



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Alaska Commission on
Postsecondary Education**

EXECUTIVE OFFICE

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February 6, 2018

The Honorable Mia Costello
Chair, Labor and Commerce Committee
Alaska State Senate
State Capitol, Room 504
Juneau, Alaska 99801

Dear Chair Costello:

I am writing in follow-up to topics and questions posed by committee members at the January 30th committee meeting in relation to House Bill 86, student loan default/occupational license renewal. Thank you again for the opportunity to testify and discuss the impact this bill would have on the Alaska Commission on Postsecondary Education (ACPE).

Relative to the questions about the status of loans in the state loan portfolio ACPE currently services, summarized information is as follows:

Current Principal Balance of Loan Volume (as of December 31, 2017)		
Status	Dollars	Loans
In-School	\$19,122,291	1,892
Grace Period	\$2,885,848	310
Currently in Repayment	\$125,590,378	28,160
Deferred or Forborne	\$31,935,738	5,669
Delinquent (one or more days past due)	\$26,101,917	5,482
Default (over 120 days past due)	\$80,755,312	13,032

Average Outstanding Principal Balance Per Loan (as of December 31, 2017)	
Status	Dollars per Loan
In-School	\$10,107
Grace Period	\$9,309
Current in Repayment	\$4,460
Deferred or Forborne	\$5,633
Delinquent (one or more days past due)	\$4,761
Default (over 120 days past due)	\$6,197

Please note that depending on the terms of the promissory note governing the individual loans, they may be considered in default when the loan reaches 120, 180, or 270 days past due. I would also note that a borrower may have more than one loan, and the various loans for a given borrower may be in different statuses.

There were 46 borrowers that ACPE asked the Department of Commerce, Community, and Economic Development to hold occupational license renewal on. In late 2017, there were only 36 of these loans remaining on the books, and ACPE released the holds on all of them. The other ten loans has either been previously paid off or ACPE has written off the debt as uncollectible. Of those 36 borrowers whose holds were released:

- 19 are out-of-state, and the accounts are now being serviced by a collection agency
- Four are working in Alaska and currently in administrative wage garnishment
- Two are current in repayment
- Two are in special claims status (i.e. Chapter 13 bankruptcy)
- Five have been paid-in-full
- Four have been written off as uncollectible

Minus the accounts that have been paid-in-full and those written off as uncollectible, the remaining accounts total \$501,000 in principal and accrued interest. The four accounts written off as uncollectible totaled \$56,000. Of the loans that still have a balance, the average debt per borrower is \$18,570 with an average days past due of 2,763 days.

I hope this information is helpful and responsive to the committee's request. Please feel free to contact me if you have any additional questions.

Sincerely,



Stephanie Butler
Executive Director

cc: The Honorable Matt Claman, District 21, State House of Representatives