state and decrease the likelihood of defaults.

Thank you for this opportunity to testify on this important subject. I hope that you will consider the needs of students who cannot depend on parental support when you make your decisions about this bill.

Sincerely,



Dennis P. Harris

ALASKA STUDENT LOAN PROGRAM

A. Increased Interest Rates - Fiscal Impact

<u>Year</u>	<u>5 1/2%</u>	<u>6%</u>	<u>6 1/2%</u>	<u>7%</u>	<u>7 1/2%</u>	<u>8%</u>
FY87	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
FY88	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
FY89	36.3	72.5	108.8	145.2	181.5	217.5
FY90	108.6	217.2	325.8	434.4	543.0	651.6
FY91	219.4	438.7	658.1	877.6	1,097.0	1,316.2
FY92	386.7	773.3	1,160.0	1,546.8	1,933.5	2,319.9
FY93	565.8	1,131.7	1,697.5	2,263.2	2,829.0	3,395.0
FY94	744.4	1,488.7	2,233.1	2,977.6	3,722.0	4,466.2

B. Reducing Loan Maximum - Fiscal Impact

<u>Reduction</u>	<u>Annual Savings</u>
\$ 250	\$1.2 million
\$ 500	\$2.5 million
\$1,000	\$6.2 million

[Faint handwritten notes and calculations are visible below the tables, including phrases like "Annual Savings", "1000", and "250 500".]

SECTIONAL ANALYSIS FOR HOUSE BILL 161 (versions 1 & 2)

prepared by Sen Fin 1-16-86

An Act relating to the interest rate, loan conditions and repayment provisions of scholarship loans and providing for an effective date

Section 1

Increases the annual interest rate on a student loan from 5% to 8%. On a \$1000 loan, that would add \$2.19 to the monthly payment during the last 7 years of the loan. On a \$24,000 loan, the increase would amount to \$52.33 a month.

Section 2

what term?

Raising the interest rate from 5% to 8% would not increase the monthly payment of the borrower during the first three years of repayment. Instead, this additional interest rate would be reflected in the monthly payments of the last 7 years of the loan. Essentially, this results in an interest average of 5% for the first three years and 10% for the remaining seven.

Version 2 includes an additional section that does the following. Under current law, a borrower has a one year grace period after studies are terminated before repayment begins. This section would reduce that time period to 9 months.

Section 3

Effective date of July 1, 1986.

Comments

As passed by the House, this bill contained a section which allowed borrowers to attend more than one institution in order to reach the 12 units needed to qualify for a student loan. The Senate HESS Committee deleted that section because Senate Bill 17, which did the same thing, passed during the 1985 session.

from John Vlahely
UAE, ASUA,
United Campuses
2/17/86

GRAMM-RUDMAN-HOLLINGS DEFICIT REDUCTION:

The Amendment to the Debt Ceiling Extension Bill passed the House and Senate on Wednesday December 11th - over two months after its original introduction the first week of October. The Conference agreement which passed the Senate 61-31 and the House 271-154 calls for reducing the deficit to zero by 1991 through a massive overhaul of both the budget process and Congressional deadlines for action. Cuts will be forced by "sequestering" if the budget/appropriations process does not come up with the proposed savings (within \$10 billion) by September 1 of each year. For FY 1987 - the budget to be released on February 5, 1986 - the deficit target is \$144 billion. This requires cuts of \$50 billion which will most likely be requested out of the domestic part of the budget.

For FY 1986 - the fiscal year which began this past October 1, 1985 there will be forced cuts if \$11.7 billion to get closer to the deficit target of \$171.9 billion for FY 1986. Current estimates of the deficit are at least \$188 billion. These cuts will be issued in a February 1 Presidential order based on the Government Accounting Office report developed in January 1986 with implementation of the cuts on March 1, 1986.

WHAT WILL GRAMM-RUDMAN-HOLLINGS DO FOR EDUCATION FUNDING? The final conference agreement includes two amendments that minimize some of the damage to higher education funding during sequestering. The first is an amendment which allows two options for Guaranteed Student Loans. If sequestering takes place there will be a 1/2 of one percent increase in the origination fee and a reduction in the special allowance to no lower than 3%. The special allowance is a fee paid to the lender in addition to the interest rate. The rate of the allowance helps determine whether banks remain in the GSL program.

The original Senate passed Gramm-Rudman would have disproportionately cut funding for all education programs since they are forward funded - that means the dollars appropriated in one year pay for programs in the next academic year. The final version passed on December 11th would cut education in the same proportion as other programs during sequestering, yet the pot of programs that are "controllable" or cuttable is much smaller than in the original Senate passed Gramm-Rudman-Hollings.

For FY 1986 only 27% of the budget or \$265 billion is subject to sequestering. It is from this pot that \$11.7 billion must be cut.

THE SPRING AHEAD:

**Sequestering is the beginning of the process for FY 1986 but it is the end of the process for the FY 1987 budget calling for \$50 billion in cuts. USSA anticipates that the budget for education will call for the elimination of many programs and major cuts and changes in every student aid programs. Predictions abound that the budget will be along the lines of FY 1982 which called for 60% cuts in education funding. Last year's proposed cuts were 25% and we were able to defeat those very effectively. This year will be more difficult since Congress has tied its hands through Gramm-Rudman and the political pressure to come up with the deficit reduction targets right before the 1986 elections will be very strong.

Budget

We must be sure that education is seen at the top of every member's agenda since none of the education programs are considered in the low income or exempt category which does include Food stamps, AFDC, Veteran's, Social Security, Child Nutrition, Supplemental Security Income, Women, Infants, and Children (WIC) - which means that the potential for cutting our programs is even greater.

THE PLAN FOR 1986: Students must be in the forefront of organizing to maintain funding for student aid programs. Our response from campus must be very strong. You must begin NOW to plan letter-writing, district events, campus forums, rallies, articles in your campus newspaper, and lobbying in D.C. so that once again in 1986 as in 1982 it was student response to proposed cuts that made the difference!!!

DATES AHEAD: *January 20, 1986: Martin Luther King Holiday
*January 21, 1986: Congress returns to D.C.
*January 22-24: USSA West Coast Regional Conference, Berkeley, CA
*Late January: State of the Union
*February 5, 1986: Deadline for FY 1987 Budget
*February 8-18: Congressional Recess - Members in Home Districts
*March 14-17: USSA Legislative Conference
Lobby Day to "Put the Green Back in the Education Budget"

Pell Grants:

USSA has consistently supported the expansion of Pell Grants and an increased importance in funding for grant and work-study programs instead of massive increases in loan indebtedness. The maximum award levels in the House passed legislation are \$2300 for academic year 1987-88 with a \$200 increase each year until 1991-92. The percentage of cost limitation would be 60 percent. The minimum Pell Grant would be \$50. for less than half-time students instead of the current \$200. In addition the campus can make corrections to minimize delays that currently occur through the Pell Grant processor. The FY 1987 ceiling is \$4.8 billion

The Senate Subcommittee draft Reauthorization bill calls for a \$2400 maximum award in 1987-88 with \$200 increases for the succeeding years. There is a family income cap of \$30,000. These issues will definitely be a major debate in Conference late Spring.

Supplemental Educational Opportunity Grants (SEOG):

The House authorization for FY 1987 is \$500 million. The maximum grant would increase from \$2,000. to \$4,000. and there would be increased efforts to target the funds to low income students. All students must demonstrate need and 75% of a campuses allocation of SEOG grants must be to Pell Grant recipients.

The Senate Subcommittee bill calls for a maximum grant of \$3,000/year with targetting on exceptionally needy students. The FY 1987 ceiling is \$455 Million.

State Student Incentive Grants (SSIG):

The authorization level would be \$100 million with the maximum grant increased from \$2,000 to \$3,000. The allocation of funds for a specific state will only count those students who could be served by the grant program. The matching share of the funds must be direct state appropriations by FY 1989.

TRIO: Special Programs for Students from Disadvantaged Backgrounds:

The authorization level would be \$400 million. A National Center for Postsecondary Opportunity would be established to ensure that adequate information on student aid is available for students, parents, counselors, community services programs, etc. The Senate Bill does not include the Center or the Toll Free 800 Student Information Hotline.

National Direct Student Loans (Perkins Loans):

The House authorization level would be \$300 million. Priority for getting loans will be to students with family income below \$25,000. Eligibility or ineligibility for a

Pell Grant must be granted prior to receiving a GSL or NDSL. Loan limits would be increased from \$3,000. to \$5,000 for the first two years of undergraduate with a total loan limit of \$10,000 at 7% interest, up from the current 5% interest.

The Senate authorization level would be \$228 million with loan limits at current levels and a 7% interest rate.

College Work Study (CWS):

The House authorization level is \$700 million for FY 1987. The match from the institution would rise from 25% in 1989-90 to 30% after 1990-91. 25% of allotted funds can be used for jobs in the private sector whose match will be 40, 45 and 50% in the next three years. Funds available for reallocation would be split between cooperative education programs and literacy projects.

The Senate would authorize a FY 1987 ceiling of \$622 million and would allow CWS funds to be used for community service learning programs.

TAX REFORM: The tax bill passed the House of Representatives during the last week of the session after a stormy time on the House floor. When the Rule originally came up for a floor vote, it was defeated by a coalition of Democrats and Republicans who opposed the bill - H.R. 3838 as it was reported out of the House Ways and Means Committee. USSA strongly supported the retention of the State and Local Tax Deduction which is in H.R. 3838. President Reagan had initially stated that he would not support any Tax Reform which did not eliminate the deduction, yet he went up to Capitol Hill supporting the House Ways and Means Bill in an effort to keep Tax Reform alive.

The Senate will begin their version of Tax Reform early this Spring, yet Senator Packwood (R-OR), Chair of the Senate Finance Committee has stated that he doesn't expect his version to be too different especially since the President actively supported House passage.

CIVIL RIGHTS RESTORATION ACT: H.R. 700/S.431 are still alive in both the House and Senate. The first three months of 1986 will be very critical to the future of the legislation. A massive grassroots effort is being planned which starts with discussion of civil rights over the past 20 years focussed on Martin Luther King's Birthday and other state and national events in the Spring including February 28th - the second anniversary of the Supreme Court decision. We will be working in coalition with other organizations both in Washington and in states to focus on the importance of quickly passing the legislation.

Joe Student

The purpose of this project is to show how much it costs a freshman to go to school at UAF and how much it has gone up between 1983-84 and 1985-86.

Introducing..... Joe Student

He is a resident of Alaska.

He owns a car.

He lives in Nerland Hall in a double room.

He eats 19 meals a week.

He needs tutoring in Calculus.

The semester is 16 weeks long.

He is taking a course load of 14 credits:

CHEM 105 - General Chemistry	4 credits
MATH 200 - Calculus I	4 credits
MUS 155 - Class lessons-Brass	1 credit
ENGL 111 - Methods of Written Communications	3 credits
PE 100 - Beginning Fencing	1 credit
LS 101 - Library Skills	1 credit

Joe's Expenses

<u>Fee paid for</u>	<u>1983-84</u>	<u>1984-1985</u>
Admission Fee (This is a fee for processing new students materials)	\$10.00	\$20.00
Dorm Deposit	\$50.00	\$50.00

Carl Triplehorn
 Executive Assistant/UAF
 ASUA/October 1985

Early Orientation for New Students	\$30.00	\$35.00
Tuition	\$25.00 per credit	\$35.00 per credit
Meal Ticket	\$800.00	\$725.00
Double Occupancy Dorm Room	\$350.00	\$500.00
Health Insurance	\$56.00	\$72.00
Activity Fee	\$24.00	\$24.00

*need to
extrapolate*

Class Fees

CHEM 105

Lab Fee	Deposit \$2.00	Deposit \$5.00
Lab book	\$21.35	\$10.00
Book	\$34.95	\$41.05
Study Guide	\$14.95	\$15.50

MATH 200

Book	\$42.75	\$42.75
Tutoring 1 hour a week	FREE	\$4.00 an hour

Carl Triplehorn
Executive Assistant/UAF
ASUA/October 1985

MUS 155

Fee for Class Lessons	\$15.00	\$65.00
Music Locker Deposit	\$10.00	Pay \$10.00

ENGL 111

Book	\$19.95	\$19.95
Book	\$14.40	\$14.40
Book	\$14.40	\$14.40

PE 100

Gym Fee	FREE	\$10.00
Gym Locker Fee	\$5.00	\$5.00

LS 101

Book	\$5.00	\$7.00
------	--------	--------

Others

Dorm Dues	\$10.00	\$15.00
Hockey Game	\$1.50	\$2.00
ASUA Movies	\$1.00	\$1.50
Personal Expenses	\$20.00 a week	\$20.00 a week
Parking Sticker for Car	\$10.00	\$25.00

Carl Triplehorn
Executive Assistant/UAF
ASUA/October 1985

Parking Ticket	\$12.00	\$15.00
	-----	-----
TOTAL	\$2162.25	\$2543.55

If Joe Student paid for this exact amount with his student loan, at the present 5% for 10 years on the principle, his first freshman semester would have cost him:

Amount Joe would pay for his first semester his freshman year (this figure does not include the forgiveness clause)	\$3522.05	\$4142.44
---	-----------	-----------

If Joe Student worked at the University of Alaska he would have earned \$6.44 an hour in 1983 and \$5.60 in 1985. This amounts to:

10 hrs a week for 16 weeks	\$1030.40	\$896.00
-------------------------------	-----------	----------

Joe Student had a Student Loan both years . In 1983-84 1,902 students recieved loans at UAF for a total of \$6,700,571. This fall 2,111 checks were recieved by UAF for a total income of \$8,953,578. As college gets more expensive students must borrow more money :

Carl Triplehorn
Executive Assistant/UAF
ASUA/October 1985

Average Student Loan Check recieved by a student at UAF	\$ 3,522.90	\$4241.39
--	-------------	-----------

WEATHER

Mostly cloudy tonight. Low near 20. Thursday, cloudy. High near 32.

Weather, page B-8



Thursday daylight
7 Hrs. 36 Min.

Sunrise9:26 a.m.
Sunset5:02 p.m.

Friday daylight
7 Hrs. 42 Min.

Sunrise9:23 a.m.
Sunset5:05 p.m.

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Times photo by Al Grillo

Inlet View Elementary School students watch the flag being lowered to half-staff Tuesday after the space shuttle explosion

Army halts Fairbanks project

FAIRBANKS (AP) — The Army has ordered a contractor to stop work on a \$50-million, 400-unit housing project at Fort Wainwright because of protests from four unsuccessful bidders on the project.

The housing project is being built to accommodate 3,500 soldiers and family members of a new brigade in the 6th Army Division, which is to have its headquarters at Fort Wainwright. Brigade personnel will be arriving in Alaska over the next two years.

Army officials have said the presence of the new brigade will lead to the hiring of about 500 civilian workers for service jobs.

The losing bidders claim that

in the first of two rounds of bidding, North Star Alaska Housing Corp. exceeded an \$8.14-million annual cost ceiling set by the government, Pat Richardson, spokeswoman for the Army Corps of Engineers, said Tuesday.

She said North Star, run by Fairbanks developer Dick Fischer, was ordered last week to halt work and minimize further costs associated with the contract. The stop-work order will remain in effect until a ruling by the General Accounting Office in Washington, she said.

Fred Frink, North Star's vice president, said the shutdown would not affect his business immediately.

When the formal board meets, it will face a mountain of data, thousands of photographs and libraries of papers tracing the history of each and every one of the millions of parts that made up

When the formal board meets, it will face a mountain of data, thousands of photographs and libraries of papers tracing the history of each and every one of the millions of parts that made up

clined to be admitted... said the investigation will focus the pattern of earlier space agency accidents, including the 1967 fire that killed three astro-

See Challenger, page A-12

"We don't expect to really do anything out there until March or April," he said. "We don't feel it's any detriment to us."

In a letter to North Star, the Corps of Engineers said that because of the project's urgency, it was seeking authorization to let Fischer resume work despite the protests.

North Slope won the bid Dec. 31, 1985, with a first-year annual rent of \$7.7 million. The contract calls for the company to build and lease back to the Army 400 housing units at Fort Wainwright.

The contract will be worth more than \$150 million during its duration of 19.5 years, with rent

adjusted to offset inflation as the contract progresses.

The request for proposals on the project specified that the "average annual cost" of the rent was not to exceed \$8.14 million. The Corps interpreted that to mean the first-year rent proposed by each bidder, and Fischer's initial bid was just \$200 under the mark.

But the protesting bidders said the specifications mean the average rent over the life of the project. They said Fischer should have been disqualified in the first round because inflation adjustments would put his average rent over the life of the project above the \$8.14 million ceiling.

Lawmakers call new loan rule discriminatory



Bettye Fahrenkamp

by Beth Barrett
Times Juneau Bureau

JUNEAU — A new regulation requiring many in-state college students to pay \$500 of their annual schooling costs was called discriminatory Tuesday by some lawmakers on the Senate Health Education and Social Services Committee.

The regulation was adopted last December by the Alaska Commission on Postsecondary

Education and would apply to students getting state loans next year, said Kerry Romesburg, executive director of the commission.

In 1987, students who attend schools where the annual cost is less than \$6,000 will have \$500 deducted from their loan amount. Those who go to more expensive schools, mostly Outside, could get the \$6,000 without the deduction.

"I don't like the discriminatory flavor of it," said committee chairwoman Bettye Fahrenkamp, D-Fairbanks. "But I don't know what the solution is."

Sen. Joe Josephson, D-Anchorage, said the regulation is regressive because it could keep the state's financially disadvantaged students from getting an advanced degree.

Students from middle and
See Legislators, page A-12



Joe Josephson

Legislators criticize

Continued from page A-1

upper class families can automatically get \$6,000 a year, he said. Poor students may not have the \$500 to pay the balance of their education costs, he said.

Romesburg said the lawmakers' concerns were justified. He said, however, that in-state students attending accredited institutions could apply for a \$500 federal grant to make up the difference.

Josephson said that depending on revenue trends within the next few months, he may propose legislation reducing the \$6,000 maximum loan amount for all students.

He said such a change might be required if state dollars available for the loan program decline.

The postsecondary commission disliked changing the regulations, Romesburg said, but did so because the loan fund is running out of money each year and leaving thousands of students stranded without loans.

"We're trying to find a way to spread funds to more students," Romesburg said. "We're turning away thousands of people."

This year 1,300 applicants weren't able to get loans. If the \$500 deduction had been in place last year, it would have meant an additional \$4 million to the program and all the applicants would have gotten loans, he said.

In another action important to students, the Senate Finance Committee kicked back to the health, education and social services panel a loan bill regarding interest rates and grace periods for state loans to students.

The bill, introduced last year by Rep. John Binkley, R-Bethel, would raise interest rates on student loans from 5 percent to 8 percent. Students would have to begin repayment within six months instead of a year.

Lawmakers said the solution to the student loan program might be more complicated than tinkering with interest rates and payment schedules.

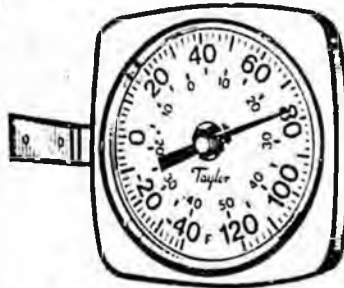
The federal government, for instance, is returning to a 12-month grace period after experimenting with the shorter one, Romesburg said.

The commission has estimated the state would have to spend \$83 million by 1990 to satisfy all loan applicants under the present terms of the loan program. That's \$20 million more than the state spent in 1986.

Health, education and social services panel vice chairman Arliss Sturgulewski, R-Anchorage, said the state can't make that kind of contribution to the loan program in the face of declining oil revenues.

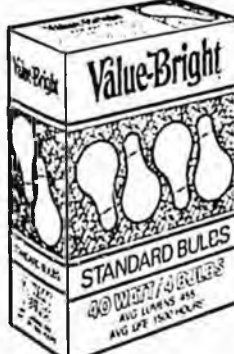
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JAN 15 1985

Register , 1985 MISCELLANEOUS BOARDS, COMMISSIONS 20 AAC 15.036

TITLE 20. MISCELLANEOUS BOARDS, COMMISSIONS

Chapter

15. Student Financial Aid (20 AAC 15.010 - 20 AAC 15.900)

CHAPTER 15. STUDENT FINANCIAL AID

Article

1. Scholarship Loans (20 AAC 15.010 - 20 AAC 15.081)

ARTICLE 1. SCHOLARSHIP LOANS

*adopted
12/14/85*

Section

10. Purpose of scholarship loan program
15. Administration
20. Filing dates
25. Priority ranking of applicants
30. Computation of authorized loan awards
35. Limitations on granting authorized loan awards
36. Limitations on granting loan awards
40. Conditions and limitations of loans
45. Disbursement of loan awards
50. Repayment of loans
55. Deferment of payments
60. State forgiveness payments
65. Default
70. Appeals to the executive secretary
75. Appeals to the commission
80. Complaint file
81. Loan audit and institutional sanctions

20 AAC 15.036 is amended by adding a new subsection (4) to read:

20 AAC 15.036. (4) a program of study offered outside the state in which the institution is located, unless the program's location is based upon, and serves, a bona fide educational purpose. (Eff. / /)

Authority: AS 14.43.105

20 AAC 15 is amended by adding a new section to read:

20 AAC 15.036. LIMITATIONS ON GRANTING LOAN AWARDS. A loan will not be awarded for

(1) an educational program that is avocational or recreational in nature;

(2) flight instruction leading to certification as a private pilot; or

(3) flight instruction for type ratings or other proficiencies, unless the student currently holds a commercial license. (Eff. 1/4/86, Reg. 97)

Authority: AS 14.43.105

prepared by Michael Smith, UAJ
H 586-4376
O 989-4537

STUDENT LOANS-- ONE STUDENT'S PERSPECTIVE

PROBLEMS WITH HB 161:

6% INCREASE IN INTEREST-- WHY SHOULD THE STUDENT LOAN PROGRAM, WHICH HAS ONE OF THE BEST RECORDS FOR PAYBACK, BE SINGLED OUT FOR SUCH A HUGE INCREASE IN INTEREST?

GRACE PERIOD ON REPAYMENT MOVED AHEAD 6 MONTHS, AT A TIME WHEN THE GRADUATING STUDENT CAN LEAST AFFORD IT.

THE BILL DOES NOT DO WHAT IT IS INTENDED TO DO

WHAT IS WRONG WITH THE STUDENT LOAN PROGRAM?

PEOPLE COME UP FROM OUT-OF-STATE LONG ENOUGH TO QUALIFY FOR THE RESIDENCY REQUIREMENT, APPLY FOR A LOAN, AND TAKE THE MONEY BACK OUT OF THE STATE. ALASKA PAYS FOR THEIR EDUCATIONS AND THE MONEY SPENT ON LIVING EXPENSES (OFTEN THE MAJOR PART OF THE LOAN) IS SPENT OUT OF THE STATE.

THERE ARE CASES OF PEOPLE WHO MAKE OVER \$50,000 ANNUALLY, APPLY FOR THE LOW-INTEREST LOAN, AND THEN PROCEED TO MAKE MONEY BY REINVESTING THE LOAN FUNDS.

THE POSTSECONDARY EDUCATION COMMISSION HAS DECREED THAT STUDENTS MUST SHOW THAT THEY SPEND \$500 OF THEIR OWN MONEY TO ATTEND SCHOOL. THIS AFFECTS IN-STATE STUDENTS PRIMARILY BECAUSE OUT-OF-STATE STUDENTS HAVE NO PROBLEM SHOWING THAT THEIR COSTS FOR LIVING, TUITION, AND BOOKS ALREADY EXCEED THE MAXIMUM AMOUNT OF THE LOAN BY AT LEAST \$500.

ALTERNATIVES TO HB 161:

1. CHARGE A DIFFERENTIAL RATE OF INTEREST 5% TO IN-STATE STUDENTS, 8% TO OUT-OF-STATE STUDENTS. EXEMPT THOSE STUDENTS ENROLLED IN DEGREE PROGRAMS NOT OFFERED WITHIN ALASKA.

OR

REQUIRE GRADUATION FROM AN ALASKA HIGH SCHOOL FOR STUDENTS WHO WANT A STUDENT LOAN TO ACQUIRE A DEGREE FROM OUTSIDE ALASKA IF THAT PROGRAM IS ALSO OFFERED WITHIN THE STATE.

2. INSTITUTE A REALISTIC INCOME/NEEDS FORMULA FOR ELIGIBILITY ON THE LOW-INTEREST LOAN. SOME STUDENTS HAVE A PROBLEM WITH AN INCOME CEILING FIGURE OF \$20,000. NOBODY HAS A PROBLEM WITH \$50,000. A REALISTIC FIGURE IS PROBABLY SOMEWHERE IN BETWEEN.

3. ANOTHER SUGGESTION THAT WOULD BRING MONEY BACK INTO THE PROGRAM MORE QUICKLY IS TO CREATE INCENTIVES FOR EARLY PAYBACK. THE CURRENT PROGRAM OFFERS NO REASON FOR EARLY PAYBACK. PERHAPS A FIRST-5-YEAR AT 5%, SECOND-5-YEAR AT 10% SCHEDULE WOULD DO IT?

*excludes
older
students*

*incentive
or
penalty?*

NATIONAL WEEKLY EDITION

The Washington Post

VOLUME 3, NO. 7

DECEMBER 16, 1985

\$1.50

Student Aid

The House approved, 350 to 67, a bill providing \$10.6 billion in fiscal 1987 to extend for five years education aid programs for college students. The provides for Pell grants, guaranteed student loans and other government educational programs used by about 5.8 million graduate and undergraduate students. The measure would apply a needs test to all families, not just those with incomes above

\$30,000 as is currently the case. And for the first time it would consider a family's assets, and not just income, in the needs test. The bill would retain the \$2,500 annual borrowing limit for undergraduates in the first two years of college, but would allow them to borrow \$5,000 a year in their last two years. The bill would extend the grace period for repayment of loans from six to nine months after graduation beginning with students receiving loans in 1988. As a cost-saving measure and incentive to repay their guaranteed loans quickly, the legislation would increase interest rates on the loans from 8 percent to 10 percent, beginning in their fifth year of repayment. The measure also would tighten loan-collection procedures. It now goes to the Senate. The administration opposes the bill, calling for further program cuts. (HR3700; Dec. 4)

The Student Association of the University of Alaska, Anchorage (SAUAA), recognizes the need for revision of the Alaska Student Loan Program so that it may be available for future generations, but SAUAA completely rejects HB 161 for the following reasons:

1- The accessibility of the loan program must not be threatened. The five percent rate of interest encourages many Alaskans to further their educations. A three percent increase would mean on a \$20,000 loan an extra \$27 per month over a 10 year period. The burden of repayment becomes too great. The Postsecondary Education Commission no longer supports this increase and neither do the students of UAA.

2- The decrease of the grace period from one year to six months would create unneeded hardships for students. This part of the bill could increase the default rate due to problems encountered directly after graduation. If a student graduates in May, their note would become due in November which is typically a depressed financial time of year. If students take a break in the course of their studies, they will be forced into a repayment schedule. The students should be allowed the time of one year just to get their lives stable after being in school for so long. As many of us know, the federal government loan programs do not endorse six month grace periods either.

3- The ramping clause is misleading. It could not only lead to an administrative nightmare, but could lead to massive confusion by the students as well. SAUAA can see no good reason for its inclusion in the bill.

4- The Postsecondary Education Commission administers the Alaska Student Loan Program. With the budget cuts to the agency, the staff perform amazingly efficient. The commissioners are prominent, educated

leaders of Alaska. Their expertise and broad experiences should contribute towards a positive direction. On December 14, 1985, The commission passed a regulation that each student recipient of a loan must contribute \$500 to their own education. This will create an additional \$4.3 million into the fund to help other perspective students afford their educations.

We feel the commission has solved the problem Representative Binkley was concerned with in the beginning, the Postsecondary Education Commissioners should be congratulated on their efforts to rescue the Alaska Student Loan Program. Representative Binkley recognized a need and helped stimulate constructive discussions. There is no current need for HB 161 and SAUAA believes it should be taken off the agenda.

STATE OF ALASKA
THE LEGISLATURE

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

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HESS 5-9-85 3:08pm

From: Mike Bradner

1/22/86

HB 161
Sandy

Problem:

The Administration is not unfriendly necessarily to the Alaska Student Loan Program supplemental, which has been forwarded from Post Secondary Commission to the Administration. However, it appears that the Administration's attitude may be to "wait-and-see" whether legislators are interested.

It may help if Legislators query both Ayers and Ray Gillespie about the status of the supplemental. Are they going to include it in their early February requests, and if so: How much?"

Second Problem:

There is a potential problem concerning funding of vocation technical loans as compared to four-year college loans. The problem is complex and is something the Post Secondary Commission will have to wrestle with, along with interested legislators, regarding a long term solution. In the meantime some kind of short-term solution may be needed to get by the immediate problem.

The problem has to do with how students approach a four-year academic program as opposed to short-term vocational training. University students tend to go on to school regardless, and leave their loan request on the table. Sort on in priority order.

Vocational technical students usually opt for training on an immediate basis, perhaps due to some change in their circumstances. They approach a school and decide or walk-away. They don't leave applications 'on the table.' What this means is that potentially the May 15th deadline and inadvertently favors university level students in a supplemental funding situation. The result is that voc-tech programs this spring could be empty.

In a year-long basis Post Secondary uses a 80% university and 20% voc tech funding. It would appear that care should be taken to split supplemental funds on an 80%/20% split. Or, given the inadvertant problem, created by the pattern intent might categorize supplemental funds only at a 70/30 split, insuring the variety of shortern term and diverse voc tech programs to have a reasonable life in the spring and summer period.

WHAT TO DO: In query of the governor's office might say there appears to be some problems with funding for voc tech programs, and ask if governor is going to specify some share to voc-tech. In the end probably the Finance Committees should simply establish some kind of intent. Additionally, it shou'd not be assumed that Post Secondary is necessarily opposed to such direction. They, in fact, may need it.

Senator Bettye Fahrenkamp
Chairperson - Senate HESS Committee

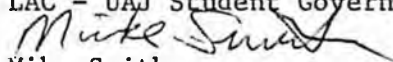
February 19, 1986

Dear Senator Fahrenkamp,

The Alaska Student Loan Program has been one of the most successful loan programs instituted by the State's Legislature. Both in its purpose and its structure, the Student Loan Program has performed well in comparison to many other loan programs available to Alaska's citizens. Inasmuch as this is the case, we would prefer that no changes be instituted in the Alaska Student Loan Program. However, in recognition of the fiscal realities facing the State, we have discussed the following list of alternatives for change in the program. We want to be sure that it is understood that this list serves only as suggestions for possible changes. The United Campuses of Alaska has officially taken a stand of "No Change" and is in opposition to those changes proposed in HB161. We hope this list will prove helpful to you in your deliberations. If we can otherwise help you, please let us know.



Steve Cole
LAC - UAJ Student Government



Mike Smith
President - UAJ Student Government

1. Two-Tier Program --
 - Essentially 2 programs
 - a) 1rst Program -- administered essentially the same as current loan program but with borrowing maximum set at \$4000, with 3% interest.
 - b) 2nd Program -- needs based; provides up to \$3000 in additional loan funds @ 5% interest.

2. Reduce borrowing miximums to:
 - \$5500 for all undergraduate, voc-tech, special program borrowers.
 - \$6500 for all graduate borrowers.

3. Incentive Based Limits on Loan Maximums --

Collegiate Borrowers

<u>Year</u>	<u>Loan Maximum</u>
1rst	\$5,000
2nd	5,000
3rd	5,500
4th & 5th	6,000
Graduate	6,500

*(these changes to be instituted in FY 88)

4. Increase interest rate on loans from 5% to 7%.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ARLISS STURGULEWSKI, Vice Chairman
JOE JOSEPHSON
PAUL FISCHER
EDNA ARMSTRONG-DE VRIES



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(907) 465-3834
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Senate Committee on Health, Education and Social Services

M E M O R A N D U M

TO: Members, Senate Committee on Health, Education and Social Services

FROM: Committee Staff

RE: Committee Meeting, March 4, 1986

DATE: March 3, 1986

On Tuesday, March 4, 1986, from 1:30-3:30 pm in the Beltz Room, the Senate Committee on Health, Education, and Social Services will hold a teleconferenced hearing on CSHB 161 (Finance)am, relating to the interest rate, loan conditions and repayment provisions of scholarship loans.

The attached draft committee substitute would:

- 1) reduce the maximum loan available for undergraduate students from \$6000 to \$5500,
- 2) reduce the maximum loan available to graduate students from \$7000 to \$5500, and
- 3) increase the interest rate from 5% to 8%.

Under the draft, the grace period would remain at 12 months and forgiveness of up to 50% of the loan amount would continue to be allowed.

Attached is a copy of the bill and an explanation of its fiscal impacts.

CHAPTER 15.
STUDENT FINANCIAL AID

Article

- 1. Scholarship Loans
(20 AAC 15.010-20 AAC 15.085)

ARTICLE 1.
SCHOLARSHIP LOANS

Section

- 10. Purpose of scholarship loan program
- 15. Administration
- 20. Filing dates
- 25. Priority ranking of applicants
- 30. Computation of authorized loan awards
- 35. Limitations on granting authorized loan awards
- 40. Conditions of loans
- 45. Disbursement of loan awards
- 50. Repayment of loans
- 55. Deferment of payments
- 60. State forgiveness payments
- 65. Default
- 70. Appeals to the executive secretary
- 75. Appeals to the committee
- 80. Complaint file
- 81. Loan audit and institutional sanctions
- 85. Definitions

20 AAC 15.010 PURPOSE OF SCHOLARSHIP LOAN PROGRAM. The scholarship loan program provides low-cost educational loans to Alaskan students enrolled in undergraduate, graduate, or career degree programs. (Eff. 2/3/77, Reg. 61)

Authority: AS 14.43.105

20 AAC 15.015. ADMINISTRATION. The executive secretary of the student financial aid committee shall appoint, subject to approval of the committee, a director of student financial aid. The director reviews all applications for scholarship loans and determines an applicant's eligibility and amount of award, subject to review by the executive secretary and the committee. (Eff. 2/3/77, Reg. 61)

Authority: AS 14.43.105

Editor's Note: Applications for scholarship loans are available from the Alaska Commission on Postsecondary Education, Director of Student Financial Aid, Pouch F, Juneau, Alaska 99811.

20 AAC 15.020. FILING DATES. (a) The

application deadline for loan applications is May 15 preceding the school year for which the loan is requested.

(b) An application will be considered timely only if it is postmarked on or before the applicable deadline, contains all information required to make a determination of the applicant's eligibility and the amount of the loan award, and is accompanied by four signed verification of residency forms. The residency forms must be signed by adults who live at different addresses from each other and who have periodic contact with the applicant. At least one residency form should be signed by a relative of the applicant.

(c) An incomplete application will be returned to the applicant with a request for further information. No further action will be taken on an incomplete application until it is resubmitted.

(d) Repealed 12/7/80.

(e) Except for good cause shown, as determined by the director, an application will not be accepted from a person who has attended more than two weeks of the school term for which the loan is requested. (Eff. 2/3/77, Reg. 61; am 12/7/80, Reg. 76; am 7/9/82, Reg. 83; am 6/12/85, Reg. 94)

Authority: AS 14.43.105

20 AAC 15.025. PRIORITY RANKING OF APPLICANTS. (a) Upon receipt of a completed application for collegiate study, an applicant will be assigned priority points based upon the schedule set out in (b) of this section.

(b) Each applicant for a loan for a collegiate program will be assigned priority points based upon student status and state of attendance, according to the following schedule:

(1) student status (during loan period):

(A) continuing undergraduate or graduate students with existing Alaska student loans for the previous school year or term 6 points

(B) remaining senior students. . . 5 points

(C) remaining junior students. . . 4 points

- (D) remaining sophomore students 3 points
- (E) remaining freshman students 2 points
- (F) remaining graduate students 1 point

(2) students attending colleges or universities in Alaska 1 point

(c) Completed applications for collegiate study received by February 15 will be grouped together. Complete applications received after February 15th will be grouped in monthly lots. The groups will be processed according to priority point accumulation. Those applicants receiving the highest priority point accumulation within a group will be processed first and those receiving the lowest priority point accumulation within a group will be processed last. In the case of equal point accumulation within a group, priority will be based upon the earliest date of receipt of the completed application.

(d) Completed applications for a non-collegiate postsecondary program will be processed in the order of receipt of the application in the loan office. (Eff. 2/3/77, Reg. 61; am 12/7/80, Reg. 76; am 11/19/83, Reg. 88)

Authority: AS 14.43.105

20 AAC 15.030. COMPUTATION OF AUTHORIZED LOAN AWARDS. (a) Repealed 7/9/82.

(b) The maximum authorized loan for an applicant enrolled for less than a full school year, as defined by the enrolling institution and as approved by the director, is determined by prorating the maximum authorized loan award based upon the actual period of attendance, unless the period of attendance encompasses the entire program of study, in which case the award will be based upon computation of financial need.

(c) Subject to the limitations of (b) of this section, an applicant's authorized loan award will be based on the director's computation of the applicant's financial need. Financial need will be computed as the difference between the required fees, tuition, room, board, books and

supplies, as applicable, charged by the institution for the course of study for which the applicant has been accepted or is enrolled in full-time status and the amount of funds available to the applicant from other sources to meet those expenses. The amount of the authorized loan award will be the next lower multiple of \$50 below the computed financial need.

(d) Married students applying for separate loans may apportion those expenses listed on their applications which are for common use or commonly held property as they see fit. However, the total of commonly shared expenses listed on both applications may not exceed 100 percent of the actual expense.

(e) An applicant who elects to live off campus when room or board is available from the institution may list as an expense only the cost of the room or board available from the institution, unless it can be demonstrated that any additional expense for living off campus is reasonable and necessary.

(f) The director may require an applicant to furnish copies of financial records and other relevant information to verify statements on his application.

(g) An applicant who has been awarded a loan based on admission to a particular institution shall notify the director immediately if the applicant elects to attend a different institution. The applicant shall then resubmit a loan application based on admission at the new institution. The applicant will not lose his or her priority category status, as determined under 20 AAC 15.025(a), but shall give 60 days' notice of the change in institutions to insure the timely receipt of money. (Eff. 2/3/77, Reg. 61; am 7/9/82, Reg. 83; am 12/13/84, Reg. 92)

Authority: AS 14.43.105

AS 14.43.110

AS 14.43.115

20 AAC 15.035. LIMITATIONS ON GRANTING AUTHORIZED LOAN AWARDS. Repealed 12/7/80.

20 AAC 15.040. CONDITIONS OF LOANS.

(a) The recipient of a scholarship loan shall report to the director any changes which affect

the conditions of his loan or his repayment schedule, including any change of address, withdrawal or dismissal from his full-time course of study, change in schools, or state residency status, or change in financial status.

(b) Money received for scholarship loan may be used only for books and supplies, tuition, required fees, room and board.

(c) A promissory note in full amount of the loan award must be signed by the recipient, or by the recipient's parent or legal guardian if the recipient is under 16 years of age. However, liability for the loan is limited to the actual amount of the loan funds disbursed to the recipient, plus interest and collection fees as necessary.

(d) The provisions of this chapter will be incorporated by reference into each promissory note.

(e) Loans will not be granted for more than five full undergraduate school years, or more than five full graduate years, or more than a total of eight full school years of combined undergraduate and graduate study.

(f) The costs incurred in the collection of a defaulted loan, including attorney fees and court costs, shall be borne by the recipient.

(g) Interest on a loan begins to accrue on the date of initial disbursement. However, interest will be paid for a student during the period before the repayment period of the loan begins and during a period of deferment provided under 20 AAC 15.055.

(h) Interest shall be computed at the annual rate of five percent of the outstanding balance of the loan.

(i) At the time student applies for a loan, the director will provide an anticipated repayment schedule for the total amount of the current loan and any loans received in prior consecutive years. The repayment schedule will be computed from the date the recipient anticipates the completion of his or her full-time course of study. The schedule will include a 12-month optional deferment period, the number and amount of payments, including interest, over the 10

succeeding years; and the annual percentage rate of interest.

(j) For non-collegiate postsecondary programs, the commission applies for standard of good standing used by the institution of attendance. For collegiate programs, the commission applies the cumulative grade point average (G.P.A.) based upon the following minimums, computed for two or more terms:

Student Level	Minimum Requirement
Undergraduate	2.00 cumulative G.P.A.
Graduate	3.00 cumulative G.P.A.

(k) In addition to the requirements established in (j) of this section, a borrower in a collegiate program must successfully complete all course work in which he or she is enrolled while a borrower under AS 14.43, up to the required full-time enrollment in each term of enrollment, and must maintain a grade point average of at least 1.50 or 2.50, for undergraduate and graduate students respectively, for each term in which he or she has borrowed under AS 14.43. If a borrower fails to meet good standing requirements, the borrower is ineligible to receive further loans or loan disbursements until the borrower successfully completes a term of full-time study and meets the minimum grade point average requirement.

(l) A borrower who fails to meet the good standing requirements in (j) and (k) of this section may request from the director a waiver of the requirements for good cause. The request for waiver must be filed on forms provided by the commission for that purpose and must set out the reasons for the request. The director shall determine whether the reasons constitute good cause shown as defined in 20 AAC 15.085(16) and may require documentation from the borrower. In his discretion, the director shall grant or deny the request for waiver.

(m) A borrower in a flight school program must hold, as a prerequisite for eligibility, a valid private pilot's certificate.

(n) A borrower may be enrolled in more than one institution, but must be enrolled for at least 75 percent of the full-time student requirement in the degree-granting institution for which the

loan is obtained. The combined total of these multiple enrollments must be equivalent to at least full-time enrollment.

(o) A borrower who has previously received loans under this program, and whose loans are in repayment, must be current in monthly payments through the month immediately preceding the new loan period in order to receive a new loan. (Eff. 2/3/77, Reg. 61; am 5/10/78, Reg. 66; am 12/7/80, Reg. 76; am 7/9/82, Reg. 83; am 11/19/83, Reg. 88; am 12/13/84, Reg. 92; am 12/13/84, Reg. 92)

Authority: AS 14.43.105
AS 14.43.120
AS 14.43.140

20 AAC 15.045. DISBURSEMENT OF LOAN AWARDS. (a) The loan will be disbursed in equal or proportionate installments, with each installment issued before the school term which the recipient has indicated he will attend.

(b) A warrant for the appropriate amount of the loan disbursement and a record of disbursement and receipt form will be mailed to the recipient in care of the financial aid officer of the institution which the recipient is attending.

(c) Before delivering the warrant to the borrower, the financial aid officer shall certify, on a form to be provided by the commission, that the borrower is a full-time student in good standing at the institution. If the full-time status is the result of attendance at more than one institution, the certifying institution must certify full-time and good standing status for the multiple enrollments.

(d) At the time the warrant is delivered to him, the recipient must certify its receipt on the record of disbursement and receipt form.

(e) The recipient is responsible for the return of the record of disbursement receipt form to the director. Failure to return a completed form will result in no further warrants being issued to the recipient.

(f) An institution may not hold loan warrants for longer than 60 calendar days after the beginning of the school term, or specified date of beginning, for which the warrant is issued. If

the warrant is unclaimed or the student is ineligible at the end of the 60-day period, the institution shall return the warrant to the commission, stating the reasons for its return; the loan will then be cancelled. (Eff. 2/3/77, Reg. 61; am 12/7/80, Reg. 76; am 7/9/82, Reg. 83; am 11/19/83, Reg. 88; am 12/13/84, Reg. 92; am 5/12/85, Reg. 94)

Authority: AS 14.43.105

20 AAC 15.050. REPAYMENT OF LOANS. (a) The repayment period of a loan begins 12 months after the date the loan recipient ends full-time student status. The first payment becomes due on the first day of the 13th month after the date the recipient ends full-time student status.

(b) At the time the recipient first ends his full-time student status, he must contact the director and establish a repayment schedule satisfactory to the director.

(c) Payments for all loans granted to a recipient may be consolidated into single monthly payments.

(d) Subject to the deferment provisions of 20 AAC 15.055 and the hardship provisions of (e) and (f) of this section, a loan must be fully repaid within 10 years from the date first payment is due.

(e) In cases of hardship and based on such factors as the seriousness of the hardship, its anticipated duration and the expectation of increased earnings in later years, the director may, in his discretion, alter the repayment schedule by extending the period of repayment, subject to the deferment provisions of 20 AAC 15.055, to a maximum term of 11 years, or weight the regular payments to ease payment in the first years and require larger payments in later years, or both.

(f) A recipient whose repayment schedule has been modified as a result of hardship must certify annually to the director the continued existence of the conditions under which the hardship determination was made. At the time the conditions no longer exist, the recipient must notify the director and renegotiate his payment schedule, based on the loan's outstanding balance and accrued interest, over a term acceptable to the director.

(g) If a recipient chooses to make a payment in an amount larger than that required by the repayment schedule, the difference will be applied to the remaining principal of the loan unless otherwise specified by the recipient. (Eff. 2/3/77, Reg. 61; am 5/10/78, Reg. 66; am 12/7/80, Reg. 76)

Authority: AS 14.43.105

AS 14.43.120

20 AAC 15.055. DEFERMENT OF PAYMENTS. (a) Periodic installments of principal will be deferred, but interest accrues and must be paid unless the loan recipient is eligible for interest payment benefits under 20 AAC 15.040(g) during any of the following:

- (1) return to full-time student status;
- (2) active duty as a member of the armed forces of the United States;
- (3) service for up to three years as a full-time volunteer under the Peace Corps Act;
- (4) service for up to three years as a full-time volunteer under the Domestic Volunteer Service Act of 1973;
- (5) for a one-time period of up to 12 months in which the loan recipient is seeking and unable to find employment in the United States;
- (6) a period of disability of the loan recipient if the loan recipient is at least 50 percent disabled as certified by competent medical authority; or
- (7) an internship or residency which is required as part of the program of study if the internship or residency does not exceed 24 months.

(b) A recipient who desires a deferment of payments under this section must inform the director of his request to be considered for a deferment. Upon receipt of this notification, the director will send the recipient a form by certified mail, return receipt requested, which must be completed by the recipient describing the conditions under which he requests the deferment. A failure to return the form within 30 days of the date it is received without good cause will result in the continuation of interest accrual and required payments, if applicable.

(c) Repealed 12/7/80.

(d) A recipient who has received a payment deferment must notify the director immediately when the conditions under which the deferment was granted no longer exist. When the director receives this notification, he will redetermine the recipient's payment schedule and notify the

recipient of the number and amount of the payments required to retire the loan. (Eff. 2/3/77, Reg. 61; am 5/10/78, Reg. 66; am 12/7/80, Reg. 76)

authority: AS 14.43.105
AS 14.43.120

20 AAC 15.060. STATE FORGIVENESS PAYMENTS. (a) Under AS 14.43.120(j), a recipient of a loan is eligible to have up to 50 percent of the total loan and accrued interest paid by the state if the borrower continues Alaskan residency after the successful completion of the course of study for which the loan was granted, and is awarded an appropriate degree, diploma, or certificate, and remains, except for brief periods, in the state during the period for which forgiveness is claimed.

(b) In order to qualify for forgiveness payments under AS 14.43.120(j), a borrower must, within one year after either the last day of the school year in which the borrower completed full-time study, or an extension of that period by deferment under AS 14.43.120(k), return to Alaska to live.

(c) Forgiveness payments under this section will be computed as follows:

(1) if the recipient satisfies the requirements of (a) and (b) of this section for at least two, but less than three, consecutive years, the recipient will be eligible for a first forgiveness payment in an amount equal to 10 percent of the total loan, plus 10 percent of the interest accrued as of the second anniversary of the date the recipient first returned to Alaska;

(2) if the recipient satisfies the requirements of (a) and (b) of this section for at least three, but less than four, consecutive years, the recipient will be eligible for a second forgiveness payment in an amount equal to 10 percent of the total loan, plus 10 percent of the interest accrued as of the third anniversary of the date the recipient first returned to Alaska;

(3) if the recipient satisfies the requirements of (a) and (b) of this section for at least four, but less than five, consecutive years, the recipient will be eligible for a third forgiveness payment in an amount equal to 10 percent of the total loan, plus 10 percent of the interest

accrued as of the fourth anniversary of the date the recipient first returned to Alaska;

(4) if the recipient satisfies the requirements of (a) and (b) of this section for at least five, but less than six, consecutive years, the recipient will be eligible for a fourth forgiveness payment in an amount equal to 10 percent of the total loan, plus 10 percent of the interest accrued as of the fifth anniversary of the date the recipient first returned to Alaska;

(5) if the recipient satisfies the requirements of (a) and (b) of this section for at least six consecutive years, the recipient will be eligible for a fifth forgiveness in an amount equal to 10 percent of the total loan plus 10 percent of the interest accrued, as of the sixth anniversary of the date the recipient first returned to Alaska.

(d) Subject to (g) of this section, that portion of the forgiveness payment based on the total loan will be credited against principal and that portion of the forgiveness payment based on accrued interest will be credited against interest. In order to receive the forgiveness credit, the recipient must be in repayment under AS 14.43.120(g) on the loan for which he or she claims the forgiveness. Subject to the requirements of this section, any previous state forgiveness due will be credited against principal. The forgiveness credit does not alter the amount of monthly principal and interest payments due or the terms and conditions of the repayment schedule.

(e) In order to receive a state forgiveness payment, the recipient must notify the director of his or her eligibility, and complete a form available from the director, certifying that the recipient has satisfied the appropriate requirements.

(f) A recipient who ceases to be physically present in Alaska during the period he or she is eligible for a state forgiveness payment loses eligibility for any further state forgiveness payment under this section.

(g) A recipient whose loan is completely repaid before becoming entitled to the maximum forgiveness payment available to that recipient may notify the director of his or her eligibility for a state forgiveness payment in the manner

provided in (e) of this section each time he or she qualifies for a recomputation of the forgiveness. Upon verification of the recipient's eligibility, the director will issue a warrant payable to the recipient in the amount to which he or she is entitled.

(h) A recipient who fails to meet the requirements of this section may request a waiver of the requirements from the director. The request for waiver must be filed on a form provided by the commission for that purpose and must set out good cause for the request as determined by the director. The director may require documentation, and may grant or deny the request. (Eff. 2/3/77, Reg. 61; am 12/7/80, Reg. 76; am 7/9/82, Reg. 83; am 12/13/84, Reg. 92; am 12/13/84, Reg. 92)

Authority: AS 14.43.105
AS 14.43.120

20 AAC 15.065. DEFAULT. (a) A recipient's loan will be considered in default if he fails to make three consecutive monthly payments or two consecutive quarterly payments, fails to comply with the reporting requirements of 20 AAC 15.040(a), or is determined by the director to have falsified any document required by this chapter.

(b) When a loan is found to be in default by the director, the recipient will be notified of that fact by certified mail, return receipt requested. The recipient has 30 days from the receipt of the notification to cure the default or otherwise respond in writing to the director's finding. Failure to cure the default or otherwise respond to the default notification within this time period will result in the director forwarding the recipient's file to the executive secretary for appropriate action. (Eff. 2/3/77, Reg. 61)

Authority: AS 14.43.105
AS 14.43.120

20 AAC 15.070. APPEALS TO THE EXECUTIVE SECRETARY. (a) A decision or other determination of the director under this chapter may be appealed in writing to the executive secretary of the committee, Alaska Commission on Postsecondary Education, Pouch F, Juneau, 99811. The appeal must be post-marked within 30 days of the date the decision or determination being appealed was mailed,

must clearly state the objections to that decision or determination, and must set out justification for any alternative action sought.

(b) The executive secretary shall acknowledge receipt of an appeal by certified mail, return receipt requested, within 30 days. The executive secretary shall render his decision, in writing, as expeditiously as possible after receipt of the appeal and send it to the appellant by certified mail, return receipt requested.

(c) At the appellant's request, the executive secretary shall afford the appellant or his designated representative the opportunity to present his appeal in person. (Eff. 2/3/77, Reg. 61)

Authority: AS 14.43.105

20 AAC 15.075. APPEALS TO THE COMMITTEE. (a) A decision of the executive secretary may be appealed to the chairman of the committee. The appeal must be made within 30 days of the receipt of the executive secretary's decision, must clearly state the objections to that decision, and must set out justification for any alternative action sought.

(b) The chairman of the committee will place an appeal on the agenda for the committee's next meeting and notify the appellant of the time and location of the meeting and that he or his designated representative may present his appeal in person to the committee at that time.

(c) The committee's decision on an appeal is final. (Eff. 2/3/77, Reg. 61)

Authority: AS 14.43.105

20 AAC 15.080. COMPLAINT FILE. (a) A written complaint regarding the administration of the scholarship loan program must be answered within 30 days of its receipt.

(b) The director shall maintain a separate complaint file.

(c) At the committee's first meeting of the calendar year the director shall provide the committee with a synopsis of all written complaints received during the prior 12 months and a description of the action taken on each complaint. (Eff. 2/3/77, Reg. 61)

Authority: AS 14.43.105

20 AAC 15.081. LOAN AUDIT AND INSTITUTIONAL SANCTIONS. (a) No loan may be made to a person to attend an institution which has failed to consent to periodic audits by the director for purposes of determining verification of student loan eligibility, management of student loan documents, and compliance with state student loan laws. The consent must be on forms provided by the commission.

(b) At the conclusion of the audit, the director shall set out an error rate based upon the number of institution loan files divided into the number of files failing to comply with eligibility requirements, necessary documentation, or other requirement of state student loan law.

(c) An institution enrolling less than 50 student loan recipients which receives an audit error rate of 10 percent or greater, or an institution enrolling 50 or more student loan recipients which receives an audit error rate of five percent or greater, must be placed on probation. The director shall specify the period of probation, not to exceed 24 months. The institution placed on probation may be audited again during the probationary period.

(d) An institution audited after being placed on probation will receive a new error rate and general audit report. If the error rate has been reduced to less than the level prescribed in (c) of this section, the probationary status will be removed.

(e) An institution audited after being placed on probation and receiving a second error rate in excess of that prescribed in (c) of this section must be designated "ineligible."

(f) An ineligible institution may not receive or distribute student loans under this program. The period of ineligibility will extend for not less than one year nor more than three years, as determined by the committee.

(g) After the period of ineligibility has expired, the institution will be placed on probation for a 24-month period, with audits to be performed at the end of 12 and 24 months.

(h) An institution declared ineligible under (e) of this section may request a hearing before the committee.