

LEG. FINANCE - BILLS 1981 - 1982 1618

CSSB 120 - SB 120

1618

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HCS CSSB 120 (fin)
 Title Amending State Student Loan Program
 Requested by House Finance Date April 16, 1981

II. FISCAL DETAIL
 Agency Affected Education
 Program Category Affected Commission on Postsecondary Education
 BRI, Program, or Subprogram(s) Affected Student Loan Program
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	N.A.	4,658.6	5,615.9	7,039.4	8,982.1	11,206.8
TOTAL	N.A.	4,658.6	5,615.9	7,039.4	8,982.1	11,206.8

FUNDING (Thousands of Dollars)

GENERAL FUND	N.A.	4,658.6	5,615.9	7,039.4	8,982.1	11,206.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Fiscal impact of raising loan limits is based upon the following assumptions:

- current mix of 11% graduate, 89% undergraduate will continue
- current borrowing pattern will continue with slight increase upward, i.e.

Undergraduate:	27.5%	\$50-1,950	Graduate:	465.5%	\$50-\$4,950
	29.3%	\$2,000-\$2,950		53.5%	\$5,000
	41.2%	\$3,000			
- of those borrowing the maximum, if maximums are increased,

Undergraduate:	8%	\$6,000	55%	\$7,000
	52%	\$4,500-\$5,950	25%	\$6,000-\$6,950
	35%	\$3,050-\$4,450	20%	\$5,000-\$5,950
	5%	\$3,000		

IV. DATE April 16, 1981 PREPARED BY Kerry D. Romesburg
 AGENCY Commission on Postsecondary Education
 PHONE 465-2854
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Original sponsors: Sturgulewski, Kerttula,
Stimson and Dankworth

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 120 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to undergraduate and graduate scholar-
7 ship loans; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 14.40.759 is amended to read:

10 Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a
11 loan, not to exceed \$6,000 [\$3,000] in any one school year, to an
12 undergraduate student eligible under AS 14.40.765.

13 * Sec. 2. AS 14.40.761 is amended to read:

14 Sec. 14.40.761. GRADUATE LOANS. The committee may make a loan,
15 not to exceed \$7,000 [\$5,000] in any one school year, to a graduate
16 student who is eligible under AS 14.40.765 and is pursuing an advanced
17 degree.

18 * Sec. 3. AS 14.40.763(c) is amended to read:

19 (c) To maintain a loan the student must continue to be enrolled
20 as a full-time student in good standing in a career education program,
21 college or university designated under (b) of this section. The com-
22 mission shall adopt regulations defining "good standing" for purposes
23 of this subsection.

24 * Sec. 4. AS 14.40.763(d) is amended to read:

25 (d) Scholarship loans may not be made to a student
26 (1) for more than five years of undergraduate study;
27 (2) for more than five years of graduate study;
28 (3) for more than a total of eight [SIX] years of under-
29 graduate and graduate study.

1 * Sec. 5. AS 14.40.763(g) is repealed and reenacted to read:

2 (g) Unless the commission and the student agree to a different
3 repayment schedule, repayment of the principal and interest on the loan
4 begins no earlier than nine months nor later than one year after the
5 student terminates his studies. The loan shall provide for repayment
6 of the total amount owed in periodic installments in not less than five
7 nor more than 10 years from the commencement of repayment, except as
8 provided in (k) and (m) of this section. If the commission and the
9 student agree to a different repayment schedule, the student shall
10 repay the loan in accordance with the agreement. A student may make
11 payments earlier than required by this subsection.

12 * Sec. 6. AS 14.40.763(i) is amended to read:

13 (i) If a loan is in default, the commission shall [MAY] notify
14 the borrower [STUDENT] that repayment of the remaining balance is
15 accelerated and due by sending the borrower [STUDENT] a notice by
16 registered or certified mail.

17 * Sec. 7. AS 14.40.763(j) is amended to read:

18 (j) A portion of a loan shall be paid on behalf of the borrower
19 by the state if, upon completion of the course of study for which the
20 loan was granted, the borrower resides in the state for [SPENDS] at
21 least three years [EMPLOYED IN THE STATE]. The portion of the loan
22 which shall be paid by the state shall be the following percentages of
23 the total loan received plus interest for up to a total of 40 percent
24 of the total loan:

25 (1) [TWO -] three years residency, 20 [10] percent;

26 (2) [THREE -] four years residency, an additional 10 percent;

27 and

28 (3) [FOUR -] five years residency, an additional 10 percent

29 [;

1 (4) OVER FIVE YEARS RESIDENCY, AN ADDITIONAL 10 PERCENT].

2 * Sec. 8. AS 14.40.763(m) is amended to read:

3 (m) In case of hardship, the committee may extend repayment of a
4 loan for an additional period of up to five years in increments no
5 longer than 12 [SIX] months each [, WITHIN THE 15-YEAR REQUIREMENT OF
6 (g) OF THIS SECTION].

7 * Sec. 9. AS 14.40.763(n) is amended to read:

8 (n) Each year spent attending a college or university in Alaska
9 qualifies as a year of [EMPLOYMENT AND] residency under (j) of this
10 section, if the borrower resides no less than three years in Alaska
11 after completion of the course for which the loan was granted, and has
12 a total Alaskan residency of 10 years time.

13 * Sec. 10. AS 14.40.763 is amended by adding a new subsection to read:

14 (o) The provisions of (j) of this section do not apply to a loan
15 to a borrower named in a complaint as a defendant in an action by the
16 state or by the commission to secure payment of the unpaid balance of a
17 loan made under AS 14.40.759 or 14.40.761.

18 * Sec. 11. This Act takes effect July 1, 1981.
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. FCHCSCSSB 120
Title Amending the Student Loan Program
Requested by Senator Sturgulewski Date June 16, 1981

II. FISCAL DETAIL

Agency Affected Education
Program Category Affected Commission on Postsecondary Education
BRU, Program, or Subprogram(s) Affected Student Loan Program
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	N.A.	5,268.9	6,329.0	7,895.1	10,009.0	12,439.0
TOTAL	N.A.	5,268.9	6,329.0	7,895.1	10,009.0	12,439.0

FUNDING (Thousands of Dollars)

GENERAL FUND	N.A.	5,268.9	6,329.0	7,895.1	10,009.0	12,439.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Program Receipts		(630.0)	(713.1)	(855.7)	(1,026.9)	(1,232.2)
Retroactive Grants		(32.0)				

POSITIONS

FULL TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- a. Fiscal Impact of raising loan limits for FY 82:
Undergraduate: \$3,984,530
Graduate: 602,370
\$4,586,900
- b. Fiscal Impact of increasing grant portion from 40% to 50% retroactively will result in reduction of anticipated revenue during upcoming years, and will have an immediate effect of only \$32,000.
- c. Intent to refund grant portions up front rather than on end of repayment cycle will balance out over ten years, but will have an immediate impact on revenues projected of \$650,000.

IV. DATE June 17, 1981 PREPARED BY Kerry D. Romes
AGENCY Commission on Postsecondary Education
Original: Legislative Finance PHONE 465-2854
cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 120
Title Amending Scholarship Loan Program
Requested by Senate HESS Date 3/16/81

II. FISCAL DETAIL

Agency Affected Education
Program Category Affected Commission on Postsecondary Education
BRU, Program, or Subprogram(s) Affected Student Loan Program

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
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600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	N.A.	4,691.7	5,723.6	6,669.8	7,979.9	9,687.5
TOTAL	N.A.	4,691.7	5,723.6	6,669.8	7,979.9	9,687.5

FUNDING (Thousands of Dollars)

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GENERAL FUND	N.A.	4,691.7	5,723.6	6,669.8	7,979.9	9,687.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
PROGRAM RECEIPTS		(650.0)	(713.1)	(855.7)	(1,026.9)	(1,232.2)

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Fiscal impact of raising limits is based upon the following assumptions:

- current mix of 11% graduate, 89% undergraduate will continue
- current borrowing pattern will continue with slight increase upward, i.e.

Undergraduate:	27.5%	\$ 50-\$1,950	Graduate:	46.5%	\$ 50-\$4,950
	29.3%	\$2,000-\$2,950		53.5%	\$5,000
	41.2%	\$3,000			
- of those borrowing the maximum, if maximums are increased:

Undergraduate:	50%	\$5,000	Graduate:	55%	\$7,000
	40%	\$3,500-\$4,950		25%	\$6,000-\$6,950
	10%	\$3,000-\$3,450		20%	\$5,000-\$5,950
- increased cancellation, plus immediate return will add \$600,000 to \$1,300,000 per year over the next five years.

IV. DATE March 16, 1981 PREPARED BY Kerry D. Romberg

AGENCY Commission on Postsecondary Education
PHONE 465-2854

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

CSSB 120

Original sponsors: Sturgulewski, Kerttula,
Stimson and Dankworth

Offered: 5/8/81
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

HOUSE CS FOR CS FOR SENATE BILL NO. 120 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to undergraduate and graduate scholar-
ship loans; and providing for an effective date."

7

8

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

* Section 1. AS 14.40.759 is amended to read:

10

Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a
loan, not to exceed \$6,000 [\$3,000] in any one school year, to an
undergraduate student eligible under AS 14.40.765.

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* Sec. 2. AS 14.40.761 is amended to read:

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Sec. 14.40.761. GRADUATE LOANS. The committee may make a loan,
not to exceed \$7,000 [\$5,000] in any one school year, to a graduate
student who is eligible under AS 14.40.765 and is pursuing an advanced
degree.

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* Sec. 3. AS 14.40.763(d) is amended to read:

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(d) Scholarship loans may not be made to a student

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(1) for more than five years of undergraduate study;

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(2) for more than five years of graduate study; or

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(3) for more than a total of eight [SIX] years of under-

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repayment schedule, repayment of the principal and interest on the loan

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1 nor more than 10 years from the commencement of repayment, except as
2 provided in (k) and (m) of this section. If the commission and the
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5 payments earlier than required by this subsection.

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13 by the state if, upon completion of the course of study for which the
14 loan was granted, the borrower resides in the state for [SPENDS] at
15 least three years [EMPLOYED IN THE STATE]. The portion of the loan
16 which shall be paid by the state shall be the following percentages of
17 the total loan received plus interest for up to a total of 50 [40]
18 percent of the total loan:

- 19 (1) two - three years residency, 10 percent;
20 (2) three - four years residency, an additional 10 percent;
21 (3) four - five years residency, an additional 10 percent;
22 (4) [OVER] five - six years residency, an additional 10
23 percent; and
24 (5) over six years residency, an additional 10 percent.

25 * Sec. 7. AS 14.40.763(m) is amended to read:

26 (m) In case of hardship, the committee may extend repayment of a
27 loan for an additional period of up to five years in increments no
28 longer than 12 [SIX] months each [, WITHIN THE 15-YEAR REQUIREMENT OF
29 (g) OF THIS SECTION].

1 * Sec. 8. AS 14.40.763(n) is amended to read:

2 (n) Each year spent attending a college or university in Alaska
3 qualifies as a year of [EMPLOYMENT AND] residency under (j) of this
4 section, if the borrower resides no less than three years in Alaska
5 after completion of the course for which the loan was granted, and has
6 a total Alaskan residency of 10 years time.

7 * Sec. 9. AS 14.40.763 is amended by adding a new subsection to read:

8 (o) The provisions of (j) of this section do not apply to a loan
9 to a borrower named in a complaint as a defendant in an action by the
10 state or by the commission to secure payment of the unpaid balance of a
11 loan made under AS 14.40.759 or 14.40.761.

12 * Sec. 10. The reenactment of AS 14.40.763(j) in sec. 6 of this Act
13 (relating to state payment of a portion of a scholarship loan) applies to
14 any student who has obtained a scholarship loan under AS 14.40.751 -
15 14.40.806 since July 1, 1971.

16 * Sec. 11. This Act takes effect July 1, 1981.
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Original sponsors: Sturgulewski, Kerttula,
Stimson and Dankworth

Offered: 3/16/81
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 120 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending the undergraduate and graduate schol-
7 arship loan program; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 14.40.759 is amended to read:

11 Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a
12 loan, not to exceed \$5,000 [\$3,000] in any one school year, to an
13 undergraduate student eligible under AS 14.40.765.

14 * Sec. 2. AS 14.40.761 is amended to read:

15 Sec. 14.40.761. GRADUATE LOANS. The committee may make a loan,
16 not to exceed \$7,000 [\$5,000] in any one school year, to a graduate
17 student who is eligible under AS 14.40.765 and is pursuing an advanced
18 degree.

19 * Sec. 3. AS 14.40.763(d) is amended to read:

20 (d) Scholarship loans may not be made to a student for more than
21 eight [SIX] years.

22 * Sec. 4. AS 14.40.763(j) is repealed and reenacted to read:

23 (j) A portion of a loan shall be paid on behalf of the borrower
24 by the state if, upon completion of the course of study for which the
25 loan was granted, the borrower is employed for at least two years in
26 the state. The portion of the loan which shall be paid by the state
27 shall be the following percentages of the total loan received plus
28 interest for up to a total of 50 percent of the total loan:

29 (1) two - three years residence in the state, 10 percent;

1 (2) three - four years residence in the state, an additional
2 10 percent;

3 (3) four - five years residence in the state, an additional
4 10 percent;

5 (4) five - six years residence in the state, an additional
6 10 percent;

7 (5) over six years residence in the state, an additional 10
8 percent.

9 * Sec. 5. AS 14.40.765 is repealed and reenacted to read:

10 Sec. 14.40.765. ELIGIBILITY OF STUDENTS. (a) A person may apply
11 for and obtain a scholarship loan if the person

12 (1) is a resident of the state at the time he applies for a
13 scholarship loan;

14 (2) meets the requirements of (b) of this section; and

15 (3) is

16 (A) enrolled as a full-time student in a career educa-
17 tion or associate or baccalaureate or graduate degree program; or

18 (B) a graduate of a high school, or scheduled for
19 graduation from a high school within six months, with sufficient
20 credits to be admitted to a career education program or to an
21 accredited college or university.

22 (b) In addition to the requirements of (a) of this section, to
23 obtain a scholarship loan a person must have been a resident of the
24 state for at least two years at the time he applies for the loan. For
25 purposes of this subsection, a person qualifies as a resident of the
26 state if at the time he applies for the loan

27 (1) he has been present in the state for at least two years
28 unless his absence from the state during any part of the two years was
29 due to military service; or

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(2) he is a person who is dependent on a parent or guardian for his care, and the parent or guardian has been present in the state for at least two years.

Sec. 6. The reenactment of AS 14.40.763(j) in sec. 4 of this Act applies to any student who has obtained a scholarship loan under AS 14.40.751 - 14.40.806 since July 1, 1971.

* Sec. 7. This Act takes effect July 1, 1981.



Alaska Statewide Student Association

P.O. BOX 548
DOUGLAS, ALASKA 99824

Director - Bill Zybach

REPRESENTING STUDENTS OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM

Senate Finance Committee
Testimony on CS SB 120

4-13-81

I am Bill Zybach, Director of the Alaska Statewide Student Association and I would like to thank you for giving me the opportunity to speak before you on behalf of the 24,000 students our student governments represent.

I have enjoyed the opportunity to testify twice on this bill before the Senate HESS Committee and have presented testimony on related legislation in the House HESS and Finance Committees.

At the onset, let me state that we are very much in favor of the principles behind this legislation and also, we contributed in the discussions which led to the committee substitute.

Let me briefly outline our position. The Student Government Associations around the state have identified six areas where the State Scholarship Loan Program needs modification:

1. Extending the period of the loan.
2. A graduated repayment plan for the loan.
3. Increase incentives for students to return to the state.
4. Increasing the levels of the loan amounts.
5. Establish incentives for students to attend in-state institutions.
6. Encouragement of Academic excellence.

CS SB 120 and its letter of intent addresses the first four of these areas; the first three we are very satisfied with; however, we do have some concern with the fourth issue which is most germane to this committee--maximum amounts of the loan. On this point, we support increasing the amounts for the maximum loan figures to \$6,000 and \$8,500 for undergraduate and graduate borrowers, respectively. These amounts are advocated because the research presented by the Postsecondary Education Commission, the House Research Committee and the University's Office of Institutional Planning indicates that these amounts would more adequately finance the education of students seeking attendance at most public and private institutions. Also, these amounts more readily reflect the cost of education for the type of students we have in Alaska, older students who are returning to school and who often have families to support. All of the data presented gives figures for single students living in university provided housing (if available).

We believe that the state should offer a program that attempts to meet the needs of its citizens. Alaska is in a very different position than it was a decade ago; it is now

ASSA

ASSA
Senate Finance Committee
Testimony on CS SB 120

in a position, if it desires, to assist, to a greater degree, those seeking higher education. If the citizen has a true desire and a legitimate need for a loan to attend an institute of higher education, and the state has the means of providing temporary and partial assistance through a loan program, we believe that program should exist to meet needs to the greatest extent possible. Many great leaders of our nation have extolled the need for a college education, and if this state is to be great, we suggest it can and must invest in the development of its human resources. Not everyone will need the maximum amount provided for in the loan, but it would be unfortunate to withhold access to quality schools due to insufficient financing which is happening today. We suggest that the state can and should provide maximum amounts that would approach full rather than partial funding for access to quality higher education.

The issue of indebtedness has been raised in the past. An important point to make is the recognition that, whether there is a loan program or not, the cost of education is still going to be just as expensive and that most people who attend a college or university will incur a debt or will not attend at all. This bill and the program provide up to 50% forgiveness of the loan, thus cutting the indebtedness in half for those returning to the state.

Therefore, we believe that only one modification should be made to the bill; the maximum loan amounts should be increased to \$6,000 and \$8,500 for undergraduate and graduate loans, respectively.

Thank you.

Sincerely,



Bill Lybach
ASSA Director

TABLE 6. TOTAL FULL-TIME UNDERGRADUATE NON-RESIDENT STUDENT CHARGES
 AT MAJOR PUBLIC UNIVERSITIES IN THE UNITED STATES, 1980-81

<u>Rank</u>	<u>Institution</u>	<u>Total</u>	<u>Rank</u>	<u>Institution</u>	<u>Total</u>
1	Massachusetts Inst of Tech	\$9,100	31	University of Maine (Machias)	\$4,890
2	Cornell Univ (Endowed)	8,360	32	University of Maine (Fort Kent)	4,880
3	University of Vermont	6,734	33	Michigan State University	4,848
4	Cornell Univ (Statutory)	6,590	34	University of Maine (Presque Isle)	4,827
5	University of Michigan	6,466	35	University of Maine (Farmington & Southern Maine)	4,809
6	University of New Hampshire	6,205	36	Ohio University	4,800
7	Temple University	5,994	37	Ohio State University	4,791
8	Univ of California (Irvine)	5,736	38	University of Maryland (Baltimore County)	4,785
9	University of Pittsburgh	5,644	39	Miami University	4,760-Q ₃
10	University of Rhode Island	5,589	40	Univ of Minnesota (Duluth)	4,751
11	University of Colorado	5,529	41	University of Wisconsin (River Falls)	4,746
12	University of Pittsburgh (Bradford)	5,500	42	University of Illinois (Medical Center)	4,726
13	University of Wisconsin (Milwaukee)	5,492	42	University of Minnesota (Twin Cities)	4,726
14	University of California (San Diego)	5,489	44	University of Wisconsin (Stevens Point)	4,724
15	University of California (Santa Cruz)	5,411	45	Colorado State University	4,720
16	University of California (Berkeley)	5,407	46	University of New Hampshire (Keene State)	4,703
17	University of Pittsburgh (Johnstown)	5,406	47	University of New Hampshire (Plymouth State)	4,684
18	University of California (Santa Barbara)	5,224	48	University of Wisconsin (Platteville)	4,580
19	University of Wisconsin	5,170	49	University of Wisconsin (Stout)	4,578
20	Univ of California (Davis)	5,160	50	University of Wisconsin (Oshkosh)	4,558
21	University of Maryland	5,131	51	University of Wisconsin (Whitewater)	4,540
22	Pennsylvania State Univ (Behrend, Capitol, & University Park)	5,127	52	University of Wisconsin (Eau Claire)	4,515
23	University of Maine	5,085	53	University of Wisconsin (La Crosse)	4,499
24	University of Oregon	5,049	54	University of Delaware	4,479
25	University of Massachusetts (Amherst)	5,048	55	Georgia Inst of Tech	4,475
26	Oregon State University	4,977			
27	University of California (Los Angeles)	4,941			
28	University of Cincinnati	4,929			
29	University of California (Riverside)	4,924			
30	University of Wisconsin (Superior)	4,918			

TABLE G. (CONTINUED)

<u>Rank</u>	<u>Institution</u>	<u>Total</u>	<u>Rank</u>	<u>Institution</u>	<u>Total</u>
56	University of Virginia	\$4,438	96	University of Texas	\$3,628
57	University of Connecticut	4,390	97	Univ of North Carolina (East Carolina Univ)	3,593
58	University of Minnesota (Morris)	4,380	98	State Univ of New York (Buffalo, Buffalo Health, Stony Brook, Stony Brook Health)	3,591
59	Purdue University	4,300	99	University of Wyoming	3,578
60	University of Illinois	4,264	100	Univ of North Carolina (NC Central)	3,570
61	University of Arizona	4,260	101	University of Iowa	3,566
62	University of Utah	4,218	102	Montana State University	3,556
63	University of Washington	4,209	103	State Univ of New York (Binghamton)	3,537
64	Indiana University	4,176	104	State Univ of New York (New Paltz)	3,533
65	University of Missouri (Rolla)	4,131	105	Texas A&M University (Prairie View)	3,524
66	Kent State University	4,088	106	University of Mississippi	3,509
67	Southern Illinois Univ (Edwardsville)	4,086	107	University of Tennessee	3,489
68	Arizona State University	4,060	108	State Univ of New York (Buffalo Univ College)	3,487
69	Washington State University	4,034	109	State Univ of New York (Maritime)	3,465
70	University of Missouri (Kansas City)	4,022	110	Tennessee State University	3,460
71	North Carolina State Univ	3,995	111	State Univ of New York (Plattsburgh)	3,422
72	Virginia Commonwealth Univ	3,993	112	State Univ of New York (Brockport)	3,415
73	Rutgers University	3,990	113	State Univ of New York (Fredonia)	3,411
74	Southern Illinois Univ	3,978	114	State Univ of New York (Potsdam)	3,409
75	University of Maryland (Eastern Shore)	3,957	115	University of Kansas	3,394
76	University of North Carolina	3,954	116	State Univ of New York (Oneonta)	3,385
77	University of Nevada	3,950	117	West Virginia University	3,376
78	University of North Carolina (Greensboro)	3,913	118	State Univ of New York (Oswego)	3,366
79	Florida State University	3,906-MDN	119	State Univ of New York (Genesco)	3,355-Q ₁
80	University of Kentucky	3,898	120	Virginia State University	3,354
81	University of Florida	3,895	121	Iowa State University	3,348
82	University of Georgia	3,878	122	UNIV OF ALASKA, FAIRBANKS	3,342
83	State Univ of New York (Coll Env Sci & For)	3,869	123	Texas A&M University	3,318
84	University of Nebraska	3,860	124	State Univ of New York (Albany)	3,300
85	University of South Florida	3,828	125	Kansas State University	3,294
86	Florida A&M University	3,824			
87	University of Missouri	3,820			
88	North Carolina State Univ	3,810			
89	Clemson University	3,798			
90	University of New Mexico	3,775			
91	University of Montana	3,751			
92	Univ of South Carolina	3,745			
93	Utah State University	3,700			
94	Texas A&M Univ (Galveston)	3,636			
95	University of Idaho	3,634			

10. Sample Costs:

a. Single Student College-Approved Budgets (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Anchorage	\$3,922	\$8,500
University of Alaska, Fairbanks	3,814	5,684
University of Washington	5,654	7,120
Gonzaga University	7,010	7,940
Western Washington University	6,280	7,880
University of Oregon	6,940	8,120
University of Colorado	3,150	9,540
Stanford University	9,800	11,250

b. Tuition and/or Required Fees (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Fairbanks	\$ 562	\$ 792
University of Arizona*	2,500	2,500
University of Colorado*	3,584	3,752
University of Hawaii	480	582
University of Idaho*	1,990	2,000
University of Oregon*	3,431	2,433
University of Washington*	2,394	2,736

11. Miscellaneous Information:

a. Length of Residence of 1980-81 Borrowers

<u>Student Level</u>	<u>Median Residency</u>	<u>Percent of Lifelong Residents</u>	<u>Percent of 2-year Residents</u>
Freshman	10.7 years	30.4	8.1 (152)
Sophomore	12.0 years	35.2	5.9 (74)
Junior	5.0 years	26.9	19.2 (187)
Senior	5.0 years	20.0	15.0 (107)
<u>Graduate</u>	<u>4.0 years</u>	<u>23.6</u>	<u>21.4 (91)</u>
Combined	8.6 years	30.0	10.4

b. Age of 1980-81 Borrowers

<u>Age</u>	<u>Percent Freshmen</u>	<u>Percent Sophomores</u>	<u>Percent Juniors</u>	<u>Percent Seniors</u>	<u>Percent Graduates</u>
16-18	1.0	-	-	-	-
19-21	29.2	41.2	30.5	15.8	7.1
22-25	10.4	14.7	19.2	26.3	28.6
26-30	8.3	17.6	23.1	36.8	28.6
30-60	10.8	26.3	19.2	21.1	35.6
60+	.3	.2	N.A.	N.A.	.1
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Median Age	18.5 years	22.5 years	24.0 years	27.8 years	26.3 years

*Non-resident



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 2, 1981

MEMORANDUM

TO: Representative Terry Gardiner

FROM: Leslie Longenbaugh *LL*
Research Staff

RE: Student Loans
Research Request Number 81-12

In the interest of obtaining a better understanding of the adequacy of student loan amounts offered by the State of Alaska, you have asked that we provide data on the average tuition and living expenses associated with graduate and undergraduate schools in the Pacific Northwest.

The current Alaska Student Loan Program, administered by the Commission on Postsecondary Education, limits loan awards to \$3,000 per academic year for undergraduate study and \$5,000 per academic year for graduate work. Since 1971-72, when the loan program began dispensing funds, 11.9% of the loans have gone for graduate work; the remaining 88.1% have all been awarded to undergraduates. The loans offer the student a ten-year repayment period at an annual interest rate of 5%; up to 40% of the loan will be forgiven when a borrower returns to work in Alaska or attends an Alaskan institution.

The average loan award amount has increased steadily in the ten years of the program's existence as costs to students have risen. In 1979-80, the average loan (graduate and undergraduate) was \$2,393. Loan awards have been higher for those students attending schools out of state, because, as is shown below, both public and private institutions in the rest of the Northwest cost more, on the average, than Alaskan schools.

The costs presented on the following pages, both for graduate and undergraduate instruction and for the cost of living, are from a randomly chosen group of universities and colleges. They give some idea of the minimum costs incurred by most Alaskan students who attend school in the West.

¹Senate Bill 120, introduced on January 29, 1980, by Senators Sturgulewski, Kerttula, Stimpson and Dankworth, would increase these limits to \$5,000 for undergraduate study and \$7,000 for graduate study. A copy of this bill is attached.

The figures listed do not include a student's transportation, books, or other miscellaneous expenses. The "on-campus" costs, except where noted, are average board and room expenses for a single student sharing a dormitory room. In using these figures to compute future loan amounts, it should be remembered that all university fees increase often and without notice.

UNDERGRADUATE COSTS

According to the 1979-80 annual report of the Alaska Commission on Postsecondary Education, 60% of the undergraduate loans granted for the 1979-80 school year were given to students attending schools in Washington, Alaska and Oregon. Average costs of attendance at selected universities in these states are listed below. All figures are based on unmarried, nonresident status; students must retain their Alaska residency in order to qualify for the State loans.

Based on the schools surveyed, public school costs for undergraduate students in Washington, Oregon and Alaska average around \$4,000 (including tuition, fees, room, and board). Inclusion of the three private colleges in Alaska would increase the average for all three states to \$4,600; the average for Washington and Oregon alone is in the area of \$5,800.

TABLE 1

Survey of Undergraduate Tuition and Living Expenses Per Academic Year

Washington

Institution Name	Year	Tuition and Fees	Cost of Living	TOTAL
U. of Washington	80-81	\$2,394 ¹	on-campus: \$3,900 ² (off-campus: \$4,375 ²)	\$6,294 \$6,769
Washington State	80-81	\$2,394	on-campus: \$1,620	\$4,014
Central Washington	80-81	\$1,983	on-campus: \$1,810	\$3,793
Western Washington	80-81	\$1,983	on-campus: \$1,680	\$3,663
AVERAGE		\$2,189	on-campus: \$2,253	\$4,415

¹The University of Washington has raised its tuition, fees, room and board for the 81-82 school year. New costs will be: Tuition and fees, \$3,288.
 On-campus cost of living, \$4,794.
 Expenses on campus, then, will total \$8,082.

²These are estimates computed by the Office of Admissions at the University of Washington. They include only tuition, fees, room, and board, but are not exact amounts.

TABLE 2

Survey of Undergraduate Tuition and Living Expenses Per Academic Year

Oregon

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Oregon	80-81	\$3,282	on-campus: \$2,200	\$5,482
Oregon State	80-81	\$3,327	on-campus: \$1,750	\$5,077
Portland State	80-81	\$3,261	- not available -	
AVERAGE		\$3,290	on-campus: \$1,975	\$5,265

TABLE 3

Survey of Undergraduate Tuition and Living Expenses Per Academic Year

Alaska

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Alaska system	80-81	\$1,410	on-campus: \$1,960	\$2,370
Inupiat College	80-81	\$1,420	not available	
Sheldon Jackson College (private)	80-81	\$2,650	on-campus: \$2,500	\$5,150
Alaska Pacific University (private)	80-81	\$2,350	on-campus: \$2,600	\$4,950
AVERAGE		\$1,457	on-campus: \$2,353	\$4,156

GRADUATE SCHOOL COSTS

Of those Alaskan postgraduate students who received state loans for the 1979-80 academic year, 63% were attending institutions in Washington, California, Alaska and Oregon; therefore, for the description of costs incurred by graduate students, I have included figures from California schools.

The average graduate costs for tuition, fees, and on-campus room and board for all four states is around \$4,900. Excluding Alaska, the average minimum expenditure to graduate school in 1980-81 is around \$5,300.

TABLE 4

Survey of Graduate Tuition and Cost of Living Expenses Per Academic year

Washington

Institution Name	Year	Tuition and Fees	Cost of Living	TOTAL
U. of Washington	80-81	\$3,648	on-campus: \$4,260 ¹ (off-campus: \$4,735 ¹)	\$7,908 \$8,383
Washington State	80-81	\$2,736	on-campus: \$1,620 (off-campus: \$2,000)	\$4,356 \$4,736) ²
Central Washington	80-81	\$2,256	on-campus: \$1,810	\$4,066
Western Washington	80-81	\$2,256	on-campus: \$1,680	\$3,936
AVERAGE.		\$2,724	on-campus: \$2,342	\$5,067

¹ These are estimates computed by the Office of Admissions at the University of Washington. They include only tuition, fees, room, and board, but do not represent exact amounts.

² These are estimates computed by Washington State University, based on average rental and food expenses in the area.

TABLE 5

Survey of Graduate Tuition and Living Expenses Per Academic Year

California

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. C. Berkeley	80-81	\$2,400	off-campus: \$2,745 ¹	\$5,145
San Diego State	80-81	\$2,160	on-campus: \$2,030	\$4,190
Stanford (private)	80-81	\$6,900	on-campus: \$2,900	\$9,800
AVERAGE		\$3,820 (w/o Stanford, \$2,280)	on-campus: \$2,558	\$6,378 (w/o Stanford, \$4,667)

¹ This estimate was computed by the University of California at Berkeley. It includes tuition, fees, room, and board for a nonresident student.

TABLE 7

Survey of Graduate Tuition and Living Expenses Per Academic Year

Alaska

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Alaska system	80-81	\$ 640	on-campus: \$1,960	\$2,600
Alaska Pacific University (private)	80-81	\$2,350	on-campus: \$2,600	\$4,950
AVERAGE		\$1,495	on-campus: \$2,280	\$3,775

TABLE 6

Survey of Graduate Tuition and Living Expenses Per Academic Year

Oregon

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Oregon	80-81	\$2,433	on-campus: \$2,200	\$4,633
Portland State	80-81	\$2,397	- not available -	---
Oregon State	80-81	\$2,388	on-campus: \$1,750 (off-campus: \$2,000 ¹)	\$4,138 \$4,385
AVERAGE		\$2,406	on-campus: \$1,975	\$4,385

¹ This is an estimate computed informally by the Office of Admissions at Oregon State University. It includes tuition, fees, room, and board, but is not an exact amount.

Representative Gardiner
February 2, 1981
Page 11

It should be remembered that the figures presented in this memorandum are for the 1980-81 academic year. With a national inflation rate that continues at over 10%, it can be assumed that student tuition, fees, and living costs will increase at a similar pace. Any planning for increases in loan award ceilings, which are presently set at \$3,000 for each year of undergraduate study and \$5,000 for a year of graduate work, should incorporate some adjustment for the almost continuous increases in the prices of instruction, housing, and food.

I have enclosed a copy of the Annual Report, Student Loan Program, 1979-80, which gives further information about the recipients of student loans.

If we can be of further assistance in this regard, please call on us.



Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

March 13, 1981

Charlie Parr, Chairman
Terry Stimson, Vice-Chairman
Vic Fischer
Tim Kelly
Mike Colletta

Pouch V
State Capitol
Juneau, Alaska 9981

465-4907
465-4908

LETTER OF INTENT

ON

CS FOR SENATE BILL NO. 120

CSSB 120 amends the Student Loan Program by increasing the maximum amount which can be borrowed and the number of years in which loans may be paid. It increases the incentive for the student to remain in the State after graduation (so that the State may profit by its investment) by increasing the loan forgiveness from 40 percent to 50 per cent.

It is the intent of the Committee that the loan forgiveness not wait until the end of the repayment cycle, as is currently the practice, since students cannot perceive these benefits during the first several years. For the loan forgiveness to be a truly effective incentive, benefits should be realized as they are earned.

It is the intent of the Committee that forgiveness benefits be provided to the borrower in the form of annual refunds as eligibility is established. Under this policy the borrower remaining in the State will get 10 percent loan forgiveness at the end of each year.

The above loan forgiveness policy can be handled by administrative action, and no legislation is required.

Charles H. Parr, Chairman

4/11/81

SENATE BILL 120 (Amending the undergraduate and graduate scholarship loan program)

1-29-81 Introduced by Senators Sturgulewski, Kerttula, Stimson and Dankworth
Ref: Senate Health, Education and Social Services and Finance ;

3-16-81 S. HESS recommends bill be replaced with Committee Substitute and reported it back with 3 'do pass' recommendations and attached new fiscal note and letter of intent

Summary- Raises the maximum amount that can be borrowed for undergraduate loans from \$3,000 to \$5,000 and for graduate loans from \$5,000 to \$7,000 for eligible students. Also, amends loan conditions from 6 years to 8 years the number of years over which loans may be paid; increases the loan forgiveness by the State from 40% to 50% and decreases the residency requirement from 3 years to 2 years. Section 5 of the Committee Substitute repeals existing statute language regarding Student Eligibility and strengthens the residency requirement.

Note: House Bill 32 (SSHB 32) is presently being considered by the House Finance Committee.

HB 32 increases limits for undergraduate loans to \$6,000; graduate loans to \$8,500; changes 'default clause' language; residency requirements remain at 3 years; but does not contain new eligibility section.

HB 32 introduced 2-11-81 by Rep. Gardiner, Miller, et al
Ref: House HESS, Finance

3-6-81 H. HESS reported bill out with Committee Substitute and 3 'do pass' and 2 'do not pass unless am' recommendations

Alaska Student Loan Program

Fact Sheet

1. Total Loans 1971-72 through 1979-80:

Undergraduate	16,359	\$ 30.4 million
Graduate	<u>2,210</u>	<u>7.4 million</u>
Total	18,569	\$ 37.8 million

2. Current Year

(1980-81, as of 1/14/81): 5,880 loans \$ 16.0 million

3. Percent Loans In-State/Out-of-State (1979-80):

	<u>In-State</u>	<u>Out-of-State</u>
Undergraduate	36.1 (43.5)	63.9 (56.5)
Graduate	12.3 (19.0)	87.7 (81.0)

4. Loan Collections (per month average):

1974-75	\$ 19,623
1975-76	38,794
1976-77	. 95,122
1977-78	99,321
1978-79	115,970
1979-80	133,620
1980-81 (est.)	170,000

5. Loan Cancellations (per month average):

1974-75	\$ 59
1975-76	3,686
1976-77	5,396
1977-78	26,192
1978-79	37,165
1979-80	34,125
1980-81 (est.)	45,000

6. Past Due and Default Loans

Past Due	October		November		December		January	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
31-60 days	484	1,171,102	478	1,032,186	547	1,174,413	508	1,053,685
61-90	204	451,853	268	649,596	288	585,991	295	585,775
91-120	180	505,039	178	389,083	188	463,252	193	385,664
120+	878	1,981,084	909	2,038,126	954	2,096,983	927	2,154,220
TOTAL	1,746	4,109,078	1,833	4,108,991	1,977	4,320,639	1,923	4,179,344
Default Rate	11.2%		11.2%		11.3%		11.3%	

7. Current Year (as of 1/14/81)

	<u>In-State</u>	<u>Out-of-State</u>	<u>Total</u>
Freshman	864 (46.0)	1,014 (54.0)	1,878
Sophomore	512 (41.1)	734 (58.9)	1,246
Junior	399 (41.0)	575 (59.0)	974
Senior	327 (46.0)	384 (54.0)	711
Vocational	173 (40.9)	250 (59.1)	423
Sub-Total	2,275 (43.5)	2,957 (56.5)	5,232
Graduate	123 (19.0)	525 (81.0)	648
TOTAL	2,398 (40.8)	3,482 (58.2)	5,880

8. Raising Loan Limits

Undergraduate	\$2,500	\$4,500	\$5,000
Graduate	\$6,000	\$7,500	\$7,000
1981-82 Cost	\$1,575,700	\$3,619,600	\$4,041,704

9. Other Issues

- a. Adding a section which states that if a person allows the loan to become default (120+ days past due), all cancellation benefits are forfeited.
- b. Providing additional cancellation for in-state attendance, for example, an additional 5% per year of attendance, for up to a maximum of 20%.
- c. Providing additional cancellation for maintaining a "B" grade average for undergraduates, for example, an additional 5% upon graduation.
- d. Providing grant provisions for Alaskan borrowers age 60 and over.

10. Sample Costs:

a. Single Student College-Approved Budgets (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Anchorage	\$5,922	\$8,500
University of Alaska, Fairbanks	3,814	5,684
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b. Tuition and/or Required Fees (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
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Charlie Parr, Chairman
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Vic Fischer
Tim Kelly
Mike Colletta

Pouch V
State Capitol
Juneau, Alaska 99811

465-4907
465-4908

March 13, 1981

LETTER OF INTENT

ON

CS FOR SENATE BILL NO. 120

CSSB 120 amends the Student Loan Program by increasing the maximum amount which can be borrowed and the number of years in which loans may be paid. It increases the incentive for the student to remain in the State after graduation (so that the State may profit by its investment) by increasing the loan forgiveness from 40 percent to 50 per cent.

It is the intent of the Committee that the loan forgiveness not wait until the end of the repayment cycle, as is currently the practice, since students cannot perceive these benefits during the first several years. For the loan forgiveness to be a truly effective incentive, benefits should be realized as they are earned.

It is the intent of the Committee that forgiveness benefits be provided to the borrower in the form of annual refunds as eligibility is established. Under this policy the borrower remaining in the State will get 10 percent loan forgiveness at the end of each year.

The above loan forgiveness policy can be handled by administrative action, and no legislation is required.

A handwritten signature in cursive script, appearing to read "Charles H. Parr".

Charles H. Parr, Chairman

SENATE LETTER OF INTENT

Letter of Intent on SENATE BILL NO. 120 follows:

CSSB 120 amends the Student Loan Program by increasing the maximum amount which can be borrowed and the number of years in which loans may be paid. It increases the incentive for the student to remain in the State after graduation (so that the State may profit by its investment) by increasing the loan forgiveness from 40 percent to 50 percent.

It is the intent of the Committee that the loan forgiveness not wait until the end of the repayment cycle, as is currently the practice, since students cannot perceive these benefits during the first several years. For the loan forgiveness to be a truly effective incentive, benefits should be realized as they are earned.

It is the intent of the Committee that forgiveness benefits be provided to the borrower in the form of annual refunds as eligibility is established. Under this policy the borrower remaining in the State will get 10 percent loan forgiveness at the end of each year.

The above loan forgiveness policy can be handled by administrative action, and no legislation is required.

Adopted by the Senate 18-1-1, April 21, 1981

Original sponsors: Sturgulewski, Kerttula,
Stimson and Dankworth

Offered: 3/16/81
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 120 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending the undergraduate and graduate schol-
7 arship loan program; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 14.40.759 is amended to read:

11 Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a
12 loan, not to exceed \$5,000 [\$3,000] in any one school year, to an
13 undergraduate student eligible under AS 14.40.765.

14 * Sec. 2. AS 14.40.761 is amended to read:

15 Sec. 14.40.761. GRADUATE LOANS. The committee may make a loan,
16 not to exceed \$7,000 [\$5,000] in any one school year, to a graduate
17 student who is eligible under AS 14.40.765 and is pursuing an advanced
18 degree.

19 * Sec. 3. AS 14.40.763(d) is amended to read:

20 (d) Scholarship loans may not be made to a student for more than
21 eight [SIX] years.

22 * Sec. 4. AS 14.40.763(j) is repealed and reenacted to read:

23 (j) A portion of a loan shall be paid on behalf of the borrower
24 by the state if, upon completion of the course of study for which the
25 loan was granted, the borrower is employed for at least two years in
26 the state. The portion of the loan which shall be paid by the state
27 shall be the following percentages of the total loan received plus
28 interest for up to a total of 50 percent of the total loan:

29 (1) two - three years residence in the state, 10 percent;

1 (2) three - four years residence in the state, an additional
2 10 percent;

3 (3) four - five years residence in the state, an additional
4 10 percent;

5 (4) five - six years residence in the state, an additional
6 10 percent;

7 (5) over six years residence in the state, an additional 10
8 percent.

9 * Sec. 5. AS 14.40.765 is repealed and reenacted to read:

10 Sec. 14.40.765. ELIGIBILITY OF STUDENTS. (a) A person may apply
11 for and obtain a scholarship loan if the person

12 (1) is a resident of the state at the time he applies for a
13 scholarship loan;

14 (2) meets the requirements of (b) of this section; and

15 (3) is

16 (A) enrolled as a full-time student in a career educa-
17 tion or associate or baccalaureate or graduate degree program; or

18 (B) a graduate of a high school, or scheduled for
19 graduation from a high school within six months, with sufficient
20 credits to be admitted to a career education program or to an
21 accredited college or university.

22 (b) In addition to the requirements of (a) of this section, to
23 obtain a scholarship loan a person must have been a resident of the
24 state for at least two years at the time he applies for the loan. For
25 purposes of this subsection, a person qualifies as a resident of the
26 state if at the time he applies for the loan

27 (1) he has been present in the state for at least two years
28 unless his absence from the state during any part of the two years was
29 due to military service; or

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(2) he is a person who is dependent on a parent or guardian for his care, and the parent or guardian has been present in the state for at least two years.

Sec. 6. The reenactment of AS 14.40.763(j) in sec. 4 of this Act applies to any student who has obtained a scholarship loan under AS 14.40.751 - 14.40.806 since July 1, 1971.

* Sec. 7. This Act takes effect July 1, 1981.



Official Business

Alaska State Legislature

Senate

Charlie Parr, Chairman
Terry Stimson, Vice-Chairman
Vic Fischer
Tim Kelly
Mike Colletta

Committee on
Health, Education & Social Services

Pouch V
State Capitol
Juneau, Alaska 99811

465-4907
465-4908

March 13, 1981


LETTER OF INTENT
ON
CS FOR SENATE BILL NO. 120

CSSB 120 amends the Student Loan Program by increasing the maximum amount which can be borrowed and the number of years in which loans may be paid. It increases the incentive for the student to remain in the State after graduation (so that the State may profit by its investment) by increasing the loan forgiveness from 40 percent to 50 per cent.

It is the intent of the Committee that the loan forgiveness not wait until the end of the repayment cycle, as is currently the practice, since students cannot perceive these benefits during the first several years. For the loan forgiveness to be a truly effective incentive, benefits should be realized as they are earned.

It is the intent of the Committee that forgiveness benefits be provided to the borrower in the form of annual refunds as eligibility is established. Under this policy the borrower remaining in the State will get 10 percent loan forgiveness at the end of each year.

The above loan forgiveness policy can be handled by administrative action, and no legislation is required.



Charles H. Parr, Chairman

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 120
 Title Amending Scholarship Loan Program
 Requested by Senate HESS Date 3/16/81

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Commission on Postsecondary Education
 BRU, Program, or Subprogram(s) Affected Student Loan Program

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	N.A.	4,691.7	5,723.6	6,669.8	7,979.9	9,687.5
TOTAL	N.A.	4,691.7	5,723.6	6,669.8	7,979.9	9,687.5

FUNDING (Thousands of Dollars)

GENERAL FUND	N.A.	4,691.7	5,723.6	6,669.8	7,979.9	9,687.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
PROGRAM RECEIPTS		(650.0)	(713.1)	(855.7)	(1,026.9)	(1,232.2)

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Fiscal impact of raising limits is based upon the following assumptions:

- current mix of 11% graduate, 89% undergraduate will continue
- current borrowing pattern will continue with slight increase upward, i.e.

Undergraduate:	27.5%	\$ 50-\$1,950	Graduate:	46.5%	\$ 50-\$4,950
	29.3%	\$2,000-\$2,950		53.5%	\$5,000
	41.2%	\$3,000			
- of those borrowing the maximum, if maximums are increased:

Undergraduate:	50%	\$5,000	Graduate:	55%	\$7,000
	40%	\$3,500-\$4,950		25%	\$6,000-\$6,950
	10%	\$3,000-\$3,450		20%	\$5,000-\$5,950
- increased cancellation, plus immediate return will add \$600,000 to \$1,300,000 per year over the next five years.

IV. DATE March 16, 1981 PREPARED BY Kerry D. Romberg
 AGENCY Commission on Postsecondary Education
 PHONE 465-2854

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SR 120
 Title Amending Scholarship Loan Program
 Requested by Senate Hess Date 1/30/81

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Commission on Postsecondary Education
 BRU, Program, or Subprogram(s) Affected Student Loan Program

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	N.A.	4,041.7	5,010.5	5,814.1	6,953.0	8,455.3
TOTAL	N.A.	4,041.7	5,010.5	5,814.1	6,953.0	8,455.3

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	N.A.	4,041.7	5,010.5	5,814.1	6,953.0	8,455.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Fiscal impact of raising limits is based upon the following assumptions:

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	29.3%	\$2,000-\$2,950		53.5%	\$5,000
	41.2%	\$3,000			
- of those borrowing the maximum, if maximums are increased,

Undergraduate:	50%	\$5,000	Graduate:	55%	\$7,000
	40%	\$3,500-\$4,950		20%	\$6,000-\$6,950
	10%	\$3,000-\$3,450			

IV. DATE January 30, 1981 PREPARED BY Kerry D. [Signature]
 AGENCY Commission on Postsecondary Education
 Original: Legislative Finance PHONE 465-2854
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

SEN. BENNETT

BACK-UP FOR
SB 120 ON
CALENDAR TODAY

4/11/81

SENATE BILL 120 (Amending the undergraduate and graduate scholarship loan program)

1-29-81 Introduced by Senators Sturgulewski, Kerttula, Stimson and Dankworth
Ref: Senate Health, Education and Social Services and Finance

3-16-81 S. HESS recommends bill be replaced with Committee Substitute and reported it back with 3 'do pass' recommendations and attached new fiscal note and letter of intent

Summary- Raises the maximum amount that can be borrowed for undergraduate loans from \$3,000 to \$5,000 and for graduate loans from \$5,000 to \$7,000 for eligible students. Also, amends loan conditions from 6 years to 8 years the number of years over which loans may be paid; increases the loan forgiveness by the State from 40% to 50% and decreases the residency requirement from 3 years to 2 years. Section 5 of the Committee Substitute repeals existing statute language regarding Student Eligibility and strengthens the residency requirement.

Note: House Bill 32 (HB 32) is presently being considered by the House Finance Committee.

HB 32 increases limits for undergraduate loans to \$6,000; graduate loans to \$8,500; changes 'default clause' language; residency requirements remain at 3 years; but does not contain new eligibility section.

HB 32 introduced 2-11-81 by Rep. Gardiner, Miller, et al
Ref: House HESS, Finance

3-6-81 H. HESS reported bill out with Committee Substitute and 3 'do pass' and 2 'do not pass unless am' recommendations



Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

March 13, 1981

Charlie Parr, Chairman
Terry Stimson, Vice-Chairman
Vic Fischer
Tim Kelly
Mike Colletta

Pouch V
State Capitol
Juneau, Alaska 99811

465-4907
465-4908

LETTER OF INTENT

ON

CS FOR SENATE BILL NO. 120

CSSB 120 amends the Student Loan Program by increasing the maximum amount which can be borrowed and the number of years in which loans may be paid. It increases the incentive for the student to remain in the State after graduation (so that the State may profit by its investment) by increasing the loan forgiveness from 40 percent to 50 per cent.

It is the intent of the Committee that the loan forgiveness not wait until the end of the repayment cycle, as is currently the practice, since students cannot perceive these benefits during the first several years. For the loan forgiveness to be a truly effective incentive, benefits should be realized as they are earned.

It is the intent of the Committee that forgiveness benefits be provided to the borrower in the form of annual refunds as eligibility is established. Under this policy the borrower remaining in the State will get 10 percent loan forgiveness at the end of each year.

The above loan forgiveness policy can be handled by administrative action, and no legislation is required.

A handwritten signature in cursive script, appearing to read "Charles H. Parr".

Charles H. Parr, Chairman

Alaska Student Loan Program

Fact Sheet

1. Total Loans 1971-72 through 1979-80:

Undergraduate	16,359	\$ 30.4 million
Graduate	<u>2,210</u>	<u>7.4 million</u>
Total	18,569	\$ 37.8 million

2. Current Year

(1980-81, as of 1/14/81): 5,880 loans \$ 16.0 million

3. Percent Loans In-State/Out-of-State (1979-80):

	<u>In-State</u>	<u>Out-of-State</u>
Undergraduate	36.1 (43.5)	63.9 (56.5)
Graduate	12.3 (19.0)	87.7 (81.0)

4. Loan Collections (per month average):

1974-75	\$ 19,623
1975-76	38,794
1976-77	95,122
1977-78	99,321
1978-79	115,970
1979-80	133,620
1980-81 (est.)	170,000

5. Loan Cancellations (per month average):

1974-75	\$ 59
1975-76	3,686
1976-77	5,395
1977-78	26,192
1978-79	37,165
1979-80	34,125
1980-81 (est.)	45,000

6. Past Due and Default Loans

Past Due	October		November		December		January	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
31-60 days	484	1,171,102	478	1,032,186	547	1,174,413	508	1,053,685
61-90	204	451,853	268	649,596	288	585,991	295	585,775
91-120	180	505,039	178	389,083	188	463,252	193	385,664
120+	878	1,981,084	909	2,038,126	954	2,096,983	927	2,154,220
TOTAL	1,746	4,109,078	1,833	4,108,991	1,977	4,320,639	1,923	4,179,344
Default Rate	11.2%		11.2%		11.3%		11.3%	

7. Current Year (as of 1/31/81)

	<u>In-State</u>	<u>Out-of-State</u>	<u>Total</u>
Freshman	864 (46.0)	1,014 (54.0)	1,878
Sophomore	512 (41.1)	734 (58.9)	1,246
Junior	399 (41.0)	575 (59.0)	974
Senior	327 (46.0)	384 (54.0)	711
Vocational	173 (40.9)	250 (59.1)	423
Sub-Total	2,275 (43.5)	2,957 (56.5)	5,232
Graduate	123 (19.0)	525 (81.0)	648
TOTAL	2,398 (40.8)	3,482 (58.2)	5,880

8. Raising Loan Limits

Undergraduate	\$2,500	\$4,500	\$5,000
Graduate	\$6,000	\$7,500	\$7,000
1981-82 Cost	\$1,575,700	\$3,619,600	\$4,041,704

9. Other Issues

- a. Adding a section which states that if a person allows the loan to become default (120+ days past due), all cancellation benefits are forfeited.
- b. Providing additional cancellation for in-state attendance, for example, an additional 5% per year of attendance, for up to a maximum of 20%.
- c. Providing additional cancellation for maintaining a "B" grade average for undergraduates, for example, an additional 5% upon graduation.
- d. Providing grant provisions for Alaskan borrowers age 60 and over.

10. Sample Costs:

a. Single Student College-Approved Budgets (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Anchorage	\$5,922	\$8,500
University of Alaska, Fairbanks	3,814	5,684
University of Washington	5,654	7,120
Gonzaga University	7,010	7,940
Western Washington University	6,280	7,890
University of Oregon	6,940	8,120
University of Colorado	8,150	9,540
Stanford University	9,800	11,250

b. Tuition and/or Required Fees (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Fairbanks	\$ 562	\$ 792
University of Arizona*	2,500	2,500
University of Colorado*	3,584	3,752
University of Hawaii	480	582
University of Idaho*	1,990	2,000
University of Oregon*	3,431	2,433
University of Washington*	2,394	2,736

*Non-resident

4/11/81

Analysis
Sandy Nusbaum
Senator Bennett's Office.

SENATE BILL 120 (Amending the undergraduate and graduate scholarship loan program)

1-29-81 Introduced by Senators Sturgulewski, Kerttula, Stimson and Dankworth
Ref: Senate Health, Education and Social Services and Finance

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Ref: House HESS, Finance

3-6-81 H. HESS reported bill out with Committee Substitute and 3 'do pass' and 2 'do not pass unless am' recommendations



Alaska Statewide Student Association

P.O. BOX 548
DOUGLAS, ALASKA 99824

Director - Bill Zybach

REPRESENTING STUDENTS OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM

Senate Finance Committee
Testimony on CS SB 120

4-13-81

I am Bill Zybach, Director of the Alaska Statewide Student Association and I would like to thank you for giving me the opportunity to speak before you on behalf of the 24,000 students our student governments represent.

I have enjoyed the opportunity to testify twice on this bill before the Senate HESS Committee and have presented testimony on related legislation in the House HESS and Finance Committees.

At the onset, let me state that we are very much in favor of the principles behind this legislation and also, we contributed in the discussions which led to the committee substitute.

Let me briefly outline our position. The Student Government Associations around the state have identified six areas where the State Scholarship Loan Program needs modification:

1. Extending the period of the loan.
2. A graduated repayment plan for the loan.
3. Increase incentives for students to return to the state.
4. Increasing the levels of the loan amounts.
5. Establish incentives for students to attend in-state institutions.
6. Encouragement of Academic excellence.

CS SB 120 and its letter of intent addresses the first four of these areas; the first three we are very satisfied with; however, we do have some concern with the fourth issue which is most germane to this committee--maximum amounts of the loan. On this point, we support increasing the amounts for the maximum loan figures to \$6,000 and \$8,500 for undergraduate and graduate borrowers, respectively. These amounts are advocated because the research presented by the Postsecondary Education Commission, the House Research Committee and the University's Office of Institutional Planning indicates that these amounts would more adequately finance the education of students seeking attendance at most public and private institutions. Also, these amounts more readily reflect the cost of education for the type of students we have in Alaska, older students who are returning to school and who often have families to support. All of the data presented gives figures for single students living in university provided housing (if available).

We believe that the state should offer a program that attempts to meet the needs of its citizens. Alaska is in a very different position than it was a decade ago; it is now

ASSA

ASSA
Senate Finance Committee
Testimony on CS SB 120


in a position, if it desires, to assist, to a greater degree, those seeking higher education. If the citizen has a true desire and a legitimate need for a loan to attend an institute of higher education, and the state has the means of providing temporary and partial assistance through a loan program, we believe that program should exist to meet needs to the greatest extent possible. Many great leaders of our nation have extolled the need for a college education, and if this state is to be great, we suggest it can and must invest in the development of its human resources. Not everyone will need the maximum amount provided for in the loan, but it would be unfortunate to withhold access to quality schools due to insufficient financing which is happening today. We suggest that the state can and should provide maximum amounts that would approach full rather than partial funding for access to quality higher education.

The issue of indebtedness has been raised in the past. An important point to make is the recognition that, whether there is a loan program or not, the cost of education is still going to be just as expensive and that most people who attend a college or university will incur a debt or will not attend at all. This bill and the program provide up to 50% forgiveness of the loan, thus cutting the indebtedness in half for those returning to the state.

Therefore, we believe that only one modification should be made to the bill; the maximum loan amounts should be increased to \$6,000 and \$8,500 for undergraduate and graduate loans, respectively.

Thank you.

Sincerely,



Bill Zybach
ASSA Director

TABLE 6. TOTAL FULL-TIME UNDERGRADUATE NON-RESIDENT STUDENT CHARGES
 AT MAJOR PUBLIC UNIVERSITIES IN THE UNITED STATES, 1980-81

<u>Rank</u>	<u>Institution</u>	<u>Total</u>	<u>Rank</u>	<u>Institution</u>	<u>Total</u>
1	Massachusetts Inst of Tech	\$9,100	31	University of Maine (Machias)	\$4,890
2	Cornell Univ (Endowed)	8,360	32	University of Maine (Fort Kent)	4,880
3	University of Vermont	6,734	33	Michigan State University	4,848
4	Cornell Univ (Statutory)	6,590	34	University of Maine (Presque Isle)	4,827
5	University of Michigan	6,466	35	University of Maine (Farmington & Southern Maine)	4,809
6	University of New Hampshire	6,205	36	Ohio University	4,800
7	Temple University	5,994	37	Ohio State University	4,791
8	Univ of California (Irvine)	5,736	38	University of Maryland (Baltimore County)	4,785
9	University of Pittsburgh	5,644	39	Miami University	4,760 ⁰³
10	University of Rhode Island	5,589	40	Univ of Minnesota (Duluth)	4,751
11	University of Colorado	5,529	41	University of Wisconsin (River Falls)	4,746
12	University of Pittsburgh (Bradford)	5,500	42	University of Illinois (Medical Center)	4,726
13	University of Wisconsin (Milwaukee)	5,492	42	University of Minnesota (Twin Cities)	4,726
14	University of California (San Diego)	5,489	44	University of Wisconsin (Stevens Point)	4,724
15	University of California (Santa Cruz)	5,411	45	Colorado State University	4,720
16	University of California (Berkeley)	5,407	46	University of New Hampshire (Keene State)	4,703
17	University of Pittsburgh (Johnstown)	5,406	47	University of New Hampshire (Plymouth State)	4,684
18	University of California (Santa Barbara)	5,224	48	University of Wisconsin (Platteville)	4,580
19	University of Wisconsin	5,170	49	University of Wisconsin (Stout)	4,578
20	Univ of California (Davis)	5,160	50	University of Wisconsin (Oshkosh)	4,558
21	University of Maryland	5,131	51	University of Wisconsin (Whitewater)	4,540
22	Pennsylvania State Univ (Behrend, Capitol, & University Park)	5,127	52	University of Wisconsin (Eau Claire)	4,515
23	University of Maine	5,085	53	University of Wisconsin (La Crosse)	4,499
24	University of Oregon	5,049	54	University of Delaware	4,479
25	University of Massachusetts (Amherst)	5,048	55	Georgia Inst of Tech	4,475
26	Oregon State University	4,977			
27	University of California (Los Angeles)	4,941			
28	University of Cincinnati	4,929			
29	University of California (Riverside)	4,924			
30	University of Wisconsin (Superior)	4,918			

TABLE G. (CONTINUED)

<u>Rank</u>	<u>Institution</u>	<u>Total</u>	<u>Rank</u>	<u>Institution</u>	<u>Total</u>
56	University of Virginia	\$4,438	96	University of Texas	\$3,628
57	University of Connecticut	4,390	97	Univ of North Carolina (East Carolina Univ)	3,593
58	University of Minnesota (Morris)	4,380	98	State Univ of New York (Buffalo, Buffalo Health, Stony Brook, Stony Brook Health)	3,591
59	Purdue University	4,300	99	University of Wyoming	3,578
60	University of Illinois	4,264	100	Univ of North Carolina (NC Central)	3,570
61	University of Arizona	4,260	101	University of Iowa	3,566
62	University of Utah	4,218	102	Montana State University	3,556
63	University of Washington	4,209	103	State Univ of New York (Binghamton)	3,537
64	Indiana University	4,176	104	State Univ of New York (New Paltz)	3,533
65	University of Missouri (Rolla)	4,131	105	Texas A&M University (Prairie View)	3,524
66	Kent State University	4,088	106	University of Mississippi	3,509
67	Southern Illinois Univ (Edwardsville)	4,086	107	University of Tennessee	3,489
68	Arizona State University	4,060	108	State Univ of New York (Buffalo Univ College)	3,487
69	Washington State University	4,034	109	State Univ of New York (Maritime)	3,465
70	University of Missouri (Kansas City)	4,022	110	Tennessee State University	3,460
71	North Carolina State Univ	3,995	111	State Univ of New York (Plattsburgh)	3,422
72	Virginia Commonwealth Univ	3,993	112	State Univ of New York (Brockport)	3,415
73	Rutgers University	3,990	MDN 113	State Univ of New York (Fredonia)	3,411
74	Southern Illinois Univ	3,978	114	State Univ of New York (Potsdam)	3,409
75	University of Maryland (Eastern Shore)	3,957	115	University of Kansas	3,394
76	University of North Carolina	3,954	116	State Univ of New York (Oneonta)	3,385
77	University of Nevada	3,950	117	West Virginia University	3,376
78	University of North Carolina (Greensboro)	3,913	118	State Univ of New York (Cswego)	3,366
79	Florida State University	3,906	119	State Univ of New York (Genesco)	3,355-Q ₁
80	University of Kentucky	3,898	120	Virginia State University	3,354
81	University of Florida	3,895	121	Iowa State University	3,348
82	University of Georgia	3,878	122	UNIV OF ALASKA, FAIRBANKS	3,342
83	State Univ of New York (Coll Env Sci & For)	3,869	123	Texas A&M University	3,318
84	University of Nebraska	3,860	124	State Univ of New York (Albany)	3,300
85	University of South Florida	3,828	125	Kansas State University	3,294
86	Florida A&M University	3,824			
87	University of Missouri	3,820			
88	North Carolina State Univ	3,810			
89	Clemson University	3,798			
90	University of New Mexico	3,775			
91	University of Montana	3,751			
92	Univ of South Carolina	3,740			
93	Utah State University	3,700			
94	Texas A&M Univ (Galveston)	3,636			
95	University of Idaho	3,634			

10. Sample Costs:

a. Single Student College-Approved Budgets (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Anchorage	\$8,922	\$8,500
University of Alaska, Fairbanks	3,814	5,684
University of Washington	5,654	7,120
Gonzaga University	7,010	7,940
Western Washington University	8,280	7,890
University of Oregon	6,940	8,120
University of Colorado	3,150	9,540
Stanford University	9,800	11,250

b. Tuition and/or Required Fees (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Fairbanks	\$ 562	\$ 792
University of Arizona*	2,500	2,500
University of Colorado*	3,584	3,752
University of Hawaii	480	582
University of Idaho*	1,990	2,000
University of Oregon*	3,431	2,433
University of Washington*	2,394	2,736

11. Miscellaneous Information:

a. Length of Residence of 1980-81 Borrowers

<u>Student Level</u>	<u>Median Residency</u>	<u>Percent of Lifelong Residents</u>	<u>Percent of 2-year Residents</u>
Freshman	10.7 years	30.4	8.1 (152)
Sophomore	12.0 years	35.2	5.9 (74)
Junior	5.0 years	26.9	19.2 (187)
Senior	5.0 years	20.0	15.0 (107)
Graduate	4.0 years	23.6	21.4 (91)
Combined	8.6 years	30.0	10.4

b. Age of 1980-81 Borrowers

<u>Age</u>	<u>Percent Freshmen</u>	<u>Percent Sophomores</u>	<u>Percent Juniors</u>	<u>Percent Seniors</u>	<u>Percent Graduates</u>
16-18	41.0	-	-	-	-
19-21	29.2	41.2	38.5	15.8	7.1
22-25	10.4	14.7	19.2	25.3	28.6
26-30	8.3	17.6	23.1	36.8	28.6
30-60	10.8	26.3	19.2	21.1	35.6
60+	.3	.2	N.A.	N.A.	.1
	100.0	100.0	100.0	100.0	100.0
Median Age	18.5 years	22.5 years	24.0 years	27.8 years	26.3 years

*Non-resident



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 2, 1981

MEMORANDUM

TO: Representative Terry Gardiner

FROM: Leslie Longenbaugh *LL*
Research Staff

RE: Student Loans
Research Request Number 81-12

In the interest of obtaining a better understanding of the adequacy of student loan amounts offered by the State of Alaska, you have asked that we provide data on the average tuition and living expenses associated with graduate and undergraduate schools in the Pacific Northwest.

The current Alaska Student Loan Program, administered by the Commission on Postsecondary Education, limits loan awards to \$3,000 per academic year for undergraduate study and \$5,000 per academic year for graduate work.¹ Since 1971-72, when the loan program began dispensing funds, 11.9% of the loans have gone for graduate work; the remaining 88.1% have all been awarded to undergraduates. The loans offer the student a ten-year repayment period at an annual interest rate of 5%; up to 40% of the loan will be forgiven when a borrower returns to work in Alaska or attends an Alaskan institution.

The average loan award amount has increased steadily in the ten years of the program's existence as costs to students have risen. In 1979-80, the average loan (graduate and undergraduate) was \$2,393. Loan awards have been higher for those students attending schools out of state, because, as is shown below, both public and private institutions in the rest of the Northwest cost more, on the average, than Alaskan schools.

The costs presented on the following pages, both for graduate and undergraduate instruction and for the cost of living, are from a randomly chosen group of universities and colleges. They give some idea of the minimum costs incurred by most Alaskan students who attend school in the West.

¹Senate Bill 120, introduced on January 29, 1980, by Senators Sturgulewski, Kerttula, Stimpson and Dankworth, would increase these limits to \$5,000 for undergraduate study and \$7,000 for graduate study. A copy of this bill is attached.

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The figures listed do not include a student's transportation, books, or other miscellaneous expenses. The "on-campus" costs, except where noted, are average board and room expenses for a single student sharing a dormitory room. In using these figures to compute future loan amounts, it should be remembered that all university fees increase often and without notice.

UNDERGRADUATE COSTS

According to the 1979-80 annual report of the Alaska Commission on Postsecondary Education, 60% of the undergraduate loans granted for the 1979-80 school year were given to students attending schools in Washington, Alaska and Oregon. Average costs of attendance at selected universities in these states are listed below. All figures are based on unmarried, nonresident status; students must retain their Alaska residency in order to qualify for the State loans.

Based on the schools surveyed, public school costs for undergraduate students in Washington, Oregon and Alaska average around \$4,000 (including tuition, fees, room, and board). Inclusion of the three private colleges in Alaska would increase the average for all three states to \$4,600; the average for Washington and Oregon alone is in the area of \$5,800.

TABLE 1

Survey of Undergraduate Tuition and Living Expenses Per Academic Year

Washington

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Washington	80-81	\$2,394 ¹	on-campus: \$3,900 ² (off-campus: \$4,375 ²)	\$6,294 \$6,769
Washington State	80-81	\$2,394	on-campus: \$1,620	\$4,014
Central Washington	80-81	\$1,983	on-campus: \$1,810	\$3,793
Western Washington	80-81	\$1,983	on-campus: \$1,680	\$3,663
AVERAGE		\$2,189	on-campus: \$2,253	\$4,415

¹The University of Washington has raised its tuition, fees, room and board for the 81-82 school year. New costs will be: Tuition and fees, \$3,288.
 On-campus cost of living, \$4,794.
 Expenses on campus, then, will total \$8,082.

²These are estimates computed by the Office of Admissions at the University of Washington. They include only tuition, fees, room, and board, but are not exact amounts.

TABLE 2

Survey of Undergraduate Tuition and Living Expenses Per Academic Year

Oregon

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Oregon	80-81	\$3,282	on-campus: \$2,200	\$5,482
Oregon State	80-81	\$3,327	on-campus: \$1,750	\$5,077
Portland State	80-81	\$3,261	- not available -	
AVERAGE		\$3,290	on-campus: \$1,975	\$5,265

TABLE 3

Survey of Undergraduate Tuition and Living Expenses Per Academic Year
Alaska

Institution Name	Year	Tuition and Fees	Cost of Living	TOTAL
U. of Alaska system	80-81	\$1,410	on-campus: \$1,960	\$2,370
Inupiat College	80-81	\$1,420	not available	
Sheldon Jackson College (private)	80-81	\$2,650	on-campus: \$2,500	\$5,150
Alaska Pacific University (private)	80-81	\$2,350	on-campus: \$2,600	\$4,950
AVERAGE		\$1,457	on-campus: \$2,353	\$4,156

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GRADUATE SCHOOL COSTS

Of those Alaskan postgraduate students who received state loans for the 1979-80 academic year, 63% were attending institutions in Washington, California, Alaska and Oregon; therefore, for the description of costs incurred by graduate students, I have included figures from California schools.

The average graduate costs for tuition, fees, and on-campus room and board for all four states is around \$4,900. Excluding Alaska, the average minimum expenditure to graduate school in 1980-81 is around \$5,300.

TABLE 4

Survey of Graduate Tuition and Cost of Living Expenses Per Academic year
Washington

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Washington	80-81	\$3,648	on-campus: \$4,260 ¹ (off-campus: \$4,735 ¹)	\$7,908 \$8,383)
Washington State	80-81	\$2,736	on-campus: \$1,620 (off-campus: \$2,000)	\$4,356 \$4,736) ²
Central Washington	80-81	\$2,256	on-campus: \$1,810	\$4,066
Western Washington	80-81	\$2,256	on-campus: \$1,680	\$3,936
AVERAGE		\$2,724	on-campus: \$2,342	\$5,067

¹ These are estimates computed by the Office of Admissions at the University of Washington. They include only tuition, fees, room, and board, but do not represent exact amounts.

² These are estimates computed by Washington State University, based on average rental and food expenses in the area.

TABLE 5

Survey of Graduate Tuition and Living Expenses Per Academic Year

California

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. C. Berkeley	80-81	\$2,400	off-campus: \$2,745 ¹	\$5,145
San Diego State	80-81	\$2,160	on-campus: \$2,030	\$4,190
Stanford (private)	80-81	\$6,900	on-campus: \$2,900	\$9,800
AVERAGE		\$3,820 (w/o Stanford, \$2,280)	on-campus: \$2,558	\$6,378 (w/o Stanford, \$4,667)

¹ This estimate was computed by the University of California at Berkeley. It includes tuition, fees, room, and board for a nonresident student.

TABLE 7

Survey of Graduate Tuition and Living Expenses Per Academic Year

Alaska

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Alaska system	80-81	\$ 640	on-campus: \$1,960	\$2,600
Alaska Pacific University (private)	80-81	\$2,350	on-campus: \$2,600	\$4,950
AVERAGE		\$1,495	on-campus: \$2,280	\$3,775

TABLE 6

Survey of Graduate Tuition and Living Expenses Per Academic Year

Oregon

<u>Institution Name</u>	<u>Year</u>	<u>Tuition and Fees</u>	<u>Cost of Living</u>	<u>TOTAL</u>
U. of Oregon	80-81	\$2,433	on-campus: \$2,200	\$4,633
Portland State	80-81	\$2,397	- not available -	---
Oregon State	80-81	\$2,388	on-campus: \$1,750 (off-campus: \$2,000 ¹)	\$4,138 \$4,385
AVERAGE		\$2,406	on-campus: \$1,975	\$4,385

¹ This is an estimate computed informally by the Office of Admissions at Oregon State University. It includes tuition, fees, room, and board, but is not an exact amount.

Representative Gardiner
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It should be remembered that the figures presented in this memorandum are for the 1980-81 academic year. With a national inflation rate that continues at over 10%, it can be assumed that student tuition, fees, and living costs will increase at a similar pace. Any planning for increases in loan award ceilings, which are presently set at \$3,000 for each year of undergraduate study and \$5,000 for a year of graduate work, should incorporate some adjustment for the almost continuous increases in the prices of instruction, housing, and food.

I have enclosed a copy of the Annual Report, Student Loan Program, 1979-80, which gives further information about the recipients of student loans.

If we can be of further assistance in this regard, please call on us.



Official Business

Alaska State Legislature

Senate

Committee on

Health, Education & Social Services

March 13, 1981

Charlie Parr, Chairman
Terry Stimson, Vice-Chairman
Vic Fischer
Tim Kelly
Mike Colletta

Pouch V
State Capitol
Juneau, Alaska 99811

465-4907
465-4908

LETTER OF INTENT

ON

CS FOR SENATE BILL NO. 120

CSSB 120 amends the Student Loan Program by increasing the maximum amount which can be borrowed and the number of years in which loans may be paid. It increases the incentive for the student to remain in the State after graduation (so that the State may profit by its investment) by increasing the loan forgiveness from 40 percent to 50 per cent.

It is the intent of the Committee that the loan forgiveness not wait until the end of the repayment cycle, as is currently the practice, since students cannot perceive these benefits during the first several years. For the loan forgiveness to be a truly effective incentive, benefits should be realized as they are earned.

It is the intent of the Committee that forgiveness benefits be provided to the borrower in the form of annual refunds as eligibility is established. Under this policy the borrower remaining in the State will get 10 percent loan forgiveness at the end of each year.

The above loan forgiveness policy can be handled by administrative action, and no legislation is required.

Charles H. Parr, Chairman

STUDENT BUDGETS (1980-81)

University of Alaska-Fairbanks

	<u>Undergraduate Single/Dorm</u>	<u>Undergraduate Single/Off Campus</u>	<u>Undergraduate Married</u>	<u>Graduate Single/Dorm</u>	<u>Graduate Single/Off Campus</u>	<u>Graduate Married</u>
Tuition & Fees	580	580	580	810	810	810
Room & Board	2,130	4,000	6,000	2,130	4,000	6,000
Books	300	300	300	300	300	300
Transportation	800	800	800	800	800	800
Personal	<u>600</u>	<u>600</u>	<u>1,200</u>	<u>600</u>	<u>600</u>	<u>1,200</u>
Total	4,410	6,280	8,880	4,640	6,510	9,110

Anchorage Community College

	<u>Undergraduate Single at Home</u>	<u>Undergraduate Single Living Away from Home</u>	<u>Undergraduate Married</u>	<u>Graduate Single at Home</u>	<u>Graduate Single Living Away from Home</u>	<u>Graduate Married</u>
Tuition & Fees	442	442	442	640	640	640
Room	1,808	2,200	3,168	1,808	2,200	3,168
Board	Included in Room	1,632	3,016	Included in Room	1,632	3,016
Books	250	250	250	250	250	250
Transportation	592	592	592	592	592	592
Personal	<u>720</u>	<u>720</u>	<u>1,432</u>	<u>720</u>	<u>720</u>	<u>1,432</u>
Total	3,812	5,836	8,900	4,010	6,034	9,098

Alaska Student Loan Program

Fact Sheet

1. Total Loans 1971-72 through 1979-80:

Undergraduate	16,359	\$ 30.4 million
Graduate	<u>2,210</u>	<u>7.4 million</u>
Total	18,569	\$ 37.8 million

2. Current Year

(1980-81, as of 1/14/81): 5,880 loans \$ 16.0 million

3. Percent Loans In-State/Out-of-State (1979-80):

	<u>In-State</u>	<u>Out-of-State</u>
Undergraduate	36.1 (43.5)	63.9 (56.5)
Graduate	12.3 (19.0)	87.7 (81.0)

4. Loan Collections (per month average):

1974-75	\$ 19,623
1975-76	38,794
1976-77	95,122
1977-78	99,321
1978-79	115,970
1979-80	133,620
1980-81 (est.)	170,000

5. Loan Cancellations (per month average):

1974-75	\$ 59
1975-76	3,686
1976-77	5,396
1977-78	26,192
1978-79	37,165
1979-80	34,125
1980-81 (est.)	45,000

6. Individuals in Repayment

Account Status	October		November		December		January	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Current	4,121	9,833,332	4,168	10,179,865	4,115	10,214,971	4,257	10,736,864
31-60 days	484	1,171,102	478	1,032,186	547	1,174,413	508	1,053,685
61-90	204	451,853	268	649,596	288	585,991	295	585,775
91-120	180	505,039	178	389,083	188	463,252	193	385,664
120+	878	1,981,084	909	2,038,126	954	2,096,983	927	2,154,220
TOTAL	5,867	13,942,409	6,001	14,288,857	6,092	14,535,610	6,250	14,916,209
Default Rate	11.2%		11.2%		11.3%		11.3%	

7. Current Year (as of 1/14/81)

	<u>In-State</u>	<u>Out-of-State</u>	<u>Total</u>
Freshman	864 (46.0)	1,014 (54.0)	1,878
Sophomore	512 (41.1)	734 (58.9)	1,246
Junior	399 (41.0)	575 (59.0)	974
Senior	327 (46.0)	384 (54.0)	711
Vocational	173 (40.9)	250 (59.1)	423
Sub-Total	2,275 (43.5)	2,957 (56.5)	5,232
Graduate	123 (19.0)	525 (81.0)	648
TOTAL	2,398 (40.8)	3,482 (58.2)	5,880

8. Raising Loan Limits

Undergraduate	\$3,500	\$4,500	\$5,000
Graduate	\$6,000	\$7,500	\$7,000
1981-82 Cost	\$1,575,700	\$3,619,600	\$4,041,704

9. Other Issues

- a. Adding a section which states that if a person allows the loan to become default (120+ days past due), all cancellation benefits are forfeited.
- b. Providing additional cancellation for in-state attendance, for example, an additional 5% per year of attendance, for up to a maximum of 20%.
- c. Providing additional cancellation for maintaining a "B" grade average for undergraduates, for example, an additional 5% upon graduation.
- d. Providing grant provisions for Alaskan borrowers age 60 and over.

10. Sample Costs:

a. Single Student College-Approved Budgets (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Anchorage	\$5,922	\$8,500
University of Alaska, Fairbanks	3,814	5,684
University of Washington	5,654	7,120
Gonzaga University	7,010	7,940
Western Washington University	6,280	7,890
University of Oregon	6,940	8,120
University of Colorado	8,150	9,540
Stanford University	9,800	11,250

b. Tuition and/or Required Fees (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Fairbanks	\$ 562	\$ 792
University of Arizona*	2,500	2,500
University of Colorado*	3,584	3,752
University of Hawaii	480	582
University of Idaho*	1,990	2,000
University of Oregon*	3,431	2,433
University of Washington*	2,394	2,736

11. Miscellaneous Information:

a. Length of Residence of 1980-81 Borrowers

<u>Student Level</u>	<u>Median Residency</u>	<u>Percent of Lifelong Residents</u>	<u>Percent of 2-year Residents</u>
Freshman	10.7 years	30.4	8.1 (152)
Sophomore	12.0 years	38.2	5.9 (74)
Junior	5.0 years	26.9	19.2 (187)
Senior	5.0 years	20.0	15.0 (107)
Graduate	4.0 years	28.6	21.4 (91)
Combined	8.6 years	30.0	10.4

b. Age of 1980-81 Borrowers

<u>Age</u>	<u>Percent Freshmen</u>	<u>Percent Sophomores</u>	<u>Percent Juniors</u>	<u>Percent Seniors</u>	<u>Percent Graduates</u>
16-18	41.0	-	-	-	-
19-21	29.2	41.2	38.5	15.8	7.1
22-25	10.4	14.7	19.2	26.3	28.6
26-30	8.3	17.6	23.1	36.8	28.6
30-60	10.8	26.3	19.2	21.1	35.6
60+	.3	.2	N.A.	N.A.	.1
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Median Age	18.5 years	22.5 years	24.0 years	27.8 years	26.3 years

*Non-resident



ALASKA STUDENT LOAN PROGRAM
 POUCH F, STATE OFFICE BUILDING
 JUNEAU, ALASKA 99811

FOR YOUR CONSIDERATION.....

While you are planning your college education, in addition to deciding what school will best meet your needs and goals, you should also plan how you are going to meet your educational expenses.

Since 1971, we have assisted over 12,000 Alaskan residents in achieving their educational ambitions by providing financial assistance. At the same time, we also realize the pitfalls that can await student borrowers who become overburdened with debt and find repayment a real hardship.

Because of this, we urge students not to borrow any more than is absolutely necessary. Your student loan should be used to supplement other available sources of assistance such as scholarships, grants, work-study programs, parental and family aid, etc.

So that you will be aware of your future financial obligation regarding your Alaska Student Loan(s), the table below outlines what your monthly payment would be over a ten (10) year repayment cycle for various total loan amounts borrowed. In addition to the principal which must be repaid, interest accrues during the repayment period at a rate of five percent (5%) per year.

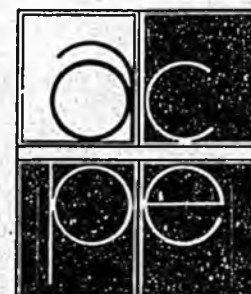
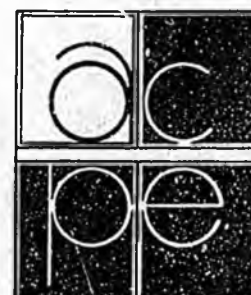
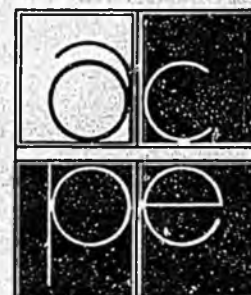
IF YOUR STUDENT LOANS TOTAL:	YOUR MONTHLY PAYMENT FOR 120 MONTHS (10 YRS.) WOULD BE:	TOTAL TO BE REPAID:		
		5% Interest	Principal	Total
\$ 1,000.00	\$ 10.61	\$ 273.20	\$ 1,000.00	\$ 1,273.20
2,000.00	21.21	545.20	2,000.00	2,545.20
3,000.00	31.82	818.40	3,000.00	3,818.40
4,000.00	42.43	1,091.60	4,000.00	5,091.60
5,000.00	53.03	1,363.60	5,000.00	6,363.60
6,000.00	63.64	1,636.80	6,000.00	7,636.80
7,000.00	74.25	1,910.00	7,000.00	8,910.00
8,000.00	84.85	2,182.00	8,000.00	10,182.00
9,000.00	95.46	2,455.20	9,000.00	11,455.20
10,000.00	106.07	2,728.40	10,000.00	12,728.40
15,000.00	159.10	4,092.00	15,000.00	19,092.00
20,000.00	212.13	5,455.60	20,000.00	25,455.60
25,000.00	265.16	6,819.20	25,000.00	31,819.20
30,000.00	318.20	8,184.00	30,000.00	38,184.00

STATE OF ALASKA

**STUDENT
LOAN
PROGRAM**

**ANNUAL REPORT
1979-1980**

**Alaska Commission on Postsecondary Education
Pouch F
Juneau, Alaska 99811**



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COMMISSION OFFICE

Dr. Kerry D. Romesburg
Executive Director
Alaska Commission on Postsecondary
Education
Pouch F, State Office Building
Juneau, Alaska 99811
(907) 465-2854

DIVISION OF STUDENT FINANCIAL AID

Ms. Julie Bennett Ms. Barbara Hanon
GSL Program Officer Repayment Officer

Ms. Billie Jean Hall
Loan Awards Officer

Division of Student Financial Aid
Pouch F, State Office Building
Juneau, Alaska 99811
(907) 465-2962

PREFACE

The Annual Report of the Alaska Student Loan Program for 1979-80 is hereby transmitted to the Governor and the Legislature of the State of Alaska. The Student Loan Program is administered by the Alaska Commission on Postsecondary Education with advice and guidance of the Student Financial Aid Advisory Committee. Membership of this advisory committee for 1979-80 included:

Mrs. Mildred Banfield (Chairman, Juneau)
Mr. Ron Castle (Wrangell)
Mr. Walter Furnace (ex officio, Anchorage)
Ms. Ida Greiner (Fairbanks)
Mr. Darrell Moore (Sitka)

The Commission and staff wish to express their gratitude for the work of this advisory committee.


Kerry D. Romesburg
Executive Director

July 1980
(Date)

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Introduction

The 1971 Alaska State Legislature established the Alaska Student Loan Program to provide low cost educational loans to Alaskan students enrolled in undergraduate, graduate, or career degree programs. In the nine years of operation, from 1971-72 through 1979-80, over 18,500 loans have been awarded to Alaskans pursuing education at the postsecondary level. These loans have a combined total over \$37 million in State financial assistance.

Educational loans of up to \$3,000 and up to \$5,000 per year for undergraduate and graduate study, respectively, are provided to eligible State residents. These need-based loans offer the borrower a ten-year repayment period at an annual interest rate of five percent. The loans may be used for attendance at any accredited or approved college, university, or vocational-technical program. An incentive, in the form of up to forty percent cancellation, is offered to those borrowers who work in Alaska after completion of their programs of study and for those who study in Alaskan institutions.

Program Summary

1979-80 was the ninth year of operation for the Alaska State Student Loan Program. The program has now provided Alaskans 18,569 loans, totalling \$37,747,547. Of these loans, 64.5% have been loans for postsecondary attendance out-of-state, and 35.5% have been for attendance in Alaska.

Undergraduate loans still dominate the loan volume, with only 11.9% of the student loans going for graduate study over the past nine years. Freshmen continue to be the largest group of borrowers, representing 28.4% of the loan recipients for 1979-80.

Alaskans use these loans for study throughout the United States, and in a few cases, in foreign countries. In 1979-80, students used state loans for attendance in every state except Delaware and West Virginia. The most frequent choice remains to be Alaska by nearly a three-to-one margin over any other state.

Loan Award Amounts

The average loan award continues to rise as the cost of postsecondary attendance increases. The over-all average loan in 1979-80 was \$2,393, a 4% increase over the \$2,296 average award for 1978-79, and a 61.4% increase over the \$1,483 average for 1971-72. This trend is graphically presented in Figure 1 for in-state, out-of-state and total loans of the program. All loans, whether in-state or out, have continued to rise in 1980-81. This is in part a reflection of the increased loan maximum for undergraduates, which in 1978-79 changed from \$2,500 to \$3,000.

Table 1 contains average loan amounts by student level for 1979-80. Since this is the first year for these kind of data no historical comparisons are available, however, it is readily seen that loan amounts are smaller for in-state than for out-of-state attendance in all cases except vocational. There is a large degree of consistency among undergraduate loans in-state for all four undergraduate collegiate levels (around \$1,900) and again for all out-of-state undergraduate collegiate levels (around \$2,300).

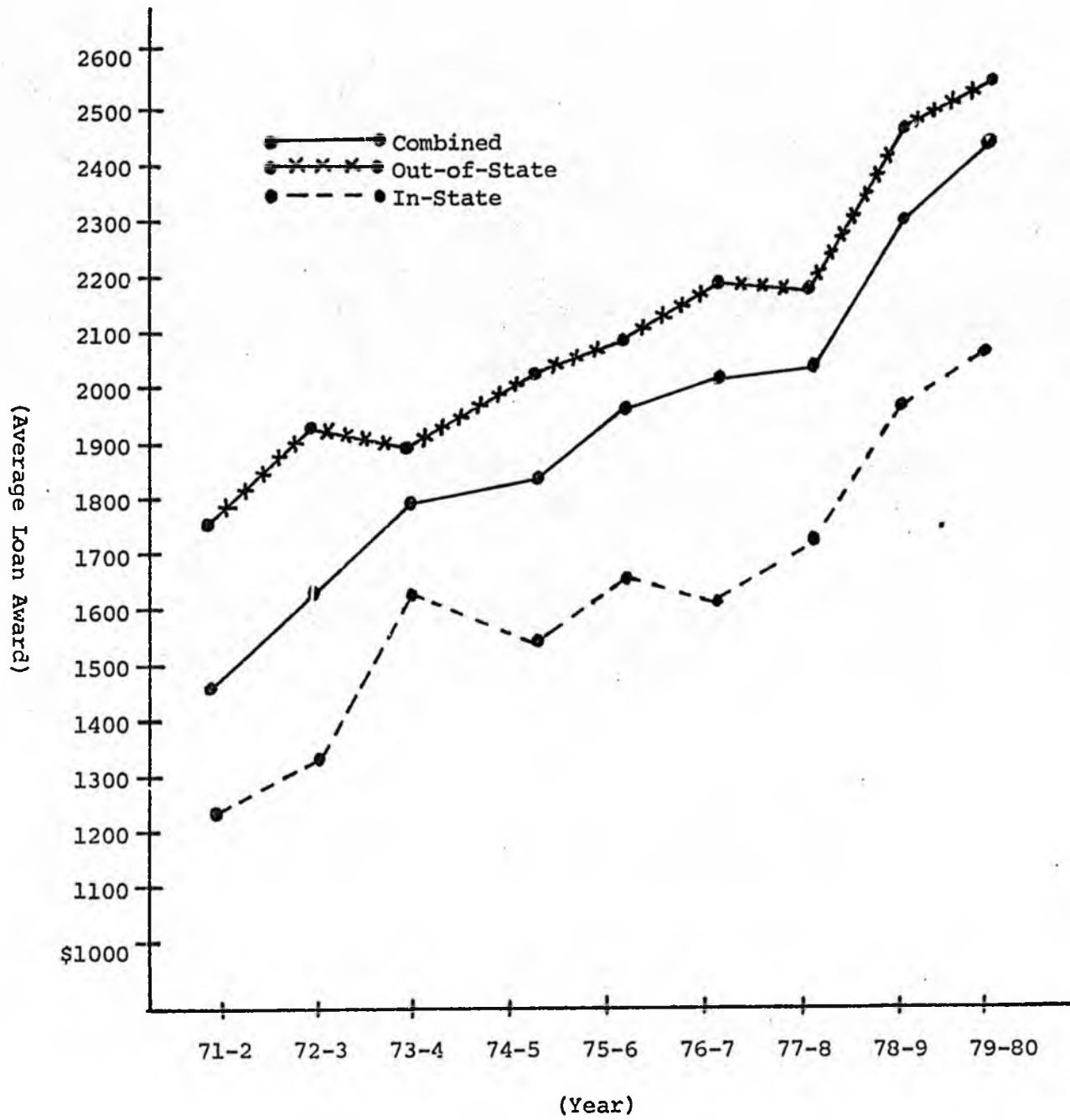


FIGURE 1

MEAN LOAN AMOUNT FOR ALL LOANS
IN-STATE, OUT-OF-STATE, AND COMBINED

TABLE 1

MEAN LOAN AMOUNT PER RECIPIENT BY
IN-STATE/OUT-OF-STATE AND STUDENT LEVEL
1979-80

STUDENT LEVEL	IN ALASKA	OUT-OF-STATE	TOTAL
Freshman	\$1,879	\$2,298	\$2,143
Sophomore	1,913	2,388	2,222
Junior	2,027	2,341	2,227
Senior	1,905	2,375	2,192
Vocational	2,766	2,480	2,571
Undergraduate	1,983	2,356	2,222
Graduate	2,906	3,750	3,646
TOTAL	\$2,024	\$2,576	\$2,393

Undergraduate Loans

The number of undergraduate students securing loans under the state program has increased greatly over the past nine years. In 1971-72, 990 undergraduates received assistance, while in 1979-80, the number has grown to 3,448 (nearly a 250% increase). Of these 3,448 loan recipients, 63.9% used their loans for attendance out-of-state, and 36.1% used their loans within Alaska. The states most frequently chosen by undergraduates in 1979-80 are presented below in Table 2.

TABLE 2

TEN TOP STATES OF ATTENDANCE
FOR ALASKANS WITH
UNDERGRADUATE LOANS

STATE	NUMBER			AVERAGE LOAN		
	1977-78	1978-79	1979-80	1977-78	1978-79	1979-80
Alaska	713	861	1,245	\$1,699	\$1,933	\$1,983
Washington	322	352	479	1,982	2,226	2,394
Oregon	220	285	372	2,021	2,297	2,360
California	136	192	191	2,000	2,271	2,517
Colorado	91	144	157	2,092	2,501	2,549
Arizona	49	61	104	1,859	2,163	2,261
Idaho	55	62	94	1,824	2,172	2,217
Hawaii	42	58	89	1,308	1,950	1,888
Utah	42	49	53	1,756	1,911	2,091
Montana	36	41	51	1,943	2,285	2,536
Remaining U.S.	279	347	613	N.A.	N.A.	N.A.
TOTAL	1,985	2,452	3,448	\$1,868	\$2,139	\$2,393