



# LAWS OF ALASKA

1971

Source

Chapter No.

CSHB 415 (Finance) am S

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## AN ACT

Providing for career and higher education scholarship loans; and providing for an effective date.

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

\* Section 1. AS 14.40 is amended by adding new sections to read:

#### ARTICLE 9. SCHOLARSHIP LOANS.

Sec. 14.40.751. LOAN FUND CREATED. There is created a scholarship revolving loan fund as an account in the general fund. The fund shall be used to make scholarship loans to students selected under secs. 751 - 773 of this chapter.

Sec. 14.40.753. SELECTION COMMITTEE. (a) There is created the student loan selection committee composed of seven members appointed by the governor. The committee is composed of the commissioner of education and at least one undergraduate student, one person employed as a high school counselor, one person from a minority group and one person representing the field of vocational-technical training. No member may be the president or a senior administrative officer of a college or university. Members serve at the pleasure of the governor. The committee shall elect its chairman. The commissioner of education shall act as executive secretary of the committee. The Department of Education is charged with administering the program established by this chapter.

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

(c) The selection committee shall make an annual

report to the governor and legislature reviewing the work of the committee.

(d) The selection committee shall meet at least once a year. The meetings shall be held at the call of the chairman or upon petition by two members.

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

(b) A person whose application is not recommended or presented to the committee by the executive secretary may appeal to the selection committee through the chairman of the committee and the committee shall consider the application.

Sec. 14.40.757. ADMINISTRATION OF PROGRAM. The executive secretary shall administer the program subject to review by the committee and such regulations as the committee may prescribe.

Sec. 14.40.759. UNDERGRADUATE LOANS. The selection committee may make a loan, not to exceed \$2,500 in any one school year, to an undergraduate student eligible under sec. 765 of this chapter.

Sec. 14.40.761. GRADUATE LOANS. The selection committee may make a loan, not to exceed \$5,000 in any one school year, to a graduate student who is eligible under sec. 765 of this chapter and is pursuing an advance degree.

Sec. 14.40.763. CONDITIONS OF LOANS. (a) Proceeds from scholarship loans may only be used for books, tuition and required fees, and for room and board.

(b) The loans may only be used to attend a career education program approved by the Department of Education or a college or university accredited by the accreditation association for the region in which the college or university is located.

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

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

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

(f) Interest on a loan given under secs. 751 - 773 of this chapter shall be at the rate of five per cent.

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

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

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

(j) A portion of a loan shall be considered a grant if, upon completion of the course of study for which the loan was granted, the grantee spends at least two years employed in the state. The portion of the loan which shall be regarded as a grant shall be the following percentages of the total loan received plus accrued interest:

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

Sec. 14.40.765. ELIGIBILITY OF STUDENTS. A student may apply for a scholarship loan if

- (1) he is a resident of Alaska, and if
- (2) he is either

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

(B) a graduate of a high school, or scheduled for graduation from a high school within six months, with sufficient credits to be admitted to a career education program or to an accredited college or university.

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

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

Sec. 14.40.769. DISCRIMINATION PROHIBITED. The student loan program shall be carried out without regard.

to the race, creed, sex, color, ancestry, national origin, or membership in fraternal or political organizations of the student applying for the loan.

Sec. 14.40.771. ENFORCEABILITY OF CERTAIN CONTRACTS WITH MINORS. A written obligation entered into by a minor at least 16 years of age, evidencing a loan or other assistance received by him from any person for the purpose of furthering his education in a career education program or an institution of higher learning, is enforceable against the minor with the same effect as if he were, at the time of its execution, 19 years of age, if the person making the loan has in his records before making the loan a certification from the institution that the minor is enrolled in the institution or has been accepted for enrollment.

Sec. 14.40.773. DEFINITIONS. In secs. 751 - 773 of this chapter

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

(2) "career education" means a course or program in vocational-technical training or education approved by the Department of Education;

(3) "full-time student" means a student who is enrolled and is in regular attendance at classes for at least 12 semester hours of credit during the semester;

(4) "loan" means a student loan granted under secs. 751 - 773 of this chapter;

(5) "resident" means a person domiciled in Alaska who has resided in Alaska for at least two years before making an application for a student loan.

\* Sec. 2. AS 14.40.750 - 14.40.849 and AS 14.40.900 - 14.40.910 are repealed.

\* Sec. 3. Sec. 1 of this Act takes effect on July 1, 1971 or on the date the Alaska Higher Education Commission is enjoined from making payments under the provisions of AS 14.40.-900, whichever date is earlier. Sec. 2 of this Act takes effect on July 1, 1972.