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Memorandum

February 25, 1987

To: Sterling Gallagher

From: Richard Li

Re: Analysis of Student Loan Program

270Version 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

1.43/00Version 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		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE (c)		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
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		46,610,000		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		51,005,450		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		62,825,130		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		725,200		58,931,650		80,003,879		1.42
2003	18,250,000		83,222,502		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		85,113,395		33,830,000		135,943,395		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		563,100		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)	DEBT SERVICE (c)	NEW LOANS	COVERAGE				
	1	+	2	+	3	=	4	-	5	-	6	=	7	8
1987	0		0		0		0		0		0		0	NA
1988	18,500,000		20,510,939		51,240,000		90,250,959		6,661,200		3,586,800		80,002,959	3.62
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		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		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		(872,500)		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	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	58,327,660	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	39,315,000	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	90,803,377	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	90,489,076	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)	43,625,500	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	=	7		
1987		0		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		5,083,550		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		86,301,707		45,385,000		143,186,707		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		1.43
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		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

Mark Reilly

COMMITTEE BILL FILE WORK-UP ON:

Bill #: SBL6 Student Loan Funding  
Sponsor: Reilly  
Room #: 101 Phone #: 3044

- 1/19 1 Receive Original Bill and Log In.
- 1/19 2 Duplicate Work Copies for Committee File and Senator's File.
- 1/19 3 File Original Bill in Special Locking File.
- 1/29 4 Set-Up Weekly Schedule of Hearings (2 Weeks in Advance if possible).
- 1/29 5 Notify Senate Secretary (5 Day Rule Applies - Allows Time to Get it Printed in Journal). A Copy of the Committee Agenda is Sufficient.
- 1/29 6 Move Work File to "Active" File Drawer.
- \_\_\_\_\_ 7 Notify the Following Persons of the Hearing Date:

Committee Members	_____	Department Liaisons	<u>Kerry Romberg</u>	<u>2854</u>	<u>7/20</u>
Bill Sponsor	<input checked="" type="checkbox"/>	Governor	_____	_____	_____
	<u>1/15/29</u>	If Necessary	_____	_____	_____

- 1/29 8 Request Back-Up Information from Bill Sponsor As Soon As Possible.
- 1/29 9 Request Witness Roster of Persons the Sponsor Has Notified or Desires to Have Notified.
- 1/30 Romberg 10 If First Committee of Referral, Request Fiscal Note from Pertinent Department Liaison(s) for each bill change (ie. SS, CS etc) - (5 Day Rule Applies).
- \_\_\_\_\_ 11 If Necessary, Prepare or Request Sectional Analysis from Legal (3867) when pertinent for each change (ie. SS, CS etc). This is Pretty Much a Judgement Call.
- \_\_\_\_\_ 12 Research and Prepare Back-Up Material as Necessary.
- \_\_\_\_\_ 13 Prepare Committee Files (8 Copies: 1 ea for: Committee Members, Committee Aide, Senate Pool Secretary).
- \_\_\_\_\_ 14 Prepare 10-15 Copies of All Documents to Hand Out to Public During the Hearing (ie. Bill, Short Synopsis, Others at Sponsor's Request). 1/31
- 1/29/1/30 15 Distribute Committee Agenda (Schedule).
- \_\_\_\_\_ 16 If Requested, Provide Files As Soon As Possible On the Day of the Hearing. Otherwise, Provide the Files at the Beginning of the Hearing in the Committee Room.

WITNESS ROSTER WORK SHEET

SB66 - Student Loan Funding \_\_\_\_\_ Date of Hearing \_\_\_\_\_  
Bill # Title

1. Name: Ken Vasser  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: Dept of Law Title: \_\_\_\_\_
2. Name: Kerry Romeburg, PhD  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: Post-secondary (DDE) Title: \_\_\_\_\_
3. Name: Stirling Guliger  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: \_\_\_\_\_ Title: \_\_\_\_\_
4. Name: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: \_\_\_\_\_ Title: \_\_\_\_\_
5. Name: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: \_\_\_\_\_ Title: \_\_\_\_\_
6. Name: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: \_\_\_\_\_ Title: \_\_\_\_\_
7. Name: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: \_\_\_\_\_ Title: \_\_\_\_\_
8. Name: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: \_\_\_\_\_ Title: \_\_\_\_\_
9. Name: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: \_\_\_\_\_ Title: \_\_\_\_\_
10. Name: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: \_\_\_\_\_ Title: \_\_\_\_\_
11. Name: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: \_\_\_\_\_ Title: \_\_\_\_\_
12. Name: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Representing: \_\_\_\_\_ Title: \_\_\_\_\_

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

REQUEST: \_\_\_\_\_

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

Revision Date: 1-30-87

Agency Affected: Education

Title: Creating the Alaska Student  
Loan Corporation

BRU: Postsecondary Education  
Commission

Sponsor: Kelly, Halford, Kerttula, Faiks

Components: General Admin., Student  
Loan Admin., Data & Word Proc., Student  
Loan Program

Requestor: Senate HESS

**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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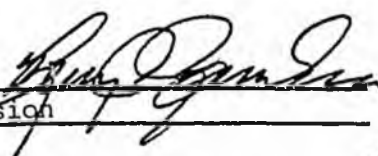
**FUNDING: (Thousands of Dollars)**

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
	<u>\$2,035.9</u>

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."

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
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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
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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
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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

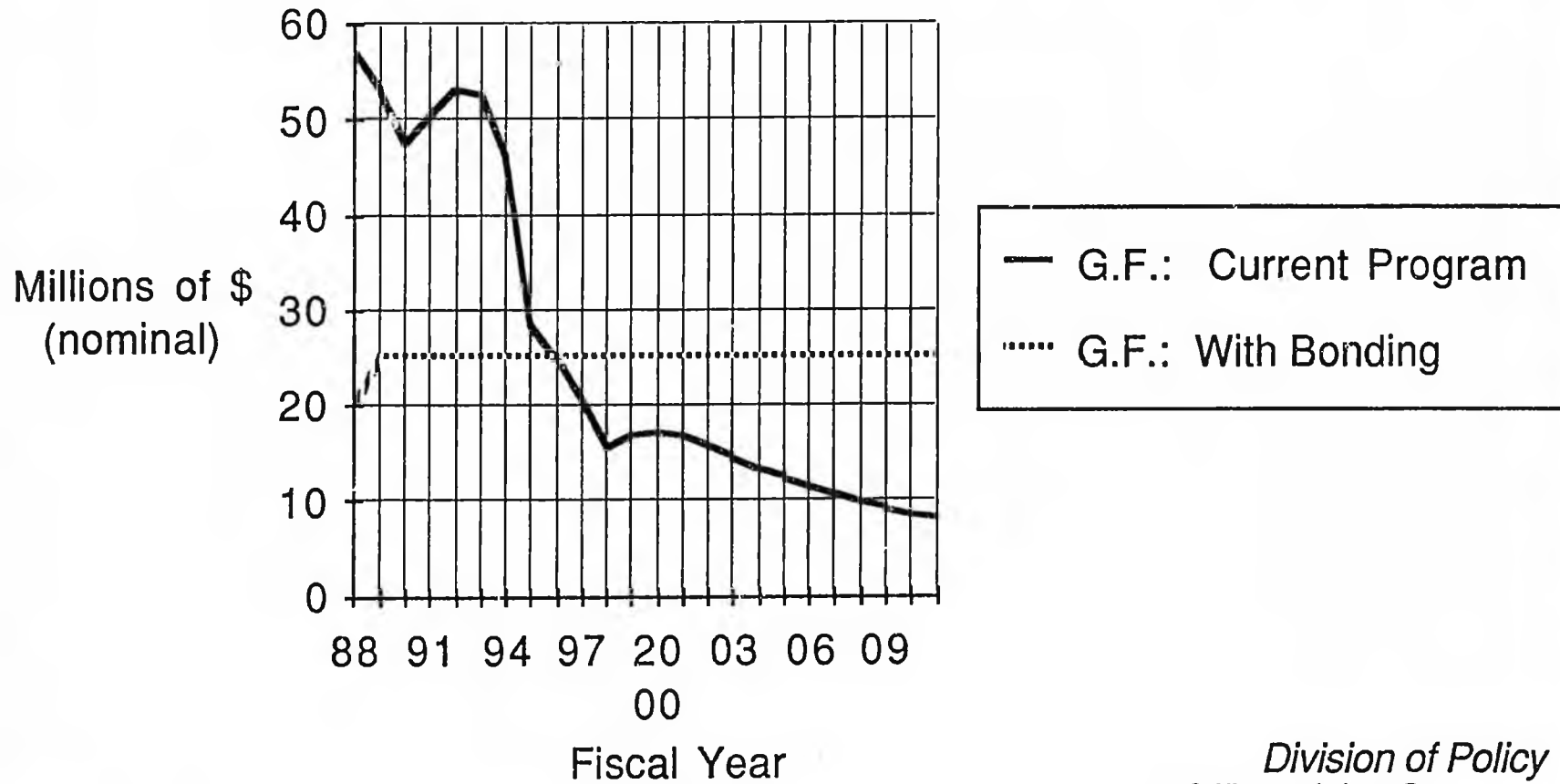
\*92-93 includes \$20.0 million to accommodate cash flow

\*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

### 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)
<b>TOTALS</b>	<b>419,576</b>	<b>2,188,496,797</b>	<b>1,637,415,107</b>	<b>278,214,892</b>	<b>611,481,690</b>	<b>595,000,000</b>	<b>16,481,690</b>

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/Divison of Policy  
Office of the Governor  
Source: ACPE

SENATE AMENDMENT

BY: Fischer & Kerttula

TO: \_\_\_\_\_ SENATE BILL NO. 66  
TO: \_\_\_\_\_ HOUSE BILL NO. \_\_\_\_\_

~~Print~~ Delete  
Pg 14  
Line 21-23

SENATE COMMITTEE REPORT

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:

~~MEMBERS~~

Committee considered ~~SB 66 (HESS)~~ SB 66 (HESS)

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

and recommended:

replace with CS SB 66 (HESS)  same title  
 attached amendment(s) and  new title

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Dr. Josephson  
J. H. H. H.  
\_\_\_\_\_  
\_\_\_\_\_

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\_\_\_\_\_  
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\_\_\_\_\_

Paula Trish Do Pass  
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 2, 1987

SUBJECT: Comparison of SB 7 and SB 31, relating  
to capital punishment

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

FROM: Keith B. Levy *KBL*  
Legislative Counsel

You have requested a sectional analysis of SB 7 and a comparison of that bill to SB 31, both of which relate to capital punishment. Both bills are substantially similar; the differences between the two are detailed below. The sectional analysis of SB 31, prepared for you January 30, 1987, may be used as a reference to compare that bill with SB 7. Please note that a sectional analysis should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Sections 1, 2, and 4 of SB 7 are identical to sections 1, 2, and 4 of SB 31. These sections make technical amendments to existing provisions of law to refer to the new capital punishment provisions added by other sections of the bill.

Section 3 of SB 7 adds a new provision, AS 12.55.117. Subsection (a) of that section is identical to subsection (a) of AS 12.55.117 in section 3 of SB 31.

Subsection (b) is similar to subsection (b) of SB 31 except that SB 7 requires the date of execution to be set between 30 and 60 days after the death warrant is issued.

Subsection (c) of SB 7 is substantively the same as subsection (f) of SB 31.

Subsection (d) of SB 7 gives the Department of Corrections the authority to adopt regulations governing the procedures

for executions. In contrast, SB 31 sets those details out in other subsections of AS 12.55.117.

Section 5 of SB 7 adds AS 12.55.177, setting out the sentencing procedures for capital felonies. Subsections (a) and (b) are substantively identical to subsections (a) and (b) of AS 12.55.177 as added by section 5 of SB 31.

Subsection (c) of SB 7 is substantively similar to AS 12.55.178 in section 5 of SB 31, except that under SB 7 the jury renders a "recommended sentence" and under SB 31 the jury renders an "advisory sentence."

AS 12.55.179 in SB 7 provides that the court must follow the jury's recommendation. If the jury makes certain findings and recommends the death penalty, the court must impose that penalty. If the jury recommends a sentence of imprisonment, the court may not impose the death penalty. In contrast, SB 31 does not require the court to follow the jury's advisory sentence. If the court makes certain findings regarding aggravating and mitigating factors in SB 31 (see AS 12.55.180 and 12.55.181), it may impose a death sentence independent of the jury's findings.

AS 12.55.180 in SB 7 sets out the aggravating factors the sentencing court may consider. They differ from the factors set out in AS 12.55.180 of SB 31. The SB 7 aggravating factors include:

- (1) the defendant's conduct manifested deliberate cruelty in that it involved sexual assault in the first degree, kidnapping, or assault in the first degree;
- (2) the defendant's conduct caused the death of two or more persons, other than accomplices;
- (3) the defendant had a prior conviction for murder;
- (4) the defendant's conduct was directed at the President of the United States or the Governor of Alaska;
- (5) the defendant's conduct was directed at a law enforcement, judicial, or correctional officer;
- (6) the defendant killed a child nine years of age or younger;
- (7) the offense was committed under an agreement that the defendant pay or be paid for the commission of the offense;

(8) the defendant committed the offense while avoiding lawful arrest or escaping from lawful confinement;

(9) the defendant committed the offense after escaping from lawful custody of a peace officer or place of lawful confinement.

AS 12.55.181 in SB 7 sets out the mitigating factors the court must consider; these are identical to the mitigating factors set out in AS 12.55.181 of SB 31.

AS 12.55.182 of SB 7 deals with incompetency and pregnancy of persons sentenced to death and is substantively the same as AS 12.55.182 of SB 31.

Section 6 of SB 7 is substantively the same as section 6 of SB 31.

Section 7 of SB 7 is a technical amendment dealing with the lack of jurisdiction of the Court of Appeals in death sentence appeals. This section is not found in SB 31, but probably should be added for clarity.

Section 8 of SB 7 requires the Commissioner of Corrections to establish a procedure for execution of the death penalty. This provision is not contained in SB 31.

Section 7 of SB 31 puts the question of the desirability of the death penalty on the ballot as an advisory question in 1988. This provision is not contained in SB 7.

Section 8 of SB 31 makes the bill effective August 15, 1989, giving the legislature the opportunity to respond to the advisory vote before the bill takes effect. In contrast, SB 7 has no effective date provision, and therefore would take effect 90 days after the governor signs it.

KBL:csh  
c7/039

TELECOPY COVER SHEET

KENAI PENINSULA INFORMATION OFFICE

(SOLDOTNA)

TO: Jensen FOR: Sgt H. H.E.S.S. PHONE: \_\_\_\_\_  
FROM: Joan Kimball PHONE: 776-8431

ADDITIONAL INSTRUCTIONS: please deliver to the  
House & Service H.E.S.S. committee

DATE/TIME SENT: 2/6 PLEASE ACKNOWLEDGE RECEIPT:

DISPOSAL OF ORIGINAL: \_\_\_\_\_ THROW AWAY

\_\_\_\_\_ HOLD FOR PICK UP

NUMBER OF PAGES: 2 (NOT COUNTING COVER SHEET)

BY: Hanna

Attn: Margaret

	Name	Address	City	Zip
1.	Joan Kamin	Co. 5065	Nihsa	99611
2.	GERALDINE SPARKS	501 Hemlock	KENAI	99611
3.	Jim EARLEY	R#1 Box 1603-4	KENAI	99611
4.	LENORA EARLEY	" " " "	" "	" "
5.	Sharm Traugber	Box 2041	Nihsa, AK	99611
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2/24/87

SUBJECT: SB 66 STUDENT LOANS

Dear Senator Fischer and HESS COMMITTEE MEMBERS:

We the parents of postsecondary education bound students of Kenai Central High School wish to voice our concern regarding proposed changes in the Alaska Student Loan Program. At this time we don't know the complete ramifications of SB 66, however; we strongly support the continuation of the student loan program.

It would be beneficial to us to know the following information if SB 66 is enacted:

1. Interest required for the student loan and Bonding
2. The long range effect to the state of Alaska and its residents.
3. The pay back procedure.
4. Guidelines for qualifying for a loan.(Loan based on no need).

Lastly, we care about the future of our students in Alaska and appreciate any support you will give them to continue their education.

Sincerely,

Joan Kimball  
Geraldine Sparks  
Jim Earley  
Sharon Traughber  
Lendra Earley

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

**REQUEST:** \_\_\_\_\_

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

Revision Date: 1-30-87

Agency Affected: Education

Title: Creating the Alaska Student  
Loan Corporation

BRU: Postsecondary Education  
Commission

Sponsor: Kelly, Halford, Kerttula, Faiks  
Requestor: Senate HESS

Components: General Admin., Student  
Loan Admin., Data & Word Proc., Student  
Loan Program

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

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EQUIPMENT						
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<b>TOTAL OPERATING</b>	<b>N.A.</b>	<b>(2,035.9)</b>	<b>(2,127.1)</b>	<b>(2,222.6)</b>	<b>(2,322.4)</b>	<b>(2,427.1)</b>

<b>CAPITAL</b>	<b>N.A.</b>	<b>(34,900.0)</b>	<b>(27,758.1)</b>	<b>(22,288.6)</b>	<b>(25,400.5)</b>	<b>(28,143.2)</b>
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<b>REVENUE</b>						
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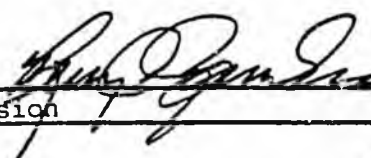
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OTHER						
<b>TOTAL</b>						

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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

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STUDENT LOAN ACTIVITY  
Projected to 2010-11

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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

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 =	7
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	9,997,950	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	87,299,990
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	89,261,738
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		85,657,586		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 accretion matches loan repayments.

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

**REQUEST:** \_\_\_\_\_

Bill Version: SB66

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						
<b>TOTAL OPERATING</b>	<b>N.A.</b>	<b>(2,035.9)</b>	<b>(2,127.1)</b>	<b>(2,222.6)</b>	<b>(2,322.4)</b>	<b>(2,427.1)</b>

<b>CAPITAL</b>	<b>N.A.</b>	<b>(34,900.0)</b>	<b>(27,759.1)</b>	<b>(22,288.6)</b>	<b>(25,400.5)</b>	<b>(28,143.2)</b>
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<b>REVENUE</b>						
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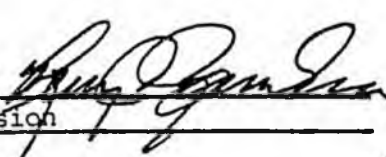
**FUNDING: (Thousands of Dollars)**

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

**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
	<u>\$2,035.9</u>

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."

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	69,475,515	12,679,094	15,420,226	25,000,000
98-99	16,745	88,748,536	71,991,714	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	94,155,866	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
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09-10	19,375	102,687,093	94,248,233	15,052,656	8,438,860	25,000,000
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 SUMMARY OF NEW LOAN ORIGINATION

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1990	25,000,000		34,019,202		42,550,000	101,569,202	4,857,500	16,025,650	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	82,750,042
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.

SECTIONAL ANALYSIS OF THE ALASKA STUDENT LOAN CORPORATION

\*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 operating budget of the corporation is subject to the Executive Budget Act.

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

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 know 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.