

**SB**

**155**

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB155  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 4/3/2001 10:00 Dept. Affected: Education  
Title: An Act relating to the ACPE and the ASLC relating to the student financial aid programs and the financing of those... BRU: ACPE  
Sponsor: Rules Committee Component: Student Loan Operations  
Requester: (S)HESS Component Number: 213

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	135.6	250.6	256.9	263.3	269.9	276.6
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>135.6</b>	<b>250.6</b>	<b>256.9</b>	<b>263.3</b>	<b>269.9</b>	<b>276.6</b>

<b>CAPITAL EXPENDITURES</b>	<b>135.6</b>	<b>250.6</b>	<b>256.9</b>	<b>263.3</b>	<b>269.9</b>	<b>276.6</b>
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<b>CHANGE IN REVENUES ( )</b>		<b>4,502.0</b>	<b>8,440.5</b>	<b>12,160.0</b>	<b>15,957.7</b>	<b>22,948.8</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)	135.6	250.6	256.9	263.3	269.9	276.6
<b>TOTAL</b>	<b>135.6</b>	<b>250.6</b>	<b>256.9</b>	<b>263.3</b>	<b>269.9</b>	<b>276.6</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time	2	2				
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

ACPE's becoming a federal lender will bring additional revenue through loan guarantees, interest subsidies and special allowance payments. Additional revenues will be used to continue to reduce educational financing costs to our borrower.

Costs are identified for a total of four Federal Family Education Loan Program (FFELP)-related staff; two in FY2002 and two in FY2003. These positions are critical to ensure success as a federal lender. Compliance with federal requirements is required to retain the guarantee on the FFELP portfolio and to receive reimbursements for loan losses due to death, disability, bankruptcy and default. To assure compliance, a full-time compliance specialist is needed. Entry level for this job class is a Range 18, starting in FY2002. To address AKFFELP-related programming and reporting requirements, an additional programmer/analyst will be needed. Entry level is Range 22, starting in FY2002. Starting in FY2003, an accountant will be needed to facilitate required federal and guarantor reporting. Entry level for this position is Range 16. Also in FY2003, a customer relations specialist is needed to meet

Prepared by: Sheila King, Finance Officer Phone 465-6757  
Division: Finance Date/Time 4/3/01 10:00 AM  
Approved by: Diane Barrans, Executive Director Date 4/3/2001  
Agency: Alaska Commission on Postsecondary Education

For distribution information, call the Governor's Legislative Office

Analysis (continued)

growing demand for on-site financial aid and training and information dissemination at high schools and postsecondary schools around Alaska. Entry level for this position is Range 14. Salary projections include anticipated annual merit increases.

The income figures shown in the Change in Revenues line is a result of four components: 1) the Special Allowance payment provided by the U.S Department of Education (ED) to compensate the lender (ASLC) for fluctuations in interest rates during the year. This special allowance is determined by a formula, but is currently 50 basis points and is calculated based on the lenders volume of federal student loans; 2) The interest subsidy paid by ED on those federal loans whose borrowers qualify for subsidy based on their family income; 3) A 98% loan guarantee on all defaulted federal student loans serviced within the requirements established by ED; and 4) Accrual of interest during the in-school period on non-subsidized and supplemental loans.

It is important to note that these income figures are based on current FFELP rates. Because this bill provides for the ASLC to make below market rates available to its Alaska customers, the end result will be to utilize this positive financial shift as a means to reduce lending rates and allow our borrowers to benefit in the form of reduced borrowing costs.

TONY KNOWLES, GOVERNOR

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ALASKA COMMISSION ON POSTSECONDARY EDUCATION

April 3, 2001

The Honorable Lyda Green, Chair  
Health, Education, and Social Services  
Committee  
Alaska State Senate  
Capitol Building  
Juneau, Alaska, 99801

Dear Senator Green,

Enclosed is a memorandum from our agency Personnel Officer Frank Love in response to Senator Leman's inquiry about the need for an analyst programmer associated with program changes through SB 155. Also, in reviewing my notes from the hearing, I realized that Senator Wilken had posed several related questions (about the Commission and Alaska Student Loan Corporation's financial status and gains made in recent years) to which I had not fully responded. He asked about the history of loan defaults and I failed to provide an answer during our discussion.

In January the Commission released the latest Alaska Student Loan Program and Institutional Default rates (the 1999 cohort--loans entering repayment in 1999 are tracked for the first twelve months of repayment to determine the rate at which they enter default). For the first time since the agency began calculating annual rates, both the Program and Institutional rates have fallen below 10%. The Program rate has dropped from 17% in 1996 to the current level of 9.65%. During that same period, the Institutional default rate declined from 14.5% to 9.8%. Staff attributes the substantial improvement to a combination of factors including strong internal collection tools and improved efforts with participating institutions to retain active communication with borrowers to more effectively avert delinquency and defaults.

Thank you again for scheduling hearings on this legislation. I apologize for omitting this information yesterday and look forward to additional discussion and hopefully, positive action on SB 155 at tomorrow's committee hearing. I hope you find this information helpful.

Very Respectfully Yours,



Diane Barrans  
Executive Director

Enclosure



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ALASKA COMMISSION ON POSTSECONDARY EDUCATION

(800) 441-2962 Voice  
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MEMORANDUM

To: Senator Lyda Green Date: April 3, 2001  
Chair, Senate Health, Education and  
Social Services Committee

Thru: Diane Barrans Subject: Fiscal Note Inquiry  
Executive Director

From: Frank [Signature] Phone: 465-6671  
Personnel Officer

The purpose of this memorandum is to respond to Senator Leman's question during the committee's initial reading of SB 155. Regarding the fiscal note attached to the bill, Senator Leman asked if it would not be more cost efficient to contract out programming responsibilities in connection with AlaskAdvantage rather than have a full-time programmer on staff. In evaluating what additional human resources would be critical to successfully implement the AlaskAdvantage Program, we concluded that our in-house capacity to make system modification was an essential element and determined that one full-time position should be requested.

We estimate that within three years of implementing the AlaskAdvantage Loan Program we will be originating approximately \$25-\$35 million in federal loans annually. The key to success as a lender and servicer within the federal student loan program is the ability to administer loans in compliance with that program's regulations. Because of the process for federal regulation development, typically much time is spent on developing a final regulation but once final, little time is available to implement resulting process or system changes. Therefore, this agency's ability to assign fully trained, and student loan industry knowledgeable programmers will be key to insuring compliance and retention of the federal guarantee on the loans. Because it is our intent to offer AlaskAdvantage loans at below market rates, it will be mission-critical for us to retain the guarantee and not risk the loss of associated income.

Having described the importance of this particular resource for you, I would add that we did, for this legislation and when needs have occurred in the past, investigate utilizing contractual IT support. We found that, because programming in this environment is a business expertise of its own and resides solely within the industry, we were unable to identify a contractual service in Alaska with the necessary expertise. Any third-party support we would hope to find would more than likely come from a competitor outside of Alaska. From a competitive standpoint, we would not expect their priorities to match the goals and visions of the AlaskAdvantage Loan Program nor be in the best interest of the Commission and Corporation Boards.

In the end, we believe the cost of a programmer is minimal when compared with potential revenue returns and the benefits we expect to afford borrowers through those returns. Much of this same logic would apply to the other positions, as well and we would be more than happy to provide additional data in support of this request if you desire.



**FACT:**

Alaska students get the lowest number of federal Pell Grants of any state.

*Source: Institute for Higher Education Policy, December 2000*

**FACT:**

The average lifetime income of families headed by college graduates is \$1.6 million more than that of families headed by high school graduates.

*Source: Postsecondary Education Opportunity, November 2000*

**FACT:**

Key to expanding Alaska's economy is providing low cost access to higher education for Alaskans.

*Source: National Alliance of Business, Fall 2000, and Alaska Department of Labor and Workforce Development, September 2000*

**FACT:**

Each year, Alaska imports over 69,000 workers for jobs that could be filled by Alaskans – if they could get the training they need.

*Source: Alaska Economic Trends, February 2000*

## AlaskAdvantage

*is brought to you*

*by*

### The Alaska Commission on Postsecondary Education

[www.state.ak.us/acpe](http://www.state.ak.us/acpe)

**Customer Service: (800) 441-2962**

**Administrative Offices: (907) 465-6740**

With gratitude to Alaska's accredited institutions of postsecondary education, partners delivering financial aid quality and service:

*University of Alaska*

*Alaska Vocational Technical Center*

*Hisagvik College*

*Alaska Pacific University*

*Sheldon Jackson College*

*Charter College*

*Career Academy*

*Alaska Bible College*

*New Concepts Beauty School*

## AlaskAdvantage

*Student Financial Aid  
for Alaska's Future*

**Alaska Commission on Postsecondary Education**

**[www.state.ak.us/acpe](http://www.state.ak.us/acpe)**



*Standing:*  
Commissioners Grey  
Middag, Lisa Troelich  
Demeko, Senator Gary  
Wilken, Rosa Foster,  
Mark Begich  
*Seated:* Commissioners  
Frances Rose,  
Dr. Milton Burd,  
Bobette Bush  
*Not Pictured:*  
Commissioners  
Representative Lisa  
Markowski, Skye  
Rubadeau, Tomie Hall,  
Kristen Forester,  
Dr. Ludia Hays



## From your Commissioners

Dear Alaskan:

It is with great pleasure that the Commission introduces *AlaskAdvantage*, a revolution in financial aid services for Alaska.

*AlaskAdvantage* is a service-oriented financial aid packaging and delivery system designed to provide Alaskans access to the guaranteed lowest-cost financial aid, as well as to provide our students and our State with the rewards of increased access to higher education. The *AlaskAdvantage* program packages Alaska Student Loan and federal Title IV programs to provide borrowers with one-stop financial aid shopping, simultaneous grant and loan application, and significant cost reductions. The program additionally includes provisions to fund grant programs and to attract new students at Alaska institutions.

We're particularly proud that the *AlaskAdvantage* program will be managed and operated in Alaska, by Alaskans, for Alaska.

*Your Alaska Commission on  
Postsecondary Education*

## Questions & Answers

### Will the ASL go away?

*The ASL will not go away. The ASL will continue to be available for students who are not eligible for federal Title IV aid, and for students whose need exceeds their Title IV aid.*

### Does this mean all students will be required to complete a free application for federal student aid (FAFSA)?

*All students will have to complete a FAFSA. The FAFSA is also the application for federal grants, so this step will ensure that students do not borrow when they could be getting free grant aid.*

### What about students whose parents will not provide the tax information needed to complete a FAFSA?

*Students who cannot complete the FAFSA because their parents do not provide required information may still be eligible to apply for the ASL. If these students have completed the other sections of the FAFSA, they won't even need to fill out a new application form. However, by not completing all sections of the FAFSA, they will be forfeiting their entitlement to any federal grants or loans for which they may be eligible.*

### What are the *AlaskAdvantage* benefits For Alaska's students?

- ❖ *One-stop financial aid shopping & info center*
- ❖ *One-form grant and loan application*
- ❖ *Lowest cost financial aid*
- ❖ *Options for students with poor credit histories*
- ❖ *Increased access to loan deferment or cancellation for borrowers with hardships*

### What are the benefits for Alaska's higher education institutions?

- ❖ *Streamlined aid packaging and delivery*
- ❖ *Significantly reduced administrative burden*
- ❖ *Recruiting tool to attract students to Alaska*

### And the benefits for Alaska

- ❖ *New funding options for economic development*
- ❖ *Creation of grant funding pool for Alaska*
- ❖ *Incentives for Alaska students to stay in Alaska*
- ❖ *Economic stimulation via in-state servicing of up to \$24 million in federal loans formerly serviced outside of Alaska*

**AlaskAdvantage is scheduled to debut fall 2002**

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
SECTIONAL ANALYSIS  
SB155/HB204

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
1	Findings and purpose.	1 2	12 1-25	Emphasize ACPE/ASLC joint missions to expand economic benefit of education and training as broadly in the state as possible; providing benefits to individuals, institutions, and industries.	New Language	Immediately
2	ACPE advisory functions.	2 3	26-31 1-14	Remove archaic and/or unfunded functions.	Amended Language	Immediately
3	ACPE mandated functions.	3	15-23	Emphasize financial aid administration, regulation of in-state postsecondary institutions; and administration of federal student financial aid.	Repeal and Reenacting Language	Immediately
4	ACPE authorized (p rmissive) functions.	3 4	24-31 1-25	Clarify: (1) regulation adoption authority to administer state and federal financial aid programs and postsecondary institutional authorization; (2) authority to delegate operational administration to ACPE executive director or subcommittees; (3) establish and collect fees for review of non-Alaska institutions; and, (4) collect financial aid debts from individuals, including collection fees.	Moves Existing Language and Adds New Language	Immediately
5	ACPE authorized role re: postsecondary consortia in Alaska	4 5	26-31 1-7	Authorization to negotiate agreements between the University of Alaska and other consortia institutions.	Amended Language	Immediately
6	ASLC purpose	5	8-18	To include creating financial aid administration efficiencies. Provide operating principles to guide corporation action.	Amending and Clarifying Language	Immediately
7	ASLC general powers	5 6 7 8	19-31 1-31 1-31 1-16	Revise and clarify collection authority and to insure ASLC activities are financially self-sustaining.	Amending and Clarifying Language	Immediately

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
8	ASLC to finance education loan programs.	8 9	17-31 1-11	Provide direction for establishment of state supplemental education loan programs. Provide operating principles to insure flexibility for developing various state loan products and that such products be designed to attract and retain students in Alaska, including offering terms and conditions that are more attractive than prevailing market terms.	New Language	Immediately implement, but loans disbursed on or after July 1, 2002
9	Clarifies the purpose of the education loan fund and describes appropriate uses of the fund.	9 10	12-31 1-8	By reference, specifically authorize financing for integrated state and federal financial aid programs.	Amended Language	Immediately
10	Education loan fund.	10	9-16	Conforming change.	Amended Language	Immediately implement, but loans disbursed on or after July 1, 2002
11	Education loan fund.	10	17-26	Conforming change.	Amending Language.	Immediately implement, but loans disbursed on or after July 1, 2002
12	Bonds of the corporation.	10 11	27-31 1-2	Extend maximum time period for ASLC bond maturities when longer terms are financially beneficial.	Amended Language.	Immediately
13	Bonds of the corporation.	11	3-6	Increase two-year aggregate ASLC bonding capacity to insure adequate cash flow to meet integrated programs loan demand.	Amended Language.	Immediately
14	Trust indentures and trust agreements.	11 12	7-31 1-8	Conforming change clarifying broad collection authority on all assets and obligations to the corporation.	Amended Language	Immediately
15	Pledge and agreement of state.	12	9-18	Conforming change.	Amended Language	Immediately

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
16	General provisions.	12 13	19-31 1-7	Provide definitions of terms used throughout this chapter.	Moves Existing Language and Adds New Language	Immediately
17	Education loan program.	13	8-20	Secs. 17 through 28 retain existing Alaska Student Loan Program until AKAdvantage is operating in 2002-2003.	New Language to Replace AS 14.43.090	Immediately
18	Conditions of loans.	13	21-26	Conforming change.	Amended Language	Immediately
19	Conditions of loans.	13 14	27-31 1-2	Conforming change.	Amended Language	Immediately
20	Conditions of Loans.	14	3-11	Conforming change.	Amended Language	Immediately
21	Consolidation of loans.	14	12-20	Conforming change.	Amended Language	Immediately
22	Eligibility of Students.	14	21-25	Conforming change.	Amended Language	Immediately
23	Discrimination prohibited.	14	26-30	Conforming change.	Amended Language	Immediately
24	Default.	14 15	31 1-24	Provide administrative collection power through authority to issue liens against real property as a means of recovering on defaulted loans.	New Language	Immediately
25	Default.	15	12-24	Extend uniform collection methods for all loans serviced by the Commission. Recognize that default threshold under AKAdvantage will be set according to federal standards (currently at 280 days delinquency).	Amended Language	Immediately implement, but loans disbursed on or after July 1, 2002.
26	Default.	15 16	25-31 1-6	Provide default appeal process to borrowers regardless of the specific loan type. Establish a timely response standard for the ACPE executive director to act upon a default appeal.	Amended Language	Immediately implement, but loans disbursed on or after July 1, 2002.

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
27	Lien.	16	7-18	Describe the lien authority of the ACPE regarding defaulted student loans.	New Language.	Immediately
28	Definitions.	16 17	19-31 1-14	Conforming changes.	Amended Language.	Immediately
29	Establish the federal guaranteed AKAdvantage and the Alaska Supplemental Education Loan Programs.	17-22			New Language.	Immediately implement, but loans disbursed on or after July 1, 2002.
29	Sec. 14.43.161 Purpose; creation.	17	16-20	Sec. 29 as a whole, describes the new, integrated loans programs. AKAdvantage to be first loan offered to borrowers.		
29	Sec. 14.43.162 Eligibility.	17 18	21-31 1-11	Recognize that the eligibility criteria is established by federal student loan rules. Additional AKAdvantage criteria are that a borrower be an Alaska resident or attending in Alaska. Defines residency criteria.		
29	Sec. 14.43.163 Restrictions on award.	18	12-22	Recognize that annual lending limits under this program are set by federal student loan rules.		
29	Sec. 14.43.164 Use of loan.	18	23-25	Recognize that permitted use of funds determined by federal student loan rules.		
29	Sec. 14.43.165 Interest.	18 19	26-31 1-9	Recognize: (1) that the formula for setting the interest rate on the loan is determined by federal rules (variable with current cap of 8.25%); (2) the rate may be no more than the federal student loan rate; (3) interest accrues from the time the loan is disbursed to the borrower; (4) during periods of enrollment or deferment the borrower may elect to pay the interest or to have it capped; and (5) for those borrowers who qualify, the federal government may pay interest on their behalf during qualifying periods.		
29	Sec. 14.43.166 Repayment.	19	10-17	Clarify that loan terms include a six-month grace period during which payments are deferred. Clarify that loans obtained in error or by falsification by borrower may be subject to accelerated repayment requirement permitted by federal student loan rules.		
29	Sec. 14.43.167 Consolidation of loans.	19	18-25	Clarify ACPE authority to offer consolidation of loans.		

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
29	Sec. 14.43.168 Default.	19	26-31	Authorize ACPE to establish default requirements that are compliant with federal student loan rules.		
29	Sec. 14.43.170 Creation; purpose.	20	1-10	Alaska non-federal loan to be provided to supplement AKAdvantage loan to address remaining financial need.		
29	Sec. 14.43.171 Applicability of other laws.	20	11-14	Incorporate, by reference, certain specific existing Alaska Student Loan requirements. This section creates alignment of terms and conditions of the Supplemental loans with AKAdvantage loans to reduce consumer confusion and administrative complexity where possible. Applicable laws are regarding: minimum standards for institutional default rates; prohibited discrimination; contracting with minors; default and collection tools (PFD garnishment, leveraging licenses, administrative wage garnishment, creating liens); definitions; use of loans; loan consolidation, and, default.		
29	Sec. 14.43.172 Eligibility.	20 21	15-31 1-27	Provide for Supplemental loans to continue to be available to Alaska institutions that may not participate or qualify for participation in the federal student loan program and allow ACPE to establish certain standards with which the institutions may be required to comply. Provide the authority to perform credit review of applicants for Supplemental loans. Establish minimum credit standards. Specify conditions under which an applicant who fails to meet the standards may become qualified for a loan, including obtaining a credit-worthy co-signer.		
29	Sec. 14.43.173 Loan award maximums.	21 22	28-31 1-12	Establish annual and aggregate loan award maximum for the Supplemental loan. Provide that borrowers must be considered in good standing by their institution to continue to receive loan disbursements.		
29	Sec. 14.43.174 Interest.	22	13-21	Provide authority for the ASLC to set the interest rates and provides that the rate not exceed 8.25%. Clarify that interest accrues from the time a loan is disbursed and that interest may be paid or deferred and capped, as elected by the borrower.		
29	Sec. 14.43.175 Repayment of loans.	22	22-27	Provide for a six-month grace period following the in-school period when payments are deferred.		
30	Memorial Scholarship Loan Fund	22 23	28-31 1-5	Conforming change. Throughout this chapter references to "scholarship loans" are being amended to read "education loans" to eliminate any confusion about whether the aid is a scholarship or a loan.	Amending Language.	Immediate
31	Memorial loan payment.	23	6-12	Conforming changes.	Amended Language.	Immediate

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
32	Memorial loan administering authority.	23	13-17	Conforming changes.	Amended Language.	Immediate
33	Education Incentive Grant Administration.	23	18-22	Conforming changes.	Amended Language.	Immediate
34	Teacher Education Loan selection criteria.	23	23-27	Conforming changes.	Amended Language.	Immediate
35	Teacher Education Loan selection criteria.	23 24	28-31 1	Conforming changes.	Amended Language.	Immediate
36	Family Education Loan account.	24	2-14	Conforming changes.	Amended Language.	Immediate
37	Definitions.	24	15-17	Adding a chapter definition for corporation to mean ASLC.	New Language.	Immediate
38	Definitions.	24	18-24	Adding chapter definitions for "federal guaranteed student loan program" and approved FFEL institution."	New Language	Immediate implement, but loans disbursed on or after July 1, 2002.
39	Repayment condition for (WICHE) program participants.	24	25-27	Conforming changes.	Amended Language.	Immediate
40	Repayment.	24	28-31	Provide for collection authority in the event of default of a WICHE Professional Student Exchange Program loan.	New Language	Immediate
41	Duties of recorder.	25	1-3	Conforming change related to ACPE authority to place a lien as a means of collection on a defaulted loan.	New Language	Immediate
42	Repealer section.	25	4-5	Repeal 14.42.010(a), ACPE purpose and intent, and 14.42.030(c) ACPE functions. Replaced in Secs. 1-4 of this bill.  Repeal 14.42.390, ASLC definitions, replaced in Sec. 16 of this bill.	Amending Language.	Immediate

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
				<p>Repeal 14.43.090, creation of the scholarship loan fund, which is replaced in Sec. 17 of this bill.</p> <p>Repeal 14.43.255(c), memorial loan fund, authority to sell assigned loans to the corporation.</p> <p>Repeal 14.43.315, memorial discrimination prohibited section. Protection provided through incorporation by reference in Sec. 32 of this bill.</p> <p>Repeal 14.43.730; family education loan administration section. Authority provided through incorporation by reference in Sec. 3 of this bill.</p> <p>Repeal 14.48.050(10), ACPE power to establish fees for review of institution. Replaced in Sec. 4 of this bill.</p>		
43	Transition language.	25	6-13	Provide ACPE with ability to immediately begin AK Advantage implementation processes that are necessary in order to offer student loans under the new program for the 2002-2003 academic period.	Transition language.	Immediate
44	Transition language.	25	14-20	Provide ACPE with ability to immediately begin AK Advantage regulation promulgation necessary to offer student loans under the new program for the 2002-2003 academic period.	Amended Language.	Immediate
45	Instruction to Revisor	25 26 27	21-31 1-31 1-9	Conforming changes to provide consistent use of terminology relating to loan programs administered by ACPE.		Immediate
46	Effective Date Section.	27	10-11			
47	Effective date section.	27	12			

TONY KNOWLES  
GOVERNOR

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

AK 155

March 20, 2001

The Honorable Rick Halford  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Halford:

Alaska's student loan program has achieved great success in the past few years. The Commission on Postsecondary Education and the Alaska Student Loan Corporation have turned the program around -- running it in the black for the first time in history and paying a dividend back to the state. This year the dividend payment is \$2.2 million with another \$4 million expected for fiscal year 2002. All of this while serving over 90,000 Alaska student loan customers with \$615 million in loans.

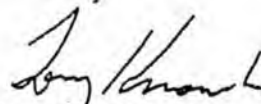
This bill I transmit today establishes the AlaskAdvantage Loan Program, the next step in continuing the growth and financial integrity of the state student loan program. Under this legislation, Alaska would participate in the federal guaranteed student loan program which brings benefits including low interest rates for borrowers and reduced risk to the state through federal loan guarantees.

This bill also creates a supplemental loan program to provide financial assistance in the event the AlaskAdvantage Loan is insufficient to cover education costs or the student does not qualify for assistance under the federal guaranteed student loan program.

This bill will create a one-stop financial aid information center and financial opportunity, guaranty the lowest possible borrowing rates, streamline aid delivery and reduce financial risk to the State through the federal guarantee. This program will also offer expanded options for borrowers with special needs in loan repayment.

At a time when access to quality education is at the forefront of our legislative agenda, I urge your prompt and favorable action on this measure.

Sincerely,



Tony Knowles  
Governor

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 3/21/01

FURTHER: Finance

Date of 5-Day Notice: 03/29/01  
 (in accordance with Uniform Rule 23)

DATE TURNED  
 IN TO OFFICE: 04/09/01

Health, Education and Social Services Committee considered SENATE BILL NO. 155

STUDENT LOANS/COMMISSION ON POSTSECONDARY EDUCATION

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
Alaska Commission on Postsecondary Ed.	4/3/01	X		

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>James White</i>	✓			
<i>Brew D. Hansen</i>	✓			
<i>Anthony Davis</i>			✓	
<i>Settje Davis</i>	✓			
CHAIR: <i>Lyle Green</i>	✓			