

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8873 SENATE HEALTH EDUCATION & SOCIAL SERVICES

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

(c) The commission shall elect a chairman from among its membership at its annual meeting each year. A majority of the members constitute a quorum for organizing the commission, conducting its business, and exercising the powers of the commission.

(d) The employees of the Department of Education shall serve as staff to the commission.

* Sec. 37. AS 14.48.040 is amended to read:

Sec. 14.48.040. COMMISSION TO ADMINISTER CHAPTER. The commission shall administer this chapter [AND MAY HIRE NECESSARY PERSONNEL]. The commission may obtain from corporations, commissions, and other state agencies information and assistance needed to carry out the provisions of this chapter.

* Sec. 38. AS 14.48.050 is amended by adding sections to read:

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

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

(2) advise as to the functions and purposes of the public and private colleges and universities in the state and counsel as to the programs appropriate to each.

(b) The commission may

(1) require the institutions of public and private higher education and other institutions of postsecondary education in the state to submit data on costs, selection and retention of students, enrollments, plant capacities and use, and other matters pertinent to effective planning and coordination, and shall furnish information concerning these matters to the governor, the legislature, and other state and federal agencies as requested;

(2) establish task forces, committees, or subcommittees, not necessarily consisting of commission members or employees, to advise and assist the commission in carrying out its functions assigned by this chapter and federal statute; the commission may contract with, or use, existing institutions of higher education or other individuals or organizations to make studies, conduct surveys, submit recommendations, or otherwise contribute to the work of the commission.

* Sec. 39. AS 14.48.090 is repealed and reenacted to read:

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

* Sec. 40. AS 14.48.120 is amended by reading the title and adding a new section to read:

Sec. 14.48.120. SANCTIONS [REVOICATION].

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

* **Sec. 41.** AS 39.05.100(a) is amended to read:

(a) A person appointed to a board or commission of the state government shall be and have been before the last general election, (1) a registered voter in the state, if the appointment is made at large or (2) a registered voter from the judicial district, if the appointment is made from a specific judicial district. The student member of the Board of Regents of the University of Alaska appointed under AS 14.40.150(b), the student member of the Alaska Student Loan Corporation [ALASKA COMMISSION ON POSTSECONDARY EDUCATION] appointed under AS 14.42.120 [AS 14.42.015(e)], and a member of the Alaska Human Relations Commission appointed under AS 44.19.600, are exempt from the requirement of this subsection if the member was not old enough to be a registered voter in the last general election.

* **Sec. 42.** AS 39.25.110(11) is amended to read:

(11) the officers and employees of the following boards, commissions, and authorities:

(A) [Repealed, § 13 ch 43 SLA 1994.]

(B) Alaska Permanent Fund Corporation;

(C) Alaska Industrial Development and Export Authority;

(D) Alaska Commercial Fisheries Entry Commission;;

(E) Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION];

(F) Alaska Aerospace Development Corporation;

* Sec. 43. AS 39.50.200(b) is amended by adding a paragraph to read:

(56) Alaska Student Loan Corporation (AS 14.42.100).

* Sec. 44. AS 43.23.067 is amended to read:

Sec. 43.23.067. CLAIMS OF DEFAULTED SCHOLARSHIP LOANS. (a)

AS 09.38 does not apply to permanent fund dividends taken under AS 14.43.120(i).

Notwithstanding AS 09.35, the Alaska Student Loan Corporation may take a permanent fund dividend [EXECUTION ON A CLAIM] under AS 14.43.120(i) [IS ACCOMPLISHED] by delivering a certified claim to the department containing the following information:

(1) the name and social security number of the individual whose dividend is being claimed;

(2) the amount the individual owes on the scholarship loan; and

(3) a statement that

(A) a [THE] debt for at least the amount claimed has not been contested, or, if contested, that the issue has been resolved in favor of the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION]; and

(B) if the debt has been contested and resolved in favor of the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY

(3) an agent's permit \$ 50;

(4) renewal of an agent's permit \$ 50;

* **Sec. 47. TRANSITION.** (a) The terms of the members of the Alaska Commission on Postsecondary Education terminate on the effective date of this Act. The governor may appoint to the Alaska Student Loan Corporation a person who has served on the Alaska Commission on Postsecondary Education and who meets the qualifications of AS 14.42.120, as repealed and reenacted by this Act. The terms of public persons initially appointed to the Alaska Student Loan Corporation must be set as provided in AS 39.05.055.

(b) Litigation, hearings, investigations, and other proceedings pending under a law amended or repealed by this Act, or in connection with functions transferred by this Act, continue in effect and may be continued and completed notwithstanding a transfer or amendment or repeal provided for in this Act.

(c) Regulations adopted by the Alaska Commission on Postsecondary Education under authority of AS 14.43 remain in effect until regulations adopted by the Alaska Student Loan Corporation under that chapter, as amended by this Act, take effect. The Alaska Student Loan Corporation may implement and enforce commission regulations until its own take effect. Notwithstanding sec. 48 of this Act, the Alaska Student Loan Corporation may immediately proceed to adopt regulations necessary to implement the changes made by this Act to AS 14.43. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of this act.

(d) Regulations adopted under the authority of AS 14.48 by the Alaska Commission on Postsecondary Education, as constituted before July 1, 1996, remain in effect. Notwithstanding

sec. 48 of this Act, the commission may immediately proceed to adopt regulations necessary to implement the changes made by this Act to AS 14.48. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of this act.

(c) Contracts, rights, liabilities, notes, or other obligations created by or under a section of AS 14.43 amended or repealed by this Act, and in effect on June 30, 1996, remain in effect notwithstanding this Act, with all contracts, rights, liabilities, notes, or other obligations created by or under a section of AS 14.43 amended or repealed by this Act becoming contracts, rights, liabilities, notes, or other obligations of the Alaska Student Loan Corporation.

(f) Records, equipment, appropriations, and other property of agencies of the state whose functions are transferred under this Act shall be transferred to implement the provisions of this Act.

(g) An individual who is an employee of the Alaska Commission on Postsecondary Education on June 30, 1996 becomes an employee of the Alaska Student Loan Corporation on July 1, 1996.

(h) Employees of the Alaska Student Loan Corporation who were, on June 30, 1996, employees of the Alaska Commission on Postsecondary Education, are no longer eligible to accrue credited service under AS 14.25.

* Sec. 48. Except as provided in sec. 47(c) and (d) of this Act, this Act takes effect on 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 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 renewal may not be denied under this section until and unless the appeal has been concluded and the default status affirmed. The denial [DENIAL] of renewal of a license shall continue until the 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 14.07.020(a) is amended by adding a paragraph to read:

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

* Sec. 3. AS 14.07.020 is amended by adding a new section to read:

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

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

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

(3) review and advise as to the working of all consortia and other cooperative agreements between the institutions of higher education in the state that are parties to them.

* Sec. 4. AS 14.07.030 is amended by adding new paragraphs to read:

(14) establish task forces, committees, or subcommittees, not necessarily consisting of department officers or employees, to advise and assist the department in carrying out its functions assigned by AS 14.07.020(a)(16) and (c), and federal statute. The department may contract with, or use, existing institutions of higher education or other individuals or organizations to make studies, conduct surveys, submit recommendations, or otherwise contribute to the work of the department.

* Sec. 5. AS 14.07 is amended by adding new sections to read:

Sec. 14.07.032. CONSORTIA. All parties that are signatory to a consortium agreement between the University of Alaska and a private university or college must abide by a decision rendered by the department when disagreements arise or exist between the parties. For purposes of this section and AS 14.07.020, "consortium" means a cooperative arrangement between two or more public or private institutions of higher

education specified in agreements or memoranda of understanding to permit sharing of facilities, instructional opportunities, and other educational services in such a way that the integrity of each institution party to the consortium is preserved while at the same time the institutions cooperatively plan the academic calendar, scheduling, use of personnel and facilities, and educational programs and offerings to the maximum advantage of the students and faculties of the institutions that are parties to a consortium.

Sec. 14.07.033. COLLECTION OF DATA. The department may require the institutions of public and private higher education and other institutions of postsecondary education in the state to submit data on costs, selection and retention of students, enrollments, plant capacities and use, and other matters pertinent to effective planning and coordination, and shall furnish information concerning these matters to the governor, to the legislature, and to other state and federal agencies as requested by them.

* Sec. 6. AS 14.42.100 is amended to read:

Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

There is created the Alaska Student Loan Corporation. 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 bonds, notes, or other obligations outstanding. Upon termination of the corporation, its rights and property pass to the state.

* Sec. 7. 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 student will be appointed to the Alaska Commission on Postsecondary Education from a list of nominees submitted to the governor. The governor shall make the appointment from the list 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 by the students at Alaska Pacific University, Sheldon Jackson College, and each campus of the University of Alaska by an 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 of the commission is two years and begins June 1 of the year in which the appointment is made. Membership on the commission 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) 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 by law for boards and commissions under AS 39.20.180.

(e) The board shall elect a chairman from among its voting membership at its annual meeting each year. A majority of the voting members constitute a quorum for organizing the board, conducting its business, and exercising the powers of the corporation.

* **Sec. 8.** AS 14.42.60 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.

* **Sec. 9.** 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. 10.** AS 14.42 is amended by adding a new section to read:

Sec. 14.42.195. FUNCTIONS OF THE CORPORATION. (a) The corporation shall administer the provisions of AS 14.43.100 - 14.43.160 (student loan program).

(b) 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. 11. 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. 12. 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 loans approved under AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or 14.43.710 - 14.43.790

* Sec. 13. AS 14.42.210(c) is amended to read:

(c) The student loan fund shall be administered by the corporation [ALASKA COMMISSION ON POSTSECONDARY EDUCATION. THE CORPORATION AND THE COMMISSION MAY ENTER INTO AGREEMENTS RELATING TO THE ADMINISTRATION OF THE FUND. THE CORPORATION MAY ASSIGN ITS RIGHTS UNDER THE AGREEMENTS FOR THE BENEFIT AND SECURITY OF HOLDERS OF ITS BONDS].

* **Sec. 14.** AS 14.42.390(2) is amended to read:

(2) "corporation" means the Alaska Student Loan Corporation.

* **Sec. 15.** 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. 16.** AS 14.43.105 is amended to read:

Sec. 14.43.105. ADMINISTRATION OF PROGRAM. The executive director shall administer the programs subject to review by the corporation [COMMISSION] and in accordance with the regulations adopted by the corporation [COMMISSION]. The adoption of these regulations is subject to AS 44.62 (Administrative Procedure Act). A summary of the regulations shall be distributed to each applicant.

* **Sec. 17.** 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 \$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 \$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;

(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. 18. 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 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 commission.

* Sec. 19. 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. 20. 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. 21. 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. 22. 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. 23. 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, the license may not be renewed under AS 08.02.025 and that repayment of the remaining balance is accelerated and due 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. 24. 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. 25. 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 terms of a scholarship 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. 26. 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. 27. AS 14.43.120(u) is amended to read:

(u) The 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 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, or bankruptcy of the borrower.

* Sec. 28. 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. 29. AS 14.43.122(a) is amended to read:

(a) The corporation [COMMISSION] may offer

(1) 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. 30. AS 14.43.125(a) is amended to read:

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

(1) is

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

(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 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. 31.** 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. 32.** 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 [COMMISSION];

* **Sec. 33.** 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. 34.** 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 awarded. Subject to appropriation, 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, or bankruptcy of the borrower.

* **Sec. 35.** AS 14.43.320(a) is amended to read:

(a) The memorial scholarship loans provided for under AS 14.43.250 - 14.43.325 shall be administered by the executive director of the corporation [COMMISSION], subject to review by the corporation [COMMISSION] and to those regulations the corporation [COMMISSION] may prescribe to carry out the purposes of AS 14.43.250 - 14.43.325.

* **Sec. 36.** AS 14.43.405(a) is amended to read:

Sec. 14.43.405. ADMINISTRATION. (a) The educational incentive grant program established under AS 14.43.400 - 14.43.500 shall be administered by the executive director of the corporation [COMMISSION], subject to review by the corporation [COMMISSION] and to those regulations the corporation [COMMISSION] may adopt to carry out the purposes of AS 14.43.400 - 14.43.500.

* **Sec. 37.** 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, 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. 38. 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. 39. AS 14.43.630(a) is amended to read:

(a) The teacher scholarship loan program shall be administered by the corporation [COMMISSION] in accordance with regulations adopted by the corporation [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 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. 40. 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 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. 41.** 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. 42.** AS 14.43.730 is amended to read:

AS 14.43.730 ADMINISTRATION. The family education loan program shall be administered by the corporation [COMMISSION] under regulations that it adopts.

* **Sec. 43.** 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 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.

* Sec. 44. 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. 45. 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 Compact.

* Sec. 46. AS 14.48.010(a) is amended to read:

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

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

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

- (3) regulating the use of academic terminology in designating educational institutions;
- (4) prohibiting misleading literature, advertising, solicitation, or representation by educational institutions or their agents;
- (5) providing for the preservation of essential academic records; and
- (6) providing certain rights and remedies to the public and the department [COMMISSION] necessary to carry out the purposes of this chapter.

* Sec. 47. AS 14.48.020 is amended to read:

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

- (1) operate a postsecondary educational institution in the state unless the institution has a valid authorization to operate issued under this chapter or is exempt from the provisions of this chapter;
- (2) offer, itself or through an agent, enrollment or instruction in, or the granting of educational credentials from, a postsecondary educational institution, whether the institution is in or outside the state, unless the agent is a natural person and has a currently valid agent's permit issued under this chapter or is exempt from the provisions of this chapter;
- (3) accept contracts or enrollment applications of prospective students from an agent who does not have a current permit as required by this chapter; however, the department [COMMISSION] may adopt regulations to permit the rendering of legitimate public information services without a [THE] permit;
- (4) instruct or educate, [OR] offer to instruct or educate, enroll or offer to enroll, contract or offer to contract or award an educational credential, or contract with an institution or person to do so, in or outside the state, unless that person is in compliance

with the minimum standards set out in AS 14.48.060, the criteria established by the department [COMMISSION] under AS 14.48.050(1), and the regulations adopted by the department [COMMISSION] under AS 14.48.050(7);

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

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

* Sec. 48. AS 14.48.030(b) is amended to read:

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

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

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

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

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

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

* Sec. 49. AS 14.48.040 is amended to read:

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

* Sec. 50. AS 14.48.050 is amended to read:

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

- (1) establish minimum criteria consistent with AS 14.48.060 including quality of education, ethical and business practices, health and safety, and fiscal responsibility that applicants for authorization to operate, or for an agent's permit, must meet before the authorization or permit is issued;
- (2) receive, investigate, and act upon applications for authorization to operate postsecondary educational institutions and applications for agent's permits;
- (3) maintain a list of postsecondary educational institutions and agents authorized to operate in the state under this chapter;
- (4) keep current and make available as public information the list of institutions and agents;
- (5) enter into interstate reciprocity agreements with similar agencies in other states[,] if in the judgment of the department [COMMISSION] the agreements will be helpful in carrying out the purposes of this chapter;
- (6) receive and maintain as a permanent file, copies of academic records maintained in accordance with AS 14.48.060(b)(6);

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

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

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

* **Sec. 51.** AS 14.48.060 is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

* Sec. 52. AS 14.48.070(a) is amended to read:

Sec. 14.48.070. AUTHORIZATION TO OPERATE. (a) Each postsecondary educational institution desiring to operate in this state shall apply to the department [COMMISSION], upon forms provided by the department [COMMISSION]. The application must [SHALL] be accompanied by a catalog or brochure published, or proposed to be published by the institution, containing the information specified in AS 14.48.060(b)(4). The application shall also be accompanied by evidence of a surety bond or other deposit as required by AS 14.48.100, and by the required fees.

* Sec. 53. AS 14.48.070(b) is amended to read:

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

* Sec. 54. AS 14.48.070(c) is amended to read:

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

- (1) the date of issuance, effective date, and term of approval;
- (2) the name and address of the institution;
- (3) the authority for approval;
- (4) any condition or limitation of the authorization, as considered necessary

by the department [COMMISSION].

* Sec. 55. AS 14.48.070(f) is amended to read:

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

* **Sec. 56.** AS 14.48.070(g) is amended to read:

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

* **Sec. 57.** AS 14.48.080(a) is amended to read:

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

* **Sec. 58.** AS 14.48.080(c) is amended to read:

(c) Following review of the application and any further information submitted by the applicant, and investigation of the applicant as the department [COMMISSION]

considers necessary, the department [COMMISSION] shall either grant or deny an agent's permit to the applicant.

* Sec. 59. AS 14.48.080(d) is amended to read:

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

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

* Sec. 60. AS 14.48.080(f) is amended to read:

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

* Sec. 61. AS 14.48.090 is repealed and reenacted to read:

Sec. 14.48.090. FEES. The department shall adopt regulations that establish the amount and manner of payment of application fees, authorization or permit fees, renewal fees, investigation fees, and all other fees as appropriate for the authorization to operate under AS 14.48.070 and the agent's permit for services under AS 14.48.080.

* Sec. 62. AS 14.48.100 is amended to read:

Sec. 14.48.100. BONDS. (a) At the time application is made for authorization to operate, or for renewal of an authorization to operate, the department [COMMISSION] may require the postsecondary educational institution to file a surety bond in the amount determined by the department [COMMISSION]. The amount shall be determined by the number of students the institution seeks to enroll. The amount of the surety bond shall be reexamined by the department [COMMISSION] upon each renewal of the authorization

to operate to determine if a larger or smaller bond would be appropriate to ensure adequate protection for the students or enrollees, [OR] their parents or guardians, or classes thereof. The bond shall be executed by the applicant as principal and by a surety company qualified and authorized to do business in this state. The bond [AND] shall be conditioned to provide indemnification to any student or enrollee, [OR] the student's or enrollee's parent or guardian, or class thereof[,] determined to have suffered loss or damage as a result of a postsecondary educational institution's [AN] act or practice that [WHICH] is a violation of this chapter [BY THE POSTSECONDARY EDUCATIONAL INSTITUTION] and that the bonding company shall pay a final nonappealable order of the department [COMMISSION] or judgment of a court of this state having jurisdiction, upon receipt of written notification of the order or judgment. The aggregate liability of the surety for the bond of the institution or agent involved in the order or judgment may not, in any event, exceed the amount of the bond.

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

(c) The surety bond to be filed under this section must [SHALL] cover the period of the authorization to operate or the agent's permit, as appropriate, except when a surety is released as provided in this subsection. A surety on a bond filed under this section may be

released from that bond after the surety serves written notice of the release to the department [COMMISSION] and to the bonded agent or institution 45 days before the release. However, the release does not discharge or otherwise affect a claim filed by a student or enrollee, [OR] a parent or guardian, or class thereof, before or after the release for loss or damage resulting from an act or practice that [WHICH] is a violation of this chapter alleged to have occurred while the bond was in effect or for an institution's ceasing operations during the term for which tuition has been paid while the bond was in force.

(d) Authorization for an institution to operate and an agent's permit shall be suspended by operation of law when the institution or agent is no longer covered by a surety bond as required by this section. However, the department [COMMISSION] shall give the institution or agent, or both, at least 30 days written notice before the release of the surety, [TO THE EFFECT] that the authorization or permit shall be suspended by operation of law until another surety bond is filed in the same manner as, and in a like amount to, the bond being terminated.

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

• **Sec. 63.** AS 14.48.110 is amended to read:

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

• **Sec. 64.** AS 14.48.120 is amended to read:

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

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

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

* Sec. 65. AS 14.48.130 is amended to read:

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

(b) The department [COMMISSION] shall investigate the complaint and may attempt to effect a settlement by persuasion and conciliation. The department [COMMISSION] may consider a complaint after 30 days written notice by registered mail to the institution or agent, or both, giving notice of a time and place for hearing on the complaint. The hearing shall be conducted in accordance with AS 44.62 (Administrative Procedure Act).

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

* Sec. 66. AS 14.48.140 is amended to read:

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

* Sec. 67. AS 14.48.150 is amended to read:

Sec. 14.48.150. PRESERVATION OF RECORDS. (a) If a postsecondary educational institution proposes to discontinue its operation, the chief administrative officer

of the institution shall file with the department [COMMISSION] the original or legible true copies of academic records of the institution as specified by the department [COMMISSION]. The records must include that academic information customarily required by colleges when considering students for transfer or advanced study and the academic record of each former student.

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

* Sec. 68. AS 14.48.180 is amended to read:

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

(b) When it appears to the department [COMMISSION] that a person is, is about to, or has violated a provision of this chapter or a regulation adopted under this chapter, the department [COMMISSION] may, on its own motion or on the written complaint of any person, file a petition for injunction in the name of the department [COMMISSION] in a court of competent jurisdiction against the person for the purpose of enjoining the violation or for an order directing compliance with the provisions of this chapter. It is not necessary that the department [COMMISSION] allege or prove that it has no adequate remedy at law. The right of injunction provided in this section is in addition to other legal remedies available to the department [COMMISSION] and is in addition to the right of criminal

prosecution. However, the department [COMMISSION] may not obtain a temporary restraining order without notice to the person affected.

* **Sec. 69.** AS 14.48.190 is amended to read:

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

* **Sec. 70.** AS 14.48.200 is amended to read:

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

* **Sec. 71.** AS 14.48.210(2) is amended to read:

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

* **Sec. 72.** AS 14.48.210(3) is amended to read:

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

* Sec. 73. AS 14.48.210 is amended by adding a new paragraph to read:

(12) "department" means the Department of Education;

* Sec. 74. AS 16.43.340(a) is amended to read:

(a) In addition to entry permits and interim-use permits, the commission may issue educational entry permits to public, private, or denominational educational institutions, career, or vocational programs accredited or authorized by the Department of Education [OR ACCREDITED INSTITUTIONS, CAREER, OR VOCATIONAL PROGRAMS APPROVED BY THE ALASKA COMMISSION ON POSTSECONDARY EDUCATION], or full-time non-profit residential child care facilities licensed by the Department of Health and Social Services, division of social services, if

(1) the program is offered to students at the junior high school level or above;

(2) the issuance of an educational entry permit is reasonably necessary to the instruction of students under courses offered by the applicant for the educational entry permit;

(3) the program is offered by an institution that is located in the state and has been in operation for at least two years; and

(4) the institution offering the program is not a correspondence institution.

* Sec. 75. AS 39.05.100(a) is amended to read:

(a) A person appointed to a board or commission of the state government shall be and have been before the last general election, (1) a registered voter in the state, if the appointment is made at large or (2) a registered voter from the judicial district, if the

appointment is made from a specific judicial district. The student member of the Board of Regents of the University of Alaska appointed under AS 14.40.150(b), [THE STUDENT MEMBER OF THE ALASKA COMMISSION ON POSTSECONDARY EDUCATION APPOINTED UNDER 14.42.015(e)], and a member of the Alaska Human Relations Commission appointed under AS 44.19.600, are exempt from the requirement of this subsection if the member was not old enough to be a registered voter in the last general election.

* Sec. 76. AS 39.25.110(11) is amended to read:

(11) the officers and employees of the following boards, commissions, and authorities:

(A) [Repealed, § 13 ch 43 SLA 1994.]

(B) Alaska Permanent Fund Corporation;

(C) Alaska Industrial Development and Export Authority;

(D) Alaska Commercial Fisheries Entry Commission;;

(E) Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION];

(F) Alaska Aerospace Development Corporation;

* Sec. 77. AS 39.50.200(32) is amended to read:

(32) Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] AS 14.42.100 [14.42.015];

* Sec. 78. AS 43.23.067 is amended to read:

Sec. 43.23.067. CLAIMS OF DEFAULTED SCHOLARSHIP LOANS. (a) AS 09.38 does not apply to permanent fund dividends taken under AS 14.43.120(i). Notwithstanding AS 09.35, execution on a claim under AS 14.43.120(i) is accomplished by delivering a certified claim to the department containing the following information:

(1) the name and social security number of the individual whose dividend is being claimed;

(2) the amount the individual owes on the scholarship loan; and

(3) a statement that

(A) the debt has not been contested, or, if contested, that the issue has been resolved in favor of the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION]; and

(B) if the debt has been contested and resolved in favor of the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION], no appeal is pending, the time limit for filing an appeal has expired, or the appeal has been resolved in favor of the commission.

(b) The Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] shall notify the individual of a claim under (a) of this section. The notice shall be sent to the address provided in the individual's permanent fund dividend application and must provide the following information:

(1) the amount of the claim; and

(2) notice that the amount of the permanent fund dividend that does not exceed the amount of the claim shall be paid to the Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY EDUCATION] unless the commission releases the claim or the individual requests a hearing within 30 days after the date the notice is sent by the commission.

* Sec. 79. AS 43.23.067 is amended to read:

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

* **Sec. 80.** AS 14.42.010 - 14.42.055, 14.42.170, 14.42.200(18), AS 14.43.090, 14.43.255(c), 14.43.720(b), and AS 14.48.210(4) are repealed.

* **Sec. 81. TRANSITIONAL PROVISION: ADOPTION OF REGULATIONS.** The state agency affected by this Act may proceed to adopt regulations necessary to implement the changes made by secs. ____ of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of this act.

***Sec. 82. TRANSITIONAL PROVISION: TEMPORARY FEE SCHEDULE FOR CERTAIN ACTIVITIES RELATED TO POSTSECONDARY EDUCATIONAL INSTITUTIONS AND AGENTS.** Until a new fee schedule is adopted by regulation to implement the changes made by sec. ____ of this Act, the department may charge the fees set out in the following schedule for an authorization to operate an institution in this state and for an agent's permit related to activities for postsecondary educational institutions:

- | | |
|--|--------|
| (1) authorization to operate | \$100; |
| (2) renewal of authorization to
operate | \$100; |
| (3) an agent's permit | \$ 50; |
| (4) renewal of an agent's permit | \$ 50; |

* **Sec. 83. TRANSITION.** (a) The terms of the members of the Alaska Commission on Postsecondary Education terminate on the effective date of this bill. The governor may appoint to the Alaska Student Loan Corporation a person who has served on the Alaska Commission on Postsecondary Education and who meets the qualifications of AS 14.42.120, as repealed and reenacted by this bill. The terms of public persons initially appointed to the Alaska Student Loan Corporation must be set as provided in AS 39.05.055.

(b) Litigation, hearings, investigations, and other proceedings pending under a law amended or repealed by this bill, or in connection with functions transferred by this bill, continue

in effect and may be continued and completed notwithstanding a transfer or amendment or repeal provided for in this bill.

(c) Regulations adopted by the Alaska Commission on Postsecondary Education under authority of AS 14.43 remain in effect until regulations adopted by the Alaska Student Loan Corporation under those statutes, as amended by this bill, take effect. The Alaska Student Loan Corporation may implement and enforce commission regulations until its own take effect. (d) Regulations adopted by the Alaska Commission on Postsecondary Education under authority of AS 14.48 remain in effect until regulations adopted by the Department of Education under those statutes, as amended by this bill, take effect. The Department of Education may implement and enforce commission regulations until its own take effect.

(e) Contracts, rights, liabilities, notes, or other obligations created by or under a law amended or repealed by this bill, and in effect on June 30, 1996, remain in effect notwithstanding this bill, with all contracts, rights, liabilities, notes, or other obligations created by or under a law amended or repealed by this bill becoming contracts, rights, liabilities, notes, or other obligations of the Alaska Student Loan Corporation.

(f) Records, equipment, appropriations, and other property of agencies of the state whose functions are transferred under this bill shall be transferred to implement the provisions of this bill.

(g) An individual who is an employee of the Alaska Commission on Postsecondary Education on June 30, 1996 becomes an employee of the Alaska Student Loan Corporation on July 1, 1996.

* Sec. 84. This bill takes effect on July 1, 1996.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 28, 1996

SUBJECT: Sectional Summary of CSSB 301(HES)
(Work Order No. 9-LS1749\C)

TO: Senator Lyda Green
Attn: Mike

FROM: Michael F. Ford 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Makes various technical changes to allow the Alaska Student Loan Corporation to use the occupational licensing statutes to enforce student loan repayment provisions.

Section 2. Allows the University of Alaska to assume the W.A.M.I. program, under which residents of Alaska can pursue a medical degree.

Section 3. Establishes the Alaska Student Loan Corporation in the Department of Revenue.

Section 4. Establishes the board of directors of the Alaska Student Loan Corporation. Provides that two members of the board shall be nonvoting legislative members and one member of the board shall be a nonvoting student member. Provides for compensation to board members and for election of a chair.

Section 5. Allows the corporation to appoint an executive director and allows the executive director to appoint staff. Requires employees to participate in the state retirement system.

Section 6. Provides that the attorney general is the legal counsel for the corporation, but allows the corporation to employ other legal counsel.

Section 7. Requires the corporation to administer the student loan fund under AS 14.42.210 and the student loan program (AS 14.43). Allows the corporation to adopt regulations under the Administrative Procedures Act.

Senator Lyda Green
March 28, 1996
Page 2

Section 8. Technical amendment.

Section 9. Requires the corporation to establish separate accounting for teacher scholarship and family education loans.

Section 10. Allows the student loan fund to be used to make student loans.

Section 11. Technical change.

Section 12. Changes the amount of a loan that can be made to half-time undergraduate or graduate student. Repeals a provision that a career education program be at least six weeks in length. (see sec. 28 for new definition of "career education" program) Also makes other technical changes.

Section 13. Technical changes.

Section 14. Technical changes.

Section 15. Technical changes.

Section 16. Technical changes.

Section 17. Technical changes.

Section 18. Technical changes.

Section 19. Technical changes.

Section 20. Technical changes.

Section 21. Technical changes.

Section 22. Technical changes.

Section 23. Technical changes.

Section 24. Technical changes.

Section 25. Technical changes.

Section 26. Technical changes.

Section 27. Technical changes.

Section 28. Defines "career education" as a half-time program at least 12 weeks long and a full-time program at least six weeks long.

Section 29. Allows the student loan fund to be used by the corporation to make student loans.

Section 30. Allows the corporation to use the student loan program to offset losses resulting from default by a borrower.

Section 31. Technical changes.

Section 32. Technical changes.

Section 33. Technical changes.

Section 34. Technical changes.

Section 35. Technical changes.

Section 36. Creates the teacher scholarship revolving loan account in the student loan fund.

Section 37. Requires the corporation to annually allocate available teacher scholarship loan awards to local school boards.

Section 38. Technical changes.

Section 39. Technical changes.

Section 40. Technical changes.

Section 41. Allows a recipient of a family education loan to make payments earlier than required and makes various technical changes.

Section 42. Adds a definition of "corporation".

Section 43. Requires the corporation to administer the W.I.C.H.E. program.

Section 44. Recreates the Alaska Postsecondary Education Commission in the Department of Education. The members of the commission are the voting members of the Alaska Student Loan Corporation. Provides for member compensation, election of a chair, and that the employees of the Department of Education shall serve as staff to the commission.

Section 45. Repeals the authority of the commission to hire staff to administer AS 14.48.

Senator Lyda Green

March 28, 1996

Page 4

Section 46. Establishes the advisory functions of the corporation and the optional powers of the commission.

Section 47. Authorizes the commission to set fees for certain functions performed under AS 14.48.

Section 48. Allows the commission to impose a civil penalty for costs of conduction investigations or adjudications.

Section 49. Technical change.

Section 50. Places the officers and employees of the Alaska Student Loan Corporation in the exempt service.

Section 51. Technical change.

Section 52. Applies the state conflict of interest provisions under AS 39.50 to the Alaska Student Loan Corporation.

Section 53. Allows the Alaska Student Loan Corporation to take a permanent fund dividend for a student loan that is in default.

Section 54. Technical change.

Section 55. Repeals various provisions relating to postsecondary education.

Section 56. Transitional provision relating to fees charged to postsecondary institutions.

Section 57. Transitional section relating to membership on the commission and the corporation, to transfer of ongoing functions of the commission and to regulations, contracts equipment, and employees of the commission.

Section 58. Immediate effective date for sec. 57(c) and (d).

Section 59. Effective date.

MFF:pl

96-096.plm

9-LS1749(C)

Ford

3/28/96

CS FOR SENATE BILL NO. 301(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE 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 08.02.025(a) is amended to read:

5 (a) A person licensed under this title shall comply with the student loan
6 repayment provisions under AS 14.43 that are applicable to the person.
7 Notwithstanding another provision of law, a license issued to a person under this title
8 may not be renewed if the licensee [BORROWER] and the department
9 [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] have
10 received notice from the Alaska Student Loan Corporation [COMMISSION ON
11 POSTSECONDARY EDUCATION] that the licensee is in default on a student loan
12 provided to the licensee. This action may be taken no sooner than 60 days after the
13 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
14 EDUCATION] has notified the licensee [BORROWER] of the default status of the

- Technical change
Substitute from
1994 Law.

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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 [RENEWAL] may not deny renewal [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 license 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 14.40.170(b) is amended to read:

(b) The Board of Regents may

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

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

(3) set student tuition and fees;

(4) receive and spend university receipts in accordance with AS 37.07 ([THE] Executive Budget Act);

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

* Sec. 3. AS 14.42.100 is amended to read:

Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION. The [THERE IS CREATED 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

-WAMI
Language
from DOE.

-Creates
the AK Student
Loan Corporation
in Dept of
Revenue

1 [OUTSTANDING]. Upon termination of the corporation, its rights and property pass
2 to the state.

3 * Sec. 4. AS 14.42.120 is repealed and reenacted to read:

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

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

13 (c) A full-time postsecondary student shall serve as a nonvoting member of the
14 board of directors. The governor shall appoint the student member from a list of
15 nominees within 60 days after it is submitted. The list must consist of the names of two
16 nominees from Alaska Pacific University, two nominees from Sheldon Jackson College,
17 and two nominees from each campus of the University of Alaska. The nominees shall
18 be selected from a student election held on each campus. Elections under this subsection
19 shall be held concurrently with student regent elections required under AS 14.40.150(b)
20 and conducted under rules established by the Office of the Governor. The term of office
21 of the student member is two years beginning June 1 of the year in which the appointment
22 is made. Membership on the corporation is immediately forfeited by a student member
23 who ceases to be a full-time student. Within 60 days after a vacancy occurs, the governor
24 shall appoint a successor from those students appearing on the list of nominees to serve
25 for the unexpired term of the original appointee. The term "campus" used in this
26 subsection means a portion of the University of Alaska designated as a "campus" by the
27 Board of Regents.

28 (d) A governing body member, trustee, official, or employee of a public, private,
29 or proprietary institution of postsecondary or higher education in the state may not be
30 appointed to membership on the corporation as representative of the general public for the
31 purpose of (a) of this section.

*Are we
excluding
other
nominees*

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*Voting
Members
3 departmental
officials
4 public
members.*

*Non-voting
members
1 Senator
1 Rep.
1 F.T. student*

*4 year public
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(c) 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 chair from among its voting membership. A majority of the voting members constitute a quorum for organizing the board, conducting board business, and exercising the powers of the corporation.

* Sec. 5. 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 shall participate as 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, members of the corporation, the 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. 6. 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. 7. AS 14.42 is amended by adding a new section to read:

*14.42.180
with student
member
deleted (b)*

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

4 (b) The corporation may adopt regulations under AS 44.62 (Administrative
5 Procedure Act) to carry out the purposes of AS 14.43.

6 * Sec. 8. AS 14.42.200(10) is amended to read:

7 (10) gather information on student loans available to residents of Alaska
8 and disseminate the information to reasonably assure that qualified residents are aware of
9 financial resources available to those attending or desiring to attend institutions for which
10 loans may be made under AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325],
11 14.43.600 - 14.43.700, or 14.43.710 - 14.43.790;

12 * Sec. 9. AS 14.42.210(a) is amended to read:

13 (a) The student loan fund is established in the corporation. The student loan fund
14 is a trust fund to be used to carry out the purposes of AS 14.42.100 - 14.42.390,
15 AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325], 14.43.600 - 14.43.700, and
16 14.43.710 - 14.43.790. The fund consists of money or assets appropriated or transferred
17 to the corporation for the fund and money or assets deposited in it by the corporation.
18 The corporation may establish separate accounts in the fund and shall establish separate
19 accounts for the teacher scholarship revolving loan account under AS 14.43.620 and
20 the family education loan account under AS 14.43.720.

21 * Sec. 10. AS 14.42.210(b) is amended to read:

22 (b) Money and other assets of the student loan fund may be used to secure bonds
23 of the corporation, invested in student loans and investments under AS 37.10.071, and
24 used to make [PURCHASE] loans approved under AS 14.43.090 - 14.43.325, 14.43.600 -
25 14.43.700, or 14.43.710 - 14.43.790.

26 * Sec. 11. AS 14.43.100 is amended to read:

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

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

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* Sec. 12. AS 14.43.110, as amended by sec. 1, ch. 5, SLA 1996, 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. 13. AS 14.43.120(b), as amended by sec. 3, ch. 5, SLA 1996, 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 or is approved by the corporation [COMMISSION];

(C) if the loans are federally insured, is approved by the United

1 States Secretary of Education;

2 (D) is a degree granting institution; and

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

5 * Sec. 14. AS 14.43.120(c), as amended by sec. 4, ch. 5, SLA 1996, is amended to read:

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

16 * Sec. 15. AS 14.43.120(d), as amended by sec. 4, ch. 5, SLA 1996, is amended to read:

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

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

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

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

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

1 to issue a scholarship loan to attend that institution based on the provisions of this
2 paragraph.

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

4 (f) Interest on a loan made under AS 14.43.100 - 14.43.160 [AS 14.43.090 -
5 14.43.160] is equal to the interest rate

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

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

10 * Sec. 17. AS 14.43.120(g), as amended by sec. 6, ch. 5, SLA 1996, is amended to read:

11 (g) A borrower's obligation to commence repayment of the principal and interest
12 on the loan begins six months after the borrower is no longer enrolled under (c) of this
13 section. The borrower shall repay the total amount owed in periodic installments of at
14 least \$50 a month over a period of not more than 15 years from the commencement of
15 the repayment obligation. If the corporation [COMMISSION] and the borrower agree
16 to a different repayment schedule, the borrower shall repay the loan in accordance with
17 the agreement. A borrower may make payments earlier than required by this subsection
18 or the agreement.

19 * Sec. 18. AS 14.43.120(i), as amended by sec. 8, ch. 5, SLA 1996, is amended to read:

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

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

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

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

31 * Sec. 19. AS 14.43.120(m), as amended by sec. 11, ch. 5, SLA 1996, is amended to read:

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

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

4 (r) The rate of interest, time of payment of an installment of principal or interest,
5 or other loan terms [OF A SCHOLARSHIP LOAN] may be modified if required to
6 establish or maintain tax-exempt status under 26 U.S.C. 103 (Internal Revenue Code of
7 1986), as amended, for the interest on bonds issued by the corporation [ALASKA
8 STUDENT LOAN CORPORATION].

9 * Sec. 21. AS 14.43.120(t), as amended by sec. 13, ch. 5, SLA 1996, is amended to read:

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

14 * Sec. 22. AS 14.43.120(u), as amended by sec. 14, ch. 5, SLA 1996, is amended to read:

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

24 * Sec. 23. AS 14.43.120(v) is amended to read:

25 (v) In determining a rate of interest under (f)(2) of this section,
26 (1) the corporation [COMMISSION] shall use a method that ensures that
27 the rate of interest is as low as possible without precluding the ability of the corporation
28 [COMMISSION] to administer loans made under AS 14.43.100 - 14.43.160
29 [AS 14.43.090 - 14.43.160]; and

30 (2) the total amount charged for administrative costs of the student loan
31 program may not exceed two and one-half percent above the amount determined under

*Constitution
ground for
legislative appropriation
1. U.S. Education funds
2. legislature
has found
appropriate*

2

1 (f)(1) of this section.

2 * Sec. 24. AS 14.43.122(a) is amended to read:

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

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

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

11 * Sec. 25. AS 14.43.125(a), as amended by sec. 15, ch. 5, SLA 1996, is amended to read:

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

14 (1) is

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

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

19 (i) in the state; or

20 (ii) out of the state and is physically present in this state

21 while attending that program; or

22 (C) a graduate of a high school or the equivalent, or scheduled for
23 graduation from a high school within six months, with sufficient credits to be
24 admitted to a career education program or to an accredited college or university;

25 (2) is not delinquent or in default on a previously awarded student
26 [SCHOLARSHIP] loan; and

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

30 (A) has been physically present in the state for at least one year
31 immediately before the time of application for the loan;

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

8 (C) has been physically present in the state for at least one year
9 immediately before the applicant was absent from the state and the absence is due
10 solely to

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

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

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

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

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

22 (vi) an absence allowed under (D)(i)-(iv) of this
23 paragraph; or

24 (D) is a dependent of a parent or guardian who has been
25 physically present in the state for at least one year immediately before the parent
26 or guardian was absent from the state and the absence is due solely to;

27 (i) participating in a foreign exchange student program
28 recognized by the corporation [COMMISSION];

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

30 (iii) full-time employment by the state;

31 (iv) being a member of or employed full-time by the

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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. 26. AS 14.43.125(c), as amended by sec. 16, ch. 5, SLA 1996, is amended to read:

(c) A person may not be awarded a scholarship loan under AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160] if that person receives a teacher scholarship loan under AS 14.43.600 - 14.43.700 for the same period of attendance.

* Sec. 27. 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. 28. AS 14.43.160 is amended to read:

Sec. 14.43.160. DEFINITIONS. In AS 14.43.100 - 14.43.160, [AS 14.43.090 - 14.43.160]

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

(2) "federally insured" means a loan covered by the provisions of the Guaranteed Student Loan Program of Title IV, Part B, of the Higher Education Act of

New definition of 1/2 time career education student.

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1965 (P.L. 89-329), as amended;

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

(4) "half-time student" means an undergraduate, graduate, or career education student who during the semester is enrolled and is in regular attendance at classes at one or more public or private institutions of higher education for at least a total of six semester credit hours or an equivalent of six semester credit hours, and includes a career education student enrolled and in regular attendance in classes for at least 15 hours a week;

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

(6) "summer term" means the period from June 1 - August 31.

* Sec. 29. 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. Repayments [UNLESS THE INSTRUMENT EVIDENCING THE MEMORIAL SCHOLARSHIP LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA STUDENT LOAN CORPORATION, REPAYMENTS] of a loan shall be deposited into the memorial scholarship revolving loan fund and shall be used to make new loans.

* Sec. 30. AS 14.43.300(g), as amended by sec. 18, ch. 5, SLA 1996, 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 loan amount is disbursed. The [SUBJECT TO APPROPRIATION] THE loan origination fee shall be deposited into a origination fee account within the memorial

Should stay in

As deleted language but as on page 9, line 14 should be consistent. There is constitutional grounds for legislative appropriation.

*New
allows use
of original
fee to offset
losses due to
default.*

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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 [STUDENT].

* Sec. 31. AS 14.43.305(i) is amended to read:

(i) To the extent they are not in conflict with terms and conditions under AS 14.43.250 - 14.43.325, the terms and conditions of a memorial scholarship loan made under AS 14.43.250(b)(5) are the same as the terms and conditions for a scholarship loan under AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160], except that the interest on the loan is equal to five percent.

* Sec. 32. AS 14.43.320(b) is amended to read:

(b) To the extent that they are not in conflict with the provisions of AS 14.43.250 - 14.43.325, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160] relating to scholarship loans are applicable to loans made under AS 14.43.250 - 14.43.325.

* Sec. 33. AS 14.43.405(b) is amended to read:

(b) To the extent that they are not in conflict with the provisions of AS 14.43.400 - 14.43.405, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160] relating to student financial aid are applicable to the grants made under AS 14.43.400 - 14.43.500.

* Sec. 34. AS 14.43.410 is amended to read:

Sec. 14.43.410. DISTRIBUTION OF FUNDS. The funds appropriated for the educational incentive grant program shall be allocated to eligible students in accordance with the provisions of the federal state student incentive grant program and regulations adopted under AS 14.42.200 and AS 14.43.405 [AS 14.43.105 AND 14.43.405].

* Sec. 35. 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

1 program in an accredited postsecondary educational institution; or

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

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

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

11 * Sec. 36. AS 14.43.620(a) is amended to read:

12 (a) The [THERE IS CREATED A] teacher scholarship revolving loan account
13 is created within the student loan fund (AS 14.42.210). The account [FUND] shall be
14 used to make scholarship loans to students selected under AS 14.43.600 - 14.43.700.
15 Repayments [UNLESS THE INSTRUMENT EVIDENCING THE TEACHER
16 SCHOLARSHIP LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA
17 STUDENT LOAN CORPORATION, REPAYMENTS] of principal and interest on a
18 teacher scholarship loan shall be paid into the teacher scholarship revolving loan account
19 [FUND] and shall be used to make new teacher scholarship loans. If estimated funds
20 available are inadequate to fully fund estimated teacher scholarship loans for any fiscal
21 year, additional funding from the general fund may be requested and appropriated for that
22 year.

23 * Sec. 37. AS 14.43.630(a) is amended to read:

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

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

31 (2) [DEVELOP AND] distribute to the local school boards an application

1 form for teacher scholarship loans; [THE FORM MUST INCLUDE A REQUIREMENT
2 THAT] the applicant must provide [SUPPLY] a high school academic transcript and a
3 statement of intent to enter a teaching career at the elementary or secondary school level
4 in the state.

5 * Sec. 38. AS 14.43.650(a) is amended to read:

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

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

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

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

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

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

19 * Sec. 39. AS 14.43.650(c), as amended by sec. 20, ch. 5, SLA 1996, is amended to read:

20 (c) A student may not be awarded a teacher scholarship loan under AS 14.43.600
21 - 14.43.700 if the student receives a student [SCHOLARSHIP] loan under AS 14.43.100 -
22 14.43.160 [AS 14.43.090 - 14.43.160] for the same period of attendance.

23 * Sec. 40. AS 14.43.720(a) is amended to read:

24 (a) The family education loan account is created within the student
25 [SCHOLARSHIP REVOLVING] loan fund (AS 14.42.210 [AS 14.43.090]). The account
26 shall be used to make family education loans to families selected under AS 14.43.710 -
27 14.43.790, to pay the costs of collecting family education loans that are in default if those
28 costs are not recovered from the family, and to pay the costs of administering the account.
29 Repayments [UNLESS THE INSTRUMENT EVIDENCING THE FAMILY
30 EDUCATION LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA
31 STUDENT LOAN CORPORATION, REPAYMENTS] of principal and interest on family

1 education loans shall be paid into the family education loan account. If estimated funds
 2 available from family education loan repayments are inadequate to fully fund estimated
 3 family education loans in a fiscal year, additional funding from the general fund may be
 4 requested and appropriated for that year.

5 * Sec. 41. AS 14.43.740(d) is amended to read:

6 (d) A borrower's obligation to commence repayment [REPAYMENT] of the
 7 principal and interest on a family education loan [MADE UNDER AS 14.43.710 -
 8 14.43.790] begins on the first of the month immediately following loan disbursement.
 9 The loan may be cancelled without prejudice at any time before actual disbursement. The
 10 borrower shall repay [LOAN SHALL PROVIDE FOR REPAYMENT OF] the total
 11 amount owed in periodic installments over a period of [IN] not more than 10 years from
 12 the commencement of the repayment obligation. If the corporation [COMMISSION]
 13 and the borrower agree to a different repayment schedule, the borrower shall repay the
 14 loan in accordance with the agreement. The borrower may make payments earlier
 15 than required by this section or the agreement.

16 * Sec. 42. AS 14.43.990 is repealed and reenacted to read:

17 Sec. 14.43.990. DEFINITION. In this chapter, "corporation" means the Alaska
 18 Student Loan Corporation.

19 * Sec. 43. AS 14.44.035 is amended to read:

20 Sec. 14.44.035. ADMINISTRATION. The Alaska Student Loan Corporation
 21 [COMMISSION ON POSTSECONDARY EDUCATION] shall administer the state's
 22 participation in the Western Regional Higher Education Compact.

23 * Sec. 44. AS 14.48 is amended by adding a new section to read:

24 Sec. 14.48.035. ALASKA POSTSECONDARY EDUCATION COMMISSION.

25 (a) The Alaska Postsecondary Education Commission is created in the department
 26 consisting of the voting members of the Alaska Student Loan Corporation under
 27 AS 14.42.120. The public members are subject to confirmation by the legislature and
 28 serve at the pleasure of the governor for four-year staggered terms.

29 (b) Members of the commission serve without compensation, but the members
 30 who are not state employees are entitled to per diem and travel expenses authorized for
 31 boards and commissions under AS 39.20.180.

Now allow borrower to make payments earlier than required

Moves WICHE from ALPE to Student Loan Corporation

Signify inclusion of public members

1 (c) The commission shall elect a chair from among its membership at its annual
 2 meeting each year. A majority of the members constitute a quorum for organizing the
 3 commission, conducting its business, and exercising the powers of the commission.

4 (d) The employees of the department shall serve as staff to the commission.

5 * Sec. 45. AS 14.48.040 is amended to read:

6 Sec. 14.48.040. COMMISSION TO ADMINISTER CHAPTER. The Alaska
 7 Commission on Postsecondary Education shall administer this chapter [AND MAY HIRE
 8 NECESSARY PERSONNEL]. The commission may obtain from departments,
 9 commissions, and other state agencies information and assistance needed to carry out the
 10 provisions of this chapter.

11 * Sec. 46. AS 14.48.050 is amended by adding new subsections to read:

12 (b) The commission has the following advisory functions to the governing boards
 13 of higher education institutions in this state, the governor, the legislature, and other
 14 appropriate state and federal officials:

15 (1) coordinate the development or the start of comprehensive plans for the
 16 orderly systematic growth of public and private postsecondary education, including
 17 community colleges and occupational education, and submit recommendations on the need
 18 for, and location of, new facilities and programs; and

19 (2) advise as to the functions and purposes of the public and private
 20 colleges and universities in the state and counsel as to the programs appropriate to each.

21 (c) The commission may

22 (1) require the institutions of public and private higher education and other
 23 institutions of postsecondary education in the state to submit data on costs, selection and
 24 retention of students, enrollments, plant capacities and use, and other matters pertinent to
 25 effective planning and coordination, and shall furnish information concerning these matters
 26 to the governor, the legislature, and other state and federal agencies as requested;

27 (2) establish task forces, committees, or subcommittees, not necessarily
 28 consisting of commission members or employees, to advise and assist the commission in
 29 carrying out its functions assigned by this chapter and federal statute; the commission may
 30 contract with, or use, existing institutions of higher education or other individuals or
 31 organizations to make studies, conduct surveys, submit recommendations, or otherwise

*Delete
 Commission's
 authority
 to hire staff*

*Establish
 advisory
 functions
 of the
 commission
 - existing
 authority
 of commission
 under 14.48.050*

1 contribute to the work of the commission.

2 * Sec. 47. AS 14.48.090 is repealed and reenacted to read:

3 Sec. 14.48.090. FEES. The commission shall adopt regulations that establish the
4 amount and manner of payment of fees for applications, authorizations, permits, and
5 renewals under this chapter.

6 * Sec. 48. AS 14.48.120 is amended by adding a new subsection to read:

7 (d) In addition to the sanctions imposed under (a) of this section, the commission
8 may assess a civil fine, not to exceed \$5,000, for costs of investigating and adjudicating
9 a matter under this chapter.

10 * Sec. 49. AS 39.05.100(a) is amended to read:

11 (a) A person appointed to a board or commission of the state government shall
12 be and have been before the last general election, (1) a registered voter in the state, if the
13 appointment is made at large or (2) a registered voter from the judicial district, if the
14 appointment is made from a specific judicial district. The student member of the Board
15 of Regents of the University of Alaska appointed under AS 14.40.150(b), the student
16 member of the Alaska Student Loan Corporation [COMMISSION ON
17 POSTSECONDARY EDUCATION] appointed under AS 14.42.120 [AS 14.42.015(e)],
18 and a member of the Alaska Human Relations Commission appointed under
19 AS 44.19.600, are exempt from the requirement of this subsection if the member was not
20 old enough to be a registered voter in the last general election.

21 * Sec. 50. AS 39.25.110(11) is amended to read:

22 (11) the officers and employees of the following boards, commissions, and
23 authorities:

24 (A) [REPEALED

25 (B)] Alaska Permanent Fund Corporation;

26 (B) [(C)] Alaska Industrial Development and Export Authority;

27 (C) [(D)] Alaska Commercial Fisheries Entry Commission;

28 (D) [(E)] Alaska Student Loan Corporation [COMMISSION ON
29 POSTSECONDARY EDUCATION];

30 (E) [(F)] Alaska Aerospace Development Corporation;

31 * Sec. 51. AS 39.50.200(b)(32) is amended to read:

*authority
to establish
fees to
offset costs
of commission.
- already
in statute*

*Places officers
& employees
in exempt
services*

1 (32) Alaska Commission on Postsecondary Education (AS 14.48.035)
 2 [(AS 14.42.015)];

3 * Sec. 52. AS 39.50.200(b) is amended by adding a new paragraph to read:

4 (56) Alaska Student Loan Corporation (AS 14.42.100).

5 * Sec. 53. AS 43.23.067(a) is amended to read:

6 (a) AS 09.38 does not apply to permanent fund dividends taken under
 7 AS 14.43.120(i). Notwithstanding AS 09.35, the Alaska Student Loan Corporation may
 8 take a permanent fund dividend [EXECUTION ON A CLAIM] under AS 14.43.120(i)
 9 [IS ACCOMPLISHED] by delivering a certified claim to the department containing the
 10 following information:

11 (1) the name and social security number of the individual whose dividend
 12 is being claimed;

13 (2) the amount the individual owes on the scholarship loan; and

14 (3) a statement that

15 (A) a [THE] debt for at least the amount claimed has not been
 16 contested, or, if contested, that the issue has been resolved in favor of the Alaska
 17 Student Loan Corporation [COMMISSION ON POSTSECONDARY
 18 EDUCATION]; and

19 (B) if the debt has been contested and resolved in favor of the
 20 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
 21 EDUCATION], no appeal is pending, the time limit for filing an appeal has
 22 expired, or the appeal has been resolved in favor of the commission.

23 * Sec. 54. AS 43.23.067(b) is amended to read:

24 (b) The Alaska Student Loan Corporation [COMMISSION ON
 25 POSTSECONDARY EDUCATION] shall notify the individual of a claim under (a) of
 26 this section. The notice shall be sent to the address provided in the individual's permanent
 27 fund dividend application and must provide the following information:

28 (1) the amount of the claim; and

29 (2) notice that the amount of the permanent fund dividend that does not
 30 exceed the amount of the claim shall be paid to the Alaska Student Loan Corporation
 31 [COMMISSION ON POSTSECONDARY EDUCATION] unless the commission releases

*Conflict
interest
provision*

*allows
corporation
to take a
PFD
for defaulted
loans.*

1 the claim or the individual requests a hearing within 30 days after the date the notice is
2 sent by the commission.

3 * Sec. 55. AS 14.42.010, 14.42.015, 14.42.020, 14.42.025, 14.42.030, 14.42.035, 14.42.040,
4 14.42.045, 14.42.050, 14.42.055, 14.42.170, 14.42.200(18), 14.42.210(c); AS 14.43.090,
5 14.43.105, 14.43.255(c), 14.43.320(a), 14.43.405(a), 14.43.620(b), and 14.43.720(b) are repealed.

6 * Sec. 56. TRANSITIONAL PROVISION: TEMPORARY FEE SCHEDULE FOR
7 CERTAIN ACTIVITIES RELATED TO POSTSECONDARY EDUCATIONAL
8 INSTITUTIONS AND AGENTS. Until a new fee schedule is adopted by regulation to
9 implement the changes made by sec. 47 of this Act, the commission may charge the fees set out
10 in the following schedule for an authorization to operate an institution in this state and for an
11 agent's permit related to activities for postsecondary educational institutions:

- | | | |
|----|---|--------|
| 12 | (1) authorization to operate | \$100; |
| 13 | (2) renewal of authorization to operate | \$100; |
| 14 | (3) an agent's permit | \$ 50; |
| 15 | (4) renewal of an agent's permit | \$ 50. |

16 * Sec. 57. TRANSITION. (a) The terms of the members of the Alaska Commission on
17 Postsecondary Education terminate on the effective date of sec. 1 of this Act. The governor may
18 appoint to the Alaska Student Loan Corporation a person who has served on the Alaska
19 Commission on Postsecondary Education and who meets the qualifications of AS 14.42.120, as
20 repealed and reenacted by this Act. The terms of public persons initially appointed to the Alaska
21 Student Loan Corporation must be set as provided in AS 39.05.055.

22 (b) Litigation, hearings, investigations, and other proceedings pending under a law
23 amended or repealed by this Act, or in connection with functions transferred by this Act, continue
24 in effect and may be continued and completed notwithstanding a transfer or amendment or repeal
25 provided for in this Act.

26 (c) Regulations adopted by the Alaska Commission on Postsecondary Education under
27 authority of AS 14.43 remain in effect until regulations adopted by the Alaska Student Loan
28 Corporation under that chapter, as amended by this Act, take effect. The Alaska Student Loan
29 Corporation may implement and enforce commission regulations until the regulations of the
30 corporation take effect. Notwithstanding sec. 59 of this Act, the Alaska Student Loan Corporation
31 may immediately proceed to adopt regulations necessary to implement the changes made by this

1 Act to AS 14.43. The regulations take effect under AS 44.62 (Administrative Procedure Act),
2 but not before the effective date of sec. 1 of this Act.

3 (d) Regulations adopted under the authority of AS 14.48 by the Alaska Commission on
4 Postsecondary Education, as constituted before July 1, 1996, remain in effect. Notwithstanding
5 sec. 59 of this Act, the commission may immediately proceed to adopt regulations necessary to
6 implement the changes made by this Act to AS 14.48. The regulations take effect under
7 AS 44.62 (Administrative Procedure Act), but not before the effective date of sec. 1 of this Act.

8 (e) Contracts, rights, liabilities, notes, or other obligations created by or under a section
9 of AS 14.43 amended or repealed by this Act, and in effect on June 30, 1996, remain in effect
10 notwithstanding this Act, with all contracts, rights, liabilities, notes, or other obligations created
11 by or under a section of AS 14.43 amended or repealed by this Act becoming contracts, rights,
12 liabilities, notes, or other obligations of the Alaska Student Loan Corporation.

13 (f) Records, equipment, appropriations, and other property of agencies of the state whose
14 functions are transferred under this Act shall be transferred to implement the provisions of this
15 Act.

16 (g) An individual who is an employee of the Alaska Commission on Postsecondary
17 Education on June 30, 1996, becomes an employee of the Alaska Student Loan Corporation on
18 July 1, 1996.

19 (h) Employees of the Alaska Student Loan Corporation who were, on June 30, 1996,
20 employees of the Alaska Commission on Postsecondary Education, are no longer eligible to
21 accrue credited service under AS 14.25.

22 • Sec. 58. Section 57(c) and (d) take effect immediately under AS 01.10.070(c).

23 • Sec. 59. Except as provided in sec. 58 of this Act, this Act takes effect July 1, 1996.

9-LS1749\F
Ford
3/29/96

CS FOR SENATE BILL NO. 301(HES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE 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 08.02.025(a) is amended to read:

5 (a) A person licensed under this title shall comply with the student loan
6 repayment provisions under AS 14.43 that are applicable to the person.
7 Notwithstanding another provision of law, a license issued to a person under this title
8 may not be renewed if the licensee [BORROWER] and the department
9 [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] have
10 received notice from the Alaska Student Loan Corporation [COMMISSION ON
11 POSTSECONDARY EDUCATION] that the licensee is in default on a student loan
12 provided to the licensee. This action may be taken no sooner than 60 days after the
13 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
14 EDUCATION] has notified the licensee [BORROWER] of the default status of the

1 loan as provided under AS 14.43.120(i). If a licensee's [AN] appeal of a
2 determination of default status is pending [ON BEHALF OF THE LICENSEE], the
3 Alaska Student Loan Corporation [COMMISSION ON POSTSECONDARY
4 EDUCATION] shall notify the department and the department [RENEWAL] may not
5 deny renewal [BE DENIED] under this section until and unless the [APPEAL HAS
6 BEEN CONCLUDED AND THE] default status has been affirmed on appeal. The
7 denial [DENIAL] of renewal of a license shall continue until the department
8 [DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] receives
9 notice from the Alaska Student Loan Corporation [COMMISSION ON
10 POSTSECONDARY EDUCATION] that the licensee is no longer in default on the
11 student loan.

12 • Sec. 2. AS 14.40.170(b) is amended to read:

13 (b) The Board of Regents may

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

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

18 (3) set student tuition and fees;

19 (4) receive and spend university receipts in accordance with AS 37.07
20 [[THE] Executive Budget Act];

21 (5) enter into agreements with government or postsecondary
22 education officials of this state or other states to provide postsecondary educational
23 services and programs to residents of this state pursuing a medical education; an
24 agreement with another state must be limited to services and programs that are
25 unavailable in this state ((AS 37.07)).

26 • Sec. 3. AS 14.42.100 is amended to read:

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

1 [OUTSTANDING]. Upon termination of the corporation, its rights and property pass
2 to the state.

3 * Sec. 4. AS 14.42.120 is repealed and reenacted to read:

4 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corporation
5 shall be governed by a board of directors consisting of the members of the Alaska
6 Commission on Postsecondary Education under AS 14.48.035. The governor's appointees
7 shall serve at the pleasure of the governor for four-year staggered terms.

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

12 (c) A full-time postsecondary student shall serve as a nonvoting member of the
13 board of directors. The governor shall appoint the student member from a list of
14 nominees within 60 days after it is submitted. The list must consist of the names of two
15 nominees from each four-year public or nonprofit college or university campus in the state
16 that has representative student government. The nominees shall be selected from a student
17 election held on each campus. Elections under this subsection shall be held concurrently
18 with student regent elections required under AS 14.40.150(b) and conducted under rules
19 established by the Office of the Governor. The term of office of the student member is
20 two years beginning June 1 of the year in which the appointment is made. Members' ip
21 on the corporation is immediately forfeited by a student member who ceases to be a
22 full-time student. Within 60 days after a vacancy occurs, the governor shall appoint a
23 successor from those students appearing on the list of nominees to serve for the unexpired
24 term of the original appointee. In this subsection, "campus" means a portion of the
25 college or university designated as a "campus" by the board of the college or university.

26 (d) A governing body member, trustee, official, or employee of a public, private,
27 or proprietary institution of postsecondary or higher education in the state may not be
28 appointed to membership on the corporation as representative of the general public for the
29 purpose of (a) of this section.

30 (e) Members of the board serve without compensation, but the voting members
31 who are not state employees and the student member are entitled to per diem and travel

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expenses authorized for boards and commissions under AS 39.20.180.

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

* Sec. 5. AS 14.42.160 is repealed and reenacted to read:

Sec. 14.42.150. 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 shall participate as 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, members of the corporation, the 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 programs under AS 14.43.

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

Sec. 14.42.180. LEGAL COUNSEL. 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.

- delete reference to hiring legal council (independent - already granted authority under another section of law)

* Sec. 7. AS 14.42 is amended by adding a new section to read:

Sec. 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 14.62 (Administrative

1 Procedure Act) to carry out the purposes of AS 14.43.

2 * Sec. 8. AS 14.42.200(10) is amended to read:

3 (10) gather information on student loans available to residents of Alaska
4 and disseminate the information to reasonably assure that qualified residents are aware of
5 financial resources available to those attending or desiring to attend institutions for which
6 loans may be made under AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325],
7 14.43.600 - 14.43.700, or 14.43.710 - 14.43.790;

8 * Sec. 9. AS 14.42.210(a) is amended to read:

9 (a) The student loan fund is established in the corporation. The student loan fund
10 is a trust fund to be used to carry out the purposes of AS 14.42.100 - 14.42.390,
11 AS 14.43.100 - 14.43.325 [AS 14.43.090 - 14.43.325], 14.43.600 - 14.43.700, and
12 14.43.710 - 14.43.790. The fund consists of money or assets appropriated or transferred
13 to the corporation for the fund and money or assets deposited in it by the corporation.
14 The corporation may establish separate accounts in the fund and shall establish separate
15 accounts for the teacher scholarship revolving loan account under AS 14.43.620 and
16 the family education loan account under AS 14.43.720.

17 * Sec. 10. AS 14.42.210(b) is amended to read:

18 (b) Money and other assets of the student loan fund may be used to secure bonds
19 of the corporation, invested in student loans and investments under AS 37.10.071, and
20 used to make [PURCHASE] loans approved under AS 14.43.090 - 14.43.325, 14.43.600 -
21 14.43.700, or 14.43.710 - 14.43.790.

22 * Sec. 11. AS 14.43.100 is amended to read:

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

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

28 * Sec. 12. AS 14.43.110, as amended by sec. 1, ch. 5, SLA 1996, is amended to read:

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

31 (1) \$8,500 to a full-time undergraduate student or \$4,500 [\$5,000] to a

1 half-time undergraduate student attending a college or university if the full- or half-time
2 student is otherwise eligible under AS 14.43.125;

3 (2) \$9,500 to a full-time graduate student or \$5,000 [\$4,500] to a
4 half-time graduate student attending a college or university if the full- or half-time
5 graduate student is otherwise eligible under AS 14.43.125;

6 (3) \$5,500 to a full-time student or \$2,000 to a half-time student if the
7 full- or half-time student is attending a career education program [THAT IS AT LEAST
8 SIX WEEKS IN LENGTH] and is otherwise eligible under AS 14.43.125.

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

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

15 * Sec. 13. AS 14.43.120(b), as amended by sec. 3, ch. 5, SLA 1996, is amended to read:

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

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

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

19 (B) submitted an executed program participation agreement

20 required by the corporation [COMMISSION]; or

21 (2) a college or university that

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

24 (B) is accredited by a national or regional accreditation association
25 recognized by the Council on Recognition of Postsecondary Accreditation or is
26 approved by the corporation [COMMISSION];

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

29 (D) is a degree granting institution; and

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

1 * Sec. 14. AS 14.43.120(c), as amended by sec. 4, ch. 5, SLA 1996, is amended to read:

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

12 * Sec. 15. AS 14.43.120(d), as amended by sec. 4, ch. 5, SLA 1996, is amended to read:

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

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

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

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

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

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

31 (f) Interest on a loan made under AS 14.43.100 - 14.43.160 [AS 14.43.090 -

1 14.43.160] is equal to the interest rate

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

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

6 * Sec. 17. AS 14.43.120(g), as amended by sec. 6, ch. 5, SLA 1996, is amended to read:

7 (g) A borrower's obligation to commence repayment of the principal and interest
8 on the loan begins six months after the borrower is no longer enrolled under (c) of this
9 section. The borrower shall repay the total amount owed in periodic installments of at
10 least \$50 a month over a period of not more than 15 years from the commencement of
11 the repayment obligation. If the corporation [COMMISSION] and the borrower agree
12 to a different repayment schedule, the borrower shall repay the loan in accordance with
13 the agreement. A borrower may make payments earlier than required by this subsection
14 or the agreement.

15 * Sec. 18. AS 14.43.120(i), as amended by sec. 8, ch. 5, SLA 1996, is amended to read:

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

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

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

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

27 * Sec. 19. AS 14.43.120(m), as amended by sec. 11, ch. 5, SLA 1996, is amended to read:

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

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

31 (r) The rate of interest, time of payment of an installment of principal or interest,

1 or other loan terms [OF A SCHOLARSHIP LOAN] may be modified if required to
2 establish or maintain tax-exempt status under 26 U.S.C. 103 (Internal Revenue Code of
3 1986), as amended, for the interest on bonds issued by the corporation [ALASKA
4 STUDENT LOAN CORPORATION].

5 * Sec. 21. AS 14.43.120(t), as amended by sec. 13, ch. 5, SLA 1996, is amended to read:

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

10 * Sec. 22. AS 14.43.120(u), as amended by sec. 14, ch. 5, SLA 1996, is amended to read:

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

20 * Sec. 23. AS 14.43.120(v) is amended to read:

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

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

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

29 * Sec. 24. AS 14.43.122(a) is amended to read:

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

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

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

7 * Sec. 25. AS 14.43.125(a), as amended by sec. 15, ch. 5, SLA 1996, is amended to read:

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

10 (1) is

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

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

15 (i) in the state; or

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

18 (C) a graduate of a high school or the equivalent, or scheduled for
19 graduation from a high school within six months, with sufficient credits to be
20 admitted to a career education program or to an accredited college or university;

21 (2) is not delinquent or in default on a previously awarded student
22 [SCHOLARSHIP] loan; and

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

26 (A) has been physically present in the state for at least one year
27 immediately before the time of application for the loan;

28 (B) is dependent on a parent or guardian for care, the parent or
29 guardian has been present in the state for at least one year immediately before the
30 time of application for the loan, and the person has been present in the state for
31 at least one year of the immediately preceding five years, except that the

1 corporation [COMMISSION] may by a two-thirds vote, acting upon a written
2 appeal by the person, grant an exemption to the requirement that the person has
3 been present in the state for one year of the immediately preceding five years;

4 (C) has been physically present in the state for at least one year
5 immediately before the applicant was absent from the state and the absence is due
6 solely to

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

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

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

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

15 (v) being a person who otherwise qualifies as a resident
16 and is accompanying a spouse who qualifies as a resident under (i) - (iv)
17 of this paragraph;

18 (vi) an absence allowed under (D)(i)-(iv) of this
19 paragraph; or

20 (D) is a dependent of a parent or guardian who has been
21 physically present in the state for at least one year immediately before the parent
22 or guardian was absent from the state and the absence is due solely to

23 (i) participating in a foreign exchange student program
24 recognized by the corporation [COMMISSION];

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

26 (iii) full-time employment by the state;

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

29 (v) being a person who otherwise qualifies as a resident
30 and is accompanying a spouse who qualifies as a resident under (i) - (iv)
31 of this paragraph;

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

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

7 * Sec. 26. AS 14.43.125(c), as amended by sec. 16, ch. 5, SLA 1996, is amended to read:

8 (c) A person may not be awarded a scholarship loan under AS 14.43.100 -
9 14.43.160 [AS 14.43.090 - 14.43.160] if that person receives a teacher scholarship loan
10 under AS 14.43.600 - 14.43.700 for the same period of attendance.

11 * Sec. 27. AS 14.43.150(a) is amended to read:

12 (a) In a court proceeding regarding a defaulted loan under this chapter in which
13 the court has entered judgment in favor of the corporation or the former Alaska
14 Commission on Postsecondary Education [COMMISSION], the court may, on its own
15 motion or motion of the corporation [COMMISSION], after notice and an opportunity
16 for hearing, order the loan recipient to assign to the corporation [COMMISSION] that
17 portion of salary or wages due the loan recipient currently and in the future in an amount
18 sufficient to pay the amount ordered by the court to be repaid [TO THE COMMISSION].

19 * Sec. 28. AS 14.43.160 is amended to read:

20 Sec. 14.43.160. DEFINITIONS. In AS 14.43.100 - 14.43.160, [AS 14.43.090 -
21 14.43.160]

22 (1) "career education" means a course or program in vocational-technical
23 training or education approved by the corporation that is a half-time program at least
24 12 weeks in length or a full-time program at least six weeks in length
25 [COMMISSION];

26 (2) "federally insured" means a loan covered by the provisions of the
27 Guaranteed Student Loan Program of Title IV, Part B, of the Higher Education Act of
28 1965 (P.L. 89-329), as amended;

29 (3) "full-time student" means an undergraduate or career education student
30 who is enrolled and is in regular attendance at classes for at least 12 semester hours of
31 credit or the equivalent during the semester or a graduate student who is enrolled and is

1 in regular attendance at classes for at least nine semester hours of credit or the equivalent;
2 any combination of semester hours of credit, or the equivalent, aggregating to the requisite
3 number of semester hours and undertaken during a semester at two or more public or
4 private institutions of higher education constitutes full-time student status;

5 (4) "half-time student" means an undergraduate, graduate, or career
6 education student who during the semester is enrolled and is in regular attendance at
7 classes at one or more public or private institutions of higher education for at least a total
8 of six semester credit hours or an equivalent of six semester credit hours, and includes a
9 career education student enrolled and in regular attendance in classes for at least 15 hours
10 a week;

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

13 (6) "summer term" means the period from June 1 - August 31.

14 * Sec. 29. AS 14.43.255(a) is amended to read:

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

22 * Sec. 30. AS 14.43.300(g), as amended by sec. 18, ch. 5, SLA 1996, is amended to read:

23 (g) The corporation [COMMISSION] by regulation shall set a loan origination
24 fee, not to exceed five percent of the total memorial scholarship loan amount, to be
25 assessed upon a memorial scholarship loan. The loan origination fee shall be deducted
26 at the time the loan amount is disbursed. Subject to appropriation, the loan origination
27 fee shall be deposited into a origination fee account within the memorial scholarship
28 revolving loan fund, and subsequently transferred by the corporation [COMMISSION]
29 to the appropriate memorial scholarship accounts within the memorial scholarship
30 revolving loan fund to offset losses incurred due to loan debt cancellation as a result of
31 death, disability, default, or bankruptcy of the borrower [STUDENT].

1 * Sec. 31. AS 14.43.305(i) is amended to read:

2 (i) To the extent they are not in conflict with terms and conditions under
3 AS 14.43.250 - 14.43.325, the terms and conditions of a memorial scholarship loan made
4 under AS 14.43.250(b)(5) are the same as the terms and conditions for a scholarship loan
5 under AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160], except that the interest on
6 the loan is equal to five percent.

7 * Sec. 32. AS 14.43.320(b) is amended to read:

8 (b) To the extent that they are not in conflict with the provisions of AS 14.43.250
9 - 14.43.325, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160]
10 relating to scholarship loans are applicable to loans made under AS 14.43.250 -
11 14.43.325.

12 * Sec. 33. AS 14.43.405(b) is amended to read:

13 (b) To the extent that they are not in conflict with the provisions of AS 14.43.400
14 - 14.43.405, the provisions of AS 14.43.100 - 14.43.160 [AS 14.43.090 - 14.43.160]
15 relating to student financial aid are applicable to the grants made under AS 14.43.400 -
16 14.43.500.

17 * Sec. 34. AS 14.43.410 is amended to read:

18 Sec. 14.43.410. DISTRIBUTION OF FUNDS. The funds appropriated for the
19 educational incentive grant program shall be allocated to eligible students in accordance
20 with the provisions of the federal state student incentive grant program and regulations
21 adopted under AS 14.42.200 and AS 14.43.405 [AS 14.43.105 AND 14.43.405].

22 * Sec. 35. AS 14.43.415 is amended to read:

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

25 (1) is a resident of Alaska;

26 (2) is [EITHER]

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

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

31 (3) establishes financial need in accordance with standards for determining

1 financial need adopted by the corporation [COMMISSION] under 20 U.S.C. 1070c-2.

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

7 * Sec. 36. AS 14.43.620(a) is amended to read:

8 (a) The [THERE IS CREATED A] teacher scholarship revolving loan account
9 is created within the student loan fund (AS 14.42.210). The account [FUND] shall be
10 used to make scholarship loans to students selected under AS 14.43.600 - 14.43.700.
11 Repayments [UNLESS THE INSTRUMENT EVIDENCING THE TEACHER
12 SCHOLARSHIP LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA
13 STUDENT LOAN CORPORATION, REPAYMENTS] of principal and interest on a
14 teacher scholarship loan shall be paid into the teacher scholarship revolving loan account
15 [FUND] and shall be used to make new teacher scholarship loans. If estimated funds
16 available are inadequate to fully fund estimated teacher scholarship loans for any fiscal
17 year, additional funding from the general fund may be requested and appropriated for that
18 year.

19 * Sec. 37. AS 14.43.630(a) is amended to read:

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

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

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

1 * Sec. 38. AS 14.43.650(a) is amended to read:

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

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

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

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

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

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

15 * Sec. 39. AS 14.43.650(c), as amended by sec. 20, ch. 5, SLA 1996, is amended to read:

16 (c) A student may not be awarded a teacher scholarship loan under AS 14.43.600
17 - 14.43.700 if the student receives a student [SCHOLARSHIP] loan under AS 14.43.100 -
18 14.43.160 [AS 14.43.090 - 14.43.160] for the same period of attendance.

19 * Sec. 40. AS 14.43.720(a) is amended to read:

20 (a) The family education loan account is created within the student
21 [SCHOLARSHIP REVOLVING] loan fund (AS 14.42.210 [AS 14.43.090]). The account
22 shall be used to make family education loans to families selected under AS 14.43.710 -
23 14.43.790, to pay the costs of collecting family education loans that are in default if those
24 costs are not recovered from the family, and to pay the costs of administering the account.
25 Repayments [UNLESS THE INSTRUMENT EVIDENCING THE FAMILY
26 EDUCATION LOAN HAS BEEN SOLD OR ASSIGNED TO THE ALASKA
27 STUDENT LOAN CORPORATION, REPAYMENTS] of principal and interest on family
28 education loans shall be paid into the family education loan account. If estimated funds
29 available from family education loan repayments are inadequate to fully fund estimated
30 family education loans in a fiscal year additional funding from the general fund may be
31 requested and appropriated for that year.

1 * Sec. 41. AS 14.43.740(d) is amended to read:

2 (d) ~~A borrower's obligation to commence repayment;~~ (REPAYMENT) of the
 3 principal and interest on a family education loan [MADE UNDER AS 14.43.710 -
 4 14.43.790] begins on the first of the month immediately following loan disbursement.
 5 The loan may be cancelled without prejudice at any time before actual disbursement. The
 6 borrower shall repay [LOAN SHALL PROVIDE FOR REPAYMENT OF] the total
 7 amount owed in periodic installments over a period of [IN] not more than 10 years from
 8 the commencement of the repayment obligation. If the corporation [COMMISSION]
 9 and the borrower agree to a different repayment schedule, the borrower shall repay the
 10 loan in accordance with the agreement. The borrower may make payments earlier
 11 than required by this section or the agreement.

12 * Sec. 42. AS 14.43.990 is repealed and reenacted to read:

13 Sec. 14.43.990. DEFINITION. In this chapter, "corporation" means the Alaska
 14 Student Loan Corporation.

15 * Sec. 43. AS 14.44.035 is amended to read:

16 Sec. 14.44.035. ADMINISTRATION. The Alaska Student Loan Corporation
 17 [COMMISSION ON POSTSECONDARY EDUCATION] shall administer the state's
 18 participation in the Western Regional Higher Education Compact.

19 * Sec. 44. AS 14.48 is amended by adding a new section to read:

20 Sec. 14.48.035. ALASKA COMMISSION ON POSTSECONDARY
 21 EDUCATION. (a) The Alaska Commission on Postsecondary Education is created in
 22 the department consisting of the commissioner of revenue, the commissioner of
 23 administration, a person representing the department appointed by the governor, and four
 24 public members appointed by the governor. The public members are subject to
 25 confirmation by the legislature and serve at the pleasure of the governor for four-year
 26 staggered terms.

27 (b) Members of the commission serve without compensation, but the members
 28 who are not state employees are entitled to per diem and travel expenses authorized for
 29 boards and commissions under AS 39.20.180.

30 (c) The commission shall elect a chair from among its membership at its annual
 31 meeting each year. A majority of the members constitute a quorum for organizing the

*Gov.
 appoints:
 Legis
 appointment
 25
 Confirmation*