

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8872 SENATE HEALTH EDUCATION & SOCIAL SERVICES

	A	B	C	D	E	F	G	H	I	J	K
1	ALASKA DEPARTMENT OF EDUCATION										
2	SCHOOL OPERATING FUND REVENUES										
3	COMPILED FROM FISCAL YEAR 1995 Budgets										
4	Impact aid disparity test computations based on FY95 Budgeted data and on foundation distributions and calculations.										
5	Includes single site appropriations.										
6	Preliminary Disparity Test FY95 - Includes Supplemental \$500 Unit Allocation to REAAs										
7	SCHOOL DISTRICT	FY95 Actual Foundation Payments	Adjustments Based on budget	Budgeted State Tuition	Budgeted Other State Revenue	SUB-TOTAL STATE REVENUE	Budgeted City/Borough Appropriations	Budgeted Earnings on Investments	Budgeted Other Local Revenue	Budgeted In-Kind Services	SUB-TOTAL LOCAL REVENUE
10	NORTH SLOPE	10,003,231	0	0	40,000	10,043,231	27,863,000	0	50,000	0	27,913,000
11	VALDEZ	3,296,449	6,703	0	0	3,303,152	3,946,990	80,000	48,000	0	4,074,990
12	HOCNAH	1,856,774	0	0	126,270	1,983,044	538,779	25,000	15,000	0	578,779
13	UNALASKA	1,586,016	5,352	0	200,690	1,892,258	1,385,800	20,000	35,936	0	1,441,736
14	HYDABURG	977,461	0	0	108,080	1,085,571	57,711	4,000	27,500	0	89,211
15	WRANGELL	2,638,591	0	0	151,890	2,790,481	1,086,168	5,000	15,000	29,000	1,135,168
16	SKAGWAY	696,726	0	0	119,560	816,286	488,574	6,000	0	0	494,574
17	KAKE	1,285,536	0	0	136,640	1,422,176	80,000	20,000	8,585	50,000	258,585
18	JUNEAU	22,481,943	0	110,000	0	22,591,943	12,778,000	0	83,032	0	12,859,032
19	SITKA	6,923,549	0	40,000	447,130	7,410,679	3,766,524	0	22,000	0	3,788,524
20	KENAI	44,172,161	0	272,800	0	44,444,961	20,601,573	0	75,000	5,995,004	26,671,637
21	PETERSBURG	3,196,745	0	1,818	192,470	3,398,033	1,429,406	15,000	4,000	0	1,448,406
22	HAINES	2,055,774	0	0	0	2,055,774	1,630,311	17,000	11,000	0	1,052,311
23	KETCHIKAN	9,624,799	0	40,000	28,500	9,693,299	6,347,993	14,000	10,154	280,000	6,652,147
24	BRISTOL BAY	1,522,798	0	0	0	1,522,798	933,421	20,000	15,000	200,000	1,168,421
25	MCME	4,724,803	0	13,645	284,740	5,003,188	1,117,906	30,000	117,290	0	1,265,196
26	KLAWOCK	1,520,331	0	0	166,460	1,686,791	97,500	35,000	56,452	32,500	221,352
27	FAIRBANKS	62,314,043	0	1,249,500	0	63,563,543	25,380,000	0	250,000	0	25,630,000
28	ALEUTIANS EAST	3,577,702	0	0	15,000	3,592,702	797,670	0	7,000	161,000	965,670
29	DILLINGHAM	2,944,758	0	10,000	250,100	3,204,858	685,054	30,000	157,000	0	872,054
30	TANANA	1,130,861	0	9,368	122,000	1,262,229	0	10,000	1,000	98,000	109,000
31	ANNETTE ISLAND	1,373,918	0	0	188,150	1,562,068	0	0	0	0	0
32	YAKUTAT	1,290,931	0	0	126,270	1,417,201	176,620	2,000	9,362	0	187,982
33	ANCHORAGE	179,878,890	0	960,000	983,500	181,822,390	71,773,335	1,751,500	1,099,000	0	74,623,835
34	GALENA	1,366,517	0	0	156,160	1,542,677	25,000	20,000	3,000	77,925	125,925
35	KASHUNAMIUT	1,728,969	0	0	224,270	1,953,239	0	0	0	0	0
36	NENANA	1,497,731	0	0	164,090	1,661,821	58,514	5,000	5,272	0	68,786
37	CRAIG	2,275,901	0	0	151,890	2,427,791	276,273	20,000	2,395	40,618	359,286
38	MAT-SU	55,397,110	0	0	0	55,397,110	15,462,862	0	75,203	0	15,538,065
39	PELICAN	544,061	0	0	56,730	600,791	53,179	3,000	10,500	0	66,679
40	ST MARYS	1,212,187	0	0	119,560	1,331,747	0	5,000	0	17,753	22,753
41	LAKE AND PENN	5,741,477	0	0	0	5,741,477	750,000	135,000	20,000	0	905,000
42	ADAK	0	0	0	18,580	18,580	0	0	0	0	0
43	CORDOVA	2,581,326	0	0	217,160	2,798,486	699,529	10,341	6,500	0	718,370
44	BERING STRAIT	14,408,678	0	0	154,720	14,563,398	0	0	0	0	0
45	KODIAK	12,300,474	0	46,787	879,582	13,226,843	3,200,000	0	36,400	452,500	3,688,900
46	BARROW ARCTIC	16,268,410	0	0	0	16,268,410	646,708	275,000	300,000	758,212	2,179,920
47	CHATHAM	2,628,517	0	0	26,365	2,654,882	0	0	0	0	0
48	YUKON FLATS	5,819,805	0	0	50,735	5,870,540	0	0	0	0	0
49	AK GATEWAY	4,918,797	0	0	43,945	4,962,742	0	0	0	0	0
50	YUPIIT	3,769,090	0	0	39,080	3,808,170	0	0	0	0	0
51	DELTA GREELY	5,646,127	0	0	53,600	5,699,727	0	0	0	0	0
52	SOUTHWEST	6,041,928	0	0	57,455	6,099,383	0	0	0	0	0
53	HOTIAROD	5,193,156	0	0	46,890	5,240,046	0	0	0	0	0
54	PRIBLOF	1,821,059	0	0	17,695	1,838,754	0	0	0	0	0
55	YUKON-KOYUKUI	6,884,158	0	0	64,455	6,948,613	0	0	0	0	0
56	LOWER YUKON	11,558,409	0	0	132,525	11,690,934	0	0	0	0	0
57	LOWER KUSKO	32,663,714	0	0	312,330	33,176,044	0	0	0	0	0
58	COPPER RIVER	5,223,578	0	0	43,855	5,267,433	0	0	0	0	0
59	CHUGACH	1,577,779	0	0	14,285	1,592,064	0	0	0	0	0
60	ALEUTIAN REGIC	543,747	0	0	6,170	549,917	0	0	0	0	0
61	SOUTHEAST	4,194,007	0	0	38,340	4,232,347	0	0	0	0	0
62	DEVALI	3,046,313	0	0	0	3,046,313	346,011	12,000	0	0	358,011
63	KUSPLA	4,759,302	0	0	45,175	4,804,477	0	0	0	0	0
64	Mt EDGECLAMBE	1,727,520	0	0	0	1,727,520	0	0	0	0	0
65											
66											
67	TOTALS	\$595,552,487	\$12,255	\$2,753,918	\$4,809,192	\$605,127,832	\$294,098,411	\$2,569,841	\$2,578,581	\$8,292,472	\$217,538,305
68											
69											
70											

	L	M	N	O	P	Q	R	S	T	U
1	ALASKA DEPARTMENT OF EDUCATION									
2	SCHOOL OPERATING FUND REVENUES									
3	COMPILED FROM FISCAL YEAR 1995 Budgets									
4										
5		REAA's	Adjusted	Includes Supplemental \$500 Unit Allocation to REAAs						
6		Budgeted	Ceductible	Budgeted	SUB-TOTAL	Budgeted	FY95 Budgeted	FY95	Revenue	
7	SCHOOL	Other	Federal	Other Federal	FEDERAL	Fund	TOTAL	Adjusted	per Adjusted	
8	DISTRICT	Revenue	PL81-874	Revenue	REVENUE	Transfers In	REVENUES	Units	Unit	
9										
10	NCRTH SLOPE		448,387	0	448,387	0	38,404,618	257.13	149,359	
11	VALDEZ		24,269	0	24,269	0	7,402,411	83.81	88,324	
12	HCCNAH		99,705	0	99,705	0	2,661,528	33.59	79,236	
13	UNALASKA		7,100	0	7,100	0	3,341,094	43.17	77,394	
14	HYDABURG		2,603	0	2,603	89,272	1,268,857	16.44	77,047	
15	WRANGELL		1,775	0	1,775	21,500	3,948,924	52.01	75,926	
16	SKAGWAY		0	0	0	0	1,310,860	17.30	75,772	
17	KAKE		63,179	0	63,179	6,684	1,750,624	23.24	75,328	
18	JUNEAU		5,588	0	5,588	50,000	35,506,593	471.89	75,243	High
19	SITKA		98,865	0	98,865	0	11,296,068	150.53	75,042	
20	KENAI		41,122	0	41,122	0	71,157,720	949.63	74,932	
21	PETERSBURG		13,125	0	13,125	0	4,859,584	65.20	74,533	
22	HAINES		9,815	0	9,815	0	3,123,900	42.01	74,361	
23	KETCHIKAN		3,419	0	3,419	0	16,348,865	220.42	74,171	
24	BRISTOL BAY		208,893	0	208,893	81,860	2,981,972	40.28	74,031	
25	NOME		31,997	0	31,997	67,000	6,367,381	86.03	74,013	
26	KLAWOCK		38,766	0	38,766	8,500	1,953,409	26.53	73,706	
27	FAIRBANKS		4,279,980	125,000	4,404,980	100,000	93,698,523	1,313.15	71,354	
28	ALEUTIANS EAST		334,692	0	334,692	64,000	4,957,064	69.95	70,866	
29	DILLINGHAM		423,126	0	423,126	0	4,500,038	63.55	70,811	
30	TANANA		63,775	0	63,775	0	1,435,004	20.32	70,620	
31	ANNETTE ISLAND	60,000	1,263,722	160,000	1,423,722	0	3,045,790	43.24	70,439	
32	YAKUTAT		38,638	0	38,638	0	1,643,821	23.43	70,159	
33	ANCHORAGE		6,336,237	265,000	6,601,237	0	263,047,462	3,818.88	68,881	
34	GALENA		135,368	0	135,368	0	1,803,970	26.22	68,801	
35	KASHUNAMIUT	50,000	478,011	0	478,011	0	2,481,250	38.18	68,561	
36	NENANA		1,695	0	1,695	12,740	1,745,042	25.54	68,326	
37	CRAIG		23,296	0	23,296	20,000	2,830,373	41.47	68,251	
38	MAT-SU		13,725	0	13,725	150,000	71,098,900	1,042.00	68,233	
39	PELICAN		0	0	0	0	667,470	9.84	67,832	
40	ST MARY'S		85,830	0	85,830	0	1,440,330	21.57	66,775	
41	LAKE AND PENN.		270,323	0	270,323	0	7,916,800	119.43	66,288	
42	ADAK	140,100	2,298,424	0	2,298,424	0	2,457,104	37.16	66,122	
43	CORDOVA		24,734	0	24,734	35,000	3,578,590	54.19	66,001	
44	BERING STRAIT	1,070,100	4,467,162	0	4,467,162	225,000	20,325,660	309.44	65,685	
45	KODIAK		1,448,364	0	1,448,364	64,000	18,428,107	280.71	65,648	
46	INW ARCTIC		1,193,884	0	1,193,884	415,168	20,057,382	306.43	65,455	
47	CHATHAM	40,000	588,013	100,000	688,013	24,000	3,408,895	52.73	64,610	
48	YUKON FLATS	160,000	570,065	0	570,065	150,000	6,550,405	101.47	64,555	
49	AK GATEWAY	95,000	444,493	0	444,493	140,000	5,640,235	87.89	64,174	
50	YUPIIT	110,000	998,670	0	998,670	90,000	5,006,840	78.16	64,059	
51	DELTA-CREELY	100,000	993,073	75,000	968,073	75,000	6,842,800	107.20	63,832	
52	SOUTHWEST	235,000	967,582	0	967,582	0	7,301,965	114.91	63,545	
53	IDITAROD	86,300	527,424	0	527,424	80,000	5,933,770	93.78	63,273	
54	PRIBLOF	56,000	337,731	0	337,731	0	2,232,485	35.39	63,082	
55	YUKON-KOYUKUK	105,000	979,352	0	979,352	80,000	8,112,965	128.91	62,935	
56	LOWER YUKON	380,000	4,609,641	0	4,609,641	0	16,680,575	265.05	62,934	
57	LOWER KUSKO	850,000	5,240,546	0	5,240,546	0	39,266,590	624.66	62,861	Low
58	COPPER RIVER	93,000	126,732	0	126,732	7,500	5,494,665	87.71	62,646	
59	CHUGACH	15,000	177,191	8,000	185,191	0	1,762,355	28.77	62,299	
60	ALEUTIAN REGION	8,000	66,993	0	66,993	0	643,910	10.34	62,274	
61	SOUTHEAST	47,800	483,473	0	483,473	10,649	4,774,299	76.68	62,263	
62	DENALI		37,307	0	37,307	0	3,441,631	55.31	62,224	
63	KUSPUK	43,949	752,948	0	752,948	0	5,600,474	90.35	61,986	
64	MT EDGE-CUMBE		0	0	0	0	1,727,520	28.32	61,000	
65										
66										
67	TOTALS	\$3,745,249	\$42,077,928	\$733,000	\$42,810,928	\$2,067,693	\$871,291,207	12,309.54	HIGH 75,243	
68								5%	LOW 62,861	
69								615.48	DIFF 12,382	
70									DISPARITY 19.70%	

December 15, 1995, Governor's FY97 Budget Request
 ALASKA DEPARTMENT OF EDUCATION
 PROJECTED FY97 FOUNDATION PROGRAM

12/15/95 File: Single

	PROJ. FY97 ALM	K-12 UNITS	Single Site	AREA DIFF.	Adj. Single Site Units	FY97 Projected Single Site Allocation
ADAK	-	-	-	1.27	-	0
ALASKA GATEWAY	546.00	63.88	-	1.19	-	0
ALEUTIAN REGION	21.00	4.13	0.50	1.31	0.66	40,260
ALEUTIANS EAST	363.00	46.89	-	1.31	-	0
ANCHORAGE	46,601.00	3,121.56	-	1.00	-	0
ANNETTE ISLANDS	441.00	35.40	2.83	1.03	2.91	177,510
BERING STRAIT	1,786.00	202.29	-	1.39	-	0
BRISTOL BAY	294.00	27.73	-	1.27	-	0
CHATHAM	345.00	46.48	-	1.03	-	0
CHUGACH	137.00	23.03	-	1.14	-	0
COPPER RIVER	635.00	68.43	-	1.14	-	0
CORDOVA	536.00	41.42	2.49	1.11	2.76	168,360
CRAIG	424.00	34.27	2.74	1.03	2.82	172,020
DELTA/GRCELY	852.00	63.97	-	1.16	-	0
DENALI	383.00	40.50	-	1.23	-	0
DILLINGHAM	598.00	45.87	2.75	1.27	3.49	212,890
FAIRBANKS	16,091.00	1,100.46	-	1.04	-	0
GALENA	160.00	16.67	2.00	1.30	2.60	158,600
HAINES	443.00	36.87	-	1.05	-	0
HOCNAH	270.00	24.00	1.92	1.08	2.07	126,270
HYDABURG	107.50	12.96	1.56	1.03	1.61	98,210
IDITAROD	443.00	64.10	-	1.33	-	0
JUNEAU	5,552.00	376.82	-	1.00	-	0
KAKE	182.00	18.13	2.18	1.03	2.25	137,250
KASHUNAMIUT	252.00	22.80	1.82	1.33	2.42	147,620
KENAI	10,401.00	816.98	-	1.00	-	0
KETCHIKAN	2,850.00	197.46	-	1.00	-	0
KLAWOCK	230.00	21.33	2.56	1.03	2.64	161,040
KODIAK	2,897.21	230.35	-	1.09	-	0
KUSPUK	498.00	65.52	-	1.33	-	0
LAKE AND PENN.	506.00	83.00	-	1.31	-	0
LOWER KUSKOKWIM	3,537.50	354.76	-	1.42	-	0
LOWER YUKON	1,761.39	181.37	-	1.35	-	0
MAT-SU	12,115.00	905.02	-	1.00	-	0
NENANA	170.00	17.33	2.08	1.20	2.50	152,500
NOME	701.75	52.45	3.15	1.34	4.22	257,420
NORTH SLOPE	1,889.68	167.99	-	1.45	-	0
NORTHWEST ARCTIC	1,998.00	193.16	-	1.45	-	0
PELICAN	40.00	6.50	0.78	1.08	0.84	51,240
PETERSBURG	774.00	57.43	3.45	1.00	3.45	210,450
PRIBILOF	207.00	24.22	-	1.30	-	0
SITKA	1,803.00	128.33	-	1.00	-	0
SKAGWAY	140.00	15.67	1.88	1.05	1.97	120,170
SOUTHEAST	364.00	58.44	-	1.04	-	0
SOUTHWEST	689.00	79.91	-	1.31	-	0
ST. MARY'S	140.00	15.33	1.84	1.30	2.39	145,790
TANANA	100.00	12.33	1.48	1.30	1.92	117,120
UNALASKA	360.00	30.00	2.40	1.27	3.05	186,050
VAL DEZ	910.00	66.26	-	1.11	-	0
WRANGELL	565.00	43.58	2.61	1.00	2.61	159,210
YAKUTAT	173.00	18.91	2.27	1.08	2.45	149,450
YUKON FLATS	402.00	60.45	-	1.46	-	0
YUKON/KOYUKUK	624.00	83.49	-	1.34	-	0
YUPIIT	383.00	43.35	-	1.41	-	0
STATE CCS	1,624.86	98.82	-	1.00	-	0
Mt. EDGE CUMBE	275.00	23.76	-	1.00	-	0
TOTALS	126,591.89	9,692.16	45.29		51.63	\$3,149,430

SINGLE SITE SCHOOL DISTRICT CONSORTIUM

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POSITION PAPER

The Single Site School District Consortium consists of twenty-one single-funding-community school districts with 800 or fewer students in average daily membership (ADM). The Consortium seeks an amendment to the Foundation Formula that adjusts for what we believe to be an inherent inequity.

When the current Foundation Formula was adopted in 1987, the Legislature recognized that certain unintended adverse impacts may result. Almost every year since that time, adjustments have been made to accommodate for these impacts. Most commonly, and almost exclusively for the past five years, these adjustments have taken the form of supplemental noncategorical funds in specific Legislative appropriations directed to single site districts. For the past three years, the following formula (proposed by the Consortium) has been used to generate these supplemental appropriations:

ADM	FACTOR
1 - 250	1.12
251 - 525	1.08
526 - 800	1.06

Although this formula has been used to determine supplemental funding, it has not yet been enacted into law as an amendment to the Foundation Program. The Consortium supports such an amendment as has the State Board of Education, the Association of Alaska School Boards, the Alaska Association of School Administrators, and NEA-Alaska.

The problem with the present Foundation Formula, as it affects single site school districts, is what is referred to as the *front-end load*. Up to the first ten students in a funding community produce two K - 12 instructional units (\$122,000 exclusive of the area cost differential). As ADM increases, more and more students are required to produce a K - 12 instructional unit. Single site districts benefit from this *front-end load* only once, while multiple site districts take advantage of it for each funding community. Admittedly, there are incremental additional costs associated with the operation of multiple sites. However, the Consortium contends that the funding disparity between single and multiple site districts under the present Foundation Formula is unwarranted.

A graphic example of this disparity is seen in the table at right comparing two districts of almost identical projected FY '95 ADM-- Chugach, a multiple site district, and Skagway, a single site district. Notably, the single site district accrues *substantially* less revenue from K - 12 instructional units than does the multiple site district of comparable ADM. (The area cost differential is not included, as it is intended to equalize dollars across the state.)

Chugach	133 ADM	\$1,381,040
Skagway	135 ADM	<u>915,000</u>
Difference		(\$ 466,040)
		(33.8%)

Small Single Site School District Funding

Issue

To revise Title 14, Chapter 17 Public School Foundation Program to include an increase for schools with one funding community (site) and 800 or fewer average daily membership (ADM).

Background

The present public funding act was passed in the 1987 Legislative Session. During the Legislative hearings there was much discussion concerning the adequacy of the funding formula for small single site school districts i.e. districts of up to 1,000 (750, 525, 100-525) in enrollment that were a single funding community. No one was sure of the impact of the new formula on these districts and an appropriation of two million dollars was made to the State Department of Education to address unique and emergency circumstances substantiated by school districts to the Department. Subsequent fiscal year appropriations were made to the Department for specific school districts, the majority of which were single site school districts.

A review of testimony on HB 126 (Chapter 91 SLA 1987), and the discussions in subsequent years on supplemental appropriations for single site school districts, shows that the Legislature believes there is a need for some adjustment in the foundation program for single site school districts. Certainly the passage of supplementals for FY88 (2), 90, 91, 92 and 93 shows there is a continuing need for additional support to single site districts. The major questions concerning the issue are: what size districts should receive additional support, how much support, and how to incorporate the adjustments into the foundation program?

Analysis

There has been general agreement that single site districts as large as the Nome School District need some adjustment. For purposes of analysis single site school districts of 1000 or fewer in ADM will be divided into three groups, i.e. districts of 1-250 ADM, 251-525 ADM and 526-1,000 ADM. These groups are selected for analysis because they generally follow breakpoints in the present formula for K-12 instructional units. These districts were analyzed on a per ADM basis for changes that have occurred in state funding, local effort, P.L. 81-874 funds, fund balances, property values, supplemental support and pupil teacher ratios (PTR) since FY86. FY 86 was selected as the base year because it had the highest state support for public education in the history of the State. The Aleutian Region REAA and the schools in the Aleutian East Borough were excluded from the analysis because of a lack of comparable data, and the North Slope Borough and Valdez City districts were excluded because of extremely high local property values.

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

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SINGLE SITE SCHOOL DISTRICT CONSORTIUM

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CHEVAK, ALASKA 99563

(907) 858-7713
FAX 858-7328

POSITION PAPER

The Single Site School District Consortium consists of twenty-one single-funding-community school districts with 800 or fewer students in average daily membership (ADM). The Consortium seeks an amendment to the Foundation Formula that adjusts for what we believe to be an inherent inequity.

When the current Foundation Formula was adopted in 1987, the Legislature recognized that certain unintended adverse impacts may result. Almost every year since that time, adjustments have been made to accommodate for these impacts. Most commonly, and almost exclusively for the past five years, these adjustments have taken the form of supplemental noncategorical funds in specific Legislative appropriations directed to single site districts. For the past three years, the following formula (proposed by the Consortium) has been used to generate these supplemental appropriations:

ADM	FACTOR
1 - 250	1.12
251 - 525	1.08
526 - 800	1.06

Although this formula has been used to determine supplemental funding, it has not yet been enacted into law as an amendment to the Foundation Program. The Consortium supports such an amendment as has the State Board of Education, the Association of Alaska School Boards, the Alaska Association of School Administrators, and NEA-Alaska.

The problem with the present Foundation Formula, as it affects single site school districts, is what is referred to as the *front-end load*. Up to the first ten students in a funding community produce two K - 12 instructional units (\$122,000 exclusive of the area cost differential). As ADM increases, more and more students are required to produce a K - 12 instructional unit. Single site districts benefit from this *front-end load* only once, while multiple site districts take advantage of it for each funding community. Admittedly, there are incremental additional costs associated with the operation of multiple sites. However, the Consortium contends that the funding disparity between single and multiple site districts under the present Foundation Formula is unwarranted.

A graphic example of this disparity is seen in the table at right comparing two districts of almost identical projected FY '95 ADM-- Chugach, a multiple site district, and Skagway, a single site district. Notably, the single site district accrues *substantially* less revenue from K - 12 instructional units than does the multiple site district of comparable ADM. (The area cost differential is not included, as it is intended to equalize dollars across the state.)

Chugach	133 ADM	\$1,381,040
Skagway	135 ADM	<u>915,000</u>
Difference		(\$ 466,040)
		(33.8%)

Even with the FY '95 single site supplemental of \$109,800 (exclusive of area cost differential), Skagway still receives \$356,240 (25.8%) less than Chugach. The Consortium believes that this difference is more than ample to accommodate for Chugach's additional costs necessitated by multiple site operations.


In conclusion, it is clear that for several years the Legislature has recognized an inequity in the Foundation Formula impacting small single site school districts. To address this inequity, supplemental funds have been appropriated for these districts. Given the years of supplemental funding, these additional noncategorical revenues have become institutionalized in the budgets of small single site districts. If the supplements are discontinued, the adverse impacts on these districts' operations and programs will be severe. As can be noted in the example discussed above, Skagway's FY '95 single site supplement amounts to 12% of that district's noncategorical State aid. Obviously, a revenue reduction of 12% would have a very serious impact on any school district.

The Single Site School District Consortium urges the Governor to support an amendment to the Foundation Formula, as shown on the previous page, so that small single site districts will have year-to-year assurance that they will have equitable funding under the Foundation Program. If you desire additional information on this issue, please feel free to contact me. Or, you may contact the Consortium consultant:

Wanda Cooksey
PO Box 240052
Douglas, Alaska 99824
Phone 586-9073 FAX 586-5772.

Enclosed is a document regarding the justification for the single site formula adjustment prepared by Dr. Nathaniel Cole, one of the foremost authorities on Alaska school finance. Dr. Cole was one of the chief architects of the current Foundation Formula, yet he readily acknowledges that the Formula had unintended adverse impacts on small single site school districts.

Signed:



B. A. Weinberg, Chairperson
SINGLE SITE SCHOOL DISTRICT CONSORTIUM

December 13, 1994

Small Single Site School District Funding

Issue

To revise Title 14, Chapter 17 Public School Foundation Program to include an increase for schools with one funding community (site) and 800 or fewer average daily membership (ADM).

Background

The present public funding act was passed in the 1987 Legislative Session. During the Legislative hearings there was much discussion concerning the adequacy of the funding formula for small single site school districts i.e. districts of up to 1,000 (750, 525, 100-525) in enrollment that were a single funding community. No one was sure of the impact of the new formula on these districts and an appropriation of two million dollars was made to the State Department of Education to address unique and emergency circumstances substantiated by school districts to the Department. Subsequent fiscal year appropriations were made to the Department for specific school districts, the majority of which were single site school districts.

A review of testimony on HB 126 (Chapter 91 SLA 1987), and the discussions in subsequent years on supplemental appropriations for single site school districts, shows that the Legislature believes there is a need for some adjustment in the foundation program for single site school districts. Certainly the passage of supplementals for FY88 (2), 90, 91, 92 and 93 shows there is a continuing need for additional support to single site districts. The major questions concerning the issue are: what size districts should receive additional support, how much support, and how to incorporate the adjustments into the foundation program?

Analysis

There has been general agreement that single site districts as large as the Nome School District need some adjustment. For purposes of analysis single site school districts of 1000 or fewer in ADM will be divided into three groups, i.e. districts of 1-250 ADM, 251-525 ADM and 526-1,000 ADM. These groups are selected for analysis because they generally follow breakpoints in the present formula for K-12 instructional units. These districts were analyzed on a per ADM basis for changes that have occurred in state funding, local effort, P.L. 81-874 funds, fund balances, property values, supplemental support and pupil teacher ratios (PTR) since FY86. FY86 was selected as the base year because it had the highest state support for public education in the history of the State. The Aleutian Region REAA and the schools in the Aleutian East Borough were excluded from the analysis because of a lack of comparable data, and the North Slope Borough and Valdez City districts were excluded because of extremely high local property values.

Analysis (continued)

The procedure that was used for analysis purposes was to:

- accumulate the changes in each area listed above incorporating the changes required by the FY88 Foundation Act, and
- dividing the cumulative changes per ADM by the K-12 instructional unit basic need for FY91.

This determined the percentage of gain or loss by group as if there had been no supplemental support, allowing a comparison between what has been appropriated for supplementals and what the analysis shows as needed.

Findings

1. Single site school districts of 1-250 had a loss of 19.96%.
2. Single site districts of 251-525 had a loss of 10.00%.
3. Single site districts of 526-1000 had a loss of 5.06%.
4. The rest of the school districts as a group had a loss of 1.87%.
5. The data would suggest that single site school districts of 1-250 should receive an additional 18.09% (19.96% - 1.87%) of K-12 units, single site districts of 251-525 an addition of 8.13%, and single site districts of 526-1,000 an addition of 3.19%.
6. However, the 1-250 group of single site school districts received about a 4.50% more in supplemental support and exceeded the required 4 mill local effort by about 1 mill more than the other two groups, yielding about another 1.5% advantage, leaving that group at about a 12% adjusted loss. The 526-1,000 group of single site school districts started with a significantly higher pupil teacher ratio and increased it by almost one-fifth, which means that the group cut their programs beyond what the other groups did, reflecting about a 3% lower loss than they should have, had they received a higher level of supplemental support.

Recommendation

The above analysis and findings support the following recommendation for increased support to single site school districts of 800 or fewer in ADM.

ADM	Percent of K-12 Units
1-250	12
251-525	8
526-800	6

Analysis and Findings prepared for the Single Site School District Consortium by Dr. Nat Cole, January 28, 1992. Background updated and recommendation modified by Single Site School District Consortium February 1993.

SB

259

FISCAL NOTE

to, 1

Bill Version: SB 259

(S) Publish Date: 2/2/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date:	Dept. Affected: <u>Administration</u>
Title: <u>An Act removing the requirement for sunset review of the Alaska Commission on Aging...</u>	BRU: <u>Senior Services</u>
Sponsor: <u>Rules</u>	Component: <u>Protection, Community Services & Administration</u>
Requestor: <u>Governor</u>	COMPONENT SERIAL NO. <u>1981</u>

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURE	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	117.8	117.8	117.8	117.8	117.8	117.8
TRAVEL	30.4	30.4	30.4	30.4	30.4	30.4
CONTRACTUAL	15.1	15.1	15.1	15.1	15.1	15.1
SUPPLIES	2.4	2.4	2.4	2.4	2.4	2.4
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	165.7	165.7	165.7	165.7	165.7	165.7

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts	165.7	165.7	165.7	165.7	165.7	165.7
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
Total	165.7	165.7	165.7	165.7	165.7	165.7

Estimate of current year (FY 96) cost: \$ \$165.7

POSITIONS:

FULL-TIME	2	2	2	2	2	2
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill would remove the Alaska Commission on Aging from the requirement for periodic sunset review. In reality, it would have no fiscal impact on the department, as these costs are already included in the Governor's budget. This fiscal note assumes that the Commission would continue in its current configuration, and reflects salary and benefits costs for an Executive Director (range 23) and a secretary (range 10). Expenditure data also reflects travel and per diem costs for four commission meetings per year for commissioners and two staff, contractual and supply costs for commission meetings, and costs for teleconferences (approximately 15 meetings, 10 sites) during the legislative session to review legislation of interest to Alaska seniors. (continued on page 2)

Prepared by: <u>Connie J. Sipe, Director</u>	Phone: <u>Division of Senior Services</u>
Division: <u>Division of Senior Services</u>	Date: _____

Approved by Commissioner <u>Mark Boyer</u>	Date: <u>2/1/96</u>
Agency: <u>Department of Administration</u>	

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(continued from pg. 1)

Grant funds and grants management staff are not included, as the assumption is that the state would continue to receive funding and manage programs under the Older Americans Act.

Personal Services costs

Executive Director, range 23	82.8
Secretary I, range 10	<u>35.0</u>
	117.8

Travel and Per Diem

Three meetings per year for commission and two staff members	21.7 travel <u>8.7</u> perdiem 30.4
---	---

Contractual

Teleconference connections at commission meetings	2.0
Legislative teleconferences - 15 meetings, 10 sites	5.9
Advertising	<u>7.2</u>
	15.1

Supplies

Supplies for commission meetings	2.4
----------------------------------	-----

TOTAL	165.7
--------------	--------------

TONY KNOWLES
GOVERNOR



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Juneau, Alaska 99811-0001
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

259

February 1, 1996

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

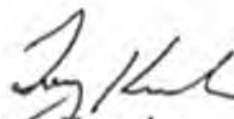
Dear President Pearce:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would make the Alaska Commission on Aging a permanent commission, not subject to regular "sunset" review.

The Alaska Commission on Aging, formerly known as the Older Alaskans Commission, is due to expire on June 30, 1996. However, in a report regarding the Older Alaskans Commission dated July 30, 1993, the legislative auditor concluded that the commission should not be subject to sunset review because, among other reasons, the existence of such a commission is a requirement for the receipt of federal money. I agree that sunset review for this commission is not appropriate.

I urge your prompt consideration and passage of this bill.

Sincerely,


Tony Knowles
Governor

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: 907)465-2200
FAX: (907)465-2135

RECEIVED
FEB 26 1996

February 23, 1996

Ans'd.....

The Honorable Lyda Green, Chair
Senate HESS Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1192

Dear Madam Chair:

Please schedule SB 259, "An Act removing the requirement for sunset review of the Alaska Commission on Aging; and providing for an effective date." for committee hearing.

The Alaska Commission on Aging was established in the Department of Administration in July 1981. The primary functions of the Commission are:

1. To determine the appropriate amount of state and federal funds to allocate toward the purchase of needed programs and services for older Alaskans.
2. To advocate the needs and interests of older Alaskans at both the state and local levels.
3. To increase the coordination of state and local resources available to address the needs of older Alaskans.
4. To develop or expand services to older Alaskans as well as to ensure a more systematic and thorough approach toward helping them lead dignified, independent, and useful lives.

Legislative Audit completed a sunset review of the Alaska Commission on Aging in the fall of 1995. The commission is scheduled for termination on June 30, 1996. The auditor's conclusion and recommendation was that the commission had met the various sunset criteria, as set out in statute, and should be extended to June 30, 2003, or alternatively be removed from the sunset review process. The arguments for removal from sunset review are elaborated in the legislative audit:

1. ACOA is required by federal statute.
2. ACOA has been operating effectively.
3. Option to review ACOA is always available.

HEARING REQUEST

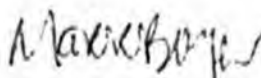
The Honorable Lyda Green

-2-

February 23, 1996

Your early consideration of this request would be appreciated. If you have any additional questions, you should contact Jane Demmert, Executive Director of the Alaska Commission on Aging at 465-4879.

Sincerely,



Mark Boyer,
Commissioner

MB/nn

cc: Jane Demmert
Executive Director
Alaska Commission on Aging

David Koivuniemi
Department of Administration

Alison Elgee
Department of Administration

Pat Pourchot
Office of the Governor

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P. O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347

September 29, 1995

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF ADMINISTRATION ALASKA COMMISSION ON AGING

September 29, 1995

Audit Control Number

02-1433-96

Under AS 44.66.010 the Alaska Commission on Aging (ACOA) terminates on June 30, 1996. We recommend the legislature extend the commission until June 30, 2003. Alternatively, we suggest the legislature consider removing ACOA from the sunset review process altogether. We make this recommendation primarily because the receipt of federal funds under the Older Americans Act requires the State to maintain an agency such as ACOA to administer the funds and act in the interest of older individuals. This status makes ACOA similar to other state boards, councils, and commissions that are not currently subject to sunset review.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section on page one of this report.

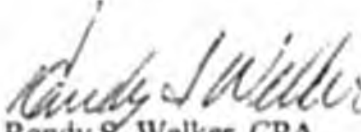

Randy S. Welker, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Titles 24 and 44 of the Alaska Statutes, we have reviewed the activities of the Alaska Commission on Aging (ACOA) to determine whether it should continue in existence as provided for under terms of the State's "sunset" legislation.

As required by statute, this report shall be considered during the legislative oversight process in determining whether the ACOA should be reestablished. The law currently specifies that ACOA will terminate on June 30, 1996 and will have one year from that date to conclude its affairs.

Objectives

Our specific audit objectives were:

1. To determine if the termination date for ACOA should be extended.
2. To determine if ACOA operations are in compliance with state and federal statutes and regulations.
3. To determine if ACOA is operating in the interest of the public.

Scope and Methodology

We focused on activities of ACOA since the last sunset audit in performed in 1993.¹ We evaluated the activities of ACOA to determine if they were consistent with the interest of the public. We also reviewed the proceedings of the current commission to ensure that they are in compliance with Alaska Statute and regulations.

Since more than 50% of ACOA's funding is from federal sources, we evaluated the ACOA administrative staff's compliance with federal funding and program requirements.

During the course of our audit, we attended a meeting of the commission, which focused on the allocation of funds to grantees for FY 96. During the three-day meeting, we observed the proceedings of the commission. We were able to see first hand how the commission operates and interacts with the public.

¹ The previous sunset review was conducted of the operations and activities of the Older Alaskans Commission (OAC). The OAC was the predecessor organization to the Alaska Commission on Aging.

In order to address our audit objectives, we reviewed the following:

- Applicable sections of Alaska's statutes and regulations.
- Applicable sections of the Older Americans Act, U. S. Code and federal register.
- Minutes of prior commission meetings.
- The executive director's reading files.
- Grantee files.
- Office of the Ombudsman closed case file.
- Budget documents, session laws and other legislative information relating to ACOA's operations.
- Internal reports and documents prepared by ACOA.
- Other documents as deemed pertinent.
- Financial reports from the state accounting system.
- By-Laws of the commission.
- Prior year audit work papers and audit reports.
- Office of the Governor, Boards & Commissions' files.

In addition, we conducted interviews with the following:

- Management and staff of ACOA.
- The long-term care ombudsman.

ORGANIZATION AND FUNCTION

The Older Alaskans Commission (OAC) was established in the Department of Administration in July 1981 by Alaska Statute (AS) 44.21. The commission's name was changed to Alaska Commission on Aging (ACOA) by Chapter 131, SLA 1994. The commission is authorized to administer and coordinate state programs for older Alaskans and to administer federal programs provided under the Older Americans Act, 42 U.S. Code 3001 - 3045i, as amended. Together, the provisions of AS 44.21 and the Older Americans Act define the commission's authority, purpose and scope of work. The primary functions of the commission include the following:

1. To determine the appropriate amount of state and federal funds to allocate toward the purchase of needed programs and services for older Alaskans.
2. To advocate the needs and interests of older Alaskans at both the state and local levels.
3. To increase the coordination of state and local resources available to address the needs of older Alaskans.
4. To develop or expand services to older Alaskans as well as to ensure a more systematic and thorough approach toward helping them lead dignified, independent, and useful lives.

The broad scope of the powers and duties mandated by legislation opens nearly all the concerns of older Alaskans to the consideration of ACOA. However, AS 44.21 stipulates that the commission may not investigate, review, or undertake any responsibility for the longevity bonus program or, except for activities of the office of the long-term care ombudsman, the Alaska Pioneers' Homes.

The commission consists of eleven members (see inset on page 4). Nine of these are voting members. Seven are appointed by the governor based on their knowledge and demonstrated interest in the concerns of older Alaskans. Statutes require appointments be made to assure representation of low-income persons and minorities, and representation from rural and urban areas of the State, and to secure statewide geographical representation on the commission. These members serve overlapping four-year terms and are all voting members.

The remaining members are designated in statutes as the chairman of the Pioneers' Homes Advisory Board and the commissioner or designee of the Departments of Administration, Community and Regional Affairs, and Health and Social Services. The chairman of the Pioneers' Home Advisory Board and the commissioner of the Department of Administration or his designee are also voting members.

The commission is authorized by statute to employ an executive director to serve at its pleasure. Currently, the executive director has a staff of 10, including employees in the office of the long-term care ombudsman. The ombudsman, which is required under the Older Americans Act, is hired by the commission to a full-time position in the classified service.

The duties of the long-term care ombudsman include the investigation and resolution of complaints made by or on behalf of older Alaskans residing in a long term care facility within the State. The ombudsman has within his purview complaints relating to actions by a provider or a representative of a provider of long term care services, or by a public agency or social services agency, that may adversely affect the health, safety, welfare, or rights of older Alaskans.

Alaska Commission on Aging
(As of September 1995)

Voting Members

Don Hoover, Chairman
Dorothy Westphal, Vice Chairman
Amos Alter, Chairman of the Pioneers'
Homes Advisory Board
Evelyn Bullock
Allison Elgee, Designee of Commissioner of
Department of Administration
Janet Helen Gamble
Holly A. Hollis

Non-Voting Members

Kathleen Metcalfe, Designee of Commissioner of
Community and Regional Affairs
Jon Sherwood, Designee of Commissioner,
Department of Health and Social Services

*As of August 1, 1995 there was one vacant position on the
commission*

BACKGROUND INFORMATION

In order to fulfill its mission of helping older individuals live dignified, independent, and useful lives, the Alaska Commission on Aging (ACOA) provides a variety of services. These services can be broadly categorized as: nutrition, transportation, and support (NTS) services; senior employment; senior residential services; home and community-based (HCB) care; and long-term care ombudsman (LTCO). The majority of ACOA's funding is expended in the form of grants to local non-profit service agencies for NTS and HCB programs.

Nutrition, Transportation and Support Services (NTS)

ACOA's NTS program is funded largely with federal funds. Services provided are:

1. Nutrition - Home-delivered meals are provided to the ill or housebound senior. Other meals provided in a congregate setting offer older Alaskans companionship and opportunities to volunteer for what are termed "senior-to-senior" services. Preventive health care and nutrition education services are also provided.
2. Transportation - Rides and rider-assistance are provided through van/car rides to high-priority destinations such as medical visits, work, public assistance offices, meal sites, shopping, adult day care centers, and volunteer posts.
3. Support Services - Information and referral services are provided to seniors. These services include outreach to seniors in need, escort, homemaker, chore and shopping service, advocacy to help obtain services and benefits for seniors, senior legal services, statewide senior media, and administration of senior volunteer service programs (Foster Grandparents, Senior Companions, Retired Seniors Volunteer Program or RSVP).

Home and Community Based Care (HCB)

The HCB program is designed to help seniors avoid being forced to rely on institutional care. Its objective is to provide seniors with access to affordable home and community-based care services that will allow them to achieve their desire to live out their lives at home, or in a home-like setting. Specifically, services include:

1. Adult Day Care Centers - This program provides a variety of health, social, and related support services in a protective setting during any part (less than 24 hours) of a day.
2. In-Home Respite Care - Individuals unable to care for themselves at home are served by this program. It is designed to relieve, on a short-term basis, those persons normally providing the care.
3. Care Coordination - This program helps frail clients find appropriate services and ensures coordination of the services. Care coordination includes outreach, intake

screening, initial assessment, care planning, service arrangement, ongoing monitoring, formalized reassessment, and service delivery system involvement.

4. Alzheimer's Education and Family Support - This centralized program provides a variety of services ranging from information referral and outreach, to education and training, private consultations, and support group activities. A toll-free 800 telephone number is provided for statewide information and referral.

Funding for the HCB program is mainly from state funds received through ACOA and the Mental Health Trust funds. A small amount of funding is received from federal sources. In addition, clients pay fees on a sliding scale, and cash and in-kind contributions are required of grantees.

REPORT CONCLUSIONS

As indicated in the Analysis of Public Need section of this report, the Alaska Commission on Aging (ACOA) has met the various sunset criteria, as set out in the statute. ACOA is effectively meeting its statutory responsibilities. ACOA is, in our view, operating in the public interest. The program funds administered by ACOA are helping older Alaskans lead dignified, independent, and useful lives. Alaska Statute 44.66.010 requires that ACOA be terminated on June 30, 1996. We recommend that the legislature adopt legislation extending ACOA's termination date until June 30, 2003.

Alternatively, the legislature should consider removing ACOA from the sunset review process. In our view, there are three central arguments supporting this perspective:

1. ACOA is required by federal regulations. Section 305 of the Older Americans Act requires each state to designate an entity as the sole state agency to: (1) develop and administer a state plan; (2) coordinate all state activities related to the Older Americans Act; (3) serve as an effective and visible advocate for the elderly; and, (4) distribute funds to individuals with the greatest economic or social need.

Section 3026 of 42 US Code requires the establishment of an advisory council to: (1) develop and administer an area plan; (2) conduct public hearings; (3) represent the interest of older persons; and, (4) review and comment on all community policies, programs, and actions which affect older persons. ACOA satisfies these requirements as set out in the act and federal code.

Other similar federally-mandated boards and commissions have not been made subject to the sunset review process. Such entities as the Governor's Council on Vocational Education, the Alaska Job Training Coordinating Council, and the Employment Security Council have not been made subject to sunset review. In our view, this is primarily because their existence is an ongoing requirement necessary for the State to receive millions of dollars in federal funding.

2. ACOA has been operating effectively. No significant problems have been found in past or current sunset reviews. The last sunset audit covered the period FY 89 to FY 92. The report concluded that the Older Alaskans Commission (a predecessor to ACOA) should be reestablished. During this audit, which covered the period since the last sunset review, we have determine that ACOA is operating effectively and recommend the commission be reestablished.
3. Option to review ACOA is always available. The legislature can request a special audit anytime there is a need. The financial and program operations of ACOA are included in our annual statewide audit. A review of any other issues can be requested at any time by the Legislative Budget and Audit Committee.

The purpose of the sunset review process is to provide a mechanism by which various agencies, organizations, boards, and commissions are subject to ongoing review to assure that they are operating in the best interest of the public. When considering what entities should be subject to the sunset review process, the potential for public harm, the history of operations, and the necessity for the entity should all be taken into consideration along with the availability of audit resources. Given these factors, we suggest that ACOA could be excluded from the sunset review process with no adverse impact to the public interest.

FINDINGS AND RECOMMENDATIONS

Recommendation No.1

The governor should consider appointing a public member from the Southwest region to fill the vacancy on the commission.

ACOA has divided the State into six funding regions: Anchorage, Interior, Northwest, Southcentral, Southeast, and Southwest. Our analysis of current commission membership indicated that no commission member is from the Southwest region. Alaska Statute (AS) 44.21.200 (b) states that the governor shall make appointments to assure representation of low income persons and minorities, and representation from the urban and rural areas of the State, and to "*secure statewide geographical representation of the commission.*"

ACOA currently has two vacant commissioner positions. We recommend that the governor consider making one of his appointments from a qualified state resident from the Southwest region.

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ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analysis of board activities relates to the public need factors defined in the "sunset" law, Alaska Statute 44.66.050. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

The extent to which the board, commission, or program has operated in the public interest.

Increase in services to seniors

Almost half of ACOA's budget is expended on the nutrition, transportation, and support (outreach, escort, information referral, and shopping assistance) services. This program is funded largely by federal funds.

Although ACOA has had to reduce some long-standing five-day congregate meal and transportation services to three days per week, the number of home delivered meals served increased by 6 percent in FY 93 and by an additional 5 percent in FY 94. The home-delivered meals increased from 156,860 in FY 92, to 166,402 in FY 93, and to 173,952 meals in FY 94. The number of passenger assists provided in FY 93 and FY 94 increased by 8 percent and 14 percent, respectively. The number of assists increased from 87,170 in FY 92, to 93,805 in FY 93, and to 107,151 in FY 94.

Frail seniors and adults with Alzheimer disease and related disorders (ADRD) are assisted in living as independently as possible

In an effort to keep frail seniors and adults with ADRD living as independently as possible, ACOA funds adult day care centers (ADC). This program is supported primarily by state general funds. ACOA receives funds from the Mental Health Trust fund to serve victims of ADRD. The number of ADCs has remained at 12 since 1992. The commission fully funds an ADRD care coordination and "brokered" services program, which began as a pilot program in FY 94, in Fairbanks.

Provides oversight of senior services

Commission-directed funding provides for improved quality assurance at residential facilities for many seniors in the State through the long-term care ombudsman (LTCO). This office has the authority to investigate and resolve complaints against any facility caring for the elderly, including nursing homes, adult residential care facilities and foster homes.

The LTCO investigated more than 350 complaints involving long-term care facilities in both FY 93 and FY 94.

Keeps Alaska's seniors informed on important issues

Legislative action, health issues, and senior programs are regularly covered in the *Senior Voice*, a low-cost monthly newspaper for seniors, published by the Older Persons Action Group, Inc. The publication is financed by an ACOA grant.

Representatives of senior organizations around the State, primarily local commissions on aging, connect with the bi-weekly teleconference of the legislative committee of ACOA each legislative session, February through May. They learn about upcoming committee hearings on key senior legislation and therefore enable them to formulate a plan for advocacy on specific legislation.

ACOA provides training to individuals working with elderly

Each year ACOA budgets approximately \$80,000 of Title III funds for training. These funds are expended on ACOA-sponsored training and some is awarded to grantees to attend training sessions. Included in the training funded in 1993 and 1994 were presentations regarding: living wills, designated power of attorneys, health insurance counseling, care coordination, networking, fire safety/environmental health requirements, cardio-pulmonary resuscitation, and counseling and supervision of older workers.

Several ACOA commissioners attended the Northwest Geriatric Conference held in Anchorage in February 1993.

In March 1993, the commission and Alaska's senior network received training from Alaska Legal Services Corporation on advance directives, living wills, and designated power of attorney.

Over 50 providers attended the two ACOA sponsored training events for adult foster care and residential care providers in May 1993 and July 1993 which emphasized proposed legislation on assisted living, networking, and fire safety/environmental health requirements.

ACOA maintains a toll-free information line

ACOA offers seniors two toll free-numbers to call to get information about their options for insurance to supplement their Medicare and find out what services are available for seniors in almost every community in the State. These numbers are available Monday through Friday, except holidays, during regular work hours.

Provide older workers with an opportunity to gain work skills and job experience.

In FY 93 and FY 94, ACOA funded the training and employment of more than 275 older workers (300 in FY 93 and 277 in FY 94). Funding for the workers was provided through grants made to 42 non-profit agencies.

The commission signed memoranda of agreement with three service delivery areas² in the State: Fairbanks North Star Borough Private Industry Council, the Municipality of Anchorage, and the Department of Community and Regional Affairs. The memoranda defined each agency's role in providing services to older individuals.

Additionally, the commission developed four older worker "mini-projects" in Kodiak, Dillingham, Nome, and Soldotna. Each project conducted outreach to locate eligible individuals and evaluate their suitability for training and services.

The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

Compliance with ACOA program statutes (AS 44.21.200-230)

With the exception of some geographical imbalance, (see Recommendation No. 1) the composition of the ACOA complies with the requirements set out in the commission's statutes. Commission members, appointed in accordance with AS 44.21.200, meet the statutory age requirements and appear to provide representation of minorities and urban and rural areas of the State. Current members appear to have an interest in and do represent older Alaskans. Meetings are announced to the public and public participation is encouraged at each meeting.

In compliance with AS 44.21.230 and the Older Americans Act, the commission prepares a state plan that identifies the concerns and needs of older Alaskans. ACOA has developed a state plan for the period 1993 to 1997 which has received approval from the federal Administration on Aging. In addition to the state plan, the aforementioned statute requires the preparation of an annual report describing the activities of the council. ACOA has complied by annually preparing for the governor and the legislature a report which contains legislative and budget recommendations that benefit older Alaskans.

² Service delivery areas or SDAs is a term related to programs funded by the federal Job Training Partnership Act (JTPA). Under JTPA the State is divided up into three SDAs, with individuals in each region directing how employment training funding should be spent. ACOA utilizes this JTPA administrative infrastructure to provide the training and employment funding to older workers.

Allocation of Funds

Under the Older Americans Act, as the single planning and service area state, ACOA is required to develop a funding plan to allocate the federal funds it receives under Title III of the act. Such an allocation should show preference in the delivery of services to older persons in greatest economic or social need. ACOA has developed such a funding plan, which is described in the Background Information section of this report. The funding plan allocates funds to six regions in the State. Funds are then distributed within the region using a grant proposal process.

Funding decisions begin with ACOA staff conducting research, reviewing proposals, making the necessary computations, and conducting public hearings where necessary. Staff recommendations are then forwarded to the commission. The commission reviews the recommendations, and the grant proposals independently. ACOA meetings are open and public comments are encouraged. ACOA then decides what changes, if any, it wishes to make to staff recommendations and then votes its final approval of the funding allocation.

We attended ACOA's meeting held in June 1995 to discuss FY 96 funding. A public hearing of the proposed plan of services for adults with ADRD was scheduled for teleconference during this meeting to 20 sites in the State. Five sites — Barrow, Dillingham, Homer, Juneau, and Kenai — participated.

Budgetary Constraints

Budgetary constraints have had an impact in at least two significant areas of ACOA's operations. Due to resource limitations at both state and local levels, ACOA has reduced some long-standing five-day congregate meal and transportation services to three days per week. Further, ACOA is placing more reliance on grantees to monitor their own compliance with those federal requirements, such as civil rights protection, that are not part of the Older Americans Act. Grantees are required to provide written assurance that they will comply with federal, state, and local laws requiring non-discrimination in employment and delivery of services. ACOA reviews compliance when they perform on-site visits approximately once every three years.

The extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

Since the last sunset audit, ACOA supported passage of SB 248 during the 18th legislature, which transferred the Adult Protective Services from the Department of Health and Social Services to the Division of Senior Services within the Department of Administration. The commission also supported SB 249, which created Assisted Living Homes and gave licensing responsibility to the Division of Senior Services.

The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

Notice of each meeting has been publicly advertised and a time for public comment has been set aside at each meeting. The by-laws, adopted by the commission, states that at least one period shall be scheduled at each regularly scheduled meeting for public comment.

Also, persons that are at least 60 years old and reside in a long term care facility are encouraged to utilize the services of the long-term care ombudsman. The Older Americans Act and state regulations require signs to be posted in long term care facilities that indicates what office is to be contacted if they have complaints. The long-term care ombudsman also has trained volunteers in three facilities in Anchorage. They not only listen to complaints from residents but also initiate complaints, if they observe improprieties. When complaints are made to the State Ombudsman by residents of a long-term care facility, they are referred to the long-term care ombudsman.

The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

As previously discussed under the second, third, and fourth criterion above, public participation is encouraged at each commission meeting. In addition, ACOA has information about their programs and activities printed in the *Senior Voice*, a monthly newspaper that is designed for and distributed to older Alaskans.

The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.

From a review of the state ombudsman closed case files we determined that no complaints have been filed against any activities of ACOA.

We interviewed the long-term care ombudsman (LTCO) on June 20, 1995 who reported that the majority of complaints are received over the phone and only three written reports on complaints were made in FY 95.

According to a federal review report of LTCO's operations, the LTCO is operating in accordance with federal requirements.

The extent to which the board or commission which regulates entry into an occupation or profession has presented qualified applicants to serve the public.

Since ACOA does not regulate any occupations or professions, this is not applicable.

The extent to which state personnel practices, including affirmative action requirements have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We determined that there has been no complaints against ACOA regarding violations of personnel practices or an individual's civil rights.

The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

See Recommendation No. 1 in the Findings and Recommendation section of this report.

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION DIVISION OF SENIOR SERVICES

Adult Protective Services
Information & Referral
Assisted Living Licensing
Longevity Bonus

Alaska Commission on Aging
CHOICE for the Elderly Home Care
Long Term Care Ombudsman
Pioneers' Homes & Advisory Board

Tony Knowles, Governor

Alaska Commission on Aging
PO Box 110211
Juneau, AK 99811-0211
Phone (907)465-4400
FAX (907)465-4716

December 7, 1995

RECEIVED
DEC 03 1995

Mr. Randy Welker
Legislative Auditor
Legislative Audit Division
P. O. Box 113300
Juneau, AK 99811-3300

LEGISLATIVE AUDIT

Dear Mr. Welker:

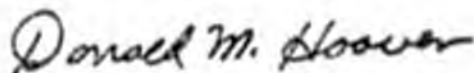
Thank you for Legislative Audit's Preliminary Report of September 29 concerning the Sunset audit recently completed on the Alaska Commission on Aging. This letter was reviewed by the Commission in Executive Session during our meetings of October 16-20, 1995.

The Commission is in concurrence with the Auditor's Conclusion, that the Commission's termination date be extended until June 30, 2003, or that the Commission be removed from the sunset review process.

Since this review of the Commission's status, the Governor has made new appointments to the Commission. One of those appointments is from Kodiak. This significantly expands the geographic representation on the Commission, as was recommended in Recommendation Number 1.

The Commission mailed a letter similar to this to Cristino Fermin on November 8, 1995.

Sincerely,



Donald M. Hoover
Chair

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TONY KNOWLES, GOVERNOR

DEPARTMENT OF ADMINISTRATION

DIVISION OF ADMINISTRATIVE SERVICES

December 15, 1995

P.O. BOX 110208
JUNEAU, ALASKA 99811-0208
PHONE: (907) 465-2277
FAX: (907) 465-1135

Randy Welker
Legislative Auditor
Division of Legislative Audit
P. O. Box 113300
Juneau, AK 99811-3300

RECEIVED
DEC 15 1995

LEGISLATIVE AUDIT

Dear Mr. Welker:

Thank you for the opportunity to reply to the preliminary audit report on the Department of Administration, Alaska Commission on Aging dated September 29, 1995. Following are the Department's comments to your recommendation made in the letter.

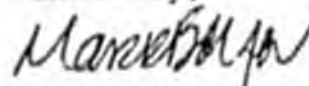
Recommendation No. 1

The governor should consider appointing a public member from the Southwest region to fill the vacancy on the commission.

The Department concurs with this recommendation. Subsequent to this review of the Commission's status, the Governor has made new appointments to the Commission and one of those appointments is from Kodiak. This significantly expands the geographic representation on the Commission as recommended in this report.

Thank you again for the opportunity to respond to this preliminary audit report.

Sincerely,



Mark Boyer
Commissioner

cc: Sharon Barton, Director
Connie Sipe, Director



OFFICIAL BUSINESS

Alaska State Legislature
Senate
Office of the Secretary

RECEIVED
JAN 16 1996
Ans'd.....

STATE CAPITOL
JUNEAU, ALASKA 99801-1182
(907) 485-3701
FAX 465-2832

January 16, 1996

MEMORANDUM

TO: Senator Green, Chair
Health, Education and Social Services Committee

FROM: Nancy Quinto *NQ*
Secretary of the Senate

SUBJECT: Sunset Audits

President Pearce has referred the following report to your committee:

Department of Administration, Alaska Commission on Aging, September 29,
1995 (Sunset)

NQ/vsw

Enclosure

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

RECEIVED

FEB 26 1996

Ans'd.....

February 23, 1996

The Honorable Lyda Green, Chair
Senate HESS Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1192

Dear Madam Chair:

Please schedule SB 259, "An Act removing the requirement for sunset review of the Alaska Commission on Aging; and providing for an effective date." for committee hearing.

The Alaska Commission on Aging was established in the Department of Administration in July 1981. The primary functions of the Commission are:

1. To determine the appropriate amount of state and federal funds to allocate toward the purchase of needed programs and services for older Alaskans.
2. To advocate the needs and interests of older Alaskans at both the state and local levels.
3. To increase the coordination of state and local resources available to address the needs of older Alaskans.
4. To develop or expand services to older Alaskans as well as to ensure a more systematic and thorough approach toward helping them lead dignified, independent, and useful lives.

Legislative Audit completed a sunset review of the Alaska Commission on Aging in the fall of 1995. The commission is scheduled for termination on June 30, 1996. The auditor's conclusion and recommendation was that the commission had met the various sunset criteria, as set out in statute, and should be extended to June 30, 2003, or alternatively be removed from the sunset review process. The arguments for removal from sunset review are elaborated in the legislative audit:

1. ACOA is required by federal statute.
2. ACOA has been operating effectively.
3. Option to review ACOA is always available.

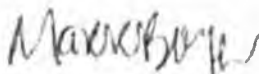
The Honorable Lyda Green

-2-

February 23, 1996

Your early consideration of this request would be appreciated. If you have any additional questions, you should contact Jane Demmert, Executive Director of the Alaska Commission on Aging at 465-4879.

Sincerely,



Mark Boyer,
Commissioner

MB/nn

cc: Jane Demmert
Executive Director
Alaska Commission on Aging

David Koivuniemi
Department of Administration

Alison Elgee
Department of Administration

Pat Pouchot
Office of the Governor

SB

301

9-LS1748F-
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3/15/96

CS FOR HOUSE BILL NO. 535(HES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to postsecondary education; and providing for an effective date."**

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

3 *** Section 1. AS 14.40.170(b) is amended to read:**

4 **(b) The Board of Regents may**

5 **(1) adopt reasonable rules, orders, and plans with reasonable penalties for**
6 **the good government of the university and for the regulation of the Board of Regents;**

7 **(2) determine and regulate the course of instruction in the university with**
8 **the advice of the president;**

9 **(3) set student tuition and fees;**

10 **(4) receive and spend university receipts in accordance with AS 37.07**

11 **[(THE) Executive Budget Act];**

12 **(5) enter into agreements with government or postsecondary**
13 **education, officials of this state or other states to provide postsecondary educational**
14 **services and programs to residents of this state pursuing a medical education; an**
15 **agreement with another state must be limited to services and programs that are**

1 unavailable in this state [(AS 37.07)].

2 * Sec. 2. AS 14.42.015(a) is repealed and reenacted to read:

3 (a) There is created in the Department of Revenue the Alaska Commission on
4 Postsecondary Education. The commission shall be governed by a board of directors
5 consisting of the commissioner of revenue, the commissioner of administration, a person
6 representing the department appointed by the governor, four members of the public
7 appointed by the governor, two members of the legislature who shall serve as ex officio
8 nonvoting members, and one student member appointed under (e) of this section who
9 shall serve as an ex officio nonvoting member. The two legislative members shall
10 include one member of the senate appointed by the president of the senate and one
11 member of the house appointed by the speaker of the house of representatives.

12 * Sec. 3. AS 14.42.015(c) is amended to read:

13 (c) The governor's appointees are subject to confirmation by the legislature and
14 shall serve at the pleasure of the governor for four-year staggered terms. [MEMBERS
15 APPOINTED OR DESIGNATED BY BODIES OR AGENCIES OTHER THAN THE
16 GOVERNOR SERVE AT THE PLEASURE OF THE APPOINTING AUTHORITY.]
17 Vacancies shall be filled in the same manner as original appointment.

18 * Sec. 4. AS 14.42.030(a) is amended to read:

19 (a) The commission has the following functions, advisory to the governing
20 boards of institutions of public and private higher education in Alaska, to the governor,
21 the legislature, and to other appropriate state and federal officials:

22 (1) coordinate the development of comprehensive plans for the orderly,
23 systematic growth of public and private postsecondary education, including community
24 colleges and occupational education, in the state and submit recommendations on the
25 need for, and location of, new facilities and programs;

26 (2) advise as to the functions and purposes of the colleges and
27 universities, both public and private, in the state and counsel as to the programs
28 appropriate to each;

29 (3) [REVIEW THE ANNUAL BUDGETS AND CAPITAL OUTLAY
30 REQUESTS OF THE UNIVERSITY OF ALASKA AND OF EACH OF THE
31 PRIVATE COLLEGES AND UNIVERSITIES IN THE STATE, AND PRESENT
32 COMMENTS ON THE GENERAL LEVEL OF SUPPORT SOUGHT;

1 (4)] review and advise as to the working of all consortia and other
2 cooperative agreements between the institutions of higher education in the state that
3 are parties to them [;

4 (5) REPEALED].

5 * Sec. 5. AS 14.42.030(b) is amended to read:

6 (b) The commission shall

7 (1) [DEVELOP A COMPREHENSIVE STATEWIDE PLAN FOR
8 COORDINATED POSTSECONDARY EDUCATION IN THE STATE AND SERVE
9 AS THE STATE COMMISSION ON POSTSECONDARY EDUCATION REQUIRED
10 UNDER SEC. 1202 OF TITLE XII OF THE HIGHER EDUCATION ACT OF 1965,
11 AS AMENDED BY THE EDUCATION AMENDMENTS OF 1972 (P.L. 92-318,
12 SEC. 196; 86 STAT. 324);

13 (2) ESTABLISH A STATE ADVISORY COUNCIL ON
14 COMMUNITY COLLEGES AND DEVELOP A COMPREHENSIVE STATEWIDE
15 PLAN FOR THE EXPANSION AND IMPROVEMENT OF THE COMMUNITY
16 COLLEGES UNDER SEC. 1001 OF TITLE X OF THE HIGHER EDUCATION ACT
17 OF 1965, AS AMENDED BY THE EDUCATION AMENDMENTS OF 1972 (P.L.
18 92-318, SEC. 186; 86 STAT. 312, 313);

19 (3) SERVE AS THE STATE AGENCY REQUIRED UNDER SEC.
20 105 OF TITLE I (COMMUNITY SERVICE AND CONTINUING EDUCATION), 603
21 OF TITLE VI (FINANCIAL ASSISTANCE FOR UNDERGRADUATE
22 EDUCATION), 704 OF TITLE VII (CONSTRUCTION OF ACADEMIC
23 FACILITIES), AND PART B OF TITLE IV (GUARANTEED STUDENT LOAN
24 PROGRAM) OF THE HIGHER EDUCATION ACT OF 1965 (P.L. 89-329; 79 STAT.
25 1220, 1262; 20 U.S.C. 1005, 1123) AS AUTHORIZED BY SEC. 1202(c) OF TITLE
26 XII OF THE HIGHER EDUCATION ACT OF 1965, AS AMENDED BY THE
27 EDUCATION AMENDMENTS OF 1972 (P.L. 92-318, SEC. 196; 86 STAT. 324);

28 (4)] administer the provisions of AS 14.43.090 - 14.43.160 (student
29 loan program);

30 (2) [(5)] administer the provisions of AS 14.48 (regulation of
31 postsecondary educational institutions) [;

1 (6) RESOLVE ANY DISPUTES THAT EXIST OR ARISE UNDER
2 A CONSORTIUM OR OTHER COOPERATIVE AGREEMENT BETWEEN
3 INSTITUTIONS OF PUBLIC AND PRIVATE HIGHER EDUCATION IN THE
4 STATE]

5 * Sec. 6. AS 14.42.040 is amended to read:

6 Sec. 14.42.040. EXECUTIVE OFFICER AND STAFF; ADMINISTRATION.

7 (a) The commission may appoint an executive director as the commission's executive
8 officer. The executive officer is a member of the exempt service under AS 39.25.110,
9 serves at the pleasure of the commission, and receives compensation fixed by the
10 commission. The executive officer appoints persons to the staff positions authorized by
11 the commission, and staff compensation is fixed by the commission. Each employee of
12 the commission shall participate [ELECT MEMBERSHIP EITHER IN THE STATE
13 TEACHERS' RETIREMENT SYSTEM (AS 14.25), IF QUALIFIED, OR] in the public
14 employees' retirement system (AS 39.35).

15 (b) The Alaska Commission on Postsecondary Education is not a division in the
16 Department of Revenue [EDUCATION]. The commission, its members, executive
17 officer, and staff are in the Department of Revenue [EDUCATION] for administrative
18 support services only, and they are not subject to the direction of the commissioner of
19 revenue [EDUCATION OR THE STATE BOARD OF EDUCATION].

20 * Sec. 7. AS 14.42.100 is amended to read:

21 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

22 There is created the Alaska Student Loan Corporation. The corporation is a public
23 corporation and government instrumentality within the Department of Revenue
24 [EDUCATION] but having a legal existence independent of and separate from the state.
25 The corporation may not be terminated as long as it has bonds, notes, or other
26 obligations outstanding. Upon termination of the corporation, its rights and property pass
27 to the state.

28 * Sec. 8. AS 14.42.120(a) is amended to read:

29 (a) The corporation shall be governed by a board of directors appointed by the
30 governor consisting of two public members of the Alaska Commission on Postsecondary
31 Education [, EACH OF WHOM IS SELECTED FOR THE COMMISSION UNDER
32 AS 14.42.015(a)(1) - (2), (4) - (6), (8), OR (9)] and the commissioner of revenue, the

1 commissioner of administration, and the commissioner of commerce and economic
2 development. Members of the board serve without compensation but the members who
3 are also members of the Alaska Commission on Postsecondary Education are entitled to
4 per diem and travel expenses authorized [BY LAW] for boards and commissions under
5 AS 39.20.180.

6 * Sec. 9. AS 14.42.015(b), 14.42.015(d), 14.42.030(d), and 14.42.055 are repealed.

7 * Sec. 10. TRANSITION. The terms of the existing members of the Alaska Commission on
8 Postsecondary Education terminate on the effective date of this Act. The governor may appoint
9 to the Alaska Commission on Postsecondary Education a person who has served on the Alaska
10 Commission on Postsecondary Education and who meets the qualifications of AS 14.42.015(a),
11 as repealed and reenacted by sec. 2 of this Act.

12 * Sec. 11. This Act takes effect July 1, 1996.

9-LS1748VG ✓

Ford

3/22/96

CS FOR HOUSE BILL NO. 535(H76)**IN THE LEGISLATURE OF THE STATE OF ALASKA****NINETEENTH LEGISLATURE - SECOND SESSION****BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

Offered:

Referred:

Sponsor(s): **HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to postsecondary education; and providing for an effective
2 date."

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

4 * Section 1. AS 14.07.020(a) is amended by adding a new paragraph to read:

5 (16) administer the provisions of AS 14.48 (regulation of postsecondary
6 educational institutions).

7 * Sec. 2. AS 14.40.170(b) is amended to read:

8 (b) The Board of Regents may

9 (1) adopt reasonable rules, orders, and plans with reasonable penalties for
10 the good government of the university and for the regulation of the Board of Regents;

11 (2) determine and regulate the course of instruction in the university with
12 the advice of the president;

13 (3) set student tuition and fees;

14 (4) receive and spend university receipts in accordance with AS 37.07

1 ([THE] Executive Budget Act);

2 (5) enter into agreements with government or postsecondary
3 education officials of this state or other states to provide postsecondary educational
4 services and programs to residents of this state pursuing a medical education; an
5 agreement with another state must be limited to services and programs that are
6 unavailable in this state [(AS 37.07)].

7 * Sec. 3. AS 14.42.015(a) is repealed and reenacted to read:

8 (a) There is created in the Department of Revenue the Alaska Commission on
9 Postsecondary Education. The commission shall be governed by a board of directors
10 consisting of the commissioner of revenue, the commissioner of administration, a person
11 representing the department appointed by the governor, four members of the public
12 appointed by the governor, two members of the legislature who shall serve as ex officio
13 nonvoting members, and one student member appointed under (c) of this section who
14 shall serve as an ex officio nonvoting member. The two legislative members shall
15 include one member of the senate appointed by the president of the senate and one
16 member of the house appointed by the speaker of the house of representatives.

17 * Sec. 4. AS 14.42.015(b) is amended to read:

18 (b) A [NO] governing body member, trustee, official, or employee of either a
19 public, private, or proprietary institution of postsecondary or higher education in the state
20 may not be appointed to membership on the commission as representative of the general
21 public for the purpose of (a) [(a)(4)] of this section.

22 * Sec. 5. AS 14.42.015(c) is amended to read:

23 (c) The governor's appointees are subject to confirmation by the legislature and
24 shall serve at the pleasure of the governor for four-year staggered terms. [MEMBERS
25 APPOINTED OR DESIGNATED BY BODIES OR AGENCIES OTHER THAN THE
26 GOVERNOR SERVE AT THE PLEASURE OF THE APPOINTING AUTHORITY.]
27 Vacancies shall be filled in the same manner as original appointment.

28 * Sec. 6. AS 14.42.025 is amended to read:

29 Sec. 14.42.025. MEETINGS, RULES, VOTES REQUIRED. The commission
30 shall prescribe its own rules of procedure. The commission shall meet once quarterly
31 at a time and place determined by the chair [CHAIRMAN], and at other times and
32 places as the chair [CHAIRMAN], or a majority of the members of the commission,

1 consider necessary. A quorum is a majority of the voting members of the commission.
2 The votes of the commission members shall be recorded, and effective action requires
3 the affirmative vote of a majority of the commission members present. A commission
4 member may not, with respect to a matter before the commission, vote for or on behalf
5 of, or in any way exercise the vote of, another member of the commission.

6 * Sec. 7. AS 14.42.030(b) is amended to read:

7 (b) The commission shall

8 [(1) DEVELOP A COMPREHENSIVE STATEWIDE PLAN FOR
9 COORDINATED POSTSECONDARY EDUCATION IN THE STATE AND SERVE
10 AS THE STATE COMMISSION ON POSTSECONDARY EDUCATION REQUIRED
11 UNDER SEC. 1202 OF TITLE XII OF THE HIGHER EDUCATION ACT OF 1965,
12 AS AMENDED BY THE EDUCATION AMENDMENTS OF 1972 (P.L. 92-318,
13 SEC. 196; 86 STAT. 324);

14 (2) ESTABLISH A STATE ADVISORY COUNCIL ON
15 COMMUNITY COLLEGES AND DEVELOP A COMPREHENSIVE STATEWIDE
16 PLAN FOR THE EXPANSION AND IMPROVEMENT OF THE COMMUNITY
17 COLLEGES UNDER SEC. 1001 OF TITLE X OF THE HIGHER EDUCATION ACT
18 OF 1965, AS AMENDED BY THE EDUCATION AMENDMENTS OF 1972 (P.L.
19 92-318, SEC. 186; 86 STAT. 312, 313);

20 (3) SERVE AS THE STATE AGENCY REQUIRED UNDER SEC.
21 105 OF TITLE I (COMMUNITY SERVICE AND CONTINUING EDUCATION), 603
22 OF TITLE VI (FINANCIAL ASSISTANCE FOR UNDERGRADUATE
23 EDUCATION), 704 OF TITLE VII (CONSTRUCTION OF ACADEMIC
24 FACILITIES), AND PART B OF TITLE IV (GUARANTEED STUDENT LOAN
25 PROGRAM) OF THE HIGHER EDUCATION ACT OF 1965 (P.L. 89-329; 79 STAT.
26 1220, 1262; 20 U.S.C. 1005, 1123) AS AUTHORIZED BY SEC. 1202(c) OF TITLE
27 XII OF THE HIGHER EDUCATION ACT OF 1965, AS AMENDED BY THE
28 EDUCATION AMENDMENTS OF 1972 (P.L. 92-318, SEC. 196; 86 STAT. 324);

29 (4) administer the provisions of AS 14.43.090 - 14.43.160 (student
30 loan program) [;

31 (5) ADMINISTER THE PROVISIONS OF AS 14.48 (REGULATION

1 OF POSTSECONDARY EDUCATIONAL INSTITUTIONS);

2 (6) RESOLVE ANY DISPUTES THAT EXIST OR ARISE UNDER
3 A CONSORTIUM OR OTHER COOPERATIVE AGREEMENT BETWEEN
4 INSTITUTIONS OF PUBLIC AND PRIVATE HIGHER EDUCATION IN THE
5 STATE].

6 • Sec. 8. AS 14.42.040 is amended to read:

7 Sec. 14.42.040. EXECUTIVE OFFICER AND STAFF; ADMINISTRATION.

8 (a) The commission may appoint an executive director as the commission's executive
9 officer. The executive officer is a member of the exempt service under AS 39.25.110,
10 serves at the pleasure of the commission, and receives compensation fixed by the
11 commission. The executive officer appoints persons to the staff positions authorized by
12 the commission, and staff compensation is fixed by the commission. Each employee of
13 the commission shall participate [ELECT MEMBERSHIP EITHER IN THE STATE
14 TEACHERS' RETIREMENT SYSTEM (AS 14.25), IF QUALIFIED, OR] in the public
15 employees' retirement system (AS 39.35).

16 (b) The Alaska Commission on Postsecondary Education is not a division in the
17 Department of Revenue [EDUCATION]. The commission, its members, executive
18 officer, and staff are in the Department of Revenue [EDUCATION] for administrative
19 support services only, and they are not subject to the direction of the commissioner of
20 revenue [EDUCATION OR THE STATE BOARD OF EDUCATION].

21 • Sec. 9. AS 14.42.045 is amended to read:

22 Sec. 14.42.045. COMPENSATION AND PER DIEM. The public members
23 and the student member [MEMBERS] of the commission serve without compensation
24 but are entitled to per diem and travel expenses as may be authorized [BY LAW] for
25 boards and commissions under AS 39.20.180.

26 • Sec. 10. AS 14.42.100 is amended to read:

27 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.
28 There is created the Alaska Student Loan Corporation. The corporation is a public
29 corporation and government instrumentality within the Department of Revenue
30 [EDUCATION] but having a legal existence independent of and separate from the state.
31 The corporation may not be terminated as long as it has bonds, notes, or other
32 obligations outstanding. Upon termination of the corporation, its rights and property pass

1 to the state.

2 * Sec. 11. AS 14.42.120(a) is amended to read:

3 (a) The corporation shall be governed by a board of directors appointed by the
4 governor consisting of two public members of the Alaska Commission on Postsecondary
5 Education [, EACH OF WHOM IS SELECTED FOR THE COMMISSION UNDER
6 AS 14.42.015(a)(1) - (2), (4) - (6), (8), OR (9)] and the commissioner of revenue, the
7 commissioner of administration, and the commissioner of commerce and economic
8 development. Members of the board serve without compensation but the members who
9 are also members of the Alaska Commission on Postsecondary Education are entitled to
10 per diem and travel expenses authorized [BY LAW] for boards and commissions under
11 AS 39.20.180.

12 * Sec. 12. AS 14.43.100(b) is amended to read:

13 (b) A person whose loan application is not approved by the executive director
14 of the commission may appeal to the commission and the commission shall, sitting as
15 a quasi-judicial body, consider the application.

16 * Sec. 13. AS 14.48.010(a) is amended to read:

17 (a) It is the purpose of this chapter to provide for the protection, education, and
18 welfare of the citizens of the state, its postsecondary educational institutions, and its
19 students, by

20 (1) establishing minimum standards concerning quality of education,
21 ethical and business practices, health and safety, and fiscal responsibility, to protect
22 against substandard, transient, unethical, deceptive, or fraudulent institutions and
23 practices;

24 (2) prohibiting the granting of false or misleading educational credentials;

25 (3) regulating the use of academic terminology in designating educational
26 institutions;

27 (4) prohibiting misleading literature, advertising, solicitation, or
28 representation by educational institutions or their agents;

29 (5) providing for the preservation of essential academic records; and

30 (6) providing certain rights and remedies to the public and the
31 department [COMMISSION] necessary to carry out the purposes of this chapter.

32 * Sec. 14. AS 14.48.020 is amended to read:

1 Sec. 14.48.020. AUTHORIZATION AND PERMITS REQUIRED. A person
2 may not

3 (1) operate a postsecondary educational institution in the state unless the
4 institution has a valid authorization to operate issued under this chapter or is exempt
5 from the provisions of this chapter;

6 (2) offer, itself or through an agent, enrollment or instruction in, or the
7 granting of educational credentials from, a postsecondary educational institution, whether
8 the institution is in or outside the state, unless the agent is a natural person and has a
9 currently valid agent's permit issued under this chapter or is exempt from the provisions
10 of this chapter;

11 (3) accept contracts or enrollment applications of prospective students
12 from an agent who does not have a current permit as required by this chapter; however,
13 the department [COMMISSION] may adopt regulations to permit the rendering of
14 legitimate public information services without a [THE] permit;

15 (4) instruct or educate, [OR] offer to instruct or educate, enroll or offer
16 to enroll, contract or offer to contract or award an educational credential, or contract with
17 an institution or person to do so, in or outside the state, unless that person is in
18 compliance with the minimum standards set out in AS 14.48.060, the criteria established
19 by the department [COMMISSION] under AS 14.48.050(1), and the regulations adopted
20 by the department [COMMISSION] under AS 14.48.050(7);

21 (5) use the term "university" or "college" without authorization to do so
22 from the department [COMMISSION];

23 (6) grant, or offer to grant, educational credentials [,] without
24 authorization to do so from the department [COMMISSION].

25 * Sec. 15. AS 14.48.030(b) is amended to read:

26 (b) The following educational programs or services and educational institutions
27 are exempt from the provisions of this chapter, or portions of them, as determined by the
28 department [COMMISSION]:

29 (1) education sponsored by a bona fide trade, business, labor,
30 professional, or fraternal association or organization, recognized by the department,
31 [COMMISSION] and conducted solely for that association's or organization's
32 membership [,] or offered on a no-fee basis;

1 (2) education solely avocational or recreational in nature and institutions
2 offering avocational or recreational education exclusively;

3 (3) education offered by charitable organizations, recognized by the
4 department [COMMISSION], if the education is not advertised or promoted as leading
5 toward educational credentials;

6 (4) nonprofit postsecondary educational institutions offering
7 undergraduate or graduate educational programs conducted in the state, but not by
8 correspondence, that [WHICH] are acceptable for credit toward an associate, bachelor's,
9 or graduate degree;

10 (5) postsecondary educational institutions established, operated, and
11 governed by the United States, a state or its political subdivisions.

12 * Sec. 16. AS 14.48.040 is amended to read:

13 Sec. 14.48.040. DEPARTMENT [COMMISSION] TO ADMINISTER
14 CHAPTER. The commissioner of education [ALASKA COMMISSION ON
15 POSTSECONDARY EDUCATION] shall administer this chapter and may hire necessary
16 personnel. The department [COMMISSION] may obtain from departments,
17 commissions, and other state agencies information and assistance needed to carry out the
18 provisions of this chapter.

19 * Sec. 17. AS 14.48.050 is amended to read:

20 Sec. 14.48.050. POWERS AND DUTIES OF DEPARTMENT
21 [COMMISSION]. The department [COMMISSION] shall

22 (1) establish minimum criteria consistent with AS 14.48.060 including
23 quality of education, ethical and business practices, health and safety, and fiscal
24 responsibility that applicants for authorization to operate, or for an agent's permit, must
25 meet before the authorization or permit is issued;

26 (2) receive, investigate, and act upon applications for authorization to
27 operate postsecondary educational institutions and applications for agent's permits;

28 (3) maintain a list of postsecondary educational institutions and agents
29 authorized to operate in the state under this chapter;

30 (4) keep current and make available as public information the list of
31 institutions and agents;

32 (5) enter into interstate reciprocity agreements with similar agencies in

1 other states [.] if in the judgment of the department [COMMISSION] the agreements
2 will be helpful in carrying out the purposes of this chapter;

3 (6) receive and maintain as a permanent file [.] copies of academic
4 records maintained in accordance with AS 14.48.060(b)(6);

5 (7) adopt regulations and procedures necessary or appropriate for the
6 conduct of its work and the implementation of this chapter under AS 44.62
7 (Administrative Procedure Act);

8 (8) investigate on its own initiative, or in response to a complaint lodged
9 with it, persons subject to [.] or reasonably believed by the department
10 [COMMISSION] to be subject to [.] the jurisdiction of this chapter; [AND] in connection
11 with the investigation, subpoena persons, books, records, or documents related to the
12 investigation; require answers in writing under oath to questions propounded by the
13 department [COMMISSION] and administer oaths or affirmations to persons in
14 connection with the investigation; and, for the purpose of examination at all reasonable
15 times, shall have access to, and the right to copy, documentary evidence of a corporation
16 that is under investigation or being proceeded against;

17 (9) exercise other necessary powers and duties in conformity with the
18 provisions of this chapter that, in the judgment of the department [COMMISSION], are
19 necessary to carry out the provisions of this chapter.

20 • Sec. 18. AS 14.48.060 is amended to read:

21 Sec. 14.48.060. MINIMUM STANDARDS. (a) In establishing the criteria
22 required by AS 14.48.050(1), the department [COMMISSION] shall require compliance
23 with the minimum standards set out in (b) of this section.

24 (b) A postsecondary educational institution must be maintained and operated [.]
25 or, in the case of a new institution, must demonstrate that it can be maintained and
26 operated so that

27 (1) the quality and content of each course or program of instruction,
28 training, or study [ARE SUCH AS] may reasonably and adequately achieve the stated
29 objective for which the course or program is offered;

30 (2) the institution has or has access to adequate space, equipment,
31 instructional materials, and personnel where applicable to achieve the stated objective of
32 the course or program of study and to provide education of good quality;

1 (3) the education or experience qualifications of directors, administrators,
2 supervisors, and instructors [ARE SUCH AS] may reasonably ensure that the students
3 will receive education consistent with the objectives of the course or program of study;

4 (4) the institution provides a catalog or brochure containing information
5 describing the programs offered, program objectives, length of program, schedule of
6 tuition, fees, [AND] all other charges and expenses necessary for completion of the
7 course of study, cancellation and refund policies, and other material facts concerning the
8 institution and the program or course of instruction that are reasonably likely to affect
9 the decision of the student to enroll, together with any other disclosures specified by the
10 department [COMMISSION] by regulation; and that this information is provided to
11 prospective students before enrollment;

12 (5) upon satisfactory completion of training, the student is given
13 appropriate educational credentials by the institution, indicating that the course of
14 instruction or study has been satisfactorily completed by the student;

15 (6) adequate records are maintained by the institution to show attendance,
16 progress [,] or grades, and that satisfactory standards are enforced relating to attendance,
17 progress, and performance;

18 (7) the institution is maintained and operated in compliance with all
19 pertinent ordinances and laws relating to the safety and health of persons upon the
20 premises of the institution;

21 (8) the institution is financially sound and capable of fulfilling its
22 commitments to students;

23 (9) neither the institution nor its agents engage in advertising, sales,
24 collection, credit, or other practices that [WHICH] are false, deceptive, misleading, or
25 unfair;

26 (10) the chief executive officer, trustees, directors, owners, administrators,
27 supervisors, staff, and instructors of the institution are of good reputation and character
28 and have not been convicted of a violation of AS 14.48.020, [OR] 14.48.150, [OR]
29 AS 45.50.471 - 45.50.561, or a comparable law in another state or province;

30 (11) the student housing owned, maintained, or approved by the
31 institution is appropriate, safe, and adequate;

32 (12) the institution has a fair and equitable cancellation and refund

1 policy; and

2 (13) the charges set by the institution for tuition, fees, books, and
3 supplies are fair and equitable.

4 (c) The department may accept accreditation [ACCREDITATION] by
5 national or regional accrediting agencies recognized by the department [COMMISSION
6 MAY BE ACCEPTED BY THE COMMISSION] as evidence of compliance with the
7 minimum standards established by this section and the criteria established under
8 AS 14.48.050(1). However, the department [COMMISSION] may require further
9 evidence and may [MAKE] further investigate [INVESTIGATION] as [MAY BE]
10 necessary. If the institution as a whole is not accredited, accreditation
11 [ACCREDITATION] by a recognized, specialized accrediting agency may be accepted
12 as evidence of compliance only as to the portion or program of an institution accredited
13 by the accrediting agency [IF THE INSTITUTION AS A WHOLE IS NOT
14 ACCREDITED].

15 * Sec. 19. AS 14.48.070(a) is amended to read:

16 (a) Each postsecondary educational institution desiring to operate in this state
17 shall apply to the department [COMMISSION], upon forms provided by the
18 department [COMMISSION]. The application must [SHALL] be accompanied by a
19 catalog or brochure published, or proposed to be published by the institution, containing
20 the information specified in AS 14.48.060(b)(4). The application must [SHALL] also
21 be accompanied by evidence of a surety bond or other deposit as required by
22 AS 14.48.100, and by the required fees.

23 * Sec. 20. AS 14.48.070(b) is amended to read:

24 (b) Following review of the application and after necessary investigation of the
25 applicant, the department [COMMISSION] shall either grant or deny authorization to
26 operate to the applicant. A grant of authorization to operate may be on those terms and
27 conditions the department [COMMISSION] may prescribe.

28 * Sec. 21. AS 14.48.070(c) is amended to read:

29 (c) The authorization to operate must be in a form approved by the department
30 [COMMISSION] and must include

- 31 (1) the date of issuance, effective date, and term of approval;
32 (2) the name and address of the institution;

- 1 (3) the authority for approval;
2 (4) any condition or limitation of the authorization, as considered
3 necessary by the department [COMMISSION].

4 * Sec. 22. AS 14.48.070(f) is amended to read:

5 (f) At least 60 days before the expiration of its [AN] authorization to operate,
6 the institution shall complete and file with the department [COMMISSION] an
7 application form for renewal [OF ITS AUTHORIZATION TO OPERATE]. The renewal
8 application shall be reviewed and acted upon as provided for an original application.

9 * Sec. 23. AS 14.48.070(g) is amended to read:

10 (g) An institution not yet in operation when its application for authorization to
11 operate is filed may not begin operation until receipt of authorization. An institution in
12 operation when its application for authorization to operate is filed may continue operation
13 until its application is acted upon by the department [COMMISSION]. The
14 department [COMMISSION] may issue provisional authorization to operate, containing
15 limitations as to time, procedures, functions, or other conditions as the department
16 [COMMISSION] considers necessary.

17 * Sec. 24. AS 14.48.080(a) is amended to read:

18 (a) A person desiring to solicit or perform the services of an agent [,] in this
19 state [,] shall apply to the department on [COMMISSION UPON] forms provided by
20 the department [COMMISSION]. The application must [SHALL] be accompanied by
21 evidence of the good reputation and character of the applicant and must state the
22 institution that the applicant intends to represent. An agent representing more than one
23 institution must obtain a separate agent's permit for each institution represented.
24 However, when an agent represents institutions having a common ownership, only one
25 agent's permit is required. If an institution that the applicant intends to represent does
26 not have authorization to operate in this state, the application must [SHALL] be
27 accompanied by the information required of institutions making application for
28 authorization. The application for an agent's permit must [SHALL] also be accompanied
29 by evidence of a surety bond or other deposit as required by AS 14.48.100, and by
30 payment of the required fees.

31 * Sec. 25. AS 14.48.080(c) is amended to read:

32 (c) Following review of the application and any further information submitted

1 by the applicant, and investigation of the applicant as the department [COMMISSION]
2 considers necessary, the department [COMMISSION] shall either grant or deny an
3 agent's permit to the applicant.

4 * Sec. 26. AS 14.48.080(d) is amended to read:

5 (d) The agent's permit must be in a form approved by the department
6 [COMMISSION] and must include

- 7 (1) the date of issuance, effective date, and term;
8 (2) the correct name and address of the agent;
9 (3) the institution or institutions that the agent is authorized to represent.

10 * Sec. 27. AS 14.48.080(f) is amended to read:

11 (f) At least 60 days before the expiration of an agent's permit, the agent shall
12 complete and file with the department [COMMISSION] an application form for
13 renewal. The renewal application shall be reviewed and acted upon as provided for an
14 original application.

15 * Sec. 28. AS 14.48.090 is repealed and reenacted to read:

16 Sec. 14.48.090. FEES. The department shall adopt regulations that establish the
17 amount and manner of payment of fees for applications, authorizations, permits, and
18 renewals under this chapter.

19 * Sec. 29. AS 14.48.100 is amended to read:

20 Sec. 14.48.100. BONDS. (a) At the time application is made for authorization
21 to operate, or for renewal of an authorization to operate, the department
22 [COMMISSION] may require the postsecondary educational institution to file a surety
23 bond in the amount determined by the department [COMMISSION]. The amount shall
24 be determined by the number of students the institution seeks to enroll. The amount of
25 the surety bond shall be reexamined by the department [COMMISSION] upon each
26 renewal of the authorization to operate to determine if a larger or smaller bond would
27 be appropriate to ensure adequate protection for the students or enrollees, [OR] their
28 parents or guardians, or classes thereof. The bond shall be executed by the applicant as
29 principal and by a surety company qualified and authorized to do business in this state,
30 The bond [AND] shall be conditioned to provide indemnification to any student or
31 enrollee, [OR] the student's or enrollee's parent or guardian, or class thereof [,]
32 determined to have suffered loss or damage as a result of a postsecondary educational

1 institution's [AN] act or practice that [WHICH] is a violation of this chapter [BY THE
2 POSTSECONDARY EDUCATIONAL INSTITUTION] and that the bonding company
3 shall pay a final nonappealable order of the department [COMMISSION] or judgment
4 of a court of this state having jurisdiction, upon receipt of written notification of the
5 order or judgment. The aggregate liability of the surety for the bond of the institution
6 or agent involved in the order or judgment may not, in any event, exceed the amount of
7 the bond.

8 (b) An application for an agent's permit must [SHALL] be accompanied by a
9 surety bond in the amount determined by the department [COMMISSION] to be
10 necessary for the protection of the students or enrollees, [OR] their parents or guardians,
11 or classes of these, or to reflect an institution's volume of business in the state. The
12 bond shall be executed by the applicant as principal and by a surety company qualified
13 and authorized to do business in this state. The bond shall be conditioned to provide
14 indemnification to any student or enrollee, [OR] the student's or enrollee's parents or
15 guardian, or class of these, determined to have suffered loss or damage as a result of an
16 agent's act or practice that [WHICH] is a violation of this chapter [BY THE AGENT].

17 (c) The surety bond to be filed under this section must [SHALL] cover the
18 period of the authorization to operate or the agent's permit, as appropriate, except when
19 a surety is released as provided in this subsection. A surety on a bond filed under this
20 section may be released from that bond after the surety serves written notice of the
21 release to the department [COMMISSION] and to the bonded agent or institution 45
22 days before the release. However, the release does not discharge or otherwise affect a
23 claim filed by a student or enrollee, [OR] a parent or guardian, or class thereof, before
24 or after the release for loss or damage resulting from an act or practice that [WHICH]
25 is a violation of this chapter alleged to have occurred while the bond was in effect or for
26 an institution's ceasing operations during the term for which tuition has been paid while
27 the bond was in force.

28 (d) Authorization for an institution to operate and an agent's permit shall be
29 suspended by operation of law when the institution or agent is no longer covered by a
30 surety bond as required by this section. However, the department [COMMISSION]
31 shall give the institution or agent, or both, at least 30 days written notice before the
32 release of the surety, to the effect that the authorization or permit shall be suspended by

1 operation of law until another surety bond is filed in the same manner as, and in a like
2 amount to, the bond being terminated.

3 (c) In lieu of the surety bond required in (a) and (b) of this section, the applicant
4 may file with the department [COMMISSION] a cash deposit or other negotiable
5 security, acceptable to the department [COMMISSION], in the amount specified for
6 bonds.

7 * Sec. 30. AS 14.48.110 is amended to read:

8 Sec. 14.48.110. DENIAL. If the department [COMMISSION], upon review
9 of an application for authorization to operate [,] or an application for an agent's permit,
10 determines that the application should be denied, the department [COMMISSION] shall
11 notify the applicant, setting out the reasons in writing. AS 44.62 (Administrative
12 Procedure Act) governs the review of a denial under this section.

13 * Sec. 31. AS 14.48.120 is amended to read:

14 Sec. 14.48.120. SANCTIONS [REVOCAION]. (a) An authorization to
15 operate or an agent's permit may be revoked or conditioned if the department
16 [COMMISSION] has reasonable cause to believe that the holder of the authorization or
17 permit is violating or has violated this chapter, [OR] AS 45.50.471, [OR] regulations
18 adopted under this chapter, or AS 45.50.491. Except as provided in (b) of this section,
19 AS 44.62 (Administrative Procedure Act) governs the procedure for a revocation, review
20 of a revocation, or other action under this section.

21 (b) Authorization for an institution to operate, and a permit for an agent
22 representing that institution, are revoked 30 days after the institution ceases to operate.
23 The department [COMMISSION] shall give the institution and the agent 15 days'
24 written notice, by certified mail, sent return receipt requested, to the last addresses of the
25 institution and agent.

26 (c) The institution and the agent may appeal a revocation under (b) of this
27 section by filing an appeal in writing with the department [COMMISSION] within 30
28 days after the revocation.

29 * Sec. 32. AS 14.48.120 is amended by adding a new subsection to read:

30 (d) In addition to the sanctions imposed under (a) of this section, the department
31 may assess a civil fine, not to exceed \$5,000, for costs of investigating and adjudicating
32 the matter.

1 * Sec. 33. AS 14.48.130 is amended to read:

2 Sec. 14.48.130. 'COMPLAINTS. (a) A person claiming damage or loss as a
3 result of an act or practice by a postsecondary educational institution or its agent, or
4 both, that [WHICH] is a violation of this chapter or of the regulations adopted under this
5 chapter may file with the department [COMMISSION] a complaint against the
6 institution or against its agent or both. The complaint must state [SHALL SET OUT]
7 the alleged violation and must [SHALL] contain other information as may be required
8 by the department [COMMISSION]. A complaint may also be filed by the department
9 [COMMISSION] on its own motion or the attorney general. A complainant may file
10 with the department [COMMISSION] as a representative of a class of complainants.

11 (b) The department [COMMISSION] shall investigate the complaint and may
12 attempt to resolve the complaint by [EFFECT A] settlement [BY PERSUASION AND
13 CONCILIATION]. The department [COMMISSION] may consider a complaint after
14 30 days written notice by registered mail to the institution or agent, or both, giving
15 notice of a time and place for hearing on the complaint. The hearing shall be conducted
16 in accordance with AS 44.62 (Administrative Procedure Act).

17 (c) If, upon the evidence at a hearing, the department [COMMISSION] finds
18 that a postsecondary educational institution or its agent, or both, has engaged in, or is
19 engaging in, an act or practice that [WHICH] violates this chapter or the regulations
20 adopted under this chapter, the department [COMMISSION] shall serve upon the
21 institution or agent or both [,] an order requiring the institution or agent or both to cease
22 and desist from the act or practice. If the department [COMMISSION] finds that the
23 complainant, or class of complainants, has suffered loss or damage as a result of the act
24 or practice, the department [COMMISSION] may also award the complainant, or class
25 of complainants, full or partial restitution for the damage or loss and may impose the
26 penalties provided for in AS 14.48.190. The department [COMMISSION] may also,
27 based on its own investigation and the evidence presented [ADDUCED] at the hearing,
28 begin an action to revoke an institution's authorization to operate or an agent's permit.

29 * Sec. 34. AS 14.48.140 is amended to read:

30 Sec. 14.48.140. JUDICIAL REVIEW. A final administrative order issued by the
31 department [COMMISSION] is subject to judicial review under AS 44.62
32 (Administrative Procedure Act).

1 * Sec. 35. AS 14.48.150 is amended to read:

2 Sec. 14.48.150. PRESERVATION OF RECORDS. (a) If a postsecondary
3 educational institution proposes to discontinue its operation, the chief administrative
4 officer of the institution shall file with the department [COMMISSION] the original or
5 legible true copies of academic records of the institution as specified by the department
6 [COMMISSION]. The records must include that academic information customarily
7 required by colleges when considering students for transfer or advanced study and the
8 academic record of each former student.

9 (b) If it appears to the department [COMMISSION] that records of an
10 institution discontinuing its operations are in danger of being destroyed or otherwise
11 made unavailable to the department [COMMISSION], the department
12 [COMMISSION] may seize the records [,] under an order of the superior court. The
13 department [COMMISSION] shall maintain a permanent file of records coming into its
14 possession under this section.

15 * Sec. 36. AS 14.48.180 is amended to read:

16 Sec. 14.48.180. ENFORCEMENT: INJUNCTION. (a) The attorney general at
17 the request of the department [COMMISSION] or on motion of the attorney general,
18 may bring an action or proceeding in a court of competent jurisdiction for the
19 enforcement of the provisions of this chapter.

20 (b) When it appears to the department [COMMISSION] that a person is, is
21 about to, or has violated a provision of this chapter or a regulation adopted under this
22 chapter, the department [COMMISSION] may, on its own motion or on the written
23 complaint of any person, file a petition for injunction in the name of the department
24 [COMMISSION] in a court of competent jurisdiction against the person for the purpose
25 of enjoining the violation or for an order directing compliance with the provisions of this
26 chapter. It is not necessary that the department [COMMISSION] allege or prove that
27 it has no adequate remedy at law. The right of injunction provided in this section is in
28 addition to other legal remedies available to the department [COMMISSION] and is in
29 addition to the right of criminal prosecution. However, the department
30 [COMMISSION] may not obtain a temporary restraining order without notice to the
31 person affected.

32 * Sec. 37. AS 14.48.190 is amended to read:

1 Sec. 14.48.190. VIOLATIONS: CIVIL PENALTY. A person who violates the
2 provisions of AS 14.48.020, or who fails or refuses to deposit with the department
3 [COMMISSIONER] the records required by AS 14.48.150, is subject to a civil penalty
4 of not more than \$1,000 for each violation. Each day's failure to comply with the
5 provisions of AS 14.48.020 and 14.48.150 constitutes a separate violation. The fine may
6 be imposed by the department [COMMISSION] in an administrative proceeding or by
7 a court of competent jurisdiction.

8 * Sec. 38. AS 14.48.200 is amended to read:

9 Sec. 14.48.200. CRIMINAL VIOLATION. A person who wilfully violates the
10 provisions of AS 14.48.020 or who wilfully fails or refuses to deposit with the
11 department [COMMISSION] the records required by AS 14.48.150 is guilty of a
12 misdemeanor and, upon conviction, is punishable by a fine of not more than \$1,000 or
13 by imprisonment for not more than six months, or by both. Each day's failure to comply
14 is a separate violation.

15 * Sec. 39. AS 14.48.210(2) is amended to read:

16 (2) "agent's permit" means a nontransferable written authorization issued
17 to a natural person by the department that [COMMISSION WHICH] allows that person
18 to solicit or enroll a resident of the state for education in a postsecondary educational
19 institution;

20 * Sec. 40. AS 14.48.210(3) is amended to read:

21 (3) "authorization to operate" means approval of the department
22 [COMMISSION] to operate or to contract to operate a postsecondary educational
23 institution in the state;

24 * Sec. 41. AS 44.62.330(a)(43) is amended to read:

25 (43) Department of Education [ALASKA COMMISSION ON
26 POSTSECONDARY EDUCATION] under AS 14.48 as to denial of applications and
27 revocation of authorizations and permits;

28 * Sec. 42. AS 14.42.015(d), 14.42.030(a), 14.42.030(d), 14.42.055, and AS 14.48.210(4)
29 are repealed.

30 * Sec. 43. TRANSITION. The terms of the existing members of the Alaska Commission
31 on Postsecondary Education terminate on the effective date of this Act. The ~~governor~~ may
32 appoint to the Alaska Commission on Postsecondary Education a person who has served on

1 the Alaska Commission on Postsecondary Education and who meets the qualifications of
2 AS 14.42.015(a), as repealed and reenacted by sec. 3 of this Act.

3 * Sec. 44. This Act takes effect July 1, 1996.

* Sec. 1. AS 08.02.025(a) is amended to read:

(a) A person licensed under this title shall comply with the student loan repayment provisions under AS 14.43 that are applicable to the person. Notwithstanding another provision of law, a license issued to a person under this title may not be renewed if the licensee [BORROWER] and the department [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] have received notice from the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] that the licensee is in default on a student loan provided to the licensee. This action may be taken no sooner than 60 days after the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] has notified the licensee [BORROWER] of the default status of the loan as provided under AS 14.43.120(i). If a licensee's [AN] appeal of a determination of default status is pending [ON BEHALF OF THE LICENSEE], the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] shall notify the department and the department may not deny renewal [RENEWAL MAY NOT BE DENIED] under this section until and unless the [APPEAL HAS BEEN CONCLUDED AND THE] default status has been affirmed on appeal. The denial [DENIAL] of renewal of a licensee shall continue until the department [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] receives notice from the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] that the licensee is no longer in default on the student loan.

* Sec. 2. AS 14.42.100 is amended to read:

Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.
[THERE IS CREATED THE] The Alaska Student Loan Corporation is created as [.
THE CORPORATION IS] a public corporation and government instrumentality within
the Department of Revenue [EDUCATION] but having a legal existence independent of
and separate from the state. The corporation may not be terminated as long as it has
outstanding bonds, notes, or other obligations [OUTSTANDING]. Upon termination of
the corporation, its rights and property pass to the state.

* Sec. 3. AS 14.42.120 is repealed and reenacted to read:

Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corporation shall be
governed by a board of directors consisting of the commissioner of revenue, the
commissioner of administration, a person representing the Department of Education
appointed by the governor and four members of the public appointed by the governor. The
governor's appointees shall serve at the pleasure of the governor for four-year staggered
terms.

(b) Two members of the legislature shall serve as ex officio nonvoting members of
the board of directors. The two ex officio nonvoting members shall include one member of
the senate appointed by the president of the senate and one member of the house appointed
by the speaker of the house.

(c) A full-time postsecondary student shall serve as a nonvoting member of the
board of directors. The governor shall appoint the student member from a list of nominees
within 60 days after it is submitted. The list must consist of the names of two nominees

from Alaska Pacific University, two nominees from Sheldon Jackson College, and two nominees from each campus of the University of Alaska. The nominees shall be selected from a student election held on each campus. Elections under this subsection shall be held concurrently with student regent elections required under AS 14.40.150(b) and conducted under rules established by the Office of the Governor. The term of office of the student member is two years beginning June 1 of the year in which the appointment is made. Membership on the corporation is immediately forfeited by a student member who ceases to be a full-time student. Within 60 days after a vacancy occurs, the governor shall appoint a successor from those students appearing on the list of nominees to serve for the unexpired term of the original appointee. The term "campus" used in this subsection means a portion of the University of Alaska designated as a "campus" by the Board of Regents.

(d) No governing body member, trustee, official, or employee of a public, private, or proprietary institution of postsecondary or higher education in the state may be appointed to membership on the corporation as representative of the general public for the purpose of (a) of this section.

(e) Members of the board serve without compensation but the voting members who are not state employees and the student member are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

(f) Each year, the board shall elect a chairman from among its voting membership. A majority of the voting members constitute a quorum for organizing the board, conducting its business, and exercising the powers of the corporation.

* Sec. 4 AS 14.42.160 is repealed and reenacted to read:

Sec. 14.42.160. EXECUTIVE OFFICER AND STAFF; ADMINISTRATION.

(a) The corporation may appoint an executive director as the corporation's executive officer. The executive officer is a member of the exempt service under AS 39.25.110, serves at the pleasure of the corporation, and receives compensation fixed by the corporation. The executive officer appoints persons to the staff positions authorized by the corporation and staff compensation is fixed by the corporation. Each employee of the corporation is a member of the public employees' retirement system (AS 39.35).

(b) The corporation is not a division in the Department of Revenue. The corporation, its members, executive officer, and staff are in the Department of Revenue for administrative support services only and they are not subject to the direction of the commissioner of revenue.

(c) Subject to review by the corporation, the executive director shall administer the student loan and grant program under AS 14.43.

* Sec. 5. AS 14.42. is amended by adding a new section to read:

Sec. 14.42.180. LEGAL COUNSEL. (a) The attorney general is legal counsel for the corporation. The attorney general shall advise the corporation in legal matters arising in the discharge of its duties and represent the corporation in actions to which it is a party. If, in the opinion of the corporation, the public interest is not adequately represented by counsel in a proceeding, the attorney general, upon request of the corporation, shall represent the public interest.

(b) The corporation may employ temporary legal counsel from time to time in matters in which the corporation is involved.

* Sec. 6. AS 14.42 is amended by adding a new section to read:

AS 14.42.195. FUNCTIONS OF THE CORPORATION. (a) The corporation shall administer the student loan fund under AS 14.42.210 and the student loan and grant programs under AS 14.43.

(b) The corporation may adopt regulations under AS 44.62 (APA) to carry out the purposes of AS 14.43.

(c) The corporation may enter into agreements with government or postsecondary education officials of this state or other states to provide postsecondary educational services and programs to Alaska residents pursuing a medical education. An agreement with another state must be limited to services and programs that are unavailable in Alaska.

* Sec. 7. AS 14.42.210 is amended to read:

(a) The student loan fund is established in the corporation. The student loan fund is a trust fund to be used to carry out the purposes of AS 14.42.100 - 14.42.390, AS 14.43.100 [14.43.090] - 14.43.325, 14.43.600 - 14.43.700, and 14.43.710 - 14.43.790. The fund consists of money or assets appropriated or transferred to the corporation for the fund and money or assets deposited in it by the corporation. The corporation may establish separate accounts in the fund and shall establish separate accounts for the teacher scholarship revolving loan account under AS 14.43.620 and the family education loan account under AS 14.43.720.

* Sec. 8. AS 14.42.210(b) is amended to read:

(b) Money and other assets of the student loan fund may be used to secure bonds of the corporation, invested in student loans and investments under AS 37.10.071, and used to make [PURCHASE] loans approved under as 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or 14.43.710 - 14.43.790.

* Sec. 9. AS 14.43.100 is amended to read:

Sec. 14.43.100. APPLICATIONS. (a) Applications shall be submitted to the executive director of the corporation [COMMISSION].

(b) A person whose loan application is not approved by the executive director of the corporation [COMMISSION] may appeal to the corporation [COMMISSION] and the corporation [COMMISSION] shall consider the application.

* Sec. 10. AS 14.43.110 is amended to read:

Sec. 14.43.110. STUDENT LOANS. (a) In a school year, the corporation [COMMISSION] may make a loan not to exceed

(1) \$8,500 to a full-time undergraduate student or \$4,500 [\$5,000] to a half-time undergraduate student attending a college or university if the full- or half-time student is otherwise eligible under AS 14.43.125;

(2) \$9,500 to a full-time graduate student or \$5,000 [\$4,500] to a half-time graduate student attending a college or university if the full- or half-time graduate student is otherwise eligible under AS 14.43.125;

(3) \$5,500 to a full-time student or \$2,000 to a half-time student if the full- or half-time student is attending a career education program that [IS AT LEAST SIX WEEKS IN LENGTH AND] is otherwise eligible under AS 14.43.125.

(b) The corporation [COMMISSION] may make a loan for a summer term, even if the total loan for the school year exceeds the limit imposed under (a) of this section if the loan for the summer term is counted against the limit imposed under (a) of this section for the following school year.

(c) The corporation [COMMISSION] shall adopt regulations establishing a minimum amount for which a loan may be made.

* Sec. 11. AS 14.43.120(b) is amended to read:

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

(1) career education program operating on a sound fiscal basis that has

(A) operated for two years before the borrower attends; and

(B) submitted an executed program participation agreement as

required by the corporation [COMMISSION]; or

(2) a college or university that

(A) has operated for at least two years before the borrower attends;

(B) is accredited by a national or regional accreditation association

recognized by the Council on Recognition of Postsecondary Accreditation [COUNCIL

ON POSTSECONDARY ACCREDITATION] or is approved by the corporation

[COMMISSION];

(C) if the loans are federally insured, is approved by the United States Secretary of Education;

(D) is a degree granting institution; and

(E) has submitted an executed program participation agreement as required by the corporation [COMMISSION].

* Sec. 12. AS 14.43.120(c) is amended to read:

(c) To maintain a loan awarded to a full-time student, the student must continue to be enrolled as a full-time student in good standing in a career education program, college, or university that meets the requirements under (b) of this section. To maintain a loan awarded to a half-time student, the student must continue to be enrolled as a half-time student in good standing in (1) a career education program, college, or university in the state that meets the requirements under (b) of this section, or (2) a career education program, college, or university that meets the requirements under (b) of this section, and be physically present in this [THE] state while attending the career education program, college, or university. The corporation [COMMISSION] shall adopt regulations defining "good standing" for purposes of this subsection.

* Sec. 13. AS 14.43.120(d) is amended to read:

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

(1) for more than a total of \$42,500 for undergraduate study;

(2) for more than a total of \$47,500 for graduate study;

(3) for more than a combined total of \$60,000 for undergraduate and graduate study;

(4) to attend an institution, if the total amount of scholarship loans made to students to attend that institution exceeds \$100,000 and the default rate on those loans is (A) greater than 20 percent but less than 25 percent, and the institution is unable to reduce its default rate within 24 months after the rate determination; or (B) equal to or greater than 25 percent for two consecutive calendar years; for purposes of this paragraph, the default rate shall annually be determined by the corporation [COMMISSION] from loans required to be repaid under (g) of this section on or after July 1, 1996; if a scholarship loan is refused based on the provisions of this paragraph and, under a subsequent default rate determination[,] an institution's default rate does not exceed the limits established under this paragraph, the corporation [COMMISSION] may not refuse to issue a scholarship loan to attend that institution based on the provisions of this paragraph.

* Sec. 14. AS 14.43.120(f) is amended to read:

(f) Interest on a loan made under AS 14.43.100 [14.43.090] - 14.43.160 is equal to the interest rate

(1) paid in each year on bonds issued by the corporation [ALASKA STUDENT LOAN CORPORATION] under AS 14.42.220; and

(2) necessary to pay the administrative cost of the student loan program that is represented by the loan.

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

(g) A borrower's obligation to commence repayment of the principal and interest on the loan begins six months after the borrower is no longer enrolled under (c) of this

section. The borrower shall repay the total amount owed in periodic installments of at least \$50 a month over a period of not more than 15 years from the commencement of the repayment obligation. If the corporation [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 or the agreement.

* Sec. 16. AS 14.43.120(i) is amended to read:

(i) If a loan is in default, the corporation [COMMISSION]

(1) shall notify the borrower that[, IF THE BORROWER HAS AN OCCUPATIONAL LICENSE ISSUED UNDER AS 08.01.025, AND THAT] repayment of the remaining balance is accelerated and due and that, if the borrower has an occupational license issued under AS 08, the license may not be renewed under AS 08.02.025, by mailing the borrower a notice at the most recent address provided to the commission by the borrower;

(2) may take the borrower's permanent fund dividend under AS 43.23.065(b)(3) to satisfy the balance due on a defaulted loan; and

(3) shall provide notice of the default to the Department of Commerce and Economic Development, if the loan recipient is licensed under AS 08.

* Sec. 17. AS 14.43.120(m) is amended to read:

(m) In case of hardship, the corporation [COMMISSION] may extend repayment of a loan for an additional period of up to five years.

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

(r) The rate of interest, time of payment of an installment of principal or interest, or other loan terms [OF A SCHOLARSHIP LOAN] loan may be modified if required to establish or maintain tax-exempt status under 26 U.S.C. 103 (Internal Revenue Code of 1986), as amended, for the interest on bonds issued by the corporation [ALASKA STUDENT LOAN CORPORATION].

* **Sec. 19.** AS 14.43.120(t) is amended to read:

(t) Payment of interest under (l) of this section and forgiveness under (s) of this section are subject to appropriation by the legislature. Money obtained from the sale from the bonds by the corporation [STUDENT LOAN CORPORATION] under AS 14.42.220 may not be appropriated for the payment of interest or the forgiveness of loans.

* **Sec. 20.** AS 14.43.120(u) is amended to read:

(u). The corporation [COMMISSION] by regulation shall set a loan origination fee, not to exceed five percent of the total [SCHOLARSHIP] loan amount, to be assessed upon a [SCHOLARSHIP] loan that is funded from the student loan fund of the corporation [ALASKA STUDENT LOAN CORPORATION]. The loan origination fee shall be deducted at the time the loan is disbursed. [SUBJECT TO APPROPRIATION, THE] The loan origination fees shall be deposited into a origination fee account within the student loan fund of the corporation [ALASKA STUDENT LOAN CORPORATION], and subsequently used by the corporation to offset losses incurred as a result of death, disability, default or bankruptcy of the borrower.

* Sec. 21. AS 14.43.120(v) is amended to read:

(v) In determining a rate of interest under (f)(2) of this section

(1) the corporation [COMMISSION] shall use a method that ensures that the rate of interest is as low as possible without precluding the ability of the corporation [COMMISSION] to administer loans made under AS 14.43.100 [14.43.090] - 14.43.160; and

(2) the total amount charged for administrative costs of the student loan program may not exceed two and one-half percent above the amount determined under (f)(1) of this section.

* Sec. 22. AS 14.43.122(a) is amended to read:

(a) The corporation [COMMISSION] may offer the option of consolidating into a single loan

(1) multiple loans made to a borrower who has received more than one loan under this chapter [THE OPTION OF CONSOLIDATING THE MULTIPLE LOANS INTO A SINGLE LOAN]; or

(2) [TO CONSOLIDATE] loans made to married borrowers if the married borrowers agree to be jointly and severally liable for repayment of the consolidated loan[,] regardless of the borrowers' future marital status or the death of one of the borrowers.

* Sec. 23. AS 14.43.125(a) is amended to read:

(a) A person may apply for and obtain a student [SCHOLARSHIP] loan if the person

(1) is

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

(B) enrolled as a half-time student in a career education, associate, baccalaureate, or graduate degree program

(i) in the state; or

(ii) out of the state and is physically present in this state while attending that program; or

(C) 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 student [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 one year 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 one year 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 corporation [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 for at least one year immediately before the applicant was absent from the state and the absence is due solely to

(i) serving an initial period of up to three 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;

(vi) an absence allowed under (D)(i)-(iv) of this paragraph,
or

(D) is a dependent of a parent or guardian who has been physically present in the state for at least two years immediately before 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 corporation [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;

(4) does not have a past due child support obligation established by court order or by the child support enforcement division under AS 25.27.160 - 25.27.220 at the time of application; and

(5) has not, within the previous five years, had a [SCHOLARSHIP] loan discharged or written off by the corporation or the former Alaska Commission on Postsecondary Education [COMMISSION] for any reason.

* Sec. 24. AS 14.43.150(a) is amended to read:

(a) In a court proceeding regarding a defaulted loan under this chapter in which the court has entered judgment in favor of the corporation or the former Alaska Commission on Postsecondary Education [COMMISSION], the court may, on its own motion or motion of the corporation [COMMISSION], after notice and an opportunity for hearing, order the loan recipient to assign to the corporation [COMMISSION] that

portion of salary or wages due the loan recipient currently and in the future in an amount sufficient to pay the amount ordered by the court to be repaid [TO THE COMMISSION].

* Sec. 25. AS 14.43.160(1) is amended to read:

(1) "career education" means a course or program in vocational-technical training or education approved by the corporation which is a half-time program at least 12 weeks in length or a full-time program at least six weeks in length [COMMISSION];

* Sec. 26. AS 14.43.255(a) is amended to read:

(a) There is created a memorial scholarship revolving loan fund to be administered by the corporation. The fund shall be used to provide educational scholarship loans to students selected under AS 14.43.250 - 14.43.325. [UNLESS THE INSTRUMENT EVIDENCING THE MEMORIAL SCHOLARSHIP LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA STUDENT LOAN CORPORATION, REPAYMENTS] Repayments of a loan shall be deposited into the memorial scholarship revolving loan fund and shall be used to make new loans.

* Sec. 27. AS 14.43.300(g) is amended to read:

(g) The corporation [COMMISSION] by regulation shall set a loan origination fee, not to exceed five percent of the total memorial scholarship loan amount, to be assessed upon a memorial scholarship loan. The loan origination fee shall be deducted at the time the [TOTAL] loan amount is disbursed [AWARDED]. [SUBJECT TO APPROPRIATION, THE] The loan origination fee shall be deposited into a origination fee account within the memorial scholarship revolving loan fund, and subsequently

transferred by the corporation [COMMISSION] to the appropriate memorial scholarship accounts within the memorial scholarship revolving loan fund to offset losses incurred due to loan debt cancellation as a result of death, disability, default or bankruptcy of the borrower.

* Sec. 28. AS 14.43.415 is amended to read:

Sec. 14.43.415. ELIGIBILITY; PRIORITY. (a) A student may apply for an educational incentive grant if the student

(1) is a resident of Alaska;

(2) is [EITHER]

(A) enrolled as a full-time undergraduate student in a degree program in an accredited postsecondary educational institution; or

(B) eligible to be admitted to an accredited postsecondary educational institution; and

(3) establishes financial need in accordance with standards for determining financial need adopted by the corporation [COMMISSION] under 20 U.S.C. 1070c-2.

(b) The corporation [COMMISSION] shall adopt regulations to [, BY REGULATION,] establish a system of priority in the selection of recipients of grants under AS 14.43.400 - 14.43.500 under which students from "low income" families or whose incomes are considered "low income" shall be given preference in the award of the educational incentive grants.

* Sec. 29. AS 14.43.620 is amended to read:

Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN ACCOUNT

[FUND]. (a) The [THERE IS CREATED A] teacher scholarship revolving loan account is created within the student loan fund (AS 42.210). The account [FUND] shall be used to make scholarship loans to students selected under AS 14.43.600 - 14.43.700. [UNLESS THE INSTRUMENT EVIDENCING THE TEACHER SCHOLARSHIP LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA STUDENT LOAN CORPORATION, REPAYMENTS] Repayments of principal and interest on a teacher scholarship loan shall be paid into the teacher scholarship revolving loan account [FUND] and shall be used to make new teacher scholarship loans. If estimated funds available are inadequate to fully fund estimated teacher scholarship loans for any fiscal year, additional funding from the general fund may be requested and appropriated for that year.

[(b) THE COMMISSION MAY SELL OR ASSIGN NOTES AND OTHER INSTRUMENTS EVIDENCING TEACHER SCHOLARSHIP LOANS TO THE ALASKA STUDENT LOAN CORPORATION AND ENTER INTO AGREEMENTS WITH THE CORPORATION RELATING TO LOANS, THE ADMINISTRATION OF THE STUDENT LOAN FUND CREATED UNDER AS 14.42.210 AND THE PAYMENT OF AND SECURITY FOR BONDS OF THE CORPORATION. PROCEEDS FROM THE SALE OR ASSIGNMENT OF THE NOTES OR OTHER INSTRUMENTS SHALL BE DEPOSITED IN THE TEACHER SCHOLARSHIP REVOLVING LOAN FUND.]

* Sec. 30. AS 14.43.630(a) is amended to read:

(a) [THE TEACHER SCHOLARSHIP LOAN PROGRAM SHALL BE ADMINISTERED BY THE COMMISSION IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE COMMISSION]. The corporation [COMMISSION] shall

(1) annually allocate the [LOAN AWARDS] available [FOR] teacher scholarship loans awards [ANNUALLY] to local school boards giving a preference to rural school districts; and

(2) [DEVELOP AND] distribute to the local school boards an application form for teacher scholarship loans; [THE FORM MUST INCLUDE A REQUIREMENT THAT] the applicant must provide [SUPPLY] a high school academic transcript and a statement of intent to enter a teaching career at the elementary or secondary school level in the state.

* Sec. 31. AS 14.43.650(a) is amended to read:

(a) To be eligible for a teacher scholarship loan, a student must

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

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

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

(4) submit to the local school board an application on a form provided by the corporation [COMMISSION] under AS 14.43.630(a)(2); an application may be submitted six months before graduation from high school; and

(5) not have a past due child support obligation established by court order or by the child support enforcement division under AS 25.27.160 - 25.27.220 at the time of application.

* Sec. 32. AS 14.43.720(a) is amended to read:

(a) The family education loan account is created within the student [SCHOLARSHIP REVOLVING] loan fund (AS 14.42.210 [14.43.090]). The account shall be used to make family education loans to families selected under AS 14.43.710 - 14.43.790, to pay the costs of collecting family education loans that are in default if those costs are not recovered from the family, and to pay the costs of administering the account. [UNLESS THE INSTRUMENT EVIDENCING THE FAMILY EDUCATION LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA STUDENT LOAN CORPORATION, REPAYMENTS] Repayments of principal and interest on family education loans shall be paid into the family education loan account. If estimated funds available from family education loan repayments are inadequate to fully fund estimated family education loans in a fiscal year, additional funding from the general fund may be requested and appropriated for that year.

* Sec. 33. AS 14.43.740(d) is amended to read:

(d) A borrower's obligation to commence repayment [REPAYMENT] of the principal and interest on a family education loan [MADE UNDER AS 14.43.710 -

14.43.790] begins on the first of the month immediately following loan disbursement. The loan may be canceled without prejudice at any time before actual disbursement. The borrower shall repay [THE LOAN SHALL PROVIDE FOR REPAYMENT OF] the total amount owed in periodic installments over a period of [IN] not more than 10 years from the commencement of the repayment obligation. If the corporation [COMMISSION] and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement. The borrower may make payments earlier than required by this section or the agreement.

* Sec. 34. AS 14.43.990 is repealed and readopted to read:

AS 14.43.990. DEFINITION. In this chapter, "corporation" means the Alaska Student Loan Corporation.

* Sec. 35. AS 14.44.035 is amended to read:

Sec. 14.44.035. ADMINISTRATION. The Alaska Student Loan Corporation [ALASKA COMMISSION ON POSTSECONDARY EDUCATION] shall administer the state's participation in the Western Regional Higher Education Con .t.

* Sec. 36. AS 14.48 is amended by adding a new section to read:

Sec. 14.48.035. ALASKA POSTSECONDARY EDUCATION COMMISSION. (a) The Alaska Postsecondary Education Commission is created in the Department of Education consisting of the voting members of the Alaska Student Loan Corporation under AS 14.42.120. The public members are subject to confirmation by the legislature and serve at the pleasure of the governor for four-year staggered terms.