

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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March 9, 2010

The Honorable Paul Seaton
Chair
House Education Committee
House of Representatives
State Capitol, Room 102
Juneau, Alaska 99801

The Honorable Kevin Meyer
The Honorable Joe Thomas
Co-Chairs, Education Committee
Alaska State Senate
State Capitol, Rooms 101, 514
Juneau, Alaska 99801

Subject: CSHB 297 (ED) and CSSB224 (ED) – An Act establishing the governor's performance scholarship....

Dear Representative Seaton and Senators Meyer and Thomas:

I am writing relative to the committee substitutes for HB 297 and SB224, each of which includes, as Section 4, amendment to AS 14.42.200, the general powers of the Alaska Student Loan Corporation (Corporation or ASLC). Specifically, the proposed amendment is to AS 14.42.200(18), and adds the Governor's Performance Scholarship (GPS) as a program for which the Corporation may "enter into agreements with the commission."

It is my understanding that this section was introduced at the request of the Legislature's Division of Legal and Research Services, who have indicated it is their opinion it is necessary to establish authority for the program under the statutes governing the activities of the Corporation as a cross-reference.

I am concerned that this amendment is both unnecessary, and, more significantly, may be of concern to the Corporation's bond rating agencies and other financing partners. It would be, in my opinion, inappropriate to assign to ASLC any responsibility, either directly or indirectly, for a potentially high-cost program such as the GPS. The history of ACPE and ASLC underscores the differences between the two organizations and the importance of retaining clear separation between ACPE, as the agency tasked with administering postsecondary education access and aid programs for the state, and ASLC, as the organization established separately by the legislature for the express primary purpose of financing education loan programs.

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HB 297 and SB 224 already appropriately amend AS 14.42.030(e), *Functions of the Commission*, to add carrying out the GPS program. Since ASLC has no responsibility for funding that program, it is not necessary to create any cross-reference in the statutes governing the activities of the Corporation.

Another example of an ACPE function that is not a Corporation function is the regulation of postsecondary institutions in Alaska. It is appropriately included as a Commission responsibility in AS 14.42.030 (reference is to AS 14.48), but is not included as a function of ASLC in AS 14.42.200.

I hope this letter clarifies my concerns relative to this proposed amendment, and I appreciate this opportunity to express my strong reservations about including such language in statutes specific to the Corporation's financial activities, especially relative to its potential negative reception by bond rating agencies. I would welcome an opportunity to discuss these concerns with the Division of Legal and Research Services should they wish to better understand the issue, and to answer any questions you or the committee members may have.

Sincerely,

A handwritten signature in cursive script, appearing to read "for Diane Barrans".

Diane Barrans
Executive Director

DB/dv