

SB

277

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FILE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 277
(S) Publish Date: 1/23/2004

Revision Date/Time (corrected): 12/12/03 12:42pm Dept. Affected: Administration
Title: An act relating to the Alaska Commission on Postsecondary RDU: Centralized Administrative Services
Education: ... relating to an exemption from the State Procurement Code... Component: Purchasing
Sponsor: Rules
Requester: Governor Component No.: 60

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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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-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill would exempt Alaska Commission on Postsecondary Education contracts for guaranteeing and disbursing financial aid money to institutions of postsecondary education from the State Procurement Code (AS 36.30).

Bill has no fiscal impact.

Prepared by: Vern Jones, Chief Procurment Officer Phone: (907)465-5684
Division: General Services Date/Time: 12/15/03 10:00 AM
Approved by: Mike Miller, Commissioner Date: 12/15/2003
Agency: Administration

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 277
(S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title ASLC Return Funds to State RDU Investments (122)
Component Investments
Sponsor Rules
Requester By Request of the Governor Component No. 383

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation has no fiscal impact on the operations of the division.

Prepared by: Greg Winegar, Director
Division: Investments
Approved by: Edgar Blatchford, Commissioner
Agency: Department of Community & Economic Development

Phone (907) 465-2510
Date/Time 12/12/03 4:22 PM
Date 12/12/2003

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 5
 Bill Version: CSSB 277(HES)
 (S) Publish Date: 2/19/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Education
 Title An Act relating to ACPE; relating to ASLC; relating RDU ACPE
to bonds of the corporation; relating to loan and grant programs... Component Program Administration & Operations
 Sponsor Rules Committee
 Requester (S) FIN Component No. 2738

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	120.0	120.0	120.0	120.0	120.0	120.0
Miscellaneous						
TOTAL OPERATING	120.0	120.0	120.0	120.0	120.0	120.0

CAPITAL EXPENDITURES	85.0					
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CHANGE IN REVENUES (bond proceeds)	75,000.0					
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FUND SOURCE (Thousands of Dollars)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1002 Federal Receipts	120.0	120.0	120.0	120.0	120.0	120.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	120.0	120.0	120.0	120.0	120.0	120.0

Estimate of any current year (FY2004) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This bill would allow the Alaska Student Loan Corporation (ASLC) to issue bonds and use the proceeds for purposes other than the sole funding of financial aid programs currently authorized in law. This creates a mechanism for the ASLC to return money, not otherwise required to fund core agency programs, to the state through financing of state capital projects. As of this date, the ASLC anticipates utilizing this mechanism to return approximately \$260.0 million to the state over a three-year period beginning in FY2005. *Amounts for FY06 and FY07 will be determined next year.
 This bill also would create an administrative collection order to be used for establishing a lien on property belonging to a borrower who has defaulted on an education loan.
 This bill also amends the state's needs-based grant program so that grants may only be awarded to

Prepared by: Sheila King, Financial Officer Phone 465-6757
 Division Finance Date/Time 2/12/04 12:22 PM
 Approved by: Diane Barrans, Executive Director Date 2/12/2004
 Agency Alaska Commission on Postsecondary Education

FISCAL NOTE #5

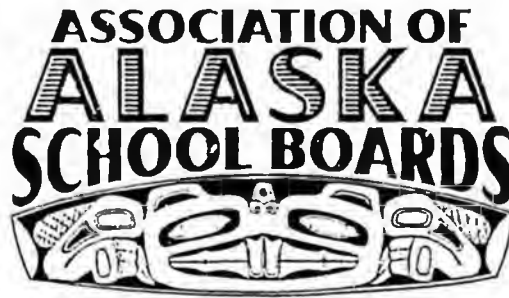
STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSSB 277(HES)

ANALYSIS CONTINUATION

students attending qualified education programs in Alaska and authorizes the Alaska Commission on Postsecondary Education to give preference to students enrolled in programs of study required for entry into Alaska's labor shortage areas. This bill authorizes the ASLC to fund this financial aid program from corporate receipts, as they may be available, and to use those corporation funds to leverage an additional \$120,000 in federal matching dollars. The ASLC currently anticipates funding up to approximately \$600,000 in grants per year beginning in FY2005.

The \$85,000 capital budget request is to procure a web-based, grant management software tool to insure the grant application, eligibility certification, and awarding process is highly automated and requires minimal staffing resources on the part of the Commission and participating Alaska postsecondary institutions. The capital request is for the expenditure of corporation receipts, fund source 1106.



Advocates for Alaska's Youth

Position Paper
In Support of
HB 404
ESTABLISHING A NEEDS-BASED
STUDENT GRANT PROGRAM
TO MEET LABOR SHORTAGE NEEDS

HB 404 establishes a "needs-based" grant program to be funded from corporate receipts and federal matching dollars. Grants must be used for qualified Alaska education programs focused on meeting Alaska's labor shortage needs. A priority is placed on students enrolled in programs of study (such as health care and education) where there is a severe shortage of trained individuals in Alaska.

The Association of Alaska School Boards supports HB 404 and the Alaska Commission on Postsecondary Education in its efforts to meet labor shortage needs in Alaska.

Alaska currently provides an estimated 30 percent of newly hired educators in a given year. Like the rest of the nation, Alaska struggles to attract and retain qualified personnel in the classroom. A student grant program would increase Alaska's capacity to provide qualified classroom teachers. This is a positive step if we are to attract new prospects within the state's teaching profession.

It is our understanding the Alaska Department of Labor will serve as the entity that determines where a severe shortage of trained individuals exists. The Association of Alaska School Boards looks forward to working closely with the department in this capacity.

February 19, 2004

Governor's transmittal letter dated January 22:

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Commission on Post-secondary Education (ACPE) and the Alaska Student Loan Corporation (ASLC). This bill is a result of ASLC board members and management, in consultation with financial advisors, proposing a mechanism where (1) the state could optimize the use of its financial assets and deliver a greater return to Alaskans for its initial investment in ASLC and ACPE; and (2) continue to effectively administer ACPE/ASLC financial aid programs.

The bill would allow ASLC to issue bonds utilizing future cash flow that is in excess of that needed for effective and efficient operation of corporation programs. ASLC predicts it can return \$260 million to the state over a three-year period beginning in 2004; the proceeds from which would be available to finance capital projects.

The ASLC's primary mission is to support, promote, and provide access to postsecondary education for Alaskans. The objective of this legislation is to continue to serve that mission, but to do so in a way that permits ASLC to serve broader state interests through the efficient allocation of financial resources. As part of the development process, cash flow models were developed to ensure the corporation has and will continue to have the financial capacity to discount loan interest rates and deliver outstanding borrower benefits to its primary customers -- Alaska students and their families.

The bill establishes a "needs-based-grant" program to be funded from corporate receipts and federal matching dollars. Grants must be used for qualified Alaska education programs focused on meeting Alaska's labor shortage needs. A priority is placed on students enrolled in programs of study (such as health care and education) where there is a severe shortage of trained individuals in Alaska.

The bill also creates an "administrative collection order" and a process for establishment and use of such an order by ACPE. An administrative collection order would allow ACPE to establish a lien on borrower's property when that person has broken their promise to re-pay an education loan.

Finally, the bill exempts ACPE and ASLC contracts for disbursing and guaranteeing financial aid money from Alaska's procurement code. This creates efficiencies in the internal operations of ACPE and ASLC and meets the needs of participating post-secondary institutions (ACPE contracts with a guaranty agency and disbursing agents to electronically guarantee and/or disburse financial aid money for students to colleges and universities).

I urge your prompt and favorable action on this measure.

Sincerely yours,

/s/

Frank H. Murkowski

Governor

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SECTIONAL ANALYSIS
SB 277(FIN) (3/19/04)

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
1	ACPE authorized functions. 14.42.030(e)	1-3	7-1	Adds authority to establish and enforce collection orders on defaulted loans and provide for borrower appeals of collection orders.	Amended Language
2	Education loan fund. 14.42.210(a)	3	2-9	Conforming change to add revised grant program.	Amended Language
3	14.42.210(b)	3	10-19	Conforming change; by reference, specifically authorizes grant program funding.	Amended Language
4	Bonds of the corporation. 14.42.220(a)	3	20-31	Expand the use of bond proceeds to pay costs of state projects.	Amended Language
5	Bonds of the corporation. 14.43.220(g)	4	1-3	Places a cap on the aggregate amount of bonds the corporation may issue to finance state capital projects.	New Language
6	Conditions of loans. 14.43.120(u)	4	4-14	Makes determination of an origination fee a corporation function and automatically places fees into the education loan fund of the corporation.	Amended Language
7	Consolidation of loans. 14.43.122(a)	4	15-23	Increases flexibility for offering loan consolidation options.	Amended Language
8	Default. 14.43.145 (a)	4-5	24-8	Provides authority to establish a collection order as a means of recovering on defaulted loans.	Amended Language
9	Authority and procedure to administratively establish and enforce a collection order. 14.43.151	5	9-16	Describes administrative process for establishing a lien through a collection order.	New Language
	Initiation of administrative action to establish a collection order; required notice. 14.43.152	5-6	17-11	Steps for establishing collection order; notice to borrower.	

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
	Hearings in administrative action to establish a collection order; burden of proof. 14.43.153	6-7	12-5	Provides due process for borrower to contest establishment of collection order through administrative hearing.	
	Collection order as judgments. Sec. 14.43.154	7	6-11	Provides that collection order is equivalent to judgment.	New Language.
	Nature of remedies. 14.43.155	7	12-13	Provides that collection order is an alternate remedy to commission.	New Language
10	Purpose; creation. 14.43.161	7	14-19	Conforming change of trademark name.	Amended Language.
11	Repayment of loans. 14.43.166	7	20-29	Requires immediate repayment of consolidation loans.	Amended Language.
12	Default. 14.43.168(b)	7-8	30-1	Conforming change to incorporate new administrative collection order authority.	Amended Language
13	Creation, purpose. 14.43.170	8	2-11	Conforming change of trademark name.	Amended Language
14	Applicability of other laws. 14.43.171	8	12-17	Changes applicable cite to allow for consolidation of supplemental education loans.	Amended Language
15	Eligibility. 14.43.172(c)	8-9	18-9	Revised so borrower that has fully repaid a defaulted loan may be eligible for new loan without a cosigner.	Amended Language
16	Eligibility. 14.43.172(d)	9	10-15		
17	Limits and conditions of loans. 14.43.300(a)	9	16-26	Eliminates reference to guarantee fees on memorial scholarship loans	Amended Language
18	Purpose: creation. 14.43.400	9-10	27-4	Revised to rename and describe grant program.	Amended Language
19	Administration. 14.43.405(a)	10	5-7	Conforming change of name of grant program to be administered as provided in 14.42.030.	Amended Language
20	Applicability of other laws. 14.43.406	10	8-17	Conforms by incorporating reference to other aid programs, grant program residency requirement, confidentiality of financial need information, repayment for an ineligible recipient, and definitions.	New Language

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
21	Distribution of funds. 14.43.410	10	18-23	Conforming change of name of grant program.	Amended Language
22	4.43.410(b)	10	24-28	Revised to permit grants for half-time study.	New Language
23	Eligibility; priority. 14.43.415	10-11	29-27	Revised to require in-state attendance. Requires prioritization of eligible programs of study based on state workforce needs.	Amended Language
24	Limitation on grants. 14.43.420(a)	11	28-31	Revises minimum and maximum grant amounts.	Amended Language
25	14.43.420(c)	12	1-3	Sets maximum grant dollars per recipient.	New Language
26	Loan terms and conditions. 14.43.740(a)	12	4-8	Removes student-specific loan maximum; permits loan consolidation and administrative collection from liens.	Amended Language
27	14.43.740(g)	12	9-11	Permits commission to set loan limits by regulation.	New Language
28	Definition. 14.43.990	12	12-18	Provide definition for AlaskAdvantage, the agency's service mark registered under the Trademark Act.	New Language.
29	Repayment condition for program participants. 14.44.040(c)	12	19-22	Conforming change to include new authority for collection order for defaulted WICHE PSEP loans.	Amended Language
30	Application of this chapter. General Provisions to state procurement code. 36.30.850(b)	12	23-27	Excludes contracts for electronic services entered into by the Commission and Corporation for financial aid administration.	Amended Language

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
31	Repealer section.	12	28-29	<p>Repeal AS 14.42.110. Purpose of corporation.</p> <p>Repeal AS 14.42.220(f), limits aggregate amount of bonds that can be issued in two consecutive years other than through legislation.</p> <p>Repeal 14.43.122(b). Limits consolidated loan interest rate to be weighted average of the interest rates on loans being consolidated.</p> <p>Repeal 14.43.300(g). ACPE authority to set loan origination fee on memorial education loans. Duplicate language of 14.43.120(u) incorporated by reference.</p> <p>Repeal 14.43.405(b). Student aid provisions applicable to the grant program. Replaced in Sec. 18.</p> <p>Repeal 14.43.420(b). Allows grant to be used at accredited postsecondary educational institution, already stated in eligibility section 14.43.415. See Sec. 20.</p> <p>Repeal 14.43.500 Defines resident. Replaced in Sec. 18 by incorporating residency requirement of 14.43.162. Defines undergraduate. Term not used in remaining text.</p>	Amending Language.
32	Transition language.	12-13	30-4	Authorization to promulgate regulations.	
33	Instructions to Revisor	13	5-12	Conforming changes to titles in Articles 5 and 8.	
34	Instructions to Regulations Attorney	13	13-19	Instructions to make conforming changes to insert "Alaska Advantage" in regulations.	

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
35	Effective date section.	13	20	Providing for Sec. 6 to be effective January 1, 2005.	
36	Effective date section.	13	21-22	Providing for, except as stated in Sec. 35, this Act to have an immediate effective date.	