

2/5/03

OVERVIEW:

POST. ED.,

DOTPF, FISH

& GAME

HFIN

FILE



Alaska DOT&PF Overview House Finance Committee

February 5, 2003

**Michael Barton
Acting Commissioner**

Briefing Topics

- Department Overview
- Operations
 - Maintenance
 - Facilities
 - Disasters
 - Airports
 - Design & Engineering Services
 - Construction
 - Alaska Marine Highway System
 - Ports and Harbors
 - Measurement Standards and Commercial Vehicle Enforcement



DOT&PF Maintenance Stations

84 Stations Statewide



National Highway System



Alaska Highway System



DOT&PF Airports

261 State-owned Airports



DOT&PF Ports & Harbors

73 State-owned Harbors

51 Operated by agreement
by local government

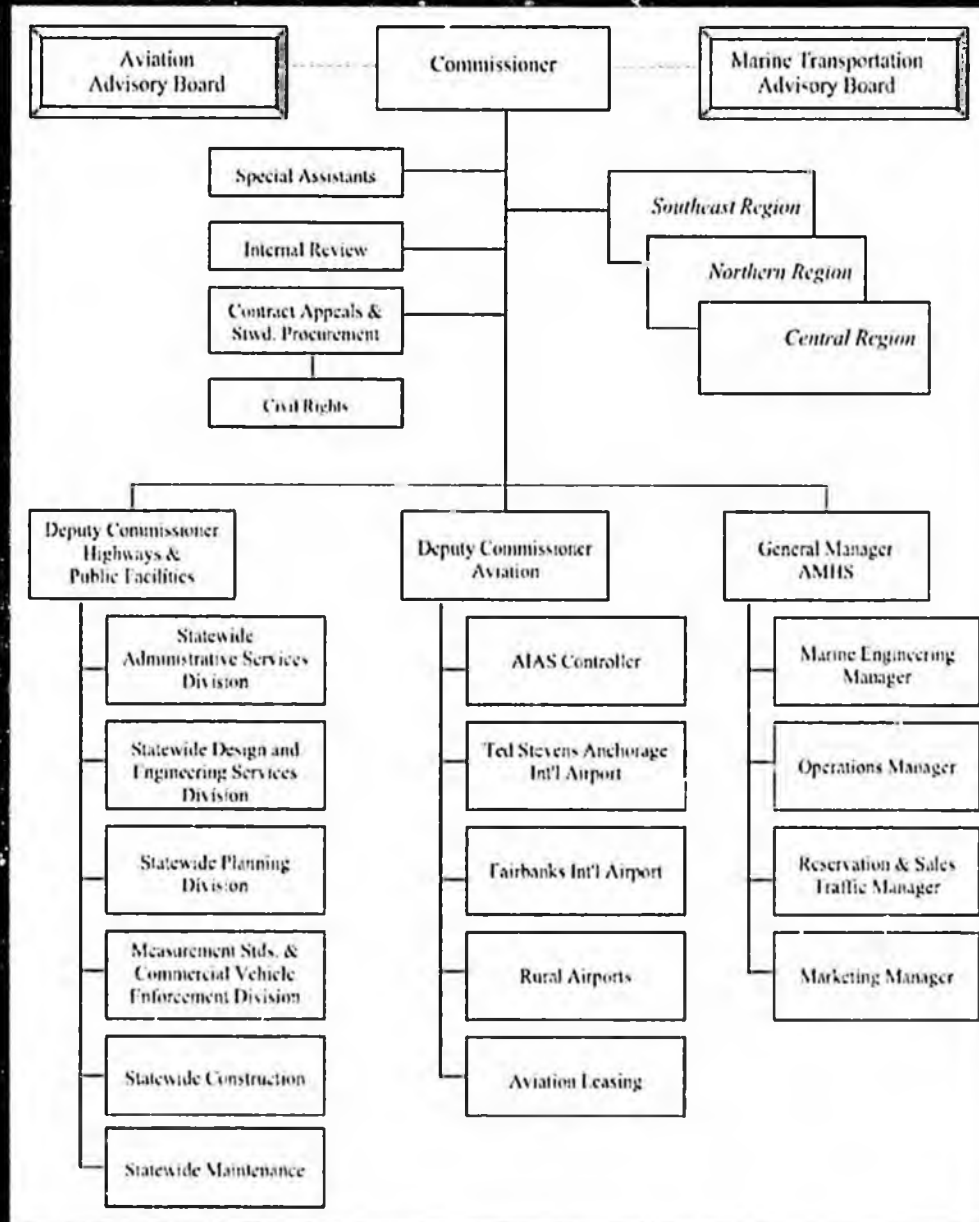


AMHS Route Map

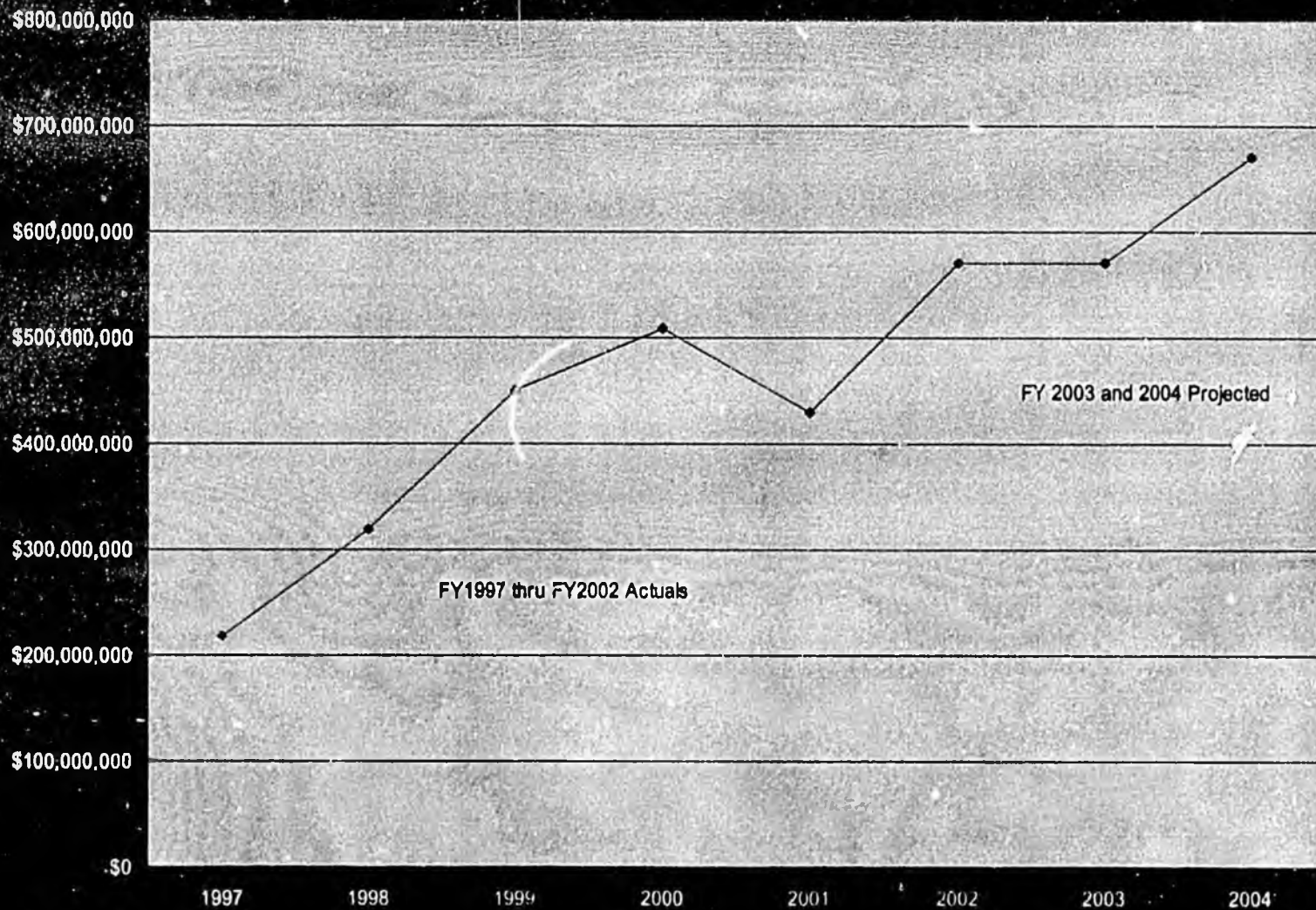
33 Ports-of-Call
3,500 Nautical Miles



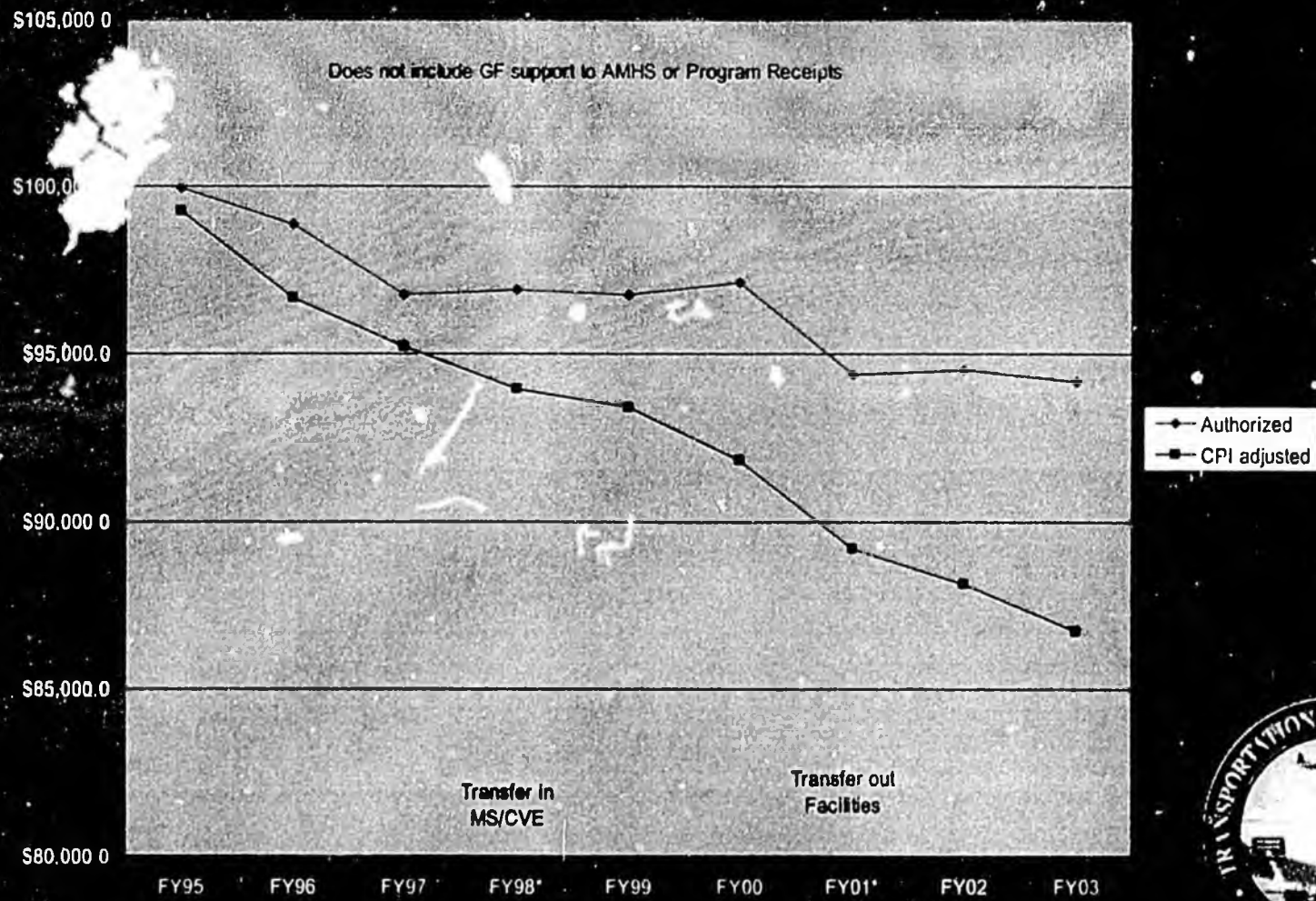
DOT&PF Org Chart



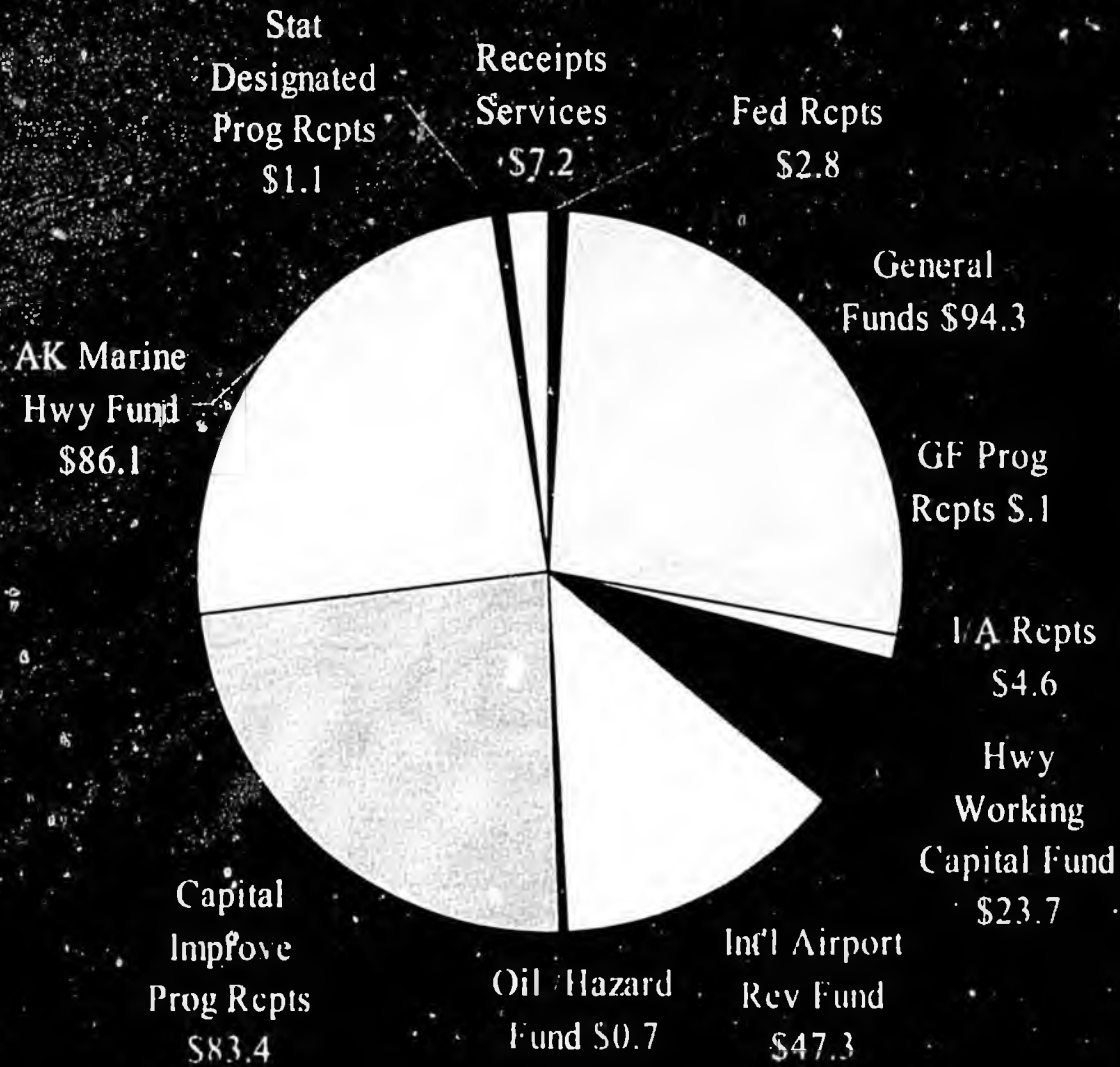
Historical Construction Expenditures



GF Operating Budget Buying Power



Operating Budget by Fund Source



General Fund and Receipt Supported Services by Function



Regional Maintenance Funding



Maintenance

- FY03 Operations Budget Cut
- Highways, Aviation & Facilities Impacts
 - Maintenance Station Closures: Ninilchik, Chitina, and Birch Lake
 - Maintenance Reductions
 - Spread across the highway system
 - Airports on road system
 - Federal Funding Agencies
 - Grant Assurances and Maintenance Requirements
 - Capital program implications



O&M FY03 Supplemental

- Restore Operations for Remainder of Year
 - Restore Maintenance of Various Roads
 - Steese Highway
 - Northern Region Roads including Denali Hwy
 - Snow Removal on Southeast Cat III Roads
 - Snow Haul in Anchorage
 - Willow Maintenance Station
 - Elliott Highway
 - Operators and Equipment across the State



O&M FY03 Supplemental

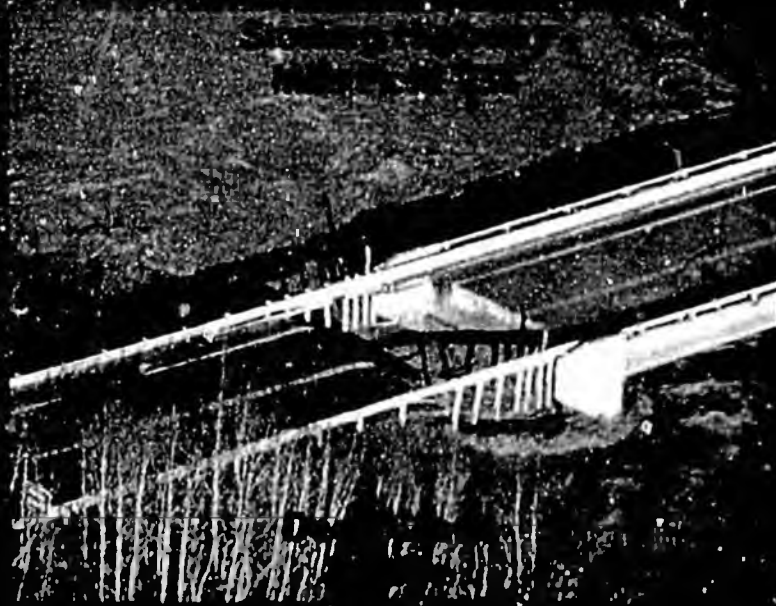
- Restore Operations for ~~Remainder~~ of Year (cont.)
 - Open Maintenance Stations
 - Ninilchik
 - Birch Lake
 - Chitina
 - Restore Maintenance at Airports
 - Skwentna
 - Clear
 - Restore Maintenance at State Buildings



Disasters

- Fall 2002 Disasters

- October Flood - Kenai Peninsula
- November Earthquake - Denali Fault 7.9 Mag
- November Flood - Kenai Peninsula
- Federal Disaster Funding Agencies - FEMA & FHWA



DOT&PF Kenai Floods Impacts

- Governor & President Declarations - October/November events
- Recovery & Reconstruction Costs
 - Highway & Bridge Repairs \$23.8 M
 - FHWA Eligible Repairs \$15.8 M
 - FEMA Eligible Repairs \$8.0 M
 - Work to Date \$10.3 M
- Resource Agency Challenges



DOT&PF Earthquake Impacts

- Tok Cutoff Highway - most impacted road
 - Winter repairs complete
- Northway Airport - most impacted airport
 - Winter repairs complete
- Governor & President Declarations
 - FHWA \$2.0 M Rapid Response funds provided
- Highway & Bridge Repair \$53 M (ongoing)
 - FHWA Eligible Repairs \$38.7 M
 - FEMA Eligible Repairs \$14.3 M
 - Work to Date \$10.5 M
- Future Construction Program Impacts



DOT&PF Airports

- Largest Airport Operator in the U.S.
 - 261 State owned & operated airports
 - 2 Internationals - Anchorage & Fairbanks
 - 21 Rural Certificated
 - 238 Community
- Organization - New Structure
 - Deputy Commissioner for Aviation
 - Rural Airports (Programming)
 - International Airports
 - Leasing



Alaska International Airport System (AIAS)

- Includes Anchorage and Fairbanks international airports
- Enterprise fund covers operating costs and capital costs not paid for by federal funds
- Total annual operating budget is approximately \$68 million
- FAA capital funds and passenger facility charges total over \$23 million annually



Ted Stevens Anchorage International Airport

- #1 cargo airport in the US
- Busiest floatplane base in the world
- Large economic impact
 - nearly one in ten jobs in Anchorage
 - 9,119 airport jobs for \$367 million payroll
 - 5,631 community jobs for \$148 million payroll
- Serves 5 million passengers per year
- 58 airlines currently operating at airport



Fairbanks International Airport

- #13 cargo airport in the US
- Large floatplane base - recently expanded
- Large economic impact
- Serves 800,000 passengers per year
- 15 airlines currently operating at airport



Design and Engineering Services

- D&ES consists of:
 - Bridge Design
 - Statewide Materials
 - Ports and Harbors
 - Design and Construction Standards
 - Research and Technology Transfer
- D&ES is responsible for delivering bid ready designs and contract documents for all DOT&PF projects
- Approximately 55% of design is done by private sector



Construction

- Regional construction offices provide oversight of all DOT&PF construction projects
- Construction consists of four branches:
 - Construction
 - Contracts
 - Project Control
 - Facilities
- Construction branch includes
 - Contract Administration
 - Field Inspection/Oversight
 - Quality Assurance



Construction Program

Mode/System	Active Contracts	2003 Capital Program
Highways and Ferries	119	\$444.1 M
Statewide Aviation	58	\$120.9 M
Harbors	39	\$31.8 M
ANC	55	\$78.6 M
FAI	3	\$21.6 M



Alaska Marine Highway System

- AMHS celebrated its 40th Anniversary on January 23rd - Malaspina still operating
- 3,500 total nautical miles of coastline served by AMHS from Bellingham, WA to Unalaska
- CY 2001 Statistics - 318,891 passengers and 93,946 vehicles which equates to 60,902,285 Passenger Miles and 18,479,996 Vehicle Miles
- Alaska Marine Highway vessels traveled 475,650 nautical miles in 2000...that is over 161 trips from New York to Seattle
- Designated a National Scenic Byway in 2002
- 2 new fast vehicle ferries under construction to serve Southeast and Prince William Sound
- Fuel costs average 11% of AMHS annual operating budget
- Labor costs average 68% of AMHS annual operating budget



Ports and Harbors

- Department is responsible for 73 of 107 public harbor facilities in AK
- 51 facilities are operated by local governments
 - Operating agreements provide no state funds for operations
 - State obligated for replacement and major repairs
- Capital Program is largely Corps of Engineers Program, except bond funds and state match
 - Corps funds basin, State and Local fund inner-harbor facilities
- There are 39 active capital projects for \$53.2 million in authorizations
 - this represents match funds for Federal Navigation Improvement
- HB525 authorized \$31.8 million for upgrading and transferring 27 facilities in 10 communities



Measurement Standards and Commercial Vehicle Enforcement

- MSCVE enforces all federal and state commercial vehicle laws to ensure safe highways
- MSCVE certifies the accuracy of all weighing and measuring devices used in commerce
- MSCVE issues permits for overweight vehicles
- MSCVE is implementing a new one-stop web-based permit system



Questions?



2-5-03

**ALASKA COMMISSION ON
POSTSECONDARY EDUCATION**

and the

ALASKA STUDENT LOAN CORPORATION

**Agency Overview
February 2003**

**Diane Barrans
Executive Director/Officer**

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~ Mission ~

The Alaska Commission on Postsecondary Education and the Alaska Student Loan Corporation, its financial partner, serve Alaska by supporting the development of economically viable, lifelong learners and citizens by providing educational financial assistance to postsecondary students and authorizing the operation of postsecondary institutions in Alaska.

~ By ~

- Providing education financial aid
- Developing and delivering financial aid planning tools to students and supporters
- Developing and implementing strategies to increase access and participation rates of Alaskans in postsecondary education
- Supporting and promoting Alaska postsecondary education institutions
- Providing for quality standards for postsecondary education and training
- Responding to emerging needs for administering education financial assistance and educational access programs/services

**Alaska Commission on
Postsecondary Education**

financial resources available for
postsecondary study ~

Offer Education Access Assistance by

- ♦ originating and servicing AlaskAdvantage™ loans, including federal Title IV loans, Alaska Supplemental Education loans, Teacher Education loans, and Family Education loans ~
- ♦ originating and servicing Memorial Education loans ~
- ♦ disbursing state and federal grants to low-income students ~
- ♦ coordinating the WICHE Student Exchange and WWAMI graduate medical education programs ~

Protect the Education Consumer by

- ♦ monitoring school advertising and contracts with students ~
- ♦ responding to public complaints ~
- ♦ assuring refunds and student teach-outs when schools close ~
- ♦ gathering information on aid for Alaskans and disseminating it so that qualified residents are aware of

*Authorize Postsecondary Institutions within
Alaska by*

- ♦ regulating program and degree offerings ~
- ♦ providing biennial review and reauthorization for approximately 31 postsecondary institutions/programs ~
- ♦ approving institutions for Alaska education loans and Veterans Affairs funding ~

Organizational Structure:

The Commission is a 14-member body in accordance with AS 14.42.015. The Executive Director reports to the Commission.

The Commission staff, totaling 104 positions, are organized in five divisions, managed and supported by a seven-member professional team: the Information Services Director, Finance Officer, Internal Auditor, Director of Operations and Outreach, Compliance Services Director, and Personnel

Officer, each reporting directly to the Executive Director.

The Commission operations center is located in Juneau and its marketing, outreach, institutional compliance services, and information technology unit is located in Anchorage.

Alaska Student Loan Corporation

Statutory responsibilities and duties:

- ◆ Borrow money to carry out the Corporation's purpose as the financing source for the AlaskAdvantage™ Programs and issue obligations as evidence of borrowing.
- ◆ Invest money held by the Corporation.

- AlaskAdvantage™ Loan Programs -

After a period of several years from the late 1980s through the mid-1990s, during which the ASLC experienced precarious financial standing, significant improvements to the loan program and the servicing of the portfolio have resulted in a positive financial impact for the Corporation. Since 1995, when the first of many program changes were made by the Legislature, the Corporation has continued to progress toward creating a strong financial foundation for the loan program:

- The programs cohort default rate has dropped from 17.0% in 1996 to 4.6% in 2001.
- Program expenses including loan losses have declined by \$8.2 million from FY1995 to FY2002.
- The cumulative fund deficit, which peaked at \$50 million in FY1997, has been eliminated in FY2002.

- ◆ Enter into agreements with the ACPE to administer the education loan fund.

Organizational Structure:

The Corporation is a 5-member board in accordance with AS 14.42.120.

The Executive Director of the Commission serves as the Executive Officer of the Corporation as set out in AS 14.42.160. The staff of the Commission also serves as staff of the Corporation.

Program Highlights

Over the last 18 months ACPE has successfully undertaken an aggressive program implementation of the AlaskAdvantage™ Loan Programs. This new program, which includes federally guaranteed Title IV education loans, gives the ACPE and ASLC the ability to offer the lowest rates possible for Alaska's student borrowers by leveraging federal subsidies.

Increased capacity has allowed for improved loan terms for borrowers as equally valuable indicators of the programs' strong performance. These terms include:

1) Tying the Alaska Supplemental Education Loan interest rate to bond equivalent rates, with a cap at 8.25%. Also, the interest rates may be set at a lower rate for borrowers who have a good payment history, choose cost-effective repayment methods, or who reside in Alaska.

2) The Alaska Supplemental Education Loan origination fee is 3% for the third consecutive year.

3) A continued reduction of loan costs for borrowers repaying previously issued fixed-rate loans with the highest interest rates, up to 9%, in the program's 26-year history to an effective rate of 8.3%. This borrower cost reduction program began in July 2001 and has saved borrowers a total of \$2.2 million to date.

Also, the Corporation will pay to its investor, the state of Alaska, a return of capital payment for the third year in a row. Since FY2001 the ASLC has returned \$11.45 million to the state. The FY2004 payment is set at \$5.0 million.

With the stability collaboratively created through the efforts of the Alaska Legislature and Executive Branch, this positive trend is expected to continue.

Summary of portfolio improvements:

- ◆ Loan forgiveness benefits eliminated. (1987-88)
- ◆ Interest charged during grace period. (1987-88)
- ◆ Initiated PFD attachments on defaulted loans. (1987-88)
- ◆ Origination fee assessed on all loans. (1994-95)
- ◆ Post-deferment grace period eliminated. (1996)
- ◆ Tied loan interest rate to the cost of bonds plus administrative cost percentage. (1995-96)
- ◆ Began charging interest during periods of deferment. (1996-97)
- ◆ Began credit check of loan application. (1998-99)
- ◆ Credit report all borrowers. (2001)

- ◆ Wage garnishment (2001)
- ◆ Administer and service FFELP (2002)
- ◆ Created the AlaskAdvantage™ Benefit package offering borrowers additional cost savings. (2002)

Portfolio Characteristics:

- ◆ Approximately 175,000 loans totaling \$638 million
- ◆ Approximately \$50 million issued annually
- ◆ 56,000 loans in school or deferment
- ◆ 86,000 loans in repayment
- ◆ 33,000 loans subject to collection (internal and private sector)

Corporation Objectives:

The Corporation's key operational objectives are prioritized to allow the Corporation to increase its financial strength and effectiveness to fulfill its mission effectively:

- Insure the ongoing fiscal stability and credit standing of the Corporation
- Continue to offer low-interest rates to insure affordable education to new customers
- Continue to identify ways to translate financial stability into cost savings for existing customers
- Provide an annual payment to the State as a return of its initial capital contribution of \$306 million

The Corporation continues to implement changes that will maintain and further improve the health of the loan fund, while at the same time insure that access to education funding remains as broad as possible.

~ Student Loan Operations ~

This component is the largest of ACPE's four, containing Information Support Services, Finance, and Student Financial Aid sections.

The goals of this component are:

- 1) to service the outstanding loan portfolio, maximizing repayment to the student loan fund and protecting the financial integrity of ASLC;
- 2) to identify and implement program efficiencies through improved management, processes, and technology to insure the self-sustainability and marketability of the AlaskAdvantage™ Programs through the 21st century;
- 3) to provide low-cost financing for the loan programs;
- 4) to disburse low-cost loans to eligible Alaskans enabling them to pursue postsecondary education and training; and
- 5) to serve and value our customers, including students, parents, policymakers, bondholders, professional colleagues, and co-workers.

Information Support Services

Information Support Services (ISS) provides data processing support to the agency and manages two local area networks connected through the state-maintained wide area network. ISS supports HELMS (Higher Education Loan Management System), the mainframe-based nationally utilized student loan software application, which supports all aspects of the lending process from origination to payoff for all AlaskAdvantage™ Programs.

Finance

The Finance section manages the extensive financial activities of both ACPE and ASLC which includes:

- Tracking the flow of all payments received from borrowers
- Preparing financial reports and analyzing data
- Investing funds to maximize earnings while complying with federal regulations and bond covenants, and meeting operational needs
- Preparing annual agency operating, capital, and lending budgets
- Overseeing procurement activities

Student Financial Aid

The Student Financial Aid (SFA) section contains five units: Loan Servicing, Customer Service, Collections, Administrative Services, and Outreach.

Loan Servicing

This unit performs all phases of loan servicing, including loan originations, truth-in-lending disclosures, application of forgiveness benefits, and deferment and forbearance processing.

Customer Service

The Customer Service unit responds to requests for account assistance and to general public inquiries regarding student financial aid programs. This unit also provides assistance to local walk-in customers in the Juneau and Anchorage offices.

Administrative Services

Administrative Services maintains an archived history of borrowers' account activity and agency files, and student academic files for all closed Alaska institutions. Through the work of this unit, ACPE employees have access to complete loan histories within minutes of a request, allowing them to respond promptly to borrower questions. This unit is also responsible for safeguarding the Corporation's assets: loan promissory notes.

Collections

Using electronic, telephony and on-line queues, collections staff contact borrowers who are not repaying their loans as agreed. At 30 days past due, staff initiates contact with borrowers to discuss their accounts, counsel them on options, and advise them of the consequences of not repaying. Continued borrower delinquency results in persistent, recurring staff contact. Once in default, collection staff use various available administrative collection tools. These include working with state licensing agencies to prevent renewal of occupational licenses, initiating garnishment action on Alaska Permanent Fund dividends, and issuing administrative wage garnishment orders.

Unit staff also administer and track borrower bankruptcy activity.

If a defaulted borrower resides outside of the Commission's garnishment "reach" and is unwilling to resume adequate payments, the account is transferred to a private sector collection firm.

Dollars received from Administrative Wage Garnishment, PFD garnishment and delinquent borrower contact, in calendar years are:

2002 - \$14,092,900
2001 - \$22,015,600
2000 - \$24,523,600
1999 - \$23,792,900
1998 - \$21,427,100

Outreach

The Outreach unit is tasked with disseminating education planning information and offering assistance to students, parents, high school counselors, financial aid officers, and the general public. Their unit goals are: to insure the Alaska public is fully aware of the value, to the individual, their family, and their state community, of pursuing postsecondary education; and, provide the public with assistance in gathering and negotiating the process of planning for and attending postsecondary institutions.

~ Program Administration ~

This component contains the Executive Office, the Personnel Office, and the Compliance Services section. The goals of this component are:

- 1) to administer and provide policy direction for programs administered by ACPE and funded by ASLC, identifying and achieving efficiencies through improved management, processes and technology;
- 2) to insure postsecondary programs and institutions operating in the state, with the exception of the University of Alaska system, comply with AS 14.48 and 20 AAC 17, which relates to regulation of institutions;
- 3) to emphasize quality in education and training programs to insure value for Alaskans in their pursuit of lifelong learning; and

- 4) to provide Alaskans with information about the educational opportunities available in Alaska and the financial aid programs available to assist in accessing those opportunities.

The **Executive Office** provides overall administration and policy direction for Commission programs and staff, and exercises review and oversight of postsecondary programs and institutions operating in the state, such as the University of Alaska.

The **Personnel Office** provides human resources support to all units of ACPE, assisting in developing and implementing recruitment and screening techniques to appropriately staff the agency. This office also identifies staff training needs and coordinates or directly provides that training activity.

The **Compliance Services** section is organized into four units: Institutional Authorization, Alaska State Approving Agency, Institutional Liaison, and Institutional Audit and School Compliance.

Compliance Services by Unit

The *Institutional Authorization* (IA) unit facilitates authorization and regulation of 31 postsecondary institutions in the state of Alaska. Based on ACPE's statutory responsibilities, IA staff provide consumer protection services to Alaska's students. The IA coordinator works closely with institutional

administrators to assure ethical business practices, fair advertising, and appropriate health and safety practices.

The *Institutional Liaison* is a coordinator position responsible for maintaining a network of key contacts with parties interested in student financial aid throughout Alaska. This network includes financial aid staff at institutions participating in Alaska's education loan programs, high school counselors, employment centers, parent groups, and various other interested organizations.

The *Alaska State Approving Agency* (SAA) is a federal veterans affairs (VA) program which provides review and oversight of educational institutions and training sites to determine if state educational programs qualify for attendance by veterans utilizing their GI Bill benefits. This program is funded entirely through federal receipts. These functions are performed by the Institutional Liaison coordinator.

The *Institutional Audit and School Compliance* unit staff provide a variety of compliance audit and program review service to the agency, schools participating in any AlaskAdvantage™ Programs, and schools authorized to operate by ACPE. The majority of authorized institutions are located in the greater Anchorage area and audit/compliance staff and functions are centralized in Anchorage to increase efficiency.

~ WICHE Student Exchange Programs ~

The Commission serves as Alaska's agency for coordinating activities in the 15-state Western Interstate

Commission on Higher Education (WICHE) through regional cooperative agreements with other states in the region. The goal of this component is to provide undergraduate and graduate educational access and information to Alaska students studying or wishing to study in fields for which there are no programs operating in Alaska or which are offered to residents of member states in order to maximize the benefits of regional educational resources.

The component administers various WICHE programs in Alaska:

- 1) The Western Undergraduate Exchange (WUE);
- 2) The Professional Student Exchange Program (PSEP); and

- 3) The Western Regional Graduate Program (WRGP).

The total loan volume for the PSEP in 2002-2003 was \$125,238. The current total student exchange participation level for Alaska is approximately 1,500 students. Alaska has been a member of this compact organization since 1950.

Changes from FY2003 to FY2004

The FY2004 requested funding reflects an increase of \$2,000, which is required to cover the cost of Alaska's WICHE compact membership dues.

Statutory and Regulatory Authority

AS 14.44.010-060
20 AAC 16.010-090

~ WWAMI Medical Education ~

The WWAMI medical education program provides guaranteed access to a medical school for residents of Alaska. The University of Washington School of Medicine (UWSM), which focuses on producing family practice doctors, acts as the regional medical school for Washington, Wyoming, Alaska, Montana and Idaho by reserving a predetermined number of class places each year. After admission, Alaska students attend the University of Alaska, Anchorage, for the first year of medical school. Students attend the second through fourth years in Seattle, with the option of clinical clerkships during this time at clinics in towns in the WWAMI states.

The Alaska clinical sites are supported by WWAMI funding as Alaska is a participant in the WWAMI program. Alaska currently contracts with the UWSM and pays for thirty (30) places, ten (10) in each of the 1st, 3rd, and 4th years of study.

Effective with the 1999-2000 school year, as a condition of receiving WWAMI support, Alaska students must agree to practice medicine in Alaska for five years or, alternatively, to repay a portion of WWAMI program costs paid by the state of Alaska. The loan component consists of the annual difference between resident and non-

resident tuition at the UWSM for the program period, plus interest. For participants entering the program in 2002 the interest rate is 3.25%. For the 2002-2003 school year, the Board of Regents of the University of Washington set the nonresident tuition differential at \$16,126.00.

Issues

The WWAMI medical education program remains the primary vehicle through which Alaskans gain access to a medical education program.

Component Mission

To improve the general health of state residents. (SB281)

Component Services Provided

This component contains funding for the second, third, and fourth year participants who attend and pay resident tuition and fees at UWSM. Additionally, a portion of these funds are used to pay costs of program administration at UWSM, and for community clinical sites in Alaska.

Component Goal for FY2004

WWAMI provides guaranteed access to a medical school for residents of Alaska participating in the program.

Key Component Issues for FY 2003-2004

To continue to allow Alaskans guaranteed access to medical education not available in Alaska and, through the recently implemented service obligation for program participants, address statewide professional medical workforce needs.

Major Component Accomplishments for FY2002

1. Administered WWAMI contract between the Alaska Postsecondary Education Commission, the University of Alaska, and UWSM.
2. Continue to enter into participation contracts and service the existing ones. Program participants must practice in Alaska for five years following program completion. If non-compliant, they will be required to repay the tuition differential paid on their behalf, plus interest.
3. Provide information on WWAMI to all Alaskan high schools.

Statutory and Regulatory Authority

AS.14.42.030(d)
20 AAC 19.010-19.900

Alaska Commission on Postsecondary Education

Member	Seat
Greg Middag, Chair	General Public
Tim Towarak, Vice Chair	General Public
Bobette Bush	Community College
Dr. Milton Byrd	Proprietary Education
Elsa Froehlich Demeksa	UA Board of Regents
Kristen Forrester	AK Workforce Investment Board
Rosa Foster	General Public
Dr. Lydia Hays	Private Higher Education
Diane Heard	Board of Ed. and Early Development
Frances Rose	UA Board of Regents
Randy Simmons	General Public
Vacant	Student Representative
Senator Gary Wilken	Alaska State Senate
Vacant	Alaska State House of Representatives

Alaska Student Loan Corporation

Randy Simmons, Chair	Alaska Commission on Postsecondary Education
Bobette Bush, Vice Chair	Alaska Commission on Postsecondary Education
Bill Corbus	Commissioner of Revenue
Mike Miller	Commissioner of Administration
Edgar Blatchford	Commissioner of Comm. and Econ. Development
[designee: Greg Winegar]	