

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 39 210

HB

39

# HOUSE COMMITTEE REPORT

Date referred: 2/13/87

FURTHER REFERRALS:

DATE: 5/4/87

The Finance Committee has considered HB 39

"An Act relating to student loans; creating the Alaska Student Loan Corporation; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 39 (Fin)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

ADAMS Albert Adams

DOURCHOT Frank Dourchot

LARSON Ronald J. Larson

BOYER Mark Boyer

BROWN Tay Brown

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

GULL Peter Gull

FRANK Frank

WALLIS Ray Wallis

DAVIS Mike Davis

RIEGER Steve Rieger

\_\_\_\_\_

\_\_\_\_\_

Albert Adams  
Chairman's signature

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

**REQUEST:**  
Revision Date: May 5, 1987  
Title: Student Loans, Family Educ. Loans, Loan Corporation  
Sponsor: Sund  
Requestor: House Finance

Bill Version: CSHB39 (Fin)  
 Publish Date: \_\_\_\_\_

Agency Affected: Education  
 BRU: Postsecondary Education Commission  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		(1594.8)				
TRAVEL		(64.4)				
CONTRACTUAL		(318.3)				
SUPPLIES		(58.6)				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		240.2				
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>(1795.7)</b>				
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND		(1795.7)				
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>(1795.7)</b>				

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

This is General Fund impact only. See next note for program receipts. 240.2 (Grants) is for the WICHE program. (physical therapists, veterinarians). House version of operating budget contains no funding for student loan capitalization. Capital funds will come from HB 298, an act making appropriations to and from the student loan corporation. *ARA*

Prepared by: Representative Al Adams Phone: 465-3706  
 Division: Chairman, House Finance Committee Date: 5/5/87

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

**REQUEST:** \_\_\_\_\_

Bill Version: CSHB39 (Fin.)  
Publish Date: \_\_\_\_\_

Revision Date: May 1, 1987  
Title: Re: Student Loans, Family  
Education Loans, Loan Corporation  
Sponsor: Sund, Koponen  
Requestor: House Finance

Agency Affected: Education  
BRU: Postsecondary Education  
Commission  
Components: General Admin., Student  
Loan Admin., Data & Word Processing  
Student Loan Program

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	-	1,594.8	1,674.5	1,758.3	1,846.2	1,938.5
TRAVEL		64.4	64.4	64.4	64.4	64.4
CONTRACTUAL		318.3	327.8	337.7	347.8	358.2
SUPPLIES		58.6	60.4	62.2	64.0	66.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>N.A.</b>	<b>2,035.9</b>	<b>2,127.1</b>	<b>2,222.6</b>	<b>2,322.4</b>	<b>2,427.1</b>

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	N.A.					
FEDERAL FUNDS						
OTHER		2,035.9	2,127.1	2,222.6	2,322.4	2,427.1
<b>TOTAL</b>	<b>N.A.</b>	<b>2,035.9</b>	<b>2,127.1</b>	<b>2,222.6</b>	<b>2,322.4</b>	<b>2,427.1</b>

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary)

Prepared by: Kerry D. Romesburg   
Division: Postsecondary Education Commission Phone: 465-2854  
Date: May 1, 1987

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)  
Senate Secretary

STUDENT LOAN GENERAL FUND DEMAND  
(IN MILLIONS)

LOAN YEAR	TARGET LOAN VOLUME	CURRENT PROGRAM Gen. Fund	w/o FORGIVENESS + 8% BONDING	w/o FORGIVENESS + 7% BONDING	w/o FORGIVENESS + 9% BONDING
			+ GRACE INTEREST Gen. Fund	+ GRACE INTEREST Gen. Fund	+ GRACE INTEREST Gen. Fund
87-88	\$80.0	\$56.7	\$15.7	\$15.7	\$15.7
88-89	80.3	52.8	15.7	15.1	17.9
89-90	80.7	47.3	15.6	15.0	17.9
90-91	81.0	40.4	15.4	14.7	17.9
91-92	82.9	32.1	15.0	14.3	17.9
92-93	85.3	32.6	14.5	13.9	17.8
93-94	87.3	30.6	13.9	13.3	17.3
94-95	88.4	28.4	13.1	12.5	16.7
95-96	88.3	24.9	12.0	11.4	15.9
96-97	87.0	20.4	10.4	9.9	14.6
97-98	84.9	15.4	8.6	8.1	12.8
98-99	88.7	16.8	6.6	6.2	10.7
99-00	91.2	17.1	4.9	4.6	8.3
2000-01	93.0	16.7	3.6	3.4	6.2
01-02	94.2	15.6	3.0	2.8	4.6
02-03	95.1	14.3	2.7	2.5	3.9
03-04	96.2	13.3	2.5	2.3	3.3
04-05	97.3	12.3	2.4	2.2	3.3
05-06	98.5	11.5	2.3	2.1	3.3
06-07	99.5	10.6	2.3	2.1	3.2
07-08	100.5	9.7	2.2	2.0	3.2
08-09	101.5	9.0	2.1	1.9	3.2
09-10	102.7	8.4	2.0	1.8	3.1
10-11	104.0	8.1	1.8	1.6	3.1

Assumptions:

- a. FY88 appropriation remains at \$15.7 million. Bonding level remains constant and loan volume remains constant. Under 7%, General Fund balance is simply carried forward, under 9%, adjustment is made in FY89.
- b. All adjustment is made to General Fund portion. Variation resulting from different rates could also be reflected in level of bonds issued or in total loan volume, and General Fund could remain constant.
- c. Coverage ratio 1.50
- d. Loan default rate at 17%. No increase in default as a result of eliminating forgiveness and no decrease as a result of co-signers and permanent fund dividend attachment.

(5/2/87)

# HB 39 vs. current

## GENERAL FUND "SAVINGS" WITH BONDING AND PROGRAM CHANGES (COMPARED TO CURRENT PROGRAM)

YEAR	Annual	Cumulative
87-88	\$41.0	\$ 41.0
88-89	37.1	78.1
89-90	31.7	109.8
90-91	25.0	134.8
91-92	17.1	151.9
92-93	18.1	170.0
93-94	16.7	186.7
94-95	15.3	202.0
95-96	12.9	214.9
96-97	10.0	224.9
97-98	6.8	231.7
98-99	10.2	241.9
99-00	12.2	254.1
2000-01	13.1	267.2
01-02	12.6	279.8
02-03	11.6	291.4
03-04	10.8	302.2
04-05	9.9	312.1
05-06	9.2	321.3
06-07	8.3	329.6
07-08	7.5	337.1
08-09	6.9	344.0
09-10	6.4	350.4
10-11	6.3	356.7

(4/30/87)

Original sponsors: Sund and Koponen

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 39 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to student loans and family educa-  
7 tion loans; creating the Alaska Student Loan Corpora-  
8 tion; and providing for an effective date."

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

10 \* Section 1. AS 14.42 is amended by adding a new section to read:

11 Sec. 14.42.032. LIMITATION ON AWARDING LOANS. In administering  
12 AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, and 14.43.710 -  
13 14.43.790, the commission may not during a fiscal year award loans  
14 with a total value that exceeds by more than three percent the total  
15 value of loans awarded under those provisions during the previous  
16 fiscal year. This limitation may be exceeded only if the commission  
17 is specifically authorized to do so by law.

18 \* Sec. 2. AS 14.42 is amended by adding new sections to read:

19 ARTICLE 2. ALASKA STUDENT LOAN CORPORATION.

20 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

21 There is created the Alaska Student Loan Corporation. The corporation  
22 is a public corporation and government instrumentality within the  
23 Department of Education but having a legal existence independent of  
24 and separate from the state. The corporation may not be terminated as  
25 long as it has bonds, notes, or other obligations outstanding. Upon  
26 termination of the corporation, its rights and property pass to the  
27 state.

28 Sec. 14.42.110. PURPOSE OF CORPORATION. The purpose of the  
29 corporation is to improve higher educational opportunities for

1 residents of the state in accordance with this chapter.

2 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corpor-  
3 ation shall be governed by a board of directors appointed by the  
4 governor consisting of two members of the Alaska Commission on Post-  
5 secondary Education, each of whom is selected for the commission under  
6 AS 14.42.015(a)(1) - (2), (4) - (6), (8), or (9) and the commissioner  
7 of revenue, the commissioner of administration, and the commissioner  
8 of commerce and economic development. Members of the board serve  
9 without compensation but the members who are also members of the  
10 Alaska Commission on Postsecondary Education are entitled to per diem  
11 and travel expenses authorized by law for boards and commissions under  
12 AS 39.20.180.

13 (b) The board shall elect a chairman from among its membership  
14 at its annual meeting each year. A majority of the members constitute  
15 a quorum for organizing the board, conducting its business, and exer-  
16 cising the powers of the corporation.

17 Sec. 14.42.130. MEETINGS OF THE BOARD. (a) The board shall  
18 meet at the call of its chairman and at other times as the board may  
19 determine in accordance with its regulations.

20 (b) Public notice of a meeting of the board at which the issu-  
21 ance of corporation bonds is authorized shall be provided at least 24  
22 hours before the meeting.

23 Sec. 14.42.140. MINUTES OF MEETINGS. The board shall keep  
24 minutes of each meeting and send a certified copy to the governor and  
25 to the Legislative Budget and Audit Committee.

26 Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall  
27 manage the assets and business of the corporation and may adopt bylaws  
28 and regulations, in accordance with the Administrative Procedure Act  
29 (AS 44.62), governing the manner in which the business of the

1 corporation is conducted and the manner in which its powers are  
2 exercised. The board shall delegate supervision of the administration  
3 of the corporation to the executive officer of the corporation.

4 Sec. 14.42.160. EXECUTIVE OFFICER. The executive officer of the  
5 Commission on Postsecondary Education appointed under AS 14.42.040(a)  
6 shall serve as executive officer of the corporation. The board shall  
7 prescribe the duties of the executive officer.

8 Sec. 14.42.170. STAFF. The employees of the Alaska Commission  
9 on Postsecondary Education shall serve as staff for the corporation.

10 Sec. 14.42.190. BUDGET. The operating budget of the corporation  
11 is subject to AS 37.07 (Executive Budget Act).

12 Sec. 14.42.200. GENERAL POWERS. In addition to other powers  
13 granted in this chapter, the corporation may

- 14 (1) sue and be sued in its own name;
- 15 (2) adopt an official seal;
- 16 (3) adopt regulations under AS 44.62 (Administrative Proce-  
17 dure Act) to carry out the purposes of this chapter;
- 18 (4) make and execute agreements, contracts, and other in-  
19 struments necessary or convenient in the exercise of the powers and  
20 functions of the corporation, including contracts with a person or  
21 governmental entity;
- 22 (5) receive, administer, and comply with the conditions and  
23 requirements respecting any appropriation, gift, grant, or donation of  
24 property or money;
- 25 (6) borrow money as provided in this chapter to carry out  
26 its corporate purposes and issue its obligations as evidence of the  
27 borrowing;
- 28 (7) include in a borrowing the amounts to pay financing  
29 charges, interest on the obligations for a period not exceeding one

1 year after the date on which the corporation estimates funds will  
2 otherwise be available to pay the interest, consultant, advisory and  
3 legal fees and other expenses necessary or incident to the borrowing;

4 (8) invest or reinvest, subject to its contracts with  
5 noteholders and bondholders, money held by the corporation in obliga-  
6 tions or other securities authorized for investments of the commis-  
7 sioner of revenue under AS 37.10.070(a);

8 (9) collect from a borrower amounts owed with respect to a  
9 student loan the corporation has purchased;

10 (10) gather information on student loans available to resi-  
11 dents of Alaska and disseminate the information to reasonably assure  
12 that qualified residents are aware of financial resources available to  
13 those attending or desiring to attend institutions for which loans may  
14 be made under AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or  
15 14.43.710 - 14.43.790;

16 (11) service student loans held by the corporation;

17 (12) purchase or participate in the purchase of student  
18 loans;

19 (13) contract in advance for the purchase or sale of student  
20 loans;

21 (14) sell or participate in the sale, either public or  
22 private and on terms authorized by the board, of student loans to the  
23 Student Loan Marketing Association or to other purchasers;

24 (15) collect and pay reasonable fees and charges in connec-  
25 tion with the purchase, sale; and servicing of student loans;

26 (16) enter into agreements with the federal government,  
27 including guaranty agreements and supplemental guaranty agreements as  
28 described in the United States Higher Education Act of 1965, as neces-  
29 sary to provide for the receipt by the corporation of administrative

1 allowances and other benefits available under the United States Higher  
2 Education Act of 1965;

3 (17) administer federal money allotted to the state involv-  
4 ing insured student loans and related administrative costs and other  
5 matters;

6 (18) enter into agreements with the Alaska Commission on  
7 Postsecondary Education relating to student loans, the administration  
8 of the student loan fund created under AS 14.42.210, and the payment  
9 of and security for bonds of the corporation;

10 (19) to the extent permitted under contracts with bond  
11 holders, consent to the modification of the rate of interest, time of  
12 payment of an installment of principal or interest, or other terms of  
13 a student loan purchased by the corporation;

14 (20) procure insurance against any loss in connection with  
15 the operation of its programs;

16 (21) provide advisory services to borrowers and other parti-  
17 cipants in the corporation's programs;

18 (22) enter into credit facility agreements and make pledges,  
19 covenants, and agreements with respect to the repayment of borrowings  
20 under the credit facility agreements;

21 (23) do all acts necessary, convenient, or desirable to  
22 carry out the powers expressly granted or necessarily implied in  
23 AS 14.42.100 - 14.42.500.

24 Sec. 14.42.210. STUDENT LOAN FUND. (a) The student loan fund  
25 is established in the corporation. The student loan fund is a trust  
26 fund to be used to carry out the purposes of AS 14.42.100 - 14.42.500,  
27 AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, and 14.43.710 -  
28 14.43.790. The fund consists of money or assets appropriated or  
29 transferred to the corporation for the fund and money or assets

1 deposited in it by the corporation. The corporation may establish  
2 separate accounts in the fund.

3 (b) Money and other assets of the student loan fund may be used  
4 to secure bonds of the corporation, invested in student loans and in-  
5 vestments described in AS 37.10.070(a) and used to purchase loans  
6 approved under AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or  
7 14.43.710 - 14.43.790.

8 (c) The student loan fund shall be administered by the Alaska  
9 Commission on Postsecondary Education. The corporation and the com-  
10 mission may enter into agreements relating to the administration of  
11 the fund. The corporation may assign its rights under the agreements  
12 for the benefit and security of holders of its bonds.

13 Sec. 14.42.220. BONDS OF THE CORPORATION. (a) Subject to (f)  
14 of this section, the corporation may borrow money and may issue bonds,  
15 on which the principal and interest are payable from its income and  
16 receipts or other assets or a designated part or parts of them.

17 (b) Bonds may be authorized only by resolution of the board.  
18 Bonds shall be dated, bear interest at the rate or rates, be in the  
19 denominations, be in the form, either coupon or registered, carry the  
20 registration privileges, be executed in the manner, be payable in the  
21 medium of payment, at the place or places, be subject to the terms of  
22 redemption, and mature as provided by the resolution or a subsequent  
23 resolution. However, a bond may not mature more than 30 years after  
24 the date it is issued.

25 (c) Bonds of the corporation, regardless of form or character,  
26 are negotiable instruments for all the purposes of the Uniform Commer-  
27 cial Code (AS 45.01 - AS 45.09).

28 (d) Bonds of the corporation may be sold at public or private  
29 sale in the manner, for the price or prices, and at the time or times

1 that the board determines.

2 (e) The superior court has jurisdiction to hear and determine  
3 proceedings relating to the corporation, including proceedings brought  
4 by or for the benefit of a bondholder or by a trustee for or other  
5 representative of a bondholder.

6 (f) The corporation may not issue bonds, other than refunding  
7 bonds, during any two consecutive fiscal years in an aggregate amount  
8 greater than \$125,000,000 unless the legislature, by law, approves  
9 issuance of a greater amount.

10 Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. An  
11 issue of bonds by the corporation may be secured by a trust indenture  
12 or trust agreement between the corporation and a corporate trustee,  
13 which may be a trust company, bank, or national banking association,  
14 with corporate trust powers, located inside or outside the state, or  
15 by a secured loan agreement or other instrument or under a resolution  
16 giving powers to a corporate trustee by means of which the corporation  
17 may:

18 (1) enter into agreements with the trustee or the bond-  
19 holders that the board determines to be necessary or desirable, in-  
20 cluding covenants, provisions, limitations, and other agreements as to  
21 the

22 (A) application, investment, deposit, use, and dispo-  
23 sition of the proceeds of bonds of the corporation or of money or  
24 other property of the corporation or in which it has an interest;

25 (B) fixing and collecting loan payments and other  
26 consideration for a student loan;

27 (C) assignment by the corporation of its rights in a  
28 student loan or in a mortgage or other security interest created  
29 with respect to a student loan to a trustee for the benefit of

1 bondholders;

2 (D) terms and conditions upon which additional bonds  
3 of the corporation may be issued;

4 (E) vesting in a trustee of rights, powers, duties,  
5 funds, or property in trust for the benefit of bondholders, in-  
6 cluding the right to enforce payment, performance, and other  
7 rights of the corporation or of the bondholders, under a student  
8 loan or a security interest created with respect to a student  
9 loan;

10 (2) pledge, mortgage or assign money, agreements, property,  
11 or other assets of the corporation either presently in hand or to be  
12 received in the future, or both; and

13 (3) provide for other matters that in any way affect the  
14 security or protection of the bonds.

15 Sec. 14.42.240. RESERVES AND CAPITAL RESERVES. (a) For the  
16 purpose of securing one or more issues of bonds of the corporation,  
17 the board may establish one or more special funds, called "capital  
18 reserve funds," and may pay into those capital reserve funds the  
19 proceeds of the sale of bonds and other money available to the corpo-  
20 ration from other sources for the purposes of the capital reserve  
21 funds. A capital reserve fund may be established only if the board  
22 determines that the establishment of the fund would enhance the mar-  
23 ketability of the bonds. Money in a capital reserve fund, except as  
24 provided in this section, may be used as required only for the (1)  
25 payment of the principal of, and interest on, bonds or of the sinking  
26 fund payments with respect to those bonds; (2) purchase or redemption  
27 of the bonds; or (3) payment of a redemption premium required to be  
28 paid when the bonds are redeemed before maturity. However, money in a  
29 capital reserve fund may not be withdrawn if the withdrawal would

1 reduce the amount in the capital reserve fund to less than the capital  
2 reserve fund requirement, except for the purpose of making payment,  
3 when due, of principal, interest, or redemption premiums on the bonds  
4 when other money of the corporation is not available for the payments.  
5 Income or interest earned by, or increment to, a capital reserve fund,  
6 from the investment of all or part of the fund, may be transferred by  
7 the corporation to other funds or accounts of the corporation if the  
8 transfer does not reduce the amount of the capital reserve fund below  
9 the capital reserve fund requirement.

10 (b) If the board decides to issue bonds secured by a capital  
11 reserve fund, the bonds may not be issued if the amount in the capital  
12 reserve fund is less than the capital reserve fund requirement, unless  
13 the corporation, at the time of issuance of the bonds, pledges to  
14 deposit in the capital reserve fund from the proceeds of the bonds to  
15 be issued or from other sources, an amount that, together with the  
16 amount then in the fund, is not less than the capital reserve fund  
17 requirement.

18 (c) In computing the amount of a capital reserve fund for the  
19 purpose of this section, securities in which all or a portion of the  
20 fund is invested and credit facilities deposited in or credited to a  
21 capital reserve fund under (f) of this section shall be valued by a  
22 reasonable method established by the board by resolution. Valuation  
23 shall include the amount of interest earned or accrued as of the date  
24 of valuation.

25 (d) By January 15 of each year, the chairman of the board shall  
26 certify in writing to the governor and the legislature the amount, if  
27 any, required to restore a capital reserve fund to the capital reserve  
28 fund requirement. The legislature may appropriate to the corporation  
29 the amount certified by the chairman. The corporation shall deposit

1 the amounts appropriated under this subsection during a fiscal year in  
2 the proper capital reserve fund. This subsection does not create a  
3 debt or liability of the state.

4 (e) The board may establish reserve funds, other than capital  
5 reserve funds, to secure one or more issues of bonds of the corpo-  
6 ration. The corporation may deposit in a reserve fund established  
7 under this subsection the proceeds of sale of its bonds and other  
8 money available from any other source. The corporation may allow a  
9 reserve fund established under this subsection to be depleted without  
10 complying with (d) of this section.

11 (f) The corporation may hold in a capital reserve fund, in lieu  
12 of money and in satisfaction of all or part of a capital reserve fund  
13 requirement, irrevocable letters of credit issued by a commercial  
14 bank, surety bonds, insurance policies, and similar credit facilities.

15 (g) In this section, "capital reserve fund requirement" means  
16 the amount required to be on deposit in the capital reserve fund as of  
17 the date of computation as determined by resolution of the board.

18 Sec: 14.42.250. VALIDITY OF PLEDGE. It is the intention of the  
19 legislature that a pledge made in respect to bonds of the corporation  
20 shall be valid and binding from the time the pledge is made; that the  
21 money or property so pledged and thereafter received by the corpora-  
22 tion shall immediately be subject to the lien of the pledge without  
23 physical delivery or further act; and that the lien of the pledge  
24 shall be valid and binding as against all parties having claims of any  
25 kind in tort, contract, or otherwise against the corporation irrespec-  
26 tive of whether the parties have notice. Neither the resolution,  
27 trust agreement, nor other instrument by which a pledge is created  
28 need be recorded or filed under the provisions of the Uniform Commer-  
29 cial Code (AS 45.01 - AS 45.09) to be valid, binding, or effective.

1           Sec. 14.42.260. NONLIABILITY ON BONDS. (a) The members of the  
2 board and individuals executing the bonds of the corporation are not  
3 liable personally on the bonds or subject to personal liability or  
4 accountability by reason of the issuance of the bonds.

5           (b) The bonds issued by the corporation do not constitute an  
6 indebtedness or other liability of the state or of a political sub-  
7 division of the state, except the corporation, but shall be payable  
8 solely from the income and receipts or other funds or property of the  
9 corporation. The corporation may not pledge the faith or credit of  
10 the state, or of a political subdivision of the state, except the  
11 corporation, to the payment of a bond. Issuance of a bond by the  
12 corporation does not directly, indirectly, or contingently obligate  
13 the state or a political subdivision of the state to apply money from,  
14 or levy or pledge any form of taxation whatever to the payment of the  
15 bond.

16           Sec. 14.42.265. UNDERWRITERS. The board may select an  
17 underwriter for its bonds in accordance with procedures the board  
18 considers appropriate. However, the procedures must include a  
19 competitive method for selecting the underwriter.

20           Sec. 14.42.270. PLEDGE AND AGREEMENT OF STATE. The state  
21 pledges to and agrees with holders of bonds issued by the corporation  
22 that the state will not limit or alter the rights and powers vested in  
23 the corporation under AS 14.42.100 - 14.42.330 to fulfill the terms of  
24 a contract made by the corporation with the bondholders or in any way  
25 impair the rights and remedies of the bondholders until the bonds,  
26 together with the interest on them with interest on unpaid install-  
27 ments of interest, and all costs and expenses in connection with an  
28 action or proceeding by or on behalf of the bondholders, are fully met  
29 and discharged. The corporation may include this pledge and agreement

1 of the state in a contract with bondholders.

2           Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal  
3 property of the corporation and its assets, income, and receipts are  
4 declared to be the property of a political subdivision of the state  
5 and devoted to an essential public and governmental function and  
6 purpose, and the property, assets, income, receipts, and other in-  
7 terests of the corporation are exempt from all taxes and special  
8 assessments of the state or a political subdivision of the state,  
9 including municipalities, school districts, public utility districts,  
10 and other governmental units. Bonds of the corporation are declared  
11 to be issued by a political subdivision of the state and for an essen-  
12 tial public and governmental purpose, and the bonds, interest on them,  
13 income from them, and transfer of them, and all assets, income, and  
14 receipts pledged to pay or secure the payment of the bonds, or inter-  
15 est on them, are exempt from taxation by or under the authority of the  
16 state, except for inheritance and estate taxes and taxes on transfers  
17 by or in contemplation of death.

18           Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The  
19 bonds of the corporation are securities in which public officers and  
20 bodies of the state, municipalities, insurance companies, insurance  
21 associations, other persons carrying on an insurance business, banks,  
22 bankers, trust companies, savings banks, savings associations, build-  
23 ing and loan associations, investment companies, other persons carry-  
24 ing on a banking business, administrators, guardians, executors,  
25 trustees, other fiduciaries, and other persons who are authorized to  
26 invest in bonds or other obligations of the state, may properly and  
27 legally invest funds including capital in their control or belonging  
28 to them. Notwithstanding any other provisions of law, the bonds of  
29 the corporation are also securities that may be deposited with and may

1 be received by public officers and bodies of the state and municipali-  
2 ties for any purpose for which the deposit of bonds or other obliga-  
3 tions of the state is now or may be authorized.

4 Sec. 14.42.300. OPERATION OF CERTAIN STATUTES EXCEPTED. (a)  
5 The corporation is not a municipality as the term is defined in  
6 AS 01.10.060. Except as provided in AS 14.42.190, the corporation is  
7 not subject to AS 37. For all other purposes the corporation is a  
8 political subdivision and an instrumentality of the state.

9 (b) The funds, income, and receipts of the corporation are not  
10 money of the state, nor may real property in which the corporation has  
11 an interest be considered land owned in fee by the state or to which  
12 the state may become entitled or in any way land belonging to the  
13 state, or state land referred to in art. VIII of the Alaska Constitu-  
14 tion.

15 Sec. 14.42.310. ANNUAL AUDIT. The financial records of the  
16 corporation shall be audited annually by the legislative auditor or by  
17 a certified public accountant approved by the legislative auditor.  
18 The legislative auditor may prescribe the form and content of the  
19 financial records of the corporation and shall have access to these  
20 records at any time.

21 Sec. 14.42.500. DEFINITIONS. In AS 14.42.100 - 14.42.500,

22 (1) "board" means the board of directors of the corpo-  
23 ration;

24 (2) "corporation" means the Alaska Student Loan Corpora-  
25 tion.

26 \* Sec. 3. AS 14.43.090(a) is amended to read:

27 (a) There is created a scholarship revolving loan fund. The  
28 fund shall be used to make scholarship loans to students selected  
29 under AS 14.43.090 - 14.43.160, [AND] to pay the costs of collecting

1 scholarship [STUDENT] loans that are in default if those costs are not  
2 recovered from the student, and to pay the costs of administering the  
3 fund. Unless the instrument evidencing the scholarship loan has been  
4 sold or assigned to the Alaska Student Loan Corporation, [. ALL]  
5 repayments of principal and interest on a scholarship loan [LOANS]  
6 shall be paid into the scholarship revolving loan fund. If money  
7 estimated to be available [FROM SCHOLARSHIP LOAN REPAYMENTS] is inade-  
8 quate to fully fund estimated scholarship loans for any fiscal year,  
9 additional funding from the general fund may be requested and appro-  
10 priated for that year.

11 \* Sec. 4. AS 14.43.090 is amended by adding a new subsection to read:

12 (d) The student financial aid committee created under AS 14.43.-  
13 095 may sell or assign notes and other instruments evidencing scholar-  
14 ship loans to the Alaska Student Loan Corporation and enter into  
15 agreements with the corporation relating to loans, the administration  
16 of the student loan fund created under AS 14.42.210, and the payment  
17 of and security for bonds of the corporation. Proceeds from the sale  
18 or assignment of notes and other instruments shall be deposited in the  
19 scholarship revolving loan fund.

20 \* Sec. 5. AS 14.43.120(h) is amended to read:

21 (h) Security may not be required for a loan [THE LOANS];  
22 however, provision shall be made for payment of all [ATTORNEY] fees  
23 and costs [OF COURT IF EITHER OR BOTH ARE] incurred in collection of  
24 the amount owed on the loan if it becomes delinquent or in default.

25 \* Sec. 6. AS 14.43.120(i) is amended to read:

26 (i) If a loan is in default, the commission shall notify the  
27 borrower that repayment of the remaining balance is accelerated and  
28 due by sending the borrower a notice by registered or certified mail.  
29 The permanent fund dividend of a borrower may be taken under

1 AS 43.23.065(b)(4) to satisfy the balance due on the defaulted loan.

2 \* Sec. 7. AS 14.43.120(1) is amended to read:

3 (1) The state shall [WILL] pay the interest on that portion of a  
4 loan that is not federally insured during

5 (1) the period in which the borrower is a full-time student  
6 [BEFORE THE BEGINNING OF THE REPAYMENT PERIOD OF THE LOAN]; and

7 (2) deferments under (k) of this section.

8 \* Sec. 8. AS 14.43.120 is amended by adding a new subsection to read:

9 (r) The rate of interest, time of payment of an installment of  
10 principal or interest, or other terms of a scholarship loan may be  
11 modified if required to establish or maintain tax-exempt status under  
12 26 U.S.C. 103 (Internal Revenue Code of 1986), as amended, for the  
13 interest on bonds issued by the Alaska Student Loan Corporation.

14 \* Sec. 9. AS 14.43.125 is amended by adding a new subsection to read:

15 (c) A person may not be awarded a scholarship loan under AS 14.-  
16 43.090 - 14.43.160 if a family education loan is made on behalf of  
17 that person under AS 14.43.710 - 14.43.790 or if that person receives  
18 a teacher scholarship loan under AS 14.43.600 - 14.43.700 for the same  
19 school year.

20 \* Sec. 10. AS 14.43.255(a) is amended to read:

21 (a) There is created a memorial scholarship revolving loan fund.  
22 The fund shall be used to provide educational scholarship loans to  
23 students selected under AS 14.43.250 - 14.43.325. Unless the instru-  
24 ment evidencing the memorial scholarship loan has been sold or as-  
25 signed to the Alaska Student Loan Corporation, repayments [REPAYMENTS]  
26 of a loan [LOANS MADE UNDER AS 14.43.250(b)(1) - (4)] shall be de-  
27 posited into the memorial scholarship revolving loan fund and [REPAY-  
28 MENTS OF LOANS MADE UNDER AS 14.43.250(b)(5) SHALL BE DEPOSITED INTO  
29 THE SCHOLARSHIP REVOLVING LOAN FUND CREATED UNDER AS 14.43.090.

1 REPAYMENTS] shall be used to make new loans.

2 \* Sec. 11. AS 14.43.255 is amended by adding a new subsection to read:

3 (c) The student financial aid committee created under AS 14.43.-  
4 095 may sell or assign notes and other instruments evidencing memorial  
5 scholarship loans to the Alaska Student Loan Corporation and enter  
6 into agreements with the corporation relating to loans, the adminis-  
7 tration of the student loan fund created under AS 14.42.210, and the  
8 payment of and security for bonds of the corporation. Proceeds from  
9 the sale or assignment of a note or other instrument shall be de-  
10 posited in the appropriate memorial scholarship loan fund account.

11 \* Sec. 12. AS 14.43.620 is amended to read:

12 Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN FUND. There  
13 is created a teacher scholarship revolving loan fund. The fund shall  
14 be used to make scholarship loans to students selected under AS 14.-  
15 43.600 - 14.43.700. Unless the instrument evidencing the teacher  
16 scholarship loan has been sold or assigned to the Alaska Student Loan  
17 Corporation, [ALL] repayments of principal and interest on a teacher  
18 scholarship loan [LOANS] shall be paid into the teacher scholarship  
19 revolving loan fund and shall be used to make new teacher scholarship  
20 loans. If estimated funds available [FROM TEACHER SCHOLARSHIP LOAN  
21 REPAYMENTS] are inadequate to fully fund estimated teacher scholarship  
22 loans for any fiscal year, additional funding from the general fund  
23 may be requested and appropriated for that year.

24 \* Sec. 13. AS 14.43.620 is amended by adding a new subsection to read:

25 (b) The student financial aid committee created under AS 14.43.-  
26 095 may sell or assign notes and other instruments evidencing teacher  
27 scholarship loans to the Alaska Student Loan Corporation and enter  
28 into agreements with the corporation relating to loans, the adminis-  
29 tration of the student loan fund created under AS 14.42.210 and the

1 payment of and security for bonds of the corporation. Proceeds from  
2 the sale or assignment of the notes or other instruments shall be  
3 deposited in the teacher scholarship revolving loan fund.

4 \* Sec. 14. AS 14.43.640(b) is amended to read:

5 (b) If a borrower meets the conditions provided in (a) of this  
6 section and is employed as a teacher in a rural elementary or second-  
7 ary school, the portion of the loan that shall be paid by the state  
8 [, NOTWITHSTANDING AS 14.43.120(j),] is the following percentages of  
9 the total loan received plus interest up to a total of 100 percent of  
10 the total loan:

- 11 (1) one year employment, 15 percent;
- 12 (2) two years employment, an additional 15 percent;
- 13 (3) three years employment, an additional 15 percent;
- 14 (4) four years employment, an additional 25 percent;
- 15 (5) over four years employment, an additional 30 percent.

16 \* Sec. 15. AS 14.43.650(c) is repealed and reenacted to read:

17 (c) A student may not be awarded a teacher scholarship loan  
18 under AS 14.43.600 - 14.43.700 if a family education loan is made on  
19 behalf of the student under AS 14.43.710 - 14.43.790 or if the student  
20 receives a scholarship loan under AS 14.43.090 - 14.43.160 for the  
21 same school year.

22 \* Sec. 16. AS 14.43 is amended by adding new sections to read:

23 ARTICLE 8. ALASKA FAMILY EDUCATION LOAN PROGRAM.

24 Sec. 14.43.710. PROGRAM ESTABLISHED. The Alaska family educa-  
25 tion loan program is established to provide low interest loans to  
26 families to assist in paying the costs of postsecondary education for  
27 family members.

28 Sec. 14.43.720. FAMILY EDUCATION LOAN ACCOUNT. (a) The family  
29 education loan account is created within the scholarship revolving

1 loan fund (AS 14.43.090). The account shall be used to make family  
2 education loans to families selected under AS 14.43.710 - 14.43.790,  
3 to pay the costs of collecting family education loans that are in  
4 default if those costs are not recovered from the family, and to pay  
5 the costs of administering the account. Unless the instrument evi-  
6 dencing the family education loan has been sold or assigned to the  
7 Alaska Student Loan Corporation, repayments of principal and interest  
8 on family education loans shall be paid into the family education loan  
9 account. If estimated funds available from family education loan  
10 repayments are inadequate to fully fund estimated family education  
11 loans in a fiscal year, additional funding from the general fund may  
12 be requested and appropriated for that year.

13 (b) The student financial aid committee created under AS 14.43.-  
14 095 may sell or assign notes and other instruments evidencing family  
15 education loans to the Alaska Student Loan Corporation and enter into  
16 agreements with the corporation relating to loans, the administration  
17 of the student loan fund created under AS 14.42.210, and the payment  
18 of and security for bonds of the corporation. Proceeds from the sale  
19 or assignment of notes and other instruments shall be deposited in the  
20 family education loan account.

1 Sec. 14.43.730. ADMINISTRATION. The family education loan  
2 program shall be administered by the student financial aid committee  
3 (AS 14.43.095) under regulations adopted by the committee.

4 Sec. 14.43.740. LOAN TERMS AND CONDITIONS. (a) The provisions  
5 of AS 14.43.100, 14.43.110, 14.43.115, 14.43.120(a) - (d), (i), (m),  
6 and (r), and 14.43.135, apply to a loan made under AS 14.43.710 -  
7 14.43.790.

8 (b) The provisions of AS 14.43.120(p) apply to a loan made under  
9 AS 14.43.710 - 14.43.790 with respect to the family member on whose  
10

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

1 loan fund (AS 14.43.090). The account shall be used to make family  
2 education loans to families selected under AS 14.43.710 - 14.43.790,  
3 to pay the costs of collecting family education loans that are in  
4 default if those costs are not recovered from the family, and to pay  
5 the costs of administering the account. Unless the instrument evi-  
6 dencing the family education loan has been sold or assigned to the  
7 Alaska Student Loan Corporation, repayments of principal and interest  
8 on family education loans shall be paid into the family education loan  
9 account. If estimated funds available from family education loan  
10 repayments are inadequate to fully fund estimated family education  
11 loans in a fiscal year, additional funding from the general fund may  
12 be requested and appropriated for that year.

13 (b) The student financial aid committee created under AS 14.43.-  
14 095 may sell or assign notes and other instruments evidencing family  
15 education loans to the Alaska Student Loan Corporation and enter into  
16 agreements with the corporation relating to loans, the administration  
17 of the student loan fund created under AS 14.42.210, and the payment  
18 of and security for bonds of the corporation. Proceeds from the sale  
19 or assignment of notes and other instruments shall be deposited in the  
20 family education loan account.

21 Sec. 14.43.730. ADMINISTRATION. The family education loan  
22 program shall be administered by the student financial aid committee  
23 (AS 14.43.095) under regulations adopted by the committee.

24 Sec. 14.43.740. LOAN TERMS AND CONDITIONS. (a) The provisions  
25 of AS 14.43.100, 14.43.110, 14.43.115, 14.43.120(a) - (d), (i), (m),  
26 and (r), and 14.43.135, apply to a loan made under AS 14.43.710 -  
27 14.43.790.

28 (b) The provisions of AS 14.43.120(p) apply to a loan made under  
29 AS 14.43.710 - 14.43.790 with respect to the family member on whose

1           behalf a loan is made.

2           (c) Interest on a loan made under AS 14.43.710 - 14.43.790 is at  
3 a rate of five percent a year unless the loan is in default. Interest  
4 on a loan that is in default is 10 percent a year.

5           (d) Repayment of the principal and interest on a loan made under  
6 AS 14.43.710 - 14.43.790 begins on the first of the month immediately  
7 following loan disbursement. The loan may be cancelled without preju-  
8 dice at any time before actual disbursement. The loan shall provide  
9 for repayment of the total amount owed in periodic installments in not  
10 more than 10 years from the commencement of repayment. If the commis-  
11 sion and the borrower agree to a different repayment schedule, the  
12 borrower shall repay the loan in accordance with the agreement.

13           (e) Provision shall be made for payment by the borrower of fees  
14 and costs incurred in collection of delinquent or defaulted loans.

15           Sec. 14.43.750. ELIGIBILITY. (a) A person may apply for and  
16 obtain a family education loan on behalf of a family member if

17           (1) the borrower is a resident of the state at the time of  
18 application for the loan; for purposes of this paragraph, a borrower  
19 qualifies as a resident of the state if the borrower has been phys-  
20 ically present in the state for at least two years immediately before  
21 the time of application for the loan;

22           (2) the family member has been claimed as a dependent for  
23 federal tax purposes by the borrower for the tax year immediately  
24 before the time of application and

25           (A) is enrolled as a full-time student in a career  
26 education, associate, baccalaureate, or graduate degree program;  
27 or

28           (B) is a graduate of a high school or the equivalent,  
29 or scheduled for graduation from a high school within six months,

1 with sufficient credits to be admitted to a career education  
2 program or to an accredited college or university; and

3 (3) neither the borrower nor the family member is delin-  
4 quent or in default on a previously awarded student loan from the  
5 state.

6 (b) A family education loan may not be made on behalf of a  
7 family member if the family member receives a scholarship loan under  
8 AS 14.43.090 - 14.43.160 or a teacher scholarship loan under AS 14.-  
9 43.600 - 14.43.700 for the same school year.

10 Sec. 14.43.790. DEFINITIONS. (a) In AS 14.43.710 - 14.43.790

11 (1) "default" means a loan that is 120 days or more past  
12 due in repayment;

13 (2) "delinquent" means a loan that is 60 days or more past  
14 due in repayment.

15 (b) The definitions set out in AS 14.43.160 apply to AS 14.43.-  
16 710 - 14.43.790.

17 \* Sec. 17. AS 43.23 is amended by adding a new section to read:

18 Sec. 43.23.067. CLAIMS OF DEFAULTED SCHOLARSHIP LOANS. (a)  
19 AS 09.38 does not apply to permanent fund dividends taken under  
20 AS 14.43.120(i). Notwithstanding AS 09.35, execution on a claim under  
21 AS 14.43.120(i) is accomplished by delivering a certified claim to the  
22 department containing the following information:

23 (1) the name and social security number of the individual  
24 whose dividend is being claimed;

25 (2) the amount the individual owes on the scholarship loan;  
26 and

27 (3) a statement that

28 (A) the debt has not been contested, or, if contested,  
29 that the issue has been resolved in favor of the Alaska

1 Commission on Postsecondary Education; and

2 (B) if the debt has been contested and resolved in  
3 favor of the Alaska Commission on Postsecondary Education, no  
4 appeal is pending, the time limit for filing an appeal has ex-  
5 pired, or the appeal has been resolved in favor of the commis-  
6 sion.

7 (b) Upon receipt of a claim under (a) of this section the de-  
8 partment shall notify the individual of the claim. The notice shall  
9 be sent to the address provided in the individual's permanent fund  
10 dividend application and must provide the following information:

11 (1) the amount of the claim; and

12 (2) notice that the amount of the permanent fund dividend  
13 that does not exceed the amount of the claim shall be paid to the  
14 Alaska Commission on Postsecondary Education unless the commission  
15 releases the claim or the individual requests a hearing within 30 days  
16 after the date the notice is sent by the department.

17 (c) AS 44.62.330 - 44.62.630 apply to a hearing requested by an  
18 individual under (b)(2) of this section. If a request for a hearing  
19 is not received by the department within the required time limit, the  
20 department shall pay to the Alaska Commission on Postsecondary Educa-  
21 tion the amount of the permanent fund dividend that does not exceed  
22 the amount of the claim.

23 \* Sec. 18. AS 14.43.120(j) and 14.43.120(o) are repealed.

24 \* Sec. 19. This Act takes effect July 1, 1987.

SECTIONAL ANALYSIS OF THE ALASKA STUDENT LOAN CORPORATION

\*Section 1.

Sec. 14.42.100. ALASKA STUDENT LOAN CORPORATION. This paragraph creates the Alaska Student Loan Corporation. The corporation cannot be terminated while debt obligations are outstanding.

Sec. 14.42.110 PURPOSE OF CORPORATION. This paragraph establishes the purpose of the corporation to provide higher education opportunities for residents of Alaska.

Sec. 14.42.120. CORPORATION GOVERNING BODY. The Corporation shall be governed by an executive committee of five members made up from the thirteen members of the Alaska Commission on Postsecondary Education Board. The board members are made up of one member of the State Board of Education and four members are from the rest of the board excluding the two legislative members. Board members shall receive travel and per diem. A majority of the board constitutes a quorum for the organization.

Sec. 14.42.130. MEETING OF THE BOARD. The board meetings will meet at the call of the chairman and any meeting at which corporate bonds are authorized at least twenty-four hours notice shall be given to the public.

Sec. 14.42.140. MINUTES OF MEETINGS. The board shall keep minutes of every meeting and shall send copies to the governor and Legislative Budget and Audit committee.

Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall manage the business of the corporation and adopt by-laws and regulations in accord with the Administrative and Procedures Act. The board shall delegate supervision and administration to the Executive officer.

Sec. 14.42.160. EXECUTIVE OFFICER. The corporation shall employ an executive officer who is the executive officer of the Commission on Postsecondary Education.

Sec. 14.42.170. EMPLOYMENT OF PERSONNEL. The executive officer may hire employees in the exempt service. The board may appoint other officers and engage professionals.

Sec. 14.41.190. EXECUTIVE BUDGET ACT. The operating budget of the corporation is subject to the Executive Budget Act.

Sec. 14.41.200. GENERAL POWERS. The corporation has the powers to sue and be sued, adopt an official seal, enter into contracts, receive and administer gifts or grants according to the terms and conditions of gift or grant, borrow money, pay finance charges and

interest, invest money, collect from borrowers, gather information on loans, require an eligible institution to file reports, service student loans, obtain information about students applying for loans, contract for purchase of student loans, sell or participate in the sale of student loans, modify interest terms and conditions of student loans based on contracts with bondholders, collect and pay reasonable fees as well as charges in connection with student loans, enter into agreements on student loans concerning federal student loans, enter into contracts with lenders, administer federal money, consent to the modification of terms of the student loans, enter into agreements with Alaska Commission on Postsecondary Education, procure insurance against losses, provide advisory services to borrowers, enter into credit facility agreements and make pledges, covenants, and agreements with respect to the repayment of borrowings of the credit facility agreements, do all acts necessary to carry out the powers implied in this chapter.

Sec. 14.42.210. STUDENT LOAN FUND. Creates a student loan fund inside the corporation to make student loans and secure bond issues the proceeds of which are used to make student loans. The student loan fund shall be administered by the Alaska Commission on Postsecondary Education.

Sec. 14.42.220. BONDS OF THE CORPORATION. The Corporation may borrow money and issue bonds secured by the income and receipts from student loans and other assets. The bonds are issued by resolutions of the board. Each bond issue shall have a maturity of thirty years or less and be subject to the Uniform Commercial Code. The corporation may not issue bonds, other than refunding bonds, during any two consecutive fiscal years in an aggregate amount greater than \$150,000,000 unless the legislature, by law, approves issuance of a greater amount.

Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. Issues of bonds may be secured by trust indenture or agreement between the corporation and may be a trust company, bank or national banking association inside or outside the state by secured loan agreement or other instrument giving powers to a corporate trustee by which means the corporation may enter into agreements with the holders of the bonds that the board decides desirable as to the disposition of the proceeds of the bonds, collection of loan payments, assignment of its rights in security interest created to a trustee for the benefit of bondholders, conditions which bonds may be issued, vesting in trustee of rights and powers. Pledge and mortgage assets. Provide for security of the bonds.

Sec. 14.42.240. CAPITAL RESERVE FUNDS AND CAPITAL RESERVE FUND REQUIREMENTS. This section creates the Capital Reserve fund. These paragraphs create what is commonly known as the moral obligation of the State to repay these bonds.

Sec. 14.42.250. VALIDITY OF PLEDGE. Bonds issued under this chapter shall be valid and binding against all parties having claim of any kind from the corporation.

Sec. 14.42.260. NONLIABILITY OF BONDS. Members of the corporation are not subject to personal liability for issuance of the bonds. The bonds issued do not constitute liability for the State but are payable solely from the income and receipts of the corporation.

Sec. 14.42.265. UNDERWRITERS. The State Purchasing Act (AS 36.30) does not apply to the selection of an underwriter by the board.

Sec. 14.42.270. PLEDGE OF STATE. The State pledges not to alter or limit the rights of bond holders interest when the bonds are outstanding.

Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal property of the corporation are not subject to state or local tax.

Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. Bonds are legal investments for all fiduciaries and municipalities in the State.

Sec. 14.42.300. OPERATION OF CERTAIN STATUTES EXCEPTED. The corporation may not be considered or constitute a political subdivision for the purpose of lending it's credit. The corporation is not considered a municipal corporation under Title 29. The funds and real estate of the corporation are not considered property of the State.

Sec. 14.42.310. ANNUAL AUDIT. The coporation shall have an annual audit.

Sec. 14.42.500. DEFINITIONS. Defines the corporation and board.

\*Section 2. AS 14.42.265. The board may select underwriters only by using a competitive method.

\*Section 3. AS 14.43.090(a). Amends the power of the Postsecondary Education Corporation to pay the cost of administering student loans and sell or assign loans to the Alaska Student Loan Corporation.

\*Section 4. AS 14.43.090(d). It allows the student financial aid committee to sell loans to the Alaska Student Loan Corporation and enter into agreements with the corporation relating to loans.

\*Section 5. AS 14.43.120(d). Scholarship loans may not be made to students who attend an institution where the default rate on loans made to students to attend the institution exceeds the program default rate by more than 150%.

\*Section 6. AS 14.43.120(r). Interest rates on scholarship loans may be modified to maintain the corporation's tax-exempt status under the Internal Revenue Code.

\*Section 7. AS 14.43.255(a). Amends the Memorial Scholarship Loan Fund to allow the loans to be sold or assigned to the Alaska Student Loan Corporation.

\*Section 8. AS 14.43.255(c). Allows the State Aid Committee to sell and administer Memorial Scholarship Loans to the Alaska Student Loan Corporation.

\*Section 9. AS 14.43.620 Amended to allow the Teacher Scholarship Revolving Loan Fund to sell or assign loans to the Alaska Student Loan Corporation..

\*Section 10. AS 14.43.620(b). The student financial aid committee may sell teacher scholarship loans to the Alaska Student Loan Corporation and may enter into agreements related to such loans.

\*Section 11. The act takes effect immediately.

\*Section 12. The competitive underwriting section takes effect July 1, 1988.

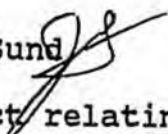
JOHN SUND, REPRESENTATIVE  
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While in Juneau  
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Juneau, Alaska 99811  
(907) 465-4919

February 11, 1987

MEMORANDUM

TO: Honorable Al Adams

FROM: Representative John Sund 

RE: CSHB 39 (HESS) "An Act relating to student loans; creating the Alaska Student Loan Corporation; and providing for an effective date."

.....  
I would appreciate it if you would schedule CSHB 39 at your earliest convenience.

As an option for reducing the cost of the student loan program CSHB 39 establishes an Alaska Student Loan Corporation to administer and finance the student loan program. As a public corporation and government instrumentality within the Department of Education, the new corporation would be granted authority to borrow money and issue bonds for the financing of student loans.

According to Dr. Kerry Romesburg, Director of the Commission on Postsecondary Education, this bonding legislation would save more than \$140 million in the General Fund over the next five years, and it wouldn't result in increased cost until around the year 2016. The Commission supports the proposal as it would ensure that the student loan program is maintained at its annual level of \$80 - \$100 million per year.

Funding of the loans through bonds is central to the continuation of the popular student loan program. It is unlikely that future state revenues will permit large appropriations to fund loans.

Memorandum

March 13, 1987

To: Sterling Gallagher  
From: Richard Li  
Re: Analysis of Student Loan Program.

MAR 1 - 1987

The following appendices demonstrate different scenarios of:

Loan Growth  
Coverage Factors  
Forgiveness Rate  
Interest Grace Period

The analyses have been updated from prior versions to reflect changes in assumptions after talking with Dr. Kerry Romesburg. The changes are:

The base default rate is raised to 17%. Recent default rates are between 17% and 18%, with the most recent at 17.5%. Current projections are that the default rate can be kept to 17%. In the following scenarios, the default rate is varried between 17% and 21% to reflect more restrictive loan provisions.

The forgiveness rate is still at 17.5%, but the method of application will be changed in the future. The current program forgives payments in years 5 thru 10 of repayment. Our model assumes a proportional forgiveness over the life of the loan. Our model would then overstate forgiveness in the early years, hence making the model more conservative. Once the concept of the bond program is accepted, we will analyze in detail the current loan portfolio, and more accurately predict loan forgiveness. At this time, the effect should be minimal.

Payments on principal and interest have been changed to better match repayments from loans. The timing on payments have also been shifted by 1/2 period to better reflect actual receipts and payments.

*I read to read the*

*At my desk - [unclear]*

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<u>Appendix</u>	<u>Description</u>
A	General Fund Appropriations to support \$80,000,000 annual loans without bonding. Versions A thru D.
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C	Comparison of Forgiveness and Grace period elimination (version D) General Fund Appropriations to support \$80,000,000 annual loans with bonding coverages of 1.25, 1.50, and 1.80.
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E	General Fund Appropriations to support growing annual loans without bonding. Versions A thru D.
F	Comparison of base case (version A) General Fund Appropriations to support growing annual loans with bonding coverages of 1.25, 1.50, and 1.80.

\$80,000,000 Annual Loans  
General Fund Appropriations

Version A (Base Case):

- o State Receives \$1,638,354 per year in 2004
- o Default Rate at 17.00%
- o Forgiveness at 17.50%

Version B (Forgiveness Eliminated):

- o State Receives \$15,378,873 per year in 2004
- o Default Rate at 20.00%
- o Forgiveness Eliminated

Version C (Interest Grace Period Eliminated):

- o State Receives \$7,107,140 per year in 2004
- o Default Rate at 18.00%
- o Forgiveness at 17.50%
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation

Version D (Forgiveness and Interest Grace Period Eliminated):

- o State Receives \$21,721,568 per year in 2004
- o Default Rate at 21.00%
- o Forgiveness Eliminated
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version A  
 LOAN RATE:  
 8.00%

YEAR ENDING 1/30	STATE (a) APPROPRIATIONS		SYSTEM (b) EQUITY		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES		DEBT SERVICE		NEW LOANS		COVERAGE
	1	+	2	+	3	=	4	-	5	-	6	=	7	8	
1987		0		0		0		0		0		0		0	NA
1988	60,321,392		19,678,108		0		80,000,000		0		0		80,000,000		NA
1989	54,143,514		23,856,486		0		80,000,000		0		0		80,000,000		NA
1990	47,398,105		22,601,895		0		80,000,000		0		0		80,000,000		NA
1991	40,337,129		39,662,871		0		80,000,000		0		0		80,000,000		NA
1992	32,971,523		47,028,477		0		80,000,000		0		0		80,000,000		NA
1993	25,586,565		54,413,435		0		80,000,000		0		0		80,000,000		NA
1994	18,733,470		61,266,530		0		80,000,000		0		0		80,000,000		NA
1995	12,799,080		67,200,920		0		80,000,000		0		0		80,000,000		NA
1996	8,154,215		71,845,785		0		80,000,000		0		0		80,000,000		NA
1997	4,766,372		75,233,628		0		80,000,000		0		0		80,000,000		NA
1998	2,325,478		77,674,522		0		80,000,000		0		0		80,000,000		NA
1999	610,972		79,389,028		0		80,000,000		0		0		80,000,000		NA
2000	(498,228)		80,498,228		0		80,000,000		0		0		80,000,000		NA
2001	(1,226,315)		81,226,315		0		80,000,000		0		0		80,000,000		NA
2002	(1,540,351)		81,540,351		0		80,000,000		0		0		80,000,000		NA
2003	(1,616,123)		81,616,123		0		80,000,000		0		0		80,000,000		NA
2004	(1,638,354)		81,638,354		0		80,000,000		0		0		80,000,000		NA
2005	(1,638,354)		81,638,354		0		80,000,000		0		0		80,000,000		NA
2006	(1,638,354)		81,638,354		0		80,000,000		0		0		80,000,000		NA
2007	(1,638,354)		81,638,354		0		80,000,000		0		0		80,000,000		NA
2008	(1,638,354)		81,638,354		0		80,000,000		0		0		80,000,000		NA
2009	(1,638,354)		81,638,354		0		80,000,000		0		0		80,000,000		NA
2010	(1,638,354)		81,638,354		0		80,000,000		0		0		80,000,000		NA
2011	(1,638,354)		81,638,354		0		80,000,000		0		0		80,000,000		NA

NOTES: (a) New loans fixed at \$80,000,000 per year. Equity over this amount is released to the State.

(b) System Equity consists of recycling of repayments on old loans.

Base Case. Default Rate at 17%.

KA COMMISSION ON POSTSECONDARY EDUCATION  
 KA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version B  
 LOAN RATE:  
 8.00%

FISCAL YEAR	STATE (a)		SYSTEM (b)		BOND PROCEEDS	TOTAL FUNDS AVAILABLE		EXPENSES	DEBT SERVICE		NEW LOANS	COVERAGE
	1	+	2	+		3	4		5	6		
87	0		0		0	0	0	0	0	0	0	NA
88	60,321,892		19,678,108		0	80,000,000	0	0	0	0	80,000,000	NA
89	54,143,514		25,856,486		0	80,000,000	0	0	0	0	80,000,000	NA
90	47,191,997		32,808,003		0	80,000,000	0	0	0	0	80,000,000	NA
91	39,622,622		40,377,378		0	80,000,000	0	0	0	0	80,000,000	NA
92	31,267,698		48,732,302		0	80,000,000	0	0	0	0	80,000,000	NA
93	22,604,872		57,395,128		0	80,000,000	0	0	0	0	80,000,000	NA
94	14,405,207		65,594,793		0	80,000,000	0	0	0	0	80,000,000	NA
95	7,096,765		72,903,235		0	80,000,000	0	0	0	0	80,000,000	NA
96	1,077,848		78,922,152		0	80,000,000	0	0	0	0	80,000,000	NA
97	(3,684,047)		83,684,047		0	80,000,000	0	0	0	0	80,000,000	NA
98	(7,498,993)		87,498,993		0	80,000,000	0	0	0	0	80,000,000	NA
99	(10,587,550)		90,587,550		0	80,000,000	0	0	0	0	80,000,000	NA
00	(12,864,695)		92,864,695		0	80,000,000	0	0	0	0	80,000,000	NA
01	(14,458,435)		94,458,435		0	80,000,000	0	0	0	0	80,000,000	NA
02	(15,157,205)		95,157,205		0	80,000,000	0	0	0	0	80,000,000	NA
03	(15,329,161)		95,329,161		0	80,000,000	0	0	0	0	80,000,000	NA
04	(15,378,873)		95,378,873		0	80,000,000	0	0	0	0	80,000,000	NA
05	(15,378,873)		95,378,873		0	80,000,000	0	0	0	0	80,000,000	NA
06	(15,378,873)		95,378,873		0	80,000,000	0	0	0	0	80,000,000	NA
07	(15,378,873)		95,378,873		0	80,000,000	0	0	0	0	80,000,000	NA
08	(15,378,873)		95,378,873		0	80,000,000	0	0	0	0	80,000,000	NA
09	(15,378,873)		95,378,873		0	80,000,000	0	0	0	0	80,000,000	NA
10	(15,378,873)		95,378,873		0	80,000,000	0	0	0	0	80,000,000	NA
11	(15,378,873)		95,378,873		0	80,000,000	0	0	0	0	80,000,000	NA

(a) New loans fixed at \$80,000,000 per year. Equity over this amount is released to the State.

(b) System Equity consists of recycling of repayments on old loans.

Forgiveness Eliminated. Default Rate Raised to 20%.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version C  
 LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE (a) APPROPRIATIONS		SYSTEM (b) EQUITY		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES		DEBT SERVICE		NEW LOANS		COVERAGE a
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987	0		0		0		0		0		0		0		NA
1988	60,321,892		19,678,108		0		80,000,000		0		0		80,000,000		NA
1989	54,143,514		25,856,486		0		80,000,000		0		0		80,000,000		NA
1990	47,316,073		32,683,927		0		80,000,000		0		0		80,000,000		NA
1991	40,052,752		39,947,248		0		80,000,000		0		0		80,000,000		NA
1992	32,293,393		47,706,607		0		80,000,000		0		0		80,000,000		NA
1993	24,399,838		55,600,162		0		80,000,000		0		0		80,000,000		NA
1994	17,010,803		62,989,197		0		80,000,000		0		0		80,000,000		NA
1995	10,529,534		69,470,466		0		80,000,000		0		0		80,000,000		NA
1996	5,337,790		74,662,210		0		80,000,000		0		0		80,000,000		NA
1997	1,403,069		78,596,931		0		80,000,000		0		0		80,000,000		NA
1998	(1,584,704)		81,584,704		0		80,000,000		0		0		80,000,000		NA
1999	(3,845,088)		83,846,088		0		80,000,000		0		0		80,000,000		NA
2000	(5,420,135)		85,420,135		0		80,000,000		0		0		80,000,000		NA
2001	(6,492,756)		86,492,756		0		80,000,000		0		0		80,000,000		NA
2002	(6,959,918)		86,959,919		0		80,000,000		0		0		80,000,000		NA
2003	(7,073,971)		87,073,971		0		80,000,000		0		0		80,000,000		NA
2004	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2005	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2006	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2007	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2008	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2009	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2010	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA
2011	(7,107,140)		87,107,140		0		80,000,000		0		0		80,000,000		NA

NOTES: (a) New loans fixed at \$80,000,000 per year. Equity over this amount is released to the State.

(b) System Equity consists of recycling of repayments on old loans.

Interest Grace Period Reduced. Default Rate Raised to 18%.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version D  
 LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE (a) APPROPRIATIONS		SYSTEM (b) EQUITY		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES		DEBT SERVICE		NEW LOANS		COVERAGE	
	1	+	2	+	3	=	4	-	5	-	6	=	7	-	8	
1987	0		0		0		0		0		0		0		NA	
1988	60,321,892		19,678,108		0		80,000,000		0		0		80,000,000		NA	
1989	54,143,514		25,851,486		0		80,000,000		0		0		80,000,000		NA	
1990	47,096,857		32,903,143		0		80,000,000		0		0		80,000,000		NA	
1991	39,292,802		40,707,198		0		80,000,000		0		0		80,000,000		NA	
1992	30,481,204		49,518,796		0		80,000,000		0		0		80,000,000		NA	
1993	21,228,507		58,771,493		0		80,000,000		0		0		80,000,000		NA	
1994	12,407,258		67,592,742		0		80,000,000		0		0		80,000,000		NA	
1995	4,464,547		75,535,453		0		80,000,000		0		0		80,000,000		NA	
1996	(2,188,640)		82,188,640		0		80,000,000		0		0		80,000,000		NA	
1997	(7,584,804)		87,584,804		0		80,000,000		0		0		80,000,000		NA	
1998	(12,034,020)		92,034,020		0		80,000,000		0		0		80,000,000		NA	
1999	(15,756,847)		95,756,847		0		80,000,000		0		0		80,000,000		NA	
2000	(18,573,120)		98,573,120		0		80,000,000		0		0		80,000,000		NA	
2001	(20,566,450)		100,566,450		0		80,000,000		0		0		80,000,000		NA	
2002	(21,442,816)		101,442,816		0		80,000,000		0		0		80,000,000		NA	
2003	(21,659,170)		101,659,170		0		80,000,000		0		0		80,000,000		NA	
2004	(21,721,568)		101,721,568		0		80,000,000		0		0		80,000,000		NA	
2005	(21,721,568)		101,721,568		0		80,000,000		0		0		80,000,000		NA	
2006	(21,721,568)		101,721,568		0		80,000,000		0		0		80,000,000		NA	
2007	(21,721,568)		101,721,568		0		80,000,000		0		0		80,000,000		NA	
2008	(21,721,568)		101,721,568		0		80,000,000		0		0		80,000,000		NA	
2009	(21,721,568)		101,721,568		0		80,000,000		0		0		80,000,000		NA	
2010	(21,721,568)		101,721,568		0		80,000,000		0		0		80,000,000		NA	
2011	(21,721,568)		101,721,568		0		80,000,000		0		0		80,000,000		NA	

NOTES: (a) New loans fixed at \$80,000,000 per year. Equity over this amount  
 ----- is released to the State.

(b) System Equity consists of recycling of repayments on old loans.

Forgiveness Eliminated, Interest Grace Period Reduced. Default Rate Raised to 21%.

\$80,000,000 Loan Volume  
General Fund Appropriations  
Bonding vs. Non-Bonding  
Present Value Savings (Cost) at 8.00%  
Version A  
Base Case

<u>Coverage</u>	<u>PV Savings (Cost)</u>
1.25	42,568,799
1.50	16,162,776
1.80	2,112,115

Bonding at  
1.25 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	19,000,000	41,321,892
1989	80,000,000	54,143,514	18,700,000	35,443,514
1990	80,000,000	47,398,105	18,400,000	28,998,105
1991	80,000,000	40,337,129	18,100,000	22,237,129
1992	80,000,000	32,971,523	17,800,000	15,171,523
1993	80,000,000	25,586,565	17,650,000	7,936,565
1994	80,000,000	18,733,470	17,500,000	1,233,470
1995	80,000,000	12,799,080	17,350,000	(4,550,920)
1996	80,000,000	8,154,215	17,200,000	(9,045,785)
1997	80,000,000	4,766,372	17,200,000	(12,433,628)
1998	80,000,000	2,325,478	17,200,000	(14,874,522)
1999	80,000,000	610,972	17,200,000	(16,589,028)
2000	80,000,000	(498,228)	17,200,000	(17,698,228)
2001	80,000,000	(1,224,315)	17,200,000	(18,426,315)
2002	80,000,000	(1,540,351)	17,200,000	(18,740,351)
2003	80,000,000	(1,616,123)	17,200,000	(18,816,123)
2004	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2005	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2006	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2007	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2008	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2009	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2010	80,000,000	(1,638,354)	17,200,000	(18,838,354)
2011	80,000,000	(1,638,354)	17,200,000	(18,838,354)
	1,920,000,000	290,160,468	419,700,000	(129,539,532)

Present Value:  
8.000%

42,568,799

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE		SYSTEM		BOND		TOTAL FUNDS		DEBT		NEW		COVERAGE
	APPROPRIATIONS	EQUITY (a)	PROCEEDS	AVAILABLE	EXPENSES (b)	SERVICE	LOANS						
	1 +	2 +	3 =	4 -	5 -	6 =	7				8		
1987	0	0	0	0	0	0	0	0	0	0	0	NA	
1988	19,000,000	19,678,108	49,490,000	88,168,108	6,433,700	1,732,150	80,002,258					11.36	
1989	18,700,000	26,202,916	46,185,000	91,087,916	6,004,050	5,080,775	80,003,091					5.09	
1990	18,400,000	33,271,654	45,485,000	97,156,654	5,571,550	11,584,700	80,000,404					2.81	
1991	18,100,000	40,627,219	44,155,000	102,882,219	5,052,150	17,826,775	80,003,294					2.22	
1992	17,800,000	48,253,906	42,325,000	108,378,906	4,445,250	23,932,825	80,000,831					1.97	
1993	17,650,000	55,861,367	40,085,000	113,596,367	3,765,050	29,831,125	80,000,192					1.82	
1994	17,500,000	62,894,016	38,220,000	118,614,016	3,114,600	35,496,800	80,002,616					1.73	
1995	17,350,000	68,966,334	37,180,000	123,496,334	2,554,400	40,939,250	80,002,684					1.64	
1996	17,200,000	73,712,082	37,500,000	128,412,082	2,150,000	46,261,650	80,000,432					1.55	
1997	17,200,000	77,171,817	39,140,000	133,511,817	1,888,200	51,620,300	80,003,317					1.46	
1998	17,200,000	79,662,867	42,085,000	138,947,867	1,756,550	57,188,100	80,003,217					1.36	
1999	17,200,000	81,412,167	46,280,000	144,892,167	1,734,400	63,157,100	80,000,667					1.26	
2000	17,200,000	82,545,764	44,130,000	143,875,764	1,559,400	62,315,625	80,000,739					1.29	
2001	17,200,000	83,290,467	43,080,000	143,570,467	1,457,400	62,110,800	80,002,267					1.31	
2002	17,200,000	83,616,117	42,395,000	143,211,117	1,410,350	61,797,025	80,003,742					1.32	
2003	17,200,000	83,701,527	42,070,000	142,971,527	1,400,600	61,568,975	80,001,952					1.33	
2004	17,200,000	83,733,446	42,020,000	142,953,446	1,406,600	61,543,550	80,003,296					1.33	
2005	17,200,000	83,743,719	42,310,000	143,253,719	1,426,800	61,924,775	80,002,144					1.32	
2006	17,200,000	83,754,972	42,905,000	143,859,972	1,458,150	62,399,750	80,001,972					1.31	
2007	17,200,000	83,766,970	43,740,000	144,706,970	1,498,700	63,204,875	80,003,395					1.29	
2008	17,200,000	83,780,111	44,625,000	145,605,111	1,541,750	64,061,200	80,002,161					1.27	
2009	17,200,000	83,794,367	45,395,000	146,389,367	1,582,350	64,804,425	80,002,592					1.26	
2010	17,200,000	83,809,839	45,835,000	146,844,838	1,613,050	65,229,900	80,001,888					1.25	
2011	17,200,000	83,826,538	45,715,000	146,741,538	1,626,450	65,112,450	80,002,638					1.25	

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.25

Bonding at  
1.50 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings (Cost) With Bonding
1988	80,000,000	60,321,892	21,100,000	39,221,892
1989	80,000,000	54,143,514	21,080,000	33,063,514
1990	80,000,000	47,398,105	21,060,000	26,338,105
1991	80,000,000	40,337,129	21,040,000	19,297,129
1992	80,000,000	32,971,523	21,020,000	11,951,523
1993	80,000,000	25,586,565	21,020,000	4,566,565
1994	80,000,000	18,733,470	21,020,000	(2,286,530)
1995	80,000,000	12,799,080	21,020,000	(8,220,920)
1996	80,000,000	8,154,215	21,020,000	(12,865,785)
1997	80,000,000	4,766,372	20,720,000	(15,953,628)
1998	80,000,000	2,325,478	20,420,000	(18,094,522)
1999	80,000,000	610,972	20,120,000	(19,509,028)
2000	80,000,000	(498,228)	19,820,000	(20,318,228)
2001	80,000,000	(1,226,315)	19,520,000	(20,746,315)
2002	80,000,000	(1,540,351)	19,220,000	(20,760,351)
2003	80,000,000	(1,616,123)	18,920,000	(20,536,123)
2004	80,000,000	(1,638,354)	18,620,000	(20,258,354)
2005	80,000,000	(1,638,354)	18,320,000	(19,958,354)
2006	80,000,000	(1,638,354)	18,020,000	(19,658,354)
2007	80,000,000	(1,638,354)	17,720,000	(19,358,354)
2008	80,000,000	(1,638,354)	17,420,000	(19,058,354)
2009	80,000,000	(1,638,354)	17,120,000	(18,758,354)
2010	80,000,000	(1,638,354)	16,820,000	(18,458,354)
2011	80,000,000	(1,638,354)	16,520,000	(18,158,354)
	1,920,000,000	290,160,468	468,680,000	(178,519,532)

Present Value:  
8.000%

16,162,776

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version A  
 LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987		0		0		0		0		0		0		0	NA
1988	21,100,000		19,678,108		46,975,000		87,753,108		6,106,750		1,644,125		80,002,233		11.97
1989	21,080,000		26,185,311		43,145,000		90,410,311		5,608,850		4,798,325		80,003,136		5.39
1990	21,060,000		33,232,769		41,705,000		95,997,769		5,097,150		10,899,500		80,001,119		2.99
1991	21,040,000		40,563,064		39,525,000		101,128,064		4,490,250		16,637,175		80,003,639		2.38
1992	21,020,000		48,160,152		36,745,000		105,925,152		3,788,850		22,134,025		80,002,277		2.12
1993	21,020,000		55,733,360		33,570,000		110,323,360		3,024,600		27,295,425		80,003,335		1.99
1994	21,020,000		62,727,847		30,625,000		114,372,847		2,280,750		32,088,250		80,003,847		1.91
1995	21,020,000		68,757,746		28,350,000		118,127,746		1,617,500		36,508,400		80,001,846		1.84
1996	21,020,000		73,456,543		27,270,000		121,746,543		1,100,100		40,645,550		80,000,893		1.77
1997	20,720,000		76,864,413		27,840,000		125,424,413		782,700		44,640,875		80,000,838		1.69
1998	20,420,000		79,301,909		29,535,000		129,256,909		588,050		48,668,200		80,000,659		1.60
1999	20,120,000		80,995,758		32,305,000		133,420,758		495,650		52,923,175		80,001,933		1.50
2000	19,820,000		82,071,906		28,905,000		130,796,906		253,650		50,542,725		80,000,531		1.59
2001	19,520,000		82,757,061		26,485,000		128,762,061		78,550		48,682,400		80,001,111		1.67
2002	19,220,000		83,020,911		24,345,000		126,585,911		(46,650)		46,629,850		80,002,711		1.75
2003	18,920,000		83,042,216		22,480,000		124,442,216		(139,600)		44,578,000		80,003,816		1.83
2004	18,620,000		83,007,431		20,805,000		122,432,431		(222,850)		42,651,650		80,003,631		1.91
2005	18,320,000		82,948,153		19,375,000		120,643,153		(297,750)		40,937,550		80,003,353		1.99
2006	18,020,000		82,886,651		18,165,000		119,071,651		(367,550)		39,435,525		80,003,676		2.07
2007	17,720,000		82,822,822		17,105,000		117,647,822		(434,850)		38,079,350		80,003,322		2.14
2008	17,420,000		82,756,544		16,045,000		116,221,544		(504,650)		36,722,450		80,003,744		2.22
2009	17,120,000		82,687,677		14,730,000		114,537,677		(586,100)		35,122,550		80,001,227		2.32
2010	16,820,000		82,615,951		12,975,000		112,410,951		(684,750)		33,091,850		80,003,851		2.47
2011	16,520,000		82,540,986		10,535,000		109,615,986		(809,350)		30,421,850		80,003,486		2.68

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.50

Bonding at  
1.80 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings (Cost) With Bonding
1988	80,000,000	60,321,892	24,000,000	36,321,892
1989	80,000,000	54,143,514	23,900,000	30,243,514
1990	80,000,000	47,398,105	23,800,000	23,598,105
1991	80,000,000	40,337,129	23,700,000	16,637,129
1992	80,000,000	32,971,523	23,600,000	9,371,523
1993	80,000,000	25,586,565	23,450,000	2,136,565
1994	80,000,000	18,733,470	23,300,000	(4,566,530)
1995	80,000,000	12,799,080	23,150,000	(10,350,920)
1996	80,000,000	8,154,215	23,000,000	(14,845,785)
1997	80,000,000	4,766,372	22,500,000	(17,733,628)
1998	80,000,000	2,325,478	22,000,000	(19,674,522)
1999	80,000,000	610,972	21,500,000	(20,889,028)
2000	80,000,000	(498,228)	21,000,000	(21,498,228)
2001	80,000,000	(1,226,315)	20,500,000	(21,726,315)
2002	80,000,000	(1,540,351)	20,000,000	(21,540,351)
2003	80,000,000	(1,616,123)	19,500,000	(21,116,123)
2004	80,000,000	(1,638,354)	19,000,000	(20,638,354)
2005	80,000,000	(1,638,354)	18,500,000	(20,138,354)
2006	80,000,000	(1,638,354)	18,000,000	(19,638,354)
2007	80,000,000	(1,638,354)	15,933,102	(17,571,456)
2008	80,000,000	(1,638,354)	13,539,869	(15,178,223)
2009	80,000,000	(1,638,354)	11,143,083	(12,781,437)
2010	80,000,000	(1,638,354)	8,642,509	(10,280,863)
2011	80,000,000	(1,638,354)	5,924,046	(7,562,400)
	1,920,000,000	290,160,468	469,582,610	(179,422,142)

Present Value:  
8.000%

2,112,115

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE		SYSTEM		BOND		TOTAL FUNDS		EXPENSES (b)	DEBT SERVICE		NEW LOANS	COVERAGE	
	1	+	2	+	3	=	4	-		5	-			6
1987		0		0		0		0			0		0	NA
1988	24,000,000		19,678,108		43,500,000		87,178,108		5,655,000		1,522,500		80,000,608	12.92
1989	23,900,000		26,160,986		39,505,000		89,565,986		5,135,650		4,427,675		80,002,661	5.84
1990	23,800,000		33,182,939		37,640,000		94,622,939		4,592,700		10,027,575		80,002,664	3.25
1991	23,700,000		40,486,415		34,990,000		99,176,415		3,951,700		15,220,500		80,004,215	2.61
1992	23,600,000		48,055,283		31,660,000		103,315,283		3,211,300		20,102,725		80,001,258	2.34
1993	23,450,000		55,598,779		27,955,000		107,003,779		2,415,650		24,586,200		80,001,929	2.21
1994	23,300,000		62,562,532		24,390,000		110,252,532		1,636,200		28,614,725		80,001,607	2.14
1995	23,150,000		68,560,517		21,415,000		113,125,517		933,950		32,188,325		80,003,242	2.09
1996	23,000,000		73,226,010		19,530,000		115,756,010		372,400		35,380,625		80,002,985	2.03
1997	22,500,000		76,599,116		19,240,000		118,339,116		13,200		38,323,500		80,002,416	1.96
1998	22,000,000		79,000,763		19,945,000		120,945,763		(228,650)		41,171,650		80,002,763	1.89
1999	21,500,000		80,657,645		21,580,000		123,737,645		(374,600)		44,109,500		80,002,745	1.80
2000	21,000,000		81,695,581		17,425,000		120,120,581		(658,750)		40,778,275		80,001,056	1.97
2001	20,500,000		82,341,182		14,130,000		116,971,182		(881,100)		37,848,000		80,004,282	2.15
2002	20,000,000		82,563,997		11,055,000		113,618,997		(1,057,850)		34,674,925		80,001,922	2.35
2003	19,500,000		82,542,536		8,190,000		110,232,536		(1,205,800)		31,435,575		80,002,761	2.60
2004	19,000,000		82,463,134		5,450,000		106,913,134		(1,348,000)		28,258,525		80,002,609	2.89
2005	18,500,000		82,357,329		2,885,000		103,742,329		(1,485,950)		25,224,125		80,004,154	3.26
2006	18,000,000		82,247,305		460,000		100,707,305		(1,624,200)		22,330,450		80,001,055	3.66
2007	15,933,102		82,132,723		0		98,065,825		(1,519,500)		19,580,325		80,005,000	4.17
2008	13,539,869		82,026,406		0		95,566,275		(1,353,500)		16,914,775		80,005,000	4.83
2009	11,143,083		81,931,717		0		93,074,800		(1,175,000)		14,244,800		80,005,000	5.73
2010	8,642,509		81,849,516		0		90,492,025		(971,500)		11,458,525		80,005,000	7.12
2011	5,924,046		81,781,654		0		87,705,700		(728,000)		8,428,700		80,005,000	9.69

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.80

\$80,000,000 Loan Volume  
General Fund Appropriations  
Bonding vs. Non-Bonding  
Present Value Savings (Cost) at 8.00%  
Version D  
Forgiveness and Grace Period Eliminated

Coverage -----	PV Savings (Cost) -----
1.25	33,388,009
1.50	20,644,280
1.80	2,061,906

Bonding at  
1.25 Coverage

Year	Loan Volume	General Fund Requirement	Bonding at 1.25 Coverage	
			General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	13,500,000	46,821,892
1989	80,000,000	54,143,514	12,650,000	41,493,514
1990	80,000,000	47,096,857	11,800,000	35,296,857
1991	80,000,000	39,292,802	10,950,000	28,342,802
1992	80,000,000	30,481,204	10,100,000	20,381,204
1993	80,000,000	21,228,507	9,600,000	11,628,507
1994	80,000,000	12,407,258	9,100,000	3,307,258
1995	80,000,000	4,464,547	8,600,000	(4,135,453)
1996	80,000,000	(2,188,640)	8,100,000	(10,288,640)
1997	80,000,000	(7,584,804)	8,000,000	(15,584,804)
1998	80,000,000	(12,034,020)	7,900,000	(19,934,020)
1999	80,000,000	(15,756,847)	7,800,000	(23,556,847)
2000	80,000,000	(18,573,120)	7,700,000	(26,273,120)
2001	80,000,000	(20,566,450)	7,600,000	(28,166,450)
2002	80,000,000	(21,442,816)	7,500,000	(28,942,816)
2003	80,000,000	(21,659,170)	7,400,000	(29,059,170)
2004	80,000,000	(21,721,568)	7,300,000	(28,921,568)
2005	80,000,000	(21,721,568)	7,200,000	(28,921,568)
2006	80,000,000	(21,721,568)	7,100,000	(28,821,568)
2007	80,000,000	(21,721,568)	7,000,000	(28,721,568)
2008	80,000,000	(21,721,568)	6,900,000	(28,621,568)
2009	80,000,000	(21,721,568)	6,800,000	(28,521,568)
2010	80,000,000	(21,721,568)	6,700,000	(28,421,568)
2011	80,000,000	(21,721,568)	6,600,000	(28,321,568)
	1,920,000,000	(24,141,830)	203,900,000	(228,041,830)

Present Value:  
8.000% 33,388,009

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version D

LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987		0		0		0		0		0		0		0	NA
1988	13,500,000		19,678,108		56,075,000		89,253,108		7,289,750		1,962,625		80,000,733		10.03
1989	12,650,000		26,249,011		53,925,000		92,824,011		7,010,250		5,812,625		80,001,136		4.45
1990	11,800,000		33,673,157		54,585,000		100,058,157		6,709,050		13,345,025		80,004,082		2.47
1991	10,950,000		41,832,260		54,260,000		107,042,260		6,263,300		20,777,475		80,001,485		1.96
1992	10,100,000		50,968,484		52,780,000		113,848,484		5,630,900		28,216,525		80,001,059		1.75
1993	9,600,000		60,504,719		50,255,000		120,359,719		4,829,650		35,525,850		80,004,219		1.65
1994	9,100,000		69,558,786		47,980,000		126,638,786		4,033,400		42,601,450		80,003,936		1.59
1995	8,600,000		77,683,372		46,440,000		132,723,372		3,310,200		49,410,300		80,002,872		1.53
1996	8,100,000		84,471,058		46,210,000		138,781,058		2,730,800		56,046,825		80,003,433		1.47
1997	8,000,000		89,961,737		46,915,000		144,876,737		2,239,950		62,633,775		80,003,012		1.40
1998	7,900,000		94,469,672		48,840,000		151,209,672		1,862,200		69,344,100		80,003,372		1.33
1999	7,800,000		98,220,705		51,870,000		157,890,705		1,573,600		76,314,175		80,002,930		1.25
2000	7,700,000		101,038,603		47,750,000		156,488,603		1,123,000		75,361,975		80,003,628		1.31
2001	7,600,000		103,010,630		44,850,000		155,460,630		784,500		74,672,300		80,003,830		1.35
2002	7,500,000		103,847,995		42,660,000		154,007,995		580,300		73,426,125		80,001,570		1.38
2003	7,400,000		104,015,594		40,940,000		152,355,594		458,200		71,896,800		80,000,594		1.41
2004	7,300,000		104,024,219		39,340,000		150,664,219		353,200		70,307,850		80,003,167		1.45
2005	7,200,000		103,966,385		37,950,000		149,116,385		258,000		68,855,225		80,003,160		1.48
2006	7,100,000		103,904,721		36,685,000		147,689,721		163,050		67,523,925		80,002,746		1.51
2007	7,000,000		103,838,946		35,460,000		146,298,946		65,300		66,231,325		80,002,321		1.54
2008	6,900,000		103,768,924		34,080,000		144,748,924		(42,100)		64,789,275		80,001,749		1.57
2009	6,800,000		103,694,347		32,395,000		142,889,347		(164,650)		63,053,925		80,000,072		1.61
2010	6,700,000		103,614,705		30,185,000		140,499,705		(309,450)		60,805,900		80,003,255		1.67
2011	6,600,000		103,529,506		27,200,000		137,329,506		(486,500)		57,814,775		80,001,231		1.76

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated, Interest Grace Period Reduced. Default Rate Raised to 21%.

Minimum Coverage: 1.25

Bonding at  
1.50 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings (Cost) With Bonding
1988	80,000,000	60,321,892	16,600,000	43,721,892
1989	80,000,000	54,143,514	16,200,000	37,943,514
1990	80,000,000	47,096,857	15,800,000	31,296,857
1991	80,000,000	39,292,802	15,400,000	23,892,802
1992	80,000,000	30,481,204	15,000,000	15,481,204
1993	80,000,000	21,228,507	14,000,000	7,228,507
1994	80,000,000	12,407,258	13,000,000	(592,742)
1995	80,000,000	4,464,547	12,000,000	(7,535,453)
1996	80,000,000	(2,188,640)	11,000,000	(13,188,640)
1997	80,000,000	(7,584,804)	10,000,000	(17,584,804)
1998	80,000,000	(12,034,020)	9,000,000	(21,034,020)
1999	80,000,000	(15,756,847)	8,000,000	(23,756,847)
2000	80,000,000	(18,573,120)	7,000,000	(25,573,120)
2001	80,000,000	(20,566,450)	6,000,000	(26,566,450)
2002	80,000,000	(81,442,816)	5,000,000	(26,442,816)
2003	80,000,000	(21,659,170)	4,000,000	(25,659,170)
2004	80,000,000	(21,721,568)	3,000,000	(24,721,568)
2005	80,000,000	(21,721,568)	2,000,000	(23,721,568)
2006	80,000,000	(21,721,568)	1,000,000	(22,721,568)
2007	80,000,000	(21,721,568)	0	(21,721,568)
2008	80,000,000	(21,721,568)	0	(21,721,568)
2009	80,000,000	(21,721,568)	0	(21,721,568)
2010	80,000,000	(21,721,568)	0	(21,721,568)
2011	80,000,000	(21,721,568)	0	(21,721,568)
	1,920,000,000	(24,141,830)	184,000,000	(208,141,830)

Present Value:  
8.000%

20,644,280

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
ALASKA STUDENT LOAN PROGRAM  
SUMMARY OF NEW LOAN ORIGINATION

Version D

LOAN RATE:  
8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)	DEBT SERVICE		NEW LOANS	COVERAGE	
	1	+	2	+	3	=	4	-		5	-			6
1987	0		0		0		0		0		0		0	NA
1988	16,600,000		19,678,108		52,365,000		88,643,108		6,807,450		1,832,775		80,002,883	10.74
1989	16,200,000		26,223,041		49,395,000		91,818,041		6,421,350		5,394,375		80,002,316	4.79
1990	15,800,000		33,615,518		48,905,000		98,320,518		5,996,150		12,323,350		80,001,018	2.67
1991	15,400,000		41,736,728		47,290,000		104,426,728		5,416,200		19,007,625		80,002,903	2.14
1992	15,000,000		50,828,363		44,335,000		110,163,363		4,636,050		25,523,850		80,003,463	1.94
1993	14,000,000		60,312,744		41,260,000		115,572,744		3,819,800		31,749,650		80,003,294	1.85
1994	13,000,000		69,315,006		38,290,000		120,605,006		3,004,200		37,597,775		80,003,031	1.80
1995	12,000,000		77,387,941		35,965,000		125,352,941		2,258,950		43,090,200		80,003,791	1.75
1996	11,000,000		84,124,121		34,820,000		129,944,121		1,652,600		48,291,000		80,000,521	1.70
1997	10,000,000		89,563,262		34,965,000		134,528,262		1,193,450		53,334,375		80,000,437	1.64
1998	9,000,000		94,022,961		36,215,000		139,237,961		847,450		58,386,300		80,004,211	1.58
1999	8,000,000		97,729,361		38,475,000		144,204,361		590,750		63,610,425		80,003,186	1.51
2000	7,000,000		100,506,379		34,035,000		141,541,379		191,050		61,347,700		80,002,629	1.61
2001	6,000,000		102,441,727		30,850,000		139,291,727		(91,000)		59,381,425		80,001,302	1.69
2002	5,000,000		103,247,077		28,520,000		136,767,077		(228,400)		56,991,250		80,004,227	1.78
2003	4,000,000		103,387,644		26,805,000		134,192,644		(274,350)		54,464,375		80,002,619	1.87
2004	3,000,000		103,374,621		25,420,000		131,794,621		(290,900)		52,083,175		80,002,346	1.95
2005	2,000,000		103,300,865		24,350,000		129,650,865		(288,000)		49,937,975		80,000,890	2.04
2006	1,000,000		103,229,542		23,550,000		127,779,542		(273,000)		48,048,675		80,003,867	2.12
2007	0		103,160,887		22,960,000		126,120,887		(248,700)		46,367,725		80,001,862	2.19
2008	0		103,095,197		21,243,000		124,340,197		(374,150)		44,710,575		80,003,772	2.28
2009	0		103,024,363		19,320,000		122,344,363		(512,400)		42,854,350		80,002,413	2.37
2010	0		102,948,020		16,930,000		119,878,020		(672,100)		40,549,150		80,000,970	2.51
2011	0		102,865,525		13,865,000		116,730,525		(860,550)		37,589,375		80,001,700	2.71

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated, Interest Grace Period Reduced. Default Rate Raised to 21%.

Minimum Coverage:

1.51

Bonding at  
1.80 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	19,000,000	41,321,892
1989	80,000,000	54,143,514	18,750,000	35,393,514
1990	80,000,000	47,096,857	18,500,000	28,596,857
1991	80,000,000	39,292,802	18,250,000	21,042,802
1992	80,000,000	30,481,204	18,000,000	12,481,204
1993	80,000,000	21,228,507	17,250,000	3,978,507
1994	80,000,000	12,407,258	16,500,000	(4,092,742)
1995	80,000,000	4,464,547	15,750,000	(11,285,453)
1996	80,000,000	(2,188,640)	15,000,000	(17,188,640)
1997	80,000,000	(7,584,804)	13,600,000	(21,184,804)
1998	80,000,000	(12,034,020)	12,200,000	(24,234,020)
1999	80,000,000	(15,756,847)	10,800,000	(26,556,847)
2000	80,000,000	(18,573,120)	9,400,000	(27,973,120)
2001	80,000,000	(20,566,450)	8,000,000	(28,566,450)
2002	80,000,000	(21,442,816)	6,600,000	(28,042,816)
2003	80,000,000	(21,659,170)	5,200,000	(26,859,170)
2004	80,000,000	(21,721,568)	3,800,000	(25,521,568)
2005	80,000,000	(21,721,568)	2,400,000	(24,121,568)
2006	80,000,000	(21,721,568)	1,000,000	(22,721,568)
2007	80,000,000	(21,721,568)	(2,169,964)	(19,551,604)
2008	80,000,000	(21,721,568)	(5,191,171)	(16,530,397)
2009	80,000,000	(21,721,568)	(8,118,910)	(13,602,658)
2010	80,000,000	(21,721,568)	(11,075,153)	(10,646,415)
2011	80,000,000	(21,721,568)	(14,159,806)	(7,561,762)
	1,920,000,000	(24,141,830)	189,284,997	(213,426,827)

Present Value:  
8.000%

2,061,906

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version D

LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE		SYSTEM		BOND		TOTAL FUNDS		EXPENSES (b)	DEBT SERVICE		NEW LOANS	COVERAGE	
	1	+	2	+	3	=	4	-		5	-			6
1987		0		0		0		0			0		0	NA
1988	19,000,000		19,678,108		49,490,000		88,168,108		6,433,700		1,732,150		80,002,258	11.36
1989	18,750,000		26,202,916		46,125,000		91,077,916		5,996,250		5,078,675		80,002,991	5.09
1990	18,500,000		33,572,491		45,000,000		97,072,491		5,508,500		11,563,525		80,000,466	2.85
1991	18,250,000		41,667,762		42,675,000		102,592,762		4,860,250		17,732,000		80,000,512	2.30
1992	18,000,000		50,730,152		38,910,000		107,640,152		4,005,300		23,633,300		80,001,552	2.10
1993	17,250,000		60,181,725		34,795,000		112,226,725		3,091,350		29,133,225		80,002,150	2.02
1994	16,500,000		69,146,458		30,640,000		116,286,458		2,168,200		34,117,000		80,001,258	1.98
1995	15,750,000		77,176,744		26,965,000		119,891,744		1,304,950		38,582,750		80,004,044	1.96
1996	15,000,000		83,864,828		24,280,000		123,144,828		568,400		42,575,350		80,001,078	1.93
1997	13,600,000		89,250,046		23,445,000		126,295,046		66,850		46,226,575		80,001,621	1.89
1998	12,200,000		93,654,965		23,520,000		129,374,965		(329,400)		49,701,550		80,002,815	1.85
1999	10,800,000		97,305,635		24,440,000		132,545,635		(642,800)		53,187,700		80,000,735	1.80
2000	9,400,000		100,025,814		18,915,000		128,340,814		(1,091,550)		49,430,450		80,001,914	1.99
2001	8,000,000		101,903,116		14,520,000		124,423,116		(1,427,900)		45,847,575		80,003,441	2.19
2002	6,600,000		102,649,087		10,895,000		120,144,087		(1,624,650)		41,767,325		80,001,412	2.43
2003	5,200,000		102,728,859		7,810,000		115,738,859		(1,733,200)		37,470,675		80,001,384	2.71
2004	3,800,000		102,653,623		4,975,000		111,428,623		(1,816,750)		33,243,950		80,001,423	3.06
2005	2,400,000		102,516,141		2,400,000		107,316,141		(1,884,000)		29,196,250		80,003,891	3.48
2006	1,000,000		102,379,278		45,000		103,424,278		(1,943,650)		25,365,900		80,002,028	4.01
2007	(2,169,964)		102,243,114		0		100,073,150		(1,720,000)		21,788,150		80,005,000	4.67
2008	(5,191,171)		102,122,721		0		96,931,550		(1,496,000)		18,422,550		80,005,000	5.52
2009	(8,118,910)		102,018,085		0		93,899,175		(1,266,500)		15,160,675		80,005,000	6.71
2010	(11,075,153)		101,929,603		0		90,854,450		(1,017,000)		11,866,450		80,005,000	8.57
2011	(14,159,806)		101,858,731		0		87,698,925		(734,500)		8,428,425		80,005,000	12.07

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated, Interest Grace Period Reduced. Default Rate Raised to 21%.

Minimum Coverage: 1.80

\$80,000,000 Loan Volume  
General Fund Appropriations  
Bonding vs. Non-Bonding  
Present Value Savings (Cost) at 8.00%  
1.25 Coverage

<u>Version</u>	<u>PV Savings (Cost)</u>
A	44,226,115
B	37,006,503
C	42,948,832
D	33,388,009



ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987		0		0		0		0		0		0		0	NA
1988	19,000,000		19,678,108		49,490,000		88,168,108		6,433,700		1,732,150		80,002,258		11.36
1989	18,700,000		26,202,916		46,185,000		91,087,916		6,004,050		5,080,775		80,003,091		5.09
1990	18,400,000		33,271,654		45,485,000		97,156,654		5,571,550		11,584,700		80,000,404		2.81
1991	18,100,000		40,627,219		44,155,000		102,882,219		5,052,150		17,826,775		80,003,294		2.22
1992	17,800,000		48,253,906		42,325,000		108,378,906		4,445,250		23,932,825		80,000,821		1.97
1993	17,650,000		55,861,367		40,085,000		113,596,367		3,765,050		29,831,125		80,000,192		1.82
1994	17,500,000		62,894,016		38,220,000		118,614,016		3,114,600		35,496,800		80,002,616		1.73
1995	17,350,000		68,966,334		37,180,000		123,496,334		2,554,400		40,939,250		80,002,684		1.64
1996	17,200,000		73,712,082		37,500,000		128,412,082		2,150,000		46,261,650		80,000,432		1.55
1997	17,200,000		77,171,817		39,140,000		133,511,817		1,888,200		51,620,340		80,003,317		1.46
1998	17,200,000		79,662,867		42,085,000		138,947,867		1,756,550		57,188,100		80,003,217		1.36
1999	17,200,000		81,412,167		46,280,000		144,892,167		1,734,400		63,157,100		80,000,667		1.26
2000	17,200,000		82,545,764		44,130,000		143,875,764		1,559,400		62,315,625		80,000,739		1.29
2001	17,200,000		83,290,467		43,080,000		143,570,467		1,457,400		62,110,800		80,002,267		1.31
2002	17,200,000		83,616,117		42,395,000		143,211,117		1,410,350		61,797,025		80,003,742		1.32
2003	17,200,000		83,701,527		42,070,000		142,971,527		1,400,600		61,568,975		80,001,952		1.33
2004	17,200,000		83,733,446		42,020,000		142,953,446		1,406,600		61,543,550		80,003,296		1.33
2005	17,200,000		83,743,719		42,310,000		143,253,719		1,426,800		61,824,775		80,002,144		1.32
2006	17,200,000		83,754,872		42,905,000		143,859,872		1,458,150		62,399,750		80,001,972		1.31
2007	17,200,000		83,766,970		43,740,000		144,706,970		1,498,700		63,204,875		80,003,395		1.29
2008	17,200,000		83,780,111		44,625,000		145,605,111		1,541,750		64,061,200		80,002,161		1.27
2009	17,200,000		83,774,367		45,375,000		146,389,367		1,582,350		64,804,425		80,002,592		1.26
2010	17,200,000		83,809,838		45,835,000		146,844,838		1,613,050		65,229,900		80,001,888		1.25
2011	17,200,000		83,826,538		45,715,000		146,741,538		1,626,450		65,112,450		80,002,638		1.25

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.25

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS	TOTAL FUNDS AVAILABLE		EXPENSES (b)	DEBT SERVICE	NEW LOANS	COVERAGE		
	1	+	2	+		3	=					4	-
1987	0		0		0		0		0	0		NA	
1988	19,000,000		19,678,108		49,490,000		88,168,108		6,433,700	1,732,150		80,002,258	11.36
1989	18,700,000		26,202,916		46,185,000		91,087,916		6,004,030	5,080,775		80,003,091	5.09
1990	18,400,000		33,271,654		43,485,000		97,156,654		5,571,550	11,584,700		80,000,404	2.81
1991	18,100,000		40,627,219		44,155,000		102,882,219		5,052,150	17,826,775		80,003,294	2.22
1992	17,800,000		48,253,906		42,325,000		108,378,906		4,445,250	23,932,825		80,000,831	1.97
1993	17,650,000		55,861,367		40,085,000		113,596,367		3,765,050	29,831,125		80,000,192	1.82
1994	17,500,000		62,894,016		38,220,000		118,614,016		3,114,600	35,496,800		80,002,616	1.73
1995	17,350,000		68,966,334		37,180,000		123,496,334		2,554,400	40,939,250		80,002,684	1.64
1996	17,200,000		73,712,082		37,500,000		128,412,082		2,150,000	46,261,650		80,000,432	1.55
1997	17,200,000		77,171,817		39,140,000		133,511,817		1,888,200	51,620,340		80,003,317	1.46
1998	17,200,000		79,662,867		42,085,000		138,947,867		1,756,550	57,188,100		80,003,217	1.36
1999	17,200,000		81,412,167		46,280,000		144,892,167		1,734,400	63,157,100		80,000,667	1.26
2000	17,200,000		82,545,764		44,130,000		143,875,764		1,559,400	62,315,625		80,000,739	1.29
2001	17,200,000		83,290,467		43,080,000		143,570,467		1,457,400	62,110,800		80,002,267	1.31
2002	17,200,000		83,616,117		42,395,000		143,211,117		1,410,350	61,797,025		80,003,742	1.32
2003	17,200,000		83,701,527		42,070,000		142,971,527		1,400,600	61,568,975		80,001,952	1.33
2004	17,200,000		83,733,446		42,020,000		142,953,446		1,406,600	61,543,550		80,003,296	1.33
2005	17,200,000		83,743,719		42,310,000		143,253,719		1,426,800	61,824,775		80,002,144	1.32
2006	17,200,000		83,754,872		42,905,000		143,859,872		1,458,150	62,399,750		80,001,972	1.31
2007	17,200,000		83,766,970		43,740,000		144,706,970		1,498,700	63,204,875		80,003,395	1.29
2008	17,200,000		83,780,111		44,625,000		145,605,111		1,541,750	64,061,200		80,002,161	1.27
2009	17,200,000		83,774,367		45,375,000		146,389,367		1,582,350	64,804,425		80,002,592	1.26
2010	17,200,000		83,809,838		45,835,000		146,844,838		1,613,050	65,229,900		80,001,888	1.25
2011	17,200,000		83,826,538		45,715,000		146,741,538		1,626,450	65,112,450		80,002,638	1.25

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.25

Bonding at  
1.25 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings (Cost) With Bonding
1988	80,000,000	60,321,892	14,000,000	46,321,892
1989	80,000,000	54,143,514	13,750,000	40,393,514
1990	80,000,000	47,191,997	13,500,000	33,691,997
1991	80,000,000	39,622,622	13,250,000	26,372,622
1992	80,000,000	31,267,698	13,000,000	18,267,698
1993	80,000,000	22,604,872	12,750,000	9,854,872
1994	80,000,000	14,405,207	12,500,000	1,905,207
1995	80,000,000	7,096,765	12,250,000	(5,153,235)
1996	80,000,000	1,077,848	12,000,000	(10,922,152)
1997	80,000,000	(3,684,047)	11,750,000	(15,434,047)
1998	80,000,000	(7,498,993)	11,500,000	(18,998,993)
1999	80,000,000	(10,587,550)	11,250,000	(21,837,550)
2000	80,000,000	(12,864,695)	11,000,000	(23,864,695)
2001	80,000,000	(14,458,435)	10,750,000	(25,208,435)
2002	80,000,000	(15,157,205)	10,500,000	(25,657,205)
2003	80,000,000	(15,329,161)	10,250,000	(25,579,161)
2004	80,000,000	(15,378,873)	10,000,000	(25,378,873)
2005	80,000,000	(15,378,873)	9,750,000	(25,128,873)
2006	80,000,000	(15,378,873)	9,500,000	(24,878,873)
2007	80,000,000	(15,378,873)	9,250,000	(24,628,873)
2008	80,000,000	(15,378,873)	9,000,000	(24,378,873)
2009	80,000,000	(15,378,873)	8,750,000	(24,128,873)
2010	80,000,000	(15,378,873)	8,500,000	(23,878,873)
2011	80,000,000	(15,378,873)	8,250,000	(23,628,873)
	1,920,000,000	75,121,348	267,000,000	(191,878,652)

Present Value:  
8.000%                      37,006,503

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
ALASKA STUDENT LOAN PROGRAM  
SUMMARY OF NEW LOAN ORIGINATION

Version B

LOAN RATE:  
8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987		0		0		0		0		0		0		0	NA
1988	14,000,000		19,678,108		55,480,000		89,158,108		7,212,400		1,941,800		80,003,909		10.13
1989	13,750,000		24,244,846		52,565,000		92,559,846		6,833,450		5,723,375		80,003,021		4.52
1990	13,500,000		33,564,388		52,470,000		99,534,388		6,438,100		13,095,550		80,000,738		2.51
1991	13,250,000		41,474,400		51,450,000		106,174,400		5,912,000		20,261,925		80,000,475		1.99
1992	13,000,000		50,135,373		49,440,000		112,575,373		5,226,200		27,343,950		80,003,223		1.78
1993	12,750,000		59,060,462		46,860,000		118,670,462		4,439,800		34,227,900		80,002,762		1.68
1994	12,500,000		67,472,707		44,533,000		124,507,707		3,664,050		40,839,600		80,004,057		1.61
1995	12,250,000		74,944,308		42,950,000		130,144,308		2,964,500		47,176,000		80,003,808		1.55
1996	12,000,000		81,080,848		42,660,000		135,740,848		2,409,800		53,328,100		80,002,948		1.48
1997	11,750,000		85,922,218		43,775,000		141,447,218		2,007,750		39,436,675		80,002,793		1.41
1998	11,500,000		89,786,190		46,135,000		147,421,190		1,725,050		65,694,100		80,002,040		1.33
1999	11,250,000		92,899,030		49,665,000		153,814,030		1,539,950		72,270,950		80,003,130		1.25
2000	11,000,000		95,179,963		46,080,000		152,259,963		1,188,900		71,070,725		80,000,338		1.31
2001	10,750,000		96,760,334		43,740,000		151,250,334		941,200		70,308,150		80,000,984		1.34
2002	10,500,000		97,433,149		42,050,000		149,983,149		806,000		69,173,875		80,003,274		1.38
2003	10,250,000		97,573,199		40,845,000		148,668,199		741,350		67,925,050		80,001,799		1.40
2004	10,000,000		97,589,027		39,880,000		147,469,027		696,900		66,770,825		80,001,302		1.43
2005	9,750,000		97,554,053		39,210,000		146,514,053		667,300		65,842,850		80,003,903		1.45
2006	9,500,000		97,518,362		38,770,000		145,788,362		644,100		65,143,050		80,001,212		1.46
2007	9,250,000		97,481,924		38,500,000		145,231,924		626,500		64,601,425		80,003,999		1.48
2008	9,000,000		97,444,763		38,210,000		144,654,763		606,800		64,047,625		80,000,338		1.49
2009	8,750,000		97,406,904		37,715,000		143,871,904		579,950		63,290,775		80,001,179		1.51
2010	8,500,000		97,368,211		36,790,000		142,658,211		537,700		62,110,650		80,000,861		1.54
2011	8,250,000		97,328,512		35,210,000		140,788,512		472,800		60,312,325		80,003,387		1.58

NOTES: (a) System Equity consists of recycling of repayments on old loans  
and Debt Service Reserve.  
Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated. Default Rate Raised to 20%.

Minimum Coverages: 1.25

Bonding at  
1.25 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	16,800,000	43,521,892
1989	80,000,000	54,143,514	16,600,000	37,543,514
1990	80,000,000	47,316,073	16,400,000	30,916,073
1991	80,000,000	40,052,752	16,200,000	23,852,752
1992	80,000,000	32,293,393	16,000,000	16,293,393
1993	80,000,000	24,399,838	15,800,000	8,599,838
1994	80,000,000	17,010,803	15,600,000	1,410,803
1995	80,000,000	10,529,534	15,400,000	(4,870,466)
1996	80,000,000	5,337,790	15,200,000	(9,862,210)
1997	80,000,000	1,403,069	15,000,000	(13,596,931)
1998	80,000,000	(1,584,704)	14,800,000	(16,384,704)
1999	80,000,000	(3,846,088)	14,600,000	(18,446,088)
2000	80,000,000	(5,420,135)	14,400,000	(19,820,135)
2001	80,000,000	(6,492,756)	14,200,000	(20,692,756)
2002	80,000,000	(6,959,918)	14,000,000	(20,959,918)
2003	80,000,000	(7,073,971)	13,800,000	(20,873,971)
2004	80,000,000	(7,107,140)	13,600,000	(20,707,140)
2005	80,000,000	(7,107,140)	13,400,000	(20,507,140)
2006	80,000,000	(7,107,140)	13,200,000	(20,307,140)
2007	80,000,000	(7,107,140)	13,000,000	(20,107,140)
2008	80,000,000	(7,107,140)	12,800,000	(19,907,140)
2009	80,000,000	(7,107,140)	12,600,000	(19,707,140)
2010	80,000,000	(7,107,140)	12,400,000	(19,507,140)
2011	80,000,000	(7,107,140)	12,200,000	(19,307,140)
	1,920,000,000	204,573,965	348,000,000	(143,426,035)

Present Value: 42,948,832  
8.000%

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version C  
 LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS	SYSTEM EQUITY (a)	BOND PROCEEDS	TOTAL FUNDS AVAILABLE	EXPENSES (b)	DEBT SERVICE	NEW LOANS	COVERAGE
	1 +	2 +	3 =	4 -	5 -	6 =	7	8
1987	0	0	0	0	0	0	0	NA
1988	16,800,000	19,678,108	52,125,000	88,603,108	6,776,250	1,824,375	90,002,483	10.79
1989	16,600,000	25,221,361	48,900,000	91,721,361	6,357,000	5,360,250	80,004,111	4.82
1990	16,400,000	33,391,142	48,380,000	98,171,142	5,929,400	12,239,050	80,002,692	2.67
1991	16,200,000	40,968,050	47,090,000	104,258,050	5,395,700	18,860,400	80,001,950	2.12
1992	16,000,000	49,006,456	45,105,000	110,111,456	4,745,650	25,361,825	80,003,981	1.88
1993	15,800,000	57,137,796	42,740,000	115,677,796	4,023,700	31,653,725	80,000,371	1.76
1994	15,600,000	64,719,058	40,695,000	121,014,058	3,323,850	37,689,300	80,000,908	1.67
1995	15,400,000	71,347,802	39,450,000	125,197,802	2,709,500	43,464,450	80,003,852	1.60
1996	15,200,000	76,646,610	39,535,000	131,381,610	2,246,050	49,134,550	80,001,010	1.52
1997	15,000,000	80,655,737	41,085,000	136,740,737	1,943,550	54,794,400	80,002,787	1.43
1998	14,800,000	83,693,458	43,920,000	142,413,458	1,767,600	60,645,750	80,000,108	1.35
1999	14,600,000	85,986,590	48,000,000	148,586,590	1,699,000	66,883,900	80,003,690	1.25
2000	14,400,000	87,578,927	45,405,000	147,383,927	1,472,150	65,908,050	80,003,727	1.30
2001	14,200,000	88,659,336	43,995,000	146,854,336	1,331,850	65,520,750	80,001,736	1.32
2002	14,000,000	89,127,333	43,100,000	146,227,333	1,272,000	64,952,600	80,002,733	1.34
2003	13,800,000	89,239,884	42,655,000	145,694,884	1,265,650	64,425,350	80,003,884	1.35
2004	13,600,000	89,272,070	42,505,000	145,377,070	1,278,650	64,096,675	80,001,745	1.36
2005	13,400,000	89,272,351	42,720,600	145,392,351	1,309,100	64,082,525	80,000,726	1.36
2006	13,200,000	89,274,326	43,255,000	145,729,326	1,352,150	64,376,225	80,000,951	1.35
2007	13,000,000	89,278,216	44,040,000	146,318,216	1,405,700	64,909,875	80,002,641	1.34
2008	12,800,000	89,284,160	44,910,000	146,994,160	1,463,800	65,530,225	80,000,135	1.33
2009	12,600,000	89,292,228	45,670,000	147,562,228	1,521,100	66,038,850	80,002,278	1.32
2010	12,400,000	89,302,733	46,115,000	147,817,733	1,569,950	66,246,975	80,000,808	1.31
2011	12,200,000	89,315,744	46,020,000	147,535,744	1,603,600	65,930,300	80,001,844	1.32

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Interest Grace Period Reduced. Default Rate Raised to 18%.

Minimum Coverage: 1.25

Bonding at  
1.25 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	13,500,000	46,821,892
1989	80,000,000	54,143,514	12,650,000	41,493,514
1990	80,000,000	47,096,857	11,800,000	35,296,857
1991	80,000,000	39,292,802	10,950,000	28,342,802
1992	80,000,000	30,481,204	10,100,000	20,381,204
1993	80,000,000	21,228,507	9,600,000	11,628,507
1994	80,000,000	12,407,258	9,100,000	3,307,258
1995	80,000,000	4,464,547	8,600,000	(4,135,453)
1996	80,000,000	(2,188,640)	8,100,000	(10,288,640)
1997	80,000,000	(7,584,804)	8,000,000	(15,584,804)
1998	80,000,000	(12,034,020)	7,900,000	(19,934,020)
1999	80,000,000	(15,756,847)	7,800,000	(23,556,847)
2000	80,000,000	(18,573,120)	7,700,000	(26,273,120)
2001	80,000,000	(20,566,450)	7,600,000	(28,166,450)
2002	80,000,000	(21,442,816)	7,500,000	(28,942,816)
2003	80,000,000	(21,659,170)	7,400,000	(29,059,170)
2004	80,000,000	(21,721,568)	7,300,000	(29,021,568)
2005	80,000,000	(21,721,568)	7,200,000	(28,921,568)
2006	80,000,000	(21,721,568)	7,100,000	(28,821,568)
2007	80,000,000	(21,721,568)	7,000,000	(28,721,568)
2008	80,000,000	(21,721,568)	6,900,000	(28,621,568)
2009	80,000,000	(21,721,568)	6,800,000	(28,521,568)
2010	80,000,000	(21,721,568)	6,700,000	(28,421,568)
2011	80,000,000	(21,721,568)	6,600,000	(28,321,568)
	1,920,000,000	(24,141,830)	203,900,000	(228,041,830)

Present Value:  
8.000%                      33,388,009

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version D

LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987	0		0		0		0		0		0		0		NA
1988	13,500,000		19,678,108		56,075,000		89,253,108		7,289,750		1,962,625		80,000,733		10.03
1989	12,650,000		26,249,011		53,925,000		92,824,011		7,010,250		5,812,625		80,001,136		4.45
1990	11,800,000		33,673,157		54,585,000		100,058,157		6,709,030		13,345,025		80,004,082		2.47
1991	10,950,000		41,832,260		54,260,000		107,042,260		6,263,300		20,777,475		80,001,485		1.96
1992	10,100,000		50,968,484		52,780,000		113,848,484		5,630,900		28,216,525		80,001,039		1.75
1993	9,600,000		60,504,719		50,235,000		120,359,719		4,829,650		35,525,850		80,004,219		1.65
1994	9,100,000		69,558,786		47,980,000		126,638,786		4,033,400		42,601,450		80,003,936		1.59
1995	8,600,000		77,683,372		46,440,000		132,723,372		3,310,200		49,410,300		80,002,872		1.53
1996	8,100,000		84,471,058		46,210,000		138,781,058		2,730,800		56,046,825		80,003,433		1.47
1997	8,000,000		89,961,737		46,915,000		144,876,737		2,239,950		62,633,775		80,003,012		1.40
1998	7,900,000		94,469,672		48,840,000		151,209,672		1,862,200		69,344,100		80,003,372		1.33
1999	7,800,000		98,220,705		51,870,000		157,890,705		1,573,600		76,314,175		80,002,930		1.25
2000	7,700,000		101,038,603		47,750,000		156,488,603		1,123,000		75,361,975		80,003,628		1.31
2001	7,600,000		103,010,630		44,850,000		155,460,630		784,500		74,672,300		80,003,830		1.35
2002	7,500,000		103,847,995		42,660,000		154,007,995		580,300		73,426,125		80,001,570		1.38
2003	7,400,000		104,015,594		40,940,000		152,355,594		458,200		71,896,800		80,000,594		1.41
2004	7,300,900		104,024,219		39,340,000		150,664,219		353,200		70,307,850		80,003,169		1.45
2005	7,200,000		103,966,385		37,950,000		149,116,385		258,000		68,855,225		80,003,160		1.48
2006	7,100,000		103,904,721		36,685,000		147,689,721		163,050		67,523,925		80,002,746		1.51
2007	7,000,000		103,838,946		35,460,000		146,298,946		65,300		66,231,325		80,002,321		1.54
2008	6,900,000		103,768,924		34,080,000		144,748,924		(42,100)		64,789,275		80,001,749		1.57
2009	6,800,000		103,694,347		32,395,000		142,889,347		(164,650)		63,053,925		80,000,072		1.61
2010	6,700,000		103,614,705		30,185,000		140,499,705		(309,450)		60,805,900		80,003,255		1.67
2011	6,600,000		103,529,506		27,200,000		137,329,506		(486,500)		57,814,775		80,001,231		1.76

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated, Interest Grace Period Reduced. Default Rate Raised to 21%.

Minimum Coverage: 1.25

Growing Annual Loans  
General Fund Appropriations

Version A (Base Case):

- o State Appropriations around \$7,850,000 per year in 2004
- o Default Rate at 17.00%
- o Forgiveness at 17.50%

Version B (Forgiveness Eliminated):

- o State receives around \$8,000,000 per year in 2004
- o Default Rate at 20.00%
- o Forgiveness Eliminated

Version C (Interest Grace Period Eliminated):

- o State Appropriations around \$1,500,000 per year in 2004
- o Default Rate at 18.00%
- o Forgiveness at 17.50%
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation

Version D (Forgiveness and Interest Grace Period Eliminated):

- o State receives around \$15,500,000 per year in 2004
- o Default Rate at 21.00%
- o Forgiveness Eliminated
- o Interest Begins to Accrue from Date of Separation
- o Repayment Begins 1 year after Date of Separation

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS	TOTAL FUNDS AVAILABLE	EXPENSES (b)	DEBT SERVICE	NEW LOANS	COVERAGE			
	1	+	2	+							3	=	4
1987		0		0	0	0	0	0	0	NA			
1988	60,321,892		19,678,108		0	80,000,000	0	0	80,000,000	NA			
1989	54,489,018		25,856,486		0	80,345,504	0	0	80,345,504	NA			
1990	48,074,157		32,601,895		0	80,676,052	0	0	80,676,052	NA			
1991	41,356,405		39,668,168		0	81,024,565	0	0	81,024,565	NA			
1992	35,813,171		47,051,871		0	82,865,042	0	0	82,865,042	NA			
1993	30,861,404		54,480,030		0	85,341,434	0	0	85,341,434	NA			
1994	25,867,457		61,431,533		0	87,298,990	0	0	87,298,990	NA			
1995	20,810,818		67,564,852		0	88,375,670	0	0	88,375,670	NA			
1996	15,691,934		72,569,804		0	88,261,738	0	0	88,261,738	NA			
1997	10,498,668		76,508,505		0	87,007,173	0	0	87,007,173	NA			
1998	5,240,026		79,655,775		0	84,895,801	0	0	84,895,801	NA			
1999	6,596,843		82,151,693		0	88,748,536	0	0	88,748,536	NA			
2000	7,150,978		84,015,867		0	91,166,845	0	0	91,166,845	NA			
2001	7,324,171		85,467,450		0	92,991,621	0	0	92,991,621	NA			
2002	7,640,887		86,514,999		0	94,155,886	0	0	94,155,886	NA			
2003	7,663,824		87,467,139		0	95,130,963	0	0	95,130,963	NA			
2004	7,689,311		88,524,925		0	96,214,236	0	0	96,214,236	NA			
2005	7,716,561		89,633,371		0	97,349,932	0	0	97,349,932	NA			
2006	7,742,205		90,720,025		0	98,462,230	0	0	98,462,230	NA			
2007	7,766,572		91,731,634		0	99,498,206	0	0	99,498,206	NA			
2008	7,789,883		92,699,500		0	100,489,383	0	0	100,489,383	NA			
2009	7,814,074		93,704,290		0	101,518,364	0	0	101,518,364	NA			
2010	7,841,562		94,845,531		0	102,687,093	0	0	102,687,093	NA			
2011	7,872,264		96,119,809		0	103,992,073	0	0	103,992,073	NA			

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: NA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version B

LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS	TOTAL FUNDS AVAILABLE	EXPENSES (b)	DEBT SERVICE	NEW LOANS	COVERAGE				
	1	+	2	+	3	=	4	-	5	-	6	=	7	8
1987		0		0	0		0		0		0		0	NA
1988	60,321,892		19,678,108		0	80,000,000		0	80,000,000		0		80,000,000	NA
1989	54,489,018		25,856,486		0	80,345,504		0	80,345,504		0		80,345,504	NA
1990	47,868,049		32,808,003		0	80,676,052		0	80,676,052		0		80,676,052	NA
1991	40,641,008		40,393,557		0	81,024,565		0	81,024,565		0		81,024,565	NA
1992	34,103,409		48,759,633		0	82,865,042		0	82,865,042		0		82,865,042	NA
1993	27,868,502		57,472,932		0	85,341,434		0	85,341,434		0		85,341,434	NA
1994	21,511,422		65,787,568		0	87,298,990		0	87,298,990		0		87,298,990	NA
1995	15,047,249		73,328,421		0	88,375,670		0	88,375,670		0		88,375,670	NA
1996	8,493,708		79,768,030		0	88,261,738		0	88,261,738		0		88,261,738	NA
1997	1,833,675		85,173,498		0	87,007,173		0	87,007,173		0		87,007,173	NA
1998	(4,917,909)		89,813,710		0	84,895,801		0	84,895,801		0		84,895,801	NA
1999	(5,066,663)		93,815,199		0	88,748,536		0	88,748,536		0		88,748,536	NA
2000	(5,807,541)		96,974,386		0	91,166,845		0	91,166,845		0		91,166,845	NA
2001	(6,421,773)		99,413,394		0	92,991,621		0	92,991,621		0		92,991,621	NA
2002	(6,813,249)		100,969,135		0	94,155,886		0	94,155,886		0		94,155,886	NA
2003	(7,033,996)		102,164,939		0	95,130,963		0	95,130,963		0		95,130,963	NA
2004	(7,210,284)		103,424,520		0	96,214,236		0	96,214,236		0		96,214,236	NA
2005	(7,369,596)		104,719,528		0	97,349,932		0	97,349,932		0		97,349,932	NA
2006	(7,526,846)		105,989,076		0	98,462,230		0	98,462,230		0		98,462,230	NA
2007	(7,672,742)		107,170,948		0	99,498,206		0	99,498,206		0		99,498,206	NA
2008	(7,812,334)		108,301,717		0	100,489,383		0	100,489,383		0		100,489,383	NA
2009	(7,957,258)		109,475,622		0	101,518,364		0	101,518,364		0		101,518,364	NA
2010	(8,121,852)		110,808,945		0	102,687,093		0	102,687,093		0		102,687,093	NA
2011	(8,305,622)		112,297,695		0	103,992,073		0	103,992,073		0		103,992,073	NA

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated. Default Rate Raised to 20%.

Minimum Coverage: NA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version C  
 LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE		SYSTEM		BOND		TOTAL		EXPENSES (b)	DEBT		NEW LOANS	COVERAGE
	APPROPRIATIONS	EQUITY (a)	PROCEEDS	AVAILABLE			SERVICE						
	1	2	3	4		5	6	7	8				
1987	0	0	0	0		0	0	0	NA				
1988	60,321,892	19,678,108	0	80,000,000		0	0	80,000,000	NA				
1989	54,489,018	25,856,486	0	80,345,504		0	0	80,345,504	NA				
1990	47,992,125	32,683,927	0	80,676,052		0	0	80,676,052	NA				
1991	41,071,674	39,952,891	0	81,024,565		0	0	81,024,565	NA				
1992	35,133,474	47,731,568	0	82,865,042		0	0	82,865,042	NA				
1993	29,670,216	55,671,218	0	85,341,434		0	0	85,341,434	NA				
1994	24,133,736	63,165,254	0	87,298,990		0	0	87,298,990	NA				
1995	18,516,892	69,658,778	0	88,375,670		0	0	88,375,670	NA				
1996	12,827,009	75,434,729	0	88,261,738		0	0	88,261,738	NA				
1997	7,049,963	79,957,210	0	87,007,173		0	0	87,007,173	NA				
1998	1,197,124	83,698,677	0	84,895,801		0	0	84,895,801	NA				
1999	1,954,717	86,793,819	0	88,748,536		0	0	88,748,536	NA				
2000	1,993,431	89,173,414	0	91,166,845		0	0	91,166,845	NA				
2001	1,973,625	91,017,996	0	92,991,621		0	0	92,991,621	NA				
2002	1,888,078	92,267,808	0	94,155,886		0	0	94,155,886	NA				
2003	1,814,028	93,316,935	0	95,130,963		0	0	95,130,963	NA				
2004	1,759,208	94,455,028	0	96,214,236		0	0	96,214,236	NA				
2005	1,712,205	95,637,727	0	97,349,932		0	0	97,349,932	NA				
2006	1,665,056	96,797,174	0	98,462,230		0	0	98,462,230	NA				
2007	1,621,658	97,876,548	0	99,498,206		0	0	99,498,206	NA				
2008	1,580,133	98,909,250	0	100,489,383		0	0	100,489,383	NA				
2009	1,537,016	99,981,348	0	101,518,364		0	0	101,518,364	NA				
2010	1,486,054	101,199,039	0	102,687,093		0	0	102,687,093	NA				
2011	1,433,395	102,558,678	0	103,992,073		0	0	103,992,073	NA				

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Interest Grace Period Reduced. Default Rate Raised to 18%.

Minimum Coverage: NA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version D  
 LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS	SYSTEM EQUITY (a)	BOND PROCEEDS	TOTAL FUNDS AVAILABLE	EXPENSES (b)	DEBT SERVICE	NEW LOANS	COVERAGE
	1 +	2 +	3 =	4 -	5 -	6 =	7	8
1987	0	0	0	0	0	0	0	NA
1988	60,321,892	19,678,108	0	80,000,000	0	0	80,000,000	NA
1989	54,489,018	25,856,486	0	80,345,504	0	0	80,345,504	NA
1990	47,772,909	32,903,143	0	80,676,052	0	0	80,676,052	NA
1991	40,310,777	40,713,788	0	81,024,565	0	0	81,024,565	NA
1992	33,317,097	49,547,945	0	82,865,042	0	0	82,865,042	NA
1993	26,486,964	58,854,470	0	85,341,434	0	0	85,341,434	NA
1994	19,500,653	67,798,337	0	87,298,990	0	0	87,298,990	NA
1995	12,386,756	75,988,914	0	88,375,670	0	0	88,375,670	NA
1996	5,170,969	83,090,769	0	88,261,738	0	0	88,261,738	NA
1997	(2,166,131)	89,173,304	0	87,007,173	0	0	87,007,173	NA
1998	(9,606,865)	94,502,666	0	84,895,801	0	0	84,895,801	NA
1999	(10,450,598)	99,199,134	0	88,748,536	0	0	88,748,536	NA
2000	(11,789,261)	102,956,106	0	91,166,845	0	0	91,166,845	NA
2001	(12,859,293)	105,850,914	0	92,991,621	0	0	92,991,621	NA
2002	(13,485,353)	107,641,239	0	94,155,886	0	0	94,155,886	NA
2003	(13,818,586)	108,949,549	0	95,130,963	0	0	95,130,963	NA
2004	(14,088,014)	110,302,250	0	96,214,236	0	0	96,214,236	NA
2005	(14,333,445)	111,683,377	0	97,349,932	0	0	97,349,932	NA
2006	(14,575,120)	113,037,350	0	98,462,230	0	0	98,462,230	NA
2007	(14,799,611)	114,297,817	0	99,498,206	0	0	99,498,206	NA
2008	(15,014,398)	115,503,781	0	100,489,383	0	0	100,489,383	NA
2009	(15,237,387)	116,755,751	0	101,518,364	0	0	101,518,364	NA
2010	(15,490,647)	118,177,740	0	102,687,093	0	0	102,687,093	NA
2011	(15,773,419)	119,765,492	0	103,992,073	0	0	103,992,073	NA

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Forgiveness Eliminated, Interest Grace Period Reduced. Default Rate Raised to 21%.

Minimum Coverage: NA

Growing Loan Volume  
General Fund Appropriations  
Bonding vs. Non-Bonding  
Present Value Savings (Cost) at 8.00%  
Version A.  
Base Case

<u>Coverage</u>	<u>PV Savings (Cost)</u>
1.25	44,226,115
1.50	28,761,740
1.80	11,245,820

Bonding at  
1.25 Coverage

Year	Loan Volume	General Fund Requirement	Bonding at 1.25 Coverage	
			General Fund With Bonding	Savings (Cost) With Bonding
1988	80,000,000	60,321,892	19,000,000	41,321,892
1989	80,345,504	54,489,018	19,300,000	35,189,018
1990	80,676,052	48,074,157	19,600,000	28,474,157
1991	81,024,565	41,356,405	19,900,000	21,456,405
1992	82,865,042	35,813,171	20,200,000	15,613,171
1993	85,341,434	30,861,404	20,600,000	10,261,404
1994	87,298,990	25,867,457	21,000,000	4,867,457
1995	88,375,670	20,810,818	21,400,000	(589,182)
1996	88,261,738	15,691,934	21,800,000	(6,108,066)
1997	87,007,173	10,498,668	22,500,000	(12,001,332)
1998	84,895,801	5,240,026	23,200,000	(17,959,974)
1999	88,748,536	6,596,843	23,900,000	(17,303,157)
2000	91,166,845	7,150,978	24,600,000	(17,449,022)
2001	92,991,621	7,524,171	25,300,000	(17,775,829)
2002	94,155,884	7,640,887	26,000,000	(18,359,113)
2003	95,130,963	7,663,824	26,700,000	(19,036,176)
2004	96,214,236	7,689,311	27,200,000	(19,510,689)
2005	97,349,932	7,716,561	27,700,000	(19,983,439)
2006	98,462,230	7,742,205	28,200,000	(20,457,795)
2007	99,498,206	7,766,572	28,700,000	(20,933,428)
2008	100,489,383	7,789,883	29,200,000	(21,410,117)
2009	101,518,364	7,814,074	29,700,000	(21,885,926)
2010	102,687,093	7,841,562	30,200,000	(22,358,438)
2011	103,992,073	7,872,264	30,700,000	(22,827,736)
	2,188,497,397	447,834,083	586,600,000	(138,765,917)

Present Value:  
8.000% 44,226,115

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
ALASKA STUDENT LOAN PROGRAM  
SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:  
8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS		TOTAL FUNDS AVAILABLE		EXPENSES (b)		DEBT SERVICE		NEW LOANS		COVERAGE 8
	1	+	2	+	3	=	4	-	5	-	6	=	7		
1987	0		0		0		0		0		0		0		NA
1988	19,000,000		19,678,108		49,490,000		88,168,108		6,433,700		1,732,150		80,002,258		11.36
1989	19,300,000		26,202,916		45,880,000		91,382,916		3,964,400		5,070,100		80,348,416		5.10
1990	19,600,000		33,269,519		44,835,000		97,704,519		3,487,050		11,540,600		80,676,869		2.82
1991	19,900,000		40,523,820		43,120,000		103,643,820		4,920,100		17,699,575		81,026,145		2.24
1992	20,200,000		48,263,544		42,635,000		111,098,544		4,492,550		23,738,575		82,867,419		1.98
1993	20,600,000		55,916,844		42,600,000		119,116,844		4,106,500		29,668,275		95,342,069		1.84
1994	21,000,000		63,066,516		42,515,000		126,581,516		3,686,450		35,592,100		87,302,966		1.73
1995	21,400,000		69,368,762		42,370,000		133,138,762		3,226,100		41,535,200		88,377,462		1.63
1996	21,800,000		74,510,768		42,165,000		138,475,768		2,723,450		47,489,925		88,262,393		1.53
1997	22,500,000		78,551,764		41,525,000		142,576,764		2,127,250		53,438,925		87,010,589		1.43
1998	23,200,000		81,760,960		40,775,000		145,735,960		1,477,250		59,361,350		84,897,360		1.34
1999	23,900,000		84,274,882		47,890,000		156,064,882		1,809,700		65,505,800		88,749,382		1.25
2000	24,600,000		86,165,316		46,935,000		157,700,316		1,788,050		64,744,350		91,167,916		1.30
2001	25,300,000		87,643,605		46,750,000		159,693,605		1,772,000		64,926,675		92,994,930		1.32
2002	26,000,000		88,717,032		46,330,000		161,047,032		1,717,400		65,170,625		94,159,007		1.33
2003	26,700,000		89,892,059		46,020,000		162,412,059		1,652,600		65,626,160		95,124,007		1.33
2004	27,200,000		90,768,903		45,975,000		163,943,903		1,615,750		66,113,425		96,214,728		1.34
2005	27,700,000		91,894,013		45,915,000		165,509,013		1,576,450		66,580,850		97,351,713		1.35
2006	28,200,000		92,994,658		45,865,000		167,059,658		1,534,450		67,060,975		98,464,233		1.35
2007	28,700,000		94,017,395		45,825,000		168,542,395		1,489,750		67,551,700		99,500,945		1.36
2008	29,200,000		94,993,267		45,810,000		170,003,267		1,442,300		68,070,750		100,490,217		1.36
2009	29,700,000		96,002,775		45,900,000		171,602,775		1,395,500		68,686,025		101,521,250		1.36
2010	30,200,000		97,145,320		46,120,000		173,465,320		1,349,600		69,425,600		102,690,120		1.37
2011	30,700,000		98,417,230		45,270,000		174,387,230		1,264,100		69,130,800		103,992,330		1.39

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.25

Bonding at  
1.50 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	21,000,000	39,321,892
1989	80,345,504	54,489,018	21,850,000	32,639,018
1990	80,676,052	48,074,157	22,700,000	25,374,157
1991	81,024,565	41,356,405	23,550,000	17,806,405
1992	82,865,042	35,813,171	24,400,000	11,413,171
1993	85,341,434	30,861,404	24,550,000	6,311,404
1994	87,298,990	25,867,457	24,700,000	1,167,457
1995	88,375,670	20,810,818	24,850,000	(4,039,182)
1996	88,261,738	15,691,934	25,000,000	(9,308,066)
1997	87,007,173	10,498,668	25,000,000	(14,501,332)
1998	84,895,801	5,240,026	25,000,000	(19,759,974)
1999	88,748,536	6,596,843	25,000,000	(18,403,157)
2000	91,166,845	7,150,978	25,000,000	(17,849,022)
2001	92,991,621	7,524,171	25,000,000	(17,475,829)
2002	94,155,886	7,640,887	25,000,000	(17,359,113)
2003	95,130,963	7,663,824	25,000,000	(17,336,176)
2004	96,214,236	7,689,311	25,000,000	(17,310,689)
2005	97,349,932	7,716,561	25,000,000	(17,283,439)
2006	98,462,230	7,742,205	25,000,000	(17,257,795)
2007	99,498,206	7,768,572	25,000,000	(17,233,428)
2008	100,489,383	7,789,883	25,000,000	(17,210,117)
2009	101,518,364	7,814,074	25,000,000	(17,185,926)
2010	102,687,093	7,841,562	25,000,000	(17,158,438)
2011	103,992,073	7,872,264	25,000,000	(17,127,736)
	2,188,497,337	447,834,083	587,600,000	(139,765,917)

Present Value: 28,761,740  
8.000%

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version A

LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS		SYSTEM EQUITY (a)		BOND PROCEEDS	TOTAL FUNDS AVAILABLE	EXPENSES (b)	DEBT SERVICE	NEW LOANS	COVERAGE				
	1	+	2	+	3	=	4	-	5	-	6	=	7	8
1987	0		0		0		0		0		0		0	NA
1988	21,000,000		19,678,108		47,095,000		87,773,108		6,122,350		1,648,325		80,002,433	11.94
1989	21,850,000		26,186,151		42,645,000		90,681,151		5,543,850		4,789,225		80,348,076	5.40
1990	22,700,000		33,230,112		40,530,000		96,460,112		4,943,900		10,836,600		80,679,612	3.01
1991	23,550,000		40,557,431		37,800,000		101,707,431		4,242,500		16,436,475		81,028,456	2.41
1992	24,400,000		48,159,357		35,725,000		108,284,357		3,667,250		21,749,975		82,867,132	2.16
1993	24,550,000		55,769,484		35,070,000		115,389,484		3,244,600		24,800,775		85,344,109	2.03
1994	24,700,000		62,874,776		34,210,000		121,784,776		2,780,800		31,702,225		87,301,751	1.94
1995	24,850,000		69,131,231		33,185,000		127,166,231		2,272,050		36,518,075		88,376,106	1.85
1996	25,000,000		74,225,822		31,980,000		131,205,822		1,715,900		41,224,625		88,265,297	1.76
1997	25,000,000		78,217,714		30,720,000		133,937,714		1,128,100		45,801,675		87,007,939	1.67
1998	25,000,000		81,379,678		29,240,000		135,619,678		425,700		50,236,925		84,897,053	1.59
1999	25,000,000		83,848,375		35,515,000		144,363,375		823,950		34,790,375		88,749,050	1.50
2000	25,000,000		85,695,799		33,965,000		144,660,799		818,950		52,670,850		91,170,999	1.60
2001	25,000,000		87,133,436		33,190,000		145,323,436		821,200		51,509,775		92,992,461	1.66
2002	25,000,000		88,168,726		32,270,000		145,438,726		791,600		50,486,925		94,160,201	1.71
2003	25,000,000		89,109,390		31,550,000		145,658,390		757,000		49,768,825		95,132,565	1.76
2004	25,000,000		90,152,849		31,005,000		146,157,849		728,150		49,211,800		96,217,899	1.80
2005	25,000,000		91,247,080		30,465,000		146,712,080		698,450		48,660,675		97,352,955	1.84
2006	25,000,000		92,318,651		29,970,000		147,288,651		669,100		48,154,750		98,464,801	1.88
2007	25,000,000		93,314,215		29,555,000		147,869,215		641,150		47,728,325		99,499,740	1.92
2008	25,000,000		94,264,954		29,260,000		148,524,954		616,300		47,415,875		100,492,779	1.96
2009	25,000,000		95,251,539		29,100,000		149,351,539		594,500		47,236,875		101,520,164	1.98
2010	25,000,000		96,373,358		29,145,000		150,518,358		578,850		47,250,975		102,688,533	2.01
2011	25,000,000		97,627,039		28,220,000		150,847,039		530,100		46,321,775		103,995,164	2.08

NOTES: (a) System Equity consists of recycling of repayments on old loans plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.50

Bonding at  
1.80 Coverage

Year	Loan Volume	General Fund Requirement	General Fund With Bonding	Savings(Cost) With Bonding
1988	80,000,000	60,321,892	25,000,000	35,321,892
1989	80,345,504	54,489,018	25,300,000	29,189,018
1990	80,676,052	48,074,157	25,600,000	22,474,157
1991	81,024,565	41,356,405	25,900,000	15,456,405
1992	82,865,042	35,813,171	26,200,000	9,613,171
1993	85,341,434	30,861,404	26,400,000	4,461,404
1994	87,298,990	25,867,457	26,600,000	(732,543)
1995	88,375,670	20,810,818	26,800,000	(5,989,182)
1996	88,261,738	15,691,934	27,000,000	(11,308,066)
1997	87,007,173	10,498,668	26,900,000	(16,401,332)
1998	84,895,801	5,240,026	26,800,000	(21,559,974)
1999	88,748,536	6,596,843	26,700,000	(20,103,157)
2000	91,166,845	7,150,978	26,600,000	(19,449,022)
2001	92,991,621	7,524,171	26,500,000	(18,975,829)
2002	94,155,886	7,640,887	26,400,000	(18,759,113)
2003	95,130,963	7,663,824	26,300,000	(18,636,176)
2004	96,214,236	7,689,311	25,550,000	(17,860,689)
2005	97,349,932	7,716,561	24,800,000	(17,083,439)
2006	98,462,230	7,742,205	24,050,000	(16,307,795)
2007	99,498,206	7,766,572	23,300,000	(15,533,428)
2008	100,489,383	7,789,883	22,550,000	(14,760,117)
2009	101,518,364	7,814,074	21,800,000	(13,985,926)
2010	102,687,093	7,841,562	21,050,000	(13,208,438)
2011	103,992,073	7,872,264	20,300,000	(12,427,736)
	2,188,497,337	447,834,083	604,400,000	(156,565,917)

Present Value:  
8.000% 11,245,820

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 SUMMARY OF NEW LOAN ORIGINATION

Version A  
 LOAN RATE:  
 8.00%

YEAR ENDING 6/30	STATE APPROPRIATIONS 1 +	SYSTEM EQUITY (a) 2 +	BOND PROCEEDS 3 =	TOTAL FUNDS AVAILABLE 4 -	EXPENSES (b) 5 -	DEBT SERVICE 6 =	NEW LOANS 7	COVERAGE 8
1987	0	0	0	0	0	0	0	NA
1988	25,000,000	19,678,108	42,305,000	86,983,108	5,499,650	1,480,675	80,002,793	13.29
1989	25,300,000	26,152,621	38,150,000	89,602,621	4,959,500	4,296,600	80,346,521	6.02
1990	25,600,000	33,165,122	36,015,000	94,780,122	4,389,950	9,710,175	80,379,997	3.36
1991	25,900,000	40,463,131	33,075,000	99,438,131	3,721,250	14,688,650	81,029,231	2.70
1992	26,200,000	48,038,054	31,190,000	105,428,054	3,181,200	19,379,725	82,867,129	2.43
1993	26,400,000	55,623,639	29,805,000	111,828,639	2,702,650	23,783,625	85,342,364	2.29
1994	26,600,000	62,702,028	28,150,000	117,452,028	2,179,500	27,973,500	87,300,028	2.20
1995	26,800,000	68,929,015	26,220,000	121,949,015	1,603,600	31,966,350	88,379,065	2.11
1996	27,000,000	73,991,369	23,975,000	124,966,369	972,750	35,731,025	88,262,594	2.03
1997	26,900,000	77,947,995	21,720,000	126,567,995	327,100	39,231,175	87,009,720	1.95
1998	26,800,000	81,072,714	19,080,000	126,952,714	(381,100)	42,433,875	84,899,939	1.88
1999	26,700,000	83,502,098	24,030,000	134,232,098	(116,600)	45,597,025	88,751,673	1.80
2000	26,600,000	85,307,835	21,700,000	133,607,835	(180,000)	42,618,050	91,159,785	1.97
2001	26,500,000	86,701,440	19,955,000	133,156,440	(244,350)	40,407,150	92,993,640	2.12
2002	26,400,000	87,690,126	17,920,000	132,010,126	(348,900)	38,201,825	94,157,201	2.26
2003	26,300,000	88,580,282	15,940,000	130,820,282	(465,300)	36,151,325	95,134,257	2.42
2004	25,550,000	89,571,996	14,725,000	129,846,996	(485,250)	34,116,650	96,215,596	2.59
2005	24,800,000	90,615,504	13,480,000	128,895,504	(504,600)	32,049,050	97,351,054	2.80
2006	24,050,000	91,638,522	12,305,000	127,993,522	(520,350)	30,049,575	98,444,297	3.02
2007	23,300,000	92,587,896	11,235,000	127,122,896	(531,450)	28,154,275	99,500,071	3.26
2008	22,550,000	93,494,990	10,335,000	126,379,990	(535,450)	26,424,375	100,491,065	3.51
2009	21,800,000	94,440,547	9,630,000	125,870,547	(531,100)	24,881,450	101,520,197	3.77
2010	21,050,000	95,524,337	9,210,000	125,784,337	(515,200)	23,612,425	102,687,112	4.02
2011	20,300,000	96,743,125	7,950,000	124,993,125	(524,500)	21,523,350	103,994,275	4.47

NOTES: (a) System Equity consists of recycling of repayments on old loans  
 plus earnings on Debt Service Reserve.

(b) Expenses consist of funding of a Debt Service Reserve (10% of Bond  
 Issue) and Costs of Issuance (3% of Bond Issue).

Base Case. Default Rate at 17%.

Minimum Coverage: 1.90

STATE OF ALASKA  
DEPARTMENT OF REVENUE

M E M O R A N D U M

TO: Mary Halloran  
Director  
Office of Management & Budget

FROM: Milton B. Barker *MB*  
Deputy Commissioner  
Department of Revenue

DATE: March 19, 1987

RE: Student Loan Bonding

Financial Concerns

In analyzing the financial aspects of student loan bonding, there are many different discount rates that might be used to compare the present value costs to the State of bonding versus not bonding for student loans. There are three discount rates that especially come to mind.

First, there is a long-term taxable interest rate. This might be appropriate if the alternative use of the general funds needed for the student loan program would be to save the money in the Permanent Fund. Analysis using this discount rate will generally show bonding to be the better alternative because of arbitrage. Money is borrowed at a tax-exempt rate and invested at a higher taxable rate.

Next, there is a short-term taxable rate. This would be appropriate if general funds not used for student loans would be retained in the general fund. Analysis using this discount rate will show bonding to be the less desirable alternative because there would be negative arbitrage. Money borrowed at a tax-exempt rate would be invested at a lower taxable rate.

Finally, there is the yield on the student loan bonds. This rate represents the true interest cost to the State of money that would be borrowed for the student loan program. Analysis using this rate basically will show no difference in cost between the bonding and not bonding alternatives. The only difference would be the costs of bond issuance and any possible arbitrage earnings that would not have to be rebated to the federal government.

Mary Halloran  
March 20, 1987  
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The yield on the bonds seems to be the most appropriate rate to use because it does represent the cost of funds and because money not used for student loans is most likely to be spent on other programs rather than saved in either the general funds or Permanent Fund.

Under a bond yield discount rate, the present value cost of bonding is basically equal to the amount borrowed. The amount borrowed is roughly equal to the amount of general funds saved, abstracting from costs of issuance and reserve funds.

Thus, in general terms present value analysis warrants no strong preference for bonding versus not bonding. There will be no great difference in cost if the bond yield is used as the discount rate. This is not to say that there is not an absolute cost to bonding. There is and it is the interest paid on the bonds.

#### Policy Concerns

Other differences in the approaches financially will be when and from what source the State pays the cost. Under a general fund program, it is paid all up front directly from general fund appropriations capitalizing the loan fund. Under bonding, the cost is paid over time from cash flow of the loan fund. The end result under the bonding approach is a smaller loan fund capitalization than under the no bonding approach. Correspondingly, under the bonding approach the general fund balance would be higher than under the no bonding approach. The diminution of loan fund capital would be equivalent to the augmentation of the general fund balance in present value terms, abstracting from differences in earnings rates of the funds.

Whether the timing and source of payment is an important consideration depends partly on the degree of flexibility or commitment that the State wants to sustain with respect to an ongoing level of student loans.

It raises the basic question of why borrow.

Borrowing is done when one does not have sufficient cash to make certain expenditures, but expects to have sufficient cash in the future to repay the amounts borrowed plus interest. The State meets the first condition but the satisfaction of the second condition is more open to question.

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March 20, 1987  
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Borrowing is also particularly undertaken where the expenditure is an investment which yields benefits over a period of time. Borrowing more closely matches payments for those benefits with their receipt. It thus has elements of greater equity since the identity of the recipients of the benefits, who also pay for them, changes over time. Education can be characterized as an investment justifying borrowing.

#### Credit Concerns

As currently proposed, bonding for student loans does not create an ongoing liability of the general fund. All of the subsidy required from the State to meet all payments arising from a bond issue is appropriated up front. The subsidy requirement arises from forgiveness, interest grace periods, and default rates. Because no continuing obligation from the State's general fund is expected, the bonds are not considered State-supported debt and there is not an overriding credit concern with them from a debt management perspective. The bonds will be self-supporting revenue bonds, given appropriation of the required subsidy up front, and will not be included in measures of the State's direct debt burden by the rating agencies.

However, in order for the bonds to be rated they will have to carry the State's moral obligation. This gives rise to two credit concerns--the overall level of State moral obligation debt and assurance that student loan bonding never requires a call on the State's moral obligation.

Moral obligation debt is not included in the rating agencies' measures of direct debt burden. However, the agencies do keep track of such debt and are sensitive to the amounts and purposes for which it is used. As of December 31, 1986, the State had \$1,531.9 million of moral obligation debt outstanding. The addition of moral obligation debt for student loans would not be expected to be a purpose or in amounts that provoke an adverse reaction from the rating agencies, at least so long as bonding is limited to amounts necessary to meet new loan demand and is not used to cash out the State's equity in the program represented by existing loans.

Use of the moral obligation accentuates the possibility that the State would be compelled later on to help make up deficiencies in amounts available to meet bond payments that exceed the original subsidy appropriations. This could occur because of an escalation in default rates.

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March 20, 1987  
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*...by makes a  
difference  
to its viability*

*April 11/87 -  
alt. financing  
... ..*

To protect against any call on the State's moral obligation, the program should have ample coverage ratios. A new program should have ratios of around 2.0 times debt service. A previously existing program could have coverage possibly as low as 1.25 based on historical cash flows and track records for default. If loan defaults can be expected to increase somewhat in the future as a result of economic conditions in the State, a coverage ratio of 1.5 might be desirable. Also if the program is amended, making the debt more onerous by eliminating forgiveness and the interest grace period and targeting toward lower income borrowers, defaults might be exacerbated.

Assuring ample coverage could be achieved by including in legislation an additional bonds test that would permit issuance of additional bonds only if projected coverage exceeded, say, 1.5 or, failing that test, approval by the legislature. If this approach is not taken, perhaps consideration might be given to altering the proposed make-up of the corporate board to provide cabinet control.

It should be re-emphasized that bolstering coverage ratios is not needed to protect the rating on student loan bonds. As moral obligation bonds, they will be rated A, one notch below the State's general obligation rating. Ample coverage would be sought only to satisfy the State's own concerns about having to fulfill its moral obligation.

#### Tax-Exempt Bond Ceiling

Under the Tax Reform Act of 1986, a new annual ceiling for Alaska on Private Activity Bonds ("PAB's") of \$250 million for 1986 and 1987, and \$150 million thereafter, replaces ceilings of \$200 million each--\$400 million total--for Qualified Mortgage Bonds and for certain PAB's under prior law.

An Executive Proclamation signed by the Governor on November 24, 1986 allocated Alaska's \$250 million annual ceiling for 1986 and 1987 half to AHFC and half to AIDA, with provision for reallocation by AIDA to any other issuer. AHFC did not use any of its allocation for 1986 and elected to carryforward \$125 million for Qualified Mortgage Bonds by adopting Resolution No. 86-27. AIDA utilized \$14,780,000 of its 1986 allocation and elected to carryforward the remaining \$110,220,000 for Qualified Student Loan Bonds in the event the State enacts legislation establishing such a program.

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AIDA had used only \$6,900,000 of the \$200 million PAB ceiling that was in effect until August 16, 1986 under prior law. AHFC issued \$100 million of Collateralized Home Mortgage Bonds (Qualified Mortgage Bonds) on June 1, 1986 but they did not count against its prior law \$200 million Qualified Mortgage Bond ceiling because they were refunding bonds. No carryforward is allowed under the Act of the prior law 1986 ceiling.

Whether the new ceiling provides any constraint on Alaska bond issuance remains to be seen. For Qualified Mortgage Bonds, AHFC, assuming the current allocation scheme is enacted into law, will have \$325 million under the cap before tax-exemption expires on December 31, 1988 (\$125 million 1986 carryforward, \$125 million 1987 allocation, and \$75 million 1988 allocation). During 1986, unused bond proceeds and mortgage demand were such that AHFC issued no "new money" Qualified Mortgage Bonds, only the refunding issues. AHFC does not expect to use the full \$325 million authority during the remaining two years of the program.

AIDA expects its ongoing allocation of \$125 million for 1987 and \$75 million thereafter to be more than ample, barring major development projects, unforeseen at this time, which would qualify for Exempt Facility Bonds. AIDA's total issuance of \$21,680,000 subject to the ceiling in 1986 is expected to dwindle to practically nothing in succeeding years due to the sunset on December 31, 1986 of Small Issue Bonds for commercial activities. AIDA issues very few Small Issue Bonds for manufacturing activities and even those sunset December 31, 1989.

The only other possible uses of Alaska's PAB ceiling that can be identified at this time are a Student Loan Bond program which is generally expected to not exceed approximately \$40 million in bond issuance annually if such a program is enacted, and a financing in the neighborhood of \$70 million for the purchase of the Snettisham hydroelectric project from the federal government, if difficulties of rate shock for users versus a fair (market) price to the federal government can be resolved.

MBB/gb

DEFAULT RATE BY INSTITUTION  
IN-STATE COLLEGIATE

<u>Institution</u>	<u>Loans In Repayment</u>	<u>Loans In Default</u>	<u>Original Loan Amount</u>	<u>Default Current Balance</u>	<u>Default Rate</u>	<u>Year Loan Eligible</u>
Alaska Bible College	22	4	\$ 127,516	\$ 14,927	11.7	1977
Alaska Pacific University	367	108	1,645,040	406,283	24.7	1971
Anchorage Community College	2,683	1,118	10,182,561	3,654,985	35.9	1971
Arctic Bible Institute	2	--	5,002	--	0.0	1980
Chapman College	8	1	34,150	2,650	7.8	1979
Chukchi Community College	1	--	3,000	--	0.0	1979
Delta Greely Rural Center	8	--	46,750	--	0.0	1983
Far North Bible School	1	--	1,000	--	0.0	1982
Islands Community College	41	18	169,801	56,431	33.2	1971
Juneau-Douglas Community College	75	34	232,528	97,268	41.8	1971
Kenai Peninsula Community College	649	241	2,929,257	970,924	33.1	1971
Ketchikan Community College	84	39	299,594	125,505	41.9	1971
Kodiak Community College	28	10	114,864	39,456	34.3	1971
Kuskokwim Community College	14	4	36,265	15,476	42.6	1972
Mat-Su Community College	237	86	1,090,223	323,457	29.7	1971
Northwest Community College	2	--	8,350	--	0.0	1975
Prince William Sound Community College	38	18	155,168	55,919	36.0	1978
Saint Hermans Theological Seminary	15	3	116,409	24,962	21.4	1977
Sheldon Jackson College	210	84	770,571	257,733	33.4	1971
Tanana Valley Community College	327	129	1,528,771	506,228	33.1	1974
University of Alaska, Anchorage	2,057	411	10,746,541	1,686,697	15.7	1971
University of Alaska, Fairbanks	3,030	536	14,133,324	1,832,144	13.0	1971
University of Alaska, Juneau	320	102	1,533,784	350,985	22.9	1980
University of Alaska, Rural Ed.	2	--	3,475	--	0.0	1981
University of Alaska, Southeast	57	16	141,637	22,895	16.1	1971
<b>TOTAL</b>	<b>10,278</b>	<b>2,962</b>	<b>\$46,100,581</b>	<b>\$10,444,925</b>	<b>22.7</b>	

DEFAULT RATE BY INSTITUTION  
IN-STATE VOCATIONAL

<u>Institution</u>	<u>Loans In Repayment</u>	<u>Loans In Default</u>	<u>Original Loan Amount</u>	<u>Default Current Balance</u>	<u>Default Rate</u>	<u>Year Loan Eligible</u>
*A.I.R. Center	37	2	\$ 252,008	\$ 12,000	4.7	1979
Academy of Hair Design	104	44	526,078	226,846	43.1	1978
*Action Helicopter	5	2	27,402	3,391	12.3	1984
Aero Tech Flight Service	127	15	817,105	89,400	10.9	1981
*Air Cushion Guides	8	--	40,725	--	0.0	1985
*Air Cushion Technologies	8	2	34,650	7,985	23.0	1983
Alaska Air Academy	11	4	78,850	32,202	40.8	1983
*Alaska Aviation School	1	--	9,000	--	0.0	1984
Alaska Business College	792	332	3,037,784	1,183,525	39.0	1971
Alaska Computer Institute	223	48	1,268,028	276,310	21.8	1984
*Alaska Computer Training Center	16	12	69,050	54,286	78.6	1982
Alaska Flying Network	4	--	21,000	--	0.0	1985
*Alaska Media Workshop	1	--	550	--	0.0	1981
*Alaska Native Training Institute	19	11	87,165	55,415	63.6	1979
Alaska School of Floral Design	13	--	30,200	--	0.0	1984
*Alaska Technical Institute	84	2	412,278	5,482	1.3	1984
Alaska Travel Institute	12	--	56,650	--	0.0	1985
Alaska Vocational Schools	72	15	464,720	102,700	22.0	1984
Alaska Vo-Tech Center	507	223	1,543,323	644,002	41.7	1978
*American Pacific Aviation	8	--	54,000	--	0.0	1984
Anchorage Alaska Barber College	81	51	431,898	289,970	67.1	1979
*Aviation Network	33	4	190,348	19,561	10.2	1984
Aviation north	26	3	128,240	14,266	11.1	1984
*Bookkeeping Concepts, Anchorage	91	28	518,000	159,561	30.8	1985
Bookkeeping Concepts, Fairbanks	159	55	818,050	294,096	35.9	1983
Careers Vocational Training School	253	98	1,372,463	496,265	36.3	1984
Charter College	2	--	3,777	--	0.0	1985
Clerical Skills Training	146	46	832,005	261,904	31.5	1983
*Club 1 Flight Group	1	--	6,000	--	0.0	1985
*Eielson AFB Aero Club	1	--	5,500	--	0.0	1983
Elmendorf Aero Club	46	1	300,072	1,279	0.4	1982
Fairbanks Beauty School	28	19	150,900	100,494	66.5	1980
Flight Training Devices	55	1	356,759	6,000	1.6	1981
Fort Richardson Flying Club	94	7	572,595	31,607	5.5	1982
Fort Wainwright Flying Club	1	--	600	--	0.0	1985
*Gordon Aviation	167	23	1,234,162	153,141	12.4	1981
Headquarters Barber & Beauty Academy	94	57	448,644	278,275	62.0	1982
Hign Tech Helicopters	12	2	93,916	7,466	7.9	1985
Hutchison Career Center	112	60	446,668	263,270	58.9	1981
Kotzebue Technical Center	36	20	175,790	96,498	54.8	1983
Larry's Flying Service	27	4	148,079	20,740	14.0	1983
Mat-Su Bush Flying	5	1	8,082	2,953	36.5	1985

\*School now closed

DEFAULT RATE BY INSTITUTION  
IN-STATE VOCATIONAL  
(Continued)

<u>Institution</u>	<u>Loans In Repayment</u>	<u>Loans In Default</u>	<u>Original Loan Amount</u>	<u>Default Current Balance</u>	<u>Default Rate</u>	<u>Year Loan Eligible</u>
New Anchorage Beauty School	448	278	2,578,980	1,608,545	62.4	1978
New Concepts Beauty School	22	8	103,335	35,290	34.1	1984
North Pacific Business Institute	147	79	794,070	437,126	55.0	1982
Peninsula Hair Styling Academy	42	19	198,292	87,504	44.1	1980
Peninsula Institute of Welding	31	16	196,478	95,707	48.7	1980
People Count, Inc.	38	13	184,510	76,989	41.7	1983
*Piper Sales, Alaska	2	--	12,000	--	0.0	1982
*Satellite Tech Applied Research	39	12	232,009	70,609	30.4	1984
*Scruples II, Action Broadcasting	56	30	292,212	172,505	59.0	1984
Testing Institute of Alaska	412	243	2,353,106	1,390,859	59.1	1979
The Travel Academy	53	2	253,807	7,284	2.8	1985
Trend Setters School of Beauty	167	76	944,598	428,440	45.3	1978
Vernair	21	2	145,116	21,615	14.8	1986
Victorian Academy & Cosmetology	20	5	104,365	23,765	22.7	1984
Wilbur's Flight Operations	165	37	1,038,358	203,140	19.5	1981
World Security & Police Academy	70	37	251,725	133,797	53.1	1983
TOTAL	5,255	2,067	\$26,756,075	\$9,984,074	37.3	

\*School now closed

## 1985-86 ALASKA TEACHER SCHOLARSHIP LOAN PROGRAM

Awards To Participating School Districts - 30 out of 33 eligible

Annette Island Schools	2	Lake and Peninsula Schools	1
Bering Strait Schools	8	Lower Kuskokwim Schools	6
Bristol Bay Borough Schools	3	Lower Yukon Schools	4
Chatham Schools	1	Nome City Schools	2
Cordova City Schools	3	North Slope Borough Schools	2
Craig City Schools	1	Northwest Arctic Schools	5
Dillingham City Schools	3	Pelican City Schools	1
Haines Borough Schools	1	Pribilof Schools	2
Hoonah City Schools	2	St. Mary's School District	1
Hydaburg City Schools	1	Sand Point School District	1
Iditarod Area Schools	2	Skagway City Schools	2
King Cove City Schools	2	Southeast Island Schools	1
Klawock City Schools	1	Southwest Region Schools	4
Kodiak Island Borough Schools	6	Tanana City Schools	1
Kuspuk Schools	2	Yakutat City Schools	1

Total Awards

72

Total Cost

\$423,000

Average Loan

\$5,875

Schools of Attendance

UAF	33
UAA	3
UAJ	3
APU	3
SJC	4

Out of State	26
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Class Status

Freshman	39
Sophomore	16
Junior	9
Senior	6
5th Yr.	
Certificate	2

Degree Program

B/Elem. Ed	38
B/Sec. Ed	29
B/Ed	3
Cert./Sec. Ed	2