



Alaska State Legislature

Senator Anna Fairclough – Senate District M

Sponsor Statement Senate Joint Resolution 23

“Proposing an amendment to the Constitution of the State of Alaska relating to contracting state debt for postsecondary student loans.”

Senate Joint Resolution 23 places a constitutional amendment before the voters in the fall 2014 general election. This proposal to amend Article IX, sec. 8, of the Alaska Constitution is to authorize state General Obligation (GO) debt for the purpose of funding state education loans for Alaska students.

Currently, state GO debt may only be authorized for capital improvements or housing loans for veterans.

Financial market conditions once allowed the Alaska Student Loan Corporation (ASLC) to offer competitive, low-cost education loans to a significant percentage of Alaska students without State support. Those conditions no longer exist and appear unlikely to occur again in the foreseeable future. As a result of these changed conditions, Alaska students and families are receiving decreasing levels of state support in meeting postsecondary education costs.

Senate Joint Resolution 23 will establish a cost-effective way to finance state education loans by leveraging the State’s outstanding general obligation credit ratings. Doing so will not only achieve lower costs of funds than what is otherwise available through current alternative financing structures, but will also permit some relaxation of the loan underwriting criteria which currently results in a 41% denial rate on loan applications.

These loan programs represent a critical component of the State’s student financial aid system and its efforts to enhance the workforce development pipeline in order to build and maintain a healthy state economy.

I appreciate your consideration and seek your support of SJR 23.