

SJR

2

<TARGET><BILL>SJR 2</BILL><SUBJECT>SJR
2</SUBJECT><COMM>SFIN29</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 3/13/15

FURTHER:

DATE TURNED
IN TO OFFICE: 4/9/15

Finance Committee considered SENATE JOINT RESOLUTION NO. 2

SJR 2-CONST. AM: G.O. BONDS FOR STUDENT LOANS

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
CRT	LEG
EED	MVA
DEC	DNR
DFG	DPS
GOV	REV
DHS	DOT
AJS	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
<i>Clint Bishop</i>	Bishop	✓			
<i>Paul DeBruin</i>	DeBruin			✓	
<i>Paula Carlson</i>	Carlson			✓	
<i>John Hoffman</i>	Hoffman	✓			
CO-CHAIR: <i>Pete Kelly</i>	Kelly			✓	
CO-CHAIR: <i>Anna Mackinnon</i>	Mackinnon	✓			



Alaska State Legislature

Senator Anna MacKinnon – Senate District G

Sponsor Statement Senate Joint Resolution 2

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

Senate Joint Resolution 2 proposes to place a constitutional amendment before the voters during the fall 2016 general election. This bill amends Article IX, sec. 8, of the Alaska Constitution and would authorize state General Obligation (GO) debt for the purpose of funding state education loans for Alaska students.

Currently, state General Obligation 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. However, 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, at a higher cost, in meeting postsecondary education expenses.

Senate Joint Resolution 2 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 flexibility of the loan underwriting criteria which currently results in a 43% 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 2.



Alaska State Legislature

Senator Anna MacKinnon — Senate District G

Senate Joint Resolution 2 **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.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SJR 2
Fiscal Note Number:	1
(S) Publish Date:	2/11/15

Identifier: SJR002--OOG-2-9-15
 Title: CONST. AM: G.O. BONDS FOR STUDENT
 LOANS
 Sponsor: MACKINNON
 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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	
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								
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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:

Prepared By:	Gail Fenumiai, Director	Phone:	(907)465-3876
Division:	Division of Elections	Date:	02/09/2015 08:30 AM
Approved By:	Guy Bell, Administrative Director	Date:	02/09/15
Agency:	Division of Administrative Services, Office of the Governor		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Passage of this resolution would require the constitutional amendment to appear on the 2016 general election ballot. The cost of providing information about the constitutional amendment in the Official Election Pamphlet, as required by AS 15.58, would be absorbed into the operating budget for the Division of Elections.

Patrick Gamble, President
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UNIVERSITY
of ALASKA
Many Traditions One Alaska

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Fairbanks, AK 99775-5000

February 2, 2015

The Honorable Anna MacKinnon
Alaska State Senate
State Capitol, Room 516
Juneau, Alaska 99811

Dear Senator MacKinnon,

The University of Alaska strongly supports SJR 2, proposing an amendment to the Constitution of the State of Alaska relating to contracting state debt for postsecondary student loans.

SJR 2, if passed by the legislature and approved by the voters, will allow the Alaska Student Loan Corporation to issue general obligation bonds, which will result in lower interest rates for student loans. UA supports this resolution because it will reduce student debt, make it easier for students to successfully pay off their loans, and lower default rates. We believe that it will significantly improve access to postsecondary education in Alaska.

Thank you for your support of higher education.

Sincerely,

A handwritten signature in black ink that reads "PK Gamble". The signature is written in a cursive, flowing style.

Patrick K. Gamble
President, University of Alaska

Cc: Tom Case, Chancellor, UAA
John Pugh, Chancellor, UAS
Brian Rogers, Chancellor, UAF

Juneau

Chamber of Commerce

9301 Glacier Hwy, Suite 110 • Juneau AK 99801 • (907) 463-3488 • Fax (907) 463-3489
E-mail: juneauchamber@gci.net • jcc@alaska.com • Web site: <http://www.juneauchamber.com>

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Valley Paint Center
Linda Thomas
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ConocoPhillips
Coogan Construction
Elgee Rehfeld & Mertz
First Bank
First National Bank of Alaska
Goldbelt, Inc.
Hecla Greens Creek Mining
Key Bank
SEARHC
Shattuck & Grummett
Samson Tug & Barge
Taku Oil
True North FCU
UAS
Wal-Mart
Wells Fargo Bank of Alaska
Wostmann and Associates

February 10, 2015

The Honorable Anna MacKinnon
Alaska State Senate
State Capitol, Room 516
Juneau, AK 99801

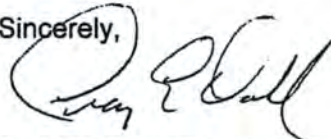
Dear Senator MacKinnon,

The Juneau Chamber of Commerce strongly supports the passage of SJR2, which if approved by the voters, will allow the Alaska Student Loan Corporation to issue general obligation bonds to fund the student loan program.

We believe that any action that encourages and improves access to post-secondary education is not only good for students but for the future of our communities. Funding the student loans through general obligation bonds should result in lower interest rates thereby making it easier to repay their obligation, and in turn lower default rates.

Thank you for your support and commitment to this important piece of legislation.

Sincerely,



Craig E. Dahl, Executive Director
Juneau Chamber of Commerce



Alaska State Legislature

Senator Anna MacKinnon — Senate District G

Senate Joint Resolution 2- Senate Finance Witness List

Diane Barrans, Executive Director, Alaska Commission on Postsecondary Education- In Person