

CS HB

39

SENATE COMMITTEE REPORT

FURTHER:

5/8/87

DATE TURNED INTO OFFICE 5/17/87

Mr. President:

FINANCE Committee considered CSHB 39(Fin) am

student loans and family education loans; creating the Alaska Student Loan Corporation; efd.

and recommended:

replace with Senate CS FOR CS HB 39(Fin)) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS.

OTHER RECOMMENDATIONS

[Signature]
Paul Grub
[Signature]
W. [Signature]
[Signature]
[Signature]
[Signature]

Rich [Signature] (No Pass)

[Signature] **DO PASS**
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:
Revision Date: May 1, 1987
Title: Re: Student Loans, Family
Education Loans, Loan Corporation
Sponsor: Sund, Koponen
Requestor: House Finance

Bill Version: CSHB 39(Fin)
 Publish Date: HOUSE 5/5/87

Agency Affected: Education
 BRU: Postsecondary Education
Commission
 Components: General Admin., Student
Loan Admin., Data & Word Processing
Student Loan Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		1,594.8	1,674.5	1,758.3	1,846.2	1,938.5
TRAVEL		64.4	64.4	64.4	64.4	64.4
CONTRACTUAL		318.3	327.8	337.7	347.8	358.2
SUPPLIES		58.6	60.4	62.2	64.0	66.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	N.A.	2,035.9	2,127.1	2,222.6	2,322.4	2,427.1

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.					
FEDERAL FUNDS						
OTHER		2,035.9	2,127.1	2,222.6	2,322.4	2,427.1
TOTAL	N.A.	2,035.9	2,127.1	2,222.6	2,322.4	2,427.1

POSITIONS:

FULL-TIME	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Kerry D. Romesburg *KDR* Phone: 465-2854
 Division: Postsecondary Education Commission Date: May 1, 1987

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)
 Senate Secretary

STUDENT LOAN GENERAL FUND DEMAND
 (IN MILLIONS)

LOAN YEAR	TARGET LOAN VOLUME	CURRENT PROGRAM Gen. Fund	w/o FORGIVENESS	w/o FORGIVENESS	w/o FORGIVENESS
			+ 8% BONDING + GRACE INTEREST Gen. Fund	+ 7% BONDING + GRACE INTEREST Gen. Fund	+ 9% BONDING + GRACE INTERES Gen. Fund
87-88	\$80.0	\$56.7	\$15.7	\$15.7	\$15.7
88-89	80.3	52.8	15.7	15.1	17.9
89-90	80.7	47.3	15.6	15.0	17.9
90-91	81.0	40.4	15.4	14.7	17.9
91-92	82.9	32.1	15.0	14.3	17.9
92-93	85.3	32.6	14.5	13.9	17.8
93-94	87.3	30.6	13.9	13.3	17.3
94-95	88.4	28.4	13.1	12.5	16.7
95-96	88.3	24.9	12.0	11.4	15.9
96-97	87.0	20.4	10.4	9.9	14.6
97-98	84.9	15.4	8.6	8.1	12.8
98-99	88.7	16.8	6.6	6.2	10.7
99-00	91.2	17.1	4.9	4.6	8.3
2000-01	93.0	16.7	3.6	3.4	6.2
01-02	94.2	15.6	3.0	2.8	4.6
02-03	95.1	14.3	2.7	2.5	3.9
03-04	96.2	13.3	2.5	2.3	3.3
04-05	97.3	12.3	2.4	2.2	3.3
05-06	98.5	11.5	2.3	2.1	3.3
06-07	99.5	10.6	2.3	2.1	3.2
07-08	100.5	9.7	2.2	2.0	3.2
08-09	101.5	9.0	2.1	1.9	3.2
09-10	102.7	8.4	2.0	1.8	3.1
10-11	104.0	8.1	1.8	1.6	3.1

Assumptions:

- a. FY88 appropriation remains at \$15.7 million. Bonding level remains constant and loan volume remains constant. Under 7%, General Fund balance is simply carried forward, under 9%, adjustment is made in FY89.
- b. All adjustment is made to General Fund portion. Variation resulting from different rates could also be reflected in level of bonds issued or in total loan volume, and General Fund could remain constant.
- c. Coverage ratio 1.50
- d. Loan default rate at 17%. No increase in default as a result of eliminating forgiveness and no decrease as a result of co-signers and permanent fund dividend attachment.

GENERAL FUND "SAVINGS" WITH BONDING AND PROGRAM CHANGES
(COMPARED TO CURRENT PROGRAM)

YEAR	Annual	Cumulative
87-88	\$41.0	\$ 41.0
88-89	37.1	78.1
89-90	31.7	109.8
90-91	25.0	134.8
91-92	17.1	151.9
92-93	18.1	170.0
93-94	16.7	186.7
94-95	15.3	202.0
95-96	12.9	214.9
96-97	10.0	224.9
97-98	6.8	231.7
98-99	10.2	241.9
99-00	12.2	254.1
2000-01	13.1	267.2
01-02	12.6	279.8
02-03	11.6	291.4
03-04	10.8	302.2
04-05	9.9	312.1
05-06	9.2	321.3
06-07	8.3	329.6
07-08	7.5	337.1
08-09	6.9	344.0
09-10	6.4	350.4
10-11	6.3	356.7

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST:

Revision Date: May 5, 1987
 Title: Student Loans, Family Educ.
 Loans, Loan Corporation
 Sponsor: Sund
 Requestor: House Finance

Bill Version: CSHB 39(Fin)
 Publish Date: HOUSE 5/5/87

Agency Affected: Education
 BRU: Postsecondary Education
 Commission
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		(1594.8)				
TRAVEL		(64.4)				
CONTRACTUAL		(318.3)				
SUPPLIES		(58.6)				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		240.2				
MISCELLANEOUS						
TOTAL OPERATING		(1795.7)				

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		(1795.7)				
FEDERAL FUNDS						
OTHER						
TOTAL		(1795.7)				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This is General Fund impact only. See next note for program receipts. 240.2 (Grants) is for the WICHE program (physical therapists, veterinarians). House version of operating budget contains no funding for student loan capitalization. Capital funds will come from HB 298, an act making appropriations to and from the student loan corporation. *ADA*

Prepared by: Representative Al Adams Phone: 465-3706
 Division: Chairman, House Finance Committee Date: 5/5/87

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Original sponsors: Sund and Boucher

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 39 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to student loans and family educa-
7 tion loans; creating the Alaska Student Loan Corpora-
8 tion; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 14.42 is amended by adding a new section to read:

11 Sec. 14.42.032. LIMITATION ON AWARDING LOANS. In administering
12 AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, and 14.43.710 -
13 14.43.790, the commission may not during a fiscal year award loans
14 with a total value that exceeds by more than three percent the total
15 value of loans awarded under those provisions during the previous
16 fiscal year. This limitation may be exceeded only if the commission
17 is specifically authorized to do so by law.

18 * Sec. 2. AS 14.42 is amended by adding new sections to read:

19 ARTICLE 2. ALASKA STUDENT LOAN CORPORATION.

20 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

21 There is created the Alaska Student Loan Corporation. The corporation
22 is a public corporation and government instrumentality within the
23 Department of Education but having a legal existence independent of
24 and separate from the state. The corporation may not be terminated as
25 long as it has bonds, notes, or other obligations outstanding. Upon
26 termination of the corporation, its rights and property pass to the
27 state.

28 Sec. 14.42.110. PURPOSE OF CORPORATION. The purpose of the
29 corporation is to improve higher educational opportunities for

1 residents of the state in accordance with this chapter.

2 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corpor-
3 ation shall be governed by a board of directors appointed by the
4 governor consisting of two members of the Alaska Commission on Post-
5 secondary Education, each of whom is selected for the commission under
6 AS 14.42.015(a)(1) - (2), (4) - (6), (8), or (9) and the commissioner
7 of revenue, the commissioner of administration, and the commissioner
8 of commerce and economic development. Members of the board serve
9 without compensation but the members who are also members of the
10 Alaska Commission on Postsecondary Education are entitled to per diem
11 and travel expenses authorized by law for boards and commissions under
12 AS 39.20.180.

13 (b) The board shall elect a chairman from among its membership
14 at its annual meeting each year. A majority of the members constitute
15 a quorum for organizing the board, conducting its business, and exer-
16 cising the powers of the corporation.

17 Sec. 14.42.130. MEETINGS OF THE BOARD. (a) The board shall
18 meet at the call of its chairman and at other times as the board may
19 determine in accordance with its regulations.

20 (b) Public notice of a meeting of the board at which the issu-
21 ance of corporation bonds is authorized shall be provided at least 24
22 hours before the meeting.

23 Sec. 14.42.140. MINUTES OF MEETINGS. The board shall keep
24 minutes of each meeting and send a certified copy to the governor and
25 to the Legislative Budget and Audit Committee.

26 Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall
27 manage the assets and business of the corporation and may adopt bylaws
28 and regulations, in accordance with the Administrative Procedure Act
29 (AS 44.62), governing the manner in which the business of the

1 corporation is conducted and the manner in which its powers are
2 exercised. The board shall delegate supervision of the administration
3 of the corporation to the executive officer of the corporation.

4 Sec. 14.42.160. EXECUTIVE OFFICER. The executive officer of the
5 Commission on Postsecondary Education appointed under AS 14.42.040(a)
6 shall serve as executive officer of the corporation. The board shall
7 prescribe the duties of the executive officer.

8 Sec. 14.42.170. STAFF. The employees of the Alaska Commission
9 on Postsecondary Education shall serve as staff for the corporation.

10 Sec. 14.42.190. BUDGET. The operating budget of the corporation
11 is subject to AS 37.07 (Executive Budget Act).

12 Sec. 14.42.200. GENERAL POWERS. In addition to other powers
13 granted in this chapter, the corporation may

- 14 (1) sue and be sued in its own name;
- 15 (2) adopt an official seal;
- 16 (3) adopt regulations under AS 44.62 (Administrative Proce-
17 dure Act) to carry out the purposes of this chapter;
- 18 (4) make and execute agreements, contracts, and other in-
19 struments necessary or convenient in the exercise of the powers and
20 functions of the corporation, including contracts with a person or
21 governmental entity;
- 22 (5) receive, administer, and comply with the conditions and
23 requirements respecting any appropriation, gift, grant, or donation of
24 property or money;
- 25 (6) borrow money as provided in this chapter to carry out
26 its corporate purposes and issue its obligations as evidence of the
27 borrowing;
- 28 (7) include in a borrowing the amounts to pay financing
29 charges, interest on the obligations for a period not exceeding one

1 year after the date on which the corporation estimates funds will
2 otherwise be available to pay the interest, consultant, advisory and
3 legal fees and other expenses necessary or incident to the borrowing;

4 (8) invest or reinvest, subject to its contracts with
5 noteholders and bondholders, money held by the corporation in obliga-
6 tions or other securities authorized for investments of the commis-
7 sioner of revenue under AS 37.10.070(a);

8 (9) collect from a borrower amounts owed with respect to a
9 student loan the corporation has purchased;

10 (10) gather information on student loans available to resi-
11 dents of Alaska and disseminate the information to reasonably assure
12 that qualified residents are aware of financial resources available to
13 those attending or desiring to attend institutions for which loans may
14 be made under AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or
15 14.43.710 - 14.43.790;

16 (11) service student loans held by the corporation;

17 (12) purchase or participate in the purchase of student
18 loans;

19 (13) contract in advance for the purchase or sale of student
20 loans;

21 (14) sell or participate in the sale, either public or
22 private and on terms authorized by the board, of student loans to the
23 Student Loan Marketing Association or to other purchasers;

24 (15) collect and pay reasonable fees and charges in connec-
25 tion with the purchase, sale, and servicing of student loans;

26 (16) enter into agreements with the federal government,
27 including guaranty agreements and supplemental guaranty agreements as
28 described in the United States Higher Education Act of 1965, as neces-
29 sary to provide for the receipt by the corporation of administrative

1 allowances and other benefits available under the United States Higher
2 Education Act of 1965;

3 (17) administer federal money allotted to the state involv-
4 ing insured student loans and related administrative costs and other
5 matters;

6 (18) enter into agreements with the Alaska Commission on
7 Postsecondary Education relating to student loans, the administration
8 of the student loan fund created under AS 14.42.210, and the payment
9 of and security for bonds of the corporation;

10 (19) to the extent permitted under contracts with bond
11 holders, consent to the modification of the rate of interest, time of
12 payment of an installment of principal or interest, or other terms of
13 a student loan purchased by the corporation;

14 (20) procure insurance against any loss in connection with
15 the operation of its programs;

16 (21) provide advisory services to borrowers and other parti-
17 cipants in the corporation's programs;

18 (22) enter into credit facility agreements and make pledges,
19 covenants, and agreements with respect to the repayment of borrowings
20 under the credit facility agreements;

21 (23) do all acts necessary, convenient, or desirable to
22 carry out the powers expressly granted or necessarily implied in
23 AS 14.42.100 - 14.42.500.

24 Sec. 14.42.210. STUDENT LOAN FUND. (a) The student loan fund
25 is established in the corporation. The student loan fund is a trust
26 fund to be used to carry out the purposes of AS 14.42.100 - 14.42.500,
27 AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, and 14.43.710 -
28 14.43.790. The fund consists of money or assets appropriated or
29 transferred to the corporation for the fund and money or assets

1 deposited in it by the corporation. The corporation may establish
2 separate accounts in the fund.

3 (b) Money and other assets of the student loan fund may be used
4 to secure bonds of the corporation, invested in student loans and in-
5 vestments described in AS 37.10.070(a) and used to purchase loans
6 approved under AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or
7 14.43.710 - 14.43.790.

8 (c) The student loan fund shall be administered by the Alaska
9 Commission on Postsecondary Education. The corporation and the com-
10 mission may enter into agreements relating to the administration of
11 the fund. The corporation may assign its rights under the agreements
12 for the benefit and security of holders of its bonds.

13 Sec. 14.42.220. BONDS OF THE CORPORATION. (a) Subject to (f)
14 of this section, the corporation may borrow money and may issue bonds,
15 on which the principal and interest are payable from its income and
16 receipts or other assets or a designated part or parts of them.

17 (b) Bonds may be authorized only by resolution of the board.
18 Bonds shall be dated, bear interest at the rate or rates, be in the
19 denominations, be in the form, either coupon or registered, carry the
20 registration privileges, be executed in the manner, be payable in the
21 medium of payment, at the place or places, be subject to the terms of
22 redemption, and mature as provided by the resolution or a subsequent
23 resolution. However, a bond may not mature more than 30 years after
24 the date it is issued.

25 (c) Bonds of the corporation, regardless of form or character,
26 are negotiable instruments for all the purposes of the Uniform Commer-
27 cial Code (AS 45.01 - AS 45.09).

28 (d) Bonds of the corporation may be sold at public or private
29 sale in the manner, for the price or prices, and at the time or times

1 that the board determines.

2 (e) The superior court has jurisdiction to hear and determine
3 proceedings relating to the corporation, including proceedings brought
4 by or for the benefit of a bondholder or by a trustee for or other
5 representative of a bondholder.

6 (f) The corporation may not issue bonds, other than refunding
7 bonds, during any two consecutive fiscal years in an aggregate amount
8 greater than \$125,000,000 unless the legislature, by law, approves
9 issuance of a greater amount.

10 Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. An
11 issue of bonds by the corporation may be secured by a trust indenture
12 or trust agreement between the corporation and a corporate trustee,
13 which may be a trust company, bank, or national banking association,
14 with corporate trust powers, located inside or outside the state, or
15 by a secured loan agreement or other instrument or under a resolution
16 giving powers to a corporate trustee by means of which the corporation
17 may:

18 (1) enter into agreements with the trustee or the bond-
19 holders that the board determines to be necessary or desirable, in-
20 cluding covenants, provisions, limitations, and other agreements as to
21 the

22 (A) application, investment, deposit, use, and dispo-
23 sition of the proceeds of bonds of the corporation or of money or
24 other property of the corporation or in which it has an interest;

25 (B) fixing and collecting loan payments and other
26 consideration for a student loan;

27 (C) assignment by the corporation of its rights in a
28 student loan or in a mortgage or other security interest created
29 with respect to a student loan to a trustee for the benefit of

1 bondholders;

2 (D) terms and conditions upon which additional bonds
3 of the corporation may be issued;

4 (E) vesting in a trustee of rights, powers, duties,
5 funds, or property in trust for the benefit of bondholders, in-
6 cluding the right to enforce payment, performance, and other
7 rights of the corporation or of the bondholders, under a student
8 loan or a security interest created with respect to a student
9 loan;

10 (2) pledge, mortgage or assign money, agreements, property,
11 or other assets of the corporation either presently in hand or to be
12 received in the future, or both; and

13 (3) provide for other matters that in any way affect the
14 security or protection of the bonds.

15 Sec. 14.42.240. RESERVES AND CAPITAL RESERVES. (a) For the
16 purpose of securing one or more issues of bonds of the corporation,
17 the board may establish one or more special funds, called "capital
18 reserve funds," and may pay into those capital reserve funds the
19 proceeds of the sale of bonds and other money available to the corpo-
20 ration from other sources for the purposes of the capital reserve
21 funds. A capital reserve fund may be established only if the board
22 determines that the establishment of the fund would enhance the mar-
23 ketability of the bonds. Money in a capital reserve fund, except as
24 provided in this section, may be used as required only for the (1)
25 payment of the principal of, and interest on, bonds or of the sinking
26 fund payments with respect to those bonds; (2) purchase or redemption
27 of the bonds; or (3) payment of a redemption premium required to be
28 paid when the bonds are redeemed before maturity. However, money in a
29 capital reserve fund may not be withdrawn if the withdrawal would

1 reduce the amount in the capital reserve fund to less than the capital
2 reserve fund requirement, except for the purpose of making payment,
3 when due, of principal, interest, or redemption premiums on the bonds
4 when other money of the corporation is not available for the payments.
5 Income or interest earned by, or increment to, a capital reserve fund,
6 from the investment of all or part of the fund, may be transferred by
7 the corporation to other funds or accounts of the corporation if the
8 transfer does not reduce the amount of the capital reserve fund below
9 the capital reserve fund requirement.

10 (b) If the board decides to issue bonds secured by a capital
11 reserve fund, the bonds may not be issued if the amount in the capital
12 reserve fund is less than the capital reserve fund requirement, unless
13 the corporation, at the time of issuance of the bonds, pledges to
14 deposit in the capital reserve fund from the proceeds of the bonds to
15 be issued or from other sources, an amount that, together with the
16 amount then in the fund, is not less than the capital reserve fund
17 requirement.

18 (c) In computing the amount of a capital reserve fund for the
19 purpose of this section, securities in which all or a portion of the
20 fund is invested and credit facilities deposited in or credited to a
21 capital reserve fund under (f) of this section shall be valued by a
22 reasonable method established by the board by resolution. Valuation
23 shall include the amount of interest earned or accrued as of the date
24 of valuation.

25 (d) By January 15 of each year, the chairman of the board shall
26 certify in writing to the governor and the legislature the amount, if
27 any, required to restore a capital reserve fund to the capital reserve
28 fund requirement. The legislature may appropriate to the corporation
29 the amount certified by the chairman. The corporation shall deposit

1 the amounts appropriated under this subsection during a fiscal year in
2 the proper capital reserve fund. This subsection does not create a
3 debt or liability of the state.

4 (e) The board may establish reserve funds, other than capital
5 reserve funds, to secure one or more issues of bonds of the corpo-
6 ration. The corporation may deposit in a reserve fund established
7 under this subsection the proceeds of sale of its bonds and other
8 money available from any other source. The corporation may allow a
9 reserve fund established under this subsection to be depleted without
10 complying with (d) of this section.

11 (f) The corporation may hold in a capital reserve fund, in lieu
12 of money and in satisfaction of all or part of a capital reserve fund
13 requirement, irrevocable letters of credit issued by a commercial
14 bank, surety bonds, insurance policies, and similar credit facilities.

15 (g) In this section, "capital reserve fund requirement" means
16 the amount required to be on deposit in the capital reserve fund as of
17 the date of computation as determined by resolution of the board.

18 Sec. 14.42.250. VALIDITY OF PLEDGE. It is the intention of the
19 legislature that a pledge made in respect to bonds of the corporation
20 shall be valid and binding from the time the pledge is made; that the
21 money or property so pledged and thereafter received by the corpora-
22 tion shall immediately be subject to the lien of the pledge without
23 physical delivery or further act; and that the lien of the pledge
24 shall be valid and binding as against all parties having claims of any
25 kind in tort, contract, or otherwise against the corporation irrespec-
26 tive of whether the parties have notice. Neither the resolution,
27 trust agreement, nor other instrument by which a pledge is created
28 need be recorded or filed under the provisions of the Uniform Commer-
29 cial Code (AS 45.01 - AS 45.09) to be valid, binding, or effective.

1 Sec. 14.42.260. NONLIABILITY ON BONDS. (a) The members of the
2 board and individuals executing the bonds of the corporation are not
3 liable personally on the bonds or subject to personal liability or
4 accountability by reason of the issuance of the bonds.

5 (b) The bonds issued by the corporation do not constitute an
6 indebtedness or other liability of the state or of a political sub-
7 division of the state, except the corporation, but shall be payable
8 solely from the income and receipts or other funds or property of the
9 corporation. The corporation may not pledge the faith or credit of
10 the state, or of a political subdivision of the state, except the
11 corporation, to the payment of a bond. Issuance of a bond by the
12 corporation does not directly, indirectly, or contingently obligate
13 the state or a political subdivision of the state to apply money from,
14 or levy or pledge any form of taxation whatever to the payment of the
15 bond.

16 Sec. 14.42.265. UNDERWRITERS. The board may select one or more
17 underwriters for its bonds in accordance with procedures

18 (1) for the award of a contract under AS 36.30.200 -
19 36.30.260; or

20 (2) adopted by regulations of the board that are based on
21 the competitive principles of AS 36.30.200 - 36.30.260 and are adapted
22 to the special needs of the corporation in the selling of its bonds as
23 determined by the board.

24 Sec. 14.42.270. PLEDGE AND AGREEMENT OF STATE. The state
25 pledges to and agrees with holders of bonds issued by the corporation
26 that the state will not limit or alter the rights and powers vested in
27 the corporation under AS 14.42.100 - 14.42.330 to fulfill the terms of
28 a contract made by the corporation with the bondholders or in any way
29 impair the rights and remedies of the bondholders until the bonds,

1 together with the interest on them with interest on unpaid install-
2 ments of interest, and all costs and expenses in connection with an
3 action or proceeding by or on behalf of the bondholders, are fully met
4 and discharged. The corporation may include this pledge and agreement
5 of the state in a contract with bondholders.

6 Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal
7 property of the corporation and its assets, income, and receipts are
8 declared to be the property of a political subdivision of the state
9 and devoted to an essential public and governmental function and
10 purpose, and the property, assets, income, receipts, and other in-
11 terests of the corporation are exempt from all taxes and special
12 assessments of the state or a political subdivision of the state,
13 including municipalities, school districts, public utility districts,
14 and other governmental units. Bonds of the corporation are declared
15 to be issued by a political subdivision of the state and for an essen-
16 tial public and governmental purpose, and the bonds, interest on them,
17 income from them, and transfer of them, and all assets, income, and
18 receipts pledged to pay or secure the payment of the bonds, or inter-
19 est on them, are exempt from taxation by or under the authority of the
20 state, except for inheritance and estate taxes and taxes on transfers
21 by or in contemplation of death.

22 Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
23 bonds of the corporation are securities in which public officers and
24 bodies of the state, municipalities, insurance companies, insurance
25 associations, other persons carrying on an insurance business, banks,
26 bankers, trust companies, savings banks, savings associations, build-
27 ing and loan associations, investment companies, other persons carry-
28 ing on a banking business, administrators, guardians, executors,
29 trustees, other fiduciaries, and other persons who are authorized to

1 invest in bonds or other obligations of the state, may properly and
2 legally invest funds including capital in their control or belonging
3 to them. Notwithstanding any other provisions of law, the bonds of
4 the corporation are also securities that may be deposited with and may
5 be received by public officers and bodies of the state and municipal-
6 ities for any purpose for which the deposit of bonds or other obliga-
7 tions of the state is now or may be authorized.

8 Sec. 14.42.300. OPERATION OF CERTAIN STATUTES EXCEPTED. (a)
9 The corporation is not a municipality as the term is defined in
10 AS 01.10.060. Except as provided in AS 14.42.190, the corporation is
11 not subject to AS 37. For all other purposes the corporation is a
12 political subdivision and an instrumentality of the state.

13 (b) The funds, income, and receipts of the corporation are not
14 money of the state, nor may real property in which the corporation has
15 an interest be considered land owned in fee by the state or to which
16 the state may become entitled or in any way land belonging to the
17 state, or state land referred to in art. VIII of the Alaska Constitu-
18 tion.

19 Sec. 14.42.310. ANNUAL AUDIT. The financial records of the
20 corporation shall be audited annually by the legislative auditor or by
21 a certified public accountant approved by the legislative auditor.
22 The legislative auditor may prescribe the form and content of the
23 financial records of the corporation and shall have access to these
24 records at any time.

25 Sec. 14.42.500. DEFINITIONS. In AS 14.42.100 - 14.42.500,

26 (1) "board" means the board of directors of the corpo-
27 ration;

28 (2) "corporation" means the Alaska Student Loan Corpora-
29 tion.

1 * Sec. 3. AS 14.43.090(a) is amended to read:

2 (a) There is created a scholarship revolving loan fund. The
3 fund shall be used to make scholarship loans to students selected
4 under AS 14.43.090 - 14.43.160, [AND] to pay the costs of collecting
5 scholarship [STUDENT] loans that are in default if those costs are not
6 recovered from the student, and to pay the costs of administering the
7 fund. Unless the instrument evidencing the scholarship loan has been
8 sold or assigned to the Alaska Student Loan Corporation, [. ALL]
9 repayments of principal and interest on a scholarship loan [LOANS]
10 shall be paid into the scholarship revolving loan fund. If money
11 estimated to be available [FROM SCHOLARSHIP LOAN REPAYMENTS] is inade-
12 quate to fully fund estimated scholarship loans for any fiscal year,
13 additional funding from the general fund may be requested and appro-
14 priated for that year.

15 * Sec. 4. AS 14.43.090 is amended by adding a new subsection to read:

16 (d) The student financial aid committee created under AS 14.43.-
17 095 may sell or assign notes and other instruments evidencing scholar-
18 ship loans to the Alaska Student Loan Corporation and enter into
19 agreements with the corporation relating to loans, the administration
20 of the student loan fund created under AS 14.42.210, and the payment
21 of and security for bonds of the corporation. Proceeds from the sale
22 or assignment of notes and other instruments shall be deposited in the
23 scholarship revolving loan fund.

24 * Sec. 5. AS 14.43.120(d) is amended to read:

- 25 (d) Scholarship loans may not be made to a student
26 (1) for more than five years of undergraduate study;
27 (2) for more than five years of graduate study;
28 (3) for more than a total of eight years of undergraduate
29 and graduate study;

1 (4) to attend an institution, other than a nonprofit insti-
2 tution, if the total amount of scholarship loans made to students to
3 attend that institution exceeds \$100,000 and the default rate on those
4 loans exceeds the program default rate by more than 150 percent as
5 defined by regulation.

6 * Sec. 6. AS 14.43.120(h) is amended to read:

7 (h) Security may not be required for a loan [THE LOANS]; how-
8 ever, provision shall be made for payment of all [ATTORNEY] fees and
9 costs [OF COURT IF EITHER OR BOTH ARE] incurred in collection of the
10 amount owed on the loan if it becomes delinquent or in default.

11 * Sec. 7. AS 14.43.120(i) is amended to read:

12 (i) If a loan is in default, the commission shall notify the
13 borrower that repayment of the remaining balance is accelerated and
14 due by sending the borrower a notice by registered or certified mail.
15 The permanent fund dividend of a borrower may be taken under AS 43.-
16 23.065(b)(4) to satisfy the balance due on the defaulted loan.

17 * Sec. 8. AS 14.43.120(1) is amended to read:

18 (1) The state shall [WILL] pay the interest on that portion of a
19 loan that is not federally insured during

20 (1) the period in which the borrower is a full-time student
21 [BEFORE THE BEGINNING OF THE REPAYMENT PERIOD OF THE LOAN];

22 (2) deferments under (k) of this section.

23 * Sec. 9. AS 14.43.120 is amended by adding a new subsection to read:

24 (r) The rate of interest, time of payment of an installment of
25 principal or interest, or other terms of a scholarship loan may be
26 modified if required to establish or maintain tax-exempt status under
27 26 U.S.C. 103 (Internal Revenue Code of 1986), as amended, for the
28 interest on bonds issued by the Alaska Student Loan Corporation.

29 * Sec. 10. AS 14.43.125 is amended by adding a new subsection to read:

1 (c) A person may not be awarded a scholarship loan under AS 14.-
2 43.090 - 14.43.160 if a family education loan is made on behalf of
3 that person under AS 14.43.710 - 14.43.790 or if that person receives
4 a teacher scholarship loan under AS 14.43.600 - 14.43.700 for the same
5 school year.

6 * Sec. 11. AS 14.43.255(a) is amended to read:

7 (a) There is created a memorial scholarship revolving loan fund.
8 The fund shall be used to provide educational scholarship loans to
9 students selected under AS 14.43.250 - 14.43.325. Unless the instru-
10 ment evidencing the memorial scholarship loan has been sold or as-
11 signed to the Alaska Student Loan Corporation, repayments [REPAYMENTS]
12 of a loan [LOANS MADE UNDER AS 14.43.250(b)(1) - (4)] shall be de-
13 posited into the memorial scholarship revolving loan fund and [REPAY-
14 MENTS OF LOANS MADE UNDER AS 14.43.250(b)(5) SHALL BE DEPOSITED INTO
15 THE SCHOLARSHIP REVOLVING LOAN FUND CREATED UNDER AS 14.43.090.
16 REPAYMENTS] shall be used to make new loans.

17 * Sec. 12. AS 14.43.255 is amended by adding a new subsection to read:

18 (c) The student financial aid committee created under AS 14.43.-
19 095 may sell or assign notes and other instruments evidencing memorial
20 scholarship loans to the Alaska Student Loan Corporation and enter
21 into agreements with the corporation relating to loans, the adminis-
22 tration of the student loan fund created under AS 14.42.210, and the
23 payment of and security for bonds of the corporation. Proceeds from
24 the sale or assignment of a note or other instrument shall be de-
25 posited in the appropriate memorial scholarship loan fund account.

26 * Sec. 13. AS 14.43.620 is amended to read:

27 Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN FUND. There
28 is created a teacher scholarship revolving loan fund. The fund shall
29 be used to make scholarship loans to students selected under

1 AS 14.43.600 - 14.43.700. Unless the instrument evidencing the
2 teacher scholarship loan has been sold or assigned to the Alaska
3 Student Loan Corporation, [ALL] repayments of principal and interest
4 on a teacher scholarship loan [LOANS] shall be paid into the teacher
5 scholarship revolving loan fund and shall be used to make new teacher
6 scholarship loans. If estimated funds available [FROM TEACHER
7 SCHOLARSHIP LOAN REPAYMENTS] are inadequate to fully fund estimated
8 teacher scholarship loans for any fiscal year, additional funding from
9 the general fund may be requested and appropriated for that year.

10 * Sec. 14. AS 14.43.620 is amended by adding a new subsection to read:

11 (b) The student financial aid committee created under AS 14.43.-
12 095 may sell or assign notes and other instruments evidencing teacher
13 scholarship loans to the Alaska Student Loan Corporation and enter
14 into agreements with the corporation relating to loans, the adminis-
15 tration of the student loan fund created under AS 14.42.210 and the
16 payment of and security for bonds of the corporation. Proceeds from
17 the sale or assignment of the notes or other instruments shall be
18 deposited in the teacher scholarship revolving loan fund.

19 * Sec. 15. AS 14.43.640(b) is amended to read:

20 (b) If a borrower meets the conditions provided in (a) of this
21 section and is employed as a teacher in a rural elementary or sec-
22 ondary school, the portion of the loan that shall be paid by the state
23 [, NOTWITHSTANDING AS 14.43.120(j),] is the following percentages of
24 the total loan received plus interest up to a total of 100 percent of
25 the total loan:

- 26 (1) one year employment, 15 percent;
- 27 (2) two years employment, an additional 15 percent;
- 28 (3) three years employment, an additional 15 percent;
- 29 (4) four years employment, an additional 25 percent;

1 (5) over four years employment, an additional 30 percent.

2 * Sec. 16. AS 14.43.650(c) is repealed and reenacted to read:

3 (c) A student may not be awarded a teacher scholarship loan
4 under AS 14.43.600 - 14.43.700 if a family education loan is made on
5 behalf of the student under AS 14.43.710 - 14.43.790 or if the student
6 receives a scholarship loan under AS 14.43.090 - 14.43.160 for the
7 same school year.

8 * Sec. 17. AS 14.43 is amended by adding new sections to read:

9 ARTICLE 8. ALASKA FAMILY EDUCATION LOAN PROGRAM.

10 Sec. 14.43.710. PROGRAM ESTABLISHED. The Alaska family educa-
11 tion loan program is established to provide low interest loans to
12 families to assist in paying the costs of postsecondary education for
13 family members.

14 Sec. 14.43.720. FAMILY EDUCATION LOAN ACCOUNT. (a) The family
15 education loan account is created within the scholarship revolving
16 loan fund (AS 14.43.090). The account shall be used to make family
17 education loans to families selected under AS 14.43.710 - 14.43.790,
18 to pay the costs of collecting family education loans that are in
19 default if those costs are not recovered from the family, and to pay
20 the costs of administering the account. Unless the instrument evi-
21 dencing the family education loan has been sold or assigned to the
22 Alaska Student Loan Corporation, repayments of principal and interest
23 on family education loans shall be paid into the family education loan
24 account. If estimated funds available from family education loan
25 repayments are inadequate to fully fund estimated family education
26 loans in a fiscal year, additional funding from the general fund may
27 be requested and appropriated for that year.

28 (b) The student financial aid committee created under AS 14.43.-
29 095 may sell or assign notes and other instruments evidencing family

1 education loans to the Alaska Student Loan Corporation and enter into
2 agreements with the corporation relating to loans, the administration
3 of the student loan fund created under AS 14.42.210, and the payment
4 of and security for bonds of the corporation. Proceeds from the sale
5 or assignment of notes and other instruments shall be deposited in the
6 family education loan account.

7 Sec. 14.43.730. ADMINISTRATION. The family education loan
8 program shall be administered by the student financial aid committee
9 (AS 14.43.095) under regulations adopted by the committee.

10 Sec. 14.43.740. LOAN TERMS AND CONDITIONS. (a) The provisions
11 of AS 14.43.100, 14.43.110, 14.43.115, 14.43.120(a) - (d), (i), (m),
12 and (r), and 14.43.135 apply to a loan made under AS 14.43.710 -
13 14.43.790.

14 (b) The provisions of AS 14.43.120(p) apply to a loan made under
15 AS 14.43.710 - 14.43.790 with respect to the family member on whose
16 behalf a loan is made.

17 (c) Interest on a loan made under AS 14.43.710 - 14.43.790 is at
18 a rate of five percent a year unless the loan is in default. Interest
19 on a loan that is in default is 10 percent a year.

20 (d) Repayment of the principal and interest on a loan made under
21 AS 14.43.710 - 14.43.790 begins on the first of the month immediately
22 following loan disbursement. The loan may be cancelled without preju-
23 dice at any time before actual disbursement. The loan shall provide
24 for repayment of the total amount owed in periodic installments in not
25 more than 10 years from the commencement of repayment. If the commis-
26 sion and the borrower agree to a different repayment schedule, the
27 borrower shall repay the loan in accordance with the agreement.

28 (e) Provision shall be made for payment by the borrower of fees
29 and costs incurred in collection of delinquent or defaulted loans.

1 Sec. 14.43.750. ELIGIBILITY. (a) A person may apply for and
2 obtain a family education loan on behalf of a family member if

3 (1) the borrower is a resident of the state at the time of
4 application for the loan; for purposes of this paragraph, a borrower
5 qualifies as a resident of the state if the borrower has been phys-
6 ically present in the state for at least two years immediately before
7 the time of application for the loan;

8 (2) the family member has been claimed as a dependent for
9 federal tax purposes by the borrower for the tax year immediately
10 before the time of application and

11 (A) is enrolled as a full-time student in a career
12 education, associate, baccalaureate, or graduate degree program;
13 or

14 (B) is a graduate of a high school or the equivalent,
15 or scheduled for graduation from a high school within six months,
16 with sufficient credits to be admitted to a career education
17 program or to an accredited college or university; and

18 (3) neither the borrower nor the family member is delin-
19 quent or in default on a previously awarded student loan from the
20 state.

21 (b) A family education loan may not be made on behalf of a
22 family member if the family member receives a scholarship loan under
23 AS 14.43.090 - 14.43.160 or a teacher scholarship loan under AS 14.-
24 43.600 - 14.43.700 for the same school year.

25 Sec. 14.43.790. DEFINITIONS. (a) In AS 14.43.710 - 14.43.790

26 (1) "default" means a loan that is 120 days or more past
27 due in repayment;

28 (2) "delinquent" means a loan that is 60 days or more past
29 due in repayment.

1 (b) The definitions set out in AS 14.43.160 apply to AS 14.43.-
2 710 - 14.43.790.

3 * Sec. 18. AS 43.23 is amended by adding a new section to read:

4 Sec. 43.23.067. CLAIMS OF DEFAULTED SCHOLARSHIP LOANS. (a)
5 AS 09.38 does not apply to permanent fund dividends taken under
6 AS 14.43.120(i). Notwithstanding AS 09.35, execution on a claim under
7 AS 14.43.120(i) is accomplished by delivering a certified claim to the
8 department containing the following information:

9 (1) the name and social security number of the individual
10 whose dividend is being claimed;

11 (2) the amount the individual owes on the scholarship loan;
12 and

13 (3) a statement that

14 (A) the debt has not been contested, or, if contested,
15 that the issue has been resolved in favor of the Alaska Commis-
16 sion on Postsecondary Education; and

17 (B) if the debt has been contested and resolved in
18 favor of the Alaska Commission on Postsecondary Education, no
19 appeal is pending, the time limit for filing an appeal has ex-
20 pired, or the appeal has been resolved in favor of the commis-
21 sion.

22 (b) Upon receipt of a claim under (a) of this section the de-
23 partment shall notify the individual of the claim. The notice shall
24 be sent to the address provided in the individual's permanent fund
25 dividend application and must provide the following information:

26 (1) the amount of the claim; and

27 (2) notice that the amount of the permanent fund dividend
28 that does not exceed the amount of the claim shall be paid to the
29 Alaska Commission on Postsecondary Education unless the commission

1 releases the claim or the individual requests a hearing within 30 days
2 after the date the notice is sent by the department.

3 (c) AS 44.62.330 - 44.62.630 apply to a hearing requested by an
4 individual under (b)(2) of this section. If a request for a hearing
5 is not received by the department within the required time limit, the
6 department shall pay to the Alaska Commission on Postsecondary Educa-
7 tion the amount of the permanent fund dividend that does not exceed
8 the amount of the claim.

9 * Sec. 19. AS 14.43.120(j) and 14.43.120(o) are repealed.

10 * Sec. 20. This Act takes effect July 1, 1987.

1985-86 ALASKA TEACHER SCHOLARSHIP LOAN PROGRAM

Awards To Participating School Districts - 30 out of 33 eligible

Annette Island Schools	2	Lake and Peninsula Schools	1
Bering Strait Schools	8	Lower Kuskokwim Schools	6
Bristol Bay Borough Schools	3	Lower Yukon Schools	4
Chatham Schools	1	Nome City Schools	2
Cordova City Schools	3	North Slope Borough Schools	2
Craig City Schools	1	Northwest Arctic Schools	5
Dillingham City Schools	3	Pelican City Schools	1
Haines Borough Schools	1	Pribilof Schools	2
Hoonah City Schools	2	St. Mary's School District	1
Hydaburg City Schools	1	Sand Point School District	1
Iditarod Area Schools	2	Skagway City Schools	2
King Cove City Schools	2	Southeast Island Schools	1
Klawock City Schools	1	Southwest Region Schools	4
Kodiak Island Borough Schools	6	Tanana City Schools	1
Kuspuk Schools	2	Yakutat City Schools	1

<u>Total Awards</u>	<u>Total Cost</u>	<u>Average Loan</u>
72	\$423,000	\$5,875

<u>Schools of Attendance</u>	<u>Class Status</u>	<u>Degree Program</u>
UAF 33	Freshman 39	B/Elem. Ed 38
UAA 3	Sophomore 16	B/Sec. Ed 29
UAJ 3	Junior 9	B/Ed 3
APU 3	Senior 6	Cert./Sec. Ed 2
SJC 4	5th Yr. Certificate 2	
Out of State 26		

1986-87
TEACHER SCHOLARSHIP LOAN PROGRAM

	Students	Amount	Students	Amount
University of Alaska, Anchorage	1	\$ 4,000	5	\$ 23,350
University of Alaska, Fairbanks	20	99,750	18	77,300
University of Alaska, Juneau	2	13,550	2	11,000
Alaska Pacific University	1	7,500	5	26,350
Sheldon Jackson College	2	1,500	7	33,000
Out-of-State	<u>20</u>	<u>138,850</u>	<u>8</u>	<u>39,100</u>
TOTALS	46	\$278,650	45	\$210,000

<u>Levels</u>	<u>Continuing</u>	<u>New</u>
Freshman	6	19
Sophomore	23	11
Junior	7	12
Senior	6	3
5th Year	4	0

NOTE: 1986-87 funds were not appropriated for this program. The 46 continuing students were supported with cancelled award funds carried forward from 1985-86. The 45 new TSL nominees received regular Alaska Student Loans.

In 1987-88, 39 of the continuing TSL recipients and 41 of the 1986-87 nominees will continue in their teacher education degree programs for a total maximum TSL need of \$592,500.

HB 39

DEFAULT RATE BY INSTITUTION
IN-STATE COLLEGIATE

<u>Institution</u>	<u>Loans In Repayment</u>	<u>Loans In Default</u>	<u>Original Loan Amount</u>	<u>Default Current Balance</u>	<u>Default Rate</u>	<u>Year Loan Eligible</u>
Alaska Bible College	22	4	\$ 127,516	\$ 14,927	11.7	1977
Alaska Pacific University	367	108	1,645,040	406,283	24.7	1971
Anchorage Community College	2,683	1,118	10,182,561	3,654,985	35.9	1971
Arctic Bible Institute	2	--	5,002	--	0.0	1980
Chapman College	8	1	34,150	2,650	7.8	1979
Chukchi Community College	1	--	3,000	--	0.0	1979
Delta Greely Rural Center	8	--	46,750	--	0.0	1983
Far North Bible School	1	--	1,000	--	0.0	1982
Islands Community College	41	18	169,801	56,431	33.2	1971
Juneau-Douglas Community College	75	34	232,528	97,268	41.8	1971
Kenai Peninsula Community College	649	241	2,929,257	970,924	33.1	1971
Ketchikan Community College	84	39	299,594	125,505	41.9	1971
Kodiak Community College	28	10	114,864	39,456	34.3	1971
Kuskokwim Community College	14	4	36,265	15,476	42.6	1972
Mat-Su Community College	237	86	1,090,223	323,457	29.7	1971
Northwest Community College	2	--	8,350	--	0.0	1975
Prince William Sound Community College	38	18	155,168	55,919	36.0	1978
Saint Hermans Theological Seminary	15	3	116,409	24,962	21.4	1977
Sheldon Jackson College	210	94	770,571	257,733	33.4	1971
Tanana Valley Community College	327	129	1,528,771	506,228	33.1	1974
University of Alaska, Anchorage	2,057	411	10,746,541	1,686,697	15.7	1971
University of Alaska, Fairbanks	3,030	536	14,133,324	1,832,144	13.0	1971
University of Alaska, Juneau	320	102	1,533,784	350,985	22.9	1980
University of Alaska, Rural Ed.	2	--	3,475	--	0.0	1981
University of Alaska, Southeast	57	16	141,637	22,895	16.1	1971
TOTAL	10,278	2,962	\$46,100,581	\$10,444,925	22.7	

DEFAULT RATE BY INSTITUTION
IN-STATE VOCATIONAL

<u>Institution</u>	<u>Loans In Repayment</u>	<u>Loans In Default</u>	<u>Original Loan Amount</u>	<u>Default Current Balance</u>	<u>Default Rate</u>	<u>Year Loan Eligible</u>
*A.I.R. Center	37	2	\$ 252,008	\$ 12,000	4.7	1979
Academy of Hair Design	104	44	526,078	226,846	43.1	1978
*Action Helicopter	5	2	27,402	3,391	12.3	1984
Aero Tech Flight Service	127	15	817,105	89,400	10.9	1981
*Air Cushion Guides	8	--	40,725	--	0.0	1985
*Air Cushion Technologies	8	2	34,650	7,985	23.0	1983
Alaska Air Academy	11	4	78,850	32,202	40.8	1983
*Alaska Aviation School	1	--	9,000	--	0.0	1984
Alaska Business College	792	332	3,037,784	1,183,525	39.0	1971
Alaska Computer Institute	223	48	1,268,028	276,310	21.8	1984
*Alaska Computer Training Center	16	12	69,050	54,286	78.6	1982
Alaska Flying Network	4	--	21,000	--	0.0	1985
*Alaska Media Workshop	1	--	550	--	0.0	1981
*Alaska Native Training Institute	19	11	87,165	55,415	63.6	1979
Alaska School of Floral Design	13	--	30,200	--	0.0	1984
*Alaska Technical Institute	84	2	412,278	5,482	1.3	1984
Alaska Travel Institute	12	--	56,650	--	0.0	1985
Alaska Vocational Schools	72	15	464,720	102,700	22.0	1984
Alaska Vo-Tech Center	507	223	1,543,323	644,002	41.7	1978
*American Pacific Aviation	8	--	54,000	--	0.0	1984
Anchorage Alaska Barber College	81	51	431,898	289,970	67.1	1979
*Aviation Network	33	4	190,348	19,561	10.2	1984
Aviation North	26	3	128,240	14,266	11.1	1984
*Bookkeeping Concepts, Anchorage	91	28	518,000	159,561	30.8	1985
Bookkeeping Concepts, Fairbanks	159	55	818,050	294,096	35.9	1983
Careers Vocational Training School	253	98	1,372,463	496,265	36.3	1984
Charter College	2	--	3,777	--	0.0	1985
Clerical Skills Training	146	46	832,005	261,904	31.5	1983
*Club 1 Flight Group	1	--	6,000	--	0.0	1985
*Eielson AFB Aero Club	1	--	5,500	--	0.0	1983
Elmendorf Aero Club	46	1	300,072	1,279	0.4	1982
Fairbanks Beauty School	28	19	150,900	100,494	66.5	1980
Flight Training Devices	55	1	356,759	6,000	1.6	1981
Fort Richardson Flying Club	94	7	572,595	31,607	5.5	1982
Fort Wainwright Flying Club	1	--	600	--	0.0	1985
*Gordon Aviation	167	23	1,234,162	153,141	12.4	1981
Headquarters Barber & Beauty Academy	94	57	448,644	278,275	62.0	1982
High Tech Helicopters	12	2	93,916	7,466	7.9	1985
Hutchison Career Center	112	60	446,668	263,270	58.9	1981
Kotzebue Technical Center	36	20	175,790	96,498	54.8	1983
Larry's Flying Service	27	4	148,079	20,740	14.0	1983
Mat-Su Bush Flying	5	1	8,082	2,953	36.5	1985

*School now closed

DEFAULT RATE BY INSTITUTION
IN-STATE VOCATIONAL
(Continued)

<u>Institution</u>	<u>Loans In Repayment</u>	<u>Loans In Default</u>	<u>Original Loan Amount</u>	<u>Default Current Balance</u>	<u>Default Rate</u>	<u>Year Loan Eligible</u>
New Anchorage Beauty School	448	278	2,578,980	1,608,545	62.4	1978
New Concepts Beauty School	22	8	103,335	35,290	34.1	1984
North Pacific Business Institute	147	79	794,070	437,126	55.0	1982
Peninsula Hair Styling Academy	42	19	198,292	87,504	44.1	1980
Peninsula Institute of Welding	31	16	196,478	95,707	48.7	1980
People Count, Inc.	38	13	184,510	76,989	41.7	1983
*Piper Sales, Alaska	2	--	12,000	--	0.0	1982
*Satellite Tech Applied Research	39	12	232,009	70,609	30.4	1984
*Scruples II, Action Broadcasting	56	30	292,212	172,505	59.0	1984
Testing Institute of Alaska	412	243	2,353,106	1,390,859	59.1	1979
The Travel Academy	53	2	253,807	7,284	2.8	1985
Trend Setters School of Beauty	167	76	944,598	428,440	45.3	1978
Vernair	21	2	145,116	21,615	14.8	1986
Victorian Academy & Cosmetology	20	5	104,365	23,765	22.7	1984
Wilbur's Flight Operations	165	37	1,038,358	203,140	19.5	1981
World Security & Police Academy	70	37	251,725	133,797	53.1	1983
TOTAL	5,255	2,067	\$26,756,075	\$9,984,074	37.3	

*School now closed

STATE OF ALASKA
DEPARTMENT OF REVENUE

M E M O R A N D U M

TO: Mary Halloran
Director
Office of Management & Budget

FROM: Milton B. Barker *MB*
Deputy Commissioner
Department of Revenue

DATE: March 19, 1987

RE: Student Loan Bonding

Financial Concerns

In analyzing the financial aspects of student loan bonding, there are many different discount rates that might be used to compare the present value costs to the State of bonding versus not bonding for student loans. There are three discount rates that especially come to mind.

First, there is a long-term taxable interest rate. This might be appropriate if the alternative use of the general funds needed for the student loan program would be to save the money in the Permanent Fund. Analysis using this discount rate will generally show bonding to be the better alternative because of arbitrage. Money is borrowed at a tax-exempt rate and invested at a higher taxable rate.

Next, there is a short-term taxable rate. This would be appropriate if general funds not used for student loans would be retained in the general fund. Analysis using this discount rate will show bonding to be the less desirable alternative because there would be negative arbitrage. Money borrowed at a tax-exempt rate would be invested at a lower taxable rate.

Finally, there is the yield on the student loan bonds. This rate represents the true interest cost to the State of money that would be borrowed for the student loan program. Analysis using this rate basically will show no difference in cost between the bonding and not bonding alternatives. The only difference would be the costs of bond issuance and any possible arbitrage earnings that would not have to be rebated to the federal government.

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The yield on the bonds seems to be the most appropriate rate to use because it does represent the cost of funds and because money not used for student loans is most likely to be spent on other programs rather than saved in either the general funds or Permanent Fund.

Under a bond yield discount rate, the present value cost of bonding is basically equal to the amount borrowed. The amount borrowed is roughly equal to the amount of general funds saved, abstracting from costs of issuance and reserve funds.

Thus, in general terms present value analysis warrants no strong preference for bonding versus not bonding. There will be no great difference in cost if the bond yield is used as the discount rate. This is not to say that there is not an absolute cost to bonding. There is and it is the interest paid on the bonds.

Policy Concerns

Other differences in the approaches financially will be when and from what source the State pays the cost. Under a general fund program, it is paid all up front directly from general fund appropriations capitalizing the loan fund. Under bonding, the cost is paid over time from cash flow of the loan fund. The end result under the bonding approach is a smaller loan fund capitalization than under the no bonding approach. Correspondingly, under the bonding approach the general fund balance would be higher than under the no bonding approach. The diminution of loan fund capital would be equivalent to the augmentation of the general fund balance in present value terms, abstracting from differences in earnings rates of the funds.

Whether the timing and source of payment is an important consideration depends partly on the degree of flexibility or commitment that the State wants to sustain with respect to an ongoing level of student loans.

It raises the basic question of why borrow.

Borrowing is done when one does not have sufficient cash to make certain expenditures, but expects to have sufficient cash in the future to repay the amounts borrowed plus interest. The State meets the first condition but the satisfaction of the second condition is more open to question.

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Borrowing is also particularly undertaken where the expenditure is an investment which yields benefits over a period of time. Borrowing more closely matches payments for those benefits with their receipt. It thus has elements of greater equity since the identity of the recipients of the benefits, who also pay for them, changes over time. Education can be characterized as an investment justifying borrowing.

Credit Concerns

As currently proposed, bonding for student loans does not create an ongoing liability of the general fund. All of the subsidy required from the State to meet all payments arising from a bond issue is appropriated up front. The subsidy requirement arises from forgiveness, interest grace periods, and default rates. Because no continuing obligation from the State's general fund is expected, the bonds are not considered State-supported debt and there is not an overriding credit concern with them from a debt management perspective. The bonds will be self-supporting revenue bonds, given appropriation of the required subsidy up front, and will not be included in measures of the State's direct debt burden by the rating agencies.

However, in order for the bonds to be rated they will have to carry the State's moral obligation. This gives rise to two credit concerns--the overall level of State moral obligation debt and assurance that student loan bonding never requires a call on the State's moral obligation.

Moral obligation debt is not included in the rating agencies' measures of direct debt burden. However, the agencies do keep track of such debt and are sensitive to the amounts and purposes for which it is used. As of December 31, 1986, the State had \$1,531.9 million of moral obligation debt outstanding. The addition of moral obligation debt for student loans would not be expected to be a purpose or in amounts that provoke an adverse reaction from the rating agencies, at least so long as bonding is limited to amounts necessary to meet new loan demand and is not used to cash out the State's equity in the program represented by existing loans.

Use of the moral obligation accentuates the possibility that the State would be compelled later on to help make up deficiencies in amounts available to meet bond payments that exceed the original subsidy appropriations. This could occur because of an escalation in default rates.

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*Liability makes a
difference
to its viability*

*Alternative -
amend the
provision*

To protect against any call on the State's moral obligation, the program should have ample coverage ratios. A new program should have ratios of around 2.0 times debt service. A previously existing program could have coverage possibly as low as 1.25 based on historical cash flows and track records for default. If loan defaults can be expected to increase somewhat in the future as a result of economic conditions in the State, a coverage ratio of 1.5 might be desirable. Also if the program is amended, making the debt more onerous by eliminating forgiveness and the interest grace period and targeting toward lower income borrowers, defaults might be exacerbated.

Assuring ample coverage could be achieved by including in legislation an additional bonds test that would permit issuance of additional bonds only if projected coverage exceeded, say, 1.5 or, failing that test, approval by the legislature. If this approach is not taken, perhaps consideration might be given to altering the proposed make-up of the corporate board to provide cabinet control.

It should be re-emphasized that bolstering coverage ratios is not needed to protect the rating on student loan bonds. As moral obligation bonds, they will be rated A, one notch below the State's general obligation rating. Ample coverage would be sought only to satisfy the State's own concerns about having to fulfill its moral obligation.

Tax-Exempt Bond Ceiling

Under the Tax Reform Act of 1986, a new annual ceiling for Alaska on Private Activity Bonds ("PAB's") of \$250 million for 1986 and 1987, and \$150 million thereafter, replaces ceilings of \$200 million each--\$400 million total--for Qualified Mortgage Bonds and for certain PAB's under prior law.

An Executive Proclamation signed by the Governor on November 24, 1986 allocated Alaska's \$250 million annual ceiling for 1986 and 1987 half to AHFC and half to AIDA, with provision for reallocation by AIDA to any other issuer. AHFC did not use any of its allocation for 1986 and elected to carryforward \$125 million for Qualified Mortgage Bonds by adopting Resolution No. 86-27. AIDA utilized \$14,780,000 of its 1986 allocation and elected to carryforward the remaining \$110,220,000 for Qualified Student Loan Bonds in the event the State enacts legislation establishing such a program.

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AIDA had used only \$6,900,000 of the \$200 million PAB ceiling that was in effect until August 16, 1986 under prior law. AHFC issued \$100 million of Collateralized Home Mortgage Bonds (Qualified Mortgage Bonds) on June 1, 1986 but they did not count against its prior law \$200 million Qualified Mortgage Bond ceiling because they were refunding bonds. No carryforward is allowed under the Act of the prior law 1986 ceiling.

Whether the new ceiling provides any constraint on Alaska bond issuance remains to be seen. For Qualified Mortgage Bonds, AHFC, assuming the current allocation scheme is enacted into law, will have \$325 million under the cap before tax-exemption expires on December 31, 1988 (\$125 million 1986 carryforward, \$125 million 1987 allocation, and \$75 million 1988 allocation). During 1986, unused bond proceeds and mortgage demand were such that AHFC issued no "new money" Qualified Mortgage Bonds, only the refunding issues. AHFC does not expect to use the full \$325 million authority during the remaining two years of the program.

AIDA expects its ongoing allocation of \$125 million for 1987 and \$75 million thereafter to be more than ample, barring major development projects, unforeseen at this time, which would qualify for Exempt Facility Bonds. AIDA's total issuance of \$21,680,000 subject to the ceiling in 1986 is expected to dwindle to practically nothing in succeeding years due to the sunset on December 31, 1986 of Small Issue Bonds for commercial activities. AIDA issues very few Small Issue Bonds for manufacturing activities and even those sunset December 31, 1989.

The only other possible uses of Alaska's PAB ceiling that can be identified at this time are a Student Loan Bond program which is generally expected to not exceed approximately \$40 million in bond issuance annually if such a program is enacted, and a financing in the neighborhood of \$70 million for the purchase of the Snettisham hydroelectric project from the federal government, if difficulties of rate shock for users versus a fair (market) price to the federal government can be resolved.

MBB/gb

Memorandum

March 13, 1987

To: Sterling Gallagher

From: Richard Li

MAR - 1987

Re: Analysis of Student Loan Program.

The following appendices demonstrate different scenarios of:

Loan Growth
Coverage Factors
Forgiveness Rate
Interest Grace Period

The analyses have been updated from prior versions to reflect changes in assumptions after talking with Dr. Kerry Romesburg. The changes are:

The base default rate is raised to 17%. Recent default rates are between 17% and 18%, with the most recent at 17.5%. Current projections are that the default rate can be kept to 17%. In the following scenarios, the default rate is varried between 17% and 21% to reflect more restrictive loan provisions.

The forgiveness rate is still at 17.5%, but the method of application will be changed in the future. The current program forgives payments in years 5 thru 10 of repayment. Our model assumes a proportional forgiveness over the life of the loan. Our model would then overstate forgiveness in the early years, hence making the model more conservative. Once the concept of the bond program is accepted, we will analyze in detail the current loan portfolio, and more accurately predict loan forgiveness. At this time, the effect should be minimal.

Payments on principal and interest have been changed to better match repayments from loans. The timing on payments have also been shifted by 1/2 period to better reflect actual receipts and payments.

Sterling Gallagher

Richard Li

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E	General Fund Appropriations to support growing annual loans without bonding. Versions A thru D.
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\$80,000,000 Annual Loans
General Fund Appropriations

Version A (Base Case):

- o State Receives \$1,638,354 per year in 2004
- o Default Rate at 17.00%
- o Forgiveness at 17.50%

Version B (Forgiveness Eliminated):

- o State Receives \$15,378,873 per year in 2004
- o Default Rate at 20.00%
- o Forgiveness Eliminated

Version C (Interest Grace Period Eliminated):

- o State Receives \$7,107,140 per year in 2004
- o Default Rate at 18.00%
- o Forgiveness at 17.50%
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation

Version D (Forgiveness and Interest Grace Period Eliminated):

- o State Receives \$21,721,568 per year in 2004
- o Default Rate at 21.00%
- o Forgiveness Eliminated
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation

MSKA COMMISSION ON POSTSECONDARY EDUCATION
 MSKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version A
 LOAN RATE:
 8.00%

YEAR	STATE (a)		SYSTEM (b)		BOND		TOTAL FUNDS		EXPENSES	DEBT SERVICE		NEW LOANS	COVERAGE
	APPROPRIATIONS	EQUITY	PROCEEDS	AVAILABLE	3	4	5	6		7	8		
	1	2	3	4	3	4	5	6	7	8			
1987	0	0	0	0	0	0	0	0	0	0	0	0	NA
1988	60,321,892	19,678,108	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
1989	54,143,514	25,856,486	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
1990	47,398,105	32,601,895	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
1991	40,337,129	39,662,871	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
1992	32,971,523	47,028,477	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
1993	25,586,565	54,413,435	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
1994	18,733,470	61,266,530	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
1995	12,799,080	67,200,920	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
1996	8,154,215	71,845,785	0	80,000,000	0	80,000,000	0	0	0	0	90,000,000	90,000,000	NA
1997	4,766,372	75,233,628	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
1998	2,325,478	77,674,522	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
1999	610,972	79,389,028	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
2000	(498,228)	80,498,228	0	90,000,000	0	90,000,000	0	0	0	0	80,000,000	80,000,000	NA
2001	(1,226,315)	81,226,315	0	80,000,000	0	80,000,000	0	0	0	0	90,000,000	90,000,000	NA
2002	(1,540,351)	81,540,351	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
2003	(1,616,123)	81,616,123	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
2004	(1,638,354)	81,638,354	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
2005	(1,638,354)	81,638,354	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
2006	(1,638,354)	81,638,354	0	90,000,000	0	90,000,000	0	0	0	0	90,000,000	90,000,000	NA
2007	(1,638,354)	81,638,354	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
2008	(1,638,354)	81,638,354	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
2009	(1,638,354)	81,638,354	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
2010	(1,638,354)	81,638,354	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA
2011	(1,638,354)	81,638,354	0	80,000,000	0	80,000,000	0	0	0	0	80,000,000	80,000,000	NA

NOTES: (a) New loans fixed at \$80,000,000 per year. Equity over this amount is released to the State.

(b) System Equity consists of recycling of repayments on old loans.

Base Case. Default Rate at 17%.

SKA COMMISSION ON POSTSECONDARY EDUCATION
 SKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version B

LOAN RATE:
 9.00%

YEAR	STATE (a)		SYSTEM (b)		BOND PROCEEDS	TOTAL FUNDS AVAILABLE	EXPENSES	DEBT SERVICE	NEW LOANS	COVERAGE
	1	+	2	+						
30	APPROPRIATIONS		EQUITY		3 =	4 -	5 -	6 =	7	8
1987	0		0		0	0	0	0	0	NA
1988	60,321,892		19,678,108		0	80,000,000	0	0	80,000,000	NA
1989	54,143,514		25,956,486		0	80,000,000	0	0	80,000,000	NA
1990	47,191,997		32,808,003		0	80,000,000	0	0	80,000,000	NA
1991	39,622,622		40,377,378		0	80,000,000	0	0	80,000,000	NA
1992	31,267,698		48,732,302		0	80,000,000	0	0	80,000,000	NA
1993	22,604,872		57,395,128		0	80,000,000	0	0	80,000,000	NA
1994	14,405,207		65,594,793		0	80,000,000	0	0	80,000,000	NA
1995	7,096,765		72,903,235		0	80,000,000	0	0	80,000,000	NA
1996	1,077,848		79,922,152		0	80,000,000	0	0	80,000,000	NA
1997	(3,684,047)		83,684,047		0	80,000,000	0	0	80,000,000	NA
1998	(7,498,993)		87,498,993		0	80,000,000	0	0	80,000,000	NA
1999	(10,587,550)		90,587,550		0	80,000,000	0	0	80,000,000	NA
2000	(12,864,695)		92,864,695		0	80,000,000	0	0	80,000,000	NA
2001	(14,458,435)		94,458,435		0	80,000,000	0	0	80,000,000	NA
2002	(15,157,205)		95,157,205		0	80,000,000	0	0	80,000,000	NA
2003	(15,329,161)		95,329,161		0	80,000,000	0	0	80,000,000	NA
2004	(15,378,873)		95,378,873		0	80,000,000	0	0	80,000,000	NA
2005	(15,378,873)		95,378,873		0	80,000,000	0	0	80,000,000	NA
2006	(15,378,873)		95,378,873		0	80,000,000	0	0	80,000,000	NA
2007	(15,378,873)		95,378,873		0	80,000,000	0	0	80,000,000	NA
2008	(15,378,873)		95,378,873		0	80,000,000	0	0	80,000,000	NA
2009	(15,378,873)		95,378,873		0	80,000,000	0	0	80,000,000	NA
2010	(15,378,873)		95,378,873		0	80,000,000	0	0	80,000,000	NA
2011	(15,378,873)		95,378,873		0	80,000,000	0	0	80,000,000	NA

NOTES: (a) New loans fixed at \$80,000,000 per year. Equity over this amount is released to the State.

(b) System Equity consists of recycling of repayments on old loans.

Forgiveness Eliminated. Default Rate Raised to 20%.

ASKA COMMISSION ON POSTSECONDARY EDUCATION
 ASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version C

LOAN RATE:
 8.00%

YEAR	STATE (a)		SYSTEM (b)		BOND		TOTAL FUNDS		EXPENSES		DEBT SERVICE		NEW LOANS		COVERAGE
	1	+	2	+	3	=	4	-	5	-	6	=	7	8	
1987	0		0		0		0		0		0		0		NA
1988	60,321,892		19,678,108		0		80,000,000		0		0		80,000,000		NA
1989	54,143,514		25,856,486		0		80,000,000		0		0		80,000,000		NA
1990	47,316,073		32,683,927		0		80,000,000		0		0		80,000,000		NA
1991	40,052,752		39,947,248		0		80,000,000		0		0		80,000,000		NA
1992	32,293,393		47,706,607		0		80,000,000		0		0		80,000,000		NA
1993	24,399,838		55,600,162		0		80,000,000		0		0		80,000,000		NA
1994	17,010,803		62,989,197		0		80,000,000		0		0		80,000,000		NA
1995	10,529,534		69,470,466		0		80,000,000		0		0		80,000,000		NA
1996	5,337,790		74,662,210		0		80,000,000		0		0		80,000,000		NA
1997	1,403,069		78,596,931		0		80,000,000		0		0		80,000,000		NA
1998	(1,584,704)		81,584,704		0		80,000,000		0		0		80,000,000		NA
1999	(3,846,088)		83,846,088		0		80,000,000		0		0		80,000,000		NA
2000	(5,420,135)		85,420,135		0		80,000,000		0		0		80,000,000		NA
2001	(6,492,756)		86,492,756		0		80,000,000		0		0		80,000,000		NA
2002	(6,959,918)		86,959,918		0		80,000,000		0		0		80,000,000		NA
2003	(7,073,971)		87,073,971		0		80,000,000		0		0		80,000,000		NA
2004	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2005	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2006	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2007	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2008	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2009	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2010	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2011	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA

NOTES: (a) New loans fixed at \$80,000,000 per year. Equity over this amount
 ---- is released to the State.

(b) System Equity consists of recycling of repayments on old loans.

Interest Grace Period Reduced. Default Rate Raised to 18%.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version D
 LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE (a)		SYSTEM (b)		BOND PROCEEDS	TOTAL FUNDS AVAILABLE		EXPENSES	DEBT SERVICE	NEW LOANS	COVERAGE		
	1	+	2	+		3	=					4	=
1987	0		0		0		0	0	0	0	NA		
1988	60,321,892		19,678,108		0		80,000,000	0	0	80,000,000	NA		
1989	54,143,514		25,856,486		0		80,000,000	0	0	80,000,000	NA		
1990	47,096,857		32,903,143		0		80,000,000	0	0	80,000,000	NA		
1991	39,292,802		40,707,198		0		80,000,000	0	0	80,000,000	NA		
1992	30,481,204		49,518,796		0		80,000,000	0	0	80,000,000	NA		
1993	21,228,507		58,771,493		0		80,000,000	0	0	80,000,000	NA		
1994	12,407,258		67,592,742		0		80,000,000	0	0	80,000,000	NA		
1995	4,464,547		75,535,453		0		80,000,000	0	0	80,000,000	NA		
1996	(2,188,640)		82,188,640		0		80,000,000	0	0	80,000,000	NA		
1997	(7,584,804)		87,584,804		0		80,000,000	0	0	80,000,000	NA		
1998	(12,034,020)		92,034,020		0		80,000,000	0	0	80,000,000	NA		
1999	(15,756,847)		95,756,847		0		80,000,000	0	0	80,000,000	NA		
2000	(18,573,120)		98,573,120		0		80,000,000	0	0	80,000,000	NA		
2001	(20,566,450)		100,566,450		0		80,000,000	0	0	80,000,000	NA		
2002	(21,442,816)		101,442,816		0		80,000,000	0	0	80,000,000	NA		
2003	(21,659,170)		101,659,170		0		80,000,000	0	0	80,000,000	NA		
2004	(21,721,568)		101,721,568		0		80,000,000	0	0	80,000,000	NA		
2005	(21,721,568)		101,721,568		0		80,000,000	0	0	80,000,000	NA		
2006	(21,721,568)		101,721,568		0		80,000,000	0	0	80,000,000	NA		
2007	(21,721,568)		101,721,568		0		80,000,000	0	0	80,000,000	NA		
2008	(21,721,568)		101,721,568		0		80,000,000	0	0	80,000,000	NA		
2009	(21,721,568)		101,721,568		0		80,000,000	0	0	80,000,000	NA		
2010	(21,721,568)		101,721,568		0		80,000,000	0	0	80,000,000	NA		
2011	(21,721,568)		101,721,568		0		80,000,000	0	0	80,000,000	NA		

NOTES: (a) New loans fixed at \$80,000,000 per year. Equity over this amount
 ----- is released to the State.

(b) System Equity consists of recycling of repayments on old loans.

Forgiveness Eliminated, Interest Grace Period Reduced. Default Rate Raised to 21%.

\$80,000,000 Loan Volume
General Fund Appropriations
Bonding vs. Non-Bonding
Present Value Savings (Cost) at 8.00%
Version A
Base Case

Coverage -----	PV Savings (Cost) -----
1.25	42,568,799
1.50	16,162,776
1.80	2,112,115

Bonding at
1.25 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	19,000,000	41,321,892
1989	80,000,000	54,143,514	18,700,000	35,443,514
1990	80,000,000	47,398,105	18,400,000	28,998,105
1991	80,000,000	40,337,129	18,100,000	22,237,129
1992	80,000,000	32,971,523	17,800,000	15,171,523
1993	80,000,000	25,586,565	17,650,000	7,936,565
1994	80,000,000	18,733,470	17,500,000	1,233,470
1995	80,000,000	12,799,080	17,350,000	(4,550,920)
1996	80,000,000	8,154,215	17,200,000	(9,045,785)
1997	80,000,000	4,766,372	17,200,000	(12,433,628)
1998	80,000,000	2,325,478	17,200,000	(14,874,522)
1999	80,000,000	610,972	17,200,000	(16,589,028)
2000	80,000,000	(498,228)	17,200,000	(17,698,228)
2001	80,000,000	(1,226,315)	17,200,000	(18,426,315)
2002	80,000,000	(1,540,351)	17,200,000	(18,740,351)
2003	80,000,000	(1,616,123)	17,200,000	(18,816,123)
2004	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2005	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2006	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2007	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2008	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2009	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2010	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2011	80,000,000	(1,638,354)	17,200,000	(18,838,354)
	1,920,000,000	290,160,468	419,700,000	(129,539,532)

Present Value:
8.000% 42,568,799

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORISINATION

Version A

LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE		SYSTEM		BOND		TOTAL	EXPENSES (b)	DEBT	NEW	COVERAGE
	APPROPRIATIONS	EQUITY (a)	PROCEEDS	AVAILABLE	FUNDS	SERVICE	LOANS				
	1 +	2 +	3 =	4 -	5 -	6 =	7	8			
1987	0	0	0	0	0	0	0	NA			
1988	19,000,000	19,678,108	49,490,000	88,168,108	6,433,700	1,732,150	80,002,258	11.36			
1989	18,700,000	26,202,916	46,185,000	91,087,916	6,004,050	5,080,775	80,003,091	5.09			
1990	18,400,000	33,271,654	45,485,000	97,156,654	5,571,550	11,584,700	80,000,404	2.81			
1991	18,100,000	40,627,219	44,155,000	102,882,219	5,052,150	17,826,775	80,003,294	2.22			
1992	17,800,000	48,253,906	42,325,000	108,378,906	4,445,250	23,932,625	80,000,831	1.77			
1993	17,650,000	55,861,367	40,025,000	113,596,367	3,765,050	29,831,125	80,000,192	1.82			
1994	17,500,000	62,594,016	38,220,000	118,614,016	3,114,600	35,496,800	80,002,616	1.73			
1995	17,350,000	68,966,334	37,160,000	123,496,334	2,554,400	40,939,250	80,002,684	1.64			
1996	17,200,000	73,712,082	37,500,000	128,412,082	2,150,000	46,261,650	80,000,432	1.55			
1997	17,200,000	77,171,817	39,140,000	133,511,817	1,888,200	51,620,300	80,003,317	1.46			
1998	17,200,000	79,662,867	42,085,000	138,947,867	1,756,550	57,188,100	80,003,217	1.36			
1999	17,200,000	81,412,167	46,280,000	144,892,167	1,734,400	63,157,100	80,000,667	1.26			
2000	17,200,000	82,545,764	44,130,000	143,875,764	1,559,400	62,315,625	80,000,739	1.29			
2001	17,200,000	88,290,467	43,080,000	142,570,467	1,457,400	62,110,800	80,002,267	1.31			
2002	17,200,000	83,616,117	42,395,000	143,211,117	1,410,350	61,797,025	80,003,742	1.32			
2003	17,200,000	83,701,527	42,070,000	142,971,527	1,400,600	61,568,975	80,001,952	1.33			
2004	17,200,000	83,733,446	42,020,000	142,953,446	1,406,600	61,543,550	80,003,296	1.33			
2005	17,200,000	83,743,719	42,310,000	143,253,719	1,426,800	61,824,775	80,002,144	1.32			
2006	17,200,000	83,754,872	42,905,000	143,859,872	1,458,150	62,399,750	80,001,972	1.31			
2007	17,200,000	83,766,970	43,740,000	144,706,970	1,498,700	63,204,875	80,003,395	1.29			
2008	17,200,000	83,780,111	44,625,000	145,605,111	1,541,750	64,061,200	80,002,161	1.27			
2009	17,200,000	83,794,367	45,395,000	146,389,367	1,582,350	64,804,425	80,002,592	1.26			
2010	17,200,000	83,809,838	45,835,000	146,844,838	1,613,050	65,229,900	80,001,888	1.25			
2011	17,200,000	83,826,538	45,715,000	146,741,538	1,626,450	65,112,450	80,002,638	1.25			

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.25

Bonding at
1.50 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings (Cost) With Bonding
1988	80,000,000	60,321,892	21,100,000	39,221,892
1989	80,000,000	54,143,514	21,080,000	33,063,514
1990	80,000,000	47,398,105	21,060,000	26,338,105
1991	80,000,000	40,337,129	21,040,000	19,297,129
1992	80,000,000	32,971,523	21,020,000	11,951,523
1993	80,000,000	25,586,565	21,020,000	4,566,565
1994	80,000,000	18,753,470	21,020,000	(2,286,530)
1995	80,000,000	12,799,080	21,020,000	(8,220,920)
1996	80,000,000	8,154,215	21,020,000	(12,865,785)
1997	80,000,000	4,766,372	20,720,000	(15,953,628)
1998	80,000,000	2,325,478	20,420,000	(18,094,522)
1999	80,000,000	610,972	20,120,000	(19,509,028)
2000	80,000,000	(498,228)	19,820,000	(20,318,228)
2001	80,000,000	(1,226,315)	19,520,000	(20,746,315)
2002	80,000,000	(1,540,351)	19,220,000	(20,760,351)
2003	80,000,000	(1,616,123)	18,920,000	(20,536,123)
2004	80,000,000	(1,638,354)	18,620,000	(20,258,354)
2005	80,000,000	(1,638,354)	18,320,000	(19,958,354)
2006	80,000,000	(1,638,354)	18,020,000	(19,658,354)
2007	80,000,000	(1,638,354)	17,720,000	(19,358,354)
2008	80,000,000	(1,638,354)	17,420,000	(19,058,354)
2009	80,000,000	(1,638,354)	17,120,000	(18,758,354)
2010	80,000,000	(1,638,354)	16,820,000	(18,458,354)
2011	80,000,000	(1,638,354)	16,520,000	(18,158,354)
	1,920,000,000	290,160,468	468,680,000	(178,519,532)

Present Value:
8.000% 16,162,776

ALASKA COMMISSION ON POSTSECONDARY EDUCATION.
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version A
 LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE		SYSTEM		BOND		TOTAL		EXPENSES (b)	DEBT		NEW LOANS	COVERAGE
	APPROPRIATIONS	EQUITY (a)	PROCEEDS	AVAILABLE	PROCEEDS	AVAILABLE	SERVICE	LOANS					
	1 +	2 +	3 =	4 -	5 -	6 =	7	8					
1987	0	0	0	0	0	0	0	0	0	0	0	0	NA
1988	21,100,000	19,678,108	46,975,000	87,753,108	6,106,750	1,644,125	60,002,233	11.97					
1989	21,080,000	26,185,311	43,145,000	90,410,311	5,608,850	4,798,325	80,003,136	5.39					
1990	21,060,000	33,232,769	41,705,000	95,997,769	5,097,150	10,899,500	80,001,119	2.99					
1991	21,040,000	40,563,064	39,525,000	101,128,064	4,490,250	16,637,175	80,000,639	2.38					
1992	21,020,000	48,160,152	36,745,000	105,925,152	3,798,850	22,134,025	80,002,277	2.12					
1993	21,020,000	55,733,360	33,570,000	110,323,360	3,024,300	27,295,425	80,003,335	1.99					
1994	21,020,000	62,727,847	30,625,000	114,372,847	2,290,750	32,088,250	80,003,847	1.91					
1995	21,020,000	68,757,746	28,350,000	118,127,746	1,617,500	36,508,400	80,001,946	1.84					
1996	21,020,000	73,456,543	27,270,000	121,746,543	1,100,100	40,645,550	80,000,893	1.77					
1997	20,720,000	76,864,413	27,840,000	125,424,413	782,700	44,640,875	80,000,838	1.69					
1998	20,420,000	79,301,909	29,535,000	129,256,909	588,050	48,668,200	80,000,659	1.60					
1999	20,120,000	80,995,758	32,305,000	133,420,758	495,650	52,923,175	80,001,933	1.50					
2000	19,820,000	82,071,906	28,905,000	130,796,906	253,650	50,542,725	80,000,531	1.59					
2001	19,520,000	82,757,061	26,485,000	128,762,061	78,550	48,682,400	80,001,111	1.67					
2002	19,220,000	83,020,911	24,345,000	126,585,911	(46,650)	46,629,850	80,002,711	1.75					
2003	18,920,000	83,042,216	22,480,000	124,442,216	(139,600)	44,578,000	80,003,816	1.83					
2004	18,620,000	83,007,431	20,805,000	122,432,431	(222,850)	42,651,650	80,003,631	1.91					
2005	18,320,000	82,948,153	19,375,000	120,643,153	(297,750)	40,937,550	80,003,353	1.99					
2006	18,020,000	82,386,651	18,165,000	119,071,651	(367,550)	39,435,525	80,003,676	2.07					
2007	17,720,000	82,822,822	17,105,000	117,647,822	(434,850)	38,079,350	80,003,322	2.14					
2008	17,420,000	82,756,544	16,045,000	116,221,544	(504,650)	36,722,450	80,003,744	2.22					
2009	17,120,000	82,687,677	14,730,000	114,537,677	(586,100)	35,122,550	80,001,227	2.32					
2010	16,820,000	82,615,951	12,975,000	112,410,951	(684,750)	33,091,850	80,003,851	2.47					
2011	16,520,000	82,540,986	10,555,000	109,615,986	(809,350)	30,421,850	80,003,486	2.68					

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.50

Bonding at
1.80 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	24,000,000	36,321,892
1989	80,000,000	54,143,514	23,900,000	30,243,514
1990	80,000,000	47,398,105	23,800,000	23,598,105
1991	80,000,000	40,337,129	23,700,000	16,637,129
1992	80,000,000	32,971,523	23,600,000	9,371,523
1993	80,000,000	25,586,565	23,450,000	2,136,565
1994	80,000,000	18,733,470	23,300,000	(4,566,530)
1995	80,000,000	12,799,080	23,150,000	(10,350,920)
1996	80,000,000	8,154,215	23,000,000	(14,845,785)
1997	80,000,000	4,766,372	22,500,000	(17,733,628)
1998	80,000,000	2,325,478	22,000,000	(19,674,522)
1999	80,000,000	610,972	21,500,000	(20,889,028)
2000	80,000,000	(498,228)	21,000,000	(21,498,228)
2001	80,000,000	(1,226,315)	20,500,000	(21,726,315)
2002	80,000,000	(1,540,351)	20,000,000	(21,540,351)
2003	80,000,000	(1,616,123)	19,500,000	(21,116,123)
2004	80,000,000	(1,638,354)	19,000,000	(20,638,354)
2005	80,000,000	(1,638,354)	18,500,000	(20,138,354)
2006	80,000,000	(1,638,354)	18,000,000	(19,638,354)
2007	80,000,000	(1,638,354)	15,933,102	(17,571,456)
2008	80,000,000	(1,638,354)	13,539,869	(15,178,223)
2009	80,000,000	(1,638,354)	11,143,083	(12,781,437)
2010	80,000,000	(1,638,354)	8,642,509	(10,280,863)
2011	80,000,000	(1,638,354)	5,924,046	(7,562,400)
	1,920,000,000	290,160,468	469,582,610	(179,422,142)
			Present Value: 8.000%	2,112,115

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:
 9.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS 1 +	SYSTEM EQUITY (a) 2 +	BOND PROCEEDS 3 =	TOTAL FUNDS AVAILABLE 4 -	EXPENSES (b) 5 -	DEBT SERVICE 6 =	NEW LOANS 7	COVERAGE 8
1987	0	0	0	0	0	0	0	NA
1988	24,000,000	19,678,108	43,500,000	87,178,108	5,655,000	1,522,500	80,000,608	12.92
1989	23,900,000	26,160,986	39,505,000	29,565,986	5,135,650	4,427,675	80,002,661	5.84
1990	23,800,000	33,182,939	37,640,000	94,622,939	4,592,700	10,027,575	80,002,664	3.25
1991	23,700,000	40,486,415	34,990,000	99,176,415	3,951,700	15,220,500	80,004,215	2.61
1992	23,600,000	48,055,233	31,660,000	103,315,233	3,211,300	20,102,725	90,001,258	2.34
1993	23,450,000	55,598,779	27,955,000	107,003,779	2,415,650	24,586,200	80,001,929	2.21
1994	23,300,000	62,562,522	24,390,000	110,252,522	1,636,200	29,614,725	80,001,607	2.14
1995	23,150,000	68,560,517	21,415,000	113,125,517	933,950	32,188,325	80,003,242	2.09
1996	23,000,000	73,226,010	19,530,000	115,756,010	372,400	35,380,625	80,002,985	2.03
1997	22,500,000	76,599,116	19,240,000	118,337,116	13,200	38,323,500	80,002,416	1.96
1998	22,000,000	79,000,763	19,945,000	120,945,763	(228,650)	41,171,650	80,002,763	1.89
1999	21,500,000	80,657,645	21,580,000	123,737,645	(374,600)	44,109,500	80,002,745	1.80
2000	21,000,000	81,695,581	17,425,000	120,120,581	(658,750)	40,778,275	80,001,056	1.97
2001	20,500,000	82,341,182	14,130,000	116,971,182	(081,100)	37,848,000	80,004,282	2.15
2002	20,000,000	82,563,997	11,055,000	113,618,997	(1,057,850)	34,674,925	80,001,922	2.35
2003	19,500,000	82,542,536	8,190,000	110,232,536	(1,205,200)	31,435,575	80,002,761	2.60
2004	19,000,000	82,463,134	5,450,000	106,913,134	(1,348,000)	29,258,525	80,002,609	2.89
2005	18,500,000	82,357,329	2,885,000	103,742,329	(1,485,950)	25,224,125	80,004,154	3.24
2006	18,000,000	82,247,305	460,000	100,707,305	(1,624,200)	22,330,450	80,001,055	3.66
2007	15,933,102	82,132,723	0	98,065,825	(1,519,500)	19,580,325	80,005,000	4.17
2008	13,539,869	82,026,406	0	95,566,275	(1,353,500)	16,914,775	80,005,000	4.83
2009	11,143,083	81,931,717	0	93,074,800	(1,175,000)	14,244,800	80,005,000	5.73
2010	8,642,509	81,849,516	0	90,492,025	(971,500)	11,458,525	80,005,000	7.12
2011	5,924,046	81,781,654	0	87,705,700	(728,000)	8,428,700	90,005,000	9.69

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.80

\$80,000,000 Loan Volume
General Fund Appropriations
Bonding vs. Non-Bonding
Present Value Savings (Cost) at 8.00%
Version D
Forgiveness and Grace Period Eliminated

Coverage -----	PV Savings (Cost) -----
1.25	33,388,009
1.50	20,644,280
1.80	2,061,906

Bonding at
1.25 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	13,500,000	46,821,892
1989	80,000,000	54,143,514	12,650,000	41,493,514
1990	80,000,000	47,096,857	11,800,000	35,296,857
1991	80,000,000	39,292,802	10,950,000	28,342,802
1992	80,000,000	30,481,204	10,100,000	20,381,204
1993	80,000,000	21,228,507	9,600,000	11,628,507
1994	80,000,000	12,407,258	9,100,000	3,307,258
1995	80,000,000	4,464,547	8,600,000	(4,135,453)
1996	80,000,000	(2,188,640)	8,100,000	(10,288,640)
1997	80,000,000	(7,584,804)	8,000,000	(15,584,804)
1998	80,000,000	(12,034,020)	7,900,000	(19,934,020)
1999	80,000,000	(15,756,847)	7,800,000	(23,556,847)
2000	80,000,000	(18,573,120)	7,700,000	(26,273,120)
2001	80,000,000	(20,566,450)	7,600,000	(28,166,450)
2002	80,000,000	(21,442,816)	7,500,000	(28,942,816)
2003	80,000,000	(21,659,170)	7,400,000	(29,059,170)
2004	80,000,000	(21,721,568)	7,300,000	(29,021,568)
2005	80,000,000	(21,721,568)	7,200,000	(28,921,568)
2006	80,000,000	(21,721,568)	7,100,000	(28,821,568)
2007	80,000,000	(21,721,568)	7,000,000	(28,721,568)
2008	80,000,000	(21,721,568)	6,900,000	(28,621,568)
2009	80,000,000	(21,721,568)	6,800,000	(28,521,568)
2010	80,000,000	(21,721,568)	6,700,000	(28,421,568)
2011	80,000,000	(21,721,568)	6,600,000	(28,321,568)
	1,920,000,000	(24,141,830)	203,900,000	(228,041,830)

Present Value:
8.000%

33,388,009

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version D
 LOAN RATE: .
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987		0		0		0		0		0		0		0	NA
1988	13,500,000		19,678,108		56,075,000		89,253,108		7,289,750		1,962,625		80,000,733		10.03
1989	12,650,000		26,249,011		53,925,000		92,824,011		7,010,250		5,812,625		80,001,136		4.45
1990	11,800,000		33,673,157		54,585,000		100,058,157		6,709,050		13,345,025		80,004,082		2.47
1991	10,950,000		41,832,260		54,260,000		107,042,260		6,263,300		20,777,475		80,001,485		1.96
1992	10,100,000		50,968,484		52,780,000		113,848,484		5,630,900		28,216,525		80,001,059		1.75
1993	9,600,000		60,504,719		50,255,000		120,359,719		4,829,650		35,525,850		80,004,219		1.65
1994	9,100,000		69,558,786		47,980,000		126,638,786		4,033,400		42,601,450		80,003,936		1.59
1995	8,600,000		77,683,372		46,440,000		132,723,372		3,310,200		49,410,300		80,002,872		1.53
1996	8,100,000		84,471,058		46,210,000		138,781,058		2,730,800		56,046,825		80,003,433		1.47
1997	8,000,000		89,961,737		46,915,000		144,876,737		2,239,950		62,633,775		80,003,012		1.40
1998	7,900,000		94,469,672		48,840,000		151,209,672		1,862,200		69,344,100		80,003,372		1.33
1999	7,800,000		98,220,705		51,870,000		157,890,705		1,573,600		76,314,175		80,002,930		1.25
2000	7,700,000		101,038,603		47,750,000		156,488,603		1,123,000		75,361,975		80,003,628		1.31
2001	7,600,000		103,010,630		44,850,000		155,460,630		784,500		74,672,300		80,003,830		1.35
2002	7,500,000		103,847,975		42,660,000		154,007,975		580,300		73,426,125		80,001,570		1.38
2003	7,400,000		104,015,594		40,940,000		152,355,594		458,200		71,896,800		80,000,594		1.41
2004	7,300,000		104,024,219		39,340,000		150,664,219		353,200		70,307,850		80,003,169		1.45
2005	7,200,000		103,966,385		37,950,000		149,116,385		258,000		68,855,225		80,003,160		1.48
2006	7,100,000		103,904,721		36,685,000		147,689,721		163,050		67,523,925		80,002,746		1.51
2007	7,000,000		103,838,946		35,460,000		146,298,946		65,300		66,231,325		80,002,321		1.54
2008	6,900,000		103,768,924		34,080,000		144,748,924		(42,100)		64,789,275		80,001,749		1.57
2009	6,800,000		103,694,347		32,395,000		142,889,347		(164,650)		63,053,925		80,000,072		1.61
2010	6,700,000		103,614,705		30,185,000		140,499,705		(309,450)		60,805,900		80,003,255		1.67
2011	6,600,000		103,529,506		27,200,000		137,329,506		(486,500)		57,814,775		80,001,231		1.76

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated, Interest Grace Period Reduced, Default Rate Raised to 21%.

Minimum Coverage: 1.25

Bonding at
1.50 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	16,600,000	43,721,892
1989	80,000,000	54,143,514	16,200,000	37,943,514
1990	80,000,000	47,096,857	15,800,000	31,296,857
1991	80,000,000	39,292,802	15,400,000	23,892,802
1992	80,000,000	30,481,204	15,000,000	15,481,204
1993	80,000,000	21,228,507	14,000,000	7,228,507
1994	80,000,000	12,407,258	13,000,000	(592,742)
1995	80,000,000	4,464,547	12,000,000	(7,535,453)
1996	80,000,000	(2,188,640)	11,000,000	(13,188,640)
1997	80,000,000	(7,584,804)	10,000,000	(17,584,804)
1998	80,000,000	(12,034,020)	9,000,000	(21,034,020)
1999	80,000,000	(15,756,847)	8,000,000	(23,756,847)
2000	80,000,000	(18,573,120)	7,000,000	(25,573,120)
2001	80,000,000	(20,566,450)	6,000,000	(26,566,450)
2002	80,000,000	(21,442,816)	5,000,000	(26,442,816)
2003	80,000,000	(21,659,170)	4,000,000	(25,659,170)
2004	80,000,000	(21,721,568)	3,000,000	(24,721,568)
2005	80,000,000	(21,721,568)	2,000,000	(23,721,568)
2006	80,000,000	(21,721,568)	1,000,000	(22,721,568)
2007	80,000,000	(21,721,568)	0	(21,721,568)
2008	80,000,000	(21,721,568)	0	(21,721,568)
2009	80,000,000	(21,721,568)	0	(21,721,568)
2010	80,000,000	(21,721,568)	0	(21,721,568)
2011	80,000,000	(21,721,568)	0	(21,721,568)
	1,920,000,000	(24,141,830)	184,000,000	(208,141,830)

Present Value:
8.000%

20,644,280

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version D

LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE		SYSTEM		BOND		TOTAL FUNDS		EXPENSES (b)		DEBT SERVICE		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987	0		0		0		0		0		0		0		NA
1988	16,600,000		19,678,108		52,365,000		88,643,108		6,807,450		1,832,775		80,002,883		10.74
1989	16,200,000		26,223,041		49,395,000		91,818,041		6,421,350		5,394,375		80,002,316		4.79
1990	15,800,000		33,615,518		48,905,000		98,320,518		5,996,150		12,323,350		80,001,018		2.67
1991	15,400,000		41,736,728		47,290,000		104,426,728		5,416,200		19,007,623		80,002,903		2.14
1992	15,000,000		50,828,363		44,335,000		110,163,363		4,636,050		25,523,850		80,003,463		1.94
1993	14,000,000		60,312,744		41,260,000		115,572,744		3,819,800		31,749,650		80,003,294		1.85
1994	13,000,000		69,315,006		38,290,000		120,605,006		3,004,200		37,597,775		80,003,031		1.80
1995	12,000,000		77,387,941		35,965,000		125,352,941		2,258,950		43,090,200		80,003,791		1.75
1996	11,000,000		84,124,121		34,820,000		129,944,121		1,652,600		48,291,000		80,000,521		1.70
1997	10,000,000		89,563,262		34,965,000		134,528,262		1,193,450		53,334,373		80,000,437		1.64
1998	9,000,000		94,022,961		36,215,000		139,237,961		847,450		58,386,300		80,004,211		1.58
1999	8,000,000		97,729,361		38,475,000		144,204,361		590,750		63,610,423		80,003,186		1.51
2000	7,000,000		100,506,379		34,035,000		141,541,379		191,050		61,347,700		80,002,629		1.61
2001	6,000,000		102,441,727		30,850,000		139,291,727		(91,000)		59,381,425		80,001,302		1.69
2002	5,000,000		103,247,077		28,520,000		136,767,077		(228,400)		56,991,250		80,004,227		1.78
2003	4,000,000		103,387,644		26,805,000		134,192,644		(274,350)		54,464,375		80,002,619		1.87
2004	3,000,000		103,374,621		25,420,000		131,794,621		(290,900)		52,083,175		80,002,346		1.93
2005	2,000,000		103,300,865		24,350,000		129,650,865		(288,000)		49,937,973		80,000,890		2.04
2006	1,000,000		103,229,542		23,550,000		127,779,542		(273,000)		48,048,675		80,003,867		2.12
2007	0		103,160,887		22,960,000		126,120,887		(248,700)		46,367,723		80,001,862		2.19
2008	0		103,095,197		21,245,000		124,340,197		(374,150)		44,710,575		80,003,772		2.28
2009	0		103,024,363		19,320,000		122,344,363		(512,400)		42,854,350		80,002,413		2.37
2010	0		102,948,020		16,930,000		119,878,020		(672,100)		40,549,150		80,000,970		2.51
2011	0		102,865,523		13,865,000		116,730,523		(860,550)		37,589,375		80,001,700		2.71

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated, Interest Grace Period Reduced. Default Rate Raised to 21%.

Minimum Coverage: 1.51

Bonding at
1.80 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	19,000,000	41,321,892
1989	80,000,000	54,143,514	18,750,000	35,393,514
1990	80,000,000	47,096,857	18,500,000	28,596,857
1991	80,000,000	39,292,802	18,250,000	21,042,802
1992	80,000,000	30,481,204	18,000,000	12,481,204
1993	80,000,000	21,228,507	17,250,000	3,978,507
1994	80,000,000	12,407,258	16,500,000	(4,092,742)
1995	80,000,000	4,464,547	15,750,000	(11,285,453)
1996	80,000,000	(2,188,640)	15,000,000	(17,188,640)
1997	80,000,000	(7,584,804)	13,600,000	(21,184,804)
1998	80,000,000	(12,034,020)	12,200,000	(24,234,020)
1999	80,000,000	(15,756,847)	10,800,000	(26,556,847)
2000	80,000,000	(18,573,120)	9,400,000	(27,973,120)
2001	80,000,000	(20,566,450)	8,000,000	(28,566,450)
2002	80,000,000	(21,442,816)	6,600,000	(28,042,816)
2003	80,000,000	(21,659,170)	5,200,000	(26,859,170)
2004	80,000,000	(21,721,568)	3,800,000	(25,521,568)
2005	80,000,000	(21,721,568)	2,400,000	(24,121,568)
2006	80,000,000	(21,721,568)	1,000,000	(22,721,568)
2007	80,000,000	(21,721,568)	(2,169,964)	(19,551,604)
2008	80,000,000	(21,721,568)	(5,191,171)	(16,530,397)
2009	80,000,000	(21,721,568)	(8,118,910)	(13,602,658)
2010	80,000,000	(21,721,568)	(11,075,153)	(10,646,415)
2011	80,000,000	(21,721,568)	(14,159,806)	(7,561,762)
	1,920,000,000	(24,141,830)	189,284,997	(213,426,827)

Present Value:
8.000% 2,061,906

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version D

LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE		SYSTEM		BOND		TOTAL FUNDS		DEBT		NEW		COVERAGE
	APPROPRIATIONS	EQUITY (a)	PROCEEDS	AVAILABLE	EXPENSES (b)	SERVICE	LOANS						
	1 +	2 +	3 =	4 -	5 -	6 =	7					8	
1987	0	0	0	0	0	0	0	0	0	0	0	NA	
1988	19,000,000	19,678,108	49,490,000	88,168,108	6,433,700	1,732,150	80,002,258					11.36	
1989	18,750,000	26,202,916	46,125,000	91,077,916	5,996,250	3,078,675	80,002,791					5.09	
1990	18,500,000	33,572,491	45,000,000	97,072,491	5,508,500	11,563,525	80,000,466					2.85	
1991	18,250,000	41,667,762	42,675,000	102,592,762	4,860,250	17,732,000	80,000,512					2.30	
1992	18,000,000	50,730,152	38,910,000	107,640,152	4,005,300	23,633,300	80,001,552					2.10	
1993	17,250,000	60,181,725	34,795,000	112,226,725	3,091,350	29,133,225	80,002,150					2.02	
1994	16,500,000	69,146,458	30,640,000	116,286,458	2,168,200	34,117,000	80,001,238					1.98	
1995	15,750,000	77,176,744	26,965,000	119,891,744	1,304,950	38,582,750	80,004,044					1.96	
1996	15,000,000	83,864,828	24,280,000	123,144,828	568,400	42,575,350	80,001,078					1.93	
1997	13,600,000	89,230,046	23,445,000	126,295,046	66,850	46,226,575	80,001,621					1.89	
1998	12,200,000	93,654,965	23,520,000	129,374,965	(329,400)	49,701,550	80,002,815					1.85	
1999	10,800,000	97,305,635	24,440,000	132,545,635	(642,800)	53,187,700	80,000,735					1.80	
2000	9,400,000	100,025,814	18,915,000	128,340,814	(1,091,550)	49,430,450	80,001,914					1.99	
2001	8,000,000	101,903,116	14,520,000	124,423,116	(1,427,900)	45,847,575	80,003,441					2.19	
2002	6,600,000	102,649,087	10,895,000	120,144,087	(1,624,650)	41,767,325	80,001,412					2.43	
2003	5,200,000	102,728,855	7,810,000	115,738,855	(1,733,200)	37,470,675	80,001,384					2.71	
2004	3,800,000	102,653,623	4,975,000	111,428,623	(1,816,750)	33,243,950	80,001,423					3.06	
2005	2,400,000	102,516,141	2,400,000	107,316,141	(1,884,000)	29,196,250	80,003,891					3.48	
2006	1,000,000	102,379,278	45,000	103,424,278	(1,943,650)	25,365,900	80,002,028					4.01	
2007	(2,164,964)	102,243,114	0	100,073,150	(1,720,000)	21,788,150	80,005,000					4.67	
2008	(5,191,171)	102,122,721	0	96,931,550	(1,496,000)	18,422,550	80,005,000					5.52	
2009	(8,118,910)	102,018,085	0	93,899,175	(1,266,500)	15,160,675	80,005,000					6.71	
2010	(11,075,153)	101,929,603	0	90,854,450	(1,017,000)	11,866,450	80,005,000					8.57	
2011	(14,159,806)	101,858,731	0	87,698,925	(734,500)	8,428,425	80,005,000					12.07	

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated, Interest Grace Period Reduced. Default Rate Raised to 21%.

Minimum Coverage: 1.80

\$80,000,000 Loan Volume
General Fund Appropriations
Bonding vs. Non-Bonding
Present Value Savings (Cost) at 8.00%
1.25 Coverage

<u>Version</u>	<u>PV Savings (Cost)</u>
A	44,226,115
B	37,006,503
C	42,948,832
D	33,388,009

Bonding at
1.25 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings (Cost) With Bonding
1988	80,000,000	60,321,892	19,000,000	41,321,892
1989	80,000,000	54,143,514	18,700,000	35,443,514
1990	80,000,000	47,398,105	18,400,000	28,998,105
1991	80,000,000	40,337,129	18,100,000	22,237,129
1992	80,000,000	32,971,523	17,800,000	15,171,523
1993	80,000,000	25,586,565	17,650,000	7,936,565
1994	80,000,000	18,733,470	17,500,000	1,233,470
1995	80,000,000	12,799,080	17,350,000	(4,550,920)
1996	80,000,000	8,154,215	17,200,000	(9,045,785)
1997	80,000,000	4,766,372	17,200,000	(12,433,628)
1998	80,000,000	2,325,478	17,200,000	(14,874,522)
1999	80,000,000	610,972	17,200,000	(16,589,028)
2000	80,000,000	(498,228)	17,200,000	(17,698,228)
2001	80,000,000	(1,226,315)	17,200,000	(18,426,315)
2002	80,000,000	(1,540,351)	17,200,000	(18,740,351)
2003	80,000,000	(1,616,123)	17,200,000	(18,816,123)
2004	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2005	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2006	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2007	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2008	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2009	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2010	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2011	80,000,000	(1,638,354)	17,200,000	(18,838,354)
	1,920,000,000	290,160,468	419,700,000	(129,539,532)

Present Value:
8.000% 42,568,799

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS 1 +	SYSTEM EQUITY (a) 2 +	BOND PROCEEDS 3 =	TOTAL FUNDS AVAILABLE 4 -	EXPENSES (b) 5 -	DEBT SERVICE 6 =	NEW LOANS 7	COVERAGE 8
1987	0	0	0	0	0	0	0	NA
1988	19,000,000	19,678,108	49,490,000	88,168,108	6,433,700	1,732,150	80,002,258	11.36
1989	18,700,000	26,202,916	46,185,000	91,087,916	6,004,050	5,080,775	80,003,091	5.09
1990	18,400,000	33,271,654	45,485,000	97,156,654	5,571,550	11,584,700	80,000,404	2.81
1991	18,100,000	40,627,219	44,155,000	102,882,219	5,052,150	17,826,775	80,003,294	2.22
1992	17,800,000	48,253,906	42,325,000	108,378,906	4,445,250	23,932,825	80,000,831	1.97
1993	17,650,000	55,861,367	40,085,000	113,596,367	3,765,050	29,831,125	80,000,192	1.82
1994	17,500,000	62,894,016	38,220,000	118,614,016	3,114,600	35,496,800	80,002,616	1.73
1995	17,350,000	68,966,334	37,180,000	123,496,334	2,554,400	40,939,250	80,002,684	1.64
1996	17,200,000	73,712,082	37,500,000	128,412,082	2,150,000	46,261,650	80,000,432	1.53
1997	17,200,000	77,171,817	39,140,000	133,511,817	1,888,200	51,620,340	80,003,317	1.46
1998	17,200,000	79,662,867	42,085,000	138,947,867	1,756,550	57,188,100	80,003,217	1.36
1999	17,200,000	81,412,167	46,280,000	144,892,167	1,734,400	63,157,100	80,000,667	1.26
2000	17,200,000	82,545,764	44,130,000	143,875,764	1,559,400	62,315,625	80,000,739	1.29
2001	17,200,000	83,290,467	43,080,000	143,570,467	1,457,400	62,110,800	80,002,267	1.31
2002	17,200,000	83,616,117	42,395,000	143,211,117	1,410,350	61,797,025	80,003,742	1.32
2003	17,200,000	83,701,527	42,070,000	142,971,527	1,400,600	61,568,975	80,001,952	1.33
2004	17,200,000	83,733,446	42,020,000	142,953,446	1,406,600	61,543,550	80,003,296	1.33
2005	17,200,000	83,743,719	42,310,000	143,253,719	1,426,800	61,824,775	80,002,144	1.32
2006	17,200,000	83,754,872	42,905,000	143,859,872	1,458,150	62,399,750	80,001,772	1.31
2007	17,200,000	83,766,970	43,740,000	144,706,970	1,498,700	63,204,875	80,003,395	1.29
2008	17,200,000	83,780,111	44,625,000	145,605,111	1,541,750	64,061,200	80,002,161	1.27
2009	17,200,000	83,774,367	45,375,000	146,389,367	1,582,350	64,804,425	80,002,592	1.26
2010	17,200,000	83,809,838	45,835,000	146,844,838	1,613,050	65,229,900	80,001,888	1.25
2011	17,200,000	83,826,538	45,715,000	146,741,538	1,626,450	65,112,450	80,002,638	1.25

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.25

Bonding at
1.25 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	14,000,000	46,321,892
1989	80,000,000	54,143,514	13,750,000	40,393,514
1990	80,000,000	47,191,997	13,500,000	33,691,997
1991	80,000,000	39,622,622	13,250,000	26,372,622
1992	80,000,000	31,267,698	13,000,000	18,267,698
1993	80,000,000	22,604,872	12,750,000	9,854,872
1994	80,000,000	14,405,207	12,500,000	1,905,207
1995	80,000,000	7,096,765	12,250,000	(5,153,235)
1996	80,000,000	1,077,848	12,000,000	(10,922,152)
1997	80,000,000	(3,684,047)	11,750,000	(15,434,047)
1998	80,000,000	(7,498,993)	11,500,000	(18,998,993)
1999	80,000,000	(10,587,550)	11,250,000	(21,837,550)
2000	80,000,000	(12,864,695)	11,000,000	(23,864,695)
2001	80,000,000	(14,458,435)	10,750,000	(25,208,435)
2002	80,000,000	(15,157,205)	10,500,000	(25,657,205)
2003	80,000,000	(15,329,161)	10,250,000	(25,579,161)
2004	80,000,000	(15,378,873)	10,000,000	(25,378,873)
2005	80,000,000	(15,378,873)	9,750,000	(25,128,873)
2006	80,000,000	(15,378,873)	9,500,000	(24,878,873)
2007	80,000,000	(15,378,873)	9,250,000	(24,628,873)
2008	80,000,000	(15,378,873)	9,000,000	(24,378,873)
2009	80,000,000	(15,378,873)	8,750,000	(24,128,873)
2010	80,000,000	(15,378,873)	8,500,000	(23,878,873)
2011	80,000,000	(15,378,873)	8,250,000	(23,628,873)
	1,920,000,000	75,121,348	267,000,000	(191,878,652)

Present Value:
8.000%

37,006,503

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version 8

LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)	DEBT SERVICE		NEW LOANS	COVERAGE
	1	+	2	+	3	=	4	-		5	-		
1987		0		0		0		0		0		0	NA
1988	14,000,000		19,678,108		55,480,000		89,158,108		7,212,400		1,941,800	80,003,909	10.13
1989	13,750,000		26,244,846		52,565,000		92,559,846		6,833,450		5,723,375	80,003,021	4.52
1990	13,500,000		33,564,388		52,470,000		99,534,388		5,438,100		13,095,550	80,000,738	2.51
1991	13,250,000		41,474,400		51,450,000		106,174,400		5,912,900		20,261,925	80,000,475	1.99
1992	13,000,000		50,135,373		49,440,000		112,575,373		5,226,200		27,345,950	80,003,223	1.78
1993	12,750,000		59,060,462		46,860,000		118,670,462		4,439,800		34,227,900	80,002,762	1.68
1994	12,500,000		67,472,707		44,535,000		124,507,707		3,664,050		40,839,600	80,004,057	1.61
1995	12,250,000		74,944,300		42,950,000		130,144,308		2,964,500		47,176,000	80,003,808	1.55
1996	12,000,000		81,030,848		42,660,000		135,740,848		2,409,800		53,328,100	80,002,948	1.48
1997	11,750,000		85,922,218		43,775,000		141,447,218		2,007,750		59,436,675	80,002,793	1.41
1998	11,500,000		89,786,190		46,135,000		147,421,190		1,725,050		65,694,100	80,002,040	1.33
1999	11,250,000		92,899,030		49,665,000		153,814,030		1,539,950		72,270,950	80,003,130	1.25
2000	11,000,000		95,179,963		46,080,000		152,259,963		1,188,900		71,070,725	80,000,338	1.21
2001	10,750,000		96,760,334		43,740,000		151,250,334		941,200		70,308,150	80,000,984	1.34
2002	10,500,000		97,433,149		42,050,000		149,983,149		806,000		69,173,875	80,003,274	1.38
2003	10,250,000		97,573,199		40,845,000		148,668,199		741,350		67,925,050	80,001,799	1.40
2004	10,000,000		97,589,027		39,880,000		147,469,027		696,900		66,770,825	90,001,302	1.43
2005	9,750,000		97,554,053		39,210,000		146,514,053		667,300		65,842,850	80,003,903	1.45
2006	9,500,000		97,518,362		38,770,000		145,788,362		644,100		65,143,050	80,001,212	1.46
2007	9,250,000		97,481,924		38,500,000		145,231,924		626,500		64,601,425	80,003,999	1.48
2008	9,000,000		97,444,763		38,210,000		144,654,763		606,800		64,047,625	80,000,338	1.49
2009	8,750,000		97,406,904		37,715,000		143,871,904		579,950		63,290,775	80,001,179	1.51
2010	8,500,000		97,368,211		36,790,000		142,658,211		537,700		62,119,650	80,000,861	1.54
2011	8,250,000		97,328,512		35,210,000		140,788,512		472,800		60,312,325	80,003,387	1.58

NOTES: (a) System Equity consists of recycling of repayments on old loans

(b) Debt Service Reserve (3% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated. Default Rate Raised to 20%.

Minimum Coverage: 1.25

Bonding at
1.25 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings (Cost) With Bonding
1988	80,000,000	60,321,892	16,800,000	43,521,892
1989	80,000,000	54,143,514	16,600,000	37,543,514
1990	80,000,000	47,316,073	16,400,000	30,916,073
1991	80,000,000	40,052,752	16,200,000	23,852,752
1992	80,000,000	32,293,393	16,000,000	16,293,393
1993	80,000,000	24,399,838	15,800,000	8,599,838
1994	80,000,000	17,010,803	15,600,000	1,410,803
1995	80,000,000	10,529,534	15,400,000	(4,870,466)
1996	80,000,000	5,337,790	15,200,000	(9,862,210)
1997	80,000,000	1,403,069	15,000,000	(13,596,931)
1998	80,000,000	(1,584,704)	14,800,000	(16,384,704)
1999	80,000,000	(3,846,088)	14,600,000	(18,446,088)
2000	80,000,000	(5,420,135)	14,400,000	(19,820,135)
2001	80,000,000	(6,492,756)	14,200,000	(20,692,756)
2002	80,000,000	(6,959,918)	14,000,000	(20,959,918)
2003	80,000,000	(7,073,971)	13,800,000	(20,873,971)
2004	80,000,000	(7,107,140)	13,600,000	(20,707,140)
2005	80,000,000	(7,107,140)	13,400,000	(20,507,140)
2006	80,000,000	(7,107,140)	13,200,000	(20,307,140)
2007	80,000,000	(7,107,140)	13,000,000	(20,107,140)
2008	80,000,000	(7,107,140)	12,800,000	(19,907,140)
2009	80,000,000	(7,107,140)	12,600,000	(19,707,140)
2010	80,000,000	(7,107,140)	12,400,000	(19,507,140)
2011	80,000,000	(7,107,140)	12,200,000	(19,307,140)
	1,920,000,000	204,573,965	348,000,000	(143,424,035)

Present Value:
8.000% 42,948,832

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
ALASKA STUDENT LOAN PROGRAM
SUMMARY OF NEW LOAN ORIGINATION

Version C
LOAN RATE:
8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS	TOTAL FUNDS AVAILABLE	EXPENSES (b)	DEBT SERVICE	NEW LOANS	COVERAGE				
	1	+	2	+	3	=	4	-	5	-	6	=	7	8
1987		0		0		0		0		0		0		NA
1988	16,800,000		19,678,108		52,125,000	88,603,108	5,776,250	1,324,375	80,002,483					10.79
1989	16,600,000		25,221,361		48,900,000	91,721,361	6,357,000	5,360,250	80,004,111					4.82
1990	16,400,000		33,391,142		48,380,000	98,171,142	5,929,400	12,239,050	80,002,692					2.67
1991	16,200,000		40,968,050		47,090,000	104,258,050	5,395,700	18,860,400	80,001,950					2.12
1992	16,000,000		49,005,456		45,105,000	110,111,456	4,745,650	25,361,825	80,003,981					1.88
1993	15,800,000		57,137,796		42,740,000	115,677,796	4,023,700	31,653,725	80,000,371					1.76
1994	15,600,000		64,719,058		40,695,000	121,014,058	3,323,850	37,689,300	80,000,908					1.67
1995	15,400,000		71,347,802		39,450,000	125,197,802	2,709,500	43,484,450	80,003,652					1.60
1996	15,200,000		76,646,610		39,535,000	131,381,610	2,246,050	49,134,550	80,001,010					1.52
1997	15,000,000		80,655,737		41,085,000	134,740,737	1,943,550	54,794,400	80,002,787					1.43
1998	14,800,000		83,693,458		43,920,000	142,413,458	1,767,600	60,645,750	80,000,108					1.33
1999	14,600,000		85,986,590		48,000,000	148,586,590	1,699,000	66,883,900	80,003,690					1.25
2000	14,400,000		87,578,927		45,405,000	147,383,927	1,472,150	65,908,050	80,003,727					1.30
2001	14,200,000		88,659,336		43,995,000	146,854,336	1,331,850	65,520,750	80,001,736					1.32
2002	14,000,000		89,127,333		43,100,000	146,227,333	1,272,000	64,952,600	80,002,733					1.34
2003	13,800,000		89,239,884		42,655,000	145,694,884	1,265,650	64,425,350	80,003,884					1.35
2004	13,600,000		89,272,070		42,505,000	145,377,070	1,278,650	64,096,675	80,001,745					1.36
2005	13,400,000		89,272,351		42,720,000	145,392,351	1,309,100	64,092,525	80,000,726					1.36
2006	13,200,000		89,274,326		43,255,000	145,729,326	1,352,150	64,376,225	80,000,951					1.35
2007	13,000,000		89,278,216		44,040,000	146,318,216	1,405,700	64,909,875	80,002,641					1.34
2008	12,800,000		89,284,160		44,910,000	146,994,160	1,463,800	65,530,225	80,000,135					1.33
2009	12,600,000		89,292,228		45,670,000	147,562,228	1,521,100	66,038,350	80,002,278					1.32
2010	12,400,000		89,302,733		46,115,000	147,817,733	1,569,950	66,246,975	80,000,808					1.31
2011	12,200,000		89,315,744		46,020,000	147,535,744	1,603,600	65,930,300	80,001,844					1.32

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Interest Grace Period Reduced. Default Rate Raised to 18%.

Minimum Coverage: 1.25

Bonding at
1.25 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	13,500,000	46,821,892
1989	80,000,000	54,143,514	12,650,000	41,493,514
1990	80,000,000	47,096,857	11,800,000	35,296,857
1991	80,000,000	39,292,802	10,950,000	28,342,802
1992	80,000,000	30,481,204	10,100,000	20,381,204
1993	80,000,000	21,228,507	9,600,000	11,628,507
1994	80,000,000	12,407,258	9,100,000	3,307,258
1995	80,000,000	4,464,547	8,600,000	(4,135,453)
1996	80,000,000	(2,188,640)	8,100,000	(10,288,640)
1997	80,000,000	(7,584,804)	8,000,000	(15,584,804)
1998	80,000,000	(12,034,020)	7,900,000	(19,934,020)
1999	80,000,000	(15,756,847)	7,800,000	(23,556,847)
2000	80,000,000	(18,573,120)	7,700,000	(26,273,120)
2001	80,000,000	(20,566,450)	7,600,000	(28,166,450)
2002	80,000,000	(21,442,816)	7,500,000	(28,942,816)
2003	80,000,000	(21,659,170)	7,400,000	(29,059,170)
2004	80,000,000	(21,721,568)	7,300,000	(29,021,568)
2005	80,000,000	(21,721,568)	7,200,000	(28,921,568)
2006	80,000,000	(21,721,568)	7,100,000	(28,821,568)
2007	80,000,000	(21,721,568)	7,000,000	(28,721,568)
2008	80,000,000	(21,721,568)	6,900,000	(28,621,568)
2009	80,000,000	(21,721,568)	6,800,000	(28,521,568)
2010	80,000,000	(21,721,568)	6,700,000	(28,421,568)
2011	80,000,000	(21,721,568)	6,600,000	(28,321,568)
	1,920,000,000	(24,141,830)	203,900,000	(228,041,830)

Present Value:
8.000%

33,388,009

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version D
 LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE		SYSTEM		BOND		TOTAL FUNDS		DEBT		NEW	COVERAGE
	APPROPRIATIONS	EQUITY (a)	PROCEEDS	AVAILABLE	EXPENSES (b)	SERVICE	LOANS					
	1 +	2 +	3 =	4 -	5 -	6 =	7	8				
1987	0	0	0	0	0	0	0	NA				
1988	13,500,000	19,678,108	56,075,000	89,253,108	7,289,750	1,962,625	80,000,733	10.03				
1989	12,650,000	26,249,011	53,925,000	92,824,011	7,010,250	5,812,625	80,001,136	4.45				
1990	11,800,000	33,673,157	54,585,000	100,058,157	6,709,050	13,345,025	80,004,082	2.47				
1991	10,950,000	41,832,260	54,260,000	107,042,260	6,263,300	20,777,475	80,001,485	1.96				
1992	10,100,000	50,968,484	52,780,000	113,848,484	5,630,900	28,216,525	80,001,059	1.75				
1993	9,600,000	60,504,719	50,255,000	120,359,719	4,829,650	35,525,850	80,004,219	1.65				
1994	9,100,000	69,558,786	47,980,000	126,638,786	4,033,400	42,601,450	80,003,936	1.59				
1995	8,600,000	77,683,372	46,440,000	132,723,372	3,310,200	49,410,300	80,002,872	1.53				
1996	8,100,000	84,471,058	46,210,000	138,781,058	2,730,800	56,046,825	80,003,433	1.47				
1997	8,000,000	89,961,737	46,915,000	144,876,737	2,239,950	62,633,775	80,003,012	1.40				
1998	7,900,000	94,469,672	48,840,000	151,209,672	1,862,200	69,344,100	80,003,372	1.33				
1999	7,600,000	98,220,705	51,870,000	157,890,705	1,573,600	76,314,175	80,002,930	1.25				
2000	7,700,000	101,038,603	47,750,000	156,488,603	1,123,000	75,361,975	80,003,628	1.31				
2001	7,600,000	103,010,630	44,850,000	155,460,630	784,500	74,672,300	80,003,830	1.35				
2002	7,500,000	103,847,995	42,660,000	154,007,995	580,300	73,426,125	80,001,570	1.38				
2003	7,400,000	104,015,594	40,940,000	152,355,594	458,200	71,896,800	80,000,594	1.41				
2004	7,300,000	104,024,219	39,340,000	150,664,219	353,200	70,307,850	80,003,169	1.45				
2005	7,200,000	103,966,385	37,950,000	149,116,385	258,000	68,855,225	80,003,160	1.48				
2006	7,100,000	103,904,721	36,685,000	147,689,721	163,050	67,523,925	80,002,746	1.51				
2007	7,000,000	103,838,946	35,460,000	146,298,946	65,300	66,231,323	80,002,321	1.54				
2008	6,900,000	103,768,924	34,080,000	144,748,924	(42,100)	64,789,275	80,001,749	1.57				
2009	6,800,000	103,694,347	32,395,000	142,889,347	(164,650)	63,053,925	80,000,072	1.61				
2010	6,700,000	103,614,705	30,185,000	140,499,705	(309,450)	60,805,900	80,003,233	1.67				
2011	6,600,000	103,529,506	27,200,000	137,329,506	(486,500)	57,814,775	80,001,231	1.76				

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated, Interest Grace Period Reduced, Default Rate Raised to 21%.

Minimum Coverage: 1.25

Growing Annual Loans
General Fund Appropriations

Version A (Base Case):

- o State Appropriations around \$7,850,000 per year in 2004
- o Default Rate at 17.00%
- o Forgiveness at 17.50%

Version B (Forgiveness Eliminated):

- o State receives around \$8,000,000 per year in 2004
- o Default Rate at 20.00%
- o Forgiveness Eliminated

Version C (Interest Grace Period Eliminated):

- o State Appropriations around \$1,500,000 per year in 2004
- o Default Rate at 18.00%
- o Forgiveness at 17.50%
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation

Version D (Forgiveness and Interest Grace Period Eliminated):

- o State receives around \$15,500,000 per year in 2004
- o Default Rate at 21.00%
- o Forgiveness Eliminated
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE		SYSTEM		BOND		TOTAL FUNDS		EXPENSES (b)	DEBT SERVICE	NEW LOANS	COVERAGE
	APPROPRIATIONS	EQUITY (a)	PROCEEDS	AVAILABLE								
	1	2	3	4	5	6	7	8				
1987	0	0	0	0	0	0	0	NA				
1988	60,321,892	19,678,108	0	80,000,000	0	0	80,000,000	NA				
1989	54,489,018	25,856,486	0	80,345,504	0	0	80,345,504	NA				
1990	48,074,157	32,601,895	0	80,676,052	0	0	80,676,052	NA				
1991	41,356,405	39,668,168	0	81,024,565	0	0	81,024,565	NA				
1992	35,813,171	47,051,871	0	82,865,042	0	0	82,865,042	NA				
1993	30,861,404	54,480,030	0	85,341,434	0	0	85,341,434	NA				
1994	25,867,457	61,431,533	0	87,298,990	0	0	87,298,990	NA				
1995	20,810,818	67,564,852	0	88,375,670	0	0	88,375,670	NA				
1996	15,691,934	72,569,804	0	88,261,738	0	0	88,261,738	NA				
1997	10,498,668	76,508,505	0	87,007,173	0	0	87,007,173	NA				
1998	5,240,026	79,655,775	0	84,895,801	0	0	84,895,801	NA				
1999	6,596,843	82,151,693	0	88,748,536	0	0	88,748,536	NA				
2000	7,150,978	84,015,867	0	91,166,845	0	0	91,166,845	NA				
2001	7,324,171	85,467,450	0	92,991,621	0	0	92,991,621	NA				
2002	7,640,887	86,514,999	0	94,155,886	0	0	94,155,886	NA				
2003	7,663,824	87,467,139	0	95,130,963	0	0	95,130,963	NA				
2004	7,689,311	88,524,925	0	96,214,236	0	0	96,214,236	NA				
2005	7,716,561	89,633,371	0	97,349,932	0	0	97,349,932	NA				
2006	7,742,205	90,720,025	0	98,462,230	0	0	98,462,230	NA				
2007	7,766,572	91,731,634	0	99,498,206	0	0	99,498,206	NA				
2008	7,789,883	92,699,500	0	100,489,383	0	0	100,489,383	NA				
2009	7,814,074	93,704,290	0	101,518,364	0	0	101,518,364	NA				
2010	7,841,562	94,845,531	0	102,687,093	0	0	102,687,093	NA				
2011	7,872,264	96,119,809	0	103,992,073	0	0	103,992,073	NA				

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: NA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version B
 LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS	SYSTEM EQUITY (a)	BOND PROCEEDS	TOTAL FUNDS AVAILABLE	EXPENSES (b)	DEBT SERVICE	NEW LOANS	COVERAGE
	1 +	2 +	3 =	4 -	5 -	6 =	7	8
1987	0	0	0	0	0	0	0	NA
1988	60,321,892	19,678,108	0	80,000,000	0	0	80,000,000	NA
1989	54,489,010	25,856,486	0	80,345,504	0	0	80,345,504	NA
1990	47,258,049	32,808,003	0	80,676,052	0	0	80,676,052	NA
1991	40,641,008	40,393,557	0	91,024,565	0	0	81,024,565	NA
1992	34,105,409	48,759,633	0	92,865,042	0	0	82,865,042	NA
1993	27,868,502	57,472,932	0	85,341,434	0	0	85,341,434	NA
1994	21,511,422	65,787,568	0	87,298,990	0	0	87,298,990	NA
1995	15,047,249	73,328,421	0	88,375,670	0	0	88,375,670	NA
1996	8,493,708	79,768,030	0	98,261,738	0	0	88,261,738	NA
1997	1,833,675	85,173,498	0	87,007,173	0	0	87,007,173	NA
1998	(4,917,909)	89,813,710	0	84,895,801	0	0	84,895,801	NA
1999	(5,066,663)	93,815,199	0	88,748,536	0	0	88,748,536	NA
2000	(5,807,541)	96,974,386	0	91,166,845	0	0	91,166,845	NA
2001	(6,421,773)	99,413,394	0	92,991,621	0	0	92,991,621	NA
2002	(6,813,249)	100,969,135	0	94,155,886	0	0	94,155,886	NA
2003	(7,033,996)	102,164,959	0	95,130,963	0	0	95,130,963	NA
2004	(7,210,284)	103,424,520	0	96,214,236	0	0	96,214,236	NA
2005	(7,369,596)	104,719,528	0	97,349,932	0	0	97,349,932	NA
2006	(7,526,846)	105,989,076	0	98,462,230	0	0	98,462,230	NA
2007	(7,672,742)	107,170,948	0	99,498,206	0	0	99,498,206	NA
2008	(7,812,334)	108,301,717	0	100,489,383	0	0	100,489,383	NA
2009	(7,957,258)	109,475,622	0	101,518,364	0	0	101,518,364	NA
2010	(8,121,852)	110,808,945	0	102,687,093	0	0	102,687,093	NA
2011	(8,305,622)	112,297,695	0	103,992,073	0	0	103,992,073	NA

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated. Default Rate Raised to 20%.

Minimum Coverage: NA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version C
 LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE		SYSTEM		BOND		TOTAL		EXPENSES (b)	DEBT		NEW LOANS	COVERAGE
	APPROPRIATIONS	EQUITY (a)	PROCEEDS	FUNDS AVAILABLE	=	4	5	6		7	8		
1987	0	0	0	0		0	0	0	0	0	0	NA	
1988	60,321,892	19,678,108	0	80,000,000		0	0	0	0	0	80,000,000	NA	
1989	54,489,018	25,856,486	0	80,345,504		0	0	0	0	0	80,345,504	NA	
1990	47,992,125	32,683,927	0	80,676,052		0	0	0	0	0	80,676,052	NA	
1991	41,071,674	39,952,891	0	81,024,565		0	0	0	0	0	81,024,565	NA	
1992	35,133,474	47,731,568	0	82,865,042		0	0	0	0	0	82,865,042	NA	
1993	29,670,216	55,571,218	0	85,341,434		0	0	0	0	0	85,341,434	NA	
1994	24,133,736	63,165,254	0	87,298,990		0	0	0	0	0	87,298,990	NA	
1995	18,516,892	69,658,778	0	88,375,670		0	0	0	0	0	88,375,670	NA	
1996	12,827,009	75,434,729	0	88,261,738		0	0	0	0	0	88,261,738	NA	
1997	7,049,963	79,957,210	0	87,007,173		0	0	0	0	0	87,007,173	NA	
1998	1,197,124	83,698,677	0	84,895,801		0	0	0	0	0	84,895,801	NA	
1999	1,954,717	86,793,819	0	88,748,536		0	0	0	0	0	88,748,536	NA	
2000	1,993,431	89,173,414	0	91,166,845		0	0	0	0	0	91,166,845	NA	
2001	1,973,625	91,017,996	0	92,991,621		0	0	0	0	0	92,991,621	NA	
2002	1,888,078	92,267,808	0	94,155,886		0	0	0	0	0	94,155,886	NA	
2003	1,814,028	93,316,935	0	95,130,963		0	0	0	0	0	95,130,963	NA	
2004	1,759,208	94,455,028	0	96,214,236		0	0	0	0	0	96,214,236	NA	
2005	1,712,205	95,637,727	0	97,349,932		0	0	0	0	0	97,349,932	NA	
2006	1,665,056	96,797,174	0	98,462,230		0	0	0	0	0	98,462,230	NA	
2007	1,621,658	97,876,548	0	99,498,206		0	0	0	0	0	99,498,206	NA	
2008	1,580,133	98,909,250	0	100,489,383		0	0	0	0	0	100,489,383	NA	
2009	1,537,016	99,981,348	0	101,518,364		0	0	0	0	0	101,518,364	NA	
2010	1,488,054	101,199,039	0	102,687,093		0	0	0	0	0	102,687,093	NA	
2011	1,433,395	102,558,678	0	103,992,073		0	0	0	0	0	103,992,073	NA	

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Interest Grace Period Reduced. Default Rate Raised to 18%.

Minimum Coverage: NA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version D
 LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987		0		0		0		0		0		0		0	NA
1988	60,321,392		19,678,108		0		80,000,000		0		0		80,000,000		NA
1989	54,489,018		25,856,486		0		80,345,504		0		0		80,345,504		NA
1990	47,772,909		32,903,143		0		80,676,052		0		0		80,676,052		NA
1991	40,310,777		40,713,788		0		81,024,565		0		0		81,024,565		NA
1992	33,317,097		49,547,945		0		82,865,042		0		0		82,865,042		NA
1993	26,486,964		58,854,470		0		85,341,434		0		0		85,341,434		NA
1994	19,500,653		67,798,337		0		87,298,990		0		0		87,298,990		NA
1995	12,386,756		75,968,914		0		88,375,670		0		0		88,375,670		NA
1996	5,170,969		83,090,769		0		88,261,738		0		0		88,261,738		NA
1997	(2,166,131)		89,173,304		0		87,007,173		0		0		87,007,173		NA
1998	(9,606,865)		94,502,666		0		84,895,801		0		0		84,895,801		NA
1999	(10,450,598)		99,199,134		0		88,748,536		0		0		88,748,536		NA
2000	(11,789,261)		102,956,106		0		91,166,845		0		0		91,166,845		NA
2001	(12,859,293)		105,850,914		0		92,991,621		0		0		92,991,621		NA
2002	(13,485,353)		107,641,239		0		94,155,886		0		0		94,155,886		NA
2003	(13,818,586)		108,949,549		0		95,130,963		0		0		95,130,963		NA
2004	(14,088,014)		110,302,250		0		96,214,236		0		0		96,214,236		NA
2005	(14,333,445)		111,683,377		0		97,349,932		0		0		97,349,932		NA
2006	(14,575,120)		113,037,350		0		98,462,230		0		0		98,462,230		NA
2007	(14,799,611)		114,297,817		0		99,498,206		0		0		99,498,206		NA
2008	(15,014,398)		115,503,781		0		100,489,383		0		0		100,489,383		NA
2009	(15,237,387)		116,755,751		0		101,518,364		0		0		101,518,364		NA
2010	(15,490,647)		118,177,740		0		102,687,093		0		0		102,687,093		NA
2011	(15,773,419)		119,765,492		0		103,992,073		0		0		103,992,073		NA

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated, Interest Grace Period Reduced. Default Rate Raised to 21%.

Minimum Coverage: NA

Growing Loan Volume
General Fund Appropriations
Bonding vs. Non-Bonding
Present Value Savings (Cost) at 8.00%
Version A.
Base Case

Coverage -----	PV Savings (Cost) -----
1.25	44,226,115
1.50	28,761,740
1.80	11,245,820

Bonding at
1.25 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	19,000,000	41,321,892
1989	80,345,504	54,489,018	19,300,000	35,189,018
1990	80,676,052	48,074,157	19,600,000	28,474,157
1991	81,024,565	41,356,405	19,900,000	21,456,405
1992	82,865,042	35,813,171	20,200,000	15,613,171
1993	85,341,434	30,861,404	20,600,000	10,261,404
1994	87,298,990	25,867,457	21,000,000	4,867,457
1995	88,375,670	20,810,818	21,400,000	(589,182)
1996	88,261,738	15,691,934	21,800,000	(6,108,066)
1997	87,007,173	10,498,668	22,500,000	(12,001,332)
1998	84,895,801	5,240,026	23,200,000	(17,959,974)
1999	88,748,536	6,596,843	23,900,000	(17,303,157)
2000	91,166,845	7,150,978	24,600,000	(17,449,022)
2001	92,991,621	7,524,171	25,300,000	(17,775,829)
2002	94,155,886	7,640,887	26,000,000	(18,359,113)
2003	95,130,963	7,663,824	26,700,000	(19,036,176)
2004	96,214,236	7,689,311	27,200,000	(19,510,689)
2005	97,349,932	7,716,561	27,700,000	(19,983,439)
2006	98,462,230	7,742,205	28,200,000	(20,457,795)
2007	99,498,206	7,766,572	28,700,000	(20,933,428)
2008	100,489,383	7,789,883	29,200,000	(21,410,117)
2009	101,518,364	7,814,074	29,700,000	(21,885,926)
2010	102,687,093	7,841,562	30,200,000	(22,358,438)
2011	103,992,073	7,872,264	30,700,000	(22,827,736)
	2,188,497,337	447,834,083	586,600,000	(138,765,917)

Present Value:
8.000% 44,226,115

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
ALASKA STUDENT LOAN PROGRAM
SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:
8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987		0		0		0		0		0		0		0	NA
1988	19,000,000		19,678,108		49,490,000		88,168,108		6,433,700		1,732,150		80,002,258		11.26
1989	19,300,000		26,202,916		45,880,000		91,382,916		5,964,400		5,070,100		80,348,416		5.10
1990	19,600,000		33,269,519		44,835,000		97,704,519		5,487,050		11,540,600		80,676,869		2.82
1991	19,900,000		40,425,820		43,120,000		103,645,820		4,920,100		17,699,575		81,026,145		2.24
1992	20,200,000		48,263,544		42,635,000		111,098,544		4,492,550		23,738,575		82,867,419		1.98
1993	20,600,000		55,916,844		42,600,000		119,116,844		4,106,500		29,668,275		95,342,069		1.84
1994	21,000,000		63,066,516		42,515,000		126,581,516		3,686,450		35,592,100		87,302,966		1.73
1995	21,400,000		69,368,762		42,370,000		133,138,762		3,226,100		41,535,200		88,377,462		1.63
1996	21,800,000		74,510,768		42,165,000		138,475,768		2,723,450		47,489,925		88,262,393		1.53
1997	22,500,000		78,551,764		41,525,000		142,576,764		2,127,250		53,438,925		87,010,589		1.43
1998	23,200,000		81,760,960		40,775,000		145,735,960		1,477,250		59,361,350		84,897,360		1.34
1999	23,900,000		84,274,882		47,890,000		156,064,882		1,809,700		65,505,800		88,749,382		1.25
2000	24,600,000		86,165,316		46,935,000		157,700,316		1,788,050		64,744,350		91,167,916		1.30
2001	25,300,000		87,643,605		46,750,000		159,693,605		1,772,000		64,926,675		92,994,930		1.32
2002	26,000,000		88,717,032		46,330,000		161,047,032		1,717,400		65,170,625		94,159,007		1.33
2003	26,700,000		89,892,058		46,020,000		162,412,058		1,652,600		65,626,160		95,134,007		1.33
2004	27,200,000		90,768,903		45,975,000		163,943,903		1,615,750		66,113,425		96,214,728		1.34
2005	27,700,000		91,894,013		45,915,000		165,509,013		1,576,450		66,580,850		97,351,713		1.35
2006	28,200,000		92,994,658		45,865,000		167,059,658		1,534,450		67,060,975		98,464,233		1.35
2007	28,700,000		94,017,395		45,825,000		168,542,395		1,489,750		67,551,700		99,500,945		1.36
2008	29,200,000		94,993,267		45,810,000		170,003,267		1,442,300		68,070,750		100,490,217		1.36
2009	29,700,000		96,002,775		45,900,000		171,602,775		1,395,500		68,686,025		101,521,250		1.36
2010	30,200,000		97,145,320		46,120,000		173,465,320		1,349,600		69,425,600		102,690,120		1.37
2011	30,700,000		98,417,230		45,270,000		174,387,230		1,264,100		69,130,800		103,992,330		1.39

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.25

Bonding at
1.50 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	21,000,000	39,321,892
1989	80,345,504	54,489,018	21,850,000	32,639,018
1990	80,676,052	48,074,157	22,700,000	25,374,157
1991	81,024,565	41,356,405	23,550,000	17,806,405
1992	82,865,042	35,813,171	24,400,000	11,413,171
1993	85,341,434	30,861,404	24,550,000	6,311,404
1994	87,298,990	25,867,457	24,700,000	1,167,457
1995	88,375,670	20,810,818	24,850,000	(4,039,182)
1996	88,261,738	15,691,934	25,000,000	(9,308,066)
1997	87,007,173	10,498,668	25,000,000	(14,501,332)
1998	84,895,801	5,240,026	25,000,000	(19,759,974)
1999	88,748,536	6,596,843	25,000,000	(18,403,157)
2000	91,166,845	7,150,978	25,000,000	(17,849,022)
2001	92,991,621	7,524,171	25,000,000	(17,475,829)
2002	94,155,886	7,640,887	25,000,000	(17,359,113)
2003	95,130,963	7,663,824	25,000,000	(17,336,176)
2004	96,214,236	7,689,311	25,000,000	(17,310,689)
2005	97,349,932	7,716,561	25,000,000	(17,283,439)
2006	98,462,230	7,742,205	25,000,000	(17,257,795)
2007	99,498,206	7,766,572	25,000,000	(17,233,428)
2008	100,489,383	7,789,883	25,000,000	(17,210,117)
2009	101,518,364	7,814,074	25,000,000	(17,185,926)
2010	102,687,093	7,841,562	25,000,000	(17,158,438)
2011	103,992,073	7,872,264	25,000,000	(17,127,736)
	2,188,497,337	447,834,083	587,600,000	(139,765,917)
			Present Value:	
			8.000%	28,761,740

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987		0		0		0		0		0		0		0	N/A
1988	21,000,000		19,678,108		47,095,000		87,773,108		6,122,350		1,648,325		80,002,433		11.94
1989	21,850,000		26,186,151		42,645,000		90,681,151		5,543,850		4,789,225		80,348,076		5.40
1990	22,700,000		33,230,112		40,530,000		96,460,112		4,943,900		10,836,600		80,679,612		3.01
1991	23,550,000		40,557,431		37,600,000		101,707,431		4,242,500		14,436,475		81,028,456		2.41
1992	24,400,000		48,159,357		35,725,000		108,284,357		3,667,250		21,749,975		82,867,132		2.16
1993	24,550,000		55,769,484		35,070,000		115,389,484		3,244,600		26,800,775		85,344,109		2.03
1994	24,700,000		62,874,776		34,210,000		121,784,776		2,780,800		31,702,225		87,301,751		1.94
1995	24,850,000		69,131,231		33,185,000		127,166,231		2,272,050		36,518,075		88,376,106		1.85
1996	25,000,000		74,225,922		31,980,000		131,205,822		1,715,900		41,224,625		88,265,297		1.76
1997	25,000,000		78,217,714		30,720,000		133,937,714		1,128,100		45,801,675		87,007,939		1.67
1998	25,000,000		81,379,678		29,240,000		135,619,678		485,700		50,236,925		84,897,053		1.59
1999	25,000,000		83,848,375		35,515,000		144,363,375		823,950		54,790,375		88,749,050		1.50
2000	25,000,000		85,695,799		33,965,000		144,660,799		818,950		52,670,850		91,170,999		1.60
2001	25,000,000		87,133,436		33,190,000		145,323,436		821,200		51,509,775		92,992,461		1.66
2002	25,000,000		88,168,726		32,270,000		145,438,726		791,600		50,486,925		94,160,201		1.71
2003	25,000,000		89,108,390		31,550,000		145,658,390		757,000		49,768,825		95,132,565		1.76
2004	25,000,000		90,152,849		31,005,000		146,157,849		728,150		49,211,800		96,217,899		1.80
2005	25,000,000		91,247,080		30,465,000		146,712,080		698,450		48,660,675		97,352,955		1.84
2006	25,000,000		92,318,651		29,970,000		147,288,651		669,100		48,154,750		98,464,801		1.88
2007	25,000,000		93,314,215		29,555,000		147,869,215		641,150		47,728,325		99,499,740		1.92
2008	25,000,000		94,264,954		29,260,000		148,524,954		616,300		47,415,875		100,492,779		1.96
2009	25,000,000		95,251,539		29,100,000		149,351,539		594,500		47,236,875		101,520,164		1.98
2010	25,000,000		96,373,358		29,145,000		150,518,358		578,850		47,250,975		102,688,533		2.01
2011	25,000,000		97,627,039		28,220,000		150,847,039		530,100		46,321,775		103,995,164		2.08

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.50

Bonding at
1.80 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	25,000,000	35,321,892
1989	80,345,504	54,489,018	25,300,000	29,189,018
1990	80,676,052	48,074,157	25,600,000	22,474,157
1991	81,024,565	41,356,405	25,900,000	15,456,405
1992	82,865,042	35,813,171	26,200,000	9,613,171
1993	85,341,434	30,861,404	26,400,000	4,461,404
1994	87,298,990	25,867,457	26,600,000	(732,543)
1995	88,375,670	20,810,818	26,800,000	(5,989,182)
1996	88,261,738	15,691,934	27,000,000	(11,308,066)
1997	87,007,173	10,498,668	26,900,000	(16,401,332)
1998	84,895,801	5,240,026	26,800,000	(21,559,974)
1999	88,748,536	6,596,843	26,700,000	(20,103,157)
2000	91,166,845	7,150,978	26,600,000	(19,449,022)
2001	92,991,621	7,524,171	26,500,000	(18,975,829)
2002	94,155,886	7,640,887	26,400,000	(18,759,113)
2003	95,130,963	7,663,824	26,300,000	(18,636,176)
2004	96,214,236	7,689,311	25,550,000	(17,860,689)
2005	97,349,932	7,716,561	24,800,000	(17,083,439)
2006	98,462,230	7,742,205	24,050,000	(16,607,795)
2007	99,498,206	7,766,572	23,300,000	(15,533,428)
2008	100,489,383	7,789,883	22,550,000	(14,760,117)
2009	101,518,364	7,814,074	21,800,000	(13,985,926)
2010	102,687,093	7,841,562	21,050,000	(13,208,438)
2011	103,992,073	7,872,264	20,300,000	(12,427,736)
	2,188,497,337	447,834,083	604,400,000	(156,565,917)
			Present Value: 8.000%	11,245,820

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)	DEBT SERVICE	NEW LOANS	
	1	+	2	+	3	=	4	-				
1987	0		0		0		0		0	0	0	
1988	25,000,000		19,678,108		42,305,000		86,983,108		5,499,650	1,480,675	80,002,793	13.29
1989	25,300,000		26,152,621		38,150,000		89,602,621		4,959,500	4,296,600	80,346,521	6.02
1990	25,600,000		33,165,122		36,015,000		94,780,122		4,389,950	9,710,175	80,679,997	3.36
1991	25,900,000		40,463,131		33,075,000		99,438,131		3,721,250	14,688,650	81,028,231	2.70
1992	26,200,000		48,038,054		31,190,000		105,428,054		3,181,200	19,379,725	82,867,129	2.43
1993	26,400,000		55,623,639		29,805,000		111,828,639		2,702,650	23,783,625	85,342,364	2.29
1994	26,600,000		62,702,028		28,150,000		117,452,028		2,178,500	27,973,500	87,300,028	2.20
1995	26,800,000		68,929,015		26,220,000		121,949,015		1,603,600	31,966,350	88,379,065	2.11
1996	27,000,000		73,991,369		23,975,000		124,966,369		972,750	35,731,025	88,262,594	2.03
1997	26,900,000		77,947,995		21,720,000		126,567,995		327,100	39,231,175	87,009,720	1.95
1998	26,800,000		81,072,714		19,080,000		126,952,714		(381,100)	42,433,875	84,899,939	1.88
1999	26,700,000		83,502,098		24,030,000		134,232,098		(116,600)	45,597,025	88,751,673	1.80
2000	26,600,000		85,307,835		21,700,000		133,607,835		(180,000)	42,618,050	91,169,785	1.97
2001	26,500,000		86,701,440		19,955,000		133,156,440		(244,350)	40,407,150	92,993,640	2.12
2002	26,400,000		87,690,126		17,920,000		132,010,126		(348,900)	38,201,825	94,157,201	2.26
2003	26,300,000		88,580,282		15,940,000		130,820,282		(465,300)	36,151,325	95,134,257	2.42
2004	25,550,000		89,571,996		14,725,000		129,846,996		(485,250)	34,116,650	95,215,596	2.59
2005	24,800,000		90,615,504		13,480,000		128,895,504		(504,600)	32,049,050	97,351,054	2.80
2006	24,050,000		91,638,522		12,305,000		127,993,522		(520,350)	30,049,575	98,464,297	3.02
2007	23,300,000		92,587,896		11,235,000		127,122,896		(531,450)	28,154,275	99,500,071	3.26
2008	22,550,000		93,494,990		10,335,000		126,379,990		(535,450)	26,424,275	100,491,065	3.51
2009	21,800,000		94,440,547		9,630,000		125,870,547		(531,100)	24,881,450	101,520,197	3.77
2010	21,050,000		95,524,337		9,210,000		125,784,337		(515,200)	23,612,425	102,687,112	4.02
2011	20,300,000		96,743,125		7,950,000		124,993,125		(524,500)	21,523,350	103,994,275	4.47

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.80

Introduced: 1/19/87
Referred: Health, Education and
Social Services and
Finance

HB39

5-0214A

1 IN THE SENATE

BY KELLY, HALFORD, KERTTULA
AND FAIKS

2

SENATE BILL NO. 66

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to student loans; creating the
7 Alaska Student Loan Corporation; and providing for an
8 effective date."

9

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10

* Section 1. AS 14.42 is amended by adding new sections to read:

11

ARTICLE 2. ALASKA STUDENT LOAN CORPORATION.

12

Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

13

There is created the Alaska Student Loan Corporation. The corporation
14 is a public corporation and government instrumentality within the
15 Department of Education but having a legal existence independent of
16 and separate from the state. The corporation may not be terminated as
17 long as it has bonds, notes, or other obligations outstanding. Upon
18 termination of the corporation, its rights and property pass to the
19 state.

20

Sec. 14.42.110. PURPOSE OF CORPORATION. The purpose of the

21

corporation is to improve higher educational opportunities for resi-
22 dents of the state in accordance with this chapter.

23

Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corpora-

24

tion shall be governed by a board of directors appointed by the
25 governor consisting of four members of the Alaska Commission on Post-
26 secondary Education, each of whom is selected for the commission under
27 AS 14.42.015(a)(1) - (2), (4) - (6), (8) or (9) and one member of the
28 commission selected under AS 14.42.015(a)(3). Members of the board
29 serve without compensation but are entitled to per diem and travel

Original sponsors: Sund and Boucher

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 39 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to student loans and family educa-
7 tion loans; creating the Alaska Student Loan Corpora-
8 tion; and providing for an effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 14.42 is amended by adding a new section to read:
11 Sec. 14.42.032. LIMITATION ON AWARDING LOANS. In administering
12 AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, and 14.43.710 -
13 14.43.790, the commission may not during a fiscal year award loans
14 with a total value that exceeds by more than three percent the total
15 value of loans awarded under those provisions during the previous
16 fiscal year. This limitation may be exceeded only if the commission
17 is specifically authorized to do so by law.
18 * Sec. 2. AS 14.42 is amended by adding new sections to read:
19 ARTICLE 2. ALASKA STUDENT LOAN CORPORATION.
20 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.
21 There is created the Alaska Student Loan Corporation. The corporation
22 is a public corporation and government instrumentality within the
23 Department of Education but having a legal existence independent of
24 and separate from the state. The corporation may not be terminated as
25 long as it has bonds, notes, or other obligations outstanding. Upon
26 termination of the corporation, its rights and property pass to the
27 state.
28 Sec. 14.42.110. PURPOSE OF CORPORATION. The purpose of the
29 corporation is to improve higher educational opportunities for

1 residents of the state in accordance with this chapter.

2 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corpor-
3 ation shall be governed by a board of directors appointed by the
4 governor consisting of two members of the Alaska Commission on Post-
5 secondary Education, each of whom is selected for the commission under
6 AS 14.42.015(a)(1) - (2), (4) - (6), (8), or (9) and the commissioner
7 of revenue, the commissioner of administration, and the commissioner
8 of commerce and economic development. Members of the board serve
9 without compensation but the members who are also members of the
10 Alaska Commission on Postsecondary Education are entitled to per diem
11 and travel expenses authorized by law for boards and commissions under
12 AS 39.20.180.

13 (b) The board shall elect a chairman from among its membership
14 at its annual meeting each year. A majority of the members constitute
15 a quorum for organizing the board, conducting its business, and exer-
16 cising the powers of the corporation.

17 Sec. 14.42.130. MEETINGS OF THE BOARD. (a) The board shall
18 meet at the call of its chairman and at other times as the board may
19 determine in accordance with its regulations.

20 (b) Public notice of a meeting of the board at which the issu-
21 ance of corporation bonds is authorized shall be provided at least 24
22 hours before the meeting.

23 Sec. 14.42.140. MINUTES OF MEETINGS. The board shall keep
24 minutes of each meeting and send a certified copy to the governor and
25 to the Legislative Budget and Audit Committee.

26 Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall
27 manage the assets and business of the corporation and may adopt bylaws
28 and regulations, in accordance with the Administrative Procedure Act
29 (AS 44.62), governing the manner in which the business of the

1 corporation is conducted and the manner in which its powers are
2 exercised. The board shall delegate supervision of the administration
3 of the corporation to the executive officer of the corporation.

4 Sec. 14.42.160. EXECUTIVE OFFICER. The executive officer of the
5 Commission on Postsecondary Education appointed under AS 14.42.040(a)
6 shall serve as executive officer of the corporation. The board shall
7 prescribe the duties of the executive officer.

8 Sec. 14.42.170. STAFF. The employees of the Alaska Commission
9 on Postsecondary Education shall serve as staff for the corporation.

10 Sec. 14.42.190. BUDGET. The operating budget of the corporation
11 is subject to AS 37.07 (Executive Budget Act).

12 Sec. 14.42.200. GENERAL POWERS. In addition to other powers
13 granted in this chapter, the corporation may

14 (1) sue and be sued in its own name;

15 (2) adopt an official seal;

16 (3) adopt regulations under AS 44.62 (Administrative Proce-
17 dure Act) to carry out the purposes of this chapter;

18 (4) make and execute agreements, contracts, and other in-
19 struments necessary or convenient in the exercise of the powers and
20 functions of the corporation, including contracts with a person or
21 governmental entity;

22 (5) receive, administer, and comply with the conditions and
23 requirements respecting any appropriation, gift, grant, or donation of
24 property or money;

25 (6) borrow money as provided in this chapter to carry out
26 its corporate purposes and issue its obligations as evidence of the
27 borrowing;

28 (7) include in a borrowing the amounts to pay financing
29 charges, interest on the obligations for a period not exceeding one

1 year after the date on which the corporation estimates funds will
2 otherwise be available to pay the interest, consultant, advisory and
3 legal fees and other expenses necessary or incident to the borrowing;

4 (8) invest or reinvest, subject to its contracts with
5 noteholders and bondholders, money held by the corporation in obliga-
6 tions or other securities authorized for investments of the commis-
7 sioner of revenue under AS 37.10.070(a);

8 (9) collect from a borrower amounts owed with respect to a
9 student loan the corporation has purchased;

10 (10) gather information on student loans available to resi-
11 dents of Alaska and disseminate the information to reasonably assure
12 that qualified residents are aware of financial resources available to
13 those attending or desiring to attend institutions for which loans may
14 be made under AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or
15 14.43.710 - 14.43.790;

16 (11) service student loans held by the corporation;

17 (12) purchase or participate in the purchase of student
18 loans;

19 (13) contract in advance for the purchase or sale of student
20 loans;

21 (14) sell or participate in the sale, either public or
22 private and on terms authorized by the board, of student loans to the
23 Student Loan Marketing Association or to other purchasers;

24 (15) collect and pay reasonable fees and charges in connec-
25 tion with the purchase, sale, and servicing of student loans;

26 (16) enter into agreements with the federal government,
27 including guaranty agreements and supplemental guaranty agreements as
28 described in the United States Higher Education Act of 1965, as neces-
29 sary to provide for the receipt by the corporation of administrative

1 allowances and other benefits available under the United States Higher
2 Education Act of 1965;

3 (17) administer federal money allotted to the state involv-
4 ing insured student loans and related administrative costs and other
5 matters;

6 (18) enter into agreements with the Alaska Commission on
7 Postsecondary Education relating to student loans, the administration
8 of the student loan fund created under AS 14.42.210, and the payment
9 of and security for bonds of the corporation;

10 (19) to the extent permitted under contracts with bond
11 holders, consent to the modification of the rate of interest, time of
12 payment of an installment of principal or interest, or other terms of
13 a student loan purchased by the corporation;

14 (20) procure insurance against any loss in connection with
15 the operation of its programs;

16 (21) provide advisory services to borrowers and other parti-
17 cipants in the corporation's programs;

18 (22) enter into credit facility agreements and make pledges,
19 covenants, and agreements with respect to the repayment of borrowings
20 under the credit facility agreements;

21 (23) do all acts necessary, convenient, or desirable to
22 carry out the powers expressly granted or necessarily implied in
23 AS 14.42.100 - 14.42.500.

24 Sec. 14.42.210. STUDENT LOAN FUND. (a) The student loan fund
25 is established in the corporation. The student loan fund is a trust
26 fund to be used to carry out the purposes of AS 14.42.100 - 14.42.500,
27 AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, and 14.43.710 -
28 14.43.790. The fund consists of money or assets appropriated or
29 transferred to the corporation for the fund and money or assets

1 deposited in it by the corporation. The corporation may establish
2 separate accounts in the fund.

3 (b) Money and other assets of the student loan fund may be used
4 to secure bonds of the corporation, invested in student loans and in-
5 vestments described in AS 37.10.070(a) and used to purchase loans
6 approved under AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or
7 14.43.710 - 14.43.790.

8 (c) The student loan fund shall be administered by the Alaska
9 Commission on Postsecondary Education. The corporation and the com-
10 mission may enter into agreements relating to the administration of
11 the fund. The corporation may assign its rights under the agreements
12 for the benefit and security of holders of its bonds.

13 Sec. 14.42.220. BONDS OF THE CORPORATION. (a) Subject to (f)
14 of this section, the corporation may borrow money and may issue bonds,
15 on which the principal and interest are payable from its income and
16 receipts or other assets or a designated part or parts of them.

17 (b) Bonds may be authorized only by resolution of the board.
18 Bonds shall be dated, bear interest at the rate or rates, be in the
19 denominations, be in the form, either coupon or registered, carry the
20 registration privileges, be executed in the manner, be payable in the
21 medium of payment, at the place or places, be subject to the terms of
22 redemption, and mature as provided by the resolution or a subsequent
23 resolution. However, a bond may not mature more than 30 years after
24 the date it is issued.

25 (c) Bonds of the corporation, regardless of form or character,
26 are negotiable instruments for all the purposes of the Uniform Commer-
27 cial Code (AS 45.01 - AS 45.09).

28 (d) Bonds of the corporation may be sold at public or private
29 sale in the manner, for the price or prices, and at the time or times

1 that the board determines.

2 (e) The superior court has jurisdiction to hear and determine
3 proceedings relating to the corporation, including proceedings brought
4 by or for the benefit of a bondholder or by a trustee for or other
5 representative of a bondholder.

6 (f) The corporation may not issue bonds, other than refunding
7 bonds, during any two consecutive fiscal years in an aggregate amount
8 greater than \$125,000,000 unless the legislature, by law, approves
9 issuance of a greater amount.

10 Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. An
11 issue of bonds by the corporation may be secured by a trust indenture
12 or trust agreement between the corporation and a corporate trustee,
13 which may be a trust company, bank, or national banking association,
14 with corporate trust powers, located inside or outside the state, or
15 by a secured loan agreement or other instrument or under a resolution
16 giving powers to a corporate trustee by means of which the corporation
17 may:

18 (1) enter into agreements with the trustee or the bond-
19 holders that the board determines to be necessary or desirable, in-
20 cluding covenants, provisions, limitations, and other agreements as to
21 the

22 (A) application, investment, deposit, use, and dispo-
23 sition of the proceeds of bonds of the corporation or of money or
24 other property of the corporation or in which it has an interest;

25 (B) fixing and collecting loan payments and other
26 consideration for a student loan;

27 (C) assignment by the corporation of its rights in a
28 student loan or in a mortgage or other security interest created
29 with respect to a student loan to a trustee for the benefit of

1 bondholders;

2 (D) terms and conditions upon which additional bonds
3 of the corporation may be issued;

4 (E) vesting in a trustee of rights, powers, duties,
5 funds, or property in trust for the benefit of bondholders, in-
6 cluding the right to enforce payment, performance, and other
7 rights of the corporation or of the bondholders, under a student
8 loan or a security interest created with respect to a student
9 loan;

10 (2) pledge, mortgage or assign money, agreements, property,
11 or other assets of the corporation either presently in hand or to be
12 received in the future, or both; and

13 (3) provide for other matters that in any way affect the
14 security or protection of the bonds.

15 Sec. 14.42.240. RESERVES AND CAPITAL RESERVES. (a) For the
16 purpose of securing one or more issues of bonds of the corporation,
17 the board may establish one or more special funds, called "capital
18 reserve funds," and may pay into those capital reserve funds the
19 proceeds of the sale of bonds and other money available to the corpo-
20 ration from other sources for the purposes of the capital reserve
21 funds. A capital reserve fund may be established only if the board
22 determines that the establishment of the fund would enhance the mar-
23 ketability of the bonds. Money in a capital reserve fund, except as
24 provided in this section, may be used as required only for the (1)
25 payment of the principal of, and interest on, bonds or of the sinking
26 fund payments with respect to those bonds; (2) purchase or redemption
27 of the bonds; or (3) payment of a redemption premium required to be
28 paid when the bonds are redeemed before maturity. However, money in a
29 capital reserve fund may not be withdrawn if the withdrawal would

1 reduce the amount in the capital reserve fund to less than the capital
2 reserve fund requirement, except for the purpose of making payment,
3 when due, of principal, interest, or redemption premiums on the bonds
4 when other money of the corporation is not available for the payments.
5 Income or interest earned by, or increment to, a capital reserve fund,
6 from the investment of all or part of the fund, may be transferred by
7 the corporation to other funds or accounts of the corporation if the
8 transfer does not reduce the amount of the capital reserve fund below
9 the capital reserve fund requirement.

10 (b) If the board decides to issue bonds secured by a capital
11 reserve fund, the bonds may not be issued if the amount in the capital
12 reserve fund is less than the capital reserve fund requirement, unless
13 the corporation, at the time of issuance of the bonds, pledges to
14 deposit in the capital reserve fund from the proceeds of the bonds to
15 be issued or from other sources, an amount that, together with the
16 amount then in the fund, is not less than the capital reserve fund
17 requirement.

18 (c) In computing the amount of a capital reserve fund for the
19 purpose of this section, securities in which all or a portion of the
20 fund is invested and credit facilities deposited in or credited to a
21 capital reserve fund under (f) of this section shall be valued by a
22 reasonable method established by the board by resolution. Valuation
23 shall include the amount of interest earned or accrued as of the date
24 of valuation.

25 (d) By January 15 of each year, the chairman of the board shall
26 certify in writing to the governor and the legislature the amount, if
27 any, required to restore a capital reserve fund to the capital reserve
28 fund requirement. The legislature may appropriate to the corporation
29 the amount certified by the chairman. The corporation shall deposit

1 the amounts appropriated under this subsection during a fiscal year in
2 the proper capital reserve fund. This subsection does not create a
3 debt or liability of the state.

4 (e) The board may establish reserve funds, other than capital
5 reserve funds, to secure one or more issues of bonds of the corpo-
6 ration. The corporation may deposit in a reserve fund established
7 under this subsection the proceeds of sale of its bonds and other
8 money available from any other source. The corporation may allow a
9 reserve fund established under this subsection to be depleted without
10 complying with (d) of this section.

11 (f) The corporation may hold in a capital reserve fund, in lieu
12 of money and in satisfaction of all or part of a capital reserve fund
13 requirement, irrevocable letters of credit issued by a commercial
14 bank, surety bonds, insurance policies, and similar credit facilities.

15 (g) In this section, "capital reserve fund requirement" means
16 the amount required to be on deposit in the capital reserve fund as of
17 the date of computation as determined by resolution of the board.

18 Sec. 14.42.250. VALIDITY OF PLEDGE. It is the intention of the
19 legislature that a pledge made in respect to bonds of the corporation
20 shall be valid and binding from the time the pledge is made; that the
21 money or property so pledged and thereafter received by the corpora-
22 tion shall immediately be subject to the lien of the pledge without
23 physical delivery or further act; and that the lien of the pledge
24 shall be valid and binding as against all parties having claims of any
25 kind in tort, contract, or otherwise against the corporation irrespec-
26 tive of whether the parties have notice. Neither the resolution,
27 trust agreement, nor other instrument by which a pledge is created
28 need be recorded or filed under the provisions of the Uniform Commer-
29 cial Code (AS 45.01 - AS 45.09) to be valid, binding, or effective.

1 Sec. 14.42.260. NONLIABILITY ON BONDS. (a) The members of the
2 board and individuals executing the bonds of the corporation are not
3 liable personally on the bonds or subject to personal liability or
4 accountability by reason of the issuance of the bonds.

5 (b) The bonds issued by the corporation do not constitute an
6 indebtedness or other liability of the state or of a political sub-
7 division of the state, except the corporation, but shall be payable
8 solely from the income and receipts or other funds or property of the
9 corporation. The corporation may not pledge the faith or credit of
10 the state, or of a political subdivision of the state, except the
11 corporation, to the payment of a bond. Issuance of a bond by the
12 corporation does not directly, indirectly, or contingently obligate
13 the state or a political subdivision of the state to apply money from,
14 or levy or pledge any form of taxation whatever to the payment of the
15 bond.

16 Sec. 14.42.265. UNDERWRITERS. The board may select one or more
17 underwriters for its bonds in accordance with procedures

18 (1) for the award of a contract under AS 36.30.200 -
19 36.30.260; or

20 (2) adopted by regulations of the board that are based on
21 the competitive principles of AS 36.30.200 - 36.30.260 and are adapted
22 to the special needs of the corporation in the selling of its bonds as
23 determined by the board.

24 Sec. 14.42.270. PLEDGE AND AGREEMENT OF STATE. The state
25 pledges to and agrees with holders of bonds issued by the corporation
26 that the state will not limit or alter the rights and powers vested in
27 the corporation under AS 14.42.100 - 14.42.330 to fulfill the terms of
28 a contract made by the corporation with the bondholders or in any way
29 impair the rights and remedies of the bondholders until the bonds,

1 together with the interest on them with interest on unpaid install-
2 ments of interest, and all costs and expenses in connection with an
3 action or proceeding by or on behalf of the bondholders, are fully met
4 and discharged. The corporation may include this pledge and agreement
5 of the state in a contract with bondholders.

6 Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal
7 property of the corporation and its assets, income, and receipts are
8 declared to be the property of a political subdivision of the state
9 and devoted to an essential public and governmental function and
10 purpose, and the property, assets, income, receipts, and other in-
11 terests of the corporation are exempt from all taxes and special
12 assessments of the state or a political subdivision of the state,
13 including municipalities, school districts, public utility districts,
14 and other governmental units. Bonds of the corporation are declared
15 to be issued by a political subdivision of the state and for an essen-
16 tial public and governmental purpose, and the bonds, interest on them,
17 income from them, and transfer of them, and all assets, income, and
18 receipts pledged to pay or secure the payment of the bonds, or inter-
19 est on them, are exempt from taxation by or under the authority of the
20 state, except for inheritance and estate taxes and taxes on transfers
21 by or in contemplation of death.

22 Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
23 bonds of the corporation are securities in which public officers and
24 bodies of the state, municipalities, insurance companies, insurance
25 associations, other persons carrying on an insurance business, banks,
26 bankers, trust companies, savings banks, savings associations, build-
27 ing and loan associations, investment companies, other persons carry-
28 ing on a banking business, administrators, guardians, executors,
29 trustees, other fiduciaries, and other persons who are authorized to

1 invest in bonds or other obligations of the state, may properly and
2 legally invest funds including capital in their control or belonging
3 to them. Notwithstanding any other provisions of law, the bonds of
4 the corporation are also securities that may be deposited with and may
5 be received by public officers and bodies of the state and municipal-
6 ities for any purpose for which the deposit of bonds or other obliga-
7 tions of the state is now or may be authorized.

8 Sec. 14.42.300. OPERATION OF CERTAIN STATUTES EXCEPTED. (a)
9 The corporation is not a municipality as the term is defined in
10 AS 01.10.060. Except as provided in AS 14.42.190, the corporation is
11 not subject to AS 37. For all other purposes the corporation is a
12 political subdivision and an instrumentality of the state.

13 (b) The funds, income, and receipts of the corporation are not
14 money of the state, nor may real property in which the corporation has
15 an interest be considered land owned in fee by the state or to which
16 the state may become entitled or in any way land belonging to the
17 state, or state land referred to in art. VIII of the Alaska Constitu-
18 tion.

19 Sec. 14.42.310. ANNUAL AUDIT. The financial records of the
20 corporation shall be audited annually by the legislative auditor or by
21 a certified public accountant approved by the legislative auditor.
22 The legislative auditor may prescribe the form and content of the
23 financial records of the corporation and shall have access to these
24 records at any time.

25 Sec. 14.42.500. DEFINITIONS. In AS 14.42.100 - 14.42.500,

26 (1) "board" means the board of directors of the corpo-
27 ration;

28 (2) "corporation" means the Alaska Student Loan Corpora-
29 tion.

1 * Sec. 3. AS 14.43.090(a) is amended to read:

2 (a) There is created a scholarship revolving loan fund. The
3 fund shall be used to make scholarship loans to students selected
4 under AS 14.43.090 - 14.43.160, [AND] to pay the costs of collecting
5 scholarship [STUDENT] loans that are in default if those costs are not
6 recovered from the student, and to pay the costs of administering the
7 fund. Unless the instrument evidencing the scholarship loan has been
8 sold or assigned to the Alaska Student Loan Corporation, [. ALL]
9 repayments of principal and interest on a scholarship loan [LOANS]
10 shall be paid into the scholarship revolving loan fund. If money
11 estimated to be available [FROM SCHOLARSHIP LOAN REPAYMENTS] is inade-
12 quate to fully fund estimated scholarship loans for any fiscal year,
13 additional funding from the general fund may be requested and appro-
14 priated for that year.

15 * Sec. 4. AS 14.43.090 is amended by adding a new subsection to read:

16 (d) The student financial aid committee created under AS 14.43.-
17 095 may sell or assign notes and other instruments evidencing scholar-
18 ship loans to the Alaska Student Loan Corporation and enter into
19 agreements with the corporation relating to loans, the administration
20 of the student loan fund created under AS 14.42.210, and the payment
21 of and security for bonds of the corporation. Proceeds from the sale
22 or assignment of notes and other instruments shall be deposited in the
23 scholarship revolving loan fund.

24 * Sec. 5. AS 14.43.120(h) is amended to read:

25 (h) Security may not be required for a loan [THE LOANS]; how-
26 ever, provision shall be made for payment of all [ATTORNEY] fees and
27 costs [OF COURT IF EITHER OR BOTH ARE] incurred in collection of the
28 amount owed on the loan if it becomes delinquent or in default.

29 * Sec. 6. AS 14.43.120(i) is amended to read:

1 (i) If a loan is in default, the commission shall notify the
2 borrower that repayment of the remaining balance is accelerated and
3 due by sending the borrower a notice by registered or certified mail.
4 The permanent fund dividend of a borrower may be taken under AS 43.-
5 23.065(b)(4) to satisfy the balance due on the defaulted loan.

6 * Sec. 7. AS 14.43.120(1) is amended to read:

7 (1) The state shall [WILL] pay the interest on that portion of a
8 loan that is not federally insured during

9 (1) the period in which the borrower is a full-time student
10 [BEFORE THE BEGINNING OF THE REPAYMENT PERIOD OF THE LOAN];

11 (2) deferments under (k) of this section; or [.]

12 (3) the 12 months after the borrower ceases to be a
13 full-time student if the borrower has paid an amount equal to 10
14 percent of the total loan balance before the end of the 12-month
15 period.

16 * Sec. 8. AS 14.43.120 is amended by adding a new subsection to read:

17 (r) The rate of interest, time of payment of an installment of
18 principal or interest, or other terms of a scholarship loan may be
19 modified if required to establish or maintain tax-exempt status under
20 26 U.S.C. 103 (Internal Revenue Code of 1986), as amended, for the
21 interest on bonds issued by the Alaska Student Loan Corporation.

22 * Sec. 9. AS 14.43.125 is amended by adding a new subsection to read:

23 (c) A person may not be awarded a scholarship loan under AS 14.-
24 43.090 - 14.43.160 if a family education loan is made on behalf of
25 that person under AS 14.43.710 - 14.43.790 or if that person receives
26 a teacher scholarship loan under AS 14.43.600 - 14.43.700 for the same
27 school year.

28 * Sec. 10. AS 14.43.255(a) is amended to read:

29 (a) There is created a memorial scholarship revolving loan fund.

1 The fund shall be used to provide educational scholarship loans to
2 students selected under AS 14.43.250 - 14.43.325. Unless the instru-
3 ment evidencing the memorial scholarship loan has been sold or as-
4 signed to the Alaska Student Loan Corporation, repayments [REPAYMENTS]
5 of a loan [LOANS MADE UNDER AS 14.43.250(b)(1) - (4)] shall be de-
6 posited into the memorial scholarship revolving loan fund and [REPAY-
7 MENTS OF LOANS MADE UNDER AS 14.43.250(b)(5) SHALL BE DEPOSITED INTO
8 THE SCHOLARSHIP REVOLVING LOAN FUND CREATED UNDER AS 14.43.090.
9 REPAYMENTS] shall be used to make new loans.

10 * Sec. 11. AS 14.43.255 is amended by adding a new subsection to read:

11 (c) The student financial aid committee created under AS 14.43.-
12 095 may sell or assign notes and other instruments evidencing memorial
13 scholarship loans to the Alaska Student Loan Corporation and enter
14 into agreements with the corporation relating to loans, the adminis-
15 tration of the student loan fund created under AS 14.42.210, and the
16 payment of and security for bonds of the corporation. Proceeds from
17 the sale or assignment of a note or other instrument shall be de-
18 posited in the appropriate memorial scholarship loan fund account.

19 * Sec. 12. AS 14.43.620 is amended to read:

20 Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN FUND. There
21 is created a teacher scholarship revolving loan fund. The fund shall
22 be used to make scholarship loans to students selected under AS 14.-
23 43.600 - 14.43.700. Unless the instrument evidencing the teacher
24 scholarship loan has been sold or assigned to the Alaska Student Loan
25 Corporation, [ALL] repayments of principal and interest on a teacher
26 scholarship loan [LOANS] shall be paid into the teacher scholarship
27 revolving loan fund and shall be used to make new teacher scholarship
28 loans. If estimated funds available [FROM TEACHER SCHOLARSHIP LOAN
29 REPAYMENTS] are inadequate to fully fund estimated teacher scholarship

1 loans for any fiscal year, additional funding from the general fund
2 may be requested and appropriated for that year.

3 * Sec. 13. AS 14.43.620 is amended by adding a new subsection to read:

4 (b) The student financial aid committee created under AS 14.43.-
5 095 may sell or assign notes and other instruments evidencing teacher
6 scholarship loans to the Alaska Student Loan Corporation and enter
7 into agreements with the corporation relating to loans, the adminis-
8 tration of the student loan fund created under AS 14.42.210 and the
9 payment of and security for bonds of the corporation. Proceeds from
10 the sale or assignment of the notes or other instruments shall be
11 deposited in the teacher scholarship revolving loan fund.

12 * Sec. 14. AS 14.43.640(b) is amended to read:

13 (b) If a borrower meets the conditions provided in (a) of this
14 section and is employed as a teacher in a rural elementary or secon-
15 dary school, the portion of the loan that shall be paid by the state
16 [, NOTWITHSTANDING AS 14.43.120(j),] is the following percentages of
17 the total loan received plus interest up to a total of 100 percent of
18 the total loan:

- 19 (1) one year employment, 15 percent;
- 20 (2) two years employment, an additional 15 percent;
- 21 (3) three years employment, an additional 15 percent;
- 22 (4) four years employment, an additional 25 percent;
- 23 (5) over four years employment, an additional 30 percent.

24 * Sec. 15. AS 14.43.650(c) is repealed and reenacted to read:

25 (c) A student may not be awarded a teacher scholarship loan
26 under AS 14.43.600 - 14.43.700 if a family education loan is made on
27 behalf of the student under AS 14.43.710 - 14.43.790 or if the student
28 receives a scholarship loan under AS 14.43.090 - 14.43.160 for the
29 same school year.

1 * Sec. 16. AS 14.43 is amended by adding new sections to read:

2 ARTICLE 8. ALASKA FAMILY EDUCATION LOAN PROGRAM.

3 Sec. 14.43.710. PROGRAM ESTABLISHED. The Alaska family educa-
4 tion loan program is established to provide low interest loans to
5 families to assist in paying the costs of postsecondary education for
6 family members.

7 Sec. 14.43.720. FAMILY EDUCATION LOAN ACCOUNT. (a) The family
8 education loan account is created within the scholarship revolving
9 loan fund (AS 14.43.090). The account shall be used to make family
10 education loans to families selected under AS 14.43.710 - 14.43.790,
11 to pay the costs of collecting family education loans that are in
12 default if those costs are not recovered from the family, and to pay
13 the costs of administering the account. Unless the instrument evi-
14 dencing the family education loan has been sold or assigned to the
15 Alaska Student Loan Corporation, repayments of principal and interest
16 on family education loans shall be paid into the family education loan
17 account. If estimated funds available from family education loan
18 repayments are inadequate to fully fund estimated family education
19 loans in a fiscal year, additional funding from the general fund may
20 be requested and appropriated for that year.

21 (b) The student financial aid committee created under AS 14.43.-
22 095 may sell or assign notes and other instruments evidencing family
23 education loans to the Alaska Student Loan Corporation and enter into
24 agreements with the corporation relating to loans, the administration
25 of the student loan fund created under AS 14.42.210, and the payment
26 of and security for bonds of the corporation. Proceeds from the sale
27 or assignment of notes and other instruments shall be deposited in the
28 family education loan account.

29 Sec. 14.43.730. ADMINISTRATION. The family education loan

1 program shall be administered by the student financial aid committee
2 (AS 14.43.095) under regulations adopted by the committee.

3 Sec. 14.43.740. LOAN TERMS AND CONDITIONS. (a) The provisions
4 of AS 14.43.100, 14.43.110, 14.43.115, 14.43.120(a) - (d), (i), (m),
5 and (r), and 14.43.135, apply to a loan made under AS 14.43.710 -
6 14.43.790.

7 (b) The provisions of AS 14.43.120(p) apply to a loan made under
8 AS 14.43.710 - 14.43.790 with respect to the family member on whose
9 behalf a loan is made.

10 (c) Interest on a loan made under AS 14.43.710 - 14.43.790 is at
11 a rate of five percent a year unless the loan is in default. Interest
12 on a loan that is in default is 10 percent a year.

13 (d) Repayment of the principal and interest on a loan made under
14 AS 14.43.710 - 14.43.790 begins on the first of the month immediately
15 following loan disbursement. The loan may be cancelled without preju-
16 dice at any time before actual disbursement. The loan shall provide
17 for repayment of the total amount owed in periodic installments in not
18 more than 10 years from the commencement of repayment. If the commis-
19 sion and the borrower agree to a different repayment schedule, the
20 borrower shall repay the loan in accordance with the agreement.

21 (e) Provision shall be made for payment by the borrower of fees
22 and costs incurred in collection of delinquent or defaulted loans.

23 Sec. 14.43.750. ELIGIBILITY. (a) A person may apply for and
24 obtain a family education loan on behalf of a family member if

25 (1) the borrower is a resident of the state at the time of
26 application for the loan; for purposes of this paragraph, a borrower
27 qualifies as a resident of the state if the borrower has been phys-
28 ically present in the state for at least two years immediately before
29 the time of application for the loan;

1 (2) the family member has been claimed as a dependent for
2 federal tax purposes by the borrower for the tax year immediately
3 before the time of application and

4 (A) is enrolled as a full-time student in a career
5 education, associate, baccalaureate, or graduate degree program;
6 or

7 (B) is a graduate of a high school or the equivalent,
8 or scheduled for graduation from a high school within six months,
9 with sufficient credits to be admitted to a career education
10 program or to an accredited college or university; and

11 (3) neither the borrower nor the family member is delin-
12 quent or in default on a previously awarded student loan from the
13 state.

14 (b) A family education loan may not be made on behalf of a
15 family member if the family member receives a scholarship loan under
16 AS 14.43.090 - 14.43.160 or a teacher scholarship loan under AS 14.-
17 43.600 - 14.43.700 for the same school year.

18 Sec. 14.43.790. DEFINITIONS. (a) In AS 14.43.710 - 14.43.790

19 (1) "default" means a loan that is 120 days or more past
20 due in repayment;

21 (2) "delinquent" means a loan that is 60 days or more past
22 due in repayment.

23 (b) The definitions set out in AS 14.43.160 apply to AS 14.43.-
24 710 - 14.43.790.

25 * Sec. 17. AS 43.23 is amended by adding a new section to read:

26 Sec. 43.23.067. CLAIMS OF DEFAULTED SCHOLARSHIP LOANS. (a)
27 AS 09.38 does not apply to permanent fund dividends taken under
28 AS 14.43.120(i). Notwithstanding AS 09.35, execution on a claim under
29 AS 14.43.120(i) is accomplished by delivering a certified claim to the

1 department containing the following information:

2 (1) the name and social security number of the individual
3 whose dividend is being claimed;

4 (2) the amount the individual owes on the scholarship loan;
5 and

6 (3) a statement that

7 (A) the debt has not been contested, or, if contested,
8 that the issue has been resolved in favor of the Alaska Commis-
9 sion on Postsecondary Education; and

10 (B) if the debt has been contested and resolved in
11 favor of the Alaska Commission on Postsecondary Education, no
12 appeal is pending, the time limit for filing an appeal has ex-
13 pired, or the appeal has been resolved in favor of the commis-
14 sion.

15 (b) Upon receipt of a claim under (a) of this section the de-
16 partment shall notify the individual of the claim. The notice shall
17 be sent to the address provided in the individual's permanent fund
18 dividend application and must provide the following information:

19 (1) the amount of the claim; and

20 (2) notice that the amount of the permanent fund dividend
21 that does not exceed the amount of the claim shall be paid to the
22 Alaska Commission on Postsecondary Education unless the commission
23 releases the claim or the individual requests a hearing within 30 days
24 after the date the notice is sent by the department.

25 (c) AS 44.62.330 - 44.62.630 apply to a hearing requested by an
26 individual under (b)(2) of this section. If a request for a hearing
27 is not received by the department within the required time limit, the
28 department shall pay to the Alaska Commission on Postsecondary Educa-
29 tion the amount of the permanent fund dividend that does not exceed

1 the amount of the claim.

2 * Sec. 18. AS 14.43.120(j) and 14.43.120(o) are repealed.

3 * Sec. 19. This Act takes effect July 1, 1987.

Outdated
5/16/87
5-0317N

Original sponsors: Sund and Boucher

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 39 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to student loans and family educa-
7 tion loans; creating the Alaska Student Loan Corpora-
8 tion; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 14.42 is amended by adding a new section to read:

11 Sec. 14.42.032. LIMITATION ON AWARDED LOANS. In administering
12 AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, and 14.43.710 -
13 14.43.790, the commission may not during a fiscal year award loans
14 with a total value that exceeds by more than three percent the total
15 value of loans awarded under those provisions during the previous
16 fiscal year. This limitation may be exceeded only if the commission
17 is specifically authorized to do so by law.

18 * Sec. 2. AS 14.42 is amended by adding new sections to read:

19 ARTICLE 2. ALASKA STUDENT LOAN CORPORATION.

20 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

21 There is created the Alaska Student Loan Corporation. The corporation
22 is a public corporation and government instrumentality within the
23 Department of Education but having a legal existence independent of
24 and separate from the state. The corporation may not be terminated as
25 long as it has bonds, notes, or other obligations outstanding. Upon
26 termination of the corporation, its rights and property pass to the
27 state.

28 Sec. 14.42.110. PURPOSE OF CORPORATION. The purpose of the
29 corporation is to improve higher educational opportunities for

1 residents of the state in accordance with this chapter.

2 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corpor-
3 ation shall be governed by a board of directors appointed by the
4 governor consisting of two members of the Alaska Commission on Post-
5 secondary Education, each of whom is selected for the commission under
6 AS 14.42.015(a)(1) - (2), (4) - (6), (8), or (9) and the commissioner
7 of revenue, the commissioner of administration, and the commissioner
8 of commerce and economic development. Members of the board serve
9 without compensation but the members who are also members of the
10 Alaska Commission on Postsecondary Education are entitled to per diem
11 and travel expenses authorized by law for boards and commissions under
12 AS 39.20.180.

13 (b) The board shall elect a chairman from among its membership
14 at its annual meeting each year. A majority of the members constitute
15 a quorum for organizing the board, conducting its business, and exer-
16 cising the powers of the corporation.

17 Sec. 14.42.130. MEETINGS OF THE BOARD. (a) The board shall
18 meet at the call of its chairman and at other times as the board may
19 determine in accordance with its regulations.

20 (b) Public notice of a meeting of the board at which the issu-
21 ance of corporation bonds is authorized shall be provided at least 24
22 hours before the meeting.

23 Sec. 14.42.140. MINUTES OF MEETINGS. The board shall keep
24 minutes of each meeting and send a certified copy to the governor and
25 to the Legislative Budget and Audit Committee.

26 Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall
27 manage the assets and business of the corporation and may adopt bylaws
28 and regulations, in accordance with the Administrative Procedure Act
29 (AS 44.62), governing the manner in which the business of the

1 corporation is conducted and the manner in which its powers are
2 exercised. The board shall delegate supervision of the administration
3 of the corporation to the executive officer of the corporation.

4 Sec. 14.42.160. EXECUTIVE OFFICER. The executive officer of the
5 Commission on Postsecondary Education appointed under AS 14.42.040(a)
6 shall serve as executive officer of the corporation. The board shall
7 prescribe the duties of the executive officer.

8 Sec. 14.42.170. STAFF. The employees of the Alaska Commission
9 on Postsecondary Education shall serve as staff for the corporation.

10 Sec. 14.42.190. BUDGET. The operating budget of the corporation
11 is subject to AS 37.07 (Executive Budget Act).

12 Sec. 14.42.200. GENERAL POWERS. In addition to other powers
13 granted in this chapter, the corporation may

- 14 (1) sue and be sued in its own name;
- 15 (2) adopt an official seal;
- 16 (3) adopt regulations under AS 44.62 (Administrative Proce-
17 dure Act) to carry out the purposes of this chapter;
- 18 (4) make and execute agreements, contracts, and other in-
19 struments necessary or convenient in the exercise of the powers and
20 functions of the corporation, including contracts with a person or
21 governmental entity;
- 22 (5) receive, administer, and comply with the conditions and
23 requirements respecting any appropriation, gift, grant, or donation of
24 property or money;
- 25 (6) borrow money as provided in this chapter to carry out
26 its corporate purposes and issue its obligations as evidence of the
27 borrowing;
- 28 (7) include in a borrowing the amounts to pay financing
29 charges, interest on the obligations for a period not exceeding one

1 year after the date on which the corporation estimates funds will
2 otherwise be available to pay the interest, consultant, advisory and
3 legal fees and other expenses necessary or incident to the borrowing;

4 (8) invest or reinvest, subject to its contracts with
5 noteholders and bondholders, money held by the corporation in obliga-
6 tions or other securities authorized for investments of the commis-
7 sioner of revenue under AS 37.10.070(a);

8 (9) collect from a borrower amounts owed with respect to a
9 student loan the corporation has purchased;

10 (10) gather information on student loans available to resi-
11 dents of Alaska and disseminate the information to reasonably assure
12 that qualified residents are aware of financial resources available to
13 those attending or desiring to attend institutions for which loans may
14 be made under AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or
15 14.43.710 - 14.43.790;

16 (11) service student loans held by the corporation;

17 (12) purchase or participate in the purchase of student
18 loans;

19 (13) contract in advance for the purchase or sale of student
20 loans;

21 (14) sell or participate in the sale, either public or
22 private and on terms authorized by the board, of student loans to the
23 Student Loan Marketing Association or to other purchasers;

24 (15) collect and pay reasonable fees and charges in connec-
25 tion with the purchase, sale, and servicing of student loans;

26 (16) enter into agreements with the federal government,
27 including guaranty agreements and supplemental guaranty agreements as
28 described in the United States Higher Education Act of 1965, as neces-
29 sary to provide for the receipt by the corporation of administrative

1 allowances and other benefits available under the United States Higher
2 Education Act of 1965;

3 (17) administer federal money allotted to the state involv-
4 ing insured student loans and related administrative costs and other
5 matters;

6 (18) enter into agreements with the Alaska Commission on
7 Postsecondary Education relating to student loans, the administration
8 of the student loan fund created under AS 14.42.210, and the payment
9 of and security for bonds of the corporation;

10 (19) to the extent permitted under contracts with bond
11 holders, consent to the modification of the rate of interest, time of
12 payment of an installment of principal or interest, or other terms of
13 a student loan purchased by the corporation;

14 (20) procure insurance against any loss in connection with
15 the operation of its programs;

16 (21) provide advisory services to borrowers and other parti-
17 cipants in the corporation's programs;

18 (22) enter into credit facility agreements and make pledges,
19 covenants, and agreements with respect to the repayment of borrowings
20 under the credit facility agreements;

21 (23) do all acts necessary, convenient, or desirable to
22 carry out the powers expressly granted or necessarily implied in
23 AS 14.42.100 - 14.42.500.

24 Sec. 14.42.210. STUDENT LOAN FUND. (a) The student loan fund
25 is established in the corporation. The student loan fund is a trust
26 fund to be used to carry out the purposes of AS 14.42.100 - 14.42.500,
27 AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, and 14.43.710 -
28 14.43.790. The fund consists of money or assets appropriated or
29 transferred to the corporation for the fund and money or assets

1 deposited in it by the corporation. The corporation may establish
2 separate accounts in the fund.

3 (b) Money and other assets of the student loan fund may be used
4 to secure bonds of the corporation, invested in student loans and in-
5 vestments described in AS 37.10.070(a) and used to purchase loans
6 approved under AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or
7 14.43.710 - 14.43.790.

8 (c) The student loan fund shall be administered by the Alaska
9 Commission on Postsecondary Education. The corporation and the com-
10 mission may enter into agreements relating to the administration of
11 the fund. The corporation may assign its rights under the agreements
12 for the benefit and security of holders of its bonds.

13 Sec. 14.42.220. BONDS OF THE CORPORATION. (a) Subject to (f)
14 of this section, the corporation may borrow money and may issue bonds,
15 on which the principal and interest are payable from its income and
16 receipts or other assets or a designated part or parts of them.

17 (b) Bonds may be authorized only by resolution of the board.
18 Bonds shall be dated, bear interest at the rate or rates, be in the
19 denominations, be in the form, either coupon or registered, carry the
20 registration privileges, be executed in the manner, be payable in the
21 medium of payment, at the place or places, be subject to the terms of
22 redemption, and mature as provided by the resolution or a subsequent
23 resolution. However, a bond may not mature more than 30 years after
24 the date it is issued.

25 (c) Bonds of the corporation, regardless of form or character,
26 are negotiable instruments for all the purposes of the Uniform Commer-
27 cial Code (AS 45.01 - AS 45.09).

28 (d) Bonds of the corporation may be sold at public or private
29 sale in the manner, for the price or prices, and at the time or times

1 that the board determines.

2 (e) The superior court has jurisdiction to hear and determine
3 proceedings relating to the corporation, including proceedings brought
4 by or for the benefit of a bondholder or by a trustee for or other
5 representative of a bondholder.

6 (f) The corporation may not issue bonds, other than refunding
7 bonds, during any two consecutive fiscal years in an aggregate amount
8 greater than \$125,000,000 unless the legislature, by law, approves
9 issuance of a greater amount.

10 Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. An
11 issue of bonds by the corporation may be secured by a trust indenture
12 or trust agreement between the corporation and a corporate trustee,
13 which may be a trust company, bank, or national banking association,
14 with corporate trust powers, located inside or outside the state, or
15 by a secured loan agreement or other instrument or under a resolution
16 giving powers to a corporate trustee by means of which the corporation
17 may:

18 (1) enter into agreements with the trustee or the bond-
19 holders that the board determines to be necessary or desirable, in-
20 cluding covenants, provisions, limitations, and other agreements as to
21 the

22 (A) application, investment, deposit, use, and dispo-
23 sition of the proceeds of bonds of the corporation or of money or
24 other property of the corporation or in which it has an interest;

25 (B) fixing and collecting loan payments and other
26 consideration for a student loan;

27 (C) assignment by the corporation of its rights in a
28 student loan or in a mortgage or other security interest created
29 with respect to a student loan to a trustee for the benefit of

1 bondholders;

2 (D) terms and conditions upon which additional bonds
3 of the corporation may be issued;

4 (E) vesting in a trustee of rights, powers, duties,
5 funds, or property in trust for the benefit of bondholders, in-
6 cluding the right to enforce payment, performance, and other
7 rights of the corporation or of the bondholders, under a student
8 loan or a security interest created with respect to a student
9 loan;

10 (2) pledge, mortgage or assign money, agreements, property,
11 or other assets of the corporation either presently in hand or to be
12 received in the future, or both; and

13 (3) provide for other matters that in any way affect the
14 security or protection of the bonds.

15 Sec. 14.42.240. RESERVES AND CAPITAL RESERVES. (a) For the
16 purpose of securing one or more issues of bonds of the corporation,
17 the board may establish one or more special funds, called "capital
18 reserve funds," and may pay into those capital reserve funds the
19 proceeds of the sale of bonds and other money available to the corpo-
20 ration from other sources for the purposes of the capital reserve
21 funds. A capital reserve fund may be established only if the board
22 determines that the establishment of the fund would enhance the mar-
23 ketability of the bonds. Money in a capital reserve fund, except as
24 provided in this section, may be used as required only for the (1)
25 payment of the principal of, and interest on, bonds or of the sinking
26 fund payments with respect to those bonds; (2) purchase or redemption
27 of the bonds; or (3) payment of a redemption premium required to be
28 paid when the bonds are redeemed before maturity. However, money in a
29 capital reserve fund may not be withdrawn if the withdrawal would

1 reduce the amount in the capital reserve fund to less than the capital
2 reserve fund requirement, except for the purpose of making payment,
3 when due, of principal, interest, or redemption premiums on the bonds
4 when other money of the corporation is not available for the payments.
5 Income or interest earned by, or increment to, a capital reserve fund,
6 from the investment of all or part of the fund, may be transferred by
7 the corporation to other funds or accounts of the corporation if the
8 transfer does not reduce the amount of the capital reserve fund below
9 the capital reserve fund requirement.

10 (b) If the board decides to issue bonds secured by a capital
11 reserve fund, the bonds may not be issued if the amount in the capital
12 reserve fund is less than the capital reserve fund requirement, unless
13 the corporation, at the time of issuance of the bonds, pledges to
14 deposit in the capital reserve fund from the proceeds of the bonds to
15 be issued or from other sources, an amount that, together with the
16 amount then in the fund, is not less than the capital reserve fund
17 requirement.

18 (c) In computing the amount of a capital reserve fund for the
19 purpose of this section, securities in which all or a portion of the
20 fund is invested and credit facilities deposited in or credited to a
21 capital reserve fund under (f) of this section shall be valued by a
22 reasonable method established by the board by resolution. Valuation
23 shall include the amount of interest earned or accrued as of the date
24 of valuation.

25 (d) By January 15 of each year, the chairman of the board shall
26 certify in writing to the governor and the legislature the amount, if
27 any, required to restore a capital reserve fund to the capital reserve
28 fund requirement. The legislature may appropriate to the corporation
29 the amount certified by the chairman. The corporation shall deposit

1 the amounts appropriated under this subsection during a fiscal year in
2 the proper capital reserve fund. This subsection does not create a
3 debt or liability of the state.

4 (e) The board may establish reserve funds, other than capital
5 reserve funds, to secure one or more issues of bonds of the corpo-
6 ration. The corporation may deposit in a reserve fund established
7 under this subsection the proceeds of sale of its bonds and other
8 money available from any other source. The corporation may allow a
9 reserve fund established under this subsection to be depleted without
10 complying with (d) of this section.

11 (f) The corporation may hold in a capital reserve fund, in lieu
12 of money and in satisfaction of all or part of a capital reserve fund
13 requirement, irrevocable letters of credit issued by a commercial
14 bank, surety bonds, insurance policies, and similar credit facilities.

15 (g) In this section, "capital reserve fund requirement" means
16 the amount required to be on deposit in the capital reserve fund as of
17 the date of computation as determined by resolution of the board.

18 Sec. 14.42.250. VALIDITY OF PLEDGE. It is the intention of the
19 legislature that a pledge made in respect to bonds of the corporation
20 shall be valid and binding from the time the pledge is made; that the
21 money or property so pledged and thereafter received by the corpora-
22 tion shall immediately be subject to the lien of the pledge without
23 physical delivery or further act; and that the lien of the pledge
24 shall be valid and binding as against all parties having claims of any
25 kind in tort, contract, or otherwise against the corporation irrespec-
26 tive of whether the parties have notice. Neither the resolution,
27 trust agreement, nor other instrument by which a pledge is created
28 need be recorded or filed under the provisions of the Uniform Commer-
29 cial Code (AS 45.01 - AS 45.09) to be valid, binding, or effective.

1 Sec. 14.42.260. NONLIABILITY ON BONDS. (a) The members of the
2 board and individuals executing the bonds of the corporation are not
3 liable personally on the bonds or subject to personal liability or
4 accountability by reason of the issuance of the bonds.

5 (b) The bonds issued by the corporation do not constitute an
6 indebtedness or other liability of the state or of a political sub-
7 division of the state, except the corporation, but shall be payable
8 solely from the income and receipts or other funds or property of the
9 corporation. The corporation may not pledge the faith or credit of
10 the state, or of a political subdivision of the state, except the
11 corporation, to the payment of a bond. Issuance of a bond by the
12 corporation does not directly, indirectly, or contingently obligate
13 the state or a political subdivision of the state to apply money from,
14 or levy or pledge any form of taxation whatever to the payment of the
15 bond.

16 Sec. 14.42.265. UNDERWRITERS. The board may select one or more
17 underwriters for its bonds in accordance with procedures

18 (1) for the award of a contract under AS 36.30.200 -
19 36.30.260; or

20 (2) adopted by regulations of the board that are based on
21 the competitive principles of AS 36.30.200 - 36.30.260 and are adapted
22 to the special needs of the corporation in the selling of its bonds as
23 determined by the board.

24 Sec. 14.42.270. PLEDGE AND AGREEMENT OF STATE. The state
25 pledges to and agrees with holders of bonds issued by the corporation
26 that the state will not limit or alter the rights and powers vested in
27 the corporation under AS 14.42.100 - 14.42.330 to fulfill the terms of
28 a contract made by the corporation with the bondholders or in any way
29 impair the rights and remedies of the bondholders until the bonds,

1 together with the interest on them with interest on unpaid install-
2 ments of interest, and all costs and expenses in connection with an
3 action or proceeding by or on behalf of the bondholders, are fully met
4 and discharged. The corporation may include this pledge and agreement
5 of the state in a contract with bondholders.

6 Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal
7 property of the corporation and its assets, income, and receipts are
8 declared to be the property of a political subdivision of the state
9 and devoted to an essential public and governmental function and
10 purpose, and the property, assets, income, receipts, and other in-
11 terests of the corporation are exempt from all taxes and special
12 assessments of the state or a political subdivision of the state,
13 including municipalities, school districts, public utility districts,
14 and other governmental units. Bonds of the corporation are declared
15 to be issued by a political subdivision of the state and for an essen-
16 tial public and governmental purpose, and the bonds, interest on them,
17 income from them, and transfer of them, and all assets, income, and
18 receipts pledged to pay or secure the payment of the bonds, or inter-
19 est on them, are exempt from taxation by or under the authority of the
20 state, except for inheritance and estate taxes and taxes on transfers
21 by or in contemplation of death.

22 Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
23 bonds of the corporation are securities in which public officers and
24 bodies of the state, municipalities, insurance companies, insurance
25 associations, other persons carrying on an insurance business, banks,
26 bankers, trust companies, savings banks, savings associations, build-
27 ing and loan associations, investment companies, other persons carry-
28 ing on a banking business, administrators, guardians, executors,
29 trustees, other fiduciaries, and other persons who are authorized to

1 invest in bonds or other obligations of the state, may properly and
2 legally invest funds including capital in their control or belonging
3 to them. Notwithstanding any other provisions of law, the bonds of
4 the corporation are also securities that may be deposited with and may
5 be received by public officers and bodies of the state and municipal-
6 ities for any purpose for which the deposit of bonds or other obliga-
7 tions of the state is now or may be authorized.

8 Sec. 14.42.300. OPERATION OF CERTAIN STATUTES EXCEPTED. (a)
9 The corporation is not a municipality as the term is defined in
10 AS 01.10.060. Except as provided in AS 14.42.190, the corporation is
11 not subject to AS 37. For all other purposes the corporation is a
12 political subdivision and an instrumentality of the state.

13 (b) The funds, income, and receipts of the corporation are not
14 money of the state, nor may real property in which the corporation has
15 an interest be considered land owned in fee by the state or to which
16 the state may become entitled or in any way land belonging to the
17 state, or state land referred to in art. VIII of the Alaska Constitu-
18 tion.

19 Sec. 14.42.310. ANNUAL AUDIT. The financial records of the
20 corporation shall be audited annually by the legislative auditor or by
21 a certified public accountant approved by the legislative auditor.
22 The legislative auditor may prescribe the form and content of the
23 financial records of the corporation and shall have access to these
24 records at any time.

25 Sec. 14.42.500. DEFINITIONS. In AS 14.42.100 - 14.42.500,

26 (1) "board" means the board of directors of the corpo-
27 ration;

28 (2) "corporation" means the Alaska Student Loan Corpora-
29 tion.

1 * Sec. 3. AS 14.43.090(a) is amended to read:

2 (a) There is created a scholarship revolving loan fund. The
3 fund shall be used to make scholarship loans to students selected
4 under AS 14.43.090 - 14.43.160, [AND] to pay the costs of collecting
5 scholarship [STUDENT] loans that are in default if those costs are not
6 recovered from the student, and to pay the costs of administering the
7 fund. Unless the instrument evidencing the scholarship loan has been
8 sold or assigned to the Alaska Student Loan Corporation, [. ALL]
9 repayments of principal and interest on a scholarship loan [LOANS]
10 shall be paid into the scholarship revolving loan fund. If money
11 estimated to be available [FROM SCHOLARSHIP LOAN REPAYMENTS] is inade-
12 quate to fully fund estimated scholarship loans for any fiscal year,
13 additional funding from the general fund may be requested and appro-
14 priated for that year.

15 * Sec. 4. AS 14.43.090 is amended by adding a new subsection to read:

16 (d) The student financial aid committee created under AS 14.43.-
17 095 may sell or assign notes and other instruments evidencing scholar-
18 ship loans to the Alaska Student Loan Corporation and enter into
19 agreements with the corporation relating to loans, the administration
20 of the student loan fund created under AS 14.42.210, and the payment
21 of and security for bonds of the corporation. Proceeds from the sale
22 or assignment of notes and other instruments shall be deposited in the
23 scholarship revolving loan fund.

24 * Sec. 5. AS 14.43.120(d) is amended to read:

25 (d) Scholarship loans may not be made to a student

26 (1) for more than five years of undergraduate study;

27 (2) for more than five years of graduate study;

28 (3) for more than a total of eight years of undergraduate
29 and graduate study;

1 (4) to attend an institution, other than a nonprofit insti-
2 tution, if the total amount of scholarship loans made to students to
3 attend that institution exceeds \$100,000 and the default rate on those
4 loans exceeds the program default rate by more than 150 percent as
5 defined by regulation.

6 * Sec. 6. AS 14.43.120(h) is amended to read:

7 (h) Security may not be required for a loan [THE LOANS]; how-
8 ever, provision shall be made for payment of all [ATTORNEY] fees and
9 costs [OF COURT IF EITHER OR BOTH ARE] incurred in collection of the
10 amount owed on the loan if it becomes delinquent or in default.

11 * Sec. 7. AS 14.43.120(i) is amended to read:

12 (i) If a loan is in default, the commission shall notify the
13 borrower that repayment of the remaining balance is accelerated and
14 due by sending the borrower a notice by registered or certified mail.
15 The permanent fund dividend of a borrower may be taken under AS 43.-
16 23.065(b)(4) to satisfy the balance due on the defaulted loan.

17 * Sec. 8. AS 14.43.120(1) is amended to read:

18 (1) The state shall [WILL] pay the interest on that portion of a
19 loan that is not federally insured during

20 (1) the period in which the borrower is a full-time student
21 [BEFORE THE BEGINNING OF THE REPAYMENT PERIOD OF THE LOAN];

22 (2) deferments under (k) of this section; or [.]

23 (3) the 12 months after the borrower ceases to be a
24 full-time student if the borrower has paid an amount equal to 10
25 percent of the total loan balance before the end of the 12-month
26 period.

27 * Sec. 9. AS 14.43.120 is amended by adding a new subsection to read:

28 (r) The rate of interest, time of payment of an installment of
principal or interest, or other terms of a scholarship loan may be

1 modified if required to establish or maintain tax-exempt status under
2 26 U.S.C. 103 (Internal Revenue Code of 1986), as amended, for the
3 interest on bonds issued by the Alaska Student Loan Corporation.

4 * Sec. 10. AS 14.43.125 is amended by adding a new subsection to read:

5 (c) A person may not be awarded a scholarship loan under AS 14.-
6 43.090 - 14.43.160 if a family education loan is made on behalf of
7 that person under AS 14.43.710 - 14.43.790 or if that person receives
8 a teacher scholarship loan under AS 14.43.600 - 14.43.700 for the same
9 school year.

10 * Sec. 11. AS 14.43.255(a) is amended to read:

11 (a) There is created a memorial scholarship revolving loan fund.
12 The fund shall be used to provide educational scholarship loans to
13 students selected under AS 14.43.250 - 14.43.325. Unless the instru-
14 ment evidencing the memorial scholarship loan has been sold or as-
15 signed to the Alaska Student Loan Corporation, repayments [REPAYMENTS]
16 of a loan [LOANS MADE UNDER AS 14.43.250(b)(1) - (4)] shall be de-
17 posited into the memorial scholarship revolving loan fund and [REPAY-
18 MENTS OF LOANS MADE UNDER AS 14.43.250(b)(5) SHALL BE DEPOSITED INTO
19 THE SCHOLARSHIP REVOLVING LOAN FUND CREATED UNDER AS 14.43.090.
20 REPAYMENTS] shall be used to make new loans.

21 * Sec. 12. AS 14.43.255 is amended by adding a new subsection to read:

22 (c) The student financial aid committee created under AS 14.43.-
23 095 may sell or assign notes and other instruments evidencing memorial
24 scholarship loans to the Alaska Student Loan Corporation and enter
25 into agreements with the corporation relating to loans, the adminis-
26 tration of the student loan fund created under AS 14.42.210, and the
27 payment of and security for bonds of the corporation. Proceeds from
28 the sale or assignment of a note or other instrument shall be de-
29 posited in the appropriate memorial scholarship loan fund account.

1 * Sec. 13. AS 14.43.620 is amended to read:

2 Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN FUND. There
3 is created a teacher scholarship revolving loan fund. The fund shall
4 be used to make scholarship loans to students selected under AS 14.-
5 43.600 - 14.43.700. Unless the instrument evidencing the teacher
6 scholarship loan has been sold or assigned to the Alaska Student Loan
7 Corporation, [ALL] repayments of principal and interest on a teacher
8 scholarship loan [LOANS] shall be paid into the teacher scholarship
9 revolving loan fund and shall be used to make new teacher scholarship
10 loans. If estimated funds available [FROM TEACHER SCHOLARSHIP LOAN
11 REPAYMENTS] are inadequate to fully fund estimated teacher scholarship
12 loans for any fiscal year, additional funding from the general fund
13 may be requested and appropriated for that year.

14 * Sec. 14. AS 14.43.620 is amended by adding a new subsection to read:

15 (b) The student financial aid committee created under AS 14.43.-
16 095 may sell or assign notes and other instruments evidencing teacher
17 scholarship loans to the Alaska Student Loan Corporation and enter
18 into agreements with the corporation relating to loans, the adminis-
19 tration of the student loan fund created under AS 14.42.210 and the
20 payment of and security for bonds of the corporation. Proceeds from
21 the sale or assignment of the notes or other instruments shall be
22 deposited in the teacher scholarship revolving loan fund.

23 * Sec. 15. AS 14.43.640(b) is amended to read:

24 (b) If a borrower meets the conditions provided in (a) of this
25 section and is employed as a teacher in a rural elementary or secon-
26 dary school, the portion of the loan that shall be paid by the state
27 [, NOTWITHSTANDING AS 14.43.120(j),] is the following percentages of
28 the total loan received plus interest up to a total of 100 percent of
29 the total loan:

- 1 (1) one year employment, 15 percent;
- 2 (2) two years employment, an additional 15 percent;
- 3 (3) three years employment, an additional 15 percent;
- 4 (4) four years employment, an additional 25 percent;
- 5 (5) over four years employment, an additional 30 percent.

6 * Sec. 16. AS 14.43.650(c) is repealed and reenacted to read:

7 (c) A student may not be awarded a teacher scholarship loan
8 under AS 14.43.600 - 14.43.700 if a family education loan is made on
9 behalf of the student under AS 14.43.710 - 14.43.790 or if the student
10 receives a scholarship loan under AS 14.43.090 - 14.43.160 for the
11 same school year.

12 * Sec. 17. AS 14.43 is amended by adding new sections to read:

13 ARTICLE 8. ALASKA FAMILY EDUCATION LOAN PROGRAM.

14 Sec. 14.43.710. PROGRAM ESTABLISHED. The Alaska family educa-
15 tion loan program is established to provide low interest loans to
16 families to assist in paying the costs of postsecondary education for
17 family members.

18 Sec. 14.43.720. FAMILY EDUCATION LOAN ACCOUNT. (a) The family
19 education loan account is created within the scholarship revolving
20 loan fund (AS 14.43.090). The account shall be used to make family
21 education loans to families selected under AS 14.43.710 - 14.43.790,
22 to pay the costs of collecting family education loans that are in
23 default if those costs are not recovered from the family, and to pay
24 the costs of administering the account. Unless the instrument evi-
25 dencing the family education loan has been sold or assigned to the
26 Alaska Student Loan Corporation, repayments of principal and interest
27 on family education loans shall be paid into the family education loan
28 account. If estimated funds available from family education loan
29 repayments are inadequate to fully fund estimated family education

1 loans in a fiscal year, additional funding from the general fund may
2 be requested and appropriated for that year.

3 (b) The student financial aid committee created under AS 14.43.-
4 095 may sell or assign notes and other instruments evidencing family
5 education loans to the Alaska Student Loan Corporation and enter into
6 agreements with the corporation relating to loans, the administration
7 of the student loan fund created under AS 14.42.210, and the payment
8 of and security for bonds of the corporation. Proceeds from the sale
9 or assignment of notes and other instruments shall be deposited in the
10 family education loan account.

11 Sec. 14.43.730. ADMINISTRATION. The family education loan
12 program shall be administered by the student financial aid committee
13 (AS 14.43.095) under regulations adopted by the committee.

14 Sec. 14.43.740. LOAN TERMS AND CONDITIONS. (a) The provisions
15 of AS 14.43.100, 14.43.110, 14.43.115, 14.43.120(a) - (d), (i), (m),
16 and (r), and 14.43.135 apply to a loan made under AS 14.43.710 -
17 14.43.790.

18 (b) The provisions of AS 14.43.120(p) apply to a loan made under
19 AS 14.43.710 - 14.43.790 with respect to the family member on whose
20 behalf a loan is made.

21 (c) Interest on a loan made under AS 14.43.710 - 14.43.790 is at
22 a rate of five percent a year unless the loan is in default. Interest
23 on a loan that is in default is 10 percent a year.

24 (d) Repayment of the principal and interest on a loan made under
25 AS 14.43.710 - 14.43.790 begins on the first of the month immediately
26 following loan disbursement. The loan may be cancelled without preju-
27 dice at any time before actual disbursement. The loan shall provide
28 for repayment of the total amount owed in periodic installments in not
29 more than 10 years from the commencement of repayment. If the commis-

1 sion and the borrower agree to a different repayment schedule, the
2 borrower shall repay the loan in accordance with the agreement.

3 (e) Provision shall be made for payment by the borrower of fees
4 and costs incurred in collection of delinquent or defaulted loans.

5 Sec. 14.43.750. ELIGIBILITY. (a) A person may apply for and
6 obtain a family education loan on behalf of a family member if

7 (1) the borrower is a resident of the state at the time of
8 application for the loan; for purposes of this paragraph, a borrower
9 qualifies as a resident of the state if the borrower has been phys-
10 ically present in the state for at least two years immediately before
11 the time of application for the loan;

12 (2) the family member has been claimed as a dependent for
13 federal tax purposes by the borrower for the tax year immediately
14 before the time of application and

15 (A) is enrolled as a full-time student in a career
16 education, associate, baccalaureate, or graduate degree program;
17 or

18 (B) is a graduate of a high school or the equivalent,
19 or scheduled for graduation from a high school within six months,
20 with sufficient credits to be admitted to a career education
21 program or to an accredited college or university; and

22 (3) neither the borrower nor the family member is delin-
23 quent or in default on a previously awarded student loan from the
24 state.

25 (b) A family education loan may not be made on behalf of a
26 family member if the family member receives a scholarship loan under
27 AS 14.43.090 - 14.43.160 or a teacher scholarship loan under AS 14.-
28 43.600 - 14.43.700 for the same school year.

29 Sec. 14.43.790. DEFINITIONS. (a) In AS 14.43.710 - 14.43.790

1 (1) "default" means a loan that is 120 days or more past
2 due in repayment;

3 (2) "delinquent" means a loan that is 60 days or more past
4 due in repayment.

5 (b) The definitions set out in AS 14.43.160 apply to AS 14.43.-
6 710 - 14.43.790.

7 * Sec. 18. AS 43.23 is amended by adding a new section to read:

8 Sec. 43.23.067. CLAIMS OF DEFAULTED SCHOLARSHIP LOANS. (a)
9 AS 09.38 does not apply to permanent fund dividends taken under
10 AS 14.43.120(i). Notwithstanding AS 09.35, execution on a claim under
11 AS 14.43.120(i) is accomplished by delivering a certified claim to the
12 department containing the following information:

13 (1) the name and social security number of the individual
14 whose dividend is being claimed;

15 (2) the amount the individual owes on the scholarship loan;
16 and

17 (3) a statement that

18 (A) the debt has not been contested, or, if contested,
19 that the issue has been resolved in favor of the Alaska Commis-
20 sion on Postsecondary Education; and

21 (B) if the debt has been contested and resolved in
22 favor of the Alaska Commission on Postsecondary Education, no
23 appeal is pending, the time limit for filing an appeal has ex-
24 pired, or the appeal has been resolved in favor of the commis-
25 sion.

26 (b) Upon receipt of a claim under (a) of this section the de-
27 partment shall notify the individual of the claim. The notice shall
28 be sent to the address provided in the individual's permanent fund
29 dividend application and must provide the following information:

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1 (1) the amount of the claim; and

2 (2) notice that the amount of the permanent fund dividend
3 that does not exceed the amount of the claim shall be paid to the
4 Alaska Commission on Postsecondary Education unless the commission
5 releases the claim or the individual requests a hearing within 30 days
6 after the date the notice is sent by the department.

7 (c) AS 44.62.330 - 44.62.630 apply to a hearing requested by an
8 individual under (b)(2) of this section. If a request for a hearing
9 is not received by the department within the required time limit, the
10 department shall pay to the Alaska Commission on Postsecondary Educa-
11 tion the amount of the permanent fund dividend that does not exceed
12 the amount of the claim.

13 * Sec. 19. AS 14.43.120(j) and 14.43.120(o) are repealed.

14 * Sec. 20. This Act takes effect July 1, 1987.