

**State of Alaska
FY2004 Governor's Operating Budget**

**Department of Education and Early Development
Student Loan Operations and Outreach
Component Budget Summary**

Component: Student Loan Operations and Outreach

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Component Mission

The mission of the Student Loan component is to:

1. serve and value our customers, including students, parents, policymakers, bondholders, professional colleagues, and co-workers
2. identify and implement program efficiencies through improved management processes, and technology to ensure the self-sustainability and marketability of the AlaskAdvantage Program through the 21st century
3. provide low-cost financing for the AlaskAdvantage Loan Program
4. disburse low-cost loans to eligible borrowers enabling them to pursue postsecondary education and training
5. service the outstanding loan portfolio in a manner which maximizes repayment to the Education Loan fund and protects the financial integrity of the program

Component Services Provided

This component administers the following state/federal financial aid programs: 1) the AlaskAdvantage Education Loan Program; 2) the Alaska Supplemental Education Loan Program (ASELP); 3) the Teacher Education Loan Program (TELP); 4) the Family Education Loan Program (FELP); 5) WWAMI Medical Education Loans; 6) WICHE Professional Student Exchange Program Loans; 7) Alaska's GEAR UP Scholarship; and 8) various state memorial education loan programs created for special purposes or target populations.

Servicing operations encompass producing, disseminating and reviewing initial applications and awarding loans; disbursing loan funds to institutions in the US and abroad; monitoring loans during the enrolled and grace periods; entering borrowers into repayment; processing deferments and forgiveness of loan payments, where warranted; processing payment, adjustment and balance correction transactions; providing collection services and, where in-house efforts to collect payments have failed, transferring loans to a collection agency and taking part in hearings related to loan activity.

Component Goals and Strategies

1. Improve the quality of service to Alaskans and internal operations through:
 - * Informed use of technology to expand services and increase effectiveness
 - * Increased accountability and quality controls:
 - expand intelligent voice response and web-based information systems
 - facilitate on-line application
2. Strengthen loan program funds through:
 - * Enhance fund cashflow by increasing percentage of federally-guaranteed loans in the loan portfolio
 - * Effective collections and enhanced revenues:
 - implement debt management training for borrowers
 - expand leveraging occupational licenses
 - expand administrative wage garnishment
3. Improve the Alaskan public's awareness of educational financial options through:
 - * Expanded and improved delivery of financial aid information:
 - enhance Web site/print information, including 24 hour access to loan application information to institutions
 - increase consumer information regarding the economic benefits of education

Key Component Issues for FY2003 – 2004

The essential component issues of the Student Loan Operations component are:

- * the issuing of loans
- * to insure quality servicing of education loans
- * to insure the quality of the loan portfolio through effective collections and enhanced revenues
- * to continue improving service to loan borrowers through informed use of technology
- * to continue quality internal operations through increased accountability and quality control
- * to administer other financial aid programs that benefit Alaska postsecondary education consumers
- * to insure adequate funds are available to meet loan demand

Major Component Accomplishments in 2002

- * Created one-stop state and federal student financial aid processing for Alaskan education consumers
- * Issued tax-exempt variable rate bonds at a low rate to fund the loan programs
- Reduced financing costs by \$1.1 million for existing borrowers with loan rates exceeding 8.3% to an effective rate of 8.3%
- * Implemented cost saving borrower benefits with the AlaskAdvantage federal and Supplemental Education Loan Programs

- * Enhanced ASLNet, an education loan packaging and delivery system which allows schools to streamline the financial aid process and allows borrowers to view their loan data on-line 24-hours per day
- * Expanded loan repayment options to assist borrowers in avoiding default
- * Expanded loan funding options for postsecondary institutions to include third-party disbursing agents
- * Implemented on-line application
- * Administered year three of the Alaska GEAR UP scholarship program

Statutory and Regulatory Authority

AS 14.42.011-055
AS 14.43.910-990
AS 14.43.091-175
AS 14.42.100-990
AS 14.43.250-325
AS 14.43.510
AS 14.43.600-990
AS 14.44.010-060

Student Loan Operations and Outreach
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	4,442.0	4,429.7	5,011.2
72000 Travel	95.4	55.4	69.4
73000 Contractual	1,839.0	2,320.7	2,249.3
74000 Supplies	75.2	75.3	75.3
75000 Equipment	15.0	20.0	45.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	350.0	350.0	350.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	6,816.6	7,251.1	7,800.2
Funding Sources:			
1007 Inter-Agency Receipts	350.0	350.0	350.0
1106 Alaska Post-Secondary Education Commission Receipts	6,466.6	6,901.1	7,450.2
Funding Totals	6,816.6	7,251.1	7,800.2

Student Loan Operations and Outreach

Proposed Changes in Levels of Service for FY2004

- * Expand electronic/automated payment options for borrowers to include Web initiated sign up
- * Offer federally guaranteed consolidation loans.
- * Develop and implement a low cost consolidation loan for existing ASL borrowers.

\$75 per Month Health Insurance for Non-covered Staff (\$125.8)

The employer contribution to health insurance for non-covered staff will increase by \$75.00 from \$630.00 per month to \$705.00 per month.

Transfer PCN 05-0109 to Student Loan Operations/Outreach

Transfer Administrative Support Specialist, range 14, Juneau from Program Administration to Student Loan Operations/Outreach to effectively align resources for efficiency measures.

Summary of Component Budget Changes

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	0.0	0.0	7,251.1	7,251.1
Adjustments which will continue current level of service:				
- PCN's 05-0104, 05-0107, 05-0311, 05-0436, 05-0509 ADN0536011	0.0	0.0	374.2	374.2
-\$75 per Month Health Insurance for Non-covered Staff	0.0	0.0	125.8	125.8
-Transfer PCN 05-0109 from Student Loan Operations/Outreach	0.0	0.0	49.1	49.1
FY2004 Governor	0.0	0.0	7,800.2	7,800.2

Student Loan Operations and Outreach

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	86	93	Annual Salaries	3,855,332
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	1,494,975
			<i>Less 6.34% Vacancy Factor</i>	(339,107)
			Lump Sum Premium Pay	0
Totals	86	93	Total Personal Services	5,011,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant	0	0	5	0	5
Accounting Clerk	0	0	1	0	1
Accounting Technician	0	0	4	0	4
Administrative Assistant	0	0	2	0	2
Administrative Coordinator	0	0	1	0	1
Administrative Officer	0	0	4	0	4
Administrative Support Spec	0	0	2	0	2
Analyst/Programmer V	1	0	0	0	1
Application Technician	0	0	1	0	1
Awards Specialist	0	0	1	0	1
Awards Specialist II	0	0	1	0	1
Bankruptcy Specialist	0	0	1	0	1
Business Lead/Analyst II	0	0	3	0	3
Business Lead/Analyst III	0	0	1	0	1
Collections Supervisor	0	0	1	0	1
Collections Trainer/Specialist	0	0	1	0	1
Compliance Auditor	0	0	1	0	1
Customer Service Clerk II	0	0	1	0	1
Customer Service Officer	0	0	1	0	1
Customer Service Spec II	3	0	21	0	24
Customer Service Spec III	0	0	3	0	3
Data Entry Clerk IV	0	0	2	0	2
Deputy Director Finance	0	0	1	0	1
Director	0	0	1	0	1
Director/Iss	1	0	0	0	1
Disbursement Specialist III	0	0	1	0	1
Institutional Liaison For SFA	1	0	0	0	1
Loan Servicing Technician I	0	0	1	0	1
Loan Specialist	0	0	6	0	6
Mailroom Clerk	0	0	1	0	1
Micro/Network Tech II	0	0	1	0	1
Network Systems Specialist	0	0	1	0	1
Operations Supervisor	0	0	1	0	1
Payment Process Specialist	0	0	1	0	1
Program Budget Analyst II	0	0	1	0	1
Program Coordinator	1	0	0	0	1
Programmer/Analyst	6	0	0	0	6
Project Assistant	1	0	0	0	1
Publications Specialist	0	0	1	0	1
Receptionist	0	0	1	0	1
Records Processor III	0	0	2	0	2
Skip Tracing Specialist	0	0	1	0	1

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Totals	14	0	79	0	93