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STUDENT LOAN GENERAL FUND DEMAND
(IN MILLIONS)

LOAN YEAR	TARGET LOAN VOLUME	CURRENT PROGRAM Gen. Fund	w/o FORGIVENESS + GRACE INTEREST	w/o FORGIVENESS + 7% BONDING	w/o FORGIVENESS + 8% BONDING	w/o FORGIVENESS + 9% BONDING
			+ w/o BONDING Gen. Fund	+ GRACE INTEREST Gen. Fund	+ GRACE INTEREST Gen. Fund	+ GRACE INTEREST Gen. Fund
87-88	\$80.0	\$56.7	\$56.7	\$15.7	\$15.7	\$15.7
88-89	80.3	52.8	52.8	15.1	15.7	17.9
89-90	80.7	47.3	47.2	15.0	15.6	17.9
90-91	81.0	40.4	40.1	14.7	15.4	17.9
91-92	82.9	32.1	37.4	14.3	15.0	17.9
92-93	85.3	32.6	31.4	13.9	14.5	17.8
93-94	87.3	30.6	28.8	13.3	13.9	17.3
94-95	88.4	28.4	25.8	12.5	13.1	16.7
95-96	88.3	24.9	21.2	11.4	12.0	15.9
96-97	87.0	20.4	15.1	9.9	10.4	14.6
97-98	84.9	15.4	8.3	8.1	8.6	12.8
98-99	88.7	16.8	7.7	6.2	6.6	10.7
99-00	91.2	17.1	6.3	4.6	4.9	8.3
2000-01	93.0	16.7	4.6	3.4	3.6	6.2
01-02	94.2	15.6	2.9	2.8	3.0	4.6
02-03	95.1	14.3	1.3	2.5	2.7	3.9
03-04	96.2	13.3	.1	2.3	2.5	3.3
04-05	97.3	12.3	(1.0)	2.2	2.4	3.3
05-06	98.5	11.5	(1.9)	2.1	2.3	3.3
06-07	99.5	10.6	(2.8)	2.1	2.3	3.2
07-08	100.5	9.7	(3.8)	2.0	2.2	3.2
08-09	101.5	9.0	(4.6)	1.9	2.1	3.2
09-10	102.7	8.4	(5.3)	1.8	2.0	3.1
10-11	104.0	8.1	(5.8)	1.6	1.8	3.1

Assumptions and Notes:

- a. FY88 appropriation remains at \$15.7 million. Bonding level remains constant and loan volume remains constant. Under 7%, General Fund balance is simply carried forward, under 9%, adjustment is made in FY89.
- b. All adjustment is made to General Fund portion. Variation resulting from different rates could also be reflected in level of bonds issued or in total loan volume, and General Fund could remain constant.
- c. Bond coverage at ratio 1.50.
- d. Loan default rate at 17%. No increase anticipated as a result of eliminating forgiveness and no decrease as a result of permanent fund dividend attachments.
- e. If default rate were to increase to as much as 21%, the General Fund costs were increase slightly the first 3-4 years and then level off at around \$2.0 million per year.
- f. At 7% bonding, program should revolve around 2018.

Alaska Commission on Postsecondary Education
(5/5/87)

Alaska State Legislature

ANCHORAGE

P.O. BOX 104836
ANCHORAGE, AK 99510
(W) (907) 276-6818
(H) (907) 338-2425

JUNEAU

POUCH V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE
COMMITTEE ON OIL AND GAS



House of Representatives

MEMORANDUM

TO: Senator Paul Fischer, Chairman
Senate Committee on Health, Education and
Social Services

FROM: Representative Pat Pourchot *Pat*

RE: HB 298, Making appropriations to the Alaska
Student Loan Corporation

DATE: May 11, 1987

HB 298, which makes an appropriation to the Student Loan Corporation, is a companion piece of legislation to HB 39, which was recently waived from the Senate HESS Committee.

HB 39, which establishes a student loan corporation to issue bonds and make student loans from bond proceeds, requires that the bond underwriter be selected by competitive bid. The effective date of the bill is July 1, 1987. Allowing 60 days for the competitive selection process and an additional period for the actual issuance of the bonds, it is unlikely that bond proceeds will be available until sometime in October.

Since funds for student loans for the fall semester are needed in August, HB 298 appropriates \$37.7 million in general funds to the Student Loan Corporation, an amount sufficient to cover the fall semester checks. Once bond proceeds are received by the corporation, HB 298 appropriates \$22 million from the corporation back to the general fund. The \$15.7 million in general funds that stays with the corporation is the amount of state support needed in the first year of the bonding proposal.

Passage of HB 298 is essential to implementation of HB 39. I therefore urge you to consider it favorably and advance it to the Senate Finance Committee.