

SJR

23

<TARGET><BILL>SJR 23</BILL><SUBJECT>SJR
23</SUBJECT><COMM>SF28</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 3/17/14

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance 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:

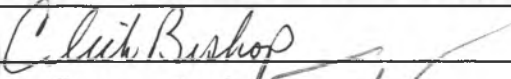
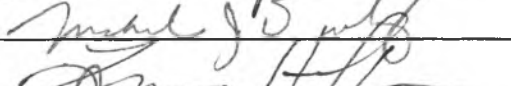
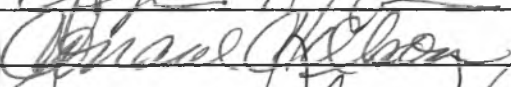

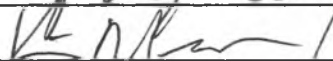

- be replaced with CS _____ (_____) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

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 #
GOV	x			
LEG			x	

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	NO REC	AMEND
	Bishop	X			
	DAN GANDY	✓			
	HUFFMAN	✓			
	ORSON			✓	
CO-CHAIR: 	Kelly	✓			
CO-CHAIR: 	Meyer	—			

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	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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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: Gail Fenumiai, Director
Division: Division of Elections
Approved By: Guy Bell, Administrative Director
Agency: Division of Administrative Services, Office of the Governor

Phone: (907)465-3876
Date: 03/03/2014 08:30 AM
Date: 03/03/14

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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015					
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

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

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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

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.



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

P.O. Box 110505
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 cursive script, appearing to read "Diane Barrans".

Diane Barrans
Executive Officer/Director

University of Alaska System
Vice President for Academic Affairs
202-I Butrovich Building
P.O. Box 755000
Fairbanks, Alaska 99775-5000



UNIVERSITY
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March 8, 2014

Senator Anna Fairclough
State Capitol Room 514
Juneau AK, 99801
Email: Senator.Anna.Fairclough@akleg.gov

Senator Fairclough:

The University of Alaska (UA) strongly supports SJR 23 and SB 195.

SJR 23, if passed by the legislature and supported by a public vote, will allow the Alaska Student Loan Corporation to issue general obligation bonds, which will result in lower interest rates for student loans. UA strongly supports this bill because it will reduce student debt, make it easier for students to successfully pay off their loans, and lower default rates. This bill clearly supports higher education in Alaska.

The second bill, SB 195, makes needed substantive changes to statute regarding the Alaska Commission on Postsecondary Education and the Alaska Student Loan Corporation. UA is working hard to improve college completion rates in Alaska and this bill clearly supports that endeavor. In addition, the bill addresses the Alaska Education Grant to help qualified low income students and several ACPE housekeeping issues such as clarifying the process for nominating the student commissioner.

These two bills, if passed, will improve postsecondary education in Alaska. Thank you for your work on these important actions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dana L. Thomas'.

Dana L. Thomas, Ph.D.
Vice President for Academic Affairs

Cc: Patrick Gamble, President
Tom Case, Chancellor, UAA
John Pugh, Chancellor, UAS
Brian Rogers, Chancellor, UAF
Chris Christensen, Associate Vice President for State Relations
Michelle Rizk, Associate Vice President for Budget