

**State of Alaska
FY2025 Governor's Operating Budget**

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

RDU/Component: Loan Servicing

Contribution to Department's Mission

To promote access to and success in education and career training beyond high school for Alaskans.

Major Component Accomplishments in 2023

The Alaska Student Loan Corporation (ASLC) operates as an enterprise agency of the State of Alaska thereby funding and facilitating the work of the Alaska Commission on Postsecondary Education (ACPE).

- 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 ACPE's programs and services without reliance on state general fund monies;
- Refined the Alaska Education Loan Refinancing Program (Refi), offering Alaska residents the opportunity to refinance all their education loan debt, regardless of the lender, at a reduced cost, with the long-term goal of achieving servicing savings sufficient to reduce costs for new student borrowers;
- ASLC offered the FY2022 refinance loan with the lowest interest rate of 4.05 percent; and
- Met annual loan demand without the issuance of new debt.

Key Component Challenges

- Reduced higher education enrollments, primarily associated with the COVID-19 health pandemic, have reduced lending volume;
- 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;
- 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 economies of scale and impairing ASLC's ability to keep education loan interest costs low;
- Alaska students are not aware of the benefits of state education loans, resulting in over half of Alaska's students borrowing from considerably more expensive but high name-recognition private lenders; and
- Refuting growing national mythology that student loans are inherently bad investments.

Significant Changes in Results to be Delivered in FY2025

- Further expand the Refi program to attract new volume and reduce ASLC servicing costs, especially at the high FICO ranges;
- Continue to responsibly increase loan volume through interest rate reductions and tiered credit requirements;
- Expand and streamline on-demand, mobile-friendly online account access for borrowers and for the increasing number of cosigners; 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)

	FY2023 Actuals	FY2024 Enrolled	FY2024 Authorized	FY2024 Management Plan	FY2025 Governor Adjusted Base	FY2025 Governor	FY2024 Management Plan vs FY2025 Governor	
1000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
2000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
3000 Services	8,654.9	9,800.2	9,800.2	9,800.2	9,800.2	9,800.2	0.0	0.0%
4000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
5000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
7000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
8000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	8,654.9	9,800.2	9,800.2	9,800.2	9,800.2	9,800.2	0.0	0.0%
Fund Sources:								
1106 ASLC Rcpts (Other)	8,654.9	9,800.2	9,800.2	9,800.2	9,800.2	9,800.2	0.0	0.0%
Unrestricted General (UGF)	0.0	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	0.0%
Other Funds	8,654.9	9,800.2	9,800.2	9,800.2	9,800.2	9,800.2	0.0	0.0%
Federal Funds	0.0	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	0.0%
Permanent Part Time	0	0	0	0	0	0	0	0.0%
Non Permanent	0	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 FY2024 Enrolled To FY2024 Authorized *****												
FY2024 Enrolled	Enrolled	9,800.2	0.0	0.0	9,800.2	0.0	0.0	0.0	0.0	0	0	0
1106 ASLC Rcpts	9,800.2											
Subtotal		9,800.2	0.0	0.0	9,800.2	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2025 Governor Adjusted Base To FY2025 Governor *****												
Totals		9,800.2	0.0	0.0	9,800.2	0.0	0.0	0.0	0.0	0	0	0

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

Component: Loan Servicing (3096)

Line Number	Line Name			FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3000	Services			8,654.9	9,800.2	9,800.2
Object Class	Servicing Agency	Explanation		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3000 Services Detail Totals				8,654.9	9,800.2	9,800.2
3027	Inter-Agency Financial	E&ED - Program Admin & Operations (2738)	Alaska Student Loan Corporation receipts.	8,654.9	9,800.2	9,800.2

Revenue Detail (1681)
Department of Education and Early Development

Component: Loan Servicing (3096)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
6106 ASLC Rcpts (1106 ASLC Rcpts)			8,654.9	9,800.2	9,800.2
6726 Alaska Student Loan Corporation Receipts - Miscellaneous		Alaska Student Loan Corporation receipts.	8,654.9	9,800.2	9,800.2

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

Component: Loan Servicing (3096)

			FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
Component Totals			8,654.9	9,800.2	9,800.2
With Department of Education and Early Development			8,654.9	9,800.2	9,800.2
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3027 Inter-Agency Financial	E&ED - Program Admin & Operations (2738)	Alaska Student Loan Corporation receipts.	8,654.9	9,800.2	9,800.2