

SB66

SENATE COMMITTEE REPORT

FURTHER:

3/3/87

DATE TURNED INTO OFFICE _____

Mr. President:

FINANCE Committee considered SB 66

student loans; creating the Alaska Student Loan Corporation; efd.

and recommended:

replace with CS FOR _____) 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

Committee Backup Attached Chairman signature and recommendation

292

SENATE COMMITTEE RE

FIRST COMMITTEE OF REFERRAL

Date of 2/5/87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED 1 **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/20/87

DATE TURNED INTO OFFICE

3/3/87

Mr. President:

~~SENATE~~ HESS

Committee considered

SB 66 ~~(HESS)~~

~~relating to~~ student loans; creating the Alaska Student Loan Corporation;
efd.

and recommended:

[] replace with CS SB 66 (HESS) same title
[] new title

[] attached amendment(s) and

majority
 do pass

[] do not pass

[] no recommendation

individual recommendations

[] further referral to _____

[] letter of intent adopted and attached

** Committee attached or [] adopted fiscal note(s)
[] zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Joe Josephson
[Signature]

Paula Trish Do Pass
Chairman signature and recommendation

[] Committee Backup Attached

Introduced: 3/3/87
Referred: Finance

5-0214B

Original sponsors: Kelly, Halford,
Kerttula, et al.

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 66 (HESS)

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 corpor-
24 ation 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
S

1 expenses authorized by law for boards and commissions.

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

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

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

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

15 Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall
16 manage the assets and business of the corporation and may adopt bylaws
17 and regulations, in accordance with the Administrative Procedure Act
18 (AS 44.62), governing the manner in which the business of the corpo-
19 ration is conducted and the manner in which its powers are exercised.
20 The board shall delegate supervision of the administration of the
21 corporation to the executive officer of the corporation.

22 Sec. 14.42.160. EXECUTIVE OFFICER. The executive officer of the
23 Commission on Postsecondary Education appointed under AS 14.42.040(a)
24 shall serve as executive officer of the corporation.

25 Sec. 14.42.170. EMPLOYMENT OF PERSONNEL. The executive officer
26 may hire employees of the corporation and, subject to the approval of
27 the board, engage professional and technical advisors under contract
28 with the corporation. The board may appoint other officers and engage
29 professional and technical advisors as independent contractors. The

1 board shall prescribe the duties and compensation of corporation
2 personnel, including the executive officer.

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

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

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

8 (2) adopt an official seal;

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

11 (4) make and execute agreements, contracts, and other in-
12 struments necessary or convenient in the exercise of the powers and
13 functions of the corporation, including contracts with a person or
14 governmental entity;

15 (5) receive, administer, and comply with the conditions and
16 requirements respecting any appropriation, gift, grant, or donation of
17 property or money;

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

21 (7) include in a borrowing the amounts to pay financing
22 charges, interest on the obligations for a period not exceeding one
23 year after the date on which the corporation estimates funds will
24 otherwise be available to pay the interest, consultant, advisory and
25 legal fees and other expenses necessary or incident to the borrowing;

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

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

3 (10) gather information on student loans available to resi-
4 dents of Alaska and disseminate the information to reasonably assure
5 that qualified residents are aware of financial resources available to
6 those attending or desiring to attend institutions for which loans may
7 be made under AS 14.43.090 - 14.43.325 or 14.43.600 - 14.43.700;

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

9 (12) purchase or participate in the purchase of student
10 loans;

11 (13) contract in advance for the purchase or sale of student
12 loans;

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

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

18 (16) enter into agreements with the federal government,
19 including guaranty agreements and supplemental guaranty agreements as
20 described in the United States Higher Education Act of 1965, as neces-
21 sary to provide for the receipt by the corporation of administrative
22 allowances and other benefits available under the United States Higher
23 Education Act of 1965;

24 (17) administer federal money allotted to the state involv-
25 ing insured student loans and related administrative costs and other
26 matters;

27 (18) enter into agreements with the Alaska Commission on
28 Postsecondary Education relating to student loans, the administration
29 of the student loan fund created under AS 14.42.210, and the payment

1 of and security for bonds of the corporation;

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

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

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

10 (22) enter into credit facility agreements and make pledges,
11 covenants, and agreements with respect to the repayment of borrowings
12 under the credit facility agreements;

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

16 Sec. 14.42.210. STUDENT LOAN FUND. (a) The student loan fund
17 is established in the corporation. The student loan fund is a trust
18 fund to be used to carry out the purposes of AS 14.42.100 - 14.42.500,
19 AS 14.43.090 - 14.43.325, and 14.43.600 - 14.43.700. The fund con-
20 sists of money or assets appropriated or transferred to the corpo-
21 ration for the fund and money or assets deposited in it by the corpo-
22 ration. The corporation may establish separate accounts in the fund.

23 (b) Money and other assets of the student loan fund may be used
24 to secure bonds of the corporation, invested in student loans and in-
25 vestments described in AS 37.10.070(a) and used to purchase loans
26 approved under AS 14.43.090 - 14.43.325 or 14.43.600 - 14.43.700.

27 (c) The student loan fund shall be administered by the Alaska
28 Commission on Postsecondary Education. The corporation and the com-
29 mission may enter into agreements relating to the administration of

1 the fund. The corporation may assign its rights under the agreements
2 for the benefit and security of holders of its bonds.

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

7 (b) Bonds may be authorized only by resolution of the board.
8 Bonds shall be dated, bear interest at the rate or rates, be in the
9 denominations, be in the form, either coupon or registered, carry the
10 registration privileges, be executed in the manner, be payable in the
11 medium of payment, at the place or places, be subject to the terms of
12 redemption, and mature as provided by the resolution or a subsequent
13 resolution. However, a bond may not mature more than 30 years after
14 the date it is issued.

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

18 (d) Bonds of the corporation may be sold at public or private
19 sale in the manner, for the price or prices, and at the time or times
20 that the board determines.

21 (e) The superior court has jurisdiction to hear and determine
22 proceedings relating to the corporation, including proceedings brought
23 by or for the benefit of a bondholder or by a trustee for or other
24 representative of a bondholder.

25 (f) The corporation may not issue bonds, other than refunding
26 bonds, during any two consecutive fiscal years in an aggregate amount
27 greater than \$150,000,000 unless the legislature, by law, approves
28 issuance of a greater amount.

29 Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. An

1 issue of bonds by the corporation may be secured by a trust indenture
2 or trust agreement between the corporation and a corporate trustee,
3 which may be a trust company, bank, or national banking association,
4 with corporate trust powers, located inside or outside the state, or
5 by a secured loan agreement or other instrument or under a resolution
6 giving powers to a corporate trustee by means of which the corporation
7 may:

8 (1) enter into agreements with the trustee or the bond-
9 holders that the board determines to be necessary or desirable, in-
10 cluding covenants, provisions, limitations, and other agreements as to
11 the

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

15 (B) fixing and collecting loan payments and other
16 consideration for a student loan;

17 (C) assignment by the corporation of its rights in a
18 student loan or in a mortgage or other security interest created
19 with respect to a student loan to a trustee for the benefit of
20 bondholders;

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

23 (E) vesting in a trustee of rights, powers, duties,
24 funds, or property in trust for the benefit of bondholders, in-
25 cluding the right to enforce payment, performance, and other
26 rights of the corporation or of the bondholders, under a student
27 loan or a security interest created with respect to a student
28 loan;

29 (2) pledge, mortgage or assign money, agreements, property,

1 or other assets of the corporation either presently in hand or to be
2 received in the future, or both; and

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

5 Sec. 14.42.240. RESERVES AND CAPITAL RESERVES. (a) For the
6 purpose of securing one or more issues of bonds of the corporation,
7 the board may establish one or more special funds, called "capital
8 reserve funds," and may pay into those capital reserve funds the
9 proceeds of the sale of bonds and other money available to the corpo-
10 ration from other sources for the purposes of the capital reserve
11 funds. A capital reserve fund may be established only if the board
12 determines that the establishment of the fund would enhance the mar-
13 ketability of the bonds. Money in a capital reserve fund, except as
14 provided in this section, may be used as required only for the (1)
15 payment of the principal of, and interest on, bonds or of the sinking
16 fund payments with respect to those bonds; (2) purchase or redemption
17 of the bonds; or (3) payment of a redemption premium required to be
18 paid when the bonds are redeemed before maturity. However, money in a
19 capital reserve fund may not be withdrawn if the withdrawal would
20 reduce the amount in the capital reserve fund to less than the capital
21 reserve fund requirement, except for the purpose of making payment,
22 when due, of principal, interest, or redemption premiums on the bonds
23 when other money of the corporation is not available for the payments.
24 Income or interest earned by, or increment to, a capital reserve fund,
25 from the investment of all or part of the fund, may be transferred by
26 the corporation to other funds or accounts of the corporation if the
27 transfer does not reduce the amount of the capital reserve fund below
28 the capital reserve fund requirement.

29 (b) If the board decides to issue bonds secured by a capital

1 reserve fund, the bonds may not be issued if the amount in the capital
2 reserve fund is less than the capital reserve fund requirement, unless
3 the corporation, at the time of issuance of the bonds, pledges to
4 deposit in the capital reserve fund from the proceeds of the bonds to
5 be issued or from other sources, an amount that, together with the
6 amount then in the fund, is not less than the capital reserve fund
7 requirement.

8 (c) In computing the amount of a capital reserve fund for the
9 purpose of this section, securities in which all or a portion of the
10 fund is invested and credit facilities deposited in or credited to a
11 capital reserve fund under (f) of this section shall be valued by a
12 reasonable method established by the board by resolution. Valuation
13 shall include the amount of interest earned or accrued as of the date
14 of valuation.

15 (d) By January 2 of each year, the chairman of the board shall
16 certify in writing to the governor and the legislature the amount, if
17 any, required to restore a capital reserve fund to the capital reserve
18 fund requirement. The legislature may appropriate to the corporation
19 the amount certified by the chairman. The corporation shall deposit
20 the amounts appropriated under this subsection during a fiscal year in
21 the proper capital reserve fund. This subsection does not create a
22 debt or liability of the state.

23 (e) The board may establish reserve funds, other than capital
24 reserve funds, to secure one or more issues of bonds of the corpo-
25 ration. The corporation may deposit in a reserve fund established
26 under this subsection the proceeds of sale of its bonds and other
27 money available from any other source. The corporation may allow a
28 reserve fund established under this subsection to be depleted without
29 complying with (d) of this section.

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

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

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

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

24 (b) The bonds issued by the corporation do not constitute an
25 indebtedness or other liability of the state or of a political sub-
26 division of the state, except the corporation, but shall be payable
27 solely from the income and receipts or other funds or property of the
28 corporation. The corporation may not pledge the faith or credit of
29 the state, or of a political subdivision of the state, except the

1 corporation, to the payment of a bond. Issuance of a bond by the
2 corporation does not directly, indirectly, or contingently obligate
3 the state or a political subdivision of the state to apply money from,
4 or levy or pledge any form of taxation whatever to the payment of the
5 bond.

6 Sec. 14.42.265. UNDERWRITERS. The board may select an under-
7 writer for its bonds in accordance with procedures the board considers
8 appropriate.

9 Sec. 14.42.270. PLEDGE AND AGREEMENT OF STATE. The state
10 pledges to and agrees with holders of bonds issued by the corporation
11 that the state will not limit or alter the rights and powers vested in
12 the corporation under AS 14.42.100 - 14.42.330 to fulfill the terms of
13 a contract made by the corporation with the bondholders or in any way
14 impair the rights and remedies of the bondholders until the bonds,
15 together with the interest on them with interest on unpaid install-
16 ments of interest, and all costs and expenses in connection with an
17 action or proceeding by or on behalf of the bondholders, are fully met
18 and discharged. The corporation may include this pledge and agreement
19 of the state in a contract with bondholders.

20 Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal
21 property of the corporation and its assets, income, and receipts are
22 declared to be the property of a political subdivision of the state
23 and devoted to an essential public and governmental function and
24 purpose, and the property, assets, income, receipts, and other in-
25 terests of the corporation are exempt from all taxes and special
26 assessments of the state or a political subdivision of the state,
27 including municipalities, school districts, public utility districts,
28 and other governmental units. Bonds of the corporation are declared
29 to be issued by a political subdivision of the state and for an

1 essential public and governmental purpose, and the bonds, interest on
2 them, income from them, and transfer of them, and all assets, income,
3 and receipts pledged to pay or secure the payment of the bonds, or
4 interest on them, are exempt from taxation by or under the authority
5 of the state, except for inheritance and estate taxes and taxes on
6 transfers by or in contemplation of death.

7 Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
8 bonds of the corporation are securities in which public officers and
9 bodies of the state, municipalities, insurance companies, insurance
10 associations, other persons carrying on an insurance business, banks,
11 bankers, trust companies, savings banks, savings associations, build-
12 ing and loan associations, investment companies, other persons carry-
13 ing on a banking business, administrators, guardians, executors,
14 trustees, other fiduciaries, and other persons who are authorized to
15 invest in bonds or other obligations of the state, may properly and
16 legally invest funds including capital in their control or belonging
17 to them. Notwithstanding any other provisions of law, the bonds of
18 the corporation are also securities that may be deposited with and may
19 be received by public officers and bodies of the state and municipal-
20 ities for any purpose for which the deposit of bonds or other obliga-
21 tions of the state is now or may be authorized.

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

27 (b) The funds, income, and receipts of the corporation are not
28 money of the state, nor may real property in which the corporation has
29 an interest be considered land owned in fee by the state or to which

1 the state may become entitled or in any way land belonging to the
2 state, or state land referred to in art. VIII of the Alaska Constitu-
3 tion.

4 Sec. 14.42.310. ANNUAL AUDIT. The financial records of the
5 corporation shall be audited annually by the legislative auditor or by
6 a certified public accountant approved by the legislative auditor.
7 The legislative auditor may prescribe the form and content of the
8 financial records of the corporation and shall have access to these
9 records at any time.

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

11 (1) "board" means the board of directors of the corpo-
12 ration;

13 (2) "corporation" means the Alaska Student Loan Corpora-
14 tion.

15 * Sec. 2. AS 14.42.265 is amended to read:

16 Sec. 14.42.265. UNDERWRITERS. The board may select an under-
17 writer for its bonds in accordance with procedures the board considers
18 appropriate. However, the procedures must include a competitive
19 method for selecting the underwriter that is established by regulation
20 of the board.

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

22 (a) There is created a scholarship revolving loan fund. The
23 fund shall be used to make scholarship loans to students selected
24 under AS 14.43.090 - 14.43.160, [AND] to pay the costs of collecting
25 student loans that are in default if those costs are not recovered
26 from the student, and to pay the costs of administering the fund.
27 Unless the instrument evidencing the scholarship loan has been sold or
28 assigned to the Alaska Student Loan Corporation, [. ALL] repayments
29 of principal and interest on a scholarship loan [LOANS] shall be paid

1 into the scholarship revolving loan fund. If money estimated to be
2 available [FROM SCHOLARSHIP LOAN REPAYMENTS] is inadequate to fully
3 fund estimated scholarship loans for any fiscal year, additional
4 funding from the general fund may be requested and appropriated for
5 that year.

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

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

15 * Sec. 5. AS 14.43.120 is amended by adding a new subsection to read:

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

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

22 (a) There is created a memorial scholarship revolving loan fund.
23 The fund shall be used to provide educational scholarship loans to
24 students selected under AS 14.43.250 - 14.43.325. Unless the instru-
25 ment evidencing the memorial scholarship loan has been sold or as-
26 signed to the Alaska Student Loan Corporation, repayments [REPAYMENTS]
27 of a loan [LOANS MADE UNDER AS 14.43.250(b)(1) - (4)] shall be de-
28 posited into the memorial scholarship revolving loan fund and [REPAY-
29 MENTS OF LOANS MADE UNDER AS 14.43.250(b)(5) SHALL BE DEPOSITED INTO

1 THE SCHOLARSHIP REVOLVING LOAN FUND CREATED UNDER AS 14.43.090.
2 REPAYMENTS] shall be used to make new loans.

3 * Sec. 7. AS 14.43.255 is amended by adding a new subsection to read:

4 (c) The student financial aid committee created under AS 14.43.-
5 095 may sell or assign notes and other instruments evidencing memorial
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 a note or other instrument shall be de-
11 posited in the appropriate memorial scholarship loan fund account.

12 * Sec. 8. AS 14.43.620 is amended to read:

13 Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN FUND. There
14 is created a teacher scholarship revolving loan fund. The fund shall
15 be used to make scholarship loans to students selected under AS 14.-
16 43.600 - 14.43.700. Unless the instrument evidencing the teacher
17 scholarship loan has been sold or assigned to the Alaska Student Loan
18 Corporation, [ALL] repayments of principal and interest on a teacher
19 scholarship loan [LOANS] shall be paid into the teacher scholarship
20 revolving loan fund and shall be used to make new teacher scholarship
21 loans. If estimated funds available [FROM TEACHER SCHOLARSHIP LOAN
22 REPAYMENTS] are inadequate to fully fund estimated teacher scholarship
23 loans for any fiscal year, additional funding from the general fund
24 may be requested and appropriated for that year.

25 * Sec. 9. AS 14.43.620 is amended by adding a new subsection to read:

26 (b) The student financial aid committee created under AS 14.43.-
27 095 may sell or assign notes and other instruments evidencing teacher
28 scholarship loans to the Alaska Student Loan Corporation and enter
29 into agreements with the corporation relating to loans, the

1 administration of the student loan fund created under AS 14.42.210 and
2 the payment of and security for bonds of the corporation. Proceeds
3 from the sale or assignment of the notes or other instruments shall be
4 deposited in the teacher scholarship revolving loan fund.

5 * Sec. 10. Except for sec. 2, this Act takes effect immediately under
6 AS 01.10.070(c).

7 * Sec. 11. Section 2 of this Act takes effect July 1, 1988.
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Introduced: 1/19/87
Referred: Health, Education and
Social Services and
Finance

5-0214A

1 IN THE SENATE

BY KELLY, HALFORD, KERTTULA
FAIKS AND STURGULEWSKI

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."

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22 dents of the state in accordance with this chapter.

23 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corpor-
24 ation 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
S

1 expenses authorized by law for boards and commissions.

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

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

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

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

15 Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall
16 manage the assets and business of the corporation and may adopt bylaws
17 and regulations, in accordance with the Administrative Procedure Act
18 (AS 44.62), governing the manner in which the business of the corpo-
19 ration is conducted and the manner in which its powers are exercised.
20 The board shall delegate supervision of the administration of the
21 corporation to the executive officer of the corporation.

22 Sec. 14.42.160. EXECUTIVE OFFICER. The executive officer of the
23 Commission on Postsecondary Education appointed under AS 14.42.040(a)
24 shall serve as executive officer of the corporation.

25 Sec. 14.42.170. EMPLOYMENT OF PERSONNEL. The executive officer
26 may hire employees of the corporation and, subject to the approval of
27 the board, engage professional and technical advisors under contract
28 with the corporation. The board may appoint other officers and engage
29 professional and technical advisors as independent contractors. The

1 board shall prescribe the duties and compensation of corporation
2 personnel, including the executive officer.

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

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

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

8 (2) adopt an official seal;

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

11 (4) make and execute agreements, contracts, and other in-
12 struments necessary or convenient in the exercise of the powers and
13 functions of the corporation, including contracts with a person or
14 governmental entity;

15 (5) receive, administer, and comply with the conditions and
16 requirements respecting any appropriation, gift, grant, or donation of
17 property or money;

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

21 (7) include in a borrowing the amounts to pay financing
22 charges, interest on the obligations for a period not exceeding one
23 year after the date on which the corporation estimates funds will
24 otherwise be available to pay the interest, consultant, advisory and
25 legal fees and other expenses necessary or incident to the borrowing;

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

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

3 (10) gather information on student loans available to resi-
4 dents of Alaska and disseminate the information to reasonably assure
5 that qualified residents are aware of financial resources available to
6 those attending or desiring to attend institutions for which loans may
7 be made under AS 14.43.090 - 14.43.325 or 14.43.600 - 14.43.700;

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

9 (12) purchase or participate in the purchase of student
10 loans;

11 (13) contract in advance for the purchase or sale of student
12 loans;

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

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

18 (16) enter into agreements with the federal government,
19 including guaranty agreements and supplemental guaranty agreements as
20 described in the United States Higher Education Act of 1965, as neces-
21 sary to provide for the receipt by the corporation of administrative
22 allowances and other benefits available under the United States Higher
23 Education Act of 1965;

24 (17) administer federal money allotted to the state involv-
25 ing insured student loans and related administrative costs and other
26 matters;

27 (18) enter into agreements with the Alaska Commission on
28 Postsecondary Education relating to student loans, the administration
29 of the student loan fund created under AS 14.42.210, and the payment

1 of and security for bonds of the corporation;

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

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

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

10 (22) enter into credit facility agreements and make pledges,
11 covenants, and agreements with respect to the repayment of borrowings
12 under the credit facility agreements;

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

16 Sec. 14.42.210. STUDENT LOAN FUND. (a) The student loan fund
17 is established in the corporation. The student loan fund is a trust
18 fund to be used to carry out the purposes of AS 14.42.100 - 14.42.500,
19 AS 14.43.090 - 14.43.325, and 14.43.600 - 14.43.700. The fund con-
20 sists of money or assets appropriated or transferred to the corpo-
21 ration for the fund and money or assets deposited in it by the corpo-
22 ration. The corporation may establish separate accounts in the fund.

23 (b) Money and other assets of the student loan fund may be used
24 to secure bonds of the corporation, invested in student loans and in-
25 vestments described in AS 37.10.070(a) and used to purchase loans
26 approved under AS 14.43.090 - 14.43.325 or 14.43.600 - 14.43.700.

27 (c) The student loan fund shall be administered by the Alaska
28 Commission on Postsecondary Education. The corporation and the com-
29 mission may enter into agreements relating to the administration of

1 the fund. The corporation may assign its rights under the agreements
2 for the benefit and security of holders of its bonds.

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

7 (b) Bonds may be authorized only by resolution of the board.
8 Bonds shall be dated, bear interest at the rate or rates, be in the
9 denominations, be in the form, either coupon or registered, carry the
10 registration privileges, be executed in the manner, be payable in the
11 medium of payment, at the place or places, be subject to the terms of
12 redemption, and mature as provided by the resolution or a subsequent
13 resolution. However, a bond may not mature more than 30 years after
14 the date it is issued.

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

18 (d) Bonds of the corporation may be sold at public or private
19 sale in the manner, for the price or prices, and at the time or times
20 that the board determines.

21 (e) The superior court has jurisdiction to hear and determine
22 proceedings relating to the corporation, including proceedings brought
23 by or for the benefit of a bondholder or by a trustee for or other
24 representative of a bondholder.

25 (f) The corporation may not issue bonds, other than refunding
26 bonds, during any two consecutive fiscal years in an aggregate amount
27 greater than \$150,000,000 unless the legislature, by law, approves
28 issuance of a greater amount.

29 Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. An

1 issue of bonds by the corporation may be secured by a trust indenture
2 or trust agreement between the corporation and a corporate trustee,
3 which may be a trust company, bank, or national banking association,
4 with corporate trust powers, located inside or outside the state, or
5 by a secured loan agreement or other instrument or under a resolution
6 giving powers to a corporate trustee by means of which the corporation
7 may:

8 (1) enter into agreements with the trustee or the bond-
9 holders that the board determines to be necessary or desirable, in-
10 cluding covenants, provisions, limitations, and other agreements as to
11 the

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

15 (B) fixing and collecting loan payments and other
16 consideration for a student loan;

17 (C) assignment by the corporation of its rights in a
18 student loan or in a mortgage or other security interest created
19 with respect to a student loan to a trustee for the benefit of
20 bondholders;

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

23 (E) vesting in a trustee of rights, powers, duties,
24 funds, or property in trust for the benefit of bondholders, in-
25 cluding the right to enforce payment, performance, and other
26 rights of the corporation or of the bondholders, under a student
27 loan or a security interest created with respect to a student
28 loan;

29 (2) pledge, mortgage or assign money, agreements, property,

1 or other assets of the corporation either presently in hand or to be
2 received in the future, or both; and

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

5 Sec. 14.42.240. RESERVES AND CAPITAL RESERVES. (a) For the
6 purpose of securing one or more issues of bonds of the corporation,
7 the board may establish one or more special funds, called "capital
8 reserve funds," and may pay into those capital reserve funds the
9 proceeds of the sale of bonds and other money available to the corpo-
10 ration from other sources for the purposes of the capital reserve
11 funds. A capital reserve fund may be established only if the board
12 determines that the establishment of the fund would enhance the mar-
13 ketability of the bonds. Money in a capital reserve fund, except as
14 provided in this section, may be used as required only for the (1)
15 payment of the principal of, and interest on, bonds or of the sinking
16 fund payments with respect to those bonds; (2) purchase or redemption
17 of the bonds; or (3) payment of a redemption premium required to be
18 paid when the bonds are redeemed before maturity. However, money in a
19 capital reserve fund may not be withdrawn if the withdrawal would
20 reduce the amount in the capital reserve fund to less than the capital
21 reserve fund requirement, except for the purpose of making payment,
22 when due, of principal, interest, or redemption premiums on the bonds
23 when other money of the corporation is not available for the payments.
24 Income or interest earned by, or increment to, a capital reserve fund,
25 from the investment of all or part of the fund, may be transferred by
26 the corporation to other funds or accounts of the corporation if the
27 transfer does not reduce the amount of the capital reserve fund below
28 the capital reserve fund requirement.

29 (b) If the board decides to issue bonds secured by a capital

1 reserve fund, the bonds may not be issued if the amount in the capital
2 reserve fund is less than the capital reserve fund requirement, unless
3 the corporation, at the time of issuance of the bonds, pledges to
4 deposit in the capital reserve fund from the proceeds of the bonds to
5 be issued or from other sources, an amount that, together with the
6 amount then in the fund, is not less than the capital reserve fund
7 requirement.

8 (c) In computing the amount of a capital reserve fund for the
9 purpose of this section, securities in which all or a portion of the
10 fund is invested and credit facilities deposited in or credited to a
11 capital reserve fund under (f) of this section shall be valued by a
12 reasonable method established by the board by resolution. Valuation
13 shall include the amount of interest earned or accrued as of the date
14 of valuation.

15 (d) By January 2 of each year, the chairman of the board shall
16 certify in writing to the governor and the legislature the amount, if
17 any, required to restore a capital reserve fund to the capital reserve
18 fund requirement. The legislature may appropriate to the corporation
19 the amount certified by the chairman. The corporation shall deposit
20 the amounts appropriated under this subsection during a fiscal year in
21 the proper capital reserve fund. This subsection does not create a
22 debt or liability of the state.

23 (e) The board may establish reserve funds, other than capital
24 reserve funds, to secure one or more issues of bonds of the corpo-
25 ration. The corporation may deposit in a reserve fund established
26 under this subsection the proceeds of sale of its bonds and other
27 money available from any other source. The corporation may allow a
28 reserve fund established under this subsection to be depleted without
29 complying with (d) of this section.

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

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

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

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

24 (b) The bonds issued by the corporation do not constitute an
25 indebtedness or other liability of the state or of a political sub-
26 division of the state, except the corporation, but shall be payable
27 solely from the income and receipts or other funds or property of the
28 corporation. The corporation may not pledge the faith or credit of
29 the state, or of a political subdivision of the state, except the

1 corporation, to the payment of a bond. Issuance of a bond by the
2 corporation does not directly, indirectly, or contingently obligate
3 the state or a political subdivision of the state to apply money from,
4 or levy or pledge any form of taxation whatever to the payment of the
5 bond.

6 Sec. 14.42.265. UNDERWRITERS. The board may select an under-
7 writer for its bonds in accordance with procedures the board considers
8 appropriate.

9 Sec. 14.42.270. PLEDGE AND AGREEMENT OF STATE. The state
10 pledges to and agrees with holders of bonds issued by the corporation
11 that the state will not limit or alter the rights and powers vested in
12 the corporation under AS 14.42.100 - 14.42.330 to fulfill the terms of
13 a contract made by the corporation with the bondholders or in any way
14 impair the rights and remedies of the bondholders until the bonds,
15 together with the interest on them with interest on unpaid install-
16 ments of interest, and all costs and expenses in connection with an
17 action or proceeding by or on behalf of the bondholders, are fully met
18 and discharged. The corporation may include this pledge and agreement
19 of the state in a contract with bondholders.

20 Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal
21 property of the corporation and its assets, income, and receipts are
22 declared to be the property of a political subdivision of the state
23 and devoted to an essential public and governmental function and
24 purpose, and the property, assets, income, receipts, and other in-
25 terests of the corporation are exempt from all taxes and special
26 assessments of the state or a political subdivision of the state,
27 including municipalities, school districts, public utility districts,
28 and other governmental units. Bonds of the corporation are declared
29 to be issued by a political subdivision of the state and for an

1 essential public and governmental purpose, and the bonds, interest on
2 them, income from them, and transfer of them, and all assets, income,
3 and receipts pledged to pay or secure the payment of the bonds, or
4 interest on them, are exempt from taxation by or under the authority
5 of the state, except for inheritance and estate taxes and taxes on
6 transfers by or in contemplation of death.

7 Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
8 bonds of the corporation are securities in which public officers and
9 bodies of the state, municipalities, insurance companies, insurance
10 associations, other persons carrying on an insurance business, banks,
11 bankers, trust companies, savings banks, savings associations, build-
12 ing and loan associations, investment companies, other persons carry-
13 ing on a banking business, administrators, guardians, executors,
14 trustees, other fiduciaries, and other persons who are authorized to
15 invest in bonds or other obligations of the state, may properly and
16 legally invest funds including capital in their control or belonging
17 to them. Notwithstanding any other provisions of law, the bonds of
18 the corporation are also securities that may be deposited with and may
19 be received by public officers and bodies of the state and municipal-
20 ities for any purpose for which the deposit of bonds or other obliga-
21 tions of the state is now or may be authorized.

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

27 (b) The funds, income, and receipts of the corporation are not
28 money of the state, nor may real property in which the corporation has
29 an interest be considered land owned in fee by the state or to which

1 the state may become entitled or in any way land belonging to the
2 state, or state land referred to in art. VIII of the Alaska Constitu-
3 tion.

4 Sec. 14.42.310. ANNUAL AUDIT. The financial records of the
5 corporation shall be audited annually by the legislative auditor or by
6 a certified public accountant approved by the legislative auditor.
7 The legislative auditor may prescribe the form and content of the
8 financial records of the corporation and shall have access to these
9 records at any time.

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

11 (1) "board" means the board of directors of the corpo-
12 ration;

13 (2) "corporation" means the Alaska Student Loan Corpora-
14 tion.

15 * Sec. 2. AS 14.42.265 is amended to read:

16 Sec. 14.42.265. UNDERWRITERS. The board may select an under-
17 writer for its bonds in accordance with procedures the board considers
18 appropriate. However, the procedures must include a competitive
19 method for selecting the underwriter that is established by regulation
20 of the board.

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

22 (a) There is created a scholarship revolving loan fund. The
23 fund shall be used to make scholarship loans to students selected
24 under AS 14.43.090 - 14.43.160, [AND] to pay the costs of collecting
25 student loans that are in default if those costs are not recovered
26 from the student, and to pay the costs of administering the fund.
27 Unless the instrument evidencing the scholarship loan has been sold or
28 assigned to the Alaska Student Loan Corporation, [. ALL] repayments
29 of principal and interest on a scholarship loan [LOANS] shall be paid

1 into the scholarship revolving loan fund. If money estimated to be
2 available [FROM SCHOLARSHIP LOAN REPAYMENTS] is inadequate to fully
3 fund estimated scholarship loans for any fiscal year, additional
4 funding from the general fund may be requested and appropriated for
5 that year.

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

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

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

16 (d) Scholarship loans may not be made to a student
17 (1) for more than five years of undergraduate study;
18 (2) for more than five years of graduate study;
19 (3) for more than a total of eight years of undergraduate
20 and graduate study;
21 (4) to attend an institution if the default rate on loans
22 made to students to attend the institution exceeds the program default
23 rate by more than 150 percent as defined by regulation.

24 * Sec. 6. AS 14.43.120 is amended by adding a new subsection to read:

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

1 * Sec. 7. AS 14.43.255(a) is amended to read:

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

12 * Sec. 8. AS 14.43.255 is amended by adding a new subsection to read:

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

21 * Sec. 9. AS 14.43.620 is amended to read:

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

1 loans. If estimated funds available [FROM TEACHER SCHOLARSHIP LOAN
2 REPAYMENTS] are inadequate to fully fund estimated teacher scholarship
3 loans for any fiscal year, additional funding from the general fund
4 may be requested and appropriated for that year.

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

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

14 * Sec. 11. Except for sec. 2, this Act takes effect immediately under
15 AS 01.10.070(c).

16 * Sec. 12. Section 2 of this Act takes effect July 1, 1988.
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**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: SB66 HESS
Publish Date: 1-19-87

Revision Date: 1-30-87

Agency Affected: Education

Title: Creating the Alaska Student

BRU: Postsecondary Education

Loan Corporation

Commission

Sponsor: Kelly, Halford, Kerttula, Faiks

Components: General Admin., Student

Requestor: Senate HESS

Loan Admin., Data & Word Proc., 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	N.A.	(34,900.0)	(27,758.1)	(22,288.6)	(25,400.5)	(28,143.2)
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	(36,935.9)	(29,885.2)	(24,511.2)	(27,722.9)	(20,570.3)
FEDERAL FUNDS						
OTHER						
TOTAL						

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 Phone: 465-2854

Division: Postsecondary Commission Date: 1-30-87

Approved by Commissioner: _____ Date: _____

Agency: _____

Distribution (by preparer):

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

SB66 Fiscal Note Analysis

Operating Budget

- 1. FY88 Operating budget savings are based upon the FY87 Revised budget and are comprised of:

Commission General Admin.	\$ 287.4
Student Loan Admin.	\$1,632.7
Data and Word Processing	\$ 115.8
	\$2,035.9

- 2. FY89-92 totals are based upon:

Personal Services	5% growth and no increased salaries
Travel	no inflation factor
Contractual	3% inflation factor
Supplies	3% inflation factor

Capital (Loan Funds)

- 1. FY88 reduced General Fund commitment is based upon FY87 Revised budget.
- 2. FY88-92 reduced General Fund commitment is based upon attached table, "Alaska Student Loan Program: Student Loan Activity Projected to 2010-11."
- 3. The bond receipt figures are based upon attached table, "Alaska Commission on Postsecondary Education; Alaska Student Loan Program Summary of New Loan Origination."

csab-66

ALASKA STUDENT LOAN PROGRAM
STUDENT LOAN ACTIVITY
Projected to 2010-11

<u>Year</u>	<u>Loan Awards</u>	<u>Loan Volume</u>	<u>Loan Collections</u>	<u>Loan Forgiveness</u>	<u>General Fund</u>	<u>G.F. with Bonding</u>
87-88	17,204	\$ 80,000,000	\$23,298,455	\$ 3,786,944	\$56,701,545	\$20,000,000
88-89	16,738	80,345,504	27,587,414	4,441,374	52,758,090	25,000,000
89-90	16,381	80,676,052	33,387,487	5,326,377	47,288,565	25,000,000
90-91	16,044	81,024,565	40,624,030	6,430,564	50,400,535*	25,000,000
91-92	16,248	82,865,042	44,721,848	7,584,355	53,143,194*	25,000,000
92-93	16,491	85,341,434	52,739,315	8,745,092	52,602,119*	25,000,000
93-94	16,708	87,298,990	56,381,286	9,831,303	45,917,704*	25,000,000
94-95	16,675	88,375,670	59,929,106	10,789,747	28,446,564	25,000,000
95-96	16,653	88,261,738	63,349,462	11,571,828	24,912,276	25,000,000
96-97	16,416	87,007,173	66,563,505	12,187,296	20,443,668	25,000,000
97-98	16,018	84,895,801	69,475,575	12,679,094	15,420,226	25,000,000
98-99	16,745	88,748,536	71,991,794	13,069,109	16,756,742	25,000,000
99-00	17,201	91,166,845	74,056,739	13,360,407	17,110,106	25,000,000
00-01	17,546	92,991,621	76,271,198	13,587,333	16,720,423	25,000,000
01-02	17,765	94,155,886	78,537,715	13,750,923	15,618,171	25,000,000
02-03	17,949	95,130,963	80,787,019	13,899,705	14,343,944	25,000,000
03-04	18,154	96,214,236	82,951,870	14,064,996	13,262,366	25,000,000
04-05	18,368	97,349,392	85,015,769	14,238,204	12,333,623	25,000,000
05-06	18,578	98,462,230	86,996,273	14,408,006	11,465,957	25,000,000
06-07	18,773	99,498,206	88,906,992	14,566,080	10,591,214	25,000,000
07-08	18,960	100,489,383	90,752,988	14,717,319	9,736,395	25,000,000
08-09	18,965	101,518,364	92,532,964	14,874,404	8,985,400	25,000,000
09-10	19,375	102,687,093	94,248,233	15,052,656	8,438,860	25,000,000
10-11	19,621	103,992,073	95,908,070	15,251,776	8,084,003	25,000,000

- *90-91 includes \$10.0 million to accommodate cash flow
- *91-92 includes \$15.0 million to accommodate cash flow
- *92-93 includes \$20.0 million to accommodate cash flow
- *93-94 includes \$15.0 million to accommodate cash flow

*This builds up a float of \$60.0 million to allow for fall loan processing

1/8/87

cash-66

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

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE (c)		NEW LOANS
	1	+	2	+	3	=	4	-	5	-	6	=	
1987	0		0		0		0		0		0		0
1988	20,000,000		20,152,279		49,810,000		89,962,279		6,475,300		3,486,700		80,000,279
1989	25,000,000		26,828,204		43,875,000		95,703,204		5,359,750		9,977,950		80,345,504
1990	25,000,000		34,019,202		42,550,000		101,569,202		4,857,500		16,035,650		80,676,052
1991	25,000,000		41,506,415		40,675,000		107,181,415		4,265,750		21,891,100		81,024,565
1992	25,000,000		49,281,242		40,000,000		114,281,242		3,815,500		27,600,700		82,865,042
1993	25,000,000		57,071,484		40,000,000		122,071,484		3,428,500		33,301,550		85,341,434
1994	25,000,000		64,346,490		40,000,000		129,346,490		3,011,000		39,036,500		87,298,990
1995	25,000,000		70,754,370		40,000,000		135,754,370		2,559,500		44,819,200		88,375,670
1996	25,000,000		75,975,088		40,000,000		140,975,088		2,072,500		50,640,850		88,261,738
1997	25,000,000		80,069,773		40,000,000		145,069,773		1,546,000		56,516,600		87,007,173
1998	25,000,000		83,317,101		40,000,000		148,317,101		977,500		62,443,800		84,895,801
1999	25,000,000		85,857,586		40,000,000		150,857,586		1,106,000		61,003,050		88,748,536
2000	25,000,000		87,760,095		40,000,000		152,760,095		1,156,000		60,437,250		91,166,845
2001	25,000,000		89,243,571		40,000,000		154,243,571		1,190,500		60,061,450		92,991,621
2002	25,000,000		90,315,686		40,000,000		155,315,686		1,200,000		59,959,800		94,155,886
2003	25,000,000		91,290,763		40,000,000		156,290,763		1,200,000		59,959,800		95,130,963
2004	25,000,000		92,374,036		40,000,000		157,374,036		1,200,000		59,959,800		96,214,236
2005	25,000,000		93,509,192		40,000,000		158,509,192		1,200,000		59,959,800		97,349,392
2006	25,000,000		94,622,030		40,000,000		159,622,030		1,200,000		59,959,800		98,462,230
2007	25,000,000		95,658,006		40,000,000		160,658,006		1,200,000		59,959,800		99,498,206
2008	25,000,000		96,649,183		40,000,000		161,649,183		1,200,000		59,959,800		100,489,383
2009	25,000,000		97,678,164		40,000,000		162,678,164		1,200,000		59,959,800		101,518,364
2010	25,000,000		98,846,893		40,000,000		163,846,893		1,200,000		59,959,800		102,687,093
2011	25,000,000		100,151,873		40,000,000		165,151,873		1,200,000		59,959,800		103,992,073

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), plus \$0 to the state.

(c) Bond interest rate of: 7.00%
Principal amortization matches loan repayments.

SB 66 CREATING THE ALASKA STUDENT
LOAN CORPORATION

(General Position Statement)

The Alaska Commission on Postsecondary Education, at its December 12-13, 1986 meeting formally endorsed the use of an alternate funding source, such as tax exempt bonds, if full funding from the General Fund were unavailable for Alaska Student Loans. After exploring a wide variety of options (reported in the Legislative Report, "The Alaska Student Loan Program: (5 Years of Helping Alaskans"), the Commission feels that tax exempt bonding is a viable source of revenue for student loans.

In the long run, it will cost the State more to bond than to fund directly from the General Fund; but in the short run, when compared to direct General Fund support it saves over \$150 million.

The Commission endorses the establishment of the Student Loan Corporation, which will provide this bonding capability.

There is a controversial section which should be carefully examined. Section 5 has serious implications for a number of schools particularly within Alaska.

BACK UP

SECTIONAL ANALYSIS OF THE ALASKA STUDENT LOAN CORPORATION

SB 66

*Section 1.

Sec. 14.42.100. ALASKA STUDENT LOAN CORPORATION. This paragraph creates the Alaska Student Loan Corporation. The corporation cannot be terminated while debt obligations are outstanding.

Sec. 14.42.110 PURPOSE OF CORPORATION. This paragraph establishes the purpose of the corporation to provide higher education opportunities for residents of Alaska.

Sec. 14.42.120. CORPORATION GOVERNING BODY. The Corporation shall be governed by an executive committee of five members made up from the thirteen members of the Alaska Commission on Postsecondary Education Board. The board members are made up of one member of the State Board of Education and four members are from the rest of the board excluding the two legislative members. Board members shall receive travel and per diem. A majority of the board constitutes a quorum for the organization.

Sec. 14. 42.130. MEETING OF THE BOARD. The board meetings will meet at the call of the chairman and any meeting at which corporate bonds are authorized at least twenty-four hours notice shall be given to the public.

Sec. 14.42.140. MINUTES OF MEETINGS. The board shall keep minutes of every meeting and shall send copies to the governor and Legislative Budget and Audit committee.

Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall manage the business of the corporation and adopt by-laws and regulations in accord with the Administrative and Procedures Act. The board shall delegate supervision and administration to the Executive officer.

Sec. 14.42.160. EXECUTIVE OFFICER. The corporation shall employ an executive officer who is the executive officer of the Commission on Postsecondary Education.

Sec. 14.42.170. EMPLOYMENT OF PERSONNEL. The executive officer may hire employees in the exempt service. The board may appoint other officers and engage professionals.

Sec. 14.41.190. EXECUTIVE BUDGET ACT. The operation of the corporation is subject to the Executive Budget Act

Sec. 14.41.200. GENERAL POWERS. The corporation to sue and be sued, adopt an official seal, enter into contracts, receive and administer gifts or grants according to the conditions of gift or grant, borrow money, pay finance

Backup

Senate Bill 66

interest, invest money, collect from borrowers, gather information on loans, require an eligible institution to file reports, service student loans, obtain information about students applying for loans, contract for purchase of student loans, sell or participate in the sale of student loans, modify interest terms and conditions of student loans based on contracts with bondholders, collect and pay reasonable fees as well as charges in connection with student loans, enter into agreements on student loans concerning federal student loans, enter into contracts with lenders, administer federal money, consent to the modification of terms of the student loans, enter into agreements with Alaska Commission on Postsecondary Education, procure insurance against losses, provide advisory services to borrowers, enter into credit facility agreements and make pledges, covenants, and agreements with respect to the repayment of borrowings of the credit facility agreements, do all acts necessary to carry out the powers implied in this chapter.

Sec. 14.42.210. STUDENT LOAN FUND. Creates a student loan fund inside the corporation to make student loans and secure bond issues the proceeds of which are used to make student loans. The student loan fund shall be administered by the Alaska Commission on Postsecondary Education.

Sec. 14.42.220. BONDS OF THE CORPORATION. The Corporation may borrow money and issue bonds secured by the income and receipts from student loans and other assets. The bonds are issued by resolutions of the board. Each bond issue shall have a maturity of thirty years or less and be subject to the Uniform Commercial Code. The corporation may not issue bonds, other than refunding bonds, during any two consecutive fiscal years in an aggregate amount greater than \$150,000,000 unless the legislature, by law, approves issuance of a greater amount.

Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. Issues of bonds may be secured by trust indenture or agreement between the corporation and may be a trust company, bank or national banking association inside or outside the state by secured loan agreement or other instrument giving powers to a corporate trustee by which means the corporation may enter into agreements with the holders of the bonds that the board decides desirable as to the disposition of the proceeds of the bonds, collection of loan payments, assignment of its rights in security interest created to a trustee for the benefit of bondholders, conditions which bonds may be issued, vesting in trustee of rights and powers. Pledge and mortgage assets. Provide for security of the bonds.

Sec. 14.42.240. CAPITAL RESERVE FUNDS AND CAPITAL RESERVE FUND REQUIREMENTS. This section creates the Capital Reserve Fund. These paragraphs create what is commonly known as the moral obligation of the State to repay these bonds.

Sec. 14.42.250. VALIDITY OF PLEDGE. Bonds issued under this chapter shall be valid and binding against all parties having claim of any kind from the corporation.

Sec. 14.42.260. NONLIABILITY OF BONDS. Members of the corporation are not subject to personal liability for issuance of the bonds. The bonds issued do not constitute liability for the State but are payable solely from the income and receipts of the corporation.

Sec. 14.42.265. UNDERWRITERS. The State Purchasing Act (AS 36.30) does not apply to the selection of an underwriter by the board.

Sec. 14.42.270. PLEDGE OF STATE. The State pledges not to alter or limit the rights of bond holders interest when the bonds are outstanding.

Sec. 14.42.280.. EXEMPTION FROM TAXATION. The real and personal property of the corporation are not subject to state or local tax.

Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. Bonds are legal investments for all fiduciaries and municipalities in the State.

Sec. 14.42.300. OPERATION OF CERTAIN STATUTES EXCEPTED. The corporation may not be considered or constitute a political subdivision for the purpose of lending it's credit. The corporation is not considered a municipal corporation under Title 29. The funds and real estate of the corporation are not considered property of the State.

Sec. 14.42.310. ANNUAL AUDIT. The coporation shall have an annual audit.

Sec. 14.42.500. DEFINITIONS. Defines the corporation and board.

*Section 2. AS 14.42.265. The board may select underwriters only by using a competitive method.

*Section 3. AS 14.43.090(a). Amends the power of the Postsecondary Education Corporation to pay the cost of administering student loans and sell or assign loans to the Alaska Student Loan Corporation.

*Section 4. AS 14.43.090(d). It allows the student financial aid committee to sell loans to the Alaska Student Loan Corporation and enter into agreements with the corporation relating to loans.

*Section 5. AS 14.43.120(d). Scholarship loans may not be made to students who attend an institution where the default rate on loans made to students to attend the institution exceeds the program default rate by more than 150%.

*Section 6. AS 14.43.120(r). Interest rates on scholarship loans may be modified to maintain the corporation's tax-exempt status under the Internal Revenue Code.

*Section 7. AS 14.43.255(a). Amends the Memorial Scholarship Loan Fund to allow the loans to be sold or assigned to the Alaska Student Loan Corporation.

*Section 8. AS 14.43.255(c). Allows the State Aid Committee to sell and administer Memorial Scholarship Loans to the Alaska Student Loan Corporation.

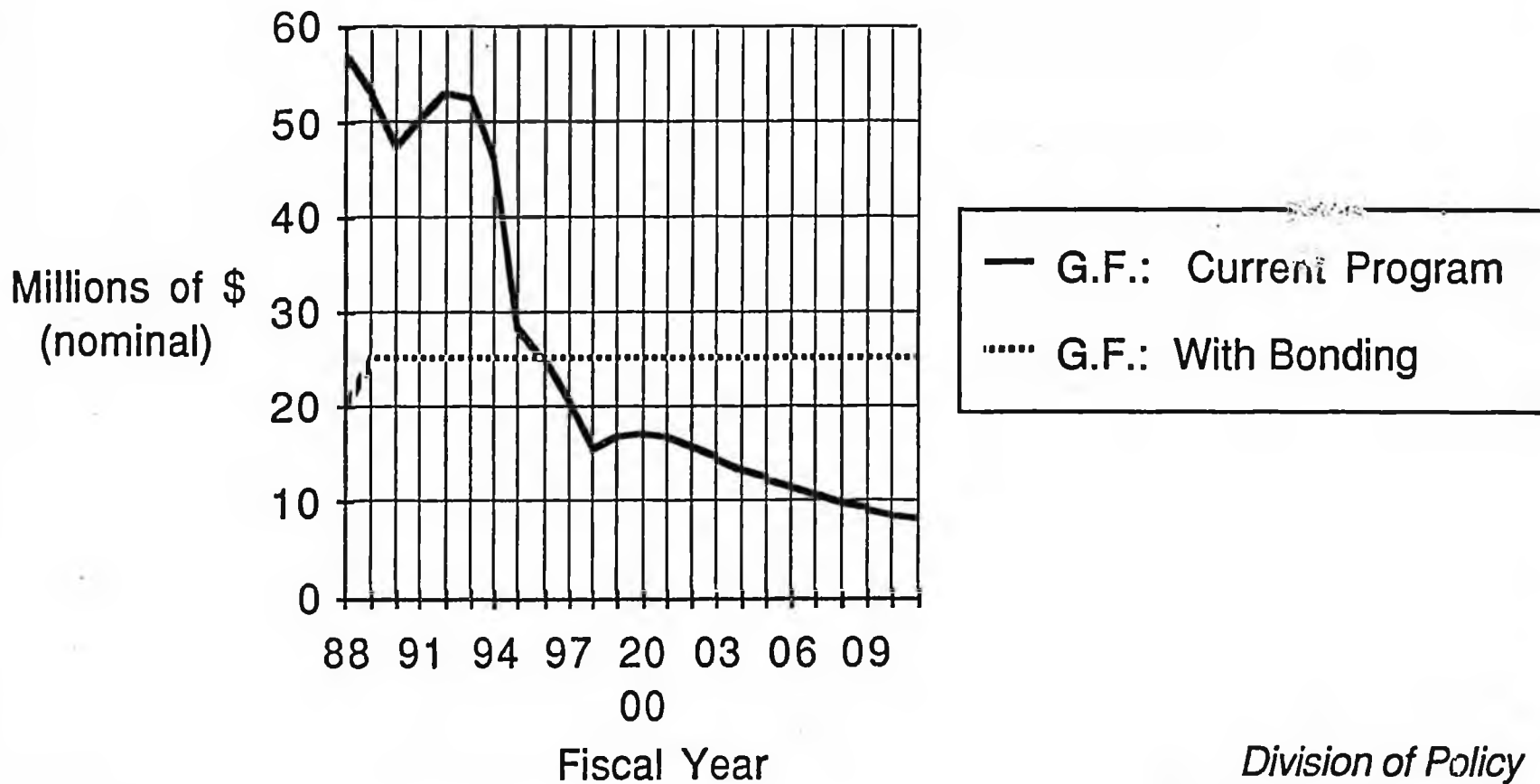
*Section 9. AS 14.43.620 Amended to allow the Teacher Scholarship Revolving Loan Fund to sell or assign loans to the Alaska Student Loan Corporation..

*Section 10. AS 14.43.620(b). The student financial aid committee may sell teacher scholarship loans to the Alaska Student Loan Corporation and may enter into agreements related to such loans.

*Section 11. The act takes effect immediately.

*Section 12. The competitive underwriting section takes effect July 1, 1988.

Comparison of General Fund Requirements for Current Student Loan Program and Nuveen Bonding Proposal



2/10/87

*Division of Policy
Office of the Governor
Source: ACPE*

TABLE 1

**COMPARISON OF GENERAL FUND REQUIREMENTS FOR
CURRENT STUDENT LOAN PROGRAM
AND NUVEEN BONDING PROPOSAL**
(nominal dollars)

Fiscal Year	Loan Awards 2	Loan Volume 3	Loan Collections 4	Loan Forgiveness 5	General Fund Requirement 6	General Fund With Bonding 7	Savings(Cost) With Bonding 8
1988	17,204	\$80,000,000	\$23,298,455	\$3,786,944	\$56,701,545	\$20,000,000	\$36,701,545
1989	16,738	80,345,504	27,587,414	4,441,374	52,758,090	25,000,000	27,758,090
1990	16,381	80,676,052	33,387,487	5,326,377	47,288,565	25,000,000	22,288,565
1991	16,044	81,024,565	40,624,030	6,430,564	50,400,535	25,000,000	25,400,535
1992	16,248	82,865,042	44,721,848	7,584,355	53,143,194	25,000,000	28,143,194
1993	16,491	85,341,434	52,739,315	8,745,092	52,602,119	25,000,000	27,602,119
1994	16,708	87,298,990	56,381,286	9,831,303	45,917,704	25,000,000	20,917,704
1995	16,675	88,375,670	59,929,106	10,789,747	28,446,564	25,000,000	3,446,564
1996	16,653	88,261,738	63,349,462	11,571,828	24,912,276	25,000,000	(87,724)
1997	16,416	87,007,173	66,563,505	12,187,296	20,443,668	25,000,000	(4,556,332)
1998	16,018	84,895,801	69,475,575	12,679,094	15,420,226	25,000,000	(9,579,774)
1999	16,745	88,748,536	71,991,794	13,069,109	16,756,742	25,000,000	(8,243,258)
2000	17,201	91,166,845	74,056,739	13,360,407	17,110,106	25,000,000	(7,889,894)
2001	17,546	92,991,621	76,271,198	13,587,333	16,720,423	25,000,000	(8,279,577)
2002	17,765	94,155,886	78,537,715	13,750,923	15,618,171	25,000,000	(9,381,829)
2003	17,949	95,130,963	80,787,019	13,899,705	14,343,944	25,000,000	(10,656,056)
2004	18,154	96,214,236	82,951,870	14,064,996	13,262,366	25,000,000	(11,737,634)
2005	18,368	97,349,392	85,015,769	14,238,204	12,333,623	25,000,000	(12,666,377)
2006	18,578	98,462,230	86,996,273	14,408,006	11,465,957	25,000,000	(13,534,043)
2007	18,773	99,498,206	88,906,992	14,566,080	10,591,214	25,000,000	(14,408,786)
2008	18,960	100,489,383	90,752,988	14,717,319	9,736,395	25,000,000	(15,263,605)
2009	18,965	101,518,364	92,532,964	14,874,404	8,985,400	25,000,000	(16,014,600)
2010	19,375	102,687,093	94,248,233	15,052,656	8,438,860	25,000,000	(16,561,140)
2011	19,621	103,992,073	95,908,070	15,251,776	8,084,003	25,000,000	(16,915,997)
TOTALS	419,576	2,188,496,797	1,637,015,107	278,214,892	611,481,690	595,000,000	16,481,690

Present Value of Bonding
Savings (Cost)
(@9% discount rate) 101,318,127

NOTE: General Fund Requirements shown in FY 91-94 are increased by a total of \$60 million to provide adequate cash flow for fall loan disbursements.

FY 91 Increase= \$10 million
FY 92 Increase= \$15 million
FY 93 Increase= \$20 million
FY 94 Increase= \$15 million

Revised 2/10/87
JK/Division of Policy
Office of the Governor
Source: ACPE

Memorandum

February 25, 1987

To: Sterling Gallagher

From: Richard Li

Re: Analysis of Student Loan Program

Version A (Base Case):

- o State Appropriations start at \$22,000,000.
- o State Appropriations decline by \$250,000 per year.
- o Default Rate at 15.00%
- o Forgiveness at 17.50%
- o Coverage is 1.27

Version B (Forgiveness Eliminated):

- o State Appropriations start at \$18,500,000.
- o State Appropriations decline by \$500,000 per year.
- o Default Rate at 18.00%
- o Forgiveness Eliminated
- o Coverage is 1.25

Version C (Interest Grace Period Eliminated):

- o State Appropriations start at \$20,250,000.
- o State Appropriations decline by \$250,000 per year.
- o Default Rate at 16.00%
- o Forgiveness at 17.50%
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation
- o Coverage is 1.26

Version D (Forgiveness and Interest Grace Period Eliminated):

- o State Appropriations start at \$17,500,000.
- o State Appropriations decline by \$750,000 per year.
- o Default Rate at 19.00%
- o Forgiveness Eliminated
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation
- o Coverage is 1.26

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 (c) 6 =	NEW LOANS 7	COVERAGE 8
1987	0	0	0	0	0	0	0	NA
1988	22,000,000	20,480,579	46,900,000	89,380,579	6,097,000	3,283,000	80,000,579	6.14
1989	21,750,000	27,111,879	46,670,000	95,531,879	5,743,600	9,784,900	80,003,379	2.71
1990	21,500,000	34,292,872	45,725,000	101,517,872	5,272,250	16,244,200	80,001,422	2.06
1991	21,250,000	41,761,078	44,270,000	107,281,078	4,714,100	22,562,700	80,004,278	1.80
1992	21,000,000	49,499,905	42,243,000	112,744,905	4,061,850	28,681,150	80,001,905	1.68
1993	20,750,000	57,214,040	39,930,000	117,894,040	3,354,900	34,535,250	80,003,890	1.61
1994	20,500,000	64,340,257	37,975,000	122,815,257	2,678,250	40,133,300	80,003,707	1.56
1995	20,250,000	70,487,360	36,930,000	127,667,360	2,099,400	45,567,450	80,000,510	1.51
1996	20,000,000	75,284,306	37,415,000	132,699,306	1,691,450	51,005,450	80,002,406	1.44
1997	19,750,000	78,773,546	39,625,000	138,148,546	1,466,750	56,678,450	80,003,346	1.36
1998	19,500,000	81,279,916	43,440,000	144,219,916	1,394,200	62,825,100	80,000,616	1.27
1999	19,250,000	83,029,282	40,983,000	143,264,282	1,134,050	62,126,950	80,003,282	1.31
2000	19,000,000	84,149,839	38,945,000	142,094,839	945,850	61,147,300	80,001,689	1.35
2001	18,750,000	84,873,851	37,220,000	140,843,851	805,100	60,035,800	80,002,951	1.39
2002	18,500,000	85,170,729	35,990,000	139,660,729	725,200	58,931,650	80,003,879	1.42
2003	18,250,000	85,222,502	33,195,000	138,667,502	686,850	57,977,850	80,002,802	1.44
2004	18,000,000	85,219,034	34,725,000	137,944,034	666,750	57,276,650	80,000,634	1.46
2005	17,750,000	85,192,734	34,535,000	137,477,734	660,550	56,815,850	80,001,334	1.47
2006	17,500,000	85,166,490	34,490,000	137,156,490	660,200	56,494,850	80,001,440	1.48
2007	17,250,000	85,140,215	34,355,000	136,745,215	656,150	56,088,250	80,000,815	1.49
2008	17,000,000	85,113,595	33,830,000	135,943,595	636,400	55,304,350	80,002,845	1.51
2009	16,750,000	85,086,124	32,575,000	134,411,124	586,250	53,821,550	80,003,324	1.55
2010	16,500,000	85,057,890	31,520,000	133,077,890	543,100	52,534,000	80,000,790	1.59
2011	16,250,000	85,028,951	30,635,000	131,913,951	506,550	51,405,300	80,002,101	1.63

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 15%.

Minimum Coverage: 1.27

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) 5 -	DEBT SERVICE (c)		NEW LOANS 7	COVERAGE 8
	1	+	2	+	3	=	4	-		6	=		
1987		0		0		0		0		0		0	NA
1988	18,500,000		20,510,959		51,240,000		90,250,959		6,661,200	3,586,800		80,002,959	5.62
1989	18,000,000		27,177,399		51,990,000		97,167,399		6,405,200	10,761,100		80,001,099	2.46
1990	17,500,000		34,609,374		51,925,000		104,034,374		6,009,250	18,023,400		90,001,724	1.86
1991	17,000,000		42,641,073		51,105,000		110,746,073		5,485,150	25,257,050		80,003,873	1.64
1992	16,500,000		51,435,868		49,205,000		117,140,868		4,792,650	32,345,450		90,002,768	1.54
1993	16,000,000		60,497,342		46,670,000		123,167,342		3,995,100	39,169,550		80,002,692	1.50
1994	15,500,000		69,034,806		44,385,000		128,919,806		3,210,050	45,706,100		80,003,656	1.47
1995	15,000,000		76,613,826		42,925,000		134,538,826		2,509,250	52,028,850		80,000,726	1.44
1996	14,500,000		82,834,436		42,940,000		140,274,436		1,969,200	58,304,950		80,000,286	1.39
1997	14,000,000		87,738,464		44,620,000		146,358,464		1,602,100	64,754,250		80,002,114	1.32
1998	13,500,000		91,650,067		47,830,000		152,980,067		1,375,400	71,603,400		80,001,267	1.25
1999	13,000,000		94,793,791		43,955,000		151,748,791		917,650	70,830,500		80,000,641	1.31
2000	12,500,000		97,086,248		40,380,000		149,966,248		540,400	69,424,550		80,001,298	1.37
2001	12,000,000		98,662,348		37,115,000		147,777,348		234,450	67,541,300		80,001,598	1.43
2002	11,500,000		99,310,930		34,605,000		145,415,930		46,650	65,365,300		80,003,980	1.49
2003	11,000,000		99,414,309		32,680,000		143,094,309		(65,600)	63,156,500		80,003,409	1.55
2004	10,500,000		99,389,193		31,015,000		140,904,193		(157,050)	61,057,750		80,003,493	1.60
2005	10,000,000		99,310,408		29,525,000		138,835,408		(238,750)	59,072,200		80,001,958	1.66
2006	9,500,000		99,228,934		28,030,000		136,758,934		(323,100)	57,080,400		80,001,634	1.71
2007	9,000,000		99,144,369		26,290,000		134,434,369		(420,300)	54,853,800		80,000,869	1.78
2008	8,500,000		99,056,030		23,985,000		131,541,030		(543,450)	52,081,150		80,003,330	1.88
2009	8,000,000		98,962,895		20,760,000		127,722,895		(708,700)	48,431,300		80,000,295	2.02
2010	7,500,000		98,864,779		17,650,000		124,014,779		(873,500)	44,886,550		80,001,729	2.18
2011	7,000,000		98,761,322		14,630,000		120,391,322		(1,039,600)	41,428,050		80,002,872	2.36

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 18%.

Minimum Coverage: 1.25

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) 5 -	DEBT SERVICE (c)		NEW LOANS 7	COVERAGE 8
	1	+	2	+	3	=	4	-		6	=		
1987	0		0		0		0		0		0	0	NA
1988	20,250,000		20,495,769		49,070,000		89,815,769		6,379,100		3,434,900	80,001,769	5.87
1989	20,000,000		27,143,554		49,175,000		96,318,554		6,054,250		10,262,150	80,002,154	2.58
1990	19,750,000		34,426,180		48,520,000		102,696,180		5,602,100		17,091,600	80,002,480	1.96
1991	19,500,000		42,119,508		47,245,000		108,864,508		5,045,350		23,814,900	80,004,258	1.72
1992	19,250,000		50,278,440		45,190,000		114,718,440		4,364,200		30,350,650	80,003,590	1.61
1993	19,000,000		58,527,660		42,695,000		120,222,660		3,606,850		36,611,950	80,003,860	1.56
1994	18,750,000		66,213,494		40,495,000		125,458,494		2,870,850		42,586,150	80,001,494	1.51
1995	18,500,000		72,927,331		39,165,000		130,592,331		2,226,950		48,362,250	80,003,331	1.47
1996	18,250,000		78,287,040		39,315,000		135,852,040		1,746,950		54,104,150	80,000,940	1.41
1997	18,000,000		82,334,190		41,145,000		141,479,190		1,444,350		60,034,500	80,000,340	1.34
1998	17,750,000		85,393,432		44,530,000		147,673,432		1,287,900		66,383,450	80,002,082	1.26
1999	17,500,000		87,689,971		41,210,000		146,399,971		920,300		65,477,450	80,002,221	1.31
2000	17,250,000		89,267,763		38,220,000		144,737,763		625,100		64,111,950	80,000,713	1.36
2001	17,000,000		90,320,238		35,510,000		142,830,238		384,300		62,442,200	80,003,738	1.42
2002	16,750,000		90,744,954		33,340,000		140,834,954		222,700		60,608,600	80,003,654	1.47
2003	16,500,000		90,803,371		31,610,000		138,913,371		112,300		58,798,250	80,002,827	1.52
2004	16,250,000		90,775,229		30,115,000		137,140,229		16,450		57,123,400	80,000,379	1.56
2005	16,000,000		90,709,668		28,795,000		135,504,668		(71,650)		55,575,100	80,001,218	1.61
2006	15,750,000		90,640,480		27,480,000		133,870,480		(163,100)		54,033,200	80,000,380	1.65
2007	15,500,000		90,567,186		25,925,000		131,992,186		(267,750)		52,258,100	80,001,836	1.71
2008	15,250,000		90,489,076		24,805,000		127,544,076		(399,830)		49,942,850	80,001,076	1.79
2009	15,000,000		90,405,183		20,780,000		126,185,183		(573,600)		46,756,300	80,002,483	1.91
2010	14,750,000		90,315,138		17,810,000		122,875,138		(751,200)		43,623,500	80,000,838	2.05
2011	14,500,000		90,218,584		14,855,000		119,573,584		(933,850)		40,503,800	80,003,634	2.20

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 Eliminated. Default Rate Raised to 16%.

Minimum Coverage: 1.26

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 (c)	NEW LOANS	COVERAGE
	1	+	2	+	3	4	5	6	7	8
1987		0		0		0	0	0	0	NA
1988	17,500,000		20,519,639		52,480,000	90,499,639	6,822,400	3,673,600	80,003,639	5.49
1989	16,750,000		27,197,699		53,740,000	97,687,699	6,623,700	11,060,400	80,003,599	2.39
1990	16,000,000		34,741,623		54,125,000	104,866,623	6,274,250	18,590,400	80,001,973	1.81
1991	15,250,000		43,030,359		53,665,000	111,945,359	5,779,450	26,163,550	80,002,359	1.59
1992	14,500,000		52,310,383		51,895,000	118,705,383	5,083,350	33,618,300	80,003,733	1.51
1993	13,750,000		61,992,545		49,345,000	125,087,545	4,260,350	40,823,350	80,003,845	1.48
1994	13,000,000		71,181,145		46,995,000	131,176,145	3,442,350	47,729,850	80,003,945	1.45
1995	12,250,000		79,421,905		45,460,000	137,131,905	2,704,800	54,425,150	80,001,955	1.42
1996	11,500,000		86,301,709		45,285,000	143,186,709	2,125,050	61,058,600	80,003,059	1.38
1997	10,750,000		91,862,182		46,965,000	149,577,182	1,714,950	67,858,650	80,003,582	1.32
1998	10,000,000		96,427,250		50,060,000	156,487,250	1,441,800	75,044,500	80,000,950	1.26
1999	9,250,000		100,221,119		45,850,000	155,321,119	926,000	74,392,800	80,002,319	1.32
2000	8,500,000		103,062,848		41,925,000	153,487,848	497,250	72,988,400	80,002,198	1.38
2001	7,750,000		105,042,476		38,360,000	151,152,476	154,800	70,996,500	80,001,176	1.45
2002	7,000,000		105,863,668		35,730,000	148,595,668	(38,600)	68,630,200	80,004,068	1.52
2003	6,250,000		106,007,416		33,805,000	146,062,416	(136,850)	66,198,100	80,001,166	1.57
2004	5,500,000		105,989,395		32,190,000	143,679,395	(207,300)	63,884,350	80,002,345	1.63
2005	4,750,000		105,906,165		30,780,000	141,436,165	(264,100)	61,699,550	80,000,715	1.69
2006	4,000,000		105,821,862		29,390,000	139,211,862	(320,800)	59,531,000	80,001,662	1.73
2007	3,250,000		105,736,202		27,785,000	136,771,202	(387,450)	57,156,900	80,001,752	1.82
2008	2,500,000		105,648,737		25,650,000	133,798,737	(477,000)	54,272,750	80,002,987	1.92
2009	1,750,000		105,558,699		22,635,000	129,943,699	(604,450)	50,544,150	80,003,999	2.06
2010	1,000,000		105,466,101		19,830,000	126,296,101	(726,100)	47,019,350	80,002,851	2.22
2011	250,000		105,370,929		17,215,000	122,835,929	(842,550)	43,676,600	80,001,879	2.39

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).

Forgiveness Eliminated, Interest Grace Period Eliminated. Default Rate Raised to 19%.

Minimum Coverage: 1.26

ALASKA STATE LEGISLATURE

15th... Legislature ..1st... Session

SENATE ..BILL..... NO. ...66..

By KELLY, HALFORD, KERTTULA, FAIKS, STURGULEWSKI

"An Act relating to student loans; creating the Alaska Student Loan Corporation; and providing for an effective date!"

Introduced in the Senate ..1/19., 19..87

HISTORY IN THE SENATE

19 87	Read first time and referred to Committee on										
1 19	HESS AND FINANCE										
3 9	Reported back with <i>HESS</i> recommendation that <i>replaced w/c 5, 3 to pass. Final impact to Finance. Fib:</i>										
	Read second time and										
	Read third time and										
	<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	<p>Reconsideration</p> <table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reported correctly engrossed Signed by President Sent to House										
SECRETARY OF THE SENATE											

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on										
	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	<p>Reconsideration</p> <table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reported correctly engrossed Signed by Speaker Returned to Senate										
CHIEF CLERK OF THE HOUSE											

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.

Memorandum

February 25, 1987

To: Sterling Gallagher
From: Richard Li
Re: Analysis of Student Loan Program

Version A (Base Case):

- o State Appropriations start at \$22,000,000.
- o State Appropriations decline by \$250,000 per year.
- o Default Rate at 15.00%
- o Forgiveness at 17.50%
- o Coverage is 1.27

Version B (Forgiveness Eliminated):

- o State Appropriations start at \$18,500,000.
- o State Appropriations decline by \$500,000 per year.
- o Default Rate at 18.00%
- o Forgiveness Eliminated
- o Coverage is 1.25

Version C (Interest Grace Period Eliminated):

- o State Appropriations start at \$20,250,000.
- o State Appropriations decline by \$250,000 per year.
- o Default Rate at 16.00%
- o Forgiveness at 17.50%
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation
- o Coverage is 1.26

Version D (Forgiveness and Interest Grace Period Eliminated):

- o State Appropriations start at \$17,500,000.
- o State Appropriations decline by \$750,000 per year.
- o Default Rate at 19.00%
- o Forgiveness Eliminated
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation
- o Coverage is 1.26

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 (c) 6	NEW LOANS 7	COVERAGE 8
1987	0	0	0	0	0	0	0	NA
1988	22,000,000	20,480,379	46,900,000	89,380,579	6,097,000	3,283,000	80,000,579	6.14
1989	21,750,000	27,111,879	46,670,000	95,531,879	5,743,600	9,784,900	80,003,379	2.71
1990	21,500,000	34,292,872	45,725,000	101,517,872	5,272,250	16,244,200	80,001,422	2.06
1991	21,250,000	41,761,078	44,270,000	107,281,078	4,714,100	22,562,700	80,004,278	1.80
1992	21,000,000	49,499,905	42,245,000	112,744,905	4,061,850	28,681,150	80,001,905	1.68
1993	20,750,000	57,214,040	39,930,000	117,894,040	3,354,900	34,535,250	80,003,890	1.61
1994	20,500,000	64,340,257	37,975,000	122,815,257	2,678,250	40,133,300	80,003,707	1.56
1995	20,250,000	70,487,360	36,930,000	127,667,360	2,099,400	45,567,450	80,000,510	1.51
1996	20,000,000	75,284,306	37,415,000	132,699,306	1,691,450	51,003,450	80,002,406	1.44
1997	19,750,000	78,773,546	39,625,000	138,148,546	1,466,750	56,678,450	80,003,346	1.36
1998	19,500,000	81,279,916	43,440,000	144,219,916	1,394,200	62,825,100	80,000,616	1.27
1999	19,250,000	83,029,282	40,985,000	143,264,282	1,134,050	62,126,950	80,003,282	1.31
2000	19,000,000	84,149,839	38,945,000	142,094,839	945,850	61,147,300	80,001,689	1.35
2001	18,750,000	84,873,851	37,220,000	140,843,851	805,100	60,035,800	80,002,951	1.39
2002	18,500,000	85,170,729	35,990,000	139,660,729	723,200	58,931,650	80,003,879	1.42
2003	18,250,000	85,222,502	35,195,000	138,667,502	686,850	57,977,850	80,002,802	1.44
2004	18,000,000	85,219,034	34,725,000	137,944,034	666,750	57,276,650	80,000,634	1.46
2005	17,750,000	85,192,734	34,535,000	137,477,734	660,550	56,815,850	80,001,334	1.47
2006	17,500,000	85,166,490	34,490,000	137,156,490	660,200	56,494,850	80,001,440	1.48
2007	17,250,000	85,140,215	34,355,000	136,745,215	656,150	56,088,250	80,000,815	1.49
2008	17,000,000	85,113,595	33,830,000	135,943,595	636,400	55,304,350	80,002,845	1.51
2009	16,750,000	85,086,124	32,575,000	134,411,124	586,250	53,821,550	80,003,324	1.55
2010	16,500,000	85,057,890	31,520,000	133,077,890	543,100	52,534,000	80,000,790	1.59
2011	16,250,000	85,028,951	30,635,000	131,913,951	506,550	51,403,300	80,002,101	1.63

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 15%.

Minimum Coverage: 1.27

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 (c)		NEW LOANS 7	COVERAGE 8	
	1	+	2	+	3	=	4	-	5	-	6	=			
1987		0		0		0		0		0		0		0	NA
1988	18,500,000		20,510,959		51,240,000		90,250,959		6,661,200		3,586,800		80,002,959	5.62	
1989	18,000,000		27,177,399		51,990,000		97,167,399		6,405,200		10,761,100		80,001,099	2.46	
1990	17,500,000		34,609,374		51,925,000		104,034,374		6,009,250		18,023,400		80,001,724	1.86	
1991	17,000,000		42,641,073		51,105,000		110,746,073		5,485,150		23,257,050		80,003,873	1.64	
1992	16,500,000		51,433,868		49,205,000		117,140,868		4,792,650		32,345,450		80,002,768	1.54	
1993	16,000,000		60,497,342		46,670,000		123,167,342		3,995,100		39,169,550		80,002,692	1.50	
1994	15,500,000		69,034,806		44,385,000		128,919,806		3,210,050		45,706,100		80,003,656	1.47	
1995	15,000,000		76,613,826		42,925,000		134,538,826		2,509,250		52,028,850		80,000,726	1.44	
1996	14,500,000		82,834,436		42,940,000		140,274,436		1,969,200		58,304,950		80,000,286	1.39	
1997	14,000,000		87,738,464		44,620,000		146,358,464		1,602,100		64,754,250		80,002,114	1.32	
1998	13,500,000		91,650,067		47,830,000		152,980,067		1,375,400		71,603,400		80,001,267	1.25	
1999	13,000,000		94,793,791		43,955,000		151,748,791		917,650		70,830,500		80,000,641	1.31	
2000	12,500,000		97,086,248		40,380,000		149,966,248		540,400		69,424,550		80,001,298	1.37	
2001	12,000,000		98,662,348		37,115,000		147,777,348		234,450		67,541,300		80,001,598	1.43	
2002	11,500,000		99,310,930		34,605,000		145,415,930		46,650		65,365,300		80,003,980	1.49	
2003	11,000,000		99,414,309		32,680,000		143,094,309		(65,600)		63,156,500		80,003,409	1.55	
2004	10,500,000		99,389,193		31,015,000		140,904,193		(157,050)		61,057,750		80,003,493	1.60	
2005	10,000,000		99,310,408		29,525,000		138,835,408		(238,750)		59,072,200		80,001,958	1.66	
2006	9,500,000		99,228,934		28,030,000		136,758,934		(323,100)		57,080,400		80,001,634	1.71	
2007	9,000,000		99,144,369		26,290,000		134,434,369		(420,300)		54,853,800		80,000,869	1.78	
2008	8,500,000		99,056,030		23,985,000		131,541,030		(543,450)		52,081,150		80,003,330	1.88	
2009	8,000,000		98,962,895		20,760,000		127,722,895		(708,700)		48,431,300		80,000,295	2.02	
2010	7,500,000		98,864,779		17,650,000		124,014,779		(873,500)		44,886,550		80,001,729	2.18	
2011	7,000,000		98,761,322		14,630,000		120,391,322		(1,039,600)		41,428,050		80,002,872	2.36	

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 18%.

Minimum Coverage: 1.25

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

Version C

LOAN RATE:
8.00%

YEAR ENDING 6/30	SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		DEBT SERVICE (c)		NEW LOANS	COVERAGE B				
	1	+	2	+	3	=	4	-			5	-	6	=
1987		0		0		0		0		0		0		NA
1988	20,250,000		20,495,769		49,070,000		89,815,769		6,379,100		3,434,900		80,001,769	5.87
1989	20,000,000		27,143,554		49,175,000		96,318,554		6,054,250		10,262,150		80,002,154	2.58
1990	19,750,000		34,426,180		48,520,000		102,696,180		5,602,100		17,091,600		80,002,480	1.96
1991	19,500,000		42,119,508		47,245,000		108,864,508		5,043,350		23,814,900		80,004,258	1.72
1992	19,250,000		50,278,440		45,190,000		114,718,440		4,364,200		30,350,650		80,003,590	1.61
1993	19,000,000		58,527,660		42,695,000		120,222,660		3,606,850		36,611,950		80,003,860	1.56
1994	18,750,000		66,213,494		40,495,000		125,458,494		2,870,850		42,586,150		80,001,494	1.51
1995	18,500,000		72,927,531		39,165,000		130,592,531		2,226,950		48,362,250		80,003,331	1.47
1996	18,250,000		78,287,040		39,313,000		135,852,040		1,746,950		54,104,150		80,000,940	1.41
1997	18,000,000		82,334,190		41,145,000		141,479,190		1,444,350		60,034,500		80,000,340	1.34
1998	17,750,000		85,393,432		44,530,000		147,673,432		1,287,900		66,383,450		80,002,082	1.26
1999	17,500,000		87,689,971		41,210,000		146,399,971		920,300		65,477,450		80,002,221	1.31
2000	17,250,000		89,267,763		38,220,000		144,737,763		625,100		64,111,950		80,000,713	1.36
2001	17,000,000		90,320,238		35,510,000		142,830,238		384,300		62,442,200		80,003,738	1.42
2002	16,750,000		90,744,954		33,340,000		140,834,954		222,700		60,608,600		80,003,654	1.47
2003	16,500,000		90,803,377		31,610,000		138,913,377		112,300		58,798,250		80,002,827	1.52
2004	16,250,000		90,775,229		30,115,000		137,140,229		16,450		57,123,400		80,000,379	1.56
2005	16,000,000		90,709,668		28,795,000		135,504,668		(71,650)		55,575,100		80,001,218	1.61
2006	15,750,000		90,640,480		27,480,000		133,870,480		(163,100)		54,033,200		80,000,380	1.65
2007	15,500,000		90,567,186		25,925,000		131,992,186		(267,750)		52,258,100		80,001,836	1.71
2008	15,250,000		90,499,076		24,805,000		127,544,076		(377,830)		49,942,850		80,001,076	1.79
2009	15,000,000		90,405,183		20,780,000		126,185,183		(573,600)		46,756,300		80,002,483	1.91
2010	14,750,000		90,315,138		17,810,000		122,875,138		(751,200)		43,625,500		80,000,838	2.05
2011	14,500,000		90,218,584		14,855,000		119,573,584		(933,850)		40,503,800		80,003,634	2.20

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 Eliminated. Default Rate Raised to 16%.

Minimum Coverage: 1.26

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 (c)		NEW LOANS	COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=		
1987	0		0		0		0		0		0		0	NA
1988	17,500,000		20,519,639		32,480,000		90,499,639		6,822,400		3,673,600		80,003,639	5.49
1989	16,750,000		27,197,699		53,740,000		97,687,699		6,623,700		11,060,400		80,003,599	2.39
1990	16,000,000		34,741,623		54,125,000		104,866,623		6,274,250		18,590,400		80,001,973	1.81
1991	15,250,000		43,030,359		53,665,000		111,945,359		5,779,450		26,163,550		80,002,359	1.59
1992	14,500,000		52,310,383		51,895,000		118,705,383		5,083,350		33,618,300		80,003,733	1.51
1993	13,750,000		61,992,545		49,345,000		125,087,545		4,260,350		40,823,350		80,003,845	1.48
1994	13,000,000		71,181,145		46,995,000		131,176,145		3,442,350		47,729,850		80,003,945	1.45
1995	12,250,000		79,421,905		45,460,000		137,131,905		2,704,800		54,425,150		80,001,955	1.42
1996	11,500,000		86,301,709		45,385,000		143,186,709		2,125,050		61,058,600		80,003,059	1.38
1997	10,750,000		91,862,182		46,965,000		149,577,182		1,714,950		67,858,650		80,003,582	1.32
1998	10,000,000		96,427,250		50,060,000		156,487,250		1,441,800		75,044,500		80,000,950	1.26
1999	9,250,000		100,221,119		45,850,000		155,321,119		926,000		74,392,800		80,002,319	1.32
2000	8,500,000		103,062,848		41,925,000		153,487,848		497,250		72,988,400		80,002,198	1.38
2001	7,750,000		105,042,476		38,360,000		151,152,476		154,800		70,996,500		80,001,176	1.45
2002	7,000,000		105,865,668		35,730,000		148,595,668		(38,600)		68,630,200		80,004,068	1.52
2003	6,250,000		106,007,416		33,805,000		146,062,416		(136,850)		66,198,100		80,001,166	1.57
2004	5,500,000		105,989,395		32,190,000		143,679,395		(207,300)		63,884,350		80,002,345	1.63
2005	4,750,000		105,906,165		30,780,000		141,436,165		(264,100)		61,699,550		80,000,715	1.69
2006	4,000,000		105,821,862		29,390,000		139,211,862		(320,800)		59,531,000		80,001,662	1.75
2007	3,250,000		105,736,202		27,785,000		136,771,202		(387,450)		57,156,900		80,001,752	1.82
2008	2,500,000		105,648,737		25,650,000		133,798,737		(477,000)		54,272,750		80,002,987	1.92
2009	1,750,000		105,558,699		22,635,000		129,943,699		(604,450)		50,544,150		80,003,999	2.06
2010	1,000,000		105,466,101		19,830,000		126,296,101		(726,100)		47,019,350		80,002,851	2.22
2011	250,000		103,370,929		17,215,000		122,835,929		(842,550)		43,676,600		80,001,879	2.39

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).

Forgiveness Eliminated, Interest Grace Period Eliminated. Default Rate Raised to 19%.

Minimum Coverage: 1.26