

Talking Points: Why Higher Alaska Education Loan Limits Are Needed

Updated March 1, 2014

Table One: Proposed Loan Limits Changes

ASEL Annual Limits	Current	Proposed	ASEL Aggregate Limits	Current	Proposed
Undergraduate	\$8,500	\$14,000	Undergraduate	\$42,500	\$56,000
Graduate	\$9,500	\$15,000	Graduate	\$47,500	\$60,000
Vocational	\$6,500	\$8,000	Combined Undergrad/Graduate	\$60,000	\$87,000

Total annual borrowing cannot exceed a student's costs of attendance as certified by the school, regardless of loan limits.

Table Two: Annual Unmet Education Costs at Selected Alaska Institutions after Federal/Alaska Loans

Total Annual Cost	UAA Undergraduate		APU	AVTEC Vocational Program	
	Living w/Parents	Living Off Campus	Undergraduate	Low	High
	\$12,605	\$22,937	\$31,280	\$7,033	\$20,619
Federal Loan	\$(5,500)	\$(12,500)	\$(5,500)	\$(5,500)	\$(5,500)
Costs Remaining	\$7,105	\$10,437	\$25,780	\$1,533	\$15,119
Current ASEL	\$(7,105)	\$(8,500)	\$(8,500)	\$(1,533)	\$(6,500)
Unmet Cost	None	\$1,937	\$17,280	None	\$8,619

Proposed ASEL	\$(7,105)	\$(10,437)	\$(14,000)	\$(1,533)	\$(8,000)
Unmet Cost	None	None	\$11,780	None	\$7,119

Notes: Total annual costs reflect published institutional financial aid budgets. Federal Stafford Loan amounts are for a dependent freshman student, except for UAA off campus student, which assumes an independent college Junior. Grants and scholarships are not considered in this table. Total annual borrowing cannot exceed a student's costs of attendance as certified by the school, regardless of loan limits; therefore, ASEL amounts shown above are capped at remaining unmet costs.

Table Three: Average Education Costs Outside Alaska—College Board Average Published Chargesⁱ

Table 1A. Average Published Charges for Full-Time Undergraduates by Type and Control of Institution, 2013-14 (Enrollment-Weighted)												
Sector	Tuition and Fees				Room and Board				Total Charges			
	2013-14	2012-13	Change	%	2013-14	2012-13	Change	%	2013-14	2012-13	Change	%
Public Two-Year In-State	\$3,264	\$3,154	\$110	3.5%	\$7,466	\$7,342	\$124	1.7%	\$10,730	\$10,496	\$234	2.2%
Public Four-Year In-State	\$8,893	\$8,646	\$247	2.9%	\$9,498	\$9,171	\$327	3.6%	\$18,391	\$17,817	\$574	3.2%
Public Four-Year Out-of-State	\$22,203	\$21,533	\$670	3.1%	\$9,498	\$9,171	\$327	3.6%	\$31,701	\$30,704	\$997	3.2%
Private Nonprofit Four-Year	\$30,094	\$28,989	\$1,105	3.8%	\$10,823	\$10,458	\$365	3.5%	\$40,917	\$39,447	\$1,470	3.7%
For-Profit	\$15,130	\$15,060	\$70	0.5%	—	—	—	—	—	—	—	—

Note: Alaska students would generally be subject to the Out-of-State tuition/fee costs noted above, unless enrolled as a Western Undergraduate Exchange (WUE) student.

- Current loan limits were set in 1995 and are no longer aligned with cost of attendance
- The cumulative rate of inflation from 1995 to 2014 is over 55%ⁱⁱ and the Higher Education Price Index (HEPI) has increased 129 points since 1995ⁱⁱⁱ
- University of Alaska tuition has almost doubled since 1995^{iv}
- Students with multiple lenders are more likely to default or otherwise struggle with repayment
- Alaska students and their financial aid officials report that borrowers with high unmet costs of attendance are increasingly choosing loans with higher loan limits, even when they have higher interest rates (borrowers are more sensitive to loan limits than to loan price)

ⁱ <http://trends.collegeboard.org/college-pricing/figures-tables/average-published-undergraduate-charges-sector-2013-14>

ⁱⁱ http://inflationdata.com/Inflation/Inflation_Calculators/Cumulative_Inflation_Calculator.aspx

ⁱⁱⁱ <https://www.commonfund.org/CommonfundInstitute/HEPI/HEPI%20Documents/2013%20HEPI%20Report.pdf>

^{iv} <http://www.collegecalc.org/colleges/alaska/university-of-alaska-fairbanks/>