

SJR

23

<TARGET><BILL>SJR 23</BILL><SUBJECT>SJR
23</SUBJECT><COMM>SEDC28</COMM></TARGET>



Alaska State Legislature

Senator Anna Fairclough — Senate District M

Senate Joint Resolution 23- Senate Education Witness List

Diane Barrans, Executive Director, Alaska Commission on Postsecondary Education

Charlene Morrison, Chief Financial Officer, Alaska Commission on Postsecondary Education

Lee Donner- Financial Advisor, Alaska Student Loan Corporation

SENATE COMMITTEE REPORT

DATE: 3/7/14

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 3/17/14

Education Committee considered SENATE JOINT RESOLUTION NO. 23

SJR 23 CONST. AM: STUDENT LOAN DEBT

Proposing an amendment to the Constitution of the State of Alaska relating to contracting state debt for postsecondary student loans.

and recommends:

be replaced with CS _____ (_____) Same Title New Title

adopt previous CS _____ (_____) Same Title New Title

attached amendment(s)

adopt _____ Letter of Intent

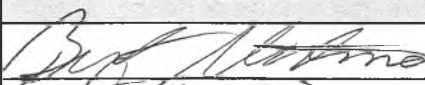
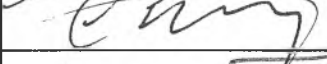
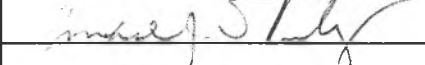

further referral to _____ Committee

| Dept Abbr. | |
|------------|-----|
| ADM | LWF |
| CED | LAW |
| COR | LEG |
| CRT | MVA |
| EED | DNR |
| DEC | DPS |
| DFG | REV |
| GOV | DOT |
| DHS | UA |

| NEW FISCAL NOTE(S) | | | | |
|--------------------|--------|--------|------|------|
| Dept. | Fiscal | Indet. | Zero | FN # |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| PREVIOUS FISCAL NOTE(S) | | | | |
|-------------------------|--------|--------|------|------|
| Dept. | Fiscal | Indet. | Zero | FN # |
| GOV | ✓ | | | 1 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | PRINTED LAST NAME | DO PASS | DO NOT PASS | NO REC | AMEND |
|---|-------------------|---------|-------------|--------|-------|
|  | Stephen | | ✓ | | |
|  | Huggins | ✓ | | | |
|  | Dunbar | ✓ | | | |
| | | | | | |
| | | | | | |
| CHAIR:  | Sever | ✓ | | | |



Alaska State Legislature

Senator Anna Fairclough — Senate District M

Sponsor Statement Senate Joint Resolution 23

“Proposing an amendment to the Constitution of the State of Alaska relating to contracting state debt for postsecondary student loans.”

Senate Joint Resolution 23 places a constitutional amendment before the voters in the fall 2014 general election. This proposal to amend Article IX, sec. 8, of the Alaska Constitution is to authorize state General Obligation (GO) debt for the purpose of funding state education loans for Alaska students.

Currently, state GO debt may only be authorized for capital improvements or housing loans for veterans.

Financial market conditions once allowed the Alaska Student Loan Corporation (ASLC) to offer competitive, low-cost education loans to a significant percentage of Alaska students without State support. Those conditions no longer exist and appear unlikely to occur again in the foreseeable future. As a result of these changed conditions, Alaska students and families are receiving decreasing levels of state support in meeting postsecondary education costs.

Senate Joint Resolution 23 will establish a cost-effective way to finance state education loans by leveraging the State’s outstanding general obligation credit ratings. Doing so will not only achieve lower costs of funds than what is otherwise available through current alternative financing structures, but will also permit some relaxation of the loan underwriting criteria which currently results in a 41% denial rate on loan applications.

These loan programs represent a critical component of the State’s student financial aid system and its efforts to enhance the workforce development pipeline in order to build and maintain a healthy state economy.

I appreciate your consideration and seek your support of SJR 23.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: SJR 23
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SJR023-OOG-DOE-3-3-14
Title: CONST. AM: STUDENT LOAN DEBT
Sponsor: FAIRCLOUGH
Requester: Senate State Affairs

Department: Office of the Governor
Appropriation: Elections
Allocation: Elections
OMB Component Number: 21

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

| | FY2015 Appropriation Requested | Included in Governor's FY2015 Request | Out-Year Cost Estimates | | | | | |
|-------------------------------|--------------------------------------|--|-------------------------|------------|------------|------------|------------|------------|
| | | | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Services | 1.5 | | | | | | | |
| Commodities | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Grants & Benefits | | | | | | | | |
| Miscellaneous | | | | | | | | |
| Total Operating | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Fund Source (Operating Only)

| | | | | | | | |
|---------------|------------|------------|------------|------------|------------|------------|------------|
| 1004 Gen Fund | 1.5 | | | | | | |
| Total | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

Change in Revenues

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | | |
|--|--|--|--|--|--|--|--|

Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

| |
|-----------------|
| Initial Version |
|-----------------|

| | |
|--|----------------------------------|
| Prepared By: <u>Gail Fenumiai, Director</u> | Phone: <u>(907)465-3876</u> |
| Division: <u>Division of Elections</u> | Date: <u>03/03/2014 08:30 AM</u> |
| Approved By: <u>Guy Bell, Administrative Director</u> | Date: <u>03/03/14</u> |
| Agency: <u>Division of Administrative Services, Office of the Governor</u> | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. SJR 23

Analysis

Passage of this resolution would require the constitutional amendment to appear on the 2014 general election ballot. The cost of providing information about the constitutional amendment in the Official Election Pamphlet, as required by AS 15.58, is \$1.5. Should the addition of this resolution require printing an 8-1/2 by 18 inch ballot, the cost will increase to \$22.0.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: SJR 23
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SJR23-LEG-SESS-03-07-14
Title: CONST. AM: STUDENT LOAN DEBT
Sponsor: FAIRCLOUGH
Requester: State Affairs, Education

Department: Alaska Legislature
Appropriation: Legislative Operating Budget
Allocation: Session Expenses
OMB Component Number: 782

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

| | FY2015 Appropriation Requested | included in Governor's FY2015 Request | Out-Year Cost Estimates | | | | | |
|-------------------------------|--------------------------------------|--|-------------------------|------------|------------|------------|------------|------------|
| | | | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Services | | | | | | | | |
| Commodities | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Grants & Benefits | | | | | | | | |
| Miscellaneous | | | | | | | | |
| Total Operating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Fund Source (Operating Only)

| | | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | | |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Positions

| | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|
| Full-time | | | | | | | | |
| Part-time | | | | | | | | |
| Temporary | | | | | | | | |

| | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|
| Change in Revenues | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|

Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

| |
|-----------------|
| Initial Version |
|-----------------|

| | |
|--|----------------------------------|
| Prepared By: <u>Jessica Geary, Finance Manager</u> | Phone: <u>(907)465-6626</u> |
| Division: <u>Legislative Affairs Agency</u> | Date: <u>03/07/2014 12:20 PM</u> |
| Approved By: <u>Pamela Varni, Executive Director</u> | Date: <u>03/07/14</u> |
| Agency: <u>Legislative Affairs Agency</u> | |



Alaska State Legislature

Senator Anna Fairclough — Senate District M

Senate Joint Resolution 23 **Sectional Analysis**

- *Section 1:** Amends Article IX, sec. 8, Constitution of the State of Alaska
Subject to approval by a vote of the general electorate, permits the issuance of General Obligations of the State of Alaska for the purpose of funding postsecondary student loans.

- *Section 2:** Clarifies that the proposed constitutional amendment must be put before the voters at the next general election.



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Alaska Student Loan Corporation

EXECUTIVE OFFICE

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Juneau, Alaska 99811-0505
Phone: (907) 465-6740
Fax: (907) 465-3293
acpe.alaska.gov

February 24, 2014

The Honorable Anna Fairclough
State Capitol, Room 514
Juneau, AK 99801

RE: Letter of Support for SJR 23

Dear Senator Fairclough,

In my capacity as the Alaska Student Loan Corporation's (ASLC) Executive Officer and as Executive Director of the Alaska Commission on Postsecondary Education (ACPE), I am writing to express support for SJR 23 – a proposal to permit the issuance of state debt to finance Alaska education loans.

The State of Alaska has a long-standing tradition, for more than forty years, of supporting residents in their pursuit of postsecondary education and training with robust state education loan programs. In 1988, to relieve the state general fund of the annual costs of these programs, the Legislature created ASLC as an enterprise agency of the state with the authority to issue revenue bonds in the financial markets to fund loans and agency operations. While for most of the intervening years this structure has been an effective means of aiding students and their families, changes to the financial markets in the wake of the 2008 market collapse necessitated program modifications that, in turn, have negatively impacted the cost and availability of state loans.

In light of the rising costs of postsecondary education and its increasing importance to Alaskans' ability to fill the high skill, high wage jobs in Alaska's economy, it is now more important than ever that state residents have access to low-cost education funding resources.

SJR 23 provides an opportunity through which ASLC could leverage the State of Alaska's outstanding credit to achieve the lowest possible costs of financing for state education loans and make loans more widely available. This approach to funding education loans is the most efficient, long-term means to ensuring this valued program continues to be available for the next generation of Alaskans.

Thank you for your commitment to ensuring Alaskans have an opportunity to pursue their educational goals and for your leadership in sponsoring SJR 23.

Sincerely,

A handwritten signature in black ink, appearing to read "Diane Barrans".

Diane Barrans
Executive Officer/Director