

SB

17

SB #17 ^{Mass 79-80} An Act making supplemental
appropriation for scholarship
book funds.
By: Kertula

Introduced - 1-15-79

Logged 1-16-79

Referrals - Finance

Committee meeting 1-17-79

" action - checked with Pfman.

Notify:

Rich Lomire 9-2874

MEMO

1/17/79

RE: SBs 17, 18, 34

TO: Sen. Hackney

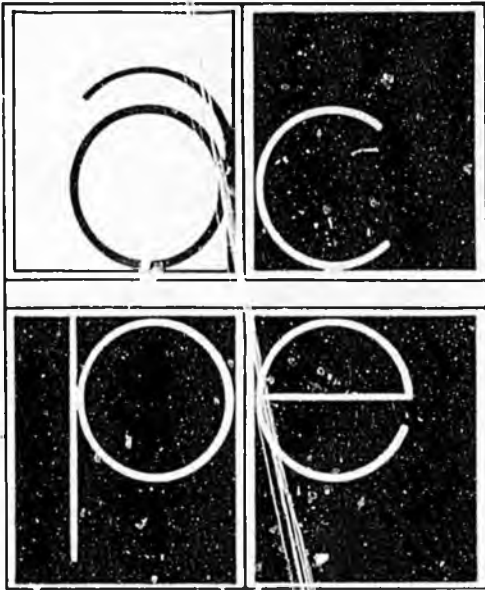
FROM: Paul *Paul*

Senator, I spoke with Kerry Romesburg this morning to alert him of the HESS hearing this afternoon and to notify him that SBs 17 & 18 would be considered. During our conversation, I asked for some input regarding the bills and particularly the "why" behind the request for 2 million. He provided the following info: Funding for the scholarship revolving loan fund is derived from two sources: general fund and repayments made by students on their loans. Kerry stated that the problem that has surfaced this year is that the repayment money that comes from students is depleted and therefore this source of funding is not available. He accounts for the depletion of the student repayment money as follows: In the past, as monthly student repayment money came in this money would be accumulated over a year's time and then would be used toward funding the next year's loan requests. This year, however, because of the surge of loan applications, the Commission has not enjoyed this accumulation of money but has had to disburse this money as it came in to satisfy this year's loan requests. Therefore, to fill the hole in the sock that has come about because of a lack of accumulated funds, the Commission has to submit for a supplemental appropriation in the amount of two million to have money available for this year's loan requests.

RE: SB 18 - Sen. Kertulla has requested that action on this bill be delayed because he has a Dr.s appointment this afternoon and will not be able to testify on the bill.

OVER

RE: SB 34 - Spoke to Janice Gates notifying her that this bill would be
in
brought up/committee this afternoon. She said that the Dept was pre-
paring a position paper on this bill but would not have it ready until
this afternoon at the hearing. I mention^d to her that we would like to
have position papers in our office in a timely manner this year and she
said she would try to comply with this request but today's short notice
made it impossible.



STATE of
ALASKA

**STUDENT
LOAN
PROGRAM**

**ANNUAL REPORT
1977-1978**

**Alaska Commission on Postsecondary Education
Pouch F
Juneau, Alaska 9981 .**

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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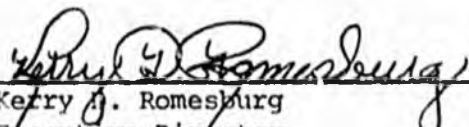
(907) 465-2962

PREFACE

The Annual Report of the Alaska Student Loan Program for 1977-78 is hereby transmitted to the Governor and the Legislature of the State of Alaska. The Student Loan Program is administered by the Alaska Commission on Postsecondary Education with advice and guidance of the Student Financial Aid Advisory Committee. Membership of this advisory committee for 1977-78 included:

Mrs. Mildred Banfield (Chairman, Juneau)
Mr. Ron Castle (Wrangell)
Mr. Walter Furnace (ex officio, Anchorage)
Ms. Ida Greiner (Fairbanks)
Mr. Darzell Moore (Sitka)

The Commission and staff wish to express their gratitude for the work of this advisory committee.


Kerry J. Romesburg
Executive Director

November, 1978

(Date)

Introduction

The 1971 Alaska State Legislature established the Alaska Student Loan Program which provides low cost educational loans to Alaskan students enrolled in undergraduate, graduate, or career degree programs. In the seven years of operation, from 1971-72 through 1977-78, nearly twelve thousand loans have been awarded to Alaskans pursuing education at a postsecondary level. These loans account for a combined total of over \$21 million in State financial assistance.

Educational loans of up to \$2,500 and up to \$5,000 per year for undergraduate and graduate study, respectively, were provided to eligible State residents. This maximum loan limit was changed upward for undergraduate study to a new limit of \$3,000 by the 1978 Legislature, however, the effects of this change will not be reflected until the 1978-79 report.

These need-based loans offer the recipient a ten-year repayment period at an annual interest rate of five percent. The student may utilize the State loan to attend any accredited college or university in the Nation or to attend approved vocational-technical education programs. An incentive, in the form of up to a forty percent cancellation, is offered to those individuals who work in Alaska after completion of their programs of study.

Program Summary

1977-78 was the seventh year of operation for the Alaska State Student Loan Program. The year was one of conversion and change. All loan recipients were offered the opportunity to convert from a six-year repayment to the newly-adopted ten-year repayment plan; the loan program was manually operated as one computer-based system was discarded and another developed (at least initially); and payment coupon repayments replaced the somewhat erratic machine-based direct payment requests.

The loan program has now provided 11,856 loans to Alaskans, totaling \$21,957,196. Of these, 62.9% have been loans for attendance out-of-state, and 37.1% have been for attendance in Alaska. The number of graduate students remains relatively small with 88.2% of the loans going to undergraduates over the past seven years.

Loan Award Amounts

The average loan award has continued its seven-year rise. The average loan in 1977-78 was \$2,033, compared to \$1,483 in 1971-72. Additionally, the number of students, particularly undergraduates, receiving maximum annual awards has continued to grow. These increasing costs largely account for the raised undergraduate loan limit from \$2,500 to \$3,000 beginning in the 1978-79 academic year.

The average loan for a student attending an in-state institution has risen to \$1,723, compared to \$1,589 in 1976-77; while the average loan for attendance out-of-state has remained almost constant this year compared to last (\$2,183 for 1977-78 and \$2,186 for 1976-77).

Undergraduate Loans

The number of undergraduate students securing loans under the state loan program has increased greatly over the past six years. In 1971-72, 990 undergraduates received assistance, while in 1977-78 the number had more than doubled, to 1,985. Of these 64.1% used their loans for attendance out-of-state, and 35.9% used their loans with Alaska.

The states most frequently chosen by undergraduates in 1977-78 are presented below in Table 1. The average loan amount for those students going to schools within the states listed is also given. The pattern is clearly for attendance in the West and, more specifically, in the Northwest, with Alaska, Washington and Oregon accounting for 63.2% of all the undergraduate loans. One interesting finding was that the state, of those listed, for which the average loan amount was the lowest, was Hawaii. This may be in part due to the fact that Hawaii and Alaska have a tuition reciprocity agreement under which Alaskans do not have to pay non-resident tuition rates for attendance in Hawaii, and conversely.

TABLE 1

TEN TOP STATES OF ATTENDANCE
FOR ALASKANS WITH
UNDERGRADUATE LOANS

STATE	NO.	Average Loan
Alaska	713	\$1,699
Washington	322	1,982
Oregon	220	2,021
California	136	2,000
Colorado	91	2,092
Idaho	55	1,824
Arizona	49	1,59
Utah	42	1,756
Hawaii	42	1,308
Montana	36	1,943

The percent of undergraduates using their loans for attendance in Alaska has been increasing the last two years, as can be seen in Figure 1, however the majority of students are still looking "outside" for their postsecondary educational training.

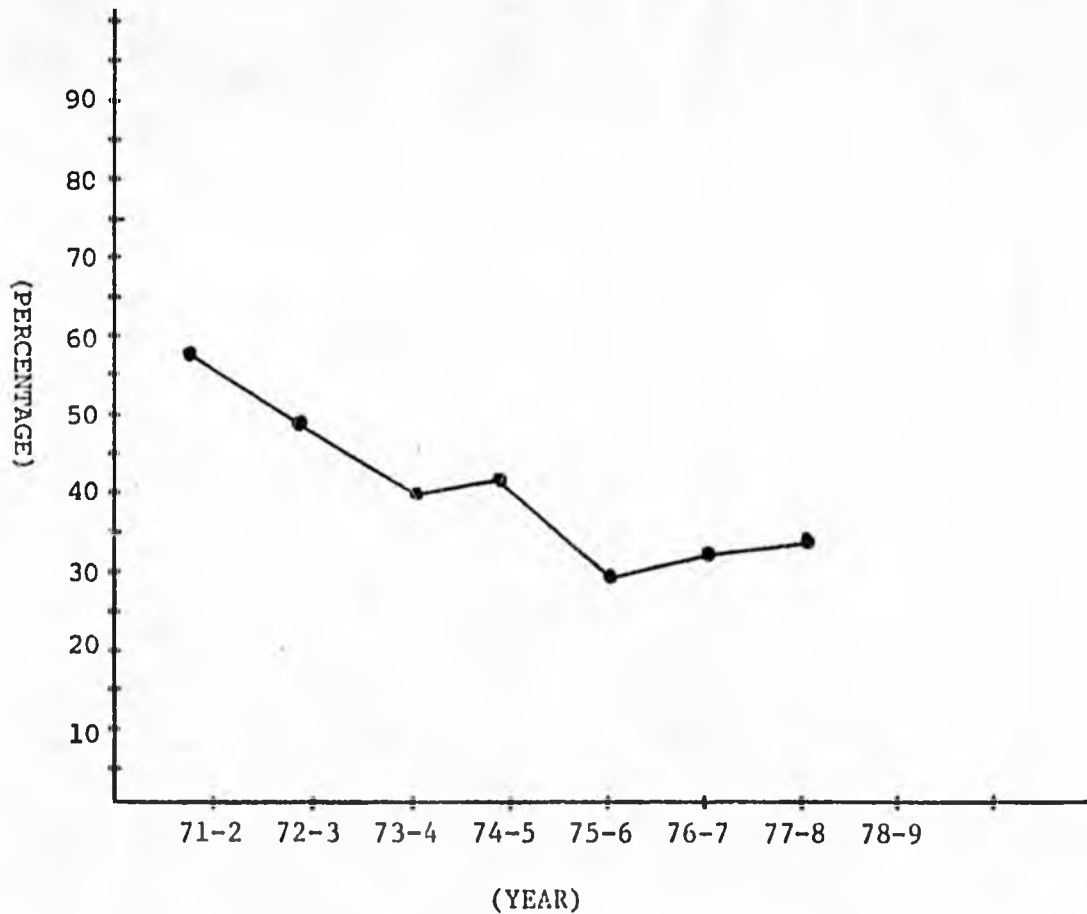


FIGURE 1

PERCENT OF UNDERGRADUATE LOANS
USED IN ALASKA

Graduate Loans

The number of Alaskans receiving loans for graduate study has more than tripled since 1971-72, with 280 Alaskans receiving assistance in 1977-78. Of these 280, 90.4% used their loans for attendance outside of Alaska while 9.6% used them for attendance in-state. This percentage of attendance for graduate study within Alaska has steadily decreased since 1971-72, however, as can be seen in Figure 2, there may be a slight leveling of this trend.

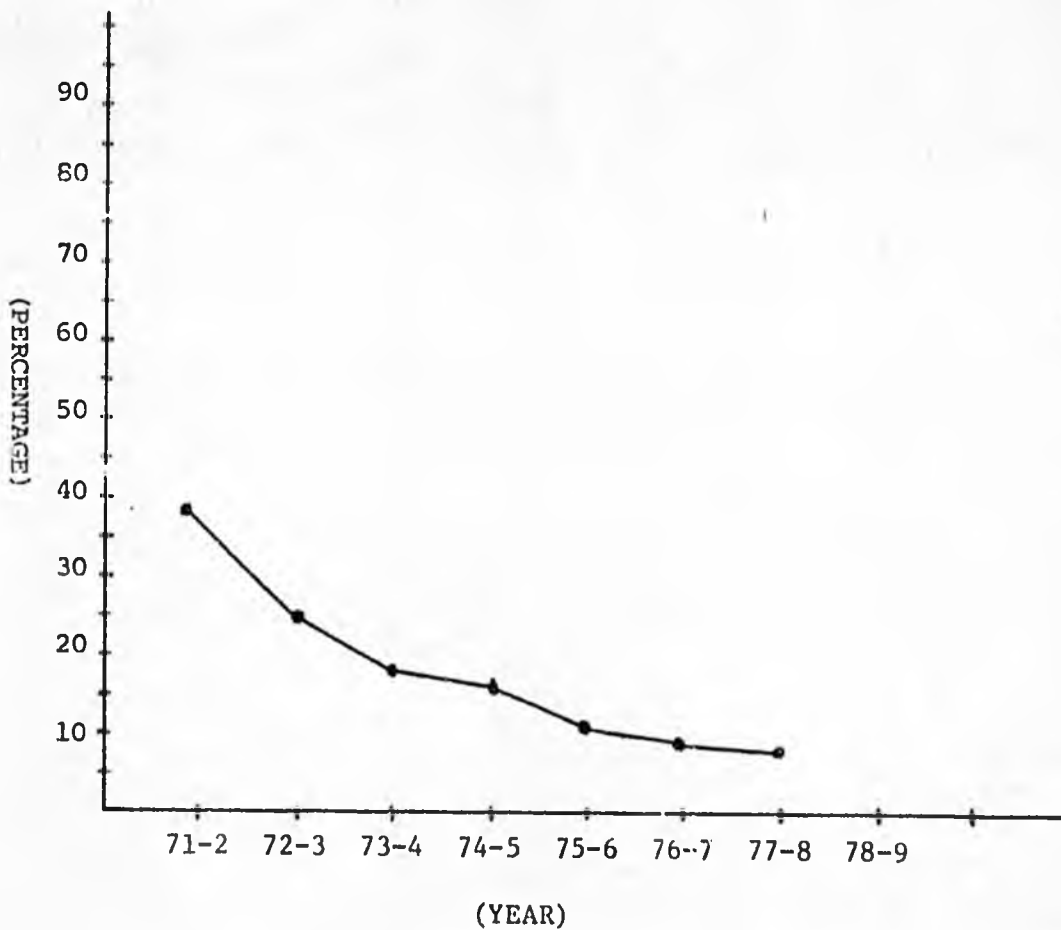


FIGURE 2

PERCENT OF GRADUATE LOANS
USED IN ALASKA

The states most frequently chosen by graduate students from Alaska in 1977-78 are presented in Table 2. As with the undergraduate students, there seems to be a distinct preference for attendance in Western states, with the states of Washington, California, Oregon, and Alaska accounting for 56.8% of the graduate loan recipients. Unlike the undergraduates, however, Alaska ranks only fourth in attendance preference for graduate students.

TABLE 2
TEN TOP STATES OF ATTENDANCE
FOR ALASKANS WITH
GRADUATE LOANS

STATE	NC.	Average Loan
Washington	56	\$3,150
California	42	3,743
Oregon	34	3,125
Alaska	27	2,367
Colorado	15	3,830
Massachusetts	11	3,900
Idaho	9	2,733
Illinois	7	3,507
Arizona	7	3,429
Texas	7	3,321

Loan Repayments

The Student loan program is based upon a revolving fund with the loan repayments being re-utilized for future loans. Since 1971-72 (actually 74-75, since that was the year payments were first received),

Alaskans have repaid over \$3 million on their educational loans. The rapid increase in repayment, presented below in Figure 3, will be leveling slightly due to the extension of the repayment period from six to ten years, but the volume of funds revolving should continue to represent a significant portion of the loan account.

Also presented in Figure 3 is a representation of the cancellation history of the student loan program. Beginning with the first cancellation in 1974-75, the total amount of loan funds (including interest), which the State of Alaska has cancelled for those students living and working in Alaska after completion of their schooling, has reached over \$400 thousand. The amount cancelled has increased quite rapidly the last year and is expected to continue to increase over the next few years due to the large numbers of students completing their educational programs over the same time period.

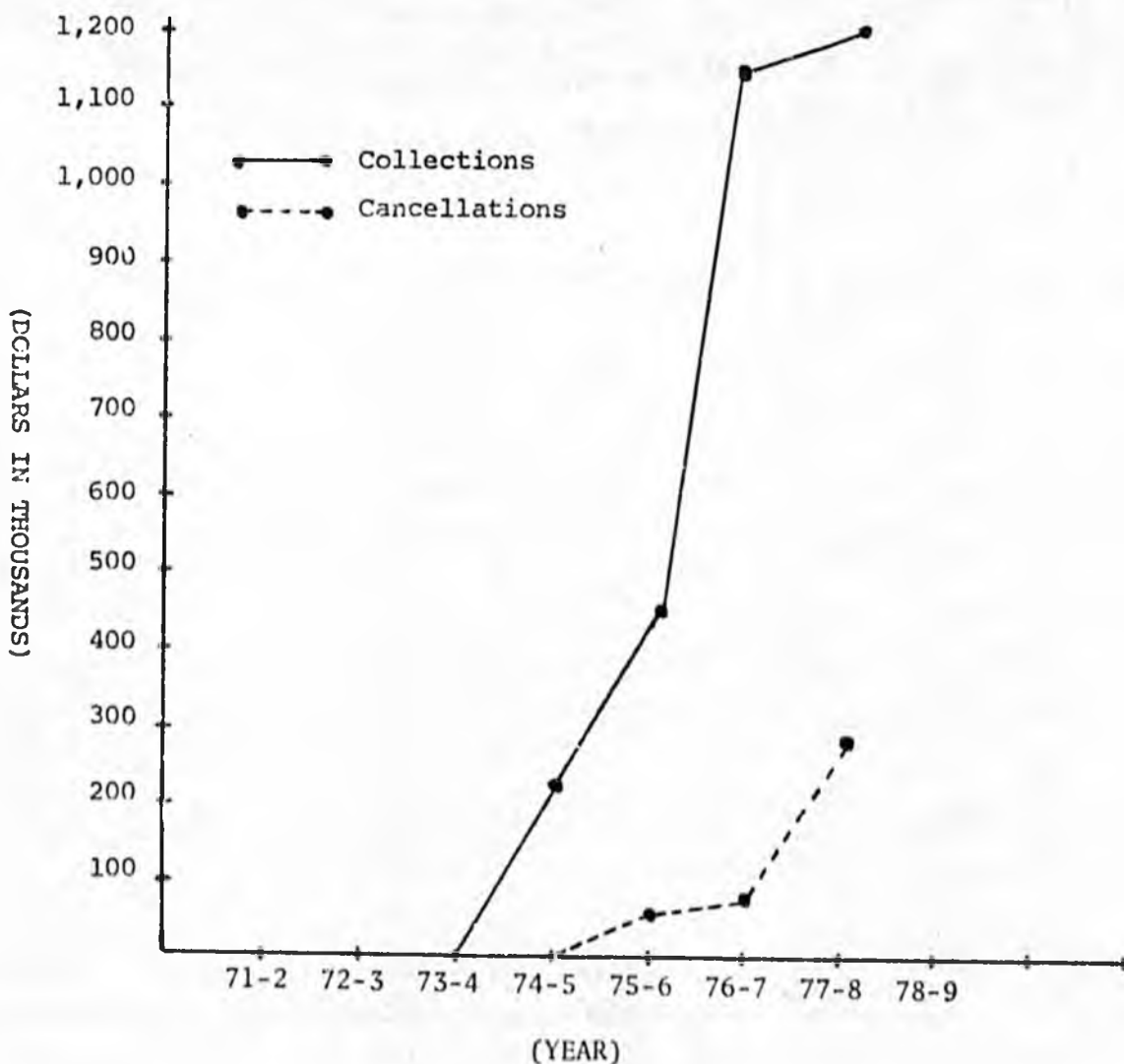


FIGURE 3
STUDENT LOAN COLLECTIONS
and CANCELLATIONS

Statistical Data

Following are Tables 3-7 containing data on the Alaska Student Loan Program from 1971-72 through 1977-78. Information on the number and amount of loans made annually to undergraduate and graduate students attending in-state and out-of-state are presented in Tables 3-6. Table 7 contains summaries of the average size loan awarded each year. It should be remembered that the figures in Table 7 reflect a combination of both undergraduate and graduate loans.

SUMMARY DATA ON
ALASKA STUDENT LOAN PROGRAM
(1971-72 through 1977-78)

TABLE 3
SEVEN-YEAR SUMMARY
(1971-72 through 1977-78)

STUDENT LEVEL	STUDENTS ATTENDING IN-STATE				STUDENTS ATTENDING OUT-OF-STATE				TOTAL	
	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Loan Amount
Under-graduate	4,174	39.9	\$6,140,235	35.1	6,285	60.1	\$11,335,635	64.9	10,459	\$17,475,870
Graduate	222	15.9	\$ 578,033	12.9	1,175	90.4	\$ 3,903,293	92.9	1,397	\$ 4,481,326
Total	4,396	37.1	\$6,718,268	30.6	7,460	62.9	\$15,238,928	69.4	11,856	\$21,957,196

TABLE 4
YEARLY SUMMARY
OF
UNDERGRADUATE STUDENT LOANS

ACADEMIC YEAR	STUDENTS ATTENDING IN-STATE				STUDENTS ATTENDING OUT-OF-STATE				TOTAL	
	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Loan Amount
1971-72	570	57.6	\$ 680,351	50.1	420	42.4	\$ 666,536	49.5	990	\$ 1,346,887
1972-73	761	48.7	965,274	42.1	801	51.3	1,326,975	57.9	1,562	2,292,249
1973-74	585	40.1	913,284	38.8	874	59.9	1,438,990	61.2	1,459	2,352,274
1974-75	528	41.5	764,872	36.4	745	58.5	1,336,279	63.6	1,273	2,101,151
1975-76	456	30.5	747,112	27.9	1,041	69.5	1,927,334	72.1	1,497	2,674,446
1976-77	561	33.1	858,139	28.6	1,132	66.9	2,143,458	71.4	1,693	3,001,597
1977-78	713	35.9	1,211,203	32.7	1,272	64.1	2,496,063	67.3	1,985	3,707,266
TOTAL	4,174	39.9	\$6,140,235	35.1	6,285	60.1	\$11,335,631	64.9	10,459	\$17,475,870

TABLE 5
YEARLY SUMMARY
OF
GRADUATE STUDENT LOANS

ACADEMIC YEAR	STUDENTS ATTENDING IN-STATE				STUDENTS ATTENDING OUT-OF-STATE				TOTAL	
	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Percent of Total	Loan Amount	Percent of Total	Loan Recipients	Loan Amount
1971-72	31	34.1	\$ 74,613	29.1	60	65.9	\$ 181,658	70.9	91	\$ 256,271
1972-73	48	25.8	113,990	19.7	138	74.2	464,145	80.3	186	578,135
1973-74	37	18.0	107,988	17.0	169	82.0	525,914	83.0	206	633,902
1974-75	31	16.8	86,266	15.4	153	83.2	472,390	84.6	184	558,656
1975-76	25	11.3	61,424	8.7	197	88.7	647,127	91.3	222	708,551
1976-77	23	10.1	69,833	8.2	205	89.9	779,077	91.8	228	848,910
1977-78	27	9.6	63,919	7.1	253	90.4	832,982	92.9	280	896,901
TOTAL	222	15.9	\$ 578,033	12.9	1,175	84.1	\$ 3,903,293	87.1	1,397	\$ 4,481,326

TABLE 6
 YEARLY SUMMARY
 OF
 ALL STUDENT LOANS

ACADEMIC YEAR	STUDENTS ATTENDING IN-STATE				STUDENTS ATTENDING OUT-OF-STATE				TOTAL	
	Loan Recipients	Percent of Loan	Loan Amount	Percent of Loan	Loan Recipients	Percent of Loan	Loan Amount	Percent of Loan	Loan Recipients	Loan Amount
1971-72	601	55.6	\$ 754,964	47.1	480	44.4	\$ 848,194	52.9	1,081	\$ 1,603,158
1972-73	809	46.3	1,079,264	37.6	939	53.7	1,791,120	62.4	1,748	2,870,384
1973-74	622	37.4	1,021,272	34.2	1,043	62.6	1,964,904	65.8	1,665	2,986,176
1974-75	559	38.4	851,138	32.0	898	61.6	1,808,669	69.0	1,457	2,659,807
1975-76	481	28.0	808,536	23.9	1,238	72.0	2,574,461	76.1	1,719	3,382,997
1976-77	584	30.4	927,972	24.1	1,337	69.6	2,922,535	75.9	1,921	3,850,507
1977-78	740	32.7	1,275,122	27.7	1,525	67.3	3,329,045	72.3	2,265	4,604,167
TOTAL	4,396	37.1	\$6,718,268	30.6	7,460	62.9	\$15,238,928	69.4	11,856	\$21,957,196

TABLE 7

MEAN LOAN AMOUNT PER RECIPIENT

BY

IN-STATE/OUT-OF-STATE INSTITUTIONAL ATTENDANCE

ACADEMIC YEAR	STUDENTS ATTENDING IN-STATE			STUDENTS ATTENDING OUT-OF-STATE				TOTAL	
	Number of Loan Recipients	Total Amount Loaned	Mean Loan Per Recipient	Number of Loan Recipients	Total Amount Loaned	Mean Loan Per Recipient	Number of Loan Recipients	Total Amount Loaned	Mean Loan Per Recipient
1971-72	601	\$ 754,964	\$1,256	480	\$ 848,194	\$1,767	1,081	\$ 1,603,158	\$1,483
1972-73	809	1,079,264	1,334	939	1,791,120	1,907	1,748	2,870,384	1,642
1973-74	622	1,021,272	1,642	1,043	1,964,904	1,884	1,665	2,986,176	1,793
1974-75	559	851,138	1,523	898	1,808,669	2,014	1,457	2,659,807	1,826
1975-76	481	808,536	1,681	1,238	2,574,461	2,080	1,719	3,382,997	1,968
1976-77	584	927,972	1,589	1,337	2,922,535	2,186	1,921	3,850,507	2,004
1977-78	740	1,275,122	1,723	1,525	3,329,045	2,183	2,265	4,604,167	2,033
TOTAL	4,396	\$6,718,628	\$1,528	7,460	\$15,238,928	2,043	11,856	\$21,957,196	\$1,852

ALASKA STUDENT LOAN PROGRAM

1978-79

A. Financial Status:

1.	Actual Balance of Revolving Fund 6-30-78	\$ 2,690.2
2.	79 Appropriation	<u>3,600.0</u>
3.	Total Available	\$ 6,290.2
4.	78-79 Loans Awarded as Per Authorization	<u>5,000.0</u>
5.	Balance 7-31-78	\$ 1,290.2
6.	Anticipated Collections thru 6-30-79	<u>1,400.0</u>
7.	Total	\$ 2,690.2
8.	78-79 Loans Awarded Additional 1-16-79	<u>1,335.3</u>
9.	Balance 1-16-79	\$ 1,354.9
10.	78-79 Loans Awarded Additional Projected	<u>500.0</u>
11.	Balance Projected 6-30-79	\$ 854.9

B. Number of Awards:

	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
77-78 Actual	1,985	280	2,265
78-79 Present (1-16-79)	2,600	371	2,971
78-79 Pending (1-16-79)	N.A.	N.A.	380
78-79 Total Projected			3,200
79-80 Revised Estimate (15% increase)			3,680

C. 1979-80 Budget:

1.	Original Request	
	General Fund	\$ 5,647.0
	Revolving Fund	<u>1,853.0</u>
	Total	\$ 7,500.0
2.	Governor's Recommendation	
	General Fund	\$ 4,000.0
	Revolving Fund	<u>1,800.0</u>
	Total	\$ 5,800.0
3.	Projected Need (1-16-79)	
	General Fund	\$ 5,647.0
	Revolving Fund	<u>2,453.0</u>
	Total	\$ 8,100.0
4.	Based on Governor's Budget	
	Projected Need	
	General Fund	\$ 4,000.0
	Revolving	<u>4,100.0</u>
	Total	\$ 8,100.0
5.	Project Revolving Fund Requirements:	
		\$ 4,100.0
	carry-over	<u>854.9</u>
	Total	\$ 3,245.1
	supplemental	<u>2,000.0</u>
	Total	\$ 1,245.1 to come from 79-80 collections.

D. Additional Information:

1. Average award:

77-78	\$ 2,033
78-79	2,207

2. Undergraduate/Graduate Ratio:

	<u>Undergraduate</u>	<u>Graduate</u>
77-78	87.6%	12.4%
78-79 (1-16-79)	87.5	12.5

3. Attendance In-State/Out-of-State:

	<u>Undergraduate</u>		<u>Graduate</u>		<u>Total</u>	
	<u>In-State</u>	<u>Out</u>	<u>In-State</u>	<u>Out</u>	<u>In-State</u>	<u>Out</u>
77-78	35.9%	64.1%	9.6%	90.4%	32.7%	67.3%
78-79	31.9	69.1	16.5	83.5	29.0	71.0

4. Fields of study of 78-79 graduate loan recipients as of 12-27-79:

	<u>Number</u>	<u>Percent</u>
(a) In-State	38	12.5
(b) Out-of-State		
Professional	144	47.5
(Law)	(101)	(33.3)
(Medicine)	(24)	(7.9)
(Dentistry)	(9)	(3.0)
Fields Available In-State	38	12.5
(Education + MA)	(12)	(4.0)
(Business - MBA)	(11)	(3.6)