



LAWS OF ALASKA

1974

Source

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Chapter No.

136

AN ACT

Relating to student financial aid; and providing for an effective date.

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

* Section 1. AS 14.40.751(a) is amended to read:

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

* Sec. 2. AS 14.40.751 is amended by adding a new subsection to read:

(c) On March 1 of each fiscal year, if there is a balance of appropriated but unexpended funds in the tuition grant fund created under (b) of this section, that sum shall be automatically transferred to the scholarship revolving loan fund created under (a) of this section to make additional scholarship loans during that fiscal year.

* Sec. 3. AS 14.40.753 is amended to read:

Sec. 14.40.753. FINANCIAL AID COMMITTEE. (a) There is created the student financial aid 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 for a staggered four-year term, determined by lot, except that the undergraduate student may serve only during the time he is enrolled as a full-time student. Vacancies shall be filled in the same manner as original appointment. The committee shall elect its chairman. The commissioner of education is the executive secretary of the committee. The Department of Education is charged with administering the programs established by secs. 751 - 806 of this chapter.

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

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

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

* Sec. 4. AS 14.40.755(b) is amended to read:

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

* Sec. 5. AS 14.40.757 is amended to read:

Sec. 14.40.757. ADMINISTRATION OF PROGRAM. The executive secretary shall administer the programs subject to review by the committee and in accordance with the regulations prescribed by the committee. The promulgation of these regulations is subject to the Administrative Procedure Act (AS 44.62), and a summary of the regulations shall be distributed to each applicant.

* Sec. 6. AS 14.40.759 is amended to read:

Sec. 14.40.759. UNDERGRADUATE LOANS. The 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. 7. AS 14.40.761 is amended to read:

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

* Sec. 8. AS 14.40.763(f) is amended to read:

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

* Sec. 9. AS 14.40.776(a) is amended to read:

(a) The executive secretary of the committee shall award a tuition grant to a student in an amount up to the difference between (1) the cost, in a city where there is both a four-year state university and a four-year private university or in a city where there is both a two-year state community college and a two-year private college, for the operation of the state institution on a full-time student per academic year basis, and (2) the tuition or fees paid by the student at the state institution in those locations, but in no case may the amount exceed \$1,400. The tuition grant paid to a full-time student may not be in an amount that would result in a student paying less in tuition or fees at a private college or university than would be required for a similar enrollment at the state institution in the same city. The grant is to be applied by the student toward his tuition at the private university or college in which he enrolls.

* Sec. 10. AS 14.40.776 is amended by adding a new subsection to read:

(c) The computation under (a) of this section shall be made by the executive secretary. He shall publish the accounting procedures employed in making the computation, including, but not limited to, the time period on which the computation is based and the cost figures used. This cost data shall be made available for information purposes to the officers or administrators of the state institution whose cost of operations is the basis for the computation and to the officers or administrators of the private colleges and universities in which students receiving tuition grants are enrolled. A committee consisting of a qualified member of the staff of the division of budget and management of the Department of Administration designated by the commissioner, a qualified member of the staff of the Legislative Budget and Audit Committee designated by the chairman of the committee, and one other specially qualified person in the field of accounting, business management or institutional finance appointed by the governor, shall review, and may hear an appeal from, the determination of the computation by the executive secretary. No officer, administrator, or other member of the staff of a state institution whose cost of operations is under review or an officer, administrator, or other member of the staff of the private colleges or universities in which students receiving tuition grants are enrolled may be a member of that committee.

* Sec. 11. AS 14.40.781 is amended by adding new subsections to read:

(b) The amount of the maximum tuition grant under sec. 776 of this chapter that may be awarded to a student who is also the recipient of a federal grant for tuition is computed according to the formula $G = P - S - F$, in which

(1) G = the grant awarded, which in no case may exceed \$1,400;

(2) P = the tuition and fees charged by the private college or university in which the student is enrolled;

(3) S = the fee or tuition paid by a student at the state institution in the same city where the private college or university is located;

(4) F = the amount of any federal grant for tuition or fees the student may receive.

(c) Private Universities and colleges in which students receiving tuition grants are enrolled may not use the income from these grants for instruction either sectarian in religion or partisan in politics.

* Sec. 12. AS 14.40.786(b) is amended to read:

(b) Before any funds for tuition grants are disbursed, the commissioner of administration and the executive secretary of the committee shall assure themselves that at least 65 per cent of the annual audited total operating revenues of a private university or college in which students receiving tuition grants are enrolled is derived from sources of income other than tuition grants. Determination of the required 65 per cent revenue to be derived from sources of income other than tuition grants shall be made by the commissioner and the executive secretary as of May 1, based on the audit for the immediately preceding fiscal year.

* Sec. 13. AS 14.40.786(c) is amended to read:

(c) No private university or college in which students receiving tuition grants are enrolled may grant remission of tuition to any student unless at least 65 per cent of its annual audited total operating revenues is derived from sources of income other than tuition grants. The 65 per cent revenue required to be derived from sources of income other than tuition grants shall apply as of May 1, based on the audit for the immediately preceding fiscal year.

* Sec. 14. AS 14.40.786 is amended by adding new subsections to read:

(f) For the purposes of (c) and (d) of this section, a scholarship in the amount of tuition, or in the amount of tuition not covered by a tuition grant, is neither a "remission of tuition" nor a "contractual agreement under the terms of which a student covered by the contract pays less than the published tuition" as those terms are used in (c) and (d) of this section.

(g) It is the intention of the legislature that the tuition grant income be used solely for the support of the academic or instructional program. A private college or university in which students receiving tuition grants are enrolled may not use the income derived from the tuition grant for

(1) construction or capital improvement costs and consequent debt service;

(2) expenditures for research and public service unrelated to curriculum, instruction or academic program;

- (3) fund-raising and general development costs;
- (4) intercollegiate athletics;
- (5) the support of auxiliary services, including but not limited to food services, dormitories, residence halls, or other forms of student or faculty housing; or
- (6) other extracurricular student activities or services.

* Sec. 15. AS 14.40.796 is amended to read:

Sec. 14.40.796. APPLICATION AND CERTIFICATION.
Application for tuition grants must be submitted to the executive secretary. The application deadline for a school year shall be determined by the executive secretary. The executive secretary may award grants only after the institution of higher education has certified that the student has enrolled in a full-time or part-time course of study in an associate, baccalaureate or graduate degree program. The executive secretary shall determine the appropriate formula for awarding tuition grants to part-time students. He shall be guided by the provisions of sec. 776 of this chapter in making that determination: the difference between (1) the cost of operation for the state institution per semester credit hour and (2) the fee paid by the student at the state institution per semester credit hour, but not to exceed an appropriate portion of \$1,400. The tuition grant paid to a part-time student may not be in an amount that would result in a student paying less in tuition or fees at a private college or university than would be required for a similar enrollment at the state institution in the same city.

* Sec. 16. AS 14.40.801(a) is amended to read:

(a) The executive secretary may decline to award tuition grants under sec. 776 of this chapter to students attending an institution if he finds that the fiscal and business management practices of the institution are inadequate in comparison with the practices of similar institutions. However, an institution whose fiscal and business management practices are found inadequate as reflected in an annual audit conducted according to auditing standards applicable to an institution of higher education by a certified public accounting firm of the institution's selection may appeal the determination of the executive secretary to the same committee appointed under sec. 776(c) of this chapter.

* Sec. 17. AS 14.40.801(d) is amended to read:

(d) Before any funds for tuition grants are disbursed, the executive secretary of the committee shall determine that no student is receiving a grant to pay for courses of study or academic programs leading to an undergraduate or graduate degree that are unnecessarily duplicated at each of the institutions under a consortium.

* Sec. 18. AS 14.40.806(2) is amended to read:

- (2) "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; any combination of 12 or more semester hours of credit undertaken during a semester at two or more public or private institutions of higher education operating under a consortium constitutes full-time student status;

* Sec. 19. AS 14.40.806(3) is amended to read:

(3) "part-time student" means a student who is enrolled and is in regular attendance at classes for at least six but less than twelve semester hours of credit during the semester;

* Sec. 20. AS 14.40.806 is amended by adding a new paragraph to read:

(6) "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. 21. AS 14.40 is amended by adding new sections to read:

ARTICLE 10. MEMORIAL SCHOLARSHIP REVOLVING LOAN FUND.

Sec. 14.40.810. DECLARATION OF PURPOSE. (a) The legislature may pay tribute to the memory of Alaskans who, by the example of their lives, or by their distinguished contribution and service to this state, their community or their profession, exemplified the best that is the challenge of "The Great Land" by the creation of memorial scholarships as a part of a general memorial scholarship revolving loan fund, setting out the purpose for which each is created, and the conditions applicable to each scholarship.

(b) The purposes of the several memorial scholarship accounts in the memorial scholarship revolving loan fund are as follows:

(1) the Michael Murphy memorial scholarship perpetuates the memory of Michael Murphy, a member of the Alaska State Troopers, who, while on leave from that division, gave his life for his adopted country in Vietnam on May 22, 1968;

(2) the Carroll L. "Butch" Swartz memorial scholarship perpetuates the memory of Carroll L. "Butch" Swartz, of Juneau, who was a student intern with the Criminal Justice Planning Agency and the Governor's Commission on the Administration of Justice during the summer months of 1972 and 1973 and whose accidental and untimely death in November 1973, occurred while he was completing his undergraduate

education at Yale University, thus never realizing his educational goals or career objective;

(3) the Harvey Golub memorial scholarship perpetuates the memory of Harvey Golub, of Juneau, who was chief engineer of the bridge design section of the Department of Highways of the State of Alaska and whose accidental and untimely death September 13, 1971, cut short a widely-respected career in civil engineering; and

(4) the Robert L. Thomas memorial scholarship perpetuates the memory of Robert L. Thomas, of Juneau, who as Deputy Commissioner of Education, and for 13 years as a member of the professional staff of that department contributed significantly to the creation, operation and administration of a sound system of public education in Alaska and whose tragic and untimely death March 12, 1974, terminated a distinguished career in education and public administration that long will be exemplary for those who aspire to service in that profession.

Sec. 14.40.815. FUND CREATED. (a) There is created a memorial scholarship revolving loan fund. The fund shall be used to provide educational scholarship loans to students selected under secs. 810 - 845 of this chapter. All repayments of principal shall be paid into the memorial scholarship revolving loan fund and shall be used to make new scholarship loans.

(b) Each memorial scholarship, the purpose of which is set out in sec. 810(b) of this chapter, is a separate account in the memorial scholarship revolving loan fund created under (a) of this section.

Sec. 14.40.820. LIMITS ON, CONDITIONS OF LOANS. (a) A scholarship loan to a recipient under secs. 810 - 845 of this chapter may not exceed \$2,500 a school year for an undergraduate student or \$5,000 a school year for a graduate student. Loans may not be made to a student for more than six years.

(b) A loan made under secs. 810 - 845 of this chapter may be used only as follows:

(1) a Michael Murphy memorial scholarship loan may be used only to pursue a degree program in an accredited college or university in law enforcement, law, probation and parole, or penology, or closely related fields;

(2) a Carroll L. "Butch" Swartz memorial scholarship loan may be used only to pursue a degree program in an accredited college or university in criminal law, criminology, corrections, police science and administration, juvenile justice, or other fields closely related to criminal justice;

(3) a Harvey Golub memorial scholarship loan may be used only to pursue a degree program in an accredited college or university in civil, mechanical, electrical, electronic, petroleum, mining, traffic and transportation, sanitary, chemical or other recognized field of engineering; and

(4) a Robert L. Thomas memorial scholarship loan may be used only to pursue a degree program in an accredited college or university that will lead to a career in education or public administration, or other closely related field.

(c) The recipient shall be a resident of Alaska and either

(1) enrolled as a full-time undergraduate or graduate student leading to an Associate, Baccalaureate or Graduate degree program in a field listed in (b) of this section that is appropriate to the memorial scholarship loan received;

(2) a graduate of a high school, or scheduled for graduation from a high school within six months, with sufficient academic credits to be admitted to a college or university intending to pursue a course of study leading to a degree in one of the fields listed in (b) of this section that is appropriate to the memorial scholarship loan received; or

(3) an officer or employee of a department, agency or municipality in the state who intends to pursue a course of study in his professional field leading to a degree in one of the fields listed in (b) of this section appropriate to the memorial scholarship loan received.

(d) The recipient must at all times continue to be enrolled as a full-time student in good standing at an accredited college or university.

(e) In any year in which the memorial scholarship revolving loan fund created under sec. 815 of this chapter has inadequate receipts to fund a loan in one of the scholarship categories listed in sec. 810(b) of this chapter, no loan in that scholarship category may be offered and the receipts shall be added to the amount available for that category in the succeeding year.

(f) The administering authority may provide conditions in the note signed by the recipient or in a separate document or communication that will help it carry out the provisions of secs. 810 - 845 of this chapter.

Sec. 14.40.825. REPAYMENT OF LOANS. (a) Memorial scholarship loans shall be noninterest-bearing and security for the loan may not be required. However, the note signed by the recipient shall provide for the payment of attorney fees, costs of court and skip-tracing fees if any are incurred in collection of the unpaid amount owed on the loan.

(b) No part of a loan made under secs. 810 - 845 of this chapter need be repaid during an academic year in which the student is attending an accredited college or university as a full-time student.

(c) Loans may be repaid at an accelerated rate at the option of the recipient.

(d) If a loan is in default, the administering authority shall notify the recipient that repayment of the remaining balance is accelerated and due by sending the recipient a notice of registered or certified mail.

(e) A recipient of a memorial scholarship loan under secs. 810 - 845 of this chapter who graduates from a degree program shall receive forgiveness of one-fifth of loan indebtedness for each one-year period he is employed full time in Alaska in

(1) law enforcement or related fields, if he is a recipient of a Michael Murphy memorial scholarship loan;

(2) criminal law, criminal justice or other closely related fields, if he is a recipient of a Carroll L. "Butch" Swartz memorial scholarship loan;

(3) a recognized branch of the engineering profession or other closely related fields, if he is a recipient of a Harvey Golub memorial scholarship loan; or

(4) education or public administration, or other closely related field, if he is a recipient of a Robert L. Thomas memorial scholarship loan.

(f) That portion of the loan that is forgiven under (e) of this section shall be considered a grant to the recipient.

(g) A recipient who does not qualify for forgiveness of all or a part of the loan made to him under secs. 810 - 845 of this chapter shall begin repayment of the unforgiven portion within six months after leaving employment, or terminating his studies, in

(1) law enforcement or related fields, if he is a recipient of a Michael Murphy memorial scholarship loan;

(2) criminal law, criminal justice or other closely related fields, if he is a recipient of a Carroll L. "Butch" Swartz memorial scholarship loan;

(3) a recognized branch of the engineering profession or other closely related fields, if he is a recipient of a Harvey Golub memorial scholarship loan; or

(4) education or public administration, or other closely related field, if he is a recipient of a Robert L. Thomas memorial scholarship loan.

(h) The unforgiven portion of a loan under (g) of this section shall be repaid in an amount, and at a monthly rate, to be determined by the administering authority after consultation with the recipient, but in any event not less than \$50 a month.

Sec. 14.40.830. SELECTION. (a) In selecting from among eligible applicants a person who will be granted a loan under secs. 810 - 845 of this chapter, the administering authority shall consider the following:

- (1) the applicant's career goals and aspirations;
- (2) the applicant's prior academic record;
- (3) the financial need of the applicant; and
- (4) other items that may be considered relevant by the administering authority to determine whether an applicant will receive a loan.

(b) To assist the administering authority in selecting eligible applicants for award of each of the memorial scholarship loans under secs. 810 - 845 of this chapter and in reviewing the memorial scholarship loan program, the following advisory committees are established:

(1) three Alaska state troopers, each one to be selected from and to represent a state trooper region of the state by the regional commander to serve for three years, for the Michael Murphy memorial scholarship;

(2) three members of the Governor's Commission on the Administration of Justice selected annually by the commission from among its membership, for the Carroll L. "Butch" Swartz memorial scholarship;

(3) three members of the state Board of Registration for Architects, Engineers and Land Surveyors selected annually by the board from among its engineer members, for the Harvey Golub memorial scholarship; and

(4) three members of the state Board of Education, or of the staff of the Department of Education, or any combination of these, selected annually by the board, for the Robert L. Thomas memorial scholarship.

Sec. 14.40.835. DISCRIMINATION PROHIBITED. The memorial scholarship 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 applicant.

Sec. 14.40.840. ADMINISTERING AUTHORITY. (a) The memorial scholarship loans provided for under secs. 810 - 845 of this chapter shall be administered by the executive secretary of the student financial aid committee under secs. 753 and 757 of this chapter, subject to review by the committee and those regulations the committee may prescribe to carry out the purposes of secs. 810 - 845 of this chapter.

(b) To the extent that they are not in conflict with the provisions of secs. 810 - 845 of this chapter, the provisions of secs. 751 - 806 of this chapter relating to scholarship loans are applicable to loans made under secs. 810 - 845 of this chapter.

Sec. 14.40.845. FUNDING. (a) The memorial scholarship revolving loan fund created under sec. 815 of this chapter shall be funded by voluntary contributions by state employees who may contribute the value of one or more days of annual leave a year to the memorial scholarship revolving loan fund to be credited to any one or more of the scholar-

ship accounts listed in sec. 810(b) of this chapter at the discretion of the donor.

(b) The Department of Administration shall pay to the account of the memorial scholarship revolving loan fund established under sec. 815 of this chapter an amount equal to the value of the total number of days of annual leave contributed by state employees under (a) of this section.

(c) The administering authority may accept contributions from private sources for the memorial scholarship revolving loan fund created under sec. 815 of this chapter. These contributions shall be deposited in the memorial scholarship revolving loan fund created under sec. 815 of this chapter to be credited to any one or more of the scholarship accounts listed in sec. 810(b) of this chapter at the discretion of the donor. For the purpose of this subsection, "private sources" means private individuals, corporations, foundations or other philanthropic or charitable organizations.

* Sec. 22. AS 14.40.850 - 14.40.890 are repealed.

* Sec. 23. AS 39.20.245 is repealed and re-enacted to read:

Sec. 39.20.245. DONATION OF ANNUAL LEAVE. A state employee may donate one or more days of annual leave a year to the memorial scholarship revolving loan fund, or to a scholarship account in the fund, under AS 14.40.810 - 14.40.845. The commissioner of administration shall pay to the account of the memorial scholarship revolving loan fund, or to a scholarship account in the fund, an amount equal to the value of the day or days of annual leave contributed by the employee.

* Sec. 24. On the effective date of this Act, the balance in the Michael Murphy scholarship loan and grant fund created under AS 14.40.855 is transferred to the Michael Murphy memorial scholarship account in the memorial scholarship revolving loan fund created under AS 14.40.815 as added by sec. 1 of this Act.

* Sec. 25. The balance of appropriated but unexpended funds in the tuition grant fund for Fiscal Year 1974 (sec. 7(a), ch. 91, SLA 1973) that was appropriated for the tuition grant program is transferred to the scholarship revolving loan fund for the scholarship loan program for the fiscal year ending June 30, 1974.

* Sec. 26. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.