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125:35

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SECTIONAL ANALYSIS
SB155/HB204

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
1	Findings and purpose.	1 2	12 1-25	Emphasize ACPE/ASLC joint missions to expand economic benefit of education and training as broadly in the state as possible; providing benefits to individuals, institutions, and industries.	New Language	Immediately
2	ACPE advisory functions.	2 3	26-31 1-14	Remove archaic and/or unfunded functions.	Amended Language	Immediately
3	ACPE mandated functions.	3	15-23	Emphasize financial aid administration, regulation of in-state postsecondary institutions; and administration of federal student financial aid.	Repeal and Reenacting Language	Immediately
4	ACPE authorized (permissive) functions.	3 4	24-31 1-25	Clarify: (1) regulation adoption authority to administer state and federal financial aid programs and postsecondary institutional authorization; (2) authority to delegate operational administration to ACPE executive director or subcommittees; (3) establish and collect fees for review of non-Alaska institutions; and, (4) collect financial aid debts from individuals, including collection fees.	Moves Existing Language and Adds New Language	Immediately
5	ACPE authorized role re: postsecondary consortia in Alaska	4 5	26-31 1-7	Authorization to negotiate agreements between the University of Alaska and other consortia institutions.	Amended Language	Immediately
6	ASLC purpose	5	8-18	To include creating financial aid administration efficiencies. Provide operating principles to guide corporation action.	Amending and Clarifying Language	Immediately
7	ASLC general powers	5 6 7 8	19-31 1-31 1-31 1-16	Revise and clarify collection authority and to insure ASLC activities are financially self-sustaining.	Amending and Clarifying Language	Immediately

SECTIONAL ANALYSIS

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
8	ASLC to finance education loan programs.	8 9	17-31 1-11	Provide direction for establishment of state supplemental education loan programs. Provide operating principles to insure flexibility for developing various state loan products and that such products be designed to attract and retain students in Alaska, including offering terms and conditions that are more attractive than prevailing market terms.	New Language	Immediately implement, but loans disbursed on or after July 1, 2002
9	Clarifies the purpose of the education loan fund and describes appropriate uses of the fund.	9 10	12-31 1-8	By reference, specifically authorize financing for integrated state and federal financial aid programs.	Amended Language	Immediately
10	Education loan fund.	10	9-16	Conforming change to incorporate the new programs that have an effective date of 7/01/02.	Amended Language	Immediately implement, but loans disbursed on or after July 1, 2002
11	Education loan fund.	10	17-26	Conforming change to incorporated the new programs that have an effective date of 7/01/02.	Amending Language.	Immediately implement, but loans disbursed on or after July 1, 2002
12	Bonds of the corporation.	10 11	27-31 1-2	Extend maximum time period for ASLC bond maturities when longer terms are financially beneficial.	Amended Language.	Immediately
13	Bonds of the corporation.	11	3-6	Increase two-year aggregate ASLC bonding capacity to insure adequate cash flow to meet integrated programs loan demand.	Amended Language.	Immediately
14	Trust indentures and trust agreements.	11 12	7-31 1-8	Conforming change clarifying broad collection authority on all assets and obligations to the corporation.	Amended Language	Immediately
15	Pledge and agreement of state.	12	9-18	Conforming change.	Amended Language	Immediately

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
16	General provisions.	12 13	19-31 1-7	Provide definitions of terms used throughout this chapter.	Moves Existing Language and Adds New Language	Immediately
17	Education loan program.	13	8-20	Secs. 17 through 28 retain existing Alaska Student Loan Program until AKAdvantage is operating in 2002-2003.	New Language to Replace AS 14.43.090	Immediately
18	Conditions of loans.	13	21-26	Conforming change.	Amended Language	Immediately
19	Conditions of loans.	13 14	27-31 1-2	Conforming change.	Amended Language	Immediately
20	Conditions of Loans.	14	3-11	Conforming change.	Amended Language	Immediately
21	Consolidation of loans.	14	12-20	Conforming change.	Amended Language	Immediately
22	Eligibility of Students.	14	21-25	Conforming change.	Amended Language	Immediately
23	Discrimination prohibited.	14	26-30	Conforming change.	Amended Language	Immediately
24	Default.	14 15	31 1-24	Provide administrative collection power through authority to issue liens against real property as a means of recovering on defaulted loans.	New Language	Immediately
25	Default.	15	12-24	Extend uniform collection methods for all loans serviced by the Commission. Recognize that default threshold under AKAdvantage will be set according to federal standards (currently at 280 days delinquency).	Amended Language	Immediately implement, but loans disbursed on or after July 1, 2002.
26	Default.	15 16	25-31 1-6	Provide default appeal process to borrowers regardless of the specific loan type. Establish a timely response standard for the ACPE executive director to act upon a default appeal.	Amended Language	Immediately implement, but loans disbursed on or after July 1, 2002.

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
27	Lien.	16	7-18	Describe the lien authority of the ACPE regarding defaulted student loans.	New Language.	Immediately
28	Definitions.	16 17	19-31 1-14	Conforming changes.	Amended Language.	Immediately
29	Establish the federal guaranteed AKAdvantage and the Alaska Supplemental Education Loan Programs.	17-22			New Language.	Immediately implement, but loans disbursed on or after July 1, 2002.
29	Sec. 14.43.161 Purpose; creation.	17	16-20	Sec. 29 as a whole, describes the new, integrated loans programs. AKAdvantage to be first loan offered to borrowers.		
29	Sec. 14.43.162 Eligibility.	17 18	21-31 1-11	Recognize that the eligibility criteria is established by federal student loan rules. Additional AKAdvantage criteria are that a borrower be an Alaska resident or attending school in Alaska. Defines residency criteria.		
29	Sec. 14.43.163 Restrictions on award.	18	12-22	Recognize that annual lending limits under this program are set by federal student loan rules.		
29	Sec. 14.43.164 Use of loan.	18	23-25	Recognize that permitted use of funds determined by federal student loan rules.		
29	Sec. 14.43.165 Interest.	18 19	26-31 1-9	Recognize: (1) that the formula for setting the interest rate on the loan is determined by federal rules (variable with current cap of 8.25%); (2) the rate may be no more than the federal student loan rate; (3) interest accrues from the time the loan is disbursed to the borrower; (4) during periods of enrollment or deferment the borrower may elect to pay the interest or to have it capped; and (5) for those borrowers who qualify, the federal government may pay interest on their behalf during qualifying periods.		
29	Sec. 14.43.166 Repayment.	19	10-17	Clarify that loan terms include a six-month grace period during which payments are deferred. Clarify that loans obtained in error or by falsification by borrower may be subject to accelerated repayment requirement permitted by federal student loan rules.		
29	Sec. 14.43.167 Consolidation of loans.	19	18-25	Clarify ACPE authority to offer consolidation of loans.		

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
29	Sec. 14.43.168 Default.	19	26-31	Authorize ACPE to establish default requirements that are compliant with federal student loan rules.		
29	Sec. 14.43.170 Creation; purpose.	20	1-10	Alaska non-federal loan to be provided to supplement AKAdvantage loan to address remaining financial need or to provide aid if AKAdvantage loan is unavailable.		
29	Sec. 14.43.171 Applicability of other laws.	20	11-14	Incorporate, by reference, certain specific existing Alaska Student Loan requirements. This section creates alignment of terms and conditions of the Supplemental loans with AKAdvantage loans to reduce consumer confusion and administrative complexity where possible. Applicable laws are regarding: minimum standards for institutional default rates; prohibited discrimination; contracting with minors; default and collection tools (PFD garnishment, leveraging licenses, administrative wage garnishment, creating liens); definitions; use of loans; loan consolidation, and, default.		
29	Sec. 14.43.172 Eligibility.	20 21	15-31 1-27	Provide for Supplemental loans to continue to be available to Alaska institutions that may not participate or qualify for participation in the federal student loan program and allow ACPE to establish certain standards with which the institutions may be required to comply. Provide the authority to perform credit review of applicants for Supplemental loans. Establish minimum credit standards. Specify conditions under which an applicant who fails to meet the standards may become qualified for a loan, including obtaining a credit-worthy co-signer.		
29	Sec. 14.43.173 Loan award maximums.	21 22	28-31 1-12	Establish annual and aggregate loan award maximum for the Supplemental loan. Provide that borrowers must be considered in good standing by their institution to continue to receive loan disbursements.		
29	Sec. 14.43.174 Interest.	22	13-21	Provide authority for the ASLC to set the interest rates and provides that the rate not exceed 8.25%. Clarify that interest accrues from the time a loan is disbursed and that interest may be paid or deferred and capped, as elected by the borrower.		
29	Sec. 14.43.175 Repayment of loans.	22	22-27	Provide for a six-month grace period following the in-school period when payments are deferred.		
30	Memorial Scholarship Loan Fund	22 23	28-31 1-5	Conforming change. Throughout this chapter references to "scholarship loans" are being amended to read "education loans" to eliminate any confusion about whether the aid is a scholarship or a loan.	Amending Language.	Immediate
31	Memorial loan payment.	23	6-12	Conforming changes.	Amended Language.	Immediate

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
32	Memorial loan administering authority.	23	13-17	Conforming changes.	Amended Language.	Immediate
33	Education Incentive Grant Administration.	23	18-22	Conforming changes.	Amended Language.	Immediate
34	Teacher Education Loan selection criteria.	23	23-27	Conforming changes.	Amended Language.	Immediate
35	Teacher Education Loan selection criteria.	23 24	28-31 1	Conforming changes to incorporate the two new programs.	Amended Language.	Immediate
36	Family Education Loan account.	24	2-14	Conforming changes.	Amended Language.	Immediate
37	Definitions.	24	15-17	Adding a chapter definition for corporation to mean ASLC.	New Language.	Immediate
38	Definitions.	24	18-24	Adding chapter definitions for "federal guaranteed student loan program" and approved FFEL institution."	New Language	Immediate implement, but loans disbursed on or after July 1, 2002.
39	Repayment condition for (WICHE) program participants.	24	25-27	Conforming changes.	Amended Language.	Immediate
40	Repayment.	24	28-31	Provide for collection authority in the event of default of a WICHE Professional Student Exchange Program loan.	New Language	Immediate
41	Duties of recorder.	25	1-3	Conforming change related to ACPE authority to place a lien as a means of collection on a defaulted loan.	New Language	Immediate
42	Repealer section.	25	4-5	Repeal 14.42.010(a), ACPE purpose and intent, and 14.42.030(c) ACPE functions. Replaced in Secs. 1-4 of this bill. Repeal 14.42.390, ASLC definitions, replaced in Sec. 16 of this bill.	Amending Language.	Immediate

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
				Repeal 14.43.090, creation of the scholarship loan fund, which is replaced in Sec. 17 of this bill. Repeal 14.43.255(c), memorial loan fund, authority to sell or assign loans to the corporation. Repeal 14.43.315, memorial loan discrimination prohibited section. Protection provided through incorporation by reference in Sec. 32 of this bill. Repeal 14.43.730; family education loan administration section. Authority provided through incorporation by reference in Sec. 3 of this bill. Repeal 14.48.050(10), ACPE power to establish fees for review of institution. Replaced in Sec. 4 of this bill.		
43	Transition language.	25	6-13	Provide ACPE with ability to immediately begin AKAdvantage implementation processes that are necessary in order to offer student loans under the new program for the 2002-2003 academic period.	Transition language.	Immediate
44	Transition language.	25	14-20	Provide ACPE with ability to immediately begin AKAdvantage regulation promulgation necessary to offer student loans under the new program for the 2002-2003 academic period.	Amended Language.	Immediate
45	Instruction to Revisor	25 26 27	21-31 1-31 1-9	Conforming changes to provide consistent use of terminology relating to loan programs administered by ACPE.		Immediate
46	Effective Date Section.	27	10-11			
47	Effective date section.	27	12			

BILL ANALYSIS
HB 204

Title: Student Loans/Commission on Postsecondary Education

Sponsor: House Rules by Request of the Governor

Overview: *See Sectional Analysis on left side of bill packet.*

1) Establishes the AlaskAdvantage Loan Program so that Alaska would participate in the federal guaranteed student loan program.
2) Brings low interest rates to borrowers and reduced risk to the state.
3) Creates a supplemental loan program to provide financial assistance if the new loan program can't cover costs or the student does not qualify for federal student aid.
4) Creates a one-stop-shop financial aid information center
5) Streamlines aid delivery and offer expanded options for borrowers.
6) Reduces financial risk to the State of Alaska.

Fiscal Note:

$135,600 in 2002	**Costs** in new personnel for compliance specialist, programmer/analyst, and an accountant and a customer service specialist. See fiscal note for out-year costs.
$4,502,000 in 2003	**Revenue** from 1) Special Allowance payment from the federal government; 2) interest subsidy paid by the federal government; 3) 98% guarantee on all defaulted federal student loans; 4) accrual of interest during the in-school period on non-subsidized and supplemental loans.

Available In Person:

Diane Barrans,	Executive Director of Alaska Commission on Postsecondary Education

Available Via Teleconference:

Rick Weems,	Director of Financial Aid, UAA
Skye Rubadeau (Roo-bah-doh)	Student Member on the Alaska Commission on Postsecondary Education

FROM THE HOUSE JOURNAL
MARCH 22, 2001

The Governor's transmittal letter dated March 20, 2001, appears below:

"Dear Speaker Porter:

Alaska's student loan program has achieved great success in the past few years. The Commission on Postsecondary Education and the Alaska Student Loan Corporation have turned the program around -- running it in the black for the first time in history and paying a dividend back to the state. This year the dividend payment is $2.2 million with another $4 million expected for fiscal year 2002. All of this while serving over 90,000 Alaska student loan customers with $615 million in loans.

This bill I transmit today establishes the AlaskAdvantage Loan Program, the next step in continuing the growth and financial integrity of the state student loan program. Under this legislation, Alaska would participate in the federal guaranteed student loan program which brings benefits including low interest rates for borrowers and reduced risk to the state through federal loan guarantees.

This bill also creates a supplemental loan program to provide financial assistance in the event the AlaskAdvantage Loan is insufficient to cover education costs or the student does not qualify for assistance under the federal guaranteed student loan program.

This bill will create a one-stop financial aid information center and financial opportunity, guaranty the lowest possible borrowing rates, streamline aid delivery and reduce financial risk to the State through the federal guarantee. This program will also offer expanded options for borrowers with special needs in loan repayment.

At a time when access to quality education is at the forefront of our legislative agenda, I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Tony Knowles
Governor"

GOVERNOR'S TRANSMITTAL LETTER

Updated from original.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: HB204
() Publish Date:

Revision Date/Time (Note if correction): 4/3/2001 10:00
Title: An Act relating to the ACPE and the ASLC relating to the student financial aid programs and the financing of those...
Sponsor: Rules Committee
Requester: (H)EDU

Dept. Affected: Education
BRU: ACPE
Component: Student Loan Operations
Component Number: 213

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	135.6	250.6	256.9	263.3	269.9	276.6
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	**135.6**	**250.6**	**256.9**	**263.3**	**269.9**	**276.6**
CAPITAL EXPENDITURES	**135.6**	**250.6**	**256.9**	**263.3**	**269.9**	**276.6**
CHANGE IN REVENUES ( )		**4,502.0**	**8,440.5**	**12,160.0**	**15,957.7**	**22,948.8**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)	135.6	250.6	256.9	263.3	269.9	276.6
TOTAL	**135.6**	**250.6**	**256.9**	**263.3**	**269.9**	**276.6**

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal: [ ]

POSITIONS

Full-time	2	2				
Part-time						
Temporary						

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

ACPE's becoming a federal lender will bring additional revenue through loan guarantees, interest subsidies and special allowance payments. Additional revenues will be used to continue to reduce educational financing costs to our borrowers.

Costs are identified for a total of four Federal Family Education Loan Program (FFELP)-related staff; two in FY2002 and two in FY2003. These positions are critical to ensure success as a federal lender. Compliance with federal requirements is required to retain the guarantee on the FFELP portfolio and to receive reimbursements for loan losses due to death, disability, bankruptcy and default. To assure compliance, a full-time compliance specialist is needed. Entry level for this job class is a Range 18, starting in FY2002. To address AKFFELP-related programming and reporting requirements, an additional programmer/analyst will be needed. Entry level is Range 22, starting in FY2002. Starting in FY2003, an accountant will be needed to facilitate required federal and guarantor reporting. Entry level for this position is Range 16. Also in FY2003, a customer relations specialist is needed to meet

Prepared by: Sheila King, Finance Officer — Phone 465-6757
Division: Finance — Date/Time 4/3/01 10:00 AM
Approved by: Diane Barrans, Executive Director — Date 4/3/2001
Agency: Alaska Commission on Postsecondary Education

For distribution information, call the Governor's Legislative Office

(Rev 2/7/2001 OMB)

Updated Fiscal Note

Analysis (continued)
growing demand for on-site financial aid and training and information dissemination at high schools and postsecondary schools around Alaska. Entry level for this position is Range 14. Salary projections include anticipated annual merit increases.

The income figures shown in the Change in Revenues line is a result of four components: 1) the Special Allowance payment provided by the U.S Department of Education (ED) to compensate the lender (ASLC) for fluctuations in interest rates during the year. This special allowance is determined by a formula, but is currently 50 basis points and is calculated based on the lenders volume of federal student loans; 2) The interest subsidy paid by ED on those federal loans whose borrowers qualify for subsidy based on their family income; 3) A 98% loan guarantee on all defaulted federal student loans serviced within the requirements established by ED; and 4) Accrual of interest during the in-school period on non-subsidized and supplemental loans.
It is important to note that these income figures are based on current FFELP rates. Because this bill provides for the ASLC to make below market rates available to its Alaska customers, the end result will be to utilize this positive financial shift as a means to reduce lending rates and allow our borrowers to benefit in the form of reduced borrowing costs.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 204
(H) Publish Date: 3/22/01

Revision Date/Time (Note if correction):
Dept. Affected: Education
Title: An Act relating to the ACPE and ASLC; establishin
BRU: ACPE
the Alaska Advantage Loan Program and the Alaska Supplemental
Component: Student Loan Operations
Sponsor: Rules Committee
Requester: Governor
Component Number: 213

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	135.6	250.6	256.9	263.3	269.9	276.6
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	**135.6**	**250.6**	**256.9**	**263.3**	**269.9**	**276.6**
CAPITAL EXPENDITURES	**135.6**	**250.6**	**256.9**	**263.3**	**269.9**	**276.6**
CHANGE IN REVENUES ( )		**4,752.6**	**8,697.3**	**12,423.2**	**16,227.4**	**24,416.2**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)	135.6	250.6	256.9	263.3	269.9	276.6
TOTAL	**135.6**	**250.6**	**256.9**	**263.3**	**269.9**	**276.6**

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time	2	2				
Part-time						
Temporary						

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

ACPE's becoming a federal lender will bring additional revenue through loan guarantees, interest subsidies and special allowance payments. Additional revenues will b used to continue to reduce educational financing costs to our borrowers.

Costs are identified for a total of four Al..ka Federal Family Education Loan Program (AKFFELP)-related staff; two in FY2002 and two in FY2003. These positions are critica to ensure success as a federal lender. Compliance with federal requirements is required to retain the guarantee on the AKFFELP portfolio and to receive reimbursements for loan losses due to death, disability, bankruptcy and default. To assure compliance, a full-time compliance specialist is needed. Entry level for this job class is a Range 18, starting in FY2002. To address AKFFELP-related programming and reporting requirements, an additional programmer/analyst will be needed. Entry level is Range 22, starting in FY2002. Starting in FY2003, an accountant will be needed to facilitate required federal and guarantor reporting. Entry level for this position is Range 16. Also in FY2003, a

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Phone 465-6757
Division Finance
Date/Time 3/12/01 10:00 a.m.
Approved by: Diane Barrans, Executive Director
Date 3/12/2001
Agency Alaska Commission on Postsecondary Education

For distribution information, call the Governor's Legislative Office

(Rev 2/7/2001 OMB)

FISCAL NOTE

Analysis (continued) HB 204#1

customer relations specialist is needed to meet growing demand for on-site financial aid training and information dissemination at high schools and postsecondary schools around Alaska. Entry level for this position is Range 14. Salary projections include anticipated annual merit increases.

FACT:

Alaska students get the lowest number of federal Pell Grants of any state.

Source: Institute for Higher Education Policy, December 2000

FACT:

The average lifetime income of families headed by college graduates is $1.6 million more than that of families headed by high school graduates.

Source: Postsecondary Education Opportunity, November 2000

FACT:

Key to expanding Alaska's economy is providing low cost access to higher education for Alaskans.

Source: National Alliance of Business, Fall 2000, and Alaska Department of Labor and Workforce Development, September 2000

FACT:

Each year, Alaska imports over 69,000 workers for jobs that could be filled by Alaskans – *if they could get the training they need.*

Source: Alaska Economic Trends, February 2000

AlaskAdvantage

is brought to you

by

The Alaska Commission on Postsecondary Education

www.state.ak.us/acpe

Customer Service: (800) 441-2962
Administrative Offices: (907) 465-6740

With gratitude to Alaska's accredited institutions of postsecondary education, partners delivering financial aid quality and service:

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Alaska Vocational Technical Center
Ilisagvik College
Alaska Pacific University
Sheldon Jackson College
Charter College
Career Academy
Alaska Bible College
New Concepts Beauty School

AlaskAdvantage

Student Financial Aid for Alaska's Future

BIT BACKUP

Alaska Commission on Postsecondary Education
www.state.ak.us/acpe

Standing: Commissioners Greg Muldoon, Lisa Froelich Demcksa, Senator Gary Wilken, Rosa Foster, Mark Begich
Seated: Commissioners Frances Rose, Dr. Milton Byrd, Babette Bush
Not Pictured: Commissioners Representative Lisa Murkowski, Skue Rabadeau, Lonie Hall, Kristen Forrester, Dr. Lydia Hays

From your Commissioners

Dear Alaskan:

It is with great pleasure that the Commission introduces *AlaskAdvantage*, a revolution in financial aid services for Alaska.

AlaskAdvantage is a service-oriented financial aid packaging and delivery system designed to provide Alaskans access to the guaranteed lowest-cost financial aid, as well as to provide our students and our State with the rewards of increased access to higher education. The AlaskAdvantage program packages Alaska Student Loan and federal Title IV programs to provide borrowers with one-stop financial aid shopping, simultaneous grant and loan application, and significant cost reductions. The program additionally includes provisions to fund grant programs and to attract new students at Alaska institutions.

We're particularly proud that the *AlaskAdvantage* program will be managed and operated in Alaska, by Alaskans, for Alaska.

Your Alaska Commission on Postsecondary Education

Questions & Answers

Will the ASL go away?

The ASL will not go away. The ASL will continue to be available for students who are not eligible for federal Title IV aid, and for students whose need exceeds their Title IV aid.

Does this mean all students will be required to complete a free application for federal student aid (FAFSA)?

All students will have to complete a FAFSA. The FAFSA is also the application for federal grants, so this step will ensure that students do not borrow when they could be getting free grant aid.

What about students whose parents will not provide the tax information needed to complete a FAFSA?

Students who cannot complete the FAFSA because their parents do not provide required information may still be eligible to apply for the ASL. If these students have completed the other sections of the FAFSA, they won't even need to fill out a new application form. However, by not completing all sections of the FAFSA, they will be forfeiting their entitlement to any federal grants or loans for which they may be eligible.

AlaskAdvantage is scheduled to debut fall 2002

What are the *AlaskAdvantage* benefits For Alaska's students?

- *One-stop financial aid shopping & info center*
- *One-form grant and loan application*
- *Lowest cost financial aid*
- *Options for students with poor credit histories*
- *Increased access to loan deferment or cancellation for borrowers with hardships*

What are the benefits for Alaska's higher education institutions?

- *Streamlined aid packaging and delivery*
- *Significantly reduced administrative burden*
- *Recruiting tool to attract students to Alaska*

And the benefits for Alaska?

- *New funding options for workforce development*
- *Creation of grant funding pool for Alaska*
- *Incentives for Alaska students to stay in Alaska*
- *Economic stimulation via in-state servicing of up to $24 million in federal loans formerly serviced outside of Alaska*