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# Alaska State Legislature

House of Representatives  
 COMMITTEE ON HEALTH, EDUCATION  
 AND SOCIAL SERVICES

DATE: 3-18-94

PLACE: Capitol Room 106

SUBJECT OF MEETING:  
 \*HB 291: CONSUMER PROTECTION INTERN PROGRAM  
 -- BILLS HELD OVER --  
 HB 488: RESTRICT STUDENT LOANS TO ALASKA SCHOOLS  
 HB 422: CHILD CUSTODY VISITATION RIGHTS  
 \* INDICATES FIRST PUBLIC HEARING

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Sharon Egan	Alaska Women's Lobby	P.O. Box 22156 Juneau	99802		463-6744	(Y) N	HB 422
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	



Alaska State Legislature  
 House of Representatives  
 COMMITTEE ON HEALTH, EDUCATION  
 AND SOCIAL SERVICES

DATE: 3/17/94

PLACE: Capitol Room 106

SUBJECT OF MEETING:  
 \* HB 440: School Construction: AK BORDER PREFERENCE  
 \* HB 448: RESTRICT STUDENT LOANS TO ALASKA SCHOOLS  
 \* HB 341: PHYSICIAN'S ASSISTANTS SERVICES  
 \* INDICATES FIRST PUBLIC HEARING

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
DAN SHAWNS	ACPE	3030 Vintage Blvd				Y (N)	Available for questions HB 488
BOB WARD	AGC	16003 FRANK MAIRE DR JUNEAU AK 99801		789-3713	586-1648	(Y) N	ASG T 21
Joe Mc Cormick	ACPE	3030 Vintage Blvd				Y (N)	Will answer questions
Kim Busch	DMA					Y (N)	will answer questions
Dave W. Williams	DMA					(Y) N	
JOYIN RILEY	Alaska Academy of Physician Assistants	1217 E 10TH AVE ANCHORAGE AK	99501	257-4100		(Y) N	HB 341
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	



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SUBJECT OF MEETING:

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
						Y	N	
DUANIE GUILLEY	DOE	801 WEST 10 <sup>th</sup> ST. STE 201 JUNEAU, AK. 99801			465-8679	Y	N	AVAILABLE TO ANSWER QUESTIONS
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HB488

Revision Date: 2/14/94 Dept Affected: Alaska Commission on Postsecondary Education  
 Title: An Act relating to the scholarship loan BRU: Postsecondary Education  
 program: and providing for an effective date. Component: Student Loan Program  
 Sponsor: Representative Vezey  
 Requestor: Representative Vezey COMPONENT SERIAL NO. 0218

Expenditures/Revenues	Thousands of Dollars					
OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	18.5	18.5	18.5	18.5	18.5	18.5
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS. CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>18.5</b>	<b>18.5</b>	<b>18.5</b>	<b>18.5</b>	<b>18.5</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGES IN REVENUES ( 1022 )</b>	<b>0.0</b>	<b>0.0</b>	<b>-189.8</b>	<b>-764.8</b>	<b>1,733.7</b>	<b>-3,105.4</b>

**FUND SOURCE**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other	18.5	18.5	18.5	18.5	18.5	18.5
<b>TOTAL</b>	<b>18.5</b>	<b>18.5</b>	<b>18.5</b>	<b>18.5</b>	<b>18.5</b>	<b>18.5</b>

Estimate of any current year (FY94) costs (\$): 0.0

**POSITIONS**

FULL-TIME	.5	.5	.5	.5	.5	.5
PART-TIME						
TEMPORARY						

**ANALYSIS** (Attache a separate page if necessary): Elimination or significant reduction in the number of student attending out-of-state institutions will have a marked impact on the student loan program. It is estimated that the program will require a full time position for 4 to 6 months of the year (during awarding periods). This full time position will review applications that involve out-of-state requests, review in-state alternatives, and, handle any and all appeals resulting from denied applications. Currently the Commission process more than 13,000 applications each year, of which approximately 60 percent are in-state applicants and 40 percent are out-of-state. It is expected that most, if not all, first year out-of-state applicants will be denied based on available in-state alternatives. However, for those degree programs that are not supported in Alaska, i.e. medical education, the impact or reduction in the approved applicants would be less dramatic. Based on FY93 applications the Commission estimates that a total of 1,793 students will attend out-of-state institutions without benefit of Alaska Student Loan funding as a result of this bill.

Prepared by: Douglas S. Hanon Phone Number: (907) 465-6757  
 Division: Alaska Commission on Postsecondary Education Date: 3/3/94  
 Approved by Commissioner: Joe L. McCormick, Executive Director Date: 3/3/94  
 Agency: Alaska Commission on Postsecondary Education

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Representative Vezey

Analysis (continued): The following estimates the reduced attendance under the Alaska Student Loan Program and shows the basis (assumptions) for these estimates:

ASSUMPTIONS:

- 1) 13,500 applicants in FY95 and a 1.5 percent growth rate per year.
- 2) 40 percent of the applicant apply for out-of-state institutions.
- 3) 24 percent of all applicants are first year, 18 percent are second year, 16 percent are third year, 19 percent are fourth year, eight percent are graduate, and 15 percent are proprietary.
- 4) average award is \$4,900.
- 5) 95 percent of first year out-of-state applicants will attend in-state alternatives under the Alaska Student Loan Program.
- 6) 85 percent of second year out-of-state applicants will attend in-state alternatives under the Alaska Student Loan Program.
- 7) 40 percent of third year out-of-state applicants will attend in-state alternatives under the Alaska Student Loan Program.
- 8) 0 percent of fourth year and advanced degree applicants will attend in-state alternatives under the Alaska Student Loan Program.

	State Fiscal Year (and academic year)						TOTAL
	1995	1996	1997	1998	1999	2000	
Number of Applicants	13,500	13,703	13,908	14,117	14,328	14,543	84,099
Number of Out-of-State (OS) Applicants	5,400	5,481	5,563	5,647	5,731	5,817	33,640
Number of OS 1st year Applicants	1,296	1,315	1,335	1,355	1,376	1,396	8,073
Number of OS 2nd year Applicants	972	987	1,001	1,016	1,032	1,047	6,055
Number of OS 3rd year Applicants	207	210	214	217	220	223	1,292
Number of OS 4th year Applicants	1,026	1,041	1,057	1,073	1,089	1,105	6,392
Number of OS 5-8th year Applicants	432	438	445	452	459	465	2,691
Number of OS Other Applicants	810	822	834	847	860	873	5,046
Number of OS Applicants not using ASL	1,793	1,820	1,847	1,875	1,903	1,932	11,170
Estimate of Reduced Loan Volume	8,785,778	8,917,565	9,051,329	9,187,098	9,324,905	9,464,779	54,731,454
Estimate of Reduced Principal Payment	0	0	175,716	708,134	1,605,280	2,875,342	5,364,471
Estimate of Reduced Interest Payments	0	0	14,057	56,651	128,422	230,027	429,158
Estimate of Total Reduced Income	0	0	189,773	764,784	1,733,703	3,105,369	5,793,629

\* OS = Out-of-state

MAR 8 1994

# Alaska State Legislature



While in Session:  
State Capitol Building  
Juneau, Alaska 99801-1182  
907-465-3719

Intern:  
119 N. Cushman  
Suite 211  
Fairbanks, Alaska 99701  
907-456-5081

Representative Al Verzey

March 7, 1994

## SPONSOR STATEMENT HB 488

"An Act relating to the scholarship loan program; and providing for an effective date."

Alaska is the only state in the union that finances students who are attending out of state schools. As a result we are encouraging the export of one of our greatest assets. We lose in several ways.

Obviously the subsidized loans that we provide students who attend educational institutions outside of the state represents money that does not circulate in our state economy. Less obvious is the fact that some of our best students are encouraged to attend out of state schools. This results in lower academic standards for our own institutions. It also results in some of our best talent establishing ties and eventually jobs in other states (or countries). At the same time the demand for teaching in our state institutions is diminished. This results in a lower overall quality of educational services in our state institutions.

We can no longer afford this degree of largess with our state resources. Currently our student loan fund is diminishing. It is going to be difficult to find general fund monies to appropriate to the student loan fund in order to recapitalize it. If these monies are circulating within the state, it will be easier for the legislature to find funds with which to recapitalize the student loan fund.

If we fail to recognize this drain on our resources we will find our student loan program depleted. It will be difficult to find the will to appropriate money that will go to out of state institutions.

# ALASKA STUDENT LOAN PROGRAM - FACT SHEET

## Increasing Access to Postsecondary Education and Training

Over the past 22 years, ASL has

- awarded over 195,000 loans
- to 100,000 Alaskans
- totaling \$780 million

Of the borrowers

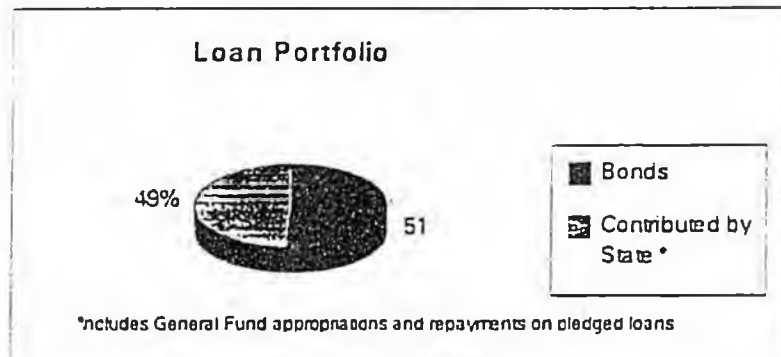
- about half attended in-state schools
- more than 90% enrolled in undergraduate or vocational programs
- about 10% pursued advanced or professional degrees

A recent match of 40,000 student loan borrowers with Alaska Department of Labor wage and salary files found that in 1992

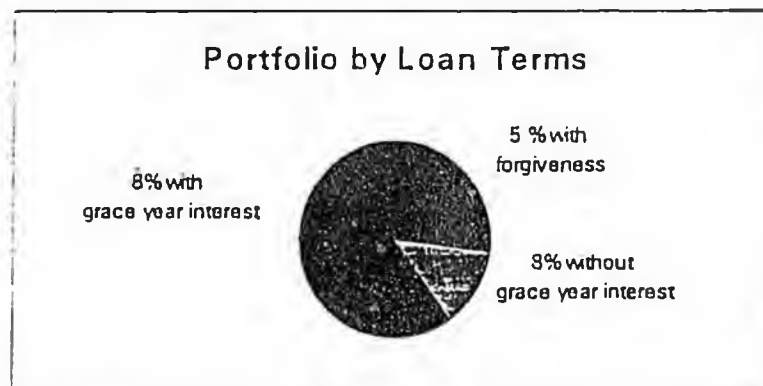
- ASL borrowers contributed \$478 million in skills and knowledge to the state's economy as measured in wages
- Close to 65%<sup>1</sup> of the most recent borrowers worked in Alaska one or more quarters
- About 70% claimed Alaskan residency

## The Alaska Student Loan Revolving Fund

At present, the loan portfolio totals \$498.2 million



Outstanding loans carry varying interest rates and repayment terms



The effective interest rate over the life of a loan is less than the stated interest both because of forgiveness on older loans and the interest subsidy on all loans while a student is in school. For example, the effective interest rate on 8% grace year interest loan for a student who remains in school for a four year period is 5.75%. For a one-year vocational student, the rate is 6.89%. At effective rates, the Fund has lent out monies at less than its cost of capital for many years.

<sup>1</sup> Borrowed for the 1989-90 or the 1990-91 school year