

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1291 SCOMM 50: HOUSE SPECIAL COMMITTEE ON STATE LOANS 1985-86

SCOMM 50: HOUSE SPECIAL COMMITTEE ON STATE LOANS, 1985-1986

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SCOMM 50: HOUSE SPECIAL COMMITTEE ON STATE LOANS, 1985-1986

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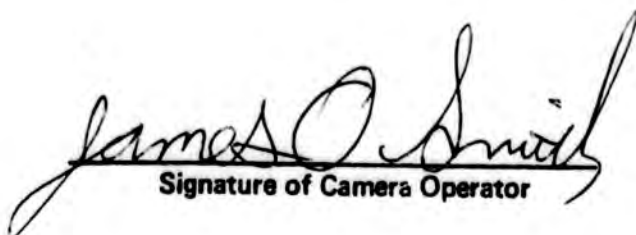
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RECORDS CERTIFICATION



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Date

SCOMM

#50:1

1/17/85

HOUSE COMMITTEE ON LOANS

AGENDA

TUESDAY, 1/22/85

3:30 pm, Room 124 (House Judiciary)

Department of Revenue, Alaska Housing Finance Corporation overview.

For further information contact:

John Hartle, Aide to Rep. John Sund, Chair, House Committee on
Loans

Room 411 Capitol 465-4919

AHFC: Mortgage delinquency rising

By JIM ERICKSON
Daily News business reporter

The number of homeowners falling behind on their loan payments continues to rise in Alaska, officials for Alaska Housing Finance Corp. said Monday.

The delinquency rate for those with loans more than 30 days past due was 4.42 percent in December. That means more than one out of every 25 people who obtained AHFC financing to buy their homes are behind in their payments.

The rate is up sharply from 3.19 percent last August and is the highest since the corporation began providing subsidized home loans to all qualified Alaskans in 1980.

The delinquency rate is below the national average, which hit a record 5.86 in the third quarter of 1984.

If allowed to continue unchecked, a rising rate in Alaska could affect the corporation's ability to provide subsidized loans. Corporation officials have said the possibility of that happening is remote.

Mike Lynch, AHFC executive director, said condominium owners contributed heavily to the high rate. That reflects a depressed condo market in which people who lose their jobs or have other financial problems are unable to sell their homes quickly. Instead, they fall behind on their mortgage payments.

"There was a time a year or two ago when the market solved everybody's problem," he said. "That's not the case anymore."

More than one out of every 17 condo owners have missed at least one monthly payment, compared with one out of every 25 single-family homeowners.

In recent months the corporation has taken steps to curb delinquencies.

AHFC officials have asked lenders they deal with to enforce collections more rigorously. Four or five lenders were stripped of their AHFC lending powers in the last several months because the delinquency rate for loans they made were too high, Lynch said.

The corporation also has tightened its lending standards.

And to reduce the number of new condos on the market, AHFC in December stopped lending money on condos in projects where less than 70 percent of the units have been sold. Before then, AHFC required that half be sold before its financing could be obtained.

"We are the market, and we intend to maintain that market," Lynch said.

Lynch predicted the delinquency rate could rise early this year. But he predicted the rate should start falling in March, as warm weather brings out more home buyers and more homeowners return to work after winter layoffs.

The corporation has begun foreclosure on 104 condos and 202 single-family houses, and owns 110 homes through foreclosure.

The delinquency rate for those who financed mobile homes through AHFC was 6.75 percent, and most of the 4,600 mobile home loans carried by AHFC are not insured.

The corporation has lost about \$150,000 to date because of bad mobile home loans, officials estimated.



Pipeline section to stay buried



RECORDS CERTIFICATION



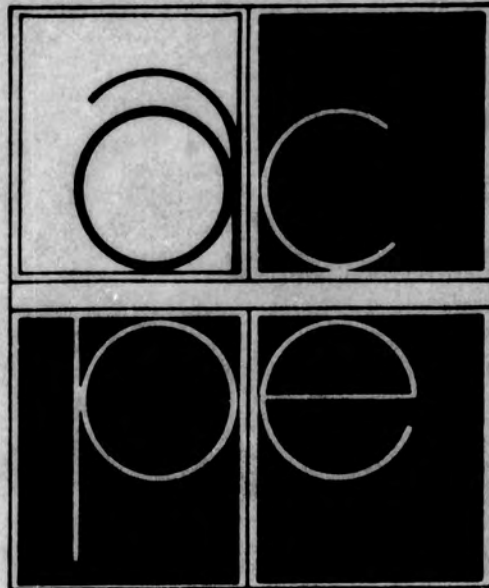
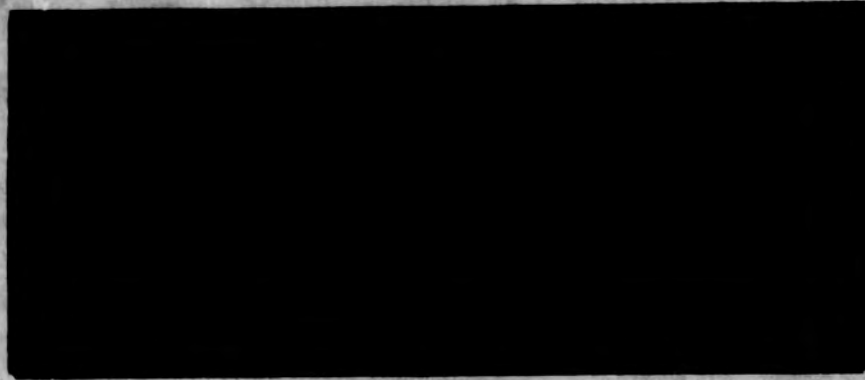
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#50:2



Alaska Commission on Postsecondary Education

ALASKA STUDENT LOAN

Background and Discussion Materials

February 1985

PROGRAM DESCRIPTION

PURPOSES

1. To provide Alaskans with access to postsecondary educational resources through low-interest loans to students.
2. To encourage an educated citizenry through initial access to education and training and through inducements to utilize that education and training in Alaska.

TERMS

1. Undergraduates and vocational students may borrow up to \$6,000 per year of full-time study.
2. Graduate students may borrow up to \$7,000 per year of full-time study.
3. Students may borrow for up to 5 years of undergraduate study, or up to 5 years of graduate study, but for not more than 8 years combined.
4. A student must be a two-year Alaska resident to borrow and must maintain full-time study in good standing to continue borrowing Alaska student loans.
5. Loans may be used for attendance at any approved institution.
6. Proceeds from loans may only be used for the costs of tuition and fees, room and board, and books and supplies.
7. Loan repayment begins one year after the student ceases to be a full-time student (except for approved periods of deferment).
8. Repayment is over a 10-year period with provision for extending to 15 years if necessary.
9. Interest charged on the loans is 5%.

FORGIVENESS

If, upon completion of the program of study for which the loan was granted, the borrower resides in Alaska, a portion of the loan, plus interest, shall be forgiven by the State. That portion, for up to a total of 50%, shall accrue as follows:

1. 2-3 years residence in the state, 10%
2. 3-4 years residence in the state, an additional 10%
3. 4-5 years residence in the state, an additional 10%
4. 5-6 years residence in the state, an additional 10%
5. Over 6 years residence in the state, a final 10%.

This residence must be continuous and must begin within one year of completion of program.

REPAYMENT SCHEDULE

IF YOUR STUDENT LOANS TOTAL:	YOUR MONTHLY PAYMENT FOR 120 MONTHS (10 YRS.) WOULD BE:	TOTAL TO BE REPAYED:		
		5% Interest	Principal	Total
\$1,000.00	\$ 10.61	\$ 273.20	\$1,000.00	\$ 1,273.20
2,000.00	21.21	545.20	2,000.00	2,545.20
3,000.00	31.83	818.40	3,000.00	3,818.40
4,000.00	42.43	1,091.60	4,000.00	5,091.60
5,000.00	53.06	1,363.60	5,000.00	6,363.60
6,000.00	63.64	1,636.80	6,000.00	7,636.80
7,000.00	74.25	1,910.00	7,000.00	8,910.00
8,000.00	84.95	2,182.00	8,000.00	10,182.00
9,000.00	95.46	2,455.20	9,000.00	11,455.20
10,000.00	106.07	2,728.40	10,000.00	12,728.40
15,000.00	159.10	4,092.00	15,000.00	19,092.00
20,000.00	212.13	5,455.60	20,000.00	25,455.60
25,000.00	265.16	6,819.20	25,000.00	31,819.20
30,000.00	318.20	8,184.00	30,000.00	38,184.00
35,000.00	371.23	9,547.60	35,000.00	44,547.60
40,000.00	424.26	10,911.20	40,000.00	50,911.20
45,000.00	477.29	12,274.80	45,000.00	57,274.80
50,000.00	530.33	13,639.60	50,000.00	63,639.60

ALASKA STUDENT LOAN PROGRAM

1984-85 Loans

(a) Funds Available

FY85 General Fund Appropriation	\$60,000,000
FY84 Carry-Forward	8,745,359
Federal Funds (GSL)	350,000
Sub-Total	\$69,095,359
Estimated FY85 Receipts	9,927,084
Total	\$79,022,443

(b) Loans as of February 1, 1985

Student Level	Alaska		Out-of-State		Total	
	Number	Amount	Number	Amount	Number	Amount
Freshman	2,964	\$11,637,561	2,084	\$10,011,284	5,048	\$21,648,845
Sophomore	1,519	6,194,443	1,553	7,578,675	3,072	13,773,118
Junior	1,045	4,548,563	1,324	6,613,654	2,369	11,162,217
Senior	1,071	4,536,985	1,163	6,738,671	2,234	11,275,656
Vocational	1,949	10,278,744	793	3,954,328	2,742	14,233,072
Undergraduate	8,548	\$37,196,296	6,917	\$33,896,662	15,465	\$71,092,958
Graduate	301	1,461,275	1,050	6,134,621	1,351	7,595,896
Total	8,849	\$38,657,571	7,967	\$40,031,283	16,816	\$78,688,854

(c) In-State/Out-of-State Attendance by Level (February 1, 1985).

Student Level	Alaska	%	Out-of-State	%
Freshman	2,964	58.7	2,084	41.3
Sophomore	1,519	49.4	1,553	50.6
Junior	1,045	44.1	1,324	55.9
Senior	1,071	47.9	1,163	52.1
Vocational	1,949	71.1	793	28.9
Undergraduate	8,548	55.3	6,917	44.7
Graduate	301	22.3	1,050	77.7
Total	8,849	52.6	7,967	47.4

(d) Percent In-State Previous Years

Year	Undergraduate	Graduate	All Loans
1978-79	35.1	12.0	32.3
1979-80	36.1	12.3	33.3
1980-81	45.3	17.9	42.3
1981-82	47.3	23.8	45.0
1982-83	53.1	23.4	50.4
1983-84 (To date)	55.6	22.3	52.6

DISTRIBUTION OF ALASKA STATE LOANS
FOR STUDENTS ATTENDING IN ALASKA
(1984-85 Loans)
(As of December 31, 1984)

Institution	1984-85	
	No.	Amount
University of Alaska, Fairbanks	2,101	\$ 8,130,700
University of Alaska, Anchorage	1,443	6,111,600
Anchorage Community College	1,366	5,879,150
Kenai Peninsula Community College	352	1,586,200
University of Alaska, Juneau	281	1,194,950
Alaska Pacific University	246	1,182,900
Alaska Vocational-Technical Center	180	500,800
Matanuska-Susitna Community College	168	722,300
Tanana Valley Community College	155	741,600
Testing Institute of Alaska	152	831,600
Bookkeeping Concepts	151	777,900
Alaska Masonry School	150	886,300
Sheldon Jackson College	141	732,900
New Anchorage Beauty School	111	587,200
Alaska Business College	77	443,100
Alaska Computer Institute of Technology	75	426,850
Clerical Skills Training	69	403,450
Ketchikan Community College	58	243,250
Hutchison Career Center	55	225,800
Alaska Vocational School	53	271,300
Gordon Aviation, Inc.	52	234,000
Scruples II, Action School of Broadcasting	52	227,000
North Pacific Business Institute	50	276,600
Trend Setters School of Beauty	49	283,650
Prince William Sound Community College	48	213,350
People Count, Inc.	45	220,400
Wilburs Flight Operation	41	220,900
Satellite Technicians Applied Research and Development	38	228,000
Aviation Network	31	170,700
Academy of Hair Design	30	138,200
Islands Community College	30	121,800
Aero Tech Flight School	29	166,000
Kuskokwim Community College	29	88,650
Kodiak Community College	27	120,200
Anchorage Alaska School of Barbering	26	135,800
Kotzebue Technical Center	25	115,000
Fort Richardson Flying Club	24	136,500
Elmendorf Aero Club	24	133,500
Headquarters Barber & Beauty Academy	21	110,600
Aviation North	18	94,450
Larry's Flying Service	16	95,450
Vern Air	16	93,000

(Continued)

Institution	1984-85	
	No.	Amount
Peninsula Hair Styling Academy	16	74,250
St. Herman's Theological Seminary	15	57,450
A.I.R. Center	14	78,500
New Concepts Beauty School	14	53,900
Delta Greely Rural Educational Center	13	59,500
World Security Police Academy	11	34,300
University of LaVerne	8	41,000
Alaska Bible College	7	26,100
Fairbanks Beauty School	6	25,700
Alaska Air Academy	5	29,000
Chapman College	5	18,250
American Pacific Aviation	4	24,000
Peninsula Institute of Welding Technology	4	23,200
Air Cushion Technologies	4	14,750
Arctic Bible Institute	4	9,100
Action Helicopter	3	18,000
Northwest Community College	3	11,350
High Tech Helicopter	2	12,000
Alaska Aviation School	1	6,000
Alaska Native Training Institute	1	6,000
University of Alaska, Rural Education	1	6,000
Flight Training Devices	1	5,700
Victorian Academy of Cosmotology and Barbering	1	5,200
Far North Bible College	1	4,550
TOTAL	8,250	\$36,147,350

INSTITUTIONS AT WHICH AT LEAST FIFTY ALASKA
STUDENT LOAN BORROWERS ATTENDED
(1984-85 Loans)
(As of December 31, 1984)

Institution	1984-85	
	No.	Amount
*University of Alaska, Fairbanks	2,101	\$8,130,700
*University of Alaska, Anchorage	1,443	6,111,600
*Anchorage Community College	1,366	5,879,150
*Kenai Peninsula Community College	352	1,586,200
*University of Alaska, Juneau	281	1,194,950
University of Washington	255	1,379,700
*Alaska Pacific University	246	1,182,900
Oregon State University	231	1,218,300
University of Oregon	212	1,088,750
*Alaska Vocational-Technical Center	180	500,800
*Matanuska-Susitna Community College	168	722,300
Arizona State University	166	863,100
Western Washington University	162	821,150
Brigham Young University (UT)	157	585,150
*Tanana Valley Community College	155	741,600
*Testing Institute of Alaska	152	831,600
*Alaska Masonry School	150	886,300
*Sheldon Jackson College	141	732,900
Washington State University	132	716,750
International Air Academy (WA)	128	521,300
University of Puget Sound (WA)	112	625,900
*New Anchorage Beauty School	111	587,200
Northern Arizona University	110	532,150
Central Washington University	96	528,500
University of Arizona	94	490,940
Gonzaga University (WA)	93	543,950
Willamette University (OR)	90	522,500
University of Hawaii, Manoa	84	411,100
Montana State University	82	399,900
University of Colorado	78	419,750
*Alaska Business College	77	443,100
*Alaska Computer Institute of Technology	75	426,850
Seattle University (WA)	73	376,050
Pacific Lutheran University (WA)	71	397,350
University of Idaho	70	362,300
Seattle Pacific University (WA)	70	360,950
*Clerical Skills Training	69	403,450
University of Montana	65	287,450
Lewis and Clark College (OR)	62	320,000
Colorado State University	59	330,450
Stanford University (CA)	58	323,550
*Ketchikan Community College	58	243,250

*Alaskan Schools

(Continued)

Institution	1984-85	
	No.	Amount
West Coast Training Service	58	219,600
Eastern Washington University	57	302,850
Linfield College (OR)	57	291,050
University of Colorado, Boulder	56	291,000
*Hutchison Career Center	55	225,800
Southern Oregon State College	54	274,950
*Alaska Vocational Schools	53	271,300
*Gordon Aviation, Inc.	52	234,000
*Scruples II, Action School of Broadcasting	52	227,000
Denver Automotive and Diesel College (CO)	51	293,350
DeVry Institute of Technology (AZ)	51	265,300
*North Pacific Business Institute	50	276,600

*Alaskan School

ALASKA STUDENT LOAN PROGRAM
REPAYMENT AND COLLECTIONS REPORT

1. Repayments

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>	<u>Average Monthly</u>
1974-75	\$ 73,432	\$ 162,044	\$ 235,476	\$ 19,623
1975-76	162,354	303,176	465,530	38,794
1976-77	320,971	820,490	1,141,461	95,122
1977-78	223,739	968,112	1,191,851	99,321
1978-79	172,249	1,219,394	1,391,643	115,970
1979-80	243,347	1,360,089	1,603,436	133,620
1980-81	416,779	1,808,609	2,225,388	185,449
1981-82	517,939	2,261,961	2,779,900	231,658
1982-83	730,150	3,877,901	4,609,051	384,088
1983-84	1,100,111	5,310,013	6,410,124	534,177
1984-85	N.A.	N.A.	9,927,084	827,257 (est.)
1985-86	N.A.	N.A.	11,879,790	989,983 (est.)

Total repaid through 1983-84: \$22,053,860

2. Number of loan accounts in repayment

<u>June 30</u>	<u>Number</u>
1981	7,196
1982	10,683
1983	15,669
1984	21,771
1985	29,326 (est.)

3. Forgiveness (through December 1984)

<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>	<u>Fifth</u>
627	627	627	627	627
524	524	524	524	-0-
568	568	568	-0-	-0-
833	833	-0-	-0-	-0-
<u>1,447</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
3,999	2,552	1,719	1,151	627

4. Forgiveness Benefits Received (1974-75 through 1983-84)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1974-75	\$ 304	\$ 399	\$ 703
1975-76	42,733	1,500	44,233
1976-77	61,202	3,544	64,746
1977-78	274,210	40,096	314,306
1978-79	367,590	78,395	445,985
1979-80	334,491	75,010	409,501
1980-81	446,077	109,417	555,494
1981-82	617,986	167,783	785,769
1982-83	665,016	181,012	846,028
1983-84	<u>960,738</u>	<u>210,501</u>	<u>1,171,239</u>
TOTAL	\$3,770,347	\$867,657	\$4,638,004

5. Default (Compiled on June 30)

<u>Year</u>	<u>Rate</u>
1971-72	N.A.
1972-73	N.A.
1973-74	N.A.
1974-75	80.0%
1975-76	44.6%
1976-77	24.9%
1977-78	22.3%
1978-79	19.3%
1979-80	14.5%
1980-81	11.5%
1981-82	9.2%
1982-83	9.1%
1983-84	13.5%

Monthly (1984-85)

<u>Month</u>	<u>Rate</u>
July	14.2%
August	14.6%
September*	17.0%
October *	17.4%
November *	17.7%
December *	16.9%

*Accounts tranferred to Patterson and Van Abel.

6. Number of defaulted accounts transferred to Patterson and Van Abel.

<u>Month</u>	<u>Accounts</u>
October	3,190
November	108
December	<u>125</u>
TOTAL	3,423

TABLE I
STUDENT FINANCIAL AIDS ADMINISTRATION
STATE STUDENT LOAN ACTIVITY
Projected to 1989-90

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Loan Forgiveness	General Fund
1971-72	1,081	\$ 1,603,158	\$ 1,603,158	\$1,483	\$ -0-	\$ -0-	\$ -0-	\$ 1,603,158
1972-73	1,748	2,870,384	4,473,542	1,642	-0-	-0-	-0-	2,870,384
1973-74	1,665	2,986,176	7,459,718	1,793	-0-	-0-	-0-	2,986,176
1974-75	1,457	2,659,807	10,119,525	1,826	235,476	-0-	703	2,424,331
1975-76	1,719	3,382,997	13,502,522	1,968	465,530	-0-	44,233	2,977,467
1976-77	1,921	3,850,507	17,353,029	2,004	1,141,461	-0-	64,746	2,709,046
1977-78	2,265	4,604,167	21,957,196	2,033	1,191,851	-0-	314,306	3,412,316
1978-79	2,795	6,416,402	28,373,598	2,296	1,391,643	-0-	445,985	5,024,758
1979-80	3,918	9,373,949	37,747,547	2,393	1,603,436	-0-	409,501	7,770,513
1980-81	6,460	15,957,717	53,705,264	2,475	2,225,388	-0-	555,494	13,732,329
1981-82	9,898	40,559,499	94,264,763	4,098	2,779,900	1,000,000	785,769	36,819,599
1982-83	13,058	55,007,395	149,272,158	4,213	4,609,051	1,200,000	(846,028)	49,198,344
1983-84	14,785	62,912,316	212,184,474	4,255	6,410,124	522,481	1,171,239	56,162,552
1984-85	16,404	73,818,000	<u>286,002,474</u>	4,500	9,927,084	350,000	1,950,101	63,540,916
1985-86	17,693	84,484,075	370,486,549	4,775	11,879,790	225,000	2,325,078	72,379,285
1986-87	17,894	90,364,700	460,851,249	5,050	15,103,702	150,000	2,944,162	75,110,998
1987-88	17,178	92,761,200	553,612,449	5,400	18,421,086	65,000	3,581,196	74,275,114
1988-89	15,212	87,088,700	640,701,149	5,725	21,667,004	25,000	4,204,507	65,396,696
1989-90	15,465	92,016,750	732,717,899	5,950	24,475,215	N.A.	4,743,765	67,541,535

*1984-85 through 1989-90 are projections

Revised 9/84

SAMPLE STUDENT BUDGETS
(1984-85)*

Budget Item	UAF On-Campus	UAF Off-Campus	UAA	UAJ	ACC	Kenai Penn. C.C.	APU On-Campus	SJC On-Campus
Tuition & Fees	\$ 940	\$ 940	\$ 720	\$ 744	\$ 720	\$ 636	\$3,550	\$3,246
Room & Board	2,400	4,800	5,148	4,650	5,148	4,913	3,350	3,400
Books & Supplies	400	400	270	300	290	270	270	300
Subtotal	\$3,740	\$6,140	\$6,138	\$5,694	\$6,158	\$5,819	\$7,170	\$6,946
Transportation	1,000	1,000	801	700	774	1,152	800	900
Personal	800	800	963	900	927	918	910	900
Total	\$5,540	\$7,940	\$7,902	\$7,294	\$7,859	\$7,889	\$8,880	\$8,746

Budget Item	Oregon State U On-Campus	U of Oregon On-Campus	Willamette U On-Campus	Linfield College On-Campus	Lewis & Clark College On-Campus	U of Washington On-Campus	Western Washington U On-Campus
Tuition & Fees	\$4,050	\$4,080	\$6,410	\$ 6,080	\$7,569	\$3,618	\$3,486
Room & Board	2,200	2,340	2,700	2,210	3,037	2,805	2,325
Books & Supplies	330	300	250	250	250	399	350
Subtotal	\$6,580	\$6,720	\$9,360	\$ 8,540	\$10,856	\$6,822	\$6,161
Transportation	1,400	1,300	2,000	2,000	1,600	1,600	1,600
Personal	1,050	1,000	550	650	600	1,158	700
Total	\$9,030	\$9,020	\$11,910	\$11,190	\$13,056	\$9,580	\$8,461

Budget Item	Washington State U On-Campus	Pacific Lutheran U On-Campus	U Puget Sound On-Campus	Gonzaga U On-Campus	Seattle U On-Campus	Arizona State U On-Campus	Northern Arizona U On-Campus
Tuition & Fees	\$3,624	\$ 5,950	\$ 6,330	\$ 5,900	\$ 5,625	\$3,700	\$3,200
Room & Board	2,400	2,800	2,900	2,700	2,955	2,700	1,960
Books & Supplies	350	400	400	400	400	420	350
Subtotal	\$6,374	\$ 9,150	\$ 9,630	\$ 9,000	\$ 8,980	\$6,820	\$5,510
Transportation	1,700	1,750	1,300	1,700	1,800	1,700	1,400
Personal	1,000	1,200	400	1,000	1,020	1,000	800
Total	\$9,074	\$12,100	\$11,330	\$11,700	\$11,800	\$9,520	\$7,710

*All budgets are for single full-time undergraduate students for a full academic year.

SAMPLE STUDENT BUDGETS
(1984-85)*

Budget Item	U of Hawaii On-Campus	U of Idaho On-Campus	U of Montana On-Campus	Colorado State U On-Campus	U of Colorado On-Campus	U of Denver On-Campus	Stanford U On-Campus
Tuition & Fees	\$3,126	\$2,816	\$2,241	\$4,805	\$ 5,055	\$ 6,696	\$ 9,750
Room & Board	2,275	2,580	2,081	2,740	2,468	2,955	4,000
Books & Supplies	368	400	200	320	325	375	400
Subtotal	\$5,769	\$5,796	\$4,522	\$7,865	\$ 7,848	\$10,026	\$14,150
Transportation	1,400	1,500	1,100	1,550	1,800	1,615	2,000
Personal	686	600	500	260	1,417	690	800
Total	\$7,855	\$8,414	\$6,122	\$9,675	\$10,733	\$12,331	\$16,950

Budget Item	Boston U On-Campus	Purdue U On-Campus	Northwestern U On-Campus	Dartmouth College On-Campus	Brigham Young U On-Campus
Tuition & Fees	\$ 9,116	\$4,260	\$ 9,615	\$ 9,090	\$1,400
Room & Board	3,900	3,110	3,540	3,490	2,100
Books & Supplies	350	300	405	inc. personal 1,080	370
Subtotal	\$13,366	\$7,670	\$13,560	\$13,660	\$3,870
Transportation	1,700	2,000	2,080	2,000	1,200
Personal	700	800	730	1,600	680
Total	\$15,766	\$10,470	\$16,370	\$16,260	\$5,750

*All budgets are for single full-time undergraduate students for a full academic year.



UNIVERSITY OF ALASKA—FAIRBANKS

Fairbanks, Alaska 99775

MEMORANDUM

TO: President
Vice President
Chancellor
Dean of Natural Sciences
Legislators
Regents
President of AMA

FROM: Sven O. E. Ebbesson, Ph.D., D.Sc.
Director, WAMI Medical Program

A handwritten signature in dark ink, appearing to read "Sven O. E. Ebbesson", written over the printed name.

DATE: January 10, 1986

RE: Good News from WAMI

New data about the practice location of our Medical School graduates indicate that 44% of Alaskan WAMI graduates have returned to our State after completed residency training. That is more than we had expected and surely reflects the students' warm feelings toward everyone who contributed toward their education. Comparable figures for Montana and Idaho are 37% and 35% respectively.

It was also rewarding to learn that a large proportion of WAMI graduates now practice in smaller communities such as Bethel, Kodiak, Dillingham and Kenai. Almost all are working in primary care areas (family medicine, pediatrics and OB/GYN), where the need is the greatest. This means that the WAMI Program is a success and that our goals are being met. It also reflects well on those that developed and supported the program over the years. The program has allowed sons and daughters of Alaskans to obtain the best medical training in the world and the people of Alaska will continue to gain from their achievements and from their service.

SOE:vv

SURVEY OF 1983-84 ALASKA
STUDENT LOAN RECIPIENTS

Alaska Commission on Postsecondary Education
March, 1984

INTRODUCTION

The Alaska Student Loan program, established in 1971, is the most generous loan program in the nation, and has provided student financial aid, in the form of low interest loans, to over 50,000 Alaskan residents. For a number of years the vast majority of borrowers used their Alaska loans to attend postsecondary educational institutions outside the State of Alaska, but from 1975 to 1982 there was a steadily increasing trend toward in-state attendance, culminating in over fifty percent of the 1982-83 borrowers attending school in Alaska. Then, in 1983-84, the trend broke. As of November 1, 1983, 53.4 percent of the student loan borrowers were attending school out-of-state.

In an effort to better understand this break in an eight-year pattern, all 1983-84 loan recipients were surveyed. This was the first attempt to survey current borrowers in the thirteen-year history of the loan program, so the opportunity was taken to solicit opinions on a number of issues related to Alaska student loans.

PROCEDURE

During the last week of October 1983, questionnaires (see Appendix A) were mailed to all (13,026) 1983-84 student loan recipients. The questionnaires were mailed to the permanent home address of each borrower in the hope that it would be forwarded to school addresses when necessary. No follow-up was conducted, since not all files contain accurate current address data.

FINDINGS

Of the 13,026 loan recipients surveyed, 7,476 (57.4%) returned completed questionnaires. For a census-type survey with no follow-up, this is an acceptable response rate as long as the respondents seem to be distributed in a pattern similar to the borrowing population. As can be seen in Table 1, the response rate by student level was quite evenly spread, when compared to the borrowing population, and therefore should serve as a good indicator for inference to the population. Similarly, the in-state/out-of-state mix is not disproportionate.

The only group which may be over-represented is graduate students attending in Alaska, since the response rate was a very high 94.4%. However, since this class of borrowers is relatively small, it should not lessen the reliability of the findings.

TABLE 1

Distribution Of Respondents By
Student Level

Student Level	Alaska Attendance			Out-of-State			Total		
	No.	%	% of Borrowers	No.	%	% of Borrowers	No.	%	% of Borrowers
Freshman	856	25.6	43.7	974	23.6	51.5	1,830	24.5	47.5
Sophomore	743	22.2	57.6	829	20.1	58.4	1,572	21.0	58.1
Junior	596	17.8	64.4	745	18.0	64.4	1,341	17.9	64.4
Senior	516	15.4	64.2	648	15.7	63.8	1,164	15.6	64.0
Graduate	255	7.6	94.4	695	16.8	71.1	950	12.7	76.2
Vocational	378	11.4	46.4	241	5.8	47.9	619	8.3	47.0
Total	3,344	100.0	55.1	4,132	100.0	59.4	7,476	100.0	57.4

Type of Institution Attended. The loan borrowers were asked to indicate what type of school they were attending and whether it is located in Alaska or out-of-state. Over three-fourths (78.0%) of the respondents indicated they were attending a four-year college or university, either public or private, with out-of-state enrollees more heavily represented in this type of school, than Alaska enrollees. (See Table 2.) Not surprisingly, community college and vocational students tend to attend in Alaska, rather than traveling outside for schooling.

TABLE 2

Distribution Of Respondents By
Type Of Institution

Type of Institution	Alaska		Out-of-State		Total	
	Number	%	Number	%	Number	%
Vocational	445	13.3	287	6.9	732	9.8
Community Colleges	766	22.9	231	5.6	997	13.3
Private Coll/Univ.	182	5.4	1,628	39.4	1,810	24.2
Public Coll/Univ.	1,951	58.4	1,986	48.1	3,937	52.7
Total	3,344	100.0	4,132	100.0	7,476	100.0
% of Respondents	44.7		55.3		100.0	
% of Borrowers	55.1		59.4		57.4	

Student Loan Interest Rate. The current interest rate on Alaska student loans is 5%. This is the lowest student loan interest for any state comprehensive student loan program in the nation, and there is nearly always debate over the level during each legislative session. When the borrowers were asked, they strongly endorsed retaining the 5% loan rate. Nearly three-fourths (74.9%) of the borrowers felt that 5% is the appropriate interest rate for these loans. Only 18.6% of the borrowers felt the rate should be increased, and even then, most felt only a small increase was in order. (See Table 3.)

TABLE 3

What Rate Of Interest Should Be
Set For Student Loans?

Interest Rate	Number	Percentage
5%	5,603	74.9
6%	640	8.6
7%	441	5.9
8%	164	2.2
9%	145	1.9
No Opinion	483	6.5
Total	7,476	100.0

Student Loan Borrowing Maximums. The Alaska Student Loan program permits students to borrow up to \$6,000 per year for undergraduate study and up to \$7,000 per year for graduate study. Once again, Alaska's program is distinguished from other state-level comprehensive student loan programs in the nation. There is no other comparable loan program with borrowing maximums as high as Alaska's. Current borrowers were asked what maximums they believed to be appropriate for Alaska Student Loans. As indicated in Table 4, the majority (78.4%) by more than three-to-one, believed the current maximums are appropriate. Few, less than 5%, felt the maximums should be lowered, and 16.1% felt the maximums should be raised.

TABLE 4

Should The Loan Borrowing
Maximum Be Changed?

Response	Number	Percent
Retains Current Level	5,863	78.4
Reduce Maximum	306	4.1
Revise Maximum Upward	1,201	16.1
No Opinion	106	1.4
Total	7,476	100.0

An interesting pattern develops when one looks at which students believe higher maximums are appropriate. These data are presented in Table 5, and indicate that freshman borrowers, both in-state and out-of-state, and graduate borrowers attending out-of-state are disproportionately represented in the 1,201 persons desiring higher borrowing limits. One might guess that the out-of-state graduate borrowers are reacting to actual costs incurred by such attendance when they want limits raised, but the fact that freshman, when compared to sophomores, juniors, and seniors, are disproportionately represented in those wishing higher limits, may simply mean that they do not know the true costs of attendance in this--their first semester of school.

TABLE 5

Distribution Of Respondents Favoring
Raising The Loan Maximum

Type of Institution	Alaska		Out-of-State		Total	
	Number	%	Number	%	Number	%
Freshman	144	28.7	141	20.2	285	23.7
Sophomore	95	18.9	134	19.2	229	19.1
Junior	83	16.5	97	13.9	180	15.0
Senior	44	8.7	94	13.5	138	11.5
Graduate	42	8.3	184	26.4	226	18.8
Vocational	95	18.9	48	6.8	143	11.9
Total	503	100.0	698	100.0	1,201	100.0

Student Loan Forgiveness Benefits. One of the more controversial aspects of the Alaska Student Loan program is the provision of forgiveness benefits. This too, distinguishes Alaska's program as the most generous in the country. If Alaska borrowers complete the program of study for which they borrow and then live in Alaska, they can have up to 50% of their total indebtedness, including interest, forgiven by the State. Periodic discussion in Alaska's Legislature centers on whether this forgiveness provision should be retained. When asked, the current borrowers overwhelmingly indicated their belief that forgiveness should be retained at the current level. (See Table 6.)

TABLE 6
Should The Loan Forgiveness
Benefits Be Changed?

Response	Number	Percent
Retain Current Level	6,864	91.8
Reduce Forgiveness	358	4.8
Discontinue Forgiveness	166	2.2
No Opinion	88	1.2
Total	7,476	100.0

This rather straightforward result was not unexpected, but does not get at the heart of the debate on forgiveness. In order to better understand the effects of forgiveness, borrowers were asked if forgiveness influenced their decisions regarding how much they borrowed and where they would live after schooling. The results, found in Table 7, are somewhat mixed. For students attending in Alaska, forgiveness influenced borrowing in nearly as many cases as it did not, but for out-of-state attendees, forgiveness was said not to be a factor by nearly two-to-one. In terms of residence after schooling, forgiveness did not seem to be a big factor one way or the other for those attending in-state, but was said to influence the decisions of out-of-state attendees, again by nearly two-to-one.

TABLE 7

Influence Of Loan Forgiveness
Benefits On Student Decisions

Do Loan Forgiveness Benefits Influence Decisions Regarding:	Alaska Attendance		Out-of-State	
	Yes	No	Yes	No
How much you borrow?	1,516	1,789	1,812	2,255
Where you live after schooling?	1,538	1,780	2,684	1,396

Change From In-State to Out-of-State Attendance. Borrowers were asked if they had attended a postsecondary school last year, and if so, where. The pattern toward continued attendance was evident for both Alaska attendees and out-of-state attendees. Of the 2,117 respondents currently attending school in Alaska who also attended a postsecondary school last year, 90.4% had attended school in Alaska last year too; and of the 2,942 respondents currently attending school out-of-state who also attended a postsecondary school last year, 78.8% had attended school out-of-state last year, too. Looking only at those students who switched from Alaska to out-of-state attendance, or the reverse, one finds that only 9.6% of the students currently attending in Alaska, attended out-of-state last year; and 21.2% of the students currently attending out-of-state, attended in Alaska last year. (See Table 8.)

TABLE 8

Attendance In-State Versus Out-Of-State This Year
Versus Last, By Type Of Institution

Type Of Institution	Current Attendance in Alaska					Current Attendance Out-of-State				
	Alaska Last Year		Out-of-State Last Year		Total	Alaska Last Year		Out-of-State Last Year		Total
	No.	%	No.	%	No.	No.	%	No.	%	No.
Vocational	39	90.7	4	9.3	43	-0-	0.0	77	100.0	77
Community Coll.	478	87.2	70	12.8	548	44	19.7	179	80.3	223
Private Coll/Univ.	97	85.1	17	14.9	114	204	16.7	1,018	83.3	1,222
Public Coll/Univ.	1,300	92.1	112	7.9	1,412	376	26.5	1,044	73.5	1,420
Total	1,914	90.4	203	9.6	2,117	624	21.2	2,318	78.8	2,942

In order to try to determine why a person would switch from attending in Alaska to attending out-of-state, the 624 respondents who did so were asked to list the top factors (up to four) influencing that decision. The results (based upon a weighted average giving more value to each person's primary reason for switching and correspondingly less for other reasons) are listed in Table 9. Program Availability was the most influential factor in the decision to switch to out-of-state attendance, followed by Closeness to Home and Low Tuition and Expenses. The high ranking of Closeness to Home is difficult to understand, unless persons were trying to indicate they were attending out-of-state so as not to be close to home.

TABLE 9
Reasons For Attending Out-Of-State After
Attending In Alaska Last Year

Reason (Descending Order)	Weighted Average
Availability of Program	442.3
Closeness to Home	333.7
Low Tuition and Expenses	321.0
Availability of Financial Aid	239.2
Geographic Location/Weather/Climate	176.5
School Reputation/Prestige	159.0
Ability to Work While Attending	137.3
Encouragement of Parents/Friend	83.1
Availability of Campus Housing	57.0
Encouragement of Teachers/Counselors	41.3
Friends Are There	36.3
Athletics/Recreational Activities	32.4
Religious Atmosphere	26.2
Sororities/Fraternities/Organizations	5.4

Next, those 624 persons switching from Alaska attendance to out-of-state were asked what factor could have encouraged them to continue their Alaska attendance rather than switching. The top factor was again Program Availability, and it was the top factor regardless of what type of institution was being attended out-of-state. The other factors which seemed to have a strong influence on the decision to switch to out-of-state attendance were: Quality, Campus Housing, Lower Costs, and Better Weather. (See Table 10.)

TABLE 10

For Those Attending Out-Of-State After
Attending In Alaska Last Year, What
Would Have Kept Them In Alaska?
By Type Of Institution

Vocational School	Community College	Private Coll/Univ.	Public Coll/Univ.
Program Availability Better Quality Lower Costs	Program Availability Campus Housing Better Quality Better Weather Lower Costs	Program Availability Better Quality Campus Housing Religious Atmosphere Lower Costs	Program Availability Better Quality Campus Housing Better Weather Lower Costs

Reasons For Selecting Current Institution. All respondents were asked why they chose their particular institution for pursuing their education, and as can be seen in Table 11, Program Availability was a very important factor for all students regardless of whether they were attending in Alaska or out-of-state and regardless of the type of school attended. The top three factors for each classification are presented in Table 11, and there is a difference between the responses of those attending in Alaska compared to those attending out-of-state. While the most important factor for out-of-state attendance at community colleges and public colleges or universities is Program Availability, the most important factor for Alaskan attendance at community colleges and public colleges and universities is Closeness to Home. It should also be noted that School Reputation, while an important factor for persons attending out-of-state, was not one of the top three factors for those attending in Alaska.

TABLE 11

Top Three Reasons For Selecting Current
Institution Of Attendance,
By Type Of Institution

Type of Institution	Most Important Factor	Second Factor	Third Factor
Vocational (Alaska) (Out-of-State)	Program Availability Program Availability	Ability to Work School Reputation	Financial Aid Financial Aid
Community College (Alaska) (Out-of-State)	Closeness to Home Program Availability	Program Availability Low Cost	Low Cost School Reputation
Private College/University (Alaska) (Out-of-State)	Program Availability Program Availability	Ability to Work School Reputation	Financial Aid Religious Atmosphere
Public College/University (Alaska) (Out-of-State)	Closeness to Home Program Availability	Program Availability School Reputation	Low Cost Climate/Weather

For Those Attending Out-of-State, What Could Have Encouraged Alaska Attendance? The 4,132 respondents attending school out-of-state were asked what factor could have encouraged them to attend in Alaska. As with those students who switched attendance from in-state to out-of-state, the single most important factor which could have encouraged Alaska attendance was Program Availability. When the respondents were classified by type of institution (Table 12), the results were surprisingly homogenous. Program Availability and Better Quality were the two top factors for all students, regardless of institutional type. For collegiate students, Campus Housing was also an important factor.

TABLE 12

For Those Attending Out-Of-State, What
Could Have Encouraged Alaska
Attendance? (By Type Of
Institution)

Vocational School	Community College	Private Coll/Univ.	Public Coll/Univ.
Program Availability Better Quality Nothing Lower Costs Better Weather	Program Availability Better Quality Campus Housing Nothing Better Weather	Program Availability Better Quality Campus Housing Nothing Religious Atmosphere	Program Availability Better Quality Campus Housing Better Weather Nothing

Similarly, when the respondents were classified by student level, the same pattern emerged (Table 13). The top five factors for all undergraduate out-of-state borrowers were Program Availability, Better Quality, Campus Housing, Better Reputation, and Nothing (meaning nothing could have encouraged them to attend in Alaska).

TABLE 13

For Those Attending Out-Of-State, What
Could Have Encouraged Alaska Attendance?
(By Student Level)

Freshman	Sophomore	Junior	Senior	Graduate
Program Avail. Better Quality Campus Housing Nothing Better Reputation	Program Avail. Better Quality Campus Housing Better Reputation Nothing	Program Avail. Better Quality Campus Housing Better Reputation Nothing	Program Avail. Better Quality Campus Housing Better Reputation Nothing	Program Avail. Better Quality Nothing Better Reputation Lower Costs

Major Course of Study of Borrowers. All loan recipients were asked to indicate the degree being sought and their major course of study. The top ten majors are summarized by degree level and by in-state or out-of-state attendance in Table 14. Once again, one sees a surprising similarity in responses, particularly at the bachelor's and master's levels, regardless of whether the student is attending in Alaska or out-of-state. Out-of-state doctoral students are largely representative of persons pursuing degrees unavailable in Alaska.

TABLE 14

Top Ten Majors By Degree Level

<u>Associate</u>		<u>Bachelors</u>	
Alaska	Out-of-State	Alaska	Out-of-State
Business Health Care Electronics Computer Science Oil Tech Engineering Social Science Office Skills Education Arts	Business Computer Science Arts Engineering Education Electronics Health Care Aviation Auto/Diesel Travel	Business Education Engineering Health Care Social Science Biology Communications Arts Computer Science Pre-Law	Business Education Engineering Biology Arts Computer Science Health Care Social Science Communications Physical Science
<u>Masters</u>		<u>Doctorate</u>	
Alaska	Out-of-State	Alaska	Out-of-State
Education Business Engineering Biology Psychology Social Science Physical Science Arts Communications Health Care	Education Business Engineering Health Care Social Science Arts Biology Communications Computer Science Theology	Education Physical Science Biology Engineering	Law Education Medicine Psychology Business Chiropractic Social Science Engineering Vet. Medicine Biology
<u>Vocational</u>			
Alaska	Out-of-State		
Aviation Cosmetology Office Skills Welding Auto/Diesel Hairdressing Building Maint. Culinary Arts Travel Carpentry	Aviation Auto/Diesel Travel Health Care Office Skills Electronics Marine Technology Welding Heating/Air Conditioning Culinary Arts		

Residency Plans After Graduation. Once these Alaskan students complete their programs of study, where do they plan to live? The vast majority (97.0%) say Alaska. Regardless of whether or not they are attending school in-state, nearly all respondents indicate plans of residing in Alaska after schooling. (See Table 15.)

TABLE 15

Location Plans After Completion
Of Program Of Study

Plans After Program Completion	Attending in Alaska		Attending Out-of-State		Total	
	Number	Percent	Number	Percent	Number	Percent
Reside in Alaska	3,274	97.9	3,976	96.2	7,250	97.0
Reside Out-of-State	70	2.1	156	3.8	226	3.0
Total	3,344	100.0	4,132	100.0	7,476	100.0

Why these students plan to return to Alaska is another question asked of the respondents. As can be seen in Table 16, the top reason for those students planning to live in Alaska after degree completion, regardless of whether or not they are currently attending in Alaska or out-of-state, is "Alaska is my home." The second most important reason for those planning Alaska residence is the top reason for those planning out-of-state residence, and that is "Job Availability." Other factors influencing location decisions include loan forgiveness, geographic location/weather/climate, availability of continuing education, and location of friends.

TABLE 16

Top Five Reasons For Location Plans After
Completion Of Program Of Study

Attending in Alaska		Attending Out-of-State	
Alaska Residency	Out-of-State	Alaska Residency	Out-of-State
Alaska is Home	Job Availability	Alaska is Home	Job Availability
Job Availability	Geog/Weather/Climate	Job Availability	Geog/Weather/Climate
Loan Forgiveness	Cont. Educ. Avail.	Loan Forgiveness	Cont. Educ. Avail.
Friends	Friends	Friends	Friends
Geog/Weather/Clim.	Parents/Relatives	Geog/Weath./Clim.	Recreation Avail.

SUMMARY/CONCLUSIONS

1. One of the principal reasons for conducting this survey was to discover if there was an explanation for the reversal of the eight-year trend toward in-state attendance. From the data collected it is a little difficult to single out exactly what caused this phenomena. However, when coupled with knowledge of the Alaska system a hypothesis may be offered.

Three factors probably have impacted the in-state/out-of-state attendance pattern. First, the state loan program imposed new "good standing" requirements. These were enforced for the first time in 1982-83 and resulted in a large number of students becoming ineligible for continued borrowing. The majority of these ineligible students were students attending in-state, so the pool of in-state students for the current year, 1983-84, was reduced.

Second, the only public university in the state with campus housing is the University of Alaska, Fairbanks (UAF). Over six months before the current school year began, UAF had filled all its campus housing. More than 300 students who wished campus housing for the 1984-84 year had to be denied.

Third, the University of Alaska, Anchorage (UAA) has been heavily over-subscribed in a number of classes both this year and last. Many students have indicated that they simply could not get into all the UAA classes they wished for pursuit of their programs.

2. Students believe 5% is an appropriate interest rate for the student loan program.
3. Students believe the \$6,000 and \$7,000 borrowing maximums are appropriate for the student loan program. However, there is some evidence that graduate students, particularly those attending out-of-state, may be requesting a higher maximum in the near future.
4. Students believe loan forgiveness should be retained at 50%. When asked directly if loan forgiveness influences their decision on where to reside after graduation, only 57.1% indicate that it is. Also, when asked which factors are most important in this determination of where to live after graduation, loan forgiveness falls far behind "Alaska is My Home" and "Job Availability." The argument that forgiveness seems to reward students for what they would do anyway seems to be supported by this survey.

APPENDIX A

Student Loan Questionnaire

ALASKA STUDENT LOAN QUESTIONNAIRE

The Alaska Commission on Postsecondary Education has not surveyed loan recipients in the past, but due to the increased level of proposed program changes, we feel some information from you, the recipients of this program, would be most useful as we enter a new Legislative Session. Please complete this brief questionnaire and return it to us in the envelope provided. All responses are completely anonymous.

1. Check those school years in which you received an Alaska Student Loan

1975-76	_____	1978-79	_____	1981-82	_____
1976-77	_____	1979-80	_____	1982-83	_____
1977-78	_____	1980-81	_____	1983-84	_____

2. Current student level (please check)

Freshman	_____	Junior	_____	Graduate	_____
Sophomore	_____	Senior	_____	Vocational	_____

3. Current attendance (please check)

	<u>In Alaska</u>	<u>Out-of-State</u>
Vocational School	_____	_____
Community College	_____	_____
Private College/University	_____	_____
Public College/University	_____	_____

4. What interest level do you feel is appropriate for these loans?

5%	_____	7%	_____	9%	_____
6%	_____	8%	_____	Other	_____ (indicate)

5. What loan level do you feel is appropriate for these loans?

\$6,000 and \$7,000 loan levels should be retained	_____
Loan levels should be reduced	_____
Loan levels should be raised	_____

6. Why did you decide to attend your current institution? (Please number your reasons, with "1" being most important, and limit your choices to no more than four.)

Athletics/recreational activities	_____	Availability of program	_____
Sororities/fraternities/campus organization	_____	Availability of financial aid	_____
Geographic location/weather/climate	_____	Closeness to home	_____
Encouragement of parents/relatives	_____	Religious atmosphere	_____
Encouragement of teachers/counselors	_____	Friends are there	_____
Ability to work while attending school	_____	School reputation/prestige	_____
Availability of campus housing	_____	Low tuition/expenses	_____

7. If you are attending out-of-state, what single factor could encourage you to attend in-state (what could be changed, if anything)? _____

(Please continue on reverse side)

8. Did you attend a postsecondary education institution in Alaska last year (1982-83)?

Yes _____ No _____

9. What degree or certificate are you seeking and what is your major program of study?

Associate Degree (Major?) _____

Bachelors Degree (Major?) _____

Masters Degree (Major?) _____

Specialist Degree (Major?) _____

Doctorate Degree (Major?) _____

Diploma (Course of Study?) _____

Certificate (Course of Study?) _____

10. Do you plan to live in Alaska when your education is finished?

Yes _____ No _____

11. What factors influenced your response in question 10? (Please number your reasons with "1" being most important, and limit your choices to no more than four.)

Availability of jobs _____

Alaska is my home _____

Friends are there _____

Student loan forgiveness _____

Encouragement of parents/relatives _____

Availability of continuing education _____

Recreational activity availability _____

Geographic location/weather/climate _____

12. Does the student loan forgiveness feature influence your decisions on:

a. Whether or not you live in Alaska after schooling? Yes _____ No _____

b. How much you borrow? Yes _____ No _____

13. Should the student loan forgiveness feature be:

a. Discontinued? Yes _____ No _____

b. Reduced? Yes _____ No _____

c. Retained as is? Yes _____ No _____

14. If there were no Alaska State Student Loan Program, would you (check as many as applicable)?

a. Delay your education _____

b. Not attend school at all _____

c. Borrow under a federal loan program _____

d. None of the above _____

Please return to: Alaska Commission on Postsecondary Education
Pouch FP
Juneau, Alaska 99811

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

BILL SHEFFIELD, GOVERNOR

POUCH FP
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

October 4, 1985

The Honorable John Sund
Alaska State Representative
P.O. Box 6440
Ketchikan, Alaska 99901

Dear Representative Sund:

Enclosed is a copy of a proposed regulation change for the Alaska Student Loan Program. The Alaska Commission on Postsecondary Education gave initial approval to this change at its September 20, 1985 meeting and has scheduled final action for its December 13-14, 1985 meeting.

Since you or your staff may receive questions about this proposed change, I wish you to have full information about exactly what is being suggested. The setting for this change is important so I would like to give you a very brief background. Simply stated, the demand for Alaska Student Loans has outstripped the supply for three years in a row, 1983-84, 1984-85, and 1985-86. The Legislature, demonstrating strong support for the program, has consistently provided substantial funding for student loans (FY84 - \$60.0 million General Fund, FY85 - \$60.00 million General Fund, and FY86 \$63.6 million General Fund).

At the same time, loan repayments have continued to rise (FY84 - \$6.4 million, FY85 - \$9.6 million, and FY86 - \$11.8 million projected). Yet, demand still exceeds supply. The program turned away applicants in May 1984; March 1985; and (it looks like) November 1985.

The current priority system is essentially first-come-first-served, with priority given to in-state attendance, but this system results in thousands of borrowers being turned away. The Commission felt that either program changes needed to be made, or a higher General Fund commitment was necessary. Certainly full-funding of the existing program is the most desirous alternative, but this has not been possible the last few years, and with state revenue projections such as they are, it seems unrealistic to expect substantial increased General Fund commitment these next few years. For example, we would need about \$70.0 million from the General Fund for FY87 to fund the program (a 10.1% increase over this year). Hence, the Commission explored a variety of alternatives for changing the program while still trying to preserve educational access and benefits to Alaskans.

After a great deal of study and debate, the Commission elected to change regulations to require that the borrower share more responsibility for the cost of going to school. Student loans are awarded, and may be used, for only the cost of tuition and fees, room and board, and books and supplies. Currently, if applicants state they have no non-state loan resources to meet

The Honorable John Sund
 October 4, 1985
 Page 2

these expenses, they are eligible to borrow the total cost, or \$6,000, whichever is smaller (for undergraduate borrowers). Under the new regulations, each borrower would have to contribute at least \$500 toward those eligible expenses. The following examples may help clarify the impact of the regulation.

Example 1. Undergraduate attending the University of Alaska, Fairbanks.

<u>Program Cost</u>		<u>Resources Available</u>	
Tuition & Fees	\$1,120	SEIG, Pell Grant	\$1,400
Books & Supplies	500	Parents	-0-
Room & Board	2,500	Savings	100
Subtotal	\$4,120	Other Scholarships, etc.	500
Transportation	1,000	VA benefits	-0-
Personal	1,000	Other	-0-
Total	\$6,120	Total	\$2,000

Loan Award: current method	\$4,100
proposed change	\$3,600

Example 2. Undergraduate attending University of Alaska, Fairbanks.

<u>Program Cost</u>		<u>Resources Available</u>	
Tuition & Fees	\$1,120	SEIG, Pell Grant	\$ -0-
Books & Supplies	500	Parents	2,000
Room & Board	2,500	Savings	1,000
Subtotal	\$4,120	Other Scholarships, etc.	-0-
Transportation	1,000	VA benefits	-0-
Personal	1,000	Other	-0-
Total	\$6,120	Total	\$3,000

Loan Award: current method	\$3,100
proposed change	\$3,100

Example 3. Undergraduate attending Alaska Pacific University.

<u>Program Cost</u>		<u>Resources Available</u>	
Tuition & Fees	\$4,220	SEIG, Pell Grant	\$1,500
Books & Supplies	270	Parents	-0-
Room & Board	3,826	Savings	1,000
Subtotal	\$8,316	Other Scholarships, etc.	500
Transportation	90	VA benefits	-0-
Personal	1,020	Other	400
Total	\$9,426	Total	\$3,400

Loan Award: current method	\$6,000
proposed change	\$6,000

The Honorable John Sund
October 4, 1985
Page 3

Example 4. Undergraduate attending Southern Oregon State College.

<u>Program Cost</u>		<u>Resources Available</u>	
Tuition & Fees	\$3,691	SEIG, Pell Grant	\$ -0-
Books & Supplies	280	Parents	2,500
Room & Board	2,300	Savings	1,000
Subtotal	\$6,271	Other Scholarships, etc.	-0-
Transportation	2,306	VA benefits	-0-
Personal	1,223	Other	-0-
Total	\$9,800	Total	\$3,500

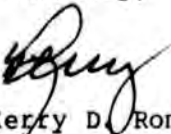
Loan Award: current method \$6,000
proposed change \$5,750

In examples 1 and 4, the applicant did not indicate at least \$500 from non-loan sources toward eligible loan items (the subtotal). Therefore, the loan award would be reduced under the new regulation, that is, $\$4,100 - \$500 = \$3,600$ (Example 1) and $\$6,250 - \$500 = \$5,750$ (Example 2). In examples 2 and 3, the award would be the same because the applicant indicated at least \$500 available for eligible loan items (Example 2), or the cost of eligible loan items exceeds \$6,000 plus the \$500 requirement (Example 3).

I hope this better clarifies what we are trying to accomplish with this regulatory change. The idea is to try to spread available loan funds to more individuals without seriously hampering anyone's chances of obtaining education and training.

If you have any questions or comments, please let me know.

Sincerely,



Kerry D. Romesburg
Executive Director

Enclosure

PROPOSED STUDENT LOAN REGULATION CHANGES

20 AAC 15.030 (c) is amended to read:

20 AAC 15.030 (c) Subject to the limitation of (b) of this section, an applicant's authorized loan award will be based on loan personnel's computation of the applicant's financial need. Financial need will be computed as the difference between the required fees, tuition, room, board, books and supplies, as applicable, charged by the institution for the course of study for which the applicant has been accepted or is enrolled in full-time status, and the amount of funds available to the applicant from other sources to meet those expenses or \$500 whichever is greater. The amount of the authorized loan award will be the next lower multiple of \$50 below the computed financial need.

20 AAC 15.036. is amended by adding a new subsection (4) to read:

20 AAC 15.036. (4) a program of study offered outside the state in which the institution is located, unless the program's location is based upon, and serves, a bonafide educational purpose.

20 AAC 15.045 (f) is amended as follows:

(f) An institution may not hold loan warrants for longer than 60 calendar days after the beginning of the school term, or specified date of beginning, for which the warrant is issued. If the warrant is unclaimed or the student is ineligible at the end of the 60-day period, the institution shall return the warrant to the commission stating the reasons for its return; the warrant and remaining portion of the loan will then be cancelled.

20 AAC 15.900 (b) is amended by adding a new paragraph (9) to read:

20 AAC 15.900 (b) (9) "duress" means threat or violence of a magnitude such as to inspire a person of ordinary firmness with fear of serious injury to the person, reputation, or fortune to the extent that continued school attendance is not possible or practical.

A REPORT ON THE
ALASKA COMMISSION ON
POSTSECONDARY EDUCATION
SCHOLARSHIP REVOLVING LOAN FUND

For the Fiscal Year Ended June 30, 1984

Audit Control Number

05-1198-A-85-R

Executive Director

Kerry D. Romesburg

Members of the
Alaska Commission on Postsecondary Education

Chairman
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member

Gordon Evans
Patricia Abney
Ruth Burnett
Patricia Clark
Lee Demmert
Susan Greene
Ernestine Griffin
Richard Helms
Joe Josephson
Terry Martin
Barbara Thompson
Blanche Walters
Walt Ward

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PURPOSE OF THE REPORT

In accordance with the provisions of Title 24 of the Alaska Statutes, an examination of the Alaska Commission on Postsecondary Education, Scholarship Revolving Loan Fund was conducted to:

1. Determine if the financial statements present fairly, the financial position, results of operations, and changes in financial position for the Fund, for the fiscal year ended June 30, 1984 and 1983.
2. Determine the compliance by the Alaska Commission on Postsecondary Education with the applicable State statutes and regulations governing fiscal activities of the Fund.

ORGANIZATION AND FUNCTION

The Scholarship Revolving Loan Fund is classified as an enterprise fund whose sole function is financing the Alaska Student Loan Program. The Alaska Student Loan Program had its origin in a program of scholarship loans established by the 1968 Alaska State Legislature. This program was amended in 1970 and completely restructured in 1971. At that time, the Legislature established the loan program under the administration of the Alaska Commission on Postsecondary Education generally as it exists today.

Educational loans of up to \$6,000 and \$7,000 per year for undergraduate and graduate study, respectively, are provided to eligible State residents. These loans, to be used only to offset the costs of tuition, room, board, and books, offer the borrower a ten-year repayment period at an annual interest rate of five percent. The loans may be used for full-time attendance at any accredited or approved college, university, or vocational-technical program. An incentive of up to fifty percent cancellation of the loan is offered to those borrowers who reside in Alaska after completion of their programs of study.

In the thirteen years of operation since restructuring in 1971, nearly 63,000 student loans have been awarded to Alaskan residents for a total of almost \$212 million.

STATE OF ALASKA

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

November 6, 1984

Members of the Legislative Budget
and Audit Committee:

We have examined the Balance Sheets of the Scholarship Revolving Loan Fund as of June 30, 1984 and 1983, and the related Statements of Revenues, Expenses and Changes in Retained Earnings, and Changes in Financial Position for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above, present fairly the financial position of the Scholarship Revolving Loan Fund as of June 30, 1984 and 1983, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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STATE OF ALASKA

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

November 6, 1984

Members of the Legislative Budget
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Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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STATE OF ALASKA
ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SCHOLARSHIP REVOLVING LOAN FUND
COMPARATIVE BALANCE SHEET
June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash in Treasury	\$ 8,745,359	\$ 4,725,070
Accrued Interest Receivable	388,468	217,106
Current Portion of Loans Receivable	<u>7,134,410</u>	<u>5,643,500</u>
<u>Total Current Assets</u>	<u>16,268,237</u>	<u>10,585,676</u>
<u>Other Assets</u>		
Loans Receivable	188,728,131	132,455,572
<u>Less: Current Portion</u>	<u>7,134,410</u>	<u>5,643,500</u>
	181,593,721	126,812,072
<u>Less: Allowance for</u> Doubtful Accounts	19,816,454	12,053,457
Allowance for Loans Forgiveness	<u>8,624,875</u>	<u>7,629,441</u>
<u>Total Other Assets</u>	<u>153,152,392</u>	<u>107,129,174</u>
<u>Total Assets</u>	<u>\$169,420,629</u>	<u>\$117,714,850</u>
 <u>Liabilities and Fund Equity</u>		
<u>Fund Equity</u>		
Contributions from General Fund	\$198,511,260	\$137,988,779
Retained Earnings (Deficit)	<u>(29,090,631)</u>	<u>(20,273,929)</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$169,420,629</u>	<u>\$117,714,850</u>

The Notes to the Financial Statements are an integral part of this Statement.

STATE OF ALASKA
ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SCHOLARSHIP REVOLVING LOAN FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
Fiscal Years Ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
<u>Revenues</u>		
Interest on Loans	\$ 1,271,473	\$ 789,077
<u>Expenses</u>		
Bad Debt Expense	7,918,474	4,177,040
Loan Forgiveness	<u>2,169,701</u>	<u>6,747,662</u>
<u>Total Expenses</u>	<u>(10,088,175)</u>	<u>(10,924,702)</u>
<u>Net Income (Loss)</u>	<u>(8,816,702)</u>	<u>(10,135,625)</u>
<u>Retained Earnings (Deficit)</u> <u>at Beginning of Year</u>	<u>(20,273,929)</u>	<u>(10,138,304)</u>
<u>Retained Earnings (Deficit)</u> <u>at End of Year</u>	<u><u>\$(29,090,631)</u></u>	<u><u>\$(20,273,929)</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

STATE OF ALASKA
ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SCHOLARSHIP REVOLVING LOAN FUND
COMPARATIVE STATEMENT OF CHANGES
IN FINANCIAL POSITION
Fiscal Years Ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
<u>Sources of Working Capital</u>		
Contributions from General Fund	\$ 60,522,481	\$ -0-
<u>Uses of Working Capital</u>		
Increase in Loans Receivable	46,023,218	37,800,691
Net Loss	<u>8,816,702</u>	<u>10,135,625</u>
Total Uses of Working Capital	<u>54,839,920</u>	<u>47,936,316</u>
Net Increase (Decrease) in Working Capital	<u>\$ 5,682,561</u>	<u>\$(47,936,316)</u>
<u>Elements of Net Increase (Decrease) in Working Capital</u>		
<u>Increase (Decrease) in Current Assets</u>		
Cash in Treasury	\$ 4,020,289	\$ 2,586,757
Due from General Fund	-0-	(52,986,100)
Accrued Interest Receivable	171,362	58,927
Current Portion of Loans Receivable	<u>1,490,910</u>	<u>2,404,100</u>
Net Increase (Decrease) in Working Capital	<u>\$ 5,682,561</u>	<u>\$(47,936,316)</u>

The Notes to the Financial Statements are an integral part of this Statement.

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STATE OF ALASKA
ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SCHOLARSHIP REVOLVING LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 1984 and 1983

Note 1 - Basis of Accounting

- A. The financial statements are prepared on the accrual basis of accounting. Revenues are recognized at the time they are earned. Expenses are reported based upon a direct association with specific revenues or when the obligation to pay is incurred.
- B. Allowance for Doubtful Accounts is calculated on a percentage basis.
- C. Interest is computed at 5% of the loan over the repayment period. Interest is allocated on a straightline (equal) basis to each payment in the repayment schedule.

Note 2 - Allowance for Loans Forgiveness

The State will forgive a portion of the loan plus interest (up to a total of 50%), if the borrower resides in Alaska upon successful completion of the program of study for which the loan was awarded. The Allowance for Loans Forgiven is calculated on a percentage basis.

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STATE OF ALASKA

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

November 6, 1984

Members of the Legislative Budget
and Audit Committee:

Our examination was made for the purpose of forming an opinion on the financial statements. Appendixes A through D are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has not been subject to the auditing procedures applied in the examination of the basic financial statements and, accordingly, we express no opinion on them.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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APPENDIXES

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APPENDIX A

STATE OF ALASKA
ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SCHOLARSHIP REVOLVING LOAN FUND
GENERAL LOAN INFORMATION
For the Fiscal Years Ended June 30, 1984 and 1983
(UNAUDITED)

Statutory Reference

AS 14.43.090 - .160

<u>Purpose</u>	<u>Limit</u>	<u>Current Interest Rate</u>	<u>Repayment Term</u>
Education-Undergraduate	\$6,000/yr.	5%	10 yrs.
Education-Graduate	\$7,000/yr.	5%	10 yrs.

APPENDIX B

STATE OF ALASKA
ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SCHOLARSHIP REVOLVING LOAN FUND
STATISTICAL LOAN INFORMATION
For the Fiscal Years Ended June 30, 1984 and 1983

	<u>Number of Loans</u>	<u>\$ Amount of Loans</u>	<u>Percent of Number of Loan O/S</u>	<u>Percent of \$ Amount of Loans O/S</u>
<u>1984</u>				
Total Loans Outstanding (O/S)	<u>34,216</u>	<u>\$188,728,131</u>	<u>100 %</u>	<u>100 %</u>
Total Loans in Repayment	<u>18,422</u>	<u>\$ 59,756,644</u>	<u>53.8%</u>	<u>31.7%</u>
Total Loans Delinquent (Note 1)	<u>7,380</u>	<u>\$ 23,051,798</u>	<u>21.6%</u>	<u>12.2%</u>
Total Loans in Litigation	<u>317</u>	<u>\$ 801,487</u>	<u>.9%</u>	<u>.4%</u>
Total Loans Written Off	<u>N/A</u>	<u>\$ 155,478</u>	<u>N/A</u>	<u>.1%</u>
<u>1983</u>				
Total Loans Outstanding (O/S)	<u>24,686</u>	<u>\$132,455,572</u>	<u>100 %</u>	<u>100 %</u>
Total Loans in Repayment	<u>12,843</u>	<u>\$ 33,959,418</u>	<u>52.0%</u>	<u>25.6%</u>
Total Loans Delinquent (Note 1)	<u>4,795</u>	<u>\$ 12,813,599</u>	<u>19.4%</u>	<u>9.7%</u>
Total Loans in Litigation	<u>302</u>	<u>\$ 750,862</u>	<u>1.2%</u>	<u>.6%</u>
Total Loans Written Off	<u>N/A</u>	<u>\$ 104,404</u>	<u>N/A</u>	<u>.1%</u>

Note 1: Loan payments overdue by more than 30 days at June 30.

N/A: Information not readily available.

APPENDIX C

STATE OF ALASKA
ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SCHOLARSHIP REVOLVING LOAN FUND
APPLICATIONS CONSIDERED DURING YEAR
For the Fiscal Years Ended June 30, 1984 and 1983
(UNAUDITED)

	<u>Number of Loans</u>	<u>\$ Amount of Loans</u>	<u>Percent of Number</u>	<u>Percent of \$ Amount</u>
<u>1984</u>				
Applications Received (Note 1)	<u>21,209</u>	<u>N/A</u>	<u>100 %</u>	<u>N/A</u>
Total Applications Considered (Note 1)	<u>21,209</u>	<u>N/A</u>	<u>100 %</u>	<u>N/A</u>
Applications Approved (Note 2)	<u>18,453</u>	<u>\$62,928,819</u>	<u>87 %</u>	<u>N/A</u>
<u>1983</u>				
Applications Received (Note 1)	<u>18,383</u>	<u>N/A</u>	<u>100 %</u>	<u>N/A</u>
Total Applications Considered (Note 1)	<u>18,383</u>	<u>N/A</u>	<u>100 %</u>	<u>N/A</u>
Applications Approved (Note 2)	<u>16,490</u>	<u>\$55,007,395</u>	<u>89.7%</u>	<u>N/A</u>
<u>Cost per Application and Loans Outstanding</u>	<u>1984</u>	<u>1983</u>		
Administrative Expenses	<u>\$2,058,471</u>	<u>\$2,408,835</u>		
Number of Applications Processed	<u>21,209</u>	<u>18,383</u>		
Cost per Application	<u>\$ 97</u>	<u>\$ 131</u>		
Cost per Loans O/S	<u>\$ 60</u>	<u>\$ 98</u>		

Note 1: Applications received and considered do not include amended.

Note 2: Loans approved excludes loans denied, incomplete applications returned to student.

N/A: Information not readily available.

APPENDIX D

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SCHOLARSHIP REVOLVING LOAN FUND
RETURN ON INVESTMENT/COST ANALYSIS
For the Fiscal Year Ended June 30, 1984
(UNAUDITED)

<u>Rate of Return</u>	<u>1984</u>
Total Revenues per Income Statement	\$ 1,271,473
Total Expenses per Income Statement	<u>10,088,175</u>
Net Income (Loss)	<u>\$ (8,816,702)</u>
Average Loan Receivable	<u>\$160,591,852</u>
Rate of Return (Note 1)	<u>(5.5)%</u>

Note 1: Rate of Return is defined as follows:

$$\frac{\text{Net Income (Loss)}}{\text{Average Loans Receivable}}$$

Rate of return calculation is based on loans receivable only because uncommitted cash is invested by the Department of Revenue with proceeds deposited to the General Fund and is not available to the Scholarship Revolving Loan Fund for investment.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH FP
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

January 17, 1985

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AUDIT

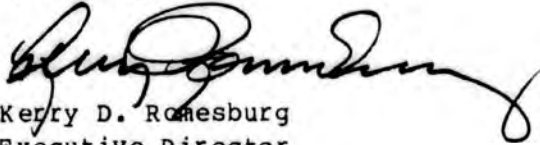
Mr. Gerald L. Wilkerson
Legislative Auditor
Division of Legislative Audit
Pouch W
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Thank you for the opportunity to review and respond to the preliminary audit report on the Alaska Commission on Postsecondary Education, Scholarship Revolving Loan Fund, for Fiscal Year Ended June 30, 1984. By way of this response, I would like to express our appreciation of the professional manner in which the audit was conducted.

We are most pleased with the audit results, and we concur with the findings.

Sincerely,



Kerry D. Romesburg
Executive Director

STATE OF ALASKA

STUDENT

FINANCIAL AID

PROGRAMS

ANNUAL REPORT
1983-1984

Alaska Commission on Postsecondary Education
Pouch FP, 400 Willoughby Avenue
Juneau, Alaska 99811



STATE OF ALASKA

S T U D E N T
F I N A N C I A L A I D
P R O G R A M S
ANNUAL REPORT
1983-84

Document Number 85-1

Alaska Commission on Postsecondary Education
Pouch FP, 400 Willoughby Avenue
Juneau, Alaska 99811

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

Mr. Gordon Evans, Chairman (Juneau)
Ms. Patricia Abney (Anchorage)
Ms. Ruth Burnett (Fairbanks)
Ms. Patricia Clark (Fairbanks)
Mr. Lee Demmert (Sitka)
Ms. Susan Greene (Talkeetna)
Ms. Ernestine Griffin (Sitka)
Mr. Richard Helms (Anchorage)
Senator Joe Josephson (Anchorage)
Representative Terry Martin (Anchorage)
Ms. Barbara Thompson (Juneau)
Mrs. Blanche Walters (Nome)
Mr. Walter Ward (Soldotna)

COMMISSION OFFICE

Dr. Kerry D. Romesburg
Executive Director
Alaska Commission on Postsecondary Education
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ALASKA STUDENT LOAN PROGRAM

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WICHE STUDENT EXCHANGE AND STATE EDUCATIONAL INCENTIVE GRANT PROGRAMS

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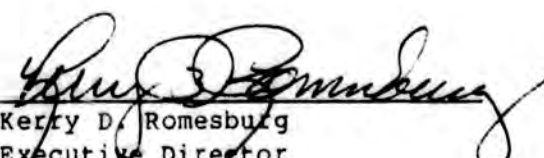
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PREFACE

The Annual Report on Alaska Student Financial Aid Programs for 1983-84 is hereby transmitted to the Governor and the Legislature of the State of Alaska. The Student Loan Program is administered by the Alaska Commission on Postsecondary Education with advice and guidance of the Student Financial Aid Advisory Committee. Membership of this advisory committee for 1983-84 included:

Ms. Patricia Abney, Chairman (Anchorage)
Ms. Patricia Clark (Fairbanks)
Ms. Ida Greiner (Fairbanks)
Ms. Carol Johnsen (Sitka)
Ms. Marie MacKenzie (Anchorage)
Dr. Ed Nichols (Anchorage)

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


Kerry D. Romesburg
Executive Director

August 1984

(Date)

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INTRODUCTION

The State of Alaska provides student financial assistance for postsecondary study through three programs: the Alaska Student Loan Program, the WICHE Student Exchange Program, and the State Educational Incentive Grant (SEIG) Program. The three programs provide Alaskans with access to postsecondary education which otherwise might not be available. Through the loan and grant programs direct financial assistance is awarded to students in an effort to remove or lessen financial barriers to postsecondary education. Through the student exchange program, Alaskans have access to graduate, professional, and highly specialized fields which are unavailable in-state.

This report briefly summarizes each of these programs and the participation levels for 1983-84. The Student Loan Program will be discussed first, then the WICHE Student Exchange Program, and finally, the Incentive Grant Program.

ALASKA STUDENT LOAN PROGRAM

The Alaska Student Loan Program is one of the most successful programs offered by the State of Alaska. Its purpose is to provide low-interest loans to Alaskans wishing to pursue education and training at a postsecondary level. The program has grown from serving just over 1,000 Alaskans, in 1971-72, to the current 1983-84 level of serving nearly 15,000 Alaskans.

The Alaska Student Loan Program had its origin in a program of scholarship loans established by the 1968 Alaska State Legislature. This program was amended in 1970 and completely restructured in 1971, when the Legislature established the loan program generally as it exists at present. In the twelve years of operation since then, nearly 63,000 student loans have been awarded to Alaskan residents, for a total of nearly \$150 million.

Educational loans of up to \$6,000 and \$7,000 per year for undergraduate and graduate study, respectively, are provided to eligible state residents. These loans, to be used only to offset the costs of tuition, room, board, and books, offer the borrower a ten-year repayment period at an annual interest rate of five percent. The loans may be used for full-time attendance at any accredited or approved college, university, or vocational-technical program. An incentive of up to fifty percent cancellation is offered to those borrowers who reside in Alaska after completion of their programs of study.

Program Summary

During the 1983-84 school year over 16,000 loans were awarded, and 14,785 were finalized and used for postsecondary attendance. Of these 14,785 loans, 50.5 percent were for attendance in Alaska, and 49.5 percent were for attendance out-of-state.

Undergraduate loans continue to dominate the loan volume, with only 13.2 percent of the 1983-84 loans going for graduate study. The largest single group of loans were for freshman borrowers, who accounted for 27.7 percent of all the 1983-84 loans.

Alaskans use these loans for study throughout the United States, and in a number of foreign countries. During the 1983-84 loan year, students from Alaska used state loans for attendance in every state in the Union and in seventeen foreign countries. The most frequent choice continues to be Alaska by more than a four-to-one margin over any other state.

Loan Award Amounts

The average loan award continued to rise slightly in 1983-84, following the dramatic rise in 1981-82 when the borrowing maximums were raised. For 1983-84, an undergraduate average loan was \$4,171 while the average graduate loan was \$5,097. Out-of-state student loans continue to be higher, on the average, than in-state loans, due largely to non-resident tuition fees. This is graphically presented in Figure 1. It is anticipated that the trend toward higher average loans will continue in the years ahead as tuition rates continue to increase.

Table 1 contains average loan amounts by student level for the last three years, 1981-82, 1982-83, and 1983-84. In general all loans, regardless of level, have steadily increased, for students attending in-state, and have leveled, or even dropped slightly, for those attending out-of-state. The out-of-state borrower averages a higher loan amount than the in-state borrower for every classification other than vocational.

FIGURE 1
MEAN LOAN AMOUNT FOR ALL LOANS
IN-STATE, OUT-OF-STATE, AND COMBINED

