

State of Alaska
FY2018 Governor's Operating Budget

Department of Education and Early Development
Loan Servicing
RDU/Component Budget Summary

RDU/Component: Loan Servicing

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

Alaska Student Loan Corporation's mission is to operate as an enterprise agency of the State of Alaska thereby funding and facilitating the work of the Alaska Commission on Postsecondary Education to promote access to and success in education and career training beyond high school for Alaskans.

Major Component Accomplishments in 2016

- The Alaska Student Loan Corporation (ASLC) continued to fund low-cost education loans to assist Alaska students with the financing of their postsecondary education;
- ASLC continued to meet all of its fiscal responsibilities including substantially absorbing the administrative costs of Alaska Commission on Postsecondary Education's programs and services without reliance on state general fund monies;
- Completed conversion from mainframe-based loan servicing system to server-based system, resulting in efficiencies in excess of \$300,000;
- Developed and implemented the Alaska Education Loan Refinancing Program (Refi), offering Alaska residents the opportunity to refinance all their education loan debt at reduced cost, with the long-term goal of achieving servicing savings sufficient to reduce costs for new student borrowers;
- Designed and implemented an updated online loan application, streamlining the application process, providing real-time authentication and credit checks, and increasing application processing efficiencies;
- ASLC reduced interest rates on newly originated loans to 6.25%; and,
- Met annual loan demand without the issuance of new debt.

Key Component Challenges

- Within the current financial market context ASLC is and will continue to face difficulties in achieving low-cost financing such that it will be possible to significantly reduce education loan interest rates while also making loans available to a broader segment of Alaska's student population; and,
- The drop in loan volume since 2008 is resulting in a declining loan portfolio. Given the fixed costs associated with high quality loan servicing, this portfolio runoff is eroding administrative efficiency of scale and impairing ASLC's ability to keep education loan interest costs low.

Significant Changes in Results to be Delivered in FY2018

- Expand Refi program to attract new volume and reduce ASLC servicing costs;
- Expand and streamline on-demand, mobile-friendly online account access for borrowers; and,
- Expand use of email and other electronic communications to reduce costs of communicating with customers.

Statutory and Regulatory Authority

AS 14.42.030
AS 14.42.100-990
AS 14.43.091-175
AS 14.43.600-790
AS 14.43.910-990
AS 14.44.040
20 AAC 15.086-590
20 AAC 15.700-990
20 AAC 18.005-990

Contact Information

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Component Detail All Funds
Department of Education and Early Development

Component: Loan Servicing (3096)

Non-Formula Component

RDU: Alaska Student Loan Corporation (637)

	FY2016 Actuals	FY2017 Conference Committee	FY2017 Authorized	FY2017 Management Plan	FY2018 Governor	FY2017 Management Plan vs FY2018 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	12,191.3	12,233.0	12,233.0	12,233.0	11,946.7	-286.3	-2.3%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	12,191.3	12,233.0	12,233.0	12,233.0	11,946.7	-286.3	-2.3%
Fund Sources:							
1106ASLC Rcpts (Other)	12,191.3	12,233.0	12,233.0	12,233.0	11,946.7	-286.3	-2.3%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	12,191.3	12,233.0	12,233.0	12,233.0	11,946.7	-286.3	-2.3%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios with Descriptions
Department of Education and Early Development

Component: Loan Servicing (3096)
RDU: Alaska Student Loan Corporation (637)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2017 Conference Committee To FY2017 Authorized *****												
FY2017 Conference Committee												
	ConfCom	12,233.0	0.0	0.0	12,233.0	0.0	0.0	0.0	0.0	0	0	0
1106 ASLC Rcpts		12,233.0										
Subtotal		12,233.0	0.0	0.0	12,233.0	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2017 Management Plan To FY2018 Governor *****												
Reduce Receipt Authorization As a Result of ACPE Position Deletions and Efficiencies												
	Dec	-286.3	0.0	0.0	-286.3	0.0	0.0	0.0	0.0	0	0	0
1106 ASLC Rcpts		-286.3										
Totals		11,946.7	0.0	0.0	11,946.7	0.0	0.0	0.0	0.0	0	0	0

Reduce Alaska Student Loan Corporation Receipt authorization in the Loan Servicing component as a result of position deletions and internal efficiencies within the Alaska Commission on Postsecondary Education (ACPE) component. ASLC receipts provide the funding for the operations of the ACPE so reductions within ACPE are also experienced within the Loan Servicing component. The Loan Servicing ASLC reduction is not a one-to-one match to the ACPE I/A reduction due a FY2017 health insurance increase that was applied to ACPE but not Loan Servicing, so this authority must remain within Loan Servicing to fully fund ACPE.

Line Item Detail (1676)
Department of Education and Early Development
Services

Component: Loan Servicing (3096)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000	Services		12,191.3	12,233.0	11,946.7
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000 Services Detail Totals			12,191.3	12,233.0	11,946.7
3027	Inter-Agency Financial	E&ED - Program Admin & Operations (2738)	12,191.3	12,233.0	11,946.7
		Alaska Student Loan Corporation receipts to fund the Alaska Commission on Postsecondary Education program activities			

Revenue Detail (1681)
Department of Education and Early Development

Component: Loan Servicing (3096)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
6106 ASLC Rcpts (1106 ASLC Rcpts)			12,518.0	12,233.0	11,946.7
6726 Alaska Student Loan Corporation Receipts - Miscellaneous	E&ED - Program Admin & Operations (2738)	Alaska Student Loan Corporation receipts to fund the Alaska Commission on Postsecondary Education program activities	12,191.3	12,233.0	11,946.7
6726 Alaska Student Loan Corporation Receipts - Miscellaneous		Uncollected revenue	326.7	0.0	0.0

Inter-Agency Services (1682)
Department of Education and Early Development

Component: Loan Servicing (3096)

			FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
Component Totals			12,191.3	12,233.0	11,946.7
With Department of Education and Early Development			12,191.3	12,233.0	11,946.7
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3027 Inter-Agency Financial	E&ED - Program Admin & Operations (2738)	Alaska Student Loan Corporation receipts to fund the Alaska Commission on Postsecondary Education program activities	12,191.3	12,233.0	11,946.7