

# **State of Alaska FY2002 Governor's Operating Budget**

Department of Education and Early Development  
Student Loan Operations  
Component

## Component: Student Loan Operations

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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 Student Loan fund and protects the financial integrity of the ASLP

### Component Services Provided

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

Servicing operations encompass producing, disseminating and reviewing initial applications and awarding loans; disbursing loan warrants 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 system
    - electronic delivery of loan funds
    - implement electronic application
2. Strengthen ASLP Fund through:
  - \* Effective collections and enhanced revenues:
    - credit reporting to national credit bureaus
    - expand leveraging state-issued licenses
    - implement 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
4. Become a federal lender to expand services and bring financial stability to the Corporation

### **Key Component Issues for FY2001 – 2002**

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

- \* the issuing of loans
- \* to ensure quality servicing of student loans
- \* to ensure 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 students

### **Major Component Accomplishments for FY2000**

- \* Issued tax-exempt bonds at a low rate to fund the loan program
- \* Implemented Alaska's reentry into the Professional Student Exchange Program as a loan program
- \* Implemented year one of the Alaska GEAR UP scholarship

### **Statutory and Regulatory Authority**

AS 14.42.010-055  
AS 14.43.910-990  
AS 14.43.090-160  
AS 14.42.100-390  
AS 14.43.250-325  
AS 14.43.600-790

**Student Loan Operations**  
**Component Financial Summary**

*All dollars in thousands*

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	3,863.5	4,247.3	4,130.9
72000 Travel	37.6	55.4	55.4
73000 Contractual	2,049.1	2,466.9	2,341.9
74000 Supplies	82.2	75.3	75.3
75000 Equipment	144.4	20.0	20.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>6,176.8</b>	<b>6,864.9</b>	<b>6,623.5</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	10.0	0.3	0.0
1106 Alaska Post-Secondary Education Commission Receipts	6,166.8	6,664.6	6,623.5
1150 ACPE Dividend	0.0	200.0	0.0
<b>Funding Totals</b>	<b>6,176.8</b>	<b>6,864.9</b>	<b>6,623.5</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
Unrestricted Fund	68515	10.0	0.3	0.3	0.0	0.0
<b>Unrestricted Total</b>		<b>10.0</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
AK Post-Sec. Education Comm. Receipts	55520	6,166.8	6,864.6	6,864.6	6,623.5	6,728.3
<b>Restricted Total</b>		<b>6,166.8</b>	<b>6,864.6</b>	<b>6,864.6</b>	<b>6,623.5</b>	<b>6,728.3</b>
<b>Total Estimated Revenues</b>		<b>6,176.8</b>	<b>6,864.9</b>	<b>6,864.9</b>	<b>6,623.5</b>	<b>6,728.3</b>

## Student Loan Operations

### Proposed Changes in Levels of Service for FY2002

Student Loan Operations plans to implement the following servicing improvements in FY2002:

- \* On-line loan application
- \* Electronic disbursement of funds to eligible institutions
- \* Expanded electronic/automated payment options for borrowers
- \* One-stop state and federal student financial aid processing for Alaska students

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.3</b>	<b>0.0</b>	<b>6,864.6</b>	<b>6,864.9</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	-0.3	0.0	-41.1	-41.4
-Delete ACPE Dividend for National Guard and Youth Corp	0.0	0.0	-200.0	-200.0
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>6,623.5</b>	<b>6,623.5</b>

## Student Loan Operations

### Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	84	84	Annual Salaries	3,201,071
Part-time	0	0	COLA	75,489
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	1,164,122
			<i>Less 6.98% Vacancy Factor</i>	<i>(309,782)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>84</b>	<b>84</b>	<b>Total Personal Services</b>	<b>4,130,900</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant	0	0	3	0	3
Accountant II	0	0	1	0	1
Accounting Clerk	0	0	2	0	2
Accounting Technician	0	0	5	0	5
Administrative Assistant	0	0	1	0	1
Administrative Coordinator IV	0	0	1	0	1
Administrative Officer	0	0	4	0	4
Administrative Support Spec	0	0	1	0	1
Application Specialist V	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 I	0	0	3	0	3
Business Lead/Analyst II	0	0	1	0	1
Collections Specialist	1	0	11	0	12
Collections Supervisor	0	0	1	0	1
Collections Trainer/Specialist	0	0	1	0	1
Communications Specialist III	2	0	10	0	12
Compliance Auditor	0	0	1	0	1
Customer Service Clerk II	0	0	1	0	1
Customer Service Supervisor	0	0	1	0	1
Data Entry Clerk IV	0	0	2	0	2
Director	0	0	1	0	1
Director/Iss	1	0	0	0	1
Disbursement Specialist III	0	0	1	0	1
Loan Servicing Technician I	0	0	1	0	1
Loan Specialist	0	0	5	0	5
Mailroom Clerk	0	0	1	0	1
Network Systems Specialist	0	0	1	0	1
Payment Process Specialist	0	0	1	0	1
Procurement Specialist	0	0	1	0	1
Program Budget Analyst II	0	0	1	0	1
Program Coordinator	0	0	1	0	1
Programmer/Analyst	6	0	0	0	6
Publications Specialist	0	0	1	0	1
Receptionist	0	0	1	0	1
Records Processor III	0	0	2	0	2
Records Supervisor	0	0	1	0	1
Skip Tracing Specialist	0	0	1	0	1

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Totals	10	0	74	0	84